

THE “BALLAST” OF ISTANBUL: A CRITIQUE OF THE SPATIAL
REORGANIZATION OF INDUSTRIAL PRODUCTION IN GEBZE

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Title: The “Ballast” of Istanbul: A Critique of Spatial Reorganization of Industrial Production in Gebze

The present study examines the industrialization process of Gebze district particularly during the raging market economy after 1980. During this inquiry, the question in mind was discovering the affects of the transition from Fordism to a flexible accumulation regime on industry -in particular on industrial localization- and on power relations on space in a densely industrialized province. This thesis proposes an analysis of the transition process by the principles of both production regimes. In this quest, a theoretical tool of flexible accumulation regime, industrial district, is applied in a generalized sense to understand the clustering of industrial firms in a newly industrializing country at the age of globalization.

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Başlık: İstanbul'un "Safra"sı: Gebze'deki Sanayi Mekan Seçimine Eleştirel Bir Bakış

Bu tezin konusu, 1980 sonrası şiddetlenen piyasa ekonomisi koşullarında hızlı bir sanayileşme sürecine giren Gebze ilçesinin dönüşümüdür. Araştırma boyunca hedeflenen, Fordizm'den esnek bir üretim rejimine geçişin sanayi -özellikle sanayinin mekan seçimi- ve mekan üzerindeki güç ilişkilerinde yarattığı etkiyi bu yoğun sanayi bölgesi üzerinden incelemek olmuştur. Bu incelemede önerilen yöntemsel yaklaşım ise bu dönüşüm sürecinin incelenmesinde her iki üretim rejiminin de etkilerinin göz ardı edilmemesidir. Bu nedenle, esnek üretim rejimine ait bir kavram olan sanayi bölgesi daha genelleştirilerek küreselleşme döneminde yeni sanayileşen ülkeler kategorisinde olan bir ülkede sanayi tesislerinin kümelenmesini anlamak için kullanılmıştır.

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CHAPTER I

INTRODUCTION

The influence of the organization of space on the relations of production has been a divisive issue. Henri Lefebvre is known to be the forefather of this debate and according to him, spatial practice embraces production and reproduction.¹ In the present study, it was aimed to analyze how the changing spatial organization of capitalism is related to the power relations that are relevant to spatial organization. Particular emphasis on space would engender a further understanding of how relations of production cannot be considered independent from the social reproduction of spatial relations.

The present study aims at examining the industrialization process of Gebze district particularly during the raging market economy after 1980. The fate of this district was determined by its border vicinage with Istanbul. The industrialization pace of Gebze started in the 1960s along the E-5, which is the former express highway between Ankara and Istanbul. This was a part of Regional Development Program for the Eastern Marmara Region aimed at shifting industrial activities in Istanbul along the Istanbul-Ankara highway axis. With the continuing decentralization of industry from Istanbul, Gebze has become an industrial center at an accelerating pace. Presently, with a population of half million people, this town is the fourth wealthiest administrative district in Turkey and the most appropriate place to observe industrialization practices in Turkey.

¹ Henri Lefebvre, *The Production of Space* (Oxford: Basil Blackwell, 1991), p. 33.

During this inquiry, the question in mind was discovering the affects of the transition from Fordism to a flexible accumulation regime on industry and in particular on industrial localization.² This can be formulated as follows: do the spatial reorganization of the capitalist economy and new principles of geographical localization have transformative power within the general framework of twentieth century capitalism? As the scope of this thesis is industrial development, the attempt to answer will be derived from the industrialization of Turkey; and for explaining the changing properties of industrial production and especially the industrial land use, I will discuss the transformation of mode of production and regionality principles in the eras of Fordism and flexible production.

The vertical disintegration of mass production had such a massive impact on production patterns that it was impossible for the nation-states to be indifferent. On the global scale, this deepened the division of labor in many industry-specific areas and necessitated a revision of industrialization policy for each nation-state. The consequential geographical dispersion of industrial activities was a two-edged process: the extension of standardized industrial production to peripheral economies and relocation of industrial activities out of metropolises.

At first look, the geographical dispersion of industry might bear in mind a scattering of industrial activities upon the earth, but definitely industrial production, especially the heavy engineering activities, are still eventuated in the industrially concentrated regions of the world. On the other side of the coin, what occurs is the rise of high-tech and small batch production, especially in the developed parts of the

² With references to David Harvey's terminology, I would prefer the term "flexible production" instead of "post-fordism," as the latter term makes one think of the withering away of fordist production. For a better understanding, refer to David Harvey, *The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change* ([Oxford, England ; New York, NY, USA]: Blackwell, 1989).

world. Despite their dissimilarity, these two forms of production are in coexistence, and it seems that this coexistence will persist. The “factory without walls”³ will be complementary to the vertically integrated factory. Moreover, the flexibility of industrial production is not promising to smash the spatial organization of industry to smithereens. What is being fragmented is the production process. Therefore, the regional concentration of industrial activities is also a phenomenon of the flexible accumulation regime, as in the fordist production albeit with a change in regional organization principles.

Has this transformation affected industrial land use policies in Turkey? If this spatial reorganization of industrial activities is a worldwide phenomenon, how affective has it been on the Turkish case?

Right from the start, it should be noted that industry has always been an urban phenomenon in Turkey and mainly, a phenomenon of big cities. Generally, regional imbalances in the localities of industrial investments have been discounted and seen as a natural consequence of the industrialization of a market economy. There have been exceptions, as in the 1960s, but the attempts at balanced regional development strategies proved that a discrepant industrialization practice was not possible without sanctionary regulations on the market dynamics. The result has been a rapid growing urban nucleus with industrial facilities gathering around it.

Today, Kocaeli by itself is a manifestation of this phenomenon. Kocaeli produces the equivalent value added of 59 provinces and equivalent GDP of 25 provinces in Turkey, standing alone. Since the 1970s, Kocaeli has ranked second after Istanbul in production of both industrial intermediate and investment goods. Merely these two data render an opinion about the industrial development dynamics

³ Grahame Thompson, *Markets, Hierarchies and Networks: The Coordination of Social Life* (London: Sage published in association with the Open University, 1991).

of Turkey. First is the urban character of industrialization. As can be seen, regional discrepancies have reached inconceivable dimensions. Second is the regional development of industrial activities. Istanbul is the force of gravity of industrialization. The industrialization of Kocaeli has always been complementary to that of Istanbul and is not an indicator by itself. It should be taken in hand with the deconcentration of industry in Istanbul.

At the mid-point between Istanbul and Kocaeli, Gebze has been undergoing an industrialization process since the 1960s. This former agricultural town has experienced a very rapid industrialization process as a punishment for its proximity to the most industrialized metropolis of Turkey. Vast amounts of land have been exposed to industrial settlement at ease. Industrial facilities have been established along the former E-5 and latter TEM highways, marking also the change in industrial development principles of the pre- and the post-1980 era.

It is not possible to assert that the decentralization of Istanbul is a migration of low-value added technologies; it is at first dissonant with the fact that the textile industry is still the leader of the Istanbul economy and manifests the extent of low-value added small batch production in developing countries. Rather, the deindustrialization of Istanbul is the migration of large-scale mass production industries, demanding larger areas for industrial production. Economies of scale are still the determining factor through this process.

But still, the impact of globalization is evident. The relocation of industry to Gebze is not contestable as far as the development dynamics of the great city are considered. Rising urban rent in the “global” Istanbul has accelerated the deindustrialization of the city center. In parallel, the boom of industrial development

in Gebze is marked by the establishment of organized industrial zones in quick succession.

Therefore, the analysis of industrial districts would possibly reveal the pace of the industrialization process and render an opinion on the dynamics of spatial reorganization. The clustering of related activities and networks of enterprises in the industrial districts would provide a tool for analysis about how far the vertical disintegration of large companies has reached. Moreover, the history of enterprises inside the industrial districts would tell us a great deal about the spatial reorganization of capitalist production, as the establishment of industrial districts goes hand in hand with the deindustrialization of urban centers. These districts are suitable for examining the industrial development and their history gives us substantially the trends of industrial relocation, both on the national and global scale.

One other target of this thesis will be to portray the general frame of the change in space and power relations on space. Hobsbawm defines the main problematic elegantly: “As the transnational economy established its grip over the world, it undermined a major, virtually universal, institution: the territorial nation state, since such a state could no longer control more than a diminishing part of its affairs.”⁴ With the capitalist crisis of the 1970s, the capacity of the fordist territorial state to manage the accumulation regime was contested. The emerging regions as the unitary economic entities of the globalization age were conflated with the belief in the fading away of state territoriality on the national scale. Contrary to that, the state remains important as a political actor that partakes in the territorial organization of capital accumulation; however, the affects of the ongoing transformation inevitably

⁴ E. J. Hobsbawm, *The Age of Extremes: A History of the World, 1914-1991* (New York: Pantheon Books, 1994), p. 424.

have weakened the central state regulatory control over global flows of capital, commodities and labor power, and the vacated seat has been filled by global capital.

Moreover, the forces of global capital limit the regulatory power of the nation state. Neil Brenner depicts this situation as follows:

The more the economy becomes interdependent on the global determinants of international economy, the less regional and local governments, as they exist today, are able to act upon the basic mechanisms and principles at condition the daily lives of the residents. The traditional structures of social and political control over development, work and distribution have been subverted by the placeless logic of an internationalized economy enacted by means of information flows among powerful actors beyond the sphere of state regulations.⁵

While examining the power relations of industrial relocation policy and the establishment of industrial districts, it is not possible to overlook the tension between state and capital. The rescaling of the metropolitan area, especially the increasing importance of Gebze district, will be examined in this context.

The arrangement in chapters is as follows. In the second chapter, the economic restructuring of late twentieth century capitalism will be discussed with respect to changing the industrialization dynamics of Fordism and the flexible accumulation regime. Two fundamental changes between these different modes of capitalist organization are discussed in detail, the spatial reorganization of capitalism and the vertical disintegration of production. The revitalization of the regionality principle will be questioned. Then, the discussion will focus on industrial districts, and the affect of the aforementioned changes on the organization of industrial districts.

In chapter three, the industrialization process of Turkey will be analyzed with a focus on regional development policies. After that, the success of Organized

⁵ Neil Brenner, "Global Cities, Glocal States: Global City Formation and State Territorial Restructuring in Contemporary Europe," *Review of International Political Economy* 5, no. 1 (Spring 1998), p. 9.

Industrial Zone project in the Turkish case will be questioned with particular emphasis on the relocation of Istanbul industry to Kocaeli and, especially to the Gebze district. Meanwhile, the demand for the industrial relocalization will be questioned with the aid of interviews with municipal authorities, managers in industrial districts, and planners

The fourth chapter is built on a series of interviews that were conducted during the fieldwork in Gebze. This ethnographic inquiry was carried out in order to understand how the spatial aspect of economic restructuring eventuated. The first sections of the interviews are made with urban planners, senior executives and industrialists from the Organized Industrial Zones and authorities from Gebze and Kocaeli municipalities. The main focus of the interviews was on the decentralization of Istanbul industry and industrialization of Gebze. The other section of interviews was made with the local people of Gebze to understand their point of view on the rapid industrialization and how they have been affected by the process.

The global city literature focuses on the process of the deindustrialization of city centers, but the effects of the spread of these industries to outer-city areas are neglected. As in the Istanbul case, industry is spreading outwards, resulting in a rapid industrialization of its neighboring regions. This thesis is an effort to show the other side of the medallion and depict the viewpoints and experiences of the potents and victims of the industrialization process.

CHAPTER II

CONTEMPORARY ISSUES ON INDUSTRIALIZATION

The Economic Restructuring of Late Twentieth Century Capitalism: A World of Post-Fordism?

The economic crisis at the end of the 1970s was definitely not unique to Turkey, it only came late. Starting from the late 1960s, the industrial world entered a time of troubles. The economic crisis of the 1970s brought forth the end of capitalist development in the “golden era of capitalism;”⁶ the prosperity in total world production in the 1970s was followed by stagnancy.

The postwar economic prosperity resulted from the mass production technique that was the production of standardized goods by special purpose machines and semi-skilled workers, and scale economies that were basically an enlargement of firms to cheapen production.⁷ To endure the production in massive amounts, demand was secured using regulation mechanisms.⁸ To fulfill the premises of self-reliant firms, the supplier side of industry was also to be met by the internal dynamics of the economy. All these definitely necessitated state intervention in the economy both as a regulator and an actor. It is well known that state interventionism was not a brand new *modus operandi* of the capitalist economy and it was being used for regulating

⁶ Eric Hobsbawm names the postwar period of world capitalism as the golden years due to the salutary economic indicators; see Hobsbawm, *The Age of Extremes: A History of the World, 1914-1991*.

⁷ A brief definition of the term is Available [online]: http://en.wikipedia.org/wiki/Economies_of_scale [1 May 2008].

⁸ See, Bob Jessop, *State Theory: Putting the Capitalist State in Its Place* (Cambridge: Polity, 1990).

the market economies. Yet, the post World War II period was marked by the existence of “strong state sector of the economy, often combined with planning.”⁹ This economic model was largely initiated in the old lands of industrial capitalism; however, it became quite successful, and served as a basis of economic development also for developing countries.

The years following the end of Second World War were significantly marked by a substantial restructuring and reform of capitalism and spectacular advance both in the globalization and internationalization of the worldwide economy. As Hobsbawm notes, “[W]orld output of manufactures quadrupled between the early 1950s and the early 1970s and, what is more impressive, world trade in manufactured products grew tenfold.”¹⁰ The increasing production resulted in the rising demand for labor force and the market economy provided new job alternatives for people.

World economic indicators at the beginning of the 1970s were not good at all; raw-material shortages, rapid inflation, rising unemployment, and economic stagnancy all indicated a general crisis. Despite the stagnancy in specifically developing countries, the stabilized growth scenario was prolonged with printing money, which resulted in the rising inflation. Eventually, the world economy was hit by the oil crisis and the impacts of economic crisis showed itself with a certain differentiation in the organization of the capitalist system and the effect of this differentiation on the particular economies. As Eric Hobsbawm asserts, the confidence in the capitalist development model of the golden era was shaken and during the two decades after 1973, the world lost its bearings and slid into instability

⁹ T. Iván Berend, *An Economic History of Twentieth-Century Europe: Economic Regimes from Laissez-Faire to Globalization* (Cambridge, UK ; New York: Cambridge University Press, 2006), p. 190.

¹⁰ Hobsbawm, *The Age of Extremes: A History of the World, 1914-1991*, p. 261.

and crisis.¹¹ The cause of the crisis seemed to be prevalent for the long term, as it broadly effected large scale investments in mass production systems which rested upon stabilized growth and assumptions on settled consumption markets.

But what went wrong? Piore and Sabel claim that the crisis was a result reaching the limits of the mass production model.¹² For industrialized countries, this emerged as the saturation of consumer goods in domestic markets. Added to the saturation of markets in the industrial world, Third World countries focused on mass-produced consumer goods both for export and domestic markets. From a global perspective, the development advances in Third World countries, including Turkey, accelerated this saturation trend.

The response of the system to the impacts of the crisis was a process of economic restructuring that created fundamental changes in the secular trends of capitalist development. The “restructuring” was based on three major types of enforcements: The flexible accumulation regime as the grounding principle, the rearrangement of employment conditions and the spatial reorganization of the capitalist economy.¹³

The first enforcement, the flexible accumulation regime, stands at the heart of the discussion. This is an irrefutable transformation of capitalism; innovation in technology, organization and finance yielded to new sectors of production and markets. A basic premise in capitalist production, that is, economies of scale, was challenged by variety in production. As Harvey underlines, “Economies of scope

¹¹ Ibid., p. 403.

¹² Michael J. Piore and Charles F. Sabel, *The Second Industrial Divide : Possibilities for Prosperity* (New York: Basic Books, 1984), p. 4.

¹³ See the link for a description of economic restructuring in the literature. Available [online]: http://en.wikipedia.org/wiki/Economic_restructuring [3 June 2008].

have beaten out economies of scale...Small batch production and subcontracting certainly had the virtues of bypassing the rigidities of the fordist system and satisfying a far greater range of market needs, including quick changing ones.”¹⁴ The innovations in the production system enabled inexpensive small batch production of industrial goods to provide product variety.

The second enforcement, employment conditions, which included regulations about wage formation, the mobility of workers, hire-and-fire rules as well as other regulations in the labor markets, utterly changed in comparison to the labor standards of the before-crisis period. As opposed to the fordist era, after the 1973 oil crisis, the daily lives and living standards of large populations deteriorated and the expectations from the market economies to generate new lifelong job opportunities were shattered.¹⁵ Growth and industrialization in this new era eventuated in an accumulation regime which was heavily dependent on low wages, high profit rates and high shares of profit.¹⁶

The final enforcement, which I will call spatial reorganization, is the reorganization of production, consumption and residential areas which must be planned in order to compensate the impacts of the crisis.¹⁷ David Harvey basically incorporates space into the Marxist circle of commodity crisis. According to Harvey, there is a certain tendency of capitalism to implement spatial reorganization when the system inheres to overaccumulation crisis. As the crisis becomes inevitable, the

¹⁴ Harvey, *The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change*, p. 155.

¹⁵ Melih Pınarcıoğlu, *Development of Industry and Local Change* (Ankara: METU Faculty of Architecture Press, 2000), p. 1.

¹⁶ Ahmet Haşim Köse, *İktisat Üzerine Yazılar/ Derl. Ahmet H Köse; Fikret Senses; Erinç Yeldan* (İstanbul: İletişim yayınları, 2003), p. 43.

¹⁷ Harvey delineates his conception, spatio-temporal fix, in David Harvey, *The Limits to Capital* (Oxford: Basil Blackwell, 1982).

spatial-temporal concentration is unbuilt. Accordingly, capital seeks opportunities of spatial dispersal and other spatio-temporal fixes. The overaccumulation problem is temporarily solved through producing new spaces for capitalist production and expanding the sphere of capitalist activity.¹⁸ This circular scheme is repeated, each time invigorating the strength of the crisis.

