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Labour Markets & Employment

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Preface

This book consists of the selected papers presented at the International Conference of Political Economy, the third in a series of political economy conferences. As the previous two, the third conference was held in Kocaeli, on September 15-17, 2011 and organized by Kocaeli University in collaboration with the University of Westminster, UK, Slesian University in Opava, Czech Republic, and IRES Piemonte, Italy. The conference has been supported by a range of institutions including Social Research Foundation (SAV), Turkish Social Sciences Association (TSBD), Journal of İş Güç, Akademia Sosyal Bilimler Indeksi (ASOS), Journal of Çalışma ve Toplum, Ijopac Publication, and financially assisted by Central Bank of the Republic of Turkey (TCMB), Petroleum, Chemical and Rubber Industry Workers' Union of Turkey (Petrol-İş), Kocaeli Chamber of Industry (KSO), and Türkiye İş Bankası (İşbank).

We would like to thank all supporters and contributors to the conference, including the invited speakers and the scientific committee, as well as other participants.

Introduction

Labour Markets & Employment

General level of wages and employment would come into mind when talked about labor markets. Significant changes have been taken place in both areas, especially in recent years partly due to global developments. While general level of real wages has been decreasing, especially in the countries where neoliberal policies have been put in practice, employment levels have not been able to grow sufficiently to fulfill the expansion in labor markets, particularly in the industrial sector. Despite this negative and exigent situation in the working life, it seems unlikely to talk about an organized intervention by trade unions across the world. While we mention these two areas to point to the basic problems labor markets face today, we do not mean to ignore a series of other problems specific to countries, regions, market characteristics, and the qualities of labor as the basic elements of markets.

Another issue that affects labor markets profoundly is unemployment which has increased excessively as a trend, especially since the 1970s and affected the markets negatively. In other words, the welfare era for many countries has come to an end, and replaced by strategies of poverty put forward by global organizations.

We have seen that, mainstream economic theories have been insufficient in terms of finding solutions for the unemployment problem within labor markets. These theories lean their solutions on the applications of policies based on flexibility; the same old promise claiming that the problems of labor markets would be solved through self-regulation.

The papers in this book indispensably cover a range of topics related to the main theme of the conference, titled “labor markets and employment”, from globalization to migration, unionization to policy implementation, and women’s labor to child labor and ethnic issues in employment. The studies, taken place in these areas, explore different aspects of labor markets and employment covering various parts of the world namely Australia, Bulgaria, Check Republic, England, European Union, Nigeria, Romania, Turkey, and the United States, and thus address the issue at the global level.

The studies in the first part of the book deal with globalization. In his paper, titled “The Impact of Globalization and the Global Economic Crisis on Labor and the Labor Force Structure in the United States”, Berch Berberoğlu investigates the transformation of the international division of labor through the globalization process. Focusing on the changes in the labor force structure, he reveals the impacts of this process on employment patterns, occupational structure, wage levels, working conditions, and benefits. Emphasizing the shift in employment from the advanced industrial to less-developed economies through outsourcing of production, Berberoğlu draws attention to the continuing recession and the related issues such as job loss, unemployment and underemployment in the U.S. He argues that the state has to play the crucial role to create jobs in the public sector as the private sector would not have the ability or willingness to do that in the era of neoliberal globalization.

Mike O’Donnell looks into globalization through social movement activism and makes a compara-

tive analysis of social movement radicalism and cosmopolitan liberalism in terms of what they can offer for fundamental global change. Broadly placing them both within the center left, he discusses the differences and similarities of the two groups in terms of ideologies, agencies, strategies, tactics, and directions for global change. O'Donnell argues that although integration of the two approaches would not provide a full agenda for an alternative globalization, they offer some substantial elements of a more just world order such as human rights and related institutional reform and the powerful level of local and organizational democracy.

Part II considers neoliberal transformation in terms of employment. In this context, Nilay Etiler investigates the outcomes of neoliberal policies on health work employment, by focusing on the decentralization and deregulation of health care and various types of privatization and commercialization practices in health care systems. All these have led to different forms of employment which gave way to job insecurity, lack of benefits, longer and flexible working hours and such. She also emphasizes the importance of the ideological discourses that were used to change the perceptions regarding health care, such as making it an individual matter, and not a right but a need.

Focusing on teachers' employment, Derya Keskin Demirer looks into the impacts of neoliberal policies on education systems. Emphasizing the prevalence of informal education systems where unemployed teachers seek employment opportunities, the paper draws attention to the new forms of employment both in private tutoring centers as well as in state schools which have led to professional deterioration and stratification among teachers.

Papers in part III take a look at the relationship between labor and place in terms of migration and localization. Betül Yüce Dural and Meriç Subaşı Ertekin analyze the dynamics of the migration from Bulgaria and Romania to the western members of the European Union and draw attention to the positive and negative outcomes of this process especially in the sending countries. While the study points to the declining and ageing population and labor shortage due to migration in the sending countries, it also reveals the positive results of migration such as decreasing level of unemployment and foreign direct investment inflow attracted by skilled labor force and economic growth driven by that inflow.

Lubomír Nenička's study draws attention to the changes of the immigration Policy and labor market in Europe and Czech Republic. According to the study, Czech and Czechoslovak immigration policy had historically been influenced by international position of the country, and immigration was more of a political issue during the interwar period, however; economic aspects of immigration became dominant after 1989. Nenička argues that today there is a clear effort to learn from the experiences of Western countries in the Czech Republic and the new approach emphasizes individual integration to the culture and values of the host country.

The paper titled "Implementing Policy for Place: Delegating Labor Market Policy Decisions to the Local Level" compares two different regional Australian labor markets to analyze diversity and its impacts. Focusing on the need for place-based labor market policies, the writers P. K. Basu, John Hicks, Denise Conroy and Richard B. Sappey argue that policy decisions by governments are more likely to be

relevant when ‘targeted’ locally and enabling place-based policy would enhance the policy role of local government to assist higher level government policy formulation.

Part IV deals with sustainability, unemployment and flexibility. Mustafa Erdođdu’s paper focuses on sustainable development in terms of both global warming and global economic crises. Based on Keynesian economics, Erdođdu argues that the best solution for a depressed economy is to create employment in areas with potential for a sustainable development. In this context, governments should play the crucial role to keep production and employment at the normal levels by increasing government spending and/or cutting taxes. Thus, according to Erdođdu, it is possible to fight with climate change and global economic crisis simultaneously with the right policies which would lead to the right type of employment and green growth.

Applying regression models, Olanrewaju Adewole Adediran explores the relationship between human development index and parameters of the Millennium Development in Nigeria. He points out that, although human development is perceived as an important indicator for economic growth and development of the countries, there are some problems related to the measurements of Human Development Index. The writer finds some unexpected correlations in his study and suggests that the government should conduct its own HDI instead of relying on international institutions which seem to be politically biased.

In the paper titled “Concept of Flexicurity in the Conditions of Labor Market of the Czech Republic” Halásková, Halásková and Slavata explore the flexicurity concept in its original and general sense and different implementations of it in Europe emphasizing the shift in the international division of labor and the increasing number of flexible forms of employment which necessitate new forms of security. The writers then examine the conditions for regulating the labor market in the Czech Republic based on flexicurity policies.

Part V considers a number of intersections in labor markets, and reveals some of the issues regarding minorities, women and children in labor markets. Kuvvet Lordođlu’s study, titled “Interview Notes and Remarks on Ethnic Discrimination in Labor Markets” traces evidence of ethnic discrimination through face to face interviews in various cities in the Southeastern Anatolian and West Anatolian regions. The study finds out that even though there are other groups who face discriminations due to their ethnic or religious roots, Kurdish workers are the primary victims of ethnic discrimination in labor markets, as well as in many other areas of life. Another important finding of the study is the perception of ethnic discrimination by those who are subject to it. According to the study, having a job is regarded as a privilege and thus ethnic discrimination would have a secondary importance in regions of high unemployment rate and for those who have been unemployed for a long time.

Berna Ak Bingül and Rengin Ak attempt to explain women’s participation in the labor force both in urban and rural areas through the factors of income level, changes in general prices, age and education. Using statistical models, the writers come to the conclusion that, in terms of a rise in income level, rural women’s labor participation decreases, while no significant relationship was found for urban women.

However, both rural and urban women's labor participation increases with a rise in the general level of prices. Age and education factors are found to be generally determinative for rural women, and not determinative for urban women.

Burak Kahraman and Fatih Kahraman investigate the financial and social aspects of child labor in Turkey through literature review and global and national reports regarding child labor. Starting from the concept of child work in general, the study focuses on the general status of working children, reasons to work, and negative impacts of working life on children. Emphasizing the poor family backgrounds of working children, the writers suggest the implementation of policies to prevent the employment of these children and to provide help in keeping them within education. They draw attention to the responsibilities of the government, trade unions, chambers and professional institutions as well as corporations in order to achieve this.

The papers in the last part deal with the issues of unionization. In her study, Mehtap Tosun examines the factors causing the representativeness gridlock for unions and trade unionist representativeness focusing on the fragmented structure of the working class and the impacts of this fragmentation on trade unions. According to Tosun, trade unions cannot incorporate this fragmented structure of the working class, caused by new production and employment forms which came as a result of the crisis of capitalism. This process has revealed other identities of workers, such as race, ethnicity and gender and made them the new ground for their interests.

Based on interviews that took place in four sectors including automotive, food, medicine and white goods, Esra Köten Peker's research focuses on the unionization problems of white-collar workers from a sociological perspective. The findings of the study reveal the reasons that affect the white-collar unionization process in a negative way. The study emphasizes the consciousness problem and mistrust in trade unions among white-collar employees as well as lack of knowledge about union and unionization. According to Peker, white collar employees perceive themselves as middle class, rather than laborer, and closer to the managers, not to the blue-collar workers. Another finding is the prevalence of the loyalty and feelings of belonging to the company they work for.

As will be seen, despite the wide range they come from, almost all papers draw attention to the radical changes in employment policies and practices around the world, and many of them point to global neoliberalism as the source of this transformation process, one way or another. We believe that revealing the dynamics of this process and putting forward possible alternative policies and practices across the world would provide significant contribution to solving the problems of labor markets and employment, as the papers in this collection attempt to do.

1

The Impact of Globalization and the Global Economic Crisis on Labor and the Labor Force Structure in the United States¹

Berch Berberoğlu

Introduction

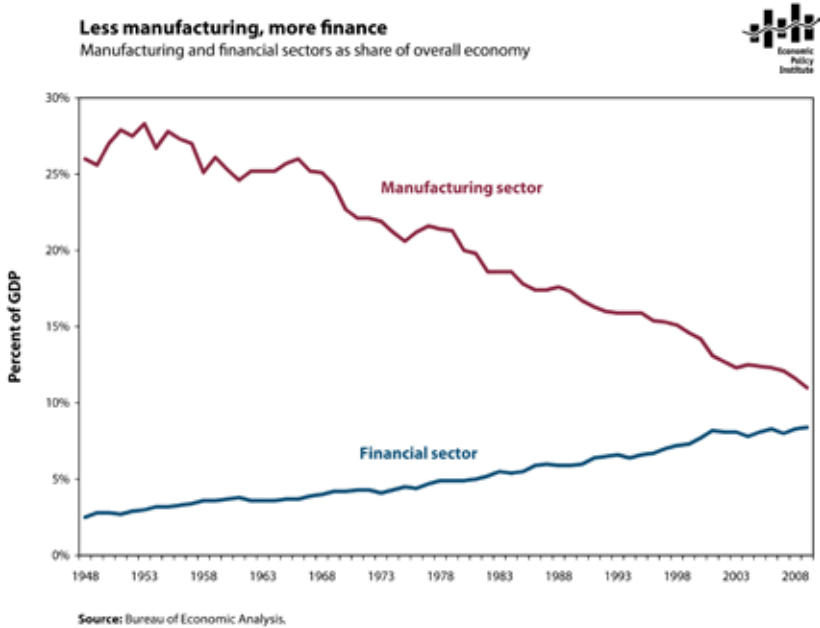
Globalization of Capital has brought about a major transformation of the international division of labor by shifting manufacturing to low wage-peripheral regions of the world. It has effected changes in the labor force structure of countries across the globe, from rural to urban, from agricultural to industrial and service, and from unskilled to semi-skilled assembly. Moreover, it has impacted employment patterns, occupational structure, wage levels, working conditions, and employment benefits. And through this process, it has shifted employment from the advanced capitalist to less-developed capitalist economies through the outsourcing of production and jobs.

Looking at the following chart, it is inescapable to see that there has been a steady decline in manufacturing sector and a steady rise in the financial sector as share of the overall economy in the United States, which indicates another dimension of the shift of manufacturing to peripheral regions of the global economy abroad. This process has been going on since the early 1950s, and with increasing vigor since the 1970s and indicates a dynamic that is parallel with the Globalization of industrial capital in the postwar period, starting with the rebuilding of Europe after World War II and extending to other regions of the world to expand production through the use of cheap labor for increased profits, which have reached unprecedented levels.

¹ Presented at the Third International Conference of Political Economy, Kocaeli, Turkey September 15-17, 2011.

14 The Impact of Globalization and the Global Economic Crisis on Labor and the Labor Force Structure in the United States

Figure 1. Manufacturing and Finance as Share of Overall Economy in the United States, 1948-2008 (percent of Gross Domestic Product)



Source: Bureau of Economic Analysis, provided by the Economic Policy Institute.

The steady decline of the manufacturing sector in the United States through outsourcing of production, hence jobs, to cheap labor areas abroad, 2.9 million well-paying manufacturing jobs have disappeared in the period 2005-2008 alone. And that's on top of a loss of more than 3 million jobs in manufacturing from 1998 to 2003, with millions of more jobs lost in the entire postwar period. This has been the outcome of neoliberal capitalist globalization that has come to dominate the global political economy during much of the twentieth and early twenty-first century.

The Impact of the Global Economic Crisis on the Labor Force in the United States

Decline in manufacturing has led to a big increase in unemployment and underemployment.

Layoffs in the industrial and financial sectors have led to an increase in contingent, part-time, casual employment at low wages in the service sector. This presents itself with yet another dimension of the shift – increasingly towards the service sector. As this sector consists of low wage, non-union, part-time, contingent workers in the entire economy who receive the least benefits and are vulnerable to the rapid changes in the economy, the predicament of workers in this sector is the worst of all others, especially during crisis periods. This situation has further crystallized during recent recessions, especially the 2007-09 Great Recession, when workers began to scramble for the crumbs left after the collapse of the U.S. economy in 2008. This, in turn, has expanded the situation to a system-wide crisis affecting the industrial, financial, real estate, as well as the service sectors, which together have led to The Great Recession.

The Impact of the Great Recession on the Labor Force Structure in the United States

The continuing recession in the United States is deeper and more pervasive than any previous recession. Unemployment and underemployment is increasing and becoming more and more permanent. The size of the labor force is decreasing, trade union membership is declining, and the wages of workers are falling, with a fall in the overall standard of living. Thus, the wealth and income gap is widening.

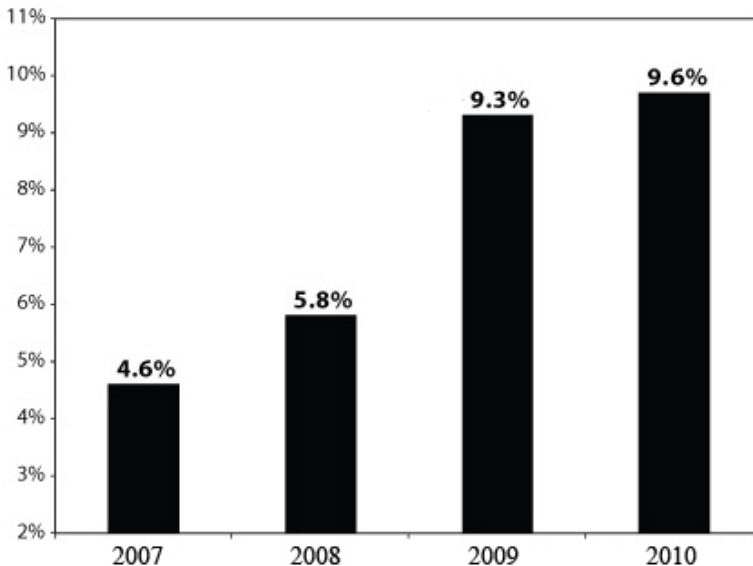
In looking at unemployment data for 2007 through 2010, we see that the unemployment rate was 4.6 percent in 2007, 5.8 percent in 2008, rose sharply to 9.3 percent in 2009, and remained at 9.6 percent in 2010 (see Figure 2). During the two years following the onset of the recession, the unemployment rate has continued to hover above the 9 percent level.

Writing in July 2011 on the deteriorating unemployment situation in the United States, Associated Press economics writer Paul Wiseman observes: “booming profits have allowed Corporate America to leave the Great Recession far behind. But millions of ordinary Americans are stranded in a labor market that looks like it’s still in recession” (2011). He goes on to point out that “unemployment is stuck at 9.2 percent, two years into what economists call a recovery. Job growth has been slow and wages stagnant” (Wiseman 2011). Citing recent research by Andrew Sum,

Director of the Center for Labor Market Studies at Northwestern University, Wiseman reports that:

wages and salaries accounted for just 1 percent of economic growth in the first 18 months after economists declared that the recession had ended in June 2009. . . . In the same period after the 2001 recession, wages and salaries accounted for 15 percent. They were 50 percent after the 1991-92 recession, and 25 percent after the 1981-82 recession. Corporate profits, by contrast, accounted for an unprecedented 88 percent of economic growth during those first 18 months. That's compared with 53 percent after the 2001 recession, nothing after the 1991-92 recession and 28 percent after the 1981-82 recession (Wiseman 2011).

Figure 2. Average Annual Unemployment Rate, 2007-2010 (in percent)



Source: Bureau of Labor Statistics, provided by the Economic Policy Institute.

In elaborating on this theme in his article “A Boom in Corporate Profits, a Bust in Jobs, Wages” which he calls an “economic disconnect” in referring to the surge in corporate profits, while jobs and wages remain at recession levels, Wiseman lists several factors that have contributed to this predicament:

- U.S. corporations are expanding overseas, not so much at home. . . . In the

2000s, they added 2.4 million jobs in foreign countries and cut 2.9 million jobs in the United States, according to the Commerce Department.

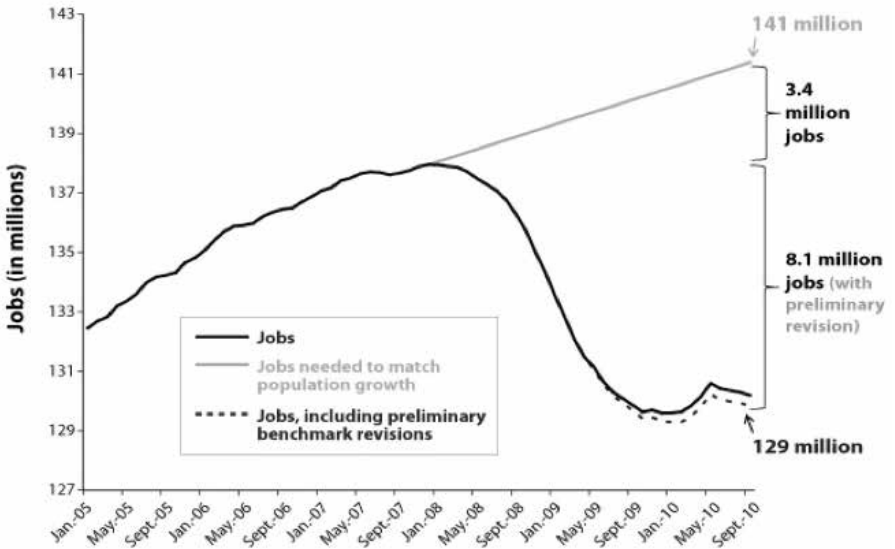
- Back in the U.S., companies are squeezing more productivity out of staffs thinned by layoffs during the Great Recession. They don't need to hire. And they don't need to be generous with pay raises; they know their employees have nowhere else to go.
- Companies remain reluctant to spend the \$1.9 trillion in cash they've accumulated, especially in the United States, which would create jobs.

The grim economic situation affecting millions of workers across the nation has prompted others, like Simon Johnson, the former chief economist at the International Monetary Fund, to ask: "A Second Great Depression, or Worse?" Writing in *The New York Times* of August 18, 2011, Johnson warns of a prolonged period of economic crisis that may afflict the U.S. economy: although "the main features of the Great Depression have not yet manifested themselves and still seem unlikely," he writes, "it is increasingly likely that we will find ourselves in the midst of something nearly as traumatic, a long slump of the kind seen with some regularity in the 19th century" (Johnson 2011).

The latest unemployment data, released in early September, 2011 by the Bureau of Labor Statistics and reported by the Economic Policy Institute, reveal that the unemployment rate in August 2011 was 9.1 percent (still above 9 percent). This amounted to 14 million workers who were still unemployed (6.3 million more than in December 2007), many of whom concentrated in 11 states with double-digit unemployment rates. The underemployment rate (i.e., those who are unemployed, marginally attached, or working part time involuntarily) was 16.2 percent. Altogether, there were 25.3 million workers who were either unemployed or underemployed in August 2011. Whites had an unemployment rate of 8.0 percent, blacks 16.7 percent, and Hispanics 11.3 percent. In July 2011, seasonally adjusted underemployment was 13.2 percent for whites, 25.3 percent for blacks, and 22.0 percent for Hispanics. And the youth unemployment rate for all 16-24 year olds was 17.7 percent, and for all 16-19 year olds it was 25.4 percent, while for 16-19 year old blacks it was 46.5 percent, and for 16-19 year old Hispanics it was 37.4 percent in August 2011 (Economic Policy Institute 2011: 1-2).

Looking at the unemployment situation in broader perspective, data for the period 2005 to 2010 show that the gap in the labor market due to the rise in unemployment from the fourth quarter of 2007 to the fourth quarter of 2010 is 11.5 million jobs. Thus while jobs needed to match population growth would have put employment at the 141 million level in September 2010, the actual number of people working in September 2010 (129 million) put the total deficit in jobs at 11.5 million (see Figure 3).

Figure 3. Payroll Employment and Gap in Labor Market in the United States, 2005-2010 (in millions of jobs)

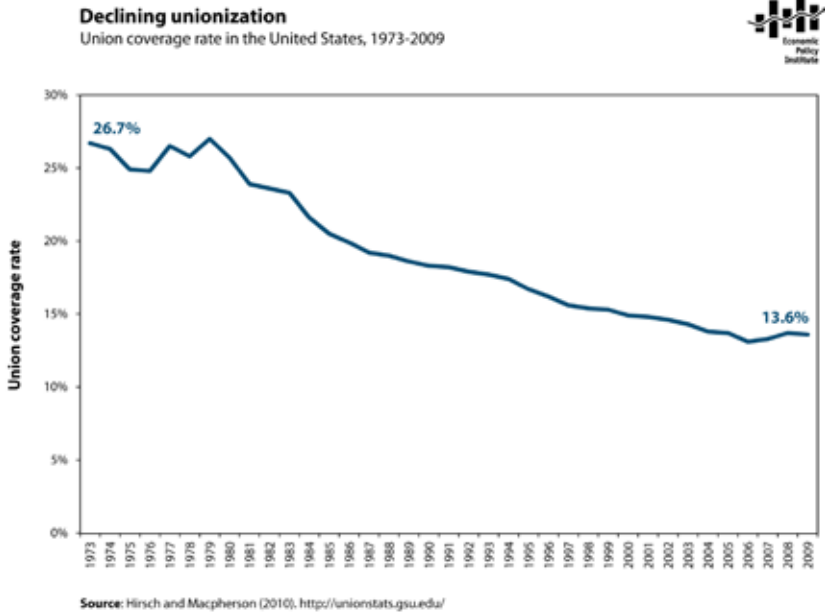


Source: Bureau of Labor Statistics data compiled by the Economic Policy Institute.

Despite the slight improvement in the unemployment rate by August 2011, down to the 9.1 percent level, the economy still needed 11.2 million jobs to regain its pre-recession level of unemployment. With the recession continuing into 2012 and beyond, the economic situation is bound to get worse, and the unemployment and underemployment rates are bound to stay at high levels for at least several more years.

The deteriorating situation in the labor force, with high rates of unemployment on top of jobs that have already been outsourced, one observes in Figure 4 below a dramatic decline in union membership in 2009 to a level more half its size in the 1970s, declining from 26.7 percent in 1973 to 13.6 percent in 2009. This figure is even lower in private industry, which hovers around 12 percent, and still lower in countries that harbor transnational corporations that operate in cheap labor heavens that house the sweatshops of the world.

Figure 4. Union Coverage Rate in the United States, 1973-2009 (in percent)



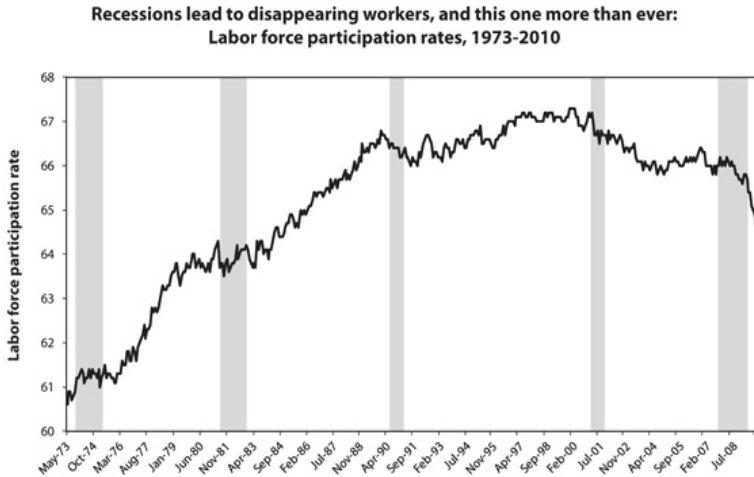
Source: Hirsch and Macpherson (2010), <http://unionstats.gsu.edu/> provided by the Economic Policy Institute.

As the global economy further expands and the shift in manufacturing further affects the U.S. domestic economy through reduced industrial employment, we will continue to see a deterioration of the employment situation in the United States and with it a further decline in union membership that will reinforce an already deteriorating situation that impacts workers and their unions. Thus, we can conclude that outsourcing of jobs to cheap-labor areas abroad, decline in domestic production in manufacturing, and rising unemployment due to the continuing economic crisis, have all contributed to the decline in union membership in the United States and will continue to do so until the situation improves, which is not going to happen anytime soon. The situation is getting worse each year the recession continues and the unions are continuing to get weaker in the face of the prolonged economic slump that is bound to linger for many years – a predicament that is the outcome of the globalization process that dominates the world.

Demographic Breakdown of Labor Force Participation

During the course of the recession, all major demographic groups have experienced substantial decreases in labor force participation. Men, racial and ethnic minorities, and young workers have experienced the largest declines. Since December 2007, the labor force participation rate (LFPR) has decreased by 2.7 percentage points among men (dropping to 70.4%) and by 1.1 point among women (to 58.3%). It has decreased by 1.7 points among black workers (to 61.7%), by 1.4 points among Hispanic workers (to 67.1%), and by 1.9 points among white workers (to 64.5%). For workers age 25 or older, high-school-educated workers saw a decrease of 2.4 points to (60.3%) and those with a college degree saw a drop of 1.6 points (to 76.4%). Among workers age 16-24, it has decreased by 4.0 points (to 55.2%), among workers age 25-54 by 1.4 points (to 81.7%), and it has increased by 1.0 point among workers age 55 and over (to 39.9%).

Figure 5. Labor Force Participation Rates in the United States, 1973-2010 (in percent)



NOTE: Shaded areas are recessions.

SOURCE: Current Population Survey (CPS) data.

Note: Shaded areas are recessions.

Source: Current Population Survey (CPS) data provided by the Economic Policy Institute.

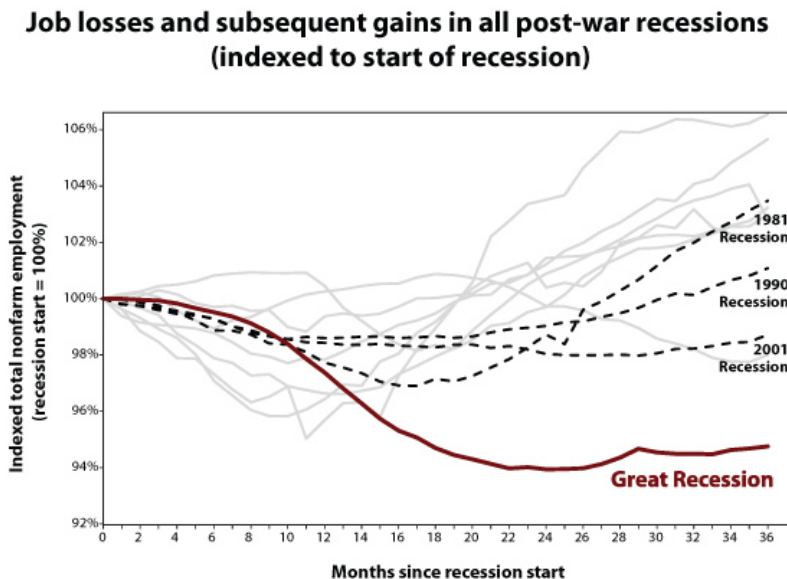
All these data indicate that major sectors of the labor force in the United States have experienced substantial decreases in labor force participation over the course

of the recession and the situation is getting worse as the economy threatens to dive into a double-dip recession that may result in a depression

This situation is consistent with the decade-long downward trend in the labor force participation rate during the 2000s that started with the 2000–2001 recession and accelerated in the 2007–2009 great recession (see Figure 5), which still continues as of this writing in late 2011.

Long-term Unemployment and Underemployment

Figure 6. Job Losses and Subsequent Gains in all Postwar U.S. Recessions 1981, 1990, 2001, and 2007 Recessions (indexed to start of recession)

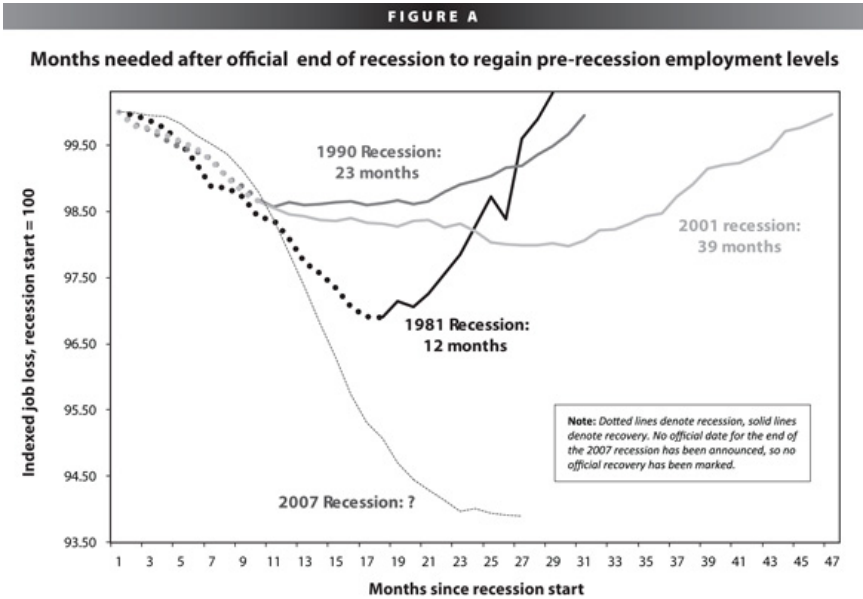


Note: Grey lines are not labeled but represent recessions starting in 1948, 1953, 1957, 1960, 1969, 1973, and 1980.
Source: EPI analysis of Bureau of Labor Statistics data.

Note: Grey lines are not labeled but represent recessions starting in 1948, 1953, 1957, 1960, 1969, 1973, and 1980.

Source: Economic Policy Institute analysis of Bureau of Labor Statistics (BLS) data.

Figure 7. Months Needed After Official End of Recession to Regain Pre-Recession Employment Levels: 1981, 1990, 2001, and 2007 Recessions



SOURCE: EPI analysis of Current Establishment Survey (CES) from the Bureau of Labor Statistics.

Source: Economic Policy Institute (EPI) analysis of Current Establishment Survey (CES) from the Bureau of Labor Statistics. (BLS)

Conclusion

As the preceding analysis of the impact of the latest recession shows, to achieve the pre-2007 recession unemployment rate in five years, the labor market would have to add 285,000 jobs every month for the next 60 months. But, more importantly than that, beyond the impact of the great recession and the slow recovery in the years ahead, the big issue is the impact of globalization on the labor force structure and job creation in the United States. And that will depend in large part how the problem of outsourcing is addressed in conjunction with the role of the state in providing stimulus funds to create jobs in the public sector – jobs that private industry is unable or unwilling to create in the era of neoliberal globalization. However, the crisis of the global capitalist economy as manifested in the latest

recession is not solely a matter of jobs and a decent standard of living for working people through meaningful and well-paid employment. It is, in essence, a matter of addressing the inherent contradictions of the capitalist system itself. Thus, the problem is more a structural, and indeed systemic, one than a mere cyclical or technical one, and therefore it requires us to address the fundamental issues that are deep seated characteristics of the capitalist system itself. Given this, the problems of capitalism and capitalist crises require system-wide solutions that are more than anything else social and thus have immense political implications.

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2

Is An Alternative Globalisation Possible? Social Movement Radicalism and Cosmopolitan Liberalism

*Mike O'Donnell*¹

Introduction

This paper attempts a comparative analysis of the potential for fundamental global change offered by social movement radicalism and cosmopolitan liberalism. The term 'radical' is used to designate the former and 'cosmopolitan liberal' the latter perspective. Both groups are broadly left of centre and the term 'left' will sometimes be used when referring to them collectively. These labels, of course, are merely indicative and there is some overlap in ideologies of the two approaches and of the constituencies they seek to appeal to. Social movement radicals in particular vary in their specific focus from, for instance, environmental activists such as life-style Greens to human rights campaigners some of whom are independent activists and others full-time employees of Non-Government Organisations (NGOS) such as Human Rights Watch. Cosmopolitan liberals can be considered as a particular stream within the progressive liberal as distinct from neo-liberal tradition. Notable thinkers within this broader grouping are Mary Kaldor (2003) and John Keane (2003). The key reference point for progressive liberals is civil society that can be defined as the rest of society other than government and capital. Within civil society they look to sympathetic groups such as the liberal press and INGOs (International Non-Government Organisations) to exert pressure for global reform. Whereas progressive liberals work within the system to achieve reform, social movement activists largely work outside the conventional structures of power linking with the poor and relatively powerless, typically adopting tactics of direct action. What follows will further clarify the differences between the two groups whilst suggesting that these are not so great as to preclude co-operation. The wide scope of the article reflects the breath of vision of the two perspectives under consideration. However, this focus does not imply that the shorter-term ac-

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tivities of these groups are unimportant.

There is by now on the left a quite widely shared moral critique of neo-liberalism. Social movement radicals and cosmopolitan liberals agree that neo-liberalism the currently dominant form of globalisation creates extreme social inequality, is socially disruptive and presents unacceptable risks to planetary life. It is also a common view that liberalism is competitive to the point of greed and selfishness. So what alternatives to neo-liberalism do the left suggest? Although neither perspective under discussion spells out a full alternative ideology and strategy for change, both envisage a very different global society than the current, still neo-liberal dominated one. There are several reasons for this relative lack of clarity about strategy and goals. Firstly, the left was particularly affected by the scepticism about ideology that developed after the Second-World-War that reflected repulsion at the authoritarian ideologies of the defeated powers (Bell, 1960). This 'end of ideology mood' was reinforced by the 'decline of the meta-narratives' thesis of a number of French intellectuals, notably Jean-Francois Lyotard (1979). Further, the relative failure of the European and American New Lefts to develop a new radicalism and the collapse of Eastern European communism added to ideological uncertainty. Throughout the West the main political parties tended to converge towards what they regarded as moderate and pragmatic policies generally of a mild social democratic flavour. Whereas the right broke out of this consensual framework by adopting neo-liberalism, the left has found greater difficulty in developing a revitalised radical ideology for a rapidly changing, increasingly globalised world. A second reason for ideological uncertainty on the left is the sheer scale and complexity of developing an ideology with the global sweep and practical purchase to challenge and replace hegemonic neo-liberalism. Nevertheless, if the left is to achieve fundamental change it is necessary, as George Monbiot has put it for radicals to 'know what they do want as well as what they don't want' (Guardian, 2011; see also Monbiot, 2003)

The current moment appears to be one of great opportunity for the left. Capitalism is an extremely resilient system and arguably answers to certain elements in human nature and the left needs to be cautious of investing too much hope in the notion of a 'systemic crisis of capitalism'. Nevertheless, there does appear to be such a crisis of quite an extended kind. An aspect of this is the increasingly obvious fact that neo-liberalism generates extreme and increasing global inequalities not only in the Third World but also in the West. The problems are not merely economic. The Murdoch affair has opened up the question of press and police corruption and also the links of the capitalist media with political, financial and economic elites and its wider role in sustaining the system that they largely control. Similarly the Liam Fox affair gave a rare public demonstration of political-defence industry complex in action.

The question in the title of this paper can be broken down into several parts. First, what values or ideology underlie the kind of alternative globalisation the left might want, granted that there are a range of opinions? Second, what are the socio-economic conditions that might favour radical change and to what extent do they now exist? Third, what social groups and individuals, in short, what agency or agencies might be capable of bringing about radical change. Fourth, what is the best strategy of change to adopt? Fifth, what would a radical agenda for global change look like? These questions of values, of the conditions and agency of change, and of achieving and using power are not new. Any group seeking fundamental change requires consideration of them. Each section begins by presenting the position of the social movement radicals on a given issue followed by the cosmopolitan liberal view. The second of the five issues referred to above will only be further considered incidentally here as fuller analysis is beyond the scope of this article. However, in addition to the systemic crisis of neo-liberalism made above it is evident that the rise of China and other centres of economic and political power represent a serious medium and long-term challenge to the hegemony of neo-liberalism and to the American empire.

The Ideological Values of Social Movement Radicals and Cosmopolitan Liberals Compared

What, then, are the values that, respectively, motivate social movement radicals and cosmopolitan liberals in the pursuit of global change. The classic ideals of the wider left are liberty, equality and 'fraternity' or 'solidarity' as it has been re-named under the influence of socialism and, more recently, to some degree feminism. Devoid of historical context these concepts mean little. However, once located historically they can acquire concrete purchase. The meanings given to these terms and the relationships between them are highly variable and a practical political issue is brokering a practical balance between them. For instance, the Hobbesian social contract is a compromise between a particular liberal version of liberty and equality: a limitation on personal liberty in return for equality and liberty under the law. In fact, it is impossible to have both total freedom and total equality because unrestricted freedom will result in extreme inequality and probably little solidarity. The current problems of neo-liberalism arguably stem from an acute misbalance between freedom and equality, in particular from an excess of economic freedom and insufficient equality. One way of understanding the ideologies and practice of the two groups under discussion here is to analyse how respectively they express these classic ideals.

Within the social movements freedom is partly expressed as a commitment to organisational democracy in the form of the participation or control by all members of the organisation. Steve Taylor, a campaigner with UK Uncut, expresses this as follows:

‘Today there might not be a single unifying ideology of change among global youth protest of the sort that united people in 1968, but there is a common ideology embedded within our shared model of organisation – no egos, no celebrities, no one telling anyone else what to do and no one willing to take orders ...’ (Quoted by Shenker, *Guardian*, 12. 08. 2011: 11)

Taylor is mistaken about the nineteen sixties when similar views were widely expressed (see Various Authors, *The Port Huron Statement*, 1969 (1962)); Bennington, 1973; O’Donnell, 2010) but he captures well the participatory-democratic, anti-hierarchical mood among many contemporary activist youth. In this sense many social movements are quasi-anarchist reflecting a couple of generations on the ideas of thinkers as such as Schumacher (1973) that ‘small is beautiful’ i.e. more likely to be democratic. Often this translates into freedom as alternative life-style expressed variously at an individual, small group or network level (see Diane below). Of course organisational democracy generates a greater everyday equality of power. So in this context greater freedom leads to greater equality. Problems occur however in achieving organisational democracy in the case of larger entities such as industrial corporations.

Social movement radicals also seek and practice a more participatory form of political democracy than typically advocated by cosmopolitan liberals. They employ a variety of extra-parliamentary tactics the most important of which is direct action as they did at the meeting of the World Trade Organization in Seattle in 1999 and more recently at G8 AND G20 meetings. They often engage with social movements of the poor and relatively powerless and support or initiate mass protests. Greater equality resources is considered complementary to and substantially dependent on greater equality of power.

The ideological inspiration of the cosmopolitan liberals is the Enlightenment and in particular a belief in reason and human rights (Beck, 2006). They believe that the creation and maintenance of ‘the good society’ requires rational debate and this in turn requires civil and political freedom. Their commitment to equality is to equal freedom to exercise these and other rights rather than to the more distinctively socialist ideal of substantial material equality although they typically support somewhat greater material equality. They are strongly committed to a vital and influential civil society including their own intellectual involvement in it. However, in contrast to many social movement radicals, they favour representative

over direct democracy. A very distinctive feature of their ideology is the global extension of democratic governance through transnational co-operation and the reform of the United Nations.

Cosmopolitan liberals seek the global extension of human rights. This is apparent in following is a statement of cosmopolitan values by David Held in which he refers to:

'the claims of each person as an individual or as a member of humanity as a whole, these values espouse the idea that human beings are in a fundamental sense equal and that they deserve equal political treatment based upon equal care and consideration of their agency irrespective of the community in which they were born or brought up' (Held in Held and McGrew, 2003, p. 514).

For cosmopolitan liberals a comprehensive system of human rights extends and partly absorbs the civil and political rights that liberals have traditionally advocated. It also includes social rights although the emphasis in much of their writings is on democratic freedoms rather than greater social and material equality. By definition, human rights are a form of universalism not in the sense that they never change or develop but in that they apply to all. They represent what is considered the minimum necessary for a dignified and decent life but potentially more. Held and others suggest that human rights can be regarded as a project, a heuristic goal that can be expanded to accommodate human potential as well as needs (Kaldor, 2003). Of course the historical record of some of the advocates and supposed practitioners of human rights like those of communism is open to criticism but that is not a reason in either case for abandoning the ideals.

A danger for both social movement radicals and cosmopolitan liberals is idealism in the Marxist sense of mere wishful thinking detached from practical consideration of how to access and employ power and influence. Social and political ideals that have little or no chance of implementation are no more relevant to global society than religious 'pie in the sky'. To achieve secular social change requires that values be given systemic and institutional expression. A related problem of idealism, radical or liberal is to attempt to take the dangerous shortcut of trying to achieve ideals through violence. The use of violence for political ends can be justified in certain circumstances but it can often be counterproductive and risks a cost in injury and life.

What Agent or Agencies might be Capable of Achieving Global Change?

The questions of agency and strategy for change, respectively the subjects of the next two sections, are closely related and inevitably overlap. A particular agent of change is likely to favour a particular strategy or range of strategies depending on its socio-political position and power. For instance, an army coup requires a wholly different strategy than that of a democratic political party seeking an election victory based on the support of a particular constellation of social groups.

From roughly the time of the election of Margaret Thatcher and Ronald Reagan in 1979 and 1980 respectively, the left has suffered a pervasive sense of powerlessness fed by the lack of a convincing agent of change and by limited public support for radical politics. Despite the widespread protests of 2011 the neo-liberal epoch that Thatcher and Reagan facilitated is still in place, however damaged and unstable. Neo-liberal hegemony has been so stifling that many radical thinkers have focused more on the difficulties of achieving radical change than on which groups or classes might bring it about. The frequent observation that an ideology of consumerism has sweetened global capitalism is much the same explanation for public quiescence and apathy made decades ago by the Frankfurt school in Europe (see Adorno, 1991; Marcuse, 1969) and in the United States by Charles Wright Mills (1956). However, the two groups under discussion have attempted to identify and to some degree develop constituencies that might generate a serious challenge to neo-liberalism.

Although there is some overlap in the thinking on agency and strategy of cosmopolitan liberals and social movement radicals a major difference is that the former seek to address and activate as wide a section of the public as possible whereas the latter envisage change as coming from the grassroots. Cosmopolitan liberals want to establish a globally enforceable framework of human rights and to strengthen institutional power and decision-making at the global level. They appear to see their own contribution largely as offering intellectual leadership. In contrast social movements activists generally focus much more directly on the poor and powerless and engage with and promote popular protests and movements that seek social justice and power (see below). These differences and their implications for a reshaping global society will at some point require practical if not theoretical resolution if an 'alternative' globalisation is to be achieved.

