

CHANGING RETIREMENT PATTERNS IN TURKEY: A COMPARATIVE  
STUDY OF METAL AND MUNICIPAL SECTOR WORKERS



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CHANGING RETIREMENT PATTERNS IN TURKEY: A COMPARATIVE  
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“Changing Retirement Patterns in Turkey: A Comparative Study of Metal and Municipal Sector Workers” a thesis prepared by Asya Saydam in partial fulfillment of the requirements for the Master of Arts in History degree from the Atatürk Institute for Modern Turkish History at Boğaziçi University

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An abstract of the Thesis of Asya Saydam, for the degree of Master of Arts from the Atatürk Institute for Modern Turkish History to be taken on June 2015

Title: Changing Retirement Patterns In Turkey: A Comparative Study of Metal and Municipal Sector Workers

This thesis analyzes the compatibility of the pension component of the social security system in Turkey with prevailing labor market structure and current employment characteristics. During the last two decades, the Turkish welfare regime has gone through a rapid transformation. In this process of transformation, the previous inegalitarian corporatist structure of the social insurance schemes with fragmented schemes for government employees, workers and the self-employed were united under a single Social Security Institution in 2008. Partly following the recommendations of international actors such as the World Bank and the IMF, Turkey gradually reformed its pension system, first in 1999 by increasing the age of retirement. In 2008, retirement age was increased again while the replacement rates were lowered. Currently, there are debates over the sustainability of these reforms. While the establishment of a unified social security institution is considered to be a positive improvement which has eliminated the notorious inefficiency that characterized the previous social security system, the reforms can be criticized for overlooking the different experiences in employment relations which have an important impact on the retirement experiences of the future pensioners. In order to represent this oversight, thesis depends on a qualitative research where a total of 32 focus group discussions and one-on-one interviews with unionized workers and retired workers of two different sectors, metal industry and municipality sectors, were conducted. By presenting a qualitative research the study aims to link the structure of the social security system and the prevailing labor market structure to the real life patterns of workers, keeping the concept of retirement in the center. The two groups were chosen in order to compare sectoral differences as a determinant feature for retirement perceptions, attitudes and prospects of retirement which the pension reform had overlooked. The research argues that the retirement patterns were influenced by changing labor market structure, employment relations in different sectors and pension system parameters. The thesis concludes by arguing that in the light of the combination of the post-1980 labor market changes and the reforms in the pension system that changed the terms of intergenerational solidarity, the social pension system essentially needs to be rethought with the current working conditions.

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Başlık: Türkiye’de Değişen Emeklilik Biçimleri: Karşılaştırmalı Bir Perspektiften Metal Sanayi ve Belediye Sektörü İşçileri

Bu tez, Türkiye’deki sosyal güvenlik sisteminin emeklilik bileşeninin, iş gücü piyasasının yapısı ve mevcut istihdam özellikleri ile uyumunu incelemektedir. Geçtiğimiz yirmi yılda, Türkiye’deki refah rejimi hızlı bir dönüşüm geçirdi. Bu dönüşüm süreci içerisinde, kamu çalışanları, işçiler ve serbest meslek sahipleri için ayrı ayrı kurulmuş olan parçalı, korporatist ve eşitlikçi olmayan sosyal güvenlik sistemi 2008 yılında tek bir çatı altında toplanarak, “Sosyal Güvenlik Kurumu” altında birleştirildi. Yer yer Dünya Bankası ve Uluslararası Para Fonu gibi uluslararası aktörlerin önerilerini takip ederek, Türkiye emeklilik sisteminde köklü değişiklikler yapmış, 1999 yılında emeklilik yaşını yükseltmiştir. 2008 yılında, aylık bağlama oranları düşürülmüşken emeklilik yaşı tekrar yükseltilmiştir. Bu reformların sürdürülebilirliği ile ilgili tartışmalar halen devam etmektedir. Tek çatı altında toplanan bir sosyal güvenlik yapılanması daha önceki sosyal güvenlik sisteminin verimsiz yapısı düşünüldüğünde olumlu bir gelişme olarak kabul edilirken, yapılan reformlar, emekliliğin şekillenmesi üzerinde önemli etkileri olan farklı istihdam ilişkilerini gözardı etmesi yönüyle eleştirilebilir. Bu tez, bu durumu göz önünde bulundurmamak amacıyla, sendikacı ve sosyal güvenceli metal sanayi ve belediye sektörü işçileri ve emekli işçileriyle yapılan toplam 32 odak grup görüşmesi ve birebir görüşmelerle, istatistiklere ve raporlara dayanarak yazılmıştır. Kalitatif araştırma ile emeklilik kavramını merkezde tutan bu araştırma aynı zamanda, sosyal güvenlik sisteminin yapısı ve iş gücü piyasasındaki ilişkiler ile işçilerin gerçek hayatta yüzyüze kaldığı uygulamaları bir arada sunmayı amaçlamaktadır. Bu iki grup, emeklilik reformunun gözden kaçırdığı, emeklilik algısında, tutumunda ve emeklilik beklentilerinde belirleyici olan sektörel özellikleri karşılaştırmak amacıyla seçilmiştir. Araştırma, farklı sektörlerdeki istihdam ilişkilerini ve emeklilik sistemi parametrelerinin değişmesi ile emekliliğin şekillenmesinin etkilenmiş olduğunu savunuyor. Bu tez, 1980 sonrası işgücü piyasasındaki değişiklikler ve emeklilik sistemindeki reformlarının bir araya gelmesi ile koşulları değişen nesiller arası dayanışma göz önünde bulundurulduğunda emeklilik sisteminin ve çalışma koşullarının birlikte düşünülmesi gerektiğini savunmaktadır.

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## PREFACE

What does the future hold for us? Is it more millionaires and information technology geniuses or smart fabrics like color changing jeans; or medical miracles to make us live longer? No matter the future, most likely no elixir to keep us eternal will be found. Undoubtedly, exempting the possibility of human extinction, the world population will continue to increase. However, the twenty-first century will be much different from the preceding one as longevity and falling birth rates will be translated into larger populations of old people. According to a recent issue of *The Economist*, the number of people over 65 in the globe is set to double within just 25 years.<sup>1</sup> The dropping birth rates and increased longevity will mean the old-age dependency ratio will grow faster. This means that the significance of tomorrow is crucial, not just for ageing populations but to all birth cohorts that will be affected by the demographic transformation. As says the Economist it is true that "A generation of old people is about the change the global economy."<sup>2</sup>

Demography, retirement pension systems and labor force, which are linked to each other dynamically, will be major challenges for the decades ahead, especially for the governments which are still taken into consideration as providers of welfare. In this respect, the subject of retirement and old-age pensions as a whole emerges as a social phenomenon to be thought of carefully. In the light of the general tendency that is encompassing the globe, the situation of Turkey regarding the retirement

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<sup>1</sup> "Age Invaders; Demography, Growth and Inequality," *The Economist*, April 26, 2014.

<sup>2</sup> Ibid.

pension system appeared to me as a distinct subject to look at in great detail since as a late capitalist country with relatively younger population, it is distinctive.

In the beginning of this study, the initial questions that I put forward were: How have the transformations regarding the retirement pensions in the globe affected Turkey? What do the emerging trends in pension systems such as the lengthening of working life, population aging, changes in labor markets, and employment relations mean specifically for Turkey? How do globalization and neoliberal policies in the aftermath of 1980 affect the labor market and retirement pension systems? What does the concept of retirement, which is constructed almost in any modern society today, mean in the light of these challenges?

Following the 1999 and 2008 social security reforms in Turkey, a growing literature on the reasons for and the outcomes of the social security reforms has emerged around the axes of the structure of the pension system (in the broader sense, the social security system) and welfare regime of Turkey that is in transformation. Elaborating on the previous fragmented and unequal structure of the social security system, the problems as well as the outcome of social security reforms in Turkey have been analyzed by the academia.

The welfare regime of Turkey, its transformation, divergences from and convergences to welfare regime typologies across the globe and specifically approaches to pension policy in the light of the reforms have been debated largely.<sup>3</sup>

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<sup>3</sup> Ayşe Buğra and Çağlar Keyder, “The Turkish Welfare Regime in Transformation,” *Journal of European Social Policy* 16, no. 3 (August 1, 2006): 211–28, doi:10.1177/0958928706065593; Adem Y. Elveren, “Social Security Reform in Turkey: A Critical Perspective,” *Review of Radical Political Economics* 40, no. 2 (June 1, 2008): 212–32, doi:10.1177/0486613407310561; Asuman Özgür, “Pension Reform: The Turkish Case In the European Context” (Thesis, Middle East Technical University, 2008); Mehmet F. Aysan and Roderic Beaujot, “Welfare Regimes for Aging Populations: No Single Path for Reform,” *Population and Development Review* 35, no. 4 (December 1, 2009): 701–20, doi:10.1111/j.1728-4457.2009.00305.x; Ayşe Idil Aybars and Dimitris Tsarouhas, “Straddling Two Continents: Social Policy and Welfare Politics in Turkey,” *Social Policy & Administration* 44, no. 6 (2010): 746–63, doi:10.1111/j.1467-9515.2010.00741.x; Mehmet Fatih

Moreover, the gender dimension of the social security system and the inequalities it has created have been debated from varying perspectives.<sup>4</sup>

These studies have been influential and beneficial for me to shape the background of my research more on the institutional level. Nonetheless, when I asked myself; what was happening to the concept of retirement in contemporary Turkey in the face of changing legislations and structural transformations, the need for a sociological research emerged motivating me to trace the changing retirement patterns (if any) in Turkey.

In order to make a comparative research I chose subjects from two specific sectors; metal industry and municipality workers and retired workers from both sectors. By narrowing down my research to two specific, similar (in the sense that they are blue collar semi-skilled unionized workers mostly performing physical labor) and different (in the sense that employment relations and working conditions) sectors, I aim to present a comparative case study.

In addition, although there are studies that look at retirement perceptions, attitudes, and problems of the already retired cohorts<sup>5</sup> they do not link the social

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Aysan, "Reforms and Challenges: The Turkish Pension Regime Revisited," *Emerging Markets Finance and Trade* 49, no. sup5 (November 1, 2013): 148–62, doi:10.2753/REE1540-496X4905S509; Cem Utku Duyulmuş, "Social Policy Reforms in Turkey: Uses of Europe" (Université de Montréal, 2013).

<sup>4</sup> Adem Y. Elveren and Sara Hsu, "Gender Gaps in the Individual Pension System in Turkey" (Working Paper, University of Utah, Department of Economics, 2007), <http://www.econstor.eu/handle/10419/64431>; Şule Şahin, "Transformation of the Turkish Welfare Regime" (Thesis, Middle East Technical University, 2008); Azer Kılıç, "Continuity and Change in Social Policy Approaches toward Women," *New Perspectives on Turkey*, no. 38 (2008): 135–58; Adem Y. Elveren, "Assessing Gender Inequality in the Turkish Pension System," *International Social Security Review* 61, no. 2 (April 1, 2008): 39–58, doi:10.1111/j.1468-246X.2008.00309.x; M. F. Aysan, "Pension Regimes, Gender and Generational Inequalities: The Persistence of Institutional Differences in Ageing Post-Industrial Democracies," *Ageing Populations in Post-Industrial Democracies: Comparative Studies of Policies and Politics*, 2011, 106–26.

<sup>5</sup> Jale Şahin, "Emekliler ve Sorunları Üzerine Sosyolojik Bir Araştırma Şanlıurfa Örneği" (Fırat Üniversitesi, 2006); Nevzat Denk, *Türkiye'de Sosyal Güvenlik Sisteminin Antropolojik İncelemesi ve Emeklilik Sorunları Üzerine Bir Alan Araştırması* (İstanbul: Beta Basım A.Ş., 2010).

security systems' structure to the prevailing employment relations and working conditions, at least not with qualitative research. More than that, the concept of retirement, widely discussed as a homogeneous subject, principally differs among sectors for various reasons, such as working conditions, employment relations, and benefits. Thus, the social security system overlooking these parameters will be a concern of the inquiry.

In this regard, a shortcoming of this study is its limited scope since only two sectors' unionized workers are analyzed. Yet, the specificity of the workers and retired workers to be under social security coverage and also unionized renders the research to be strong when arguing about the implications of a particular change in the retirement patterning.

The study is primarily based on: focus group discussions and one-on-one interviews, legislative documents following social security reforms, official statistical data, interested parties' reports and propositions and media coverage. First, I conducted focus group meetings and one-on-one interviews with the abovementioned sectors' workers and retired workers. I determined that a qualitative approach would be the most useful method for describing and analyzing the perceptions and attitudes towards retirement as an outcome of the social security system and working conditions simultaneously. The total number of people I reached via the research institute of the Confederation of Revolutionary Workers' Unions (DİSK) was 32. Apart from the focus groups and interviews with the workers, I also conducted an interview with a social security consultant,<sup>6</sup> in order to get a broader view of the changing legislation and reform debates. Besides, concerning the two

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<sup>6</sup> Ali Tezel is a professional social security institution consultant. He claims that he had started up the business of providing social security consultancy for the first time in Turkey, from 2005 and onwards.

sectors, I met with union representatives to form a basis about the conditions of two sectors.

Second, I examined the main laws following the social security reforms of 1999 and 2008. Statistical data was acquired from official sources, the Ministry of Labor and Social Security, the Social Security Institution, the State Planning Organization, and the Turkish Statistical Institute were valuable in preparing the relevant figures. For the historical background of the pension component of the social security system, I benefited from various studies<sup>7</sup> and articles, in which social security and social policy from the late Ottoman to republican Turkey are scrutinized.

Furthermore, I used the reports from international and domestic institutions, namely the World Bank, the European Commission, the International Labor Organization (ILO), and the Turkish Industrialists and Businessmen Association (TUSIAD). I also went through the propositions of the interested parties, labor unions, and professional associations and news papers' archives regarding the discussions subsequent to 1990s.

Given this brief overview of the questions, concerns, and data sources of this study, I will present an outline of the thesis before starting the next chapter. In the first chapter, after a historical background of the construction of the concept of retirement, I will present the discussions that the old-age crises have sparked around the globe, especially in the developed world, primarily after the 1990s. Then I will elaborate on the sociological meanings of retirement and enlarge it to a literature review where the concept of retirement is centered.

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<sup>7</sup> I especially benefited from Nadir Özbek's "Cumhuriyet Türkiye'sinde Sosyal Güvenlik ve Sosyal Politikalar" (Social Security and Social Policy in Republican Turkey). See, Nadir Özbek, *Cumhuriyet Türkiye'sinde sosyal güvenlik ve sosyal politikalar* (İstanbul: Tarih Vakfı/Emeklilik Gözetim Merkezi, 2006).

After discussing the historical background, contemporary debates and literature review, I set forward my research questions: How has the relation between work, social security, and especially pension system and age have been constructed in Turkey? What particularities did the Turkish system have when the debates and discussions occurred throughout the globe in the 1990s? What happened to the concept of retirement as a result of the pension reforms? What has been the meaning of retirement from past to the present in Turkey? More concretely, what is happening to the concept of retirement in contemporary Turkey, if we can talk about such a concept?

I continue to the introduction chapter by revealing the detailed research methodology of this study, sample selection, and finally conclude with an overview of the characteristics of two distinct sectors.

In the second chapter, I present two important dimensions with which this thesis is concerned. As will be elaborated in the literature review part of the introduction, I position the concept of retirement between multiple factors: pension systems and laws governing entitlement to a retirement pension plays a vital role in shaping the individuals' attitudes and perceptions towards retirement. In this regard, I describe the social security system in Turkey from the past to the present by mainly pointing out the unequal structure of the system.

Further, and essentially, along the lines of the global retirement crisis and pension reform wave that has been on the agenda of governments, policy analysts, and public since the 1990s, I will discuss the debates that were both imported and locally grown in Turkey to further describe the pension reforms of 1999 and 2008. Two of the other factors on which I position the concept of retirement are labor market structure and employment characteristics. Since they are essential

determinants for how and when retirement happens, I will continue to bring together the problematic issues of the labor market structure and working conditions in Turkey.

In the third chapter, I will mainly present the findings of the fieldwork study that I conducted to examine two distinct groups of blue-collar workers metal and municipal sector workers.

The focus of this research is to find out and represent workers' perceptions toward retirement and social security system in Turkey. For a meaningful comparison regarding the changing retirement patterns, in addition to current workers, I embarked on the study perception and attitudes of retired workers who have worked as metal and municipal sector workers in the past, for a long part of their working lives.

By laying out the discussions that came out of the focus group discussions and one-on-one interviews, I analyze two separate job characteristics and working conditions which gave insight into the retirement discussion. Moreover, the existence of different birth cohorts in the study enabled me to sketch changing retirement patterns along the changing legislations and also changing labor market structure.

Finally, I will give an overview of the thesis, bringing together the findings and reflections of the chapters as concluding remarks.

## CHAPTER ONE

### INTRODUCTION

The global economy underwent an economic crisis during the 1970s. Increased public debts, inflation, and high rates of unemployment, besides a decreased efficiency, curtailed investment and technological relapse amalgamated to bring a new order to the world economy. Starting from the 1980s, the new order brought a dialogue known as the state retreat, liberalization, and privatization. In addition, accompanied by the wave of neoliberal policies, flexibilization, the transformation of industrial relations, and the deregulation of the labor market conditions emerged. Debates over the social security reform emerged simultaneously, as part of the state retreat, triggering similar social security reforms, not just in developed countries but also in newly industrializing ones.<sup>8</sup>

The 1990s sparked a set of social security reforms, especially in pension systems, across the globe that was motivated by the reality of ageing populations that would be putting a pressure on fiscal budgets sooner or later. Reforms continued during the 2000s; ageing populations as well as social security programs are still under scrutiny and will presumably remain as such.

In the 1990s, debates that recognized the ageing of the population as a possible obstacle to the funding of benevolent pension benefits became widespread throughout the world. Turkey was no exception, although it was different. Compared to many European countries, Turkey had a younger population and the problems of

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<sup>8</sup>For a detailed analyze of newly industrializing countries such as China, South Korea, Taiwan, South Africa, Mexico, and Brazil see, Koichi Usami, ed., *Non-Standard Employment under Globalization: Flexible Work and Social Security in the Newly Industrializing Countries* (New York: Palgrave Macmillan, 2010).



the Turkish social security were a combination of different factors. The structure of the social security system was consistently a source of anxiety the same way as the retirees are in anxiety Turkey today. Frequent remission of social security premium payments, pendulum-like government policies on retirement age, institutional mismanagement and the use of accumulated social security funds for extraneous purposes compounded with a structurally suffering labor market did not allow for an established, mature and firm social security system to operate.

Subsequently, in the 1990s, the social security reform debates mushroomed in business unions, trade unions and government components especially initiated by international actors such as the World Bank and the IMF. Also the European Union had a significant impact over the labor market and social policies in Turkey. Above all, the engagement of the International Monetary Fund (IMF) and the World Bank indicated sharpened discipline in the reform process; however, due to internal politics in volatility, oppositions, and financial crisis emerging frequently, the social security reforms of 1999 and 2008 were done in delay, disputatiously and further not fully implemented with deficiencies still being discussed.

In the light of these developments, both around the globe and in Turkey, the question of retirement as an outcome of the social security system arose to be discussed in detail. One of the key questions concerning the impact of these global developments that are taking place mainly in institutions is their impacts on the life patterns of workers and retirees, and also how these transformations affect the perception of both parties towards retirement. On the one hand, there is the perception of retirement altering on the grounds that legal and economic changes are taking place in the pension component of social security system in Turkey. This in turn affects the possibility of retirement for especially current workers.

On the other hand, the changes taking place in the work environment and labor market structure came to light also as factors affecting the possibility of retirement in relation to the prevalent pension system conditions. In this manner, when the concept of retirement is put into the center of the research, theoretical reading of it surfaces as a necessary dimension to bring forward. A sociological as well as an historical perspective on the concept of retirement will be presented by relying mostly on the literature stemming from the sociology, social gerontology, and political economy of pension systems, human and labor relations.

### The Global Retirement Crisis: Where Got and Where Gone

Plausible questions pertaining to the formation of retirement were asked previously. The origin of the concept of retirement of these questions is one. Did it always exist?<sup>9</sup> It did not. Retirement as a social institution<sup>10</sup> is constructed along with industrialization and dates back to the close of the nineteenth century. Atchley, widely known for his work on social gerontology, clarifies by positing retirement as a "creation of industrial society."<sup>11</sup> Indisputably, examining retirement as a relation of leisure and work coincides with the social and economic changes that arose with late nineteenth and early twentieth century developments.

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<sup>9</sup> Leslie A. Morgan and Suzanne R. Kunkel, *Aging, Society, and the Life Course, Fourth Edition* (Springer Publishing Company, 2011), 186.

<sup>10</sup> Robert C. Atchley, *The Sociology of Retirement* (Cambridge: Schenkman Pub. Co., 1976); Robert C. Atchley, "Retirement as a Social Institution," *Annual Review of Sociology* 8, no. 1 (1982): 263–87, doi:10.1146/annurev.so.08.080182.001403; Harold Wolozin, "Retirement as an Institution," *Journal of Economic Issues* 24, no. 4 (December 1, 1990): 1045–57; Ian Stuart-Hamilton, *An Introduction to Gerontology* (Cambridge University Press, 2011); Morgan and Kunkel, *Aging, Society, and the Life Course, Fourth Edition*; Chris Phillipson, "Commentary: The Future of Work and Retirement," *Human Relations* 66, no. 1 (January 1, 2013): 143–53, doi:10.1177/0018726712465453.

<sup>11</sup> Atchley, *The Sociology of Retirement*, 10.

Prior to industrialization, work was carried out until the limits of one's physical capability.<sup>12</sup> Similar to task-oriented society described in great detail by E.P.Thompson,<sup>13</sup> work and life boundaries were intensely blurred during the day as well as in the life course. Pakans, scrutinizing the disconnection of older workers from work in preindustrial Europe, argues that the stages of retraction from work was unconventional and depended largely on the person's physical well-being and prosperity.<sup>14</sup>

In addition, it did not necessarily involve community circles, but rather family relations.<sup>15</sup> Retirement, as it is commonly used today, was not prevalent but as Pakans writes when workers "stepped down, laid down their tools, gave up their duties"<sup>16</sup> was matched with a drift away from work, similar to "hanging one's hat"<sup>17</sup> as used in Turkish society. McDonald gives the example of a farmer who lessens his tasks by designating them to his sons or sons-in-law; by that description he also points out the fact that earlier forms of retirement as well as the development of it is a history of man's retirement rather than women's.<sup>18</sup> On the other hand, if a

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<sup>12</sup> It can be argued that this characteristic of work which is assumed as to belong to the period prior to industrialization is also a characteristic of today's, especially of blue collar workers. The third chapter elaborates on the case for workers in Turkey but for the case of American workers see, Suzanne Woolley, "Retire? Older Americans Plan to Work Until They Drop," *Bloomberg.com*, accessed May 30, 2015, <http://www.bloomberg.com/news/articles/2015-05-05/retire-older-americans-plan-to-work-until-they-drop>.

<sup>13</sup> E. P. Thompson, "Time, Work-Discipline, and Industrial Capitalism," *Past & Present* 38, no. 1 (December 1, 1967): 56–97, doi:10.1093/past/38.1.56.

<sup>14</sup> Andrejs Pakans, "Stepping Down in Former Times: A Comparative Assessment of Retirement in Traditional Europe," in *Age Structuring in Comparative Perspective* (Lawrence Erlbaum Associates, 1989), 175–98.

<sup>15</sup> *Ibid.*, 177.

<sup>16</sup> *Ibid.*, 178.

<sup>17</sup> "Ununu eleyip, eleğini asmak". The Turkish idiom refers to people who have done what they wanted to do in their life and have nothing important for them to do for the rest of their lives.

<sup>18</sup> Lynn McDonald, "Retirement," in *An Introduction to Gerontology* (Cambridge University Press, 2011), 252.

propertyless worker was employed by others, then the inclination was to pursue working until it became physically impossible.<sup>19</sup>

The traditional connotation of retirement with a leisurely life style was not observed for a large part of the population. It is also a consequence of a shorter life expectancy that privileged and honored old age before the nineteenth century. Where withdrawal from work is observed, Quadagno argues, "Retirement in 'modern' society is unique only to the degree that it is associated with massive intergenerational income redistribution through a state bureaucracy. Retirement, itself, is not new."<sup>20</sup> In this context, retirement as an opportunity to have unearned income at the end of working life, whether satisfactory or not, is new to modern society, and yet it is challenged today, especially because of its changing terms of intergenerational solidarity component.

The reasons that allowed the emergence of retirement as a social institution are explained by several interrelated developments that were set off with industrialization<sup>21</sup> and thus one has to place retirement in the historical development of industrial society. While the process of industrialization is complex, lengthy, and beyond the scope of the thesis, it is possible to briefly illustrate the consequences of it, related to the concept of retirement.

Initially, the economic surplus that was produced in society as a consequence of the industrial forms of production<sup>22</sup> provided assistance to the nonworking population and enabled health conditions to improve, which in turn facilitated

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<sup>19</sup> Ibid.

<sup>20</sup> Jill S. Quadagno, *Aging in Early Industrial Society: Work, Family, and Social Policy in Nineteenth-Century England* (New York: Academic Press, 1982), 199.

<sup>21</sup> Atchley, *The Sociology of Retirement*; Atchley, "Retirement as a Social Institution"; Morgan and Kunkel, *Aging, Society, and the Life Course, Fourth Edition*, 187.

<sup>22</sup> Atchley, *The Sociology of Retirement*, 13.

populations to grow older. Second, the mechanisms of society and economy such as bureaucracy and unions emerged to serve the interests of the national governments, the private sector, and labor. The mechanisms allowed the economic surplus to be diverted according to the needs of society. According to Atchley, the mechanisms of retirement developed into pensions and social insurance systems<sup>23</sup> in the twentieth century. Thus, the further spread of retirement to the mass populations was managed with the establishment of public and occupational pension systems.<sup>24</sup>

The first formal pension system in the world, which is said to have given impetus to the rest of the developed countries,<sup>25</sup> a statutory pension scheme, was established by Bismarck in Germany in 1889.<sup>26</sup> The Bismarckian era receives substantive attention for the subject of pensions as the pioneer of the modern pension systems.

In both the origins and subsequent development of pensions systems during the twentieth century, different cultural and political contexts produced different outcomes<sup>27</sup> and critical thinking about retirement was shaped according to country-specific indices. In the context of the US, Wolozin writes that "mandatory retirement was a manifestation of ageism, flourishing as a means of getting rid of older workers."<sup>28</sup> In other words, retirement through its development as well in its maturation was used as a mechanism to moderate the problem of unemployment.

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<sup>23</sup> Ibid., 15.