There are definite impacts of these enforcements. From the beginning, in the last 25 years, manufacturing industry slid from low technology and natural resources and fastened to middle and high technology.¹⁹ This slippage is quite evident in some chemical and electrical/non-electrical equipment industries. Another mainly middle technology industry, automotive, maintains its share in world industrial production.

Second, the world trade of industrial products has increased remarkably in the last three decades. The reason for the increasing trade of manufactured goods was expressed to be “exhaustion of domestic demand.”²⁰ The saturation of the home market put the mass production system into crisis and, to overcome it, industrialized countries turned their faces to the world market, especially to one another. This was not a reciprocal trade of raw and manufactured materials; the trade occurred within industry rather than among industries. Piore and Sabel explain this situation both with product differentiation within mass-production industries of different countries and trade of specialized commodities.²¹ This phenomenon becomes evident with the

¹⁸ Harvey, *The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change*, p. 182.

¹⁹ Oktar Türel, "Dünya Sanayileşme Deneyimi: Geçmiş Çeyrek Yüzyıl (1975-2000) Ve Gelecek İçin Beklentiler," in *İktisat Üzerine Yazılar*, ed. Ahmet H Köse; Fikret Senses; Erinç Yeldan (İstanbul İletişim 2003), p. 26.

²⁰ Piore and Sabel, *The Second Industrial Divide : Possibilities for Prosperity*, p. 185.

²¹ *Ibid.*, p. 186.

trade records from the end of the 1960s. On commodity basis, three fourth of the world goods trade is based on mutual trading of manufactured goods between countries.²²

Coming to the spatial reorganization, the years following the 1973 oil crisis were marked by the dislocation of manufacturing industries from the core industrial cities of old capitalism to peripheral economies and, in substitution, rise of the services sectors in the “global cities” of developed countries. Brenner defines this process as follows;

Whereas the old international division of labor was based upon raw materials production in the periphery and industrial manufacturing in the core, the new industrial division of labor has entailed the relocation of manufacturing industries to semi-peripheral and peripheral states in search of inexpensive sources of labor power. In addition to the deindustrialization of many core industrial cities, this global market for production sites has also entailed an increasing spatial concentration of business services and other administrative-coordination functions within the predominant urban centers of the core and semi-periphery.²³

Many companies in the developed economies began to shift their own competitive activities away from low cost, standardized production in the long run to high value, fashion and design-oriented small batch production in the shorter run. This shift was accompanied by the formation of new industrial clustering in developing regions. Standardized industries migrated over great distances, especially to the Third World, to take advantage of the low-paid labor. The reinstatement of mass production in peripheral economies was called “peripheral Fordism.”²⁴

²² Erinç Yeldan, *Küreselleşme Sürecinde Türkiye Ekonomisi: Bölüşüm, Birikim, Büyüme* (İstanbul İletişim, 2003), p. 17.

²³ Brenner, "Global Cities, Glocal States: Global City Formation and State Territorial Restructuring in Contemporary Europe," p. 5.

²⁴ Harvey, *The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change*, p. 155.

Again, restructuring process requires a closer examination of how the relations of power among different groups affect the way in which the tendencies of capitalism are formed and determined. Among others, subcontracting should be marked of paramount importance. Many social scientists dealing with development economics in the 1970s would claim that subcontracting was an anachronistic form of capitalist production, mainly a characteristic of peripheral economies, and would fade away if regulatory practices were tightened. However, it became the most commonly used disintegration strategy of the post-fordist era, and fulfills the visions of Marx about capitalism drawing all countries into one world economy. By complex subcontracting relations, capitalist production disintegrates production, penetrates the entire globe, and puts immense pressure on labor conditions. These, by means of capitalist production to shuffle off any activity which becomes a burden in a related economic unit, either in a factory or in a region, due to labor costs, environmental concerns, or benefiting legal loopholes.

Is this really a “Second Industrial Divide”? Piore and Sabel claim that the crisis of capitalism gave rise to a bifurcation of capitalist production. One way to relaunch growth is persisting with mass production technology with the extension of regulatory institutions. The other way is the revitalization of craft methods that faded out in the first industrial divide of capitalist development.²⁵ But to what extent the renovation in technology, reemergence of small production units, organizational models, and new principles of the geographical localization have transformative power within the general framework of twentieth century capitalism? Harvey emphasizes the significance of the changes in the capitalist system beginning from the 1970s. While he rejects attributing any transformatory aspect to these recent

²⁵ Piore and Sabel, *The Second Industrial Divide: Possibilities for Prosperity*. p. 14.

strategies, he opposes the arguments which are built on the assumption that there happened a certain transformation from capitalism to post-capitalism or from industrialist to post-industrialist society. According to Harvey, the transformation from Fordism to a more flexible system of production is eminent. However, the new production and marketing system depending on flexible labor processes, higher geographical invasion, and rapid changes of consumption do not necessarily lead to a transformation into a different accumulation regime. What is really changing is the format of the immanent tension in capitalism between monopoly and competition, centralization and devolution of economic power.²⁶

Moreover, some scholars may critically disapprove the claim of post-capitalism. First, flexibility has always been an intrinsic function of capitalism since the capitalist system referred to more flexible production techniques and correspondent employing strategies cyclically. Second, the idealized forms of post-capitalist production interpenetrate with forms of mass production. The “factory without walls”²⁷ does not mean the demise of large firms. Many large firms implement disintegration or quasi-disintegration strategies with extensive subcontracting activities and relocate their production by shifting the sites of production. By these means, these firms disassemble production processes to many different small companies, clustering together in space with extensive local inter-firm linkages. In parallel, the production is transported to remote distances to benefit spending shortfalls.²⁸ The enterprises exceed the limits of the national territory and

²⁶ Harvey, *The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change*, p. 155.

²⁷ Thompson, *Markets, Hierarchies and Networks: The Coordination of Social Life*.

²⁸ For an brief description, refer to Available [online]: http://en.wikipedia.org/wiki/Vertical_disintegration. [21 July 2008].

become more influent on other enterprises in the global commodity market. Ayşe Buğra depicts the hegemony of transnational enterprises as follows:

On the other hand, enterprises situated in "Global Commodity Chains" dominated by transnational enterprises that control the use of technology and the access to marketing outlets are likely to be subjected to a serious danger of interrupted orders. This can happen because of the ease with which transnational companies can shift production to other regions and countries thanks to the spectacular progress in the technologies of communication and transportation.²⁹

Finally, it is crucial to note that overstating the strategies of post-fordist production such as flexibility and geographical dispersion may result in a significant failure in noting the continuation of fordist production mechanisms and strategies. The new motto of capitalist production became "to catch up with the competitive edge in global markets." Flexibility is announced in almost every instance of this new period of capitalism; in such areas as employment conditions, vertical disintegration strategies, and subcontracting processes. As Harvey states, flexibility actually increased, but this is, first and foremost, an actuality of industrially developed countries and high-tech sectors. Magnifying the limits of truth might cause us to overlook the omnipresence of fordist production with its success and failures.³⁰

Therefore, the response of different countries to the capitalist crisis of the 1970s was different, according to their technological level in the mode of production and market relations. There are two principal approaches upon which countries have tried to meet the challenges of international competition. The first principle is improving competitive performance through decreasing labor costs, and deregulating

²⁹ Ayşe Buğra, "The Claws of the 'Tigers'," (Autumn 1997) Available [online]: <http://www.tusiad.org.tr/yayin/private/autumn97/html/bugra.html> [5 June 2008]

³⁰ Harvey, *The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change*, p. 191.

the labor market environment, which is called the “low road” to restructuring. But the dilemma also lies here. The popular fallacy about the economic order of the present day sees low wages as the driving force behind today’s global trade. Low wages are predominantly a characteristic of relatively low technology industries, which are not likely to be the leading sectors of global trade. Low technology in industrial production means low added value; this connotes low productivity. Therefore, there is a correlation between labor productivity and labor costs. As Labrianidis notes, the low road to restructuring is not a long-lived strategy such as “[p]oor wages and terms of employment hinder the firm in acquiring and keeping the qualified labor required for efficiency and flexibility.”³¹

The second principle is called the “high road” to restructuring, which consists of upgrading the market conditions and technology, seeking competitiveness based on efficiency enhancement and innovation through economic gains. The liberal understanding assumes equality of opportunity among countries and the hierarchy of countries in the economic order is unforeseen. Countries that play the competition game and seek technological advancement are assumed to increase in their economic rank. Moreover, for many economists, this organizational model based on the “high road” to restructuring creates a long-term liability, as wage gains are feasible and adequate standards of social production are provided.³² Such an economic prescription is fairly unrealistic for developing countries; as technology is patented, innovative capacity is only feasible after gigantic investments in the present day, and market liberalization mainly works under developed countries’ directions. Definitely,

³¹ Lois Labrianidis, "Delocalisation of Labour Intensive Industries," Paper presented to the International Conference, *“Restructuring stability & development in South-eastern Europe”* (2001).

³² This topic is both discussed in Piore and Sabel, *The Second Industrial Divide: Possibilities for Prosperity*, Labrianidis, "Delocalisation of Labour Intensive Industries."

it is much more possible to raise labor standards in a high value added economy, but the main problem is getting ahead in the technological leap.

Dani Rodrik claims that “[a]s the technology for manufactured goods becomes standardized and diffused internationally, nations with different sets of values, norms, institutions, and collective preferences begin to compete head on in markets for similar goods.”³³ But does competition really engender convergence between countries? First, countries that do not have the opportunity to take part within the map of spatial shifts of capitalist production are left outside.³⁴ But more critical is that contemporary world trade is overwhelmingly the trade of manufactured goods between producers that are most alike. World trade has expanded among industrialized countries, not between the developed and the developing countries. The accepted opinion about developed countries penetrating the markets of developing countries in the 1970s seems to be incorrect. As John Agnew argues, “[i]f before the Second World War the prosperity of the industrialized countries had depended on favorable terms of trade with the underdeveloped world, now demand was stimulated mainly at home.”³⁵

Therefore, least developed and developing countries are not equal participants in the globalization process; rather they are in a subordinate position. Developing countries have increased their share in world manufactured goods trade, but this increase in production has been small compared to the industrial advances in developed countries. They paced off the road to industrialization owing to their

³³ Dani Rodrik, "Sense and Nonsense in the Globalization Debate," *Foreign Policy* No. 107 (Summer, 1997), p. 466.

³⁴ Pınarcioğlu, *Development of Industry and Local Change*, p. 19.

³⁵ John Agnew, "The New Global Economy: Time-Space Compression, Geopolitics, and Global Uneven Development," in *Center for Globalization and Policy Research* (18 April 2001), p. 4.

inexhaustible reserve of labor while some of them made strong and aggressive attempts to advance the level of industrialization. Still, these countries become integrated into the global economy and went faster in growth through inter-firm linkages and the direct relocation of plants. Again, it is possible to talk about a technological improvement, as they are promoted to middle and high technology in production.³⁶

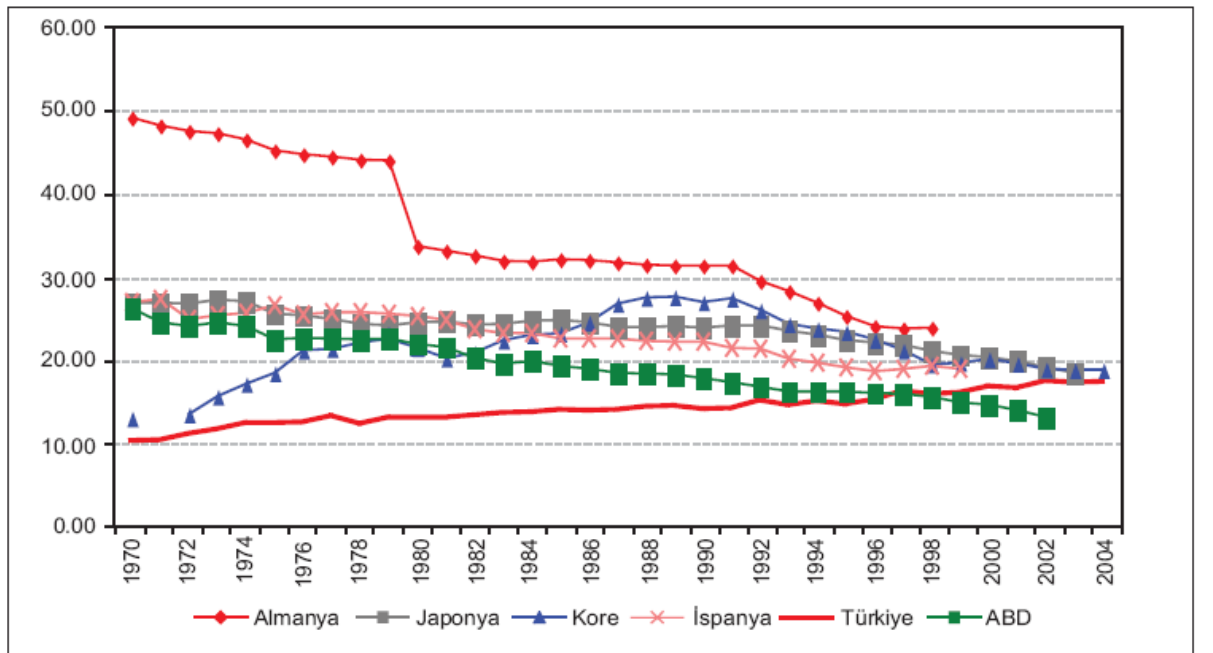


Figure 1: Share of industry in total GDP for different countries, 1970-2004.
Source: TUSIAD, *Türkiye Sanayiine Sektörel Bakış*, (İstanbul, Mayıs 2008).

A general look at the change in share of industry in the total gross domestic product (GDP) for separate countries is significant for understanding the different development patterns in the world economies after the 1970s. In the figure above, all countries except Turkey are in the advanced economy list of the IMF, whereas Turkey belongs to the developing countries category according to the classification

³⁶ Türel, "Dünya Sanayileşme Deneyimi: Geçmiş Çeyrek Yüzyıl (1975-2000) Ve Gelecek İçin Beklentiler," p. 29.

of the IMF.³⁷ The different paths among these countries manifest themselves; the share of industry in developed countries is on a decline related to the rise in the share of the services sectors. But this decrease in the share of industry in the GDP does not mean the value added industries are moving out of these countries. Rather industries that can upgrade their technology and market conditions are persistent in these economies, but standardized technology and labor-intensive industries migrate to developing countries.

In exchange, newly industrialized countries host these low value added industrial activities that cede the industrialized countries. These countries are characterized by a rapid economic growth that usually depends on export-oriented production. Among newly industrialized countries, the rise of East Asian economies heightened the competitive pressure in production of many industrial goods. This is a harsher situation, as they are challenged within a world market where they merely succeed to show a presence and therefore, they lose their competitive strength. This situation might end up in a deindustrialization process for some of these countries.³⁸

What is the position of Turkey in this scene? As a newly industrialized country, according to IMF categorization, Turkey has been unable to catch up with the peak levels of industrial share when compared to some industrialized countries. Therefore, it is prospective for the Turkish manufacturing industry to be in an up growth for another period of time if the same industrial model is followed. Two middle-high technology sectors, that are electrical machines and automotive, are above average production compared to overall manufacturing industry. The

³⁷ For verification, the lists of developed and developing countries are available [online] at: http://en.wikipedia.org/wiki/Developed_country [24 April 2008] and http://en.wikipedia.org/wiki/Developing_country lists [2 May 2008].

³⁸ TÜSİAD, *Türkiye Sanayiine Sektörel Bakış* (İstanbul: Mayıs 2008), p. 35.

automotive industry also shows a top-level increase in exports. The chemical industry is another promising industry, as far as exports are concerned.

TUSIAD offers that the development dynamics of Spain would be meaningful to compare with Turkey, due to the similarity in industrial sectors and location in the world market.³⁹ Since the 1960s, Spain has had the largest steel-producing capacity and has been one of the world's largest shipbuilding nations. But in the 1970s and the 1980s, iron, steel, and shipbuilding began to decline because of outdated technology and rising energy costs. Automobile assembly and textiles are other prominent industries in the country. And after the 1980s, the country oriented to high value added technologies that were "growth" sectors, such as food processing, consumer electronics, defense systems. Today, the share of manufacturing is on a decline in the Spanish economy.

What have been the recent trends in technology usage of Turkish industrialization in the last decades? The economic indicators show that shares of low technology production in Turkey are on the decline. Contrary to this, you shares of high technology production are increasing. But the rate of change is fairly slow to make a conclusion. But the following graphic implies that medium-high technology production, which consists of especially automotive and chemical industries, has increased its share in the economy during the last two decades.

³⁹ Ibid., p. 69.

