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National Shariah Boards: Global Applications and the Case of Turkey

Adem Esen*
Serkan Karabacak**

The Shariah Boards Applications and The Case of Turkey

Islamic finance industry is growing very rapidly in Asia, as well as in Europe. Many countries would like to take advantage of it by changing their regulatory models. The current Islamic finance regulatory structures differ in various countries: Some jurisdictions are based on the sole authority of the government, while some of them are only based on the market, and some prefer a mixed system. In this study, we analyzed the most important Islamic finance markets and their Shariah governance systems. Ensuring Islamic financial operations fully in line with Shariah principles would first bring trust to the financial system and then augment the volume. Therefore, we compared diverse approaches and showed that establishing a national Shariah Advisory Board could accelerate the Islamic finance in Turkey.

Introduction

Islamic finance is continually developing in the world. Asian and many European countries are trying to build a legal structure for rational management of these developments in order to allow the public offering and the trading in secondary market of the relevant Islamic financial products, entirely in accordance with the Islamic law. Various initiatives are taken in order to take a share from this market in our country as well. At

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present, our share in the overall Islamic finance industry is extremely low, the required road maps have already been drawn, and first steps have been taken. Accordingly, the Undersecretariat of Treasury has issued the first sukuk in October 2012. The Capital Markets Board is taking necessary steps for establishment of an Islamic finance infrastructure parallel to the world, through its communiqués. This means to say that the governmental bodies and authorities are keeping their side of the bargain and as a result of these initiatives and efforts; Turkey will take a gradually increasing share from the global Islamic finance industry.

In an Islamic financial institution, Shariah Board is the organ that is in charge of ensuring that the products and services offered by that financial institution are fully compliant with provisions of the Islamic law. Thus, the Islamic law boards review the existing products, and examine the new products scheduled to be introduced to the market, and decide whether they are compliant with the ecclesiastical (religious) rules or not. Hence, these boards play a very important role in the development of new products. Therefore, they are also important for critical organizational units for meeting the expectations of their customers and for compliance with the industry's conditions by developing procedures in addition to development of new products. By definition, Islamic financial products must absolutely be in full compliance with the rules and regulations of Islamic law, and on the other hand, in tandem with the sophisticated structure and rapid evolution of finance. In this way, the Islamic finance will also be developed and thus, these boards should be capable of managing such evolutions and changes.

In the light of practices of many different countries, these boards have been organized in three types:

- (a)** First, each of the Islamic financial institutions operating in a country has its own and separate Shariah board, and it is in the discretion of these individual boards to decide whether financial transactions of these institutions are in accordance with the Islamic law or not. Furthermore, some of these institutions have in-house Shariah Assessment Departments established to support Shariah Board (Hasan, 2010).
- (b)** Another organization form of Shariah boards is the national Shariah boards in charge of centralized regulations of Islamic

finance practices on nationwide basis, and if and when needed, giving advice to Islamic financial institutions and other institutions on request.

- (c) Third one is the model, where both of the aforementioned boards exist, or to put it differently, the system is featured both by an official nationwide Shariah board, and by in-house advisory boards of each of Islamic financial institutions.

As it can be seen, framework of Islamic financial practices consists of various different systems. While some legal and regulatory arrangements required a wide participation of regulatory and supervisory authorities, some other statutory systems adopt a more liberal point of view and leave these boards and organization units to the discretion of Islamic financial institutions.

In Turkey, there is neither a nationwide advisory board, nor a Shariah board in each of the participation banks. Participation banks take fatwas from their advisors. Thus, the case of Turkey does not exactly fit to any of the three models referred to hereinabove. And this report is mostly focused on the national Shariah boards.

Functions of Official Advisory Boards, and Non-standardized Advisory Boards

In general, we can mention three functions of official Shariah boards:

- (1) Giving advice and consulting services to Islamic financial institutions;
- (2) Supervising the financial transactions of Islamic financial institutions;
- (3) Providing support to, and supervising, the new investments and new innovative financial products and services within the framework of Islamic law.

As understood, national Shariah boards are extremely important units for the sake of growth of Islamic finance. As a matter of fact, the decisions given by these boards have the power to reshape the future of Islamic finance.

The principles of Islamic law constitute the heart of Islamic financial practices. Accordingly, financial transactions in compliance with ecclesiastic rules give trust both to people and financial markets. This means that it is very important to conduct Islamic financial transactions within the framework of principles of the Islamic law. In general, though Shariah boards included in the organization of Islamic financial institutions that are tied with the Islamic law principles in the decision making process. Therefore, it is solely in their own initiative to elect one of the thought systems in connection therewith. On the other hand, for the sake of growth of Islamic finance, and for the sake of its global acceptance, standardization of regulations of both national Shariah boards and Shariah boards included in the organization of Islamic financial institutions bears great importance. In our country, the uniformity of decisions taken by the said boards could not yet be attained, which in turn establishes a ground for uncertainties in Islamic banking field.

Furthermore, there is neither a central religious authority generally accepted by all Muslim countries of the world, nor uniformity in religious principles adopted in different Islamic countries. This situation leads to different comments and interpretations on various different transactions, and as a result, causes some doubts as to accuracy of products and practices in Islamic banking and financial system. Different interpretation of Shariah provisions preclude an Islamic financial institution from copying the products from another financial institution, which naturally leads to growth of Islamic finance at a rate lower than its actual potential both in domestic and international scale. Failure in standardization further causes a low trading volume in sukuk markets.

Cases of Different Countries¹

A. Case of Malaysia:

System applied in Malaysia is the mixed system containing both a central Shariah board and an individual in-house Shariah board in each

1 Zulkifli Hasan "Regulatory Framework of Shari'ah Governance System in Malaysia", Kyoto Bulletin of Islamic Area Studies, 82-115, 2010.

of Islamic financial institutions. Official Shariah Board is organized under the roof of the Malaysian Central Bank (Bank Negara). Shariah Board makes final comments and gives advices regarding Islamic Banking and insurance fields, but is not entitled to give a final comment or say in court lawsuits. In other words, final judgment is taken by the relevant court.

In addition, persons sitting in the Central Shariah Board are not permitted to work in or for any Islamic financial institution. On the other hand, persons sitting in Shariah boards founded by Islamic financial institutions can work only in one field. (In Malaysia, insurance and banking sectors are described as different fields.)

B. Case of Pakistan:

Pakistan has also adopted a structure similar to Malaysian practices. Central Shariah Board is established as a part of Pakistan Central Bank. Central Shariah Board is the sole judge in Islamic finance area, while each Islamic financial institution is under obligation to establish a Shariah advisory board under its own roof.

In contrast to the Malaysian system, persons taking part in the Central Shariah Board of Pakistan may also be assigned to advisory boards of any Islamic financial institution.

C. Case of Kuwait:

In opposition to Malaysia and Pakistan, Kuwait has not organized any central Shariah Board. Hence, in Kuwait, each Islamic financial institution has its own in-house advisory board. However, in the case of a conflict or dispute among members of an advisory board, the case may be escalated to Fatwa Board within the Islamic Affairs Ministry. If a case is escalated to the Fatwa Board, the Board is responsible of making the final decision in the issue. Accordingly, the Fatwa Board functions just like a type of Central Shariah Board. Persons sitting in the Fatwa Board may, similarly to Pakistan system, take offices in Islamic financial institutions.

D. Case of Bahrain:

Just like the case of Kuwait, there is no nationwide Shariah board in Bahrain either. On the other hand, a National Shariah Board is established at the helm of Bahrain Central Bank, and the mentioned board gives fatwa regarding only its own products. As a matter of fact, there is no national fatwa mechanism exists in Bahrain. Other Islamic financial institutions are responsible of establishing their own Shariah advisory boards.

E. Case of United Arab Emirates:

A central Shariah Board named Higher Shariah Authority has been established also in United Arab Emirates. On the other hand, the Board does not give nationwide fatwas. Islamic financial institutions establish their own advisory boards.

F. Case of Qatar:

Qatar Model is also similar to Kuwait Model, where no central Shariah board is established. However, Supreme Shariah Council established as a part of the Ministry of Awqaf which functions as a Shariah board, and members of this council are appointed by the Central Bank.

G. Case of Egypt:

By a law enacted in May 2013, a Shariah Board will be established in Egypt. In Egypt, the Islamic financial institutions have their own advisory boards. According to the new law, these boards are permitted to take their actions and transactions only with a prior approval of the official Shariah Board.

Unlike other countries, members of the Shariah Board are appointed by the Prime Minister from the candidates nominated by the Ministry of Finance, and in order to be eligible for election as a member to the Shariah Board, one must hold at least a doctorate degree in the relevant fields, and must have at least three years of experience in Sukuk-related fields.

H. Case of Saudi Arabia:

Saudi Arabia has a system differs from all other countries. Saudi Arabia does not have a written constitutional law, since the Holy Qur'an and Sunna have been accepted as the constitution. Accordingly, there is no nationwide Shariah board in Saudi Arabia. On the other hand, each financial institution has its own advisory board, but no fatwa mechanism exists for the newly launched products. Individual in-house boards follow the Shariah standards of the Islamic Fiqh (Jurisprudence) Academy.

The cases described hereinabove are summarized in the following table:

Table 1: Cases of Shariah Boards in Different Countries

Country	Shariah Board	Relevant Regulatory Authority	Islamic Financial Institution Advisory Board
Malaysia	Shariah Advisory Council	Bank Negara Malaysia (Malaysian Central Bank)	Available
Pakistan	Shariah Board	State Bank of Pakistan (Pakistan Central Bank)	Available
Kuwait	Not available	N/A	Available
Bahrain	Not available*	N/A	Available
United Arab Emirates	Higher Shariah Authority	1) Dubai Financial Services Authority (UAE CMB) 2) Central Bank of UAE	Available
Qatar	Not available**	Awqaf Ministry	Available
Egypt	Shariah Board	Prime Ministry	Available
Saudi Arabia	Not available	N/A	Available

* *There exists a National Shariah Board in the organization of Bahrain Central Bank, but it can review only legitimacy of its own financial products.*

** *There exists a Supreme Shariah Council under the name of Awqaf Ministry, which gives comments and fatwa on some certain issues.*

As it can be seen in the Summary Table, all countries reviewed hereinabove do not have a nationwide Shariah board, the gap arising from non-existence of such a board is filled in by another fatwa mechanism fulfilling the functions of this board.

Case of Turkey

Almost all of the Islamic banking institutions of the world have Shariah advisory boards. In such Islamic financial institutions, the members of Shariah Board are introduced in their websites; thereby the composition of the board becomes known by the public. On the other hand, no information is available in the websites of four participation banks operating in our country. Nor is it publicized in their websites from whom they take fatwa.

Furthermore, there is not any nationwide Shariah board in our country either. As known, one of the most rapidly growing fields of the global finance industry is Islamic finance. At present, Islamic finance grows by 15 to 20% per annum, and this growth trend is expected to be continued. Islamic finance industry was projected to reach a volume of \$1.3 trillion as of the end of 2012, and a volume of \$4 trillion as of the end of 2020. Due to its existing volume and growth trend, Islamic finance whets the appetite of many countries that aim to take a larger share from the growing market. To this end, countries are taking steps in order to issue various different legal regulations to integrate Islamic finance into their financial systems. Furthermore, Islamic financial products are being used to a gradually increasing extent. This two-digit growth trend in Islamic finance around the globe is observed in our country as well. Our country is taking the necessary steps in order to become an important center of Islamic finance, and our financial institutions are preparing their expansion plans in order to meet this demand.

Considering the possible causes of the absence of not having a nationwide Shariah Board in Turkey, the first reason is that, up until now the Islamic Banking sector has been seen as a complimentary banking system to traditional banking. Therefore, the regulation steps taken were behind the actual situation.

Second, Islamic banking uptrend could not be evaluated correctly. Now, mega project financing demands of Turkey definitely need a nationwide regulation about Shariah Boards in Islamic banking sector.

Third, Turkey was not politically ready to discuss Islamic finance in depth. Having said that, and truly understood the importance of Islamic finance in how it can contribute to the economic growth of the country, now the actual steps can be taken.

Furthermore, it is necessary to mention the position of Turkey within the Islamic finance sector all around the world. As Turkey's economic power increases, Turkey's Islamic finance sector will attract much more financing opportunities to its economy. As the economic situation was different than before, there were other economic problems to focus on. In this regard, Turkey could not give necessary importance to the Islamic finance issues.

In spite of the developments briefly summarized above, as mentioned before, there is no nationwide Shariah Board in our country yet.

Suggestions for Turkey

As part of the operational system of Islamic financial institutions shortly summarized in the preceding paragraphs, we believe that it will be rational for Islamic financial institutions to have a Shariah advisory board under their very roofs. Structure of foreign Islamic financial institutions may be taken as an example in the establishment process of such boards in our country. Again departing from the foreign examples, members of these boards should be introduced in websites of the relevant institutions, and information should be disclosed about organization of the board. In addition, reports of activities of these boards must also be available for public on yearly basis. Members of such boards may be procured from home countries of the participation banks operating in our country.

In parallel, it has been decided to establish such a board mentioned above in the Participation Banking workshop organized by BRSA (Banking Regulatory and Supervisory Authority) in Ankara between 21st and 23rd of December 2013.²

As a matter of fact, we believe that establishment of a nationwide advisory board in order to fill in this gap will make great contribution to the Islamic finance practices in our country. As mentioned earlier, Islamic finance is growing very rapidly both on the world and in our country, and sustainability of this growth is first of all dependent upon establishment of trust in this system. As known, the basic factor underlying the growth of banking/financial industry is trust of public to such institutions. The

2 BRSA, Association of Participation Banks of Turkey, "Participation Banking and Non-interest Finance Workshop Report", Kızılcahamam, 21 – 23 December 2013

element of trust is far more evident and obvious for Islamic financial institutions. Islamic financial institutions are obliged to continually test the compliance with Islamic rules of both their deposits, and the investments made by using such deposits. Within this framework, the decisions taken by Islamic financial institutions must undergo a review and audit of not only their own internal mechanisms, but also a nationwide advisory board, thereby strengthening the base of such decisions, and it is unequivocal that such strengthening will pave the way for more positive results in economic terms.

On the other hand, establishment of a nationwide Shariah advisory board will further increase the current market share, which is at such a low level as 4%, of participation banks operating in our country. If an institution operates on nationwide basis and authorized by the government takes its place in the system. It will not only augment the volume of Islamic financial practices, but also increase the trust of persons wishing to make investments in this field. As a natural result of it, a larger volume of practices will be created in this field as well.

Another benefit of establishment of a nationwide advisory board relates to the regulations and communiqués issued by our public regulatory authorities with a view to enhancing the global integration of the Turkish Islamic finance, which has been accelerated in recent years. Mentioned authorities have taken important decisions especially in sukuk field. However, it is unequivocal that in the course of harmonizing the developing Islamic financial products and practices with our national legislation, such regulatory authorities and board will be in need of an advisory Shariah board that is experienced in Islamic finance and capable of giving advices regarding Islamic financial products and practices on national basis.

Finally, our country can become one of the important centers of Islamic finance with support of well-trained, educated and experienced labor force. A nationwide advisory Shariah board may further fill in a great gap therein.

Though composition and functions of a national advisory Shariah board are required to be dealt with in a separate article, its members must include persons well-trained in such disciplines as conventional finance, law,

fiqh, sunna, banking and accounting, and said persons must meet a certain past experience condition in their own fields. Although it can be formed of a several board members within the Central Bank of Turkey or BRSA; however, it can be a public institution with a private budget such as CMB of Turkey. The operations of a nationwide Shariah Board will be definitely autonomous.

Conclusion

Accordingly, parallel to the global trends, it is required to establish a national Shariah advisory board in our country. Through such a board, decisions taken in complicated fields of Islamic finance will become more and more efficient in our country.

Again departing from the foreign examples, members of fatwa board of participation banks operating in our country should be introduced in the websites of the relevant institutions, and information should be disclosed about organization of these boards. In addition, reports of activities of said boards must also be available for public on yearly basis.

Establishment of a nationwide board will form a basis for establishment of a healthier infrastructure for decisions in Islamic finance field, which will in turn increase trust in Islamic finance. A natural result of this increase of trust will be the increase of market shares of participation banks from its current rate of 4% to the higher levels in our national banking system. Growth of Islamic financial institutions will also allow the entry of more funds from abroad to our country, and Istanbul's financial center vision will be further strengthened.

Establishment and organizational structure of a nationwide board and its place in hierarchical order of government in our country may be the subject matter of another study.

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- Information collated from some participation banks.

An Analysis of Income Types and Income Inequality: The Case of Turkey Between 2002 and 2009^{*}**

Başak Işıl Çetin* and Musa Gün**

Abstract

In this study, 'an analysis based on Shorrocks Decomposition' has been used to determine the effects of the income types to the income inequality on the basis of households' and individuals' incomes in Turkey. All results have been assessed and interpreted for the years between 2002 and 2009. The interest income is determined as the largest contributor of the income types to income inequality. It has been much more prominent especially in the periods of economic crises. The contributions of the interest, profit and rent incomes into the inequality are higher than the contributions of wage and transfer incomes, and differ in a significant way. Contrary to the expectations, transfer incomes have an effect of increasing total inequality.

Keywords: *Shorrocks Decomposition, income types, income inequality, Turkey*

Introduction

The determination of production factors and the resulting impact of factor incomes on income inequality in a country concern all policy

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*** This study is the reviewed and summarized version of the study of Dr. Başak Işıl Çetin and Musa Gün which was published in the 36th issue of the Labor and Society Journal in 2013.

makers initially those involved in economic and social planning and the area of economic policies. The relevant determination is realized through analysis of income types and the impacts of inequality. Indeed, there are studies based on decomposition of income types within the framework of the decomposability principle framework in terms of new interpretations and approaches regarding income distribution (Gürsel et al., 2000; Bayar & Günçavdı & Selim, 2009). The Shorrocks Decomposition which is an extension of these studies, is based on the calculation of the contribution of income types on total inequality.

The decomposition of income types in terms of their impact on income distribution and the total inequality resulting from income distribution (decomposition of inequalities resulting from the income source), the determination of the ratio of the impact of any given income type on inequality is essential and necessary to reduce inequality and steer economic and social policies ensuring fairness in income distribution.

In this study, The Household Budget Survey micro data obtained from Turkish Statistical Institute (TURKSTAT) was used to analyze the process during 2002–2009. The significance of this study is highlighted by the fact that the studies based on decomposition of income according to its source for the relevant period is not widespread in Turkey, although there are pioneering and guiding studies conducted in the previous years. In the study, the household incomes were decomposed according to type without using the equivalency scale and by using ‘The Organization for Economic Cooperation and Development’ (OECD) and ‘The Statistical Office of the European Union’ (EUROSTAT) scales on an individual basis for household members (adult equivalent income). Thus, three parallel separate results were achieved for each data set for the relevant years (off scale, OECD, EUROSTAT). In this way, the factor incomes obtained during the relevant period including the transfer incomes can be used to analyze their impact on the inequality of income distribution in the country.

1. Measurements of Income Inequality, Decomposability and Shorrocks Decomposition

The lack of a theory that examines all aspects of the distribution of income has steered many researchers to conduct several applied researches

in this area (Varlier, 1982: 47). Measurements of income distribution, income inequality or measurements known as income inequality metrics are statistical methods that are used to measure inequality in income distribution and used in the research conducted. The differences between income groups, the changes occurring in income and its components over time can be observed with these measurements.

The measurements of income distribution are classified as static, dynamic, objective and normative (DPT, 1995: 284). In addition to being enlightening, measurements of income distribution also harbour some handicaps. For example, some measurements are not susceptible to some changes and movements such as transfer in incomes. In such situations, it would be a more accurate choice to use multiple measurements to determine the trend.

While conducting applied research at the point, where income distribution can be compared as to how and in what way the principles presented by the axiomatic approach come into play (Cowell, 2000: 107-108). In this context, the principle of decomposability, which argues the necessity of the decomposability of inequality into components (Ay, 2010: 52-57), sheds a light on our study.

1.1. The Decomposability Principle

The assumption of decomposability was derived from the utility functions in Strotz' (1957) model (Şengül, 2011: 69). It is emphasized that the 'decomposability principle' utilized in the analysis of this study will generate different perspectives regarding income inequality in terms of decomposition of income types. This will ensure that both economists as well as policy makers will clearly see the factors comprising inequality and help in the preparation of necessary precautions to be taken.

Frank Cowell and Stephen Jenkins contributed to the decomposability principle with the assumption that the sum of inequalities between groups and within groups are equal to the total inequality at a certain point in time (Ay, 2010: 55-56). Another issue regarding inequality is that inequality between individuals and inequality between sub-groups is studied under two domains. While inequality between individuals refers to in-

come inequality, inequality between sub-groups refers to income inequalities based on race and gender, which incur on the basis of an income gap (Jasso & Kotz, 2007: 1). The sub-groups are positioned as a component of the group they belong to. The initial studies implemented the approach of sub-group decomposition were conducted by Battacharya and Mahalonus (1967), Rao (1969), Shorrocks (1980), Cowell (1980) (Charpentier & Mussard, 2010: 2). The approaches regarding decomposition analysis can be summarized in three fundamental segregations:

The first is the decomposition according to functional income source based on the assumption that inequality in income distribution can be studied initially in accordance with functional income types. For example, let us assume that total income can be decomposed into three types of income sources as follows; wage income, capital income and transfer income. The basic question here is the one-on-one impact and share of the mentioned three functional income types on total inequality. As a result of this decomposition, the relative impact of each income source within the total income and the change (correlation) between the total income and income types is determined. The decomposition approach in terms of economic sectors consists of classification in sectors such as economy, agricultural and non-agricultural sectors. The impact of the variability of the income distribution observed in each sector on total inequality and the differences between sectors shall also be studied. Decomposition in terms of factors affecting income level is affected by characteristics of the households (education, type of work, area of residence, etc.) which have an impact on income inequality with various features. The fundamental question here is the proportional impact of the household features (Gürsel et al., 2000: 61).

It is not a simple matter to realize the decomposition variables with contingent values such as income. While judging whether the income distribution examples are good or bad, it is necessary to review the components of the relevant income distribution example on the basis of the group members. However, the impacts of income distribution may vary according to the income values of individuals outside the group (Sen, 2000: 79). The benefits acquired by an individual do not have to be affiliated only with his own income. On the other hand, the benefits acquired by an individual

may also be affected by the income of individuals, who are not in the same group (Sen, 2000: 78-79). This is also relevant for the inequality aspect. The unequal status of a person may not be the sole result of his income; it may also be affected by the income of individuals who are not included in the group. For example, if we accept the family as a group, then any change in the income of a family member whose income is shared by the family members may affect another family member although his/her income has not changed. Considering society as a whole, although they are not included in the same group, there is no doubt that the income earned by each individual in society contributes to the placement of each individual in terms of income inequality. If the change in the income of an individual is caused by a negative impact, which has a significant effect on inequality, the income acquired by another individual will also be affected negatively in terms of income inequality.

There are various methods just as there are different approaches that can be used for the analysis based on decomposition. The initial fundamental reason of differentiation in methods is the difference in the approaches of inequality indexes. A part of the indexes used as a measure for inequality cannot be used for decomposition because of the mathematical features. Studies conducted based on a sectorial basis or household characteristics are not problematic from the operational aspect; however, the execution of a decomposition analysis according to income types is problematic from an operational aspect and a part of the indexes cannot be used for this analysis. More than one index can be used in research analysis and various criteria must be taken into consideration in selecting the index to be used. For example, because of its affiliation with the Lorenz curve, the Gini index is easily derivable and interpretable while indexes based on variance resolution may be preferred because of the facilitated interpretation due to the statistical analyses. The Theil index, which gives equal significance to all points, is usable because of this characteristic. The Atkinson index may be preferred for decomposition analysis, since it has a different structure based on the basis of the welfare function (Gürsel et al., 2000: 62). The Shorrocks Decomposition may be preferred because of its approach, which is free of indexes. Therefore, in this study, the Shorrocks Decomposition has been used.

1.2. Shorrocks Decomposition

Shorrocks Decomposition is an extension of the assumption of separability (Şengül, 2011: 69). Shorrocks Decomposition is based on the study of A. F. Shorrocks (1982) titled '*Inequality Decomposition by Factor Components*'.

The fundamental reason between the differences in various decomposition methods originate from the differences in approach of the measurements of inequality (indexes). Shorrocks Decomposition is based on an approach which is independent of indexes. Shorrocks has displayed that the analyses to be conducted for the indexes of all achieved findings will generate the same result (Shorrocks, 1982: 209; Gürsel et al., 2000: 63). This characteristic is one of the reasons why the Shorrocks Decomposition was preferred. The other is that a few studies conducted in Turkey regarding income distribution based on decomposition have preferred to use this analysis (Gürsel et al., 2000; Bayar & Günçavdı & Selim, 2009).

In the decomposition of income types, when it is assumed that there are two types of income such as L (labor) and C (capital), the total inequality (I_Y) can be expressed as follows:

$$I_Y \neq I_L + I_C \quad (1)$$

α_L to indicate the portion of L in the total income,

$$I_Y \neq \alpha_L I_L + (1 - \alpha_L) I_C \quad (2)$$

The relevant formulas show that the total of inequalities of income types or the weighted total is not equal to the total inequality. Any kind of income type does not only affect the total inequality with its own internal inequality, but also with its affiliations with other income types (Gürsel et al., 2000: 182-183). Shorrocks indicates that the total of income type inequalities will be greater than the total inequality. Furthermore, the relative contribution made by each income type to the total inequality is independent of the selected inequality scale. This situation makes such an analysis regarding income distribution preferential (Shorrocks, 1982: 209).

The fundamental assumptions of the Shorrocks Analysis are as follows:

- The contributions to the inequality of income types is independent of sequence and is continuous and symmetric,
- The contribution of income types to inequality is independent of the level of aggregation,
- The contribution of income types which distributed equally is zero,
- If the contribution of an income type to inequality is greater than its share within total income, any marginal changes in this type of income will generate a greater difference in the inequality (Shorrocks, 1982; Gürsel et al., 2000: 183-184).

2. Income Types and Income Inequality in Turkey Between The Years 2002-2009 According to Shorrocks Decomposition

In this study, the incomes of households during the years between 2002 and 2009 have been decomposed according to the income types by using the Shorrocks Decomposition. The factor incomes acquired in this way for the relevant period in addition to the transfer incomes are analyzed for their impact on the income inequality in the country.

The objectivity of this analysis is to display the impact of income types of households (factor incomes and transfer incomes) on the total inequality in income distribution and study the details of the income structure in Turkey during the years between 2002 and 2009 both on a household basis as well as on an individual basis. The Gini coefficients of income types, which have an impact on inequality, are also included in the analysis.

Decomposition of the inequalities generated by income sources, determination of factors with an impact on inequalities in a country, where primarily current economic crises and other economic and social wounds such as unemployment have an impact on the income distribution of households and therefore individuals, is an analysis which is both mandatory and essential in order to establish a fair income distribution policy. Furthermore, although studies in this subject have been conducted in the past years (Gürsel et al., 2000; Bayar & Günçavdı & Selim, 2009), the fact that studies based on decomposition according to income source, which

covers the mentioned period in Turkey, are not widespread yet enhances the significance of the analysis and the significance of recommendations based on theoretical interpretation of the analysis results and social policies.

2.1. Data and Methodology

The method used in this study is the Shorrocks Decomposition Method. Analysis performed with the decomposition analysis and fundamental sources (Shorrocks, 1982; Gürsel et al., 2000; Bayar & Günçavdı & Selim, 2009; Stata Technical Bulletin, 1999) have been utilized.

The main data source of this study consisting Household Budget Survey micro data sets is the TURKSTAT. TURKSTAT has been implementing a Household Budget and Consumption Expenditures Survey regularly every year as of 2002.

In this analysis, some preferences have been in the decomposition of income types and in the calculation of their impact on inequality (Çetin, 2013: 286-299). Furthermore, there are also some limitations due to the technical reasons. Before passing onto the analysis results, it is important to explain these preferences and limitations on the axis of a few main issues.