<sup>24</sup> Morgan and Kunkel, *Aging, Society, and the Life Course, Fourth Edition*, 187.

<sup>25</sup> McDonald, "Retirement," 253.

<sup>26</sup> F Bönker and H Wollmann, "Stumbling Towards Reform: The German Welfare State in the 1990s," in *Welfare States Under Pressure*, P. Taylor-Gobby (London: SAGE Publications, 2001), 84.

<sup>27</sup> Pat Thane, "Social Histories of Old Age and Aging," *Journal of Social History* 37, no. 1 (2003): 104, doi:10.1353/jsh.2003.0163.

<sup>28</sup> Wolozin, "Retirement as an Institution," 1048.

To put the US in the historical trajectory, the institution of retirement was only marginal until the 1890s to only become important in the 1920s with the acceleration of industrialization after the turn of the century. Prior to the Great Depression of 1929, both migration and urbanization increased the labor force that brought in mandatory retirement without a stipend.<sup>29</sup> However, the Great Depression had detrimental effects on many fields, but also dramatically increased the number of the elderly poor,<sup>30</sup> which required alteration of the mandatory retirement system without stipend.

In the US, the Social Security Act was enacted in 1935 and became a landmark for a major part of American workers',<sup>31</sup> it was welcomed by all age groups since it exhibited what Wolozin describes as more "secure alternative to the family fund and allowed the old to retire and the young to establish independent, separate households."<sup>32</sup> In that sense, the role of retirement pensions as a way to render the individual independent of other societal bonds is also powerfully important. To continue with the meaning of the Social Security Act, Graebner writes that the act was an economic mechanism to secure unemployment relief and efficiency, and the perspective towards retirement did not suddenly become as a "period of leisure, granted as a reward for a lifetime work."<sup>33</sup>

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<sup>29</sup> Atchley, "Retirement as a Social Institution," 270; McDonald, "Retirement," 255.

<sup>30</sup> Atchley, "Retirement as a Social Institution," 271.

<sup>31</sup> Wolozin, "Retirement as an Institution," 1048.

<sup>32</sup> McDonald, "Retirement," 255.

<sup>33</sup> Wolozin, "Retirement as an Institution," 1048.

In the meantime, most of the European states between the first and third decades of the nineteenth century launched welfare provision for the elderly.<sup>34</sup> It was not only Northern Europe but also southern countries<sup>35</sup> introduced public pension systems arguably following Germany.<sup>36</sup> Through the twentieth century, with the extension of pension schemes to cover more workers, most citizens came to view a distinct period of life in which they would be "retired" as at least a possibility, if not a right.<sup>37</sup> Thus, by the middle of the twentieth century, retirement became institutionalized by program variations across the countries.

Program variations and institutional settings across the national level is important in order to designate how and to what extent the situation of older people has been evolving throughout the time. The classification of program variations and institutional settings under welfare regime typologies is useful in welfare studies. The general welfare regime typology has been examined in five welfare regime clusters: liberal, conservative, social-democratic, fragmented, and post-socialist.<sup>38</sup> The main differences between these welfare regimes stems from the differences in

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<sup>34</sup> Some dates are; UK in 1908, France in 1910, Sweden in 1913, Italy, Netherlands and Spain in 1919, Poland in 1927 and Greece in 1934.

<sup>35</sup> Southern countries are New Zealand in 1898, Australia in 1908 and Argentina in 1904. See, Camila Arza and Paul Johnson, "The Development of Public Pensions from 1889 to the 1990s," in *The Oxford Handbook of Pensions and Retirement Income*, edited by Gordon L. Clark, Alicia H. Munnel and J. Michael Orszag (Oxford University Press, 2006), 56.

<sup>36</sup> *Ibid.*, 54.

<sup>37</sup> Leisa D. Sargent et al., "Reinventing Retirement: New Pathways, New Arrangements, New Meanings," *Human Relations* 66, no. 1 (January 1, 2013): 5, doi:10.1177/0018726712465658.

<sup>38</sup> Gøsta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Cambridge, UK: Princeton University Press, 1990); Maurizio Ferrera, "The 'Southern Model' of Welfare in Social Europe," *Journal of European Social Policy* 6, no. 1 (1996): 17–37, doi:10.1177/095892879600600102; Hans-Peter Blossfeld, Sandra Buchholz, and Karin Kurz, *Aging Populations, Globalization and the Labor Market: Comparing Late Working Life and Retirement in Modern Societies* (Cheltenham; Northampton, MA: Edward Elgar Pub, 2011), 17.

their active labor market policies and the level of decommodification for unemployed population<sup>39</sup> in which retired population can be placed.

Liberal welfare states, such as the UK and the US, are characterized by a minimum level of public support in case of unemployment. In such countries the "workfare state" prevails and pension systems are mainly privatized, which puts older workers at the risk of stock market failures.<sup>40</sup>

Conservative welfare states, like Germany and the Netherlands, are characterized by inflexible labor market policies where market risks are not easily passed onto the employees. In these countries, pension provision is generous and mainly public or occupational schemes dominate. Yet, pension systems in those countries went through transformations, bringing together public and neoliberal policies together, with the wave of pension reform. On the other hand, early retirement programs, commonly used as a mechanism to balance the labor markets in the face of structural changes in the economy, were considerably benevolent, and secure for the older workers for a long time<sup>41</sup> which are also in transformation.<sup>42</sup>

The social democratic welfare regime type in countries such as Sweden and Denmark is characterized by a full employment labor market policy as well as a strong emphasis on decommodification.<sup>43</sup> They are known by their entrenched public pension systems yet early retirement programs are not common in these countries

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<sup>39</sup> Blossfeld, Buchholz, and Kurz, *Aging Populations, Globalization and the Labor Market*, 17.

<sup>40</sup> *Ibid.*, 18.

<sup>41</sup> *Ibid.*, 21.

<sup>42</sup> For the changes taking place in early retirement programs across OECD countries see, Frank Laczko and Chris Phillipson, *Changing Work and Retirement: Social Policy and the Older Worker* (Open University Press, 1991); Annika Sunden, "Unending Work," in *The Oxford Handbook of Pensions and Retirement Income* (Oxford: Oxford Handbooks Online, 2006), 702–18.

<sup>43</sup> Blossfeld, Buchholz, and Kurz, *Aging Populations, Globalization and the Labor Market*, 18.



due to the policy of full employment at all ages.<sup>44</sup> In some of these countries new models of pension schemes have been adopted known as Notional Defined Contribution Accounts.<sup>45</sup>

The fragmented welfare regime is attributed to the southern European countries, to which Turkey has been analyzed and likened to.<sup>46</sup> In these countries such as Italy and Spain, self-employment and informal employment are high and public welfare expenditure like pensions are disproportionately distributed, which renders the system unequal. Concerning the elderly and pensioners, this regime type is identified by a strong transfer orientation.<sup>47</sup>

Lastly, former socialist countries are characterized by major changes in their welfare states due to the collapse of the political system in the late 1980s.<sup>48</sup> In the post-collapse period, production and employment rates have been altered negatively in turn contributors to the pension system.<sup>49</sup> The introduction of thorough reforms, increasing retirement age, and changes in the redistributive mechanism of pension system towards a contribution-based system are vital features of the reforms.<sup>50</sup>

Overall, towards the end of the twentieth century, not long after its establishment and maturation, the pension systems especially in Europe started to be

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<sup>44</sup> Ibid.

<sup>45</sup> See John B. Williamson and Matthew Williams, "Notional Defined Contribution Accounts," *American Journal of Economics and Sociology* 64, no. 2 (April 1, 2005): 485–506, doi:10.1111/j.1536-7150.2005.00376.x.

<sup>46</sup> Ian Gough, "Social Assistance in Southern Europe," *South European Society and Politics* 1, no. 1 (June 1, 1996): 1–23, doi:10.1080/13608749608454714; Buğra and Keyder, "The Turkish Welfare Regime in Transformation"; Aybars and Tsarouhas, "Straddling Two Continents."

<sup>47</sup> Blossfeld, Buchholz, and Kurz, *Aging Populations, Globalization and the Labor Market*, 19.

<sup>48</sup> Ibid.

<sup>49</sup> Ibid.

<sup>50</sup> Ibid.

debated as a challenge stemming from an ageing population and also a challenge for the labor markets that were also restructuring: demasculinization, atypical employment patterns, deregulation and such.<sup>51</sup> The awareness of urgency regarding the population aging has amalgamated with the rising competitive pressure on the labor markets and welfare systems.<sup>52</sup>

A report issued by the World Bank, "Averting the Old Age Crisis,"<sup>53</sup> in 1994 can be regarded as a tangible sign of the gradual interest in the subject. The report is said to have set the tone of the debate.<sup>54</sup> The alarming ageing of the populations due to the dramatic increases in longevity and declines in fertility, the problem of dependency ratio; the ratio of the elderly population to the working age population, and also growing expenditures over the coming decades became manifested at the international level.<sup>55</sup> The common pattern across many countries and especially Europe, which offered generous pension benefits within the welfare states, became widely debated across the 1990s and the countries were pressured under the fiscal burden of their pension schemes. The necessity of pension reform came on the agenda of European countries.<sup>56</sup>

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<sup>51</sup> For a brief overview of the changing labor markets see, Edward Engelen, "Changing Work Patterns and the Reorganization of Occupational Pensions," in *The Oxford Handbook of Pensions and Retirement Income* (Oxford: Oxford Handbooks Online, 2006), 98–115.

<sup>52</sup> Blossfeld, Buchholz, and Kurz, *Ageing Populations, Globalization and the Labor Market*, xvii.

<sup>53</sup> World Bank, "Averting the Old Age Crisis" (Oxford: The World Bank, 1994).

<sup>54</sup> Arza and Johnson, "The Development of Public Pensions from 1889 to the 1990s," 72.

<sup>55</sup> OECD, *Maintaining Prosperity in an Ageing Society* (Paris: Organisation for Economic Co-operation and Development, 1998), <http://www.oecd-ilibrary.org/content/book/9789264163133-en>; European Commission, "Towards a Europe for All Ages. Promoting Prosperity and Intergenerational Solidarity. Communication from the Commission. COM (99) 221 Final, 21 May 1999" (Brussels: EU Commission, 1999), <http://aei.pitt.edu/5962/>.

<sup>56</sup> Giuliano Bonoli, *The Politics of Pension Reform: Institutions and Policy Change in Western Europe* (Cambridge, UK: Cambridge University Press, 2000), 8.

The main reasons for the necessity of the reform was not only discussed as the sustainability of the pension schemes in public budgets due to the ageing of the populations but interrelated with that, increasingly competitive global markets, low rates of economic growth, persistent unemployment, and early retirement programs<sup>57</sup> applied mainly throughout the 1970s and 1980s. Reform debates were constructed around the proposal of reducing the publicly funded pension schemes and replace them with privately managed funds. In this regard, "pension reform" has been regarded as a privatization step, a product of the neoliberal policies, via the implementation of funded pension systems.<sup>58</sup> Yet, governments found it unmanageable to completely cut down their promises to public pension expenses<sup>59</sup> all of a sudden since public pension systems relied heavily on intergenerational distribution and were also diversified both within and between birth cohorts.<sup>60</sup> Thus, the World Bank approach to implement a profoundly privately managed pension system became void.

Nevertheless, despite the significant differences with respect to the characteristics of pension systems between the countries, a reform wave left its mark behind. In a number of countries parametric reforms were implemented income replacement rates decreased (Mexico, Portugal), and minimum retirement ages were increased (e.g. Denmark, Germany, Iceland, Norway, the UK, and the US).<sup>61</sup> Along the lines of changing retirement pensions, changes in labor markets and retirement

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<sup>57</sup> Bonoli, *The Politics of Pension Reform*; Steven Ney, "Thinking about Pension Reform: Discourses, Politics, and Public Participation," in *Social Security in the Global Village* (The Year 2000 International Research Conference on Social Security, Helsinki, 2000), 25–27.

<sup>58</sup> Özgür, "Pension Reform: The Turkish Case In the European Context," 9–10.

<sup>59</sup> Arza and Johnson, "The Development of Public Pensions from 1889 to the 1990s," 72.

<sup>60</sup> Ibid.

<sup>61</sup> McDonald, "Retirement," 266.

transitions of older workers became widespread issues debated across academic disciplines.

To conclude, following industrialization and World War Two, the institutionalization of retirement in the twentieth century materialized by variation of pension schemes in the countries in which the welfare typologies have briefly been portrayed. This translated into different meanings of retirement for the workers. Further, the last 20 years were patterned by pension reforms mainly aiming to extend the working period of workers and to a certain extent transferring the financial burden of public pension systems to privatized management. In this regard, what has been constructed in the past is likely to change regarding the life patterns of workers in the present and more in the future. In light of these structural changes, the conceptualization of retirement as is discussed in the relevant literature will be examined more closely.

### A Sociological Perspective on the Concept of Retirement

What does retirement mean for the individual? What does retirement mean for society? As a social pattern structured in almost any modern society today, retirement means plenty of things that refer to a composite formed of employers, employees, retired people, pension systems, laws governing entitlement to social security, labor unions,<sup>62</sup> old-age policies, perspective towards retirement, pathways of retirement and other views as well. To provide a conceptual framework of retirement, this part of the chapter brings several vantage points to the concept of retirement from various disciplines.

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<sup>62</sup> Atchley, "Retirement as a Social Institution," 265.

The concept of retirement almost encyclopedically reflects the event of a person who has long labored, withdraws from working life as a result of becoming unable to sustain the work, and receives an income as a provision for his or her labor and spends the rest of his or her life with no obligation to work.<sup>63</sup> However, this idealistic definition of retirement as a demarcation between work and non-work is excessively narrow when the diverse pathways of retirement are observed contemporarily,<sup>64</sup> especially in the face of changing labor market structures across countries. In this regard, Denton and Spencer find this narrow conceptualization not only "fuzzy," but also complicated and acutely "stylized,"<sup>65</sup> since it is not an analytically sound and measureable concept.

One of the reasons is that most of people retire from their jobs and re-enter the labor force frequently because of financial necessity or on occasion because of various meanings of work for individuals. As an alternative, they retire gradually via taking part-time occupations,<sup>66</sup> which is called bridge employment and also partial retirement<sup>67</sup> in the literature, rather than a sudden separation. Furthermore, Maestas'

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<sup>63</sup> Özlem Çakır, *Emekliliğin psiko-sosyal boyutu* (Ankara: Türkiye Emekliler Derneği, 2011), 5.

<sup>64</sup> Christopher J. Ruhm, "Bridge Jobs and Partial Retirement," *Journal of Labor Economics* 8, no. 4 (1990): 482–501; Gerald A. Collins, "Rethinking Retirement in the Context of an Aging Workforce," *Journal of Career Development* 30, no. 2 (December 1, 2003): 145–57, doi:10.1177/089484530303000204; Sargent et al., "Reinventing Retirement"; Dirk Hofäcker and Marge Unt, "Exploring the 'new Worlds' of (late?) Retirement in Europe," *Journal of International and Comparative Social Policy* 29, no. 2 (June 1, 2013): 163–83, doi:10.1080/21699763.2013.836979.

<sup>65</sup> Frank T. Denton and Byron G. Spencer, "What Is Retirement?: A Review and Assessment of Alternative Concepts and Measures," *Canadian Journal on Aging / La Revue Canadienne Du Vieillessement* 28, no. 1 (2009): 64.

<sup>66</sup> Atchley, *The Sociology of Retirement*, 3.

<sup>67</sup> For a research over the post-retirement employment behaviors of Americans identifying partial retirement, bridge employment and an additional category of reverse retirement see Ruhm, "Bridge Jobs and Partial Retirement."

research on "unretirement"<sup>68</sup> behavior shows that almost half of retirees pursue a "nontraditional retirement path that involves partial retirement or unretirement, and at least 26 percent of retirees later unretire."<sup>69</sup> Nevertheless, it is an event that signifies a transition in relation to work, whether leisure or going back to work is addressed.

The indispensable relation of retirement to work renders the concept of retirement to be thought of almost as a traditional cause-and-effect relationship between working life and retirement that follows it mostly at the end. One could compare the relationship and the impact of the changes made to working life and retirement life that is supposed to follow afterwards like a car going through a tunnel. The tunnel in this metaphor is the working life and any noteworthy changes made to it eventually shapes how, when, and where the tunnel will lead the car. Consequently, how a person perceives his job has an effect on how he considers the outlook of retiring<sup>70</sup> and also retirement decision, which are composites of the individual meanings attached to retirement. Inherently, the concept of retirement is a relational concept<sup>71</sup> in which one has to think virtually.

There is wide range of research concerning retirement decision making, retirement intentions, and the relevancy of job characteristic in determining these factors, in a variety of disciplines such as economics, sociology, and psychology.

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<sup>68</sup> Maestas defines unretirement in three possible transitions: first, from full retirement to full-time employment; second, from full retirement to part-time employment/partial retirement; and third from partial retirement to full-time employment Nicole Maestas, "Back to Work: Expectations and Realizations of Work after Retirement," *Journal of Human Resources* 45, no. 3 (2010): 720, [http://works.bepress.com/nicole\\_maestas/6](http://works.bepress.com/nicole_maestas/6).

<sup>69</sup> Maestas, "Back to Work."

<sup>70</sup> Atchley, *The Sociology of Retirement*, 28.

<sup>71</sup> Chris McVittie and Karen Goodall, "The Ever-Changing Meanings of Retirement," *American Psychologist* 67, no. 1 (2012): 75–76, doi:10.1037/a0026259.

Although this thesis does not focus directly on the decision-making processes and retirement intentions of workers towards retirement, assumptions and research material on the relevancy of the job characteristics (working conditions, work environment, etc.) to these factors gives valuable insights into the relationship between work and retirement.

First of all, retirement intentions and decision making about retirement are not only concerns of the individual as it sounds when the relevant literature is examined. It is an acknowledged fact that population has been ageing especially in early developed countries. This brings several challenges to the labor markets. It is argued that as a consequence of this demographic change, older workers are wanted to be kept in the labor market. Governments attempt this by adopting longer-work policies and pension reforms to constrain early exit from the labor force which was an important mechanism.<sup>72</sup>

Although early retirement programs efforts are being made to reverse at the present time, they have played a significant role in re-defining the meaning of retirement both by the individual and societal. Early retirement (retirement before mandatory retirement age) or interchangeably early exit from the labor market have become an encouraged strategy by employers, unions and employees in many Western countries in the face of increasing market uncertainty and especially in order to sustain national labor markets<sup>73</sup> since the 1970s.

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<sup>72</sup> Hanna Van Solinge and Kène Henkens, "Work-Related Factors as Predictors in the Retirement Decision-Making Process of Older Workers in the Netherlands," *Ageing & Society* 34, no. 09 (October 2014): 1551–74, doi:10.1017/S0144686X13000330; Jodi Oakman and Yvonne Wells, "Retirement Intentions: What Is the Role of Push Factors in Predicting Retirement Intentions?," *Ageing & Society* 33, no. 06 (August 2013): 988–1008, doi:10.1017/S0144686X12000281.

<sup>73</sup> Hans-Peter Blossfeld, Sandra Buchholz, and Dirk Hofäcker, eds., *Globalization, Uncertainty and Late Careers in Society* (New York, N.Y: Routledge, 2006), 3.

One of the theoretical perspectives on retirement, the functionalist perspective claims that retirement functions as a mechanism to coordinate labor market by removing older workers to accommodate younger ones.<sup>74</sup> One other perspective is conflict perspective, claiming that the exclusion of older workers creates an unemployed but able worker population that functions as a "mechanism to control the current labor force participants by posing the threat of replacing them if they are difficult or demanding."<sup>75</sup> These two perspectives are interrelated in the sense that they both provide maneuvering area within the labor market and relate considerably to the mentality of the early retirement programs.

In this regard, the retirement literature deals with the manifold implications and outcomes of early retirement programs in numerous countries in different ways. For instance Trampusch, looking at the early retirement policy in Germany that expanded thoroughly in the 1970s, argues that the early retirement programs applied by the government became exhausted in the mid-1990s and gave place to an institutional resettlement where early retirement programs shifted to the discipline of the market by collective bargaining agreements.<sup>76</sup> His research is a trajectory reading of the governments' and firms' attempts to deal with the retirement patterns in the face of economic turmoil.

While his point of view is suggestive of macro policies at the institutional level, Solinge and Henkens investigate the association between work characteristics and retirement behavior in order to construct ways of delaying retirement for older

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<sup>74</sup> Atchley, *The Sociology of Retirement*; Morgan and Kunkel, *Aging, Society, and the Life Course, Fourth Edition*, 189.

<sup>75</sup> Morgan and Kunkel, *Aging, Society, and the Life Course, Fourth Edition*, 189.

<sup>76</sup> Christine Trampusch, *Institutional Resettlement: The Case of Early Retirement in Germany*, ed. Wolfgang Streeck and Kathleen Thelen (Oxford [u.a.]: Oxford University Press, 2005).



workers in the context of the Netherlands.<sup>77</sup> Their findings present evidence that adverse job characteristics increase the tendency to retire early as might be expected, but on the other hand, surprisingly, they find no association between physically heavy work and early retirement.<sup>78</sup> For the concern of this thesis, while this finding is highly surprising particularly for the metal industry workers who are part of the fieldwork discussion, the situation points to the fact that attitudes and perceptions towards retirement is not formed in one parameterized way but multiple influences are attached in the context of different countries. One important inference of their study is the importance of "financial position" and the "possibilities and uncertainties" of older workers' pension schemes in the decision making regarding retirement.<sup>79</sup>

Second, retirement intentions and decision making about retirement are, as in the study of Solinge and Henkens, studied at the individual level in the relevant literature. For example, an early econometric study by Filer and Petri<sup>80</sup> suggests that there is statistically a significant relationship between job characteristics like hard physical labor, repetitive performance and stress, with early retirement. Looking at retirement ages from 334 occupations and job characteristic information, they argue that age of retirement and pension benefits are designated essentially by the job characteristics.<sup>81</sup>

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<sup>77</sup> Van Solinge and Henkens, "Work-Related Factors as Predictors in the Retirement Decision-Making Process of Older Workers in the Netherlands."

<sup>78</sup> *Ibid.*, 1570.

<sup>79</sup> *Ibid.*, 1571.

<sup>80</sup> Randall K. Filer and Peter A. Petri, "A Job-Characteristics Theory of Retirement," *The Review of Economics and Statistics* 70, no. 1 (February 1, 1988): 123–28, doi:10.2307/1928158.

<sup>81</sup> *Ibid.*, 128.

While the study provides statistical support for the obvious link between retirement ages and working conditions, it falls short in comparison to Turkey, where the pension system is largely public managed compared to the US' occupational pension schemes which differ from each other significantly. Here again, it is essential to remember the differences between countries' occupational systems, labor market regulations, and pension system in thinking of retirement. Nevertheless, the relationship between working conditions, job characteristics, and retirement decisions is important in thinking of the concept of retirement. It is also important for the policy makers, since one size (one type of pension scheme) does not fit all (occupations).

To return to the discussions surrounding the definition of retirement, in addition to the concept of retirement reflecting an event in a person's life, Atchley views retirement as a process and does not attribute it to an existing dichotomy between retired versus non-retired.<sup>82</sup> He claims that the realization of retirement begins when the thought of withdrawal from the work occur to the worker. As a process, the role of being retired is "approached, taken up, learned, mastered and relinquished."<sup>83</sup>

Not surprisingly the process of retirement differs among societies and in manifold cases mastering or learning on retirement is vacant which, for instance, turned out as a solid outcome of the fieldwork research in this thesis. Furthermore, it should be kept in mind that what Atchley claims about the concept of retirement being a process is limited when the social security related issues and character of employment are dismissed from the construction of the concept of retirement. In

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<sup>82</sup> Atchley, *The Sociology of Retirement*, 3.

<sup>83</sup> Ibid.

other words, whether defined as an event or a process, the concept should be evaluated not in isolation, but rather in relation to all sets of factors that have an impact on it.

One other factor that must be inserted on the concept of retirement in the relevant literature is age. The necessity of retirement, almost as a prerequisite, is a certain amount of prior employment. In the case of non-employment an old age stipend is given because of the fact that the individual is old. Thus, the retirement period predominantly coincides with a later stage of the life cycle. In this respect, retirement is considered to be an experience of the old age and maturity in roughly all societies.

Furthermore, one of the portrayals of pensions is "old age security".<sup>84</sup> Consistently, as retirement is mostly connoted with old age, it is mostly an ending phase of both the occupational cycle as well as life cycle, which is one of the gerontological theories that emerged since in the post-World War Two era.<sup>85</sup> In this sense, the idea of retirement becoming institutionalized with old age is part of the definition of an "age-graded definition of the life course," which makes life course itself a social institution.<sup>86</sup> However, as longevity has increased dramatically in the last four decades, the concept of retirement institutionalized with old age is considered to be in a constant state of flux<sup>87</sup> across the time.

The life cycle theories which associate old-age and retirement within the standardized life course are being challenged. Sargent et al. argue that those

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<sup>84</sup> Pensions as mechanism of retirement are also called 'old age security'.

<sup>85</sup> Stephen Katz, ed., *Cultural Aging: Life Course, Lifestyle, and Senior Worlds* (Peterborough, Ont. ; Orchard Park, NY: Broadview Press, 2005), 87.

<sup>86</sup> Dale Dannefer and Casey Miklowski, "Developments in the Life Course," in *The Futures of Old Age* (SAGE Publications, 2006), 35.

<sup>87</sup> Collins, "Rethinking Retirement in the Context of an Aging Workforce," 148.

traditional theories built in the post-war period predicting continuity in the pattern of the life course - education followed by work, marriage and family, followed by retirement - are no longer recognized.<sup>88</sup> On the contrary, they argue for a "greater heterogeneity" in the labor force and in the "sequencing of these events."<sup>89</sup> This de-standardization, they argue, altered the role of age factor as a determining variable. This literature mostly taking retirement as a homogenous concept regardless of characteristics of occupations does not suit the context of Turkey, which has different characteristics regarding social security in terms of retirement pension, labor market, and societal trends. Nevertheless, age is still a determining variable for individuals' attitudes toward retirement.

Overall, Atchley's description of retirement as an "a complex, evolving social phenomenon"<sup>90</sup> that enables a variety of definitions and meanings to be used when referred to is genuine. At the same time, diverse meanings of the term "retirement" are used interchangeably, which renders it imprecise<sup>91</sup> and along the lines of changing pension schemes and labor market policies the term will likely to keep its impreciseness. Among the retirement literature covered in social gerontology, there is a consensus about the definition of retirement being not as simple as it appears<sup>92</sup> and the rapid change of developments in the area of retirement keeps researchers

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<sup>88</sup> Sargent et al., "Reinventing Retirement," 8.

<sup>89</sup> Ibid.