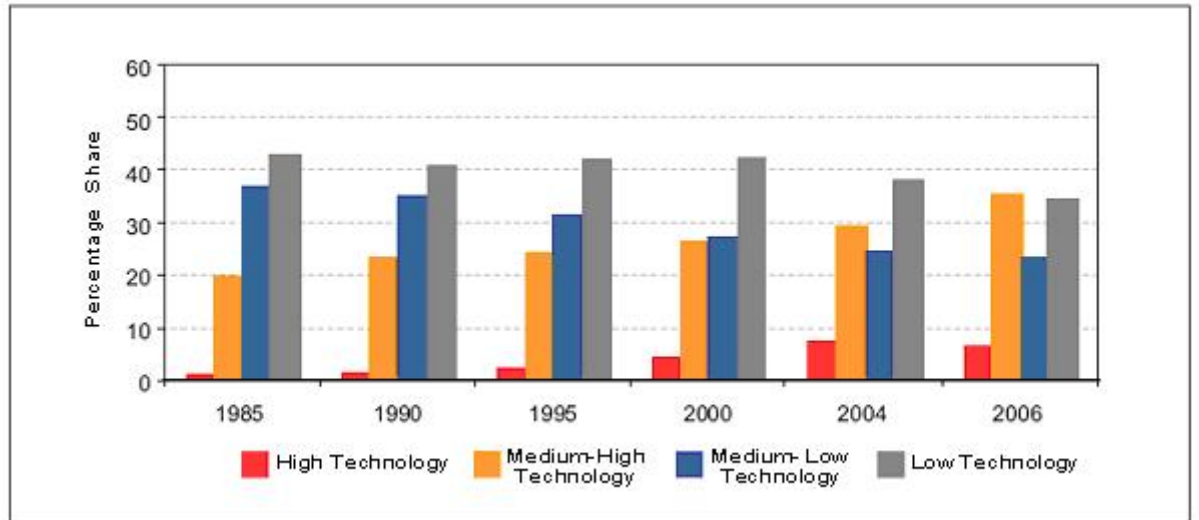


Figure 2: Industrial Production by Technology Usage in Turkey after 1980.
Source: TUSIAD, *Türkiye Sanayiine Sektörel Bakış*, (İstanbul, Mayıs 2008).

Yet, is it suggestive to look at Spain as a future model for Turkey, in an era when the premise of modernism is greatly weakened by the divergence among the developed and developing economies in the last decades? How valid are the words of Rodrik about the converging affect of technology standardization between countries? The challenge of the Turkish economy is to grasp the standardized industrial production that countries like Spain throw out. But in a highly competitive global market, is it really meaningful to invest in industries that Spain actualized more than two decades ago? More importantly, would this lead to the “high way” to restructuring for the Turkish economy? Is this a linear process, that countries struggling to lapse to high value added technologies should first labor on low value added ones?

These questions will be the critical questions of the globalization period. But, it is also contended that the development pattern of developing countries might diverge from rather than converge on the former path of developed countries. This situation might be called a new phenomenon of globalization, in which even newly

industrialized countries might choose deindustrialization and rely on imports to keep away from high industrial investments.⁴⁰

The Reinvention of Regionality

One dimension of the spatial reorganization of the capitalist economy after the crisis of the 1970s was the revitalization of the importance of region in the economy. Before the crisis, the upward prestige of fordist economic development engendered the idea that with intensive planning, economic success was inevitable. The widespread belief in a positive correlation between planning and economic success also reinforced “urban planning,” both as a necessity of the successful economy and as an emerging discipline. The major objective of urban planning was the rational planning of the economic unit on the scale of the nation state. This objective was predominantly reinforced by an effective spatial organization and well-balanced economic development. As Eraydın rightly points out, “The spatial organization was to provide and increase growth in a rational perspective...Also, ‘interregional balance’ was a frequently used notion in the national development strategy.”⁴¹ In such a framework, regional economy was considered to be a part of national economies and the development of a region was envisioned together with the development of other regions in the national economy. This situation complies with the Turkish case; albeit the endeavor to decrease regional discrepancies failed, it

⁴⁰ Ibid., p. 39.

⁴¹ Ayda Eraydın, *Yeni Sanayi Odakları: Yerel Kalkınmanın Yeniden Kavramsallaştırılması* (Ankara: ODTÜ Mimarlık Fakültesi Yayınları, 2002), p. 3.

was a precedence of the planned development era of the Turkish economy in the 1960s.

However, the belief in rational planning came to an end with the apparent worldwide economic crisis of the 1970s. Concurrent with the economic crisis, the rational planning principle in the discourse of regional and urban planning was contested: If the assumptions on fordist production and its regulatory practices for securing a national economy were hit hard, then what should be the considerations of urban planning? The decline of developmentalist discourse brought a new debate concerning whether the previous urban and regional planning discourse was effective or not. Countering the well-balanced regional development thesis, studies on regressive regional economies of the pre-1970 period had increased.⁴²

The well-known postmodern agnosticism showed up in the planning discipline; the effectiveness of wide-scale planning became a matter of dispute: instead of a well-balanced development strategy, should planning focus on small-scale, high-technology and flexible production in the localities of an economy? The proponents claimed that localized growth might be the main development model for capitalism, being central to the coordination of the most advanced forms of economic life. Ayda Eraydın defines the role of locality in a flexible accumulation regime as follows:

The regions and local units might open doors to success in the global economies as long as they seize peculiar niche production and identify themselves. In the milieu of global economy, regions are not lined up pieces of a system; they are rather competing and sharing units.⁴³

⁴² For an example, see P. E. Lloyd, "The Components of Industrial Change for Merseyside Inner Area: 1966-1975," in *Urban Studies* (1979).

⁴³ Eraydın, *Yeni Sanayi Odakları: Yerel Kalkınmanın Yeniden Kavramsallaştırılması*, p.13.

Melih Pınarcıoğlu is also expectant about the capabilities of locality. According to him, locality is more venturesome when it is unbound of restraints of the national economy:

Thereby, societies, cities, individuals get ahead by escaping across the borders and hold a place in better platforms.⁴⁴

In harmony with the postmodern narrative, the differences of neighboring regions were rescued from being a controversial subject to be overcome, rather regional discrepancies indicated diversification.⁴⁵ New planning discourse proposed to encourage development divergences. By courtesy of well-developed regions, the national economies would participate in the world economy. Moreover, the importance of locality is extensively highlighted; many concepts gained new meanings as they are now interrelated with references to the “local.” Local was divested of its subordinate situation in the national economy. It started to be considered as a new agent of growth and a node in the network of the global economy. This significant emphasis on the “localization” brought along the rise of local agents: local non-governmental organizations, local inventorship, local networks, etc. Eraydın states that, “The fulfillment of a governance system in the local platform gave rise to development of mutual decision-making mechanisms.”⁴⁶

But for my part, this overestimation of the role of locality is highly problematic. First of all, the adherents of local development discuss the process as a bottom-up one; that is if the local strives enough to penetrate the global market, it will be in the ascendant. However, globalization is rather a top-down process, in

⁴⁴ Pınarcıoğlu, *Development of Industry and Local Change*, p.ii.

⁴⁵ Eraydın, *Yeni Sanayi Odakları: Yerel Kalkınmanın Yeniden Kavramsallaştırılması*, p.8.

⁴⁶ *Ibid.*, p.26.

which the fate of a locality is determined by the potents of the global market. Harvey explains the condition of spatiality in a global market as follows:

We thus approach a central paradox: the less important the spatial barriers, the greater the sensitivity of capital to the variations of places within space and the greater the incentive for places to be differentiated in ways attractive to capital. The result has been the production of fragmentation, insecurity, and ephemeral uneven development within a highly unified global space economy of capital flows.⁴⁷

Compared to a national administration with a marked regulatory role in the development of regions, the present day debate is on the ambiguity of the global actors. For a process in which the operative agents are blurred, it is possible to overestimate the role of local actors. This, I think, is the problematic of the changing urban planning discourse; the indefiniteness of global actors acting on a locality does not mean that global actors are acting unplanned. This situation brings to mind the concept of “ambiguous horizontal movement” that is extensively reinforced in the literature on globalization. While depicting the worklife of new capitalism, Richard Sennett uses this concept for the people changing their employment for better advantages in their career. Compared to former visible hierarchy pyramids of worklife, in the present day’s loosely-connected business network an employee changing his job to ascend in rank should be in fact moving horizontally.⁴⁸ To apply an analogy, it is a divisive issue whether the hierarchy networks of global capitalism are loosening or not, albeit the rise of egalitarian discourse of globalization. But in my opinion, the success stories of regional development are not direct evidence to

⁴⁷ Harvey, *The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change*, p. 296.

⁴⁸ Richard Sennett, *The Corrosion of Character: The Personal Consequences of Work in the New Capitalism*, 1st ed. (New York: W.W. Norton, 1998).

rank upgrading of that region, in general it is likely to be a horizontal rather than vertical movement.

Second, the hold of authority is a critical issue of the globalization debate and could not be easily understood by the local/central dualism. It should be stated expressly that the state authority challenged by the influence of global dynamics is not able to apply major regulatory practices in different regions, as it used to do. Michael Keating notes that, “[g]iven global constraints, states are no longer able to manage their spatial economies by diversionary regional policies or strategic placing of public investments.”⁴⁹

Then, who makes the decisions on local policies? Are local authorities still “[d]econcentrated administrations of the central state”⁵⁰? Or, is authority devolved from central to local institutions? The answer is conditional; the more local administrations gain authority, the more vulnerable they become in the global ordinance. Keating defines this as follows:

In an open economy, regions depend on the continental and global market for investment, markets and resources. The paradox of institutional decentralization is that, the more autonomy regions gain from their own states, the less they are protected from the market and thus the more dependent they become upon the market.⁵¹

Therefore, to measure the extent of regional power in globalization it is better to analyze the capabilities of regional administration *vis-à-vis* the center. Can they formulate policies by themselves? Do they have the financial resources to do so? Is it possible to talk about vibrant political institutions and territorial civil society? By this

⁴⁹ Michael Keating, "The Invention of Regions," in *State/Space: A Reader*, ed. Neil Brenner (Malden, Mass.; Oxford: Blackwell, 2003). pp. 261-262.

⁵⁰ *Ibid.*, p.267.

⁵¹ Neil Brenner, *State/Space: A Reader* (Malden, Mass.; Oxford: Blackwell, 2003), p.270.

inductive reasoning, it would be possible to measure the affects of globalization on localities.

The Resurgence of Industrial Districts in the Flexible Accumulation Regime

First of all, the clustering of similar economic activities in space has been a secular trend, therefore the formation of industrial districts is not a late twentieth century phenomenon in the history of industrialization. The concept of the industrial district owes its popularity to Alfred Marshall, who was the first to offer inspiring ideas on the agglomeration economies of small scale firms and the benefits of externality. The novelty of his idea was claiming the would-be success of clustering small size enterprises instead of the vertical integration of enterprises in the late nineteenth century, when even the glory of fordist production was not announced. In his book, *The Principles of Economics*, the term “industrial district” referred to the concentration of specialized industries in particular localities.⁵² The basic principle behind such clustering of economic activities is quite simple, for which agglomeration and externality principles provide an answer in depth. The externality principle requires that the unit costs of production are presumed to fall at least up to some point as firms cluster together. According to this principle of the neoclassical economy, the more firms are related to each other, the lower their production costs are expected to be. The agglomeration principle connotes that the clustering of firms may induce the expansion of the common factors of production, such as land, labor, capital and infrastructure. Similarly, as the firms benefit more from these common pools, the supply of such resources will increase. In the long run, the producers’ costs

⁵² The discussion is based on the book Alfred Marshall, *Principles of Economics* (London New York,: MacMillan, 1890).

of production will decrease more due to the presence of such infrastructure and specialized pools of labor and capital.

Compared to fordist production, it is quite important to note that the agglomeration principle is the counter part of economies of scale, which claims that unit production cost will decrease with increasing vertical integration of an individual firm. The difference is that agglomeration principle mainly discusses the effects of congregation on smaller individual firms and the consequent benefits of the general development of industry.⁵³

Contrary to the logic of scale economies, industrial districts were formed by small locally owned firms that make investment and production decisions locally. According to Marshall, the industrial clustering benefited from a highly flexible labor market composed of resident workers of the district. Moreover, the employers were also local inhabitants and the territorial civil society was determined by this domestic daily working life. Fernando Alberti describes the peculiar working conditions of the Marshallian industrial district as follows: "Individuals move from firm to firm, and owners as well as workers live in the same community, where they benefit from the fact that 'the secret of industry is in the air.'"⁵⁴ The Marshallian industrial district hosted a community with collective local identity and specialized experience.

The crisis of fordist production revitalized the notion of industrial district in regional economy literature. The story was evident; the crisis years proved that

⁵³Bjørn Asheim, "Industrial Districts as 'Learning Regions.' A Condition for Prosperity?," in *IGU Commission on 'Interdependent and Uneven Development: Global-Local Perspectives'* (Seoul: STEP group, 1995).

⁵⁴ Fernando Alberti, "The Concept of Industrial District: Main Contributions," Available [online]: http://www.insme.info/documenti/the_concept_of_industrial_district.pdf [21 March 2008], p. 2.

vertically integrated large firms were incompetent in a post-industrial world characterized by continuously fluctuating consumer demands and rising international competition. The search for flexibility in industrial production and new needs of customers on industrial markets entailed a more flexible organizational structure for industrial production. Moreover, the proponents of industrial districts claimed that a number of regions around the world had been able to prosper despite the stagnancy of the economy during the 1960s by applying a similar model to the notion of industrial districts provided by Marshall. The most well known example was the “Italian experience,” which attracted many researchers’ attention on the industrial districts.

In postwar Italy, the developed northwest and the undeveloped southern parts of the country, that were respectively called First and Second Italy, were hit by the depression of the 1970s. The crisis of fordist production also hit these regions where large batch production was eminent. As opposed to both of these two parts, the northeast and central parts of the country, that were called the “Third Italy,” showed significant rates of growth in the 1970s.⁵⁵ This phenomenon attracted the attention of social scientists and scholars argued that the success of industrial development in the Third Italy emanated from the “exceptional success in the reemergence of craft paradigm”⁵⁶ in the industrial districts. Contrary to other regions of the country, the industrial development of the Third Italy was dependent on the agglomerations of small and medium-sized firms in the region.⁵⁷ Giacomo Becattini, who vitalized the

⁵⁵ Available [online]: http://en.wikipedia.org/wiki/Industrial_district [14 July 2008].

⁵⁶ Piore and Sabel, *The Second Industrial Divide: Possibilities for Prosperity*. p. 205.

⁵⁷ Vittorio Capecchi, "History of Flexible Specialisation and Industrial Districts in Emilia-Romagna," in *Industrial Districts and Inter-Firm Co-Operation in Italy*, ed. Frank Pyke, Giacomo Becattini, and Werner Sengenberger (Geneva: International Institute for Labour Studies, 1990), p. 20.

notion of the industrial district by analyzing the Italian experience, conceptualizes the industrial district as: “[...] a socio - territorial entity which is characterized by the active presence of both a community of people and a population of firms in one naturally and historically bounded area.”⁵⁸

In many sectors where small firms predominated, groups of firms clustered together in specific regions to be able to grow rapidly. This new organizational model enabled them to concentrate on developing niches, such as leather goods, textile, jewelry, ceramic tiles, and spectacle frames, in export markets and offer new employment opportunities and became first-rate vendors of these specialized goods.⁵⁹ Also, the coherent location and narrow specialization profile yielded high development rates in the industrial districts.

In addition to the Marshallian notion of industrial district, researchers highlight two more characteristics of these districts are having significant role in the success of economic growth and stability in addition to geographical proximity of SMEs, sectoral specialization, and the predominance of small and medium sized firms.⁶⁰ First one is “close inter-firm collaboration and inter-firm competition based on innovation.”⁶¹ In Marshall’s account, the local firms were not linked to form a cooperative organization. These new variants of industrial districts indicate however, the distinctive features of competitive albeit solitary network organizations between

⁵⁸ Giacomo Becattini, "The Marshallian Industrial District as a Socio-Economic Notion," in *Industrial Districts and Inter-Firm Co-Operation in Italy*, ed. Frank Pyke, Giacomo Becattini, and Werner Sengenberger (Geneva: International Institute for Labour Studies, 1990), p. 38.

⁵⁹ Available [online]: <http://www.unido.org/index.php?id=o4310> [12 April 2008].

⁶⁰ Alberti, "The Concept of Industrial District: Main Contributions." p. 5.

⁶¹ Available [online]: <http://www.unido.org/index.php?id=o4297> [15 April 2008].

different vertically disintegrated agents of the former industrial hierarchy. Second, the implementation of an administrative reform provided the development of industrial districts that constituted an original corporate identity with the aid of their industrial experience and production culture. The clustering of small firms and collective efficiency is the basis of flexible specialization, but this process is not a spontaneous one and rather should be supported by public or private organizations.

Towards a Generalized Theory

Yet, the resurgence of industrial districts is a controversial issue. At first, flexibility of production does not guarantee the characteristics listed for industrial districts. Bennett Harrison criticizes the idea that as the reemerging craft paradigm countered the rigidities of fordist production, it would definitely give rise to these features:

Interdependence of firms, flexible firm boundaries, co-operative competition and the importance of trust in reproducing sustained collaboration...are outside the conceptions of either arms length transactions among independent firms or hierarchical order within the large cooperation, the two ideal types that encompass all neoclassical economic theorizing.⁶²

Also, the opponents of the idea are highly skeptical about the development capacity of small firms. As Alberti avows: “[...] a development based on micro-firms was necessarily either a statistical delusion or a passing phenomenon or a retrogressive change.”⁶³ The second suspicion is about the inter-firm linkages. Is it possible to warrant the merging and interplay of production among the firms in industrial districts? Small manufacturing companies built around a craft form of

⁶² Bennett Harrison, "Industrial Districts: Old Wine in New Bottles?," *Regional Studies* 26, no. Number 5 (1992). p. 109.

⁶³ Alberti, "The Concept of Industrial District: Main Contributions." p. 3.

work organization would be interlinked but loosely coupled and inter-firm competition might encumber collaboration in the production process, nay the industrial district theory hypothesizes not only a coherent industrial relations network, but also a pertinent strong civil society.⁶⁴ Moreover, in a global economy, regionalities are more vulnerable to market dynamics and the pure industrial district theory would prove not to be “sustainable under the onslaught of competitive pressures from larger, more powerful, more distant and impersonal economic forces.”⁶⁵

The upward complexity of the global market system makes it difficult to stylize industrial districts, including network systems. The different industrialization patterns of distinct economies result in dissimilar formations of industrial districts. As Pietrobelli notes, “concrete instances of industrial districts are closer to a set of stylized facts than a model.”⁶⁶ Therefore, to make the industrial district theory applicable to a general regional industrial development scheme, scholars have attempted to generalize the usage of the term.