The following quotations from social movement activists illustrate their scepticism and distrust of the official mechanisms of power. In the first an activist refers to a speech he gave to a group of Labour party members who apparently found some empathy with his political perspective:

‘The one point I made which really struck a chord in the room was about internal democracy. The experience of organising along participatory lines, I suggested, had been an empowering one for many young people who know they are unlikely to experience the same thing within the stifling routines of party bureaucracies. Clearly this resonated with members of an organisation that has been gutted of democracy at the local and national level ...’(Aitchison, 2011).

In the second quotation a Spanish protestor dismisses the idea of forming a new political party:

‘We don’t want to form a political party because it would destroy the horizontal nature of the movement... the system is rigged so that only the two big parties can win so it would be pointless.’ (Quoted by Shenker, Guardian, 12.08.2011: 11)

Social movement activists are of course themselves agents of change. They often initiate protest rather than simply support grassroot movements but they typically try to do so consistent with their anti-bureaucratic and participatory values. However, while most share certain modes of practice they do not share a specific ideology. The umbrella term ‘anti-capitalist’ used frequently around the late nineteen nineties and in the early part of this century, describes what most were against rather than what they were for. The uncontroversial if vague terms ‘alternative globalisation’ and ‘movement for social justice’ at least indicate a positive direction. Some social movement radicals are Marxist or neo-Marxist, others are closer to a pragmatic largely undefined anarchism and others still appear suspicious of any macro theory building. Given these ideological variations it is unsurprising that no single term to describe their constituency of the poor and powerless has been adopted across the NSMs. Sometimes the term ‘global underclass’ is used – one which relates more closely to elites/mass than to class theory. However, Marxist activists and commentators describe the relationship between global capital and the oppressed primarily in class terms (see Sklair, 2002).

The approach to agency of social movement activists presents a number of problems of organisational continuity and political impact and direction. Firstly, there are a vast number of diverse individuals and groups that can be termed social movement actors often mainly motivated by one specific issue such as climate change or torture rather than by a coherent shared notion of broader change. Second, the lack of a central body to coordinate long term publicity, planning and action reduces the potential for unified impact. However, this is less problematic with the development of internet based communication particularly in respect to one-off actions such as the Seattle protests or the occupations of UK UNCUT. Thirdly, to the extent that social movement activism is generational in character what it gains in vitality

and immediacy may be lost in lack of continuity and experience.

Mario Diani has provided interesting theoretical insight how, despite the above problems, the potential agency of social movement radicalism might be underpinned by greater continuity and solidarity than might superficially seem likely (2000). He takes from Rokkan the observation that as new issues develop individuals and groups may 'cleave' or break from identification with established parties and shift to protest politics, for instance on gender, or, more recently, environmental issues. From Simmel he takes the concept of over-lapping circles of activists who may come to know one-another through common concerns and association and so form a community of interest and identity. The internet and other innovations have greatly facilitated this process by lowering the cost and increasing access to and the speed of communication. However, as Diani points out, social movements do not have the formal membership or the bureaucracy of political parties nor do the interests of activists fully overlap, factors that partly explains the multiple identities and shifting web of ties of participants in NSMs. This loose networking provides a typically open and welcoming although quite mobile community particularly for unattached younger people. Life-style approaches to change have recently gained wider impetus reflecting a growing awareness of the links between late modern patterns of living and various planetary risk factors including climate change. However, a key challenge to radicals is whether personal and communal change without substantial engagement with institutional politics can transform society on the scale they see as necessary.

The cosmopolitan perspective on agency is dynamic and inclusive, critics might consider too much so. In a key paragraph Beck and Grande (2010) dismiss the notion that any single social group or category should be seen as the sole or necessary agent of global change. Rather many groups might participate in a wider coalition of change:

(W)ith reference to the addressee relationship the 'cosmopolitan turn' means no specific actor categories, that is, neither governments, nor trade unions, employers' associations, social classes, or social movements. Most importantly a cosmopolitan social science does not follow a false analogy by searching for, and uniting with, new 'transnational classes', 'multitudes' or 'elites'. Rather the subjects of cosmopolitan social theory are cosmopolitan coalition of actors in all their diversity. They are to be found in these heterogeneous, permanently fluctuating coalitions which include governments, national and international 'sub-politics', international organizations, informal gathering of states (such as the G-8, G-20).' (435)

By including 'social classes' in their list of social categories they consider in-

appropriate as single carriers of change, they implicitly reject Marxist theories of agency and similarly their reference to 'multitudes can be read as a dismissal of romantic notions of popular agency arguably attributable to some social movement activists. They extend no more privilege to these categories than to others in the struggle for change. Some of the categories that are explicitly referred to as potential agents of progressive change are perhaps surprising. Thus in the paragraph above they give the developed nations dominated 'G-8' as an example of a potential agency of change and earlier in their article they suggest for inclusion certain categories that radicals would find even more challenging:

'Individuals, neo-liberals and neo-nationalists, corporations, social groups and societies, the powerful and the weak of the world ...' (433)

The rationale underlying the comprehensive list of potential actors for change suggested by Beck and Grande is presumably that everybody is affected by what they consider the main contemporary global risk, climate change. However, what this panglossian perspective overlooks is that some individuals and groups contribute far more to global inequality and environmental degradation than others and that some are more damaged by it. It may be too optimistic to expect the main perpetrators of the problem to engage substantially and adequately in its solution.

Other progressive liberals give more emphasis to specifically disadvantaged groups than Beck and Grand. Thus, Mary Kaldor in *Global Civil Society: An Answer to War* (2003) provides 'a rights based definition of civil society' based on 'politics from below and about the politics of human emancipation' (2003: 46). However, 'below' for Kaldor does not appear to mean quite what it does for social movement activists. Rather she is referring to the pressure from 'below' that civil society can exercise on institutional politics whereas more radical social movement activists focus more on the responses of the poor and oppressed. The universalist perspective of the cosmopolitan liberals runs the danger of glossing over the particular needs of the oppressed. Nevertheless there is sufficient overlap between the two positions to offer some basis for negotiated joint action. This possibility is discussed in the conclusion.

Apart from the limitations of their own ideologies on the question of agency, cosmopolitan liberals and social movement radicals face some common problems. These include the problem of operating politically across enormous geographical space and the sheer diversity of the peoples and societies that occupy it. Again, however neo-liberal business people and politicians have found ways to control and exploit global space and those who oppose them have little alternative but to respond at a global level.

Strategies and Tactics

This section is essentially an addendum to the previous one. The different agencies of change the two groupings advocate imply certain strategies and tactics. The focus here is mainly on strategies of change as a detailed discussion of tactics is beyond the scope of this article.

The life-style of many social movement radicals – their own agency – is itself a strategy for change in so far as it involves alternative ways of living. A reasonable assumption is that they hope that others will follow their example. This is a slow and cumulative strategy for global change although there have been enough seismic shocks and shifts to global society between the collapse of Eastern European communism and the Arab spring that a sudden acceleration towards an alternative globalisation cannot be discounted.

There is great diversity among social movements in the issues they pursue but groups regularly come together for mass protests. Direct action of the kind employed the Seattle protestors of 1999 and more recently by UK UNCUT is the classic tactic employed by social movement activists. However, as Kevin McDonald implies radical action is not necessarily a one-off moment but can be part of and embody a holistic integration of values, strategies and tactics, and goals:

‘Once we start to look, however, certain themes begin to reoccur: the shift from hierarchy to network; the personalisation of commitment; the move from the long term to the short term; the shift from organization to project; the critical importance of the media, above all television, for the mediatization of action; the shift from organization to event’ (McDonald, 2006: 70).

Some social movement radicals, then, consider that to adopt a pre-conceived and detailed strategy of change risks falling into the trap of ‘the old politics’ of doctrinaire rigidity and over-centralisation. As in the 1960s, some are so committed to a grassroots approach that they prefer to avoid any formal cooperation, let alone alliances, with mainstream progressive pressure groups and political parties. Thus, Rotem Tsbueri, an Israeli radical, comments:

‘We’re not interested in changing ministers or governments, we want to change the way things are done. It’s not about whose in the government it’s about the way they work and think.’ (Quoted Shenker, Guardian: 12.08.2011: 11)

Some of the more radical NGOs and INGOs share much of the decentralist ideology and activist orientation of less formally organised radicals and have become an increasing source of pressure for global change. Their number has expanded across the globe from perhaps a few tens of thousands in the late nineteen sixties

to currently hundreds of thousands although their radical credentials vary considerably. Some larger INGOs, particularly those with a sizeable public subscription base, are sometimes able to publicise or even curb controversial activities of multi-national corporations and governments. Two particularly influential NGOs are Amnesty and Greenpeace. In its mission to defend the human rights of political prisoners, Amnesty brought to light the apparent involvement of the British government in condoning torture. Greenpeace routinely opposes commercial activities that it considers threaten to cause environmental damage. One Greenpeace activist claims that the organisation's efforts to disseminate an ecological sensibility have had a global impact (Wapner in Lechner and Boli ed., 1996, p. 415). Various factors limit the potential impact of INGOs on systemic change including that they typically focus on single-issues; the dependency of some on government and corporate sources of finance; and a tendency for some to become bureaucratic (Mowles, 2007). The ability of INGOs to act as a countervailing force against governments and corporations would be greater if they more frequently acted collectively. The environmental INGOs seem best placed to promote a collective strategy but have yet to move decisively to do so.

To the extent that they mainly address opinion within Western democracies cosmopolitan liberals are committed to a reformist strategy. However, this can include an array of civil society activity as well as support for pressure group and parliamentary initiatives. At the global level their focus is on the reform of the United Nations. My own reading of the cosmopolitan liberals is that they do not share the penchant for liberal interventionism as the kind supported by Tony Blair and his guru Anthony Giddens chillingly referred to by Chomsky as 'the new military humanism' (1999). However David Held (2002) and Mary Kaldor (2003) both support the idea of a United Nation's army as a necessary aspect of global governance.

If social movement radicalism is characterised by active engagement with issues as much as by ideas, cosmopolitan liberalism mainly seeks to influence others to act. As the quotations in the previous section from Beck and Grand demonstrate their target constituency is extremely comprehensive. Despite their own obvious strong moral motivation, Beck and Grand claim that the changes they advocate can be based on an appeal to self-interest (2010). They believe that ultimately it is in everybody's interest to support measures to reduce humanly induced climate change and a more equitable world. In contrast social movement radicals tend to be much more sharply focused on the needs of the poor and powerless and this difference in perspective undoubtedly presents a serious difficulty in achieving a working coalition.

Directions of Global Change

The fifth question asked at the beginning of this lecture was about the content of an alternative programme of radical change. Of the two groups under discussion, the cosmopolitan liberals offer more specific and detailed suggestions. This is not surprising and reflects the groups different ideological starting points.

There are several reasons why social movement activists provide a less detailed description of a post-neo-liberal world. First, the priority of most activists is to affect matters in the short or medium term. They typically protest about specific causes and issues such as the Iraq war or torture and advocate particular changes or reforms such as tighter international carbon emission targets or the rights of parents to be involved in the medical treatment of their children. Second, many object ideologically to prescribing a detailed programme of change for others on the basis that the oppressed and disenfranchised have the right to shape their own future. Thirdly, many see the emergence of a decentralised, un-bureaucratic, mutualist society as a work currently in progress rather than a project to be achieved at some time in the future. Nevertheless, social movement radicals bring a distinctive perspective to the creation of an alternative globalisation. If the democratic practice is to penetrate more deeply into everyday life then there must be a proliferation of the means of participation. This may not be a sufficient basis of an alternative globalisation but it is a desirable if not a necessary part of one.

In contrast, the cosmopolitan liberals are increasingly detailed about the kind of globalisation they want. They seek the development of a global system of governance, ethics and law through pluralistic dialogue. Their ideas on ideological and institutional issues are substantial and arguably offer a complement to civil society activism. They support human rights not only as a matter of conviction but as the most effective means of achieving the kind of globalisation they advocate. They argue that human rights law should be implemented globally and be given superior status to other forms of law. Held goes further arguing for a global level of governance whose laws should be policed and enforced as necessary. This is the key 'institutional arrangement' implied in the following statement:

'In essence, the cosmopolitan project attempts to specify the principles and the institutional arrangement for making accountable those sites and forms of power which currently operate beyond the scope of democratic control' (Held in Giddens, 2001, p. 399).

Held considers that currently these sites of undemocratic power are substantially transnational in nature and he wants a reformed United Nations to have the power to bring them to account. However he fully accepts the principle of subsidiarity that it is only in legally specified areas that the United Nations would have

over-riding power. In other matters governance is exercised appropriately at other levels such as the regional or national. What might emerge is a rebalancing of the relationship between these various levels.

If Held's suggested reforms to the United Nations remain largely aspirational, he nevertheless believes that the increasing interaction of nations and in particular the proliferation of treaties, conventions and agreements of a transnational nature demonstrate that global society is moving in the direction of greater global governance. This is occurring not only in relation to human rights but in a range of other areas including commercial treaties, navigation law and climate change.

What is new about cosmopolitan liberals is not their reformist approach but the scope of their vision of global change. It is in their thinking on global intervention on climate change and the environment and on human rights that provides the complementary potential to social movement radicals. The latter's commitment to organisational democracy and participatory democracy more generally offers the possibility that the institutional reforms suggested by the cosmopolitan liberals would remain democratic. History suggests that they are right to be sceptical of elite dominated approaches to social change.

Conclusion

Social movement radicals and cosmopolitan liberals are engaged in significantly different but important projects and there is no reason why either should stop. However the overlap in the groups they seek support from, in the issues that concern them and in their longer-term goals raise the question of whether in some respects they should work more closely together. There already exists a World Social Forum, partly a riposte to the elite forum of Davos, but this is largely a means of exchanging ideas. Is there the potential for more co-ordinated and focused action? Before returning to this question, I want briefly to refer again to the fast changing global context.

The discourse of globalisation is predominantly a Western and South East Asian one. Elsewhere global change and the global future are often seen very differently. China appears more concerned with its own imperial ambitions than with fashioning a new global system. Major countries in the Islamic world including Iran and Pakistan are substantially in the grip of politically conservative forces more likely to articulate a world vision in terms of the umma than liberal or radical globalisation. Even the Arab spring and dissent in Iran is largely focused on democratic reform with little attention given to dealing with the processes that produce social and organisational inequality. There are relatively few global constituencies for a genuinely progressive let alone radical alternative globalisation. However, the last

quarter of a century has seen a series of remarkable and largely unpredicted changes some of which appear connected; the implosion of Eastern European communism; the rise of hegemonic neo-liberalism and its current disarray; the re-emergence of Islam on the global stage; the liberation movements across the Arab world and beyond; the spectacular disgrace of the Murdoch communications empire. Change on this scale offers opportunity. This is not a time for radicals and progressives to retreat. In a threatening and unstable world there is much to defend and, as this paper has argued, much more to achieve.

Despite the undoubted complexities, the vision of a different globalisation built on deep democracy and social justice is compelling; far more so than alternative versions of globalisation based on the continued hegemony of a discredited neo-liberalism or a collapse into defensive nationalism (see O'Donnell, Pilkington and Goodhart (2007) for a debate on this issue). There is much that is complementary in the ideologies of cosmopolitan liberalism and social movement radicalism and much to be gained by forging a more united front. Representative and participatory-democracy are not necessarily contradictory but function at different levels. In addition there are a number of techniques, including recall, available to make representative democracy more responsive to constituents. Further, the issue of organisational democracy should be vigorously pursued. The concept of human rights developed particularly by progressive liberals provides a convincing ideological template for the left but it needs strengthening in respect of material equality and cultural opportunity – areas in which the social movement radicals have shown more practical commitment. Greater social equality is of course a fundamental socialist principle and both the ideologies discussed above would benefit from a reconsideration of democratic socialist ideas on material equality and equality of cultural access. However, it is encouraging that the ideas of some socialist thinkers are converging in certain respects with those of the groups discussed here. It is interesting that in his book *Globalization: Capitalism and Its Alternatives* (2002) the Marxist writer, Leslie Sklair, endorses the adoption of human rights within socialism and advocates producer-consumer co-operatives as the bedrock of democratic economic organisation. My view is that human rights are more fundamental than socialism but certainly a melding of the two would be a highly promising development. The notion of a broad consensus among the global left is an enticing one.

As the previous paragraph implies an integration of the approaches of the social movement radicals and the cosmopolitan liberals does not create a perfect complement nor provide a full agenda for an alternative globalisation. In particular much more detailed discussion of the specific powers of governance at the global, regional, state and local levels is required. Similarly, the vital problem of how to achieve much greater global equality – presumably requiring substantial redistribution between nations and regions as well as individuals – also requires much greater

analysis. However what the cosmopolitan liberals offer at the level of human rights and related institutional reform and the powerful level of local and organisational democracy insisted on by social movement radicals should be substantial elements of a more just world order.

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3

The Outcomes of Neoliberal Policies on Health Workforce Employment

Nilay Etiler

Introduction

The neoliberal policies have been introduced after 1980s over the world to deal with the last big and deep recessive wave of capitalism. With implementation those neoliberal policies, health care systems in the countries have been one of the most damaged sectors in parallel with the collapsing some other public sectors. The health care systems have been rearranged to adapt to requirements of the global market. In brief, the core of the neoliberal health policies is privatisation in the environments of commercialised health market.

It is no doubt that the negative outcomes of the collapsing the public health sectors in most countries have been emerged on the population especially disadvantaged groups. On the other hand, the health care workers have been deeply affected from these neoliberal policies. In this paper, the 'side effects' of the neoliberal policies on health workforce will be generally considered with the samples from many countries around the world. First, the many features of the transformations of the health care systems will be explored in extent to effects on health care workers. Later, the changes in employment conditions of the health care workers will be discussed in the reform terms.

A Brief History of the Health Care Systems Around the World

Health care has been traditionally labour-dense sector in spite of using high technology in recent years. Therefore, workforce is an important –even indispensable– component of the health systems. The close relationship between economy politics and organization of health systems has always been evident. Furthermore, historically health care systems around the world have had reflections of the different eras of capitalism.

In Table 1, it shows that the evolution of health and health care according to the

terms of capitalism.

Table 1. The terms of the health in relation with the terms of the capitalism¹.

Multiethnic empires or wColonisation	Nation-state	Globalisation	
Post Industrial Revolution Era	Welfare State Era	Neoliberal Era	
	From 1945 until 1980's	1980 – 1990 Introducing the neoliberal economy policies (Deregulation)	After 1990's Implementing neoliberal policies (Implementation)
Health is a need for poor. Lack of organised health care Health care delivering by non-profit religious institutions as charity Governmental interventions only for outbreaks.	Being healthy is a human right Health is a social issue. National health services organised by the governments.	Health is a need (again) An individual issue. Deterioring /corrosion the public services. Privatisation Responsibility of managing health services have moved from national to local.	
		Deregulation Marketisation Supporting privatisation Outsourcing	Neoliberal health reforms Processing the market / Generating demand Labour market adjustment Public-private partnership

In the early capitalist period, people around the world faced many public health issues because of urbanisation following industrialisation. Although, religious institutions or traditional healers provided health care until then, the measures by governments sometimes became an obligation to solve out the emerging problems such as outbreaks. An organised health care system could not be mentioned for that period.

In the world's history, the organized health systems emerged after World War II as the outcome of welfare state formation. It is also well known that the health care was dealt among main public services in the “welfare state era”. The welfare state era, beginning after the 2nd War is the period when health was perceived as a ‘right’ for every citizen, thus health care was under states’ responsibilities. Health care was delivered publicly, and financed by general budgets through general tax revenues. As known, during the expansive period of the capitalist system, the state

1. It was conceptualised by the author.

took the responsibility to provide healthy (workers) manpower for the increasing needs of capitalist production, and thus organised the health care systems in line with this requirement. As a result, every country attempted to organize their national health services in their dynamics. In those years, health personnel were –as expected- under the state’s job security. Health services have usually been seen as “essential services” and so health workers had the secure status as public servants (Lethbridge, 2004). Health care systems began to change when capitalism started to undergo the deep crisis of 1970’s.

The neoliberal policies to deal with the systemic crisis of capitalism after 1980’s have seriously influenced the main character of national health systems. The neoliberal period after 1980’s can be divided into two parts in terms of health care in line with the general neoliberal periods (Güzelsarı, 2008:39-40).

First, the transition period until the beginning of 1990’s witnessed the reduction in the share of health services from general budget, and the recruitment of the personnel which accelerated the process of deterioration in the public health care system. This led to the commercialization of health care. On the other hand, the governments supported the private health sector in various forms. In brief, the first period of neoliberal policies might be called as “deregulation” of the public health sector.

At the same time, some ideological discourses were used to change the people’s perception about the governments’ responsibility on health care. Those were:

- Individualism of the health: “the illness is an individual situation; health is determined by good/bad habits and behaviours.”
- Health is a need, not a right. So the individuals who need health care have to buy it if they can.
- Public health services have become unqualified, overloaded and thus slow.
- Public health institutions are far from dealing with the people’s needs.

Second period of neoliberal era was built up on this deregulation. The health reforms have been implemented on the deregulated environment of health care market by the international actors of IMF and World Bank. The World Bank started its activities in the health sector in the early 1970s, and by the early 1990s it became the world’s largest health sector lender (Homedes&Ugalde, 2005). The heading of the World Development Report in 1993 was “Investing in Health”, and this document has all detailed reform recommendations. Also, within the structural adjustment programs, the health systems in most countries have been reformed as the requirements of stand-by agreements by IMF.

In brief, privatisation of health care was important in two different points in terms of the capitalist system. These are;

1. With the limitation of the financial responsibility of the state, “the lion share” in health care sector could be transferred to the capital.
2. The sector which is more profitable would be under the control of the capital. (Creating a new investment area for capital)

Tools of the Neoliberal Transformation on Health

There have been three tools used in health sector in extent to effects on health workforce. The World Bank’s neoliberal reform is the most dominant amongst the others.

World Bank’s Neoliberal Health Sector Reforms

Health sector reform has been defined as the “sustained purposeful change to improve the efficiency, equity and effectiveness of the health sector” by World Bank. When the health care reforms search in all around the world, it can be seen that the countries might be clustering under the three groups:

1. Central capitalist countries: UK, US, Germany, Canada etc.
2. The countries implementing IMF policies, and promising the structural adjustments programs (SAPs) with stand-by agreements: Turkey, Mexico, Argentine, Chile, Sri Lanka etc.
3. Former socialist countries (newly independent states): Russia, Lithuania, Romania, Bulgaria etc. They also implement IMF policies but within democratisation discourse.

In this point, it can be said that the countries of stand-by agreement and former socialists have implemented the same reform program that was created by the World Bank. The reform of WB contains two main points. First, the governments should be regulators and inspectors instead of being providers of health care. Second, the financing systems have replaced the social health insurance.

The topics of the WB’s reform were:

- Decentralization of health care
- Adjusting funding mechanism (in particular shifting from tax-based systems to social health insurance)
- Privatization and/or introducing market elements;
- Reforming primary care and using it as gatekeeper to specialist provision (Afford&Lessof, 2006).

The World Bank-led reforms did not include strategies to correct the human

resources problems presented earlier period (Homedes&Ugalde, 2005). In recent years, with progress in the health care reforms, WB and WHO are observed to consider the labour topic in health sector, consequently some documents on health care workers have been produced by WB and WHO in recent years (Wismar et al, 2011; Dubois et al 2006). These efforts seem to be adapted to the health personnel whose employment conditions have fundamentally changed according to the emerging health care market environment. According to neoliberal idea, health workforce is the most important input to any health system. Health workforce is additionally important because of their reactions to health care reforms (Rigoli&Dussault, 2003; Fritzen, 2007).

International Agreements

Another tool of neoliberal policies is the international agreements, for example GATS (The General Agreement on Trade in Services), which might affect health systems. GATS have four different modes for health services:

1. Cross-border delivery of trade: such as shipment of laboratory samples of provision of tele-health services.
2. Consumption of health services abroad: so-called “health tourism” where people from one country are treated by health services in another.
3. Commercial presence: where foreign private investors provide hospitals, clinics, treatment centers, or insurance, or have management contracts such as facilities, whether they are public or private.
4. Movement of national persons: the temporary movement of health professionals from one country to another (Spiegel et al. 2004).

Civil Service Reform – New Public Administration Approach

The other dynamic that influenced health labour force was the transformation of the state’s main characteristics. This process is compatible with neoliberal policies and called new public administration. New public administration approach covers shrinking the state, conducting the public services by private hands, managing the public institutions using market rules, implementing the quality management systems in public health care institutions, etc. Thus, health personnel are exposed to all of these practices.

Civil service reform has an impact on the employment and deployment of health

workers. Civil service downsizing results from policies to cut the costs of the public sector and transfer the delivery of services to the private or non-profit sectors. These changes lead to a reduction in the size of the public health care workforce (Lethbridge, 2004).

Until now, the neoliberal policies that would affect health care personnel are reviewed. In brief, neoliberal policies have produced many problems on health labour force. Now, I am going to mention some subheading of the neoliberal implementations related to health labour force.

Impact of Neoliberal Transformation on Labour Force in Health Different Forms of Employment

After the regulating the role of the government, the health sector is reorganised as two separate parts, purchasing and providing. In this period, the purchasing entity encouraged to buy services from a range of providers in the private and NGO sectors. This has immediate implications for the employment of health workers in the public sector, because the public sector may reduce its workforce if services are purchased from other sectors. The private sector may start to expand. Health workers often move from the public to the private sector because of better prospects and higher pay (Lethbridge, 2004).

The number of health personnel in the private sector has been increasing during the years of privatisation. Most important issue of working in private sector is the lack of job security because the employment is usually based on annual contracts. Furthermore, as expected, the working conditions are shaped by the market rules. The “contagion” of the private sector rules to health sector has changed the working conditions. In summary, the conditions of more work with fewer personnel, longer and flexible working hours etc. have been dominating the private health sector for the maximisation of profit.

One of the fundamental changes in public sector is from the implementation of “family medicine system” that was called by WB as being gatekeeper of the system. According to this “reform”, the primary health care would be delivered by the family doctors who sign a contract with the health finance institutions (usually social security institutions). Family doctors would work in their private offices, employ nurse(s) and maids. This implementation has eliminated the cooperation among primary health workers including general practitioner, public health nurses, midwives, environmental health technicians etc. in primary health care units. Likewise, family doctors have become self-employed while other primary care personnel such as nurses, midwives are losing their civil servant status and becoming

the workers under labour market. The consequences of that small regulation will thus be enormous. On the other hand, when the employer-employee relationship is introduced among the health professionals, who worked under equal conditions until then, the labour peace among them will be violated.

As a result of reform process, some different types of employment have occurred. For example, it was reported that there were about fifteen different types of contracts for public sector employees in Brazil (Homedes&Ugalde). Similarly, in Turkey there are six different employment positions in public health sector (Ünlütürk Ulutaş 2011) although only one position among them has job security.

Out-Sourcing

Another frequent approach has been to convert labour expenditures by outsourcing services, particularly those of the non-clinical workforce (cleaning, laundry), but also the more technical services (Rigoli&Dussault, 2003). Outsourcing has first been recommended to reduce the costs in public hospitals. Most frequent form of outsourcing is “contracting out” where only private bids are allowed and where contracts may be agreed with or without a competitive process. In hospitals, the objective of reducing or stopping the growth of fixed costs often led to substituting the internal provision of some services with external contracting. This measure resulted in changes in the number of permanent staff and flexible, therefore less predictable, contractual relationships with a growing part of their workforce (Rigoli&Dissaoult 2003).

Outsourcing of services is often accompanied by changes in the payment of staff and working conditions. Employment is not reduced but shifted from the public to the private sector (ILO 1998;32). Outsourcing is the one of the privatisation strategy in health care. Major rationalization has also taken place in auxiliary services like catering, cleaning, laundry and transport but in recent years, outsourcing has extended to clinical and laboratory services.

The workers of subcontractor firms are working under the private sector rules without job security. These workers are frequently employed for short-terms with temporary contracts.

In the public institutions, market conditions have been introduced and services are contracted out, which has resulted in a widespread decrease in job security in many countries. Health workers have moved from collective-bargaining arrangements to individual contracts (Lethbrigde, 2004).

Remuneration Types

After the introduction of user fees in most countries, it has been observed that these user fees contribute to the actual wages and salaries of health workers (Lethbridge, 2004). On the other hand, the distribution of this fund that was collected from patients as fees, has been based on individual performance. As the performance-tied payments are usually made according to fee-per-service, the overuses of medical applications which are accepted as high performance become prevalent. Thus it would be possible to earn more money, if a health care giver does more clinical applications and order expensive diagnostic tests etc. The other consequence of the performance-tied payment is leading to the competition among colleagues. This system also caused to increase the irrational use of diagnostic tests, and clinical intervention.

In brief, the remuneration systems have changing from monthly fixed salary to performance-based payment.

Working Hours

The working hours have been increasing by the years because of both privatisation and introducing the new public enterprises approach. Indeed, health personnel traditionally work with flexible working hours (shift work, on-call etc) because the timing of the health care need is uncertain. In the first term of the neoliberal policies, “deregulating period”, the salaries of the health personnel were deliberately low in public sector in most countries. As a result of this implementation, especially doctors were employed in part-time status in public sector and had additional jobs to increase their income. Additional jobs among doctors either legally or illegally increased their working hours. Furthermore, a study from Turkey showed that part-time physicians in public sector had similar income despite the longer working hours compared with full-time workers. The part-time physicians stated that they did not want to lose their second job opportunity because they did not trust the frequently changing employment policies (Etiler&Urhan 2011).

The introduction of flexible contracts and fall in full-time permanent contracts has been a characteristic of most reforms, leading to a reduction in long-term employment security. Some of these changes in terms and conditions have led to health workers’ taking on second jobs. This may be caused by the increase in part-time employment and low and erratically paid wages. Low pay levels have led to staff leaving the public sector and moving to the private sector, NGOs and aid agencies. When staff commitment deteriorates over time, health workers may migrate, not only from the public sector to the private sector, but internationally

(Lethbridge 2004).

As their purchasing power worsened, health workers intensified undesirable behaviors to increase their income. These included levying illegal fees, diverting patients from the public sector to their private clinics, using public supplies and equipment for personal profit (Homedes&Ugalde 2005).

Feminization of health workforce

Now I want to point out the feminization of health labour force. Health care sector traditionally employs women labour force more than the other sectors. It is associated with the role attributed to women who maintain and reproduce the labour force. Recently, WHO has reported the feminisation of health labour force which draws attention to increased portion of women labour in the sector (Rechel et al. 2006). Despite the higher women participation in the health sector, job segregation is observed between both sexes. It has been pointed out that there are two degrees of separation; first vertical segregation, so-called “glass-ceiling” and the second horizontal segregation, so-called “glass-walls” (Ellen Guy&Newman, 2004). For health sector it means that the prestigious and powerful positions like being doctor, surgeon, hospital manager etc. are attributed to men.

Also, the neoliberal health policies have potentially affected women’s employment, since the women personnel in health sector are mostly employed in public sector. ILO also reported that the nurses are more affected by health care reforms (ILO1998: 44). With the privatisation of health care, the number of women workers increased especially in semi-professional jobs like health technicians (anaesthesia, dental-prosthesis, radiology etc). For example in Turkey, it was reported that health care reform resulted to feminisation of health care in parallel to privatisation. The number of professionals such as health technicians, nurses and midwives have increased more than three times in private health sector, at the same time, 72% of them are women(Urhan&Etiler 2011).

It is the case that when the value of labour decreases in health care, male health personnel shift to more profitable areas. Women labour force fill in these positions left by men.

Under the market conditions, functional flexibility of labour is frequently preferred and used because of minimising the cost of labour force. For instance, in the USA, the occupational health nurses are reported to be more employed instead of occupational physicians and expanded their roles indicating the functional flexibility (LaDou 2002).

Conclusion

Neoliberal transition has affected not only public health but also the workforce in the health sector. Today, public institutions have been managed in line with private enterprise management rules. Also, boundaries between public and private are diminishing. As a result, many different contract working types of health care workers have appeared in recent years instead of being public servant. Furthermore, because of different contract types, the health professionals working in the same clinic doing the same work can get different salaries. As adjusted to 'new public management model', outsourcing among public hospitals has been increasing that means buying not only supporting services (such as cleaning, safeguarding, and catering) but also health services especially diagnostics from any private subcontractor firm. With enhancing the private health sector in parallel to privatisation, the number of health care workers in private sector has increasing and the expanding labour force are employed according to free market rules that means insecurity of job, low wages, competition, lack of unionisation. Under the fragmented working conditions, the organisation of labour force of health sector has mostly been difficult. Other important outcome is the feminisation of labour force in health sector that means the devaluation of labour in any sector.

As a conclusion, the labour force in health care has been losing its privileges when the working conditions were regulated by government, and free market conditions are introduced.

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4

A Dramatic Shift in Teacher's Employment and the Stratification of Educator's Labor¹

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Abstract

Since the foundation of the Turkish Republic, teacher training policies have included the employment of all graduates who have completed teacher's schools or education faculties. However, unemployment among teachers has become prevalent as the appointments in state schools have been based on competitive exams. Public Servant Selection Examination (PSSE) has decreased teachers' chance to be employed after graduation from university since the beginning of the 2000s. Along with the limited openings of teacher cadres in state schools, these competitive exams have led to unemployment of thousands of teachers, who started to seek employment alternatives. As a result, a vast number of teachers have headed towards the informal education sector where they faced all kinds of problems of flexible employment. Private tutoring centers and courses have become the grounds where a teacher's worth is measured with the number of students and the students' correct answers in various exams. While these centers have taken on an important role in the transformation of teacher's labor from use-value to exchange-value, teachers who work in these enterprises under the conditions that resemble a production line, have become familiar with the alienation to their own labor. Along with ever-expanding prevalence of teacher's employment outside the formal education system, irregular employment categories of contracted and hourly paid labor in state schools have led to stratification within the teacher profession. This stratified structure have normalized competition among teachers and extended the size of professional deterioration. This study aims to analyze the shift in teachers' employment and the stratification in educator's labor in Turkey, in connection with global developments. In this context, the transformation of teacher's labor from use-value to exchange-value is considered as a parallel phenomenon to the marketization of education and the prevalence of neoliberal politics across the world.

Introduction

Teachers' employment policies and practices have been changed dramatically in the last decade in Turkey which caused to unemployment of thousands of teachers. Broadly speaking, all teachers had been employed until recently. Most graduates of teacher's schools and education faculties were employed by the state while

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small portion of them were employed by some private foundation schools. In fact, teachers had been considered to be the representatives of the state to bring up good citizens for the reconstruction of the nation and for its future since the inception of the Turkish Republic in 1923. Likewise, historically, education had been considered the driving force for the development of the country, at least at the level of political rhetoric. In the same sense, educated citizens and educators had always been needed and thus, the state took the responsibility for educating both citizens and the educators which led to employment of all teachers one way or another.

Even though, the idea of bringing up useful citizens for the nation is still embedded in the Turkish education system today, the perceptions of almost everything related to education and social relations of education have been changing dramatically in the last few decades. Education is becoming a matter of individual needs and issues for both educators and educated. One of the most important outcomes of these changes has been unemployment among teachers, which has been continuously increasing since the beginning of 2000s. Today, it is far from being enough to be a graduate of any teachers' schools or education faculties to get a permanent teaching position in public schools, in fact in any other educational institutions.

In order to understand these dramatic changes in teachers' employment in Turkey, it is necessary to look behind these national changes as they are interconnected with global developments. Similarly, the shift in education systems around the world and in Turkey should be analyzed in connection with overall global changes as the outcomes of the new phase of capitalism. Education had been considered as a public service historically, however; neoliberal politics across the world have inscribed it as a commodity, thus paving the way to the marketization of teachers' labor as well as everything else related to education. In this context, this study considers the transformation of teacher's labor from use-value to exchange-value as a parallel phenomenon to the marketization of education and intends to show the synchronical relevance of national and global events regarding this transformation.

As a small part of a larger research, this paper has been based on the interviews with teachers of all positions and a variety of statistical data along with the personal knowledge of the researcher derived from observations and experiences in the last few decades.

General Agreement on Trade in Services (GATS)

Education has become an important center of attraction in the current phase of capitalism which needed new capital accumulating areas. Therefore, new agreements and tools were needed at the global level to explore this promising area of capital investment, as the organizations such as World Bank, OECD, and UN-

ESCO, which had historically been affecting national education policies and practices, did not have the necessary means to transform education systems across the world. The solution came in 1995 under the name of General Agreement on Trade in Services, which has been considered the greatest reform of the world trade system by the World Trade Organization (WTO). All the members of WTO signed this agreement which has led to radical changes in the perceptions regarding public services in those countries. GATS was put into practice in the beginning of 1995 as a result of the WTO's Uruguay Rounds, and provided the extension of the multilateral trade system to the services, thus paving the way to transmit the free market to all areas of life. The most important difference of GATS from other such organizations is its binding rules which provide the instruments to affect national education systems deeply around the world, thus making it more powerful in this sense. (Robertson, Bonal and Dale, 2002: 473). As some scholars of education pointed out with great concerns, "GATS can be used to secure the power of capital in the long term by privileging private owners of educational services in relation to the public and to the actual providers of these services, the faculty" (Scherrer, 2005: 485).

Ninth Development Plan and First National Education Strategy Plan

This concern has been proved right in Turkey in the last decade. Turkey signed the agreement in 1998 and thus formally recognized the marketization of education along with other crucial public services such as health. Ninth Development Plan which covers the period between 2007 and 2013, and the First National Education Strategy Plan which covers the period between 2010 and 2014 included parallel contents with GATS. These plans officially and openly documented the governmental goals to increase the share of private sector in educational services which had already been practiced in various forms. In this regard, investment incentives such as allocation of land and exemption from certain taxes have been fortified for investors.

In short, both Ninth Development Plan and First National Education Strategy Plan serve to remove the barriers in front of the marketization of education and thus passing the control to the capital. In fact, as a result of various hidden privatization practices within the public education system, household educational expenses have been increasing since the 1990s, but generally overlooked. While the increase in private expenses encourages the investments in the area, it also supports the changes in perceptions regarding education. Today, more than ever before, education is perceived as an investment in children which puts it on top

of the household expenditure list for most families. This accelerates the process of commodification of education, and thus supports the transformation of educator's labor to a commodity at the level of social perception, as well.

Transformation of Teacher's Labor From Use-Value To Exchange Value

According to the first Educational Expenditures Research which was carried out by the National Statistical Institution, household educational expenditures make up one third of all educational expenditures in Turkey. The main reason for this is the ever-expanding number of examinations in Turkey which has led to a tremendous increase in outside- school education. Turkey is one of the top countries along with Greece, South Korea and Brazil where a great portion of school kids attend a private tutoring center and/or take private tutoring lessons. Private tutoring centers have become so essential in the exam preparation that, according to the Higher Education Strategy Report, which came out in 2007, more than 70 % of the students attend these centers, while about 17 % of them take private tutoring lessons, additionally (YÖK, 2007: 82).

As seen in the table below, families spent 16,7 billion TL for high school and university exam preparation of their children in the school year of 2009-2010 (Türk Eğitim Derneği, 2010: 244). This amount makes up about 60 % of National Education Budget which is 28,2 billion TL. Even more strikingly, this amount is almost twice as much as the budget of higher education (9,4 billion TL), and in fact spending only for university exam preparation is remarkably close to the higher education budget itself .

The excessive increase in the number and variety of exams has turned the Turkish education system into a sort of exam system over time. In the last few years, between 3 and 5 million people took various exams each year. This so-called exam system has been affecting teachers in two ways and accelerating the transformation process of their labor. First, since the beginning of 2000s, the appointments in public schools have been based on a competitive exam called Public Servant Selection Examination (PSSE) which minimizes the chance to be employed after university graduation. In recent years, around 300 thousand teacher candidates hope to be appointed each year. Graduates of education faculties and some other faculties which are also sources of prospective teachers, continuously take this exam for numerous times with the hope to be appointed as public teachers. This has created preparation courses specifically for this exam, thus making the teacher candidates spend money without earning any. A lot of applicants keep taking it in their 30s and

even 40s, many years after graduation, while doing other jobs or with no job at all. Without any income, most of these graduates live with their families, embarrassed for getting pocket money from them. Psychological problems and even suicide are becoming quite common among these excluded teachers.

Table 1: Education Budgets (Turkey)

Budgets	TL
National Education Budget	28.237.412.000
Higher Education Budget	9.355.457.600

Source: MEB İstatistikleri, Örgün Eğitim 2009-2010

Table 2: Total Household Expenditures Used for Exam Preparations (Turkey)

Level/Type of Spending	TL
Exam Preparation For Secondary Education	8.082.838.965
Exam Preparation For Higher Education	8.626.472.774
Total	16.709.311.739
Private Tutoring Centers	5.707.811.064
Tests-books	2.160.968.761
Other courses	1.267.398.136
Other Expenses	5.198.178.895
Private tutoring lessons	2.374.954.883

Source: Türk Eğitim Derneği, 2010: 239

Another important outcome of this exam system for prospective teachers is seeking employment at private tutoring centers called *dershane*. In fact, it is the most common alternative and the only teaching possibility for teachers other than private schools and private tutoring which are either inaccessible or temporary and limited, therefore far from being real alternatives. Meanwhile, some of the teacher candidates do not physically teach even at private tutoring centers, because there are other categories especially for interns, such as library work which means sitting in the library and waiting for the students to come ask questions.

The number of private tutoring centers have increased enormously in the last decade and reached over 4.000 (4.193) exceeding the total number of general high schools (4.067) in the country. These centers employ more than 50.000 teachers

with 1,2 million registered students. However, as commonly expressed by the sector employees, actual numbers of these and such centers, as well teachers and students exceed these numbers, as there are many informal centers around the country especially in large cities like Istanbul.

Outside school education has become extremely prevalent in the educational system of Turkey as the number and importance of exams increased, and provided a key support mechanism in the commodification of teachers' labor, and a major ground to exploit it in various forms. Compared with the 1970s and 1980s, and partly 1990s, employment conditions at private tutoring centers have changed considerably in the last decade, as the number of unemployed teachers increased. Desperate under the discussed circumstances, as the excluded workers of public education, teachers keep seeking employment opportunities at private tutoring centers, in spite of heavy working conditions they offer. In fact, private tutoring centers have become one of the principal centers of flexible employment with all kinds of practices attributed to it. While most teachers face long working hours and low income, at times less than the minimum wage, many also lack social security such as health and retirement benefits. Besides, since these centers were authorized for the fulfillment of obligatory internship for teacher candidates, many of them have been using this to their advantage. Prospective teachers even bear working without any payment or for only travel expenses to get rid of the internship so that they could be employable as permanent teachers only when there is a chance.

Stratification of Teachers' Labor

Continuous increase in the number of educational institutions outside school, and the practice of various forms of flexible employment in public schools have led to a stratified structure in teachers' labor as well as overall picture of education in the country. It is quite common to find various categories of teachers even in public schools. Permanent teachers with public servant cadres, contracted teachers with the expectation of cadres, hourly paid teachers, with not much hope at all, and substitute teachers work together in public schools. These temporary and unsecured positions had been officialized in 2005 with a decree that was called "Part-time temporary personnel employment" which had led to employment of 20 thousand teachers in the same school year. This decree is the explicit proof of the need for teachers, and at the same time, the indicator of the intention to establish flexible employment in the public education system. Every year, thousands of teachers are employed as contracted workers. Adding the other categories that are common at private tutoring centers, such as intern teacher, library teacher, study (etude) teacher, and even "unpaid" teacher, without naming it such, educator's labor in second-

ary education has been rated thus creating a stratified structure among teachers.³ The table below has been generated to give an idea about this stratification.

Table 3: Employment Categories of Teachers

Positions	Workplace
Permanent position	Public schools
Contracted / semi- permanent position	Private schools
Contracted position	Public schools Private tutoring centers
Hourly paid position	Public schools Private tutoring centers Private tutoring offices
Paid intern position	Private tutoring centers
Somewhat unpaid intern position	Private tutoring centers
Positions other than teaching	Basically anywhere
Unemployed	

These categories are not clearly divided, as some teachers or prospective teachers work at two different educational institutions at the same time, or move from one to another within a short time. Except for those teaching in public schools with a permanent position, majority of teachers work on a somewhat temporary basis, some waiting/hoping to be appointed as public teachers. Similarly, these categories are not conclusively ranked, as the advantages and disadvantages of each could change depending on various factors such as the place, the time and the people involved.

This stratified structure, along with other changes, has been transforming social relations of education which have been affecting educators in two basic ways. Although teachers under different employment conditions experience it to variable extents, professional deterioration has become widespread among them. The stratification of teachers' labor, with the significant additions of the last decade has caused competition within the profession thus accelerating the process of deterioration. Educational relations, which have somewhat been friendly, historically, have turned into some kind of power relations, depending on the position a teacher has in the workplace whether it is a public school or a private tutoring center.

There are many incidents reflecting power relations, stratification and professional deterioration in the education system and affecting teachers in a variety of ways. Below are some examples of these incidents:

3. Besides, there are also other categories such as head teacher and expert teacher among public school teachers which represent another dimension of rating in the educational system.