The final analysis section of the survey was the household members. In the literature, many analyses are available that process distribution of disposable income (Gottschalk & Smeeding, 2000: 267-268). Disposable income means the income in the hands of the household after tax payments and social aid, which can be consumed and saved. This context is used in the measuring of income inequality and polarization and best describes the welfare of the household (Molnar, 2010: 10). In this study, the analyses were performed both for the total disposable income of the household in addition to individual disposable incomes (adult equivalent income). The variables subjected to the analysis consist of the number of households and the total of the shares of various incomes (derived from the Gross Domestic Product -GDP-) received by the members of the household through the years. The 'dynamic' character of the decomposition analysis is reflected, because the application addresses the period between the years 2002-2009. The analysis consists of the impact of total disposable income of the household based on six income types consisting of wage income containing the cash income, non-agricultural entrepreneurial income (profit), agricultural

entrepreneurial income (profit)¹, rent income, interest income and transfer income, respectively, for each year on income inequality and Gini coefficients. As indicated above, in addition to factor incomes, the analysis also comprises transfer incomes. The intention of including the transfer incomes in the analysis is to observe the impact of renewed distribution policies.

In our study, income from tax returns and in-kind incomes have not been included in the 'household disposable income' and 'individual disposable income' in order to enable the nearest assessment to the equivalency between aforementioned years. The reason why the impact of in-kind incomes on inequality has not been processed (operating incomes and non-operating incomes) is to enable assessment on a common ground (monetary income). The circulation market of monetary incomes is not parallel with the movement area of in-kind incomes. For example, while wage income circulates on the capital markets and commodity markets as money, in-kind incomes do not have this kind of activity area. Therefore, only monetary incomes with similar maneuverability have been included in the analysis.

In our study, the calculation has been done in accordance with GDP and for this reason; income originating abroad has not been included in the analysis (monetary income in the form of an annual pension from abroad, unrequited foreign currency from abroad, aid, scholarships, etc.). All the income included in the study indicates annual income. 'Monthly property income' for which no annual data is available has been calculated separately² and included in annual data. Private pension income has not been taken into consideration for 2007 and subsequent years to ensure a match with other years and because of the various theoretical conflicts regarding the type of income.

TURKSTAT has not asked households any questions about taxes (Gürsel et al., 2000: 21-22). For this reason, the subject of taxes has been excluded from this analysis. Tax returns were not included in the analysis in order to ensure unity regarding the years covered by the assessment. The data for tax returns has not been decomposed in the micro data of TURKSTAT for 2003.

1 The necessity to decompose the unique structure of the agricultural sector has mandated that entrepreneurial incomes are separated into agricultural entrepreneurial income and non-agricultural entrepreneurial income.

2 As TURKSTAT determined the 'reference period' as the 'survey month' the data regarding property income has been multiplied by 12 and the resulting figures were used.

In the literature, there are numerous interpretations regarding the acceptance of households (family) as a unit in studies involving income distribution. According to G. D. Snooks (1994), the 'total economy' in a country consists of three groups as follows; the market, the public and the family (Çağlar, 1998: 28). Statistics for income distribution are mainly organized by considering families as single units rather than individuals. Considering that the number of members may be deceiving from some aspects, the distribution can be displayed in terms of individuals as well as families (Karaman, 1995: 155). Since there is no homogeneity among families (Atkinson & Bourguignon, 2000: 44), this leads to the impression that homogeneity among individuals cannot be achieved either. Let us consider two family members who have different incomes. If both are considered as separate units, an erroneous impression regarding livelihood will emerge which is why mainly families rather than individuals are accepted as units for income distribution statistics. However, the acceptance of families as units may contain some deceiving elements (Sarc, 1970: 8-9). Some household members may be indigent while others are not. The complete opposite may be true because of the unequal distribution of sources. In fact, this may happen even when the household average is not indigent. Unequal revenue sharing may display the household members above average who are not indigent as considered, while some members of indigent households above average may be rescued from poverty (Jantti & Danziger, 2000: 316-332). The income is transmitted into the household by different individuals; however, usually the transfer within the household in terms of benefiting from the income and any changes are mostly unknown.

Some academic studies have endeavored to overcome this problem by calculating a certain 'equivalence scale' and used this scale to convert the income for each total household into adult equivalent income (adjusted adult equivalent income). Adjusted adult equivalent income has an impact on the size of the household. While the decrease of the household size has a positive effect on adjusted adult equivalent income, the decrease in the number of children has a negative impact (Gürsel et al., 2000: 12-20).

In the literature, the fundamental assumption of the approaches which are in favor of considering the individual as a unit for income distribution analyses is that families spend according to their scale economies. The equivalency scale used for scale economies in decomposition analyses

is based on estimated numerical burdens assigned to the individuals in the household. Calculations performed with estimated values are based on numerous assumptions for which economists mostly do not agree (Gottschalk & Smeeding, 2000: 267-268).

There is no optimal method to derive an equivalency scale. Actually, it is not possible to select an equivalency scale without making additional assumptions. Jenkins and Lambert emphasize that the selection of an equivalency scale is shaped by three different assumptions. These are listed as 1) Determination of the characteristics of the household or families, differences between their requirement levels (for example the household size and consumption), 2) reaching a consensus on the sequence of the priorities of these characteristics and 3) determination of the main priorities of the requirement levels of different households. Here, the 'scales to be used to grade priorities' and 'priorities for grading scales' point to the main issues, in which disagreements regarding the subject emerge (Jantti & Danziger, 2000: 319-320). Use of a scale in income distribution studies may generate results which are more equal or less equal (different) compared to those generated with another scale. In addition, there may be differences between the theoretically foreseen results and the application results (Atkinson & Bourguignon, 2000: 33-35).

For example, some equivalency scales such as the OECD Scale,³ EUROSTAT Scale,⁴ Oxford Scale⁵, which use different weights for adults and children, have all been established in accordance with a family structure of European standards. Reviewing the subject from a different angle reveals that the application goes beyond individual equivalency concept and is applied to take the distribution of wealth into consideration. The reason is that the welfare level of an individual within the household has an impact on the total income and size of the household (Gürsel et al., 2000: 35). It is necessary to estimate and define an equivalency scale which is unique to Turkey in order to enhance the scientific quality and reliability of income distribution (Gürsel et al., 2000: 175). Actually, it is also necessary

3 Equivalency scale flexibility is accepted as 0.5.

4 The scale used for the head of the household, the spouse and other adults and children is 1, 0.5 and 0.3, respectively.

5 This was developed in the 1950's for Europe and is not used anymore. The scales used for adults, other adults and children are 1, 0.7 and 0.5, respectively.

to formulate the expenditure behavior of households in order to determine an equivalency scale in Turkey (Gürsel et al., 2000: 40).

STATA (STATA 9.1) program (Stata Technical Bulletin, 6 February 2011: 13-15), which is a powerful statistics program, was used for the Shorrocks Decomposition to obtain results of the study.

Gini index is a popular income inequality measurement used for decomposition analyses since it can be derived in affiliation with the Lorenz curve.⁶ The most frequently used measure in the calculation of income distribution is also the Gini Coefficient (Karaman, 1995: 156). In this study, the Gini coefficient has been preferred because of its ability to make comparisons between different income groups and for its facilitated interpretation capabilities. Similar to any other time based measurement, the Gini coefficient enables interpretation of income distribution changes within time independently from absolute income.

2.2. Results and Assessment

The results of Shorrocks Decomposition conducted within the scope of this study are given in the tables below. Table 1 displays the contribution of each type of income on the inequality on the basis of total disposable income. Each number in this table indicates the percentage of the relevant income type in terms of total inequality. Table 2 shows the share of income types within the ‘disposable income’.⁷ The numbers in this table were generated by rating the total household income for the relevant income type with off scale calculation, while the scaled calculations rated

6 Many researchers such as Rao (1969), Das and Parikh (1982), Lerman and Yitzhaki (1985), Silber (1989) have focused on decomposition of the Gini Coefficient in their studies.

7 *Household disposable income*: The individual annual disposable total income of each member of the household is calculated by deducting the taxes paid during the income reference term and regular transfers to other household members or people from the annual total income of the household. *Equivalent household disposable income and equivalency scale*: Income inequality is measured by taking the number of individuals in the household and the differences in the income per individual into consideration. The differences in the adult-child components of the households in this calculation and the size of the household is calculated with the coefficients referred to equivalency scales to match the number of adults (equivalent individual). The total household disposable income is divided into equivalent household size to calculate the income per equivalent individual of that household; in other words, the disposable income of the equivalent household.

the ‘total individual equivalent income’ with the ‘total individual equivalent disposable income’.

The figures in Table 3 have been obtained by dividing the figures in Table 1 by the figures in Table 2. Table 3 displays results of the calculation of contribution of the income types to total inequality after they have been weighted with factor shares. Here, the numbers show the possible marginal change which can occur in the total inequality when share of the relevant income type changes in the ‘total disposable income’. The values depicted here show the change which occurs in the income inequality when for example, the share of the transfer incomes in the ‘total disposable income’ changes (Gürsel et al., 2000: 70-71). If there is a minus (or plus) value such as an increase in the transfer incomes, it means that this will have a decreasing (or increasing) impact on income inequality.

Table 1. Contribution Rate of Income Types to Inequality* (1) (Percentage)

	2002	2003	2004	2005	2006	2007	2008	2009
Wage Income								
- Off scale	14.28	22.62	21.64	30.39	27.61	27.60	41.05	21.53
- OECD	11.98	24.46	24.80	27.97	28.30	30.05	49.68	22.90
- EUROSTAT	11.73	25.46	25.64	27.45	29.97	32.54	52.11	24.11
Non-agricultural Entrepreneurial Income (Profit)								
- Off scale	35.96	50.18	54.29	43.99	50.47	54.12	15.48	35.90
- OECD	30.93	41.24	48.79	46.02	45.99	46.78	11.17	35.34
- EUROSTAT	29.45	38.47	47.29	47.48	43.42	43.88	10.62	36.78
Agricultural Entrepreneurial Income (Profit)								
- Off scale	1.87	6.57	6.47	3.84	3.08	2.41	0.97	2.16
- OECD	0.85	3.14	4.97	2.21	1.95	2.09	0.61	1.87
- EUROSTAT	0.63	2.36	4.92	1.73	1.63	1.95	0.58	1.78
Rent Income								
- Off scale	27.47	8.53	9.78	11.93	11.32	7.52	10.42	23.55
- OECD	31.60	9.48	10.86	12.18	14.33	9.64	9.30	22.67
- EUROSTAT	32.33	9.57	11.23	11.86	15.36	9.92	8.98	21.06
Interest Income								
- Off scale	18.58	7.74	4.47	4.47	1.89	2.65	4.00	12.69
- OECD	22.48	15.59	5.38	4.17	2.45	3.27	4.27	12.20
- EUROSTAT	23.77	17.80	5.69	4.04	2.65	3.36	4.32	11.18
Transfer Income								
- Off scale	1.85	4.36	3.36	5.38	5.63	5.70	28.07	4.18
- OECD	2.16	6.10	5.20	7.47	6.98	8.18	24.97	5.03
- EUROSTAT	2.09	6.34	5.23	7.44	6.97	8.36	23.38	5.08
* Off scale data have been calculated based on ‘total household disposable income’ while OECD and EUROSTAT data have been calculated based on ‘individual disposable income’.								

As it can be seen in Table 1, the largest contribution made by wage income to income inequality scales occurred in 2008. This is valid for all three calculation forms (off scale, OECD and EUROSTAT). The largest contribution made by non-agricultural entrepreneurial income (profit) on the income inequality figures was in 2004 when the off scale and OECD scale were used for calculation and 2005 when the EUROSTAT scale was used for calculation, respectively. The major contribution of rent and interest incomes to income inequality according to all three calculations was in 2002. Transfer incomes contributed the most to income inequality scales in 2008.

When we consider the table from another point of view, it is evident that every year, profit income (non-agricultural entrepreneurial income) was the income type which contributed the most to the inequality with the off scale calculation format except in 2008. In 2008, the largest income type contribution was made by the wage income. According to the calculations made by using the OECD and EUROSTAT scales, the income type which contributed the most to inequality every year was profit income (non-agricultural entrepreneurial income) with the exceptions of 2002 and 2008. In 2002, the largest contributor was rent while the largest contributor in 2008 was wage income, respectively.

The high contribution made by entrepreneurial incomes to inequality in Turkey can be explained with the heterogeneous quality of this type of income values. Likewise, entrepreneurial incomes cover marginal sector employees as well as medium and large capital groups together.

In Table 2 given below, the total household income is displayed within the total household disposable income in accordance with off scale calculation of the relevant income type, whereas the calculations made according to OECD and EUROSTAT scales showing the share of total individual equivalent income within total individual (equivalent) disposable income of the relevant income type. In other words, the total income in this table (calculated as off scale and scaled) have been rated with the total disposable income.

Table 2. The Share of Disposable Income Within Income Types* (2) (Percentage)

	2002	2003	2004	2005	2006	2007	2008	2009
Wage Income								
- Off scale	44.37	40.64	41.46	43.09	45.99	46.93	44.98	46.10
- OECD	43.15	39.87	40.38	41.67	44.78	45.85	43.78	44.95
- EUROSTAT	43.25	40.15	40.52	41.72	44.97	46.11	43.94	45.11
Non-agricultural Entrepreneurial Income (Profit)								
- Off scale	22.68	21.23	22.84	19.90	19.76	19.33	18.12	17.18
- OECD	21.67	20.06	21.83	19.34	18.97	18.27	16.91	16.58
- EUROSTAT	21.49	19.86	21.76	19.42	18.85	18.07	16.76	16.63
Agricultural Entrepreneurial Income (Profit)								
- Off scale	5.53	10.51	8.47	8.14	6.98	6.87	5.13	7.20
- OECD	4.96	9.34	7.71	7.35	6.49	6.40	4.81	6.73
- EUROSTAT	4.69	8.82	7.35	6.95	6.24	6.16	4.65	6.48
Rent Income								
- Off scale	8.47	3.68	6.27	6.37	5.88	4.52	6.86	7.06
- OECD	9.30	4.00	6.73	6.82	6.40	4.86	7.30	7.49
- EUROSTAT	9.52	4.05	6.88	6.93	6.52	4.89	7.35	7.51
Interest Income								
- Off scale	3.69	2.15	1.79	2.22	1.63	0.74	1.66	1.57
- OECD	4.20	2.47	1.95	2.25	1.72	0.81	1.87	1.73
- EUROSTAT	4.38	2.56	2.02	2.28	1.76	0.82	1.92	1.74
Transfer Income								
- Off scale	15.28	21.79	19.17	20.29	19.76	21.60	23.25	20.89
- OECD	16.72	24.26	21.39	22.57	21.65	23.82	25.33	22.52
- EUROSTAT	16.68	24.56	21.48	22.72	21.67	23.94	25.38	22.53
* Off scale data portray the shares within 'total household disposable income', whereas OECD and EUROSTAT data portray the shares within 'total individual disposable income'.								

In Table 2, it has been presented that income type with the largest share in total household and total individual disposable income has been wage income for every year. This share is very important because the wage income is the only income of the families and employees. The relative increase of labor income within disposable income is a positive development in terms of functional income distribution. The income type with the least share according to the three calculation formats was interest income. This low share for interest is very significant in terms of reflecting on the relative inequality index. Likewise, interest income is the income type which contributes the most to inequality in terms of relative inequality. The fact that interest incomes have a significant share in inequality is also concerned

with the fact that interest income is obtained over capital and wealth. Capital and wealth inequality generates inequality in interest income.

The figures given in Table 3 are very important to clearly display the relative contribution made by income types to inequality. Likewise, neither the contribution made to the income inequality scales in Table 1 nor the shares of the income types within total income given in Table 2 alone do not indicate a clear meaning of inequality. The rates indicated in Table 3 have been achieved by dividing the rates in Table 1 by those given in Table 2. This table comprises the results, which have been achieved as a result of the calculations for the contribution of the income types to the total inequality after they were weighted with factor shares.

Table 3. Relative Inequality Index for Income Types (3) = (1) / (2) (Percentage)

	2002	2003	2004	2005	2006	2007	2008	2009
Wage Income								
- Off scale	0.32	0.56	0.52	0.71	0.60	0.59	0.91	0.47
- OECD	0.28	0.61	0.61	0.67	0.63	0.66	1.13	0.51
- EUROSTAT	0.27	0.63	0.63	0.66	0.67	0.71	1.19	0.53
Non-agricultural Entrepreneurial Income (Profit)								
- Off scale	1.59	2.36	2.38	2.21	2.55	2.80	0.85	2.09
- OECD	1.43	2.06	2.23	2.38	2.42	2.56	0.66	2.13
- EUROSTAT	1.37	1.94	2.17	2.45	2.30	2.43	0.63	2.21
Agricultural Entrepreneurial Income (Profit)								
- Off scale	0.34	0.63	0.76	0.47	0.44	0.35	0.19	0.30
- OECD	0.17	0.34	0.64	0.30	0.30	0.33	0.13	0.28
- EUROSTAT	0.13	0.27	0.67	0.25	0.26	0.32	0.13	0.27
Rent Income								
- Off scale	3.25	2.32	1.56	1.87	1.93	1.66	1.52	3.33
- OECD	3.40	2.37	1.61	1.79	2.24	1.98	1.27	3.03
- EUROSTAT	3.40	2.37	1.63	1.71	2.36	2.03	1.22	2.80
Interest Income								
- Off scale	5.04	3.60	2.50	2.02	1.16	3.56	2.41	8.06
- OECD	5.35	6.31	2.75	1.86	1.42	4.05	2.28	7.06
- EUROSTAT	5.43	6.96	2.81	1.78	1.51	4.08	2.25	6.42
Transfer Income								
- Off scale	0.12	0.20	0.18	0.27	0.28	0.26	1.21	0.20
- OECD	0.13	0.25	0.24	0.33	0.32	0.34	0.99	0.22
- EUROSTAT	0.13	0.26	0.24	0.33	0.32	0.35	0.92	0.23

The proportional distribution of relative inequality ‘in itself’ for income types are given below in Table 4. This table facilitates perception by transmitting inequality over a percentage (%) value. Calculations made on

a household basis as off scale as well as individual basis with the OECD and EUROSTAT scales are given in Table 4 together. The OECD and EUROSTAT results are same when assessed over a percentage (%) value.

Table 4. Proportional Distribution of Relative Inequality in Itself for Income Types (Percentage)

	2002	2003	2004	2005	2006	2007	2008	2009
Wage Income								
Off scale	3.0	5.8	6.6	9.3	8.6	6.4	12.9	3.2
OECD – EUROSTAT	2.6	5.1	7.6	9.2	8.6	6.6	17.6	3.9
Non-agricultural Entrepreneurial Income (Profit)								
Off scale	14.9	24.5	30.1	29.3	36.7	30.3	12.1	14.5
OECD – EUROSTAT	13.3	17.2	27.6	32.5	33.0	25.8	10.2	16.1
Agricultural Entrepreneurial Income (Profit)								
Off scale	3.2	6.5	9.7	6.2	6.3	3.8	2.7	2.1
OECD – EUROSTAT	1.6	2.8	8	4.1	4.1	3.3	2	2.1
Rent Income								
Off scale	30.5	24.0	19.7	24.8	27.6	18.0	21.4	23.1
OECD – EUROSTAT	31.6	19.9	19.9	24.4	30.5	20	19.7	22.9
Interest Income								
Off scale	47.3	37.2	31.7	26.8	16.7	38.6	34.0	55.8
OECD – EUROSTAT	49.8	52.9	34	25.4	19.4	40.8	35.3	53.4
Transfer Income								
Off scale	1.1	2.1	2.2	3.5	4.1	2.9	17.0	1.4
OECD – EUROSTAT	1.2	2.1	3	4.5	4.4	3.5	15.3	1.7

The public expenditures decreased prominently in the 2000s together with the decrease in the activities of the State in the economic life. The inadequacies and ineffectiveness in the social expenditures have brought about the lack of individual needs that should be met by the State. This deficiency has integrated with the financial liberalization process which is dominated by credit economy. These situations have also affected the income distribution in our country.

According to the inequality indicators shown in the relevant tables (Table 3 and Table 4), the largest relative inequality indicator for all the years and for all income types was the relative inequality of the interest incomes in 2009 with ongoing impact of the global crisis in 2008. In Table 3, the calculation performed in accordance with EUROSTAT scale revealed that interest income reached maximum level both in 2003 and 2009. In 2009, these rates were realized for all three calculation formats (off scale, OECD, EUROSTAT) as 8.06%, 7.06% and 6.42%, respectively. According to these three calculation formats, the income type, which had the

least impact on the relative inequality, was transfer incomes. According to calculations executed in accordance with OECD and EUROSTAT scales, agricultural entrepreneurial income was one of the income types with the least impact on the relative inequality indicator.

The data for 2002 is significant because it reflects the process in which the impacts of the 2001 crisis continue. In this aspect, the interest incomes which are the fundamental element of the stock market and financial markets have had a very high impact on total income inequality. When the rate of income types within themselves is converted into percentage, it is responsible for a ratio of 47.3% when calculated with off scale and 49.8% when calculated with the OECD and EUROSTAT scales. It is also responsible for almost half of the determined inequalities followed by rent and profit incomes. These results are very significant indicators showing the contribution of interest as a factor income to inequality.

Just like in 2002, when interest income made the largest contribution to inequality, it maintained this characteristic in 2003 as well (off scale 37.2%; OECD and EUROSTAT scale 52.9%, respectively). The contribution of transfer incomes to relative inequality had almost doubled compared to the previous year. In response to the transfer incomes, which continued on the same course in 2004, the impact of wage and profit incomes on relative inequality had increased.

In 2005, the relative inequality rate of transfer incomes, wage incomes and rent incomes increased. In the transition from 2005 to 2006, the income type which displayed a noteworthy decrease in the relative inequality rate was the interest income (off scale from 26.8% to 16.7%, OECD and EUROSTAT scale from 25.4% to 19.4%, respectively). The relative inequality rate for interest income reached its lowest level in 2006 (off scale 16.7%; OECD and EUROSTAT scale 19.4%, respectively). The income type showed the most change in 2007 compared to the previous year was interest incomes. This change was experienced in a negative way and the relative odds ratio was more than doubled in a devastating way. In 2008, when the global financial crisis erupted, major differences were experienced in the relative inequality rates of income types compared to other years. The income, which changed the most compared to the previous year in 2008 in a negative way, was transfer incomes. This significant change was reflected on the other income types as either significant increases or decreases.

The expected impact of the transfer incomes, which in fact are the equivalent of services ensuring fairness in income distribution (Uzunhasanoğlu, 2007: 52), in the form of one way income stream from the government to individuals and companies (Peterson, 1994: 47) have a decreasing effect on income inequality. However, some of the transfer expenditure types have a disrupting impact on income distribution. There is no doubt that the assignment of the transfer incomes is significant in terms of assessing this impact.

Although the fact that transfer income (pension, old age pension, welfare fund and family allowances, widow-orphan pension, veterans and disability pension, student scholarship income, unemployment benefits, direct support and fuel payment, etc.) has an increasing impact on inequality, which is quite surprising, it is consistent with results of a study conducted in Turkey by the World Bank regarding income distribution (World Bank, 2000) as well as the results of other analyses conducted using the Shorrocks Decomposition (Gürsel et al., 2000; Bayar & Günçavdı & Selim, 2009; Selim & Günçavdı & Bayar, 2014). Likewise, an analysis regarding income distribution conducted with the Miyazawa method concluded that high income groups achieved more income even from transfers made to lower income groups. (Kurtipek, 2011: 131-156).

This impact, which has received criticism for operating in a way which disrupts the income distribution in Turkey, is explained with reasons such as the fact that the social groups affected by the welfare state in general are limited, the inability to display many types of social transfer, the preference of intervention in market prices instead of direct income transfers in subvention policies. Furthermore, referring to the nature of transfer expenditures in Turkey, it is evident that a large part of these expenditures consist of debit interests (Uzunhasanoğlu, 2007: 52).

For example, interest paid on government bonds, since the holders of government bonds are usually high income groups, increases the inequality in income distribution. On the other hand, participation of the state in the financing of social security has an increasing impact on the income of low income groups and a minimizing impact on income inequalities (Bosnali, 1996: 111). Due to the fact that the share of debit interest of high sums in our country from the consolidated budget exceeds other current and investment expenditures, thus the consolidated budget has become an income transfer tool with a negative impact on income distribution

(Uzunhasanoğlu, 2007: 53-54). This situation has also narrowed the opportunities of the state to apply correct policies to social welfare in general and income distribution in particular as well as policies to mitigate poverty (Bedir & Karabulut, 2011: 26). Likewise, this impact can be observed in the impact of transfer expenditures on income distribution inequality.

The significant increase occurred in the share of transfer expenditures on income inequality in 2008 can be explained with investments and employments, which were decreased with the crisis, the increase in the number of applications for unemployment insurance and unemployment benefits and short time working. In addition, the largest share in transfer incomes are received by the high and middle income groups, while the share of low income groups remains rather low. (For example, individuals in the middle and high income groups are usually employed in decent registered jobs and consequently, acquire a corresponding retirement income.) This situation causes social policies based on transfer incomes to become alienated from their functions; in fact, this may cause them to turn into mechanisms which function to the contrary.

However, regardless of degree of the negative impact of transfer income on income distribution inequality, the pre-transfer income distribution inequality is higher compared to the post transfer income distribution inequality in general. While this situation appears to contradict the initial approach, it is actually related to the measurement of different phenomenon. In addition, it is necessary to assess the relevant impacts more carefully during the design of social policies in order to enable transfer incomes to play a mitigating role in inequality. For example, increasing the share of transfer incomes received by the most indigent groups will increase the efficiency of transfer incomes and mitigate the negative impact on income distribution inequality.

By 2009, the relative inequality rate of transfer incomes (off scale from 17% to 1.4%. OECD and EUROSTAT scale from 15.3% to 1.7%, respectively) had dropped down, in fact with the exception of 2002, the rate was below the level of all the other years. The relative inequality rate of wage income had decreased 4 fold compared to the previous year. While no major change had occurred in profit and rent incomes compared to the previous year, the relative inequality rate of interest incomes increased on the off scale calculation from 34% to 56% and from 35% to 53% on the OECD and EUROSTAT scale, respectively. The credit economy, which is

a 'sine qua non' of the financial liberalization process, played an important role in this escalation. While impacts of the 2008 global financial crisis was reflected in the real sector and social sphere on one hand, the income types acquired by households had increased relative inequality.

As a result, in the next year after the 2001 crisis, which indicated to the process after the previous major financial crisis, the higher rates of relative inequality rates of interest, rent and profit (non-agricultural entrepreneur) income are noteworthy. Furthermore, while the relative inequality rates for interest, profit (agricultural entrepreneur & non-agricultural entrepreneur income) and rent income were on a rising trend after the 2008 crisis, a decrease was observed in the rates of other incomes types (wage and transfer incomes) within relative inequality.

It is possible to see the Gini coefficient for income types in Table 5 given below.

Table 5. Gini Coefficients for Income Types

	2002	2003	2004	2005	2006	2007	2008	2009
Wage Income								
- Off scale	0.45	0.43	0.42	0.42	0.42	0.42	0.47	0.47
- OECD	0.47	0.45	0.44	0.44	0.44	0.44	0.49	0.49
- EUROSTAT	0.49	0.47	0.45	0.46	0.45	0.46	0.50	0.51
Non-agricultural Entrepreneurial Income (Profit)								
- Off scale	0.57	0.51	0.50	0.49	0.50	0.52	0.54	0.58
- OECD	0.59	0.52	0.52	0.51	0.51	0.52	0.55	0.60
- EUROSTAT	0.60	0.53	0.53	0.53	0.52	0.53	0.55	0.61
Agricultural Entrepreneurial Income (Profit)								
- Off scale	0.59	0.50	0.52	0.53	0.51	0.50	0.57	0.55
- OECD	0.59	0.49	0.52	0.52	0.51	0.51	0.56	0.55
- EUROSTAT	0.60	0.50	0.54	0.53	0.52	0.51	0.57	0.56
Rent Income								
- Off scale	0.62	0.58	0.51	0.54	0.54	0.51	0.59	0.64
- OECD	0.64	0.59	0.53	0.55	0.56	0.53	0.59	0.65
- EUROSTAT	0.65	0.60	0.54	0.56	0.58	0.53	0.59	0.65
Interest Income								
- Off scale	0.78	0.78	0.66	0.52	0.54	0.69	0.75	0.78
- OECD	0.80	0.80	0.69	0.54	0.57	0.70	0.76	0.79
- EUROSTAT	0.81	0.81	0.70	0.54	0.58	0.71	0.76	0.78
Transfer Income								
- Off scale	0.33	0.49	0.33	0.38	0.39	0.38	0.44	0.41
- OECD	0.36	0.52	0.36	0.42	0.42	0.41	0.46	0.44
- EUROSTAT	0.39	0.53	0.38	0.44	0.43	0.43	0.48	0.46

According to the Gini coefficient results obtained with the Shorrocks Decomposition we conducted, the Gini coefficient for interest income achieved the highest value for every year, except 2005, in all three calculation formats (off scale, OECD and EUROSTAT). In other words, it was the income type most closely affiliated with unfair distribution. Monitoring the trends in the Gini coefficients in the format of three clusters reveals that the Gini coefficients of wage and transfer incomes received less value than the Gini coefficients of the other income types received, which means that their affiliation with equality was more pronounced.