An exhaustive definition of industrial districts is proposed by Park and Markusen. They define an industrial district as “...a sizeable and spatially delimited area of trade-oriented economic activity which has a distinctive economic

⁶⁴ Bennett Harrison notes that in Europe, the USA, and Japan emerging industrial districts do not embrace dense small firm interaction. See Harrison, "Industrial Districts: Old Wine in New Bottles?"

⁶⁵ Ibid., p. 479.

⁶⁶ Paolo Guerrieri and Carlo Pietrobelli, "Industrial Districts' Evolution and Technological Regimes: Italy and Taiwan," (2001) Available [online]: www.biotechwithitaly.it/editoria/bollettino/studi/Pietrobelli.pdf [17 July 2008].

specialization, be it resource-related, manufacturing, or services.”⁶⁷ The extended definition of economic specialization favors the common argument which advocates that the clustering of firms may be due to the utilization of similar resources, related production processes or benefiting similar services, even tax abatements. Then, due to firm-size, inter-firm relations and internal versus external orientations, they sort industrial districts in three classes;

1. (Casual) geographical clustering of firms, with occasional inter-firm linkages, no (little) experience of cooperation, non-existent or little developed local institutions;
2. Marshallian (Italian) ID, with smoother inter-firm transactions, much better developed practices of cooperation, more developed and effective local institutions, economies of scale at the district level made possible by substantial enterprise specialization, deep integration between economic activities and the local socio-cultural fabric;
3. Enterprise network with some form of leadership prevailing, be it a hub-and-spoke, leader-followers, or, with the leader providing the strategic services and impetus for diversification into different products and sectors, with reorganization of production and new relationships with firms, local institutions, and factor and product markets.⁶⁸

The first two definitions are well discussed, yet the third requires more explanation. The distinguishing mark of the last category is the arising leadership of a large corporation regulating inter-firm relations. Two possible types are hub-and-spoke and satellite-platform districts. Hub-and-spoke district occurs where either a single large – often vertically integrated – firm or several leading firms constitute the hubs of a regional economy, attracting suppliers and related activities to that region. The spokes, which are the suppliers to the leading firms, may be loosely coupled or trussed to the hub, depending on how specialized the industrial district is. For instance, in an industrial district specialized in the automotive industry, these

⁶⁷ Ann R. Markusen, *Sticky Places in Slippery Space: The Political Economy of Postwar Fast-Growth Regions* (Piscataway, N.J.: Center for Urban Policy Research, Rutgers, 1994).

⁶⁸ Guerrieri and Pietrobelli, "Industrial Districts' Evolution and Technological Regimes: Italy and Taiwan." p. 5.

connections are expected to be tightly coupled, as the industry necessitates specialized production of industrial components. In contrast, leading firms are external to the industrial district in satellite platform. These firms outsource a sub-division of their industrial production to the facilities the satellite platform. This is mostly implemented as a regional development strategy of national/local governments to promote industrialization of a selected region. However, as the leading industrial companies are external to the district, the future of the district is more vulnerable to the changing patterns of industrial development. Lacking long-term investments, local finance sources, technical expertise and inter-firm relations are the main problems of this type of industrial district.⁶⁹ As a reminder, these categories are proposed as model forms and a real-world cluster may contain one or more types of these models.

Reclaiming Theory: Industrial Districts in Developing Countries

The quest for generalizing the industrial district theory becomes much more meaningful when developing countries are considered. For developing countries, industrialization shows an uptrend, but this industrialization of developed countries is mostly a standardized technology and labour-intensive one. The industrial expansion of developing countries is integration to the world economy and definitely the export-orientation in their economic policies is a sign of this. However, integration does not mean the homogenization of industrial activities. While Dani Rodrik stresses that the standardization of industrial activities results in the affinity of

⁶⁹ Ibid., p. 4.

commodity markets of dissimilar nations,⁷⁰ he skips the domination of industrialized countries in global commodity markets. Globalization is about the globalization of markets, not technologies. And making progress in technological upgrading is highly difficult as technology is patented and innovation is possible by only feasible after gigantic investments in present day.

In such a frame, is it possible for industrializing countries to favor small-scale, high-technology small batch production? Melih Ersoy argues that dynamic, high-technology user flexible production units obsessed with entrepreneurial instinct and creative research are seen in peripheral economies seldom, if ever.⁷¹ He claims that; “[s]earch for post-fordist production in peripheral economies is just an intellectual act of having pleasurable time.”⁷² Partaking of the skepticism of the writer, I claim that the scale and technique of production in developing countries does not fit in to the Marshallian notion of industrial districts. Niche production and product specialization is a desire for every economy, but the possibilities of such a technological upgrading for developing countries should be deliberated. In addition, to expect such a technological upgrading from small-scale enterprises with insufficient circulating capital are more problematic, as even middle and large scale enterprises are not audacious enough to invest in technological modernization in developing countries.⁷³

⁷⁰ Rodrik, "Sense and Nonsense in the Globalization Debate," p. 466.

⁷¹ Melih Ersoy, *Yeni Liberal Politikalar Ve Kentsel Sanayi* (Ankara: ODTÜ Şehir ve Bölge Planlama Bölümü Yayınları, 1993). p. 38.

⁷² Ibid., p. 39.

⁷³ Nadir Suğur, "Ostim Sanayi Bölgesi Esnek Uzmanlaşmanın Neresinde?," *Toplum ve Bilim*, no. 63 (Spring 1994). p. 128.

This study aims at understanding the massive industrial agglomeration practices in developing countries, with the aid of industrial district theory. But, for this the notion will be used in a more general sense and will not be confined to its Marshallian sense.

It is contended that the industrial districts of developing countries attend more to the massive production of low value added products⁷⁴ and the success stories of industrial districts in developing countries are mainly from low-value added export markets. And for “catching the competitive edge” in low-value added markets, one has to limit cost expenditures, which mainly deteriorates the working conditions and wages of workers. Worse still, in the global market, the industrial producers may always switch or threaten to switch their investments to cheaper labor havens. Therefore, to attract investments, orientation to high-value added markets, advancement in quality, creating specialized markets and developing labels are proffered strategies, but the flagrant contradiction is the improbability of leaping from low road to high road to restructuring. In this development model, local industrial districts might turn into local suffering zones grounded on the exploitation of cheap labor.

Ayda Eraydın writes that the weakness of the social security system and anti-labor attitude is the attractive side of the industrial zones in developing countries.⁷⁵ With the aid of the flexible production system, the technical staff standing at the top of the ladder is pleased with better working hours and conditions, whereas the workers are affected by deteriorating conditions. Moreover, the “high road” to

⁷⁴ Similar problematics are valid for Greece, East Europe countries. See Labrianidis, "Delocalisation of Labour Intensive Industries."

⁷⁵ Eraydın, *Yeni Sanayi Odakları: Yerel Kalkınmanın Yeniden Kavramsallaştırılması*, p. 46

restructuring does not precisely mean high labor standards. Even the Emilia Romagna district of Third Italy, from which the literature on economic specialization in industrial districts was derived, is exposed to widespread exploitation and poor working conditions, not only regarding immigrant workers but also Italian citizens.⁷⁶

In the light of this theoretical endeavor, I would like to analyze Gebze, an industrially concentrated region at the midpoint between Istanbul and Kocaeli in the next chapter. For this, the industrialization policy of Turkey will be examined at first hand, and the changes in character and spatial organization of industry in Istanbul Metropolitan Region will be discussed.

⁷⁶ V. Capecchi, "A History of Flexible Specialisation and Industrial Districts in Emilia-Romagna," in *Industrial Districts and Inter-Firm Co-Operation in Italy*, ed. F. Pyke, G. Beccattini, W. Sengenberger, (Geneva: International Institute for Labour Studies, 1990).

CHAPTER III

DECENTRALIZATION AND DISPLACEMENT: THE SHIFT OF INDUSTRY FROM ISTANBUL TO KOCAELI

A Brief Industrialization History of Turkey with Regard to Regional Policies

The general principle of economic policies in Turkey has always been developing a market economy at any rate, albeit state intervention into the economy has altered with cyclical fluctuations from liberalism to etatism. Industrialization has been planned to serve this purpose.

The industrial policy of the Turkish Republic from its foundation to the economic crisis in 1929 was a liberal economic policy depended on the private enterprise system. Even though the share of industrial output remained low in the total GDP, industrialization was defined as a national goal from these early years and by means of state intervention, but essentially favoring the private sector, this goal would be fulfilled. The process of industrialization started with the “three whites,” flour, sugar, and cloth. Korkut Boratav emphasizes that this fits a general industrialization trend for Third World countries at the beginning of the twentieth century.⁷⁷ However, the crisis of 1929 shook the faith in liberal economic policies. Şevket Pamuk argues that the nascent industry, which mainly focused on domestic needs, was not that much affected and the Great Depression had the most severe

⁷⁷ Korkut Boratav, *Türkiye İktisat Tarihi, 1908-1985* (İstanbul Gerçek Yayınevi, 1995). p. 49.

affect on agriculture. However, the deterioration of the terms of trade and concomitant foreign-exchange crisis engendered an “interventionist and inward-looking policy,”⁷⁸ as Pamuk puts it, in the years of Depression.

By the end of the 1920s, it was understood that industrialization would not be driven by a trade bourgeoisie which benefited from the trade advantages that the liberal economic policy granted. So, as Boratav states, forming a national bourgeoisie was the *sine qua non* for a “semi-colony” to start an alternative program of national capitalist industrialization.⁷⁹ Therefore, the response to the crisis came as the abandonment of liberal policies and, in 1932 etatism was adopted as the main strategy, which was mainly import substituting industrialization led by the state. After the 1933 constitution that manifested etatism as the new economic principle of the Republic, large industrial projects were set out, despite the scarce resources on hand.

The Republic’s first industrial establishments date back to the 1930s. As Boratav states, the industrialization policy of the 1930s mainly focused on the production of consumer goods and by the end of the 1930s, Turkey was able to produce three whites inside the country. Nevertheless, state economic enterprises in key sectors such as paper, chemicals, iron, steel, and mining were established, especially by the induction of the first five-year industrial plan (1934-38). Yet, the total share of industrial production in the total GDP did not show a spectacular uptrend and etatist drive on industrialization remained limited in the 1930s. Agricultural production continued to be the main share in the GDP. The reason was newly established plants could not begin operations even after the implementation of

⁷⁸ Edward Roger John Owen and Sevket Pamuk, "Turkey 1918-1945," in *A History of Middle East Economies in the Twentieth Century* (Cambridge, Mass: Harvard University Press, 1998), p. 27.

⁷⁹ Boratav, *Türkiye İktisat Tarihi, 1908-1985*, p. 18.

the plan and Pamuk emphasizes that, “[t]he total number of active state enterprises in industry and mining on the eve of World War II did not exceed twenty.”⁸⁰ In 1938, only one percent of the working population was employed in state enterprises.⁸¹

One other comparison can be made for economic activities in the rural and urban parts of the country. New plants were established mainly in big cities and their hinterlands, and the state-led industrialization definitely accounted for the urbanization of economic activities. This decision would have a decisive influence on the industrialization policy of the country. Despite the populist discourse of Early Republic, industrial policies were to promote the urban regions of the country and the agricultural population fell outside of the cardinal transformation process in the country.⁸²

After the Second World War, Turkey attempted a more liberal economy. This policy change was effectuated in 1947, when the etatist third five-year development plan was cancelled. Instead of the plan, the economy tended to a “greater reliance on private capital and greater emphasis on agriculture.”⁸³ For an agricultural economy, the importance of agricultural output is undeniable; therefore the main challenge of the liberal economy was against the state intervention. Still, it is remarkable that the share of public expenditures in GDP did not change dramatically in this era. What changed were the preferences on spending; public expenditures were spent on

⁸⁰ Sevket Pamuk and Jeffrey G. Williamson, "Intervention During the Great Depression: Another Look at the Turkish Experience," in *The Mediterranean Response to Globalization before 1950* (London ; New York: Routledge, 2000), p. 331.

⁸¹ Şevket Pamuk, "Economic Change in Twentieth Century Turkey: Is the Glass More Than Half Full?" in *The AUP Visiting Scholar Working Paper Series* (American University of Paris: Trustee Fund for the Advancement of Scholarship, 2007), p. 9.

⁸² *Ibid.*, p. 9.

⁸³ Edward Roger John Owen and Sevket Pamuk, "Turkey 1946-1990," in *A History of Middle East Economies in the Twentieth Century* (Cambridge, Mass: Harvard University Press, 1998), p. 106.

infrastructure investments instead of the establishment of new state enterprises. Many fundamental highway, harbor, water and energy projects were taken in hand in the 1950s, and the public sector undertook a supportive role to the private sector for capital accumulation. As the pay off, Turkey resembled “an untidy construction site.”⁸⁴ This massive construction project created a unavoidable economic instability. This overlapped with the trade balance deficit of the liberal economy. By the end of the 1950s, the move towards a more open economy came to an end.⁸⁵

Turkey in the 1960s: A Leap in Industrialization

This period saw the second phase of the industrialization wave with the aid of protectionist policies. The excessive public expenditure brought up the planning of annual budgets in the medium and long term. To cut down the external dependence of economy, the import regime was restricted. These two factors awakened the idea of macro planning which resulted in the establishment of the State Planning Organization. The decision was a return to inward-orientation in economic policies. The government policies on industry established firmly a protected domestic market and import substitution in industry, as many imported goods were in trade scarcity. Five-year plans were implemented to achieve rapid industrial development. Although the industrial development rates did not attain the targeted values, the rate of growth is remarkable.

⁸⁴ "Dpt Tarihçesi," <http://www.dpt.gov.tr/must/tarihce.asp>.

⁸⁵ Boratav, *Türkiye İktisat Tarihi, 1908-1985*, p. 87.

Table 1: The Targeted Growth Rates in the First Four Five-Year Development Plans.

	I. FYDP (1963-67)		II. FYDP (1968-73)		III. FYDP (1973-77)		IV. FYDP (1979-83)	
	%		%		%		%	
	Target	Real	Target	Real	Target	Real	Target	Real
Agriculture	4.2	3.1	4.1	3.3	4.0	3.4	5.3	2.2
Industry	12.3	9.9	12.0	7.6	11.2	9.8	9.9	1.7
Services	6.8	7.3	6.3	7.7	6.8	6.9	3.5	2.5
GDP	7.0	6.6	7.0	7.1	7.9	6.5	3.0	2.0

Source: Emre Yurdakul, Türkiye Sanayileşme Sürecinde Organize Sanayi Bölgeleri ve Eskişehir OSB Uygulaması, 2005.

Once again, the state economic enterprises became fundamental actors in industrialization as suppliers of intermediate goods. Pamuk notes that the state enterprises constituted more than 20 percent of the value added and about half of fixed investment in manufacturing industry until the end of the 1970s. This situation bears resemblance to the etatism of the 1930s, with two dissimilarities.

First, the private sector had improved compared to the 1930s. In the 1930s, private enterprises were inconsiderable and state endeavored to form a nascent Turkish bourgeoisie. Many well-known large conglomerates and family holdings which took their first steps then grew stronger in the 1960s and became industry leaders. This would have been impossible without government backing; the state enterprises focused on large scale intermediate goods industries, and left the profitable consumer goods market to private firms in a protected domestic market.

Second, the industrialization policy of the early Republican era had been based on the processing of agricultural materials and saturation of basic consumer goods. The industrialization boom of the 1960s focused on durable consumer goods such as radios, refrigerators, and automobiles. This was a fundamental era of

industrialization in the Turkish economy, when the sectoral share of industrial production showed rapid increase.⁸⁶

The industrialization of the 1960s deserves attention with regard to the stress on the spatial distribution of industrial facilities in the country. The economic plans of the pre-1960 era ceased to embrace the industrialization of the whole country. The industrial investments, mainly in the developed regions of the country and their hinterland, were aimed at an industrialization breakthrough that was rapid rather than balanced. Until this era, the regional disparities in the economic development of different provinces had not been heeded by the government. In 1960s, separated development plans for different regions were projected by State Planning Organization. Moreover, certain concessions were made to investors willing to realize investments in less-developed regions.⁸⁷

Still, balanced regional development plans could not be fulfilled, because even if the public sector undertook massive industrial projects in economically backward areas of the country, the flourishing private sector proved reluctant to invest in these regions and preferred to use developing means of transportation to supply the markets in the underdeveloped areas. By way of addition, the upward urbanization trend in the economy strengthened the industrialization of the urban sector. In accordance with this, large scale industrialists made investments in developed regions, especially in the area surrounding Istanbul.

The economic policy of the import substituting industrialization era purports a disharmony between short-term financial exercises and long-term aims.⁸⁸ Adding

⁸⁶ Owen and Pamuk, "Turkey 1946-1990," p. 111.

⁸⁷ Gülfettin Çelik, *Gebze (Sosyo-Ekonomik Bir İnceleme)* (Kocaeli: Gebze Belediyesi, 2004), p. 14.

⁸⁸ Boratav, *Türkiye İktisat Tarihi, 1908-1985*, p. 95.

to massive industrial expenditures, the rising share of imports in the total GDP shows that although import substitution was defined as a goal for industrial investments, import substitution did not come to fruition in macro economic terms.⁸⁹ In this inward-oriented economic policy, the export of manufactures was disregarded and this had a detrimental effect on trade balance. The oil crisis of 1973 hit the Turkish economy in a delayed but brutal way, and industrial production declined due to the deterioration of the balance of trade, increasing energy prices, and the decreasing use of industrial capacity. By the end of the 1970s, this policy ended in the stagflation of the economy.

