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*Regions and European Integration:  
Prospects for Regional Governance  
in Turkey*

Presented by

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**Regions and European Integration:  
Prospects for Regional Governance in Turkey**

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# **Regions and European Integration: Prospects for Regional Governance in Turkey**

## ***1. Introduction***

Studies of Europeanisation have looked at the impact of the EU on its member and candidate states and have argued that the EU's impact is mediated by domestic institutions in each country. In studying the impact of the EU on Turkey in the area of regional governance an analytical focus on the domestic institutions is crucial given that the EU conditionality in regional governance started to apply only very recently starting from end of 1999 when Turkey was admitted as a candidate country. This paper uses a theoretical framework that combines Historical Institutionalism with New Regionalism. This facilitates an analysis of not only the EU's impact on domestic change in Turkey but also other factors influencing mechanisms of change and resistance to change of regional governance in Turkey.

### ***1.1. The need for research on regional governance in Turkey***

Following the decision of the European Union leaders in the Helsinki European Council summit of December 1999 to accept Turkey officially as a candidate country to join the EU, the system of regional governance in Turkey has been increasingly challenged.

While research on Turkey's performance in meeting the political requirements of EU membership in terms of democracy and human rights has proliferated<sup>1</sup>, there has not been significant research on the more subtle influence of EU conditionality towards increased regionalisation through the development of regional governance in Turkey. One of the most important policy fields in the EU is regional and cohesion policy. The effective implementation of these policies requires that local and regional governance systems in member states are compatible with EU practice and regulatory norms. The main objective of EU regional and cohesion policies is the reduction of regional disparities between the different regions in the EU territory. The scale of regional disparities between the different parts of Turkey is wider than the scale of regional disparities in the EU.

In terms of geographical size Turkey encompasses an area bigger than that of Germany, Italy and Portugal combined, with a population of approaching 70 million. According to the State Planning Organisation (SPO) of Turkey the Gross Domestic Product (GDP) per capita in 2001 was highest in the three regions in the Western and Northwestern parts of Turkey, which were up to 50% higher than Turkey's average income. The GDP per capita in the poorest three regions of Turkey in the Eastern and Southeastern parts of Turkey, however, accounted for only a fraction of Turkey's average income<sup>2</sup>.

Despite these regional disparities, Turkey has not experienced decentralisation or devolution to the regional level, as has been the case in most of the countries of the EU. Theorists from a range of disciplines, as Schobben (2000) shows, tend to share the view of the growing importance of regions. It has been observed that a trend

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<sup>1</sup> See, among others, Carkoglu and Rubin , 2003; Keyman and Onis, 2004; Smith, 2003, Kubicek, 2002.

<sup>2</sup> See Appendix 1

across many parts of Europe in the last decade has been an emergence of a regional level of government or a process of decentralisation and regionalisation (Keating, 1998; Bachtler, 1997; Bullmann, 1996; Nanetti, 1996). This trend has also been seen in other Western countries, such as Australia, Canada and the USA, as well as in emerging markets like Brazil and South Africa.

In the context of the broad concept of 'Europe of the Regions', there is a huge research literature on regional and local governance in Western Europe, and growing research on the accession countries of Eastern Europe. In the case of Turkey, the lack of research on institutional capacity at the regional level is striking. Moreover, there is even less research on the attitude of local and regional actors in Turkey to the issue of regional governance.

## **1.2. Research questions**

The EU pre-accession process, the level of regional disparities in Turkey and the lack of research on institutional capacity at the regional level are the key factors encouraging this author to prepare this paper. The key research questions that form the core of the research are:

- How is regional governance practiced in Turkey?
- How did current practices come about?
- What are the forces for change?
- What is the role of Europeanisation in domestic change?

## **2. Theoretical framework**

The theoretical approach combines insights from Historical Institutionalism and New Regionalism, from which research hypotheses are derived in order to identify the causes and mechanisms of stability and change in territorial institutional arrangements in Turkey. Historical Institutionalism is adopted because it focuses on the institutions of the state as explanatory variables. Historical Institutionalism views the state as a complex of institutions capable of affecting political outcomes (Lecours, 2000: 513; Hall and Taylor, 1996: 938; Thelen and Steinmo, 1995). This is important for two reasons. Firstly, it has been shown that the emergence of a regional level of governance in Western Europe for the most part was a project of the nation-state, i.e. it emanated from 'above', rather than 'below' (MacLeod, 2001; MacLeod and Goodwin, 1999; Brenner, 1999)<sup>3</sup>. Secondly, the state has played a dominant role in society and economy throughout the Ottoman and Turkish history.

### **2.1. Historical Institutionalism**

Three main concepts of the Historical Institutionalism literature are particularly relevant to this study. The first one is a focus on the *institutional norms* of the state. In Historical Institutionalism institutions are defined as comprising not only formal organisations and informal rules, but also norms, values or beliefs embedded in institutions (Hall and Taylor, 1996; Bulmer, 1994; 1997; Pierson, 1996). Defined as such, political institutions are treated as important "independent" variables or crucial intervening variables in explaining political behaviour and social change. They shape identities, interests, and actions of political actors (Katznelson, 1997).

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<sup>3</sup> See Webb and Collis (2000) and Syrett and Silva (2001) for an account of the establishment of Regional Development Agencies (RDAs) in England and in Portugal, respectively, from this point of view.

The second main analytical concept to be drawn from Historical Institutionalism is a focus on the role *ideas* play in policy-making<sup>4</sup>. The concept of ideas may range from political programmes to visions of what is good and they may alter the identities and interests of actors (Hall and Taylor, 1998). Hay and Wincott (1998), in particular, highlight the importance of ideas in shaping institutional trajectories. They stress that perceptions of what is feasible, legitimate, possible and desirable are shaped both by the institutional environment and by existing policy paradigms and worldviews.

The third analytical concept of Historical Institutionalism is that institutions are not the sole cause of outcomes, but that *external forces*, such as international economic structures and requirements of EU membership, are also a key influencing factor (Steinmo *et al.*, 1995; Hall and Taylor, 1996; Lecours, 2000). Global economic liberalisation and the associated processes of competition, co-operation, and innovation are major external forces heightening the regional agenda and the associated ideas of New Regionalism. The European Union has been a key advocate of economic liberalisation among its members and associated countries, including Turkey, unleashing economic forces that have a fundamental impact on regions across Europe.

## **2.2. New Regionalism**

New Regionalism, in the context of this study, is a worldview or policy paradigm (Thomas, 2000) that encompasses several different theories heralding the emergence of regions in economic development, largely as a response to globalisation forces. New Regionalism as an idea has been very influential in the formulation of new approaches to regional development in national and international frameworks, including the European Union<sup>5</sup>.

Examples to various approaches within the New Regionalism literature include the debate on industrial districts (Piore and Sabel, 1984); regulation theory (Peck and Tickell, 1994; Jessop, 1994); transaction costs approaches (Storper, 1995; Porter, 1996); and regional innovation systems (Cooke and Morgan, 1998; Amin, 1999).

According to New Regionalism, the regional level is the best strategic level at which to organise networks and build linkages between firms, arrange enterprise support facilities, enhance trust, attract inward investment, and provide training with a view to the strategic positioning of the regional economy within the global economy. Institutional characteristics of the learning economy are best enhanced by economic co-ordination at the meso-level of regions and the regional level is best positioned to enhance the competitive environment based on the local cluster mix.<sup>6</sup>

New Regionalism argues that dense regional agglomerations of economic activity are major sources of economic growth in economies at virtually every stage of development today, as suggested by worldwide spread of economic clusters. Many of the endogenous conditions underlying these regional agglomerations that facilitate entry into the world economy are institutional. The routines of economic behaviour which shape production, entrepreneurship, innovation, are untraded forms of interdependency between economic agents and constitute the relational assets of the regional economy. The implication for regional development policy is that it should

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<sup>4</sup> See for example Hall, 1995.

<sup>5</sup> See for example CEC, 1993 and OECD, 1996.

<sup>6</sup> New regionalism is not without its critics, who largely argue that yes regions are important, but also that central government still has a pivotal role to play in regional economic development. See: Colletis-Wahl and Pecqueur, 2001; Lovering, 1999; Markusen, 1999.

attend to the critical organisational and institutional foundations of regional growth and competitiveness. It should be oriented toward the problem of coordination of production systems. In particular, the establishment of Regional Development Agencies (RDAs) are perceived as major tools that can address “untraded interdependencies” (Scott and Storper, 2003).

### **2.3. What is a region?**

The term ‘region’ in the context of this study refers to a level between the local and the national. In this sense region as a level of governance may refer either to the functional conception of the metropolitan region, seen as a means of consolidating local governments and some of their functions, or to the larger region, seen as the appropriate level for consolidating existing regional activities under political control and for devolving functions from the central state (Keating, 1998: 55)<sup>7</sup>.

The term governance is taken to mean “the specific ways of deciding and implementing policies through informal rules and formal institutions and a set of agreed objectives” (Collignon, 2003). Different institutional arrangements and policy orientations define different regimes of governance.

### **2.4. Research hypothesis**

Based on the theoretical approach, three research hypotheses have been formulated:

First, institutional norms, such as a concern with national territorial integrity and national security, have played an important role in preventing the development of regional governance in Turkey.

Second, ideas in the regional policy-making process about economic development and the cause of regional disparities have influenced the development of regional governance.

Third, external forces in the form of socio-economic pressures created from relations with the EU through the customs union and of obligations of EU membership, and also relations with the IMF and the World Bank, are influencing regional governance in Turkey.

This paper tests these research hypotheses by conducting a comparative study of three regions within Turkey.

### **2.5. Research methodology**

The technique used for selecting regions within Turkey for comparison conforms to the “most similar systems design”. The three regions selected for the study – Istanbul metropolitan region, Southeast Anatolia region and Aegean region - are similar in that they belong to the same country, they are subordinate to the same political center and they display overall a weak form of regional governance. The three regions are different in that they have different institutional environments with different degrees of regional governance and there are differences in economic, social, cultural and ethnic characteristics between them.

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<sup>7</sup> Keating’s (1998) third conception of region as a cultural or minority region is not the focus of this study.

A total of 80 interviews were conducted in Turkey and in Brussels in 2003 by the author. 23 of these interviews took place in the Southeast Anatolia region, in the provinces of Sanliurfa and Diyarbakir. 13 of the interviews took place in Istanbul and another 19 interviews took place in the Aegean region, in the provinces of Izmir, Aydin, Denizli and Mugla. Another 19 interviews took place in the capital Ankara with the representatives of the national administration. 6 interviews took place in Brussels with officials from EU institutions. The type of organisations that were targeted in the regions for interviewing was identified in the light of the new regionalism literature (see Table 1). Interviews that actually took place depended on the existence of the institutions as identified in the literature.