While the Gini coefficients for interest income received values closer to inequality, the Gini coefficients for profit (agricultural and non-agricultural entrepreneur income) and rent vary year to year and are positioned in a central area between full inequality and full equality. In other words, it is possible to say that income types including of labor incomes are distributed more fairly than income types, which do not include of any labor income.

Conclusion

It is necessary to ensure equal opportunity in a society and establish a balanced structure in terms of education, health and other areas in order to prevent the emergence of significant differences in income. For this reason policies that may have an impact on the distribution of income should be activated not only in the process of obtaining income and its division but also much earlier than implementation of these processes. It is vital that factors which 'have an impact on the inequality of income distribution' are determined in order to form the relevant policies.

The basis for the calculation and measurements of income distribution are based on extension of the accounting system to cover the whole economy and its application on economic activities. The differences between income groups, the changes incurring in income and its components in time can always be monitored through these criteria.

The number of studies and analyses performed regarding income distribution in Turkey and particularly the impact of income types on income inequalities are limited and comprise of different methods. Although

there are differences between calculation methods, the aim of relevant studies is to reveal a potential inequality or unfairness. No studies regarding income distribution at regular intervals were conducted in Turkey until 2002. The studies conducted by different individuals and organizations until 2002 are not suitable for comparison purposes.

The aim of this study is to measure the impact of income types (factor incomes and transfer incomes) on income distribution inequality both on household and individual basis (by using OECD and EUROSTAT scales) in Turkey during the years between 2002 and 2009 for which regular data is available. Thus, it will be possible to assess the impact of each type of income on inequality before designing the policies that will may have an impact on income distribution. The Shorrocks Decomposition, which was preferred for this study because of its independence from indexes, is based on decomposition according to income types within the framework of decomposition principle.

According to the analysis results, the income type responsible for contributing the most to income distribution inequality for both calculations (both on household basis and individual basis) is the interest income. The amount of contribution of interest, profit and rent income on inequality is more than the contribution of salary and transfer incomes and differentiates significantly. From another point of view, labor income distributes more fairly than other income types, which do not contain labor income. The relevant findings verify the interest incomes and consequently, verify the adverse impact of the credit economy on income distribution. Likewise, right after the financial crises of 2001 and 2008 (in 2002 and 2009), impact of the interest income on inequality was extremely high (off scale 47.3% and 55.8%; OECD and EUROSTAT scale 49.8% and 53.4%, respectively). In general, although the burden for the 2001 crisis was imposed on Turkey and the burden of the 2008 crisis was imposed on the global world, essentially in both crises, economic policies were influenced by financialization, neo-liberalism and deregulation flows. It is not possible to assess the contribution of interest by excluding labor income, profit and rent incomes independently from these influences.

Especially as of the beginning of year 2000, since the interest rates digressed from the supply demand operation of the free market economy

in Turkey, the saving-investment balance was disrupted. In addition, in developing countries such as Turkey, there is an affiliation between the continuity of economic stability and political stability. After the crisis took place in 2001, stabilization started in the political area in Turkey with a single party power and economic stability was targeted with the new implemented economy and financial discipline programs. In the post crisis period, significant reductions in interest, which is one of the major factors contributing to income distribution inequality, were implemented within the framework of the economy program. The impact of the mortgage crisis happened in 2008 around the globe emerges as an interest factor in the study results.

The establishment of a progressive rate structure for asset taxes and enhancing economic initiatives to steer those in a dilemma over interest and profit to productive investments could be a solution in order to reduce the negative impact of interest income on income inequality.

Another finding of the analysis is the unexpected adverse impact of transfer incomes with an overriding purpose on total inequality. It is expected that transfer incomes have a mitigating impact on inequality. However, some types of transfer expenditures have a disrupting impact on income distribution. This impact, which has been criticized for disrupting the income distribution in Turkey, is explained with reasons such as the social groups affected by the welfare state being limited, the inability to display many types of social transfer and the preference of intervention in market prices instead of direct income transfers in subvention policies. Transfer incomes are important for the state in order to monitor the impacts of redistribution policies. It is necessary to design social policies more carefully for transfer incomes to play a role in mitigating inequality even if they do not increase. Likewise, even if the state has not planned any changes in income distribution while it makes public expenditures, this change takes place.

A difficulty encountered in the process of realizing the analysis was the lack of equivalency scale in Turkey. In future studies, the formulation of the expenditure behavior of households and the determination of an equivalency scale which is unique to Turkey will be a significant contribution in order to be able to analyze individual income distribution in Turkey through decomposition.

Consequently, considering that an income distribution, which is not fair and balanced, forms the groundwork for many social and economic problems displaying a permanent presence, it is vital to spend solution-oriented efforts without any delay. Therefore, individual and corporate exertion must be spent for solution oriented efforts. Policies supporting the real sector that covers labor and production must be created. On the other hand, it is also necessary to mitigate the adverse impacts of the process covering financial liberalization that can be expressed as virtual or fictitious on income distribution and income inequality. This requirement necessitates an active approach in income distribution policies. The level of income, the generation of the income as well as the mechanism generating the income must be assessed with common sense.

The establishment of economic relations, which are trust and ethics oriented on an individual and corporate level, the establishment of a system operating on a basis of equality, freedom, justice and rights and supporting the real sector of the economy form the overall framework of the specified efforts. These efforts are vital so that the economy, which has distanced itself from ethics, can recapture the value judgment that has been lost.

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“Islamic Economics” Discourse and Sabahaddin Zaim

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Abstract

The founder mind of the Eurocentric movement, which realized a major transformation along with the route consisting of the Renaissance, Reform, Enlightenment and Industrial Revolution and which we call the modern era today, placed earthly prosperity in the main axis and the Economy as its provider. This huge transformation and shiny image had either direct or indirect impact on the remaining territory of the world. In this aspect, the Islamic landscape like many other landscapes spent the last two centuries faltering and continuously losing altitude in the face of this new rising power and engaged in numerous discussions to understand this process and tried to save the day with various improvements. However, the loss in altitude has been inescapable.

One of the areas open to discussion and reforms was the economy – in fact the modern world has structured itself on this political and ideological structure – while in Islamic geographical areas, the powers of fragmented geographies displayed impulsive solutions in order to understand the rising west and catch up with them. On the other hand, efforts were being spent to eliminate the concern regarding differences of the western paradigms mainly on civil platforms. The concern regarding ability to maintain an Islamic lifestyle in the modern world, which had mostly started on civilian platforms, generated the necessity to discuss economic relations that are part of daily lives within the framework of the new world. As the debates in the area of economy progressed, various ideas started to emerge. In this study, we have endeavored to assess these debates that were propagated within a historical process from the perspective of Sabahattin Zaim who is one of first scholars in Turkey in the area of Islamic economy.

Keywords: Sabahattin Zaim, Islam, economy, Islamic economy

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Introduction

The Environment Generated the “Islamic Economics” Discourse

Although philosophy of Islam and modernization movements² were often influenced (Abul Hassan, 2014: 125) theoretically by mainstream philosophy in the 18th and 19th centuries, Islam has continued its journey within a framework of different philosophies due to the comprehensive and versatile applications in terms of life and practices. Especially the state has performed dilettante studies through discussing the administration format of Islam within the framework of individual relationships and definitions as well as the framework of this administration with democracy and science and sought for evidence within the axis of the Koran and tradition to fit Islamic practices with what is modern which also continues.

The idea that the intellectual movement captured by the West with the Renaissance, reform and enlightenment processes moved the West forward and that for this reason the West became superior to the East (!) or progressed further necessitated to conduct studies regarding the western philosophy and consequently, generated ideas and discussion on how this transformation could be transferred and applied into the Islamic territories. Similarly, the reality that the essential power of the West was in its military and economic power and this in turn generated the philosophy of development and progress in countries, which are described as third world countries and the Islamic territory.

At this point, generally the powers in Islamic territory have transported their nations to the desired point with top to bottom modernization efforts. The search has continued in the civilian area often at the expense of conflict with power. Due to the attitude they displayed, the reality of the school of Islamic philosophy, which opposes and criticizes both the West and current local powers in addition to the toing and froing between different Islamic order applications and theories, have emerged in different territories.³

2 Modern thinking is a process, which started with the querying of religion incepted by the reform movements and the idea of returning to the origin – like the translation of the Bible into German by Luther and the attempt to make it understandable– and was formed with the contribution of democracy and social impact to affect the world of Islam in the 19th century.

3 The reflections of westernization on the last two centuries of the Ottoman era as well as the reflections in Egypt, which can also be accepted as an Ottoman territory, can

Efforts have been spent to understand the developments mainly embodied in the West and to understand the status of Muslim World. Perhaps, for the first time in history among Muslims, ideas were put forward with a view to questioning the inadequacy of what is Islam in the background to read again and retrospectively question Islamic values from a critical perspective and some different Islamic understandings were put in the forefront.⁴ During the modernization efforts, issues such as economic difficulties, human rights, women's rights, the right to elect and be elected caused serious discussion and even constitutional works were put on the agenda. All this has taken place mainly as preventive measures for reducing and dissolving external pressures and most of the time they have been touted as westernization. It can be said that all this is a manifestation of a complexity in terms of the West and an effort spent to reposition itself (Zaim, 1992: 121). By following the footsteps of traditional past or a completely new interpretation of the Koran (returning to the sources, a re-interpretation of the Koran, etc.), the efforts of the rising west to generate an Islamic reciprocation of what they had as of the 1970's gained momentum with the contribution of the Islamic states gained their independence after the Second World War. Especially as of the early 1980s, in the new neoliberal era, the pursuit of the Muslim World and intellectuals for economic order started to rise.

Consequently, in 1976, the 1st World Islamic Economic Congress (Zaim, 1992: 12) was organized and the pursuit started to resound in the Muslim World. as a matter of fact that studies in the Islamic World and in Turkey started to intensify after this year. For example, research centers were established in Malik Abdulaziz University in Jeddah, the Islamic Development Bank, International Islamic Banking and Economics Institute in Cyprus and the Islam Universities in Islamabad and Malaysia. In this study, we have focused especially on Islamic Banking and Finance issues and a number of studies that have been generated in this area in English, Arabic, Urdu and Turkish (Zaim, 1992: 13).

While the world of Islam was seeking to generate a way out with the pursuits of "Islamic economics", the West and especially the UK (Unit- give us clues in this aspect. The applications in Pakistan and the Islam State of Iran are important in terms of a more recent era.

4 This has emerged in criticism of tradition, querying social and marginal ideas such as the total renewal of tradition and the Koran.

ed Kingdom) (Dar, 2012: 116) was seeking possibilities of integrating the economic values held by Muslims both in the Islamic territories and those living in different Western countries integrated with the world system.⁵ “In this sense, the unofficial Islamic banking service in the United Kingdom started in the 1960s. By the 1990s, Islamic banking became official in the UK (Dar, 2012: 116).

There is no doubt that the issue has a meaning in terms of global economy and integration; however, as indicated before, there is also the dimension of fatwas or instructions about how and what to do as Muslim individuals who are obliged to sustain their daily lives in the center of the modern world. At this point, there is an ongoing issue about creating the boundaries to be drawn and establishing a system integrated with the entire world. The reality is that today states do not have the power to determine their economic policies themselves. When this has to be done on foreign ground in addition to the difficulties of maintaining their identities, opposite an overwhelming force into which various sudden and unstrained output is added. Thus, there is a possibility of losing the issue in the background without any solutions. Likewise, it is not so easy to separate between black and white in a secularized postmodern world. In fact some do not even find it necessary anymore. According to the West, the issue is not a matter of black and white anyway, but an issue of ‘functional or non-functional’. With the reflection of this perspective into the Muslim World, the discussions moved away from the grounds of Islamic economy and shifted to the axis of discussions regarding development, growth, progress, democracy and the subjects which were essential issues involved in the background. Speediness and the wannabe attitude generated by the desire to catch up with the West was translated into pragmatic acts with the intention of saving the day and after a while, the principles of the race were replaced by the race itself. From this point of view, discussions related to Islamic economy started to lose its significance.

5 As a matter of fact during the real production era, these western countries lead by the United Kingdom acquired a significant resource and market in terms of their own developments by adding the real assets (underground, over ground) of the countries classified as third world countries, all other countries apart from them as well as those in Muslim territory.

The Conceptualization of “Islamic Economics”: Ambiguous ground

In this study, the conceptualization of “Islamic economics” emerged as a process mainly in the second quarter of the 20th century in the Indian peninsula, which was generated by Muslim scholars in an attempt to overcome the traditional fiqh patterns of the socio-economic issues that modern Muslim societies were confronted with (Zaim, 1992: 11).

At this point, economic competition had been transported to the international dimension and the boundaries of the nation state had been trespassed which prevented the spell, the essence of the issue from being discussed; efforts were spent to formulate the issue merely on platforms gained through practice. It is also to be expected that this dimensional analysis was incomplete and misleading (Zaim, 2007: 483-484). The resulting chaotic epistemological and eclectic structure promulgated the danger that studies related to Islamic economy could orientate to populism (Akyol, 2011: 229).

Chapra, which is prominent in studies in the area of Islamic economics, underlines an important point here which he determines with the sentence “it is necessary to distinguish between Islamic economy and the Islamization of economy” (Chapra, 1991: 52). However, there is also no doubt that hasty diagnosis were made in discussions about Islamic economics from time to time with the impatience and enthusiasm to catch up with the west immediately. The ongoing quest has remained mostly superficial and is muddled with an illusion. During the negotiations of a paper, in which the views of Islam on fees were manifested, Zaim underlined superficiality and inexperience and said that “what we are talking about here are at the stage of materializing; they are raw materials. We cannot weave cloth with this” (İSAV, 1990: 143). This statement gives us an opinion regarding the weaknesses of superficial applications in which the ideas are generated with inadequate vision and material without prioritizing practical needs.

Once again, at this point, it is impossible to ignore opinions such as “Islam = capitalism-riba” and even riba (refers to interest in Islamic literature) cannot always be equaled with interest and that these are efforts to overcome the situation with the skills of an illusionist (Yılmaz, 1991: 134).

As an example of this haste and superficiality, another point must be

emphasized that Islam has been viewed as an alternative to various schools of thought that have receded or considered as losers such as leftwing / Marxists / communists, which have undertaken to defeat the savage capitalism of the West or which have been used for this purpose and Islam has been promoted to the position of new trainer to improve capitalism in the current unipolar world (Zaim, 1992: 46). The problem here is that “Islam has been viewed as a derivation of its own alternative views or adverse alternatives instead of an independent life and order.” (Karakoç, 2003: 9). At this point, considering the possible deviations that the Islamic economy discourse may reach, once again, it is appropriate to emphasize that pushing the essential character of the society model proposed by Islam into the background, by decorating a society resembling a western society with various Islamic motifs that the conscious or unconscious efforts to reconstruct a model, there is a likelihood of structuring an eclectic society model.⁶ In short, it is an important topic to discuss just how Islamic are the ‘eclectic weak based intellectual setups’ which emerge as a result of the efforts spent to formulate an Islamic version of everything (Haenni, 2011: 35; Salleh, 2014: 245-246). At the end of all these efforts spent, Islam is commodified with an understanding that addresses the market with everything clamped in the global acceptability of massification. Muslims have become customers who do not pass beyond being a consumer only (Haenni, 2011: 61).

The essential question which is overlooked or kept at arm’s length in discussions about Islamic economics, which is also a criticism of the economy based society model established by the western world, the question is why a society model in which economic activities are not the main element is not on the agenda and why are all discussions are based on the acceptance of the success (!) of the West.⁷ In the process of the modern world, economy is not a prominent determinant in all areas of both the Islamic societies and other societies, instead it is a part of daily life, an area

6 The point which must be underlined here is that the criticism made in this text are criticisms in terms of the philosophy of economy and theory. It is not done with the intention of finding daily solutions and fatwa for Muslims who live embedded with modern societies in the modern world and those whose habitats are under occupation to enable more Islamic living conditions. Although this issue is quite important, we believe that the essential problem consists of the upper view theoretically.

7 This question (problem) is understood from the statement by Karakoç which is as follows “Islam is a world view, way of life and style of civilization with an economic understanding, attitude and framework”. See Karakoç, 2003: 16.

where needs are fulfilled. Where the modern world puts economy into the center and its determinant axis into the forefront of this structure, this has become the ideology of modernism.

The question about where economy stands in Islam, there is a significant risk in answering the question with an evasive answer like “The importance given by Islam to economic welfare originates from essence of the divine inspiration” (Chapra, 1991: 19) or legitimizing the situation is a serious risk for the legitimization of modern economics. Of course Islam does not order us to experience distress and difficulty on earth and legitimizes taking advantage of worldly blessings. Yet it does criticize and forbids those who plunge into the world (Qur’an, Muddesir: 45) and gets pleasure from propagating (Qur’an, Tekasür, Shura: 1) and amassing (Qur’an, Tevbe, Shura: 34). In other words, economic success is not something that happens in spite of everything or a priority for human beings. It is not a saving recipe to describe human dignity as a priority with economic power and a Muslim as a human figure with vertebrae or an attitude and turn this into a figure with high adaptability. In fact, those who are economically weak are perceived as valueless today is because what is valuable is depicted as economic. The welfare of Islam is not one way. Islam recommends a multiple direction welfare society and it is important to define what welfare is and how it is measured.

Even to explain the emphasis on “material aspect” simply as an economic one in this sentence “Giving the same importance to both the material and spiritual aspects of life are a unique characteristic of the Islamic economy system” (Chapra, 1991: 23) is proof of the great pressure, which the modern economic philosophy system and the world perception holds our quest under. However, it is not only the material which is economic, it covers everything worldly. Furthermore, material and spiritual things don’t have the same importance. What is spiritual is a superior mind which limits/determines what is material.

Another issue frequently overlooked in discussions about Islamic economy is that Islamic economics is not a predetermined area of science and theory but the reflection of practice itself. Perhaps what is promulgated as Islamic economics is not only the absolute profit of one incurring procedure in an application or an application to the loss of another. If there is anything to discuss, it would be the method to be practiced. The essence

of the matter is that in the daily shopping of a Muslim individual, both the buyer and the seller emerge with a profit⁸. Perhaps, the Islamic one is dependent on capturing the altruistic perspective of the other. Without distancing itself from a society and social relations organized in a western sense with a priority on economy, without abandoning objectivized relationships and generating a fiction over it, how much will be understood from the Islamic point of the economic analysis that revealed that the existence of this practice is evident (Han, 1988: 11).⁹ Already the size of the structure affects the flexibility and therefore practical moves pertaining to locality are not introduced. The Wheel is so big that people disappear and the system gains a flow of its own. This ultimately leads to defeat by the man-made idol.¹⁰

The question asked at this point is what kind of a model Islam proposes? Another question which could be asked is whether a model is needed. There is no doubt that within the framework of both questions, the discussion will be carried to different directions. However, the real problem here is a secular generalizing (Özlem, 2002) tradition, which is not earth centered and world visionary, but discussed on the same platform and recommends one treatment for all. The modern world structures itself on a plane which is economy centered and human beings are the sole decision makers regarding everything happens on earth (Skirbekk & Gilje, 2011: 208). Firstly, this difference must be propounded. It must be seen that universal law, universal education, universal state model and the universal economic model proposed under the name of liberalism, freedom and individualism is far from reality, a one type imposition of the western paradigm (Özlem, 2006: 107). It is clear that the solution must be sought outside this axis.

At this point, generating a model resembling a western model will only push Muslims into a permanent market position. The West holds other elements other than economy to apply pressure to protect its economic

8 This profit is not a material profit and it should not be. The essence of the profit here is the consent of Allah.

9 In his views on Islamic Economy, Mannan takes a different stance by saying 'there is practically no difference between the Islamic Economy in terms of scarce resources and the modern economy'. See Mannan, 1973: 16.

10 This situation has been indicated by En-Neccar as 'property and money that have been disengaged from all affiliations and become an idol...' See En-Neccar, 1978: 15.

power as well as to rearrange the economic groundwork from time to time in line with its interests.¹¹ Thus, the Power of Modern World applies pressure on all territories, which remain outside this economic cycle. Another issue, which must not be overlooked, is that the success of the West has not been achieved solely through economic activities. In that case, the Islamic World is obliged to face this reality at least when they are generating philosophies. In this aspect, the main purpose is not to generate a similar opportunity as the western world generates, but perhaps to go beyond that on another platform. The West is aware of that the structure is indexed on capital and therefore it has legitimized all paths to achieve this capital and the religion allows this. However, a Muslim is obliged to maneuver within certain limits. Just like not all paths are legitimate, it is prohibited that assets are recycled among certain hands (Qur'an, Haṣr: 7).¹²

Thus, this wealth should be returned to the community in the form of alms, charity, tax, foundations and the mechanism of redistribution of wealth may also become possible with good operation. Islam considers property as merely a tool and escrow, whereas economic achievement is one of the main objectives for the West. In Islamic beliefs, not only property but the world is considered as a tool to access Allah. The existence of the world is for the afterlife. Naturally, Islam is not in favor of the indigency of the community. It favors strengthening the economic structure. However, this should not be done as it happens in the West, both where the economy is considered as a godlike power¹³ to which all leading paths are legitimized and where the economic structure favors the least amount of work to achieve the largest assets¹⁴. In other words, Islam cannot put dynamite to the foundations of society and humanity for the sole purpose of achieving a strong economic structure (Mutahhari, 1997: 15).

11 It is evident that the investment and superiority of the west initially in the military area as well as enables them to commission the application of adjustments on the system through international organizations (the United Nations, IMF, the World Bank, World Trade Organization etc.) in the international system cycle.

12 Religion and the World are two areas which do not intervene with one another, in other words the west is secular. The order is established not by religion but by mankind and his interests.

13 For example Hobbes differed from previous philosophers in that he did not view the state as a divine entity and formulated the state on the personal interests of the individual as a sort of divinity. See Aktan, 1994: 19.

14 This characteristics is nothing other than the "homo-economicus" of the liberal economy. See Turanlı, 2008: 66.

The fact that Allah wished convenience for people or that the Prophet was sent to the world as a sign of the Almighty's mercy which are emphasized in the Koran, which does not support the philosophy that the welfare of society consists of solely economic power and wealth. Considering such an interpretation from a western perspective, efforts spent to find corresponding issues to modern concepts in Islam cause the discussions to stray from the essential issues. In conclusion, Muslims have selected to compromise with the world system instead of conflicting/denying it with the idea that the system is unquestionable and unchangeable. In fact, from time to time, interpretations showing the market economy and the individual discourse in Islam appear to be parallel in the liberal world and serious efforts have been made to internalize western concepts.¹⁵ At times, the idea of "Islamic economy" is propounded as a product of such a perspective. This matter has been taken to further discussion by scholars who have generated an in-market interpretation of Islam.

'Islamic Economics' Discourse in Sabahattin Zaim

Sabahattin Zaim, who is a prominent major name in discussions of Islamic economics, emphasizes the necessity to act on a different platform. However, sometimes he has also encountered the difficulties of acting from an angle of the West. For example, he says that "Actually a fair order is sought in the social market economy. This order is available in the Islamic economy. Islamic economics are actually the free market economies that have been disciplined with ethics." (Zaim, 1992: 159). Naturally, we are aware of that Zaim does not mean a free independent market economy generated according to supply and demand. He himself indicates the emphasis of this distinction regarding a market organized in an ethical axis. However, the problem is that in terms of theorizing Islamic economy discussions, they have not imposed themselves as yet. Most of the time, they have been unable to establish a concept of their own. For this reason, they have complemented themselves over the others and been obliged to generate opportunities of existence in that conceptual world.

15 The sentence of Zaim "democracy is the administration of the virtuous" can be read on this plane.

However, Zaim, at this point, states that it would be pointless that Muslim countries adopt a system from any of the eastern or western block, the association of the economic system is one aspect and the social, political, moral etc. of societies is a holistic structure representing all aspects. According to him, dealing with only the economic aspect of a society is similar to dealing with the external part of that society, which is the visible part of the iceberg only. The western world has actually constructed the economic understanding on a social and cultural basis similar to the remaining part of the iceberg. There is no doubt that this is not appropriate for Islamic societies. For this reason, lacking the philosophical background and only applying a superficial imitation models imported into the world of Islam have not and will not be successful. Because the tissues do not match. It is evident from the example of the Ottomans, who dedicated the last two centuries for westernization, that this type of westernization cannot be a solution (Zaim, 1992: 156-157).

Modern economies are founded on the concepts of growth, progress and rationality. This growth and progress must be achieved in spite of everything. Therefore, it is also estranged from being a natural economic flow. While the economy itself is based on artificial dynamics, needs and functioning have also become artificial. In addition, the modern economy requires the concentration of capital in order to continue this operation. Accordingly, the capital investments are as qualified and strong as the size of the capital. For this reason, values which are in circulation in the economy should be as concentrated as possible. This operation challenges and delays the extension of the capital and welfare on the ground. In fact, liberal capital philosophers such as Hayek indicates without any hesitation that the redistribution of revenue is a 'mirage' which accommodates injustice, whereas operativity should be achieved 'its own accord as a natural order' without touching the market to realize justice (Günör, 2008: 78). The reason is that real growth and progress is essential. Welfare should be postponed if it is necessary. However, Islam says, "wealth must not be a commodity swirling among you" making a declaration in terms of distribution of wealth in society and has not presented evidence for this to be postponed or to make different interpretations (Qur'an, Şahr: 7). However, the principle of 'arm yourselves with the weapons of your enemy may cause various economic progress theories and their boundaries a mat-

ter of discussion (Chapra, 1991: 31). The hadith depicted by Imam Buhari recommends the relationship of two siblings instead of laborer-employees, which makes the modern explanation of the situation more difficult. If the general principles of Islam were laid out, perhaps the accumulation of large capital concentrations in an Islamic community would be impossible (Chapra, 1991: 37).

The application of this economic model introduces the necessity of a certain political and socio-cultural infrastructure. In this aspect, the West has concentrated on an economic and political system based on competition and power separation and called this management style democracy. With this pretext, the hegemony of a single structure has been tried to be avoided in the economic life and the political area as well as the sociocultural area. Zaim states that Islam achieved the principle of separation of powers from another aspect and formulizes his statement by those who hold worldly power in their hands cannot act in accordance with their worldly wishes as “Earthly power is controlled by divine power in Islam” (Zaim, 1992: 172).

He has continued by saying that ‘if there is a control mechanism in democracy; in this sense, this democracy is available in Islam. Earthly power is not uncontrolled power, there is control.’ (Zaim, 1992: 172).

Zaim defines Islamic economics as a “systematic efforts to analyze economic problems and human behavior from an Islamic perspective” (Zaim, 1992: 49). According to him, Islamic economy has religious roots since it is not a completely dependent application within the structure of religion (Zaim, 1992: 46). Despite all this, consequently, the Islamic economy is an economy and its priorities are economic problems and institutions. Furthermore, Zaim states that Islamic economy differs from secular economies because it is free from the values of these economies. According to Zaim, the western economy is not free of value as alleged and although those behind this economy deny this truth, they have their own value judgments. The contrary is not very feasible (Zaim, 1992: 47).

Hence, Zaim focuses on human being and his position on earth and he underlines that since Islamic economy is focused on ‘mankind’, all assessments must be made according to this principle. According to him, certainly Islamic economics is interested in the concept of assets and other economic elements. Yet the essential focus is human being (Zaim, 1992: 53). However,

attention must be drawn to the fact that the western economy also claims to be centered on mankind and the objective is to enhance freedom and welfare within this framework. The difference here is that the humanitarian social individual of Zaim¹⁶, is the egocentric human being in the western economy. In other words, whose existence is only himself who recognizes no other binding element other than his own conscience and mind; he himself is the supreme and final objective. For this reason, the concepts of freedom and economic welfare are interpreted within this framework (Çaha, 1999: 41).