Industrialization in an Open Economy after 1980

Globalization is a highly controversial issue, but definitely, the term has one scholars agree to describe the economic improvements of last three decades. Erinc Yeldan depicts the increasing impact of global forces, especially by short term monetary transactions as such:

The capital flow does not only run to countries that succeed in the economic policies, but also show an interest to structurally impotent and economically dissonant countries with the same determination... The fluidity of international finance capital derogate the central bank of different countries from the privilege of attending an independent monetary policy. To follow an independent development strategy with strategic investment and trade goals became practically impossible.⁹⁰

The rising market hegemony yielded to the end of development ideology in many developing countries and also in Turkey. The bottleneck of economic growth by the end of the 1970s resulted in structural changes in economic policies after

⁸⁹ Ibid., p. 110.

⁹⁰ Yeldan, *Küreselleşme Sürecinde Türkiye Ekonomisi : Bölüşüm, Birikim, Büyüme*, p. 22.

1980. The old economic policies were mainly grounded on calibrating domestic prices to provide advantages for state fed economic activities. The side effects of such interventions were known, but disregarded. Such financial calibrations might endanger the whole economy of a country in an integrated world economy, where short-term financial activities became this much more important.

Therefore, the import substitution industrialization model that depended on internal demands was abandoned, and instead, a free market and international competition oriented development strategy was installed. The restoration of balance of trade, the reduction of high inflation rates in the short term and heading to an export-oriented economy from a domestic market was the aim of the post-1980 economic policy. To fulfill this goal, reducing the role of the state in the economy had the highest priority. The state adopted a regulatory rather than active role in markets. With the 1980s, public expenditures were fairly decremented and this decreased the inflationary coercion on the economy. The role of the private sector was enhanced; the private sector superseded where public sector evacuated.

Erinç Yeldan states that the penetration of Turkey to world markets started with the transformation of 1980-83, and by the end of the 1980s it was completed. The commodity market was opened to the external markets and the restrictions on the import regime were abated.⁹¹ This policy was definitely eventuated; the Turkish economy showed the highest shares both in the exports and imports over GDP. However, this resulted in the deterioration of macroeconomic balances; in consequence, finance was fully liberalized at the beginning of the 1990s. Efforts were made to finance with short-term capital inflows but this deepened the vulnerability of the economy to sudden outflows of capital. These policies resulted in

⁹¹ Yeldan, p. 25.

the most serious economic crisis of Turkey. The economic crisis from 1990 forward have been short term but traumatic.

In such a delicate financial medium, the industrial policies were kept in the background. The Turkish government approached the industrial sector with export increase. An action plan for the manufacturing industry could not be evolved, therefore, the industrial development rate decreased compared to the pre-1980 period. Nevertheless, the indicators were still promising. In the 37 years from 1970 to 2006, the share of manufacturing industry in total employment rose from 9.7% to 18.8%. For total GDP, the share of manufacturing increased from 15.7% to 25.3%. The annual growth rate of total industrial output was 5.8% between 1980 and 2005.⁹² These trends have been increasing considerably in order among these years except the crisis eras of the Turkish economy; therefore industrialization advance should be taken seriously.⁹³ Moreover, in Turkish manufacturing industry, the shares of high and middle-high technology products are noticeably increasing. In contrast with this, the shares of low technology products are decreasing especially after 2000.

⁹² See Pamuk, "Economic Change in Twentieth Century Turkey: Is the Glass More Than Half Full?." For understanding the general transformation of the structure of Turkish Economy, see Table 1 in the Appendix.

⁹³ TÜSİAD, *Türkiye Sanayiine Sektörel Bakış*. p. 10.

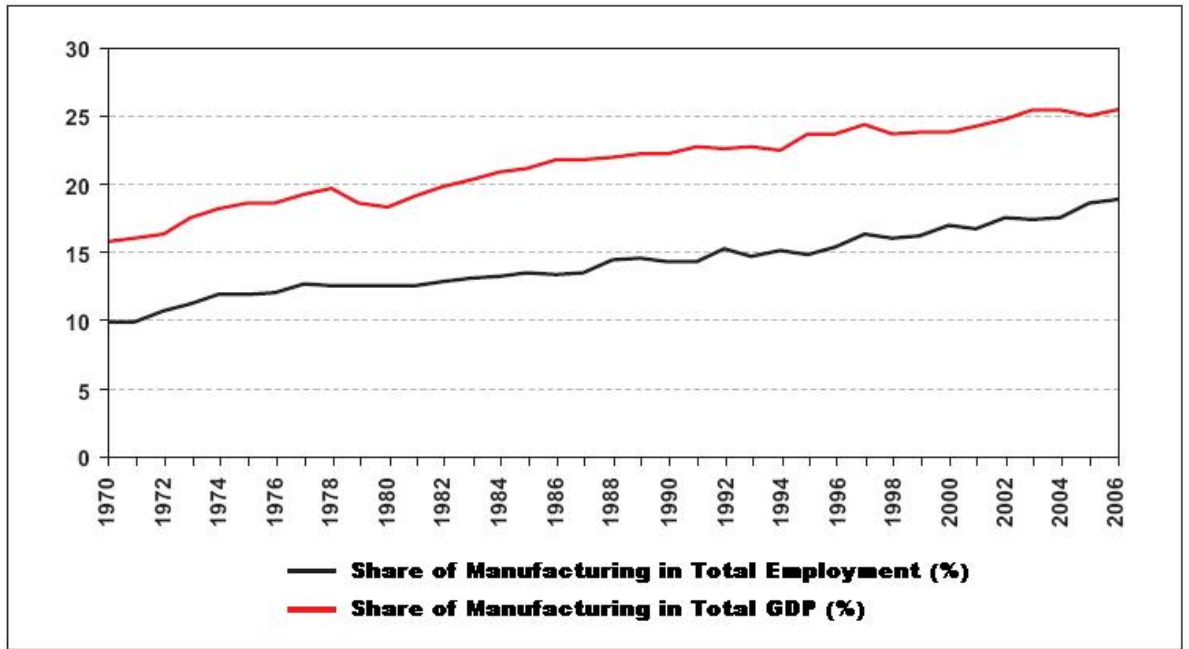


Figure 3. The share of manufacturing industry in total employment and GDP (1970-2006).

Source: TUSIAD, *Türkiye Sanayiine Sektörel Bakış*. (İstanbul, Mayıs 2008).

But, free market competition in industrial markets was an unrealized goal of the post-1980 era. The oligopoly character in manufacturing industry should be stressed. Yeldan notes that the manufacturing industry showed imperfect market conditions and there was a tendency to monopolization. But the target was fulfilling a competitive environment and increasing the efficiency gains, thereby increasing employment and labor earnings.

Still, scholars agree that high export rates are an important achievement of the post-1980 era⁹⁴ and chronic low export rates were a structural defeat of import substitution era. Pamuk highlights the vigorous transformation from the previous era of inwardly-oriented growth and industrialization to an “outwardly-oriented course”⁹⁵ as such:

⁹⁴ See Table 2 in Appendix for the export development dynamics. The rapid change after 1980, the preference of export orientation, is quite observable.

⁹⁵ Owen and Pamuk, "Turkey 1946-1990." p. 118. See also, Boratav, *Türkiye İktisat Tarihi, 1908-1985* p. 130.

Total exports increased from less than 3 billion dollars in 1980 to 20 billion dollars in 1990 and more than 100 billion dollars in 2007. One of the best indicators of an economy's openness or external orientation is exports as a percentage of GDP. This ratio rose from less than 3 percent in 1980 to more than 25 percent in 2007.⁹⁶

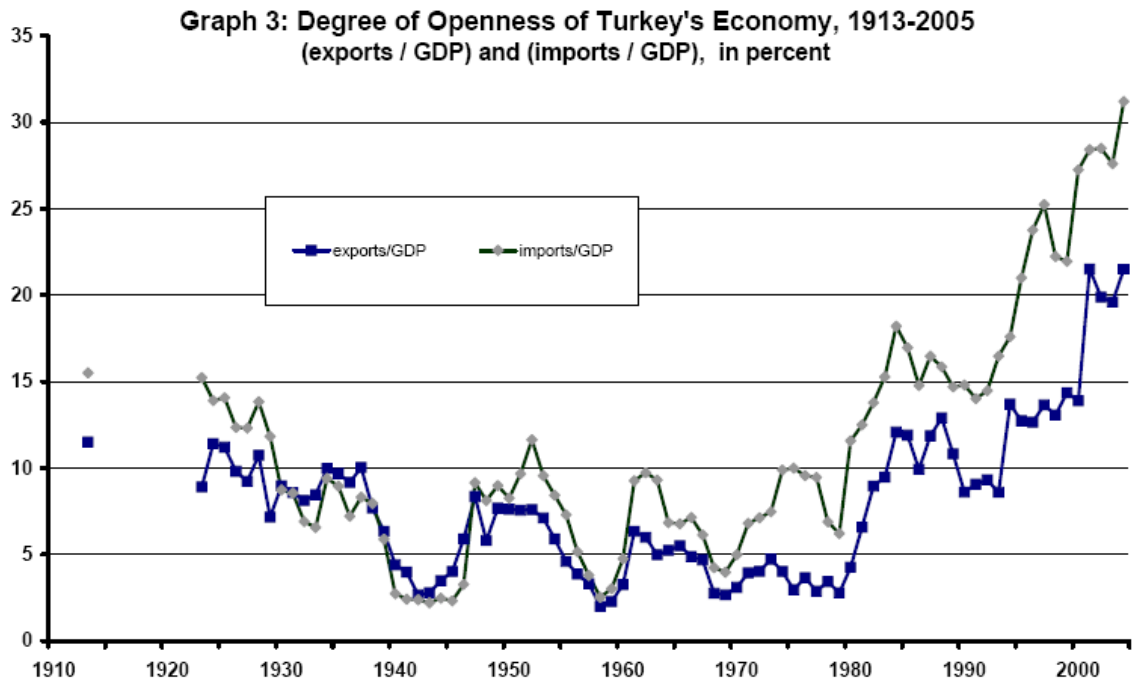


Figure 4. The shares of exports and imports over GDP, 1913-2005, in percentage.
Source: Pamuk, "Economic Change in Twentieth Century Turkey: Is the Glass More Than Half Full?"

Almost all of this increase in exports was due to the rise of exports of manufactures. The share of manufactured goods in total exports rose from about 35% of all exports in 1979 to more than 95% in 2007. But does this show that the Turkish economy succeeded in reaching the export-oriented industrialization goal? Yeldan says that even though the exports increased, the Turkish economy did not realize industrial investments in these export-oriented sectors. The success in export growth was achieved by reorienting the existing capacity of the import substituting industries towards external markets.⁹⁷ Especially after the financial liberalization of 1989, the

⁹⁶ Şevket Pamuk, "Globalization, Industrialization and Changing Politics in Turkey," in *New Perspectives on Turkey*, no.38 (İstanbul: 2008).

⁹⁷ Owen and Pamuk, "Turkey 1946-1990." p. 119.

share of manufacturing industry in private investments regressed and an export irrelevant industry, housing, pervaded half of all private investments.⁹⁸ Although the second part of the claim is indisputable, the first part of it, which is about the import substituting industries, is contestable. The industrialization of Gebze shows that the recent industrial investments are in export-oriented sectors such as automotive and chemicals. Especially the automotive industry showed an improvement in the last decade. This subject will be focused on in the following chapters.

In this period, the endeavor to decrement regional convergence by implementing development plans for separate regions was abated. As mentioned in the seventh five-year development plan (1996-2000), the dissimilarities of different regions are celebrated as an opportunity for industrial production. The report claims that the sectoral priorities of different industries should be taken in hand with the spatial analysis.⁹⁹ However, in contrast with the ineffectual balanced regional industrial development projects of ISI period, Turkey experienced a regional convergence after the 1980s. Pamuk writes that this can be explained by the phenomenon of the “Anatolian Tigers.” With export-orientation in manufacturing production, the industrial centers in Anatolian cities oriented to manufacturing production for exportation and scored success in the process. That is to say, the industrialization advance of undeveloped regions of Turkey was not provided by the orientation of leading industries to these regions as expected in the 1970s, but by the enlargement of indigenous small firms of these regions. On the contrary, industrialization of Kocaeli depends on the influence of large Istanbul capital; the migration of Istanbul industry is the primary reason for this industrialization. The recent outburst in the organized industrial zones in Gebze is a manifestation of

⁹⁸ Yeldan, *Küreselleşme Sürecinde Türkiye Ekonomisi*, pp. 47-48.

⁹⁹ Çelik, *Gebze (Sosyo-Ekonomik Bir İnceleme)*.

increasing attention on the region. But before focusing on the case of Gebze, I would like to introduce the intention of regional development strategies in the Turkish case.

Industrial District Practices in Turkey: From Balanced Development to Regional Development

Within the context of the re-localization and reorganization of the economy, Turkey seems to be an appropriate example to examine whether industrial districts in developing countries lead to high or low road to restructuring. To carry out this study, a description and brief history of industrial districts in Turkey, which are called Organized Industrial Zones (*Organize Sanayi Bölgeleri*), will first be provided.

Organized Industrial Zones (OIZ hereafter) are defined as permissible regions for industrial structuring divided into parcels and provided with infrastructural investments such as road, water, and electricity. The aim was the arrangement of large and small scale industry establishments in special areas outside the city or in its environs, which are separated from residential areas by green zones.

Since the 1960s the five-year National Development Plans have had a regional development component aimed at reducing regional disparities. The main focus of regional development policies was encouraging private industrial investment through incentives in less developed regions, and through large public infrastructure investment, intended to make lagging regions more attractive. For this reason, Organized Industrial Zone practices were initiated in 1962. This was the first exercise of the State Planning Organization, established at the beginning of 1960s. In accordance with the confidence in rational planning that was prevalent in that era, the definition of Organized Industrial Zone by the State Planning Organization sustained

a developmentalist discourse. The SPO set forth reasons such as supporting development in unplanned regions, decrementing inter-regional differences in terms of development, expanding industrial estates throughout the country, preventing environmental pollution caused by unhealthy residential and industrial structuring, and benefiting information technology. It was planned that the regional development would continue in a balanced manner with the establishment of Organized Industrial Zones in the underdeveloped regions of the country.

The financing of the establishment of industrial zones was met by the Ministry of Industry as local administrations could not afford it. The ministry financed the construction of basic infrastructural facilities of industrial sites that were planned in the Urban Master Plans. For this, long term credits with low rates of interest were allocated by the Ministry of Industry for 99% of the cost of infrastructure and social plants construction. Only 1% of the construction cost was covered by the chambers of trade and industry or local administrations of these regions.¹⁰⁰ After the provision, these regions were either sold or rented to industrial entrepreneurs.

The first Organized Industrial Zone was established in Bursa. For the implementation of the balanced development programme, OIZs were thenceforth established in Konya, Manisa, Gaziantep, Eskişehir and Erzurum. The establishment of more than 60 OIZs was planned until 1985; however, between the years 1962-1975, just one and 1976-1985, five OIZs were completed. Eraydın writes that the targets for building Organized Industrial Zone in Turkey was not fulfilled in the first two decades after the Bursa experience mainly because of the financing hardships of

¹⁰⁰ Sanayi ve Ticaret Bakanlığı, *Türkiye'deki Organize Sanayi Bölgeleri Ve Küçük Sanayi Siteleri* (Ankara: 1996). p. 9.

“one Organized Industrial Zone to every province” campaign held to procure balanced development within the realm.

With the liberalization of the economic programme in 1980, government expenditure and regulation on OIZs were restrained to “obtain an efficient and rational establishment and operation process for Organized Industrial Zones.”¹⁰¹ The balanced regional development thesis shifted to the enhancement of development in certain regions to hold a place in the global markets. The Ministry of Industry and Commerce still issued infra-structure and social plant incitement credits.¹⁰² In 1995, after more than a decade with demand-based development policy, 30 more OIZs were established between 1986 and 1995, and 55 OIZs were under construction. In the figure below, the recent uptrend in the establishment of OIZs can also be seen.

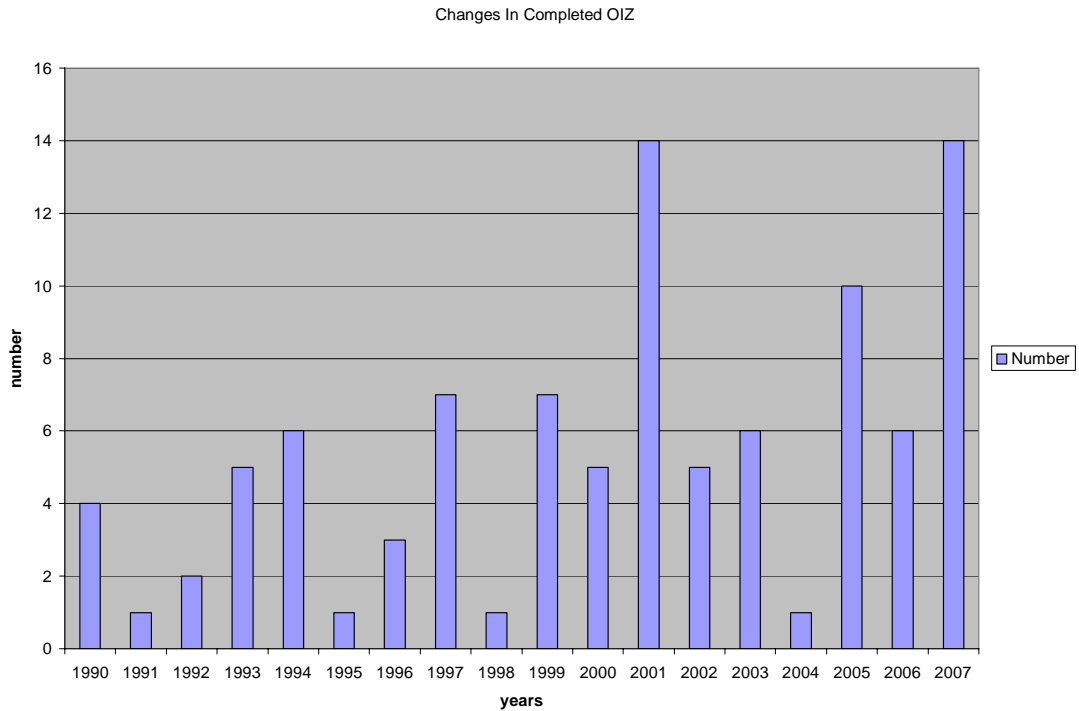


Figure 5. Changes in completed OIZ in numbers
Source: İl Planlama Müdürlüğü, 2005, Kocaeli.