<sup>90</sup> Atchley, *The Sociology of Retirement*, 1.

<sup>91</sup> Morgan and Kunkel, *Aging, Society, and the Life Course, Fourth Edition*, 186.

<sup>92</sup> Atchley, *The Sociology of Retirement*; Anette E. Fasang, "Retirement: Institutional Pathways and Individual Trajectories in Britain and Germany," *Sociological Research Online* 15, no. 2 (2009): 1; Morgan and Kunkel, *Aging, Society, and the Life Course, Fourth Edition*; Stuart-Hamilton, *An Introduction to Gerontology*.

from studying retirement.<sup>93</sup> For the purpose of this thesis, the meaning of retirement, for the above-mentioned reasons, is approached primarily as a relation between work, social security, and age considering that the concept of retirement converges in that intersection of factors.

As part of a larger inquiry motivating this thesis specific questions emerge in the light of this literature: How has the relation between work, social security, and especially pension system and age been constructed in Turkey? What particularities did the Turkish system have when the debates and discussions occurred throughout the globe in the 1990s? What happened to the concept of retirement as a result of the pension reforms? What is the meaning of retirement from past to the present in Turkey? More concretely, what is happening to the concept of retirement in contemporary Turkey, if we can talk about such a concept? In order to answer these questions, several dimensions will be knitted together.

First of all, the structure of the social security system regarding pension systems in Turkey will be discussed. This far by is an important parameter determining the possibility of retirement. An assessment of the pension structure which is tied to formal employment relations in Turkey will be presented from an historical perspective to compound the contemporary labor market structure. The recent social security reforms in the aim of recalibrating the system in a more sustainable way, and the outcomes of these reforms will be elaborated with the discussion.

Second, a comparative fieldwork study will be represented. In order to understand the attitudes and perceptions towards retirement and meanings attached to retirement, two distinct but in some respects similar sectors have been chosen, metal

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<sup>93</sup> Atchley, *The Sociology of Retirement*, 6.

and municipal sector workers, and retired workers from both sectors who have worked for a long part of their lives.

By cross-reading the two distinct sectors and putting workers and retired workers at the center of this cross-reading, it is aimed to bring forth convergences and divergences stemming from work relations, working conditions, and rules applied by the social security system which directly affect the prospects of retirement for the workers. While the municipal sector is part of the service industry which has grown in the last three decade and by nature substantially influenced by the political environment, metal industry is a long established line of business in Turkey which has a reputation in unionization.

The status of both sector's workers in the fieldwork is the same under the social security system meaning that they are all employed through a service contract. In the former system, before 2008, the social security reform had united three social security institutions under one roof, called workers insured under the Social Insurance Institution (*Sosyal Sigortalar Kurumu*, SSK). After the 2008 reform they started to be insured under the tag "4-1/a" in Social Security Institution (*Sosyal Güvenlik Kurumu*, SGK). In this respect, a comparison of the two categories is an internal one, but also by their industry-specific features comparison gives a set of themes to discuss other than social security issues.

The three purposes of the rest of this chapter are to describe the research methodology of this study, explain the sample selection, and give an overview of the characteristics of two distinct sectors.

## Methodology

This study follows a qualitative research method which consists of focus group discussions as well as interviews with blue-collar and retired workers. This method was followed in order to understand the attitudes, perceptions and relations towards retirement as a social security system outcome, and in order to understand the post-retirement period as a successor of working life, working conditions, and experiences that are influential in the manner towards retirement. The focus is on the meanings blue collar workers and retirees associate with retirement in their everyday lives which have the possibility to illustrate a general tendency in the way retirement is approached by blue collar workers in Turkey.

Focus group discussions and one-on-one semi structured interviews were used as a mixed approach of qualitative research which allowed for multiple channels of opinion discussion. Although focus groups may be unrepresentative and small for statistical generalizations, they are convenient for encouraging the participation of individuals who may otherwise be reluctant to talk about their experiences due to feeling that they have little to contribute to a research project.<sup>94</sup> Also, semi-structured focus group interviews provided room for the participants to come up with issues which could have been missed. On the other hand, one-on-one semi structured interviews allowed for a detailed observation of the interviewees. In addition, relying on one-on-one interviews became helpful on the occasions when only one person was present at the time of discussion. Mini surveys were used to

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<sup>94</sup> Rosaline Barbour, *Doing Focus Groups* (Oliver's Yard, 55 City Road, London: SAGE Publications Ltd, 2007), [http://srmo.sagepub.com/view/doing-focus-groups/SAGE.xml?utm\\_source=sage-corporate&utm\\_medium=banner&utm\\_campaign=srm-access-title&utm\\_content=Doing\\_Focus\\_Groups](http://srmo.sagepub.com/view/doing-focus-groups/SAGE.xml?utm_source=sage-corporate&utm_medium=banner&utm_campaign=srm-access-title&utm_content=Doing_Focus_Groups).

obtain data from focus group interviewees about themselves, their job history, retirement age and years in retirement.

Four categories of interviewees were formulated in the beginning of this study. The categories were: metal industry workers, retired workers who had worked as metal industry workers for a considerable part of their working life and identify themselves as such,<sup>95</sup> municipality workers and retired workers who had worked in municipalities for a certain part of their working lives. Two sets of semi-structured discussion questions were prepared, one for the current workers, the other for retired workers.

In the initial design of the study, two categories of topics were formulated in the semi-structured discussion questions; one is mostly related to the retirement notion, the other pertains to the relation to work and working life. For the first topic, the main questions asked to both of the two groups of interviewees turned around the queries of what retirement meant for them currently and if had happened already, how it changed throughout their working life. Current workers' plans/prospects for the post-retirement period were asked in addition to retired workers' previous conception and realization of the post-retirement period in order to have a sense of comparison between today's retirees to future ones. Whether retirement had been a milestone, a social event to which an importance is attached or an indifferent rite of passage was questioned.

For the second topic, in respect to working life, the meaning attached to work and the conditions of work and work environment were asked in order to understand

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<sup>95</sup> The reason for specifying the identification issue is the snowball sampling process that was conducted. During the selection process Birleşik Metal-iş union representative and later Emekli-Sen member (unofficial union of retired workers in Turkey) was asked to reach retired metal industry workers. Although six of the nine participants did not hold their entire job history in metal industry, they identified themselves as such.



the possible relation that the workers attribute to retirement. Regarding social security, one important question asked to the retirees was related to their sense of being socially secure whether in working life or in the post-retirement period. In other words, the retirees were asked if the retirement period was perceived more socially secure than during work time or not. The same question was also asked to the workers. Some particular questions concerning the optimal retirement age and optimal duration of working life in the specific sector was asked in order to further interpret the perception of work in the prevalent working conditions.

As suggested above, the focus group discussions allowed for flexible guideline to follow during the conduction of semi-structured interviews. By enabling social interaction among interviewees, ideas and experiences were both shared and challenged on occasion which had not been planned in the beginning of this study. For example, in a few cases where an interviewee had difficulty in comprehending the question, the others gave an example from their own experiences and supported the continuity of the discussion which was unattainable in one-to-one interviews. As one of the outcomes of the focus group interviews different questions arose in separate groups. For example, initially it was not asked how many of the family members in the upper generation of the retirees had actually experienced retirement. The question is important since it signifies how retirement as a social security component is learned and observed within the family.

### Sample

The study was conducted in Istanbul in the time period between 21 October 2014 and 25 February 2015, where and when metal industry and municipality workers could be found concurrently. Nevertheless, Istanbul signifies an importance for both sectors.

For the municipal sector, the city has political importance which affects the operational aspects of municipalities and as a consequence it affects employment relations. In addition, with an ever-increasing population, public services in municipalities are constantly growing. As might be expected, Istanbul is becoming a more service-demanding city compared to other cities in Turkey. On the other hand, in the metal industry the number of work places in Istanbul constitutes 34 percent of the general total in Turkey.<sup>96</sup> The number of compulsory insured metal industry workers in Istanbul comprises 27 percent of the general total of compulsory insured metal industry workers,<sup>97</sup> which is a comparatively high employee share among the Turkish cities.

Workers of both sectors were largely reached via the DİSK Research Institute,<sup>98</sup> the research institute of one of the largest labor union confederation in Turkey. Birleşik Metal-İş, the affiliated metal union under DİSK confederation, union representatives helped to arrange the focus group discussions and one-to-one interview in one domestic and one foreign company where seven workers participated and answered questions. Permanent municipality workers of Beşiktaş and Şişli municipalities were accordingly reached through the Genel-İş union, the affiliated general services union in the DİSK confederation.

With five and seven workers of the above mentioned groups, respectively focus group discussions were held. Retired workers were largely reached through snowball sampling due to the lack of communication between the union and its

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<sup>96</sup> Social Security Institution 2013 statistics, calculated by the author.

<sup>97</sup> Social Security Institution 2013 statistics, calculated by the author.

<sup>98</sup> Disk-Ar Research Institute has an organizational structure which is open to all kinds of research. It was the fundamental reason for reaching to them. For further information, see "Disk-Ar," accessed March 22, 2015, <http://www.disk.org.tr/category/diskten/disk-ar/>.

former members in the post-retirement period. While four metal industry retired workers were questioned in a focus group discussion, five others were interviewed one-on-one. In addition, four municipality retired workers were reached for one-to-one and focus group interviews. The total participants in the research added up to 32 workers (Table 1) and retirees, all male, which reflects the male-dominant structure of both sectors (Table 2).

Table 1: Number of Interviewees According to Their Categories

	Municipality	Metal industry
Workers	12	7
Retirees	4	9

Table 2: Number of Workers in Metal and Municipal Sectors Employment, by Gender

Sector	Number of workers	
	Male	Female
Metal Industry	1.205.641	211.035
General Services	644.832	219.700

Source: Ministry of Labor and Social Security, 2014

It is necessary to describe the current state and conditions of the two distinct sectors. Also narration of the two sectors will help to understand the differences as well as similarities between the working conditions and working environment of the workers of the two sectors.

### Exhausting Work in Metal Industry

The metal industry is considered one of the key branch industries in the world, as well as in Turkey as a result of its economic volume both strategically and also via

its employment capacity. It is an umbrella industry which with strong backward and forward linkages in iron and steel, the manufacture of fabricated metal products, computers, electronic and optical products, electrical equipment, automotive production, trailers and semitrailers, and other transport equipment. A report on iron and steel industry in Turkey states that the sector is one of the pillars of Turkey's foreign trade.<sup>99</sup> In the metal industry, although production is technology-based in many iron and steel factories, metal goods for machinery and assembly manufacturing plants and motor vehicles' maintenance workplaces, labor intensive work is highly noteworthy.<sup>100</sup> In this regard and for the purpose of this thesis, features of the metal industry's labor force in Turkey and conditions of work came forward to be discussed.

In Turkey, according to the 2014 figures, there are 1,426,744 metal workers registered.<sup>101</sup> However, Türk Metal,<sup>102</sup> one of the biggest labor union in the metal industry, asserts that it is almost impossible to estimate exactly how many workers there are in the metal industry. Since it has many backward and forward linkages and therefore sprawls into other industries and in addition, since unregistered

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<sup>99</sup> ISPAT, "The Iron and Steel Industry in Turkey" (Ankara: Republic of Turkey Prime Ministry Investment Support and Promotion Agency, December 2013), <http://www.invest.gov.tr/pt-PT/infocenter/publications/Documents/IRON-STEEL-INDUSTRY.pdf>.

<sup>100</sup> ÇSGB, "Metal Sektöründe Çalışan İşçilerin Çalışma Koşullarının İyileştirilmesi Programlı Teftişi Sonuç Raporu" (Ankara: T.C. Çalışma ve Sosyal Güvenlik Bakanlığı İş Teftiş Kurulu Başkanlığı, 2011), [http://www.cs.gb.gov.tr/cs.gbPortal/ShowProperty/WLP%20Repository/itkb/dosyalar/yayinlar/yayinlar\\_2013/2011\\_49](http://www.cs.gb.gov.tr/cs.gbPortal/ShowProperty/WLP%20Repository/itkb/dosyalar/yayinlar/yayinlar_2013/2011_49).

<sup>101</sup> Ministry of Labor and Social Security, 2014 labor and union statistics. <http://www.cs.gb.gov.tr/cs.gbPortal/cs.gb.portal?page=uye>

<sup>102</sup> While the Turk Metal union is one of the biggest union in the metal industry, it is claimed to have the "worst aspects of corporatist ideology" Theo Nichols and Nadir Sugur, *Global Management, Local Labour: Turkish Workers and Modern Industry* (Palgrave Macmillan, 2004), 165. For a detailed analysis that relies on four different plants in metal industry where Türk Metal is organized see Nichols and Sugur 2004, p.165-182.

employment practice is prevalent, it is difficult to estimate.<sup>103</sup> Yet, by relying on statistics of Ministry of Labor and Social Security (MoLLS) and various other institutions, Şen argues that the metal industry is in the leading position for the labor force it embodies and he further suggests that three out of ten people work in the metal industry. Moreover, Şen contends that problems and solutions occurring in regards to employment issues in general are subjected to the metal industry's conditions. The collective bargaining process in the metal industry influence other sectors as well.<sup>104</sup>

One of the reasons for the selection of metal industry workers, besides the importance of the industry, is its historical reputation in unionization. Although the union density among metal workers in Turkey is only 15.9 percent,<sup>105</sup> according to 2014 statistics, "why unions matter"<sup>106</sup> is still a valid question to take into account considering metal workers' pay, benefits, and working conditions.

In January 2015, during a great strike by metal workers organized by the Birleşik Metal-İş union, the importance of the metal industry was repeatedly highlighted in the media<sup>107</sup> and it was claimed that metal industry was one of the

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<sup>103</sup> Mustafa Kemal Şen, "Metal Sanayi," *Türk Metal Sendikası*, December 15, 2010, <http://www.turkmetal.org.tr/default.asp?page=arastirmalar&id=312>.

<sup>104</sup> Ibid.

<sup>105</sup> Ministry of Labor and Social Security, 2014 labor and union statistics. <http://www.csgeb.gov.tr/csgebPortal/csgeb.portal?page=uye>

<sup>106</sup> The title of the famous book of Michael D. Yates (New York: Monthly Review Press, 1998).

<sup>107</sup> See Erkan Aydoğanoglu, "Metal Grevine Doğru," *Evrensel.net*, January 22, 2015, <http://www.evrensel.net/yazi/73234/metal-grevine-dogru>; İhsan Çaralan, "Metal İşçisi, MESS - Türk Metal Dayatmasına Karşı 'Grev' Diyor," *Evrensel.net*, December 23, 2014, <http://www.evrensel.net/yazi/73017/metal-iscisi-mess-turk-metal-dayatmasina-karsi-grev-diyor>; Özgür Müftüoğlu, "Metal Grevi Üzerine," *Evrensel.net*, January 23, 2015, <http://www.evrensel.net/yazi/73246/metal-grevi-uzerine>; Hakkı Özdal, "Sanayinin Kalbinde Grev Var: Metal İşçisi Şalteri İndirdi," *Radikal*, January 29, 2015, [http://www.radikal.com.tr/ekonomi/sanayinin\\_kalbinde\\_grev\\_var\\_metal\\_iscisi\\_salteri\\_indirdi-1282361](http://www.radikal.com.tr/ekonomi/sanayinin_kalbinde_grev_var_metal_iscisi_salteri_indirdi-1282361); BBC, "15 Bin Metal İşçisi Grevde," *BBC Türkçe*, January 29, 2015, [http://www.bbc.co.uk/turkce/haberler/2015/01/150129\\_metal\\_grev..](http://www.bbc.co.uk/turkce/haberler/2015/01/150129_metal_grev..)

locomotive industries that regulated working life and unionization in general.<sup>108</sup> Not surprisingly, the strike was shut down by the government for being “prejudicial to national security.”<sup>109</sup> One study by the Ministry of Labor and Social Security Labor Inspection Board conducted in 2011, as will be explained below, provides valuable insights into the circumstances of the working conditions of the metal workers in the absence of union practices.

In a study which covers 165 private sector workplaces in Ankara, Bursa, Eskişehir, İzmir, Kayseri, and Konya, it was observed that none of the workplaces was under a collective bargaining contract,<sup>110</sup> which is one of the essential basics of labor union practices. As a result of the absence of collective bargaining procedures, in 161 workplaces the infringement of the rules was observed.<sup>111</sup> Legislation discrepancies were largely related to workers' pay, overtime work, non-overtime payment and vacation-pay.<sup>112</sup> In addition, according to the employers' point of view summarized in the study, one of the problems of the industry was unfair competition arising as a result of unregistered workers in some enterprises.<sup>113</sup>

Here, it is important to associate the problem expressed by the employers with a judgment given in the hopeful report of the Investment Support and Promotion Agency (ISPAT) concerning the strength of the industry. The ISPAT report marked

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<sup>108</sup> Aziz Çelik, “Metal İşçilerinin Büyük Grevi,” *Birgün Gazetesi*, January 29, 2015, <http://t24.com.tr/yazarlar/aziz-celik/metal-iscilerinin-buyuk-grevi,11158>.

<sup>109</sup> DİSK, “Metalworkers’ Strike Banned in Turkey,” *DİSK*, January 30, 2015, <http://www.disk.org.tr/2015/01/metalworkers-strike-banned-in-turkey/>.

<sup>110</sup> ÇSGB, “Metal Sektöründe Çalışan İşçilerin Çalışma Koşullarının İyileştirilmesi Programlı Teftişi Sonuç Raporu,” 27.

<sup>111</sup> *Ibid.*, 37.

<sup>112</sup> *Ibid.*, 37–44.

<sup>113</sup> ISPAT, “The Iron and Steel Industry in Turkey,” 67.

that Turkey has the lowest cost of production in all of Europe.<sup>114</sup> It can be claimed with ease, having the lowest cost of production carries the cost to the blue collar workers of metal industry, where they face employment status without a social security registration along with the absence of claims to vacation-pay or overtime work pay.

The problems indicated by the MOLLs report are suggestive of one of the arguments of this thesis, which is the incompatibility of the working conditions to the current social security system in Turkey. In other words, while the incidence of metal workers, working without social security coverage, is not unique since it is a practice that is commonly held in other sectors as well, it marks one dimension of the problem that is arising in the relation between working conditions and social security system.

Last, regarding the working conditions of metal workers, it is an industry where there is high exposure to physical risks. Apart from standing for long hours and lifting heavy materials and manufactured pieces, metal workers occasionally work around high-speed machines which can be hazardous. They are also likely to be subject to cuts from sharp metal, burns from welding and soldering, and are required to work in the places heights with the possibility of falls from ladders and scaffolds. Dust and heavy fumes are also prevalent where metal workers labor.

In this respect, the metal industry is considered a backbreaking one for especially manual workers, yet it is not considered as heavy as some other sectors and it is not subjected to "actual service term incremental law".<sup>115</sup> In other words, the

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<sup>114</sup> Ibid., 5.

<sup>115</sup> The actual service term increment law implies that through increasing actually working periods and lowering the retirement age limit, a worker can acquire advantages when the time of retirement comes for the insured person who is within the scope of the law. Bünyamin Esen, "Türkiye Sosyal Güvenlik Hukukunda Basın Çalışanlarının Emeklilikte Fiili Hizmet Süresi Zammından Yararlanması İçin 3600

workers of metal industry do not have the right to retire early according to the current social security law, in spite of their overwhelming conditions and hard physical labor.

### Precarious Work in the Municipalities

As distinct from the metal industry, municipalities are in the daily lives of the people as a consequence of the services they provide. Due to the provision of variety of public services, from urban infrastructure to culture and arts, local traffic to sanitation and solid waste, water and sewerage services to transportation, fire fighting to parks and green-fields, municipality work is considered under "general services" in the business line legislation.<sup>116</sup> In this regard, the responsibilities of municipalities are central for organizing and providing public needs of people. These essential services are provided largely by municipal blue collar workers, who make up one of the target groups of this thesis.

Despite the public appearance of municipalities as having connections to the central administration, there exists a fragmental structure in providing public services where public and private sector intertwine. Throughout the past two decades in

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Gün Şartının Uygulanması,” *İş Hukuku ve Sosyal Güvenlik Hukuku Dergisi* 10, no. 40 (2013), <http://www.legal.com.tr/abonelik/u/abonelik/docs/l/i/lisghd-40-bro-r-1393856333.pdf>. For the details of the law, see Article 40 of, TBMM, *Social Insurance and Universal Health Insurance Law*, vol. 5510, 2006, [http://www.sgk.gov.tr/wps/wcm/connect/1513fcb9-6954-42f1-9711-1708b08ff3a0/SOCIAL\\_INSURANCE\\_AND\\_UNIVERSAL\\_HEALTH\\_INSURANCE\\_LAW.pdf?MOD=AJPERES](http://www.sgk.gov.tr/wps/wcm/connect/1513fcb9-6954-42f1-9711-1708b08ff3a0/SOCIAL_INSURANCE_AND_UNIVERSAL_HEALTH_INSURANCE_LAW.pdf?MOD=AJPERES).

<sup>116</sup> “İş Kolları Tüzüğü,” *Official Journal no. 18243*, December 6, 1983, <http://statik.iskur.gov.tr/tr/kurumumuz/mevzuat/tuzuk2.htm>.



Turkey, municipalities have gained broad authorities to initiate industrial and commercial enterprises to provide services.<sup>117</sup>

At the present time, these municipal corporations operate in a diverse field of lines, cleaning, park and green-spaces, landscaping, information processing, fuel oil, tourism, engineering, consulting, housing, transportation, infrastructure, gas and coal, solid waste, concrete blocks, parking lots, culture and arts, sports, organizations, building facilities and more the like businesses and services, which renders the initial purpose of these incorporations which was to "serve common needs of the localities" skeptical.<sup>118</sup> Yet, local public-private partnerships and politics of businesses are not in the scope of this thesis to scrutinize on the subject deeper.

The concern about the municipality corporations is their employment characteristic. These corporations, like any other commercial enterprise, employ their own workers who have a different status than the permanent municipality workers directly employed by the municipalities. In addition to municipality corporations, there exists a third category of worker in municipalities, subcontractors. Due to these three separate forms of employment municipalities present a highly fragmented structure among workers where employee seniority is enjoyed by the permanent workers.

Since 2007, the total number of municipality workers has been declining, as indicated in Table 3. The main reason for this decline is explained by the tendency to decrease the public employment structure in municipalities. Municipalities have

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<sup>117</sup> Mustafa Meşe, "Belediye Şirketleri Üzerine Bir Değerlendirme," *Dış Denetim Dergisi*, 2011, 203–205.

<sup>118</sup> *Ibid.*, 205.

internalized maintaining the labor force needed by subcontracting practices.<sup>119</sup> As might be expected, subcontracting practices in municipalities have increased substantially.

Table 3: Total Number of Blue Collar Workers in Municipalities with Their Affiliated Agencies and Local Administrations Union

	2007	2008	2009	2010	2011	2012	2013
Workers*	175.329	173.739	153.392	151.210	118.390	110.228	111.225

\* It is the total number of permanent and temporary workers directly employed by the municipalities. In other words, municipality incorporation workers and subcontractors are not included in this number.

Source: Calculated according to the number of personnel in public sector data available in, BUMKO, “Number of Personnel in Public Sector” (General Directorate of Budget and Fiscal Control), accessed February 15, 2015, <http://www.bumko.gov.tr/EN,2686/cadre-statistics.html>

Öngel argues that subcontracted workers were twice the number of the permanent municipality workers in Turkey as of 2013.<sup>120</sup> The pattern of decreasing permanent and secured working conditions to increasing flexible and temporary subcontractors in the employment status of municipality workers shows the new feature of employment relations in the municipalities. Legally, this pattern became operative with the “Norm Staffing Application” authorized in 2006. This application, argued as a neoliberal approach to employment and work relations,<sup>121</sup> was instrumentalized to limit the number of recruitment of permanent municipality workers. In fact, this application was subsequent to the 2005 Municipal Law,<sup>122</sup> which gave broad authorities to the municipalities to engage in subcontracting

<sup>119</sup> Engin Sezgin, “Belediye İstihdam Öyküleri: Belediye İstihdam Anketi Çalışma Gözlemleri,” *Genel-İş Emek Araştırma Dergisi*, 2006, 87.

<sup>120</sup> F. Serkan Öngel, “Türkiye’de Taşeronlaşmanın Boyutları,” *DİSKAR*, 2014, 46.

<sup>121</sup> Serap Tezsezer, “Yerel Yönetimlerde Norm Kadro Uygulaması-Taşeronlaşma ve Etkileri” (Thesis, Trakya Üniversitesi, 2010).

<sup>122</sup> TBMM, *Municipal Law*, vol. 5393, 2005, [http://www.migm.gov.tr/en/Laws/Law5393\\_Municipality\\_2010-12-31\\_EN\\_rev01.pdf](http://www.migm.gov.tr/en/Laws/Law5393_Municipality_2010-12-31_EN_rev01.pdf).

practices. These two judicial scripts altered the balance of workers' employment structure in municipalities.

Subcontractor workers, who are deprived of social rights and the rights to severance pay which the permanent workers have, are also exposed to unfavorable working conditions within the provision of municipality services. They mostly work in the cleaning services of municipalities and on occasion where permanent workers become their responsible officers to oversee the work, there emerges a disparity and hierarchy among the workers, which reinforces disintegration between the workers<sup>123</sup> who otherwise should be of the same status.

Besides the emergence of hierarchy, the fragmented employment structure in municipalities has created a competitive environment as opposed to a solidaristic and organized setting in workplace.<sup>124</sup> Complementing Guy Standing's argument, the regulations that were undertaken in municipalities were used to "prevent collective interests from acting as barriers to competition."<sup>125</sup> Since the working conditions and wages differ substantially among subcontractors and permanent workers, the two (if the municipality incorporations' workers are included, three) parties may also become opponents.

In addition, and related to the focal points of this thesis, the working environment featuring the characteristics mentioned above, is evidently an uncertainty building type already for subcontracting workers but also for permanent workers. Sharing the same working environment with subcontracting workers, permanent workers are, in a way, seeing what would happen when they retire but

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<sup>123</sup> Sezgin, "Belediye İstihdam Öyküleri: Belediye İstihdam Anketi Çalışma Gözlemleri," 91.

<sup>124</sup> Ibid., 88.

<sup>125</sup> Guy Standing, *The Precariat: The New Dangerous Class* (London: Bloomsbury Publishing, 2011), 26.

have to work and face the situation of being recruited as a subcontracting worker. In turn, feelings and attitudes toward social security lack substantially, which is a factor that builds uncertainty.