- An hourly paid teacher may lose her temporary job in a public school when a contracted teacher is appointed to her position. This makes her feel like the new comer stole her job.
- Contracted and paid teachers may experience exclusion by permanent teachers in public schools due to their temporary positions which put them in a lower category at the same workplace.
- Similarly, contracted and paid teachers may prefer to socialize among themselves, because of the inferior feelings they experience as opposed to the permanent teachers.
- Willing to work under any conditions at a private tutoring center, a young intern teacher may cause an experienced teacher to lose her job, or reduction in her salary which may lead to negative feelings towards young teachers.

Several striking examples obtained from interviews made sure how timid hourly paid teachers can be in public schools. A permanent teacher said how he prevented a paid teacher to lose her job in his school, because of the arbitrary act of the principal who is also a teacher in any case. The paid teacher could not even defend herself properly against the principal who would act like a boss in a firm. In fact, some principals in public schools habitually exploit paid teachers' labor against the law that prohibits forced labor. For example, as a common practice, these teachers are put on duty to watch students during the recess which is unpaid work for an hourly paid teacher. Referring to hourly paid teachers' timid presence, another permanent teacher expressed sadly how paid teachers are forced to represent the loser type among teachers in public schools.

These examples make easy to understand how teachers are put in such stratified positions and face competition among themselves in various forms. Perhaps not surprisingly under these circumstances, some of them would fail to see the real problem embedded in the system that is based on the neoliberal phase of capitalism.

Conclusion

The table below reflects the whole picture of the division of teacher's labor in the primary and secondary education systems of Turkey:

Table 4: Number of Teachers According to the Employment Status 2009-2010

Employment Status	Number of Teachers
Teachers with permanent positions in public schools	639.100
Contracted teachers in public schools	67.952
Teachers applied for PPSE	280.000
Teachers working at private tutoring centers	50.432
Estimated total of contracted, paid and unemployed teachers	400.000-500.000
The real number of teachers needed (Estimated by Eğitim-Sen/ Education Union)	400.000
The number of teachers needed according to the Ministry of National Education	140.000

Source: Generated using various sources mentioned above.

Another striking reflection of this picture is that the number of contracted, paid and unemployed teachers equals to more than the total number of unionized teachers in Turkey which is a little over 400 thousand. This reveals the potential for organized labor movement in the area of education, which is remarkably important in terms of generating new possibilities to change the system for the benefit of educator's labor.

This study attempted to analyze the changes in teachers' employment and its consequences in Turkey, in connection with global developments. It has considered personal observations obtained throughout years and experiences of related individuals along with various statistical data and found out that the social structure and educational needs of Turkey would make employment of all teachers within the public education system possible. Public employment would provide teachers with equal employment opportunities and somewhat equal positions at the workplace, thus eliminating the stratification among them. However, this would require policies and practices other than those compatible with the neoliberal phase of global capitalism.

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5

Migration from Bulgaria and Romania to the EU-15

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Abstract

Enlargement of the European Union (EU) to Eastern Europe has accelerated the migration potential towards the old members of the EU-15. After the EU enlargement in 2004, some EU-15 member countries introduced the 2+ 3+ 2 regulation, which allows member states to impose restrictions on the free movement of labour. With the accession of Bulgaria and Romania in 2007, two countries also covered by the 2+3+2 rule, access to employment can theoretically be blocked until 2014. After the 2004 and 2007 enlargements, the EU-15 countries have received both legal and illegal immigration from the new members. We should note that migration plays an important role in determining the size and structure of the population in most EU member countries. Migration among countries is not equally distributed as some countries are more popular than others. In this paper, the aim is to analyse, in the 6th enlargement of EU, the labour migration from Bulgaria and Romania to EU-15 countries. For this purpose, statistics will be used to explain the development of post-accession migration to understand the direction of labour migration. It is expected that the research will identify the most favoured destinations for migrants from Bulgaria and Romania and their reasons for selecting their preferred countries of destination. As a result of the study, migration can be seen from the two new members within the framework of the countries' economic and social conditions. In addition, the reasons for choosing the country of migration, such as unemployment rates and income level, have been analysed.

General Aspects

This paper attempts to find the reasons for Bulgarian and Romanian migration towards the western members of the EU. In particular, it attempts to assess the direction and dynamics of the migration from the perspective of these two countries. The paper tries to answer the following questions: What is the most important issue for Bulgarian and Romanian migrants when choosing their migration destination? Which countries do they prefer? Why do many Bulgarians and Romanians migrate? Is unemployment an important push factor as in Poland? This paper aims to contribute to existing studies on the reasons for migration by analysing the challenges and implications for the labour markets of two member countries. Eurostat statistics database have been used for all graphs, tables and calculations. The final

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section of this study considers the costs and benefits of labour mobility from Bulgaria and Romania using a SWOT analysis.

Migration is an important phenomenon in the age of globalization. While the barriers to international trade and capital mobility have already been largely removed, labour markets are the most tightly regulated area of economic activity (Boeri 2005, 3). Immigration to the EU-15 increased from the 1990s onward, as a result of people from transition countries wanting to escape war, oppression or poverty during the transition period from planned to market economy.

After the latest two enlargements of the European Union (EU), Europe has struggled migration problem from the East. Eastern Enlargement of the EU has accelerated the migration potential towards the old members of the EU-15 and generated unprecedented challenges for both the older and newer member countries.

Migration has both advantages and disadvantages for both the countries of origin and those of destination. It is difficult to decide who benefits more. Neoclassical economic theory suggests that migration is beneficial for everyone, when assuming a labour shortage in the host countries and an excess of labour in the countries of origin. At the same time, the home country also benefits from a lowering of unemployment and through the receipt of workers' remittances, and migrants themselves benefit through higher wages. (Heinz and Warmendinger 2006, 25).

Migration creates certain important consequences on the sending country's economy. Poland is an interesting case. In Poland, unemployment reached its peak at 20% in 2002, continuing at 19.7% in 2003 and 19% in 2004. Then it decreased to 13.9% just 2 years after membership of the EU and decreased to 7.1% in 2008. It only increased to 9.6% in 2010 after the world economic crisis. Was this sharp decline in unemployment because the country was doing well with EU membership or was there a hidden solution? In Poland, the number of people temporarily residing in another EU country more than doubled between 2004 and 2007, reaching almost 2 million (Galgóczy, Leschke and Watt 2009, 1). High unemployment rates decreased in Poland, but the population also decreased because many unemployed people migrated (Galgóczy et al. 2009, 4). It became clear in Poland that labour migration means exporting the unemployed. This has had major demographic, economic and social effects on the country. It is a fact that labour migration is exporting unemployment. This situation arose with the last enlargement Bulgaria and Romania.

Migration Policy in the EU

There were concerns in older EU member countries with the main concern being undesirable effects on their labour markets and income distribution. The potential

large inflow of low-cost labour threatened them. As shown in Straubhaar's study, economists and econometricians argue about the size and speed of potential East-West migration flows. There are dozens of approaches to estimating the East-West migration potential and, not surprisingly, the results seem to differ according to the methods used or the assumptions made. The methodological key questions are: how far can we use experiences in the past to learn something for the future and speculate about free migration in an area where there has not yet been any (legal) migration at all? (Straubhaar 2001, 167) Nevertheless, the free movement of labour, a fundamental principle of the EU - Article 39 of the Treaty establishing the EC- is a highly controversial issue between the relatively homogeneous, older members of the EU (Kahanec and Zimmerman 2009, 2). It belongs to the *acquis communautaire* and it has to be granted reciprocally to citizens of both older and newer members. However, due to political pressure due to the sizeable gap in per capita income, some EU-15 countries introduced the 2+ 3+ 2 transitional arrangements, which allow member states to impose restrictions on the free movement of labour (Anderson 2011, 4) People feared the unstable political atmosphere. With the accession of Bulgaria and Romania (EU-2) in 2007, both experiencing relatively poor conditions compared to previous entrants, these countries were also covered by the 2+3+2 rule, so access to employment could theoretically be blocked until 2014. (<http://www.cesifo-group.de/portal/pls/portal/docs/1/1206638.PDF>)

These regulations are based on the 2+3+2 formula: for the first two years following accession, access to the labour markets of member states depends on their national laws and policies. National measures may be extended for a further period of three years, and could continue for a further two years, but only if there are serious disruptions in the respective receiving labour market. (Kahanec, Zaiceva and Zimmermann 2009, 1) Following the 2004 EU enlargement, Ireland, the UK and Sweden opened access to their labour markets immediately.

As for the 2007 enlargement, ten EU-25 member states (the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Poland, Slovenia, Slovakia, Finland and Sweden) liberalized the access of Bulgarian and Romanian workers to their labour markets during the first phase. (Galgóczi and others 2009, 7) The second phase for the EU-2 countries started on January 1, 2009, and following the Commission's report, Spain, Greece, Hungary and Portugal have also opened their labour markets to EU-2 nationals. Denmark then granted free access on May 1, 2009. Most of the remaining EU-25 Member States have simplified their procedures or have reduced restrictions for some sectors or professions (Kahanec et al.2009, 1).

The wave of East-West migration cannot be explained only by economic reasons. The deep gap in income was considerable, but also the demise of socialism, the fall of Berlin Wall, the opening up of the Iron Curtain made migration possible. All the new members were post socialist countries, and they all experienced

difficulties during the transition from centrally planned to free market economies. They followed economic liberalization, allowing market forces to set prices and to lower trade barriers. Restructuring and privatization took place in order to create a financial sector and to move from public to private ownership of resources. These changes often led to an increased inequality of incomes and wealth, dramatic inflation and a fall of GDP in these economies. The reaction in labour markets to these shocks took place under high levels of disguised unemployment, along with high labour force participation rates in the centrally planned economies due to the target of full employment. (Blanchard 1998)

Countries receiving migrants feared that they may drive down wages, take jobs away from the natives and place difficulties on the social security systems of these countries. However, as mentioned by Bijwaard, many European countries see immigration as a potential solution to the social security crisis, induced by an ageing population, rising health costs and low fertility rates. Immigration of young workers slows the ageing of the population (Bijwaard 2009, 2). On the other hand, the significant outflows of predominantly young and skilled individuals from EU-2 may have negative long-term effects on these countries' economic growth, demographic situation and public budgets. (Kahanec et al. 2009, 29)

A European Central Bank study shows that there is limited evidence in support of these concerns. Available evidence for the EU-15 suggests that overall, cross-border labour mobility is low. For example, in 2000, only 0.1% of the total EU-15 population (or 225,000 people) changed official residence between two member countries (European Commission). Kancs and Kieleyte (2002), estimated future migration pressure from the new members, based on economic conditions in the Baltic States and Western Europe and, based on their assumptions, they estimated 3-5 percent of home countries' working populations might emigrate after the opening of labour markets in the older EU member states.

Between 2003 and 2007, there was an increase in the number of immigrants from the new member states in the EU-15. For EU-8 migrants, the increase was particularly high in Ireland and the United Kingdom, while EU-2 migrants continued to go to Spain and Italy (Kahanec et al. 2009, 2). Following accession, many workers in the new member states were keen to take advantage of new opportunities to find work, earn higher wages and increase their experience. In 2005, the UK recorded probably the largest ever influx of foreign labour over its borders. Because of its geographical location and high wage level, Austria has one of the highest proportions of workers who are citizens of another EU state. In the migration wave, after the fall of socialism, Germany was the main destination country for the CEECs and also for asylum seekers. In addition, more than 1 million people moved from East to West Germany in only five years from 1988 (Burda 1995, 1).

Main Features of Bulgarian and Romanian Migration

For Bulgaria and Romania, labour migration, especially in the short run, presents a number of challenges as well as benefits. While labour migration flows from these two countries are likely to be minor, compared to the population of the EU-15, they weigh heavily on the population of young and educated workers in Bulgaria and Romania. Labour shortages (e.g. in medical personnel, and the agricultural and construction sectors) are already causing concerns in Bulgaria and Romania. (Frunza, Maha and Mursa 2009, 17-18) The balance between positive and negative effects depends mainly on whether labour migration is primarily temporary or permanent. The benefits of migration in new members is argued in a study showing that returning migrants may give a boost to economic growth by bringing in capital, skills and new ideas acquired abroad, which may offset the initial losses caused by any labour drain. Increased labour migration is also likely to prove beneficial for the migrants themselves, who may enjoy higher incomes (Heinz and Warmedinger 2006, 6).

The two countries differ substantially in the levels and dynamics of their employment. Romania was one of the few countries in CEECs where the initial adjustments occurred more in real wages, while the employment decline was limited. In contrast, in Bulgaria, economic restructuring led to a sharp decline in employment and a severe high level of unemployment in the initial years of transition (Kotzeva and Pauna 2006, 4). In 2007, the largest shares of emigrants in proportion to the home population were in Romania (7.2%), Bulgaria (4.1%), Lithuania (3.8%) and Poland (3.4%) (Kahanec et al. 2009, 14)

Direction of the Migration

The overwhelming proportion of migrants from the EU-10 is in Ireland, while the largest proportion of EU-2 migrants is in Spain, Germany and Italy. Emigration rates to Germany correlated with GDP per capita/unemployment rates in the EU-12 (Kahanec et al.2009, 14). Migrants from the EU-2 are more likely to be overrepresented in the low and medium-skilled sectors, such as manufacturing, construction, hotels, restaurants, agriculture and private households. In 2006, about 29% of the immigrant population of working age from Bulgaria and Romania had low educational attainment (Kahanec et al.2009, 17).

In 2008, the EU Member State recording the largest number of immigrants was Spain (726 000). Germany, the United Kingdom and Italy also received more than half a million immigrants each. These four countries took more than two thirds (67 %) of all immigrants to any of the EU Member States in 2008. Most EU Member

States reported more immigration than emigration in 2008, but in Germany, Poland, Romania, Bulgaria and the three Baltic states (Lithuania, Latvia and Estonia) emigrants outnumbered immigrants (Eurostat statistics in focus, 2011). In 2008, EU Member States received nearly two million migrants of other EU nationalities. Among them Romanians ranked first, followed by Poles and Bulgarians. EU Member States received 384,000 citizens of Romania, 266,000 citizens of Poland and 91,000 citizens of Bulgaria. The main destinations of Romanian citizens in the EU were Italy and Spain. Italy received 46% of all Romanians migrating to other EU Member States in 2008, and Spain 19% (Eurostat statistics in focus, 2011). Post accession labour migration from Bulgaria has been mainly concentrated in Southern European countries, Spain, Italy and Greece, in spite of the fact that none of these countries have fully opened their labour markets to Bulgarian nationals (International Migration Outlook 2008).

Reasons for Migration from EU-2 to EU-15

According to the neo-classical approach, one of the most important determinants of migration is the expectation of income from work, which is a function of wage, and the probability of finding work. Therefore, even if the probability of getting a job is small, an individual may migrate if the wage differential is sufficiently high. Besides, the existence of social security systems, which means that unemployment does not necessarily equate to no income, is an important determinant of migration. (Fertig and Schmidt 2002)

Eastern Europeans were generally found to be unhappy with their lives, and dissatisfied with their salaries and working conditions. They were concerned about the availability of good jobs and insecure about their current employment. All these factors contributed to their reasons for moving abroad. On the other hand, language and cultural barriers play key roles. Furthermore, worries about finding suitable work and the expected loss of social contacts with family or friends also mattered.

Since 1989, Romania has lost between 2.0 and 2.5 million of its workforce. Considering Romania's population of 21.6 million in 2006, this is about 10% of the country's population. Both Romania and Bulgaria have been experiencing negative population growth since the late 90s. The combination of low fertility rates and increased mortality, coupled with negative net migration flows, is expected to result in further population decline in the next few years. Fertility rates are below replacement levels in both countries. In the coming years, the two countries will continue to be affected by accelerated population ageing (Kotzeva and Pauna 2006, 7).

Limited employment opportunities have pushed people out of the labour force,

or into subsistence agriculture and the urban informal sector. Estimates of the informal economic sector in Romania range from between 20% and 30% of GDP. Surveys suggest that informal economic activities provide a large number of low paid jobs to unskilled individuals who cannot find formal employment. Another important factor that explains low unemployment is large external migration. Romania has experienced high net outflows of workers, who were attracted by higher wages and better job prospects in the EU. Estimates suggest that more than 1.5 million Romanians work abroad. They send around 4.3 billion Euros per annum back to their country, which represents around 5% of GDP (Kotzeva and Pauna 2006, 8). The current economic situation is favourable for both countries, since they have been growing robustly for several years. Under such circumstances, encouraging job creation and reducing any mismatch should be easier and more affordable as a mismatch between vacancies and workers is often present.

Migration can be explained by certain factors; pull or push. According to Harris and Todaro (1970, 126-142) the most important driving (push) forces of migration are differences in per capita income, the employment rate in the host countries and countries of origin, tradition and networks, ethnic and political problems, and cultural and linguistic barriers and proximity. Heinz and Warmedingerb (2006, 6) list factors that confront migrants; the existence of legal and administrative barriers, the lack of familiarity with other European languages, moving costs, inefficient housing markets, the limited portability of pension rights, problems with the international recognition of professional qualifications and a lack of transparency of job opportunities. Despite all of these negative factors, migration exists between East and West in the EU. However, due to limitations on reaching some of this data, all factors affecting migration cannot be taken into account in this study. GDP growth, employment and unemployment rates, and income differences have been chosen as important key determinants of migration from East to West (Barrell, FitzGerald and Riley 2007, 1).

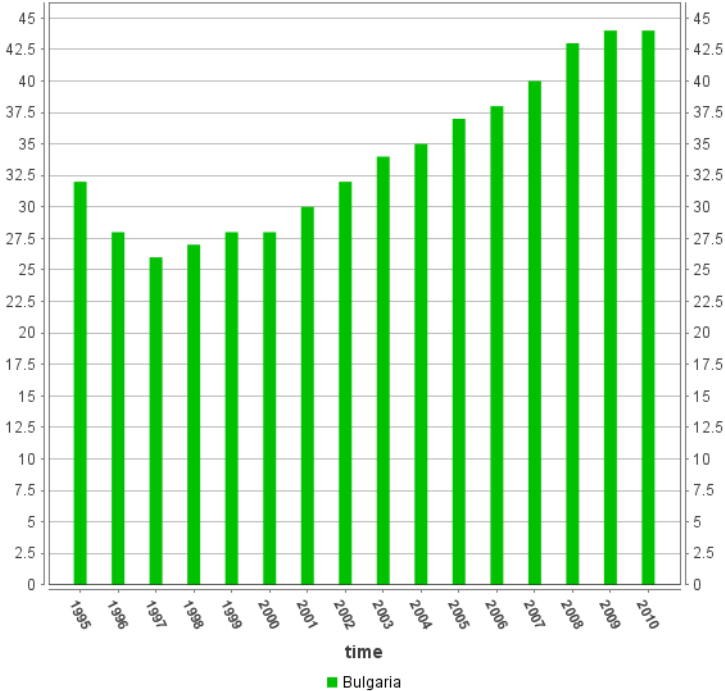
Wage and Income Differentials between the EU-15 and EU-2

One of the main reasons for labour migration is related to wage differentials between the host and country of origin. It is argued in the economic literature that the probability of migration is positively related to the size of any wage or income differential. Generally, wage levels converted at PPP (purchasing power parity) may be most appropriate for a consideration of labour migration flow, since this measure accounts for differences in price levels in the home and host countries. Graph

1 and 2 indicate that Bulgaria and Romania are improving in terms of GDP per capita, but as can be seen from Graph 3, they are still far from reaching their more preferred destinations levels.

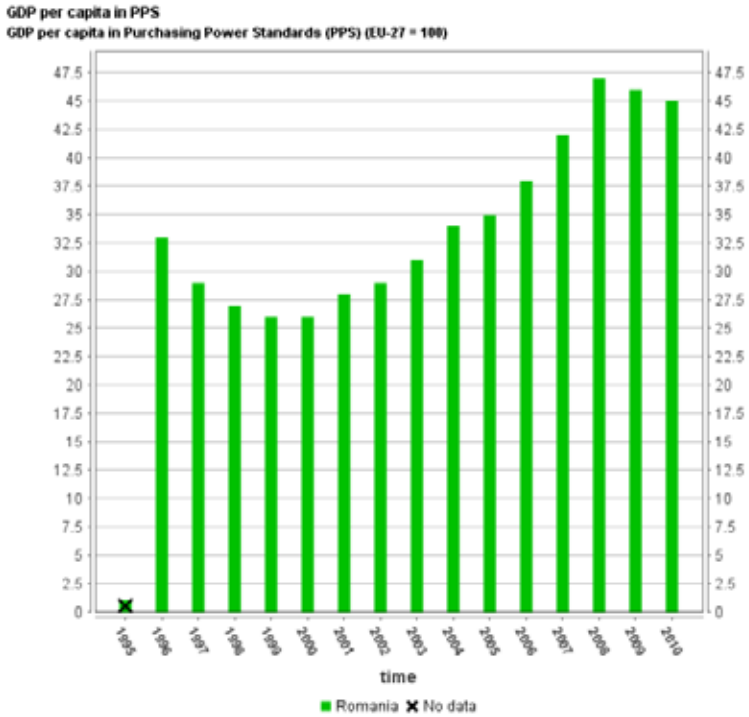
Graph 1: GDP per capita in PPS for Bulgaria (1995-2010)

GDP per capita in PPS
GDP per capita in Purchasing Power Standards (PPS) (EU-27 = 100)



As shown in Graph 4, the main reason why Bulgarians and Romanians are migrating is the sizeable gap in the wages. While the minimum wage in Romania amounted to €157 in the second quarter of 2011, and €122 in Bulgaria, the minimum wage in the Netherlands and Belgium were €1.435 and €1.443 respectively (Eurostat Statistics Database). Wage discrepancy is serious between these countries. A study by Boeri and Bruecker argues that even if a tendency to the convergence of factor prices were to emerge as a result of accession, it would be, in any event, a long-term process. They cite Germany as an example. Ten years after German unification, wage differentials in the private sector between East and West Berlin were still sizeable (Boeri and Brucker 2001, 2). It will take time for EU-2 to improve wages and salaries.

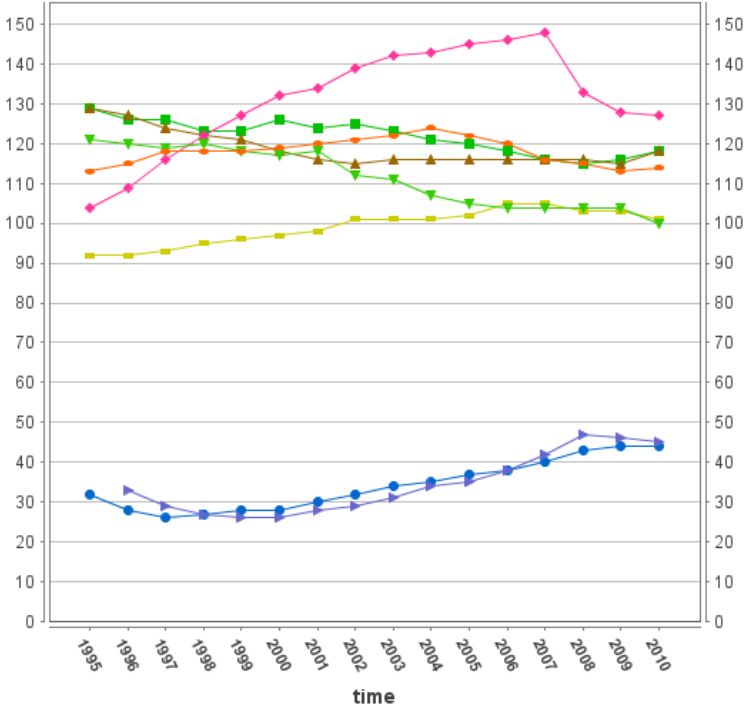
Graph 2: GDP per capita in PPS for Romania (1996-2010)



Graph 3: GDP per capita in PPS (Belgium, Germany, Ireland, Spain, Italy, UK, RO and BG) 1995-2010

GDP per capita in PPS

GDP per capita in Purchasing Power Standards (PPS) (EU-27 = 100)

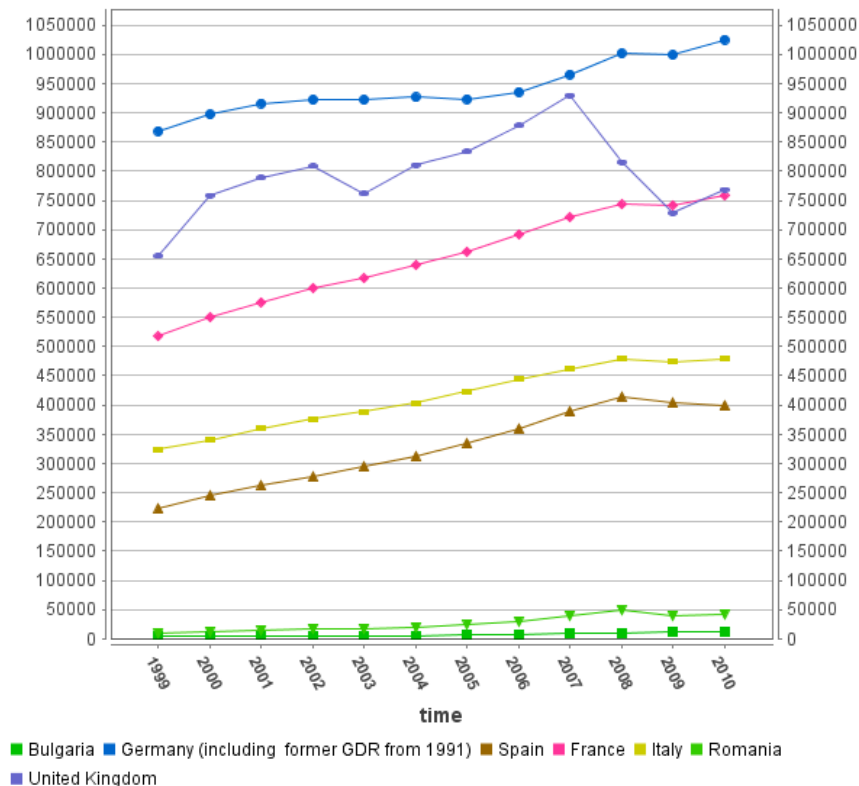


■ Belgium
 ● Bulgaria
 ■ Germany (including former GDR from 1991)
 ◆ Ireland
 ■ Spain
 ▼ Italy
 ▲ Romania
 ▲ United Kingdom
 ▼ Unavailable data is ignored

Graph 4: Gross wages and salaries in Germany, Spain, France, Italy, UK, BG and RO (1999-2010)

Gross wages and salaries

At current prices in millions of euros

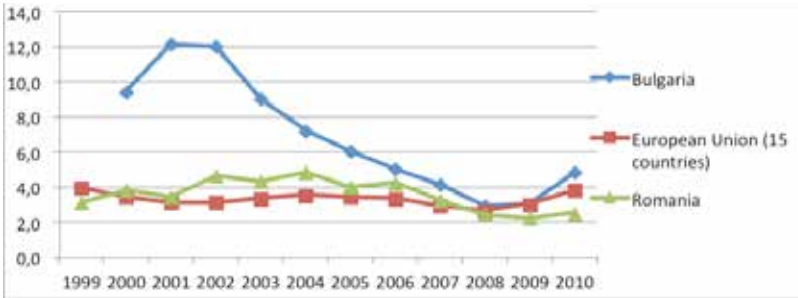


Unemployment

Romania has experienced relatively low unemployment during the transition years. The unemployment rate has stabilized at around 7-8%. Bulgaria, on the other hand, has experienced severe unemployment, reaching a peak of 19% in 2000. Since then, the unemployment rate has steadily declined. By 2004, it reached 11.8%, of which 60% was the long-term unemployed. The unemployment rate continued to decline further in 2005 to 10.7% and 5.6% in 2008. A high level of unemployment at home relative to a host country, is a further factor increasing the incentive to migrate

(Heinz and Warmedinger 2006, 16). However as seen from the Graph 5, the unemployment rate cannot fully explain the EU-2 migration.

Graph 5: Long-term unemployment in % of active population (1999-2010)

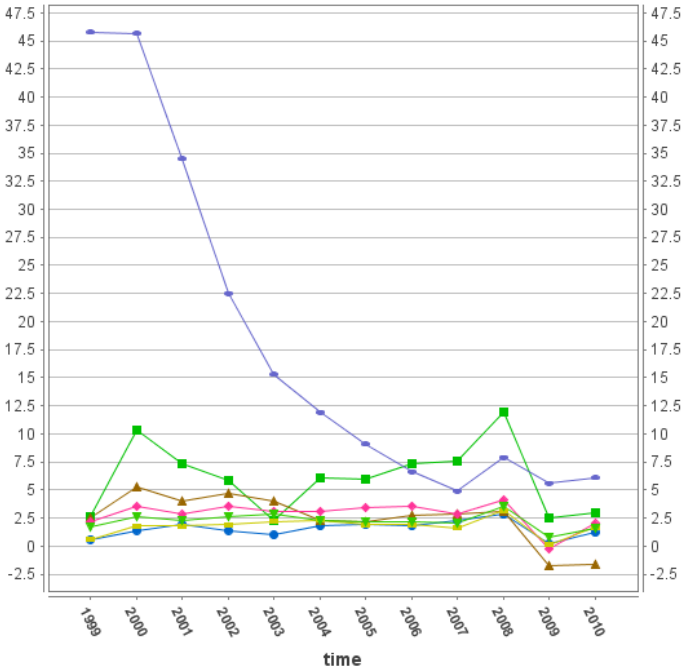


Inflation

Graph 6: Inflation rate in Germany, Ireland, Spain, France, Italy, BG and RO (1999-2010)

HICP - all items - annual average inflation rate

Annual average rate of change in Harmonized Indices of Consumer Prices (HICPs)



By 1996, Bulgaria was facing its most severe political and economic crisis when inflation for 1996 hit 310.8%. Physical survival came out as the most powerful push for leaving the country. Migration became a device for reducing poverty for those staying behind while offering significant financial relief for the low skilled immigrants themselves (Markova 2011). After EU membership, inflation decreased to reasonable levels in the EU-2. High inflation is not the reason for migration.

Real GDP Growth Rate

Romania has seen unprecedented economic growth, driven by FDI inflows, with an average growth of 6.2% between 2001 and 2008. Between 2001 and 2006, the country received US\$26.0 billion in FDI inflows. Foreign businesses were attracted by Romania's skilled labour force and low wages. High economic growth and a vast labour exodus to Western Europe have created a labour shortage in many sectors of Romania's economy. As a result, growing wage pressures could have a negative impact on foreign direct investment, slowing the country's economic growth. Businesses in some sectors have difficulties finding skilled workers, while facing rising labour costs. However, mounting wages and remittances from abroad have led to a rising consumer demand (<http://www.euromonitor.com/romanian-migration-raises-concerns-over-labour-shortage/article>).

The labour shortages could now deter them. After the economic crisis in 2008, an average growth rate decreased to -7.1% in 2009 and -1.3% in 2010. Bulgaria has also seen important economic growth, driven by FDI inflows, with an average growth of 5.8% between 2001 and 2008. After the economic crisis in 2008, the average growth rate decreased to -5.5% in 2009 and 0.2% in 2010. Bulgaria and Romania reached the level of EU-15, and low growth rates cannot be the reason for migration towards the EU-15.

Table 1: Real GDP Growth Rate-percentage change on previous year (2004-2011)

geo/time	2004	2005	2006	2007	2008	2009	2010	2011
EU-27	2,5	1,9	3,3	3,1	0,5	-4,3	1,8	1,8
EU-15	2,3	1,8	3,1	2,9	0,2	-4,4	1,8	1,7
Belgium	3,2	1,7	2,7	2,9	1	-2,8	2,2	2,4
Bulgaria	6,7	6,4	6,5	6,4	6,2	-5,5	0,2	2,8
Czech Rep.	4,5	6,3	6,8	6,1	2,5	-4,1	2,3	2
Denmark	2,3	2,4	3,4	1,6	-1,1	-5,2	1,7	1,7
Germany	1,2	0,7	3,7	3,3	1,1	-5,1	3,7	2,6
Estonia	7,2	9,4	10,6	6,9	-5,1	-13,9	3,1	4,9
Ireland	4,5	5,3	5,3	5,2	-3	-7	-0,4	0,6
Greece	4,4	2,3	5,2	4,3	1	-2	-4,5	-3,5
Spain	3,3	3,6	4	3,6	0,9	-3,7	-0,1	0,8
France	2,5	1,8	2,5	2,3	-0,1	-2,7	1,5	1,8
Italy	1,5	0,7	2	1,5	-1,3	-5,2	1,3	1
Latvia	8,7	10,6	12,2	10	-4,2	-18	-0,3	3,3
Lithuania	7,4	7,8	7,8	9,8	2,9	-14,7	1,3	5
Luxembourg	4,4	5,4	5	6,6	1,4	-3,6	3,5	3,4
Hungary	4,5	3,2	3,6	0,8	0,8	-6,7	1,2	2,7
Netherlands	2,2	2	3,4	3,9	1,9	-3,9	1,8	1,9
Austria	2,5	2,5	3,6	3,7	2,2	-3,9	2,1	2,4
Poland	5,3	3,6	6,2	6,8	5,1	1,6	3,8	4
Portugal	1,6	0,8	1,4	2,4	0	-2,5	1,3	-2,2
Romania	8,5	4,2	7,9	6,3	7,3	-7,1	-1,3	1,5
Slovenia	4,4	4	5,8	6,9	3,6	-8	1,4	1,9
Slovakia	5,1	6,7	8,5	10,5	5,8	-4,8	4	3,5
Finland	4,1	2,9	4,4	5,3	1	-8,2	3,6	3,7
Sweden	4,2	3,2	4,3	3,3	-0,6	-5,3	5,7	4,2
UK	3	2,2	2,8	2,7	-0,1	-4,9	1,4	1,7
Turkey	9,4	8,4	6,9	4,7	0,4	-4,5	8,9	6,1

Source: Eurostat Statistics Database

Lisbon Target Regarding Employment

In March 2000, the European Council in Lisbon set an overall objective for the European economy to become the most competitive and dynamic knowledge-based economy in the world. To fulfil this strategic objective, the Lisbon agenda set quantitative targets - to increase the European employment rate to 70% overall, 60% for

women, and 50% for older workers (aged 55 to 64) by 2010. These objectives were specified in the renewed Lisbon Strategy of 2006, updating the goal originally set at the Lisbon European Council in 2000. Europe 2020, a strategy for jobs and smart, sustainable and inclusive growth, is based on five EU headline targets which are currently measured by eight headline indicators. The employment rate objective changed to 75% of the population aged 20-64. Graph 7 indicates that only Germany, the Netherlands, Austria and the UK have been successful in attaining the objectives.

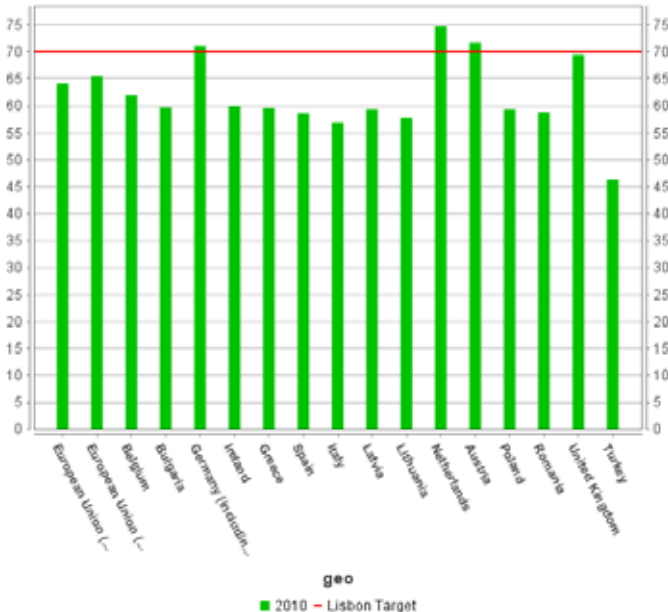
When the Lisbon Agenda was launched in 2000, the employment rate in Romania was around the EU average level (63%) and higher than in the new member states of the EU and Bulgaria. Bulgaria, on the other hand, had one of the lowest employment rates among the group of new member and candidate countries - around 50% in 2000. Starting at different positions in 2000, by 2004, however, Bulgaria had gained around 4% in employment while Romania lost 5% (Kotzeva and Pauna 2006, 4). By 2010, both Bulgaria and Romania are far from reaching the Lisbon target of a 70% employment rate with rates of 59.7 % and 58.8% respectively.

Graph 7: Employment Rate of Population aged 15-64 (%) in reaching the Lisbon Target-2010

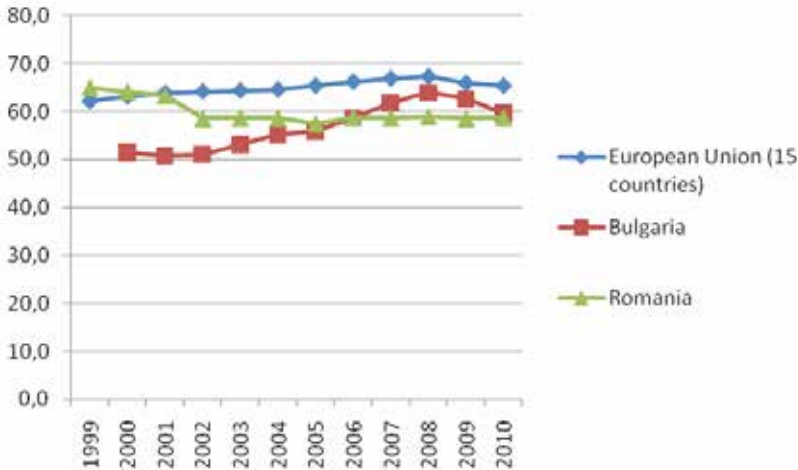
Employment rate by gender, age group 15-64

%

Total



Graph 8: Employment rate of population aged 15-64 (%) in Bulgaria, Romania and EU-15 (1999-2010)



Concluding Remarks

A SWOT Analysis helps us to summarize the main findings of the study. It includes the most important positive and negative features of Bulgarian and Romanian migration to the EU-15.

In summary, analysis of the determinants of migration from East to West suggests that wage and income differentials between the EU-15 and EU-2 exist. Romania and Bulgaria have substantially lower incomes than any of the previous entrants.

Workers from Romania or Bulgaria will not be free to seek work in another EU country under normal conditions for several years. From another perspective, because of the restrictions, the East-West labour migration flows includes a large number of temporary workers, some of whom work illegally. This kind of relationship prevents the host country from collecting tax revenue besides depriving immigrants of the protection of employment laws. In addition to this, young and talented individuals from the new member states are diverted to traditional migration destinations (e.g. the United States, Canada) instead of taking employment in other EU member states (Heinz and Warmedinger 2006, 7). A study by Marques (2005) pointed out that as East West migration continues, there could be migration creation towards the integrating CEECs as well as migration diversion from the rest of the world towards the CEECs.

<p>Strengths</p> <ul style="list-style-type: none"> -improving their economy day by day -growth rates improving (2.8% in BG and 1.5% in RO whereas 1.7% in EU-15 for the year 2011) -unemployment is comparable with the EU-15 (10.2% in BG and 7.3% in RO whereas it is 9.6% in EU-15 for the year 2010) -low Inflation -FDI inflows attracted by skilled labour force and low wages -economic growth, driven by FDI inflows 	<p>Weaknesses</p> <ul style="list-style-type: none"> -minimum wage is very low compared to EU-15 -low fertility rate-below the replacement levels in both countries. -declining population -ageing population
<p>Opportunities</p> <ul style="list-style-type: none"> -remittances account for an important amount of GDP -increased remittances help to raise consumer purchasing power -intention of migration is generally temporary (many migrants returned from Ireland after the crisis) -returned migrants might be helpful-experienced professionals and may give a boost to economic growth by bringing in capital, skills and new ideas acquired abroad, which may offset any initial losses caused by the labour drain. 	<p>Threats</p> <ul style="list-style-type: none"> -gaps in the labour market in some sectors such as construction, agriculture, the health sector, and education -increasing wages (textile factory hired 670 Chinese workers in RO) -wage pressures for businesses -becoming more attractive destination for migrants from non-EU countries. -becoming less attractive to foreign investors -production losses especially in the manufacturing and construction sectors -lower profits -labour shortages

Businesses are facing lower profits due to production losses and higher wages. While businesses in some sectors are under wage pressures and have started to employ foreign workers, Romania's consumer purchasing power is continuing to rise due to high economic growth until 2008 and workers' remittances from abroad. If economic growth and social development continues in the EU-2, labour migration pressures should diminish even without a full convergence of wages (<http://www.oecd.org/dataoecd/34/4/38528396.pdf>).

The economic crisis continues to impact the labour market in Bulgaria. Bulgarian citizens experience a greater degree of poverty in comparison to the EU average. The unemployment rate increased from 5,4 % in 2008 to 10,2 % in 2010, while for young people (aged 15-24) it reached 23,2 % in 2010. The crisis particularly hit low-skilled workers (Country-specific Recommendations 2011)

In order to tackle the labour crisis, the Romanian government is encouraging repatriation, while attracting workers from outside the EU to fill gaps in its labour market (Frunza et al.2009, 5). Pull factors are much more important in driving migration from Eastern to Western Europe than push factors. Therefore, the creation of new jobs and the improvement of the existing ones are important policies for governments of EU-2.

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6

Changes of Immigration Policy and Labour Market: The European Experience and Situation in the Czech Republic

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Abstract

The article deals with changes of the immigration policy in Europe and Czech Republic. This paper attempts to analyze the perception of social risks vis-à-vis changing situation of Czechoslovakia and the Czech Republic in Europe. The ever increasing rate of immigration was one of the most important changes Europe was undergoing in the second half of the 20th century. After Second World War Europe has become a target country for culturally diverse groups of immigrants whose decisions to immigrate have to a large extent been economically motivated. Czech and Czechoslovak immigration policy was influenced by international position of the country. In the course of First Republic, the relative support to refugees was considered mainly as an expression of solidarity with the people persecuted by the Nazi Regime and it was perceived as a threat throughout the country. In the second half of the 20th century both immigration to Czechoslovakia and the state's immigration policies were limited by the country's membership in the socialist block. In the Czech Republic the economic aspects of immigration became dominant after 1989.

Introduction

Contemporary migration plays important role in development of labour market in whole world. According to American authors Castles and Miller migration in the end of 20th century characterise four general tendencies – globalisation, accelerations (rapid growth of immigrants), differentiation (most countries have experience with different types of immigration) and feminisation of migration (Castles-Miller 1993, 8). Globalisation and changes of international relations influenced immigration policy in Western Europe too. After Second World War openness towards

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foreigners characterised attitude of European governments. The consequences of the economic crisis in 1970s contributed to the shift in the labour immigration policy. Immigrants have since been considered a problem, and the welcoming immigration policy has been openly criticized. It is important to note that the growing numbers of immigrants were in sharp contrast with the low population growth of Europeans.

At the same time development of Czech immigration policy influenced its membership in the socialistic block. As a consequence of opening the country's borders after 1989 and developing European integration, the Czech society has to face more complex migration trends. The Czech Republic has gradually become a target country for increasing numbers of refugees and immigrants whose presence is often considered as threatening. Critical analyses of xenophobic tendencies of Czech society often point out a positive example of interwar Czechoslovakia which was also a target country for economically deprived and politically persecuted foreigners. Detailed analysis, though, would reveal striking parallels of immigration policies and patterns of both periods. This paper attempts to show attitudes of Czechs towards international migration in 20th century. The issue of immigration is analyzed from view of historian. The main topic of this paper is comparison of immigration policy in Czechoslovakia and in present Czech Republic in relation to labour market and experiences of European governments.

Main features of Immigration Policy in Czechoslovakia (1918-1939)

In the course of First Czechoslovak Republic, the relative support to refugees was considered mainly as an expression of solidarity with the people persecuted by the Nazi Regime and it was perceived as a threat throughout the country. In the second half of the 20th century both immigration to Czechoslovakia and the state's immigration policies were limited by the country's membership in the socialist block. In the Czech Republic the economic aspects of immigration became dominant after 1989. Immigration, however, in the Czech environment has not become so strong topic as in some western states. There is an apparent ambiguity in relation to foreigners in Czech Republic that also deepens the current economic crisis. On the one hand, the foreigners are welcomed as the appropriate workforce, on the other hand, there is persisting distrust, fear and contempt in the attitudes of the Czech community. For the Czech relevant parties the immigration policy is growing of importance for the last years, but the migration stays out of priorities in case of all this parties. In the Czech Republic there is a clear effort to learn from the experi-

ence of Western countries. New approaches in Czech immigration policy confirm the trends towards the consolidation of individual integration.