¹⁰¹ 1981 Economic Programme.

¹⁰² Sanayi ve Ticaret Bakanlığı, *Türkiye'deki Organize Sanayi Bölgeleri Ve Küçük Sanayi Siteleri*, p. 89.

A recent newspaper account stresses that by 2006 there are 243 OIZs divided into 63,244 industrial parcels making a total of 18,287 hectares. However, only 30,737 of 63,244 parcels of land are owned, and from these 30,737 parcels of land under ownership, more than 20,000 is vacant.¹⁰³ There is an exceeding amount of vacant land, and the cause should be sought in external forces to market.

How can the recent outburst in the number of Organized Industrial Zones be interpreted? It is thought provoking that with such low land occupancy rates, new OIZs are being built for speculation on land value.¹⁰⁴ In many former practices, the real industrial producer purchased the land from land speculators.¹⁰⁵ Again, the Kocaeli Chamber of Engineers and Architects state that the land rent inside OIZs induces value speculation around its environs. Expectedly, a recent Amnesty Act for Construction legalizes built irregular industrial construction around OIZs with an inconsiderable penalty.¹⁰⁶ By 2007, the government considered restricting the number of OIZs to 250 and forbid construction of industrial plants outside of Organized Industrial Zones.

Does the Organized Industrial Zone experience of Turkey bear resemblance to the industrial districts defined by Marshall? It must be said that the aim was quite similar. Since the establishment of OIZs, the aim was to attract small and middle size enterprises rather than heavy industry or large size enterprises. OIZs would work

¹⁰³ Metin Can and Ayşegül Sakarya, "Yeni Osb Kanun Tasarısı 20 Bin İşletmenin İmar Sorununu Çözecek," *Referans*, 27 July 2006.

¹⁰⁴ See Figure 4 and 5 and Table 7 in Appendix. These show the recent uptrend in the number of OIZs and the percentages of actual production.

¹⁰⁵ Dilek Eyüboğlu, "2000'li Yıllarda Organize Sanayi Bölgelerimiz."

¹⁰⁶ Can and Sakarya, "Yeni Osb Kanun Tasarısı 20 Bin İşletmenin İmar Sorununu Çözecek."

complementary to heavy industry; the Fifth Five-Year Development Plan (1985-1989) envisaged the integration of OIZs with extensive industrial settlements composed of heavy industries and their suppliers to promote regional development aims. Such a case supports that small and middle-size enterprises were also fostered by pre-1980 economic programmes, as in the case of the post-1980 economic liberalization.

The emphasis on regional clustering of SME sectors ascends with the implementation of neoliberal program, but it is hard to claim that the industrial district experiences in Turkey verify this statement. That is to say, the Marshallian industrial district that inspired the literature on small firm clustering and product specialization seems to be insubstantial in the Turkish case. The innovative capacities of these districts are quite incompetent and there are only a few OIZs in Turkey with techno parks or technological development zones. The industrial district experience in Turkey can be classed as the “low way” to restructuring, in which low value added export markets and cheap labor characterizes the experience.

Remembering the classifying scheme of Piore and Sofer, the industrial district experience in Turkey seems to follow either the casual way that is a geographical clustering of firms, with occasional inter-firm linkages, little experience of cooperation, non-existent or little developed local institutions, or the leadership of a large firm prevails in the industrial district. In the first option, the reason for the firms to come into the district is mainly to benefit from the autonomy in the OIZ. The second option emerges with the specialization in production, as in automotive production in Turkey, and the leading firms take place in the industrial district, where the suppliers to these firms are located.

Who retains the administrative power over OIZs? The conflict seems to cover two different tracks. The first dimension is the conflict between the local authority *vis-à-vis* the state. This will be a major topic of the following chapter, nevertheless it can readily be asserted that as the majority of recent OIZ practices are located in the hinterland of metropolitan cities, the local administrations remain quite incompetent compared to the national administrations which are mainly concerned with the requirements of the industrial centers rather than the effects of industrial spread in the peripheries of the metropolitan region.

Second dimension is the tension between the state and capital on the administration of OIZs. Especially in the last decade, the entrepreneurs have gained ground *vis-à-vis* the state. With the regulation legislated on April 12, 2000, the administrations of OIZs achieved almost complete autonomy. With the law, administrations were incorporated and undertook authorization for the preparation of ground plans, implementation of construction plans, and production and distribution of infrastructures as electricity, water, natural gas and communication. Furthermore, the corporate legal person of an Organized Industrial Zone could expropriate the land that was announced to be an industrial zone by reason of the public interest.¹⁰⁷

This increasing management control of the administrations of OIZs became a contentious point between the state administration and industrial entrepreneurs. In 2006, the Chambers of Industry and Trade drew up a bill about annulling the administrative autonomy of industrialists in Organized Industrial Zones. In reply, the industrial investors instituted a mutual platform and declared their consensus on the cancellation of the aforementioned draft bill by reason that this draft was not “compatible with democracy, law, EU norms and local self-government.” A speech

¹⁰⁷ Full text of Law No. 4562 on Organized Industrial Districts is available [online]: <http://www.kentli.org/yasa/4562.htm> [2 February 2008].

from the platform meeting in Ankara encapsulates the situation; “No laughing matter, we paid for everything; the land, road, electricity, water, etc. To add to the list, we paid for the environmental infrastructures which were a public duty. Now, they imply that we are unable to administer solely.”¹⁰⁸

Interestingly, the industrial entrepreneurs claimed that they had discontinued using state credits to minimize the government regulation; however, the Ministry of Industry had awarded the entrepreneurs with loans amounting 1811 billion NTL (New Turkish Liras). Only 45% of these credits were returned. 77 OIZs were completed entirely by ministry credits. 116 OIZs exploited the benefits of low-interest credits. Just in 2005, the Ministry gave 64 million NTL credits to Organized Industrial Zones.¹⁰⁹

Conditioning the sources of conflict over the administration of OIZs, it should be assertive to resort for a generalization for this multi-dimensional problem including the state authority, local administrations, and industrial entrepreneurs. However, the issue will be majored on in the final chapter with a focus on Gebze.

Industrial Development and Population Growth in the Istanbul Metropolitan Region

The regional development policies have always been a component of Turkish industrialization since the 1960s, albeit unsuccessfully. Before 1960, a national development strategy was highlighted, but the necessity to industrialize rapidly yielded the establishment of industrial facilities without regard to the spatial dispersion of the industry. The urban character of industrialization was determined

¹⁰⁸ UNIDO, *Guidelines for the Establishment of Industrial Estates in Developing Countries* (New York: 1978). p. 11.

¹⁰⁹ Can and Sakarya, "Yeni Osb Kanun Tasarısı 20 Bin İşletmenin İmar Sorununu Çözecek."

even before 1960. The endeavor for planning the spatial distribution of industrialization after 1960 failed due to the decreasing control of the public sector over the real economy. Even in 1960, the public sector was assigned to provide facilities and allocate resources for industrial capitalists to the underdeveloped regions of the country. The private sector was reluctant to invest in these regions. It was beneficial for investors to be no distance at all to established industrial regions. Therefore, the process ended with the increased importance of a few western cities in Turkey.

The geographical shift of Istanbul industry started at the same time as the implementation of organized industrial district practices; both were implemented in the era of planned development. Before that, industry was located in the central places of Istanbul and since then, the dense concentration of industrial activities in Istanbul has been a problem for the enforced plans. The migration of industry became inevitable due to increasing land requirements. The judgment for proper land was grounded on two priorities: the land should be close to business districts and cheap enough to satisfy growing business requirements. The scale of former industrial facilities was small, and that was appropriate for a cumulative movement.¹¹⁰ Initially, a Regional Development Programme was enforced for the Eastern Marmara Region at the beginning of the 1960s. With the programme, investments were emboldened through incentives to shift industry to the eastern Marmara provinces along the Istanbul-Ankara highway axis. The decentralization plan proved useful and manufacturing activities incrementally shifted to hinterland cities such as Kocaeli and Bursa.

¹¹⁰ Mehmet Evren Dinçer, "The Transformation of an Industrial Location: Dilovası from 1990s to Present" (Boğaziçi University, 2007), p.53.

Two geographical movements can be observed through the process. The production sites were both transferred to the neighboring cities and to outermost provinces of Istanbul. Kocaeli made a fair growth in the planned development period between 1960 and 1975. In these years, Kocaeli featured a rapid industrial development. Also, Istanbul industry moved out of historical peninsula to the peripheries of the city, which are also interior to the mega city now. The migration traced the same path up until now, and today the peripheries of Istanbul are full of industry up to its suburbs, and Gebze is enclosed herein.

But this account of industrial migration would lead us to false conclusions. Albeit the manufacturing sector in Istanbul has been proposed to be deconcentrated, Istanbul remains the biggest industrial center in Turkey. The deindustrialization process of Istanbul industry goes parallel with industrialization of the mega-city. The increasing size of industrial lands in Istanbul shows this. The estimated size of total industrial areas in Istanbul for 1995 in the 1980 master plan was 7100 hectares. In fact, the total industrial areas in Istanbul reached 11.000 hectares in 2006. Concordantly, the city's share of national manufacturing GDP increased between 1987 and 2000.¹¹¹ A similar breakout was experienced in the industrial lands of neighboring provinces.

Istanbul city has always been far and away the biggest production center of Turkey. According to 2001 data, Istanbul accounted for one quarter of the country's GDP, while the Marmara Region accounted for 38%.¹¹² The mega city maintains a sizeable manufacturing sector. Istanbul's share rises to one-third of Turkey's total manufacturing, whereas Marmara Region produces nearly half of all manufacturing

¹¹¹ See Table 4 in Appendix. Data for post 2000 period would yield much more accurate estimation for the general trends.

¹¹² OECD, "OECD Territorial Review, Istanbul, Turkey," (October 10, 2006). p. 14

production in Turkey. The biggest share in Istanbul manufacturing industry is the textile cluster and its supply chains. This considerably labor-intensive sector represented 37% of Istanbul's total labor force and 26% of its total GDP in 2004.¹¹³ High and medium-high technology activities are not more than 30% of Istanbul's GDP and three main manufacturing activities: electronics, chemical and medical services and devices, and machine building and metal equipment are outstanding in production. After the textile industry, which includes the production of apparel and knitted fabrics, a chemical industry, pharmaceuticals, has the highest share in Istanbul's manufacturing production.

Therefore, it would be a false statement to assert preponderance of high tech activities in the overall manufacturing sector of Istanbul. Labour intensive sectors, mainly textiles, still have the biggest share in manufacturing. But a comparison of manufacturing employment levels between 1995 and 2000 shows that some high technology sectors, such as electronics and chemical and medical industries are also making progress. This manifests the challenge of flexibility in a Third World center; flexibility goes hand in hand with low value added production. What OECD suggests is the acceleration of the transformation of the economic base from "low technology industries, namely in textiles and clothing industries, to high tech industries, including global production chain functions, such as product and process design, quality engineering, marketing, distribution and differentiation."¹¹⁴ Nevertheless, the innovative capacity of manufacturing enterprises is still meager, only 34% of manufacturing enterprises are eager to renovate their technology.

¹¹³ Ibid., p. 27.

¹¹⁴ Ibid., p. 41.

Since the 1970s, Kocaeli has ranked second after Istanbul in production of both industrial intermediate and investment goods. Today, with a higher GDP per capita than Istanbul, Kocaeli is actually an industrial centre, specialized essentially in medium-high technology activities. The main industrial sectors are petroleum and car manufacturing, and related supply chains. The city has an important share in the countries manufacturing production: almost 15% of total manufacturing production is actuated here. In the last 10-15 years, the share of Kocaeli in total manufacturing production is expected to rise to 25%.¹¹⁵ As might have been expected, this goes along with deconcentration of Istanbul industry.

The refined petroleum industry has been the most important sector on account of TUPRAS, one of the biggest refineries in Turkey. At year 2000, petroleum industry still constituted 31% of the total value added in Kocaeli. This sector is followed by the automotive industry, which accounted for 14.5% of value-added. As related supply chains of automobile sector, iron and steel, metal products and plastic products are standout. These three sectors together amounts to 14.1% of the province's total value-added.

Large and medium size enterprises employing medium-high technology and requiring vast areas for their facilities are shifting to neighboring regions such as Kocaeli.¹¹⁶ A recent example is the automotive industry. The boom of automotive industry in Kocaeli is fairly new; it has only been a decade since the automotive

¹¹⁵ Kocaeli Sanayi Odası, "Koceli Sanayi Odası Arama Konferansı" (Kocaeli: 23-24 Mayıs 2007), p. 17.

¹¹⁶ OECD Territorial Review, Istanbul, Turkey p. 27. From the very detailed analysis of OECD in Figure 1 and 2 in Appendix, the character and recent changes of Istanbul and Kocaeli industries can be seen. The technological upgrading is ongoing rather slowly. Yet, the determination of low technology production in Istanbul and middle-high technology production in Kocaeli stands out.

industry became a major industry in the Turkish industrialization sector.¹¹⁷ But, although an important industrial producer, Kocaeli is not able to enjoy the benefits of the massive production. Private industrial-specific enterprises relocated their factories to lower echelon centers, as Kocaeli, whilst preserving only their execution and inspection units in Istanbul, to cut back on the economic burden caused by aggregation in the metropole.¹¹⁸ 60% of the value added in Kocaeli is flowing out of the province, mostly to Istanbul. The added value remaining in the city is the labor content. This is consistent with the low volume of trade of Kocaeli. Many companies in the city are centered in Istanbul and the marketing of their produced goods is being done here.

In the global sense, the spatial reorganization of capitalist production can be measured by looking at foreign direct investments. Foreign direct investments to Istanbul are evidently increasing, but compared to other metropolis of the world, these investments remain at a low level. But, the critical point about these investments is their choice of orientation. The largest share of the total FDI capitalization goes to manufacturing industries located outside the city in the surrounding provinces, as in the case of Gebze. This denotes the upward industrialization trend in the metropolitan region and the global tendency to invest in these industrial estates.

Today, we observe an obvious retreat from balanced regional development policies. Increasing regional disparities cause overaccumulation of economic activities and population in some determinate localities. In the last fifty years, Istanbul Metropolitan Region has grown rapidly and in an unplanned manner,

¹¹⁷ Kocaeli Sanayi Odası, "Koceli Sanayi Odası Arama Konferansı." p. 42.

¹¹⁸ İcen Börtüçene, *Kocaeli İli Havza Stratejik Planlaması* (1996).

engendering an overcrowded cosmopolitan space and unhealthy settlements in the city. The former president of Istanbul Metropolitan Planning and Urban Design Center (IMP hereafter), Hüseyin Kaptan, describes to the population explosion in Istanbul as follows:

A metropolis designed for 5 million people in 1980 is today populated by 13 million and advances to 25 million. Every year, 800,000 people come to the region, of which 400,000 settle in the city, and the rest scatter to the metropolitan region.¹¹⁹

The population share of Istanbul has constantly increased through the last five decades and if this trend keeps going, the population of Istanbul will reach 20 million within fifteen years. The IMP figures that the maximum limit for Istanbul should be 16-17 million.

On the most developed highway axis of Turkey, Kocaeli has been a developing province since the 1960s. The relation of Kocaeli and Istanbul has always been complementary and the industrialization boom in Istanbul severely affected the future of the province. Today, although the third smallest province in Turkey, the population of Kocaeli has grown to 1.2 million inhabitants and with 326 people per km² population density, it takes second place after Istanbul.¹²⁰

¹¹⁹ “1980’de 5 milyon olarak planlanmış bir metropol bugün 13 milyondur ve 25 milyona hızla koşmaktadır. Her sene 800 bin kişi gelmekte, bunun 400 bini bölgeye yayılmakta, 400 bini buraya yerleşmektedir.” Hüseyin Kaptan, taped interview from ISO meeting, 22 April 2008.

¹²⁰ See Table 11 and 12 in Appendix for population dynamics of Istanbul and Kocaeli.