Faced by dire flexibility and insecurity, subcontractor workers in municipalities have created a new type of capital accumulation in municipality services and enabled big corporations to grow, especially in metropolitan cities.<sup>126</sup> Through auctions conducted each and every year, where the case of change in company names happen, shareholders of these companies continue to accumulate capital by adopting low costs. Further, there are cases where further contracting to other incorporations happen which augment the capital accumulation process. This type of business conduct reveals both economic interests between municipalities and contracting incorporations and also political ties. As municipalities are politically intensified businesses yet they are also public institutions, the reality of flexible and profitable contracting firms conducting businesses has deepened the parallelism of relations between political parties and successful contractors.

The political pressure circulating inside the municipalities is also a part of the difference, with regard to this thesis, between the metal industry and municipalities which apparently plays a role in the working environment for the workers of municipal sector. The statements of the workers are a case in point, especially regarding the fact that the municipalities of the field research (Şişli and Beşiktaş) are municipalities under the opponent party's (Republican People's Party, *CHP*) rule.

In sum, there has been significant change in the municipalities' employment structure over the last two decades. The privatization of the municipal services, subcontracting practices as well as downscaling in permanent workers has resulted in

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<sup>126</sup> Sezgin, "Belediye İstihdam Öyküleri: Belediye İstihdam Anketi Çalışma Gözlemleri," 89.

increasing and prevalent unsecured, de-unionized, low waged and underprivileged conditions of work. Where this type of unsecure work prevails, social security and retirement become problematic and perplexing subject to talk about.



## CHAPTER TWO

### RETIREMENT PENSION SYSTEM, REFORMS AND LABOR MARKET IN TURKEY

This chapter outlines two important dimensions of the subject matter of this thesis. First, the social security system in Turkey will be analyzed primarily by revealing the developments and construction of the retirement pension system to point out the unequal structure it embodies throughout its development. The chapter then will continue with the latest reforms that took place which are determinant factors of the concept of retirement. Second, the labor market characteristics of Turkey will be outlined as the implications of labor market characteristics also constitute important determinant factors for individuals thinking of retirement. Since an essential part of this chapter is on the debates that started in the 1990s over the social security system later to continue with the reform enlarging to multiple dimensions of social security, the terms "retirement pension schemes" and "social security system" will be used interchangeably.

#### Retirement Pension Schemes and the Reform Process in Turkey

The institutionalization of retirement as a phase in life course accompanied by retirement pension schemes covered by the social security system do not have a long history in Turkey. In fact, retirement is a new and a privileged phenomenon.<sup>127</sup> On the other hand, long before the institutionalization of retirement in Turkey after the

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<sup>127</sup> Referring to the latest figures on relative poverty among the retired population in Turkey, the study of BETAM asserts that retirement is a privileged statute in Turkey. For full report see, Seyfettin Gürsel, Bülent Anıl, and Mine Durmaz, "Emeklilerin Ne Kadarı Yoksul?," Araştırma Notu (Bahçeşehir Üniversitesi, May 27, 2015).

1960s, the roots of retirement pensions for a small part of society dates back to the late Ottoman era.

Initial retirement schemes provided benefits to the military and government employees through what are called "retirement and solidarity funds" (*tekaüd ve teavün sandıkları*).<sup>128</sup> Although the sufficiency of the retirement pensions is little known for the recipient population, it was appraised to be enough for their subsistence. Institutionally in a widespread but scattered structure, the numbers of these funds increased significantly during the transition from the Ottoman Empire to the Turkish Republic.<sup>129</sup> Thus, the Republic inherited a fragmented structure of social security that mostly covered government employees, displaying a traditional paternalistic motivation in the development of retirement pension schemes which accordingly translated into an unequal formation of the social security structure right from the start.

The larger development of retirement pension schemes coincided with the end of World War Two. In this period, legislation changes and gradual expansion in social security coverage were observed in parallel with the welfare state's upsurge both in Turkey as well as many parts of the world. The Law of Workers' Insurance Institution, which was arranged as a part of the 1936 Labor Law, was enacted in 1945. Throughout the following years, new laws were developed concerning old age, sickness, disability, and maternity insurance for the working population.<sup>130</sup> The Workers' Insurance Institution was an antecedent of the Social Insurance Institution

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<sup>128</sup> Kılıç, "Continuity and Change in Social Policy Approaches toward Women," 139.

<sup>129</sup> Özbek, *Cumhuriyet Türkiye'si'nde sosyal güvenlik ve sosyal politikalar*, 74.

<sup>130</sup> SGK, "History," *Türkiye Cumhuriyeti Sosyal Güvenlik Kurumu*, accessed November 13, 2014, [http://www.sgk.gov.tr/wps/portal/en/english/history\\_yeni](http://www.sgk.gov.tr/wps/portal/en/english/history_yeni).

(*Sosyal Sigortalar Kurumu, SSK*), which was established in 1964 in order to draw together dispersed legislations.

Before the establishment of the Social Security Institution, in order to gather retirement and solidarity funds for government and military officials, the Retirement Fund (*Emekli Sandığı, ES*) was established in 1949. Financially, the Fund became based on premiums paid by public employers and employees and also revenues of investments made by public institutions.<sup>131</sup> All in all, by the mid-1960s the two schemes (ES and SSK) only covered 20 percent of the population,<sup>132</sup> which tells us while the institutional structure of retirement was gradually being built up; it strikingly was available to small part of population.<sup>133</sup>

The institutionalization of social security for the self-employed was targeted in the 1963 First Development Plan. Only in 1971, the Social Security Institution of Craftsmen, Tradesmen, and Other Self-Employed People (*Esnaf, Sanatkarlar ve Diğer Bağımsız Çalışanlar Sosyal Sigortalar Kurumu, Bağ-Kur*) was formed in order to cover a large chunk of independent employees on a premium-based scheme.

In addition to the aforementioned three main social security institutions, banks, insurance and reinsurance companies, and stock markets set up their retirement funds for their employees.<sup>134</sup>

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<sup>131</sup> Özbek, *Cumhuriyet Türkiye'si'nde sosyal güvenlik ve sosyal politikalar*, 260.

<sup>132</sup> Korkut Boratav and Metin Özügürü, "Social Policy and Distributive Dynamics in Turkey: 1923-2002," in *Social Policy in the Middle East: Economic, Political and Gender Dynamics*, ed. Massoud Karshenas (New York: Palgrave Mcmillan, 2006), 176.

<sup>133</sup> This fact is an important matter since it also points to the availability of the pension schemes for certain geographies in Turkey from past to the present. The finding, that the pensions were unknown for their families in the 1970s, was also manifested by one of the interviewees' friend who was in the place of discussion. A recent research of Bahçeşehir University is also suggestive of the regional distribution of retired population as well as the poor households including one retired. See, Gürsel, Anıl, and Durmaz, "Emeklilerin Ne Kadarı Yoksul?"

<sup>134</sup> Özbek, *Cumhuriyet Türkiye'si'nde sosyal güvenlik ve sosyal politikalar*, 304.



To sum up, the social security system in Turkey had a fragmented structure where the three major insurance institutions provided retirement pension schemes. The Social Insurance Institution (SSK), the State Retirement Fund (ES), and the Tradesmen and Other Self-Employed People Institution (Bağ-Kur) were gradually established, each with its own rules and regulations. This resulted into different sections of society following different rules for social security entitlements. That is to say, government employees, workers, and the self-employed benefitted from the social security right according to their occupational status. For instance, whereas the benefits provided to self-employed and workers offered lower pension entitlements, the ES fund for government employees offered the best range of benefits.<sup>135</sup> Buğra and Keyder observe that the social security system in Turkey was "highly fragmented and hierarchical where system of a corporatist character provided combined health and pension benefits to formally employed heads of household according to their status at work."<sup>136</sup> In other words, entitlements to either a pension or health benefits were accordingly given to the citizen at formal work. Informal workers and peasants were excluded from such rights and family members who do not work were solely dependents.

As will be explained below, labor market in Turkey have a characteristic where unregistered employment and unpaid family labor prevailed for a long time and the social security system excluded a large part of the population in the historical development of retirement pension systems. As a result of the social security system being tightly attach to the status at work, people who are entitled to social security varied in an unequal form. While it was hardly possible to talk about what retirement

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<sup>135</sup> Özgür, "Pension Reform: The Turkish Case In the European Context," 36.

<sup>136</sup> Buğra and Keyder, "The Turkish Welfare Regime in Transformation," 216.

could mean for a large part of the population excluded from the social security system, it was disproportionately patterned for the rest included.

In 1983, agricultural workers were added to the social security system through Agricultural Workers Social Security Act and Law No. 2926, The Social Security Law for Self- Employers in Agriculture. While the broadening of the social security seems contradictory to the neoliberal program that is said to have become prominent in the post-1980 period, it is part of larger framework where the access of more people to the market increased the financial risks of the related people, and in turn strengthened the market. In other words:

The provision of social insurance is a crucial component of the market reforms - it cushions the blow of liberalization among those most severely affected, it helps maintain the legitimacy of these reforms, and it averts backlashes against the distributional and social consequences of integration into the world economy.<sup>137</sup>

Yet, in the mid-1980s coverage of the social security (see Table 4) in Turkey was still considerably weak.<sup>138</sup>

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<sup>137</sup> Dani Rodrik, *The New Global Economy and Developing Countries: Making Openness Work*, Policy Essay, no. 24 (Washington, DC : Baltimore, MD: Overseas Development Council ; Distributed by Johns Hopkins University Press, 1999), 98.

<sup>138</sup> According to Fifth Five Year Development Plan, by the 1983 year-end, active insured population was amounted 5.160.000. Total coverage of social security including retirement pensions, widow's, orphan's and disabled's pensions the number amounted 23.194.700, which is less than half of the total population of Turkey in that year DPT, "Beşinci Beş Yıllık Kalkınma Planı" (T. C. Başbakanlık Devlet Planlama Teşkilatı, 1984), 153, <http://ekutup.dpt.149.gov.tr/plan/plan5.pdf>.

Table 4: Social Security Coverage Ratios in Detail, 1950-2013

Year	Active Insured	Pensioners	Dependents	Social Security Coverage
1950	0.95	0.04	3.02	4.02
1955	1.17	0.14	3.8	5.11
1960	1.29	0.22	4.29	5.81
1965	4.66	0.48	15.1	20.3
1970	6.1	0.92	18.7	25.8
1975	9.4	1.57	28.8	39.8
1980	10.5	2.77	33.2	48.2
1985	11.9	3.91	38.8	56.0
1990	14.3	5.17	46.8	67.3
1995	16.2	6.78	53.8	78.2
2000	18.4	9.23	40.9	70.0
2005	19.2	11.0	45.8	77.8
2008	21.0	12.2	46.5	80.2
2009	20.9	12.6	46.8	80.8
2010	22.0	12.9	48.1	83.4
2011	23.3	12.4	48.6	86.0
2012	24.3	12.7	44.7	83.0
2013	24.6	12.9	43	81.9

Source: 1950-2005<sup>139</sup>, based on the Seventh and Eight Five-Year Development Plan,<sup>140</sup> and 2008-2013 Social Security Institution Yearly Statistics<sup>141</sup>

In the beginning of the 1990s, the key event concerning retirement pensions was the introduction of early retirement schemes and reduction of the minimum retirement age for all three social security institutions in 1992 by the DYP-SHP coalition government.<sup>142</sup> It was centrally a key event for the trajectory of retirement pension

<sup>139</sup> Osman Bayrı, "Türkiye'de Sosyal Güvenlik Sisteminin Kurum ve Kapsam Olarak Gelişimi ve Sosyal Güvenlik Adaleti," *Sosyal Güvenlik Dergisi*, 2013.

<sup>140</sup> DPT, "Yedinci Beş Yıllık Kalkınma Planı" (Devlet Planlama Teşkilatı, 1995), <http://ekutup.dpt.gov.tr/plan/vii/plan7.pdf>; DPT, "Sekizinci Beş Yıllık Kalkınma Raporu Sosyal Güvenlik Özel İhtisas Komisyonu Raporu" (Ankara: Devlet Planlama Teşkilatı, 2001), <http://www.kalkinma.gov.tr/Lists/zel%20ihtisas%20Komisyonu%20Raporlar/Attachments/152/oik604.pdf>.

<sup>141</sup> SGK, "SGK İstatistik Yıllıkları," *Sosyal Güvenlik Kurumu*, accessed February 11, 2015, [http://www.sgk.gov.tr/wps/portal/tr/kurumsal/istatistikler/sgk\\_istatistik\\_yilliklari](http://www.sgk.gov.tr/wps/portal/tr/kurumsal/istatistikler/sgk_istatistik_yilliklari).

<sup>142</sup> Burcu Yakut-Çakar, "Turkey," in *Social Policy and International Interventions in South East Europe*, Bob Deacon and Paul Stubbs (Cheltenham: Edward Elgar Publishing, 2007), 103–29.

schemes since the early retirement practice that was in place during the 1990s was seen as the source of the endemic problems of the social security system.

### 1990s: Wagging Retirement Pensions

Starting from the late 1980s and for the entire 1990s, the problems of the social security system were debated repeatedly with especially the interference of international as well as domestic actors. When examined, introduction of early retirement scheme was said to cause the system to generate cash deficits and also lead to the exacerbation of the active-passive ratio.<sup>143 144</sup>

In addition to early retirement practices, past mismanagement, the use of accumulated social security funds by the government for unrelated purposes as well as the expansion of unregistered employment<sup>145</sup> were put forward as the leading systemic problems discussed in detail.

The interference of the international bodies in the social security schemes and their agenda was not particular to Turkey; and it was also not a coincidence that the domestic debates had increased starting from the mid 1990s. "Averting the Old Age Crisis," a report published by the World Bank in 1994, is a case in point which set off a reform wave in most of the developed and developing countries. The report asserted that many countries were in serious difficulties arising from their pension schemes and even the countries which were not facing the problems at that point

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<sup>143</sup> Active-passive ratio refers to the ratio of active insured workers to passive pension receivers.

<sup>144</sup> Duyulmuş, "Social Policy Reforms in Turkey: Uses of Europe," 189.

<sup>145</sup> Boratav and Özügürlü, "Social Policy and Distributive Dynamics in Turkey: 1923-2002," 185.

would be facing those problems in the foreseeable future.<sup>146</sup> According to the report, the cruxes of the pension scheme problems were rising longevity and falling birth rates in general, which in turn would result in financial depression due to the inability to finance old-age population.

Regarding Turkey, the report indicated that Turkey should deal with a "higher retirement age, lower replacement rates and more radical reforms to deal with its insolvent pension system."<sup>147</sup> As suggested to the rest of the world, as well as Turkey, the governments should develop and implement three systems, or pillars, of old age security schemes<sup>148</sup> where reliance on privately managed system is strongly encouraged. In brief, the World Bank report warned how "the state" was corrupted; and besides, leaving retirement security to the state was enormously dangerous.<sup>149</sup> The evaluations were supported in Turkey,<sup>150</sup> opening up room for the discussion of reform.

In this period, one other international body that interfered vigorously in the subject and put pressure on the government towards reform movement was the IMF. According to the IMF, the deficit of the social security system that reached 2 percent

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<sup>146</sup> Emin Alper, "Emeklilik Reformları: Dünya Bankası, Avrupa Birliği ve Türkiye" (İstanbul: Sosyal Politika Forumu, 2006), 2.

<sup>147</sup> World Bank, "Averting the Old Age Crisis," 113.

<sup>148</sup> Three systems or "pillars" of old age security are: a publicly managed system with mandatory participation and the limited goal of reducing poverty among the old; a privately managed, mandatory savings system; and voluntary savings. The first covers redistribution, the second and third cover savings, and all three co-insure against the many risks of old age" World Bank, "Averting the Old Age Crisis." In other words, what they were suggesting was a system where three different social security schemes supported each other in order to not to rely on only government safety nets. While it took attention back then, no where it was implemented successfully.

<sup>149</sup> Alper, "Emeklilik Reformları: Dünya Bankası, Avrupa Birliği ve Türkiye," 5.

<sup>150</sup> Akyol noted that "benevolent state" era was over for institutions like SSK, since they dried the funds of the state. In order to look for a way out, the operation of "shrinking the state" must be done Taha Akyol, "Mesela Emeklilik..." *Milliyet*, May 17, 1994.. Akyol's message is a good example of how the language of the media was affected by the international determinations.

of GNP in 1996 was high and so, financial viability was jeopardized by the costs of an "overly generous and poorly managed" social security system. In order to sustain budgetary discipline, minimum retirement age had to be increased and links between contributions and benefits had to be tightened.<sup>151</sup>

The problems of the social security system were mentioned in the 7<sup>th</sup> Five-Year Development Plan, which also identified the Economic Precautions Implementation Plan also known as "5 April Decisions" as a response to the 1994 economic crisis. Apart from the numerous decisions taken on the privatization of the state economic enterprises, one concerning social security was to reform the system by decreasing public deficits, increasing the retirement age, and the rate of premium payments to achieve this goal.<sup>152</sup>

The government prepared a law draft regarding pension policies which created a considerable amount of polemics both within the government and among the labor unions. While DİSK<sup>153</sup> demonstrated via the frequently used banner "No to Retirement in Grave,"<sup>154</sup> TÜRK-İŞ<sup>155</sup> organized various meetings in order to protest the "late retirement"<sup>156</sup> that the law envisages. Due to the protests, the enforcement of the draft law was postponed once again.

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<sup>151</sup> Duyulmuş, "Social Policy Reforms in Turkey: Uses of Europe," 191.

<sup>152</sup> DPT, "Yedinci Beş Yıllık Kalkınma Planı," 111–129.

<sup>153</sup> Confederation of Turkish Progressive Trade Unions, is one of the largest labour union confederation.

<sup>154</sup> No to retirement at grave (Mezarda Emekliliğe Hayır) has long been the tag line of protests against social security reform movements especially when the minimum retirement age is altered. "DİSK Etkinlikler Dizini (1964-1996)," *DİSK*, accessed December 11, 2014, <http://www.disk.org.tr/disk-etkinlikler-dizini/>.

<sup>155</sup> Confederation of Turkish Trade Unions is one of the largest labour union confederation.

<sup>156</sup> "Türk-İş'ten Miting," *Milliyet*, May 1, 1995.

As suggested above, the social security system was discussed thoroughly in the 1990s. Early retirement scheme and the increasing dependence on the transfers from the state budget to social security institutions were a reason for the actuarial deficit.<sup>157</sup> On one hand, there was a problem taken seriously by almost everyone. On the other hand, the problem was exaggerated via negative premises such as "black hole" and "hunchback" of the earlier irresponsible and populist state policies.<sup>158</sup> Just like the international bodies, the so-called crisis of social security in Turkey had started to be realized by domestic actors.

The Turkish Industry and Business Association (TUSIAD), the main representative of the private sector and a big capital in Turkey, published two consecutive reports in years 1996 and 1997. The first report, "Retiree and Happy" (1996), and the second, "The Restructuring of the Turkish Social Security System" (1997) both argued that the problems of the social security system were because of the inefficient use of funds, the populist policies of the politicians, the early retirement experience, and the rise in the rate of informal employment, budget deficits and actuarial imbalances.<sup>159</sup> TUSIAD, similar to the report of the World Bank, was pro-privatization of the retirement pension system.

To sum up the 1990s, the problems of the social security institutions and recommendations pertaining to the problems were more or less the same among the

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<sup>157</sup> This is a controversial issue since it is a necessary component of the welfare state (social state) to spend on the social security item. Emin Alper (2006, 14) pointed out that whereas Retirement Fund (*ES*) had been in deficit due to being both generous and operating counterintuitive to social security system, *SSK* and *Bağ-Kur* had not had a deficit and even stood on their own legs until 1994. Thus, the process of social security system becoming a problematic trending topic coincides much with the increasing transfers starting in 1993 from the state budget.

DPT, "DPT," 73.

<sup>158</sup> Alper, "Emeklilik Reformları: Dünya Bankası, Avrupa Birliği ve Türkiye," 14.

<sup>159</sup> TUSIAD, "Emekli ve Mutlu" (İstanbul: TUSIAD, 1996), 11–12.

different social and economic parties.<sup>160</sup> The international bodies, the World Bank, and the IMF were influential both by their Turkey-specific reports and also topic-specific reports while, across the globe, a critical phenomenon of the 1990s was also old-age security. The necessity of the transformation of the pension system across a wide range of countries was repeated by these international bodies, specifically through indicating the problems of the financial burden that the old-age population either had started to generate or soon would generate.

In the phases of changing legislations throughout the time and by looking at these reports, which seem eminently concerned with the financial aspect of the subject, it is almost impossible to evaluate the social dimension of how the retirement patterns and retirement experiences of individuals were structured in Turkey. Workers' and retiree's, the social partners', opinions were disappointingly absent during the developments in the 1990s.

In addition to the problems of social security system institutionally, due to the misuse of funds for financing domestic debt and the emergence of fiscal imbalances in return, the labor market structure, the shrinking size of formal employment, increasing unemployment, and continued rural to urban migration were also challenging factors<sup>161</sup> that necessitated a change. As a result of the various overlapping circumstances, the first stage of the reform emerged in 1999 with the enactment of Law No. 4447.

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<sup>160</sup> Alper, "Emeklilik Reformları: Dünya Bankası, Avrupa Birliği ve Türkiye," 15.

<sup>161</sup> Yakut-Çakar, "Turkey," 120.



## The First Stage: The Reform of 1999

The structural reform of 1999 was the first stage of a planned two-staged pension reform package. In this first phase, short-term, parametric measures<sup>162</sup> were addressed. The abolition of the minimum retirement age limit, introduced by right-left coalition government of the DYP and SHP in 1992, was vital in the discussions as a financial disrupter of the system. First, a minimum retirement age for all new entrants into the SSK, Bağ-Kur, and ES schemes were introduced. During that time, a transition period was allowed for then contributors. This change in return created a category of people in the retirement system called "stumbles due to age requirement in retirement."<sup>163</sup> It is an important dimension regardless of its legal operation process since such changes create chaos and uncertainty for the possibility of retirement, which also in turn creates ambiguity towards the social security system for the involved people.

To continue, within this transitory period, the law raised the minimum retirement age to 52 for women and to 56 for men. Previously, regardless of age, 20 years of full contributions for women, and 25 years of full contributions for men had been sufficient in order to be eligible for retirement. Along with the law, entitlement to the right to receive a pension became harder to acquire since it extended the process.

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<sup>162</sup> There are two types of reforms that is being implemented across the countries. First type of reforms are parametric reforms which affect the pension's calculation such as increasing the minimum retirement age. Second type of reforms are structural reforms which is more radical in the sense that it renders the system to move from a Pay-as-you-go pension scheme to a capital funded pension scheme or to a mixed model Gabriel Martos Lozano, "Challenges of the Spanish Pension System and Possible Reforms" (Thesis, Universidad Carlos III de Madrid, 2014)..

<sup>163</sup> In Turkish, *Emeklilikte yaşa takılanlar*.

This change in the minimum retirement age was not welcome by labor unions and associations of the retired. According to the labor unions, the early retirement experience enabled at the beginning of 1990s, which is still being criticized by international bodies like the World Bank,<sup>164</sup> was being exaggerated by politicians.<sup>165</sup> Rather than changing the minimum retirement age condition, regulations concerning the misuse of social security institution's funds could be corrected along with the revision of the labor market structure in which informal employment prevailed.

Besides the change in the retirement age, other parametric reforms were the expansion of the premium contribution period that enabled longer collection of premiums, the updating coefficient which determines the rate of increase in the retirement pensions each year, and higher premium ratios for labor and employer. These parametric reforms varied among SSK, Bağ-Kur and ES pensioners that perpetuated inequalities among workers and retirees.

In the first year of the reform, especially SSK deficits were lowered.<sup>166</sup> However, the intended impact did not last long. The February 2001 economic crisis hit Turkey, which resulted in a decline of employment and increase in informal work. Thus, the premiums to be collected by the social security institutions decreased.

In consequence, the short-term parametric reforms remained highly inadequate and opened the discussion back again for a radical and structural reform.

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<sup>164</sup> In a recent report of the World Bank, low retirement age introduced in the beginning of the 1990s which the system is still suffering from, is constantly highlighted as the scapegoat of the social security system World Bank, "Turkey's Transitions" (Washington: The World Bank, December 2014), 23, 40, 189, 200, [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/12/04/000470435\\_20141204124514/Rendered/PDF/905090v20ESW0w0ip0final0print0nov29.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/12/04/000470435_20141204124514/Rendered/PDF/905090v20ESW0w0ip0final0print0nov29.pdf). .

<sup>165</sup> Alper, "Emeklilik Reformları: Dünya Bankası, Avrupa Birliği ve Türkiye," 15.

<sup>166</sup> It is important here to emphasize that 1999 reform mostly covered SSK and Bağ-Kur pensioners.

## From Crisis to Second Stage Reforms

The failure of the 1999 parametric reforms and 2001 economic crisis induced the second stage in social security reform. The 2001 crisis was an important point in determining the following years' social, political, and economic environment. First and foremost, the crisis triggered job losses and decreases in real income,<sup>167</sup> which set off arguments over the inadequacy of the social security system's coverage in the face of severe crises such as that of 2001.

In this period, the second, administrative restructuring stage of the reform was initiated with a draft legislation. The arguments for a new pension reform were similar to the arguments prior to the 1999 social security reform discussed above. A revised text of the reform legislation, titled *Social Security Reform: Problems and Proposals for Resolution*, was prepared in April 2005. In this text, the necessity of the reform was legitimized by five separate arguments: the aging of the population, the inadequacy of the current system providing social protection, the negative impact of the social security institutions' financial deficits on the economy, the insufficient coverage of the population and the fragmented standards and norms among social security institutions.<sup>168</sup>

The aging of the population was almost a glued argument in the pension reform process that took place in almost all European countries. However, as suggested earlier, the aging of the population was not yet a problem for Turkey to be used as a legitimization point. This point of argument was repeated in the interviews

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<sup>167</sup> Ziya Öniş, "Domestic Politics versus Global Dynamics: Towards a Political Economy of the 2000 and 2001 Financial Crises in Turkey," *Turkish Studies* 4, no. 2 (July 1, 2003): 15, doi:10.1080/14683849.2003.9687227.

<sup>168</sup> Yusuf Alper, "Sosyal Güvenlik Reformu ve Finansmanla İlgili Beklentiler," *Sosyal Güvenlik Dergisi* 1, no. 1 (June 2011): 16.

and focus group discussions since the workers and also retired workers were not convinced with the fact of being compared to their European counterparts since the standards of working conditions and standard of life in general were not the same.