Czechoslovakia became on a larger scale a safe resort for refugees to turn of 1920's and 1930's and more notably after Hitler's rise to power. And thus, there were taken some steps to regulate immigration at the end of 1920. The government implemented first legislative measures that were meant to prevent potential unwelcome consequences of immigration. Their primary goal was to protect domestic labor force. More specifically, in 1928 the government approved a draft bill on protection of domestic labor market which stated that employees could employ foreigners only if they had obtained an official permission. These permissions were either granted or refused to be granted and they were depended on the situation on the labor market. (Barša-Baršová 2005, 214) In the middle of the 1930's the immigration policies were further tightened.

At that time, Czechoslovakia had already become a safe resort for thousands of German and Austrian political refugees. The inflow of refugees began a few months later and it continued in several waves until 1938. The exact number of refugees is unknown but it is estimated that more than 22 000 Germans, Austrians and Jews found their temporary home in the First Republic. (Čapková-Frankl 2008, 355). The Czechoslovakia soon became the most important country for asylum seekers in the Central Europe. Czechoslovakia was geographically close, its borders were long and poorly guarded, German refugees did not need visa to enter the country and they could speak their language without any problems. (Veselá 1983, 26–27) Very important was also the fact that Czechoslovakia was the only country in Central Europe with functional democracy during 1930's. However, in contrast to such proclamations, "the right to asylum" was not anyhow published by the legislature and also the status of a refugee was not legally defined. Implementation of some immigration policies was also constrained by disagreements between "the castle-sided" Ministry of Foreign Affairs and the agrarian Ministry of Interior. (Čapková-Frankl 2008, 55–56) This Ministry and its institutions preferred restrictive policy which became dominant in the second half of the 1930's. One example of restrictive tendencies can be the law of permanent residence for foreigners from 1935. All foreigners who intended to stay in the country for more than two months had to obtain a residence permit from the municipal authorities which permitted residency for not more than two years. (Barša-Baršová 2005, 214–215)

Real conditions of refugees (nowadays called "emigrants") were influenced by the fact that Czechoslovakia was supposed to be only a transit country offering just a temporary resort for refugees coming from Germany and Austria. We can see this reflected in the fact that employers were forbidden to employ foreigners in order to prevent increasing unemployment of Czechoslovak citizens in the times of economic depression. (Čapková-Frankl 2008, 62–63) Jewish refugees got into a

much more peculiar situation. They often obtained residency permit only on the condition of moving out of the country in a short time. Authorities tried to keep them away from entering the country. Jews fleeing to Germany and later to Austria did not obtain a status of political refugees; instead they were termed as unwelcome “economic immigrants”. (Ibid., 214-215, 222) The right-wing media defended the strict measures against refugees taken by the Czechoslovak security authorities by argument that “under the veil of emigrants are often hidden completely dirty, dangerous criminals and parasites”.¹ After the Anschluss of Austria in March 1938, rejection of Jewish immigrants culminated. A critical remark of one of the right-wing dailies can serve as an example. It pointed out to the continuing presence of Austrian Jews who had been meant to stay only temporarily: according to this remark, presence of Austrian Jews led to raising dissatisfaction among Czechs. This was explained in economic rather than in openly discriminatory terms².

The First Republic became an asylum mostly for members of political and cultural elites of the German anti-fascists. On the other hand, the Czechoslovak authorities, particularly in the second half of the thirties, refused the Jewish refugees as “economic emigrants”. This approach was fully enforced after the Munich Agreement, at the time of so-called Second Republic. Among the immigrants from the occupied territories there were also almost 10 500 Germans and more than 18 500 Jews who were not definitely welcome in the Czechoslovakia. (Frankl 2007, 47) Negative attitude towards foreign refugees was newly shared by Left and Right Parties. After the Munich even the Social Democrats parties repeatedly required a deportation of the „unwanted foreigners”³. In fact, similar attitudes in relation of the Czech society to foreigners did not constitute the unexpected break. In the period after the Munich Agreement Czechoslovak authorities only continued in some of the tendencies from the previous period. The burden of the stroke in Munich just showed the limits of the Czech tolerance. Solidarity with others started to be perceived as a luxury that a weakened state cannot afford. They had not only a lot of strengthened xenophobic attitudes of various nationalistic and pro-fascist circles but also lots of weakened liberal attitudes. As Milena Jesenská wrote at that time - providing aid to anyone else than Czechs was “beyond our strength”⁴. Also other nationals who moved into Czechoslovakia because of “economic or political persecution” were regarded as refugees. (Gebhart 1998, 565) In reality, though, state aid was stated only to Czech re-settlers. Unwelcome were especially Jewish immigrants whose influx strengthened already existing anti-Semitism. These rising anti-Semitic feelings were characteristic of a deep moral crisis of Czech society in the period of the second republic. However, attitudes towards the Jews were not undifferentiated – those sufficiently assimilated were granted a certain degree of tolerance. Ferdinand Peroutka, a famous democratic journalist, also claimed that “the presence of a larger number of unassimilated Jews has always and everywhere

been a prerequisite for spreading anti-Semitic feelings” 5.

Thus, in the period after the Munich Agreement Czechoslovak authorities only continued in some of the tendencies of the previous period. A strict approach towards Jewish refugees, whose numbers rocketed after “Cristal Nacht” in November 1938, is documented in the directions given by the Zemský úřad v Brně/Lands Authority in Brno (ZÚB): Ministry of Interior ordered ZÚB to enact a decree by which frontier guards would strengthen protection of borders and prevent further influx of Jews from abroad. The ZÚB later on received information that some of the guards had not acted vigorously enough and had been too considerate towards the refugees. Therefore, frontier guards were to be properly instructed and to be rid of any benevolence towards fleeing German Jews because “influx of strange elements to Czechoslovakia is absolutely undesirable”6.

After the World War II., the country was reconstructed to the nations of Czechs and Slovaks. During the years 1945-1947 about 2,820,000 Germans were banished and transferred from Czechoslovakia to Germany or Austria.

Immigration Policy in Czechoslovakia and Europe after World War II

When the Czechoslovakia was included in the Soviet sphere of influence, the question of immigration lost its acuteness. Also later, the Czech society was confronted the several immigration waves. In the second half of the 20th century immigration to the Czechoslovakia and the state's immigration policies were limited by the country's membership in the socialist block. In the first years after the war, Czechoslovakia became a refuge for about 13 000 Greeks who left their war-torn country. At the end of 1940's, Czechoslovakia was offering them so called hospitality which supposed to be only temporary. Only later this „hospitable stay” had changed into political asylum. (Botu-Konečný 2005, 365) Asylum right was codified in the constitution from 1960, as well as labor migration that were limited to eastern block's countries. (Barša-Baršová 205, 218) Later, efforts to deepen economic cooperation between socialist countries found their expression in immigration of several thousands of Polish, Vietnamese and other citizens of socialist countries. This immigration peaked in late 1970's and early 1980's. (Ibid. 218-219) Immigrants who came during the communistic era became mostly assimilated into the Czech environment.

Situation in West Europe was different. The ever increasing rate of immigration was one of the most important changes Europe was undergoing in the second half of the 20th century. The numbers of immigrants in the EU member states

rose from 3.7 million in 1950 to 16 million in 1990 (Bade 2004, 357-358) and as a consequence, migration became an increasingly important phenomenon. At the beginning of the period, policies regulating immigration were very liberal. In 1960s and 1970s, Germany and Switzerland especially attracted immigrants from European as well as non-European countries as a welcome labour force. Western Germany, for example, hired its labour force from Italy, Spain, Greece and Yugoslavia as well as a few countries in northern Africa (Morocco, Tunisia). An agreement with Turkey from 1961 occupied a special place, as it was responsible for a sharp increase in Turkish immigrant population in Western Germany: between 1968-1973 the percentage of the Turkish labour population grew from 10.7 to almost 23 % of all labour immigrants. Expressed in real numbers, the mining industry and other key industries were employing over a million Turkish labourers in the 1970s (Bade 2004, 314-315). As these workers, both Turkish and others, were welcomed as „gastarbeiters“ („guest workers“), their stay in Germany was meant to be only temporary. Therefore, official politics of Western Germany in 1960s and 1970s gave only minimum opportunities for these immigrants to integrate, and in addition, a government programme in 1970s framed the already low integration of the Turkish and other workers as a „temporary integration“ („Integration auf Zeit“) (Barša 1999, 218). The „gastarbeiter“ status meant that foreign workers could not have rid themselves of the label „foreigners.“ It soon became clear that the subsequent labour agreements only prolonged rather than shortened the stay of foreign workers and in fact promoted the immigration of their family members. Thus, the originally temporary stay shifted into a permanent one – which the West German government did not count with. According to a survey of the Ministry of Interior at the end of 1980s, only 11 % of foreigners were thinking about moving to their respective home countries (Bade, 2004: 316). Germany was hot alone, however, for very similar situation was in France, which in the 1960s made agreements with Morocco, Tunisia, Turkey and Yugoslavia (Ibid.: 325).

The consequences of the economic crisis in 1970s contributed to the shift in the labour immigration policy. Immigrants have since been considered a threat to the „welfare state“, a problem, and the welcoming immigration policy has been openly criticized. At the same time, immigrant communities have begun to (per) form an important component of local population. In many West and North European countries the proportion of immigrants and asylum seekers in the 1990s reached 5-10 % of total population. On the upper level of the spectrum was Germany (8.8%) and Belgium (9%), and Switzerland, where in 1995 foreigners comprised 19% of the population. (Bade 2004, 320) This demographic development thus only deepened the negative impact of immigration. As a consequence, immigration policies have been increasingly influenced by economic downturns, rising unemployment rates and unsuccessful attempts at integrating foreigners. Problems

with the integration of immigrants opened up a room for a public discussion about the sustainability of immigration policies. Since 1990s, the previously enhanced concept of multiculturalism has been heavily criticized. Immigration is not coded as a specifically ethnic problem. The underlying problem is the conflict between a secular definition of Europeaness with an identity that is primarily understood in religious terms. To interpret this solely as a conflict between a secular European society and a religious one would not be accurate, however. Integration policies have failed and new generations of immigrants have radical and uncompromising interpretation of religious practices and traditions which deviates sharply from the religion of their parents⁷. While the concept of multiculturalism was in some European countries proclaimed as non-functional, in other countries it has stayed on as an element of official immigration policies.

Immigration and Labour Market in Czech Republic

The fall of the communism, opening the borders and involvement in European integration has significantly influenced the Czech immigration policy. Czech Republic has gradually changed in the final destination of immigrants from Eastern Europe and Asia. This type of immigration represents a new phenomenon for the Czech society. The numbers of foreigners with residence permit grew to 438 000 at the end of 2008. Foreigners make up 4 % of the population and contribute to employment by about 6 %. Foreigners from third countries make up more than a half of foreigners with a residence permit (67 %); citizens from EU, EES and Switzerland make up one third. (Numbers and nationalities of immigrants see graph and tab. 1 in appendices) Czech legal system use the term „foreigners” (not „immigrants”). At the end of the nineties the state began create the conception of integrating foreigners into society. As the first, the Interior Ministry started to handle the integration of immigrants and the agenda was later committed to the Ministry of the Labor and Social Affairs.

For citizens of EU, EES and Switzerland and foreigners with a permanent residence the labour market is fully open. Foreigners from third countries must have a work permit. Typical tendency in immigration policy represent programmes striving to bring skilled foreigners. The example of this tendencies is introduction of „green cards” for foreigners from „third” countries in 2009. This card combines the residential permit and the work permit into one document and its validity is for 2-3 years (Ibid. 8). Economical crisis led to changes of immigrations policy, which was characterized by limited acceptance of applications for long-term visas and Voluntary return program. The jump-off of the economic crisis has significantly reduced the scope for employment of foreign workers. The impact of economic problems is

reflected in the current suggestion of the Czech Ministry of the Labor and Social Affairs, which recommend restriction of employing the foreigners and thus acquire jobs for Czech citizens. The recommendation that tightened up the issuing and renewal of work permits was involving more than 66 000 foreigners from so-called third countries and new applicants. According to the Ministry instructions the Bureau of the Labor has to prefer citizens of the Czech Republic and EU member states, Switzerland, Liechtenstein, Iceland and Norway in decisions making within vacancies. The Ministry also refuses a widespread stoppage of foreigners work. The limitation has to be carrying out „sensitively and with respect to the situation of an individual human being.”⁸ According to the response in the media, many companies have negative attitude against the aggravated approach to the work of foreigners. These concerns are mainly the assembly plants of some firms that are highly dependent on the labor from abroad. Foreign workers represent flexible employees willing to work in hard conditions for lower wages⁹.

The government concept from the beginning of 21st century is inspired by the European trends and in line with that it supports the individual integration, which is based on solid legal basis.(Baršová 2005, 10) It is relatively typical an aloof attitude toward multiculturalism, which devise to negative experience of some Western countries. The creation of regional centers for supporting the integration of foreigners from third countries was the one of the specific steps towards true integration of immigrants and refugees. The new regional centers for integration of foreigners emphasize teaching the language of the majority population in their work. Adoption of the language is considered as one of the key preconditions for successful integration. Language and other courses also respect the diversity of the culture and mentality of the individual immigrant groups.

Czech society remains ambiguous towards immigrants. Majority of Czech society negatively evaluates the presence of foreigners in the country. But part of the Czech population agree that foreigners solve problems with labour shortages in some sectors. (See Tab. 2) The main political parties have similarly pragmatic approach to work migration. As the sources of policy analysis were used their election programmes. For Social Democracy is typical preference of immigration from Slavic countries and support for a common European immigration policy. Social Democracy present immigration as instrument for the solution of demographic crisis. The strongest right-wing party, Občanská demokratická strana/Civil Democratic Party (ODS) prefer rather restrictive immigration policy („CR can't be open gate for everyone“) This party also expresses worries about problems which are connected with immigration ¹⁰. Overall, the curiosity, distrust and sometimes open xenophobia are blended together. Typical are differences in the perception of individual ethnic/immigrant groups. Czechs show more sympathy towards immigrants who choose an assimilation model of adaptation.

Conclusion

Czechoslovak immigration policy has always been politically charged. In the period of the first republic, it represented solidarity with people persecuted by the Nazi regime which was considered a threat to Czechoslovak statehood. On the other hand, economic refugees were treated largely with disapproval. In addition, relationship between Czech society and refugees was characterised by opposing tendencies – developing civic society promoted solidarity but the non-existence of a concept of immigration policy and certain elitism weakened it. In the pre-War Czechoslovakia, generosity towards foreigners was, therefore, limited. This proved true after the Munich Agreement. Facing huge pressure brought about by the Agreement, proclaimed tolerance towards “foreign emigrants” was replaced by a belief that it is necessary to promote national interests.

Tolerance and openness thus seem to have been pushed into recess by the influx of culturally distinct immigrant groups as well as economic crisis in West Europe too. The economic aspects of immigration became dominant in Czech Republic after 1989. Compared to the interwar period, immigration is not an acute political issue between left and right wing parties. Discussions of immigration on a political level have recently shifted towards the concept of multiculturalism which has become topical due to both global aspects of migration. Immigration, however, in the Czech environment has not become so strong topic as in some western states. There is an apparent ambiguity in relation to foreigners in Czech Republic that also deepens the current economic crisis. On the one hand, the foreigners are welcomed as the appropriate workforce, on the other hand, there is persisting distrust, fear and contempt in the attitudes of the Czech community. In the Czech Republic there is a clear effort to learn from the experience of Western countries, whose immigration policies passed in the second half of the 20th century thorough the complicated development. These new approaches confirm the trends towards the consolidation of individual integration. Model of the individual integration of immigrants is supposed to confirm the respect for the values of mainstream society. Related to this is increasing discussion about the needs of the new definition of national and civilization identity. Economic aspects of immigration continue to dominate, and probably even in the future there will not to be any major change. New forms of immigration policy will also be affected by demographic developments and other need of the labour market. For the majority there is typical to prefer their full adjustment to Czech culture towards immigrants. The experience with more difficult integrated immigrant communities could reveal the degree of tolerance of the Czech society.

Notes

1. Such was the reaction of agrarian newspaper *Večer* (The Evening) to the exhibition of anti-fascist caricatures in Mánes which was opened in April 6th, 1934. The exhibition also showed artwork of a few German emigrants. VESELÁ (1983), p. 76.
 2. Typical example voice in regional newspaper - *Židé se tlačí do republiky, obzvlášť na Ostravsko.*- *Zl. Moravskoslezský deník*, July 3rd, 1938, n. 181, p. 4.
 3. See for example. *Obtížní cizinci necht' uvolní místa hraničářům.*-r- *Duch času*, November 15th, 1938, n. 269, p. 3.
 4. This is an exact title of her article in a weekly *Přítomnost* from October 12th, 1938. The article dealt with *Sudetenland' democrats in Czechoslovakia*. Anthology of her articles written between 1937 and 1939 bears the same title. The quote is from this anthology. See JESENSKÁ (1997) p. 118.
 5. Ferdinand PEROUTKA: *Tak jest! Židovská otázka u nás a u Němců.* *Lidové noviny* February 24th, 1939, p. 3.
 6. Decrees of ZÚB from November 11th and 25th, 1938. *Zemský archiv v Opavě (ZAO)*, f. *Policejní ředitelství Moravská Ostrava – prez. spisy*, carton n. 459, sign. 8639 a sign. 8884.
 7. A. Baršová and P. Barša discuss a new group identity based on the „membership in a group of believers, connected by belief in a revealed text with unequivocal meaning; a text which is binding to everyone.“ See Baršová – Barša (2005: 57)
 8. Press release of the Ministry of the Labor and Social Affairs (March 10th, 2010) <http://www.mpsv.cz/files/clanky/8429/10032010.pdf>
 9. See for example: *Ministerstvo chce brát práci cizincům a přihrávat ji Čechům.* *MF DNES*, March 25th, 2010, p. C/1.
 10. See election programmes of Social Democracy and ODS (2010). http://www.cssd.cz/soubory/ke-stazeni/dokumenty/velky_volebni_program.pdf
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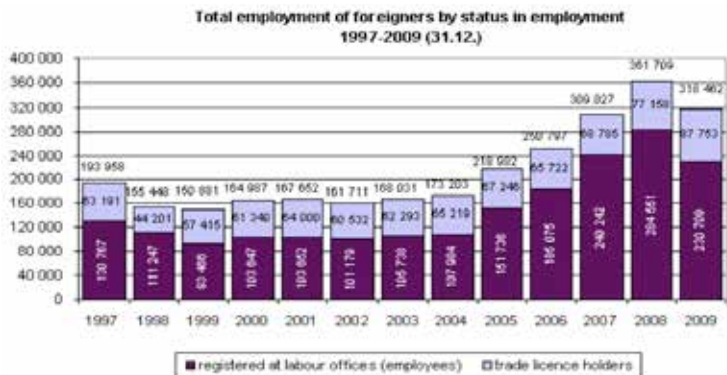
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Appendices

Graph 1.



Source: Czech Statistical Office

Tab. 1. Foreigners in the CR – 5 top of citizenship (2008)

Country	Number
Ukraine	131 965
Slovakia	76 034
Vietnam	60 258
Russia	21 710
Poland	21 173

Source: Czech Statistical Office

Tab. 2. Public opinion in Czech Republic (Spring 2011)

	Definitely agree (%)	Rather agree	Definitely disagree	Rather disagree
Too much foreigners work in CR	31	44	23	2
„Foreigners take our jobs“	32	38	26	4
Foreigners solve problems with labour shortages in some sectors	10	33	37	20

Source: STEM (Centre of empirical research)

7

Implementing Policy for Place: Delegating Labour Market Policy Decisions to the Local Level

P. K. Basu¹, John Hicks², Denise Conroy³, Richard B. Sappey⁴

Abstract

This paper analyses and compares the extent of diversity across a range of labour market issues to explore the policy implications arising from their diversity. Case studies of two different regional Australian labour markets have been used to analyse the issues. The Sunshine Coast in Queensland state is a 'sunbelt' regional labour market whilst the Central West in New South Wales state is an established inland rural regional labour market. We compare them to critically evaluate the relationship between labour market performance and policy with respect to both economic and social aspects. This research employs qualitative and quantitative sources of information to examine existing local policy approaches and outcomes. In particular, we highlight the apparent diversity of issues, policy requirements and outcomes. The challenge is to match economic and social factors to policy so that decisions at all levels of government can contribute to desired economic and social outcomes, including labour market outcomes. The evidence suggests that the more diverse a regional labour market is internally and by comparison with other types of labour markets, the more likely it is that policies will perform with greater success when they address the labour market problems which are particular to that labour market. The targeting of such place-based policies, to cater for diversity, is more likely to be effective when operating through local governments.

Introduction

Major objective of labour market policies is to optimise labour market outcomes and its implications for the society. This, in turn, is expected to maintain a steady and sustainable growth of the economy. However, the factors that are important in one geographic labour market, and their relative impact there, may not be identical in a different location - even within the same country (Martinkus et al., 2009).

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Very often diversities are based on places or regions, demographics and industries. Implications of such regional diversities should be reflected in labour market policies to obtain expected outcomes.

In recent years, the regional diversity within Australia has been explored in a general attempt to understand the potential for regions located outside of capital cities to experience an improvement in their overall economic growth performance and, at the same time, to retain an acceptable balance between the economic and social aspects of life which contribute to the uniqueness of these regional communities. Within this general context, the performance of regional labour markets has become a particular focus. A recurring finding of much of this research, across different regions in different countries, is the persistence of the maintenance of regional labour market problems notwithstanding the phase of the national economic cycle being experienced. This may imply that policy action at a regional level is needed. If there are economic or social barriers to labour mobility then regional-based labour market policies may be effective and therefore justified (Baum 2006). In support of the need for place-based policy, Baum pursues the development of a means for identifying regional typologies which will serve as a basis for place-based policy decision-making by State and federal governments.

Focussing on need for place-based labour market policies, this paper critically evaluates two regional labour markets in Australia in order to identify the relationship between labour market performance and policy with respect to both economic and social outcomes. We highlight the apparent diversity of issues, policy requirements and outcomes. Whilst we support the call for place-based policies, we argue in section 2 that the underpinning rationale is the existence of significant diversity amongst regions and that the development of typologies only partially overcomes this problem. We illustrate this point in section 3 by comparing two regional labour markets. In section 4 we argue that the best means of enabling place-based policy is to enhance the policy role of local government to assist higher level government policy formulation. Section 5 summarises conclusions.

Approaches to Regional Labour Market Policy

The conventional approach to labour market policy in regional labour markets has been either to derive policy options directly from research and analysis of the labour market (e.g. Lawson and Dwyer 2002) or indirectly as a result of identifying and conceptualising broad shifts in approaches to production within the region which logically lead to policy prescriptions (Argent 2002; Holmes 2006). In some cases, a mixture of both has been utilised (Beer et. al. 2003b; Stimson et al. 2003; Baum 2006). All such approaches are based on economic indicators and/or on

factors impeding the operation of the labour market. However, as Monastiriotis (2005) points out, the role of regional factors should not be allowed to be dominated by aggregate performance measures of labour markets.

An alternative starting point for policy determination is to focus on the distinction between place-based and people-based policy. This approach differs from a focus on economic factors (particularly related to labour markets) by incorporating social factors such as housing and family. Baum (2006) and Baum et. al. (2007) emphasise this distinction in government policy terms by linking it to the potential for prosperity. People prosperity can be the basis for policy in areas such as education, taxation and financial assistance, but it assumes that there is no friction in adjustment such that people will move for work or other reasons. By contrast, place-based policy accepts that friction exists and provides for assistance to 'places' in forms such as infrastructure, community facilities and specific support for private companies. Baum (2006) argues that the challenge is to develop a mix of the two, supporting both prosperous and disadvantaged regions.

Baum endeavours to provide for place-based policies (by state and federal governments) by developing regional typologies on which such policies might be based. However, in a sense success in developing such typologies will be a 'two-edged' sword. On the one hand the successful development of regional typologies will be of relevance for place-based policy purposes for both State and federal governments. On the other, such success will obfuscate the fact that within any given regional typology there will remain variations from region to region which are also of policy relevance but which may not be sufficiently well identified by this methodology for State and federal governments to take appropriate action.

At the same time, it would be a mistake to assume that reference to place is static. Places change over time – and sometimes quite quickly. Consequently typologies based on place will also change. Place-based policy has to recognise this dynamism. For example, discussion on land use must now recognise that farming is merged with, or compromised by, values tangential to farming per se such as off-farm income, setting aside wilderness areas, hobby farming and the use of agricultural land for conspicuous consumption (Argent 2002). There will doubtless be further exploration of this divide, given the need to come to terms with changing land use along the Eastern seaboard to cater for the so-called 'sea change' pattern of migration and lifestyle option and the 'tree change' version of it in inland parts of Australia. Such migratory shifts influence local economies and communities, including policy and practice to absorb people and their values. As Holmes (2006, pp. 151) writes, there is '...the increasingly complex, dynamic geography of ongoing rural change in Australia.' This points to a need for policy to manage a diversity of functions of the land. Holmes (2006, pp. 150) points to a 'proliferation of contests between and among developers, government agencies, local enterprises, residents

farmers and conservationists'. Clearly, to devise labour market policy which will be effective means that the attributes of the designated area should inform the policy process. Evidence-based policy-making is not new, but there is little indication that it has been used to develop regional or area-based labour market strategies.

In pursuing the concept of place-based policy for regional labour markets we cannot avoid the issue of diversity and the implications for generating policy and practice which identifies and addresses labour market issues that persistently diverge from region to region - unemployment, job growth, wages, participation in the work force, discrimination, skills differentials - and (usually) related social problems such as crime, poverty and isolation which ensue when labour markets fail to perform in ways which generate sufficient employment for social cohesion (Giguere 1998; Huber 2004; Celi and Segnana 2000; Forsberg 1998). Further, within labour markets there are bound to be different bases for diversity - the rise or fall of an industry base (Weiler 2000; Beatty and Fothergill 2004), geographic and climatic factors (Kim 2004) and proximity to markets (Sappey et al 2007) for example. In order to illustrate the extent of diversity across a range of labour market issues we report, in the next section, on two case studies of quite different regions in Australia.

Regional Comparisons

We have chosen two regional labour markets from Australia for comparison. These are 'Sunshine Coast' from the state of Queensland and 'Central-West' from the state of New South Wales. For effective comparisons we attempted to choose regions that have similar physical characteristics such as, similar population spread, similar distances from the respective state capitals. However, the Sunshine Coast is a 'sunbelt' regional labour market whilst the Central West is an established inland rural regional labour market. We compare them to critically evaluate the relationship between labour market performance and policy with respect to both economic and social aspects.

Our study employs the Australian Census data for a 25 year period (1981-2006) for long-term trends; and 2006 Census data for more detailed analysis. In addition, we have interviewed a range of personnel from local councils within the two regions, and industry representative bodies; and consulted published local council documents. In particular, we highlight the apparent diversity of issues, policy requirements and outcomes.

Backgrounds of the Regions

Sunshine Coast

The Sunshine Coast may be characterised by a relatively temperate climate, predominantly sunshine and warm temperatures throughout the year, many beaches adjacent to Pacific ocean surf, some inland waterways and a hinterland rising from the coastal plain. There has been, and continues to be for the present, a relatively low cost of living (including land, housing, entertainment, food and fuel).

Demographically, the age profile reflects a distribution skewed towards the older age groups with a relatively high percentage of the population wholly or partially retired. Although the principal demographic measures indicate an 'ageing' of the state (and Australian) population, the Sunshine Coast region demonstrates a considerably higher rate (Sappey and Conroy 2007).

The structure of industry in the region remains predominantly rural in the hinterland parts, particularly sugar, fruit and timber (although this is changing to tourism) with hospitality, tourism, retail and construction industries predominant in the coastal parts (SCACC 1998). Moreover, there is a relatively low level of growth in high value-added industries, particularly manufacturing and 'new technology' industries (DETD 1998). In general terms, labour is concentrated in the labour intensive service sector industries.

More specifically, in relation to the Sunshine Coast, the impression of a socially active and economically prosperous community is plausible, given the natural environment which is extensively used for leisure. However, Taylor (2002) contrasts this impression with her findings:

While an area is experiencing population growth, the picture might appear rosy with new housing estates, shopping centres to match and seemingly plenty of jobs available, at least in construction and retail. In the case of the Sunshine Coast, the veneer is even more superficial with the attractive natural environment being promoted for tourism purposes and the glossy lifestyle advertised to attract residents. For many residents, unless independently wealthy, the reality is far from what is advertised with most movers to the area either unemployed or not in the labour force and earning relatively low incomes. (Taylor 2002, pp. 15)

Different labour markets can exhibit the same or similar characteristics but at different levels, for example interstate migration. Much of the literature on the Sunshine Coast to date has identified factors which indicate that the labour market has underlying problems and that unless these are addressed relatively high levels of unemployment, underemployment and low labour force participation rates are likely to continue. (Sappey and Conroy 2002; Taylor and Birrell 2003).

Central-West

The Central West region of New South Wales is a labour market characterised by established agriculture, gold-mining and state infrastructure, particularly railways. Although manufacturing and service industries developed, much of the industry structure in the towns within the region was linked to and dependent upon the surrounding agricultural economy. The region contains the oldest mainland Australian inland settlements, with the town of Bathurst founded in 1815.

There are several towns within the region which enables daily commuting to work. However, the nearest of the towns in the region is approximately 215 kilometres from Sydney which does not enable daily commuting to the capital by rail or road. With limited exception, the distance and transportation time to Sydney enables part-weekly commuting where people may live in Sydney but work and live in the region for a part of a working week. Although the distance to Canberra is greater than to Sydney, the same pattern can occur. To some extent, the region represents the intermediary role of the market town between cities and villages, making it a sociological type with distinctive features (Ye Kelin et al. 1989).

Social and Demographic Factors

The population data for a consistent long-term trend is not available for the Central-West region. So it has been replaced by the major sub-region within Central-west, 'Bathurst-Orange'. The trend of population growth in Bathurst-Orange should act as an appropriate proxy for the region. Table 1 suggests that there were greater fluctuations in the Sunshine Coast (rising then falling over the period with a larger population growth in absolute terms) than was the case with Bathurst-Orange. The percentage increases for the Sunshine Coast have declined in relative terms from 1991 to 2005. The Bathurst-Orange increases are relatively stable over the entire period and are considerably smaller.

Table 1: Population Change

	1981-86	1986-91	1991-96	1996-2001	2001-06
Bathurst-Orange	8.05%	6.52%	4.07%	5.79%	3.21%
Sunshine Coast	18.01%	36.95%	30.74%	18.51%	14.83%

Source: ABS (n.d.)

Industry Structure

The composition of industry by employment (Table 2) is an indication of the industry structure. The Central West remains a relatively significant producer of rural and mining products whereas the Sunshine Coast industry structure is dominated by construction. Retail and accommodation and food are relatively consistent across both regions and they are similar to the national rate. In other parts of the service sector, particularly technology-based services with more potential for value-adding (professional, scientific and technical, finance and insurance categories), both regions are below the national rate.

Table 2: Employment by Industry – 2006 (percentages)

Industry	Central West	Sunshine Coast	Australia
Agriculture, forestry, Fishing	11.79	2.97	3.09
Mining	3.35	0.94	1.17
Manufacturing	9.78	10.18	10.46
Electricity, gas, water, waste	1.62	1.04	0.98
Construction	6.16	20.85	7.80
Wholesale	2.80	4.02	4.35
Retail	11.26	11.12	11.35
Accommodation & food	6.55	7.34	6.32
Transport, postal, warehousing	4.47	5.18	4.70
Information, media, telecommunications	1.16	1.38	1.94
Financial & insurance	1.71	2.13	3.83
Rental, hiring & real estate	1.11	2.53	1.69
Professional, scientific & technical	3.28	4.73	6.61
Administrative & support services	2.00	3.19	3.15
Public administration & safety	6.98	5.05	6.68
Education & training	8.46	4.57	7.66
Health care & social assistance	10.90	4.45	10.50
Arts & recreation	0.82	1.53	1.40
Other services	3.67	4.01	3.71
Inadequately described/Not stated	2.14	2.80	2.60
Total	100.00	100.00	100.00

Source: ABS (2006a)

Occupation Distribution

The occupational distribution (Table 3) is similar to that of industry structure and suggests significant differences between the occupational workforce distribution, skill and income levels in the two regions. A relatively high rate in the ‘Manager’ category in the Central West doubtless reflects the use of the term to identify rural property owners and managers, whereas in the Sunshine Coast region it is probably used to denote a relatively high level of small and owner-operated businesses (interview with Chamber of Commerce representative). The rates for the ‘Professional’ category probably reflect the relatively high levels of private and public school and higher education in both regions and growth in health services. The relatively high rate of technical and trade workers reflects the construction industry in the Sunshine Coast region and some manufacturing and technical service work related to agriculture in the Central West. The relatively low rates of service work in both regions compared to the national rates suggest a lack of development of the service sector, particularly higher skilled jobs within that sector. These data indicate a relatively high level of skill within manufacturing, construction and some categories of semi-skilled work in industries such as transport and storage in both regions compared to the national levels.

Table 3: Employment by Occupation – 2006 (Percentages)

Occupation	Central West	Sunshine Coast	Australia
Managers	17.63	12.82	3.71
Professionals	14.63	16.13	10.83
Technicians & Trade Workers	14.63	16.89	8.91
Community & Personal Service Workers	9.13	9.67	9.75
Clerical & Administrative Workers	12.12	13.19	16.84
Sales Workers	9.12	12.37	18.34
Machinery Operators & Drivers	8.15	5.12	11.12
Labourers	13.03	12.09	17.70
Inadequately Described/Not Stated	1.56	1.74	2.79
Total	100.00	100.00	100.00

Source: ABS (2006a)

Labour Force Participation

Comparative labour force participation rates (Table 4) for both regions using inter-censal statistics suggest that there is relative stability over time, although both regions are below the national level. The Sunshine Coast rate has been lower than the Central West and national rates since 1996.

Table 4: Labour Force Participation rates - 1996-2006 (Percentages)

Region	1996	2001	2006
Central West	58.79	58.65	58.52
Sunshine Coast	56.51	55.41	57.09
Australia	60.43	60.30	60.36

Source: ABS (2006b)

Unemployment

Unemployment rates (Table 5) over inter-censal periods (1996-2006) reflect significant changes for the Sunshine Coast but less so for the Central West. The Sunshine Coast experienced relatively high unemployment rates during the early 1990s recession and beyond, with a significant decline in the unemployment rate from 2001 to 2006. By comparison, the Central West experienced a relatively slow decline, however, it was above the Sunshine Coast and national rates by 2006.

Table 5: Unemployment Rate - 1996-2006 (Percentages)

Region	1996	2001	2006
Central West	8.7	7.5	6.3
Sunshine Coast	14.9	11.3	5.8
Australia	9.2	7.8	5.2

Source: ABS (2006b)

Unemployment by age data (ABS 2006b) suggests that there is a relatively high unemployment rate for young people in the Central West compared to the Sunshine Coast but that the position is reversed in older age categories where it is higher in the Sunshine Coast compared to the Central West. The point where this becomes a significant difference is the 45-49 year age category. With a few exceptions, the rates in both regions were above the Australian age group averages for 2006.

Table 6 suggests that there were higher full-time employment rates in the Cen-

tral West compared to the Sunshine Coast. This may mean that people on the Sunshine Coast prefer part-time or casual employment or that there are insufficient full-time vacancies. The proportion 'unemployed but looking for full-time employment' on the Sunshine Coast declined from 2001 to 2006 but 59.84% of job-seekers still sought full-time employment. The percentage seeking part-time employment increased in both labour markets.

Table 6: Employment Type - 2001 and 2006 (Percentages)*

Employment Type	Central West 2001	Central West 2006	Sunshine Coast 2001	Sunshine Coast 2006
Full-time	65.25	63.78	57.03	57.79
Part-time	31.68	29.55	36.02	35.95
Looking for full-time	71.31	65.01	72.62	59.84
Looking for part-time	28.69	34.99	27.38	40.16

**Full-time and part-time employment as percentages of employment & looking for full-time and part-time as percentages of looking for employment).*

Source: ABS (2006b)

Income

Table 7 indicates that both regional labour markets have income levels below the relevant national averages. The Central West has lower income levels than the Sunshine Coast with the exception of median family income.

Table 7: Income Levels by Type - 2006

Income (population 15 years and over)	Central West	Sunshine Coast	Australia
Median individual income (\$/weekly)	389	428	466
Median household income (\$/weekly)	808	885	1027
Median family income (\$/weekly)	1053	1048	1171

Source: ABS (2006c)

Local Labour Market Diversity and Policy Implications

There are significant differences between the two regional labour markets analysed in this paper which point to diversity in line with at least some of the established typologies (Stimson et al. 2003). Baum et al (2007) note that attempts to develop such classifications are exploratory in part because of the likelihood that some regions fall into more than one category and that a greater use of ethnographic methodology may be better positioned than the use of large quantitative data sets to establish intra-regional differences. But for us, the importance is that these differences exist. In relation to the two regional labour markets in this study, some parts of the Central West are identified as being within Stimson et al's (2003) 'service-based opportunity cluster' while others are in the 'extractive-based vulnerable cluster'. The Sunshine Coast as a whole is not 'classifiable', but parts of the region seem to fit best within the 'tourism-based opportunity cluster' and others within the 'welfare/retirement vulnerable cluster'. Subsequent work by Baum (2006) locates Bathurst and Orange within an 'advantaged service-based cluster, with other towns (eg. Cowra and Parkes) in a 'disadvantaged agricultural-based' cluster, indicating internal diversity within the Central West region. By contrast, in external diversity terms, Baum (2006) locates parts of the Sunshine Coast (eg. Maroochy and Noosa) in the 'welfare/retirement migration disadvantaged' cluster and Baum et al. (2007) put these in an 'income poor/asset rich amenity-base region. Recent work by Baum and Mitchell (2009) suggests that the three former shires of the Sunshine Coast (Maroochy, Noosa and Caloundra) are relatively high in terms of 'job loss potential' and Orange and Bathurst are relatively low in this aspect in aggregate terms.

Thus it is clear that there is some significant internal diversity within both labour markets which prohibits their ready classification into a unique typology (Sappey et al. 2007; Sappey, Basu and Hicks 2007). In addition to internal diversity of these regional labour markets, there is a level of instability arising from change. The two regional labour markets here reveal fast and slow change over time and large and small scale change.

It is our conjecture that, given this diversity and the propensity for change to occur and to occur at different rates, that local government should play a greater role in the determination of regional labour market policy as they are closer to, and will more readily understand, the issues. This could be done by either providing local government with greater resources, untied, which could be applied to policy purposes or, less extreme, establishing a mechanism for local government to have input into decision-making processes conducted by higher level governments when considering issues that had significant regional implications.

There continues to be a need for a labour market framework at regional level (Cook et al. 2008). Much of the debate has been cast in wider policy terms and the

empirical and conceptual foundations of policy, in particular the extent to which urban and counter-urbanisation patterns hold over time and space (Collits 2004; Paris 2009). Certainly, there are arguments for a more integrated approach to the governance of regional policy (McGrath-Champ and Searle 2005; Everingham et al. 2006), in part to address the lack of co-ordination between levels of government and 'the limited role' of local government (Cook 2008). Some have argued for new structures of governance which are more accountable to their regions as opposed to allowing wide scope for both markets or higher levels of government (state and federal) (Lynn 2005).

Federal governments have recently attempted structures which theoretically expand widespread local stakeholder input into decision-making (Area Consultative Committees and Regional Development Australia committees) (McKew 2009; Regional Development Australia). Funding from the Federal Government to local councils continues to be initiated on the basis of some 'reform' projects and for established purposes (basic services, roads and community facilities (Budget 2010-11)). This leaves the principal role of attracting private sector investment to other levels of government. In some other countries (e.g. UK) this role has been more extensively developed at local government level compared to Australia (Beer et. al. 2003a). A recent announcement by the present Federal Government suggests that further stimulus for economic development will come through housing construction (15,000 new homes over three years) and supporting infrastructure on the basis of inviting 46 regional councils to apply for 15 regional grants (The Australian 2010). For such a policy to translate into higher employment levels, other funding may well need to follow.

Many policies that local governments would like to see implemented are dependent upon funding from national and state governments. This includes transport infrastructure (road, rail, airport and port) which may influence the location decisions of private companies, for example, transport and storage facility development in Bathurst and Blayney and proposals for a rail corridor between the Sunshine Coast and Brisbane. People-based policy has influenced labour market outcomes (on the supply side) through the expansion of the labour market programs such as Job Network via the funding of private providers to match job vacancy and unemployment. In addition, higher level governments have invested directly in economic development with projects such as railway workshops (Bathurst) and universities (Central West and Sunshine Coast). To the extent that they do so has a direct employment effect on regional labour markets (through the employment of existing local labour) and importing labour from outside.

Usually, it is the place-based policies of the higher levels of government that tend to have a concentrated influence on labour market outcomes (e.g. employment in particular industries or towns within a region) and these are the most susceptible

to specific grants regardless of social and economic need, economic development or 'pork-barrelling'. Greater cooperation between local and higher level governments would ensure that such decisions are better tuned to the needs of the locality.

As a corollary to an increased preparedness by higher levels of government to engage local bodies in policy determination, local governments should be prepared to use the opportunities they currently possess more strategically. Some larger regional councils have moved in this direction (e.g. the Gold Coast City Council's policy on biotechnology investment) (Australian Biotechnology). Our research suggests that a diversity of regional local government policies impacting on local labour markets already exists. A council's principal policy options are the provision of basic services (water, sewerage, garbage, road maintenance) and elective place-based services (support for community and sporting groups, libraries, aged care facilities, tourist facilities). Their main economic development policy relates to the subdivision of land, restrictions on types of development (high-rise high density or low-rise low density), financing of infrastructure (roads and footpaths in new residential estates) and processing of development applications related to land development. They also have policy options in relation to financial support for local business (e.g. furniture manufacturing in Cowra) provision of water supply during water restriction times (e.g. for goldmining in Orange) and advertising towns and regions as tourist destinations. In general terms, the principal strategic options for councils are to develop infrastructure in order to attract industry or to provide a range of subsidies, such as public land at below-market rates (interview with former mayor of a city within the Central West region). One Central West council provided few community services but did subsidise some employers where a business had closed and subsequently reopened or to attract or retain employing businesses in towns (CSC 2005; CSC 2006). Some councils have combined to promote clustering in environmental services, transport and logistics and the wine industries (OCB, 2003).

Prior to the Queensland State Government's policy to have councils amalgamate and resulting in a 'mega' Sunshine Coast Council, the three pre-existing councils pursued different policy options. For example, Caloundra emphasised the attraction of the Shire to older people and families. This was reflected in funding of an intergenerational library and boardwalk and a policy restricting the hours of nightclubs. Noosa Shire emphasised the development of tourist and residential accommodation along a coastal strip and relatively low cost residential development further inland. It was strongly against urban and industrial development and was noted for its population 'cap'. Maroochy Shire also pursued high level coastal development and other development geared to a diversity of business, particularly retail and some manufacturing.

Conclusions

This study is a comparison of two Australian regional labour markets and while there are similarities between them, it is clear that there are significant differences. That there is considerable diversity, given the economic and demographic dimensions, is no surprise but the extent of this diversity suggests that policy decisions by governments are more likely to be relevant when 'targeted' wherever labour market problems emerge and/or persist. The evidence which emerges is that the more diverse a regional labour market is internally and by comparison with other types of labour markets, the more likely it is that policies will perform with greater success when they address the labour market problems which are particular to that labour market. Place-based policies need to be varied to cater for internal (to a region) or external (between regions) differences, in which case targeting is more likely to be effective by operating through local governments – or allowing these agencies to act with greater independence and a better resource base.

The challenge is to match economic and social factors to policy so that decisions at all levels of government can contribute to desired economic and social outcomes, including labour market outcomes.

For local government, despite opportunity cost problems and sensitivity to rates and fees increases amongst voting populations, there is currently little option other than to search for development ideas and investment. Unfortunately that still means that local government has to remain dependent on State and national decisions for large infrastructure expenditure. The exception to this rule-of-thumb is for local government policy to identify its industry and labour market advantages and promote them to infrastructure funding bodies and the private sector. However, in addition, it is time for local government to be permitted to participate with higher levels of government in the development of place-based policies which can be directed to the often unique requirements of the region.

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8

Sustainable Development Perspective for Dealing with Economic Crises and Combating Unemployment¹

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Abstract

The world has been suffering from two severe crises at the same time: global warming and global economic crisis. The first crisis has been with us several decades without much dramatic consequences. Nevertheless, this started to change and devastating effects of global warming increasingly being felt by many people around the world. The second crisis has been recent but felt more severely in the short-term, particularly because it leads to unemployment. We know that economic crises would eventually end. Thus, the crucial question begs an answer is not if the global crisis will ever end, but how it will end. The way it ends obviously will determine the amount of the costs and the ones who will pay the bill. The basic problem that makes an economic crisis difficult to overcome is the rise in unemployment level. Keynes had pinpointed in the 1930s that every unemployed individual reduces aggregate demand, which would exacerbate an economic crisis. Hence, preventing job loses and creating new job opportunities are critical for overcoming economic crises. This paper argues that it is possible to fight with both of the global crises at the same time with success and achieve desirable outcomes. For this, the paper suggests governments to promote employment creation particularly in the areas of renewable energy manufacturing and application of energy efficiency technologies.