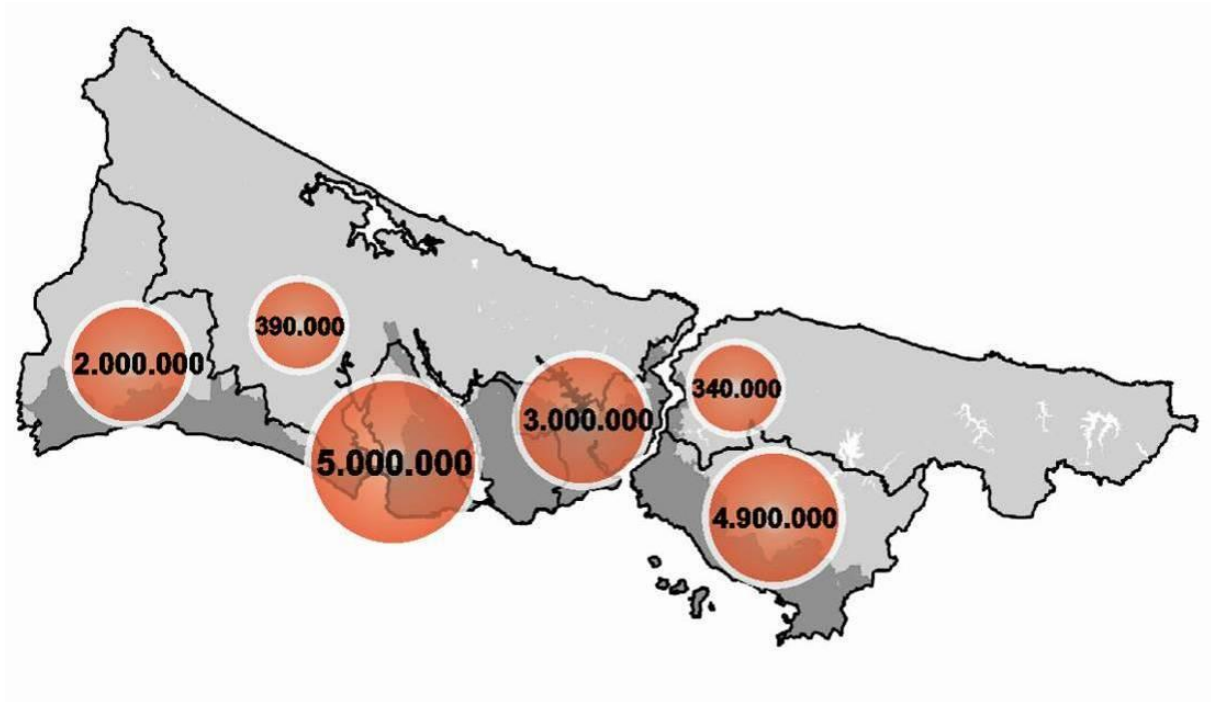


Figure 7: The distribution of population in Istanbul

The density of population heralds prospective residence problems. The use of urban space in the metropolitan region has reached its limits. With a legislative law in 2004, the administrative borders of Istanbul and Kocaeli Municipalities were extended to city boundaries to handle the inconceivable growth. However, Istanbul, as a metropolitan area, has a larger influence beyond its administrative boundaries. Therefore, to forecast the prospective distribution of population in Istanbul, it is not meaningful to conceive administrative borders as a self-sufficient whole. It has always been the aim of regional plans to widen planning locality with respect to economic and social interactions. And today, any plans for Istanbul should be taken in hand for a greater area, even far beyond the limits of Kocaeli that is under the influence of Istanbul. It is nearly impossible for such an immense population and locality to be organized around a single center of industry and commerce. The OECD Territorial Review in 2001 represents the situation of Istanbul as follows:

With a population of around 10 to 14 million, depending on the unit of analysis, Istanbul has grown from a mono-centric metro-region towards a polycentric mega-city characterized by a dominant core and multiple urban nuclei.

In tandem to this, according to the landscaping plan of the IMP, three distinct centers are proposed for the Istanbul metropolitan region. The central metropolis will be more or less the region of Istanbul municipality of today with a population of 12 million. The other two regions, namely Silivri and Kartal-Kurtköy, will be crowded with four to five million.

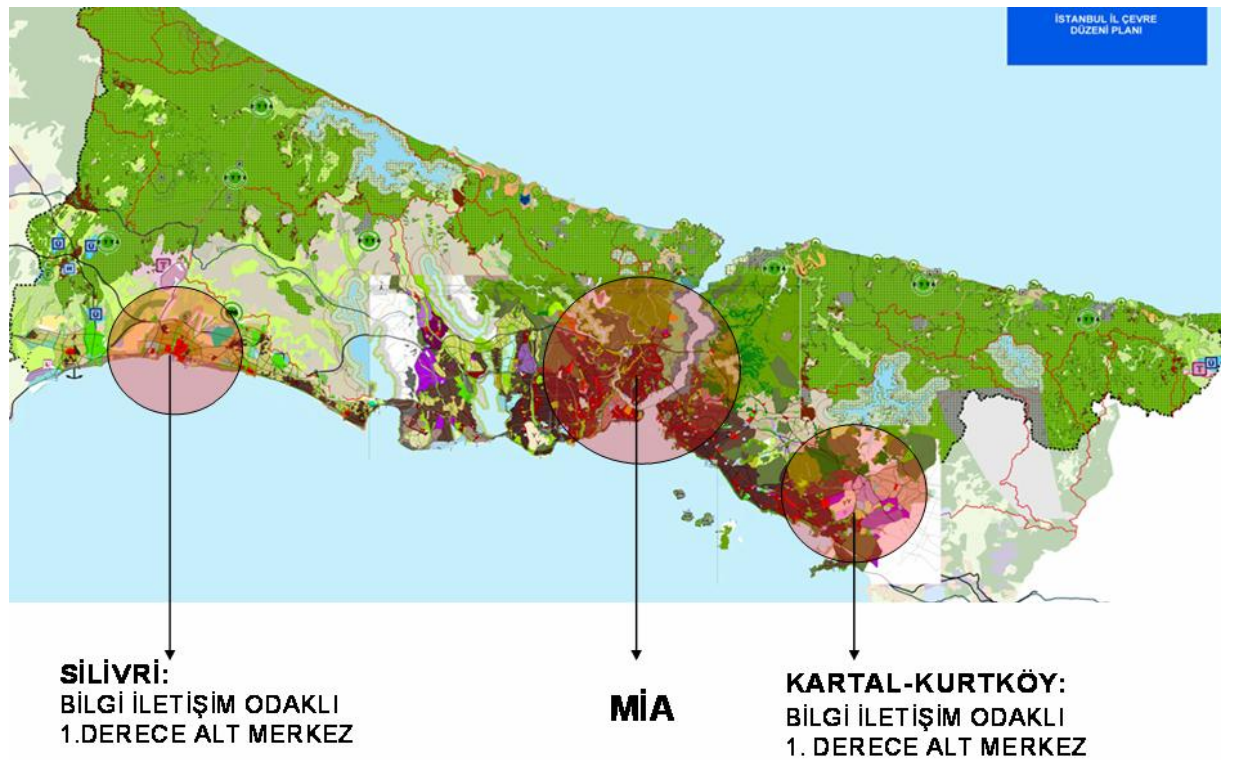


Figure 8: Istanbul landscaping plan

Evidently, the IMP is trying to cope with the population growth of Istanbul by suburbanization and urban sprawl strategies. Both on the European and Asian sides of Istanbul, new mini-metropolis are being planned that will also affect the future of Istanbul's neighboring cities.

But the consequences of such an accrual seem not to be salutary. Today, Kocaeli and Istanbul have been in very top ranks at GDP per capita ratios for the last decade. However, this situation might be misleading to perceive the city life. It is a claim made by innumerable studies in economics to measure a country's degree of development precisely by the percent increase in GDP per capita, yet in a phase of advanced development the quantity of commodities seems not to be the essential element of well being. Rather, well being is measured by "job satisfaction, the security of being able to move around freely, the serenity that stems from a feel-good factor and a whole series of elements that do not enter in the GDP."¹²¹

Thus, a study on economic welfare in a city should also focus on the well being of its citizens. Two survey results are striking to understand the well being of the citizens of Istanbul and Kocaeli. The Istanbul Metropolitan Municipality made a survey about the "consciousness of Istanbulites" in 2005. 52% of the participants described Istanbul as "a city lived compulsorily."¹²² Second, by an overall survey about vital risks in Kocaeli initiated by Chamber of Engineers, the participants were asked if they would live in Kocaeli even it was not compulsory. 54% of the participants responded negatively. It seems that, both cities with impetuous development dynamics are unable to render a good life for their citizens. The industrialization of the region resembles that of developed countries at the beginning of nineteenth century. Especially Kocaeli, under the occupation of Istanbul origin

¹²¹ Giacomo Becattini, "The Conditions of Local Development," in *Industrial Districts: A New Approach to Industrial Change* (2004), p. 151.

¹²² Istanbul Metropolitan Municipality Research Center, "Consciousness of Istanbulites," (2005).

industries, is “like a man whose skin has been peeled off and whose intestines are seen at work.”¹²³

Does Neoliberal Economic Logic Propose the Decentralization of Industry?

Can we deduct the decentralization of industry from metropolis as an unavoidable consequence of neoliberal economy? The central argument underlying this study is that neoliberal economic logic does not indispensably conclude the decentralization policy. The fundamental terms of neoliberal economy, as the “invisible hand” of the market or “global competition”, can be used selectively to assure the desired policy. When the decentralization of industry is the point at issue, invisible hand has a supportive meaning, whereas terms such as “global competition” or “efficiency” are used predominantly by the opposing side. Yet, none of these terms are self-explanatory and many counter-examples can be found where the concepts of opposition are used for supportive policies. Especially, the concept of global competition can be used for the sake of discordant economic policies, because the justification of policy decisions becomes harder to inspect in a global economy. Just like the foreign policy strategies, many “hostile” countries are there to steal your production. İmran Türkeş, an architect from Turkish Union of Chambers of Engineers and Architects (TMMOB), marks how this logic is functioning:

In the past, Süleyman Demirel once said: ‘If somebody asked for the garden of Presidency, I would grant that. Build a factory to this country, in any form whatsoever.’ Do you know where Ford factory was established? It was the poplar plantation of SEKA and donated to Ford Company, use on free loan.

¹²³ In his visit to United States, Weber was stuck by the industrialization dynamics and unequal social structure inscribed in the space of large cities. The quotation was his definition for these industrial cities. See, Ira Katznelson, *Marxism and the City* (Oxford Scholarship Online Monographs, 1993), p. 10.

At the time of donation, they proclaimed that if Turkey did not give this land, Czechoslovakia or Egypt would do that.¹²⁴

Similar explanation can be employed to avow the migration of low added value production out of Turkey. Esen Çağlar, committee member of the writers of 9th Five Year Development Plan, defines the process as follows:

That is quite different for an industrialist to request coming to Gebze and to settle down in Gebze. An industrial complex with low value added production would like to come to Gebze, however economic interests hold it back. By the same token, the iron, cement or textile industry in Gebze should be relocated to Palestine, Romania or Egypt. They have to move out of Gebze.¹²⁵

As can be seen, the concept of global competition in harmony with the invisible hand principle can be exerted to legitimize the decentralization issue also in a global scale.

Contrary to planners, the industrialists are not eager to move out of the metropolis. Caner Zambak, chairman of Environmental Specialization Board in Istanbul Chamber of Industry, sets forth the grounds of their reluctance:

It is not possible for developing countries to prosper without industrialization. And for industry, extensive and massive labor force assurance, consumer markets, transportation and technical services and existing infrastructural facilities are critically important. In many European cities, industry keeps on production to benefit from the mentioned facilities by taking environmental precautions...The report emphasizes that, in 2003, one main decision was the reduction of industrial production from 32% to 25%. However, to survive under international competition circumstances, Istanbul industry should expand ten percent, employment volume in Istanbul should increase by 5% and annually 100 hectares of available land should be allocated for industry.

¹²⁴ “Eskiden biliyorsunuz ne dediğini Süleyman Demirel’in. ‘Birisi benden Çankaya’nın bahçesini istese veririm fabrika kurmak için. Sen fabrikayı yap da nerede yaparsan yap. İşte Ford’un kurulduğu yerde ne vardı? Seka’nın kavak fidanlığı vardı. Verirken de, sen vermesen Çekoslovaklar verecekmiş işte Mısırlılar verecekmiş dediler.” İmran Türkeş, interview by the author, taped interview, Kocaeli, Turkey, 20 April 2008.

¹²⁵ “Bir sanayicinin Gebze’ye gelmek istemesi ile gelebilmesi ayrı şeyler. Düşük katma değer üreten bir firma Gebze’ye gelmek istese de ekonomik nedenler onu engelleyecektir. Onun içindir ki Gebze’deki demir sektörü, çimento sektörü ya da tekstil sektörü, kimisi Mısır’a kimisi Romanya’ya kimisi Filistin’e gitmek zorunda. Başka yerlere gitmek zorundalar artık.” Esen Çağlar, interview by the author, taped interview, Fenerbahçe, İstanbul, Turkey, 20 April 2008.

To make plain, instead of evacuation, differentiation, emigration, it is beneficial to foresee the enlargement and technological development of industry and to plan pertinent infrastructural requirements.¹²⁶

Here, the notion of efficiency and global competition serve the industrialists. To survive under international competition, the motive is not to relocate industry but to increase business volume. Besides, if not listened, the industrialists intimidate the plan-makers into abiding by the consequences. The inadequate precautions to prevent industrial pollution is a question in dispute, moreover the industrialists bring up the future pollution of industry in this new industrial areas as it is an inescapable circumstance and as if they are not responsible of it:

Due to decentralization, Istanbul maintains an environmentally destructive policy which pollutes its surroundings rather than the inner city. This policy also renders the human resources inefficient, distances the industry from raw material and markets and lowers the industries' competitive power.¹²⁷

To counter industrialists' opinions, Hüseyin Kaptan, former chairman of the IMP, highlights the validity of invisible hand principle: "We can't fulfill the decentralization process, it is above ourselves. Market economies determine it. The *rational value* of urban land drove the industrial facilities out." He is sure, or

¹²⁶ "Birçok avrupa kentinde de sanayi bundan yararlanmak için sanayi bu imkana sahip yerlerde gerekli çevresel önlemlerini alarak şehir ile barışık üretime devam etmektedir. Sentez raporu bölümünde sanayi istihdamının 2003'te %32'den %25'e düşürülmesi hedeflenmiş. İstanbul sanayinin sürdürülebilir uluslar arası rekabet şartlarında ayakta kalabilmesi için %10 büyümesi, %5 istihdam artması ve yılda 100 hektar ek alana ihtiyacı olduğunu tahmin ediyoruz. Açıkcası bana farklılaştırma, tahliye, tehcir, uygunluk yerine büyüme ve teknolojik gelişim öngörülüp ek alan ve ilgili altyapı gereklerinin planda gösterilmesinde yarar vardır." Caner Zambak, taped interview from ISO meeting, İstanbul, 25 April 2008

¹²⁷ "İstanbul kendini desantralize ederek insan kaynaklarını verimsizleştiren hammadde ve pazardan uzaklaşani rekabet gücünü kaybeden, kente uyumlu ve çevreci olacağı yerde gidip daha dışarıda daha başka yerleri kirletme yaklaşımını bir politikaya çekilmektedir." Caner Zambak, taped interview from ISO meeting, İstanbul, 25 April 2008

pretends to be sure that the structure is over agency and the process is independent of human will, as it takes place according to economic logic.¹²⁸

It can be noticed that the planners come into conflict with the industrialists, mostly because of the agency problem. The industrialists are directly affected from the process and therefore reluctant about it. On the contrary, planners mostly bear with the invisible hand principle, which renders the subjects of the process not apparent and reduct the decentralization issue to outcomes of economic rationality principle.

Besides, even the neoliberal age yielded free circulation of capital, the apprehension of a globe, where the industrial facilities switched countries as global wanderers, is quite naive. It is a fair claim that globalization made these processes easier; however, an overlooked theme of the globalization debate is the concept of hierarchy. Like in the modernization debate, in which local economies and communities were presumed to converge and resemble each other, the visualization of one, connected, global economy connotes to converging local economies. It is irrefutable that the globalization of world economy has an enormous impact on local economies and links them to a connected global economy; however, it also strengthens the hierarchical organization of world economies. Global competition might bring up the migration of low added value technologies to suburbs of metropolitan region or, even to other countries where investments are more profitable for industrialists. Even this movement of high added value industry inside and low added value outside the country seems like a technological booster, this upgrading of industry might not result in a major change in the ranking of the local

¹²⁸ A concise definition of the term is available [online]: http://en.wikipedia.org/wiki/Economic_restructuring [4 May 2008].

economy in the global hierarchy. Murat Yenay, a councilor of the Istanbul Chamber of Industry, shows this:

In the section of the plan where industrial development strategies in Istanbul metropolitan area are discussed, you mention that high value added industries should be substantiated in Istanbul. So, what will be produced in Istanbul? Presently, the highest technology that we can produce is television and their tubes are imported, anyway. This is one reason of our import deficit.¹²⁹

It can be said that the core of the city has been re-orienting toward financial services and some high value-added activities, notably to branches of high-tech manufacturing, but also to the design-side of more labor intensive activities such as textiles. Many industrial areas have migrated from the inner city, especially the area of the Central Business Districts. Also, there have been explicit relocation policies to remove manufacturing activities out of the city centre.

Okan Çağlar, the former regional director of Gebze Organized Industrial Zone, claims that relocation policies were most efficient by the end of the 1980s:

The era of highest industrial migration to Gebze is the end of the 1980s, when Dalan drove industry away from Istanbul and they were relocated to nearest available regions for industrial settlement, Gebze and Çerkezköy.¹³⁰

Today, the recent issue of the IMP is extending the decentralization of Istanbul in Marmara region to Bilecik. This definitely means a rescaling of the

¹²⁹ “İstanbul metropoliten alanından sanayi gelişim stratejilerine geliyoruz. Diyorsunuz ki yüksek sanayi türlerinin teşvik edilmesi İstanbul’da. Yani türkiye ne üretecek ki? Bizim en fazla ürettiğimiz televizyon şu anda. Bunun da tüpünü dışarıdan getiriyoruz. İthalat ihracat oranlarımızdaki açığımızdan bir tanesi.” Murat Yenay, taped interview from ISO meeting, İstanbul, 25 April 2008.

¹³⁰ “Gebze’nin en fazla sanayi göçü aldığı dönem 80’lerin sonunda Bedrettin Dalan’ın sanayiye İstanbul’dan kovaladığı, onların da İstanbul’a en yakın yer diye bakıp Gebze veya Çerkezköy’e gittikleri dönem.” Okan Çağlar, interview by the author, taped interview, Fenerbahçe, İstanbul, Turkey, 20 April 2008.

borders of the Istanbul Metropolitan Region, as these new areas will be a part of Istanbul economy, without dispute.