To continue with the other legitimization arguments, they were pertinent for the circumstance, which made the proposal somewhat agreeable when the time for the proposed law arrived. Moreover, the reform proposal focused on four tangible dimensions to carry out: The establishment of universal health insurance, the restructuring of social assistance and services, the reform of pensions, and the establishment of an institutional structure aiming to harmonize the new institutional structure.<sup>169</sup>

The reform process started in 2001 and finally put into effect in 2008 with the enactment of Law No. 5510, with amendments to Law No. 5754. Duyulmuş argues that the reform process was complex and lengthy for three reasons: First, it was combining various policy domains<sup>170</sup> which made the technical design by the bureaucratic actors lengthy, requiring the coordination of various Ministries and state agencies."<sup>171</sup>

Second, the macro reform was associated to three interconnected processes including the international bodies: "the structural reforms under IMF program; the World Bank programs on the technical aspects of social security and healthcare system; and the EU membership process,"<sup>172</sup> which all had their own political and economic dynamics.

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<sup>169</sup> Yakut-Çakar, "Turkey," 121.

<sup>170</sup> Various social policy domains are establishment of a universal health insurance, restructuring of social assistance and services and the reform of retirement pensions.

<sup>171</sup> Duyulmuş, "Social Policy Reforms in Turkey: Uses of Europe," 209.

<sup>172</sup> Ibid.

Third, the complex and lengthy reform process is also related to the veto points in the legal process in Turkey, which led to a few repetitive initiatives taken to implement the same components through different formulations.<sup>173</sup> This is an important factor since the negotiation between the concerning parties had been influential in the dismantling of the former system.

The next part concludes with the latest version of the reform, parametric changes that are informing about the retirement age, premium payment, the updating coefficient and income replacement rate.

### The Bottom Line: Social Security Reform of 2008

Social Insurance and Universal Health Insurance Law, currently named Law No. 5510, was re-enacted on 17 April, 2008 with amendments titled in Law No. 5754. The law became effective as of October 2008. Thus, the social security reform process that started in the 1990s ended in 2008, yet it continues to be a hotly disputed topic. Its importance will continue considering mainly two things. First, the reform itself, with its controversial articles, is the source of the waning of retirement conceptualization as a moderate life time reward for the working population in old age. Second, the incompatibility of the social security system despite the reform with the prevailing labor market relations will likely continue. Along these lines, the following part will identify the controversial articles of the final law which led to discontent among both workers and the retired population, which is noteworthy for the following chapter in which fieldwork research will be discussed.

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<sup>173</sup> Ibid.

After the amendments to Law No. 5510, essential adjustments were made to the controversial articles regarding retirement age, period of premium payment, income replacement rate and updating coefficient. First, "Say no to retirement in the grave" slogan started to be chanted again.

The gradual increase of the retirement age to 65 by 2048 for both women and men was eventuated. One additional change brought by Law No. 5754 is that increase in the retirement age in the duration of 2036-2048 will affect a person who attains sufficient amount of premium payments between those years. In other words, if a person has completed the sufficient number of premium days and continued to work and only retires in those years, the person will not be affected.<sup>174</sup>

One other essential adjustment pertains to the period of premium payments. In order to harmonize the three divergent social security institutions and equalize the period of premium payment for all three institutions, Law No. 5510, which was enacted in 2006, increased 7000 days of premium payments for SSK workers to 9000 days. After the amendment to the Law No. 5510, Article 27,<sup>175</sup> the number of premium payments to be paid by SSK insurants was lowered to 7200 days. Özgür states that negotiations and oppositions of the Labor Platform were influential in the change of this article.<sup>176</sup>

The income replacement rate, which is important considering that the level of financial outlook in retirement is attached to this factor, was lowered following the amendments to Law No. 5510 with Law No. 5754. According to the latest version,

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<sup>174</sup> Social Insurance and General Health Insurance Law, No. 5510, Article 28. TBMM, *Social Insurance and Universal Health Insurance Law*, 2006, 5510:20.

<sup>175</sup> *Ibid.*, 5510:18.

<sup>176</sup> Özgür, "Pension Reform: The Turkish Case In the European Context," 75.

the income replacement rate was recorded as 2.0 percent annually.<sup>177</sup> This means that if a SSK insured person entered to the social security system before the law was implemented, that person would be eligible for 60 percent of his/hers gross income as retirement pension. On the other hand, with the implemented law, the percentage would be lowered to 50 percent.<sup>178</sup> All the other parameters but also this alteration is important to emphasize how the social security reform brought wide inconsistencies within people among the workers who are working in the same positions, but are obliged to follow different social insurance rules due to different entrance dates.

The last parameter to be mentioned is the updating coefficient, which determines the level of increase in the retirement pensions each year. It is a crucial determinant, just like the income replacement rate, for the amount of retirement pension calculation and an essential determinant to show how social security could provide a decent standard for living.

After the amendment of Law No. 5510 with Law No. 5754, the updating coefficient for all insured (except government employees who are entrants of the old system) became the sum of the entire CPI change rate and 30 percent of the real increase in GDP.<sup>179</sup> Prior to the amendment, the updating coefficient had not included increase in GDP growth. This had created a huge polemic since absence of it meant retired people would get nothing out of the welfare increase that comes with

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<sup>177</sup> In order to prevenet huge income losses during retirement, the annual rate will be kept 3 percent for people working less than 10 years Ali Tezel, “Sosyal Güvenlikte Ne Oldu? Ne Olacak?-3,” *Akşam Gazetesi*, March 29, 2008, <http://www.alitezcel.com/index.php?sid=yazi&id=1840..>

<sup>178</sup> Denk, *Türkiye’de Sosyal Güvenlik Sisteminin Antropolojik İncelemesi ve Emeklilik Sorunları Üzerine Bir Alan Araştırması*, 246.

<sup>179</sup> TBMM, *Social Insurance and Universal Health Insurance Law*, 2006, 5510:2.

the national growth rate. Yet, after the amendment, the situation did not change since 30 percent was still a low indicator for an equitable distribution of income.<sup>180</sup>

In addition to the decrease, the law protected the privileged status of “old” government employees, which in turn created a dichotomy between "old" and "new" government employees. Duyulmuş says that this could be analyzed as a "division strategy" among government employees by bargaining in peace with current employees, whereas putting the burden on future generations.<sup>181</sup> In conclusion, a core feature of the pension scheme that is built on intergenerational solidarity was staggered in this way.

### The Current Picture and the Labor Market Conditions in Turkey

In the course of events, the social security reform movement that set out in the mid-1990s had been a fundamental readjustment that aimed to gather together the dispersed social security institutions with their pension and health care components. While the health component of the reform enlarged health benefits for a larger population, the pension component of the reform remained in a disputed domain.

Following the debates over the privatization of retirement pensions that stormed through developed and developing countries, Turkey displayed no exception. Moreover, just like most of the social security reforms that went on a diet over implementing a widely privatized agenda on retirement pension schemes, the reforms of 1999 and 2008 in Turkey were also not done in a pro-privatization

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<sup>180</sup> Ayşe Dericioğulları Ergun and Cem Ergun, *Geleceğin Güvensiz İnşası: Sosyal Güven(siz)lik Reformu* (Cağaloğlu, İstanbul: Bağlam, 2009), 35.

<sup>181</sup> Duyulmuş, “Social Policy Reforms in Turkey: Uses of Europe,” 230.



manner. Yet it is necessary to consider the parametric issues of the reforms since while privatization is not imposed on the system, an impoverishment for the circumstances of both future retirees and the already retired population and thus, an impoverishment of the concept of retirement can easily be observed.

The most controversial parametric issues of the reform have been the increase in the retirement age and the contribution period, and the decrease in income replacement rates, which affect especially new entrants to the social security system and create uncertainty towards the concept of retirement, which is an important income-generating possibility for the working class. Assuming that throughout the last 60 years, the concept of retirement was constructed for an important part of the population and became to a point that had notable meaning for especially the working class, in the light of the changes that took place in the social security system, the meaning of the possibility is under a cloud today.

On the other hand, the expected objectives from the reform, which were mainly a financially sustainable system, are not reached yet.<sup>182</sup> Also, despite the social security reform, a possible failure of the social security system is still possible.<sup>183</sup> In addition, while the anticipated aims of the reform have not been reached in the least, social security reform is accused of jeopardizing the retirement right, which is of crucial importance.

Arabacı and Alper argue that the reform brought ambiguity to the amount of pension the retiree will get, which impairs one of the essential indicators of a social

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<sup>182</sup> Alper, "Sosyal Güvenlik Reformu ve Finansmanla İlgili Beklentiler," 43.

<sup>183</sup> Başak Çubukçu, "Sosyal Güvenlik Sistemi İflas Edebilir," *Aljazeera Turk*, January 25, 2015, <http://www.aljazeera.com.tr/al-jazeera-ozel/sosyal-guvenlik-sistemi-iflas-edebilir>.

security institution, "certainty."<sup>184</sup> For individuals in the social security system, the specificity of the time of retirement and monetary conditions of retirement have strategic importance for the possibility of retirement to be thought of, which the new system has altered in a negative way. Especially the amount of pension that a retiree will get has been lowered.<sup>185</sup> This feature of the social security reform is said to bring income inequalities and poverty to the ageing population ahead.<sup>186</sup>

Another evaluation is that the social security system, associated predominantly with employment status, was one of the primary reasons for the low level of social security coverage for a long time, as shown above in Table 1. The need for reform stemming from the existence of; "a lack of compatibility between the corporatist character of the formal social security system and the current structure of the labor market"<sup>187</sup> was neglected in general.

The structural problems of the labor market in Turkey are still striking. On the one hand, labor force participation rates (LFPR) are lowest among the OECD countries (see Table 5), which indicates a high inactivity and severe skills mismatch.<sup>188</sup>

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<sup>184</sup> Rabihan Yüksel Arabacı and Yusuf Alper, "Sosyal Güvenlik Reformunun Yaşlılık Aylıklarına Etkisi: Yoksulluk Yaratan Bir Sosyal Güvenlik Sistemi," *Amme İdaresi Dergisi*, 2010, 102.

<sup>185</sup> Arabacı and Alper, "Sosyal Güvenlik Reformunun Yaşlılık Aylıklarına Etkisi: Yoksulluk Yaratan Bir Sosyal Güvenlik Sistemi"; Cem Kılıç, "Çalışan Sigortalıların Emekli Aylığı Düşer Mi?," *Milliyet*, August 22, 2013, <http://www.milliyet.com.tr/calisan-sigortalilarin-emekli/ekonomi/ydetay/1753066/default.htm>; Ali Tezel, "Çalıştıkça Emekli Aylığı Düşer, Bunu Düzeltmezler," *Habertürk*, November 6, 2014, <http://www.haberturk.com/yazarlar/ali-tezel-1016/1006701-calistikca-emekli-ayligi-duser-bunu-duzeltmezler>.

<sup>186</sup> Arabacı and Alper, "Sosyal Güvenlik Reformunun Yaşlılık Aylıklarına Etkisi: Yoksulluk Yaratan Bir Sosyal Güvenlik Sistemi," 115.

<sup>187</sup> Buğra and Keyder, "The Turkish Welfare Regime in Transformation," 216.

<sup>188</sup> Sandrine Cazes, *The Labour Markets of Emerging Economies: Has Growth Translated into More and Better Jobs?*, Advances in Labor Studies (Houndmills, Basingstoke, Hampshire: Palgrave Macmillan, 2013), 234.

Table 5: Selected OECD Countries, Labor Force Participation Rate age 15-64, 2001-2013

	Year	2001	2005	2008	2010	2013
Country						
France		68.62	69.90	70.00	70.44	71.18
Germany		71.47	73.84	75.94	76.64	77.49
Greece		62.07	66.78	67.08	68.23	67.97
Hungary		59.60	61.37	61.49	62.41	65.13
Iceland		86.61	86.68	86.87	85.46	86.57
Ireland		68.39	70.90	72.18	69.85	70.15
Italy		60.75	62.36	63.03	63.09	64.40
Japan		72.59	72.64	73.80	74.03	74.86
Korea		64.85	66.28	66.00	65.82	66.61
Mexico		61.00	61.87	63.62	63.70	64.33
Netherlands		74.45	75.48	78.26	78.22	79.67
New Zealand		75.61	77.31	77.99	77.54	78.15
Poland		65.67	64.60	63.83	65.32	67.00
Portugal		71.95	73.20	73.94	73.67	73.04
Slovak Republic		70.47	68.87	68.88	68.65	69.85
Spain		65.77	71.08	73.79	74.55	75.31
Sweden		79.41	80.25	79.34	79.05	81.09
Turkey		52.32	49.84	50.57	52.68	54.98
United Kingdom		76.10	76.26	76.78	76.31	77.39
United States		76.81	75.41	75.29	73.91	72.81
Russian Federation		69.52	71.47	73.19	72.65	72.79
OECD countries		69.72	70.09	70.78	70.65	71.07

Source: OECD statistics, Labor Force Statistics by sex and age decomposition, <http://stats.oecd.org/>

One other remarkable issue for Turkey is LFPR for both men and women between 55 and 64 has been declining since 2000 only to increase in the recent years. However, the trend is very different among OECD countries. Since 2000, LFPR has increased in almost all OECD countries. It can be argued that the social security reform wave across the OECD countries along with the increasing longevity has contributed to

this increase in line with the increases in minimum retirement age. Compared to OECD, it is an unusual characteristic of Turkey's labor market which once again underlines the high inactivity and skills problem. In addition, in 2013 LFPR for both sexes aged between 55 and 64 was the lowest in the OECD (see Table 6).

The situation has multiple implications. First, it is anticipated that if the LFPR for the specified age group continues to decline, there will be an increasing number of elderly who will perhaps predominantly rely on retirement pension, which is decreasing because of the latest reforms.

Second and most likely, LFPR for the specified age group is not declining, but changing in form. As the premium ratios have increased with the social security reform which makes a worker costlier for the employer and thus decrease the competitive advantage of companies in the market, employers tend to recruit workers who are less costly to them, like workers in the specified age group. Workers in the specified age group, who are uninterested in secured employment and willing to be recruited one way or another, increase the rate of informal employment in turn.<sup>189</sup>

The declining LFPR for the specified age group also indicates the further flexibilization of the labor market structure in Turkey, which is intrinsically harmful to the social security system.

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<sup>189</sup> On this question, see Standing, *The Precariat*, 79–83.

Table 6: Selected OECD countries, Labor Force Participation Rate age 55-64 in 2000-2013

Year		2000	2005	2008	2010	2013
Country	Sex					
Germany	Men	52.41	61.25	67.18	70.75	74.37
	Women	33.50	43.20	50.56	54.48	60.66
	All persons	42.92	52.12	58.74	62.50	67.36
Italy	Men	42.75	44.30	46.98	49.58	56.66
	Women	16.06	21.51	24.68	26.97	34.58
	All persons	28.95	32.57	35.53	37.95	45.27
Korea	Men	71.28	74.51	76.26	77.69	80.41
	Women	48.75	46.45	47.87	48.12	51.38
	All persons	59.55	60.22	61.84	62.72	65.68
Netherlands	Men	50.94	58.82	65.68	67.59	75.34
	Women	25.88	34.81	41.29	44.93	52.91
	All persons	38.45	46.90	53.54	56.29	64.12
Slovak Republic	Men	40.98	55.08	59.97	59.85	59.53
	Women	10.72	18.21	26.49	32.36	40.45
	All persons	24.33	35.06	42.01	45.22	49.48
Spain	Men	60.46	62.94	64.69	63.67	63.34
	Women	22.64	29.90	34.24	38.44	45.21
	All persons	40.89	45.98	49.08	50.75	54.07
Sweden	Men	72.64	76.40	76.73	79.41	81.79
	Women	65.94	69.21	69.27	70.38	73.52
	All persons	69.30	72.83	73.01	74.90	77.66
Turkey	Men	53.44	44.78	43.80	46.14	48.24
	Women	21.60	14.77	15.01	17.33	18.76
	All persons	37.20	29.09	28.93	31.39	33.23
United Kingdom	Men	63.22	67.82	70.08	69.33	70.44
	Women	42.54	48.89	50.01	50.57	55.12
	All persons	52.71	58.18	59.85	59.74	62.60
United States	Men	67.30	69.27	70.36	70.00	69.96
	Women	51.88	57.04	59.14	60.20	59.20
	All persons	59.25	62.92	64.54	64.92	64.37
OECD countries	Men	62.53	65.58	67.20	67.64	69.33
	Women	38.33	43.48	46.11	47.92	50.68
	All persons	50.06	54.20	56.34	57.50	59.72

Source: OECD statistics, Labor Force Statistics by sex and age decomposition, <http://stats.oecd.org/>

On the other hand, informal employment, which refers to workers who are not registered to any social security institution, although in a decreasing tendency since 2001, still constitutes a large share in total employment (Table 4) which will be detailed below.

In addition to informal employment, both unemployment and non-agriculture unemployment rates are depressing. As mentioned earlier, there is a skills mismatch that arises mainly from the pattern of rural to urban migration and the employment of those who have migrated. In other words, where urbanization accelerated after the mid-1980s (Table 7), the labor force skills and productivity in return did not match the needs of the market, which created the reasons for high levels of unemployment throughout the years.

De-ruralization, as it became more and more accelerated in the post-1980 period with the removal of agricultural subsidies and barriers to agricultural imports, led to an important decline in employment in agriculture. This brought with it, an internal migration from rural places to cities, which is also termed de-peasantization.<sup>190</sup> Rural-urban population change can be identified over recent decades in Table 7.

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<sup>190</sup> For further details on the process of de-peasantization see, Ziya Onis and Fikret Senses, *Turkey and the Global Economy: Neo-Liberal Restructuring and Integration in the Post-Crisis Era* (Routledge, 2009), 223–240.

Table 7: Urban-Rural Population Change, 1950-2014

Year	Population				
	Total	Urban	%	Rural	%
1950	20,947,188	5,244,337	25	15,702,851	75
1960	27,754,820	8,859,731	32	18,895,089	68
1970	35,605,176	13,691,101	38	21,914,075	62
1980	44,736,957	19,645,007	44	25,091,950	56
1990	56,473,035	33,326,351	59	23,146,684	41
2000	67,803,927	44,006,274	65	23,797,653	35
2008	71,517,100	53,611,723	75	17,905,377	25
2009	72,561,312	54,807,219	76	17,754,093	24
2010	73,722,988	56,222,356	76	17,500,632	24
2011	74,724,269	57,385,706	77	17,338,563	23
2012	75,627,384	58,448,431	77	17,178,953	23
2013	76,667,864	70,034,413	91	6,633,451	9
2014	77,695,904	71,286,182	92	6,409,722	8

Source: TUIK, Population and Demography, "Population of Province / District Centers and Towns / Villages by Years and Sex, Census of Population - ABPRS"

Another characteristic of the current picture regarding labor market indicators is youth unemployment, which fluctuates around 19 percent (Table 8). While the ratio is low today compared to some of the OECD countries that have been severely affected from 2008 financial crisis, such as Spain, Greece, Italy, Hungary, Poland, Slovak Republic and Portugal, Turkey's ratio is still higher than the OECD average, which was 16 percent in 2013.<sup>191</sup>

This is particularly important for the concern of this thesis, since an increasing or high percent of youth unemployment means there is a struggle for permanent, long-term jobs which constrains the prospects of youth in secured jobs, and the prospect of retirement as part of a secured life time career. It is also a factor which pushes young workers into informal jobs. Also, temporary or short-term jobs

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<sup>191</sup> Youth unemployment skyrocketed in the aftermath of 2008 financial crisis especially in Spain, Greece and Portugal. In 2013 youth unemployment rate in Spain is 55, in Greece 58, in Italy 40 percent. For further data available see OECD Labour Force Statistics, *LFS by sex and age - indicator: Unemployment rate*, accessed stats.oecd.org

mean limited career and training opportunities which also affect one of the specific elements of social safety in employment, which is severance payment.

Severance payment, an important item of income protection for especially long-tenure workers, is a lump-sum cash payment made to a worker according to the worker' seniority at the job, in the event of the termination of employment involuntarily or voluntarily, under certain circumstances such as leaving the workplace due to compulsory military service, voluntary termination by female employees within one year following the date of marriage, or retirement in order to receive an old-age retirement pension.

The name of the payment and rules attached to it varies around the world.<sup>192</sup> As it is a lump-sum payment, it fulfils an important mechanism in terms of a social safety net, which is on the employer side considered one of the "too costly" elements of labor legislation.<sup>193</sup> Nevertheless, as also will be explained in the following chapter more detail, severance payments are a substantially important element for workers in formal employment in Turkey.

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<sup>192</sup> For an explanatory report prepared by the World bank see, Milan Vodopivec et al., "Severance Pay Programs around the World : History, Rationale, Status, and Reforms" (The World Bank, May 22, 2011), <http://documents.worldbank.org/curated/en/2011/05/14416123/severance-pay-programs-around-world-history-rationale-status-reforms>.

<sup>193</sup> Cazes, *The Labour Markets of Emerging Economies*, 251.



Table 8: Labor Market Indicators, 2000-2014, %

	Labour Force Participation	Informal Employment	Unemployment Rate	Non-Agriculture Unemployment Rate	Youth Unemployment
2000	49.9	51.2	6.5	9.3	13.1
2001	49.8	53.1	8.4	12.4	16.2
2002	49.6	52.1	10.3	14.5	19.2
2003	48.3	51.7	10.5	13.8	20.5
2004	48.4	50.1	10.8	13.8	20.6
2005	44.9	48.1	9.5	12.0	19.9
2006	44.5	46.9	9.0	11.1	19.1
2007	44.3	45.4	9.2	11.2	20.0
2008	44.9	43.5	10.0	12.3	20.5
2009	45.7	43.8	13.1	16.0	25.3
2010	46.5	43.2	11.1	13.7	21.7
2011	47.4	42.1	9.1	11.3	18.4
2012	47.6	39.0	8.4	10.3	17.5
2013	48.3	36.7	9.0	10.9	18.7
2014	50.5	35.0	9.9	12.0	18.0

Source: Aggregate data from Turkish Statistical Institute website

Looking at the employment status of labor market structure in Turkey, it is observed that self-employment constitutes a large percent in employment (Table 9), of people who typically earn low levels of income.<sup>194</sup> In addition, when unpaid family work and seasonal and casual waged labor are added to the categories, an extremely high ratio is observed which implies a significant amount of population to be out the social security coverage (Table 9).

Following 2009, the Turkish Statistics Institution merged the categories of casual wage labor with regular wage labor which disguises the real percentage of non-standard employment. As a result, when considering the nature of the labor market, the sufficiency of the social security remains noticeably weak in defiance of

<sup>194</sup> Tülay Arın, "The Poverty of Social Security: The Welfare Regime in Turkey," in *The Ravages of Neoliberalism: Economy, Society and Gender in Turkey*, ed. Sungur Savran and Neşecan Balkan (Huntington, N.Y: Nova Science Publishers, 2002), 78.

the social security reforms that took place gradually in 1999 and 2008. Even though a slight upturn is observed regarding the increase in the social security coverage on the overall and decrease in informal employment, it can easily be argued prevailing labor market indicators are not compatible with the social security system despite the reform.

Table 9: Employment Status by years 2000-2014, %

	Casual Labor	Self-Employed	Unpaid Family Worker	Total
2000	9.9	24.7	21.6	56.2
2001	8.2	24.9	22.6	55.7
2002	7.7	23.8	20.9	52.4
2003	7.9	24.8	19.6	52.3
2004	8.3	23.3	17.2	48.7
2005	7.2	23.4	14.2	44.7
2006	7.0	22.3	13.1	42.4
2007	7.0	21.1	12.7	40.8
2008	6.7	20.4	12.7	39.8
2009**	0.0	20.8	13.5	34.3
2010	0.0	20.1	13.6	33.8
2011	0.0	19.4	13.7	33.1
2012	0.0	18.9	13.2	32.1
2013	0.0	18.7	12.6	31.3
2014*	0.0	17.0	11.8	28.8
*october data				
** After 2009 Turkstat merged the category of casual labour with regular labor				

Source: Aggregate data from Turkish Statistical Institute website

As for the working conditions, what emerges to be emphasized most is the weekly working hours in Turkey. Among the 32 countries selected, Turkey has the longest weekly working hour which is striking (see Table 10). A World Bank report on the

labor market of Turkey claims that instead of 52 hours, if workers in manufacturing had worked 45 hours then additional 500.000 workers would have been needed.<sup>195</sup>

On the other hand, what is also critical about the lengthening of the weekly working hours in the general sense is while rendering labor intensified, it reduces the worker's reproduction capacity, which in turn affects the prospects of a worker's work-life balance, which the retirement phase falls under. In other words, in the circumstance of long working hours where physical capacities of workers are forced, fatigue stemming from the working conditions operates as a pushing factor towards retirement. However, in the case where retirement age is not compatible with working conditions that cause serious physical corrosion among workers, it becomes difficult to talk about the concept of retirement. It loses its part in the life cycle as a meaningful possibility. The situation would become clearer in the next chapter where workers describe it themselves.

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<sup>195</sup> The World Bank, "Turkey - Labor Market Study" (The World Bank, April 14, 2006), ix, <http://documents.worldbank.org/curated/en/2006/04/7059527/turkey-labor-market-study>.

Table 10: Selected Weekly Working hours Across the Countries, 2000-2013

Country	2011	2012	2013	Country	2011	2012	2013
Austria	35.9	35.7	35.6	Italy	35.7	35.1	34.9
Belgium	34.9	34.7	34.6	Latvia	39.3	39.3	39.2
Bulgaria	40	39.9	39.7	Lithuania	39.1	38.9	39
Canada	35.2	35.5	35.2	Luxembourg	37.7	38.1	37.9
Croatia	40.9	40.4	40.1	Netherlands	30.9	30.8	30.8
Cyprus	39	39.1	38.6	Norway	34.3	34.4	34.2
Czech Republic	39.4	39.2	38.8	Poland	40	39.9	39.7
Denmark	34.5	34.3	34.4	Portugal	38.8	38.8	38.8
Estonia	39.1	38.7	38.8	Romania	41.6	41.6	41.4
Finland	35.8	35.6	35.4	Slovakia	38.7	38.8	38.8
France	35.7	35.5	34.9	Slovenia	38.7	38.7	38.9
Germany	34.9	34.9	34.7	Spain	36.6	36.1	36
Greece	38.8	38.6	38.5	Sweden	35.5	35.4	35.4
Hungary	39.1	38.6	38.6	Switzerland	36.7	36.6	36.4
Iceland	39.2	39.3	39	Turkey	49.4	50.3	49
Ireland	33.6	33.8	33.9	United Kingdom	35.3	35.5	35.6

Source: International Labor Organization, *Working Time*, "Mean Weekly Hours Actually Worked per Employed Person".

This overview of the indicators of labor market structure in Turkey tells mainly two things that this thesis are of interest to; first, the labor market structure is almost cursed with its informal employment characteristic. The latest information available from the Turkish Statistics Institute shows, as shown above, that 35.7 percent of the working population works informally. Despite the tendency in percentage to decrease in the last decade (starting from 2001), in absolute numbers this percentage still translates into over 9 million of workers, which is very high. The scope of informality is problematic for the social security system, as has been repeatedly outlined in this chapter. Since as long as radical reforms on labor market structure are not undertaken, the parametric reforms in social security system that lengthened the entitlement to a retirement pension only affects the active-passive ratio by extending the time spent as insured of active pensioners and does not address the roots of the problem.