**Table 1. Institutions of regional governance in Turkey**

<b>Institution</b>	<b>Turkey</b>
<i>Economic focus</i>	
Regional development agency	Yes (one officially)
Investment promotion agency	National
Tourism promotion agency	National/Local
SME agency	National/Regional
Technology agency	National/Local
Free Trade Zone	Regional/Local
Business associations/networks	National/Regional/Local
Chambers of commerce/industry	National/Regional/Local
<i>Political focus</i>	
Regional assemblies	No
Regional government	No
Local/municipal government	Yes
Provincial administration	Local
Trade Unions	National/Local
Political parties	National/Local

In the rest of the paper a summary of research findings is presented. First, a historical overview of territorial institutional arrangements in Turkey is provided paying special attention to institutional stability and change. Second, regional policies of the EU and Turkey are compared in terms of institutional criteria. Subsequently, research findings in the light of interviews, official data and literature review are evaluated for each of the cases, including the national level and three different regions. The methodology in the evaluation of each case is “parallel demonstration of theory”, which is used to show the fruitfulness of a theory or hypothesis when applied to a series of cases. The point of the comparison is to assert a similarity among the cases in terms of the common applicability of the theoretical arguments (Skocpol and Somers, 1980: 176-177). In the conclusions section, the logic of “contrast of contexts” is used in order to bring out the unique features of each particular case (Skocpol and Somers, 1980: 179-181).

### **3. Regional Policy and Regional Governance in Turkey**

#### **3.1. Territorial governance in Turkey in Historical Perspective**

The revolution that culminated with the establishment of the Turkish Republic in 1923 was not the instrument of social groups nor did it ride on a massive wave of discontent (Mardin, 1971). In the new period, state norms had not changed. In fact, one stimulus for revolution was the ancient ideal of the preservation of the state (Mardin, 1971: 202). The leader of the revolution Mustafa Kemal Atatürk originally formulated an outlook that was later rendered into an ideology and constituted state norms (Heper, 1987: 184). The main Kemalist values are complete independence, both political and economic; modernisation; secularism; and national unity and territorial integrity (Kili, 1980).

While there was continuity in the state norms of the newly established Turkish Republic in 1923, there was a fundamental change in ideas on the economy. The collapse of the Ottoman Empire and foreign control of large parts of economy was seen as a result of the failure of the Ottomans to keep up with economic revolution taking place in Europe<sup>8</sup>. With the formation of the Turkish Republic, industrialisation rather than agricultural production was seen as the means to becoming a strong state. Industrialisation was to be achieved by centralisation. The 1924 Constitution made institutional arrangements so that local administrations, bastions of traditional privileges hindering industrialisation (Guler, 1998), could not participate in economic and political decision-making. Instead, for the most part of the Republican period local administrations functioned to facilitate the new idea of industrial development.

The influence of external factors on Turkish territorial administration decreased following the establishment of the Republic in 1923. Modern Turkey strove for industrialisation under a centralised system. External forces did not play a significant role in territorial organisation of the Turkish state during the period of state-led and then later import-substitution based industrialisation.

Both state norms and approaches to economic development in the new Republic resulted in a centralised governance system. The territorial administrative system consisted of two levels, central and local, which is still in force today. The local administration has three levels. Provincial Administrations under the appointed Governors constitute the first level. Municipalities (urban local governance units) constitute the second level. Village administrations (rural local governance) constitute the third level. A characteristic feature of this system is that no governing relationship has been established between these local units (Guler, 1998: 197). There has been no co-ordinating mechanism between local administrations.

Unlike a significant period of Ottoman history, based on 'eyalet' system, in the Turkish Republic institutions of regional governance were not established. State norms have prevented the formation of regional governance since the 1930s because of the fear that a regional level would lead to a situation whereby a wide area is inhabited by ethnic groups, which would endanger the unity and security of the nation (Demiroz, 1990).

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<sup>8</sup> See Sugar, 1964.

The 1961 Constitution permitted indirectly the formation of a degree of regional governance by permitting the establishment of public institutions “in areas that comprise more than one province”. However, the word ‘region’ was not mentioned in the Constitution because of fear that it might provide a legal basis to demands for political autonomy (NSC, 1993: 74). Similarly, norms of indivisibility of the country and national security (TGNA, 1984: 108-113) prevented the government in 1983 implementing its proposal to establish Regional Governorates in eight regions<sup>9</sup> to improve economic development.

The idea of state-led industrialisation turned into industrialisation based on an import-substitution model in the late 1950s, which continued until the early 1980s. The idea of regional development throughout this period centered on ‘growth centres’, a strategy compatible with a centralised structure. Industrial and infrastructure investments and incentives for the private sector were channeled to key provincial towns to make them centres for their respective hinterlands without sacrificing the primary objective of industrial growth (Danielson and Keles, 1985: 210). Regional projects, which were formulated since 1960s by the newly established State Planning Organisation (SPO), a part of the central administration, were for East Marmara, Antalya, Cukurova, Zonguldak and Keban regions, most of which were relatively prosperous.

Even the term ‘region’ was not used in national development plans in the 1970s (Eraydin, 1982: 99) and instead the phrase ‘Priority Development Areas’ was used. The planners argued: “Implementation of the principle of a more balanced development should not be allowed to impede the observance of national economic criteria in making national investments” (SPO, 1973: 948). Hence, various state mechanisms transferred resources from small rural municipalities to big urban municipalities (Guler, 1998: 163). In 1975 the province of Istanbul alone accounted for 49% of all major industrial establishments in the country. By the end of 1970s Istanbul received 40.5% of financial and physical incentives (Guler, 1998: 228). In 1980, 60% of all public credits were allocated to the most developed regions in the west, while Eastern Anatolia received only 4% (Danielson and Keles, 1985: 35).

In the 1980s the model on which industrialisation was based changed into an export-oriented model. Trade and foreign exchange were liberalized and Turkish firms had to compete in international markets. The policy of the government was to promote exports. The export-oriented growth and the government support to increase exports naturally benefited regions with relatively developed manufacturing capacities (Eraydin, 2003). The new emphasis on exports required a more decentralised governance structure in order to support the export capacity of urban centres. In 1984, in a number of urban centres, two-tiered (metropolitan) municipal governments were established. In this period, Turkey’s major regional project was also devised for the Southeastern Anatolia region (GAP) and a regional institution, the GAP Administration, was set up in 1989 to co-ordinate investments in this impoverished region.

Export-oriented industrialisation led to the increasing need for SMEs (which dominate production and employment in Turkey) to achieve international competitiveness. Thus, in 1990 a regionalised government agency, KOSGEB (Small and Medium Size Industry Development Organisation), was set up in order to provide technical, entrepreneurial and technological support to the SMEs. The EU-Turkey Customs Union in 1996 further exposed Turkish firms to international competition and required

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<sup>9</sup> Published in the Official Gazette, 1983.

upgrading of technical standards in accordance with EU rules. Improvement of standards highlighted the importance of innovation to remain competitive and led to changes in ideas towards more decentralised forms of institutional support to create an innovative economy. The acceptance of Turkey as an official candidate to join the EU in 1999, further increased the pressure on Turkey to adopt much more decentralised forms of governance particularly in regional policy.

State norms, therefore, which can be traced to the Ottoman times, have been increasingly challenged since the 1990s. Changing ideas on economic development and external forces in the form of international competitiveness and requirements for EU membership are pointing to pressures towards decentralised forms of governance.

### **3.2. Comparison of Turkey and EU regional policy: the institutional criteria**

The following criteria, which were used in comparing regional policies in the accession countries of Central Eastern Europe (see Davey, 2003), can also be used to evaluate Turkey's regional policy. These criteria include major principles governing EU regional policy. In this way, discrepancies between Turkey and the EU in institutional principles and ideas governing the regional policy can be more clearly identified (see Table 2).

**Table 2. Comparison of regional policy in Turkey and the EU**

<b>Criteria for comparison</b>	<b>Turkey Regional Policy</b>	<b>EU Regional Policy</b>	<b>Remarks</b>
<b>Programming</b>	No tradition except for GAP region; but recently some progress under EU influence	Already the third generation of programming documents	Excessive emphasis on analysis in regional plans, weak strategic component
<b>Partnership</b>	No tradition; non-existence of regional agencies in most cases, especially at the NUTS 2 level	Different practice	A draft law for establishing RDAs at NUTS 2 level is being prepared New draft law on public sector reform
<b>Concentration</b>	Weak	Focus on the most needy	
<b>Implementation structure</b>	Prevailing sectoral approach	Different systems	
<b>Approach to regional policy</b>	Narrow conception of regional policy and its insufficient coordination with other policies	Integrated multi-sectoral approach	Attempts towards an integrated approach at least in rhetoric in GAP
<b>Selection of projects</b>	Problems with transparency, no separation of	Clear separation of management, monitoring and	

	functions	control function	
<b>Evaluation of efficiency and effectiveness</b>	Weak tradition, performed infrequently and ad hoc	Systematic attention and pressure for further enhancement	
<b>Involvement of private sector</b>	Low participation for preparation and limited awareness of regional policy	Strong role, often significant initiative	

Source: adapted from Davey, 2003.

Each criterion is discussed in more detail below.

### **3.2.1. Partnership**

The first criterion for comparison is the principle of partnership, which was introduced by the 1988 reform of the EU Structural Funds. Partnership is defined as “close consultations between the Commission, the Member State concerned and the competent authorities designated by the latter at national, regional or local level, with each party acting as a partner in pursuit of a common goal” (CEC, 1988, article 4). In the 1993 reform of Structural Funds, the partnership principle was extended to include the economic and social partners (Commission, 1993: 19).

There is weak tradition of partnership in Turkey. Under the terms of its Constitution, Turkey is a unitary and centralised country. Territorial administrative units (provinces and districts) have very limited powers: their functions are essentially executive, and based on the principle of deconcentration. There are no real regional structures for handling power. Three types of local government exist: provinces, municipalities and metropolitan areas, in addition to village administrations (for populations of under 2,000). Turkey therefore does not at present possess any official regional subdivision, with the exception of the delineation of statistical regions in 2002 as part of preparations to join the EU. The lack of regional administrative structures reduces the potential application of the principle of partnership within the country.

The formulation of regional policies and regional planning is entrusted to the State Planning Organisation (SPO) in the central administration. Involvement of the local or regional level in the preparation of regional policies by the SPO does not take place in the centralised governance system of Turkey. There have been limited attempts at regional planning for particular regions in the past, most of which could not be implemented due to lack of administrative structures for implementation, such as the regional plans for Antalya, Cukurova region or Zonguldak region.

### **3.2.2. Programming**

The principle of programming was introduced as part of 1988 reform of EU Structural Funds. Before, most funding had gone to individual projects. This approach was replaced by the requirement that projects had to form part of larger multi-annual programmes for each assisted region. This aimed to encourage a more coherent, long-term approach to regional development.