Introduction

We have two very important crises at our hand that have or will have enormous effects on our lives. The first one of these crises is global warming and the second one is global economic crisis. Let us start with global warming. Global warming is a sustained increase in the average temperature of the earth, sufficient to cause climate change. The scientific evidence points out increasing risks of serious, irreversible impacts from climate change associated with business-as-usual paths for

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emissions. Climate change threatens the basic elements of life for people around the world — access to water, food production, health, and use of land and the environment (Stern, 2006). Alarm is growing about the climate change consequences caused by our continued dependence on carbon-intensive, greenhouse gas (GHG)-emitting energy and transportation technologies and manufacturing processes (Pernick and Wilder, 2008). Climate change is a silent killer and we have not yet felt its devastating effects fully in our daily lives.

Compare to renewable energies, fossil fuels are more capital-intensive since they rely heavily on expensive pieces of production equipment. Thus, a transition toward renewables promises job gains. Focussing on renewable energy resources and green growth policies not only can stimulate economic growth but also prevent environmental degradation, biodiversity loss, unsustainable natural resource use, and help conserve fossil resources for future generations. The costs of not responding to environmental policy challenges can be considerable.

Global warming is the most urgent symptom of humanity's mismanagement of natural resources. It results mainly from the production of energy using fossil fuels. An energy policy for a sustainable future will need to be based on high levels of energy efficiency and greater use of renewable energy. As the importance given to environmental quality has increased in recent years, the energy sector with its 80 percent role in the environmental pollution entered into a transformation process (Karaca, 2011).

Although a small number of countries developed renewable energy policies in the late 1980s and early 1990s, subsequent years have seen a huge increase in uptake, particularly from 2005 to 2010 (Teske and Chisholm, 2011). All over the world, nations are developing and intending to use more and more energy. Hence, many countries and sub-national governments are looking not only to expand their domestic use of renewable energies, but also to develop accompanying local renewable energy technology manufacturing industries to serve that demand. More detail about this will be given later. Now, let's briefly look at the second crisis at our hands: global economic crisis. Signs for the global economic crisis became apparent at the end of 2007. Its negative effects were felt strongly particularly in 2008 and 2009. Although some thought the crisis was left behind in 2010, it became increasingly clear that the crisis is here to stay with us at least two more years, if not more.

One of the most dramatic effect of economic crises is the rise in unemployment levels. But what is also important to recognise is that regardless of the current global crisis the world as a whole seems to be suffering from "jobless and job-poor growth". In other words, the economy is growing without any jobs being generated or with a diminishing number of jobs created for any particular rate of economic growth (UN, 2007: 7). It is often forgotten that unemployment is not only a prob-

lem for individuals, but also for the whole society and the economy. John Maynard Keynes had pinpointed during the Great Depression of 1930s that every unemployed individual means a reduction in aggregate demand, which would exacerbate an economic crisis. Thus, employment creation is the key for overcoming an economic crisis. But the type of the employment is matter. From a Keynesian lense we can see the global economic crisis as a transformative opportunity with the potential to combat climate change and increase social welfare. Renewable energies may create new jobs, provide greater energy security, and economic opportunity during a period of high unemployment.

The main aim of this paper is to find an answer to the curicial question: “How can we solve global warming and growing unemployment problems simultaneously and create a sound base for sustainable development?” or to put differently: “Can we turn this economic crisis something good by transforming a high-carbon economy, which is bad for our welfare to one based on low-carbon?” What is proposed here is the conversion of an economy sustained by high-carbon energy to one based on low-carbon, sustainable sources of energy. The challenge here is huge. The scale of this undertaking is immense. But, its potential enormous. The good news is that the technology we need to begin the transformation to a low-carbon economy exists. This paper will make an assessment of renewable energies and energy saving alternatives not only for employment creation but also fight with the current economic crisis. But before this assesment the next section wil focus on the importance of job creation for overcoming economic crises.

Importance of Job Creation for Overcoming Economic Crises

The current global economic crisis will not endure forever. One way or another, it will eventually end. Hence, Adam Smith is right to assume that his “invisible hand” is indeed invincible. But, the crucial question begs an answer is not if the global crisis will ever end, but how it will end. The way it ends obviously will determine the amount of the costs and the ones who will pay the bill. This line of thought enables us to detect two “small” flaws of Smith’s invisible hand. This hand is both very slow and heavy. Since it is very slow, recovery may take a very long time. However, when the recovery comes very late, it is hardly good for anybody. Because, as Keynes once said, “In the long term, we are all dead.” The second flaw of Smith’s invisible hand is that it becomes too heavy for some. People, who do not have any means to survive, other than selling their labour, might not stay alive under the weight of this invisible hand. Apart from this “detail”, as Adam Smith admits, his invisible hand is

not independent from politics. Accordingly, it is possible that sometimes recovery waits a big war to come! When we take these issues into consideration, the appeal of Smith's invisible hand starts to fade away and Keynesian economics with his visible hands comes into the picture. In other words, Keynes' visible hands seem as much better equipped for the job at hand.

Since the publication of *The General Theory of Employment, Interest and Money*, it has been recognized that unemployment is not only a persistent feature of the capitalist economy, but worse, there are no endogenous market processes that would eliminate unemployment (Wray, 2009). Unemployment was singled out by John Maynard Keynes as one of the principle faults of capitalism. Keynes has established the fact that full employment was only a special case and the economics of the individual firm which concentrates attention on wages as a cost, is inadequate for dealing with the economy as a whole. In contrast to the classical theory, which emphasized the relation of declining wage rates and rising employment Keynes emphasized the concern of workers with money wages, and the unwillingness of the unemployed to accept a reduction of money wages, and especially their inability to depress real wage rates by cutting their supply price in money terms (Harris, 1947b: 43). According to Keynes, government had to assume responsibility for demand, because otherwise the system would not survive. He suggested that to make a free market provide full employment it would be necessary to have deliberate central control of the rate of interest and also, in certain cases, to stimulate capital development. Keynesian policy fell out of favour during the 1970s, when stagflation afflicted many developed nations. Consequently fighting with inflation became the primary concern in economics.

It is important to recognize that Keynes was far from blind to the inflationary dangers of full employment economics. He was certainly well aware of the fact that outside depressions and deep recessions paying employees to do useless things would likely to cause inflation. Thus, he did not recommend general demand pumping as the one-size-fits-all solution to unemployment. What Keynes really advocated was targeted spending—focusing government spending on areas that are operating well below capacity and as well directing spending toward increasing capacity to meet social goals (Wray, 2009). Even the most avid followers of Keynes are scarcely prepared to state that all economic problems have been solved by him, and that no further work remains to be done. As Harris (1947a: 36) indicates, more than 70 years ago Hicks wrote: "The General Theory of Employment is a useful book; but it is neither the beginning nor the end of dynamic economics." What he said is also valid today. In a changing institutional set-up, Keynesian economics will have to be adapted and modified.

The basic problem that makes an economic crisis difficult to overcome is the rise in unemployment level. How long an economic crisis will last and which social

and economic costs will be paid is closely related to how quickly and directly the unemployment problem is combated. Markets do not have any unemployment prevention mechanisms. Moreover, it is unrealistic to expect from market mechanism to reduce unemployment timely and adequately. Thus, governments have big roles to play in this respect. According to Keynes, governments have to run deficits when the economy is slowing, as the private sector would not invest enough to keep production at the normal level and bring the economy out of recession. Keynesian economists called on governments during times of economic crisis to pick up the slack by increasing government spending and/or cutting taxes. Following Keynes this paper sees the best solution for a depressed economy as to create employment in areas, where will create a sound base for a sustainable development. There are many jobs to be created in this respect. But this paper particularly focuses on jobs in renewable energy manufacturing and energy saving measures, such as weatherization.

Importance of Green Energies and Energy Saving Measures for Sustainable Development

As Pernick and Wilder (2008) points out “the debate around climate change has gone from question mark to peer-reviewed certainty.” It has been increasingly clear that energy from fossil fuels has major negative impacts to the environment and human health. Just to have an idea about these impacts, let’s look at measured gaseous pollutants emissions for various fuel types.

Table 1. Main gaseous pollutants (g/kWh)

Fuel type	CO2	CH4	NOX	SO2
Nuclear	17	–	0.047	0.072
Geothermal	21	0.059	–	–
Hydropower	32	0.135	0.056	0.055
Wind	38	0.169	0.055	0.071
Biomass, wood burning only	–	–	0.350	0.087
Solar (PV cells)	319	0.883	0.408	0.494
Natural gas	386	1.076	0.351	0.125
Oil	760	4.216	0.622	0.314
Coal	838	4.716	0.696	0.351

Source: Erdoğan (2009).

As seen in the Table 1, there is a huge difference between fossil fuels and renewable energies in terms of gaseous pollutants emissions. Nuclear seems as a very clean energy in the table. But, it is, indeed, a time bomb that waits to explode. Not only Chernobyl disaster but the Fukushima accident occurred in the early 2011 made this very clear for everybody. Sustainable development requires a sustainable supply of clean and affordable renewable energy sources that do not cause negative societal impacts. In other words, the core problem is meeting increasing global demand for energy – but also conserving raw materials and reducing environmentally harmful emissions. Clean technologies are very important in this respect. Clean technology refers to any product, service, or process that delivers value using limited or zero nonrenewable resources and/or creates significantly less waste than conventional offerings. Clean technology comprises a diverse range of products and services, from solar power systems to hybrid electric vehicles.¹

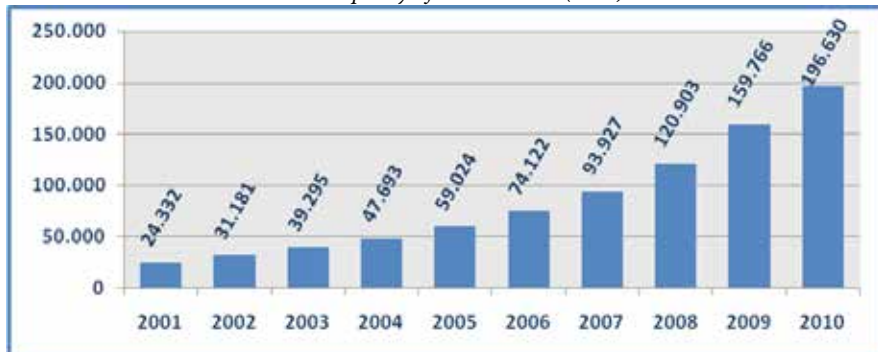
Renewable Energies

Due to climate change and environmental concerns, interest in renewable energy sources has increased and a clean technology revolution is underway. Pernick and Wilder (2008) have identified six major forces that have pushed clean tech into the mainstream and that are driving the rapid expansion of clean tech across the globe: climate, costs, capital, competition, China and consumers. These six forces, the authors argue, are aligning to catalyze the growth and expansion of clean-energy solutions for transportation fuels and electricity generation; clean sources of water for drinking, irrigation, and manufacturing; and clean, environmentally benign materials for buildings and industrial processes.

As countries strive to develop clean and secure energy systems, wind energy is emerging as a cornerstone of the new energy system. Since 2005 a growing number of wind power plants have made up an increasing share of the newly installed capacities as a result of mainly state-based renewable energy support programmes (Teske and Chisholm, 2011).

As seen in Figure 1, during the last ten years wind energy capacity has increased more than eight times, with installed capacity growing at 28 percent, doubling every three years. The urgency of the climate issue makes it essential to create a growing role for renewable energies. However such energies are not yet fully competitive with fossil fuels and nuclear energy.

Table 2. World Total Installed Capacity of Wind Power (MW)



Source: WWEA (2011).

Even though the production costs of renewable energies have not still match the market price, they are beginning to come closer (“grid parity”) thanks to the reduction in the production costs of renewable energies on account of substantial economies of scale and also thanks to the rise in the short-term price of hydrocarbon based fuels due to the increase in the extraction costs and the diminishing of the available resources. It is important to recognize that this cost analysis does not place any economic value on the ability of renewable technologies to produce power without any associated greenhouse gas emissions. And of course, essentially no attempt is being made to force oil and coal companies to pay for their externalities (e.g., lung disease and long-term environmental damage). If the costs of fossil fuels reflected the environmental and health damage they cause, it is seen that they are indeed very expensive.

When considering scenarios for new energy technology development and deployment, initial higher costs of renewable energy should not be considered an impassable barrier to deployment. Rather the focus should be on whether learning curves can give confidence that the technology is able to achieve desirable cost reductions within an acceptable time frame. At initial stages of technology conception, costs tend to be underestimated. As the technologies reach the point of commercialisation and deployment, costs tend to increase with comprehensive engineering assessments and real-world implementation. After the point of commercialisation costs tend to again reduce, and in the long term cost rates reduce further as technologies mature (Renewable Energy World, 2011).

Table 3. Production Costs of Energy from Different Sources

Power source	Production cost of 1 kWh energy (cent)	
	Minimum	Maximum
Coal	4.5	7.0
Oil	5.0	6.0
Natural gas	4.3	5.4
Geothermal	4.7	7.8
Biomass	4.2	7.9
Agricultural residues	4.5	9.8
Energy crops	10.0	20.0
Municipal solid wastes	4.2	6.3
Wind generators	4.7	7.2
Solar thermal hybrid	6.0	7.8
Solar PV	28.7	31.0
Nuclear	5.3	9.3
Large hydro	3.0	13.0
Small hydro	4.0	14.0
Hydraulic	5.2	18.9
Wave/tidal	6.7	17.2

Source: Demirbas (2008: 840); Dündar and Arıkan (2004: 326).

Table 4. Approximate Fully Annualised Generation and Conventional Transmission Costs for Wind, Water, and Solar Power

Energy technology	Annualized cost (~ 2007 \$/kWh delivered)	
	Present (2005–2010)	Future (2020+)
Wind onshorea	\$0.04–0.07	≤\$0.04
Wind offshoreb	\$0.10–0.17	\$0.08–0.13
Wavec	≥\$0.11	\$0.04
Geothermald	\$0.04–0.07	\$0.04–0.07
Hydroelectrice	\$0.04	\$0.04
Concentrated solar powerf	\$0.11–0.15	\$0.08
Solar PVg	>\$0.20	\$0.10
Tidalh	>\$0.11	0.05–0.07
Conventional (mainly fossil) generation in USi	\$0.07 (social cost: \$0.12)	\$0.08 (social cost: \$0.14)

Source: Delucchi and Jacobson (2011: 1175).

Table 5. Quantified Marginal External Costs of Electricity Production in Germany*, 2003
(in € cent per kWh)

	Coal	Lignite	Gas	Nuclear	PV	Wind	Hydro
Damage costs	0.75 €	1.01 €	0.35 €	0.17 €	0.46 €	0.08 €	0.05 €
Noise	0 €	0 €	0 €	0 €	0 €	0.005 €	0 €
Health	0.73 €	0.99 €	0.34 €	0.017 €	0.45 €	0.072 €	0.051 €
Material	0.015 €	0.02 €	0.007 €	0.002 €	0.012 €	0.002 €	0.001 €
Crops	0 €	0 €	0 €	0.0008 €	0 €	0.0007 €	0.0002 €
Avoidance costs	1.80 €	2.78 €	0.77 €	0.06 €	0.37 €	0.08 €	0.06 €
Ecosystem	0.20 €	0.78 €	0.04 €	0.05 €	0.04 €	0.04 €	0.03 €
Global Warming	1.60 €	2.00 €	0.73 €	0.03 €	0.33 €	0.04 €	0.03 €

* Median estimates; current Technologies; CO₂ emissions are valued with avoidance costs of €19 per ton of CO₂

Source: European Commission (2003: 13).

In many places, wind energy is already competitively priced, and it has attracted almost half (48%) of all G-20 clean-energy investments in recent years. But the solar sector is the fastest-growing clean-energy industry, in large part because prices of solar panels have declined by more than 60% in the last 30 months. By the end of this year, solar modules are expected to cost half as much as they did four years ago (Cuttino and Liebreich, 2011).

Nations around the world are mobilizing to reduce their dependence on fossil fuels and shift to energy from Renewable Resources. This embrace of Renewable Energy, irrespective of possible environmental benefits, is turning out to be a powerful engine for job creation and growth in GDP (Weatherman, 2010). Renewables tend to be a more labor-intensive energy source than the still-dominant fossil fuels, which rely heavily on expensive pieces of production equipment. Thus, a transition toward renewables promises job gains.

As seen in Table 6, more than 2.3 million people worldwide work either directly in renewables or indirectly in supplier industries. Given incomplete data, this is in all likelihood a conservative figure. The biomass and biofuels sector creates more jobs than any other sector. Solar thermal industry is the second largest job creators among renewables. Although the wind power industry comes third, this paper particularly focuses on this sector. The reason is that if a well designed industrial policy implemented for the development of this industry, it is possible that countries like Turkey would not only be able to feed domestic demand for wind

turbines but also become a provider of wind turbines for international markets. Creation of a domestic wind turbine manufacturing industry would help to create a low-carbon economy and reduce the dependence on imported fossil fuels. Such a policy drive is eventually expected to improve the balance of payment through exporting the turbines overseas and tapping into the expanding global market for wind energy. An additional benefit of this option would be creating new employment in a rising industry.

Table 6. Estimated Employment in the Renewable Energy Sector, Selected Countries and World, 2006

Renewable Energy Source	World*	Selected Countries
Biomass	1,174,000-plus	Brazil 500,000-730,000 United States 312,200 China 266,000 Germany 95,400-110,000 Spain 5,000-10,349
Solar Thermal	~ 624,000-plus	China 600,000 Germany 13,300 Spain 9,142 United States 1,900
Solar PV	~ 170,000**	China 55,000 Germany 70,000 Spain 26,449 United States 15,700
Wind	300,000-plus	Germany 82,100-100,000 United States 36,800 Spain 35,000-42,000 China 22,200 Denmark 21,000-22,000 India 10,000
Hydropower	~ 39,000	Europe 20,000 United States 19,000
Geothermal	~ 25,200-plus	United States 21,000 Germany 4,200-9,000
Renewables, Combined	2,332,000-plus	

Source: United Nations Environment Programme (2008: 7).

* Countries for which information is available.

** Under the assumption that Japan's PV industry employs roughly as many people as German's PV industry.

Wind energy utilization creates many more jobs than centralized, non-renewable energy sources. Since a number of activities, such as construction, operation and maintenance, legal and environmental studies are best dealt with at local level,

there will always be a positive co-relation between the location of the wind farm and the number of jobs it creates (Mostafaeipour, 2010: 1056). Wind energy systems, for example, create 25–70 percent more jobs than conventional power plants producing the same amount of electricity. Several recent analyses show that the job creation potential related to new wind developments looks something like a pyramid: 70 percent of the potential job creation is in manufacturing the components, 17 percent in the installation, and 13 percent in operations and maintenance (Sterzinger and Svrcek, 2004: 46). By the end of 2010, about 670,000 persons were employed worldwide directly and indirectly in the various branches of the wind sector. Within five years, the number of jobs almost tripled, from 235,000 in 2005 (WVEC, 2011: 10).

The Table 7 and Table 8 below represent the number of employed persons as a result of wind turbine production in eight different countries and regions. These tables show positive effects of 50 MW and 100 MW wind energy plants on the economy during their construction and operating periods. Some of these effects are induced investment and income effects which occur during the procurement period and due to an increase in the employment level, an increase in salary income.

According to Table 7 and Table 8, a 50 MW wind energy plant would generate employment for 302 people during the construction and operating period and the number of employed people increases to 533 during the construction and operating period of a 100 MW wind energy plant. However, the income that is obtained through domestic production of wind turbines and their components is much higher than the income obtained by employing workers during the construction and operating periods of these plants.

Table 7. Economic Impacts from the Development of Wind Power Plants during Construction Period

		Project Size (MW)	
		50 MW	100 MW
Estimated Number of Full-Time Equivalent Jobs Opportunities	Project Development & On-Site Labor	55	66
	Onsite Construction and Interconnection Labor	51	60
	Onsite Construction-Related Services	3	6
	Turbine & Supply Chain	162	308
	Induced Impacts	68	123
	Total Impacts	285	497

Note: Due to rounding, numbers in the tables may not sum accurately.

Source: Ratliff et al. (2010 : 14-15).

Table 8. Economic Impacts from the Development of Wind Power Plants during Operating Years (annual)

		Project Size (MW)	
		50 MW	100 MW
Estimated Number of Full-Time Equivalent Jobs Opportunities	Onsite Labor Impacts	2	6
	Local Revenue & Supply Chain Impacts	5	9
	Induced Impacts	11	21
	Total Impacts	17	36

Note: Due to rounding, numbers in the tables may not sum accurately.

Source: Ratliff et al. (2010 : 14-15).

Energy Efficiency Measures

There are many different types of energy efficiency innovations and these include: efficient water heaters; improved refrigerators and freezers; advanced building control technologies and advances in heating, ventilation, and cooling; smart windows that adapt to maintain a comfortable interior environment; a steady stream of new building codes to reduce needless energy use, and compact fluorescent lights. Over sixty-percent of all energy is used in buildings alone (Kammen, 2007). Hence, there has been tremendous cost-effective saving potential in buildings.² Moreover, energy efficiency measures often provide greater service at lower personal and social cost than the ‘conventional’ route of simply adding more fossil-fuel based supply technologies.³ A wide range of energy efficient technologies have ancillary benefits of improved quality of life, such as advanced windows that not only save on heating and cooling expenses, but also make the work-place or home more comfortable. Energy efficiency has been, and continues to provide, a tremendously cost-effective opportunity to reduce the need for new power generation and greenhouse gas generation. In many cases investments in energy efficiency can be made at near zero or even negative cost, when health, added worker productivity, or security or other ‘co-benefits’ are taken into account (Kammen and Pacca, 2004).

There is a growing realization that Energy Efficiency measures tend to produce even larger employment gains and overall economic/societal return on investment (Weatherman, 2010). Jobs such as construction and insulation have significantly higher labor intensities than a sector such as wind power. Moreover, the domestic content of such investments are high relative to other industries, resulting in a

high domestic impact. Because the green economy is comprised of many activities which cannot take place or be imported from abroad, such as retrofitting and weatherization, installation and upkeep of electric grids and wind turbines, etc. (Hendrix et al., 2010).

Weatherization and energy efficiency applications promises immediate impacts. For example, the Weatherization Assistance Program recently implemented in the US enabled low-income families to permanently reduce their energy bills by making their homes more energy efficient. According to the US Department of Energy, families receiving weatherization services see their annual energy bills reduced by an average of about \$437, depending on fuel prices. This is not just a one-time energy-savings event. Because the energy improvements that make up weatherization services are long lived, the savings add up over time to substantial benefits for weatherization clients and their communities, and the nation as a whole. According to Obama administration estimates, some 87,000 jobs nationally will be created by the \$8 billion in stimulus package funding for weatherization and energy-efficiency programs. In addition, these programs would continue creating small numbers of jobs even after the stimulus period is over, because energy bill savings enable consumers and businesses to spend that money elsewhere in the economy.

Creating Green Jobs to Overcome the Economic Crisis and Global Warming

The important thing is to be able to govern the economy in such a way that create wealth but do not destroy the environment. As Rynn (2010) suggests, “What is needed is a green manufacturing base to create an entirely new transportation and energy infrastructure—one that will make cities ecologically sustainable; prevent the worst effects of global warming; protect vulnerable ecosystems; and counter the depletion of oil, coal, and other critical natural resources.”

Supportive government policies have been essential to the development of renewable energy production. Blending regulations, tax incentives, government purchasing policies and other measures are needed to support renewable energy production. Green jobs can be created through a combination of policies that promote energy efficiency and renewable energy markets, investments in clean energy projects and products and research, and tax and regulatory environments that encourage green job creation.

It is better to make a distinction between the use of renewable energy and production of renewable energy equipment and components locally. Although a general promotion of renewable energy may lead to a domestic production of related

equipment and components, there is not always a causal relationship. Because, market forces do not provide a level playing field for new industries not to mention the “lock-in” effect of the established industries. In short, there needs to be a strong push for a new industry to emerge and prosper. As revealed in several in dept studies, such as Sawin (2001) and Mizuno (2007), government policy has been central in successful wind energy technology development and diffusion at the technology frontier of Denmark and Germany. Mizuno (2007: 348) indicates that “the monetary value creation and rewarding policy, which creates favorable policy/institutional sensitivity factors (revenue sources, fiscal measures, costs of financing, purchase agreements) in projects finance mechanism, served the market development, hence technology inducement, most effectively in the case of wind energy.”

Policy measures to support wind industry development can be grouped into two categories: direct and indirect measures. Direct measures refer to policies that specifically target local wind manufacturing industry development, while indirect measures are policies that support wind power development in general and therefore indirectly create an environment suitable for a local wind manufacturing industry. There are various policy alternatives to directly favour domestic production of wind power technology. These alternatives and countries which implement those are listed on Table 9.

Table 9. Direct Support Policies for Wind Turbine Production

Direct Policy	Primary Countries Where Implemented
Local Content Requirements	Spain, China, Brazil, Canadian provinces
Financial and Tax Incentives	Canada, Australia, China, US States, Spain, Germany, Denmark
Favorable Customs Duties	Denmark, Germany, Australia, India, China
Export Credit Assistance	Denmark, Germany
Quality Certification	Denmark, Germany, USA, Japan, India, China
Research and Development	in different ways, All countries to varying degree; notable programs in Denmark, Germany, USA, Netherlands

Source: Lewis and Wisser (2005: 13).

One of the most important direct way to promote the development of a local wind manufacturing industry is by requiring the use of locally-manufactured technology in domestic wind turbine projects. A common form of this policy requires a certain percentage of local content for wind turbine systems installed in some or all projects within a country. Such policies force wind companies interested in selling to a domestic market to look for ways to shift their manufacturing base to that

country or to outsource components used in their turbines to domestic companies. Preference for local content and local manufacturing can be encouraged without being mandated through the use of incentives. This includes awarding developers that select turbines made locally with low-interest loans for project financing, providing wind companies that relocate their manufacturing facilities locally with preferential tax incentives, or subsidies on wind power generated with locally-made machines (Lewis and Wiser, 2005).

Policies are often adopted in combination with direct capital investment subsidies, grants, or rebates, which are offered in at least 45 countries. Other tax incentives, such as investment tax credits and import duty reductions, are also popular. Solar PV markets in particular have been backed by capital subsidies and tax credits. Energy production payments or premiums also exist in a few countries. To date, feed-in tariffs have been by far the most cost-effective mechanism to phase in renewables since the start of the wind industry in early 1990s in Germany⁴ (Teske and Chisholm, 2011).

Conclusion

Sustainable development requires sustainable supply of clean and affordable renewable energy sources that do not cause negative societal impacts. Climate change that increasingly affects our lives results mainly from the production of energy using fossil fuels. Today, not only climate change but also unemployment caused by global economic crisis threatens the basic elements of life for people around the world. This paper argues that it is possible to fight with climate change and global economic crisis simultaneously with the right policy design. We know that employment creation is the key for overcoming an economic crisis. But the type of the employment is matter. Focussing on renewable energy resources and green growth policies not only can reduce unemployment and stimulate economic growth but also prevent environmental degradation, biodiversity loss, unsustainable natural resource use, and help conserve fossil resources for future generations.

Public policies are essential for creating green jobs, renewable energy production and application of energy efficiency measures. Well designed government policies can function as an effective catalyser in this process. Green jobs can be created through a combination of policies that promote energy efficiency and renewable energy markets, investments in clean energy projects and products and research, and tax and regulatory environments that encourage green job creation.

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Endnotes

1 Some examples can be given as harnessing renewable materials and energy sources or reduce the use of natural resources by using them more efficiently and productively; cutting or eliminating pollution and toxic wastes; delivering equal or superior performance compared with conventional offerings; providing investors, companies, and customers with the promise of increased returns, reduced costs, and lower prices; creating quality jobs in management, production, and deployment (Pernick and Wilder, 2008).

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2 According to statistics provided by the California Utilities Commission and the California Energy Commission, savings in California in 2007, relative to the national average amounted to more than 400/per person per year

3 This is the case for several reasons. First, energy efficient technologies often represent upgrades in service through superior performance (e.g. higher quality lighting, heating and cooling with greater controls, or improved reliability of service through greater ability of utilities to respond to time of peak demand).

4 See particularly Lewis and Wiser (2005) and Erdogdu and Karaca (2011) for details about both direct and indirect support policies.

9

An Assessment of Human Development Index and Millennium Development Goals: Poverty Level as an Evidence of Unemployment in Nigeria

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Abstract

This paper employed tools of empirical econometric analysis to examine the relationship between human development index and parameters of the Millennium Development Goals (MDGs) in Nigeria within the context of the United Nations Development Programme (UNDP) report. Regression models were specified from perceived functional relationship between Human Development Index (HDI) and parameters MGDs. HDI was regressed on each of the poverty parameters in MDGs in simple regression models. Estimation of model coefficients was facilitated by E-Views statistical package via ordinary least squares (OLS) techniques. The results showed unexpected reverse relationship with statistically significant effect at 10% and 5% levels of significance. Consequently, appropriate policies were recommended to achieve poverty and unemployment reduction.

Introduction

Human development plays a fundamental role and remains the most important factor in economic growth and development in countries of the world. The Human Development Index (HDI) is a composite statistic used to rank countries by level of “human development” and to separate countries into developed (high development), developing (middle development), and underdevelopment (low development) categories. The statistic is computed using data on life expectancy, education and per capita GDP, each as an indicator of standard of living. The Millennium Development Goals (MDGs) are the world’s time-bound and quantified targets for addressing extreme poverty in its many dimensions. They embody the deep aspirations and commitment of the global community for significant improvements in

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the quality of human life (UNDP, 2009).

- The broad objectives of the MDGs include the following
- Eradicate extreme poverty and hunger;
- Achieve universal primary education;
- Promote gender equality and empower women;
- Reduce child mortality;
- Improve maternal health;
- Combat HIV, malaria and other diseases;
- Ensure environmental sustainability; and
- Develop a global partnership for development.

Conceptually, Human Development (HD) refers to the process of empowerment in the possession of the capacity to build up oneself so as to be able to live a long life, be able to read and write and so participate in the societal affairs effectively and above all be gainfully employed to earn a living. And Human Development Index (HDI) is an index fashioned out of education, life expectancy and income in purchasing power parity (Achal, 2010).

Human Development Index (HDI) 2010 ranks Nigeria 142nd position out of 169th listed low human development. Human Development (HD) concept takes into account all the products of development including education, health etc. Hence, Policy makers and government must be reoriented and tutor to know the enormity of the combination of HDI concept as a guide to development effort to achieve the concept itself.

Past researchers in this area have argued that global economic integration should help the poor since the poor countries have a comparative advantage in producing goods that use unskilled labour. In the last two decades, the percentage of the world's population living on less than \$1 a day has been halved, falling from 40 to 20 percentage points over the last twenty years (World Bank Official website).

The eradication of widespread absolute poverty and reduction on income inequality is in the content of redistribution of Economic opportunities, which emphasizes the need to provide and guarantee a decent livelihood to majority of the populace; which include the provision of adequate food, shelter and clothing, access to health facilities and education and greater employment opportunities. Lack of these things is both a symptom and causal of absolute poverty and income inequality (Todaro, 1989; Adediran, 2011).

Human capital refers to the stock of competences, knowledge and personality attributes embodied in the ability to perform labours so as to produce economic value. It is the attributes gained by a worker through education and experience. Many early economic theories refer to it simply as workforce, one of three factors of production, and consider it to be a fungible resource – homogeneous and easily interchangeable. Other conceptions of labour dispense with these assumptions. Hu-

man capital theory predicts that more educated individuals are more productive. According to the theory, productivity of labour is high with educated individuals and consequently they contribute far more to the level of national income and also earn higher income than their uneducated counterparts. Furthermore, education is a good measure of human development and the relationship between human development and poverty level has a significant effect on economic growth and development in some selected countries of the world.

However, failure in the achievement of MDGs and basis causes of poverty are that there are simply not enough productive employment opportunities in the formal sector for a growing labour force which as the way to eradicate poverty and hunger. These the basis for the recognition of MDGs. Distinctive type of political system in which rivalries and struggles of powerful and willful persons, rather than impersonal institutions, ideologies, public offices or class interest, are fundamental issues.

The objective of this paper is to examine parameter of Millennium Development Goals (MDGs) that influence the position of Human Development Index as the report claimed to Nigeria is better and poverty level suppose to be negative, if year 2010 HDI ranking position seems to be better past report. However, for the purpose of sufficient up-to-date assessment, the remaining part of this paper will include main body which consists of research method, data analysis, discussion and conclusion.

Research Method

This study is analytical in nature. The study employed regression models estimated via the ordinary least squares (OLS) techniques in assessing the relationship between human development index and MDGs parameters in Nigeria between 1990 and 2010. Data for analysis were sourced from the United Nations Development Programme (UNDP) Human Development Report (HDR) 2010 and some other issues, publications of National Planning Commission (NPC), United States Information Service (USIS) 2010, Human Development Report Official (HDRO), and United Nations Children's Fund – UNICEF JMP official MDG Report, National Bureau of Statistics (NBS) and Central Bank of Nigeria (CBN).

Models Specification

For the purpose of this study, simple and linear regression models are specified within the context of MDGs parameters and HDI. This is to enhance the estimation

and evaluation of the relationship between HDI (endogenous variable) and poverty parameters (exogenous variables) within the context of MDGs in Nigeria.

Thus, HDI is regressed on each of these human development indices and poverty parameters as a simple regression model.

$$Y = \alpha_0 + \alpha_1 X_1 \dots \alpha_{17} X_{17}$$

Where

Y = HDI – Human Development Index

X1 = POV – Proportion of population living below \$1 per day

X2 = NEP – Net enrolment in primary education

X3 = GBERP – Ratio of boys to girls in primary, secondary and tertiary

X4 = UFMR – Under five mortality rate

X5 = MMR – Maternal mortality ratio

X6 = HIV – HIV prevalence among population aged 15 – 24 years

X7 = LACF – Land area covered by forest

X8 = WNP – Women in parliament

X9 = SANIT – Sanitation

X10 = DEF – Deforestation

X11 = IFMR – Infant mortality rate

X12 = GDPPPP – GDP purchasing power parity

X13 = INCI – Income index

X14 = LITR – Literacy

X15 = GNIPC – GNI per capita

X16 = GGDP – Growth rate of GDP

X17 = ODA – Official Development Assistance

ANALYSIS OF RESULT OF MDGs PARAMETERS REGRESSED ON HDI

Variables	Constant coefficient	Correlation Coefficient	t - statistic	Prob	Durbin Watson
POV	0.202	0.003	2.982755	0.0076**	1.415494
NEP	0.261	0.02	1.961717	0.0646*	1.292540
GBERP	0.203	0.252	2.750947	0.0127**	1.380154
UFMR	0.550	-0.0009	-2.369808	0.0285**	1.207686
MMR	0.616	-0.0002	-1.291027	0.2122	1.005909
HIV	0.342	0.013	1.581246	0.1303	1.193080
LACF	0.534	-0.009	-2.900550	0.0092**	1.241389
WNP	0.359	0.002	2.718483	0.0136**	1.324686
SANIT	0.325	0.001	1.326003	0.2006	0.983473

DEF	-0.775	-1.66E-0.6	1.329770	0.1993	1.007615
IFMR	0.398	-9.57E-0.5	-0.094663	0.9256	0.886200
GDPPPP	0.338	0.0003	2.424550	0.0255**	1.155387
INCI	0.107	0.812	1.769538	0.0929*	1.074212
LITR	0.398	-0.0001	-0.088296	0.9306	0.863670
GNIPC	0.275	7.25E-0.5	1.726610	0.1005*	1.058839
GGDP	0.356	0.007	2.284382	0.0340**	1.212244
ODA	0.383	5.16E-0.6	0.842081	0.4102	0.945335

*Note:- * 10 % ** 5% - Statistically significant*

Discussion

Considering the simple linear regression from the model specified, we expect that the Human Development Index (HDI) will involve a change that is mirrored by the changes in the MDG indicators on offer. As the proportion of the population with US \$2 per day grows, so does HDI as should be expected and the relationship is statistically significant just as the net enrolment (NEP) in primary education, girl/boy enrolment ratio in primary education (GBERP) women in parliament, GDP (at US Purchasing Power Parity), growth of GDP (GGDP). True one can argue that HDI is only a statistical calculation of HDI but it is equally true that there is an underlying relationship of true human development identified that must be encouraged by policy and practice. Some of the poverty related indicators of MDGs behave in this way but not only as a statistical package and it is important therefore to elicit the attention of government. The current group includes gross national income per capita (GNIPC), and adult HIV prevalence rate. As this decreases HDI increases with the income index (INCI). Some of the MDGs indicators - exhibit outright insignificance, and unless allowance is given to a low probability of significance as we did they would not have been included. This also includes official development assistance (ODA) in particular. This is not surprising as ODA has never played a significant role in Nigeria's overall development.

This takes us to the areas where HDI and poverty related indicators of MDGs show a reverse and unexpected relationship but statistically significant all the same. We have for instance included under-five mortality rate (UFMR) and land area covered by forest (LACF). The former is understandable, but the later does not immediately appeal to common reason when we argue that as land area covered by forest increases access to crop cultivation declines, an argument located outside

sustainability. Where the forest constitutes a hindrance to agriculture, particularly in clearing which can be very expensive from all practical experience. This will make crop coverage to reduce, leading to lower HDI. This obviously gives support to any public policy that assists farmers with farm clearing subsidy. We can also look at relationships between HDI and poverty related parameters in MDGs that are positive but statistically insignificant. This includes HIV, a situation that calls for careful interpretation. As estimated adult prevalence rates decrease, the economic activities of the adult population will increase and this automatically lowers hunger and increases, (Anand S. and A. K, Sen, 1994 : 4); hence the nature of HDI in this case will increase. HIV is dangerous and must be fought by government policy and more action should be taken to bring its spread under control with a view to totally eradicating it through the achievement of the relevant MDGs. Sanitation has positive relationship with HDI but it does not received sufficient attention to be effective and is unable to push the HDI upward. Deforestation has negative correlation with HDI, and deforestation in fact opens up the land for farming as many people from such areas will testify and it therefore increases access of farmers to more farm area. More bountiful harvest resulting from this reduces hunger and increases human development, consequently HDI via poverty reduction. This is statistically significant because in the south where the issue is often raised, the extent frankly is yet to be a painful one. We also note that deforestation is not the same thing as desertification.

Government attention will seem to be that of reducing poverty and regulating the other, i.e. enrolment in primary school. Earlier, we found that as separate issues government will want to give significant attention to both but less to net enrolment in primary school. With the two in a contest of attention, government will treat net enrolment with a non-significant attention. Again poverty receives the attention as in contest for attention between poverty and maternal mortality rate. Significantly, looking back at the results for each of maternal mortality rate and under five mortality rate, the former had been significant and the latter not at all, which means that in a policy contest with the poverty indicator attention to maternal mortality rate has been a loser.

Conclusion

Data availability has not been a problem but it requires hard work to accomplish by locating them in statistical publications, reports produced by international development agencies and the web site of particular agencies.

The data used is as evidence product of government policies (national and international) and thus can not be said not to be enough taken into consideration the

technicality involved in its computation. Human Development Index (HDI) is a scientific measurement and broad indicator of socio-economic development. The issues within MDGs parameters and HDI come alive from government policies that have not reduce unemployment in our society, as simple regression variables was considered for estimation, so that, the estimation will not experience multicollinearity problem.

Thus, is not a condition that either exists or does not exist in economic functions but rather a phenomenon inherent in most relationships due to the nature of economic magnitude (Koutsoyiannis, 1977)

On the substantive issues of HDI and MDGs parameters in relation to labour market and Unemployment indicate the following: It is expected that increase in HDI should reduce poverty level but I find out that, improvement in HDI has a positive correlation with poverty level and such relationship is unexpected and there is a serious question how do international community fix HDI? Is it by availability of natural endowment? Is it by participating in the politics of international communities? Is it by considering socio-economic indicators? Is it by considering the actual composition of HDI with the information provided by individual countries?

Significantly, the income variables are middle performance in terms of relationship with HDI, by and large the socio economic variables (poverty, land area covered by forest, women in parliament, girl boy enrolment ratio in primary education are still the issues that more influence HDI; and increase in GNI (PPP) is an indication of income inequality, although the only parameter that seems to influence HDI is income index and the only set of people with good income are politicians and some public worker, and that is why public workers are always go on strike in agitation for wage increase. This is to establish that there is wide gap between rich and poor, as it is difficult to identify middle income level. Poverty level is increasing that means unemployment or under-employment is increasing, that means only one sector and/or section of the economy is doing well in term of employment. For instance, agricultural sector employed very low number of population as majority compete for little white cooler jobs and because agricultural sector was neglected since the time of oil boom; industrial sector is suffering of inadequate supply of raw materials, poor supply of electricity power, and investors are scared of in-security which contribute greatly to unemployment of labour force. So, the only function sector is service sector in terms of employment and it is also facing with mismanagement of public funds, corruption among other problem.

Government should design policy and programme to encourage job provision. Government cannot just look at HDI yearly and endorse it, it must do so with concern, asking itself and the agencies how it can do better; and government will need to convince itself that single issue parameters like GDP and its derivatives as a basis

for decision making will lead a nation nowhere as evidence continue.

However, 60-70% of the variation has been left unexplained; this means that further studies need to be done; government should conduct its own HDI rather than rely on international figure that seems to be politically fixed.

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10

Concept of Flexicurity in the Conditions of Labor Market of the Czech Republic

Renáta Halásková, Martina Halásková, David Slavata¹

Introduction

There has been a tendency worldwide to put an emphasis on the increasing flexibility of labor market. The need to reform social protection systems is also stimulated by extensive socio-economic changes that are taking place already since seventies of the 20th century. The trigger of these processes ever since has been the globalization of the world economy. The impact of globalization on the labor market is evident especially: in the rapidly shifting division of labor between the most developed and developing nations; in the fast changes on the regional labor markets; in the introduction of new forms of organization of work; in the increasing flexibility of labor contracts and last but not least; in the growing emphasis on knowledge and skills of workers. Globalization of the economy imposes a fundamental requirement on the individual nation states in terms of necessary amendments to an existing concept of regulating labor market and social system. Alongside the emphasis on providing effective employment policies that fit the needs of individuals it is also necessary to support flexibility and work-life balance of individuals. This is done through legislation and available public services (Nekolová, M., 2008).

The actual easing of (giving more flexibility to) labor market with no other economic and political safeguards creates more insecurity for those employed. This job insecurity may stem from several uncertainties and always relates to future situation on the labor market. It can be for example the uncertainty of loosing the job or an uncertainty related to the length of unemployment. According to number of authors (Nekolová, M., 2008; Sirovátka, T., Winkler, J., Žižlavský, M., 2009) an

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alignment of specific elements associated with the labor market, such as motivation, support, protection and flexibility, is essential for the functioning of a labor market, for the economy as a whole and hence for the reduction of unemployment and job insecurity.

The aim of this paper is to assess the conditions for regulating the labor market in the Czech Republic on the basis of individual areas and policies of flexicurity. When searching for the flexicurity policies in the Czech Republic, it is necessary to understand the current situation and identify problematic areas of labor market regulation in the Czech Republic. Individual areas and policies of flexicurity in the Czech Republic are reviewed based on scientific methods of description and analysis. This analysis should answer question of the Czech Republic's ability to use its flexicurity system and most importantly whether the Czech Republic is able to solve the current problems of its labor market (unemployment, especially the long-term component, status of the risk groups within the labor market, low mobility).

Concept of Flexicurity - Theoretical Background and Definitions

The term flexicurity firstly appeared in connection with the development of European debate. There was a need to increase labor market flexibility and at the same time to maintain levels of social protection on the labor market. This debate became more intense perhaps around the mid-nineties of the 20th century. This happened in connection with the long-term adverse developments on the labor markets of most European countries. The concept of flexicurity can be analytically conceived in two different ways – (1) in its original sense and (2) in its general sense. Flexicurity model in the original concrete terms is another name for the Danish labor market model, which is effectively combining the specific types of flexibility and protection of the labor market. This is the basis for all policies, later known as flexicurity. This model is currently, attracting attention of policy makers and academic community in Europe with a view of its possible multiplication in other European Union countries. Its attractiveness is underlined by very attractive statistical results. The use of specific steps in areas of flexibility and protection of the labor market in Denmark resulted in constantly low unemployment and relatively high employment rates. One can look at the concept of flexicurity as a new paradigm for conducting reforms on the labor market and social systems that secures income, in which policymakers seek to achieve a balance on the labor market between labor flexibility (the interests of employers) and labor protection (the interests of employees) (Jorgensen, H., Madsen, P. K., 2007; Nekolová, M., 2008).