As the next chapter will discuss, prolonging the retirement entitlement does not automatically render continuity in employment after a certain age for especially physically intensive labor performing jobs. For this reason only, the top-down approach that is pursued in the social security system is a distracting point from the labor market structure. On the other side, the adequacy of social security benefits is questionable.

Second, from a comparative perspective as well, the labor market indicators almost fail in all aspects compared to OECD countries, despite the severe affect of the 2008 financial crisis that affected especially European countries far more seriously than Turkey. Labor force participation rates for almost all age groups and particularly women are lowest among OECD countries. In addition, the incidence of high rates of unemployment and informal employment compared to OECD countries represents a structural problem that the labor market in Turkey has been going through for a long time.

Arın states that either Turkey has not been successful at implementing policies to generate employment, or the exact opposite, it has implemented policies that are harmful to it.<sup>196</sup> The roots of this structural problem can be traced in the economic strategies pursued in the post-1980 period. Along with an outward-looking and market-oriented economic strategy, formal employment prospects declined where deregulation and flexibilization, as it is said to happen almost everywhere around the world, gained impetus. Thus, in the light of these structural discrepancies that tie social security to labor market indicators, the idea of retirement, perhaps is in a whirlpool.

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<sup>196</sup> Arın, “The Poverty of Social Security: The Welfare Regime in Turkey,” 77.

The following chapter, representing the results of the fieldwork study where cases of metal and municipality workers are compared will provide dimensions that this chapter has revealed concerning the social security system and labor market structure.



## CHAPTER THREE

### CHANGING RETIREMENT PATTERNS

One of the objectives of this thesis is to understand the attitudes and perceptions towards retirement and meanings attached to retirement among blue-collar workers in Turkey and how the concept of retirement is shaped in the light of the social security system as well as labor market structure. In this regard, the purpose of this chapter is to present and discuss the results of the fieldwork that was conducted to examine two distinct groups of blue-collar workers; metal and municipal sector workers' perception towards retirement and social security system. To make a meaningful comparison about the changing retirement patterns, in addition to current workers, the perception and attitudes of retired workers who have worked as metal and municipal sector workers in the past for a long part of their working life was also examined and will be discussed accordingly.

As mentioned above and also in the introduction chapter of the thesis, four categories of interviewees were chosen who are: metal industry workers, retired workers who have worked as metal industry workers for a considerable part of their working life and identify themselves as such<sup>197</sup>, municipality workers, and retired workers who have worked in municipalities for a certain part of their working life. Two sets of semi-structured discussion questions; one for the current workers and the other for the retired workers, were formulated on mainly two topics, one related on to the concept of retirement and the other in relation to work and working life.

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<sup>197</sup> The reason for specifying the identification issue is the snowball sampling process that was conducted. During the selection process Birleşik Metal-iş union representative and later Emekli-Sen member (unofficial union of retired workers in Turkey) was asked to reach retired metal industry workers. Although six of the nine participants did not hold their entire job history in metal industry, they identified themselves as such.

In the sample determination, apart from the main occupation branch of interviewees to be metal and municipality workers, there was not any exclusion or inclusion criteria regarding the workers' or retiree's age cohort, education, years in retirement, or gender. Also, it is necessary to state that there was no exclusion criterion for retirees to be non-working or working. However, the only criterion for the interviewees was to be working or to have worked in unionized workplaces as unionized workers.

These criteria are set of two reasons. First, in the classical sense, unions matter for workers. Unionized work, as a corollary of organized and collective work, is intrinsically protective of workers' rights, wages, working hours, leave of absence with pay, severance pay, and most importantly social security entitlements. Thus, unionized workers (and retired unionized workers) are conscious of the concept of retirement as a possibility for the working class after a long-termed working life. That is, the interviewees were chosen among those who were aware of what retirement could mean in a standard employment environment which the unionization can provide.

Second, being a unionized worker is important in this particular conjuncture since unionism is said to be weakened over the last 30 years<sup>198</sup> mainly due to changing structure of employment. The post-1980 politics of neoliberal agenda, the deregulation of labor markets accompanied with the increase of the services sector and decrease in industries that unionized workers are abundant, as well as the effect of the military coup, unionized workers' share declined substantially over the years.

As explained in the previous chapter, the changing composition of the labor market structure, increase in informality in the post-1980 period, and low levels of

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<sup>198</sup> For an evolution of unions in Turkey see, Nichols and Sugur, *Global Management, Local Labour*.



labor force participation have all been interrelated dynamics that affected union participation. In this historical conjuncture, it was important for interviewees to be unionized workers, somehow to guarantee a minimum condition of social security sense among the interviewees.

One other thing to point out as a result of being free of criteria occurred when the mini surveys the interviewees filled out are analyzed. As a concept, retirement is concerned with the ageing paradigm. The age of retirement signifies an important parameter of a worker's life expectations and thus what a person can expect from the retirement phase, whether to continue to work in order to sustain an adequate income or have leisure in a relatively healthier age. While it is hard to talk about a non-working life after retirement in Turkey, foreseeing the prospects with the possibility of retirement at an earlier age renders the concept of retirement for individuals to be different from being otherwise. Therefore, age is an indispensable parameter and determinant of the concept of retirement, thus when mini surveys are analyzed there occurred several points especially regarding age that needs to be set forth.

First, the average age of seven metal workers eventuated to be 31. If the oldest metal worker, who was aged 46 and who was also working in a foreign company, where the conditions of work were considerably different from those of a domestic firm<sup>199</sup> is put aside, the rest of the six metal workers' average age is 28. The reason for emphasizing the average age of metal workers is that it designates a circumstance of the metal industry where older workers are frequently dismissed from work due to their alleged physical decline.

According to the metal workers of the domestic factory in focus group discussion, there was no reason to keep them employed in their 40s or at most 50.

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<sup>199</sup> The differences between the local firm and foreign firm will be explained when discussing metal workers' conditions of work and their perception.

One of the senior workers, aged 33, claimed that the age issue is important for the two sides and working beyond an age is impossible both for the worker and the employer.

The workers argued that employers want to get rid of older workers due to their declining performance and increasing seniority, which increases the costs of a worker. On the other side, the workers expressed that, as employees in a backbreaking sector, they cannot afford to work in an exhausting position longer than a certain amount of time. The average age of total 70 workers in the domestic factory is 30,<sup>200</sup> which also validates the arguments of the focus group workers. Considering the statements of the workers, the average age of the metal worker participants in the focus group discussion is by no means a coincidence.

Second, the average age of nine metal industry retired workers, who were mostly reached through snowball sampling, was 60. Among the retirees, the younger ones were 51 and 53, and two others, aged 59 and 61, were working in unions in office jobs.<sup>201</sup> The average retirement age of nine of the participants was 44, which validates the early retirement pattern among metal industry workers.

On the other hand, the early retirement pattern did not mean a non-working life after retirement, but everyone, without exception had re-entered the labor force after they retired, some of them in different sectors and some of them in the same. Two of the retirees, aged 65, Celal and Ali, claimed that they had been lucky to be hired in the metal industry in their post-retirement working life period. Celal argued

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<sup>200</sup> The information is taken from the union representative working in the factory (March 2, 2015, telephone communication). Unfortunately, they told that they cannot give material evidence showing workers' ages.

<sup>201</sup> Three of them were working in Birleşik Metal-İş union and one of them in the Union of Turkish Engineers and Architects (TMMOB). Their jobs were in offices, far less labour demanding work compared to metal industry.

that, as he was comparatively qualified he had had the opportunity to continue to work despite his age in the metal industry instead of “rotting in the coffeehouses.”<sup>202</sup>

In addition to the two points mentioned above about the metal industry workers, third, the age average of 12 permanent municipality workers was 46. This is 18 years more than the case of metal industry workers, which raises a question mark about the possible differences between the conditions of the two sectors. Rather than assuming that it is a coincidence due to absence of an exclusion and inclusion criteria for selecting the focus group participants, the average age of workers in the two municipalities, respectively Şişli and Beşiktaş, was investigated to confirm the age of the population of this group.

According to the representatives in both municipalities, the average age of permanent municipality workers varies between 45 and 50,<sup>203</sup> which accords with the average age of participants of this study. The main reason for the relatively older population among permanent municipality workers is the "Norm Staffing Application" that put an end to the permanent staff recruitment since 2007<sup>204</sup> due to budgetary limitations put on the recruitment of permanent workers. It altered the employment structure in municipalities and local administrative authorities, which will be discussed in detail below.

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<sup>202</sup> Celal: “*Daha nitelikli bir eleman olmam nedeniyle ben şanslıydım. Fakat benimle aynı konumda, 40 yaşında zorunlu emekli olup, kahvehanlerde çürüyenler var.*”

<sup>203</sup> Zeynel from Şişli Municipality and Erdem from Beşiktaş Municipality interviewed via phone, 5 March, 2015. It was also told by the representatives of municipalities that they cannot provide material evidence to the average age of the workers due to confidential reasons.

<sup>204</sup> ÇSGB, “Belediye ve Bağlı Kuruluşları İle Mahalli İdare Birlikleri Norm Kadro İlke ve Standartlarına Dair Yönetmelik,” *Official Journal No. 26442*, February 22, 2007, [http://www.migm.gov.tr/Dokumanlar/norm\\_kadro\\_yonetmeligi.pdf](http://www.migm.gov.tr/Dokumanlar/norm_kadro_yonetmeligi.pdf).

## Doomed to Unretire: Turkey is an Unretired<sup>205</sup> Paradise

The fundamental common denominator of the workers in the sample was that they all had social security coverage<sup>206</sup> despite the differences related to their ages.

Underlining the fact of social security coverage once again, the perceptions of the workers and retirees should be evaluated considering their existing experience in a system where social security is constructed and provided despite the inadequacies it embodies.

As discussed, being a unionized worker reinforces the importance of social security and highlights the importance of an environment in which the concept of retirement is a possibility to be discussed. Nevertheless, although it can be argued that the blue collar workers of metal industry and municipalities share a common class experience, practices and perceptions vary from worker to worker, which also qualifies the diversity component of the working class identity. Here, retirement and social security are taken as constituents of the working life and working life cycle which facilitate the discussion.

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<sup>205</sup> 'Unretire' is actually used for a new generation of workers who decide retirement is not for them and go back to work in the post-retirement period. Rather than a necessity the unretired group prefers to work. For a brief analyze see John Bingham, "Rise of the 'Unretired' to Transform Economy," April 5, 2013, sec. News, <http://www.telegraph.co.uk/news/health/elder/9972692/Rise-of-the-unretired-to-transform-economy.html>. The way "unretire/unretired" used in this subtitle stems from the necessity of working in the aftermath of retirement entitlement.

<sup>206</sup> The fragmented structure of Turkish social security system was introduced in the former chapter. Prior to the unification of the three social security institutions workers on contractual basis were under the coverage of Social Security Institution (SSK). After the unification, SSK insured people's social security coverage renamed as "4-1/a" with changes in the law. Regardless of their title, all of the workers in this study share the same social security status. The reason for highlighting this issue stems from the difference of metal workers of domestic metal factory who are obliged to different set of rules under the Article 4-1/a of law number 5510.

In the following part, a categorical analysis and discussion are presented; first, the metal industry workers and retired workers; second, the workers of municipal sector and retired workers.

#### At the Age of 40 You Are Dismissed! The Case of Metal Industry Workers

The general idea on retirement was the first semi-structured question asked to the participants. First, the metal workers of the domestic factory, who were notably young compared to the municipality workers who participated in the study, shared a similar voice by arguing that it is unthinkable for them to retire under the prevailing circumstances.<sup>207</sup> Consequently, thinking of any retirement plans seemed incongruous to them.

The despair towards retirement has two reasons when the metal workers' statements and situation are examined. The first reason corresponds largely to their current age, which varied between 23 and 35. While the studies from a time perspective suggest that "future time perspective is a function of the content of life at a given age"<sup>208</sup> and as a consequence may vary accordingly, in the case of young metal workers, retirement is in a distant future of which one cannot enter the consideration field as it is also associated with old age. Even further, one of them said that the retirement age whether 60 or 65, did not matter at all.<sup>209</sup> Old-age, for the

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<sup>207</sup> Ramazan: "Bizim biraz zor emekli olmamız. 65 yaşına kadar yaşar mıyız yaşamaz mıyız belli değil. Yapılan yeni düzenlemelerle emeklilik tamamen hayal oldu."

<sup>208</sup> Karen L. Fingerman and Marion Perlmutter, "Future Time Perspective and Life Events across Adulthood," *The Journal of General Psychology* 122, no. 1 (January 1995): 110.

<sup>209</sup> Hakan: "65 yaş emeklilik diyorlar, bazılarımız daha erken, 60 yaşında emekli olacak belki ama ne farkeder? 60-65 yaş arasında bir fark yok."

young metal workers, which starts approximately in their 60s, is a phase of life where unproductiveness and incapability prevail.

The second reason for the despair in the metal workers' perception towards the retirement is the mandatory retirement age that obliges them to retire at either 60 for some or 65 for others. This was new and particular to the young metal workers in this study who had entered the social security system. That is to say, they started working after the 1999 and 2008 social security reforms, which altered the official retirement age and other retirement pension parameters. The retirement age was increased to 60 with Law number 4447<sup>210</sup> in 1999 and it was further increased to 65 with Law 5510<sup>211</sup> that directly concerned all six metal workers in the domestic factory.

The legal change that altered the legal retirement age is crucial for the metal workers and apparently it directly effects their perception of retirement. In the light of their circumstance, the workers were deeply concerned about their situation, which did not allow them to think about retirement as an old-age rewarding institution following a life time employment: "I don't have an idea about retirement; I don't know if I will be able to live into my 60s."<sup>212</sup>

The concern of the metal workers' retirement age is closely related to their working conditions. As briefly discussed in the introduction chapter and also in the discussion considering the age issue of workers in the study had revealed, the metal industry is a sector in which young workers are preferred. During the focus group

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<sup>210</sup> TBMM, *Law on Unemployment Insurance*, vol. 4447, 1999.

<sup>211</sup> TBMM, *Social Insurance and Universal Health Insurance Law*, vol. 5510, 2006, [http://www.sgk.gov.tr/wps/wcm/connect/1513fcb9-6954-42f1-9711-1708b08ff3a0/SOCIAL\\_INSURANCE\\_AND\\_UNIVERSAL\\_HEALTH\\_INSURANCE\\_LAW.pdf?MOD=AJPERES](http://www.sgk.gov.tr/wps/wcm/connect/1513fcb9-6954-42f1-9711-1708b08ff3a0/SOCIAL_INSURANCE_AND_UNIVERSAL_HEALTH_INSURANCE_LAW.pdf?MOD=AJPERES).

<sup>212</sup> Ayhan: "Ben de mesela o emeklilik düşüncesi yok, ben onu 60 yaşında yaşayabileceğimi bilmiyorum."

discussion, the participants separately and frequently emphasized the "dirtiness" of their work and how exhausting it is. They often implied that the working environment was not "sound" and they were subject to certain risks associated with the working environment. They indicated that lifting heavy things and exposure to heavy dust are only part of their hazardous conditions which decrease their capabilities over time. Therefore, the metal workers did not think that they would be working more than 20-25 years in the sector. On the other hand, the story is two-sided, as they suggested.<sup>213</sup>

The metal workers indicated that employers also do not recruit after a certain age. Relying on observance, one of them claimed that employers do not want to keep older metal workers due to their declining physical capability, which, according to the employers' view, displays a risky category when a worker's health and job safety-security issues are concerned. This is new, as suggested above, and exceptionally translates into a new uncertainty among metal workers as well as other industries' workers who also will not be preferred by their employers as they age.

What will these workers do when they get old but are unable to be re-employed cannot get a retirement pension? Anticipating from this day is difficult, but assuming that the conditions for metal workers are the same, where chances of being employed after their 40s decline, there will be a group of workers bewildered. At this juncture, it can be argued that retirement for metal workers, and presumably for similar workers in other industries, has become rather than impossibility a "policy-induced life event"<sup>214</sup> or even, a policy induced *weakened* life event.

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<sup>213</sup> Bülent: "İşveren tarafından bakınca da işçi tarafından bakınca da belli bir yaştan sonra çalışmak mümkün değil."

<sup>214</sup> Here, the phrase is used as it depicts a social event that has an impact not only on that particular moment but rather in a person's life trajectory. For the case of usage in unemployment see, Grace O.

On the other hand, while the case did not involve these workers, one of the workers pointed out the dilemma that occurs if one had fulfilled the premium days but had to wait for retirement age. These people, having fulfilled the necessary premium days requirement of their social security institution (ES, SSK or Bağ-Kur in the former social security system), got stuck on the retirement age requirement that has changed with the 1999 reform. A new category of pre-retirees emerged, called "stumbles due to age requirement in retirement,"<sup>215</sup> meaning those who cannot retire because of the age requirement.

The reason for pointing out this dilemma for metal workers is their early start age of employment. Most of the workers, after graduating from a vocational high school, immediately start working at the age of 18. After continuously working, they fill the required premium days<sup>216</sup> to be eligible for a pension. Yet, the rules discussed above restrain the pension right. In the view of such information, the workers frankly stated that the minimum age requirement for retirement pension following the 1999 and 2008 parametric social security reforms was devastating for them and needed to be rethought by the authorities.

In despite of the unthinkable nature of the concept of retirement for the young metal workers, one of the workers said it would not matter if one day he were able to arrive at the point of retirement and actually retire. He argued that the wages are evident, paying rent is already hard and it is impossible to travel when they are living hand to mouth. Besides, even though he retired one day, in case where the official

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M. Lee and Malcolm Warner, *Unemployment in China: Economy, Human Resources and Labour Markets* (Routledge, 2006), 8.

<sup>215</sup> "Emeklilikte yaşa takılanlar"

<sup>216</sup> Prior to 1999 reform premium payment days was 5000 days for SSK insured. The 1999 parametric reform changed the premium days to 7200 and 2008 reform kept it same.



retirement age was not 65 but less, he would still have to work in order to secure the future of his kids.<sup>217</sup>

The underlying reason for the grievance of the workers was largely related to their current anxieties which stemmed from the financial constraints in which they lived and the anticipation of an enlarging anxiety both in the near and distant future. Thus, the metal workers fit the category of the "worried young" who are distressed by the available coping resources largely attached to their pay.

While the young metal workers' ideas about retirement were shaped by the two interrelated reasons which pertained to their age and to the altered conditions of the retirement pension right, there was a particular complaint regarding working conditions which workers often came back to and tried to relate to their thoughts on retirement.

One of the things they were not comfortable with was the weekly work hours. The workers thought that the basic improvement needed to be made to the current state, 45 hours a week. It needed to be changed in the direction of decreasing it and simultaneously the ILO agreement should be followed. As mentioned in the previous chapter, the weekly working hours in Turkey are excessively high compared to OECD countries. In this regard, workers more than once emphasized the authorities' meaningless comparison of the minimum retirement age in Europe Union to Turkey. In brief, they underlined that where the conditions of work were as such, the terms of retirement entitlement were almost senseless. Therefore, the claim of the thesis, pointing out the incompatible nature of the working conditions to social security system was represented in the statements of interviewees.

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<sup>217</sup> Ramazan: "Hem emekli olsam ne farkeder; aldığım ücretler belli, kira ödeyebilmek zor; gezemiyoruz, ancak yetiyor. Bir de emekli olsam da mecburen çalışacağım. Yani çoluk çocuğun istikbalini görene kaar çalışacağım, gelecek garantide değil."

As suggested in a few studies dealing with the push and pull factors that influence retirement intentions,<sup>218</sup> push factors constitute the negative aspect due to poor health, organizational factors, and work fatigue.<sup>219</sup> These move workers to think about retiring at the first occasion. To clarify, the negative factors in question impel the workers to think about retirement as at least a work-free guarantee to be accessed. What was heard from the workers towards the end of the focus group discussion was the fact that retirement had become a target for the working class, yet remained a farfetched one.<sup>220</sup> In other words, although the negative aspects of work were right there for the metal workers,<sup>221</sup> retirement could still have been their target. Yet, the workers' statements about the conditions of work were so hopeless that they could not lay a bridge between the retirement phase followed by a work period:

Retirement is an aim for the working class, but it is becoming a farfetched one. And unless working life is ameliorated it will remain as such. But if things were to change, such as working hours and hazardous occupational environment, perhaps retirement and transition to retirement would have been different.

Prior to moving towards discussing the rest of the focus groups and interviews, there is one more important detail about the domestic metal factory workers which will function as an important parameter for the rest of the interviewees.

Of all the statements above which were genuinely personal, the workers recognized their working conditions to be relatively better than those of the

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<sup>218</sup> Martin Kohli and Martin Rein, "The Changing Balance of Work and Retirement," in *Time for Retirement: Comparative Studies of Early Exit from the Labor Force*, ed. Anne-Maria Guillemard et al. (Cambridge: Cambridge University Press, 1991), 1–35; Oakman and Wells, "Retirement Intentions."

<sup>219</sup> Oakman and Wells, "Retirement Intentions," 992.

<sup>220</sup> Bülent: "İşçi sınıfı için emeklilik bir hedeftir, ama gün geçtikçe zorlaştırıyorlar."

<sup>221</sup> Not just metal workers, but also semi-skilled job holders in labor intensive jobs can be a part of the addressee.

neighboring factories in the metal industry. They claimed that it was even impossible to breathe in some of the plants.

In addition to physical conditions, as unionized workers of Birleşik Metal-İş, their rights and benefits were far better than those of other places where in some of the plants, immigrant workers, lacking social security, were employed. When they ever thought about switching jobs, they expressed their suspicion about being un-unionized and especially lacking social security.<sup>222</sup> As spelled out in the beginning of this chapter, being unionized still matters, despite the low unionization rates among workers compared to the 1970s. For the metal workers and, as will be discussed later, for the municipality workers as well, the union itself is a source of security, especially in the work place.

All in all, the young metal workers, while recognizing the importance of being unionized and as a consequence being socially secured,<sup>223</sup> were despondent about the thought of retirement, which is in the distant future both because of the absolute and also relative distance. Emphasized more than a few times, they were unhappy with the working conditions and argued for the broadening of the scope of actual service term incremental law to cover the workers in the metal industry, which would enable them to retire earlier than the mandatory age. As the argument of the thesis is the incompatibility of the social security system with the prevailing labor market conditions, beyond question the workers of the domestic metal factory personify the argument.

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<sup>222</sup> Levent: "Sendikalı olmanın her zaman avantajı var. İnsanlar 2000 lira maaş alıyor çalışırken, emekli olunca bir bakıyorlar asgari ücretten maaşı; meğerssem primleri ödenmemiş. Sendikası olmak tehlikeli."

<sup>223</sup> It is necessary to remind that the workers were content of a situation which should actually be a standard for all the workplaces due to the importance of social security coverage in an employment based social security system. Yet with an informal employment rate of 35 percent (September 2014 data, see chapter 2), workers presumably felt the need to put emphasis on the subject matter. Once again the importance of unions for the social security purposes were revealed.

Comparison is useful and essential at this point. Among the four categories described at the beginning of this part, there was one other person included in the metal industry workers category from a foreign company. As noted earlier, the metal worker in this company was 46 years old and had been working in this company for 24 years, which corresponded to almost his entire working life (28 years). Contrary to the former group's statements, Hasan's age was in the range where he might face the risk of being dismissed. However, after asking him several questions about the working conditions and about what must be the length of service in this sector, he said:

In this sector (metal industry) continuous work for 30 years is too long. After 25 years, one must have the right to retire. However, things are different in this company. There are people working for 40 years now. Despite the fact that they have earned their retirement pension entitlement, they keep working. The company does not lay off workers here. By law, workers pull out of work voluntarily. There is a world of difference between a domestic company and ours. Overall, the approach to the laws is different in the sense that the rules are obeyed and there is respect for people. In addition, the work here is not dirty and weary as is in the others which make a metal worker in this company to work more than 30 years.<sup>224</sup>

Given this background on the worker and on the worker's framing of the work place and conditions, the first question I asked on the general idea of retirement differed greatly from the domestic metal factory workers. He asserted that retirement is a desired stage of life following 25-30 years of continuous working in which a retirement pension is received from the government (as an accredited institution, he implied), regardless of work. As a consequence, planning to retire two years later, when he is 49, he is not planning to continue working, but to rest and enjoy his

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<sup>224</sup> Hasan: "Bizim sektörde 30 yıl devamlı çalışmak çok fazla. 25 yıl dolduktan sonra emekli olunmalı. Ama buraada 40 yıldır çalışanlar var; 25 yılının sonunda emeklilik hakkını kazanmış, çalışmaya devam ediyor. Şirket işten çıkarmıyor burada. Kanunen, insanlar kendi rızasıyla emekliliğe ayrılıyorlar. Türk firmalarıyla bizim firma arasında çok fark var. Kanunlara yaklaşım çok farklı, kurallara uyuluyor ve insana saygı var. Öbürleri gibi pis iş değil buradaki iş, daha az yorucu. O yüzden de insanlar 30 yıldan fazla çalışabiliyorlar burada"

retirement. Further, unlike the domestic metal factory workers, he said that his retirement pension would allow him to "enjoy his retirement" as he would not be obliged to work further since his retirement pension would not be greatly different from his salary, which was satisfactory. By his explanations and thoughts regarding retirement, Hasan displayed the personified form of the definition of retirement explained in the introduction chapter. Yet he denoted that he did not think of retirement when he initially started working. He explicitly suggested that retirement was in a distant future which was difficult to imagine. At this point, the statements of the young workers of the domestic metal factory workers became more meaningful. However, apart from the common point of retirement being in the distant future for people who had entered their working life recently, there was a remarkable contrast stemming from the working conditions that distinguished the two types of workers' attitudes towards retirement.

The striking contrast among the foreign company worker and domestic company workers underlines three things. First of all, the foreign company worker, Hasan, was 46 years old and soon to retire, fulfilling the requirements of entitlement to a pension right, since his entrance to the social security system had been in 1987. As discussed above, in the former system 25 years of premium payment to the Social Security Institution (SSK) was sufficient to acquire a pension right regardless of minimum age. On the other hand, the new system obliged workers to fulfill both a premium payment period and ensure the minimum age requirement, which occupied the domestic factory workers' thoughts. Having met the requirements, Hasan wanted to retire and did not think of working further, which distinguished him from most of the workers in position similar to his.