In Turkey there is no tradition of programming for regions with the exception of GAP. Regional plans, to the extent that they existed, composed of individual project proposals. There are annual programmes for national investments prepared by the SPO, however, they are not always realised due to macroeconomic imbalances. It was reported by the Economic and Social Committee of the EU (ECOSOC, 2003) that one of the most important premises of the European regional policy has not been taken into account in Turkey, that is the very tight link between the programming activity and the preliminary drafting of the budget: this exposes high uncertainty concerning the availability of resources to be invested, and the same programming exercise becomes even more difficult.

### **3.2.3. Concentration**

The principle of concentration in the EU involves the concentration of spending on the most needy regions and states. In the EU's 2000-2006 programming period three priority objective areas are identified. Some fifty regions, home to 22% of the EU 15's population, are included within Objective 1 status, whose development is lagging behind, and they receive 70% of the funding available.

In Turkey the share of resources within the country seems not to have been always directed to reduce internal disparities. The priority goal of industrialization remained the determining factor in national development plans. In fact, the economic inefficiency involved in investing in under-developed regions was accepted only in the initial years of the Republic because of the pressing need for national unity. "Without such an overwhelming concern, it is highly doubtful that the Government would have made the sacrifices in economic efficiency that were required by the Turkish territorial development policy" (Cf. Danielson and Keles, 1985: 211).

In 1993, there were 35 provinces within the status of Priority Development Areas, which included some provinces in the West as well. They had a population of 16.1 million, which accounted for 28.1% of the total population. Despite that the Priority Development Area provinces received 15.7% of public investments in 1991, 12.4% in 1992 and 17.8% in 1993 (source: SPO). In contrast, provinces in the Marmara and Aegean regions attracted more than 50% of public investments throughout the period due to their superior port, infrastructure and agricultural conditions and better social institutions (Dag, 1995: 41).

### **3.2.4. Implementation structure**

In terms of the implementation structure, traditionally there have been two major tools of regional policy in Turkey: public investments and incentives to the private sector. Public investments have been implemented by the relevant agencies of the central administration, which have narrowly defined functional duties, such as the Highways Authority or the State Hydraulic Works. Incentives have been implemented mainly by three development banks and two half-investment half-commercial banks (Ziraat and Halk).

As regards the implementation of regional plans, in addition to fundamental technical, budgetary and legal deficiencies, there are also problems with the administrative organisation and power vacuums. In particular, there is no legal arrangement and division of labour between the central and sub-central administrations about the implementation of regional plans (Dulger, 2001: 22-23).

### **3.2.5. Approach to regional policy**

In terms of its approach to regional policy, Turkey's efforts in less developed areas have been designed more to meet production-related (sectoral) requirements rather than those of comprehensive and, most importantly, territorially integrated development (ECOSOC, 2003).

The traditional planning method in Turkey is sectoral and centralised (Dericioglu, 1989: 110). In the sectoral planning approach, plans are made to encourage the growth of certain sectors without any consideration of regional or sub-regional dimensions and without making any links between different territorial spaces. The incentives scheme was thus oriented towards businesses that would contribute to sectoral targets rather than on the basis of encouraging development in the least developed regions (Dag, 1995: 147).

The Five Year National Development Plans aim to direct investments at the economic and sectoral levels, without any consideration for regional distribution (Turkey Development Bank, 2002: 33). These national plans predominantly focus on economic measures and city plans at the local level have a physical character, neither of which are suitable for tackling regional disparities (Turkey Development Bank, 2002: 33).

The only exception to the sectoral approach is the Southeastern Anatolia Project (GAP), which in 1989 signalled a transition from one-centre one-sector planning practice to two-centres (national and regional) and multi-sector planning approach. However, in practice, the financial resources for investments in this region were made available disproportionately in favour of energy investments, at the expense of other sectors.

### **3.2.6. Selection of projects, Evaluation of Efficiency and Effectiveness and Involvement of the Private Sector**

As regards the selection of projects, whereas there is clear separation of management, monitoring and control function in the selection of projects in EU regional policy, there is no transparency in the selection of projects in Turkey and no separation of functions.

Looking at the evaluation of efficiency and effectiveness, in contrast to the importance attached to efficiency and effectiveness in the EU regional policy, Turkey has a weak tradition with infrequent and ad hoc application.

In terms of the involvement of private sector, the role the private sector has played in regional projects has been very limited in Turkey, especially in the least developed regions as against the EU where the private sector plays a strong role. However, there is an increasing emphasis on the need to encourage private sector involvement in regional projects under the influence of the EU, World Bank and the IMF and in the face of dwindling resources and macroeconomic imbalances.

## **3.3. EU Conditionality and Turkey**

It is only since 1997 that the EU has begun systematically to address the dimension of regional and local governance in the pre-accession process of candidate countries. The conditions imposed by the EU are uniform promoting a new functionalist Brussels model for the reconfiguration of the territorial dimension of governance (Hughes et al, 2000). From 1997 onwards the Commission identified 'regional administrative capacity' as a core requirement. An efficient system of public

administration at regional and local levels is seen by the Commission as essential for both the implementation of the *acquis* and the dispersion of Structural Funds.

The following areas for domestic change have been identified by the European Commission with regards to regional policy (CEC, 2000):

- the establishment of an appropriate legal framework for the implementation of regional policy;
- agreement with the Commission on an administrative breakdown of the territory on the lines of the NUTS;
- capacity to define integrated multi-annual regional development programmes;
- definition of the responsibilities of all parties involved in the implementation of the future regional policy in the candidate countries;
- compliance with the general principles of structural assistance: programming, partnership, additionality, management, monitoring, evaluation, payments and financial checks.

The Progress Reports on Turkey since 2000 (CEC, 2000; 2001; 2002; 2003) emphasised that no SPO regional offices and no local or regional development authorities existed in Turkey. The reports require Turkey to strengthen its structures for managing regional development, both at the central level (either through the SPO or a specific department given responsibility for regional policy) and at the regional level (setting up regional development authorities). Turkey is urged to prepare regional development plans for all NUTS 2 regions as, at present, the only regional development plans which have been prepared have been based on broader regional territorial units and do not meet Structural Funds requirements. The Progress Reports also criticise the SPO for not using its powers of coordination of public investments for regional policy purposes although it has the sole responsibility for regional policy.

Turkey has made some limited progress in meeting EU conditions by establishing 26 new statistical regions at NUTS 2 level in 2002. The new provisional NUTS 2 regions group the 81 provinces into clusters with geographical or economic similarities.

SPO also started the preparation of a number of regional development programmes for the Eastern Black Sea region (8 provinces); Eastern Anatolia region (16 provinces); Yesil Irmak development basin (5 provinces); and Marmara region (5 provinces). However, the Progress Reports stressed that none of these programmes have reached an operational phase.

Progress Reports reported that pending the establishment of fully operational Regional Development Agencies, SPO has in some regions established service unions between the provinces that form a provisional NUTS 2 unit. Four such unions were set up in 2003, in addition to those already established as the result of local initiatives. In addition, a working group under the auspices of the General Secretariat for EU Affairs, with representatives of the SPO and other line ministries, is in charge of carrying out a systematic review of Turkish legislation in relation to the *acquis* in the field of regional policy.

As regards to programming, it was reported that (CEC, 2003) the SPO is drafting a National Development Plan (NDP) that will cover the period 2004-2006 and that will be submitted to the Commission by the end of 2003. Since the publication of the report the NDP has been prepared and submitted to the Commission.

However, the overall verdict of the latest report (CEC, 2003) has been that there remains a lot of work to be done in strengthening regional administrative capacity in Turkey and meeting EU regional policy requirements. Most notable is the requirement to establish RDAs corresponding to NUTS 2 regions in Turkey.

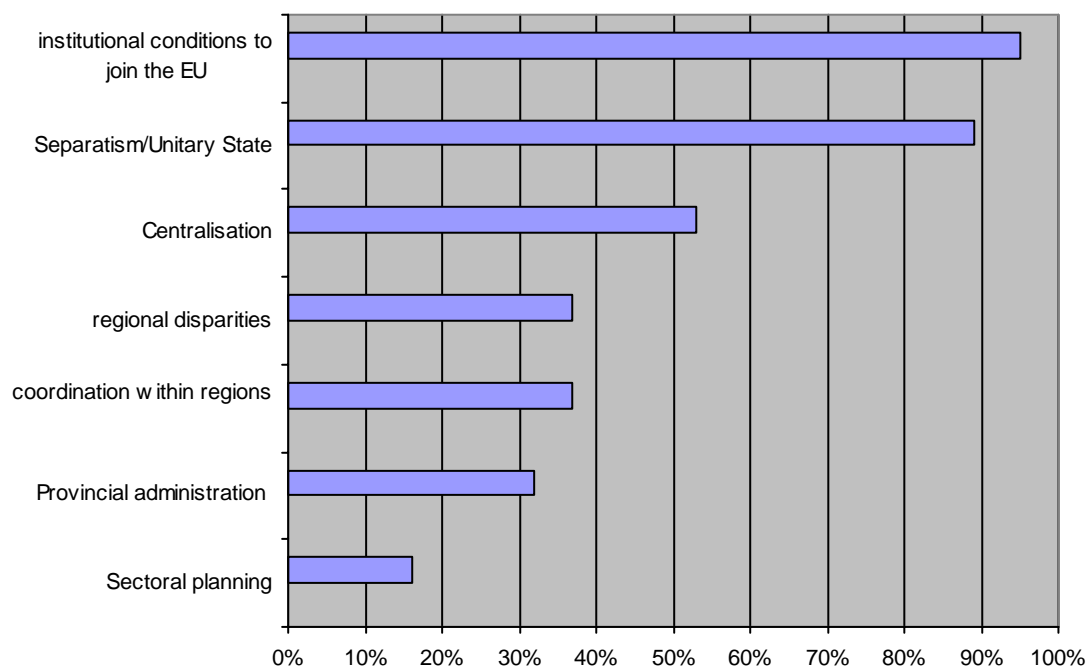
In the rest of the paper the aim is to understand the reasons behind the slow pace of change in Turkey and identify the factors that play the most important role as regards regional governance. This analysis is done at two different levels, national and the regional, based primarily on interviews. While one objective of the paper is to show that the research hypotheses have validity in explaining outcomes in each of the cases (at the national level and in three different regions), the other objective is to show the differences between the three selected regions, which explain the different outcomes in each case.

#### *4. Research findings: Analysis of mechanisms of stability and change in regional governance in Turkey*

##### **4.1. The national level**

During the Summer and Autumn of 2003, 19 interviews were conducted with the representatives of the central national administration, in particular the SPO. The interviews were semi-structured in that same questions were asked to every interviewee but the latter were completely free in the way they answered the questions. 'Unsolicited' answers of the respondents as to the most important factors that play a role in regional governance in Turkey can be seen in Figure 1. As can be seen from the figure there is a strong convergence of answers around certain themes.