In Zaim's statement, mankind does not harm nature or others to maximize benefits for himself because the task on earth is to ensure justice as a caliph. In other words, Zaim's mankind is responsible to obey the rules set by Allah. Acting upon this mankind, Zaim introduces the typology of a 'beautiful human' according to his own conceptualization. Affording to him, one the most important differences between the understanding of modern economy and Islamic economy is that Islam puts limits on what things should be like in general (Zaim, 1992: 1123-124), whereas the modern world is more abstract. The rights and wrongs, good and bad are seasonal. Islam on the other hand protects the traditions of society which are not in conflict with religion.¹⁷ The modern world on the other hand controls everything that is normal and general and nurtures the abnormal. Today, the modern world has legitimized and protects numerous abnormalities from homosexuality to nudism. For this reason, it has adopted the principle of steering what is available rather than what should be and enforce power through that. The benefit of the individual has exceeded that of society. Society has been sacrificed for the individual.¹⁸ The rights

16 At this point, Zaim underlines that the concept of social human being involves in the conceptualization of a different human being model which completely externalizes the individuality of socialism or communism and is an altruistic personality that is aware of his responsibility to Allah. Otherwise, Islam is not against private property. See Zaim, 1992: p. 49-55.

17 Essentially, interest is not legitimate in Judaism and Christianity either.

18 Under the title of extremism, freedoms such as people bequeathing their legacy to their pets, people marrying their dogs, the freedom of walking naked in the streets are imposed to society. See (online) 01.05. 2014, <http://arama.hurriyet.com.tr/arsivnews.aspx?id=7353080>, <http://www.haberler.com/10-milyon-avro-kediye-miras-kaldi-3183075-haberi/>, <http://www.hurriyet.com.tr/planet/19438328.asp>, <http://www.sabah.com.tr/Dunya/2013/11/23/mirasini-kedilerine-birakti>, <http://www.dagmedya.net/2014/04/25/nudizm-yasallasti-munihin-alti-bolgesinde-ciplak-gezme-gerbest/> <http://galeri.haberturk.com/yasam/galeri/437541-bu-sehirde-ciplak-gezme-gerbest>

of the individual are supreme to those of society; all values derive from the individual (Çetin, 2001: 221). From the perspective of Islam, neither the state nor the individual has absolute dominance. Both parties are obliged to observe the boundaries of Allah (Zaim, 1992: 170). In short, Islam is “value centered” while the modern world claims it is ‘neutral’ in terms of values (Zaim, 1992: 47). In this case, the ruling that ‘the individual free in his behavior and actions to the point when intervention by other incurs’ (Yayla, 1992: 149) is clinched.

According to Zaim, the economy area is a part of the whole Islam. Islam is a whole which covers the entire life of an individual. For this reason, various principles restricting the economic area must be derived from this whole. In this sense, the first principle of Islamic economics is obviously amalgamation. Monotheism calls on society as a whole to be organized around the unity of Allah. Economics should be perceived as the ethical and ideological subunit of an integral structure. Although it is an entity on its own, it maintains its characteristics of being an integral component within this integrated system (Zaim, 1992: 124). Zaim continues to handle the issues from this perspective and indicates that the second principle of Islamic economics is that it is formed by human beings as honorable creatures and that the target is mankind and that other essence is the principle of justice. Regardless of all this, Islam recognizes the right to own property, but it is not an absolute ownership; it is formulated within the framework of custodian logic. Zaim indicates that the prohibition of interest regarding the capital and assets of Islamic economics as another important restriction and underlines the alms institute repeatedly (Zaim, 1992: 124-126).

As Zaim displays the differences between Islamic economy structure and modern economic model, as mentioned above, he explains the ethical stance of the Muslim (*homo Islamicus*) regarding ‘worldly goods’ with a world philosophy. For example, according to Zaim, extension of the foundation culture¹⁹ in Islamic societies continues due to the sensitivity of Muslims/beautiful people to leave a gate of good deeds for themselves before their demise. Zaim continues to explain in this vein that the concept

19 Zaim points out that 17% of the territory in Anatolia of the Ottoman State during the era of the lawmakers belonged to foundations, See Zaim, 1992: p. 55.

of benefits in Islamic economics does not refer only to economic growth, but that it emphasizes ethical and social priorities as economic growth (Zaim, 1992: 53-55). According to him, a person with wealth/property is not a person with unlimited properties, but only a person to whom such property has been entrusted, who holds the right to make transactions on these properties. For this reason, the owner must refrain from exploiting or wasting such wealth and deem himself as the deputy of these assigned opportunities and use them for the benefit of society, people and nature. That is why interest/Riba is a sin in Islam. It generates exploitation and unearned gains. He believes that credit relationships in Islam should be sustained based on a system of profit-loss partnership and insists that the debiting and interest relationship of the modern economy structure are unjust (Zaim, 1992: 55). From this aspect, the 'profit + interest' formula of Adam Smith for profit is not valid for Zaim (Turanlı, 2008: 72).

Zaim references to the meaning and form of utilization of wealth and underlines that Islam has a structure, which initiates growth and development only within certain limitations and priorities axis (Zaim, 2005: 110-111, 109-117). For example, according to Zaim, idle wealth should be circulated with the alms institution. This prevents the wealth from remaining idle and initiates it into investment. It should be noted that the prohibition of waste and luxury in Islam will enhance savings in the Muslim society, which in turn will enhance investments and initiate growth (Zaim, 1992: 56).

Referring to all these elements, Zaim underlines that the understanding of benefits and rationality by Muslims is rather different from the meaning in the capitalist structure. He also emphasizes that this will open a revolutionary change in the regulation of the economic life. It is not rational work for oneself in this world, since it is more beneficial to live by taking the afterlife and other people into consideration (Zaim, 1992: 57). Zaim refers to the concept of needs within this framework as; "it is closely associated with the desires as well as the possibilities of people." (Zaim, 1992: 57). However, according to Zaim, it is possible to determine certain criteria and priorities in the definition of needs.

As a result, the society model and economic reflections will be rather different and some indicators used today will take a different status. Gross National Product (GNP) will have a different dimension in calculations, etc.

Zaim indicates that a Muslim cannot be a homo Economicus; he approaches the issue of how a Muslim person (beautiful human being, homo Islamicus) should be and how consumers, laborers, producers or employers should behave and refers directly to the Koran for solutions. According to Zaim, a Muslim consumer knows that consumption expenses are not only the function of income. He is aware of that there is an area determined by the orders of Allah and his prohibitions. He calls them 'commodity economic normative rules' (Zaim, 1992: 70). For example, a Muslim refrains from expenditures involving alcohol, gambling, adultery, luxury and pomp. They have been personally restricted by Allah. He avoids hypocritical behavior and spending. He takes the level of community life into account while meeting his needs and refrains from expenditure and behavior which might provoke the indigent and create envy in the community. He endeavors to live within his means as much as possible without incurring debts. Thus, the trend to save will increase in the Muslim community and savings will end up as investments. The Islamic economy saves assets, which have not transformed into investments through the alms procedure (Zaim, 1992: 72-73).

Zaim uses the classification of the production activities to be conducted in an economic model of a Muslim community by Gazali as follows:

- a) The production of essential commodities consist of commodities and services which provide the five fundamental characteristics as faith, life, mind, production and wealth of the owner as well as Muslim individualism.
- b) Production activities which facilitate and ease life,
- c) Increasing grace in the form of excerpts from the same production activities,
- d) Zaim explains and underlines that in these matters, essential commodities, production activities facilitating and easing the life or increase of grace manufacturing activities and their scope may show seasonal changes according to civilizations. In other words, things considered as luxuries yesterday may have become essential needs today.

Muslim producers can produce by taking these facts into consideration, but if they are obliged to choose between categories, in the case of conflict, the choice shall be in favor of the essential one. In this way, the efficiency of investments can be maximized (Zaim, 1992: 63-64).

Producers naturally base their gains on labor and profit-loss elements. Trouble free easy gains are not favored. The property of others is not covered. The afterlife will not be destroyed for temporary benefits. Increases in the cost of commodities shall not be incurred with cheating, stockpiling and injustice. For example, if a Muslim producer knows that a halal trade will become a tool of haram trade, he will abandon selling that commodity (El-Misri, 1989: 30-31).

Employers are aware of that the wealth and income they have achieved is not only the result of their labor, but a result of Allah's will and they do not forget the reality that other people have a right in their gains. The employer will not overwork a laborer beyond his capacity and will avoid cheating, speculation, profiteering, monopoly and bribery.

After manifesting what producer/employer and consumer behavior should be like, Zaim underlines that laborers should behave in a way which is beneficial for Muslims /beautiful people, and work for the livelihoods of their families. They also do the work they are doing in the best possible way in the knowledge that perseverance is appreciated in the presence of Allah. In short, regardless of whether it is the consumer or the laborer or the producer or employer, the orders of Allah will always be kept as a priority and they will show compassion to all creatures created by Allah and arrange their lives in accordance with this motto (Zaim, 1992: 70).

It is essential to perform an activity in the market order and capitalism in legal boundaries. From this aspect, if trafficking in women or alcohol or activities such as gambling, which disrupt the social structure, can be taxed and controlled, then there is no problem in doing those. Modern economy assesses similar activities as an economic resource even if they are corrupt and damaging (El-Misri, 1989: 18). The main purpose is nothing more than enchanting wealth and freedom (!) of individuals (Çağatay, 1958: 23). However, Muslims are obliged to ensure their livelihoods within the boundaries of their own ethics. In a modern economic order, investment slides towards what is profitable instead of what is ethical; profit is the primary target of the capitals in such economic systems (Lordoğlu, 1996:

10). For this reason, the market is channeled into supporting corruption in the long run. One of the most important elements we need to underline is that the final objective of the economic understanding of the West is the promise to resolve the economic problems of mankind and establish a heaven on earth. This is only a worldly target. At this point, they select science as their starting point. However, our final objective is to achieve the consent of Allah and generate solutions for Allah's consent to resolve the daily problems of people on earth which we accept as transitory. Anything to the contrary would be getting swept away with a secular perspective like the western economy (Han, 1988: 99). Actually, it is possible to say that what is a tool for us has become an objective for them (Han, 1988: 94).

For Zaim, who has based his perspective of the world and life as a Muslim, the human and economic approach is also determined by these basic principles. Today, the dominant paradigm of economic man (*homo-Economicus*) is being interest-orientated and holds individual economic interests at the forefront. On the other hand, according to Zaim, a Muslim person who has become involved in life as Muslim cannot base his economic understanding on this basis. He is a *homo-Islamicus* and not a *homo-Economicus* (Zaim, 2005: 112) and his intention is not only to maximize personal interests and gains in a material sense, but to achieve Allah's consent. According to Zaim, the motto of life is living right and using our ethical skills well.

From this perspective, rational choices in Islam steer a person to altruism rather than selfishness. Profit is not just something achieved in the world in a short time, but the consent of Allah both in the world and in the afterlife (Qur'an, Qasas: 60). Zaim indicates that structurally man is prone in thinking and apt about doing something regarding commodities in the world and underlines that actually these emotions are necessary for the development of mankind and the structuring of the earth. In addition, according to Zaim, these emotions must be controlled and disciplined and that balancing this activating dynamic is only possible when mankind gains a spiritual dimension (Zaim, 2007: 113).

The Muslim man/beautiful man is the one who has totaled this balance within himself. According to Zain, even the most perfect system can be exploited in the application phase by the human element. In that case, the beauty of the person is as important as the perfection of the sys-

tem. From this perspective, if a social order prioritizes the prominence of a society consisting of beautiful people, most of the current problems will rectify themselves. A society where a human profile consisting of people who do not steal, who do not covet the property of others, who defend rights as well as the rights of orphans, the indigent, those who have been left holding the short end of the stick is a society which has ensured achieving beauty as a community. Otherwise, no matter how perfect a system is established, mankind will generate a way out and the system is doomed to degenerate in the long run.

In this aspect, the society of Zaim is structured on mankind. According to Zaim, even if all the organizations are fully established, people will be operating these organizations (Zaim, 1992: 24) and this is why the level of the people will be the fundamental factors to determine the efficiency of these organizations. From this perspective, the conceptualization of 'beautiful human being' in all the discourse and texts shall be materialized to establish a system from micro to macro scale.

Islam does not act on the assumption that resources are scarce. God is the Almighty and God has created everyone's livelihood (Han, 1988: 11). Islam recommends brotherhood and cooperation beyond a system based on free competition. Islam's understanding of competition is not overpowering and there are limits set by Allah. These limits are the limits arising from the consciousness of Allah and the responsibility of being a Muslim. The interpretation of the West being sinners and selfish derives from the Christian infrastructure in terms of human beings. Everybody is born a sinner and is cleansed through baptism. On the contrary, human nature is essentially spotless although in time some contamination may incur in Islam. For this reason, mankind must review himself from time to time and establishment of self-criticism system is recommended. The understanding of the West in terms of the free market is an understanding comprised of selfish individuals. On the other hand, a Muslim is altruistic and does not want for his brother what he does not want for himself. For example, a Muslim will consider it unfair if through advertising a commodity which is of lesser quality or equal to another commodity is advertised as the same quality or better through packaging. The free market meant by Islam is a market where there is no unfairness, lawlessness, power or manipulation.

These are actually the restrictions alleged by modern economic discourse. However, today, the discourse of Adam Smith about free competition and the market are nothing more than a utopia.²⁰ The understanding of ethics accompanying liberalism will not allow it. Braudel explains the situation in this context: The existence of Liberal-capitalist ethics requires the strangulation of competition; operating a “monopoly” as a rule is mandatory. However, there is no such thing as completely eliminating the free market; the monopoly and the free market must co-exist. A competition which can be manipulated is always necessary. In this sense, market economy means ‘competition’ while capitalism coincides with ‘monopoly’. Monopoly means the integration of power, cheating and intelligence (Taşçı, 2012: 231).

On the other hand, current works within the framework of the concept of Islamic economics has focused more in the financial area. Even this is a proof of the priority given by Muslim groups to the works involving integration with the global capital. For example, it is established over production and growth instead of language, consumption and waste. Pomp and luxury are mostly off the agenda. At this point, Zaim emphasizes an important essence outside the general tendency that Islamic funds or the formations emerged as interest-free banks due to the ethical structure of Islam are underlined as formations that do not serve people in return for profit, but have emerged with an aim of serving them (Zaim, 1992: 37-38). This idea is the reflection of Islamic loan institutions.²¹

Conclusion: where is our back directed?

In conclusion, we are aware of that the Islamic economics discourse is a two way project against the modern world; one of these is that Islamic states must achieve a structure which is at least as developed as that of the West. There are Muslim philosophers, who have projects portraying Islamic sensitivities, believe that Islam should pioneer everything beautiful. Secondly, we believe that the West, the good intentions of which we cannot be quite sure of, which has captured profitability and productivity

20 Similar views have also been purported by Adam Smith. However, the situation which emerged as liberalism adopted a utilitarian attitude and it became impossible to apply these principles.

21 For a new study about this issue, please see Salih, 2014.

within itself is eager to integrate the rest of the world into the system and capture an increase in productivity. Furthermore, we believe that Islam has a unique structure of its own and it does not foresee an economic model which resembles that of the West. At the point reached today without changing the finance structure of the West or the current monetary system, it is difficult to speak about an institutional Islamic economic cycle within the aforementioned system (Ebussuud, 1980: 136). The dimensions of the executed work change with printing more money for commodities and selling/trading money for interest. It is clear that a reason which has established itself fully on a structure of 'economy for economy' is not a structure foreseen by Islam.

This does not mean that Muslims should fall behind non-Muslims states. However, it is not necessary to be like them and employ the ways they used to be successful. This success is not legitimate. The blood of millions is involved in the rise of the West; slaves, children, women, continents have been exploited. The West did not get where it is today with superior intellect. It got there because it activated its ability to be a nonhuman entity.

Muslims must manifest a different economic plane/paradigm/dimension from the West and its economic paradigm. The question that should be asked in here is: *What is the point of creating a society model in which economy is not the main element off the agenda?* It is evident that Islam will become more meaningful in a society where this question is raised.

Perhaps, the final things that can be said here is that most of the studies which have been manifested as Islamic economics had the intention of searching for something better and developing a more humanitarian perspective and generating an alternative secular approach which has been adjusted to accommodate features that are characteristic to being a Muslim (Khan, 2014: 33). This is nothing more than looking for a solution within the existing system. Zaim supports the intention of Kurt Dopher and transfers from him that the intention is not to criticize the economic understanding of the West and establish a kind of derivative, but to change the paradigm which is the essence completely (Zaim, 1992: 45).

Economy is a new science for the West also and no doubt it has become an ideology. The idea of Islamic economics has emerged as an ideology and has developed in the shadow of the nation state and the understanding the modern economy. It is not easy at all to step outside of an

understanding with an axis of competition and gain. Those, who manifest Islamic economics discourse as a criticism of this model, are mostly unaware of that they have been misguided into regeneration of a similar model in a more ethical format; in other words, what is being discussed recently is more about the wrongs of this system than the rights in which this search and establishment has been for the Islamic counterparts of the philosophy and the organizations. The concept of a more ethical economy gained prominence in the beginning of the 20th century and today, it has been revised according to various understandings with concepts such as labor ethics/working ethics. The reflex of Muslims has mostly been to handle the issue by supplementing parallel applications. In fact, there have been efforts to include interest within the system which is one of the most significant differences of Islam.

At this point, the conceptual infrastructure and philosophical background of modern formations have often been used in a haphazard way detached from their concepts. Furthermore the mistake of perceiving them at face value has been made. The most important concept of the modern world and perhaps the most functional way is democracy. Debating democracy and similar concepts is doubtlessly beyond the scope of this article. However, the question which needs to be asked is: Why were these words that are used with such ease invented in the secular world? There will be those who say that they were not invented and they have deep roots in the past. Some will even smile. In that case, let us use these concepts and ask once again which world are we listening to? Where have we turned our backs?

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Militarism and Welfare Distribution in the Middle East and North Africa

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Abstract

Most of the Middle Eastern and North Africa (MENA) countries display a significant contrast with the industrialized countries in terms of welfare distribution. This study sheds light on the political economic structures leading to good and poor welfare efforts spent in the MENA region with a particular emphasis on the militaristic aspects of states. The analysis of causal relationships between different configurations of conditions and welfare efforts spent by states is performed with a systematic method of inference making called the fuzzy set Qualitative Comparative Analysis (fsQCA). For this comparison, eight countries—namely Algeria, Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia, and Yemen—are selected based on their relevance to the topic and availability of the relevant data.

The model includes seven condition variables and two outcome variables. Social expenditure as of central government expenditure and social security coverage are both included as indicators of welfare distribution. Hence, two separate fsQCA analyses are implemented with these two outcome variables. Outputs of the fsQCA analyses support the hypotheses asserting negative relationship between militarism and welfare efforts. Frequently, the absence of militaristic

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aspects such as high amount of military expenditure, high number of armed forces personnel and praetorian relationship between the military and the government are associated with good welfare distribution. Since this is a qualitative study, it does not provide explanation about the net effects of each variable on the welfare distribution. It could, however, serve as a preliminary study that provides insights to future research on militarism and welfare distribution in the MENA region.

Keywords: *Middle East and North Africa, militarism, welfare distribution, social policy, political economy, qualitative comparative analysis*

Introduction

The Middle East and North Africa (MENA) region has been going through a series of chaotic events since the beginning of the process called “Arab Spring” or “Arab Awakening”. Apart from the factors like oppressive treatments of authoritarian regimes to the people, unfair elections, and corruption, the great discrepancy in terms of social welfare between the Western European countries and the MENA countries—excluding wealthy Gulf monarchies—seems to be one of the fundamental reasons behind these events (Ardic, 2012).

Most of the MENA countries perform below the world average in terms of the extent and scope of social welfare provision (Alami and Karshenas, 2012). While this is the case for welfare indicators, majority of the MENA countries rank quite higher than the world average with regard to the military expenditures (BICC, 2014). A simple analysis of these two features of the region raises questions regarding the relevance of their militaristic aspects with their poor welfare distribution performance.

The general, landscape of welfare provision in the world illustrates a significant role of countries’ economic capacity on their state’s welfare provision efforts. The total public social security expenditure of high income countries are amounted to be about 19% of their Gross Domestic Products (GDP), while middle and low income countries respectively spent 7%

and 4% of their GDPs in 2009 (ILO, 2011: 2). The significant difference between social expenditure suggests a strong correlation between income level and social policy performances. Nevertheless, low and middle income countries' poor performance could not be reduced to their economic capacity. In an environment where persistent inter-state and intra-state conflicts take place, many MENA countries would spend excessive amounts on military personnel and equipment. MENA countries have limited their economic capacities and this excessive military burden on central government budgets might have negative consequences on well-being of their citizens.

This article attempts to answer the question in which ways the militaristic aspects of their systems might constraint or enable welfare distribution by the governments. To reveal the dynamics of this issue, the study employs a comparative approach. For this comparison, eight MENA countries named Algeria, Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia, and Yemen are selected based on their relevance to the topic and availability of the data. This study argues the variation between the MENA countries in terms of abovementioned aspects of militarism that might provide an explanation for the variation in their social welfare distribution. With its qualitative comparative analysis of the eight MENA countries, this study would contribute to the literature by making researchers familiar with region-wide dynamics of welfare distribution. In addition, in the literature, the fuzzy set Qualitative Comparative Analysis (fsQCA) will be used for the first time to understand the relationship between militarism and welfare distribution in the MENA region.

This article consists of four parts. The first part focuses on the militaristic aspects of the countries. In the second part, social policy and welfare distribution in the MENA region will be discussed. The third part is devoted to methodology and data. In the fourth part, outputs of the (fsQCA) analyses produced by the software will be elaborated, and three countries (Egypt, Lebanon, and Syria) will be briefly discussed.

Militarism and Welfare Distribution

The distribution of welfare and social policies have been most commonly studied within the mainstream welfare state literature, which to a certain extent has achieved to isolate itself as a separate social scientific

discipline. The inclusion of militarism in the welfare state literature necessitates a political economic approach, which mainly deals with the implications of political power on political economic outcomes (Holden, 2005).

In the literature, complexity of the relationship between militarism and political economic outcomes in addition to the economic growth and development has been analyzed. Deger and Sen (1995) theorize a comprehensive list of causal channels through which the militaristic aspects of states might affect economic growth. One of the causal relations is possible positive externalities which militaristic aspects of a political economy might create on the modernization of industries and technological development. In this regard, Benoit (1973; 1978) claims a positive relationship between militarism and economic growth in the context of developing countries. His arguments mainly revolve around the contribution of a high level of military mobilization on the processes of research and development in the industry. Bowman explains this complex situation as “while the conventional wisdom and the case study evidence conclude that large militaries are negatively associated with development, a large body of cross-national research finds that lots of soldiers are good for economic growth and equity in developing countries” (2002: 3).

According to Huntington (1957), militaries were seen as a tool for swift and effective modernization in education and technology in the Third World countries. High military expenditure, therefore, were beneficial for the economic progress of these countries. With the end of the Cold War, this question has become even more popular. The significant decrease in the level of tension was accompanied with a decrease in military spending in the U.S., Russia, and their former satellite states. This trend, however, did not last long because of the conflicts take place between the MENA countries (Cypher, 1991). This variation in military spending has created a better empirical ground for testing hypotheses about the guns versus butter arguments. While Bullock and Firebaugh (1990) and Weede (1992) argue the positive effects of militaristic aspects on development, Arias (1989) found a negative effect between militaristic aspects and development.

Abu-Bader and Abu-Qarn (2003) focused on Egypt, Israel, and Syria for inquiring the effect of excessive use of public resources for military purposes. Their multivariate analysis for a period around 30 years shows a negative relationship between military spending and long-term economic

growth. Among other studies attempting to make sense of the relationship, Bowman's (2002) study on Latin America also showed a negative relationship between these two variables. Another noteworthy study done by Acemoglu and Yared (2010) is analysis of militarism and trade volume. They empirically found that during the period between 1990 and 2010, the countries that had increasing military expenditure, which is measured by the proxy indicators like military spending and size of the military, have performed poor in terms of the growth in trade volume.

One common feature of the majority of works is their methodological orientation. They all inquire for the existence of a correlational relationship between military expenditure and economic growth or related outcomes. The lack of consensus among them in terms of the existence of a significant relationship or the direction of it stems from several factors. Firstly, they use different samples of cases for their cross-national analyses. The trend is testing hypotheses with a sample derived from countries in a specific region such as Eastern Europe or Latin America. Since the quantitative methods generally ignore contextual differences between regions, contradictory results for bivariate or multivariate relationship are not rare. Secondly, their economic growth models differ and that in turn might affect the results obtained by using the same data. Thirdly, definitional differences or the choice of indicators might result in contradictory results, as well.

Apart from the empirical works mentioned above, a policy making perspective might provide further insights to understand the functioning of militarism and the effects it produces on political economic outcomes. Policy making is a complex process in modern states whether it takes place in a democratic or non-democratic ground. In highly institutionalized democracies, a certain policy is finalized most often as a result of a multitude of interactions between the government, bureaucracy and social actors. However, in non-democratic or semi-democratic contexts, this process is less constrained by these actors. In authoritarian MENA countries, priorities of security domain are privileged over others. The allocation of resources for the expenses of each policy domain in such a context is likely to cause inefficient outcomes in economic growth or equity.

In contexts where formal employment are limited and mostly concentrated in public sector, a citizen employed in a state office is by far

more likely to get social security coverage. Since a higher level of military personnel means a higher level of public employees too, this aspect of militarism sometimes might contribute to welfare efforts provided by states themselves. Particularly, in the early phases of state formation, many people benefit from state's welfare provision through their entitlements in the military. For instance, Skocpol (1995) illustrates how hard conditions of war propel states to behave more generous for their citizens involved in war and how this behavior is institutionalized as citizen rights after the hard times had passed.

Some studies focusing on this specific issue generally choose social spending or a closely related phenomenon as the dependent variable. Henderson (1998) finds a negative association between military expenditure and poverty, but points out declined social welfare spending as a reason why military spending leads to this outcome. Tongur and Elveren (2012) focus on different welfare state regimes and inquire if there is any association between military spending and the type of the regime. Their findings indicate that the emergence of social democratic welfare states, which are known with their very high level of welfare efforts, are negatively affected by their high military expenditure.

The relationship between military spending and social spending is an important topic that is not touched upon sufficiently in the empirical literature. It is particularly important for regimes in their early formation phase and for those who suffer from the lack of democratic or rational legitimacy in general. This issue is left mostly to literature of state formation and political legitimacy. For some classical thinkers such as Thomas Hobbes and Max Weber, states are entitled with three basic functions as follows: Security, representation of people in the politics, and the provision of welfare (Schwarz, 2008).

The MENA countries usually fail to fulfill all of these functions sufficiently. For example, rentier states such as Saudi Arabia and United Arab Emirates are sufficiently good in terms of security and welfare, but they usually ignore representation function. To offset this deficiency, they sometimes resort to repression, but also try to increase their legitimacy through generous welfare provision that they finance by renting their natural resources out, and achieve to keep their weakness at sustainable levels. Authoritarian countries such as Egypt and Syria do not enjoy the excessive

resources and are not able to spend much on welfare provision. Therefore, they could not derive as much legitimacy as their resource abundant counterparts from the welfare function. They face a critical trade-off between their security and welfare budgets. These countries usually tend to prefer the former and channel excessive resources to military and police. This exacerbates their legitimacy crisis, but they tend to respond to this situation by allocating more resources for security (Ardic, 2012).

Welfare Distribution in the MENA Region

There is a growing body of social policy literature about the MENA region; however, they mostly concentrate on individual cases (see for example, Bayat, 2006; Jawad, 2009). This work with its comparative analysis would contribute to the literature by making researchers familiar with region-wide dynamics of social policy making and welfare distribution.

Contrary to the Social Democratic and Continental European welfare regimes, social policies in the MENA region have not been based on norms of social citizenship or rights of the workers. According to Marshall (1964), these social rights had been achieved largely by labor movements, and thus created a close relationship between class and social welfare. Welfare distribution in the MENA countries has been under influence of many domestic and external factors such as economic capacities of the states, ideological orientations of regimes, level of vulnerability to social upheavals, the size of public sector compared to private sector, or forces of globalization, which are among more significant ones. To a certain extent, the poor state of social policies in the region could be explained with these variables. Nevertheless, a study ignoring the phenomenon of militarism and a political feature that is more particular to this region will have a limited explanatory capacity. In many countries, nation state building and the formation of national identity, which are mostly achieved through populist and redistributive measures, are more direct and they explicit goals in countries such as Algeria, Egypt, Morocco, and Tunisia (Karshenas and Moghadam, 2006; 2009).