Second, as Hasan told the story of his working life in the company, he said he had a stable and secure job for 24 years now; in other words, unlike the atypical, flexible or precarious employment type that seemed to be pervasive, he had standard employment where the conditions of work were a lot better than at any of the domestic companies. What he said during the interview was that his substantial salary and his possible retirement pension which was approximate to his salary would allow him to plan comfortably for his future in retirement.

The third reason is the financial feasibilities of a worker. The most important determinant for the blue collar workers of the metal industry, presumably for also workers of many semi-skilled and unskilled jobs, was the financial outlook when retirement was around the corner. In addition to Hasan's retirement age, two other factors, which were his decent working conditions and his satisfactory salary, were related to working in a foreign company in which the worker is valued.

Given this background, he not only favored retirement, but also planned to buy a house in the Aegean region for holiday purposes. By all measures, Hasan is an exceptional case which is hard to encounter given the current conditions of work and prevailing requirements of retirement pension entitlement. His exceptionality regarding his thoughts on retirement as well as working conditions also will become evident in the next part, where the interviews of metal industry retirees are presented.

The oldest metal retired worker in the interviewed group was 68 years old. He had spent only 10 years in full in metal industry, specifically in the shipbuilding yard. Since he was the oldest in the interviewed group and started working in 1970, his portrayal of the past when work relations were more stable than today and when purchasing power and severance pays in general were better gained meaning in the comparison between today and the past.

Necati described his work history in great detail.<sup>225</sup> Prior to the September 1980 coup, when the trade union movements escalated, he had played an active role in setting up a new union after the affiliated union had cut the yogurt that was supposed to be given to the workers who were exposed to toxic gases: "We did not know class consciousness, class culture or anything. Yet we struggled for our rights."

In the disruptive event of the September 1980 military coup, labor unions were largely dismissed from the political realm. The impact of the coup on unions was severe and unions' activities were narrowed down to the economic demands of workers. The discourse on democratic rights and freedoms bottomed out. This period is significant to remember at this point since apart from the union leaders many workers were also arrested and Necati was no exception. Following imprisonment, which included torture, left him with a functionless kidney, Necati's work life trajectory changed dramatically. He said that after 1980 he had worked in "palliative" jobs intermittently and become entitled to a pension from the minimum wage at the age of 48.

Despite his politically influenced work path that did not allow him to position retirement as a meaningful event of an occupational life cycle, his references to the popular discourses of the past represents a valid agenda:

In the past, workers in the labor intensive metal industry used to dream of being retired one day and buying a house to make themselves comfortable whether they continued to work or not depending on the amount of their retirement pension. These dreams were achievable in 1974-75. Some things were feasible. Before, with the severance pay, when the value of money was higher, workers could buy a house, a piece of land or a car. However, as the purchasing power declined, neither a house nor a thing can be purchased nowadays.<sup>226</sup>

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<sup>225</sup> One-to-one interview was conducted with him.

<sup>226</sup> Necati: "Evvelden, metal iş kolunda, ağır işlerde çalışan işçiler şu hayali kurardı; 'Emekli olursam bir de ev alırsam çalışsam da çalışmasam da rahat ederim.' 1974-75 yıllarında vardı bu hayaller, bazı

The decline of the purchasing power that is almost on everyone's lips points to a particular understanding of retirement patterning in Turkey from past to the present. The following interviews also suggested how retirement had been perceived in the past, in the then prevailing working environments and socio-economic conditions.

The impact of the 1980 coup is important for a generation of workers, especially for unionized metal industry workers as it affects their personal life narrative. Following the one-to-one interview with Necati, the interview with Halit, another metal industry retired worker, who is 66 years old and currently working in a desk job, was conducted. In this conversation there was a divergence from the personal experiences due to a disappointment arising from a deviation from an initially expected working life path; a societal and historical perspective on the idea on retirement came to light.

Halit said that between the years 1960 and 1980, the struggles of the labor movement shaped the class consciousness and culture among the workers which concomitantly enabled a retiree cohort to be formed. The retiree cohort had expanded throughout the years and a culture of doing things in retirement and what retirement could mean were slowly constructed.

As indicated in the previous chapter, the social security coverage in 1960 was a mere 5.8 percent whereas in 1980 it broadened to cover 48.2 percent of the population. Statistics validate Halit's argument, that the retiree cohort that came into existence between those years had led the working population dream about retirement as a rewarding event to be reached. "In the making of the retiree cohort", Halit continues, unionized workers who could benefit from the collective bargaining

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*şeyler yapılabiliyordu. Kıdem tazminatı, evvelden o paranın bir kıymeti vardı; bir ev, bir arsa, bir araba alınabiliyordu. Fakat alım gücü düştükçe ne bir ev ne de bir şey."*



agreements had started visualizing retirement: "We were able to dream about retirement under the rights and benefits acquired with the collective bargaining agreements." In addition, Halit remarks that the increases in severance pay were also influential in this process.

As explained in the previous chapter, severance payments are an important mechanism as a social safety net. Yet like Halit, Necati and almost all the other participants in the study suggested, the amount of severance payment as a retirement bonus had been watered down, while the purchasing power of the blue collar workers had steadily declined. In Table 11, a severance payment for 30 years of work has been calculated as of 1975. The table shows that the average amount of severance payment between 1975 and 1980, prior to the military coup was much higher than the average of 1980-2014.<sup>227</sup>

The severance payments as retirement bonuses, Halit said, also helped most of the workers to return to their hometown, buy a piece of land, or start up a small business. Yet, in the post-1980 period, these dreams of retirement as a second life collapsed with the neoliberal turn. Similar to Necati, Halit's personal historical narrative is shaped by the political events in which he had to flee and wait to return to Turkey for almost 10 years. The question of whether retirement was a milestone for him does not seem plausible. Instead of retirement, the 1980 coup was a veritable turning point.

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<sup>227</sup> Although the period prior to 1980 could be regarded as an exceptionality, this does not change the fact that it had supported to form "In the making of the retiree cohort".

Table 11: Severance Payments Calculated, 1975-2014

Year	Consumer Price Indeks *	Severance Pay	Severance pay adjusted**	Severance pay in terms of 2014	Severance pay calculated for 30 years
1975	251	9.000	0,01	5.464	163.918
1976	290	13.500	0,01	7.110	213.285
1977	372	13.500	0,01	5.540	166.188
1978	556	24.750	0,02	6.788	203.630
1979	871	40.500	0,04	7.096	212.869
1980	1.886		-	-	-
1981	2.564	40.500	0,04	2.410	72.299
1982	3.259	75.000	0,08	3.511	105.343
1983	4.281	77.500	0,08	2.762	82.861
1984	6.354	82.850	0,08	1.989	59.681
1985	9.210	149.450	0,15	2.476	74.272
1986	12.398	223.200	0,22	2.747	82.400
1987	17.215	329.000	0,33	2.916	87.473
1988	30.188	470.000	0,47	2.375	71.259
1989	51.206	1.049.250	1,05	3.126	93.785
1990	78.258	1.969.500	1,97	3.840	115.187
1991	129.867	3.385.188	3,39	3.977	119.305
1992	220.881	5.917.293	5,92	4.087	122.614
1993	366.878	9.996.580	10,00	4.157	124.711
1994	756.730	14.272.500	14,27	2.877	86.325
1995	1.465.257	31.311.650	31,31	3.260	97.806
1996	2.566.325	53.312.500	53,31	3.169	95.081
1997	4.766.518	104.734.375	104,73	3.352	100.569
1998	8.800.963	200.625.000	200,63	3.478	104.335
1999	14.509.926	345.200.000	345,20	3.630	108.888
2000	22.478.107	588.720.000	588,72	3.996	119.874
2001	34.706.239	807.500.000	807,50	3.550	106.490
2002	50.311.596	1.260.150.000	1.260,15	3.821	114.638
2003	63.038.602	1.389.950.000	1.389,95	3.364	100.918
2004	69.710.756	1.574.740.000	1.574,74	3.446	103.391
2005	74.058.183	1.727	1.727,15	3.558	106.741
2006	81.165.726	1.857	1.857,44	3.491	104.741
2007	88.272.744	2.030	2.030,19	3.509	105.265
2008	97.492.062	2.173	2.173,19	3.401	102.024
2009	103.586.269	2.365	2.365,16	3.483	104.504
2010	112.459.928	2.517	2.517,01	3.415	102.438
2011	119.738.200	2.732	2.731,85	3.481	104.424
2012	130.384.805	3.034	3.033,98	3.550	106.503
2013	140.154.657	3.129	3.129,25	3.406	102.190
2014	152.564.753	3.438	3.438,22	3.438	103.147

\* For Turkey CPI (Consumer Price Index) exists following 1979. Numbers prior to 1979 were adjusted with Ankara CPI by the author. (1968=100 base year)

\*\* Omitted 6 zeros from currency

Sources: TCMB, Consumer Price Index Numbers with Different Base Years, [evds.tcmb.gov.tr/yeni/.../indexSeries\\_CPI.xls](http://evds.tcmb.gov.tr/yeni/.../indexSeries_CPI.xls), ÇSGB, Ceiling to Severance Pay, <http://www.cs.gb.gov.tr/cs.gbPortal/cs.gb.portal?page=kidem>. Severance pay in terms of 2014 was calculated by the author.

Despite the obstacles, Halit managed to retire at the age of 49 from the minimum wage just like Necati did, which was not an amount he thinks he deserved since in the initial years of his working life, his premiums had been paid from the highest scale. In this regard, he criticized the pension system for changing the rules of the game during the game.<sup>228</sup> Disappointingly, what emerged from Necati and Halit's statements was that the social security system in Turkey while holding a fragmented structure, also happened to be unequal during the working life span of an individual. For many workers, this in turn, had generated an insecure and uncertain manner towards the social security system in general.

To continue with Halit's interview, his observations of working life and concept of retirement in Turkey are valuable to record. According to Halit, for workers in Turkey today retirement only meant managing to sustain oneself given the retirement pension amount. Presumably, thinking about himself, too, he argued that workers either could retire to do things as they wanted or they lived from hand to mouth in the post-retirement period. As suggested multiple times, financial constraints were the most determining factor in the perception of retirement in Turkey. Yet, was not only financial constraints, but also the cliff between the workers and retirees which is worth stressing, as Halit affirmed.

What he meant by the cliff has several related explanations. In light of his background in labor union organizations, Halit he claimed that membership in a labor union should not be given up on termination from work due to retirement. The membership of workers, whether retired or not should continue in order to be influential and collaborative in the decision-making process regarding especially the

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<sup>228</sup> Halit: "*Sosyal güvenlik sisteminde başta koyulan kurallar geçerli değil. Maçın ortasında oyunun kurallarını değiştirdiler.*"

problems of the retiree. Moreover, Halit argued that a bridge between the workers and retirees through the labor union could help to foster the labor union movement in general.

In this regard, he proposed that retirees and especially worker retirees should be defined in the working class map. In addition, he said that retirees who otherwise felt unproductive and isolated in society could serve through the labor union channel by giving vocational education or training. Pointing to many different topics regarding retirement, the conversation with Halit not only brought the cultural aspects of retirement notion in Turkey, but also the structural discrepancies of the social security system that occur throughout the time. Further, he pointed to the importance of union relations and the union identity of metal workers, which were meaningful regarding the recent metal strike.<sup>229</sup>

I met with four other non-working metal industry retirees in a teahouse in Maltepe. Although, none of them were employed at the time of the focus group discussion, they all said that they started working again right after they had received their retirement pension entitlements, which corresponds to their 40s. On average they worked for 12 years more after being retired, which inform that a non-working life after retirement was not an alternative for them as well.

Similar to the former metal industry retirees, the interviewees had told that they did not think of retirement as a favorable stage of life in the Turkish context. Emphasizing that retirement meant poverty in Turkey, they even added that retirees were neglected and abandoned in a way. When the reason for their perception was asked, recurrent themes came up in the dialogue.

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<sup>229</sup> See page 30 for the recent metal strike.

On the one hand, problems associated with being a metal industry worker were outlined. For instance, Celal, who also had been arrested in the 1980 military coup, said that it was almost impossible to be re-employed in the metal industry after the age of 40. As suggested before,<sup>230</sup> by being a qualified worker and having the chance to work in the metal industry in the post-retirement period, he viewed himself as lucky yet claiming that workers in a similar situation to his did not have the chance and had to retire mandatorily to only rot in the coffeehouses. Later in the discussion, Hayrettin, who had worked in the metal industry for 30 years, said that the age of the workers in metal industry varied from 18 to 40;

After the age of 40, they say goodbye to you. Occupational accidents have a tendency to increase after you reach 40 and the employer retires workers off if he can and cut the ties to the workplace. Apart from iron-steel public economic enterprises, it is the private sector in metal works. Dismissals are prevalent. As a matter of fact, we say 40, but dismissals may start in the mid-thirties. It is not just the age, but as the seniority increases, the cost of the employer increases as well which makes the employer to think of hiring two young and relatively cheap workers instead of one expensive senior.

What the young metal workers of the domestic factory had complained about became one more time manifested in the retiree's anecdote regarding the incompatibility of the social security system with the conditions of the metal industry. In other words, the metal industry from past to present has been a sector in which young employment prevails. Under these conditions the new laws presented with the social security reform are almost incomprehensible.

Unlike the young metal workers who were desperate about the mandatory retirement age which obliges them to work until they fulfill the retirement age yet were not sure if their health would allow or how they would be employed until then even if their health allowed, the metal industry retirees expressed less concern about

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<sup>230</sup> See footnote 245.

their vested retirement age. The obvious reason for this was despite the fact that they felt obliged to work following retirement due to economic conditions, as they said, they got their retirement pension at an early age, which was by any means a social safety net. In other words, besides a retirement pension, workers claimed that they needed to work not only to maintain a better life, but also to socialize and to pay their credit debts, which were used to buy a house and such. In this regard, they all said that compared to other retirees they were more comfortable as they had completed the tasks of raising their kids, marrying them off and become homeowners.

All in all, the four participants of the focus group discussion in one way or another were illustrations of what Halit said in his interview about the workers of a generation who had the chance to visualize retirement. That is to say, as workers who had managed to work for long and in standard employment relations where collective bargaining agreements were applied and severance payments had accumulated, they were content as retirees today with their conditions to a certain extent. Especially valuing Birleşik Metal-İş union, Ali said that being a metal worker was appreciated in the 1970s with especially the contribution of labor union movement:

When we started working (1960s) they did not give away their daughters in marriage to semi-skilled workers like us. Before we reached to the 1980s, insured worker with economic and social rights, thanks to the union, become valuable. In fact, in the 1970s it was said that instead of migrating to Germany to work you should find a job in Aksan, Singer or Arçelik. In the 1960s, being a worker was looked down on, but in the 1970s it was of value. We come from that generation.<sup>231</sup>

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<sup>231</sup> Ali: "Biz işe başladığımızda bizim gibilere kız vermezlerdi. 1980lere gelindiğinde ise sendikali, sigortalı işçi çok değerlendi. Ekonomik ve sosyal haklar adına önemliydi sendika. Almanya'ya gideceğine, Aksan'a, Singer'e, Arçelik'e gir derlerlerdi. 1960lı yıllarda işçi olmak küçümsenirdi ama 1970ler boyunca işçi olmak değerli oldu; biz böyle bir anlayıştan geldik."

Similar to the claims and suggestions of Halit, the retirees I met in Maltepe advocated the need for a bridge between the labor unions and retirees that should benefit both sides. Hayrettin envisaged:

The tie between the worker and the union comes to an end in the event of retirement. This should not be the case. Retirees can serve as an advisory body so that there can be an organic bond between the retirees and the workers and the union as in a three tiered system.<sup>232</sup>

The demands, suggestions, concerns, and perceptions of the metal workers and retirees were similar as might be expected. To sum up in a few sentences, the metal industry workers from past to the present had been working at backbreaking jobs although they admitted that the changes in technology might have slightly changed the amount of sweating that the workers did. The conditions of the metal industry entailed a two-sided process in employment relations. First, workers who reached a certain age, which the participants said that on average could be in between 40 and 50, do not want to continue to work in the metal industry mainly due to the hard physical labor. For example, Halit said that:

It is a backbreaking sector yet it is not recognized as such legally. The active service increment law should be applied to the metal industry workers as well. It is not possible to work up until 60. A gradual transition to another, less wearing job can be implemented by appropriate labor policies. Workers have illnesses frequently which result in a workforce loss in the metal industry. All the noise, heavy lifting, ventilation and aspiration of heavy metal...<sup>233</sup>

Until the social security reform wave in 1999 and 2008 that prolonged the retirement age and other prerequisites for retirement, workers had the chance to retire in their

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<sup>232</sup> Hayrettin: "Yasal olarak sendikadan ya da işten ayrıldığınız zaman sendika ile bağınız kesiliyor. Emeklilerin sendikayla bağının kesilmemesi gerek. Emekliler danışma organı olarak görev almalı ki işçi, emekli ve sendika arasında üçlü bir organik bağ kurulmalı."

ben sendikaya, sendika bana katkı sunmalı

<sup>233</sup> Halit: "Meslek olarak ağır ama yasal statüde yeri yok; metal sektöründe de yıpranma payı olmalı. Bu sektörde çalışan birinin 60 yaşına kadar çalışması mümkün değil. Daha hafif bir mesleğe ya da kola geçiş yapılabilir. İş gücü kaybı oluyor metal işçisinde, iş göremez duruma geliyor. Hastalık geçirmesi sıklıkla oluyor. Gürültü, ağır kaldırma, havalandırma, ağır metali tenefüs etme..

40s and decide what they wanted to do. The retirement pension and also a retirement bonus that came with the severance pay constituted a basis for the workers to rely on since retirement as a work free period necessitated the financial means to rely on. Yet, as traditional problems of the retirement were the inadequacies of pension benefits, health problems of the old-age and the ageism which were associated with prejudice specifically pertaining to age difference,<sup>234</sup> overall, retirement was not a favorable event for the metal industry retirees.

In one sense, retirement had been a semi-reliable social security for the workers born in the 1950s-1960s. On the other hand, supporting Atchley's assertions on the attitudes toward retirement,<sup>235</sup> workers in semi-skilled jobs akin to the workers in the this study, dislike the idea of retirement since it is financially inadequate and also "doing nothing" is not an appealing fact.

As a psychological attitude towards retirement, the idea that a man becomes useless when he retires is clear. For example, the retired worker Ali, aged 65, asserted that if he could find a job at that age he would want to work: "Retirement was not a turning point for us. We were working until yesterday. I am not working today because I cannot find a job at this age, or else why would I rot in a coffee house?"

The second aspect of the two-sided employment relations, related to this statement by Ali, the employer side of the employment relationship where the metal industry workers and retired workers were explicitly told that keeping workers employed after a certain age was not usual for employers primarily due to physical

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<sup>234</sup> John A. Vincent, Chris Phillipson, and Murna Downs, *The Futures of Old Age* (SAGE Publications, 2006), 110.

<sup>235</sup> Atchley, *The Sociology of Retirement*, 29–32.



decline and performance and secondarily due to increasing costs of a worker for the employer.

According to the retired workers, this limited the job opportunities of semi-skilled workers like themselves. And even in the case of employment in the post-retirement period, the circumstance carried certain problems regarding informality and social security. Many employers recruited older workers unregistered, as Celal said. In this respect, retired workers working informally play a part in the expansion of the phenomenon of the "Precariat", described by Standing.<sup>236</sup> Although Standing presents and discusses the emergence and expansion of the new dangerous class of 'precariat' mostly in service industry, it is a useful category to relocate here, for the metal industry as it can also be suggested that the working conditions of the precariat has spread from service to other industries.

Standing argues that older people are also part of the precariat and even playing a role in its expansion by being a "source of cheap labor, paid low wages, given few benefits, easily sacked."<sup>237</sup> Nevertheless, if the legal processes are followed and in the case of contractual employment or the self-employment of the retired worker, there occurs a disproportionate cut from the retirement pension in the name of social security support contribution (*Sosyal Güvenlik Destek Primi*, SGDP).

If the retiree starts working in public, the SGDP is not paid but retired worker cannot collect the retirement pension as well. In other words, the retirement pension is abated in the circumstance of employment during retirement. Thus, the case of older people and retired workers in employment is another issue which is intrinsically unequal and also structurally harmful to the social security system.

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<sup>236</sup> Standing, *The Precariat*.

<sup>237</sup> *Ibid.*, 82.

What about the municipal sector? Are the demands, concerns and perceptions of municipal workers similar to those of the metal sector? Are their perceptions of retirement different or alike?

### Endangered<sup>238</sup> Employment: The Case of Municipality Workers

The general ideas on retirement for Şişli and Beşiktaş Municipality workers who are at their late 40s and who are approaching their retirement appeared to be similar to each other. While the Şişli municipality workers claimed that retirement was a state of living close to death, the Beşiktaş municipality workers said that it was a passage to after death, uselessness, and being thrown away. As often the case for many older workers, for the municipality workers too, retirement is linked to aging and decreasing capabilities, both physically and financially.

The first thing that the Şişli Municipality worker Tahsin said regarding the income that is cut in half when a worker retires was that it would tie his hands in all aspects. No going out, traveling, or socializing but paying the rent, looking after the kids, paying the bills and food expenses would become difficult to manage. In addition to the uselessness idea in retirement that mainly stemmed from not getting what one deserved after a time honored working life in the service of the people, the Şişli municipality workers in general claimed that their way of life during working life was not satisfactory either.

Municipality workers, whose jobs are unskilled since most of them do not have a secondary or high school education as they described themselves, are also

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<sup>238</sup> The use of the word 'endangered' is somewhat ironic. What is meant by endangered is that workers with permanent jobs under social security coverage in municipalities are displaying an endangered type of species which will presumably extinct. Detailed explanation is made in page 92.

anxious about being retired due to diminished employment prospects in the post-retirement period. In this regard, when they were asked if they would work again in the post-retirement period they were doubtful about what they would do. They added that the financial conditions of the present day pushed retirees to work again since it was almost impossible to go back to the rural, areas from which they had come from, and take up with agriculture, green housing or husbandry.

As explained in the previous chapter, rural to urban migration accelerated in the post-1980 period, which led to the phenomenon of de-peasantization. In consequence of this process, today's workers, whose ancestors were farmers in rural areas, are now skeptical about the maintenance of themselves in rural areas with agricultural activities if they returned. Now urbanites, there were additional concerns about adaptation to rural life.

In light of these issues, the uncertainty of the municipality workers pushed them to think of the city as a more viable alternative to rural areas in the circumstance of employment prospects. In addition to concerns over the self, workers more than once pointed to concerns over their childrens' future. Şişli municipality worker Özdemir, aged 52, said that it was unimaginable to think of a pleasant retirement environment if one had children, especially unmarried ones. He continued saying that even if his child were married and if perchance his child got employed, he would be paid minimum wage, which necessitated and even compelled one to support him.

The youth unemployment rate in Turkey, which reached a soaring rate in the December 2014 data, 20.2 percent,<sup>239</sup> clearly confirms that the youth in Turkey are a

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<sup>239</sup> TUIK, *Labor Force Statistics-Household Labor Force Survey*, "Labour Force Status of 15-24 Age Group", accessed March 19,2015 at [http://www.turkstat.gov.tr/PreTablo.do?alt\\_id=1007](http://www.turkstat.gov.tr/PreTablo.do?alt_id=1007)

part of the "global precariat."<sup>240</sup> Faced with career-less prospects, and temporary or insecure jobs the youth are a large part of the precariat and Turkey is no exception in the global picture. As a result, the youths return to the family home or never leave it and add their own precariousness to that of their parents.<sup>241</sup> Thus, what Özdemir wanted to express regarding the uncertainty of his own retirement period was closely attached to his child's employment. Double uncertainty made it harder for the working class, as they referred themselves, to think of a step further in retirement.

In this respect, when the Şişli municipality workers were asked whether they found working or being retired more socially secured, unhesitatingly they responded that they found continuing to work much better than being retired in the current conditions. For instance, Mahir, aged 46, said that the benefits of permanent workers are adequately compensating in the sense that besides the regular wage, bonuses, travel allowances, and the "social package" were substantial for saving the day.

Deprived of the benefits in retirement Mahir, Özdemir, Tahsin, Bedirhan and Halil were all in agreement that working was better than being retired. In this sense, they also suggested that one should work until death. In economic terms, the utility of retirement is much less than the utility of work for the Şişli municipality workers.

The meaning attached to work revealed itself on occasion during the discussion and as workers of municipality they framed themselves as serving society's needs, which presumably played a role in increasing the utility of work. Thus, both as a meaningful activity and out of necessity, work was central to the Şişli Municipality workers.

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<sup>240</sup> Standing, *The Precariat*.

<sup>241</sup> *Ibid.*, 65.

A conflict between the Şişli municipality workers' statements emerged regarding retirement. While they were skeptical about being retired and wanted to continue to work as a result, they said that with the recent social security reforms of 1999 and 2008 the income replacement rate for retirement pension had been changed degressively. Explained in the previous chapter, the income replacement rate was one of the parameters of retirement pension calculating items. Since the income replacement rates were lowered so were the retirement pension amounts. Besides, working and paying premiums beyond the necessary premium payment period did not add to one's retirement pension after the reform was implemented.<sup>242</sup>

The social security system regulations along with the latest reforms only push workers to retire early, but also on insufficient pensions. In this regard, while the workers wanted to work until they were no longer wanted by their employer or until major health problems occur, decreasing retirement pension amounts each month obliges them to retire. For that reason, the conflict of the workers revealed another feature of the current social security system that drives workers to feel insecure and senseless about retirement.

The Beşiktaş Municipality workers, who complained likewise about the inequalities of the social security system, did not entirely say they would continue to work in the post-retirement period. In that sense, they were not fully in agreement with the idea that working is a more socially secured environment than retirement.

Four of the seven participants in the group discussion explicitly said that they were not thinking of working but resting instead. While Aydın said that he would go

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<sup>242</sup> For detailed explanation of a retirement pension calculation example following the reforms, see Tezel, "Çalıştıkça Emekli Aylığı Düşer, Bunu Düzeltmezler"; Ali Tezel, "2000 Yılında Emekli Olanların Maaşı Artacak Mı?," March 18, 2015, <http://www.millet.com.tr/2000-yilinda-emekli-olanlarin-maasi-artacak-mi-yazisi-1268493>; Ali Tezel, "Prim Gününüz Artıkça Emekli Aylığınız Düşer," January 26, 2015, <http://www.millet.com.tr/prim-gununuz-artikca-emekli-ayliginiz-duser-yazisi-1266113>; Resul Kurt, "Çok Çalışınca Maaş Düşüyor Mu?," *Vergi, Sosyal Güvenlik ve İş Hukuku Portalı*, July 28, 2011, <http://www.resulkurt.com/?artikel,4435>.

back to Adana, Taner said he would move to a place in the Aegean. Similarly İsmail said that he would go to Amasya, where a field of his was waiting for him. Ahmet put together that almost all of them had a family home in their hometown where they could go into little activities related with agriculture. Taner added that it was not wise for a retired worker to stay in Istanbul given the current financial conditions of retirees. He continued to say that the retirement pension would not allow one to sustain oneself and family in Istanbul but in the rural areas life would be carried on somehow.