**Figure 1. Factors which play the most important role in regional governance in Turkey (% of respondents citing factor – unsolicited)**



#### **4.1.1. Institutional conditions to join the EU**

For most of the interviewees (more than 90%) the most important factor that plays a role in regional governance in Turkey in the direction of more regionalised governance is seen as the institutional conditions to join the EU or in other words the EU *acquis*. In mentioning this factor, the interviewees referred to the establishment of NUTS level regions in Turkey by the SPO in 2002, preparation of the Preliminary Development Plan covering the period 2004-2006 and the draft law being prepared by the SPO on establishing RDAs for NUTS 2 level regions.

According to interviews conducted with the State Planning Organisation:

*“The EU has triggered change and is forcing us to think globally and to implement locally. But there was already a questioning of the existing system in the SPO because of the failure of past approaches. We are going towards the mentality of involving the local level.”*

*“We were forced to conform to the EU, so that is how we give up our power. But on the other hand there are demands for this from other quarters too.”*

In understanding the nature of the impact of the EU on Turkey’s central administration in regional governance one consideration is the distinction drawn between “voluntary” and “coercive policy transfer” (Dolowitz and Marsh, 1996; Bache, 2000; Bache and Marshall, 2004). Voluntary policy transfer refers to instances where policy-makers adopt new policies or practices willingly from another country or the EU, mostly due to dissatisfaction with existing policies and a perceived need for change. Coercive policy transfer, on the other hand occurs, when an organization, such as the EU forces a country to adopt different policies or practices.

The impact of EU conditionality on Turkey in respect of regional policy and regional governance is an instance of “coercive policy transfer” as indicated by the remarks of respondents. Even though the existing system has been questioned and the inclusion of local levels into the regional policy process has been increasingly viewed more positively, the interviews indicated that there is no consensus at the central level as to what the role of the regional level should be in a more decentralized form of governance. Some of the respondents did not think regionalisation was necessary and said that there are more pressing issues to be addressed in regional development, such as education.

Indeed, the draft law on establishing RDAs envisages “Service Union” type arrangements, whereby local units in the form of governors, provincial administrations, municipalities, NGOs and private sector in the provinces, which make up the regions, come together and establish cooperation among themselves. This kind of arrangement is different from creating a dedicated, separate, layer of regional institutional structure, as was indicated in the EU’s progress reports.

The interviews also show that the influence of the EU could have been greater if Turkey was given a more clear perspective for membership. There are doubts in the central administration about the intentions of the EU towards Turkey. Respondents from the SPO stated:

*“Civil bureaucrats have a perception of double standard by the EU. The EU is sending conflicting signals. Faced with such conflicting signals Turkey is not decisive in harmonising its laws with the EU.”*

*“Bureaucrats in the SPO think that Turkey won’t join the EU anyway, and so ask what is the point or need for these changes. Because of this duplicity, some of them actually dislike the*

*EU and dislike working on EU related issues. Others say that the EU cannot dictate us what to do."*

#### **4.1.2. Separatism and the Unitary State**

The next most cited factor by the interviewees influencing the development of regional governance in Turkey is the fears of separatism and the unitary nature of state. It is believed that any form of regional governance could provoke demands for regional autonomy and undermine the unitary nature of state.

It was stated by various respondents from the SPO:

*"Due to fears of separatism, the concept of region stayed on paper. Terror played an important role. Due to these sensitivities decision-makers acted passively in regional development."*

*"There is fear of territorial integrity and regional identities aren't encouraged. Regionalism is associated with separatism."*

*"A part of the SPO views the problem of decentralisation as connected to the Kurdish problem."*

The belief that regionalisation is dangerous for the country's territorial integrity is causing resistance to the influence of the EU in the central administration. The political conditions as stated in Copenhagen criteria are seen as specifically promoting separatism in Turkey by being forced to recognise Kurds as a minority. One respondent from the SPO illustrated the general line of thinking in the following terms: "The EU has prejudices. They always look at the issue of regional development and regional governance from a Kurdish point of view. They do not understand that Kurds are not a minority."

#### **4.1.3. Centralism**

Another source of resistance to the influence of the EU is related to the centralised nature of governance which has led to a belief that "the centre knows best". There is a political culture in both the SPO and in the Ministries, particularly those which have field organisations, of not wanting to lose the power of decision-making. The following responses from SPO officials illustrate the issue:

*"There is a cultural problem with the SPO. Because Turkey is centralised there is the belief that everything should be from top."*

*"The culture of central administration is an obstacle in the way of regionalisation. There is an enormous gap between the state and the citizen. A bureaucrat sees herself/himself superior than an ordinary citizen. There is an enormous reaction to NGOs."*

*"There is a big resistance in the SPO to delegating resources to the local level because we do not want to lose our power. The Ministries also do not want to lose their own power in providing services. It is a matter of power, to keep your power, your area. The fact that I am the one signing is a big thing."*

#### **4.1.4. Regional disparities**

On the other hand, there is a realization in the central administration that a degree of regional governance is necessary for resource transfer between the regions and to abolish regional disparities. It was stated in the interviews with the European Union:

*“The central administration is realising that there is a logic to regional governance in economic terms. There is a need for a strong national government because resource transfer is necessary.”* (ECOSOC of EU)

*“In implementation there is realisation in the SPO that this capacity is lacking at the regional level. Local level cannot do it.”* (EU Representation in Ankara)

Thus, the responses show that the central administration realises the necessity of putting in place an administrative capacity to be able to implement regional policies and regional plans. This recognition in fact dates back to the 1960s when some of the official internal documents of the SPO (see Eraydin, 1983) suggested setting up regional units of the SPO in every region so that regional plans could be implemented. This view, however, did not reflect the opinion of every bureaucrat in the SPO. A special report of the SPO in 1965 questioned whether regional development plans is a useful tool for national economic development showed the SPO to be suspicious about regional planning (SPO,1965).

Even though the reduction of regional disparities has always been a major justification for the existence of the SPO, internal reports of the SPO show a lack of consensus on the role of regional planning and regional development in this process. Eraydin (1983) points to the widespread belief in the SPO in the necessity of preparing the country's development plan at the national level. Tekeli (1972: 150) also points to the desire in the SPO to avoid regional planning in any way influencing the national plan. It was clear that a dialogue between national planning and regional planning was not wanted (Tekeli, 1972: 150). Internal reports of the SPO also showed the absence of a conceptual basis for the discussion of definition of regional planning and approaches to regional planning (Eraydin, 1983: 22).

#### **4.1.5. Coordination and Provincial Administration**

Two other important factors playing a role in regional governance are interrelated. While there is a need to establish coordination at the regional level, this is seen to be prevented by the provincial administrative structure of Turkey. The Turkish public administration system is basically composed of the central government and the local authorities, with no intermediate level between the two. The central government is comprised of the ministries and their field organisations.

The governing authority for the province is a centrally appointed governor. The governors are mainly responsible for the overall management and coordination of the field directorates of the central government ministries within their jurisdictional areas. The field directorates or administrations of the central Ministries can be at the provincial scale or at the regional scale, depending on the needs of their particular functions.

There are thus too many institutions, which are involved in decisions related to regional development. Most of these have no communication with each other, with no co-operation and coordination mechanisms (Turkey Development Bank, 2002: 32), which effectively paralyse the policy-making and implementation processes.

In addition to the problem of coordination of policies within provinces, there is also the problem of coordination between provinces. It was stated during interviews with the SPO, in relation to the NUTS system, which created regions by grouping together provinces:

*“There is always a co-ordination problem in bringing together the provinces. Bringing together provinces under NUTS is very difficult. Provinces are in competition. For example, Denizli and Aydin. We are creating regions by force. Social belonging and identity is very important.”*

It was further stressed during the interviews that the local level, especially the provincial governors, prevent regionalisation because they do not want to lose their power to a higher, regional, tier of administration. This is one of the reasons why the current RDA draft legislation is not creating a separate layer of governance, but rather relying on cooperation between local units, under the leadership of governors, in particular the governor of the province which is designated as the ‘centre’ of that particular region. Even though this arrangement is not changing the status of ‘central’ governors vis-à-vis the other governors, it is thought that this arrangement will cause problems. In referring to an upcoming meeting of ‘central’ governors for the purpose of being informed about NUTS system, it was stated in an interview with the SPO:

*“It will be a problem when the governors of 26 provinces meet. These governors represent the central provinces of the 26 NUTS II regions. How will the remaining governors of 55 provinces take this?”*

There is consensus in Turkey that the need for institutional reform of local governments and sub-national organisations of the central administration has reached crisis proportions (Dulger, 2001: 6). In fact, for many years now there have been various attempts to make legislative changes, which culminated in the very recent draft reform bill of local governments, which still has to be ratified by the Parliament. This latest reform bill envisages the transfer of most of the field organisations of the central Ministries to the control of Provincial Administrations, which operate under the appointed governors. The local government bill, however, does not make reference to any future regional institutional structures.

#### **4.1.6. Sectoral planning**

The sectoral nature of national planning was cited by 15% of respondents from Central Government as an important factor preventing regionalisation in Turkey. As one respondent stated: “We cannot integrate the region to sectoral budgeting.” meaning that planners are finding it difficult to bring a regional or spatial dimension to national plans which focus primarily on sectoral targets.

SPO is the coordinator in deciding investment budgets, which is determined between the SPO, Treasury and the Ministry of Finance. There is no coherence between the overall national plan, which is based on sectors, and regional development. The difficulty lies in linking national plans with regional development plans, in integrating the sectoral approach with a spatial approach.

Within the SPO there is a perfect understanding of this problem from a technical point of view and they try to approach it in the correct way. They realise and are aware that they have to overcome this link with sectoral approach, however, they do not know how. For many years various SPO reports pointed out this problem (most recently by Dulger, 2001), but the problem still remains to be resolved.