Globalization, the legitimization crises and religion are some of the important determinants of welfare distribution in the MENA region. Eco-

conomic liberalization programs that became popular around the world in the 1980s after the neoliberal turn have been very common in the region. Baylouny (2008) points out the contraction of welfare provision as a result of structural adjustment policies, but also the expansion of military and other security services in the case of Jordan. Prior to neoliberal reforms, social policies of the regime were important sources of political legitimation and they had a considerable base of support in the society. After these reforms, Baylouny (2008) argues, the military and people benefiting from this expansion have replaced the old base of support.

Another popular determinant is the effect of religion on welfare distribution. Islamic social movements constitute an important element of the social and political landscape of the region. Similar to political regimes, a significant source of support for them is welfare provision to poor people. Dean and Khan (1997), Jawad (2009), Jawad and Yakut-Cakar (2010) provide descriptions of religious dynamics of welfare provision in the region. This literature has developed mainly as a reaction to the dominant rentier state arguments in order to explain the welfare effort dynamics in the region. They mainly argue that rentier state framework cannot capture the complexity of welfare provision dynamics in the MENA region and the broader set of actors involved in the process of welfare (Jawad, 2009). They draw attention to non-state actors motivated by their religion to improve the welfare of poor in their societies. While welfare state literature does a good work in terms of expanding the scope of welfare studies, they fail to combine their cultural elements with political ones and to generate a more comprehensive framework that accounts for both political and non-political dynamics of welfare provision in the region.

Another group of works consists of individual case studies. They generally employ a historical or cross-sectional perspective, and describe the problems of social policies in the selected countries. A comprehensive work on the social policy in Egypt analyses the changes took place in social policies from the period of Nasserist socialism to neoliberal transformation after 1990s (Bayat, 2006). Among other notable examples, there are more studies in the literature such as the studies on Tunisia conducted by Romdhane (2006), on Algeria by Layachi (2006), and on Morocco by Ennaji (2006), respectively. This work differs in terms of its interest in region-wide dynamics of welfare efforts, its emphasis on political factors, and its sys-

tematic comparative technique. While most of the studies offer particularistic explanation for each case, this study will attempt to make at least a modest generalization about the determinants of welfare distribution.

The search for a simple linear relationship between militarism and social welfare in the literature has produced contradictory results. This study differs from the dominant quantitative tradition in the literature, and attempts to bring a less ambitious explanation that is not generalizable to all contexts. In many MENA countries, along with limited economic capacities, nature of political regimes seems to be the most significant constraint on social policy making. The phenomenon of militarism that constitutes a significant pillar in most of these regimes is popularly cited among the foremost of those constraints. This qualitative study analyzes which combinations of militaristic aspects and some relevant contextual characteristics might lead to the size of welfare distribution.

Data and Method

Cases

In this study, mainly the relationship between militaristic characteristics of the countries and their welfare efforts are being examined. For having a sufficiently homogenous set of cases in terms of contextual characteristics, it is better not to include the states, which have monarchical political economic structure. What monarchies have in common is the enormous income they derive from the export of oil and natural gas, and small populations compared to the rest of the region. Thanks to their excessive financial resources and their rentier political economic structures, they are able to implement very generous welfare policies over their relatively small populations. Therefore, they have a totally different welfare regime path compared to other countries in the region. Furthermore, some countries such as Iraq, Libya, Palestine, and Sudan do not collect or reveal data about their political economic performances, characteristics, or outcomes. Given these conditions, these four states also will not be included in the study. After excluding the Gulf Countries and these four states, eight states remain for conducting a comparative analysis. These countries are Algeria,

Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia, and Yemen, respectively.

When a deep attention is devoted exclusively to them, they exhibit a remarkable variation on the outcome of interest, namely the welfare distribution, and on the factors that might be relevant for the explanation of variations on the outcome. In general, all are militarist countries, but they vary in degree. The difference becomes more evident when the phenomenon of militarism is disintegrated into its components. These features make this sample of cases a convenient one for applying a comparative method.

Data

This study benefits from various resources for measuring the aforementioned outcomes and relevant conditions towards them. For the outcome variables, namely the social expenditure as of central government expenditure and social security coverage, the data obtained from the International Labour Organization (ILO) will be utilized. Heritage Foundation's (2014) Index of Economic Freedom includes government spending as a variable, and it provides data about that indicator. The data for social security coverage are provided in the World Social Security Report 2010/11 published by the ILO.

The most renowned institution measuring the militarism indicator is the Stockholm International Peace Research Institute (SIPRI), and its data on military expenditure will be compared to the government expenditure data obtained from Heritage Foundation. For the condition variable of military recruitment, World Bank's (WB) indicator of armed personnel will be used as a percentage of total labor force (WB, 2014). Data for GDP per capita will be also provided by the WB. Government effectiveness is an indicator exclusively measured by the World Bank as part of its Worldwide Governance Indicators project (WB, 2014). Public sector employment data will be borrowed from a working paper published by the IMF (Behar and Mok, 2013). It is given as a ratio of private sector employment, but since the two makes up the total employment, it is possible to calculate the public employment as a percentage of total employment. Lastly, data on the foreign military aid variable will be obtained from the U.S. Department of State (U.S. Department State, 2014).

Technique

The analysis is performed with a systematic method of inference making called the fuzzy set Qualitative Comparative Analysis (fsQCA). It is a theoretical and qualitative technique, and therefore it is based on a configurational understanding of causation. Conclusions of the study will put forward which configurations lead to good or poor welfare distribution efforts.

QCA systematizes the context dependent and configurational causality of the qualitative research with the tools borrowed from mathematics and logic. It bears the word qualitative, because it is a case oriented method. Its final conclusion does not give information about net effects of individual variables on dependent variable. However, unlike the traditional qualitative methods, its technical aspects enable to include more than a couple of cases into a comparative analysis. This feature also helps to achieve modest generalization across cases, which is not much possible in the traditional case study methods.

As its name suggests, it is built on fuzzy logic and fuzzy set theory, which enables to go beyond the binary nature of classical logic and crisp sets. In fuzzy sets, an object does not have to be either a full member or full non-member of a set, but it could have a degree of membership and non-membership to it. When this is applied to QCA, a qualitative state could be observed with a degree of presence and absence in a case, and the case could have a degree of membership or non-membership to the set defined by a certain condition. The state of full membership and full non-membership are respectively coded as 1 and 0, and the values between these two extremes are assigned to the objects or cases that are neither full member nor full non-member of a set.³ The subset relationship between fuzzy sets is the critical property for establishing a causal relationship between a configuration, which corresponds to the intersection set of conditions making it up, and the set defined by the outcome. When a case's membership score to the former becomes lower than the latter, a subset relationship is con-

3 For example, if fuzzy logic is applied to the set of high income countries, a country such as Mexico will be less member of this set than the United States. While the U.S. would have a fuzzy set membership score close to 1, the Mexico would probably have a score around 0.5, which denotes the state of ambiguity between the two extremes.

stituted and if this relationship holds consistently true across cases, then a causal relationship could be defined. In fsQCA, there are some confidence measures for reliability of the causal relationship. Consistency and coverage measures are the two ways introduced by Ragin (1987) for achieving a greater level of sophistication in fsQCA analysis. The consistency measure indicates how consistently the fuzzy subset relationship is observed across cases, and the coverage measure indicates in what portion of a sample of cases a certain consistent relationship is observed.

Variables

Welfare distribution can be broadly defined as any policy and programs implemented by countries to increase the well-being of their society through providing benefits and securing them against social risks. However, the scope and extent of the definition is disputed in the literature and there is not a standard aggregate measure agreed upon by researchers. There are some indicators such as social expenditure and social security coverage that are popularly used to estimate the level and quality of welfare distribution. In this study, two fsQCA analyses will be conducted. First one is with the social expenditure as the outcome variable, and the second is with the social security coverage as the outcome variable, respectively.

The fuzzy set for social expenditures as a percentage of the central government spending will be defined as high social spending, and the country having the highest raw value for this variable will get a fuzzy score close to 1, and the country having the lowest raw value will get a fuzzy score close to 0. Therefore, this analysis will take the relative difference among them into account, but not the differences relative to a universal standard. Another measure for estimating the level of welfare distribution is the social security coverage. It gives information about how many of the ten branches⁴ of social security are covered by a state. Based on this measure, countries are distributed into four categories ranging from com-

4 These ten branches defined by the ILO are as follows: Protection in sickness, medical care, income support in the form of cash sickness benefits, protection in disability, protection in old age, protection of survivors in case of a death of a breadwinner, protection in maternity, protection in responsibility for the maintenance of children, protection in unemployment, protection in case of employment injury, general protection against poverty and social exclusion.

prehensive social security to very limited statutory provision. In this study, a case belonging to the highest category will get a fuzzy score of 0.95, and it will descend to 0.65, 0.35 and 0.05, respectively, for lower categories.

Explanatory variables are presented in two groups: Those related with the main focus of the study, namely militarism, and contextual variables that might be relevant for the qualitative variation of the outcome. Militarism can be measured as share of military expenditure in the central government expenditure. The country having the highest ratio will get a fuzzy score of 0.95, while the lowest one will get a score of 0.05, respectively, and the other countries will score between these two extremes. Other militaristic aspects included in this study are the high ratio of military personnel in total employment, and a highly interdependent relationship between the military elite and central government regarding their survival. Similar to previous assigned scores of variables, for these variables, the country having the highest ratio will get a fuzzy score of 0.95, while the lowest one will get a score of 0.05, respectively, and the other countries will score between these two extremes. In addition to these outcome and explanatory variables, there are also some contextual variables as follows: GDP per capita, government effectiveness, public sector employment, foreign military aid.

Except for the condition variable of military government relationship (*milgov*) and the outcome variable of social security coverage (*soccov*), the data about any condition or outcome variable in this study is not available in the fuzzified form. Hence, firstly the raw data and details about their measurements are presented and then the table including fuzzified version of the data is constructed. Table 1 includes the raw data for 8 cases (countries), 7 conditions (independent variables), and 2 outcomes (dependent variables), respectively. As long as the raw data are available, values have been measured as average of five years from 2006 to 2010. This interval covers a time period before the eruption of recent upheavals that created a new political context. For other variables, the values given in Table 1 belong to years for which data were available within this period.

Table 1: Main Characteristics of the Selected MENA Countries

Country	GDP per capita (gdppc) ¹	Government effectiveness (govfec)	Public sector employment (pubsec) ²	Foreign aid (foraid) ³	Military expenditure (milexp) ⁴	Military personnel (milper) ⁵	Military government relationship (milgov) ⁶	Social expenditure (socexp) ⁷	Social security coverage (soccov) ⁸
Algeria	4028	-0.55	33	0	12.59	2.98	0.7	24.09	0.9
Egypt	2130	-0.37	28	1300	6.86	3.44	0.6	38.84	0.7
Jordan	3587	0.20	24	300	13.69	7.12	0.7	33.54	0.1
Lebanon	7039	-0.36	16	100	12.74	5.28	0.4	3.27	0.7
Morocco	2611	-0.13	9	9	14.72	2.14	0.4	8.94	0.7
Syria	1919	-0.70	29	0	17.08	7.00	0.9	8.63	0.1
Tunisia	3976	0.40	10	15	5.07	1.28	0.2	38.06	0.9
Yemen	1236	-0.95	12	0	9.31	2.30	0.4	8.46	0.3

Notes:

- ¹ GDP per capita values present the average of five years from 2006 to 2010 and they are in current U.S Dollar.
- ² For some cases, public sector employment data does not belong to 2010, but to years close to 2010.
- ³ Foreign military aid is measured in millions of U.S. dollars and belongs to 2010.
- ⁴ Military expenditure are given as a percentage of central government expenditure.
- ⁵ Military personnel is given as a percentage of the total employment.
- ⁶ *milgov* is already in the fuzzified form, because its values are not assigned based on a pre-measured raw data.
- ⁷ Social expenditure as of government expenditure data belongs to the year 2011.
- ⁸ *soccov* is already in the fuzzified form, because its values are not assigned based on a pre-measured raw data.

After constructing Table 1 and giving main characteristics of the selected countries, the next step is fuzzifying these values, so that the fsQ-CA technique is applied. To convert these values into fuzzy scores, the *calibrate* operation built into the software is used.

In the below, functional expression, the input “name” corresponds to the label of variable, and the following inputs x_1 , x_2 and x_3 correspond to the raw data values that respectively determines the upper bound of the membership status, the ambiguous state for membership, and the lower bound of the membership status.

calibrate (name, x_1 , x_2 , x_3)

To give an example, the fuzzification of the values for government effectiveness variable is conducted as in the functional expression at below.

Firstly, the variable labelled *govefc* is inserted, and then 1.5, 0, and -1.5, respectively, that are the values representing the upper bound, state of ambiguity and the lower bound for membership, are replaced with x_1 , x_2 , and x_3 . After inserting these values, the function produces fuzzified version of the raw data as the output.

calibrate (govefect, 1,5 , 0, -1,5)

In Table 2, the output of the above function for all condition and outcome variables is presented. Since QCA is a method based on set theory, conditions and outcomes are defined as sets, and their defining property is made up by a theoretically determined qualitative state. The result of the analysis associates certain combinations of these qualitative states with outcomes that represent a certain qualitative state too. For instance, the variable *pubsec* in Table 2 represents the condition of high public sector employment within the total employment. A case’s degree of membership to this set is determined by the degree it displays the condition of high public sector employment. Therefore, as the value of a case for the *pubsec* increases, the degree of public sector employment observed in that case also increases. If the case was defined as low level of public sector employment, then it would be vice versa. This logic applies to other variables given in Table 2.

Table 2: Fuzzy Membership Scores of Cases to Conditions and Outcomes

Country	GDP per capita (gdppc)	Government effectiveness (govefc)	Public sector employment (pubsec)	Foreign aid (foraid)	Military expenditure (milexp)	Military personnel (milper)	Military government relationship (milgov)	Social expenditure (socexp)	Social security coverage (soccov)
Algeria	0.45	0.25	0.95	0.05	0.62	0.33	0.7	0.62	0.95
Egypt	0.12	0.32	0.85	0.95	0.11	0.39	0.6	0.94	0.65
Jordan	0.35	0.6	0.68	0.23	0.73	0.93	0.7	0.88	0.05
Lebanon	0.93	0.33	0.22	0.08	0.64	0.72	0.4	0.05	0.65
Morocco	0.18	0.44	0.05	0.05	0.82	0.23	0.4	0.12	0.65
Syria	0.10	0.20	0.88	0.05	0.93	0.93	0.9	0.11	0.05
Tunisia	0.44	0.69	0.06	0.05	0.05	0.15	0.2	0.94	0.95
Yemen	0.06	0.13	0.10	0.05	0.27	0.25	0.4	0.11	0.35

Hypotheses

This study offers three hypotheses about the relationship between militarism and welfare distribution in the MENA region. Firstly, a high level of military spending as of central government spending has a negative relationship with welfare distribution of governments. Allocation of excessive public resources to military expenses narrows the share of budget available for welfare expenses. Secondly, the size of military personnel relative to the size of total employment primarily has a constraining effect on welfare distribution, but in some cases it might have a contributory effect. Out of the risks, military profession poses to human life and well-being and military personnel are provided with comprehensive welfare programs. When the ratio of military personnel to population is significantly high, more people benefits from the welfare programs provided by military, and that increases the legitimacy of governments' military spending policies, which in turn makes them less in need of deriving political legitimacy through social spending on the rest of the society. Finally, a praetorian relationship between the military and the government negatively affects latter's welfare programs. Military absorbs extravagant public resources; in turn it provides security to the regime against domestic and external threats. These are the characteristics about armies that are present in the MENA countries with different configurations.

Results

The output in Table 3 includes the intermediate solution for the model having high social security expenditure as the outcome. The counterfactual assumptions that are benefited for the inclusion of logical remainders are given in the table. Based on these assumptions, the intermediate solution indicates three paths to the outcome of high social expenditure in the MENA region. The frequency cutoff was set at 1, since the number of empirical cases is limited. It has a satisfactory level of consistency with 0.866071, which describes the extent of causal paths' membership to the set of outcome. It is measured in a scale ranging from 0 to 1. While the lower bound denotes full non-membership, the upper bound denotes full membership. A value close to 1 is acceptable for establishing causal connection between configurations and outcome.

Table 3: Analysis of Causal Paths to High Social Expenditure*

	raw coverage	unique coverage	consistency
milper * PUBSEC	0.432361	0.175066	0.881081
PUBSEC * GOVEFC	0.408488	0.151194	0.855555
milgov * milper *	0.445623	0.188329	0.844221
milexp * GOVEFC			
solution coverage: 0.771883			
solution consistency: 0.866071			
* Counterfactual assumptions are milgov (absent), milexp (absent), FORAID (present), GOVEFC (present), GDPPC (present).			

The first combination associates high public sector employment and low level of armed forces personnel as of total employment with high social security spending. This result is in line with the hypothesized effects of these two conditions. Based on the membership scores of cases to the set defined by the intersection of these two conditions, Algeria and Egypt are the two cases displaying this configuration. They have membership scores greater than the state of ambiguity represented by 0.5, or in other words, their scores are greater than the most common threshold used to determine membership status of a case to a set. The substantive meaning of this causal path is that the similar outcome in these two cases could be explained with the combination of high public sector employment rate and low armed forces personnel rate. However, the rate of military expenditure and the nature of civil military relations are not relevant to this outcome.

The second result does not require the presence of any militaristic aspect for the emergence of the outcome, but the third one includes all aspects of militarism and associates their absence with the outcome of high social expenditure. While the second configuration is displayed with a degree of membership greater than 0.5 by the cases of Jordan and Tunisia, the third one is only observed in the case of Tunisia. Since the two combinations have different numbers of conditions, Tunisia’s membership in two different combinations has become possible. The similar outcome in Jordan and Tunisia could be explained with high government effectiveness and high public sector employment.

Overall, this solution suggest contextual variables such as GDP per capita and foreign military aid do not lead to a qualitative difference in the outcome variable of social expenditure. On the other hand, the other five variables combine in three ways towards the emergence of high social expenditure; or in other words, good welfare distributions in regional standards. Effective use of resources and good governance, measured as government effectiveness, seems to be an important predictor of high social spending.

The solution for the second model, *soccov* as the outcome variable, is presented in Table 4. This solution with a frequency cutoff of 1 and a 0.988235 degree of consistency indicates two paths to the outcome of comprehensive social security coverage. The fsQCA analysis of the model with *soccov* apparently has greater level of explanatory capability due to the higher level of consistency and having a more parsimonious expression as the intermediate solution.

In this solution, only three out of seven condition variables are found to be relevant for emergence of the outcome. The first configuration specifies the absence of a praetorian relationship (*milgov*) combined with the absence of high level of military personnel (*milper*), and the second one combines the absence of *milper* with the presence of high public sector employment.

Table 4: Analysis of Causal Paths to Comprehensive Social Security Coverage*

	raw coverage	unique coverage	consistency
milgov * milper	0.646512	0.360465	0.985816
milper * PUBSEC	0.420930	0.134884	0.978378
solution coverage: 0.781395			
solution consistency: 0.988235			
* Counterfactual assumptions are milgov (absent), milexp (absent), FORAID (present), GOVEFC (present), GDPPC (present).			

Morocco and Tunisia are two countries having a degree of membership greater than 0.5 to the first one, and the second one is observed with a degree of membership greater than 0.5 in the cases of Algeria and Egypt. Similar to the solution for the first model, this one does not find the

contextual variables such as GDP per capita and foreign aid as relevant to the outcome, but additionally the government effectiveness and the military expenditure are added to the array of these irrelevant variables. Based on this solution, it could be argued that high public sector employment and low degree of militaristic aspects enable these MENA countries, which have limited economic capacity, to allocate more resources for welfare programs, as measured by social security coverage.

In a nutshell, the fsQCA analysis of the data conducted with two different outcome variables supports the hypotheses that associate militarism with poor welfare distribution, and more generally with poor political economic outcomes. The configurations associated with good welfare distribution given in Table 3 and Table 4 include the absence of militaristic aspects, and those associated with poor welfare distribution include the presence of these aspects. In conclusion, the absence or presence of militaristic aspects is found to be relevant for a qualitative difference in the outcome of interest in line with the hypothesized relationship.

However, out of several reasons, the results presented here should be treated as suggestive evidence for the negative relationship between militarism and welfare efforts. Firstly, the conversion of the raw data values into fuzzy set membership scores was conducted based on regional standards, that is, the scores reflect the relative states of cases for each condition and outcome variables. Therefore, this explanation could not be valid for all regional contexts. For example, GDP would probably be a significant factor to explain the qualitative variation across all countries in the world, but it is irrelevant when the focus is narrowed to the MENA context where there is not much variation in terms of economic capacity. Secondly, the designated causal paths to the outcomes were in such parsimonious level thanks to the inclusion of the logical remainders by making counterfactual assumptions about some condition variables. This is a common practice in qualitative tradition and in QCA methods, and is conducted on a theoretical or substantive basis. Finally, a challenging task faced by researchers of the MENA region is the lack or flaws of the data. Countries do not reveal their information for being able to measure many political, economic or social indicators, and institutions resort to estimations based on their models. However, sometimes this practice might lead to unreasonable measurements as mentioned previously in this chapter for Lebanon's social

expenditure level. Despite these limitations, the analysis offers an exploratory introduction to the guns vs. butters tradeoff between financing the militarism and welfare efforts. It might serve as a preliminary examination before conducting a more sophisticated study that is supported with more empirical cases and more reliable data.

A specific comparison of Egypt, Tunisia, and Syria might help to achieve a better understanding of the relationship. Syria is the case having the worst outcome in terms of welfare efforts, and Tunisia is the one having the best. While Syria allocated 8.6% of its central government budget on social spending, this value was 38.1% for Tunisia, respectively, in 2011. Additionally, social security coverage in Syria is qualified as very limited statutory coverage, but Tunisia has a comprehensive coverage (see Table 1). This strong contrast in outcome variables are matched with a strong contrast in many condition variables. Egypt shares some conditional characteristics with Syria and Tunisia, but it displays a far better outcome than Syria both in terms of social expenditure and social security coverage.

Conclusion

Social policies in the MENA region have been one of the mostly suffering domains from the overburden of excessive military mobilization. The only way to have access to social security and welfare benefits has been to be employed by a public institution for many people. In the MENA region, states recruit significantly higher amount of people compared to the developed world, but still most of the people work informally in the private sector. Besides, military expenditure on high-tech equipment is excessive, but these countries generally lack domestic military industries that could channel military expenditure's positive effect on economic growth. Sometimes they get external financial aid for their military mobilizations, but the problems of ineffective public administration and low degree of accountability decreases the likeliness of deriving significantly positive contributions to lower the military's burden on economy in general, and more specifically on social policy expenditures. These contextual characteristics render militarism, which negatively affect welfare distribution of countries, and ultimately social development of societies.

This study has dealt with the relationship of conditions having to do with the militaristic characteristics of states and welfare distribution. It also attempted to reveal militaristic dynamics of welfare distribution in the MENA region. Three aspects of militarism were determined as condition variables, and four contextual political economic characteristics accompanied them in the analysis. The two outcome variables of social expenditure as of central government spending and social security coverage have been chosen as indicators of welfare distribution. Results of the fsQCA analysis indicated several paths to welfare distribution, and the combinations of conditions mostly included militaristic aspects like high military expenditure, high level of armed forces personnel and praetorian relationship between government and military. The inclusion of logical remainders to obtain modestly generalizable functional expression of the causal relationship eliminated some contextual variables such as GDP per capita, government effectiveness and foreign aid. This result does not mean that these factors do not have any effect on the outcomes analyzed in this study, but it means that they are not significant for the explanation of relative performances of the eight countries in terms of welfare distribution. This qualitative explanation for the variation of welfare distribution among some MENA countries analyzed here (Algeria, Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia, and Yemen) does not provide a universal explanation that could be applied to another context, but it is significant for the specified context only. However, with the same methodology, but with a different causal model, a more universal explanation is possible.

Future studies could use this study as an introduction to the issue of militarism and welfare efforts in the MENA region. Sophisticated quantitative works inquiring net effects of political characteristics of states on welfare distribution could benefit from it for choosing the variables to include in their causal models. Further qualitative and quantitative researches are needed not only to understand the relationship between militarism and welfare distribution, but also to analyze welfare distribution in the MENA region as well as other regions.

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The Impasse of the Woman in the Dilemma of Family and Working Life ¹

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Abstract

One of the concepts and definitions, which can be assessed as gates opening into our world, is the current position of 'woman' who has been torn away at the roots with modernism and re-defined in view of historical tensions. The aforementioned position is established by transferring woman from family life into the working life; because it has been believed that they gain independence in this way. However, women who are encouraged to be in the working life also face numerous impasses. The egalitarian perspective postpones merit and justice which end in the otherization of women. Consequently, women cannot exist either in family or working life; therefore, they shoulder the burden of both Lebensraums and find themselves in an impasse.

Keywords: *Woman, family, gender, modernism, economy, working life*

Introduction

Perhaps the contemporary fundamental question is the price of existence. The intended price certainly does not refer to a price which is measured by placing drachma on a scale. What does existence worth? If a human being is placed on one pan of the scale, then what will be placed on

1 This article has been generated from a dissertation with the same title.

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the other pan? (Karakoç, 2008: 7). Mankind has searched the answer to this question since the earliest ancient times in history. Perhaps this basic question of 'why' is at the beginning of all manifestations. The answers to this serious question are various in nature. This question, which is perceived on different levels in terms of meaning depending on the civilization, culture, society, individuals, minds and spirits, has the honor of being the aspect which positions man himself. The earth has not always hosted a climate in which the spirit can experience all the conditions of vitality without failing (Karakoç, 2007: 7). Thus, that may be why man has felt the profound need to define himself. This portrayal, which starts from mankind himself, is determined within the family which is the first phase and formulates itself in line with the conditions prevalent at the relevant time.

The quest of mankind to define himself is formulated by the current conditions, by modernism. Modernization was born in the West characterizing the world and purported concepts in the form of a transformation with multiple definitions which oppose each other. Modern perception, which includes dilemmas such as strong-weak, rich-poor, mind-spirit, sacred-not scared, has sown discord into the complementarity of man-woman (by establishing discrimination) and placed them in opposite sides. Liberation from Western norms that suppress human nature has generated an eruption leading to the rejection of what is, in other words a reaction. As a result, the redefinition of woman and the family has been experienced in the Western hemisphere has spread to the world with global interaction on a cultural basis.

The position of the woman in this problematic area is concealed in the rejection of what is different today rather than its acceptance. The woman, who differs from man and who has been put off throughout history since the difference of woman has not been supported by a fair value system, is faced with restricting impasses in the current illusion of freedom as mankind refines himself on a basis of modernism. The problem itself is revealed in the apparent illusion of freedom within this restricting impasse. As this is the situation, it is challenging to generate a solution to such problems. The objective of this article was to manifest the aforementioned impasses encountered by women.

Woman's Impasse

Pedagogical research results show that if the left part of the brain in males and the right part in females in the womb develop faster than the opposite sites, male children would become more successful in areas which require physical strength, whereas female children become more successful in languages and social development areas, respectively. This truth was also discovered by linguist Deborah Tannen as a result of 20 years of study. Males utilize the left hemisphere while they learn languages and retain problem solving, idea manifesting, independence protection focused thinking. Women on the other hand use both hemispheres of their brain and they are focused on sharing concerns, intimacy and the provision of support. The results of the research show that 'one is not better than the other', that they are only 'different'. Thus, it has become scientifically evident that man and woman are equal in terms of human beings yet they differ significantly. Besides, it would not benefit either party to accept these two species which differ from another as equal with a reductionist perspective; it would also be unfair (Beşer, 2003: 20). Being men and women are different existences and they should not have to be equal either.

When the superior skills of abstract centered women are not supported by a fair value system, they were ignored in many areas throughout history under the dominance of materialist paradigm and physical power; and although this situation has differed according to social values, it has been the reason behind the belief that women are inferior entities. Reading history shows that the determinant factor has been social values. Both the West and the East formulate their current values based on their pasts and this formulation is sometimes in the form of acceptance and sometimes in the form of rejection. Consequently, today, it is necessary to look at the women, men and their relationships in the past of the relevant society (marriage, family) in terms of the most determinant factors which are revealed as religion and culture in order to understand the position of women.