No single flexicurity solution exists for all Member States, and therefore adopted reforms need to take into account the specific situation – encompassing the political, economic, social and legal environment – of each country (Philips, K., Eamets, R., 2007, 8).

The term of “flexicurity” was defined by laundry list of authors, for example (Wilthagen, Tros, 2004) associated the initial concept of flexicurity with the Dutch Professor Hans Adriaansens, who started to use this term in his speeches and interviews already in 1995. Based on these initial considerations, (Wilthagen and Rogowski, 2002) defined flexicurity “as a policy strategy that attempts, synchronically and in a deliberate way, to enhance the flexibility of the labor market and to enhance security – employment security and social security - notably for weaker groups inside and outside the labor market”. In Denmark, flexicurity is also viewed in combination with a low level of dismissal protection and high unemployment benefits. Overall, Denmark and the Netherlands are often used as examples of good practice in the field of flexicurity. “Flexicurity is the employment and the social security of atypically employed people; in other words of those who ordinarily do not have a permanent full-time job” (Philips, K., Eamets, R., 2007, 8).

Flexicurity define (Eamets, R., Paas, T. , 2007) „ as increasing labor market mobility – job flows, movement of labor, functional and occupational mobility, geographical mobility, and flexible working time arrangements – with opportunities to get a new job and not to lose out substantially in terms of income level”.

The definition of flexicurity is being often mentioned in connection with so called theory of the third way and with the theory of transitional labor markets. The most obvious reason for this is similarity of these theories, especially when it comes to quantitative change (but not only) of working life in the society as a starting point for the creation of policy. There are numerous comparative studies that attempt to compare levels of flexibility as well as protection on the labor markets in the OECD and EU countries. These studies are not based on the same definitions and most importantly they use different indicators and different ways how to quantify them. They interpret different conclusions concerning the stage of implementation of flexicurity in a given country, which are often in mutual contradiction (Nekolová, M., 2008).

Policy Instruments of Flexicurity

Flexicurity model is based on three forms of protection and flexibility of the labor market. Firstly, there has to be a high level of external numerical flexibility. In other words, there has to be a flexible deregulated protection of jobs. Secondly, there has to be a relatively generous system that would secure some source of income for

those, who are currently out of job. Thirdly, there has to be an extensive policy that encourages active employment. These are important aspects of protecting employment that support functional flexibility of the labor market (Jusko, P., 2007).

There are several factors that need to be taken into account if we want to eventually implement such model. Those are mainly the strong complementarities existing between this model of labor market and welfare policy as a whole. In another words, it would be difficult to implement this model in countries with different social system. The Danish model of flexicurity can not therefore be regarded as an ideal solution to problems of economies of other EU countries. It serves, however, as the basis and starting point for developing a pan-European debate. The debate that concerns arranging of elements of protection and flexibility of labor markets in Europe in the era of global economy (Nekolová, M., 2008, 16-17).

The main policy tools for flexicurity implementation of a given country are presented in the Table no: 1.

Table 1: Instruments of flexicurity policy

Political tool	Area of flexicurity	Area of protection
legislative protection of jobs	shortening the period for dismissal notice and cuts in severance compensation, negotiations of social partners on the level of flexibility	raising the level of protective measures for unusual (temporary, short, etc.) forms of employment, collective bargaining of social partners on the level of protection
social policy	reduction of schemes for premature retirement & variability of retirement options; shortening of period for unemployment benefits	state support for those who are economically inactive, without income as well as for long-term unemployed introduction of minimum income category parental leave schemes
active policy of employment and system of lifelong education	introduction of tighter rights and obligations for unemployed; development of elements for activation, motivation and education, positive sanctions in case of seeking further education	emphasis on activation measures of active employment policy (especially education) government support for small and medium-sized enterprises that are introducing on job training programs existence of available and functional life-long education

Source: Eamets, R., Paas, T., 2007

It is also possible to identify the factors whose presence is essential for successful enforcement of the above mentioned measures. The first factor is ability of a country to achieve so-called trade-offs (compromise solutions). These are typical for

countries with a developed tradition of social partnership that is based on mutual trust. An important factor of successful flexicurity policy is the decentralization of public employment services as well as existence of policies of active employment. Decentralization gives sufficient space to the social partners, educational, social and health institutions at the local level. It allows them to introduce solutions in the area of flexicurity as well as protection that takes into account the needs of local labor market. The last feature of flexicurity is its dependence on the positive economic developments and conditions on the labor market. It shows that the flexicurity strategies are very effective during the economic downturn, but their implementation at this time is very difficult (Wilthagen, Tros, 2004).

Analysis of Flexicurity Pillars in the Czech Republic

The analysis of functioning and impacts of the flexicurity pillars in the Czech Republic is focused on situation in the Czech Republic in terms of: 1st pillar - numerical flexibility (protection of individual job), 2nd pillar - protection of aggregate employment (support functional flexibility), and 3rd pillar - the protection of income.

Numeric Flexibility (Protection of Job Placements Through the Legal System)

Numeric flexibility has two forms, (1) internal and (2) external. In connection with flexicurity policy we often speak about external numerical flexibility. External numerical flexibility can be measured by the index of employment protection. This index is used by the OECD. It measures the level of job protection. It allows us to derive the level of flexibility (Philips, K., Eamets, R., 2007).

Composite index of employment protection gives us information about the overall level of job protection in a given country. Without knowing the ratio of individual forms of work on the labor market we can not get a complete picture of the specific situation in the Czech Republic. Employment protection index is composed of several measurable sub-indices; index of regular jobs protection (for indefinite time work contracts), the index of temporary jobs protection (time-limited contracts), index of protection against mass layoffs and protection of other flexible forms of employment. These sub-indices reflect levels of protection of both groups of employees; standard (indefinite time) job contracts and contracts limited in time (work contracts for a given time period). Large differences between the two types of employment (temporary and indefinite period of employment) in the

Czech Republic gradually established a dual labor market. That is a “primary” labor market, where employees enjoy high job security and other additional entitlements and benefits. In addition there is also a “secondary” labor market for workers with temporary work contracts, who are left out - without protection and benefits. The increased legal protection of regular employees did not result in growing number of temporary jobs in the Czech Republic, unlike in the most EU countries (Nekolová, M., 2008).

Certain jobs are not standardized (such as temporary forms of work) and due to their nature, it is more risky for employees to maintain continuity of employment and income. Two types of job insecurity have been studied - objective and subjective insecurity. The countries with higher degree of protection for standard jobs, such as the Czech Republic, show higher levels of objective job insecurity. This is mainly due to two factors (Sirovátka, T., Winkler, J., Žižlavský, M., 2009):

- Firstly, if there are strict rules for the employment of employees with indefinite contracts, the employers will look for and find rather unusual ways how to hire and dismiss their employees. The stricter rules in this case lead to the growth of atypical and informal working relationships associated with low protection.
- Secondly, strict protection of job contracts extends not only duration of employment but it also prolongs duration of unemployment. The fear of loosing job increases as does the fear of inability to find job with decent working conditions.

The labor market dynamics (growth of employment or unemployment) is being connected by many authors with the numeric flexibility (especially external). The low dynamics of the labor market in the Czech Republic is caused by the higher number of work contracts with unlimited duration. The length of these contracts is being extended every year. This has a negative effect on area of dynamic flows from unemployment. The unemployed often do not have any other possibility but to enter secondary labor market after which they often end up unemployed again. The low dynamics of the Czech labor market freezes not only those employed on their current work posts but also keeps those who are unemployed out of the possibility to compete for the jobs (Sirovátka, T., Winkler, J., Žižlavský, M., 2009; Nekolová, M., 2010).

According to numerous authors (Cazes, S., Nešporová, A., 2007), the strict protection of standard jobs (indefinite contracts) has its impact on the lower employment figures. But at the same time there are also some opposing views and findings. Especially specific groups on the labor market (women, youth, handicapped) could be adversely affected.

Protection of Employment that Allows Functional Flexibility

The second pillar of flexicurity policies in the Czech Republic (area of job protection and functional flexibility) includes active policy of employment and system of life-long education especially for adults. Both systems jointly help to increase employment of available work force. They try to prevent unemployment and at the same time try to provide solution for those who are already unemployed, especially among the groups with higher unemployment rates (Sirovátka, T., Winkler, J., Žižlavský, M., 2009; Nekolová, M., 2008).

Active Policy of Employment and the Labor Market in the Czech Republic

Active employment policy tools are covering all those who are interested to find jobs. These tools serve to all those who are interested to find jobs and provide an extra care for so called “risk groups” (handicapped, over 50 years, women returning from maternity leave, fresh graduates). Among the current tools of active employment policy in the Czech Republic – those that are most important in connection with the flexicurity policy – are also direct financial tools. Among these financial tools we may mention investment incentives, bridging contributions, financing of on job trainings, or financing of work program adjustments. There are also non-financial (primarily non-financial) tools, such as requalification, public works, jobs with public justification, consultancy services and programs aiming at resolving unemployment (Nekolová, M., 2008).

The services that look for, mediate or solicit employment opportunities on behalf of those who are unemployed also belong among tools of active employment policy in the Czech Republic, such as for example the services of Job Centers (Philips, K. Eamets, R., 2007).

The active policy of employment is primarily focused on the elimination of long-time unemployment. Long-time unemployment is one of the most noticeable problems not only in the Czech Republic. The resources for the active employment policy currently come from two sources in case of the Czech Republic; (1) state budget, and (2) European Social Fund.

Active employment policy expenditures from state budget in Czech Republic moved from 160 millions EUR in 2005 to 244 millions EUR in 2010. It reached its maximum in 2010.

Support of active employment policy from European Social Fund in Czech Re-

public is realized thru Operational Program “Human Resources and Employment” in framework of priority axe 2. There is separated 605,8 mil. EUR, which is 33,0 % of Operational Program “Human Resources and Employment”. There are realized national and regional individual projects.

There is however a problem with the system of financing of this policy. Most of the financial resources of the active employment policy were consumed by the tools of the active employment policy themselves (75%). Among those were programs of creating new job opportunities in the public or non-profit sectors. The program of re-qualifications took only one fourteenth of financial resources. According to experts, this approach is contra-productive. The active employment policy should mainly focus on creation of new long-time employment opportunities. And this should be done mainly through increasing qualification and working potential of those who seek employment as this will allow them to finally find their job. The active employment policy should be only marginally focused on creation of new (mostly temporal) jobs (Nekolová, M., 2008).

There has been a noticeable shift away from the programs of direct creation of jobs towards intensive, individual and comprehensive services of employment protection during the last decade in the countries of EU and OECD. Long term unemployment in EU in the years 2005 - 2010 is specified in the tab. 3.1.

Table 2: Long-term unemployment in EU-27 (in %)

Year	2005	2006	2007	2008	2009	2010
Male	8,3	7,6	6,6	6,6	9,0	9,7
Female	9,8	9,0	7,9	7,6	8,9	9,6
Less than 25 years	18,7	17,4	15,6	15,7	20,0	20,9
Between 25 and 74 years	7,7	7,1	6,1	6,0	7,6	8,3
Long-term unemployment rate	4,1	3,7	3,1	2,6	3,0	3,8
Male	3,8	3,5	2,8	2,4	2,9	3,9
Female	4,5	4,0	3,3	2,8	3,1	3,7
Very long- term unemployment rate	2,4	2,2	1,8	1,5	1,5	1,8

Source: Eurostat, statistics unemployment, 2011, data modified by the authors

These complex measures of active employment policy include re-training, motivational, social and health rehabilitation measures (development programs), especially for disadvantaged groups of unemployed in the labor market (Kulhavý, V., Sirovátka, T., 2008).

Before an intervention of active employment policy mechanisms can take place, one has to look at the position of unemployed on the labor market in the Czech

Republic. Active employment policy that is applied in the Czech Republic in its current existing form is unable to change significantly the bad starting position of disadvantaged groups on the labor market. This is due to restrictions imposed on a system of financing. This financing restrictions result in: lack of active employment policy evaluation, demotivating setup of active and passive employment policy, insufficient cooperation and interaction among actors and provided services (Kulhavý, V., Sirovátka, T., 2008).

System of Life-Long Education and the Labor Market in the Czech Republic

System of life-long education (system of additional professional educating) is a key part of any flexicurity policy; especially such a system that is supported by institutions, materially and personally equipped and in addition also independent of educational and training activities of Job Centers. The system of continuing vocational training as an integral part of a comprehensive system of lifelong learning allows adults to maintain existing and acquire entirely new knowledge and skills in line with the current state of knowledge. Additional education increases employment protection and at the same time promotes the growth of functional flexibility, by increasing competitiveness, adaptability, employability and occupational mobility of individuals on the labor market. The Czech Republic reaches values well above average in international comparisons when it comes to number of adult population with secondary education. On the contrary, when it comes to tertiary education among its population, the Czech Republic is still lagging behind average numbers achieved by other European countries (Nekolová, M., 2008, 41).

Unfortunately, in case of Czech Republic, there is currently not a really strong connection between educational orientation of students and practical needs of the market. At the same time there is not a system of additional professional education. Continuous education significantly enforces so called functional flexibility of the labor market; it is the ability of the labor force to shift between different jobs and areas of the economy. Sufficiently skilled and knowledgeable employee is better equipped to cope with the changes required by the labor market, as long as he/she is able to complete the missing parts of required qualification. The main problem that is connected with area of additional education in the Czech Republic is therefore the nonexistence of its functional system. The legal framework that is necessary in this area, financing, management, accreditations and certifications of learning programs, promotion, consultative services and systems of control that would guarantee the quality of educational programs – it all is missing. The part

of adult population that is interested to acquire additional education in the Czech Republic is dependent on the study programs designed for the young population (Nekolová, M., 2008, 43).

The means that are currently available in the Czech Republic in area of motivating adults to actively acquire additional education are insufficient. Financial benefits are only available to those who are unemployed and to those who attend requalification courses as these are entitled for increased benefits during their unemployment period. Other means that are commonly available in other western countries (such as tax reliefs, scholarships and student grants) are currently unavailable in the Czech Republic.

Protection of Income in the Czech Republic

The third pillar of flexicurity is the system of income protection. The social benefits (such as unemployment benefits) are not equally available to all groups within the labor market in the Czech Republic. The level of available protection of an individual in the Czech Republic depends on the initial position of this individual labor market prior to his unemployment. The level of protection may also vary depending on his/her work arrangements (was he/she an employee, did he/she work on a given contract, was he/she self employed etc.). The level of protection does not depend on the flexible or standard form of work. What matters in case of a social event is unemployment, illness, or retirement age. All these social events are protected in the Czech Republic through the first pillar of the social security – social insurance. Condition that one needs to fulfill in order to obtain this benefit is his/her payment of a social insurance. The cost of social insurance is derived from the level of income. The group that seems to be disadvantaged by this mechanism is the group of self employed people that are tempted to claim low tax that in turn decreases cost of their social insurance and subsequently also the amount of provided benefits. Another group, that is a group of people who work on specific contracts, is not required to pay social insurance (Nekolová, M., 2008).

The attention is pointed on the protection of income at the time of unemployment. System of unemployment benefits is an important area of so called passive employment policy. In the case of Czech Republic, the passive employment policy is based on unemployment insurance (a part of social insurance). Payment of insurance is obligatory for all people that are employed by a third party and partly also for self employed people. The first indicator that roughly indicates levels of income protection during the unemployment in the Czech Republic is the portion of its GDP that equals amount of social benefits distributed to unemployed. In comparison to a model country that is applying flexicurity model – Kingdom of Denmark,

but also in comparison to other countries of OECD, the amounts of social benefits distributed in the Czech Republic are low. If we compare the Czech Republic to countries like the Netherlands, Portugal, Belgium or Denmark it is impossible to blame the difference on the size of Czech Republic. The reason for this difference is most likely the attempt to stimulate unemployed to quickly re-integrate into the labor market again. The Czech Republic in this regard can be compared (and belongs more) to Anglo-Saxon countries (United Kingdom, Irish Republic). Their model of employment policy – so called „enforced participation“ – intentionally provides very low unemployment benefits in comparison to level of previous wages of claimants (Nekolová, M., 2008). The duration of unemployment support in the Czech Republic does not vary as for the forms of previously conducted working activity (flexible or standard); it depends on age of the unemployed person.

The duration of unemployment benefits payment in Czech Republic is different for different age categories. For example the people up to 50 years of age get their benefits for 5 months, people from 50 up to 55 years of age get benefits for 8 months and people who are older 55 years get benefits for 11 months. Unemployment benefit in amount is 65% of average net wage (paid for first 2 months), 50 % of average net wage (paid for next 2 months) and 45% of average net wage (paid for the rest months). Maximal amount is 563 EUR for the year 2011. In case of requalification the benefit rise 60% of previous wage. Its maximum is 595 EUR per month.

Evaluating impact of the three flexicurity pillars on the labor market in the Czech Republic

Based on an analysis of functioning and impacts of individual pillars of flexicurity in the Czech Republic the following was noticed.

Evaluating First Pillar of Flexicurity – Numerical Flexibility (Protection of Jobs) in the Czech Republic

Based on a results of an international comparison that concerned level of numerical flexibility one concludes the following (Nekolová, M., 2010); the Czech Republic has very high level of external numerical flexibility in case of temporary forms of employment, but when it comes to regular work contracts (duration of employment contract is not specified) – and there is still a majority of those in the Czech Republic - it allows only very minimal numerical flexibility. Even greater levels of numerical flexibility are achieved by employers in the Czech Republic through employment of people to which there is no work contract. It is done through work-project contracts (na dohodu o provedení práce) or through contracts on provid-

ing work services (dohodu o pracovní činnosti). These forms of employment are legal in the Czech Republic; however they provide only minimal levels of protection for employees themselves. According to Work Codex of the Czech Republic, these forms of work contracts should be used on the exceptional bases only but in reality it is widely used form of employment.

In the area of external numerical flexibility, the Czech Republic has problem with differentiated protection/flexibility levels of regular work contracts (unlimited in time) and temporary forms of employment. This inequality substantially contributes to rigidity of the labor market, to its segmentation and to high numbers of long-time unemployed. Impacts of significantly differentiated protection for various forms of employment in the labor market in the Czech Republic are essentially twofold. Firstly, they work towards differentiation of labor market into so-called primary and secondary sector. Specifically, the segregation of the labor market in terms of job security, the length of its duration, employee benefits, and consequently also related services (mainly financial in nature). In the Czech Republic, it concerns mainly low-skilled, young people, women, and to some extent, older people over 60 years of age. If there is an accumulation of two or more of these attributes, the risk significantly increases (Sirovátka, T., Winkler, J., Žižlavský, M., 2009).

There should be therefore conversion of some sort in case of these two forms of protection; so that the regulatory measures do not deform moveability on the labor market. At the same time there could be improvement of protecting those who are temporarily employed. Transition among various forms of employment, unemployment, maternity leave should be much freer.

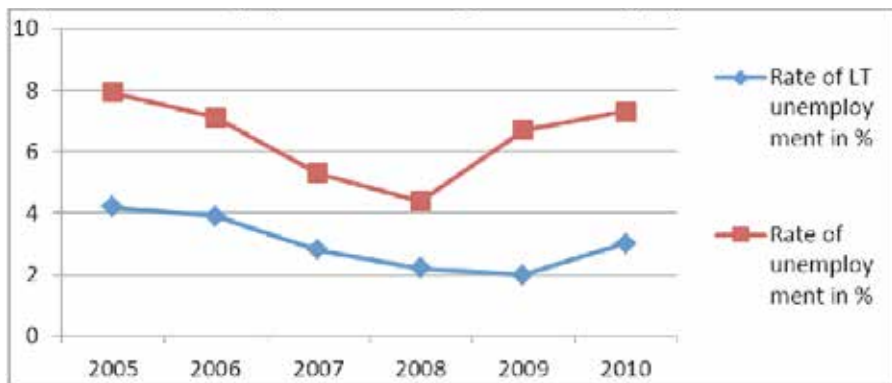
At the same time from the point of view of flexicurity it is important to compensate higher external numerical flexibility by tightening it up to the system of social protection of income as well as to active employment policy; so that the elements of flexibility and protection of the labor market are efficiently reconciled.

Evaluating Second Pillar of Flexicurity – Protection of Jobs that Supports Functional Flexibility in the Czech Republic

The general objective of active employment policy in the Czech Republic is to activate the unemployed so that they rapidly integrate into the labor market. That puts Czech Republic rather among the countries with Anglo-Saxon employment policy model of “Forced Participation”. Its success depends primarily on the ability to set unemployment benefit at such a way that the system of benefits motivates those who are unemployed. Active employment policy in the Czech Republic is relatively

successful in solving the unemployment of persons whose starting position in the labor market before the intervention of active employment policy was more favorable. In the case of solving the long-term unemployment however, it is not successful (Nekolová, M., 2008). The list of long term unemployment in Czech Republic is presented in the figure 4.1.

Figure 1: Unemployment and long-term unemployment in the Czech Republic



Source: Czech Statistical Office, 2011, created by the authors

The successful flexicurity policy allows quick changes between various types of employment and unemployment. It strengthens activational and motivational parts of active employment policy. In the Czech Republic however the monitoring and evaluation of effects of active employment policy are not being done in practice (Kulhavý, V., Sirovátka, T., 2008). Integrational measures of the active employment policy that do exist in the Czech Republic are downgraded by insufficient personal and financial capacity, insufficient methodology and bad coordination of health, educational and social institutions. Among those with long time unemployment there is a significant number of people with combination of several handicaps (health, social, qualifical). Actgigational measures aimed at this group of unemployed are currently expanding (Nekolová, M., 2008). However the effect of these measures could only be evaluated in the long term period.

Baed on experience from abroad (Cazes, S., Nešporová, A., 2007; Eamets, R., Paas, T., 2007; Jorgensen, H., Madsen, P. K., 2007) it may be concluded that the significant improvement for long time unemployed can be achieved only through the application of complex active employment policy that combines requalification, motivation, social and health rehabilitation measures (development programs).

In the area of development of human resources outside of the active employment policy there is an insufficient participation of the adult population in further

educational programs. The educational system in the Czech Republic currently does not combine academical preparation with the requirements of market. At the same time the segment for manual training in manual professions is missing. The main problem in the area of continuous education in the Czech Republic is non-existence of its functional system. The conceptual and legal framework for realization and financing, management, accreditations and certifications of learning programs, consultative services and systems of control are missing (Nekolová, M., 2008).

Evaluating Third Pillar of Flexicurity – Protection of Income in the Czech Republic

The level of income protection in the Czech Republic in all cases of state-provided protection (unemployment, illness, retirement) always derived from the prior position of a person at the labor market. Level of protection will vary depending on the type of employment relationship (employment provided by third party, work based on an agreement or self-employment), rather than depending on a flexible or standard form of work.

When it comes to protection of income, the position of the flexible employees in the Czech Republic is not fully comparable to the position of employees with standard work contracts (unlimited time). From among the group of flexible employees, those who are doing occasional or short time works have the worst position, due to the nature of their employment. If it takes them for example longer time to find some standard employment, their level of social protection can be significantly decreased in comparison to employees with part-time jobs (Nekolová, M., 2008). The social system of unemployment support is problematic from their point of view since it is unaccessible to those who did not work at least 12 months withing the last three years. The status of self-employed within the social protection system is also different in comparison to other types of flexible workers, but for a different reason. These people are left to decide about the amount of their contributions, and thus about the amount of benefits that they will be entitled to claim. This is the reason why their level of social protection can not be described as small.

Conclusion

The measures that are applied in the Czech Republic in areas of: work related legal provisions, employment policy, social and educational policy should not be aimed

at decreasing protection of employees but instead should change in such a way that they do not create a barrier for the competition among companies in the Czech Republic.

The essence of the flexicurity concept is to strengthen those forms of labor market protection and flexibility that are currently the most effective protection, activation and the adaptive ability of the labor supply side, while they meet the economic needs of the labor demand.

In terms of flexicurity policies, ie in terms of active employment policy and its ability to successfully deal with transitions between economic inactivity, employment and unemployment; the Czech active employment policy is not sufficiently effective in case of longtime unemployed (Kulhavý, V., Sirovátka, T., 2008; Nekolová M., 2008). This brings serious consequences in a form of persistent high proportion of long-term unemployed even in times of economic growth, when overall unemployment figures are declining. Those, who are unemployed for a long time, are increasing costs of system of social income protection and at the same time slowing down productivity and competitiveness of the Czech economy. Probably the worst consequence of the long-term unemployment is growing risk of social exclusion during which not only individuals suffer, but their entire families as well as.

System of life-long education in the Czech Republic is problematic. It is because one of its components – education of the adult population – does not work properly and is factually absent from the system. The participation of adult population on the life-long education is extremely low. This fact has a lot of consequences for the Czech labor market and for the Czech economy as well. It results in low functional flexibility – adaptability of individuals – in ever changing requirements of the labor market. From the other side it results also in the low adaptability and low competitiveness of Czech companies. Postponement of finding of solution extends additional pressure on the remaining pillars of flexicurity, specifically on the system of active employment policy. Solution of this problem would help to prevent unemployment. It would also significantly decrease the costs of benefits that have to be disbursed (Nekolová, M., 2008).

Some segments of the social system should be modernized in the Czech Republic in the future (selective Bismarck-type of social state). The changing nature of the work that is accompanied by the increasing number of flexible forms of work leads to the fact that part of flexible workers (as well as people who change employment) are left outside the system of social protection. From this point of view it would be much better to strengthen elements of universal system in the Czech Republic that uses different condition for releasing benefits, such as number of years that an individual spend working, length of insurance or the amount of benefits received so far.

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Endnotes

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Interview Notes and Remarks on Ethnic Discrimination in Labor Markets

Kuvvet Lordođlu

Abstract

This study is an attempt to identify concrete evidence of any presence of ethnic discrimination, and to trace and understand the discriminations in the labor market. Another purpose of this study is to highlight different aspects of discrimination in the labor market. Being subject to or a victim of ethnic discrimination is often of secondary importance to those who look for jobs in regions of high unemployment rate and in provinces where people have been unemployed for a long term.¹ Unjust treatment is also ignored or disregarded by employees since, as indicated by many representatives of NGOs interviewed in the region, being employed is regarded as a privilege where unemployment reaches excessive rates. Therefore, employees may still consider their employers as benefactors even if they are subject to discrimination. Interviewees also stated that the factors other than being employed or continuing their job remain secondary in trivializing the victimhood of these people. It may be due to this reason that some of the interviewees considered being subject to discrimination as a “usual” phenomenon. During the interviews, the interviewees emphasized the discrimination in everyday life rather than trying to identify evidence of this situation. For instance, one of the interviewees said “There is not any discrimination between Kurdish and Turkish workers at workplaces” and yet went on to assert that the government adopted a discriminatory approach to his people, avoiding subsidies for investments in the regions, or encouraging furniture business instead of cattle-breeding, and commissioning inexperienced government officers in the area. Furthermore, many victims could not be interviewed since they refused to disclose discriminatory behavior against them and was unwilling to make an interview as they believed it was unsafe. The interviews to gather these remarks were classified in three main groups. The first group consisted of the people who suspected or were familiar with or were witnesses of ethnic discrimination although they were not personally victims. The second group included those who stated that there was not such discrimination and finally the third group consisted of the people who were personally subject to or victims of various incidences of discrimination. Interviewees were also victims of other discrimination outside the labor market, particularly including discrimination against political views, cultural and religious affiliations.² However, this study only aims to identify ethnic discrimina-

1 The unemployment rate for Van, Diyarbakır and Batman provinces of Southeastern Anatolian region, where the interviews were held, is 14.1. The overall unemployment rate of Turkey for the same period was 11.9. TÜİK (Turkish Statistics Institute) Basic Labor Indicators by Provinces 2010.

2 Interviewees were also subject to discrimination outside the labor market, such as in accommodation, purchasing real estate, exercising their educational rights, having access to public services, naming their children, and in all aspects of life. Interviewees stated that they were subject to a more aggravated discrimination in these aspects, and that they have developed certain formulas to help to cope with it. The most common and striking formula was to purchase a license plate of western provinces to feel safer when traveling to the western part of the country. Furthermore, giving Turkish names to their children, avoiding

tion in the labor market. Furthermore, in this study, the discrimination in the informal labor market has been considered as a separate working field when looking into the primary and secondary layers of the labor market. What we take into consideration are the labor relations in the formal area of labor market. In this context, the interviewees were neither distinguished by their employment in the public or private sector, nor by their status as an employee or self-employed. The interviews were handled in three main groups and were held in two different regions, which were the Southeastern Anatolian and West Anatolian regions. The interviews held in the Southeastern Anatolian regions were conducted with representatives of trade unions, various NGOs, municipalities and representatives of political parties. In this region, 14 people were interviewed in Diyarbakır, 6 in Batman and 11 in Van. In addition to these, a total of 29 interviews were held with people who reported discrimination. 7 of these interviews were held in Kocaeli, 5 in İstanbul, 7 in Bursa, and the other 10 interviews were held in various provinces.³ Face to face interviews comprise the backbone of this study. The names and titles of the interviewees are kept confidential. The accuracy or validity of the statements or testimonials of the people who were personally victimized by discrimination were not further checked for verification. The statements of persons who reported any kind of discrimination at every stage of their career, which they believe to result from their ethnic origins, were considered to be reliable. We believe that the number of interviewed persons and organizations is sufficient to represent ethnic discrimination on labor markets.⁴ The face to face interviews with organization representatives and persons sometimes took several hours. The emotional aspect of the opinions stated during interviews was evaluated within the limits of this study.

Opinions and Identifications of Discrimination in Labor Market

In the face-to-face interviews on discrimination in the provinces of the region, most of the interviewees shared similar opinions. The common opinion in general is that there is discrimination against Kurdish people, which yet involves certain hesitations in labor markets and in the course of labor relations. For instance, some of the interviewees regard discrimination as a state policy, while others believe that discrimination has become systematic and brings along serious issues for the Kurdish population living in the Western Anatolian region.

The interviews with the victims of discrimination have revealed that discrimination in labor relations is expressed through different aspects. As illustrated in Graph 1, discrimination at workplace can be classified in eight different groups relating to working life, in the framework of the information provided by the victims.

- A. Refusing to recruit
- B. Refusing to promote or to give personnel title at workplace

from speaking in Kurdish are other formulas to achieve adaptation. In addition to these, we believe that a number of victims, who were subject to ethnic discrimination in the labor market but are unwilling to share their experience or are unaware of the discrimination and thus cannot be contacted, are included in the universe of this study.

3 In addition to these, one of the victims of discrimination was contacted via e-mail, and two were contacted via telephone. Therefore, the total number of interviewees amounted to 32.

4 Confidentiality of the people who were subject to discrimination was ensured when identifying the interviewees. Therefore, the snowball technique, which is one of the impossible sampling methods, was employed.

- C. Firing from work
- D. Closing or evacuating the workplace
- E. Harassing at workplace to encourage a person to quit
- F. Refusing to recruit someone to encourage them to leave the province
- G. Changing the workplace environment or sending to exile
- H. Forcing to work for long hours or employing without social security

Membership of a certain class, such as being a businessman, industrialist, tradesman, etc., can remarkably differentiate the opinions of the businessmen in the region on presence of discrimination. In this aspect, an industrialist, R., states the following evaluation:

“I do not think that such discrimination exists. I have a Turkish engineer, who currently works at the workplace. I have both Kurdish and Turkish employees. I do not decide on the basis of ethnic origins when recruiting. What is important to me is to do the job. However, this matter is leading to a conflict, which will cause damages both to Turks and Kurds. It will cause damages to the whole country...”

Discrimination and discriminatory statements particularly by the employers in the labor market is defined as a criminal act both in the national and international legislation.⁵ Therefore, one cannot be expected to express a disposition that might constitute discrimination at workplace or in labor relations. Nevertheless, a certain textile workshop in İstanbul is managed by a Kurdish person, and all of the employees are Kurdish. In this context, I do not believe that Kurdish workers prefer to work for Kurdish employers to avoid discrimination. It is understood that this is mere coincidence, and the Turkish workers who come to work here leave their jobs after a while. The master worker stated that the quitting Turkish workers were annoyed at the Kurdish music which was broadcast publicly at the workplace. As can be seen in the example of this workplace, due to gathering Kurdish workers at the same workplace, a partial ghettoization of ethnic origins is in question.

On the other hand, examples are available to demonstrate that discrimination is not only limited to the labor market but also expands to become an economic sanction to employees. Businessman M, when discussing the discrimination by the government and its agencies, says:

“When issuing loans, banks apply a value well below the actual mortgage value (about 20%). The same bank applies a higher mortgage value for a real estate in the western part of the country. When asked, they say it is a risky region... Besides, there is lack of equal opportunities in education due to poverty. Very few children in the region have access to higher education...” which highlights discrimination.

⁵ Constitution of the Turkish Republic, article:10, Labor Law no. 4857 article 5, ILO 111 dated 1958, 97, 143, agreements, European Social Charter no 1961.

Furthermore, M., when suggesting that discrimination exists, points out to a different ground as the actual source of discrimination. He suggests that the lack of equal opportunity in education, quality of the investments in the region, the restrictions on trade and other factors are conducted in a systematic way to aggravate poverty in the region. As a matter of fact, an executive at a charity organization considers that poverty is sustained in Diyarbakır to make the Kurdish population needy for aids, and thus to create a vast population dependent on welfare agencies. In conclusion, discrimination exists in a limited extent in the labor market conditions but the important thing is to demonstrate the discrimination against the whole Kurdish community.

Another interviewee expressed discrimination against himself in a very striking way. According to his testimony, a military official, when in the company of a governor, stated that he was born in Diyarbakır, after which the governor did not speak to him and took an unfavorable stand against him. Another interviewee said he did not have any Turkish neighbors in his district, resulting from ghettoization of Turkish and Kurdish communities in different neighborhoods. Another interesting evaluation of discrimination was evidenced by the fact that the Turkish people living in the Southeastern Anatolia did not face any discriminatory behavior while the Kurdish community in the western part of the country was remarkably victimized by discrimination, which sometimes even led to acts of lynching. At this point, interviewee M. Points out to the differentiation of Turkish and Kurdish people, in an attempt to claim equality. One of the most important elements underlying such difference is the bias and different perceptions of the two ethnic communities against one another.

Ethnic Discrimination in the Labor Market and Problem of Scale

One of the striking elements of discrimination is that it tends to prevail more in the surrounding small cities than the metropolises. Here, the burden of the urban life is only considered by the employees in terms of their work. In other words, timely and complete fulfillment of tasks precludes any evaluation by ethnic origins to a certain extent. It is particularly observed in metropolises that the ethnic origins of the employees and self-employed, fully engaged in capitalist relations, is better crystallized in the other fields of life than work. It helps to demonstrate that discrimination is more evident in small cities and small-scale businesses while it is implicit in metropolises and large-scale businesses. In experiences of discrimination of the interviewees and in systematization of discrimination, the quality

of work, the occupation, the location of the workplace and other similar factors may vary. For instance, with a higher educational level, ethnic origins play role not during recruitment but in promotion. When a teacher from Siirt is supposed to become the deputy principal, one of his colleagues submitted a complaint about him to the Director of National Education, stating “he cannot be promoted to deputy principal because he is a member of PKK”. The result was negative. In his school, he surrounded the schoolyard for the children, which extended the walking route of the villagers living in the neighborhood. They report him to the gendarmerie, and the officers of the gendarmerie carried out a search in the lodging of the teacher, who was also subject to insulting by the villagers, such as “This Kurd comes from God’s mountains and now blocks our way”. Teacher N., tired with harassment, applied for retirement after 25 years of teaching. He looked for a place to rent to open a hosier shop, but the landlords did not want to lease their estates because he was Kurdish. In another example, a medical specialist in a western province of Turkey, was supposed to be chief physician in his hospital but his promotion was refused because he was Kurdish. The physician also reported that the same thing happened to a Kurdish nurse, who was supposed to be promoted to head nurse. As can be seen in the examples above, it can be suggested that ethnic discrimination is not only exclusive to labor relations but also reaches as far as to get involved in all rights and freedoms of individuals in a society.

Step one: Refusing Recruitment

Ethnic discrimination, which we try to evaluate in the context of labor relations, also exists during the process of establishing such relations, which saves the employer from “unjust termination of labor contract”. Worker Z. summarized this as follows: “When entering the labor contract and discussing the starting date, I said I wanted to use my holidays in weekdays. When asked why, I said I wanted to visit my brother, who was a political prisoner. They said they would let me know, but in a while, I understood that I was not going to be recruited.” A similar incidence happened to chemistry technician H.:

“In my CV, I write my foreign languages as English and Russian. When the manager, knowing my language skills, was going to issue the recruitment order, I said I spoke Kurdish as a third foreign language. Suddenly he folded the application form, handed it back to me and said they did not have any business to do in Kurdish or with Kurds...”

The common grounds for both incidences of discrimination is that they happened during the recruitment process, which precluded any “unfair dismissal” by the em-

employers as well as any burden to evidence against their acts.

Refusing recruitment due to ethnic origins is based on very basic facts, such as not being fit for work. However, one of the interesting examples was refusing to recruit a person due to being Alawite. During the recruitment interview, the candidate was, in his own words, asked certain questions about religion. Victim Y. states that:

“...I applied for a position as a security officer. There were five applicants. They interviewed us individually. They asked me if I prayed regularly, fasted in Ramadan, used alcohol or smoked. I told them that I did not use alcohol and did not smoke but I did not pray or fast because I was Alawite. As I later found out, all of the other four applicants were recruited and I was not. I was asked questioned about my hometown as I was born in Tunceli. The district governor who was helping me to find a job explained the situation to me as such. I do not apply for such jobs any more...”

Grounds for Discrimination: Security

There are testimonies available to demonstrate that discrimination, which occurs during application for job, also continues after recruitment. As a matter of fact, the application is temporarily approved and the applicant is recruited, but is later forced to quit his job if the investigations reveal anything unfavorable. We know it for a fact that recruiting organizations conduct a separate investigation for security purposes.⁶ Economist S., who had just started working at a bank, was called to visit the manager on the 15th day of his recruitment, and was told that his job application cannot be approved due to the political identity of his family. His job application was rejected due to the fact that his father was detained for a time, and that the applicant himself was arrested at the May Day demonstrations during his years at university.

Machine operator E., who was dismissed after being recruited, summarizes what happened to him as follows: “...They recruited around 1000 people. I started working before the security investigation was complete. On 29th day, they discharged me since I had been taken under custody for political reasons. There was a trade union at the workplace. According to the agreement with the union, the employer was entitled to dismiss employees within the first three months of trial period.

6 It is understood that public offices conduct and investigations which resembles the “security investigation” conducted on recruitments in 1980’s (without a legal justification). There was not any information available on the details of such investigation.

Therefore, I could not oppose to the discharge because of the collective agreement. Although I was released after being held in custody, I was not recruited due to the “high security level” of the work...”

The security investigation for job applications may sometimes be completed only with a document of criminal record. Furthermore, the criminal record can be regarded as a basis even for the works that do not entail security risks. E.’s sister, who applied for a secretary position at the court, was rejected due to her criminal records. Although the young girl passed the secretary test, the public prosecutor refused to recruit her because she had been held in custody in the past.

In the small provinces or towns of Southeastern Anatolia, where the employees in the formal labor market are prominently recruited in the public sector, the public officers and officials are familiar with one another. Ö., who worked as a guidance teacher without a staff title, was dismissed by the school principal upon the complaints of security officers, who previously held Ö. under custody. The principal explained to her that the discharge was not decided by himself but on a “... confidential fax letter from the ministry.”

Apart from refusing job applications or dismissing employees due to security reasons, teachers who open private teaching institutions are also victimized by discrimination. For instance, three teachers encountered discriminatory treatment when opening their institute due to their ethnic origins of Eastern and Southeastern Anatolia. In 1995, a private teaching institute opened in the vicinity of İstanbul was labeled as the “institute of Kurds”, and the workplace was subject to numerous audits and investigations by the provincial administrators. H., one of the partners of the institute, explains one example of discriminatory treatment as follows:

“The police came to seal off the institute. When I asked why, they told me that we did not get a certificate of good conduct from the gendarmerie. When I went to the gendarmerie station to get the certificate, the officers told me that they could not deliver it by hand, and that they would send it directly to the public officers. Later I was told that I could not be a partner of the institute as my ‘certificate of good conduct’ submitted to the Directorate of National Education was not approved. To keep the business running, I resigned from teaching and worked illicitly at my own teaching institute. Later, I was suffocated by pressure and handed over the institute to someone else. However, I could not get my Money as the institute was closed due to another reason. I incurred remarkable losses.”

Teacher H., who witnessed the incident above, states that he was forced to obtain a “certificate of good conduct” from the gendarmerie to open a private education institute. The fact that discrimination addresses the actor rather than the work

itself demonstrates that the discrimination is based on ethnic origins.

Dismissing from Work

The impossibility of dismissing employees due to their ethnic origins leads to other numerous reasons for laying off. Almost all of the victims, who suffered from ethnic discrimination leading to dismissing from work, were employed at small-scale businesses. Ö., who worked at a shoemaking shop, was discharged due to religious reasons although his ethnic roots were Turkish. Ö. testified as follows: “I am an Alawite, and I do not fast in Ramadan, But I do not have lunch at the shop during Ramadan – I go to a snack bar outside the workplace. My boss had just given me a raise for my good work. However, one week later, he saw me smoking during lunchtime at the snack bar. He came to me and asked “Do you not fast or is it just for today?”. I told him that I was Alawite and that we did not fast in Ramadan. That evening they laid me off. They told me ‘we do not need workers any more.’” An employee, who had a background in psychology, was forced to quit his job due to his ethnic roots. O. was appointed to a school but was assigned with the copying works as there was not any other work for him. Finally, he resigned from his job and went back to his hometown.

Evaluation of Findings

The minutes of interviews with people, who we assume were subject to ethnic discrimination, reflect the problems of people who suffer from discrimination in many aspects of working life. The people who voice these problems also try to demonstrate that discrimination expands beyond their working life to all fields of life. Furthermore, there is remarkable evidence to show that such discrimination and exclusion comprises violations of rights of these individuals, and that discrimination prevails and expands to many fields of life such as employment, education, culture, accommodation and access to public services. The examples above and the claims mentioned demonstrate that there is a need for significant regulations regarding to this issue.

As an interesting finding, a group of interviewees explained the examples of discrimination in the other fields of their life without taking their working life into consideration. Some of the interviewees also continue with their jobs unaware of the discriminatory behavior they encounter. People who have been working at the same job without any promotion for a very long time do not consider this as discrimination.

Besides, there are employees who believe that discrimination does not exist. The most common discourse to purport that discrimination does not exist is the fact that the Turkish and Kurdish workers working at the same jobs. However, the most striking difference in the jobs is that the tasks that require a lower level of qualifications and a higher labor are conducted by the Kurdish employees. Particularly the Eastern and Southeastern Anatolia regions have shortcomings in source of qualified labor force. Although the workers with lower level of qualifications are more likely to be victimized by discrimination, those with better qualifications are also subject to discriminatory acts as can be seen in various examples. The Kurdish workers are the primary victims of ethnic discrimination in working life and labor market, as is the case in many other aspects of life. However, there are other groups who need to live in disguise due to their ethnic or religious roots, although the Kurdish population stands out with their wide representation and incidence of problems. We know for a fact that these religious or ethnic communities are subject to discrimination in the labor markets. As a result of discrimination against employees or self-employed people in the conditions of formal market, the victims are forced to either stand outside the market or remain redundant. Another conclusion drawn from the interviews is the fact that victims of such discrimination do not attempt to look for other jobs and shift towards the undeclared employment area. Some of these works also show a tendency to be monopolized by the members of a single ethnic group. Furthermore, deprivation from public services leads to more profound problems such as tolerance to drugs, mafia and sexual exploitation among the Kurdish community who are victimized by discrimination in the labor markets.

12

Factors Affecting the Labor-Force Participation Rate of Women in Turkey: (GNP, CPI, Education, Age)

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Abstract

Basic factors affecting women's participation in the labor force in rural and urban areas can be expressed as income level and changes in the general level of prices, and age and education. While women's participation in the labor force decreases with income growth in rural areas, it increases with a rise in the general level of prices. Again, in rural areas, the factors including age and education are generally determinative in women's participation in the labor force. In urban areas, women's participation in the labor force increases with a rise in the general level of prices; however, no significant relationship was found between the changes in income level and women's participation in the labor force. In urban areas, age and education are not determinative in women's participation in the labor force. In this study, income and price changes and the effects of age and education on women's participation in working life have been investigated.

Introduction

When the historical background regarding women's participation in working life is considered, women played less of an active role in social life than men, and in some societies women became of secondary importance. Women were not able to reach a desirable position, despite economical and social developments in the society (Karakas et al., 2008:1).

Since the main responsibility of women, when they start paid-work, is thought to be for their families, they take second place in working life, and since the responsibilities such as housework and child care are thought to belong to women, this makes the harmonization of working and family life difficult. Contrary to women, men do not have any responsibilities for housework and child care; since they are responsible for making a living for the family, their labor force participation rates

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are very high (Halat, 2007). The labor force participation rate of women in Turkey was 36.2% in 1989, 30% in 1999, and decreased to 26% in 2009. In short, the labor force participation rate of women has reduced at the rate of 28% in the last 20 years (Sosyal - İş Sendikası, 2010: 17).