#### **4.2. The Regional level: Metropolitan region of Istanbul**

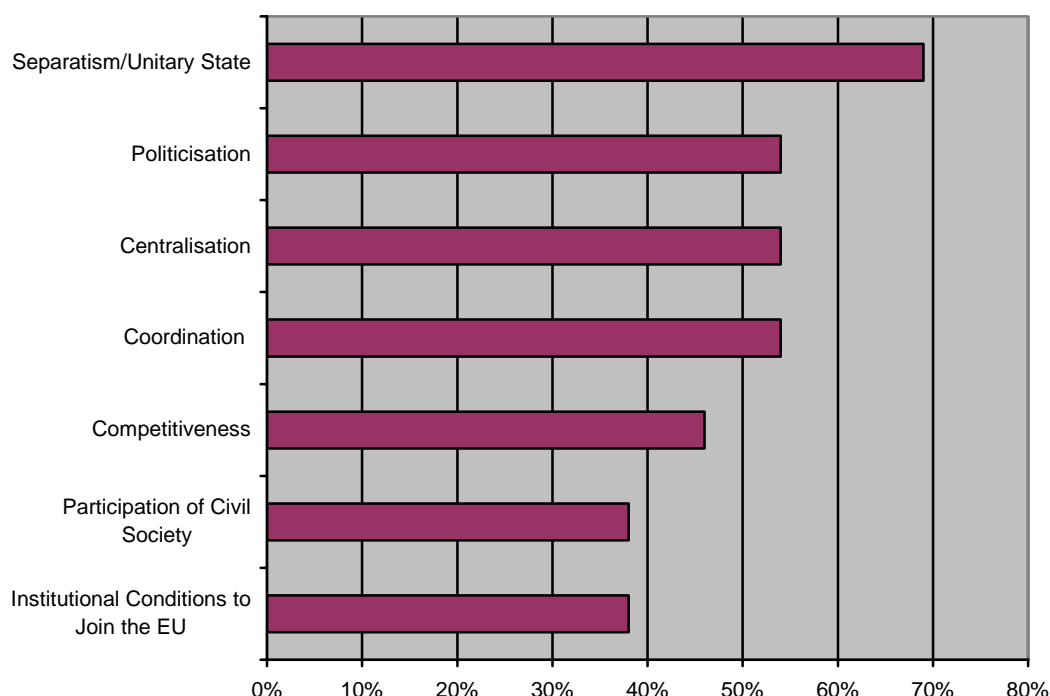
The province of Istanbul is at the same a provincial unit and a NUTS 2 and NUTS 1 region, situated within the larger Marmara region. Having experienced an

agglomeration of economic activity since the 1950s its population is around 13 million according to estimates.

A quick look at the institutional structure of Istanbul reveals that, unlike every other major metropolis in the world, Istanbul province has a dual local administration structure, composed of the governorate going hierarchically down to the district and village levels on the one hand, and the municipalities composed of the metropolitan, district and resort municipalities, on the other hand, with no coordination mechanism between them.

To understand the complex system of regional governance in Istanbul, 13 interviews were conducted with the representatives of local/regional institutions and NGOs in Istanbul during Summer/Autumn 2003. Respondents were asked to comment upon the factors that play a role in the regional governance of Istanbul. Figure 2 shows the most factors most cited by the respondents.

**Figure 2. Most important factors that play a role in the governance of Istanbul**



#### **4.2.1. Separatism and the Unitary State**

The interview results show that a big majority of respondents in Istanbul (nearly 70%) see fears of separatism and sensitivities to the unitary nature of state as obstacles to stronger regional governance in Istanbul. The link between the issues of territorial integrity and regional and local governance have for many years been central to discussions of how to reform the governance of Istanbul. According to the Istanbul Journal, "In looking for solutions to the problem of centralisation/decentralisation in Turkey, the Southeast [Kurdish] question is a big inhibitor" (Yuvarlak Masa, 1994: 125).

Proposals for a reform of Istanbul's governance are usually at pains to stress that the proposed new governance model would not damage the unitary nature of state and national unity (see, for example, Vilayet Raporu, 1994: 146).

#### **4.2.2. Politicisation**

The second most important factor influencing Istanbul's governance is found to be concerns about politicisation or, in other words, clientelistic, patronage relations and corruption and populism. Interviewees emphasised that populist tendencies among politicians and bureaucrats prevent local and regional scale planning and any kind of meaningful governance system from taking shape. Interviews referred to perceptions that decentralisation would serve to strengthen local "dynasties".

The lack of a planning approach is closely related to the existence of rent-economy in Istanbul (Tekeli, 1993: 37; Keskin, 1993: 39). It is argued that certain interest groups have expectations of rent, which is causing reluctance to do planning. There are politicians and administrators who depend on these certain interest groups, who therefore do not want plans that will restrict their freedom of manoeuvre in sharing the rent with these interest groups. For example, following the coup of 1980, the governors who took over Istanbul Metropolitan Municipality abolished the City Planning Office, which had just started to develop, as their first job. In the municipal assemblies there are representatives of the interest groups, which rely on rent profits (Sozen and Tekeli, 1993: 90).

#### **4.2.3. Centralisation and Regional Coordination**

The next most important and inter-related factors influencing the development of regional governance in Istanbul were cited by respondents to be centralisation and the consequent institutional fragmentation and lack of coordination. The interviews show that "the central administration is jealously guarding its powers and is resisting to share them with lower levels of governance".

According to Provincial Planning Directorate of the Istanbul Governorate "This situation is not working. The SPO in the centre does not know properly what is needed in the provinces. Due to lack of resources there are investments that have not finished in 10 years. The centre may withdraw resources anytime saying there is no need for that particular investment anymore. SPO's location in Ankara has negative consequences."

There is very weak transparency as to who makes decisions for Istanbul and how. For example, despite the responsibility of the Metropolitan Municipality for intra-city transport, the Ministry of Transport in Ankara announced plans for the building of a third bridge across the Bosphorus (Yuvarlak Masa, 1994: 118).

The issue of planning was given as example by one respondent from the Istanbul Metropolitan Municipality, who said: "the SPO, although authorised, does not make plans. There are no plans for the Marmara region, for example. As higher scale plans do not exist, there is no regional plan to which lower scale plans can conform to, and lower scale ones are made in a fragmented way."

The same respondent continued:

*"We prepared a metropolitan area plan in 1995 (at the scale of 1/50,000) which was approved in the Municipality Assembly. However, in 1999 our plan was invalidated through court decisions on the ground that 1/50,000 scale plans can only be made by the Ministry of Public Works. Our plan's scale included not only the jurisdiction of metropolitan municipality area but also other areas within the provincial borders as well as the neighbouring Gebze. We had to*

*plan at this scale because this is a functional region. To plan just for the metropolitan municipality area is too small. For areas outside of the metropolitan municipality area, our plan was in the manner of suggestions to the central Ministry. Now, the situation is such that a plan, which was completed in 1980, is in force. It was approved by the Ministry of Public Works at the time. But it does not reflect the current realities."*

The extent of lack of coordination was illustrated by the following quote from an interview with the deputy governor of Istanbul: "There are 74 municipalities in Istanbul, including the Metropolitan Municipality, and 74 Municipality Assemblies. In addition there are 96 public institutions. Some of them are regional organisations of central ministries. How can the governor coordinate all of these?"

To meet the challenges facing Istanbul an informal platform, called the Istanbul Council, was formed two years ago. In it public institutions, local administrations, local NGOs, occupational chambers and the private sector come together under the leadership of the Governor. They meet every two months and discuss problems. However, respondents revealed a few problems concerning the Council. It was stated: "Personal efforts by the Governor and the president of Istanbul Chamber of Industry played a big role in its [Istanbul Council] establishment. 60-70 bodies are represented, but it is a very bureaucratic structure. Every kind of problem is being discussed. But they have not provided anything concrete yet, no projects."

#### **4.2.4. Competitiveness**

According to the interviews, another important factor in regional governance in Istanbul is the competitive pressure vis-à-vis the EU, which is heightening the need for a RDA and a regional strategy. The competitive pressure is mostly felt as a result of the 1996 Customs Union between the EU and Turkey involving free movement of industrial goods and services. The prospect of EU membership and the challenge to remain competitive vis-à-vis the other regions in the EU is a major drive for institutional change.

A report published by the Istanbul Governorate in 2000 (Istanbul Valiligi, 2000) identified the non-existence of a RDA, lack of a development strategy and lack of institutional coordination and support for economic development as major weaknesses for Istanbul's economy (Istanbul Valiligi, 2000: 123).

Many respondents emphasised the importance of R&D activity for the economy of Istanbul and the need for inter-institutional co-operation to achieve this. It was stated in an interview with the Istanbul Chamber of Industry that:

*"R&D is a sine qua non. A technology transfer mechanism is needed. In R&D activity these institutions are the most important: the state; the industry; universities; and regional and local actors. A 'regional government' should mobilise these institutions. The existing system does not work."*

The consensus seems to be that issues related to Istanbul's development cannot be addressed without formulating strategies, targets and without achieving coordination. Only in this way can Istanbul take its place in the competition between cities and regions in the world (Cubuk, 1993: 64; Yuvarlak Masa, 1994: 123). Istanbul's development has to be approached within an "Istanbul region" concept (Cubuk, 1993: 65).

A report by the Istanbul Chamber of Trade in 2003 (ITO, 2003) evaluates the experiences of developed countries in the EU member states and draws attention to

the lack of effective networks between firms and institutions, which lead to problems of company, especially SME, performance in Istanbul. It emphasises the issue of the adoption of new technologies and the need for a RDA in organising networks to follow innovations and new technologies. The report emphasises the need for a RDA in view of “the new factors in development, which came to the agenda of EU countries, such as flexible specialisation model, co-operation as well as competition and regional economic development” (ITO, 2003: 118).

#### **4.2.5. Participation of Civil Society**

Lack of participation of civil society in decision-making at the local level is identified as another major factor affecting the governance of Istanbul. It was stated in an interview with the former Secretary General of Marmara Union of Municipalities that:

*“For decisions to be effective participation is necessary. But it is very weak, almost nonexistent in Istanbul. Very small groups make decisions. Especially in relation to physical planning, which is the responsibility of Municipalities, there is a commission composed of only five people. There is apathy towards civil society everywhere.”*

Lack of participation of civil society seems to be a result of the lack of willingness of local level politicians and administrators to share their power with local social and economic partners. This can be interpreted as the re-surfacing of centralisation tendencies at the local level preventing the formation of stronger local and regional governance.

#### **4.2.6. Institutional Conditions to Join the EU**

Finally, institutional conditions to join the EU also play an important role in the development of regional governance in Istanbul according to nearly 40% of interview respondents. Istanbul Metropolitan Municipality started a project in order to get prepared for the EU accession process with the aim of increasing its institutional, administrative, and financial capacities (IULA-EMME, 2003). The project, which the Metropolitan Municipality started in March 2003, involves the transfer of knowledge and experiences of EU local and regional governments and translation of the EU *acquis*. Istanbul Metropolitan Municipality has realised that EU activities do not only concern the national level, but the local level as well, especially in areas such as environment, public procurement, state aids, social policy, consumer protection, transport and structural funds. Another aim of the project is to involve Istanbul Metropolitan Municipality in international networks of local and regional authorities and to position itself to be able to exploit the opportunities arising from EU funds (IULA-EMME, 2003).