It is appropriate to look at history in this manner starting from the West. This is justified by the fact that the concepts formulated today, which define the position of women, are incepted in the history of the West or

exported to other countries or the imported norms are re-interpreted in the crucible of values of the relevant societies. The current man-woman definition of the West starts with the systematic Christian tradition of Pavlus (Hautin, 1981: 439). Primarily woman was accepted as the reason for dismissal from heaven, the villain responsible for the evils on earth, seen as a witch. Therefore, debates were carried out as to whether or not she was human and determined insane with the competency of children. Although celibacy is considered as a blessing in Christianity, marriage and establishment of a family are implementations, which are tolerated with warnings about women in order to avoid adultery (Yasdıman, 2005: 67). Western societies generated a reaction to its because of the demands for re-interpretation of the tensions of the synthesis of Greek culture, Christianity and Roman law (the Renaissance, the Reformation, the French Revolution) (Karakoç, 2009: 38). The tension erupted, the suppression of human nature came to blows and the West incepted on a radical path to criticize and eliminate the status (Kutub, ty: 17). The concept of freedom, discoveries of this termination and freeing the mind from domination of the church developed the history of the West. If the aforementioned termination is imagined as a two sided element, then freedom walked arm in arm with modernism while discoveries brought the Industrial Revolution. However, the Industrial Revolution caught the West at a time when the values system was in turmoil; self-deprivation turned this development into harm for society (Kutub, ty: 19). The woman was confronted with new impasses in the modern order throughout the historical infrastructure.

The Inability to be a Woman/"Spouse"

The initial impasse of the woman in the modern order is the inability to be a Woman /"Spouse". The reaction of the West to its own history has generated dilemmas. The dilemmas of strong and weak, dominant and dominated, East and West, culture and nature, body and soul, essence and form and even presence and absence are a heritage of the Western tension (Ercan, 2001: 41). The most comprehensive of these dilemmas is the dilemma of man and woman and this dilemma does not include being a 'spouse'. The West's unique re-interpretation rejected the

values of the church in the center of the tension and thus conceived a secular world in which the earthly (body) and the ethereal (soul) were separated (Kasapoğlu, 1994: 47). A look at the dilemma from a woman's perspective shows an entity whose body has been blamed for centuries. Without being aware of it when the body of the woman was being re-structured it was done with the presupposition that it was inferior. This transformation which started with the subject of 'beautiful body' during the Renaissance is an unfinished revolution to date. The western woman, who sought a savior for her body which was viewed as restricting in comparison with a man's body, easily accepted this opinion and concluded that if she could overcome the dependency and restrictions of her body she would be free and generated a fantasy of escape (Şişman, 2007: 598). On the other hand, she tried this and that of modernism, but was not supported by her structure which could not find its origin (Berman, 2013: 37).

As a result of this historical balance, De Beauvoir and many other authors with the intention of opposing the discrimination of woman by the West viewed the body of the woman as a structural obstruction and a victim of the species. This situation, which was result of the complexity in history of the West with the preliminary accepted of the Enlightenment dissertation which it opposed form the basis of feminism (Şişman, 2013: 47). With the liberating atmosphere of the re-interpretation in the beginning, women started to raise their voices, the first feminists demanded fundamental rights which they had been deprived of such as education. However, subsequently the course of history was changed; a new era was incepted by supporting the opposition of the West. This era, which hosts Newton in the basis of its mind, separates the public-private space and accepts an understanding of womanhood and manhood in the modern world as a key component. This discrimination also changes the understanding of ethics in terms of men and women. Phenomenon and value have been separated with the enlightenment. The public area, which conceptualized by Machieavelli, is unethical. There is no installation of value in the world's outlook based on Newtonian paradigm or legitimization of ethics in enlightenment. In the mechanical public world administered by numbers, the economic area is independent from ethics. (This is a framework which achieves legitimacy to capitalism (Şişman, 2013: 69).

The sexual revolution in the West after 1960 opened many concepts regarding sexuality to debate and postmodern philosophers manifested that all concepts could be subjected to deconstruction. Thus, all concepts related to sex, the relationship between opposite sexes was queried and it was advocated that all of them were cultural, that is they could be reconstructed. Since everything is a formulation, everything can be redefined. There is no manifestation of an ultimate truth. The fiction which established heterosexuality into a norm believed that it used to be 'in line with God's creation', in other words, that it was inherent and subsequently after the Enlightenment it was manifested as 'natural'. After 'God is dead' and after "nature was dominated", these claims lost their validity. We can no longer justify gender as compliant with God's creation. In other words, we can no longer justify it on an inherent or natural basis. With the elimination of these justifications, gender appears before us in the form of an area which has not been determined yet (Şişman, 2007: 604) Thus, the body was opened reflexively to the structuring of a human being (Giddens, 2012: 27)

The issues which must be paid attention to on the mentioned platform are the concepts of "right" and "power". 'Power' instead of 'Right' is prominent when equality is prioritized before "justice". In this case, the 'conflict of power' attained by both men and women supersedes being a spouse, being complementary. It is possible to add merit into the calculation only if rights are complied with. The postponement of merit leads a woman to run after manhood, instigate her to make comparisons; then woman loses her power; because, she is not valued for her true merit. The status of being a spouse is fundamentally complementary; in a state of togetherness, both parties become two separate individuals and spouses with a power conflict emerging and since the relevant assessment is male centered, the woman becomes the disadvantaged side.

The studies of Thompson and Walker are products of this philosophy. Thompson and Walker studied family life on the basis of sex, marriage, work and parenting. These four areas interact and the strong or weak position of the woman is determined by her degree of dependency on her husband. There is a presupposition that woman should not be dependent on her husband and that there is a tension. However, this situation may pave the way for a conflict in the basis of the man-woman relations in the family.

The reason is that a family comprises of bondage to one another and mutual selflessness. Spouses are 'mutually bonded' to each other. Eliminating the woman from this bondage will establish a gap and this gap will spread into the family and society with the impact of lightning. One of the reasons propagated as a reason for wanting to save the woman from bondage to the man is depicted her vulnerability. However, in a society, which refuses to recognize the differences between opposite sexes, this statement cannot be taken seriously. Nevertheless, within the conflict of absolute equality between men and women and the vulnerability of women, it can be claimed that through the economic independence of women, her position in the family will be balanced with the position of the man and the power of the man and woman within the family will be equalized. However, on the contrary, the insecurity and individualism generated by economic conditions have conflicted with the values of selflessness, which must be purported by the concepts of family and marriage and also resulted in higher divorce rates (Harcar et al, 2008: 62-63).

The Policy of Anatomy: The Woman

By virtue of necessity, the perception of modernism hosted by the West in essence against the traditional is spreading steadily and identified with progress (Berman, 2013: 28). Modern states and organizations are dependent on being able to control their populations diligently. Thus, a policy of anatomy in terms of human body becomes necessary. In other words, the entity which aims to regulate the skills of body manifests administrative technologies. The politics of anatomy are also tools of the bio-power area (Şişman, 2013: 45). As a result of the opposing views against the church and placing Newtonian and Cartesian philosophies into the center of the modern world, a Deity Centered universe image has been replaced by a man centered image (Şişman, 2013: 55). The integration of progressive modern paradigm, anatomy politics and a man centered image has resulted in the placement of women as servants of the capitalist system.

After Industrial Revolution, the world which was defined and managed by absolute material values and numbers paid and commissioned the payment of this perception with two world wars. During this process,

sex was used as an active tool. Regardless of whether it was worthy or not, women were steered according to the needs of all phases of society in those years. The gaps formed by men during war efforts were attempted to be filled by women, (Omay, 2011: 179). When the economy was improved and successful terms of welfare state applications were implemented, they were encouraged to gravitate towards home (stay at home) (Ecevit, 2012: 17). On the other hand, the formulation of the body continued to come to the fore and beauty contests were organized to prove that the body was guilty as charged (Kasapoğlu, 1994: 124). The economic return of this has been too much to be ignored. In the Industrial Revolution women and children were considered as inexpensive labor force and a woman who could not work was abandoned to starve. Not longer after this time there was a transition into a period when a working woman was considered a blessing . This was done under the title of freedom and the right to work and appears to contain a veiled reality (Beşer, 2003: 40).

As of the 1970's, an enhancement in the awareness of that mankind is affected by any changes taking place on the planet and acceptance that the world is interrelated has gained popularity. The earth is globalizing. Nowadays, the United Nations (UN) use policy training to target a social change on a world scale. While referencing to global values, the centralization of the West is not depicted clearly. The UN also includes women within the scope of the mentioned target. The signs of understanding enlightenment are visible despite the progressive approach of the UN. Women's issues are accepted as an indicator of the West even Eurocentric universalism. Apparently, the position woman has today in the West is the position she should have. The UN has determined that issues such as low status of women in developing countries, rapid population growth has an impact on global problems and in this aspect; they have started to link the subjects of equality and peace with the status of woman as of the 1970's. Since population control is directly related to women's fertility, it forms the center of UN policies. The UN acts in accordance with the presumption that woman is an agent of social change (Şişman, 2013: 103). Accordingly, women's fertility is intervened and these artificial interventions may even cause women to lose their fertility (Porter et al, 2003: 1983).

A look from another perspective shows that the capitalist order presents mankind with various life norms. The thoughts of modern man are not his own. Their internal lives are managed and programmed wholesale to generate desires which the social system can fulfill (Berman, 2013: 46). The culture of consumption presumes everything as a commodity and everybody as a customer (Özel, 2004: 89). As indicated by Ivan Illich, this programmed system contains some basic assumptions. The basis of these assumptions is that both sexes were created for the same work and they have the same responsibilities. In modern economics, work has been re-defined as unisex without consideration the gender of workers. The intention of establishing ‘job competition’ between male and female workers creates the basis of this redefinition. The reason for this is that the current economic theory is based on division of work without taking gender into consideration (genderless). The corporate identity of Homo Economicus externalizes sex (“gender”). Thus, instead of gender complementarity between men and women, a unity of envy and dissension is foreseen which also befits the nature of the modern global world. Complementarity between opposite sexes has become traditional and its shelf life is over. This should be replaced by conflict and polarization. In the meantime, since no biological basis is accepted, the terminology of woman and gender are undermined (Şişman, 2007: 591). Heterosexuality is not a standard any more. (Giddens, 2010: 38). According to Giddens, plastic sex³ has been established, gender has been discovered and characteristics which are unique to sex are opposed (Giddens, 2010: 166).

The constraint of the concept of work and apology of being a homemaker

Nowadays, elements which used to be defined as natural are progressively becoming social. As a direct result of this, personal interaction areas change fundamentally. Sexuality and woman are a metaphor within this change (Giddens, 2010: 179). As mentioned before, the modern world is a secularization process and comprises an ideology of transition from a divine subject to a human subject. It emphasizes the creative power of human labor.

3 This refers to a perception of sexuality other than the reproductive function.

Therefore, modernization is interpreted as the liberation of human labor. The existence of modern society especially in the economy area depends on continuity of developing and improving human existence (Ercan, 2001: 31-32). In today's economic approach, meaning of work is being employed. This means that work is an objective and a form of self-expression rather than being a tool for fulfilling needs (Beşer, 2003: 13). However, the meanings of employment are "use", "to be accepted for service" (Seyyar, 2008: 28) and these meanings are also reflected in the nature of employment itself. This situation also means that salary is traded for a job on the market and socially personal obedience is traded for security. The service act prescribes the dependency of the employee to the employer. For this reason, the woman who remains outside this definition, who educates her children, serves the household, labors in agriculture is not a laborer and is excluded from the right of security. Thus, women suffer the most from narrowness of the concept of labor (Beşer, 2003: 13-14).

With the development of the market economy and intensification of industrialization, the production center was transferred from home to the workplace, exchange had moved to the market and workforce had achieved a status of dependency outside the home (Delican, 1998: 5). Thus, the woman, who generated commodities and service to those she had an emotional affiliation within the home, was put in a position of someone who does not work, is passive and worthless. On the other hand, a woman who generated within the framework of an artificial dependency relationship, in a restrictive venue and time was qualified as active, someone who worked. The reason for this is that the market forces enforce an approach which draws a line between the generation of commodities and services for personal use and those generated for the market. (Koray, 2011: 32). During this process, the number of traditional homemakers in America who apologetically introduce themselves as 'just a homemaker' in view of the changing social expectations, has been reduced to a progressively diminishing class. The percentage of married women with children less than 6 years of age not working for a wage outside the home among all adult women fell from 12% in 1970 to 4% in 2000, respectively. Times have changed from when a married woman in the workforce was a strong taboo to a time when it has become a norm for married or single women to work

outside the home (Eisenstein, 2005: 498). However, the woman portrayed as ‘homemaker’ provides many vital functions such as the nutrition consumption of the family, their health, their life order. The social support she provides for her family and neighbors is equivalent to the most popular professions (psychological consultation, chef, life coach, etc.) with an exception of being complimentary.

Regardless of all their assets, homemaking which has been defined in despicable terms as ‘disadvantaged group’, ‘idle capacity’ can be considered as prisoners in their own homes in this era, in which slaves have been released from their chains. This situation cannot be any stranger than being a prisoner in one’s own body when material (concrete) criteria are prioritized and spiritual (abstract) production is ignored. A person’s home turns into a strange prison where a person closes the door of his own will on somebody else (Aktaş, 1986: 103).

In the name of socialization of women, it is necessary to increase the activities of women in developed and developing countries outside the home in line with the modern target. However, this approach, which does not host an in-depth analysis and sophisticated program, is the end product and problem of the century’s old debate in the context of whether women are considered as human beings. It represents a status that is typical for Western societies, where the values of men are primary and definitive while the values of women are completely ignored. This is why the modern methods used in the West to socialize women are the products of the same territory (Aktaş, 1992: 14-16).

Being the Secret Servant of the Economy: The Commodification of the Working Woman

The only way to progress and develop in the modern world in a material sense is to produce more. This is why the amount of production must be more than consumption. This excess must be repeatedly reflected in the production and the increase must always be kept ahead. The woman who is at home and is not included in the market has no place in the increase of this unrequited production in a material sense. A society, in which half of the population is women and unemployed children who are absolute con-

sumers, a balance between production and consumption cannot be maintained; and thus, the community will fall behind in the economy. Since the mentioned production is more than the needs, an artificial need will be generated. Furthermore, a technology which progresses even more in this order, more production and consumption will not bring peace and security to mankind. Advertisements, nuclear and chemical weapons will not bring cleaner water, air or food. It is difficult to claim that this unlimited increase in production depicts interests for men and women for societies. However, women are included in the forefront of this unlimited increase. As a matter of fact, a high ratio of working women within the active population is considered as an indicator of development and progress of the societies. However, this conclusion has been clearly discredited in the socialist country examples, where half of the laborers were women. In this regard, if the higher ratio of working women participating in economic activities of a country was an indicator of being developed, then these socialist countries should have been the most developed countries around the globe. However, countries employed the higher numbers of women workers asked EU countries for help their in the 1990's (Beşer, 2003: 39).

As indicated by Wallerstein, the capitalist system is not proof of the progress of mankind. If the economic position of a woman is assessed in this aspect, it is not an appropriate determination in terms of proving that there is a progress of mankind (Şişman, 2013: 101). In fact, having woman workers does not mean that the community has experienced a fundamental change. At this point, Esping Andersen recommended that the logic directing human behavior and decision making formats are studied rather than the employment of women; in other words, it is more beneficial to check whether the rules of the game have changed or not (Esping-Andersen, 2013: 32).

Modern progressive paradigm needs economy to progress while economy needs a clandestine servant class to be successful. Management labour, which was necessary for unlimited increase in consumption, only take place with this class. One of the greatest successes of a planned system is that this clandestine servitude has been accepted by women. The neo-classic doctrine has been so successful in manifesting the plan and works with economic calculations and hiding the sacrifices that women would be

doing in forsaking individual choices without awareness. Today, although most women are acquainted with the economy, it is possible that they do not understand the service they deliver. In the recent past, in line with the minor concerns incurred by women in industrialized countries realizing how they were being used in a planned system to expand consumption has caused an awakening (Galbraith, 1988: 256).

Furthermore, the heritage of the Renaissance is reflected on women in the modern order which mandates that their inclusion is justified by 'beauty'. A person who has been stripped of her soul and is left with her body is obliged to adopt the judgment values forced by the capitalism. For this reason, the order decides what is beautiful and what is not. This system presents its definition of beauty as vital standards. This is why women are used as beautiful hangers on which dresses are hung and displayed on podiums, fairs-exhibitions and the television. In fact that reality of a woman agent dismissed from her job by the director of FBI because she had acne undeniably reveals that bosses use women employees as baits (Aktaş, 1992: 142). As a reflection of this attitude, the word 'presentable' is often encountered in contemporary wanted ads. Women who do not fit the mould, who are outside the scope of modern beauty perception have a hard time acquiring a place in the working life.

The Inability to achieve a work-life balance

On one hand women live in a community in which the developments in information technologies increase the working speed of women, who have been included unlimitedly in the working life, and where pressure is applied on work places to establish more areas of expertise. In this situation, although overtime might seem like the only way for many employees and managers to reach organizational targets, the negative impacts of workload on the lives of the employed individuals increases. The family lives of both men and women working in medium or large scale organizations and agencies are affected in a negative way, if they use their human resources energy beyond their capacities led by an excessive work load. Furthermore, individuals who have irregular working hours (such as weekends and working hours which are not standard) or spend a great amount of

time and effort in overtime hours have progressively less time to spend on themselves and their families. The time they spend at home is dedicated to mandatory home management works (Hennessy 2005: 7).

A good work and family life equilibrium will contribute to the provision of a better education and health services as well as social opportunities for children. Furthermore ensuring a balance between work and family life will enable particularly women who have joined the labor force to enhance their current opportunities and spend more time with their families (Australian Policy Brief, 2005: 3). However, if this cannot be achieved with the support of the state and society, the women reach an impasse and achieve neither work satisfaction nor life satisfaction. Work satisfaction has an impact on the individual, physiological and spiritual structures of the laborers as well as on their physical and mental health. A decrease in job satisfaction causes negative impacts such as lack of morale and decrease in productivity to manifest more pronouncedly (Ardıç and Baş, 2001: 23). This situation also leads to a decrease in life satisfaction.

Misconception of Emancipation: Mother-Woman's confinement

Freedom is an item which is on our agenda at every occasion. Marches have been composed for this concept, which is explained as the right of a person to behave as he wants. In addition, declarations have been written, states have collapsed, states have been established. The real characteristic of freedom, which is perceived as the limitlessness of an individual, is being able to be and remain himself. It also hosts feelings of engagement and responsibility. The answer to the question about the benefits of freedom to humanity can be stated as abandoning children to kindergartens and senior citizens to nursing homes. One of the most important successes considered in terms of gender equality is to be a part of employment, which is the prerequisite of liberation, empowerment and having a say yet this success story does not conform to children and the family. Furthermore, the freedom of the mother-woman is freedom if it includes her children in her very life (Aktaş, 1992: 132).

Under the social pressure created by these conditions, women decide to refrain from having children or feel obliged to postpone child-

bearing (Velde, 2011: 13). In the capitalist order, the woman's body has a market value and therefore it is a commodity that can be priced. In this order, the woman's body which is not a natural part of the woman becomes independent from its integrity. Likewise, motherhood is included in the integral woman and is an event which encompasses her whole life. The woman's body, which is the integrity of the woman and the center where motherhood is generated, has been transformed into a control tool. When the body is defined outside the integrity of a woman, she is alienated from motherhood and this situation contributes to the control and regulation of motherhood. Furthermore, this is done by the woman herself. The welfare state is based on an agreement between different periods in an individual's life. Accordingly, individuals are either active or not during certain periods of their lives. The contributions made during the active period finance the periods when individuals are not active. Anything to the contrary will have a negative impact on the welfare state. Women must work on a level which ensures this financing. This balance (imbalance) opens a path seeking for compromise (Kaya, 2008: 74-78).

This is the point where women alone reach an insurmountable impasse. Motherhood is in direct conflict with requirements of the business world, which are becoming increasingly severe. It appears to be difficult to fulfill one without sacrificing one another. (Badinter, 2011: 132). The reason for this is that unique female characteristics such as desire to have a baby, become pregnant, bring a child into the world, breastfeed and raise a child are ignored. They are considered detrimental to the objectives of a productivity oriented (*efficiency driven*) society (Badinter, 2011: 132). On the other hand, the feminist theory which claims to protect women also rejects motherhood. Firestone purports that childbirth is a demeaning act for a woman (Aktaş, 1992: 110). Even if this capability, which is included in a woman's own internal mechanism whether she wants it or not, is viewed as a reason for belittlement, then it will unavoidably make a woman feel deficient. Feminism has convicted the woman with its own hands.

Furthermore, to enable the participation of women in the labor force, their salaries must meet the costs of child and elderly care, the wages of the person who will do the housework in place of the woman or kindergarten costs. However, the education level of the majority of women,

who need to work, leads them to work for unqualified jobs and jobs with low salaries. The total value of services generated by a woman at home is referred to “reservation fee”. If the salary that the woman can earn is more than the reservation fee, she can join the work force; in other words, if it will not cover the fees of the persons hired for the child, elderly care and housework or cover the kindergarten costs then the woman will abandon the idea of joining the work force (Ecevit, 2005: 107). Even if a woman gets a job with higher wages, the reservation fee increases because nursery costs and child home care becomes more costly every passing day and the woman’s working outside the home becomes pointless. This situation in itself is a dead end especially for a woman in need of an economic contribution.

At this point, Esping Andersen purports a different perspective. According to Andersen’s determination, it is true that living together has become popular in western societies. Almost half of the children born in Scandinavian countries are born to couples living together. It is a reality that the percentage of unmarried women has also increased. Yet there is no obvious trend. Moreover, couples who live together decide to marry at the end. According to Andersen, the change is not about marriage or the desire to have children, but the decision making format. The situation referred as the procrastination syndrome by demographers explains dynamics of the western family very well. This delay is attributed to reasons such as prolonged education period, prolonged professional qualifications and the difficulty of entering the housing market. The decline in fertility rates in most developed countries is attributed to precarious jobs, unemployment and difficulties of work life (Andersen, 2013: 35-40).

Therefore, a dominant mother-woman profile still emerges and perhaps this is the most painful issue at the root of the woman’s impasse. The issue which everybody should engage themselves with is the deterioration of the relations established between parents and children in the family. These relations that form the basis for all the other relations and shape our feelings of security, sense of self, our skills to display love and affection, give us our speaking and listening skills are formed in the family. This place is where we learn to become human beings. However, today the dynamics of the mother-child relationship in the family are in stark contrast with

the market laws. As women and men are drawn equally to the labor force market, they encounter time restraints. This time constraint generates significant results for families and particularly for the children. Even reproduction, which is the most basic human function, has been besieged by the ego-market society. Families spend much less time with their children especially in urban areas (Hablemitoğlu, 2010: 243).

First of all, a working mother-woman does not have the possibility to spend time with her newborn baby after giving birth. The woman, who has lost this right both legally and perceptually, sometimes endures this consequence alone, sometimes with her family. A mother taking care of her child, spending time with him is rejected because it is labeled as traditional and motherhood is defined as an impediment. One of the most fundamental rights of a woman; motherhood cannot be experienced because of the stringency of the legal framework. Primarily, it has been accepted as an obstacle for career and professional life of a woman; therefore, efforts are made to eliminate this obstacle (Serpil, 1996: 26). Being a mother and a father, in other words raising a human being and consequently the society is compressed into certain moulds. The mother-child relationship is not perceived as a right. As a matter of fact that a mother and father who have a child have undertaken to raise a human being is ignored and the child is viewed as an obstacle. The care of the child is simplified by indicating that it can be done by anyone else and the needs of the mother are disregarded and the traditional role label portrays care as something only the child needs.

However, the situation has deeper roots. This need is displayed by the study of Dr. Elliott Barker. According to Barker's studies regarding individuals who are *psychopaths* (currently this is referred to anti-social personality disorder); today, nothing is more important than taking good care of a child for the first three years of the child's life. These are the earliest years when security, the ability to sense the feelings of others (empathy) and compassion capacities take root. If the emotional needs of the children cannot be fulfilled during these years, permanent emotional damage may incur (Barker, 1987: 47). Especially if children less than 36 months have to stay at kindergartens or nurseries for long hours and there is no definite and reassuring person who they can engage with, this may generate developmental problems (Bowlby, 2007: 308).

Inappropriate care conditions in care centers carry the risk of the development of anti-social personality characteristics (*psychopathic traits*) and after age three, there is a risk of development of neurotic personality characteristics (*neurotic traits*) (Barker, 1987: 45). Another study conducted in England reveals that 10 year old children who had not been introduced to organizational care during the pre-school term displayed the most favorable behaviors; whereas children who displayed inappropriate behavior such as hyperactivity, behavioral disorders, and extreme extroversion were those who had gone to kindergartens and nurseries in their early ages (Morgan, 1996: 42).

It is accepted that men and women 'differ in their roles in the reproduction process and other than biological differences, they differ from another in terms of many skills, interests, abilities and behavioral formats (Naz, 1995: 12). According to Rossi, women have a natural parenting capacity while men are a little short in this skill. Naturally, as these skills men and women have are enveloped in different psychological hardware, men and women cannot replace each other and cannot exchange their tasks in life. Therefore, regardless of the gender and welfare level of the child, a mother returning to work in the first year of the newborn baby's life has a harmful (*detrimental*) impact on the child. In addition, it has been determined that a mother's care is the best care for children in terms of behavioral development (Baydar, 1991: 938). Breastfeeding, feeding the baby mother's milk, the unity of mother and child are issues which closely concern the health of women and children. The mother's right to breast-feed and the child's right to be fed with his own mother's milk should not conflict with the rights of people in the working life. Considering the rate of the numbers of working women in the world and the efforts to increase these numbers, these issues should also be handled as one of the fundamental public health problems (Gökdemirel, 2008: 222).

Egber te Velde, who argues the future of motherhood in western societies, said that "if women had the opportunity of education, internship and participation in the labor force and earning money, an opportunity to establish a career, all problems will be solved. In addition, when men share housework and child care with women, the fundamental principles of the emancipation policies will have realized after which he indicated that

real equality could be achieved not with the illusion that men and women were the same, but by accepting and appreciating their differences (Egbert, 2011: 13).

Conclusion

The participation of women in the working life is accepted as a prerequisite of socialization. The belief that women can only display an active presence in other areas of life with a working life is dominant. It is indicated that the working life presents opportunities such as status, income, social relations for women. Leaving women outside the working life is referred to social externalization. However, if social externalization is defined as a process which ignores the presence of an individual in social life, prevents her from integrating with society, leaves her outside social, economic and cultural organizations; then, the 'women's impasse' which women are torn between the working life and family life are also a form of social externalization. On the other hand, an individual in a society must be a member of more than one sub system or social groups and undertake different statuses and roles in different groups. In this case, the individual undertakes various roles to match the number of group memberships. However, the roles undertaken by an individual might not always comply with each other. Therefore, this situation points out a role holder rather than being socialized, which establishes the ground for conflict.

Accordingly, women are in a deadlock with modern concepts and the modern order. When we look at the main titles of these impasses, it has been revealed that the first impasse is a paradigm blended with individualism, equality instead of justice, postponement of merit by the prioritization of power instead of justice resulting in the inability of the woman from being a woman/'spouse'. New impasses encountered by the virtue of the forms of existence of women in society are added to this basic impasse. The fact that a woman is a woman and a mother when necessary is completely overlooked and included in the system after a degree of masculinization. On the other hand, she is commoditized purely for her femininity. As a result, the profile of a woman emerges as a trap between the working life and family life. Thus, she experiences a makeshift motherhood, she is not

allowed to be a spouse and this woman is put in the position of servitude to ensure a contribution to the economic order and be a man against men.

The prioritization of merit and regard for justice must be taken into consideration in the definition and order of family or the working life. In this regard, disregarding unisex and universal definitions in the policies generated with a view on supporting the family and increasing women's employment might be a solution. A resolution can only be reached if differences are accepted and the conditions are assessed well.

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The Establishment of A Minimum Income Support Focused on Employment In Turkey in the Context of European Union Applications

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Abstract

The economic crises, which accompany the globalization process, have caused an increase in problems such as poverty, unemployment and social exclusion. The severe social-economic conditions experienced have resulted in a profound crisis in the social security systems. One of the methods to resolve this matter is the 'minimum income support'. The minimum income support assistance has been implemented in European Union (EU) countries for long years in a comprehensive context and some policymakers and academicians believe that this application could be an example for Turkey. On the other hand, it has been observed that EU countries are having a hard time allocating resources to the social welfare area, which is why activation issues (activities steering recipients of social assistance to employment) have been encountered more and more often on the agenda especially since the early 2000's.

The 'minimum income support' application is not available in Turkey; however, there are 'similar' applications. On the other hand, it has been believed that social transfers and specifically 'minimum income support' may be an effective method to fight poverty in Turkey as they are in EU countries. The minimum income support should be provided on condition of activation the way it is applied in the EU.