Labor force participation increases with education, and the highest participation rates were recorded for university graduates, both for women and men. Although the participation rates of men change with schooling, the changes observed among different schooling categories are not as strong as those observed for women. While a primary school diploma seems to be important for men to participate in the labor force, this does not open many doors for women. The role education plays in women's labor force participation becomes clear when urban areas are taken into consideration. The labor force participation rate among illiterate women in urban areas was 5.6% in 2006. The corresponding rate for men was 36.4%. Participation rates of women increase gradually with an increase in education and reach a peak for those who have a higher education diploma. While the labor force participation rate of women having vocational education was 35.6% in 2006, this rate increased to 69.8% for university graduates (Dayıoğlu and Kırdar, 2010: 30).

Dayıoğlu and Kırdar (2010) separately conducted multivariate logit analyses for four different education groups including uneducated, primary, secondary, and higher education. An interesting finding obtained from this analysis is that the existence of children is much more important to women with higher education. While for uneducated women there is no evidence showing a connection between children and labor force participation, a negative relationship between household income and labor force participation gets stronger as the level of education decreases. For men with higher education, there is no evidence indicating that there is a negative relationship between household income and labor force participation. Additionally, it was determined that the effects of age were much stronger than the levels of higher education.

Introduction of Women into Working Life

During the first and second World Wars, the need for women's labor due to the war became a factor that increased the demand for a female labor force in all sectors, and mainly the industrial sector. Women who entered into working life protected their positions in employment after the war as well.

The most important event that affected women's participation in the labor force more than the industrial revolution was World War II, and it was observed that women's participation in the labor force increased to a great extent. This increase was caused both by the supply for labor and the demand for labor. Regarding the

supply for labor, while the basic motivation to enter the market for some of the women labor force was patriotism, men's going to war and the decrease in income levels of the families and in the housework to be done by women at home were effective for the others. When the demand for labor is considered, men's going to war increased the demand for labor force and wages, and that encouraged women to get into the labor markets (Özer and Biçerli, 2003: 58).

According to Hartmann (2008), despite the accelerating increase in women's labor force participation since World War II, due to the traditional viewpoint reflecting women are primarily responsible for house work and men are primarily responsible for making a living for their families, the perception of the family wage is affected by the work division based on gender and the income of women is not considered. Since women's wages were evaluated as contributors to men's wages, women were seen as a labor force that could be paid low wages and kept under control in case of a need for cheap labor, especially in export-oriented and international competition (Ecevit, 1998).

During the republican period in Turkey, the process of women's paid-work in nonagricultural areas continued increasingly and besides the activities provided in nonagricultural parts, changes related to social status of women and statist economic policies followed in the post-1930 period also became effective. According to the first labor statistics of Turkey, while the rate of women workers working in workplaces subjected to labor law was 18.89% in 1937, this rate increased to 20.70% in 1943 (Makal: 121).

Women, in a real sense, started to be included in the labor market as a result of the urbanization caused by migration from rural areas to urban areas after the 1950s, and over time, the positions of women in labor markets and their ways of working underwent a change. What this change was like at the sectoral level is an important issue because sectoral distribution of employment in a country is an important indicator of the development level of that country. While employment decreases in the agricultural sector along with development, an increase is seen in nonagricultural sectors. This situation is also true for women's employment. While the female labor force is becoming intensive in the agricultural sector in developing countries and regions, the sector in which women work intensely in the developed countries is the service sector. Thus, paid female labor takes the place of unpaid family workmanship in developed countries (Berber and Eser, 2008: 2).

Flexible forms of production emerged within the scope of restructuring efforts that came to the agenda in 1970s as a result of the need for cheap labor. However, now it is not enough for the labor to be cheap, it has brought with it certain expectations, such as adaptation of flexible working conditions of the labor force, fitting into employment conditions with ease, having more general skills instead of specializing in one field, adjusting to different products, and the production process

being defined for the workers (KSSGM, 1999). The number of economically active women increased in low rates until 1975, and after 1975 it increased more and continuously. As a matter of fact, in 1955, the number of economically active women was 5 million 261 thousand 709 people; in 1970 it was 5 million 812 thousand 545; in 1985 7 million 647 thousand 265, and in 2000 this number reached to 10 million 164 thousand 540 people (Berber and Eser, 2008: 3–4).

In the 1980s, Turkey had a similar women labor force as developed countries such as Austria, Holland and Switzerland. The reason for this was probably the high participation rates of women in agriculture. In 2006, most of the OECD countries increased women's participation rates more, but the case was vice versa in Turkey. As of 2006, Turkey had the lowest rates regarding women's labor force participation along with the other Islamic countries such as Egypt, Morocco, Tunisia, and Saudi Arabia (DPT-WB Rapor, 2009:9).

As a result of the neo-liberal policies gaining speed in the late 1990s, an important part of those making a living from agricultural activities necessarily started to search for a living in nonagricultural sectors. While, in 1989, the rate of those employed in the agricultural sector within the total employment rate was 47.4%, it reduced to 40.2% in 1999. The real decline occurred in 2000 when a structural transformation was experienced in agriculture, and in 2008, the agricultural population in the labor force reduced to 23.7%. This rapid fall in the agricultural population pushed an important section of the women who were mostly employed in the agricultural sector and had difficulty in participating in another sector out of the labor force (Sosyal-İş Sendikası, 2010: 16).

Factors Determining the Labor Force Decision of Women

The factors that determine the decision of women regarding labor force participation can be divided into two as economic ones and non-economic ones. Economic factors show themselves in the comparison of the income a woman expects to get when she works and the cost when she purchases services, such as elderly and child care and housework. If the income earned by working is low to purchase house services, working will not look inviting. Travel expenses and social security payments, if working is legally recorded, can be added to this calculation. Non-economic factors include cultural (social gender roles, how society looks at working women etc) or psychological (satisfaction of working felt by an individual) factors (Gürsel et al., 2011).

The effect of education, which is one of the important factors that determine women's labor force participation, on the working period of women depends on two reasons: the first reason is the substitution effect. With the substitution effect

the possible earnings that can be made by means of education increase; therefore, the cost of not working also increases. This situation will extend the working period, and thus, there will be a positive effect. As for the income effect, income reaches its aim earlier as a result of higher earnings. Then, a part of the higher income can be put aside for leisure expenditures and thus the working period reduces. The total effect of education is determined depending on which of the two factors outweighs the other. The empirical studies carried out in several countries indicated that the substitution effect was stronger than the income effect (Tansel, 2002:11).

Education is one of the basic determinants of the women's labor force participation in Turkey. Particularly in urban areas, there is a relationship between higher education and labor force participation levels. However, most of the women in Turkey do not have an education level higher than primary school. This situation affects women's labor force participation negatively and brings them to a more disadvantageous situation than men in terms of schooling (DPT-WB, 2009: 6). Besides education, urbanization and moving away from agricultural activities are some of the basic factors causing a decrease in the labor force participation rate of women in Turkey. One of the important reasons for the decrease in the labor force participation rate of women in Turkey (34% in 1988 and 25% in 2006) was the migration from rural areas to urban areas. Generally, urban and rural labor markets in Turkey are different from several aspects: employment and participation rates in the rural areas are higher than those in the urban areas, especially among women, and unemployment in the rural areas is lower than that in the urban areas. Turkey has experienced a rapid urbanization process since 1988. The rate of urban population within the total working age population increased from 51% in 1988 to 63% in 2006 (DPT-WB, 2009.12).

There are several reasons for the continuous decrease in the labor force participation rate by years. They can be listed as follows (Türk-İş Raporu, 2005: 4):

- High population growth rate,
- The efficiency of patriarchal mentality and structures that restrict the demand for a female labor force,
- A higher rate of the annual rate of increase of the population in working age, therefore those employed, than the annual rate of increase of the newly-formed provinces in that year,
- Women not benefiting from education opportunities sufficiently,
- Tendency to decrease in agricultural employment,
- People's abandoning their hopes to find a job or not looking for a job in a high unemployment environment,
- Extension of average education period in our country,

- Early retirement,
- Existence of unrecorded and informal economy,
- Inadequacy of capital accumulation

Tansel (2002), in his study about women's labor force participation in Turkey, investigated the long term relationship between women's labor force participation and economic development, and specifically, the assumption that women's participation in the labor force is U-shaped. In order to test the assumption that women's labor force participation is U-shaped, two kinds of evidence were examined. Firstly, time-series evidence, and secondly, the estimation of the measurement of economic development level and women's labor force participation and the relationship between other determinants. This study was carried out by gathering the data belonging to 1980, 1985 and 1990 of 67 provinces. Gross provincial product (GHP) per capita logarithm (gross domestic product of each province) was used as the measurement of economic development. As a result of the analysis, coefficients of this variable showed a minus and plus value respectively providing a U-shaped relationship. Therefore, horizontal section estimations of Turkey according to the provinces, verify a U-shaped assumption between women's labor force participation and economic development.

The Place of Women in the Labor Market

One of the biggest obstacles for women in working life is division of labor based on gender roles. Especially in the male-dominated societies, the idea that "a woman's place is in the home" is dominant. The area of women is restricted to house and family life; men are seen as those responsible for the living of the household. According to the statistics, it was found that most women left their jobs after they got married (Karakoyun, 2007: 37). Gender based discrimination is defined as a person's behaving toward a woman in a more negative way or less positive way than he/she does to a man, based on gender, or creating discriminative effects on women after behaviors and applications that seem to be stylistically equalitarian. The discrimination between women and men can be in the form of intensification in various occupations and sectors (horizontal discrimination) and it can be in the form of discrimination of hierarchical levels within the same occupation and sector (vertical discrimination) according to gender (KSSGM, 2000: 9).

Özer and Biçerli (2003), in an econometric study they conducted by using panel data related to the period of 1988-2001 about the determination of the factors affecting labor force participation rates of women in Turkey, used constant and random effects models with constant terms specific to the units and restricted least

squares regression by using panel data related to rural and urban areas in Turkey. No significant results were obtained from the numerous macro variables experienced in the models; expected and significant results were obtained from the variables including the rate of housewives in the women active population, the rate of unpaid family workers within the employed women labor and the rate of the retired within the age population of 12+.

Berber and Eser (2008) examined the condition of women in the labor market from several aspects in the direction of the data obtained from the Turkish Statistics Institute (TUIK). In the study, it was particularly examined how women employment was distributed at the sectoral level and also the conditions of women at work in the labor market was evaluated. The sectoral analysis of women's employment was first examined countrywide and then according to the regions. As a result of the study, it was found out that women's employment showing an increase by years in Turkey showed a falling tendency as of 2002. At the sectoral level, it was determined that although most of the working women were employed in the agricultural sector, this rate had shown a decrease in recent years and important increases occurred in the service sector.

More than half of the women working in the labor market are unpaid family workers. Since women working in the agricultural sector particularly in the rural areas are unpaid family workers, agricultural sector shows women's labor force participation rate more than it really is. Therefore, the reason for the higher rate of women's labor force participation in the rural parts is that women their work as unpaid family workers.

Extending decent jobs for women and increasing women's labor force participation rates and employment rates are of great importance both to strengthen women as individuals and increase the level of social welfare and provide development. Particularly in recent years, flexible ways of working are shown as an important strategy that increases women's labor force participation by many parts; "part time work" in particular is considered as a way of working that will increase women labor supply by helping women to adjust their family and work responsibilities. Flexible ways of working are densely used in the USA, accepted as an important source of increasing women's employment, and in recent years, an important part of the increase in women's employment is provided by part time jobs. In our country, too, it is seen that this understanding is reflected in annual programs; work, is conducted in a way which makes the labor market flexible with the approach of flexicurity and flexible ways of working, and part time work in particular will be used in order to facilitate women's participation in the labor force (Filiz, 2011: 3-4).

It is argued that having very strict rules in working life will negatively affect women's employment. Part time work status is adopted for women due to possible effects such as adjusting family and work responsibilities, reducing unemployment,

facilitating women’s employment; particularly when EU experiences are taken into consideration, it is accepted that part time work is an effective means in the struggle for women’s unemployment (Ecevit, 2008).

Table.1 Labor force participation rates of women and the rates within the labor force (1955-1965; 15+ yrs).

	Labor force participation rates of women			Rates of women within the labor force		
	1955	1960	1965	1955	1960	1965
Turkey wide						
Places with a population of 10.000 and less	72.01	65.35	56.62	43.11	40.76	37.89
Places with a population of 10.000 and more	87.74	85.66	77.29	49.43	48.72	46.54
Turkey wide	18.07	9.16	9.09	13.76	7.80	8.18

Source: Makal, 22.

In Table 1, it is seen that the labor force participation rate of women at the age of 15 and over in Turkey tends to decline by years and also a decrease is seen in the rates of women within the labor force in parallel to this.

Table.2 Labor Force Participation Rate of Women in Turkey 1988-2006

Year	15-19	20-24	25-29	30-34	35-39	40-44	45-49
1988	40.5	40.8	35.9	36.4	36.5	34.5	34.3
1989	41.3	41.8	37.2	39.3	39.8	38.6	36.1
1990	38.4	40.7	35.8	36.3	37.4	37.0	35.4
1991	39.8	40.8	34.3	35.7	35.6	36.0	35.8
1992	35.0	40.6	33.8	34.5	36.4	35.5	33.9
1993	29.1	33.6	29.6	28.7	30.1	28.9	27.4
1994	33.6	38.1	33.4	33.4	33.5	32.8	33.2
1995	32.3	36.2	34.1	33.1	33.6	34.7	31.0
1996	32.1	36.2	32.1	31.5	33.7	33.1	30.4
1997	28.4	36.1	31.1	30.0	30.8	30.7	29.9
1998	28.4	35.0	33.3	29.4	32.1	31.6	28.7
1999	28.8	37.6	32.1	32.0	32.5	32.3	28.2
2000	24.4	31.5	31.7	29.4	29.7	28.3	25.5
2001	23.1	33.5	30.9	30.9	30.5	29.4	27.1
2002	23.1	34.5	32.6	32.4	31.2	30.2	28.5
2003	20.9	32.3	32.1	31.0	31.1	29.5	27.1
2004	19.0	32.7	31.2	29.3	30.8	28.2	25.5
2005	18.0	31.9	31.4	29.0	30.3	28.7	25.8
2006	17.7	31.4	31.9	30.1	31.5	29.4	24.8

Source: Karakaş et al., 18-19.

In Table 2, when the labor force participation rates of women between the years 1988- 2006 is taken into consideration; a decrease is seen particularly between the ages 15-19 by years. While the labor force participation rate was 40.5% in 1988, it decreased in years and turned out to be 17.7% in 2006. The most important reason for this was the extension of education period. A decrease is seen in the age range by years and this falling tendency is directly or indirectly affected by the factors such as unpaid family workmanship, education level, age, marital status and legal arrangements.

Theoretical Framework and Model

This study investigated the changes in the levels of income and price in rural and urban areas and the effect of age and education level on women's labor force participation rate. In this context, GNP was used to show income level and CPI was used to show price level, and the following models were formed. Shadow variables of age and education included in the model were explained below.

The models used in the study are as follows:

$$ikokir_t = \alpha_1 + \alpha_2 D_{2t} + \alpha_3 D_{3t} + \alpha_4 (D_{2t} D_{3t}) + \beta tufe_t + u_t \quad (1)$$

$$ikokir_t = \alpha_1 + \alpha_2 D_{2t} + \alpha_3 D_{3t} + \alpha_4 (D_{2t} D_{3t}) + \beta gsmh_t + u_t \quad (2)$$

$$ikokent_t = \alpha_1 + \alpha_2 D_{2t} + \alpha_3 D_{3t} + \alpha_4 (D_{2t} D_{3t}) + \beta tufe_t + u_t \quad (3)$$

$$ikokent_t = \alpha_1 + \alpha_2 D_{2t} + \alpha_3 D_{3t} + \alpha_4 (D_{2t} D_{3t}) + \beta gsmh_t + u_t \quad (4)$$

where

$ikokent_t$: Women's labor force participation rate in rural areas

D_{2t} : 1 (if under the age of 24)

: 0 (if not)

D_{3t} : 1 (if education level is low)

: 0 (if not)

$tufe_t$: Consumer price index

$gsmh_t$: Gross National Product with the prices of 1988

$$E(ikokir / D_{2t} = 1, D_{3t} = 1, gsmh_t) = (\alpha_1 + \alpha_2 + \alpha_3 + \alpha_4) + \beta gsmh_t + u_t \quad (5)$$

α_2 : The difference effect of being under the age of 24

α_3 : The difference effect of having low education level

α_4 : The difference of having low education level and being under the age of 24

Women with low education level and under the age of 24 in the rural areas are

expected to participate in the labor force more.

ikokent_t: Women's labor force participation in urban areas

D_{2t} : 1 (if over the age of 24)

: 0 (if not)

D_{3t} : 1 (if education level is high)

: 0 (if not)

$tufe_t$: Consumer price index

$gsmh_t$: Gross National Product with the prices of 1988

$$E(\dot{ikokent} / D_{2t} = 1, D_{3t} = 1, gsmh_t) = (\alpha_1 + \alpha_2 + \alpha_3 + \alpha_4) + \beta gsmh_t + u_t \quad (6)$$

α_2 : The difference effect of being over 24

α_3 : The difference effect of having high education level

α_4 : The difference of having high education level and being over the age of 24

Women with high education level and over the age of 24 in the urban areas are expected to participate in the labor force more.

In Model (5), which summarizes the models in the equations (1), (2), (3) and (4) for the rural areas, if α_2 , α_3 , α_4 are positively marked, this shows the difference of those in the rural areas with low education level and under the age of 24 from the fundamental group. Similarly, in model (6), which summarizes the models in the equations (1), (2), (3) and (4) for the urban areas, if the mentioned parameters are positively marked, this shows the difference effect of the educated women's, over the age of 24, participation into working life in the urban areas.

Determination of shadow variables (D_{2t} and D_{3t}) for rural areas: Shadow variables were determined based on the threshold value calculated from the values of age and education. The threshold value was obtained by dividing women labor force under 24 employed as of the period examined for D_{2t} by the total women labor force. The mean of the values obtained by years is accepted as the threshold value. The figures below the threshold value give the value of 1 for the shadow variable of age and the value of 0 for the others. For the threshold value of education D_{3t} , those attending high schools and an equivalent of a high school and under were accepted as those with low education level. Those attending higher education were included in the group of those with high education. The threshold value for education level was obtained by dividing women labor force with low education level employed as of the period examined D_{3t} for by total women labor force. The mean of the values obtained by years is accepted as the threshold value. The figures below the threshold value give the value of 1 for the shadow variable of education and the value of 0 for the others.

Determination of shadow variables (and) for urban areas: Shadow variables were determined based on the threshold value calculated from the values of age

and education. The threshold value was obtained by dividing women labor force over 24 employed as of the period examined for by total women labor force. The mean of the values obtained by years is accepted as the threshold value. The figures over the threshold value give the value of 1 for the shadow variable of age and the value of 0 for the others. For the threshold value of education, those attending high schools and an equivalent of a high school and under were accepted as those with low education level. Those attending higher education were included in the group of those with high education. The threshold value for education level was obtained by dividing women labor force with low education level employed as of the period examined for by total women labor force. The mean of the values obtained by years is accepted as the threshold value. The figures below the threshold value give the value of 1 for the shadow variable of education and the value of 0 for the others.

Analysis and Findings

In this study, the changes in the general level of prices and income levels on labor force participation rates of women in urban and rural areas and the effects of age and education were analysed for the period 1988-2009 in Turkey. The data used in the model were obtained from TUIK and DPT (State Planning Organization). In the study, ordinary least squares method was used and natural logarithms of the data were taken. *Ikokır* and *ikokent* means labor force participation of women in rural and urban areas, respectively and income level is represented by GNP series, and general level of prices is represented by CPI.

Model 1:

	Coefficient	Standard error	t-statistics	Probability	Corrected R2	Durbin Watson
	3.255857	0.149969	21.71026	0.0000	0.841799	2.211160
	-0.131827	0.043999	-2.996102	0.0090		
	0.105620	0.033588	3.144592	0.0067		
	0.139109	0.032885	4.230222	0.0007		

In Turkey, the increase in labor force participation rates of women in the rural areas and general level of prices shows parallelism. The increase in the general level of prices causes a decrease in the purchasing power in the rural areas and this encourages women to participate in the labor force. When CPI, representing the general level of prices, and shadow age and education variables are considered as explanatory variables, the model highly explains the labor force participation rates.

Model 2:

	Coefficient	Standard error	t-statistics	Probability	Corrected R2	Durbin Watson
	9.182917	1.143254	8.032263	0.0000	0.855285	1.651294
	-0.126566	0.040911	-3.093679	0.0070		
	-	-	-	-		
	-0.461082	0.099720	-4.623784	-0.461082		

On the other hand, the statistics showing the relationship between labor force participation rates of women in the rural areas and GNP and age and education are summarized in Model 2. In the relationship envisaging labor force participation of women in the rural areas with an increase in income level, β coefficient's being negative means women drop out of labor force due to the structure of the traditional society as the income level in rural areas increases. Increase in the household income and withdrawal of unqualified women from working life is an issue related to the structure of the society, β coefficient's being negative between GNP, representing the income level in the rural areas, and women's labor force participation is in conformity with the expectations. Women's labor force participation decreases in the rural areas due the traditional social structure along with an increase in income levels. Durbin-Watson is low but the other parameters are significant. Except for the education variable which is not included in the model since it is not significant, the other variables are important.

Model 3:

	Coefficient	Standard error	t-statistics	Probability	Corrected R2	Durbin Watson
	3.099601	0.060284	51.41667	3.099601	0.462241	1.868601
	-	-	-	-		
	-	-	-	-		
	0.061645	0.015189	4.058600	0.0008		

When the explanatory power of age and education on women's participation in the labor force and the general level of prices in the urban areas were analysed, it was concluded that the increase in the general level of prices affected the labor force participation rates of women negatively. The model seems significant and

nearly half of the dependent variable is explained by the variables not included in the analysis in the model in which R^2 is low. Additionally, age and education were not included in the model since they were not significant. On the other hand, in the urban areas, no significant relationship between shadow variables of income level, age and education and the labor force participation rates of women were found.

According to Model 1, an increase in the general level of prices is expected to affect the labor force participation rate of women positively. On the contrary, in Model 2, an increase in the income level is expected to affect the labor force participation rate of women negatively.

In Model 3 and Model 4, in urban areas, increases in both the general level of prices and income levels are expected to affect women's labor force participation positively.

The explanatory power of the model is quite high. The increase in the household income also increases women's labor force participation. Women's education levels being high in the urban areas leads qualified women labor force to take place in the working life even if household income increases. On the other hand, since in urban areas, the traditional values that prevent women from entering working life have lost their importance when compared to rural areas, this can be expressed as a reason for the positive relationship between income levels and women's labor force participation.

The following results were obtained in our econometric research apart from the abovementioned findings. During the period subject to the study, Turkey had three important crises (1988-1989, 1994 and 1998-2002) and was also faced with a global crisis affecting the entire world. When these four periods and the periods apart from these are compared, it is observed that the labor force participation rates of women increased during the crisis periods.

In the second model, it is seen that an increase in income levels affected labor force participation rate of women negatively. That is, when the income reaches a certain level, leisure time is preferred instead of working. While the level of wages increases, first an increase occurs in the amount of those who want to work, but after a certain point, a decrease is seen in the number of workers supplying labor despite an increase in the level of wages. The curve that shows such a relationship between wage and number of workers who work is called backward-bending labor supply curve in the literature. The result of the second equation supports this relationship in the literature.

The most important factor that affects the participation of people into leisure time activities is spendable income level. People do these activities with their surplus income after meeting their basic needs. In the research conducted, besides the relationship between income and leisure time preference, it was observed that women with high income levels do more leisure time activities. Furthermore,

women with higher education levels do more leisure time activities than those with lower education levels. (Demir and Demir: 38).

Table.3 Labor force Participation Rates of Women

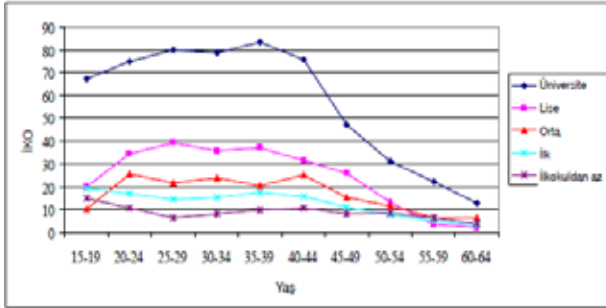
YEAR	WOMEN POPULATION	EMPLOYMENT RATE	EMPLOYMENT
1988	26.636	30,6	8.151
1989	26.955	32,7	8.814
1990	27.632	31,2	8.621
1991	28.133	31,7	8.918
1992	28.692	30,2	8.665
1993	29.222	24,3	7.101
1994	29.747	28,8	8.567
1995	30.316	28,7	8.701
1996	30.891	28,7	8.866
1997	31.465	26,6	8.370
1998	32.036	27,3	8.746
1999	32.606	27,7	9.032
2000	33.129	24,9	8.249
2001	33.687	25,1	8.455
2002	34.239	25,3	8.662
2003	34.787	23,9	8.314
2004	33.483	20,8	6.964
2005	33.898	20,7	7.017
2006	34.309	21,0	7.205
2007	34.722	21,0	7.292
2008	35.134	21,6	7.589
2009	35.541	22,3	7.926

Source: TUIK Statistical Indicators 1923-2009, Issue no: 3493, December 2010:133

In the studies carried out in Turkey regarding the level of wages that determines the tendency of women to participate in the labor force and their leisure time preferences, it was stated that the lowest level of wage should be equal to the total value of their production at home (Uraz et al, 2010). In Turkey, the rate of women's participation in the labor force being higher in urban areas than rural areas generally arises from the work in agricultural activities and family work. Work being formal

in urban areas and the cost of private childcare decrease women's labor force participation in urban areas and increase their leisure time preferences.

Graph.1 The Labor force Participation Rates of Women in Urban Areas



Source: TUIK (www.tuik.gov.tr)

As can be seen in the graph below, in Turkey, in the leisure time preferences of women, an increase is seen after the age of 35 and between the ages of 35 and 39. Secondly, again, between the ages of 35-39, when they earn nearly 70% of the monthly earnings of men, their labor force participation rate decreases. That is, they prefer leisure time instead of working. Moreover, nearly 75% of women working in cities are low qualified workers who earn less than the minimum wage.

Graph.1

Conclusion

Moving away from urbanization and agricultural activities are the two most important factors regarding the decrease in women's labor force participation rate in Turkey. The low education levels of women migrating from rural areas to cities, restricted employment opportunities of unqualified women and low income levels in urban areas decrease the labor force participation rate.

The rural and urban labor markets in Turkey also vary in terms of employment and participation rates. One of the most important reasons for the higher rate of labor force participation in rural areas, particularly in terms of women, when compared to those in urban areas is the employment of women as unpaid family workers. While the number of women working for the agricultural sector has tended to decline since 2002, the number of women working for the service sector has increased.

The determinative role of education, which is the most important component of human capital that affects women's labor force participation rates to a great extent

and their being involved in the labor market, in women deciding to work in paid employment is stronger than men. In the empirical study conducted during the period 1988–2009, basic factors that affected women's labor force participation in rural and urban areas were investigated. While women's labor force participation decreases with income growth in the rural areas, it increases with the general level of prices. Again, while age and education factors were found to be determinative in women's labor force participation in the rural areas, women's labor force participation increases with an increase in the general level of prices in the urban areas; however, no significant relationship between the changes in income level and women's labor force participation was found. It was concluded that in the urban areas age and education were not determinative in women's labor force participation.

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Appendix.1-Tables

Table.1 Percentage of hourly and monthly earnings of men

Year	Percentage of monthly earnings of men	Percentage of hourly earnings of men	İKO man	İKO women
2002	65.6	71.4	68.2	11.4
2003	67.2	74.7	67.1	10.9
2004	70.4	79.1	68.0	10.9
2005	70.1	82.2	68.8	11.6
2006	71.0	80.6	67.8	11.8

Source: TUIK (www.tuik.gov.tr)

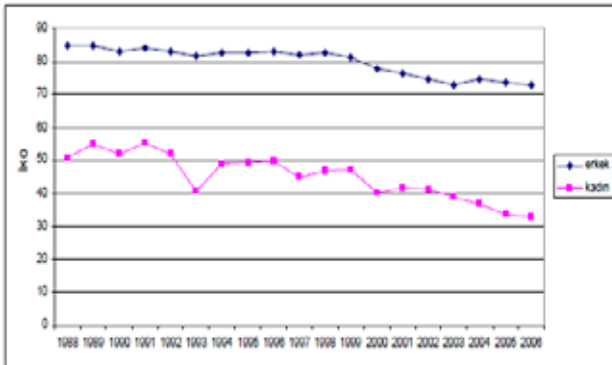
Table.2 Low-qualified Workers Earning Less Than Minimum Wage in Urban Areas.

Year	Man	women
2002	46.8	75.4
2003	42.7	72.3
2004	50.5	78.3
2005	51.2	78.7
2006	47.3	77.0

Source: TUIK (www.tuik.gov.tr)

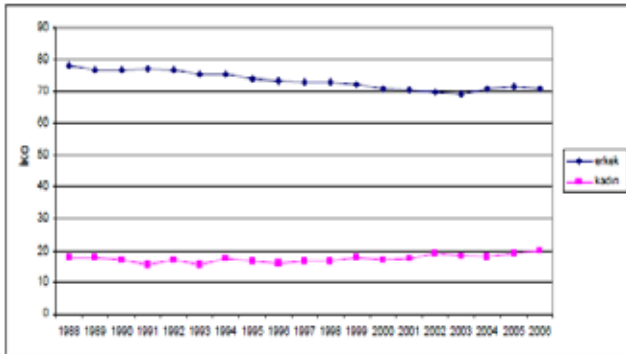
Appendix.2-Graphs

Graph.1 Labor force Participation in Rural Areas



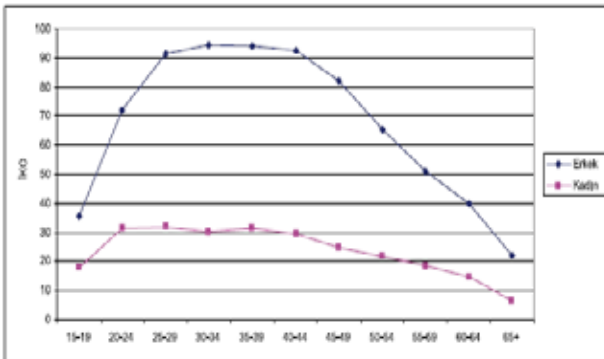
Source: TUIK (www.tuik.gov.tr)

Graph. 2 Labor force Participation in Urban Areas



Source: TUIK (www.tuik.gov.tr)

Graph. 3 Labor force Participation



Source: TUIK (www.tuik.gov.tr)

13

Little Hands-Big Endeavours: Dimensions of Child Labor in the World and in Turkey

Burak Kahraman¹, Fatih Kahraman²

Abstract

The number of employed children in the employment sector is at a substantial level. Since preventive policies do not exist for those who present the most indefensible and silent labor group, the ability of this social group to view the future with confidence and to become healthy individuals slowly diminishes. Under article number 138 of the International Labor Organization (ILO), child labor is defined as children under the age of 13 who for any reason begin to work. Throughout the world, child labor is a universal issue and a continuing social problem that takes on many forms in many countries. Despite national laws and international standards, millions of children around the world work. Since individuals at a young age have been sacrificed in order to become part of the workforce, they are exposed to all kinds of risks, such as the sex trade and organ trading. Child labor is a significant problem in the world and in Turkey. The fact that the number of child workers in the world has reached 250 million, according to reports by the United Nations, is also an indicator of the serious extent to which this problem has reached. In global employment trend reports, issued by ILO recently, the fact that child labor has been intensively utilized, especially in Sub-Saharan and South-Asian Regions, and that these regions are the countries that rank bottom in the humanitarian development index, is considerably significant in understanding the correlation between the development level of the countries and the prevalence of child labor. In our country, despite the fact that there is insufficient research regarding child labor, it has been determined by studies of various institutions in defining child labor that the number of child workers has reached four million. Child labor, which is a particular social issue in underdeveloped countries, is frequently mentioned in the reports of institutions such as ILO, UNICEF and WHO. Accordingly, the purpose of this study is to determine the dimensions of child labor, which is a significant issue in the world and in Turkey. Through this study, which shall be conducted through literature review and be based on reports published in regard to child labor in the world and in Turkey, the financial and social aspects of this problem shall be examined; and further, alternative policy shall be discussed in terms of the different country examples.

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Introduction

Today, significant changes have occurred in the social, financial, cultural and political lives of societies and individuals with globalizing capitalism. These changes are felt in a wide area and the individuals face new risks that they have not met before. Working life is one of the areas where these risks are faced intensely. In particular, at the end of the 1970s and with the crisis of the welfare state, the free market, which is focused on neo-liberal policies, caused significant changes in working life. Due to extended working hours, labor became less valuable, cheaper products were produced, and more profit was gained due to flexible and contractual employment, whereas the employees faced bigger risks as a result of this new process. Along with globalization, capital was easily brought to regions having cheaper work power and workers consented to less or went to the regions having capital and risked vital dangers to participate in the work force.

In underdeveloped or developing countries in particular, child workers are elected/forced to participate in the workforce as the most indefensible and silent labor group. Use of cheap labor to gain more profit for the capital causes big problems for the sections participating in the employment. Child labor arises as a type of labor that is used in significant amounts in, especially, underdeveloped and developing countries. It is mentioned in the reports of many international corporations and entities as an issue requiring urgent solutions. With today's structure in which child labor is abused, child labor should be fundamentally considered, methods and ways should be found to solve the issue of child labor, and the persons, corporations and entities that struggle against child labor should increase their efforts.

Child Labor Concept

Discussion of child concept prior to defining the child labor concept would facilitate the understanding of the problematic relationship between labor and child. As a term, "child" means a boy or a girl of a young age or a human between the stages of birth and puberty (Turkish Dictionary 2005, 444). In many studies, this period is divided into two as infancy and youth with "infancy" being defined as a period starting before youth and ending with puberty (Sisman 2003; 2004). Sapanca states that (2002:18) the child concept has arisen as a different category in the last one hundred and fifty years. Although adulthood is a statute that is gained through a gradual learning process, childhood is defined as a stage where the human cannot realize its requirements. Within this scope, school is institutionalized as a place where children acquire necessary information, reach adulthood and adopt social roles. Since the end of the 1950s, mandatory education has been seen as a funda-

mental citizenship right in many societies. The selling of labor by family members with the growth of industrial capitalism and the solution of production systems has created a cash resource for families and constitutes cheap work power in terms of the market.

The child labor concept arises in different types and perspectives in societies having different social features. The child labor issue has a structure that can be prevented with micro scaled policies and solutions in developed countries, whereas macro-structural policies are required for the solution of this problem in underdeveloped and developing countries. In general, children below 18 are defined under the child labor category. The work power created by child labor deprives children of childhood, of their potential and pride, and damages their physical and mental progress. Accordingly, child labor is dangerous and harmful mentally, physically, socially and morally (Erbay 2010, 206). Many national and international institutions define child labor. The International Labor Organisation (ILO) accepts the age group between 15-24 as young workers, and children below 15, who work to support the family income and earn their living, as child workers or working children, under agreements number 138 and 182. Furthermore, the term child labor highlights the mental, physical, social or moral damage and interference in the right to an education, including attendance at school (ILO, 2006). In our country, the difference defined by the International Labor Organisation is accepted under Labor Law no. 4857 and children below 15 are defined as child workers and children between 15 and 18 are defined as young workers (Labor Law 2003; Tor 2010).

General Status of Children working in Turkey

In our country, it is possible to see the dimensions of child labor through statistical data and make inferences in light of these data. Research was conducted on child labor in 1994, 1999 and 2006 to create a data base regarding working children in Turkey, and to reveal the sectors in which the children work, and their working conditions and socio-economic status with the ILO/IPEC (International Programme on the Elimination of Child Labor) technical support given by the Turkish Statistical Institute. According to the results of this research, the number of children working in financial activities is decreasing.

According to the results of the research conducted by the Turkish Statistical Institute (TÜİK) on child labor, the number of children aged between 6-17 working in financial activities was two million 269 thousand in 1994, whereas it decreased to one million 630 thousand in 1999 and 958 thousand in 2006. It is observed that there has been a decrease of one million 311 thousand in the number of working children between 1994-2006. The number of children working in financial ac-

tivities, aged between 6-14 was 958 thousand in 1994, whereas it decreased to 609 thousand in 1999 and 318 thousand in 2006. Child labor was 611 thousand in 1994, 478 thousand in 1999, and 457 thousand in 2006 in urban areas. Child labor was one million 659 thousand in 1994, one million 151 thousand in 1999 and 502 thousand in 2006 in rural areas. It is observed that there has been a significant decrease in child labor both in urban and rural areas (TÜİK, 2006).

Table 1: Main Indicators of Child Labor (one thousand people)

	1994	1999	2006
non institutional civil population	59.736	65.422	72.957
Population aged between 0-5	8.469	7.93	8.479
Population aged between 6-14	10.945	11.938	12.477
Population aged between 6-17	14.968	15.821	16.264
Employment (age 6 +)	20.984	22.124	22.963
Employment (age 6-14)	958	609	318
Rate of Employment (age 6-14)	40398	40183	40331
Employment (age 6-17)	2.269	1.63	958
Rate of Employment (age 6-17)	40224	40247	40426
City	611	478	457
Rural	1.659	1.151	502
Man	1.372	955	632
Woman	898	675	326
Agricultural	1.51	990	392
Non agricultural	759	640	566
Paid or casual	648	617	513
employer	52	28	26
Unpaid family worker	1.57	985	420

Resource: TÜİK, (2006). Çocuk İşgücü Araştırması (Child Labor Research), <http://www.tuik.gov.tr/PreHaberBultenleri.do?id=482>

When child labor is reviewed in terms of age groups, sex and sectors in Turkey, it is observed that there was a decrease in the number of working children aged between 6-17 from 1994 to 2006. In 1994, two million 669 thousand children aged between 6-17 were working throughout Turkey. This number decreased to one million 630 thousand in 1999 and to 958 thousand in 2004. When the working children aged between 6-17 are observed on sectoral basis, one million 510 thousand children were working in the agriculture sector in 1994, and this number decreased

to 990 thousand in 1999 and to 392 thousand in 2004. The number of children working in the industrial sector was 385 thousand in 1994, whereas it decreased to 322 thousand in 2004 and to 271 thousand in 2004. A total of 195 thousand children were working in the service sector in 1994 and this number decreased to 159 thousand in 1999 and to 89 thousand in 2004. Although there is a radical decrease in the number of children working in the trade sector when compared with the other sectors, there has not been a significant increase in the number of working children (TÜİK, 2006).

According to the results of Child Labor Research realized by TÜİK in 2006, it is seen that the number of children working in financial activities in our country has decreased by 58% in the last 12 years in all sectors. This decrease has been mainly caused by the decrease in the number of children working in the agriculture sector. For children aged between 6-17, there has been a decrease of 74% in the agriculture sector, 30% in the industrial sector, and 54% in the trade sector in the last 12 years. There are several reasons for the decrease in the number of working children. One of these reasons is the increase of mandatory education from five years to eight years; another reason is the adoption of the relevant laws and the studies conducted by several institutions to eradicate child labor with the cooperation of the ILO (Tor 2010, 30).

There are social, financial and cultural reasons for forcing children to work and to meet with labor markets at a young age. According to the study conducted by DİE (the institution name was changed as TÜİK in 2005) in 1994, it is concluded that children work to support the family income and at the request of the family. The table below gives reasons why children work in our country.

In accordance with Table 3, 67% of the children who work stated that they work to support the requirements of their family. A total of 21.3% of the children stated that they work at the request of their family. And 6.3% of the children stated that they work to learn their future profession. It should be noted that the ratio reaches 88.3% when the options (i) supporting the family income and (ii) working at the request of the family are considered together. Erbay (2010, 216) defines the reasons for children working under five criteria: The children are pushed into labor market at early ages due to poverty, reasons related to education, a traditional view, the role of the family, the demand for child labor, and inefficient or non-implementation of child labor legislation. A sufficient amount of research is not realized on working children in our country and there are difficulties in reaching data efficiently. According to the studies made by DİE in 1994, 1999 and TÜİK in 2006, it is seen that child labor is at an ominous level in our country.

Table 2: Children working in Financial Activities in terms of age groups, sex and sectors (one thousand people)

	Turkey Total (age 6-17)	Girl	Boy	City Total (age 6-14)	Girl	Boy	Rural total (age 5-17)	Girl	Boy
TOTAL									
1994	2.669	897	1.372	958	391	567	1.31	507	805
1999	1.63	675	954	609	269	340	1.02	406	615
2006	958	326	631	318	112	206	639	214	425
AGRICULTURE									
1994	1.51	748	762	730	343	388	779	405	374
1999	990	529	460	461	235	226	529	294	235
2006	392	189	203	182	80	102	210	109	101
INDUSTRIAL									
1994	385	109	276	106	37	70	279	73	206
1999	322	83	239	70	20	50	252	63	189
2006	271	85	186	50	19	31	221	66	155
SERVICE									
1994	195	29	166	71	7	65	123	22	101
1999	159	29	130	47	10	37	112	19	93
2006	89	22	67	21	3	18	68	19	49
TRADE									
1994	180	11	168	50	4	46	130	7	123
1999	159	34	125	31	4	27	128	30	98
2006	205	30	175	65	10	55	140	20	120

Resource: TÜİK, (2006). Çocuk İşgücü Araştırması (Child Labor Research), <http://www.tuik.gov.tr/PreHaberBultenleri.do?id=482>

Table 3: Reasons for why Children Work, according to Age Group

Age Group	Total	Supporting Family Income	Meeting their own requirements	Having a profession	At the request of the family	Other
6-9	251.310	157.397	2.527	5.296	86.089	–
10-11	324.646	221.797	6.326	6.795	85.131	4.633
12-13	809.760	548.313	35.030	72.984	145.836	7.596
14	400.993	282.320	23.609	28.847	63.924	2.293
Total	1.786.789	1.209.827	67.492	113.922	380.980	14.522
Percentage (%)	-	67%	3.7%	6.3%	21.3%	0.8%

Resource: DİE Çocuk İstihdamı Anketi (DIE Child Employment Survey), 1994, <http://www.tisk.org.tr/yayinlar.asp?sbj=ic&id=166>

General Status of Working Children in the World

Protective policies of the Welfare state towards the labor force, especially child labor, were disregarded by market-focused policies used for taking back the rights and acquisitions of the labor force due to the crisis faced in the second half of the twentieth century. As a result of these policies, the labor force was faced with bigger problems. Child labor rose again with the global market of global capitalism and neo-liberal economy policies at the beginning of the twenty-first century, and the inability of social policies to protect the community from the destructive effects of the market fastened this process which is to the detriment of the workers (Ozdemir and Ozdemir 2005, 9). The process which is detrimental to the workers is heavily felt in many regions of the world, especially in Asia and the Pacific.

In this sense, Koray states that children are employed for lower wages compared to adult workers and for 11-12 hours (sometimes 14 hours) a day, despite the existence of laws indicating that the working age is 15, with reference to the China Labor Bulletin. On the other hand, according to the laws, although the wages of employees are required to be paid monthly, wages are paid annually in many enterprises as the employees are young, single and they stay in the dormitories of the enterprise, and advances are paid to workers in small amounts for the remaining terms. Thus, poor and destitute employees become dependent on the enterprise and agree to work until the hours determined by the enterprise. This situation has densely affected working children, who constitute the most defenseless part of the labor force. The number of working children now having reached 250 million in

the world proves the insufficiency of policies realized regarding children (Koray 2011, 316).

“The end of child labor: Within reach”, a report published by ILO in 2006, is one of the current resources that includes information regarding the profile of working children in the world. According to the report, 69% of the children work in the agriculture sector, 22% of the children work in the service sector, and 9% of the children work in the industrial sector. Participation of girls and boys in working life decreased in all three sectors between 2000-2004. According to the 2006 report of the ILO, the number of working children in the world decreased from 246 million to 218 million between 2000-2004, by 11%. Of the 218 million, 126 million were working in dangerous jobs (ILO 2006, 11-12).