### **4.3. The Regional level: Southeast Anatolia region (GAP)**

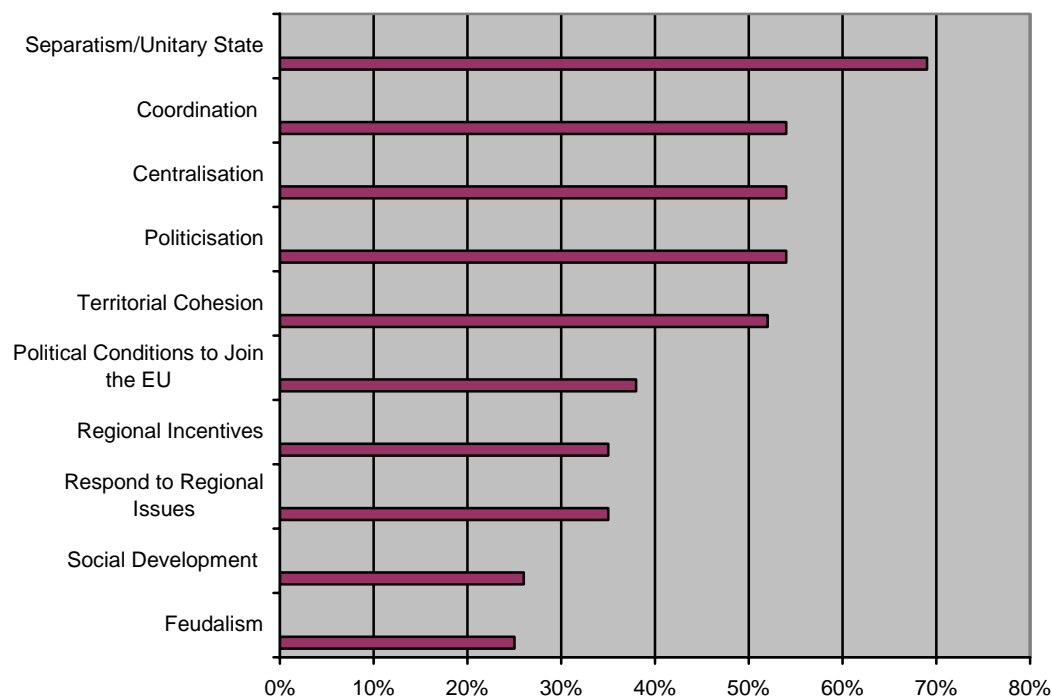
The Southeast Anatolia region includes nine provinces: Adiyaman, Batman, Diyarbakir, Gaziantep, Kilis, Mardin, Siirt, Sanliurfa and Sirnak. It is called the GAP region, named after the Southeastern Anatolia Project (GAP) worth US \$ 32 billion. Bordered by Syria to the south and Iraq to the southeast, the region constitutes 9.7% of the total territory of the country. The original idea behind GAP was to utilise the rich water potential of Turkey’s two major rivers, Euphrates and Tigris, for irrigation and energy production and to regulate the otherwise irregular flow of both rivers.

Unlike other regions in Turkey, a regional development administration, GAP Regional Development Administration, was set up in 1989 in order to implement the GAP.

GAP Administration is an arm of the central administration, directly under the Prime Minister, and is based on the principle of deconcentration.

23 interviews were conducted in the Southeast Anatolia region, in the provinces of Sanliurfa and Diyarbakir, during Autumn 2003 with the representatives of regional and local institutions and organisations. Figure 3 shows the results of the interviews indicating the most important factors that, according to respondents from the region, affect regional governance in Southeast Anatolia.

**Figure 3. Most important factors that play a role in the governance of Southeast Anatolia region**



#### **4.3.1 Separatism and the Unitary State**

The interview results show that a big majority of respondents (almost 70%) consider fears of separatism and territorial integrity of the state as the biggest obstacle to stronger regional governance. The following quote from Diyarbakir Metropolitan Municipality is illustrative of this obstacle: “The year before and last year we wanted to start an Urban Development Plan, which was going to be supported by the EU and EIB [European Inv Bank]. The UK provided £70,000. But then the SPO opposed it. They [the central administration] are afraid of such activities. They do not let us do anything by ourselves, even if these activities are project based and the funding is in the form of a grant”.

#### **4.3.1. Centralisation and Coordination**

The next most important factors influencing regional governance according to respondents from the region are the lack of coordination in the region and centralisation. Even though the GAP Administration was set up specifically to ensure coordination between investments, it lacks the necessary power to do so. The best

proof of lack of coordination can be seen from the sectoral realisation of investments in GAP as of 2002. Whereas energy sector realisation has been 80%, realisation of investments in irrigation remains as low as 18%.

The implications of the disproportionate realization of investments between the different sectors are great. Energy investments benefit the national economy just as much if not more than the region's economy. Energy produced in the region is used for consumption in the industrial Western part of Turkey. Moreover, the proceeds from energy consumption are not allocated for the Southeast Anatolia. It is investment in irrigation which can have important effects on the Southeast Anatolia's economy. However, as the figures show, irrigation investments have lagged considerably behind.

The issue of GAP Administration's power was illustrated in an interview with an official in the GAP Administration: "Investment institutions (i.e. public agencies of the central administration) do not consult the GAP Administration when drawing up their annual investment plans. They send their plans directly to the SPO, which in turn allocates money to investments. When the investing agencies draw up their plans they consider other parts of Turkey as important as the GAP region. Therefore there is no GAP dimension in investment plans."

The centralized structure of the GAP Administration is also seen as problematic. GAP Administration has 175 personnel based in Ankara and 55 personnel based in the region. The situation is exacerbated by the fact that the GAP Administration does not have a budgetary package for the Southeast region nor its own source of finance. The GAP Administration cannot allocate resources and cannot say that a certain amount of money is needed for each year.

#### **4.3.3. Politicisation**

Interviews show that politicization is seen to be an important impediment to regional planning and regional governance, as in the case of Istanbul. An official from the Village Services Directorate pointed out "Planned works is very difficult because of Turkey's political structure. Politicians, national and local, try to gain individual benefits."

#### **4.3.4. Territorial Cohesion**

Interviews also show that the concept of territorial cohesion is viewed as a primary rationale for stronger regional governance in the Southeast Anatolia. Territorial cohesion is about bringing development to where people live, rather than attracting them to a few regional centers. Territorial cohesion is a concept, which is not even in the remit of the European Commission yet, but it is likely to be put as an objective of structural policies in the new Constitution.<sup>10</sup>

Concern for territorial development in Southeast Anatolia is related to the migration of people from rural to urban areas to find work and due to the evacuation of villages in the recent past with the fight against terrorism. It is also related to the issue of re-settlement as a result of building dams. The aim of regional governance should be, according to interviews, that these people should go back to where they lived and that development should be brought to these remote, rural areas so that people do not have to migrate.

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<sup>10</sup> See SEP-GEPE (2002) for more information on territorial cohesion in the EU.

#### **4.3.5. Political Conditions to Join the EU**

Many respondents see the EU's influence in regional governance in the Southeast Anatolia mainly through its political conditions, in particular those relating to minority rights. Even though quite a number of respondents said they did not see the EU as having an influence yet, they were referring to political conditions and the failure of the Turkish government to implement the changes it has made in the area of minority rights. The expectation is that the EU's influence is or will be through its political conditions to join the EU.

#### **4.3.6. Regional Incentives**

The interviews show that the provision of regional incentives is seen as a very important function of regional governance. Respondents criticized the 'Priority Development Area' tool of regional policy, which has been employed by the central administration since the 1960s. Even though most of the provinces within GAP have been included in this category and thus benefited from regional incentives, respondents drew attention to the fact that due to populist pressures too many provinces were included in this category and therefore its effectiveness for the provinces in the Southeast Anatolia region was lost. The Priority Development Area status in effect became dysfunctional (see DTSO, 1999). There was a general view by respondents that specific incentives for the South East are needed if the region is attract domestic and foreign investment, given the economic underdevelopment of the region.

#### **4.3.7. Regional Response to Regional Issues**

There is a general view among respondents that stronger regional governance permits better response to regional issues as the local people know the region better than the bureaucrats in Ankara. A main justification for this view is the fact that the targets set for the region in Five-Year National Development Plans for the last 40 years have never been met (DTSO, 2001). As an official in the Sanliurfa Governorate pointed out "All investments are decided in Ankara and therefore in this process political pressures play a role. Decisions, for example, on setting up Free Zones or building airports are taken without consideration of regional needs and priorities". Similarly, the GAP Administration, due to its bigger presence in Ankara is seen as top-down with no local or rural recognition and no idea of regional needs. Regional governance is thus seen as necessary for decentralised planning.

Recognition of the fact that local people know the region better actually led to a change of approach in the formulation of the Second Master Plan for the region in 2002. Whereas the First Master Plan in 1989 constituted primarily an updating of facts and figures about public investments, the preparation of the second Plan reflected a change in the approach to development<sup>11</sup>. Development was no longer seen as a mere public investment programme. Rather development had to be sustainable, in that the private sector had to be integrated in it and people had to participate in it. To this end the preparation studies of the second Plan involved information exchange meetings with stakeholders in each of the nine provinces of the GAP region<sup>12</sup>. In this way, it was hoped that the regional project would be owned by the people.

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<sup>11</sup> See GAP, 2000e.

<sup>12</sup> See, among others, GAP, 2000a; GAP, 2000b; GAP, 2000c; GAP, 2000d.

#### **4.3.8. Social Development**

Social development is seen as one of the important functions of regional governance by respondents. The centrally determined budget for the region does not give priority to social development despite the emphasis put on human development in the GAP Administration. The latter has developed programmes for women (CATOMs) and Youth Centres. GAP Administration officials stress that “27 CATOMs were set up instead of the target of 67 due to lack of resources. For GIDEMs, which give business support to entrepreneurs there is no finance. At the moment they are financed by the EU, and before there were financed by the UNDP.”

In fact, the ‘economic and social outlook’ of the GAP Administration is a very important feature in which its officials take pride. For example, one GAP Administration official stated: “We approach development from different perspectives. The principle of subsidiarity in our perspective is very important.” Interviews with other GAP Administration officials reveal similar views: “GAP Administration broke the understanding that development is only economic, technical and physical. It included more social and human concerns into the project such as environment, cultural heritage, etc.”

However, the social outlook of the GAP Administration is not perceived by other stakeholders in the society. According to one NGO, “GAP Administration made no social investment. Catoms are very insignificant, they make no difference. We think that while the GAP is trying to realise physical investments, enough investment for human development is not taking place. Farmers do not know water culture. They do not know how to create value added from what they produce. 30 thousand hectares of land is threatened to become salinized, unproductive, because of lack of farmer education.”