Keywords: *Minimum income support, European Union, employment, Turkey*

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Introduction

As of the beginning of the 21st century, major changes/transformations occur in almost every area and particularly in the economic, social and cultural elements of the world with the immense impact of 'globalization'. The technological advancements and innovations, which accompany these changes, have enhanced economic efficiency immensely and it has been expected that this increase also enhances the welfare level of people. However, that is not what happened in practice. On the contrary, a severe rate of poverty has incurred in the world and countries have been faced with various economic, social and political problems. All these developments have led the emergence of a series of changes in the economic and social structures of countries; frequently experienced national and global economic crisis, chronic high unemployment rates, high levels of public debt, economic growth that does not result in higher employment rates are some of the problems experienced. These problems are reflected on the working life as employment insecurity, flexible work/pay, the lack of a social security network, problems involving social equality and social justice and so on. In this aspect, people all over the world experience a major concern and insecurity regarding the future whether they are employed or unemployed.

On the other hand, these developments have eroded the welfare state and the reviewing of such issues of the welfare state as social security, social justice, social peace and restructuring the welfare state have been raised. Even in prosperous societies, there are challenges regarding employment rates while most of the available employment is irregular, part-time and bringing an income, which does not exceed the poverty line. Therefore, the increasing role of women on the labor market and disintegration of the traditional family structure are among significant issues that should be discussed of this period. However, the relevant process has brought poverty and social exclusion problems along with it. Finally, remedies have started to be searched to save the indigent and disadvantaged groups from the impasse they are in. Under these conditions, the 'minimum income support systems' has become prominent as one of the fallback applications of welfare states. The minimum income support is a type of social assistance provided by the state unconditionally to individuals remaining below the

poverty line; conditions such as having worked and paid premiums previously or have a special status (categorical pensions) are not an issue.

‘Minimum income support’, which has been propounded as a solution to socio-economic problems, should not be expected to be sufficient on its own in correcting the poverty and irregular income distribution in society. On the other hand, particularly in the beginning, a serious amount of public resources are required and consequently the proper functioning of the system is largely dependent on the existence of a fair and solid tax system in addition to the elimination of black economy. Furthermore, globalization and international competition have weakened the strength of nation states significantly, which challenges the ability to allocate funds to the area of social aid. The sustainability of states in the payment of the relevant ‘minimum income supports’ for longer periods becomes problematic.

All those justifications raised the issue of providing minimum income support on condition of participation in activities especially after the 1990’s. It is expected that these activities pioneer employment theoretically. The recommendations of The Organization for Cooperation and Economic Development (OECD) and the EU are also to this end. OECD recommends that the direct cash support aid is replaced with measures that are designed to initiate return to work. The European Parliament emphasizes that all the children, adults and elderly, who are indigent and needy in society, should benefit in an efficient way from the minimum income plans to ensure a living standard at a certain level of subsistence and the importance of establishing appropriate and continuous jobs for disadvantaged groups. As a reflection of this philosophy, the Parliament believes that welfare policies should be administered in parallel with the active labor market policy.

In recent years, significant progress has been achieved in both improving corporate infrastructures as well as increasing the resources dedicated to disadvantaged groups in our country to combat with poverty. In this context, the usability of the minimum income support applied in many Western countries is being debated on different platforms in terms of a more efficient application of social aid (Coşkun et al., 2011: 131). There are similar applications to the minimum income support available in our country; one such example is the conditional cash transfers, which are distributed as aid to the elderly and handicapped people in accordance with Law number 2022. Detailed information about this subject will be presented in

subsequent part of the article. Furthermore, as a result of the joint studies conducted by the Ministry of Family and Social Policies (ASPB) and the Turkish Labor Institution (İş-kur), an affiliation between social aid and employment is attempted to be established. This mentioned affiliation has been achieved on a major scale in some European countries; for example, in France which has a very detailed and comprehensive social aid system. In this system, the minimum income support has practically transformed into a job search/employment support.

The Definition and Scope of Minimum Income Support

There are different approaches regarding the concept of minimum income and the economic, political and cultural aspects of minimum income; this makes it difficult to make a common definition for minimum income. Minimum income can be defined as ‘a type of social aid that complements the current social security systems or replaces them and enables everyone in society or groups, who are indigent and socially excluded, to have the necessary minimum subsistence resources to maintain their lives and strengthen their ties with society (Karaca, 2004: 3). According to another definition, minimum income or minimum income support includes ‘cash transfers distributed on a regular basis to all citizens below a certain income level from public resources’ (Buğra et al., 2012: 26).

The minimum income support applications are part of social aid programs, which have been developed to fight poverty directly (Hacımahmutoğlu, 2009: 44). These programs are social aids distributed on a regular basis to the indigent and qualify as rights and have the obligation of guaranteeing that those who benefit from this aid are ensured a certain living standard. In other words, these funds are directed to those, who are in need of a certain income support, to ensure that they can receive their needs even on a basic level and they don’t have to work in return (Hacımahmutoğlu, 2009: 44). ‘Minimum income support’ programs cover a wider concept compared to other target-orientated and similar programs (such as single-parent income-tested assistance). The Minimum income concept has also known to be expressed in synonymous concepts such as ‘minimum insurance benefits’ and ‘welfare aid’ and ‘last resort assistance’. (Immervoll, 2009: 5)

In this paper, ‘minimum income support’ has been expressed as ‘minimum income’, ‘minimum income right’, ‘guaranteed minimum income’ and so on.

The Basic Characteristics, Functions and Applications of Minimum Income Support in the European Union

Distinctive Characteristics of Minimum Income Support in the European Union

The most comprehensive and developed examples of minimum income support in the world are available in EU countries. In many EU countries, minimum income support is applied as a sort of ‘last resort application’. The common objective of these minimum income support applications is to guarantee a minimum living standard for families and individuals, who are in lack of sufficient resources (Coşkun et al., 2011: 134). However, the mentioned applications display major differences between each other in terms of inclusiveness and adequacy as well as fighting poverty and social exclusion issues (Crepaldi et al., 2010: 1).

EU countries can be classified into three groups in terms of the way they apply minimum income support:

In the first group of countries, minimum income is perceived in the form of ‘addresses all’, ‘embracing’: The minimum income is the only (or the most important) income support and this income support is available for all, those who are in lack of sufficient resources; it is not limited only to certain target groups in society. Such applications are available in Luxembourg, Austria, Poland, Malta, the Slovak Republic and Romania.

Another group consists of countries, in which the minimum income has been designed as a last resort application. In these countries, all the other remedies have been exhausted and they have turned to the minimum income support as a last resort. The relevant countries deliver both categorical help plans and a general minimum income application. Minimum income is a last resort application within similar systems guaranteeing a minimum income to certain groups in society (such as the elderly, disabled and unemployed). The objective of this categorical help is providing more distinct safety nets for social groups with inadequate resources. In par-

particular, France, Finland, Germany, Ireland and the United Kingdom are included in this group (Buğra et al., 2012: 32).

In countries forming a smaller group, even though categorical plans may be available, there are no general last resort measures (Italy, Hungary and Greece). Additionally, national minimum income plan is also not available in some countries in this group (Spain).

Other countries are included in a position within the three groups. The minimum income support provided by Belgium, the Netherlands, Sweden and the Czech Republic is an ‘embracing’ measure. Bulgaria, Cyprus, Denmark, Estonia, Latvia, Lithuania, Slovenia and Portugal have a tendency to apply the ‘last resort’ application (Crepaldi, 2007: 32).

Table 1. Characteristic Features of the Minimum Income Support Application

Countries where Minimum Income Support is an ‘embracing’ application			Countries where Minimum Income Support is a ‘last resort application’	Countries where categorical applications and /or a National Minimum Income Support available
Australia	Belgium	Bulgaria	Finland	Italy
Luxembourg	The Netherlands	Southern Cyprus	France	Hungary
Malta	Sweden	Denmark	Germany	Greece
The Slovak Republic	The Czech Republic	Estonia	Ireland	Spain
		Latvia	United Kingdom	
		Lithuania		
		Slovenia		
		Portugal		

Source: Chiara Crepaldi, Alfonso Gambino, Simona Baldi, Barbara Da Roit ve Emanuele Ranci Ortigosap, *The Role of Minimum Income for Social Inclusion in the European Union*, Milan, Report made for European Parliament, 2007, p. 33; Ayşe Buğra, Çağlar Keyder and İlgin Erdem, “Social Assistance Applications and the Application of Minimum Income Support in Return for Activities Beneficial to Society”, UNDP, Ankara, p. 33.

All European countries have developed different ways and complementary plans in different times that are not universal, residual or distributive to guarantee a ‘dignified life’ or ‘the fulfillment of basic needs’. In countries, which have experienced the social assistance system in practice for long years, these plans were initially perceived as a residual complementary social protection. It was believed that these plans would disappear on their own with achievement of the full employment, increased wealth state of individuals who attained better living conditions. However, the persistence of high level unemployment rates for the past 20 years and the failure of the

relevant social policies in eliminating poverty, its inadequacy have increasingly shown that on the contrary, these plans were of importance and now they were more important than ever (Casas, 2012: 17).

The ‘minimum income support’ has a different meaning for every EU country practically and consequently, it is characterized under different titles. For example, while the expression of ‘minimum income’ is clearly stated in the plan titles of France, Luxembourg, Spain, Portugal and Latvia; the same plan has been characterized as ‘social assistance’ or ‘integration’ in Austria, Germany, the Netherlands, Denmark, Sweden, the Czech Republic, Poland, Slovenia and Malta; ‘supplement’ in Belgium and Portugal; ‘public assistance’ in Cyprus; ‘income support’ in the United Kingdom; ‘supplementary welfare allowance’ in Ireland; ‘subsistence aid’ in Estonia; ‘material needs assistance’ in Slovakia and ‘social assistance’ in Lithuania (Casas, 2012: 17).

In some countries, the “minimum income support” is a safety net on its own, whereas in other countries, it is part of a safety net together with other allowances and relevant rights (Casas, 2012: 17-18).

The minimum income support plans have some common features beyond these terminologies. They are:

- ‘Guaranteed’, ‘non-distributive’ (they are ‘guaranteed’ and ‘non-distributive’ because they are given on a universal basis and are independent in terms of previous participation in social protection insurance systems)
- ‘On a minimum level’, (They are ‘at a minimum level’ because they are considered as the last stage of the safety net of social protection and they are shaped according to the perception of national or local minimum living standards or requirements.)
- Social assistance is subjective and the manifestation of a discretionary right (it must be demanded by individuals and is not attributed automatically),
- The amount-level is determined through laws or administrative rules to be distributed equally to everyone. In general, the amounts vary according to the income test and are provided as cash,
- The quality and quantity are conditional on the individual’s or household’s resources not exceeding the determined minimum threshold (Casas, 2012: 18).

Minimum income support is organized as ‘minimum cash income support assistance’ or as in-kind assistance (complementary) in some countries (for example food, clothing) and /or other allowances (family, housing...) and /or complementary services. The most important function of minimum income plans is to protect individuals and families, who are not covered by other social protection plans and prevent their serious destitution by supplementing their insufficient resources. Furthermore, the minimum income plan also plays an important role as the final safety net of social protection to prevent indigent individuals in developed countries from sinking below perceived as dignified living standards (Casas, 2012: 18).

Responsibility and Financing of Minimum Income Support on a Local and National Level

EU countries can be analyzed in three groups when taking their corporate and financial levels into consideration. The first group consists of countries, where these two functions are on a central level; while the second group consists of countries, in which this issue is handled on a local level and the third group consists of countries, which apply a mixture of these two levels (Crepaldi et al., 2007: 33). Britain and Ireland plan and apply minimum income support on a national level. The finance is provided mainly by the central government while the local administrations contribute from time to time. In Scandinavian countries, the plans and programs are organized on a local level. The application and finance is the responsibility of local administrations. However, there are also countries, where the central administrations are responsible. In Austria, Denmark and Latvia, the local administrations are responsible for both planning/application of the minimum income support systems as well as financing them.

On the other hand, the type of financing in all countries is non-contributory; all minimum income plans are financed through taxation.

Conditions for entitlement of Minimum Income Support

In order to understand how the minimum income support is designed and how it is used to fight poverty and social exclusion, it is necessary to look at the ‘conditions of entitlement’ to receive the assistance.

burada assistance In many cases, the ‘conditions of entitlement’ have been determined by national laws. In some special cases (Austria, Germany, Spain, Italy), they are determined by regions.

Basically, the conditions of entitlement are classified as follows:

Nationality (Citizenship) and Residence

Although nationality is not a condition for being entitled to minimum income support in most of the EU countries, it is a condition in some countries. For example, it is mandatory to be a citizen of Malta or be a permanent resident in Malta on a legal basis in order to benefit from minimum income support. In Austria, the conditions regarding nationality differ from region to region (EuropeAid, 2012: 9). Furthermore, Belgium, Germany, France and Denmark have some conditions regarding nationality to qualify for minimum income; these countries do not require citizenship to be qualified as Malta does; instead, the citizens of countries with which they have made reciprocal agreements such as the EU have the right to benefit from the minimum income support just like the citizens of these countries. Belgium and France require that those who are not French citizens and are citizens of countries, which are not members of the EU, should have a residence permit in order to access assistance (Crepaldi et al., 2007: 42).

Minimum income in European countries is generally accessible to permanent residents. However, the issue of residency varies from country to country. Some countries take the previous term of residence strictly into consideration. For example, eligible beneficiaries in Denmark must have resided in the country for at least 7 years during the past 8 years. This term is 5 years for the past 20 years in Luxembourg, whereas at least 3 months for the Czech Republic and generally between 3 and 5 years in Spain. Furthermore, Britain applies a certain ‘traditional residence test’ for those, who have lived abroad for 2 years before the date that income is demanded (Crepaldi et al., 2007: 35).

Household and Legal Status

In most EU countries, entitlement to minimum income support is achieved on an individual basis. However, in the assessment of the right of an individual, the status of the household is taken into consideration. Only

in Malta, the family is a unit, which is not included in the right to minimum income. On the other hand, the family is clearly a consideration in the regulations of Germany and Slovakia. The remaining EU countries do not affiliate minimum income right with the status of the individual or the household, since it is granted according to the legal status like citizenship (Luxembourg) or residency (Latvia, Czech Republic, Poland and Slovenia). Some countries such as Belgium and Germany have expanded this right to clearly include certain categories of the population (the stateless, refugees, asylum seekers) (Casas, 2012: 31).

Age

A 'minimum eligibility age' is applicable for those, who apply for minimum income support, and the main objective of this application is to verify and emphasize the responsibility of parents. The 'age criteria' differs in most EU countries according to circumstances. For example, full access to any assistance until the age of 25 is out of the question in general in Britain. However, in exceptional circumstances, access to certain assistance is possible as of the age of 18; in fact, it is possible for 16 year olds to access some forms of assistance in some cases (for example, those who are separated from their families). Individuals, who are at least 18 years of age, can benefit from 'social integration income' in Portugal; if an individual has dependents, is married or cohabits in a common law relationship or is responsible for a pregnant woman, he/she can benefit from the 'social integration income' before turning 18. Access to some minimum income programs is supported in order to ensure that youth undertake a more active role in society. For example, in the Netherlands, a youth who does not work or continue his studies may request a 'budget calculated income', in which local administrations are obliged to ensure from the municipality to realize an opportunity for work/education. If the individual is unable to accept the municipality's offer in terms of work or education due to physical/spiritual reasons, the asset test becomes an issue and the individual earns eligibility for this income (EuropeAid, 2012: 9-10).

On the other hand, many countries have no age limits. Belgium, Ireland, Netherlands, Poland, Romania and Slovenia have a current age limit of 18. While the eligibility age to the right of assistance is 25 (with some exceptions) in France and Luxembourg, whereas 16 year olds and

older individuals are eligible for this assistance in Britain. Only two countries apply a maximum age limit to the assistance eligibility. These countries are Malta (maximum age 60) and Spain (65) (Crepaldi, 2007: 42). The level of assistance may also vary according to the age of the beneficiary.

Income Test Application for Minimum Income Support

All EU countries apply an income test in their minimum income support programs. A premium contribution is not required and they are financed by the tax system. In principle, these programs target assistance to those who do not work; however, some member states have expanded the scope of the support and included a contribution to the incomes of active labor. For example, cash support and tax credits (tax credit for active labor, housing assistance and municipality tax assistance and child tax credit, etc.) are distributed to support some groups together with the minimum wage in Britain (EuropeAid, 2012: 5).

Access to minimum income is primarily dependent on the assessment of the income status. The income test is executed with the logic of including/excluding individuals. The access threshold in the assessment is usually made based on the 'cost of living' or a 'basket of needs' and is reviewed annually by taking increase in inflation into consideration. In some cases, the access threshold is determined based on other criteria such as the minimum wage and/or minimum pension payments (For example, Luxembourg, Malta and the Netherlands). The resources available to the individual applying for assistance and the other individuals, who share the same domicile such as the spouse or partner or offspring, parent, grandparents, are taken into consideration in the income test in general. However, there are some exceptions. In some cases, while the income of family members up to a certain age are taken into consideration in the income test (up to 16/20 in Britain, up to 18 in Denmark and the Netherlands, 25 in France, respectively), in some cases, they are excluded (up to 18 in Cyprus). In some countries, family members/relatives, who do not inhabit the same domicile, are included in the income test (Southern Cyprus, Latvia) (Crepaldi, 2007: 35).

Furthermore, another issue needs to be mentioned is that the needs determination system for provision of the minimum income support, which is subject to very strict rules in some countries and rather relaxed in

others. For example, it is quite difficult to gain eligibility to financial assistance in Scandinavian countries and consequently, the applicant is subjected to serious scrutiny. However, if the applicant gains eligibility for assistance, a serious income growth to ensure exceeding the poverty line becomes an issue. Eligibility for assistance in Southern and Eastern European countries is not difficult. Likewise, the granted assistance amounts are not very remarkable. It is often encountered that individuals benefiting from financial assistance cannot achieve an income level over the poverty threshold (Buğra et al., 2012: 28).

Determination of the Amount of Minimum Income Support

There are different criteria and practices for determination of the amount of minimum income support in EU countries. When minimum income support is mentioned in a group of countries, there is usually a consensus of what is understood as proper standards and the amount is often determined as a share of another minimum income standard. This standard reflects the regular source of income expected by individuals to obtain depending on the work; minimum wage (Luxembourg, Netherlands, Slovakia, Malta and Romania), the minimum monthly (Luxembourg) or unemployment benefits (Denmark) and so on. Another group of countries implements guaranteed minimum income schemes in order to fulfill basic needs of the people. The amount of guaranteed minimum income is determined in view of the standard rates and costs determined for minimum consumption amounts of certain items (food, clothing, hygiene, health, housing costs and/or tools) as a reference. In this way, the minimum income determined is either adapted to the household composition (Sweden, Finland, Germany, Austria, Czech Republic) or a budget study and a basic needs basket (Romania, Bulgaria, South Cyprus, Lithuania). Another criterion, which should be emphasized (which in some cases is the main determinant of the minimum amount), is the capability of the budgets to finance the guaranteed minimum income implementations. Those, who plan minimum income programs, express the difficulty of financing both on a local and national level (Casas, 2012: 38-39).

In conclusion, the financial assistance amounts distributed in EU countries is quite varied. On the other hand, since the level of the assis-

tance applications in some member states is low in general, they support with certain fringe benefits in terms of housing, health, family assistance or the cost of basic services (education costs, heating, gas-electricity, transport) (Casas, 2012: 29).

Duration of the Minimum Income Support

One of the distinct features of minimum income in EU countries is the 'duration of assistance'. In most of the countries, this duration is unlimited as long as the 'eligibility conditions' continue. In some countries the duration has been limited between 3 months and 24 months. In particular, Lithuania, Slovenia, France and Latvia have shorter durations (3 months). Portugal and Spain have limited the duration to 12 months and the duration of the Slovak Republic is limited to 24 months, respectively. In all these countries, it is possible to extend the duration in different ways. The duration of the minimum income support in Lithuania and Slovenia can be renewed for as times as needed in case there is no change in the status. Only France and Latvia are more restrictive: The duration can be extended by an additional time between 3-month and 1-year in France and can be renewed for a period of no longer than 9 months annually in Latvia. At the same time, the duration can be extended in Portugal and Spain, provided the conditions continue and in the Slovak Republic it can be extended 24 months after the start of the assistance granted by the local authorities.

In conclusion, it is possible to say that there are '3 types of durations' as follows: Limitless, limited yet extendable depending on the continuity of the requirement status and more restrictive (Casas, 2012: 36).

Nature of Employment-Oriented Minimum Income Support

Since beginning of the 2000's, the subject of readiness of the individuals benefiting from minimum income support with the capability of working and job search have been raised. The member countries of EU require that individuals capable of working and benefiting from minimum income support must at least be registered as unemployed individuals and that they actively searching for jobs. In France, a more advanced regulation is implemented and individuals soliciting minimum income assistance

must undersign an agreement with the unit mediating the endowment to get consultancy support in terms of job searching and employment (Hacımahmutoğlu, 2009: 45).

As a result of increasing unemployment as of the 1990's and those benefiting from social assistance programs remaining in the system for long years, it has become necessary to apply programs steering those receiving minimum income support to the labor market. The objective of these programs, which are called active social assistance programs, is to decrease the number of individuals receiving assistance and to decrease dependency on assistance burada genel olarak sosyal yardımlardan (assistance) söz ediliyor, bu çok karmaşık bir konu ve yardımlar zaten içiçe geçmiş durumda... Burada assistance demek yeterli. by enhancing the work motivation of assistance areas and capabilities, ensure employment opportunities for these individuals and enhance their self-confidence and self-respect (Madenoğlu, 2010: 38).

The term 'activation' is understood differently according to the relevant orientations in Europe. 'Activation' consists of a mixed combination of necessities such as training, courses and services to enhance finding a job to ensure the continuity of employment. Measuring these elements and combining them from one end to the other reveal differences of significant degree in EU countries. For example, the process of reintegrating individuals (inclusion) into society and labor based approach completely differ from one to another; in fact, they are processes, which are opposite to each other. During the inclusion process, individuals receive help with the intention of developing their individual capacities and initiating them into action in order to free them from dependency on support and poverty. In the labor based activation type, which is the opposite, individuals are obliged to accept any kind of work in return of assistance they have received. Activation practice in European countries formed according to the establishment date of the general welfare organizations ranges around these models. These different activation practices demonstrate a partial compliance with welfare regimes (Casas, 2012: 36).

The assistance should be considered as a positive incentive to cover the extra costs and risks encountered with re-employment after unemployment. The important issue, which should be addressed here, is the quality of the job offered. This issue is very important for 'sustainable social inclu-

sion'. Jobs ensuring social inclusion must have proper working conditions as well as gains, status, protection, social mobility and a stable perspective on social and family life. As a result of recent changes in the labor market policies in Europe, the concept of 'more jobs' is emphasized instead of quality of the job and this undermines the qualitative approach described above. The issue of ensuring the quality of the jobs offered is very significant for a fully comprehensive activation.

Although some national minimum income plans were depicted as traditional, the eligibility requisition demand and activation measures were rarely applied in the past. However, towards the end of the 90's, the situation has been changed and eligibility for work became an important eligibility condition to receive the minimum income and maintain its continuity. In addition to the "willingness to work", 'participation in training' and 'training for enhancing employability', there is a mandatory status for those soliciting assistance in all EU countries with minimum income plans. Those soliciting assistance must register with labor offices (Germany, Portugal, Ireland, England, Estonia, Slovakia, Bulgaria and Romania) and/or undersign an integration agreement (Belgium, Luxembourg, France, Portugal and Slovenia). Countries such as Britain, the Netherlands and recently Germany have integrated the social assistance and labor offices and their functions are executed together in order to establish a strong activation emphasis for those receiving minimum income. Furthermore, after the Reform took place in 2004, the Slovak Republic established labor offices by integrating employment services and social services.

These offices are the sole responsible office for employment and social services (World Bank, 2014: 17). In some countries, if the central government (France) is not supportive with a new budget allocation, responsibility of the minimum income is transferred from the national level to the local level and especially the responsibility of the transfer has generated a stronger activation pressure on those benefiting from social assistance opportunities. Obligations such as performing public works during certain hours may be requested of those receiving minimum income support (Slovenia, Slovakia, Bulgaria, Romania) (Casas, 2012: 34).

In Germany, the long term unemployed work for an allowance of 2 Mark per hour in services of public benefit such as cleaning, parks, gardens and landscaping works to encounter transport and clothing costs and mu-

nicipalities threaten the incumbents by saying that if they slack off the job their social assistance will be discontinued (Sapancalı, 2003: 219).

Examples of Applications in Turkey, Which Resemble Employment-Oriented Minimum Income Support

A minimum income support program is not available in Turkey yet. However, ASPB have serious projects and recommendations in this matter. On the other hand, distributing a minimum income support to indigent with an income below a certain level is often a subject of debate on academic platforms and particularly addressed by politicians (citizenship wage).

Among assistance programs applied in Turkey, which is similar to the minimum income support and is provided regularly to ensure a livelihood for individuals as an entitlement, are regulated by Law number 2022 in the form of assistance granted to the elderly and the disabled, who are unable to work. These disabled and elderly individuals continue to receive their allowances, which are dispensed by the Social Security Institution (SGK) as long as their status continues. Furthermore, social assistance programs of a regular nature are also available for children and youth. This assistance has not been designed to provide the livelihoods of children and youth. The objective of the assistance is to ensure that the children get health checks (conditional health assistance) and the children and youth continue their educations (conditional education assistance). Children and youth are eligible for this assistance only if these conditions are fulfilled. Although the regular nature of the mentioned assistance resembles minimum income support, it is not intended to ensure a livelihood and therefore, has a different structure. Health assistance is in-kind assistance and is activated to pay for any health related expenses when an individual requires a health check. Health assistance differs from minimum income support in terms of its objective and the way it is applied. Health assistance is not transferring money to the individual receiving this support, instead fulfilling his medical needs. Likewise, other social assistance programs allocated for needy individuals have a different structure from minimum income support; because, they are made irregularly on incidental basis (Madenoğlu, 2010: 38-39).

The periodic cash benefits provided by the Social Assistance and Solidarity Foundation (SYDV) are also similar to the minimum income support. However, since this assistance is not 'rights-based', there is no guarantee of its continuity. The SYDV can terminate the assistance at any time.

In addition, the state is involved in establishing temporary employment in the public sector (4C status) during periods of economic recession and/or in times when unemployment is high due to the reasons such as privatization. The wages given to such individuals are usually slightly above the minimum wage level and are in the nature of 'employment programmed minimum income support'. However, since those employed are not applied an income test and the continuity of the employment is not possible, when the employment is terminated the wages are also discontinued. On the other hand, since the individual receives regular, monthly, cash payments for a certain period and employment is activated, there is a slight similarity to 'employment programmed minimum income support'. Small and Medium Enterprises Development Organization (KOSGEB) provides loans to support entrepreneurship, vocational training and courses, social assistance given by local administrations, micro-lending practices, which are also focused on employment, and projects related with ideas for minimum income support.

In Turkey, Conditional Cash Transfers (ŞNT) distributed to the elderly and the disabled in compliance with Law number 2022 are the closest applications to the minimum income support. The other practices can be referred to 'practices which are near to minimum income support applications' with its dimensions of fighting both poverty and unemployment in the form of a cash support to needy individuals. Furthermore, the 'regular cash social assistance program to widows' and 'home care assistance program' are also similar to the minimum income support program. The assistance to widows, which was launched with the Fund Board Decision dated 29.12.2011 with number 2011/8, is realized within the information system of Integrated Social Assistance Services Project (BSYH) and women, who are within the scope of Law number 3294, have been determined as the target group for the assistance to be provided (Ministry for Family and Social Policies, 2012: 49).

Supports within the Scope of Law Number 2022

One of the most significant activities executed by the ASPB is the monthly pension within the scope of ‘Law for the commissioning of an allowance to Turkish citizens 65 years of age, needy, infirm and derelict’. This law enacted on of January 1st, 1977 provides that ‘on condition that they are needy, Turkish citizens with an age of 65 and disabled individuals over 18 years of age and those, who have disabled relatives under the age of 18 or legally obliged to care for shall be granted a monthly allowance’ (Taşçı, 2010: 90).