Dissimilar to the Şişli workers, most of the Beşiktaş workers were thinking about the benefits, premiums, family allowance, food and clothes allowances, as “bribery” or an incentive to keep the workers on the job since there was nothing to be liked about the work itself. Taner said; "Who would like to smell trash 8 hours a day?" Thus, in the event of moving to a rural area, İsmail said, there would be no need for the fringe benefits since the costs would be much less. In that occasion, the utility of retirement would be much higher than utility of working for the Beşiktaş municipality workers.

Saying that they had not thought about future or retirement in the initial years of work, when the standards of work, order of the work, and opportunities were much better than today, the workplace environment had been more peaceful than today, with less pressures from the government. Material conditions were decent enough to even set money aside. They only started thinking when they realized that their purchasing power had started declining and the fatigue of work became evident.

The municipality workers explained the conditions of work which they thought are weary and unbearable. For instance, they said that workers working in the sewerage system, working as garbage collectors and pavers working outside in

cold weather should have the active service increment law applied to them as well to have the chance to retire early. The physically labor intensive work that they perform, working more than 25 years was not healthy or possible. Their comments were similar to those of metal industry workers. Instead of working beyond that period, they suggest, following 20 years of work experience, they could provide training for young workers or provide similar activities where they could share their experience.

Looking at the past and making a comparison likewise to the retired metal workers, the municipality workers of both Şişli and Beşiktaş claimed that the severance payments had been much higher in the past. Beşiktaş municipality worker Çetin claimed that, in the 1990s, with a severance payment of 120,000 Turkish Lira one could buy a house with ease. At present, he continued, the severance payments were much lower and buying a house was a far-fetched dream.

On the other hand, house prices increased in an unprecedented way. While long-term data on the house price index is unavailable,<sup>243</sup> it is admitted that there has been a gradual increase in the real estate market, especially in Istanbul.<sup>244</sup> While the severance payments were lowered throughout the years the purchasing power of money decreased disproportionately for certain items. For instance, if the price of bread has increased three times compared to the price of 1980, housing prices have increased ten times. In this respect, the retirement patterns of workers in Turkey once

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<sup>243</sup> Mustafa Kılınç and Cengiz Tunç, “Türkiye’de Görelî Konut Deflatörü,” *TCMB Ekonomi Notları*, June 4, 2013, 1, <http://www.tcmb.gov.tr/wps/wcm/connect/ec15f385-cf90-44a9-a342-9503df915504/EN1314.pdf?MOD=AJPERES&CACHEID=ec15f385-cf90-44a9-a342-9503df915504>.

<sup>244</sup>For an evaluation of the recent years, see “Gayrimenkul ve Konut Sektörüne Bakış” (İstanbul: Emlak Konut Gayrimenkul Yatırım Ortaklığı A.Ş., December 2014), [http://www.emlakgyo.com.tr/\\_Assets/Upload/Images/file/EKGYO-Aral%C4%B1k-Konut-Raporu-Final.pdf](http://www.emlakgyo.com.tr/_Assets/Upload/Images/file/EKGYO-Aral%C4%B1k-Konut-Raporu-Final.pdf).

used to be to become a home owner, is in a fundamental change. In the near future that is perhaps going to be deconstructed.

To return to the discussion above, it is an important identification for the permanent municipality workers to be in an endangered employment status. What is meant by being endangered is that, the number of permanent municipality workers whose social security premiums are paid exactly corresponding to their salaries, who will get a severance payment more or less depending on their length of service, who are unionized and have certain social rights, is gradually decreasing.

Explained at the beginning of this chapter, subcontracting and outsourcing practices are growing as opposed to the recruitment of permanent municipality workers, whose recruitment ceased with the Norm Staffing Application of 2007. Aware of their relatively decent position at work, both Şişli and Beşiktaş municipality workers were grateful deep down not to be in the position of subcontracted workers who were paid less, non-unionized, and deprived of social rights. As a consequence, with subcontracted workers becoming the norm and permanent workers' share decreasing, the permanent municipality workers that participated in the study represented an endangered group of workers that will perhaps tail off with the retirement patterns they possessed. On the other hand, while the study did not focus on subcontracted workers, their retirement prospects are perhaps considerably distressing compared to the permanent municipal workers interviewed. In this regard, the necessity to think over the social security system and the actualized reforms within the prevailing employment relations becomes manifested once more in the condition of subcontracting practices.

The last category of interviewees was retired municipality workers. Three of them in the focus group discussion had been workers of Sefaköy Municipality. Un-



engaged with any permanent economic activity at the time of focus group discussion, the men had been retired respectively for seven, eight years and seven months and in most of their times occupied with non-governmental organizational work. They had informal and flexible as well as self-employed work experiences following retirement. Validating the statements of the permanent municipality workers of Şişli, the retired workers claimed that most of their friends had continued to work despite the fact that they had already fulfilled retirement pension requirements. They found working much more socially secured than being retired and bereft of benefits.

Tacettin, aged 53, who had experience both as a permanent municipality worker and later as a subcontracted worker in municipality, stressed more than a few times that subcontracted work prevailed in the municipalities where each and every year under new headings, same municipality corporation or outsourcing firm entered into the auction and re-employed the same workers. It can be argued that by circumventing the law and conducting such type of business, private firms in corporation with municipalities push workers into the “precarity trap”.<sup>245</sup> Tacettin continued that, with this kind of operation of work, workers were deprived of stable, standard, organized, and socially secured work which prevented them to think about future prospects in retirement and further frustrated them. He also complained about the government's effort to destroy severance and notice payments overall.

Thinking from a more individual perspective and reflecting as such, Ataman, aged 53, said that throughout his working life which had been mostly as a municipality worker, he had not thought of retirement even once. He had encountered the fact when his employer told him at the age of his official retirement. He said that this was for several reasons. First, as it is almost the same for every

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<sup>245</sup> Standing, *The Precariat*, 48.

worker, one does not think of retirement in youth since it is in the distant future, similar to what the metal workers participated in this study.

Secondly, and essentially, Ataman said that he had not known or valued retirement as his father had not had social security insurance and it was unknown in his family. Basically, it was not common to get retired, have a retirement pension and be somewhat independent of the family members and similar relationships in the absence of paid work. In the past, he said, family members supported each other and the expectation was his kids would be his insurance in the future, just as his generation had looked after his parents. In this respect, Ataman positioned retirement pension as an assurance that plays a crucial role in lessening the dependency even though it is just a pinch.

One other municipality retired worker, Metin, was 54 years old, retired for two years and working since his retirement. He had worked as a permanent municipality bus driver throughout his working life, one thing he stressed was the psychological fatigue stemming from the continuous encounter with public, whom he defines as unprincipled and "sick".<sup>246</sup>

In addition, the physical deprivation stemming from the use of right foot and arms non-stop cause neck hernia and slipped disc problems besides becoming bedridden as seen in many of Metin's friends.<sup>247</sup> In that regard, similar to the other municipality workers, Metin also suggested that it is impossible to work at his position beyond 25 years and as he approached his thirty-second year he said that he

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<sup>246</sup> Metin: "*Türk toplumu rahatsız! Toplu taşıma insana rahatsızlık yaratan meslek, 25 seneden fazla çalışmak çok zor. Sürücünün psikolojik açıdan yıprandığı, beynin yorulduğu bir meslek; kuralsız, psikolojisi bozuk, görevliye karşı düşman bir toplumda bu işi yapmak zor.*"

<sup>247</sup> Metin: "*Çalışma koşulları ağırdır; sabah saat 4'te, çöpçüden önce kalkarız ki biz arabaları çıkarıyoruz onlar biniyor. Devamlı sağ kol, sağ bacak çalışıyor. Bunun neticisinde organlarda kısılma olduğu tespit edildi. Yıpranma payı için başvurduk ama kabul edilmedi. Boyun fıtığı başlar bir süre sonra. Ayrıca çok yatalak arkadaşımız oldu bel fıtığından. Psikiyatrik hap kullananlar da var.*"

wanted to quit before something serious happened to him. When the reason for his continuation to work in the post-retirement period, especially in the same position was asked, he asserted that since he could go back to his hometown, Kars, he had to improve his financial outlook in order to live in better conditions in Istanbul. In reply to the reason for working in the same position, he said that it was the optimal option to the best of his knowledge.

Regarding the conditions of the municipality public transportation institution, (IETT), Metin said that benefits both as a permanent employee and later as a retiree were satisfactory in the sense that the retirement pension at the least is a life assurance in non-working conditions. Yet, he also said that things were changing in there, too, as more and more outsourcing practices were becoming the norm, especially in low-skilled, maintenance, cleaning jobs and food services. Claiming that there had not been subcontracted workers when he had started working at IETT, now there were twice more than the number of permanent workers.

In retrospect, Metin also suggested that solidarity among workers was decreasing with each passing day, and fear of losing what one had plus what one had reached through preferential treatments was weakening the employee relations, loosening the struggling soul. All by itself, this was connected to employment and job insecurity.

From this point of view, employment relations that were once had been more secure in institutions like municipalities are becoming insecure every passing day. This sets a barrier to a properly operating social security system. That is to say, for instance, even if a subcontracted worker's premiums to the social security institution are paid according to the minimum wage, fear of being shifted around, the absence of severance payments due to short intervals of employment, and even if reached

retirement an incoming inadequate pension amount, render retirement, as it is traditionally understood, meaningless for a bulk of semi-skilled and unskilled workers.

To sum up the part on municipality interviewees, when municipality workers' and retirees' statements are considered together two different perceptions towards retirement are observed. On the one hand, for some of the workers and retirees, although the retirement pension is not adequate it means something and also it provides a social safety net in terms of lessening the dependency. Also in relation to work, retirement entitlement or the possibility of retirement is important to be able to rest following a long time at a physically exhaustive job. Yet, when municipal sector interviewees and metal industry interviewees are compared, the fatigue stemming from working conditions is expressed in a lower tone.

On the other hand, for the rest of the workers and retirees, retirement is not an expected target, mainly for two reasons: first, the retirement pension, which means a substantial cut in income and benefits for the municipality workers as they suggest, is by no means sufficient to sustain oneself and the family where the employment prospects of grown up children are neither certain nor secure. In this situation, the precarization of employment relations does not directly affect the sample in this research, but it still informs their perception of retirement through their own position in addition to the possibilities of their grown up children.

Second, the workers' attitude towards retirement is markedly associated with uselessness as a consequence of old age and separation from active work, which makes them think of retirement as not a desirable option. The same manner towards retirement was observed in the metal industry workers as well. Besides the financial

necessity of working in the post retirement period, they felt the need to express the idea of being employed to dismiss the feeling of uselessness.

In conclusion, the sample of the fieldwork reveals important conclusions on the concept of retirement, social security, and work relations/labor market in Turkey. First to mention, the interviewees of the sample were all on social security coverage and in formal employment relations. There is a reason for emphasizing the fact.

In a labor market where the informal employment rate had fluctuated around 50 percent for a long time and only to decrease to around 37 percent in the last decade,<sup>248</sup> working in formal employment relations and thus with social security coverage means to have a head start on the possibility of retirement, especially in the legal sense.

Leaving aside the requirements of entitlement to a retirement pension, the interviewees were from a group of workers who had been informed of the possibility of retirement no matter which age cohort they were in. In addition to that, the interviewees were all members of a labor union, indicating the importance of being unionized in the work place as an additional job security measure. The union identity appeared to be particularly important for the metal workers and especially remarkably important for the metal industry retirees for the reason that they had worked through the 1970s, when labor union activities peaked. This was less noticed in municipality interviewees.

Moving a step further, where the importance of social security is taken for granted in speaking of the concept of retirement, the requirements of entitlement to a retirement pension positions itself in the debate. There occurs a possible change in retirement patterns.

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<sup>248</sup> Informal employment rate and other relevant statistics are explained in the previous chapter.

The social security reforms came into force respectively in 1999 and 2008. The effects of these reforms especially concerned the metal workers category in the research sample. This is no coincidence since the industry from past to the present employs young workers. With the new laws put forward age requirement for entitlement to a retirement pension is increased substantially, which alters the perception of retirement for the newcomers to the industry. Despite the possibility of retirement being granted in terms of social security coverage for the interviewees, in actual terms there stems an uncertainty about the future where retirement is.

In addition to the age requirement, the new laws changed in a downward tendency the parameters of income replacement rate which directly affects the amount of retirement pension a worker will get, the financial content of the possibility of retirement. As a result, with the laws applied to new entrants to the social security system like the metal workers of the sample, there is and will be an explicit change in the retirement pattern of workers.

Presumably, the situation is not peculiar to metal industry workers, but semi-skilled or unskilled blue collar workers. In this context, where working beyond an age is nearly impossible both for the worker and the employer, it can beyond question be argued that the social security reforms seriously have overlooked the working conditions of the industries and the necessity to think over the social security system with the working conditions of industries strongly came in sight.

While the legal and economic parameters determine the possibility of retirement, the other factor to mention that came out of the findings were psychological attitudes toward retirement. A feeling of uselessness as a consequence of decreased employment chances with old age and the social construction of old age as an unproductive category played important parts in forming this perception. The

references made to this perception were sometimes subtle and other times straightforward in the interviewees' statements.

The difference is mainly in consequence of the interviewees' ages and position in the labor market. While the metal industry retirees aged 60 or more implied that they would want to work instead of rotting in coffeehouses, some of the municipality workers whose ages were around 50, explicitly told that retirement means old-age and poverty. For some the municipality workers, coping with this feeling of uselessness were manifested in the demand for a gradual transition to retirement, where experience could be transferred to young workers via training. For the metal industry retirees, coping with this feeling of uselessness was manifested in the demand to strengthen the labor union relations of workers and retirees.

Adding up the perception of retirement, there emerges the character of employment relations manifested in interviewees' statements as a factor affecting the relationship between work and retirement. As explained in the theoretical discussion on the concept of retirement, there is an indispensable relation of retirement to work. Thus, what emerged from the fieldwork was first from the case of municipality workers.

With the increase in the use of subcontracting workers and the end of recruitment of the permanent workers in municipalities, the interviewees of this study, who were all permanent workers, reflected the tension that is in between them and subcontracting workers. Although doing the same work, there is a substantial difference between the status of the subcontracting workers and the permanent ones in terms of rights and benefits. Seeing the subcontracting workers' situation, the permanent workers have bifurcated feelings.

On the one hand, they are grateful for their situation. Their salaries and social security premiums are paid properly. On the other hand, they are confronted with the possibility of having the same status in the case of wanting to be recruited in the post-retirement period or in the case of dismissal. More than their own possible situation, the employment prospects of their grown up children in an increasingly flexible and uncertain working environment, was evident, adding to the precarization and uncertainty about the future of all parties.

Second, what comes out distinct from the fieldwork regarding the indispensable relation of retirement to work is from the case of metal workers. As underlined more than once, with the social security reforms that raised the minimum age requirements for entitlement to a retirement pension, the metal workers' retirement perception had changed dramatically. Considering the case of metal industry where young employment prevails, the young metal workers interviewed during the fieldwork were truly despondent. Compared to the metal industry retirees, these young workers will have to work longer in order to get entitlement to a pension. The working period lengthened in an exhaustive sector like the metal industry, the metal workers' perception of retirement is in a whirlpool.

Social security-related issues specifically for the metal workers and character of employment explicitly for the municipal workers affect the relationship between work and retirement in different way. However, when added up together, they both play a role in obscuring the concept of retirement and inform for a changing pattern in retirement perceptions.



## CHAPTER FOUR

### CONCLUSION

It is an inevitable fact that globe is changing demographically: a change that is being observed over the last twenty years. Global ageing crisis and global pension crisis are used alternately and accordingly from where one stands in this global debate.

Regardless of the point of views, demographic transformation, sustainability of the social security systems and structural changes in the labor markets are interactively related with each other for a long time and ongoing in the policy debates of most developed as well as developing countries. In this manner, the question of retirement, a construction of the modern society that is on the center of abovementioned dynamics, is being challenged today which was the main problematic of this thesis.

This thesis mainly dealt with the key questions concerning the impact of institutional and socio-economic changes that affects the life patterns and perceptions of workers and retirees regarding retirement in Turkey. The meaning and concept of retirement was approached fundamentally as a relation between age, social security and working life. The changing possibility of retirement on legal and economic grounds had been questioned by relying on changes that are taking place in the pension component of social security system in Turkey. Not only has the altered legal dimension of the pension system, but also a qualitative approach been taken.

A comparative fieldwork study of focus group discussions was conducted with 32 people who were categorized in four groups, metal industry workers, retired metal industry workers, municipality workers, and retired municipal sector workers. With the cross-reading of the two distinct sectors and putting workers and retired workers into the center of this cross-reading, it was aimed to bring forth

resemblances and discrepancies emanating from work relations, working conditions and rules applied by the social security system which directly affects prospects of retirement of the workers. In addition, the existence of both workers and retirees enabled for a clear cut comparison between the workers of yesterday and retirees of tomorrow. In other words, the comparison allowed observing for changing retirement patterns in Turkey with the focus of two distinct blue collar and unionized workers.

The social security system in Turkey, pension component specifically, had been institutionalized gradually in Turkey following the establishment of the Republic with a fragmented and hierarchical structure that is also observed in Southern European countries which the welfare typology literature highlights. Until the 2008 social security reform, there were three main separate institutions according to formal employment status of workers. Established in 1946, the Social Insurance Institution (SSK) covered workers; the Retirement Fund (ES), established in 1949, covered government employees; and finally the Social Security Institution of Craftsmen, Tradesmen and Other Self-Employed People (Bağ-Kur) that covered self-employed and farmers was established in 1971. While the ES provided high levels of old-age, health and disability benefits, SSK and especially Bağ-Kur remained relatively low. In turn, as the meaning of retirement is concerned, the gradual and fragmented structure of the social security coverage remained marginal till the 1980s, only to expand thereafter. Therefore, it was argued that the concept of retirement as an institutionalized phase in life course is widely a new phenomenon in Turkey.

Furthermore, on the assumption that the concept of retirement had been constructed for an important part of the population and became to a point that has a notable meaning (especially for the working class) throughout the last 60 years, in

the light of the changes that took place in the social security system with the labor market characteristics on view, the meaning of the possibility is out of sun today.

Discussed frequently in the welfare regime literature, the social security system in Turkey has been accompanied with a labor market structure where high levels of informal employment, self employment and unpaid family work prevails. In addition to those, long weekly working hours and low levels of female labor force participation have been the indicators which at the bottom line make the social security system incompatible with the prevailing labor market structure.

The reality of ageing populations that will sooner or later pressure on fiscal budgets of governments first sparked a wave of reform debate and later reforms itself across the globe starting from the 1990s. When the global pension reform wave leaped to Turkey, the social security system and labor market structure was in a different position than many developed countries dealing particularly with implications of demographic transformation.

As this thesis shows, apart from a non-all-encompassing social security coverage compounded with a structurally suffering labor market, frequent remission of premium payments in social security institutions, ill-management of the institutions and plundering of the social security funds throughout the years rendered the social security reform debates to become an essential topic in Turkey starting from the 1990s. It is observed that the role of the international organizations such as the World Bank, the IMF and the European Commission had been significantly influential in the way for a radical reform. On the other hand, not only international bodies but also domestic ones like TUSIAD have supported the social security reform and the policy recommendations following international actors.

While there were many oppositions to pension component of the social security reform mainly because of increasing the minimum retirement age and extending the period of premium payments, at the end a reconciliation was made between concerning parties. Considering the pre-existing social security system that had a fragmented and hierarchal structure, the dismantling of the former social security system had been rather easier.

In a gradual manner the first reform was implemented in 1999 to mainly solve the financial problems of the social security system. Yet, after the reform, in the following two years time it was observed that the system was still inadequate and financial sustainability of it was not managed at all.

The second reform which had broader dimensions combining health services, social assistance and pensions was implemented in 2008 after a lengthy and complex legal procedure. Apart from setting up a single roof for three different institutions, the pension component of the reform further prolonged the right to have a retirement pension. Besides, the parameters for calculating the amount of retirement pension had been changed in a downward tendency which is debated as a feature to bring income inequalities and poverty among the ageing population in the future, not to mention the "uncertainty" issue.

In other respects, the reforms have been applauded for quite many reasons. The "single roof" of the Social Security Institution (SGK) eliminated the discrepancies stemming from the fragmented structure of the previous system especially in institutional terms. This step, towards a better service policy, had been regarded as an efficient step. In addition, the single roof is an important step towards reaching a fairer pension system compared to previous dispersed one. Yet the

reforms brought challenges that the thesis have deliberately focused on by not just understanding the reforms in terms of legal and economic grounds, but also in terms of life patterns of workers who are going to be affected by the changing parameters of retirement pension eligibility.

As indicated before, an important objective of this thesis was to understand the attitudes and perceptions towards retirement and meanings attached to retirement among blue-collar workers in Turkey and how the concept of retirement is shaped in the light of the social security system accompanied with the prevailing labor market structure and employment relations that the workers are in. In addition, to analyze the changing retirement patterns along with the changes in social security system and also along with the transformations in the labor market structure, retired workers of both sectors; metal industry and municipality, were added to the fieldwork study. A total of 32 interviewees from both sectors were reached.

With the interviewees, focus group discussions and one-on-one interviews were conducted which was designated as the most useful method for analyzing and describing perceptions and attitudes of interviewees towards retirement as an outcome of social security system and working conditions simultaneously. As a result of the fieldwork study, there emerged important findings that the thesis contributes to the existing literature on retirement and pension reforms as well as labor studies.

The most crucial and neglected debate is over the changing terms of intergenerational solidarity that is created with the pension component of the social security reform. When both metal industry and municipality retired workers' circumstances are knitted together, a commonality regarding the retirement

perception is observed. First, as unionized workers with stable jobs, retired workers benefitted from early retirement pension eligibility. While early retirement for blue collar workers of metal industry and municipality did not mean a non-working life after retirement, substantial amount of severance payment and retirement pension right gained at a younger age meant a truly important mechanism for welfare distribution.

Along with the 1999 and 2008 social security reforms, entitlement to a pension right became longer to acquire since the reforms gradually extended the process. In addition to the prolonging of the process, the amount of retirement pension a person will get in post-retirement period have been lowered. In addition to changing pension entitlement parameters, standard, stable and unionized employment opportunities for the younger workers are diminishing with the labor market transformation that has been going on since the 1980s. When these factors are presented together changing terms of intergenerational solidarity as a feature of the pension system is a certainly observed outcome.

This change in intergenerational solidarity is stiffened with the pension reform's sectoral overlooked nature which was genuinely observed with the fieldwork research. The young metal workers, who are subject to the new laws, will retire between ages 60 and 65. However metal industry is a sector where young workers are preferred. During the focus group discussion, interviewees emphasized the overwhelming nature of their work and certain risks associated with the working environment. For this reason, the metal workers did not think that they could work more than 25 years in the sector. On the other hand, the metal workers indicated that employers did not want to keep older metal workers due to their declining physical capability which, according to the employers' view, displayed a risky category when

worker's health and job safety-security issues are concerned. This young employment nature of metal industry was also pointed out by the metal industry retired workers. However, since they had their retirement pension entitlement to lean on at the age the industry tends to dismiss them, their perception towards retirement was shaped much more different than today's workers of metal industry.

The overlooking nature of the pension reform for weary and backbreaking sectors such as metal industry is new and exceptionally translates into a new uncertainty among the metal workers as well as other industries' workers who will also not be preferred by their employers as they get old. In this context, where working beyond an age is nearly impossible both for the worker and the employer, it can beyond question be argued that the social security reforms seriously have overlooked the working conditions of the industries. This finding necessitates to think over the labor market structure and employment relations together with the social security system. Neither one nor the other is indispensable to each other.

Anticipating from this day is difficult, but expecting that the conditions for the metal workers are same, where chances of being employed after their 40s decline; there will be a bunch of workers in a quandary. At this point, it can be argued that retirement for the metal workers, and presumably for similar workers in other industries, have become rather than impossibility, a policy induced weakened life event.

The other group of the fieldwork study, the municipality workers, displayed one other side of the story combining changing labor market structure, age and retirement prospects. The common ground criteria for all interviewees were to be unionized whether they are working today or they worked yesterday. As a result, the permanent municipality workers (generation born in the 1950s-1960s) represented an

endangered type of employment status. This means that, as permanent municipality workers whose social security premiums are paid exactly corresponding to their salary, who will get a severance payment more or less depending on their length of service, who are unionized and has certain social rights, are gradually decreasing.

The reason for the evident decrease in statistics and also in focus group statements is subcontracting and outsourcing practices which are growing in numbers as opposed to the recruitment of permanent municipality workers whose recruitment had been ceased with the norm staffing application since 2007. Aware of their decent position at work, both Şişli and Beşiktaş municipality workers was thankful not to be in the position of subcontracted workers who were paid less, non-unionized and deprived of social rights. As a consequence, with subcontracted workers becoming the norm and permanent workers' share decreasing, the permanent municipality workers that participated in the study represented an endangered group of workers that will perhaps tail off with the retirement patterns they possessed. Overall, the municipality workers, with fragmented employment structure, demonstrated a different kind of inequality arising from the changing character of employment and related to that they also illustrated diminishing possibility of retirement.

The cross-reading of the two sectors, determining discrepancies of the two sectors' situation regarding the possibility of retirement from past to the present by interviewing with both workers and retired workers had been the main contribution of this thesis to the literature on retirement and labor studies. The comparative study also enabled for identifying factors that affect the prospect of retirement in the light of changing pension system within the prevailing employment relations in Turkey.

As highlighted quite many times before in the thesis, the interviewees were all unionized and in formal social security coverage. In this respect, a further



research that is evaluating and comparing the perceptions, attitudes and prospects of retirement of workers who are non-unionized and who are not under social security coverage with temporary jobs can bring highly valuable dimensions into the debates about retirement, pension reforms and labor market. In addition, the fieldwork group was all male due to the male-dominated nature of sectors. In this regard, gender dimension of the topic was a crucial limitation of this study.

When the word "when" in Turkish, is typed into the Google search engine, the first suggestion the Google makes is like this: "when will I retire?" It is not only the first but second and third suggestions are related to the retirement pension system in Turkey. Needless to say, retirement and pension system form an essential component of the welfare regime of Turkey. However, considering the character of employment and the altered system of retirement pensions under social security, the concept of retirement became a problematic and perplexing subject to talk about. It will preserve its problematic nature which will only be enhanced in the near future when Turkey will also be losing the demographic advantage of having a young population.

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