#### **4.3.9. Feudalism**

There seems to be one feature in Southeast Anatolia region which does not exist in other regions and which is an important obstacle to regional governance. -- ‘feudalism’. Feudalism in the case of Turkey refers to the feudal type of land structure and the associated closed culture where ‘agas’ or ‘seyhs’ (land owners and religious leaders) make decisions for individuals (ITO, 1996: 62).

As the study of the State Institute of Statistics (DIE, 1995) show the ownership of land is very unbalanced in the region. 40.3% of the agricultural producers in the region do not own any land (GAP and KOOP, 2001: 13). The interviews show that in this feudal-like system the few landowners, even though they are mostly Kurdish, are co-opted into the existing system whereby they deliver block votes for the mainstream political parties and get themselves or their candidates elected as national or local politicians. National politicians, therefore, do not face the pressures that might normally be expected to bring development to this underdeveloped region.

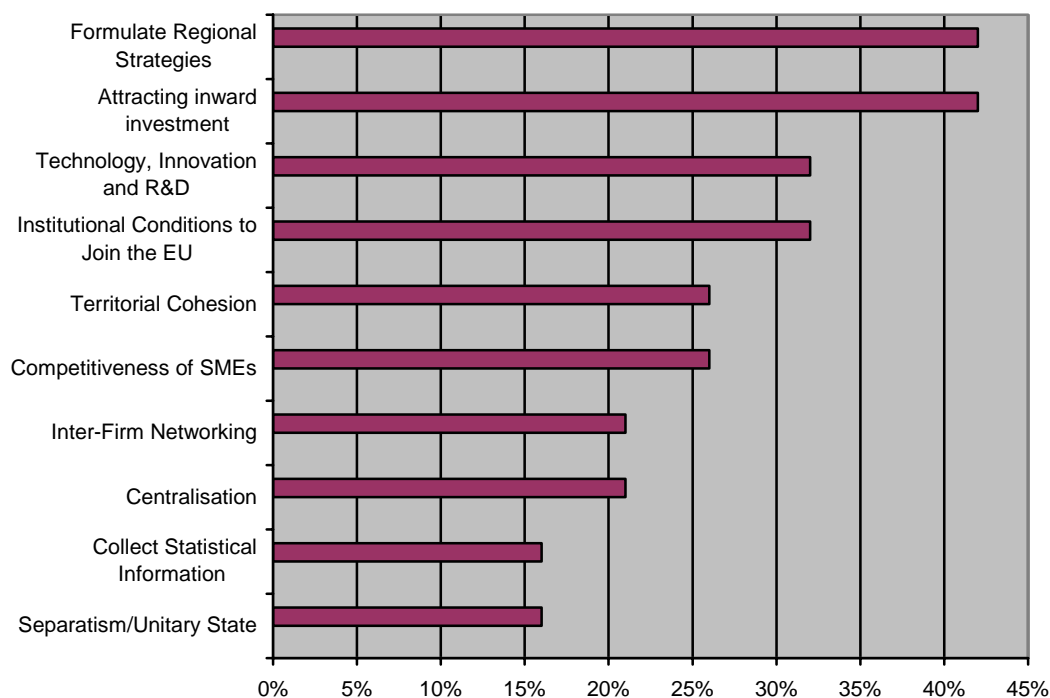
#### **4.4. The Regional level: Aegean region**

The Aegean region is a NUTS 1 level region comprising three NUTS 2 regions and eight provinces (Izmir, Afyon, Aydin, Denizli, Kutahya, Manisa, Mugla, and Usak). The population of the region is more than nine million, which is around 14% of Turkey’s total. The region is the third richest in Turkey in terms of per capita income.

Unlike the GAP region, there is no region-wide institutional framework in the Aegean. However, there is a bottom-up initiative to establish economic coordination at the regional scale between the local units in each of the provinces. The Aegean Economy Development Foundation (EGEV) is established as an NGO by local public and private bodies, occupational chambers and universities and recognised by the SPO. Since 1997, local units from two additional provinces, Balikesir and Canakkale, are also participating in this initiative.

19 interviews were conducted in Autumn 2003 with the representatives of local and regional institutions in the Aegean region in the provinces of Izmir, Aydin, Denizli and Mugla. Respondents were asked to comment upon the factors that play a role in the regional governance of the Aegean. Figure 4 shows the most factors most cited by the respondents.

**Figure 4. Most important factors that play a role in the governance of Aegean region**



#### **4.4.1. Formulate Regional Strategies**

The interviews conducted in Aegean region show that the main factors influencing the development of regional governance are strongly related to ideas about economic development. The emphasis on the formulation of regional strategies dates back to the early 1990s when the Aegean Region Chamber of Industry published a report (EBSO, 1993) that called for a planned development model for the Aegean region. The aim was to achieve balanced and planned development in the region. The motivation for a 'regional development' understanding came from the recognition of the imbalances created by the concentration of development in one centre, i.e. Istanbul (EBSO, 1993:12; EBSO, 1995). The main emphasis of the report was on

planned development, and especially on the need to avoid the preparation of regional development plans by the central administration in Ankara.

Interviews show that bottom-up initiatives in the region started in order to facilitate the formulation of regional strategies. It was stated in an interview with the Aegean Industrialists and Business Association (ESIAD): "In the 1990s a need was felt to organize bottom up approaches. People lost hope from the state and started to think that we should do it ourselves. The central administration did not and does not have an aim to prepare a regional plan for the Aegean. There is no national capacity to make plans. SPO's work is not good enough".

An interviewee in the Mugla Municipality stated: "EGEV is useful for the region. If power is delegated to the regional and local levels, problems can be solved quicker. It is impossible for the centre to know the problems of the locality. The structural characteristics of this region are different. Regional development plans should be formulated and led by EGEV and the central government should support this. EGEV is the first in Turkey and it is successful."

The emergence of a regional development mentality in the Aegean region is reinforced by reference to practices in the countries of the EU. The report of the Aegean Region Chamber of Industry (EBSO, 1993), for example, pointed to the 'essential' role played by RDAs in the EU member states and the involvement of local and private organisations in regional development.

Similarly, EGEV organised an international symposium with the Regional Studies Association in the latter half of the 1990s in order to learn from the experiences of international renowned experts and academics in the field. The purpose of the conference was to provide a forum for the discussion of the Aegean region development project, which EGEV sought to accomplish, in the light of the current research and practice of urban-regional policies and regional economic planning. The key aim of the conference was to apply EU regional policy practices and research to the Aegean region of Turkey.

From these experiences it can be claimed that the type of policy transfer in the case of the Aegean region corresponds to "voluntary policy transfer" (Bache, 2000). Local and regional actors in the Aegean region embraced themselves the policies and practices of EU countries in order to tackle the issue of economic development. The result has been bottom-up initiatives to ensure economic coordination at the regional level, similar to EU countries and in conformity with EU principles. The Central Government has had very limited influence in this process.

#### ***4.4.2. Inward Investment, Technology, Innovation & R&D and Inter-Firm Networking***

Respondents argued that regional plans could be used to promote the region to potential foreign and domestic investors by highlighting the key attractions of the region. It was stated in an interview with the Aydin Chamber of Commerce that: "Foreign direct investment can be attracted if it shown that there is regional development in progress."

The interviews show that local and regional actors in the Aegean region view the attraction of FDI, technological development, innovation, R&D and inter-firm networks as most important elements in regional economic development and as achievable only through stronger regional governance. An interviewee from the Aegean Region Chamber of Industry said: "Our target sector is not industry but technology based

sectors". Similarly, an interviewee from the Aegean Free Trade Zone said: "The Free Zone is especially important for attracting FDI and for technology transfer. We want firms which are high-technology".

Thus, EGEV's ultimate aim is to increase the competitive advantage of the Aegean region. Two main ways of achieving this objective are identified as (EGEV, 2003):

- attracting FDI, which requires correct, up-to-date data to give to potential investors and to direct them about the strengths and investment potentials of the region.
- Creating clusters, which requires co-operation between firms in the same sector, high quality standards, R&D and innovation, discipline and self-control, promotion and marketing, and competition.

#### **4.4.3. Competitiveness of SMEs**

Local and regional actors in the Aegean region view SMEs as having high flexibility, being open to technological developments and resilient in the face of economic volatility. It is stated that developments in the world underline a shift towards strengthening the SMEs. It is hoped that external economies will be created by grouping together SMEs in industrial zones through the formation of clusters.

#### **4.4.4. Territorial Cohesion**

The objective of territorial cohesion is another factor cited as a rationale for stronger regional governance. EGEV was originally formed in order to promote only Izmir for investment. It was stated in an interview with EGEV:

*"Then we realised this could not be done without thinking regionally. In our conferences participants drew attention to the need to control and stop excessive internal migration into Izmir from the surrounding provinces, which overwhelmed the social and technical infrastructure of Izmir. The issues relating to Izmir's development had to be addressed by cooperating with the neighbouring provinces, by considering Izmir within a wider region."*

In a similar way to the Southeast Anatolia region, territorial cohesion is viewed as referring to bringing economic development to where people live.

#### **4.4.5. Institutional Conditions of the EU**

Interviews show that the institutional conditions to join the EU are also important since 1999. In this way it is hoped that EGEV will become the official RDA of the Aegean region and will actually form a model for the rest of the country. It is seen that the EU conditionality will only make regional governance stronger. It was stated by EGEV that: "The SPO does not know how regional institutionalisation should be. They are waiting to see what EGEV will look like. EGEV may provide a model for the other regions in Turkey".

#### **4.4.6. Centralisation and Separatism/Unitary State**

The significance attached to norms of centralisation and fears of separatism was much less in the Aegean region compared to other regions. However, as an interviewee from the Izmir Chamber of Trade explains, the norms of centralization have limited the emergence of regional governance in the Aegean:

*"We had a project to establish an RDA. We were working with Coventry University [in the UK] on this. The SPO was involved in this work as well. The RDA that we wanted to have was a*

*strong one. For example it would have power of expropriation, of land allocation for attracting FDI, etc. But the SPO did not want that. If such an RDA was set up it would have some of the functions and powers of the central state and local authorities. But the SPO wanted it to be less powerful."*

#### **4.5. Conclusions**

In the following, conclusions from research findings are drawn by evaluating each research hypothesis, followed by an evaluation of the explanatory power of the theoretical model adopted in this research and implications of the research for the future of regional governance in Turkey.

##### **4.5.1. Hypothesis 1: Institutional norms have played an important role in preventing the development of regional governance in Turkey**

Comparison of the national level and the three regions have shown that the factors having a negative role on the development of regional governance are broadly similar in each case and relate to institutional norms. The most important are the norms of territorial integrity and centralized governance.

According to research findings, regional governance and regionalisation are strongly associated with regional separatism and demands for political autonomy. Due to the norm of territorial integrity regionalism is seen as a threat. The Turkish bureaucracy, therefore, put economic and political regionalisation into one basket even though in the EU regionalism is about economic development and about stronger administrative capacity.