Table 4: Regional estimates of child labor in 2008, 5-17 years old

Region	Total No. of children ('000)	Child labour ('000)	Incidence rate (%)
World	1,586,288	215,269	13.6
Asian and the Pacific	853,895	113,607	13.3
Latin America and the Caribbean	141,043	14,125	10.0
Sub-Saharan Africa	257,108	65,064	25.3
Other Regions	334,242	22,473	6.7

Resource: ILO, (2010). Global Child Labour Development: Measuring trends from 2004 to 2008, <http://www.ilo.org/ipecinfo/...download.do?..>

According to the “Global Child Labour Development: Measuring trends from 2004 to 2008” report published by ILO in 2010, it is determined that the number of working children aged between 5-17 is approximately 306 million in the world. This figure means 17 million less child workers when compared with 2004. Additionally, the number of children working in dangerous jobs was 128 million in 2004, whereas this figure decreased to 115 million in 2008 and there was a decrease of 13 million in total. According to the regional distribution of child labor in the world, the highest figure, which is 853,895 thousand, is determined in Asia and the Pacific Region. The second region where child labor is most dense is Sub-Saharan Africa. The number of working children in Sub-Saharan Africa is 257,108. A total of 141,043 children work in Latin America and the Caribbean. In light of this data, it can be concluded that the regions where child labor is most dense are also underdeveloped and developing regions in the world. When the distribution of

child labor is reviewed in terms of sex, it is seen that the number of working boys is 127,761 (59.3%) whereas the number of working girls is 87,508 (40.7%). In the same report, it is stated that 153 million child workers are aged between 5-14 and 63 million child workers are aged between 15-17. In the same report, it is further stated that 60% of the children work in the agriculture sector, 7% of the children work in the industrial sector, and 26% of the children work in the service sector (ILO 2010, 5-9). When the sectoral distribution of child labor is compared with the report titled *The end of child labor: Within reach* published by ILO in 2006, it is seen that there is a decrease of 9% in the agriculture sector, 2% in the industrial sector, and there is an increase of 4% in the service sector.

Reasons for why Children work in Turkey and in the World

There are many reasons forcing children to work and these are mostly external reasons. The fundamental macro-economic problems, such as poverty, inability to reach education services, cultural factors, non realization of the principles of a social government by the Turkish economy, non-implementation of justice criteria in revenue distribution policies, problems caused in financial organizations, non-provision of the necessary employment opportunities, non-observance of justice, and tax policies perpetuate child labor (Dulupçu et al. 2000, 109).

Most working children live in the poorest section of the community, and thus, the most important reason for why children work in general is poverty. Families have to use each individual to survive and the children work out of obligation. Poor families need child labor to survive and this creates a vicious poverty-cycle. Families are pulled into the poverty-cycle by separating the children from an education system that would otherwise ensure the children acquired an education and qualifications with which to secure a job with better wages (Sapançalı 2002, 22). Another classification is made by Erbay. Reasons for why children work are given as poverty, reasons related to education, a traditional view and traditional family roles, the demand for child labor, and insufficient or non-implementation of child labor legislation (Erbay 2010, 211).

In the world in general, poverty, migration, traditional family structures, insufficient education opportunities, unemployment, the cheap labor requirement of employers, the insufficiencies of labor legislation, and non-implementation of current legislation are posited as the reasons for child labor. Results of the reasons for why children work in Turkey and the studies made at an international level regarding child labor are similar at a substantial level. In general, fundamental reasons

for child labor are poverty, migration, traditional perspective, and insufficiency and inefficient implementation of education opportunities. Each of these reasons is mutually inclusive, and thus, a vicious circle arises (Tor 2010; Sarieroglu 2006).

Suggestions for the Prevention of Child Labor and the Result

It is seen that child labor is a significant problem both in our country and in the world and it is reaching more ominous levels. If the problem is not solved, children who cannot acquire sufficient education and who cannot benefit from the opportunities of society, who cannot be nourished sufficiently, who are employed under conditions that are beyond their physical capacity, and who are excluded from education will not develop into self-efficient individuals or efficient members of society. Policies should be issued to ensure that children do not face risks due to low wages and long working hours. Erbay (2010) indicates the outcomes of child labor not being prevented in the following table.

The physical, social and psychological damage that will arise if child labor is not prevented will cause big damage in little bodies. Policies that will prevent the employment of children and that will provide help in keeping children not in sweatshops but in educational institutions are urgently required to prevent the occurrence of such damage. The following issues are significant in the eradication of child labor.

Table 5: Damage to arise from Child Labor

Physical Damage	Social Damage	Psychological Damage
Work Accident Hearing Loss Dyspnea, Chest Pain Smoking, Alcohol and Drug Abuse Long working hours	Non-attendance at school due to employment Establishing dangerous friendships Negative role model in the workplace Labor Abuse in terms of Wage	Sexual Abuse Physical Violence Oral Abuse

Resource: Erbay, E. (2010). Çocuk İşçi Olmak: Çocuk İşçiliğine Retrospektif Bir Bakış, içinde K. İnal (Der.), Türkiye'de Çocuk Emegi. (s.206-244). Ankara: Ütopya Yayınları.

It should be ensured that alternative agriculture policies are developed to prevent dense child labor in the agriculture sector.

- It should not be disregarded that child workers are members of poor families.

Prevention of poverty, which is the biggest reason for the employment of children, with the inclusive policies of a social government.

- Labor and management unions, chambers and professional institutions should be encouraged to make more research and prepare projects for child labor. Labor unions in particular should be sensitized to the fact that child labor prevents employment of adults and decreases bargaining power in collective agreements (Günöz 2007, 96).
- It should be ensured that corporations located within the country comply with the agreements executed with international corporations and entities, especially with the IPEC.
- It should be ensured that consumer based sanctions are imposed on companies using child labor at a national and international level.
- It should be ensured that corporations and entities located within our country increase their research regarding child labor.

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14

The Dominant Actor of Trade UNIONS' Representativeness Gridlock : “Identity” Depression

Mehtap Tosun¹

Abstract

Throughout historical process, attributes to the trade unions a mission that they, as a general expression of the working class's real organization and class's casual struggle across capital and as a integrated perspective they have a potential to contribute to the radical societal change. In this respect, the trade unions are seen as a revolutionary structuring that provides the workers the acquirement of the class consciousness, the protection of their interests via the use of strike and consequently the creation of the spirit of solidarity. However, it is argued that the trade union movement that rose as a result of modern industrial society and developing capitalist relations of production is, as commonly stated, in a crisis due to innate contradictions, intensifying in time, inside the capitalist system. This crisis of capitalism constitutes the extents of renewed production and employment forms, therefore has led to the fragmentation and stratification of working class, has loosened up the bonds between several identities of a worker, and thus started the process of making its interests and existing identity structure which is based on race, ethnicity and gender more visible. In other words, at the global capitalism era, the novation of production and employment forms accompany flexible therefore insecurity work which is a practice of neoliberal policy and most of the low-skilled jobs that employ women, migrants and ethnic minorities as a result of insecure labor-market positions turn out to be marginalized in unions and become neglected or even entirely invisible. At this context, the fragmentation in the structure of the working class as well as the influence of the fragmentation happened in the structure of the employment, and since the trade unions cannot incorporate or cover the changing and fragmented structure of the working class, entered into an indispensable crisis. In this paper, unions' crisis of representation is analyzed as it is not limited to structural cause-and-effect relationship about trade unions, or, to an abstract fiction. In other word, this study aims to present working class's showing up with complicated and fluid identities and going beyond the artificial barriers between workplace and society. In this context, factors which cause representativeness gridlock for unions and trade unionist representativeness which is waited to be intended degree will be discussed.

The Dominant Actor of Trade UNIONS' Representativeness Gridlock : “Identity” Depression

Trade union movement developed as a result of the formation of an organization that materialized by history, tradition and viewpoints of the majority of proletarian

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masses, and, the increasing growth of that formation.(Gramsci,1990a:164) However, it is argued that the trade union movement that rose as a result of modern industrial society and developing capitalist relations of production is, as commonly stated, in a crisis due to innate contradictions, intensifying in time, inside the capitalist system. The formation of this crisis can be analyzed better when it is not limited to structural cause-and-effect relationship about trade unions, or, to an abstract fiction. Instead, when it is perceived as a concrete historical period of working class struggle, and, its historical figuration in political, economic and ideological senses as well as the resulting problems of this figuration are examined in the context of historical "working class-trade union-political centers-state relations", there can be better evaluations regarding its formation (Uygun,1993,78).

The crisis of trade union movement is addressed concurrently with the wave of proletarianization on a large scale worldwide since 1970; new proletarianization or workerization process creates a new proletarian mass; and, some characteristics of that mass are stated to be different than those of mass proletarianization that happened due to the Industrial Revolution in the last quarter of the nineteenth century as well as the forms of proletarianization that increasingly occurred during the twentieth century (Özügür,2007,58). This new wave of proletarianization takes a new, multi-layered as either employed or unemployed, fragmented and heterogeneous mass of workers to the stage of history (Yön,1997,28). This emerging mass of proletariat has been created by the methods of intra-enterprise subcontracting that deepens intra-class differentiation and the distance between diverse forms of work; the differentiation of basic and sub-industries as a result of outsourcing in certain units of production; enlargement of service sector; and, increasing the number of unemployed, half-unemployed, informal sector workers; and then the working classes have been divided into new worker masses both on an enterprise and global scale (ibid,37). This fragmented, multilayered new working mass has taken on an identity that is heterogeneous (multi-layered), has weak organizational commitment, and, loose, scattered and irregular class bonds as a matter of the fact that there are wage differences, non-unionized labor that is even without social security, irregular work hours and shifts as well as high labor circulation because of flexible work conditions mentioned above (ibid,30).

Sub-identities of stratified working class, which is a result of the destructive process of capitalist globalization on class, gain importance, too. Sub-identities of working class that were previously defined within gender and nationality are argued to hold no obstacle for the formation of class unity because they create a direct ground for raising class consciousness in the narrow sense and because sub-identities are located within production; for that reason, identity areas such as women, migrants and minorities are argued to be able to melt within the general proletarian identity (ibid,44-45). However, de-valuing of sub-identities in the

context of proletarian identity in such a way contains some risks for class movement. It is emphasized that the contradiction between labor and capital is the basic contradiction of capitalism; other areas of inequality such as race, nationality, gender and religion are seen as areas where capitalism reproduces and integrates with its own contradictions; as a consequence, it is realized that the solution to these contradictions depends on the abolition of labor-capital contradiction and it is argued that this situation creates a reactionary effect in class movement by referring to the refusal of self autonomies of other contradiction areas (ibid,45). On the other hand, Moody indicates that it is important to clarify what represents the increased fragmentation in the working class and exclusion of workers by the capital, as much as it is important to understand that the reformation of working class by industries, professions, gender, ethnicity and race is a recurring pattern of capitalism (Moody,1997,144). Therefore, new forms of production which came out as a result of Fordism's overgrowth; and, most of the low-skilled jobs that employ women, migrants and ethnic minorities as a result of insecure labor-market positions turn out to be marginalized in unions and become neglected or even entirely invisible(Hyman,2001,30-31).

Globalization, which constitutes the extents of renewed production and work forms, has led to the fragmentation and stratification of working class and thus started the process of making its interests and existing identity structure more visible. It has loosened up the bonds between several identities of a worker as a producer, as a consumer and as a political being; and, it has caused the worker category to have a more complicated meaning than it has in the modernization theory or Orthodox-Marxist-Leninist discourse (Munck,1995:346). Thus, it has been understood that workers have citizen and consumer identities besides gender (Munck,2002,90). Accordingly, capital tries to enlarge its scope of social control by imposing work not only in the factory but also in any sphere of society, by creating a social factory in both waged and non-waged spheres of work (Cleaver,2008:241). Gramsci had stated that during the pre-imperialist war period worker was isolated in the factory and socialized outside the factory; was forcing from the outside for a better factory law, shorter work hours and industrial freedom; however, workers in the factory later gained power, density and organized naturally whereas they became weak, isolated and scattered outside the factory (Gramsci, 1990b, 66). Therefore, it has gained currency that workers' rights should be advocated not only in the factory or workplace but also outside the factory where he or she exists with his or her other identities, too, going beyond the artificial barriers between workplace and society. By this means, class, against capital, shows that it can lead the entire society only by increasing its activity in all spheres, and thus it is unfolded that hegemony struggle is also connected with "other living processes that affect the reproduction process of labor-force" and not merely limited to production process

and factory (Yetiş,1999,66).

In order to overcome its crisis, capitalist system needs to reform by changing both the mode of production and the employment structure of labor force, putting the class power of working class off, and thus deactivating unions. It tries to achieve this need of reformation by flexibilization policies on production and employment, while the reflections of this process on unions are quite unfavorable. Unions, which are organized according to the Fordist system of production and programmed to respond to the needs of this system, have a difficult time in adapting to new production and employment structure that resulted from flexibilization policies; besides that, they cannot leave out their wage unionism perspective, so they ignore the problems of unorganized, non-unionized workers in this process (Müftüoğlu, 2006,133-134). In this context, it has been inevitable that trade unions enter a crisis of political representation as they fail to represent potential and existing union members, and as their amount of member declines (Yorgun, 2007,73). Trade unions have to decide about the three-dimensional question of "who they represent, what ends and interests they will struggle for as they represent a defined mass, and what methods and strategies they are going to employ to achieve these ends" in order to be able to come out of this representation crisis (ibid,75).

It can be stated that Marx's proposals on union politics at the Geneva Congress of the 1st International in 1866 resemble in many instances the discourses the crises of trade unions today, the almost 150-year-distance notwithstanding. At this congress, Marx suggested the following on the future of trade unions:

"Apart from their initial goals, trade unions as the working class' seedbeds of organization should learn to act more consciously from now on for the sake of such a powerful interest as the full emancipation of working class. They should support any social and political movement that aims for this goal. They will succeed in attracting those who are yet outside the union inevitably by seeing themselves as the leaders and representatives of the entire working class and acting accordingly. They should care greatly for the interests of worker strata who receive the lowest wages, for example, agricultural laborers who have lost their power to resist because of cumbersome conditions and situation. They should inculcate the entire world that their struggles are far from selfish and self-interested; and for the emancipation and freedom of the oppressed masses instead" (Marx,2008,153-154).

Based on this decision, Marx argues that trade unions form a focal point in the entire working class movement-struggle, yet they have to be influential on every mass that has been done injustice (Hyman,1971,10.). In other words, Marx proposes that trade unions take on not only economic duties; they should take on

political duties, too; and he assigns trade unions the task of emancipation struggle of the entire working class, supporting any social and political movement, and, also the task of winning non-unionized workers (Losovsky,1993,25). In the last statement of the quote above, the proposition that trade unions “should aim for the struggle of emancipation of the oppressed masses” still keeps up-to-date although it was anticipated 145 years ago. Gramsci also emphasized acting together with other classes and movements;

“Social class becomes aware that one’s own corporate interests, in their present and future development, transcend the corporate limits of the purely economic class, and than can and must become the interests of other subordinate groups too...bringing about not only a unison of economic and political aims, but also intellectual and moral unity,posing all the questions around which the struggle rages not on a corporate but on a “universal” plane, and thus creating the hegemony of a fundamental social group over a series of subordinate groups” (Gramsci,2005,181-182).

Gramsci, in a similar discourse to that of Marx, attached importance to the unity of economic-political interest and goals, and pointed out that class has to protect other oppressed-dependent classes’ interests, too. In other words, class integrates the interests of other dependent classes with its own hegemonic interests, and brings about the transition from “class relations and conditions of existence at a structural level to the entirety of complicated relationships at a superstructural level”; as a result of this, “hegemony struggle is not merely limited to the production process anymore;” it has started to “be related with other living processes that influence the reproduction process of labor-force” (Yetiş,1999,66-67).

The crisis of the conventional style in trade unions can be detected not only by certain indicators of their loss of power and activity; it is also identified by observations of the weary conventional discourse as well as unions’ insufficiency to respond to new ideological debates. (Hyman,2001,173). In other words, the crisis of trade unions, which are the organizations of working class, does not simply originate from the proportional decrease in the number of workers; it does stem from the ideologies and structures that already direct and determine their functionality (Moody,1997;195). Likewise, based on the changes in the capitalist development process, Gramsci states that using conventional methods will lead trade unions to failure with respect to their goal of transformation of capitalist society and leadership in the emancipation of working class.

“By the spontaneous and uncontrollable movements which spread throughout their ranks and by relative shifts in the position of strata due to changes in intellectual outlook, the masses indicate the pre-

cise direction of historical development, reveal changes in attitudes and forms, and proclaim the decomposition and imminent collapse of the capitalist organization of society" (Gramsci, 1990b, 173).

Proposals for the future of trade union by Marx and Gramsci state that class needs to take unionized struggle to the outside of the factory and near other oppressed-dependent classes and social movements. This type of unionism offers a strategical area of preference as an answer to the changes and difficulties of the twenty-first century's capitalist globalization; it addresses the non-workplace interests of its worker-members and thus provides opportunities to overcome determined workplace identities as it brings workers together as producer and consumer (Hyman, 1992, 164).

Luxemburg claiming that the most important function of the trade unions is taking charge of the organization of the capitalist system, explains this function as the determination of the cost of the labor force according to the market price of the period and so rendering the existing conjuncture of the market useful for its own sake (Luxemburg, 1993, 58). Accordingly, contrary to Marx, she suggests that the trade unions cannot sustain politics of economic attack since these are limited with the organized defense of the labor power against the attack of the capital, a defense against the oppressive propensity of capitalism towards the working class. As a reason she gives that the trade unions initially interrupted by the process of proletarianization and secondly in spite of their aim to improve the living conditions of the working class the mentioned conditions suppressed continuously due to the rise in the labor production and therefore during these two economic processes the trade union struggle has transformed into 'a futile attempt resulting from the objective developments in the capitalist society' (Luxemburg, 1993, 89). Luxemburg, also argued that the advanced dimensions of the industrialization would obstruct the trade union struggle and firstly the condition of the market with less labor force demand and more labor force supply would deteriorate and secondly more politics of attack to the worker's share of production would be adopted in order to compensate the loss of the capital in the market (Luxemburg, 1993, 60).

Conclusion

All in all, the crisis of trade unions is not caused by its existing identity; instead, the crisis is due to the weakening political representativeness in industrial relationships and organizational representativeness for a changing labor force potential of a model, which institutionalized in a certain quality after the World War II, and the future of this model; in the end, it can be determined as a dual "crisis of rep-

resentation” (Özüğurlu,2008,352). The “golden age” of the capitalist system from the World War II until the late 1970s has also been the “golden age” of a certain model of trade union because of the system and the capital’s own inclusions as well as the attitude of working class towards that. During this period, “rigid, centralist and bureaucratic” structure of capitalist order has changed and it has taken on a more “flexible and decentralized” structure; working class that did not remain unresponsive to this change has shifted gradually from its traditional, “production-oriented male-intensive” organization towards showing up with complicated and fluid identities such as citizenship, gender, ethnicity or consumerism; while unions did not grasp this changing, fragmentary structure of labor force well enough and has entered this sort of “identity crisis” by including less of this labor force (Munck,2002,190-191).

Consequently, trade union movement has to take into account the course of events that emerged as a result of globalization strategy and involve low-cost production, outsourcing, increasing number of temporary employees and feminization of labor force; and, in order to form a labor movement in real terms, it has to determine a course of action according to the fact that it has an extremely fragmented working class at hand (Moody, 1997,143). Hyman argues that this course of events is also a warning or an opportunity for trade unions to overcome this crisis; he asserts that growing importance of female labor, temporary, part-time and other atypical working forms as well as non-industrial occupations can be a powerful impetus for trade union renewal, for finding new methods of organization and action as much as for constituting new forms of intra-union democracy (Hyman, 1992,164)

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White Collars and Unionization Problems: A Sociological View¹

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Abstract

The working life in Turkey has a mixed structure that includes some characteristics of both industrial society, and post-industrial society. A number of new techniques, technologies and management systems are applied, without deviating from the safe road of tradition. This situation causes the employers and managers to apply contrasting policies serving their own interests and the employees to find themselves stuck between concepts such as hard/flexible, vertical/horizontal, and personal success/team spirit. White collars can easily have the illusion that they share the same interests with the management, when they are presented with claims of placing and developing an organizational culture and human resources representation, combined with individual agreements, confidentiality deals, and team work. Thus white collars cannot be organized and unionized and are forced to accept the conditions which are imposed by the management without even getting a chance to put their own views across. In this respect, the fundamental aim of this paper is to discuss the issue of (un)organizing of white collars workers. In this study, the white collars will be discussed, focusing on the viewpoints of employees not the employers and managers, in the light of the data that was gained through the qualitative research performed in Istanbul between January 2011 and June 2011. For this research, four sectors; automotive, food, medicine and white goods, which carry out both goods and service production and therefore employ both blue and white collars, were picked. In this presentation, the approach of white-collar workers in Turkey, to unionization will come up for discussion, through reflecting the viewpoints and experiences of the actors of the process, considering the evaluations of the participants concerning the concepts such as class, union, job security, career, human resources and team work.

Introduction

Even though it is not possible to regard social class as the only determinant of identity, self-identity, which is based on work life alongside religion, nationality, ethnicity and gender, is still important. Moreover, considering the fact that work is seen as increasingly more obligatory, necessary and unavoidable, the social status, which is gained through job/profession, has a considerable effect on the other aspects of social life. Even though sociology focuses on the industry and its effects,

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from the point of its origins and its development, it mostly neglects the recent changes in business life and the social effects of production of labor.

Although a new employee type is being talked about in the context of post industrialization, within the discussions of flexibility and information society, the approaches in question focus on “new” professions, but the changes, which take place in the “old” professions are mostly disregarded. Thus, while in the literature “blue collars” are discussed in the context of industrial society and “gold collars” are discussed in the context of post-industrial society; “white collars” are condemned to invisibility. However, if we talk about postindustrial society, we must also talk about the relative increase in service output, more so than production of goods, and the white collars in the “traditional” areas of the job market such as sales, marketing, public relations, finance, accounting, education and health, as well as the employees of information technologies, consulting, fashion and advertising, which are regarded as the advantaged groups of the new system. Failing to do so would mean, ignoring a large group of producers of immaterial labor, and it brings about the danger of perceiving work life and the changes within it as all good, in the interests of the capitalists.

The unionization in Turkey has become synonymous with the blue-collar workers in both state and private sector. Although there are a number of activities in areas such as education and health, for white-collar workers unionization is still little if any. Although a large number of employees working in especially entry level positions have lots of disadvantages, it is remarkable that unionization rate is so low in white collars. This study, while trying to understand how the white-collar employees working in various areas are affected by the so called post-industrial experience, focuses on the view of the interviewed white collars on the issue of organization, therefore aims to identify the reasons of the low rate of the white-collar unionization in Turkey through a qualitative research.

Method

This qualitative research was performed in Istanbul between January 2011 and June 2011.

A sample of fifty five white-collar workers were obtained through various methods such as using the links of friends and students and getting appointments for one-hour interviews from relevant people by phone or e-mail. Since the research did not have the aim of generalizing to a universe of workers but intended to understand a certain group’s approach, the sample was chosen teleologically. On that purpose twenty-seven white-collar workers that gave a positive response to the interview requests and allowed the interviews to be recorded were elected throughout

the employees that work in pre-determined companies and certain departments. Semi-structured open-ended interviews with the twenty-seven participants were conducted. The interviews took place at workplaces, cafes, restaurants and houses and all were tape-recorded and transcribed.

For this research, first of all, four sectors; automotive, food, medicine and white goods, which carry out both goods and service production and therefore employ both blue and white collars, were picked. In the selection of the companies which operate in these sectors, the number of employees, the presence of implementations such as human resource management and total quality management were considered and therefore, the companies were selected from among the ISO 500 list, which shows the biggest 500 companies in Turkey. The research, which has a half-structured framework, contained in average one hour in-depth interviews with white collars who work in introductory positions such as specialist, staff, consultant and representative in the departments of sales, public relations, marketing, human resources, finance, and accounting in elected companies.

The interviewees were eight women and nineteen men including eight white-collar workers in automotive, four white-collar workers in food, eight white-collar workers in medicine and seven white-collar workers in white goods companies. Fifteen interviewees were sales representatives or specialists, seven of which were medical representatives, three interviewees were human resources specialists, and nine were working at introductory positions in the departments such as finance, supervision, accounting and training. The interviewees ranged in age from twenty-one to forty six; the average age was thirty-two. All of the informants had a bachelor's degree and three of them had master's degrees. The abbreviations in parenthesis stand for the gender, age, education level, sector and the position of the interviewees.

In this study as a method direct questions about the unions such as "How do you feel about unions?" are preferred. In addition, interviewees' ideas about unionization are collected through the indirect questions and conversations concerning concepts such as teamwork, career and job security. During the interviews, a professional respect and care is performed to not to influence the interviewees.

White Collars and Unionization

In Turkey, especially after 1980s, as in the entire world, white-collar rate has increased while blue-collar workers rate has decreased. With this change in the distribution of labor, the need for white-collars, who do not see themselves as workers or laborers, to organize has increased as they are negatively affected by the system, especially with the increase in the new implementations such as; flexible working,

performance review, human resources and total quality management. However, even though there is some union membership in the public sector, it is not possible to speak of a successful white-collar organization in Turkey, as the existing legal framework does not allow it, and the white-collar employees in private sector do not want to be organized because of various reasons.

Many students graduate from universities in Turkey every year. Young people spend a lot of time and money on education to have a better life, but the result is not always as it is promised. Many of them have to settle for work in areas unrelated to the profession, in which they were educated, that is of course if they are lucky enough to find a job in the first place. To avoid unemployment, majority of the graduates work in sales departments of various companies. This research is not particularly about sales people but they constitute an important part of the interviewees.

In this study, the reasons for non-unionizing of white collars will be revealed in the light of the research data. The findings of the research were compatible with some of Bambrick's claims about why it is hard for white-collar workers to get organized; it was seen that the white-collar workers were generally associating themselves with management and most of them were considering themselves superior to blue collar workers and thinking that unions were for blue-collars, not for them (1960). But there were not any findings that show the relationship between not getting organized and thinking of strikes as violence or not wanting a career as he claimed.

As Bain stated, white collars "may react by emphasizing even more strongly those ways in which they are still different and upon which a claim to special prestige may be based. One way of doing this is by refusing to join those organizations which have been reserved largely for manual workers-trade unions" (1970, 60). High education levels of white-collar workers are affective in considering themselves superior to blue collars.

White-collar labor is not even made subject of research by many for not being productive labor. However, Marx's example in this regard is fairly revealing. "If we may take an example from outside the sphere of production of material objects, a schoolmaster is a productive laborer when, in addition to belaboring the heads of his scholars, he works like a horse to enrich the school proprietor. That the latter has laid out his capital in a teaching factory, instead of in a sausage factory, does not alter the relation" (Marx 1976, 644).

The issues like whether the white-collar employees working in contributive service jobs in various sectors receive the recompense for their work or not, and how much contribution they provide to the capital, are not generally emphasized enough. The main reason for that is probably the difficulty of measuring white-collar labor precisely. Mostly the work done by the blue collars is so clear that it can be

photographed side by side; on the other hand, how much white collars work, what products they generate, how they contribute to the company and their benefits to the production are generally ambiguous. This ambiguity causes them not to get their rights, to be forced to work outside of working hours and places and easily to be dismissed in times of crisis. White collars are left alone, deprived of unionizing and the satisfaction they could feel as a result of the production process. While the productivity of blue-collars can be measured clearly by the working hours or product output, it is hardly possible to measure the outputs white collars produce in a certain time period. For this reason, the renewal of contracts, pay increases and career opportunities are based on the performance review system alone, but as a result of the deficiencies and inaccuracies in practice, the white-collar employees are adversely affected by this system.

Human resources management is also an important tool in preventing the workers to confront the management collectively. The underlying logic of human resources management is the claim that the employer and the employee are represented by the same team. Human resources, while communicating with the employees one by one as individuals, at the same time claims to be the voice of everyone. Therefore, on one hand, human resources management creates the illusion that the employees are on the same team with the rest of the workforce and the management, on the other hand, it triggers individualism by tools such as individual success, competition, confidentiality of salary and performance value, and encourages employees to act in the interests of the company. When everything is going well, employees work in maximum harmony with the company's dominant values, sharing the belief that they are a team and have common interests; however, in times of crisis, this situation may cause the employee to feel a complete sense of loneliness. When the problems arise, neither the company's CEO nor the idealist manager of the sales team, are teammates of the sales representative any more. The individual contract of the sales representative is different from others; hence, the disruption of her/his rights or lay-off is a personal problem from then on. This situation is emphasized by many interviewees in the context of the potential risks on their career, lack of job security and the need to get organized.

"Being a member of the union increases your privileges in the private sector a little more. You think that there is a trade union that defends you. But, you don't have anything like this right now; you don't have a collocutor. You are the only one; you are on your own! As much as you can convince of the managers..." (M, 42, G, Medicine, Medical Representative)

The evaluations of informants working in various companies are also very striking. Especially, the human resources specialists, who make a very clear separation between blue collar and white-collar workers, see themselves above other employees and closer to the management and as actors responsible to clear away the fac-

tors that could cause employees to get organized, rather than white-collar workers that have the possibility to get organized.

“I think we offer the best conditions for our employees within the framework of the company. Within our conditions, training of staff, organizations, necessary activations, necessary working order, I think we are doing the best. In this case, I don’t want to think that our employees may be union members.” (F, 26, G, White Goods, HR Specialist)

Another human resources specialist, who speaks as the voice of the management, says that unionization is strictly prohibited. From this response, in addition to the discourse of the human resources management that there is no need to get organized, it can be understood that the management perceives unionization as a threat.

“We are not union members, because, in our work life and in current work conditions this is contrary to the procedures and the framework of the company. Our employees also have the information about this issue. Within the framework of this information, our employees cannot be members of any union. ... When we experience situations like this, we can annul the labor contract due to the terms of the contract. (M, 27, G, Automotive, HR Specialist)

The Problems of Organization Consciousness Problem

In the interviews with white-collar workers it was seen that they did not have much information about the trade unions. Even, some informants acted, as this was the first time they had ever heard the word ‘trade union’. Some of the white-collar workers did not remember if they were union members or not and some of them stated that they could not have unions since they were not working in the manufacturing department or at the factory.

“Well... I think we are union members. I guess I am... Sure, I guess we had become member to a union...” (M, 35, G, Food, Purchasing Specialist)

It was observed that white-collars, when they were asked to speak about getting organized in general, were surprised and they hesitated and answered the question cautiously. Many of them did not want to talk about it and some of them said that they have never thought about it before or tried to gloss over the question.

“How do I evaluate the union? Why can’t I evaluate this right now? Because I didn’t work in a unionized fabric and I don’t have too much about union.” (M, 25, G, White Goods, Controlling Staff)

The basic reasons for this situation are the facts that, In Turkey trade unions are generally associated with public institutions, and in private sector, it is thought that if there is to be any unionization, it could only be related to “laborers”. Since legally, it is not easy to get unionized in private institutions, local unions which represent white-collar workers of private sector fail to emerge, and this causes the perception that a union cannot be an institution related to them.

Mistrust

Many of the workers interviewed criticized the process of union system in Turkey. They stated that unions did not give them a sense of trust, as far as they follow from the media, and they believed that unions would make things worse. Unions are regarded as another mean of exploitation by many of the interviewees.

There were some interviewees stating that there were people around them who were “forced” to be a union member. Trade unions are generally regarded as bodies that serve the interests of the founders and directors of the unions, rather than the workers’. The competition and conflict within and between the unions are influent in that process as many interviewees expressed. Many of the white-collar workers put that, they thought the unions were not so different from the companies they work for and they would not be beneficial to them.

It was observed that the reliability to the operations of the organizations was so low even for the interviewees who are positive about the organization issue. They emphasized that they thought unions are only effective in the processes directly determining the incomes of the workers, such as collective agreements and do not produce new projects and ideas. Some interviewees stated that the unions are not functional and effectual in Turkey and they are organizations that produce problems rather than solutions, they even claimed that unions have been exploiting the workers just like the employers.

“I don’t think that unions do such a big work in Turkey. They are not very effective either. They also exploit the employees themselves, I would say.” (M, 30, G, Medicine, Medical Representative)

It was seen from the interviews that the luxury life standards of the union directors watched in the visual and printed media were effective in the emergence of this perception.

“You see, a certain amount of money is cut from everyone, every working person. Can you imagine? And it’s given to the union as budget. Nothing ever changes; the union doesn’t improve the working conditions as it is supposed to do so. However, life conditions of the union directors, the cars they drive, the houses they live in, the offices in which they work, I mean, everything changes. Unionization is not such a thing! If it would be like that, it is not my business. I mean I don’t want it.” (M, 30, G, Medicine, Medical Representative)

Some interviewees highlighted that, income and life standards have come to a definite level after a certain experience and period of time, however, as they witnessed in their business travels, the working conditions in developed countries were much better than theirs. They emphasized the necessity to get organized in terms of not only income but also work conditions and general conditions, and that the unions do not function well in Turkey.

“I mean, when you say union, in fact that portrait comes to my mind; people at streets, holding placards, protesting... I don’t remember any time of agreement that people were happy and satisfied, saying, “God bless them!” (Referring to the union)” (M, 25, G, White Goods, Controlling Staff)

The Perception of Class

The most important determinant of the un-unionization of white-collar workers is probably the class they perceive themselves in. The expression, which was expressed frequently in the interviews, was that only the blue collars or production employees can be in need of getting organized.

“Nooo... Since we are officials, not workers, I don’t have any membership to things like that.” (F, 24, MD, White Goods, Accounting Specialist)

“If I were working in a factory, as a worker and in a collective place in which I would need collective agreement to defend my rights, then I would need a union. But I am in the private sector; private sector doesn’t have unions.”(M, 38, G, Food, Sales Representative)

White collars believe that they are in a category somewhere between the management and blue collars, but definitely closer to the management. The first determinant of this perception is education, not wage or something else. White-collar employees have been educated until their mid-twenties, invested in their futures

and the identities that their jobs would create, and needed to work very hard in order to “improve” themselves, to advance in their careers, not to lose their status or to become members of the upper class. Hence, they should not have problems like blue collars, or they should have the chance to solve the problems by communicating with their managers; since they have the required knowledge, background and capacity for that, and they do not need to be represented by an organization like blue collars do.

“To me, it is not necessary. In institutional companies the white-collar worker can defend his rights more by himself, that’s why it’s not needful.” (M, 28, G, Food, HR Specialist)

“I mean, here, because there isn’t a fabric or production line here, the work is personal anyway, I mean, people are in such a position that lets them defend their rights themselves.” (M, 29, G, Automotive, Storehouse Supervisor)

White-collar workers claim that they are able to solve the problems using the skills and education they received, without the need for a mediator. They believe that the existing business law and work regulations are sufficient to regulate their working conditions and safeguard their rights. It is believed that the regular meetings that take place at work places provide the right kind of atmosphere for the workers to express themselves and talk about problems they face. They express that, in this way, they are able to put their thoughts and suggestions directly or indirectly to the management, and as long as the demands put forward are “reasonable” they are not turned down.

“Because there are laws, and I believe I am able to defend my personal and social rights for myself. Frankly, there is me to defend myself. In short, I did not feel the need for union to do with this....” (M, 35, G, Food, Sales-Key Account Specialist)

They believe that, to be able to communicate with the employer or the management is enough to improve the working conditions. Consequently, union is rendered unnecessary, and it can even be perceived as a threat, that may damage the good relations between the white-collar workers and their managers.

“So far, I did not feel the need, I mean, I did not feel an extra need to guarantee myself as such, so far, never...” (M, 35, G, Food, Sales-Key Account Specialist)

Loyalty and Belonging

Some of the interviewees believed that, the companies they worked for protected their benefits more than the existing workers' organizations and unions do. Moreover, some that were interviewed, not only thought that they received all their rights fairly but they also thought that if there is "an honest and well meaning employer" there is no need for unions. "Honest and well meaning employer" was described as an employer that opts for cutting down the cost rather than jobs when the profits are low, and when the profits go up lifts the cost cutting measures. It is seen as normal for the situation of the markets and the profitability of a company to affect the return for the workers labor in a positive or negative way. According to those people interviewed, there is no need for getting organized if things are going well in the markets and organizations.

"If you have an organization like this, union is not even a bother to us. There has not even been a demand as such so far, never. As the company is always one-step ahead in thinking of the workers, if it's in a good position. (M, 44, G, Automotive, Sales Specialist)

"I don't know but I mean, once a company gives the reassurance, then people don't need another security."(M, 28, MD, Medicine, Medical Representative)

An interviewee, who works at automobile industry, described the company he works for as "a humanist company", "one of its reasons for being is, its workers" and mentioned that he did not feel the need to be organized. As for another interviewee, explained the non- existence of a union by the workers working in tranquility.

"I don't know whether the existence of union would make much of a difference or not. There is no union for blue collar workers here either, but they still work in tranquility, which means there is no need for a union here." (M, 25, G, White Goods, Controlling Staff)

According to the white collars, if the worker receives the return of his labor there is no need for unionization. Whilst a portion of the workers who share this view does not see a union as necessary, others believe that there would only be a need for unionization if negativities were experienced.

"I mean of course everybody would want a union that would defend their rights, everybody would, but as we are not experiencing any negativity at present, we don't feel the need for it. If we had experienced negativity we would have probably wanted one. I mean, for example, all our social rights are given to us. We receive all of them with ease." (M, 42, G, White Goods, Product Specialist)

Insecurity

Many of the white collars have the worry of job security, but this worry finds its response in different ways. For some of the interviewees, the worry of job security presents itself as a thought and feeling that ignites the efforts of unionization; in contrast, for other workers it increases the worry of loosing their job, in case the employer finds out about their wish to get organized, hence suppresses the willingness of unionization efforts. The workers fearing from the reaction of their employers and worrying about job-security, expressed that even if there were such a union, they would still not become a member.

“This can affect the inter-corporate relations in a negative way as well; I mean you must be sure that you won’t really have any problems with your company in order to be related to a union; but if the company knows about it, this may affect you negatively either. Therefore, I might not prefer even if there was a union, I mean I don’t know now.” (F, 30, G, White Goods, Sales Representative)

The employees normalizing the worry of job security believe that, performance and deserving have a parallel relationship, that they receive a recompense for their performance. Internalizing that belief and thinking the dismissals as reasonable show that, implementations such as human resources management, performance review system and teamwork have become very successful in these companies.

“Any polemic with the costumer is strictly forbidden. This event causes the human resources management to directly become a part up to essential warnings.” (F, 21, G, White Goods, Sales Representative)

Some Organization Attempts

The pharmaceutical industry is one of the first sectors that formed professional field sales and marketing teams in Turkey. The pharmaceutical companies are the leading companies that moved implementations such as ‘continuing training’, ‘performance review’ and ‘bonus system’ from theory to practice. The medical representatives, who are responsible for visiting the doctors and pharmacists and introducing the products to them, constitute probably the most important employee group of that industry.

Pharmaceutical companies have recently started to change their strategies because of the growing marketing, communication, and research and development

expenses. These changing dynamics and emerging new business models have revealed the need for decreasing the marketing expenses and changing the marketing strategies. Especially the rearrangements on the health industry have brought the need for pharma producers to change the methods of communication with social shareholders, public and private institutions. Increasing lay-offs as a result of the new arrangements, restricting the hospital visits of the medical representatives have strengthened the concern about job security. Although no official statistic has been recorded, it is estimated that more than three thousand medical representatives have been dismissed from their jobs in Turkey since 2009.

The increasing risks associated with job security and the negative effects of the existing conditions to the bonus system, have accelerated the emergence of the idea of unionization. An employee of the pharmaceutical industry stated that unionization could at least reduce the concern of unemployment; getting organized would decrease the probability of becoming unemployed and the stress emerging correspondingly. Another medical representative explained the need to be organized as follows:

“I think at least I will have job security. I think I won’t be dismissed, I won’t be afraid of being dismissed when I’m not successful for once after being very successful for years. And I think that will reduce the pressure and stress a little bit more. You know, they say there is safety in numbers” (M, 30, MD, Medicine, Medical Representative)

During the research it was seen that many medical representatives, thinking they are faced with the danger of unemployment, acknowledged that, their labor contracts could be cancelled in a near future, did not have a career goal in that industry and were trying to get the maximum income they could get in that limited time.

“We are, as white collars, unfortunately not within the scope of a contract, I mean we are not union members. A system which means there is no table for you to work on if you don’t have a good performance...” (F, 39, G, Medicine, Foreign Trade Specialist)

“Working for this company only means making money to me. That’s all, just making money. Because, in this company, we don’t have a chance to do a career planning, or something like that. Since the company made the decision of recession after the last implementations, I mean there is really a serious recession, that’s why it’s not possible to do career planning. That’s why, to be honest, we are thinking of being successful for now, and getting our salary and bonus in the highest amount.” (M, 30, MD, Medicine, Medical Representative)

It is interesting that among all the interviews only the employees of pharmaceu-

tical companies have an approach that the employees might not think similar to the owners or directors of the capital and their interests might not correspond to each other. Nevertheless, medical representatives, who do not completely trust in the mechanism of trade unions in Turkey, state that performance meetings are their only chance to make themselves heard by their managers and this is not enough.

“I mean, of course you try to make yourself heard but making all the problems of all employees heard is a very different thing.” (F, 39, G, Medicine, Foreign Trade Specialist)

It is remarkable that many employees of pharmaceutical industry believe that blue-collar workers get their rights more easily and that they have more clear and positive working conditions; a comparison of this kind is rarely seen among the interviewees working in other sectors.

“Well, for example, our blue collar friends can get overtime pay. We don’t have a chance like that. I mean if I have something to do on my desk, I can work overtime in the evening or I can work on the weekend, but I don’t receive any money for that. I mean I wish officials in the private sector had something like that too.” (F, 39, G, Medicine, Foreign Trade Specialist)

It was seen that among the companies interviewees work for, pharmaceutical companies are the only ones that can be example to organization attempts of white - collars. Many medical representatives think that they need unions due to the lack of job security. However, the attempts to bring medical representatives living in various cities together have not been successful yet.

“We don’t have a union; the biggest problem is that, we don’t have a union.

There have been some attempts for that but it didn’t succeed. There’s no unity in our sector too, just like the others. We couldn’t achieve something like that. Now recently we try to organize congresses, the university congress once a year, we’ll see, maybe we will succeed in the future. Layoffs are very frequent in our industry, you can easily be dismissed.” (M, 35, G, Medicine, Medical Representative)

Some stated that unionization could not be realized because of some characteristics of pharmaceutical companies such as individuality, competition and bonus system.

“Since this is a job which individual achievement is prior, it’s very difficult for people working for different companies to come together and get organized under the same roof.” (M, 33, G, Medicine, Medical Representative)

That difficulty of coming together is especially linked to the facts that medical

representatives generally come from different backgrounds, any graduation license is accepted on their recruitment process and the information necessary to represent medicines is usually provided by the company, by education seminars and courses. Thus, since they are mostly trained in disciplines other than medicine but have to do that job, this diversity makes it difficult to strike a balance. Generally, young people who have difficulty in finding job opportunities in their education areas tend to think of medical representativeness as a temporary job. This idea prevents the formation of a sense of professional belonging. Thus, since they do not count the work they are doing as a job to devote themselves; medical representatives may regard the activities that can be done in order to make the profession better or to solve the present problems, as a waste of time. A medical representative trying to bring his colleagues together explained this case with the following words:

“We invited different friends from different companies. But, I mean, we could barely bring ten to fifteen people. But, I mean, when you fail to do this, you feel... He says ‘I don’t care.’ Sometimes he says ‘I don’t care.’ That means ‘why bother? Why being a member to a union?’ Maybe the reason is that many of these friends don’t regard that work as a job, I don’t know...” (M, 33, G, Medicine, Medical Representative)

Conclusion

The story of trade unionism in Turkey has specific features and differs from Western countries since it is not an early industrialized country. The differences are results of economic determinants rather than being religious or cultural. Although the participation degree of white-collar workers in unions is low in the entire world as well, today there are many white collar unions in both so-called industrial and post-industrial societies, especially due to flexibility and the increase in the number of service employees. On the contrary, in Turkey, since the unionization experiences are not mostly perceived as positive, white-collar workers come up against many obstacles in the process of unionization.

In this study, as a result, the interviews with white collars raise various findings that effect white-collar unionization process in a negative way. The main findings were; consciousness problem, mistrust, perception of class, loyalty and belonging, and insecurity problem. It was seen that white-collar workers neither believe in trade unions nor trust them. In addition to the surprising rate of lack of knowledge about unions and unionization, they claim to be a middle class employee, not a “worker” or “laborer,” because of the fact that these terms are regarded “blue collar”.

Moreover, they consider that they are closer to the managers more than the blue collar workers. In fact, the common expression of the ones who were not in favor of unionization was “we are not workers”. In addition, the way they feel themselves as a part of the company and regard the company as the most reliable organization in terms of giving them their rights, causing unionization to become a threat, rather than a solution to the problems or a purpose to be in struggle for. The fear of dismissal is also effective on the un-unionization of white collars in Turkey.

This work, certainly, is not sufficient to understand the process of (un)unionization of white-collar workers in Turkey totally. However, in order to determine Turkey’s peculiarities in this context and to evaluate the process sociologically, it aims to present some data in respect of giving way to a further research.

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Labour Markets & Employment

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