Table2. Payments Made According to Law Number 2022 (Number of Persons), (2006-2011)

	2006	2007	2008	2009	2010	2011 December*
Seniority	927.077	903.283	867.035	859.516	848.826	797.426
Invalidity	82.891	92.904	114.518	142.288	168.559	187.711
Disability	233.910	239.110	255.990	275.028	290.558	293.141
Invalidity-Disability under the age of 18	-	8.877	28.631	44.541	55.727	59.558
Patients Disabled with Silicosis	-	-	-	-	-	153
TOTAL	1.243.878	1.235.297	1.266.174	1.321.373	1.363.670	1.337.989

Source: Social Security Institute (SGK), SGK Statistical Yearbook 2010: Statistics for Monthly Allowances and Income Areas
* Ministry of Labor and Social Security, Work Life Statistics 2011, Ankara, August 2012, p. 33.

As it can be seen in Table 2, most of the payments made within the scope of Law number 2022 are allocated for senior citizens.

Although the relevant assistance resembles minimum income support assistance since it is regular monthly cash assistance, it would be more correct to assess this assistance as a different kind of assistance; because, it is conditional on certain conditions-characteristics. On the other hand, since the respondents of Law number 2022 are beyond consideration for working and/or skill development, the conditions do not involve elements of activation.

Social Risk Mitigation Project-Conditional Cash Transfer

The poverty research conducted by the World Bank in preparation for the Social Risk Mitigation Project (SRAP) prepared revealed that poverty had reached major dimensions in Turkey. The fundamental philosophy

underlying the project was to contend with the risks established on the indigent individuals, who were the victims of the economic crises took place in Turkey in February 2001. The crises gave way to increased layoffs, prices went up and the income coming into households was decreased due to the negative growth while the risk of poverty increased. Another determination was that there was no social security network to mitigate the risks of unemployment and poverty in Turkey. On the other hand, human factors such as the high infant and maternal mortality rate, high illiteracy among women, the failure of indigent families to send their offspring to school, some families resorting to benefitting from child labor to earn a livelihood are also relevant issues that should be discussed (Zabçı, 2003: 228-229).

The Conditional Education and Health Assistance Program aims to enable families, which are unable to benefit from education and health services due to indigence to access these services through cash transfers. In other words, the Conditional Education and Health Assistance Program is a social assistance program, which aims to support indigent families unable to educate their children or have had to remove their children from the education system due to indigence, since they are unable to take their children for regular health checks in the pre-school term and they had home-births with cash allowances.

The Conditional Cash Transfer (ŞNT) programs in Turkey started after the economic crisis in 2001 with the SRAP, which was incepted with the credit from the World Bank. The program was started with the selection of pilot areas as follows; Kahramanmaraş-Göksun, Gaziantep-Yavuzeli, Sinop-Durağan, Ankara-Keçiören, Çankırı-Merkez and Zonguldak-Ereğli districts. The program was extended to overall Turkey within 2 years (Zabçı, 2003: 22).

In the context of the basic goals mentioned above, the ŞNT was designed as a social security network, which targeted 6% of the most indigent group within the population of Turkey to initiate full access of children to basic health care and education services. Within this scope, two types of ŞNT are granted as education and health care assistances in the countries of the world. To put it more clearly, ŞNT in the form of regular cash assistance is granted to indigent families based on some certain conditions in case they cannot send their children to school (particularly girls) or have had to take their children from the education system. After receiving this cash

assistance, these families are able to send their children to school regularly and families with children in the 0-6 age group take them for regular health checks. Furthermore, indigent prospective mothers are granted separate assistance, which allows them to visit a doctor regularly during their pregnancies and give birth in a hospital. The amount of education assistance depends on the age of the children, gender and the level of the attended educational organization; in addition, higher amounts are paid for girls and higher education organizations. The number of children benefiting from the education assistance as of September 2009 is 2.066.809, while the number of children in the 0-6 age group benefiting from health care services is 787.000 and the number of prospective mothers is 48.597, respectively (Alper et al., 2010: 47). Another significant point that needs underlining is that similarly to the examples in the world, these cash transfers are made directly to the mothers. It is anticipated that it is more likely that the assistance is used to the benefit of the family and especially the children by this way.

Similarly, the education assistance is provided for low income indigent households as a monthly allowance to prevent the children from leaving school at early ages to start working on condition that the children attend school regularly. Similarly, to the health assistance, the education assistance is paid directly to the mothers.

In Turkey, although the ŞNT programs started with the Social Risk Mitigation Project of the World Bank, the program has continued without interruption with national resources after the project ended in 2006. There is no doubt that the successful results have had an impact on this. During the project period, which can be considered the initial phase of ŞNT, a total of \$357.7 million was paid; subsequently, the ŞNT expenses were used from the resources of the Social Assistance and Solidarity Promotion Fund (SYDTF). In this context, the local foundations have undertaken the role of fundamental executive units. The total resources transferred to the ŞNT between the years 2003-2010 for education, health and maternity assistance was 1.99 billion Turkish Liras (TL). The larger amounts of the resources bear extra weight among the programs of the General Directorate for Social Assistance (SYGM).

On the other hand, it was foreseen that the ŞNT assistance in Turkey would be distributed completely according to objective rules under a tight central supervision. In spite of this, it is possible to encounter dif-

ferences reflecting the approaches of local executors in practice. In other words, both a strict centrality and flexibility suitable for local conditions has been enforced. For example, in some areas, where a rapid increase in birth rates was not desirable, the maternity assistance has not been applied (Buğra et al., 2012: 18).

Home Care Services

Home care services are being implemented under the Disability Act number 5378 with the intention of providing home care for disabled individuals requiring care in a family member's home. The objective at the same time is the provision of systematic and quality care for disabled people. The family member, who has undertaken the care of a disabled individual, receives a salary equal to the minimum monthly wage every month (Ministry for Family and Social Policies, 2012:101). While 8 individuals received home care services allowance in 2006, the number of individuals receiving the mentioned allowance increased up to 387.097 as of August, 2012 (General Directorate of Disabled and Elderly Services, 1012: 17). In an interview conducted with officials of the ASPB, the Ministry officials spoke about the studies conducted regarding the establishment of a social assistance-employment connection regarding individuals receiving home care service allowance. Accordingly, studies are being conducted for the state to pay the insurance premiums of individuals receiving home care allowance from the Ministry and being covered by the General Health Insurance. Since this type of care work is usually continued for a long term, the care-taker is unable to work in another job and when the person, who was being cared for, passes away or the requirement is no longer valid for any other reason; the care-taker returns to his earlier life in society without any insurance or job. At this point, the recommendation of the Ministry is significant (Interview with Samet Güneş and Fatih Ortakaya ASPB General Directorate of Social Assistance, 2014). Yukarıdaki açıklamalar Bakanlığın önerisi...

Local Administrations

Local administrations comprise of large and small communities (cities, towns, villages, etc.), which fulfill the common and local require-

ments within the boundaries of a state. Currently, in our country, local administrations execute significant functions to contend with poverty like efforts spent in many countries. The main reasons why local administrations contend with poverty can be classified as to develop the democratic participation consciousness of the indigent, the facilitated and practical presentation of some public services, elimination of some gaps generating from the central administration and to enhance the knowledge and consciousness level regarding poverty (Önen, 2010: 68).

In Turkey, municipalities are included in the organizations, which provide social assistance. Especially in 2005, when the legislation covering municipalities changed, the process accelerated with the designation of new tasks and responsibilities to municipalities. Detailed information is not given here because there are no collected data regarding the social assistance given by municipalities (Şener, 2010: 17). However, in times when an economic crisis is evident and poverty and unemployment levels are high, municipalities are known to employ laborers on a temporary basis with a minimum wage. Such applications are evident in many province and district municipalities in Turkey. The relevant applications have the intention of supporting unemployed individuals with a minimum income support through the commissioning of public and social works. Furthermore, due to the principle of activation in many EU countries, the recipients of the minimum income support benefits are encouraged to work in various social services and a number of projects guided by the local government. On the other hand, article number 60 (the Municipalities Law), which regulates the expenses of municipalities states that any social services and assistance distributed to low income, indigent, dependent and derelict individuals as well as the disabled are considered among the expenses of municipalities and that municipalities must allocate a source for this kind of services (Negiz, 2011: 329).

Micro Credit

In Turkey, another tool to contend with poverty after the crisis in 2001 is the micro credit projects, which were incepted to initiate individuals into entrepreneurship. The intention of these micro-credit projects is to encourage individuals to establish their own businesses in the rural as well

as the urban areas and realize their potential for entrepreneurship. Thus, individuals can be prepared for any possible crisis situations and instead of expecting the state to find a solution, they are required to commission their own capacities and skills. Various foundations implement micro-finance projects with the aim of supporting entrepreneurship potential of particularly indigent women. Within this framework, the Foundation for the Support of Women's Work (KEDV) established a micro economic support operation in 2002 and provides financial and technical support particularly for indigent women to set up their own businesses (Gürses, 2007: 59-74).

The micro credit is not directly affiliated with the minimum income support, which is a type of social assistance, as a method of contending with poverty. However, by providing cash support to indigent individuals for giving them the opportunity and possibility of breaking the vicious cycle of poverty by establishing their own projects, the functions bear a similarity to the functions of the minimum income support.

Recommendations for Establishing Employment-Oriented Minimum Income Support in Turkey within the Scope of Applications in EU Countries

When the EU countries are examined it has been observed that in some countries the guaranteed minimum income project is the 'single current safety net' while in some other countries it is a part of a wide social security net which includes various allowances and relevant rights. As the ongoing studies conducted by ASPB verify that the most appropriate way to consider a minimum income support program planned potentially for Turkey should be thought about as a new 'assistance type' program included within the scope of social assistance.

It is possible to divide income supports into three basic groups. The first group consists of the working 'indigent' who is needy regardless of the working status. Both in EU countries and other areas in the world, it is possible for working indigent to benefit from the minimum income support. Even if it is not an issue in the beginning, the issue of whether the working indigent can receive minimum income support in the future in Turkey should be discussed.

The second group consists of those, who are willing to work and have the skills but need income support because they cannot find a job. These individuals are the unemployed. Unemployment allowance in Turkey is given for a certain period; however, when that period expires, the support is also terminated and the individual, who is still unemployed, will experience financial difficulties. In this case, it will be more appropriate to provide minimum income support to the unemployed once the unemployment benefits terminate. Furthermore, also those, who are not eligible for unemployment benefits, should also be a direct respondent of minimum income support. EU countries have different applications regarding this issue. For example, a redundant individual can select the allowance, which is the most among various allowances. On the other hand, in some countries, the minimum income support continues to be paid as a sort of unemployment insurance as long as the individual remains redundant.

The third group consists of individuals, who are unable to work or cannot find a regular job for some reason and need income support (ill, elderly, disabled, women, children, ex-convicts, members of marginal groups). We can also call this group the disadvantaged group. In EU applications, there are various categorical applications-allowances for disadvantaged groups. Such applications are more limited in Turkey. Whether the members of disadvantaged groups receive categorical assistance or not, they should be supported in order to achieve a minimum level livelihood.

On the other hand, the most noteworthy issues regarding minimum income support systems in EU countries is the emphasis put on activation issues during the past ten years. Conversely, the final/achievable target of providing the indigent with a minimum income support is to ensure their livelihood at a minimum level with such social assistance, while the other is to ensure that they rejoin the labor market and are able to provide for themselves by supporting active employment policies. On the other hand, the realization of activation may be restrained by the economic structure of a country (growth, Gross National Product, etc. macro-economic data) as well as the employment and unemployment rates, which may be an obstacle for Turkey.

It is extremely important that on one hand, the recipients of minimum income support are encouraged to work while providing vocational

training for the skills of these individuals who are enhanced. As a result, they are able to get better jobs and better wages. One of the criticisms directed at the activation applications in EU countries is that the recipients of social assistance are employed in unskilled and low paying jobs. With this aspect, the concept of 'decent work' is emphasized. Since the minimum income support assistance will be a new application in Turkey, this type of negative aspects must be taken into consideration in the beginning and the system should steer the individuals to be activated to apply for quality jobs with good wages (by providing vocational training if necessary). It is clear that vocational training and vocational counselling-guidance is just as important as finding jobs in our country. The reason is that both the current dependent individuals are uneducated and the education given in schools is inadequate in terms of fulfilling the requirements and needs of the working life.

The degree of success of the current social security system in contending with poverty, in ensuring an equitable income distribution and the taxation system of the country form an important basis for the establishment of a minimum income support system. The minimum income support system should be structured in compliance with the existing system. For example, when additional universal and contributive allowance assistances are included in the social security system in Sweden, which has a generous and comprehensive social security system like the systems of other Scandinavian countries, the impact of social assistance is less compared to the other social security mechanisms. There is a requirement in Turkey for the structuring of a minimum income support program that is appropriate to the current social security and social protection system. Both the social security allowances and the assistance regarding social protection are inadequate especially in terms of amount and scope. In addition they qualify as a last resort application, whereas the minimum income support shall be more comprehensive and distributed in functionally adequate amounts.

Another rising issue is whether local administrations should have more authority regarding the management of minimum income support assistance or the central government. In EU countries like Austria, the determination and applications regarding eligibility for the minimum income support called 'citizen's income', which is provided in return for labor

in social service works has been left to the initiative of local administrations. It is possible to enhance the initiatives and responsibilities of social service workers on a local basis since they can observe the current status and conditions at a close range. The views of ASPB are in favor of this application and they share their views and projects regarding enhancing the initiatives of social service officers with the public. On the other hand, it is very important that the social service officers exercising this initiative use it fairly. Furthermore, the minimum income support valid in Austria since 1994 under the special responsibility of nine local regions has a structure of a more general, non-inclusive and non-distributive nature, while the other financial supports undertake the role of more distributive assistance. Poverty has decreased by 72.1% after the social transfers made in Austria, which has a high level of spending at the same time. The forementioned system and structure, which are particularly noteworthy for their success in reducing poverty, can also be implemented in Turkey.

Various incentives are given in EU countries regarding the minimum income employment affiliation. For example, employees working 16 hours or more per week are eligible for more assistance in Britain. If the spouse of a recipient works 24 hours or more per week, the spouse is eligible for receiving the assistance. Such incentives will also be appropriate in Turkey in terms of activation. On the other hand, the type of applications in Britain and the flexible labor formats allow the application of a compliant policy.

Another major issue in determination of the minimum income support is what the 'poverty' or 'income threshold' or 'threshold' or minimum resource threshold' are going to be. Regarding the implementation of the EU countries in this regard, it is evident that their choices are made according to their socio-economic and political preferences. For example, in Sweden, which has adopted the 'Socialbidrag (Welfare)' system in order to qualify for assistance, the resources of the applicant must be below a 'maximum resources threshold', which has been determined for the country. Different trends/applications are available in Turkey for determination of poverty in the public; TÜİK accepts those with an income 40% of the median income as indigent. On the other hand, the ASPB SYGM tek kuumrumtakes many data into consideration when determining poverty. SYGM

decides on the basis of the data, which have been acquired from the scoring system for the household visits conducted and coefficients as well as the information available on the database of the BSYH and Social Assistance Information System (SOYBİS) to see whether an individual is indigent and eligible for assistance. The political will has indicated that the studies executed in Turkey regarding the minimum income support program point out that those with a daily per capita income below 4.3 USD could be considered as eligible for minimum income support so far (Interview with Samet Güneş and Fatih Ortakaya at the ASPB SYGM, 2014). In short, a consensus must be reached on what is going to be the threshold of indigence in determination of the incumbents for minimum income support.

In EU countries, indigence is determined with the application of an income test; the same application may be valid for Turkey. On one hand, the income determination studies will not be very easy because of the current large scale of unregistered employment in Turkey. Furthermore, it is rather difficult to operate a computer system for social assistance with an income test, elements such as the incomes of individuals, the number of family members, age are continuously changing parameters and it is rather difficult to monitor these figures for millions of people. As a matter of fact, the efforts spent to execute the social assistance system with the help of information systems and the problems in this area are continuous subjects of debate discussed both in the parliaments and the public. The system is difficult to operate and very expensive. However, ASPB has achieved an advanced level of information systems, which has been certified with awards. Furthermore, the Ministry authorities have indicated that the applied SOYBİS and Integrated Assistance System Programs have been appreciated in the EU countries they have visited. During the ASPB visits, it was observed that SYGM authorities were endeavoring to determine the individuals eligible for assistance as well as the distribution of the assistance successfully by operating the information systems efficiently and functionally. Within this framework, it would not be erroneous to say that ASPB has an advantage in the IT area.

Another matter is the necessity to support the minimum income support assistance with active labor market measures in EU countries due to the reasons such as the employment-unemployment problems as well as the financing problems. Furthermore, because of higher life expectancy

in EU countries due to improved living conditions and health technology, even if the retirement age is raised, pensions will be paid for longer years. On the other hand, because of the decrease in birth rates as well as the low rate of young population, it is not possible to establish an infrastructure to support the mentioned pension payments and governments are facing major problems in financing pension payments. It is necessary to activate the population of working age with employment in order to support the mentioned payments. Turkey is in a relatively fortunate position as it is only in the second stage of the demographic transition process and has a younger population compared to EU countries. However, the need of financing both the pension payments and financing the minimum income support payments are also difficult issues and the realization of the activation is also necessary for Turkey.

In the establishment of the minimum income support system in Turkey and the emphasis on activation, it is important that Turkey benefits from the experiences of EU countries. The global, regional economic crises in 2008 and before that as well as globalization caused serious financial problems in Turkey. For this reason, it is appropriate that a model, in which activation is prominent by calculating and keeping in mind the financial burden of the minimum income support, while it is still in the structuring phase, is recommended. However, the activation issues should not be applied on the recipients of assistance in the form of an imposition, individuals grappling with the stress of finding a job on one hand should not be faced with the threat of the decrease or complete termination of the given minimum income support on the other. As the public debate in Turkey increases about the minimum income support, one of the main issues on the agenda in the future will be the subject of financing. In the interview we had with officers of ASPB SYGM, the projections made by the Ministry in this regard are summarized as given below. Accordingly;

ASPB is planning to grant a minimum assistance to the indigent entitled “Basic Family Assistance”. This assistance is planned to be given to those with a daily income less than \$4.3. According to the data obtained from Turkish Statistical Institute (TÜİK), 2.27% of the population of Turkey lives on an income less than 4.3 USD. According to the projections of ASPB, Basic Family Assistance is granted to the 3 types of families indicated below:

- Type 1: According to TÜİK, there are 250.000 households with a daily income less than 4.3 USD. The Basic Family Assistance planned to be distributed to these households is equivalent to an annual total of 1.2 billion TL.
- Type 2: There are 68.000 households living in extreme poverty in society, which need essential assistance to continue their lives (117.00 individuals). The Basic Family Assistance planned to be distributed to these households is equivalent to an annual total of 326 million TL.
- Type 3: The most comprehensive distribution of the minimum income support. This distribution concerns 1.5 million households out of which the Ministry has targeted 870.000 and in this case, a resource of 4.1 billion TL must be allocated.

In this regard, it is advisable to start by giving the minimum income support to the 68.000 families living in extreme poverty as indicated in the projections of ASPB and subsequently, extend the scope gradually to cover the less indigent. It can be possible to finance the relevant amount from the budget and taxes as well as the accumulated cash in the unemployment insurance fund or savings that can be made in public expenditures.

The ‘activity condition’ required in return for the distribution of minimum income support can comprise of different contents such as working for a wage, job search, participation in a training and skill development programs or working in a ‘social service’ capacity. Such work usually consists of activities of a social service nature with a view on the improvement of an individual’s living environment such as taking care of the elderly and sick people, helping them with their household chores, getting their medication, shopping for them, reading books or newspapers to them. Helping parents, who struggle with caring for their children, is also an example of work with a social service nature. Environmental cleaning, planting flowers and trees, house-painting, repair work, gardening are activities that are performed in return for assistance. Some of these activities might not be applicable in our country due to the cultural and traditional structure like live-in childcare and elderly care. However, it is possible to find activities beneficial for our society and appropriate to our cultural structure. It is also believed that working in various public organizations such as a student

dormitory, child care center, nursing home, working in activities offered by local administrations will not be problematic from a cultural aspect.

On the other hand, it is evident that many values such as the political structure, socio-economic structure, cultural elements, the law and human rights have an impact on the outlook of minimum income support in terms of the political decision makers as well as the public. The fact that different types of minimum income support have emerged in different countries is affiliated with these values and the relevant outlooks. Turkey should take the practices implemented in EU countries and other countries around the world into account; however, an “original” tailor made model should be established.

It is clear that the application of a minimum income support will have a positive impact on all disadvantaged groups starting with women, children and the elderly. Furthermore, only those who are in an age group fit for work will be steered for activation.

Individuals receiving minimum income support shall also be supported with social services in coordination with social assistance–social services. In this aspect, social services will have the impact of a social assistance support.

On the other hand, the minimum income support can become a driving force in the economy of Turkey. In this aspect, the minimum income support will invigorate demand within the cycle of investment–employment–demand. Individuals, who have gained a certain amount of money with the minimum income support, will turn to buying which will invigorate demand. The invigoration of demand will have a positive impact on investments and production to realize an increase in employment. The mentioned economic dimension is very important; because, a strong economy can have a positive impact and contribution on minimum income support in various ways from financing to activation. Furthermore, in addition to the economic structure, division, redistribution mechanisms and tax policies play a supportive and complementary role in this structure.

The concrete works of the Ministry were discussed at the meeting held with ASPB officers on 26th of June 2014 for the social assistance–employment affiliation. For example, in the Ministry, it was discussed that the state would pay the insurance premiums of recipients of home care allowance and that works were being carried out to have them under the coverage of the General Health Insurance. Since this type of care work

is usually continued for a long term, the care-taker is unable to work in another job and when the person, who was being cared for, passes away or the requirement is no longer valid for any other reason; the care-taker returns to his earlier life in society without any insurance or job. Therefore, the Ministry's project is very important to resolve these issues. When this application is activated, the home care allowance will transform into a kind of minimum income support while at the same, an activity of benefit to society will be taking place.

Another issue, which has been discussed, is the need for a closer cooperation between İŞ-Kur and ASPB. For example, in the current application, the state deducts 5% of the premiums of the individuals, who have been placed into employment through the mediation of İŞ-Kur; similarly, premium deductions can be made for employment placements through SYGM-İŞ-Kur; furthermore, increasing the percentage can be an incentive. It is also possible for the state to offer different advantages to routings from SYGM to İŞ-Kur and any subsequent job placements.

On the other hand, by the application of the machine learning system, which is a feature of information systems, İŞ-Kur can automatically decide where to place an individual applying for a job based on data for job placement in the past; and thus, placing the right people into the right jobs can be facilitated. In the meeting held with ASPB authorities, it was indicated that provided the machine learning system was used if the individuals(jobless social assistance recipients) routed by ASPB to İŞ-Kur and did not accept a job within a certain period of time, the assistance coefficient of the individual could be reduced. The authorities indicated that on one hand, such an application would be incentive for employment while on the other hand; such an application would be a sanctioning method. However, in the beginning, this kind of sanctioning may not be necessary in the application of the minimum income support and that it would be a more reasonable and flexible approach to monitor the application in future years and decrease the coefficient in case of a necessity.

Conclusion

Today, a major transformation is ongoing in the socio-economic area due to the impact of globalization and neoliberal policies that are

experienced throughout the world. This transformation has an impact on millions of people and results in the emergence of problems such as poverty, unemployment and social exclusion. Conversely, these problems result in a significant change in the demographical structure of the population; while on the other hand, they have a negative impact on the welfare policies of states and incur profound crises in the social security systems. All these developments have steered countries to search for new solutions. One of these solutions is to apply the minimum income support as a component of social assistance policies. Within this framework, the subjects of 'minimum income support' and 'activation' have been studied based on employment-oriented minimum income support system, which is the subject of this study and discussed in terms of its applicability in Turkey, in terms of the current accumulation of experience in the area of social assistance and practices implemented in EU countries.

The minimum income support applications in EU countries show that they can be used as examples in our country as well as other developing countries since they have the advantage of being in practice for long years and their scope is comprehensive. The Council of Europe has requested that member states legally guarantee that all residents, who are subjected to the income test and are eligible, are provided with the necessary resources and services to ensure that they can lead a dignified life for an indefinite time with a view on ensuring full socio-economic integration depending on their fitness for work. The European Social Charter requires that the governments must take effective measures against social exclusion and poverty, which cover individuals and families needing help or are under risk, and ensure that these individuals can effective access there measures. All countries, which are members of the Union, have structured a minimum income scheme appropriate to the conditions of their respective countries with more or less coverage in accordance with the conditions indicated in the relevant directives of which only have few have been mentioned above.

Currently, there is no applicable minimum income support scheme in Turkey. However, the studies conducted by ASPB regarding minimum income support and current applications, which resemble the minimum income support, are worth mentioning. ASPB has serious projects and

recommendations in this regard. Assistance programs applied in Turkey that are similar to the minimum income support is the assistance provided within the scope of Law Number 2022, which is based on eligibility to ensure a regular income for the livelihood of the elderly and disabled who are unfit to work. The individuals can benefit from these disabled and senior citizen allowances, which are executed by the SGK, as long as their dependency status is valid. Furthermore, there are social assistance programs of a regular nature for children and youth. This assistance has not been designed to ensure the livelihoods of children and youth. The objective of the assistance is to ensure that children have regular health checks (conditional health assistance) and they are only eligible for the assistance if this condition is fulfilled. Although those assistances which are in regular basis, resemble minimum income support yet since the assistance is not designed to ensure a livelihood, it has a different structure. Health assistance is a kind of assistance and is activated to pay for any health related expenses when an individual requires a health check, health assistance differs from minimum income support due to its objective since it is not a cash transfer. Likewise, other social assistance programs intended for needy individuals have different structures from minimum income support; because, they are made irregularly on an incidental basis. The periodical cash assistance made by SYDV also resembles minimum income support. However, since this assistance is not based on 'eligibility', there is no guarantee of continuity. The SYDV may terminate the assistance at any time.

In addition, the state is involved in establishing temporary employment in the public sector (4C status) during periods of economic recession and/or in times when unemployment is high due to the reasons such as privatization. The wages given to such individuals are usually slightly above the minimum wage level and are in the nature of 'employment programmed minimum income support'. However, since those employed are not applied an income test and the continuity of the employment is not possible, when the employment is terminated the wages are also discontinued. On the other hand, since the individual receives regular, monthly, cash payments for a certain period and employment is activated, there is a slight similarity to 'employment programmed minimum income support'.

The loans provided by KOSGEB to support entrepreneurship, the vocational training and courses, social assistance given by local administra-

tions, micro-lending practices are also focused on employment and projects, which are related with ideas for minimum income support.

The assistance given to the elderly and disabled in accordance with Law number 2022 and the Conditional Cash Transfers are the closest applications to minimum income support in Turkey. The other applications, which involve both contending with poverty and unemployment as well as subsidizing needy individuals with cash supports, can be termed as 'being in the neighborhood of minimum income support applications'. Furthermore, the 'regular cash social assistance programs for widows' and the 'home care assistance program' are similar to minimum income support programs.

Although currently there are applications in Turkey, which ensure cash income to needy senior citizens over 65 years of age and disabled individuals, who are unfit for work (eligibility based), which resemble minimum income support applications and conditional cash transfers, there are no social assistance applications for those whose income levels are below the poverty line and are needy, but are not included in the elderly or disabled groups. By determining the income status of these individuals, they will be granted with additional income assistance in the form of a minimum income support as long as their status remains under the poverty line. The ultimate objective is to ensure that those, who are yet included in current social security and social protection systems and lack of the income level to fulfill their minimum needs, achieve this income. With the inclusion of the minimum income support in the social protection system, it will be possible to reach more people in society and even enable everyone to access minimum living conditions.

Many factors such as the unequal distribution of income, migration, problems regarding the social security system, unemployment, unregistered employment, the inability of the education system to fulfill the demands and necessities of the labor market, economic crises have an impact on poverty, which is why contending with poverty must be multi-faceted. On a macro level point of view, a fair sharing of income and the establishment of a social security system that covers the whole society should be achieved in order to ensure an economic growth that is strong and sustainable. A positive impact on contending with poverty with economic growth is possible only if it accompanied with social protection and the establish-

ment of employment areas, which generate sufficient income. International Labor Organization (ILO) emphasizes the importance of the concept of decent work and that employment, income and social protection must be achieved without compromising the rights and standards of the employees. It is necessary to design the social assistance-employment affiliation in Turkey in such a way that the recipients of assistance, who are fit for work, are routed into the labor market as soon as possible like they have done in Europe in order to apply the minimum income support system within this framework.

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