Research findings have also shown a strong central planning tradition, whereby all decisions are taken by the center because it is believed to "know best". The strong centralized tradition creates the fear that this can be lost if power is devolved to the regions, even though the main motive for devolving power to the regions is most of the time to enhance the capacity of the national level and a project of the nation-state (MacLeod, 2001; MacLeod and Goodwin, 1999; Brenner, 1999).

The comparative study has shown that the role of institutional norms in inhibiting the development of regional governance is very high in each of the case-studies, except for the Aegean region. Local and regional actors in the Aegean region seem to have been less inhibited by these institutional norms with their strong focus on economic development and with region less exposed to issues of territorial integrity than Istanbul and the Southeast.

##### **4.5.2. Hypothesis 2: Ideas about economic development have influenced the development of regional governance.**

Comparison of the national level and the three regions have shown that ideas play a role in approaches to regional governance and account for different outcomes in each case. Research findings have shown that there are clear differences in ideas between the national and regional levels, which explain the slower pace of change at the national level. Ideas about regional economic development at the regional level show more resemblance to ideas within the New Regionalism literature and to the policies of the EU countries, than the national level. The national level is much less aware of the relationship between regional governance, regional institutions and

economic development. Even though the existing system is questioned, there is lack of consensus as to what should replace it and doubts about the usefulness of regionalisation at the national level. In comparison to the regional level, it can be claimed that there is lack of understanding of the role of regional governance in regional development at the national level.

Comparison of the three regions has shown that ideas play the most important role in the Aegean region, which has achieved a relatively higher degree of regional governance and regional coordination through bottom-up initiatives. The reasons given in the interviews conducted in this region for regional governance almost exclusively focus on ideas about economic development. Research findings for this region show that there has been a process of learning for more than a decade about the practices of EU countries and their approach to economic development.

Ideas in Istanbul also point to stronger regional governance and there have been attempts to ensure coordination at the regional level, albeit not very successful so far. However, the negative effects of institutional norms in inhibiting regional governance have been emphasized more during the interviews than the positive impact of ideas.

Research findings for the Southeast Anatolia region is similar to Istanbul in that the negative impact of institutional norms play a stronger role than the positive impact of ideas on economic development. However, changing ideas about the importance of participation of local people for the success of regional economic development within the centralized GAP Administration for Southeast Anatolia is leading to a slow pace of change toward stronger regional governance.

**4.5.3. Hypothesis 3: External forces in the form of socio-economic pressures created from relations with the EU through the customs union and of obligations of EU membership, and also relations with the IMF and the World Bank, are influencing regional governance in Turkey.**

Research findings have shown that among other external forces, such as the IMF and the World Bank, it is the EU, which is the main source of external influence in respect of regional governance in Turkey. But its importance in influencing regional governance varies in each case and the way in which it exerts influence is also different in each case.

At the national level, the main, and arguably the only, drive for change is the EU, through its institutional conditions to join the EU. In the absence of a clear understanding about the role of regional governance, the changes that are taking place in the area of regional policy in Turkey are motivated by a desire to join the EU and meet EU requirements for membership.

At the regional level, the institutional conditions of the EU are also important in the regions of Istanbul and the Aegean, but to a lesser extent. It is as a result of changes taking place at the national level in response to EU requirements that the effects will be felt in the regions. Research findings have shown that the effects of changes made at the national level will strengthen regional governance in the Aegean and Istanbul.

According to research findings, the influence of the EU in the Southeast Anatolia region is through its political conditions. The reason is the different ethnic structure of the region, which has been repressed for many years and limited bottom-up initiatives. It is thought that only by elimination of central repression in the region can

there be any hope for regional governance. However, the influence of the EU is not yet seen to play a powerful role.

#### **4.5.4. Theoretical implications**

The theoretical model adopted in this study and the research hypotheses have proved to be powerful tools for explaining the dynamics of regional governance in Turkey. Comparative research at the central national level and in three regions in Turkey shows that the evolution of regional governance in Turkey can be explained by reference to the interaction of institutional norms, ideas and external forces. The relative importance of these factors varies at the central and regional level and between regions in Turkey. Comparative research also shows that these factors acquire different meanings in each context.

Overall, institutional norms are serving as mechanisms that resist institutional change associated with regionalisation, whereas changing ideas about the nature of economic development especially at the regional level and the influence of the EU are acting as forces in the direction of institutional change.

The impact of the EU is strongest at the central national level forcing the central administration towards institutional change. In the regions, there are also other factors, which push for change. In the metropolitan region of Istanbul, it is the need to be internationally competitive arising out of global economic pressures and the EU customs union, which require stronger regional governance. In the Aegean region, it is 'ideational' change, which is mobilizing local and regional actors in the direction of stronger regional governance in an attempt to model the region on successful regions in the EU. In the Southeast Anatolia it is the political conditions of joining the EU which serve as the main mechanism of change.

Even though the research hypotheses have proved to be powerful in explaining the most important factors that play a role in the development of regional governance in Turkey, research findings have also revealed two other main factors, which cannot be easily accommodated within the existing theoretical framework.

One of these factors is politicisation, which appears to be a very important obstacle in Istanbul and the Southeast Anatolia region. Politicization can be explained better by reference to rational choice, rather than historical institutionalism. It is a situation whereby actors behave according to the 'logic of consequentiality', rather than the 'logic of appropriateness' (March and Olsen, 1984)

The other factor is feudalism, which is playing a negative role in the Southeast Anatolia region. Feudalism is a context specific factor and is the result of a historical process, which can also be better accounted for by reference to rational choice explanations.

#### **4.5.5. Future of regional governance in Turkey**

The different institutional environments and different degrees of regional governance in the three regions show that the role of institutional norms in inhibiting stronger regional governance can vary depending on the circumstances in each region. One explanation for the different outcome in the Aegean region can be that, unlike the Southeast Anatolia region, it does not have a different ethnic structure and therefore the bottom-up initiatives in the Aegean region do not threaten the central administration in Ankara.

Another explanation is that 'ideational' change in a region may have to be voluntary in order for bottom-up initiatives to be successful - as in the Aegean rather than 'indirect coercive' which is the case in Istanbul.

Research findings for the Southeast Anatolia are most difficult to interpret for the future of regional governance. On the one hand, the different ethnic structure and granting of political rights under EU influence are likely to lead to stronger regional governance. On the other hand, ideas about regional development among the local and regional actors, emphasizing regional incentives and education, which require central resource transfer to the region, suggest that the central state has a big role to play in the future economic development of the region. This reflects the very low level of economic development in the region and mirrors the situation that has been seen in poor regions of the EU - leading to Central Government policies like Regional Selective Assistance in the UK.

GAP Administration is an interesting case proving the claim of historical institutionalism that once institutions are created they acquire a life of their own and form their own identities. GAP Administration has developed, over the years, a different approach to regional development than the central administration. Their emphasis is on human and social development and participation. However, the GAP Administration lacks power and a budget to be able to implement these different priorities in economic development.

It can be concluded that the models of regional governance for each region is different and likely to evolve differently. The under-developed nature of economy in the Southeast Anatolia, its different ethnic structure and the ideas about economic development suggest that the issue of regional governance will be resolved at the point where top-down initiatives meet bottom-up initiatives. Top-down initiatives will be in the form of granting of political rights and freedoms and transfer of resources, whereas bottom-up initiatives will decide how to allocate resources. The necessity of participation of local people in decision-making has already been felt as the preparations of the second Master Plan for the Southeast indicate.

The model for the Aegean region is developing independently, leaving less need for state interference. Ideational change among local and regional actors and their willingness to adopt the policies as practiced in regions of the EU appear to be the most important factor leading to stronger capacity at the regional level. This ideational change is related to the relatively more developed state of the economy, the greater reliance on foreign investment and the geographical proximity to Europe. The interviews in the Aegean region highlighted the experiences of neighbouring Greek regions and the benefits they receive from the EU regional policy. This geographical proximity may be facilitating the following of policies closely in the EU. Moreover, regional competition with the Greek regions may be another motivation for watching closely what is happening there.

The metropolitan region of Istanbul carries features from both of the other two regions. On the one hand, it has the most developed economy and is most exposed to forces of globalisation especially through the EU customs union. Interviews revealed the pressure Istanbul is facing to be able to compete against other international cities in Europe and worldwide. These pressures are leading local and regional actors to find ways to increase the competitiveness of the economy - in particular through R&D, technology and innovation - and to create the necessary facilitating institutions. There seems to be a broad consensus on what the required institutional structure should be - a uniform single institution governing the whole

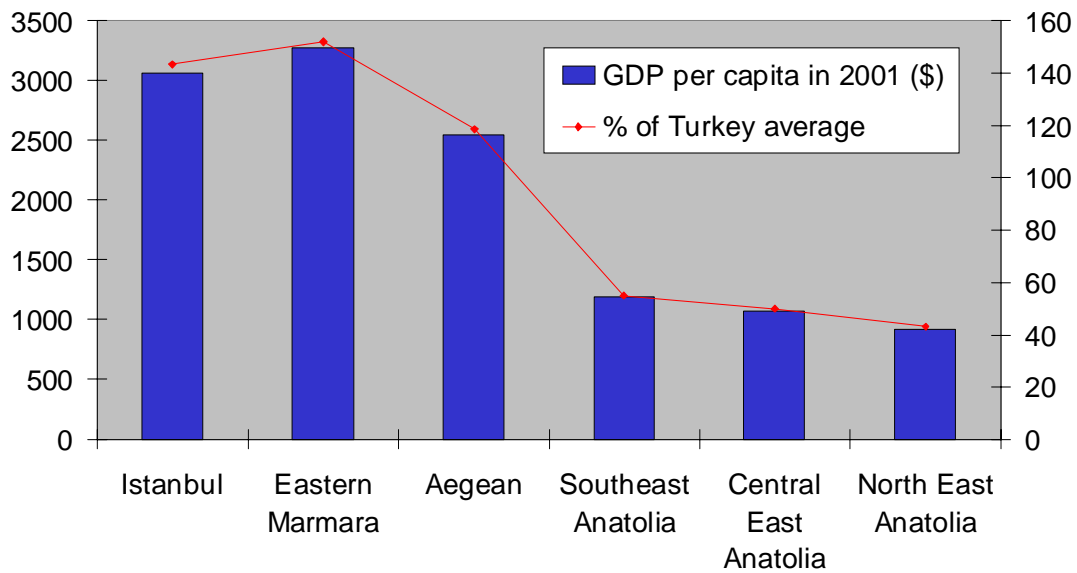
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province of Istanbul, capable of directing and orienting the regional economy. On the other hand, such institutional change requires the sanctioning of the central authority, since it goes to the very heart of local administration in Istanbul.

## Appendix 1

### Regional disparities in Turkey

Source: SPO



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