The plan was confronted with many objections, especially from the Chambers of Engineers and Architects mostly due to pollutant effects if the plan is executed. In a convention of Istanbul Chamber of Industrialists (ISO), Hüseyin Kaptan, the head of IMP, demands the help of industrialists:

Various chambers filed claims for the annulment of the plan. Here, you, as the investors waiting for the plan to come into effect, are affected as much as ourselves, the preparers of the plan... It is nearly impossible to understand what the TMMOB is after, they resist all our plans. We call for their support as a NGO, just as you do.¹³¹

It is predictable that, after the abatement of accusations the landscaping plan of the IMP will come into effect. It is easy to claim so, as long as it is beneficial for capital. The only section of the capitalist class coming out against the process seems to be the industrialists; however, by promoting the areas where the industry will be relocated, their requirements would also be met.

Gebze and Organized Industrial Zones

My area of interest, Gebze, is a district of Kocaeli, adjacent to Kartal from Istanbul city border. Gebze stood out with agricultural activities before the 1960s, but the fate of Gebze district changed rapidly due to its proximity with Istanbul. The

¹³¹ “Gerçekleştirdiğimiz planlamanın sürecine baktığımızda bu işin taraflarının sadece plan yapmaya çalışan bizler, plan kapsamı dahilindeki birtakım yatırımlar önermeyi düşünen sizler ve arsa sahiplerinden ibaret olmadığını görüyoruz. Çeşitli odalar planın iptaliyle ilgili dava açtılar. TMMOB’un neyin peşinde olduğunu anlamak mümkün değil. Sizin gibi bir sivil toplumu olarak desteklerini talep ediyoruz” Hüseyin Kaptan, taped interview from ISO meeting, İstanbul, 25 April 2008.

industrialization of Gebze started in the 1960s and the county became an industrial district in just 10 years. The first industrial facilities were established in the 1960s along E-5, the former express highway between Ankara and Istanbul. As roadworthiness is a very determining factor for industry, the first industrial facilities were established along the E-5 highway. Many industrial facilities were established between 1964 and 1972 in the south of the region. Nearly all facilities were on the expressway.¹³²

The impact of Istanbul on Gebze has been unquestionable since the 1960s; however, with the recent suburbanization wave, it has become much more noticeable. Colliding with the decentralization of industry from Istanbul, Gebze has become an industrial center at an accelerating pace. In the last two decades, a new wave of industrial settlement has started in the north of Gebze. These are mostly organized facilities along the new highway, TEM. In this new phase of industrialization, many organized industrial zones have been established in northern Gebze, while their related industries are heading south of old highway, E-5.

Gebze district has been selected for this industrial development for two main reasons. First is the nearness to Istanbul, as mentioned. Not only the proximity to Istanbul market, but also the fear of losing trained men is a determining factor. Okan Çağlar, former regional director of Gebze Organized Industrial Zone, explains this as follows:

The industrialists in Istanbul did not move to Adapazarı instead of Gebze, because they did not want to detach from their lives in Istanbul. White-collar workers also did not go to Adapazarı, as they did not like the cultural and social environment there. Gebze was the ideal place, because it was possible to travel daily back and forth to Istanbul.¹³³

¹³² The first established factories in the region were; Dermen, Chrysler, Şahin Yatak, Alsan, Dataş, Doğu Metal Sheet, TOE, Arçelik, Hisar Döküm, Feniş, Alemdar, Transnorm, AEG-ETİ and nail and brick factories. See Gebze Municipality, "Urban Settlement Layout," (1972).

The other reason was excess in public domains, which were allowed industrial settlement at ease. Otherwise, the privately owned lands in the proposed land would have had to be expropriated, which would have been quite a postponement for establishment programs. By 1995, Gebze had become the most developed industrial county in Turkey. 80% of industrial production of Kocaeli is actualized in Gebze. Presently, with a population of 500,000 people, it is the fourth wealthiest province within 918 provinces. The GDP per capita in Gebze reaches 7500 dollars. The share of manufacturing industry in Gebze is 42.32% of its total value added. This percentage nearly quadruples the Turkey average which is 11.90%.

The trade and manufacturing activities have dramatically increased in the last two decades. According to records of the Gebze Chamber of Commerce, there were approximately 1000 enterprises registered in 1991. In 1999, this number almost reached 3000. Only in the first half of 1998, 1158 new firms registered to the chamber. From these enterprises, 1019 real and incorporated enterprises were active in manufacturing industry in 1999.¹³⁴ The leading sectors are glass industry, chemicals and plastics, iron and steel industry, motor vehicles and electronic equipment.

Similar to the situation of Kocaeli and Istanbul, indicators about the industry and wealth of the region reveal a very important motif: In a survey about city life of

¹³³ “*İstanbul sanayicisi de İstanbul’daki evinden kopmamak için çok daha ucuz olmasına rağmen Gebze’den Adapazarı’na gitmedi. Beyaz yakalıların hepsi kültürel olanakları elverişli olmadığı için gitmedi Adapazarı’na. Gebze o yüzden idealdi.*” Okan Çağlar, interview by the author, taped interview, Fenerbahçe, İstanbul, Turkey, 20 April 2008.

¹³⁴ Çelik, *Gebze (Sosyo-Ekonomik Bir İnceleme)*.

Gebze, 66% of the participants specified that they would like to migrate from the province, if they had the chance.

The population growth rate in Gebze is fairly higher than that of the Turkey average. According to the 1997 population census, the population density in Turkey was 84 people per km². This percentage is 522 people per km² in Gebze.¹³⁵ Other striking data are the percentage of urbanization in Gebze. This share was 83% for Gebze while the average urbanization value for Turkey was 59%. Almost all of the population resides in the town center and this trend will continue due to massive migration to the region. The slum areas are rapidly growing around the town center and along the new highway.

Although, projections for Gebze estimate a population around 1.7 million, the insufficiency of residential urban land puts restraint on this at first. It is no more rational to calculate population growth by population projections; rather the land capacity will condition the upper limit. The Kocaeli Chamber of Industry estimates the population capacity within municipal borders to be 700,000 at maximum.¹³⁶

But still, the dimensions of industrialization can also be understood by daily population movements. Before the 2000s, the labor force flow was mainly from Gebze to Istanbul, but recently this trend has changed. The 2000s have been marked with a turn in daily flow of labor force to Gebze. Today, the day population of Gebze doubles the night population, that means nearly half million people come to Gebze on business.

As mentioned in the previous chapter, new plans are being made by the IMP for incorporating Gebze into the nascent mini-metropolis in the eastern part of the

¹³⁵ Dođukan İmar İnřaat ve Ticaret LTD. řTİ, "Gebze Revizyon İmar Planı Plan Açıklama Raporu," (Ankara: 2001). p. 4. See Table 11 in Appendix for population dynamics.

¹³⁶ See Table 12 in Appendix for projections on future population.

Istanbul metropolitan region. But even today, the abnormal speed of the process has caused a rapid and massive construction boom both in industrial and urban regions. According to these plans, Kartal has been considered as a new central business district, and Gebze is defined as the workspace connected to the Kartal region. Kaptan says that a new city is being established in this region:

Before we undertook the project, Kocaeli municipality was planning the Gebze region for a population of two million. And the İMP planned Kurtköy, Kartal, and Pendik region for two and a half. Thus, a new city would be founded in the zone, which goes beyond the population of the capital by one million.¹³⁷

Local papers also partake in these speculative comments:

The prospective connection of a third Bosphorus Bridge to Körfez Passage Bridge, which will be laid between Gebze-Dilovası and Hersek cape, will render Gebze an international magnet. Gebze will be a world city.¹³⁸

It is ambiguous whether Gebze will become an international magnet; however, land speculators are definitely plundering the district. Especially, this Körfez Bridge has increased the value of the land in Gebze. So to say, the Ministry of Transport is trying to keep the new highway route a secret, but even international companies are buying lands from the district. The heavily forested regions of the north Gebze are being sold in spite of the 2-B law that forestalls the sale of forest land even if it lost its attribute and urges for the recovery of these land.¹³⁹

¹³⁷ “Gebze’yi biz oraya ulaşmadan İzmit metropoliten alanı iki milyon nüfus için planlamış. Gebze’nin bitişiğinde olan Kurtköy, Pendik, Kartal bölgesini de İMP 2,5 milyon nüfus için planlamıştır. Demek ki orada bir şehir kuruluyor, ve kurulan şehir Ankara’dan 1 milyon daha büyük.” Hüseyin Kaptan, taped interview from ISO meeting, İstanbul, 25 April 2008

¹³⁸ “Cazibe Ovası,” *Gebze Gazetesi*, 11 June 2006. Available [online]: <http://www.gebzegazetesi.com/habergoruntule.asp?bolum=631&katid=7>

¹³⁹ “2-B’de Vurgun İddiaları Bitmiyor,” *Kocaeli Öncü*, 28 March 2006. Available [online]: <http://www.kocaelioncu.com/default.aspx?pid=25826&nid=12136>

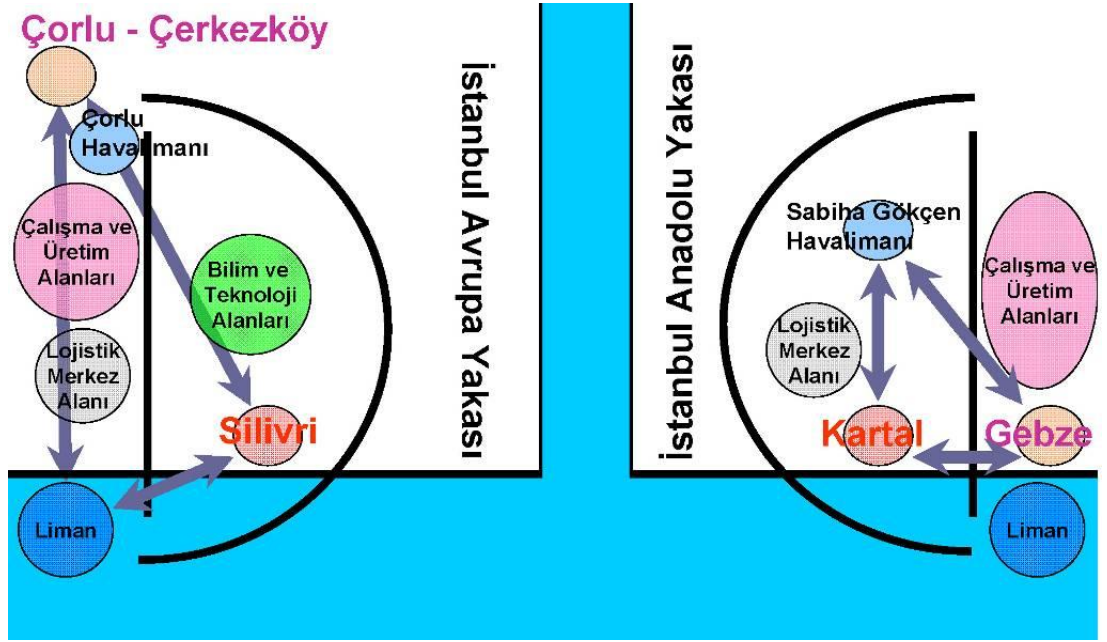


Figure 12: The functional diagram of new metropolises on the edges of Istanbul

Gebze is a good example of the regionality debate. The rescaling of the Kocaeli urban space has been on the agenda for a long time. Since 1970, there has been a heated debate on Gebze, whether it should acquire city status or if is still early to have a big industrial “city” close to Istanbul. The hold of power is still the main issue for such an argument. The Gebze Province Platform¹⁴⁰ initiated at 1990s to claim administrative province status for Gebze and attract the airport project, which eventually facilitated as Sabiha Gökçen Airport in Kurtköy, to Gebze is a good example of a growth coalition. This platform was conducted by Arif Alpaydın, who was the Kocaeli Deputy Mayor responsible from Gebze then. Yet the platform failed, he resigned his office and entered employment at a special consulting firm.

The dynamics of city debate is understandable: the entrepreneurs aim to encounter an unchallenging government power, as it would be easier to cope with Gebze Municipality than Kocaeli because the bargaining on urban rent would be

¹⁴⁰ “Gebze de İl Olmak İstiyor,” *Hürriyet*, 4 December 1999. Available [online]: <http://webarsiv.hurriyet.com.tr/1999/12/04/161306.asp>

carried out by agents whose interests were attached to same locality. As a matter of fact, the local administrative officers complain about the deficits in revenues to Gebze from Kocaeli Municipality.

To put forward a word on the boom of industrial districts in the region, two possible determining factors on the process will be introduced. The first explains the boom of industrial zones in the region by the affinity of foreign capital. *FDI* magazine promoted Kocaeli from Turkey in foreign direct investment promotions and economic potential. And foreign capital interest in Turkey would increase to benefit from cheap labor and investment allowance advantages especially considering that the larger share of car industry investment and production in Europe has shifted to Turkey.¹⁴¹ However, foreign direct investment in overall Kocaeli industry does not exceed ten percent; therefore the industrial development in Gebze cannot be merely explained by the migration of industrial activities here in the global scale.

The second is an internal cause. But before putting it straight, the ease of recent legislations on organized industrial zones should be marked. Today, the status of OIZs favors the industrialists both in the expropriation of lands and infrastructural facilities.¹⁴² The OIZ administrations achieved almost complete autonomy by a regulation legislated in 12 April 2000. Administrations of OIZs were incorporated and undertook authorization for the preparation of ground plans, implementation of

¹⁴¹ According to data from the International Organisation of Motor Vehicle Manufacturers, Turkey's automotive output increased from 298 000 vehicles in 1999 to 823 000 in 2004, which manifests a %276 increase in outputs.

¹⁴² For a better understanding, look at settlement maps of Gebze in 1987, and in 2000, Figures 7 and 8 in Appendix. The black line that passes from the middle of the map of 2000 shows the new autoroute, named D-100, and by the construction of this road, additional zones were inaugurated to structuring. The structures along the road are mainly industrial facilities.

construction plans, and production and distribution of infrastructures as electricity, water, natural gas and communication. Before this law, the lands of these OIZs had been also expropriated by the Land Office of Ministry of Public Works and delivered readily to the industrialists. With the law, the corporate legal person of an Organized Industrial Zone can expropriate land that is announced to be an industrial zone by reason of the public interest.¹⁴³

The autonomy granted by the law ended the dependence of industrialists on local administrations. Çağlar summarizes the transformation cleanly:

With the law, the administrations of OIZs derogated the municipalities from their privileges. The industrialists in OIZs can live without seeing the mayor at all... Before that, the mayor stuck to the industrial zones. You know, as you own a factory in his region, he always demanded something. ‘The bulldozer of our municipality broke down; help us’, ‘Water is leaking from the roof of the police station.’ The people there rebelled. Industrialists in many many province got together to convert their region to an Organized Industrial Zone to get rid of illicit payments to municipalities.

Thus, the OIZs become attractive places for industrial producers to invest in. No one can interfere with their autonomy, but then these places have become a new source of land speculation. New places are being inaugurated to industrial settlement, before former ones are filled. Ibrahim Pehlivan, the mayor of Gebze, shows how much the industrialists are free of supervision: “The occupancy rate in OIZs are considerably low, however many industrial facilities have been established on agricultural lands. When asked, they put forward reasons as installation charges.”¹⁴⁴

Leaning on this fact, the internal cause seems to be an industrial upgrading. But contrary to the assumptions of the flexible accumulation regime, this

¹⁴³ Law No. 4562 on Organized Industrial Districts. The full article is available [online]: <http://www.sanayi.gov.tr/WebEdit/Gozlem.aspx?sayfaNo=1062>

¹⁴⁴ “*Organize Sanayi Bölgelerinde doluluk oranları oldukça düşük, fakat gene de birçok sanayi tesisi tarım alanlarına kurulmaya devam ediyor. Nedeni sorulduğunda ise tesisat ücretini bahane ediyorlar.*” Ibrahim Pehlivan, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 14 April, 2008.

development dynamic is grounded on neoclassic explanations such as economy of scale. The Kocaeli Chamber of Industry executed a survey to determine the present situation and land requirements of Kocaeli industry. In respect of the conveyed results, 46.3% of the enterprises had changed their location at least once and 46.8% of them foresaw relocation due to workplace inadequacy in 10 years. 90% of the firms planning relocation wanted to move to existing or scheduled Organized Industrial Zones. The foremost causes of relocation seem to be respectively “lack of space”, “handicapping the advantages of Organized Industrial Zones”, “environmental problems” and “remaining in urban area.” The firms expect an efficiency increase after the relocation.

It is difficult to exploit data for a general portrait, but I will try to explain the relocation dynamics of industry by analyzing two enterprises from TOSB, Association of Automotive Parts and Components Organized Industrial Zone. Abdullah Kanca, the founder of the Kanca Joint Stock Company, started in business in Trabzon by selling small workshop products to Istanbul in the 1950s. At the beginning of the 1970s he opened a workshop in Topkapı. Afterwards, he opened up a factory in Gunesli and rush into production of automotive components for Tofaş. Following Tofaş, he starts business with Renault, Ford Otosan, TTF, BMC, Otoyol, Uzel and Defense Industry. By 2000, he opened up a factory in TOSB. The second factory, Güçlü Pres, was established in Istanbul Maltepe as a small workshop at 1973. In 1975, the job enlargement necessitated a larger space thus the firm moved to Kartal. In the meantime, it served Oyak Renault, Tofaş, Chrysler, and Ford Otosan as a supplier industry. The firm moves to Gebze at 1988 to expand. In TOSB, as the

number of companies originating from Istanbul was 78% of all, ¹⁴⁵ these examples are appropriate for giving a general idea about the development dynamics of the industrial zone.

¹⁴⁵ Ayşe Nur Albayrak, "Endüstriyel Ekoloji Ve Eko-Endüstri Parklarının Türkiye'de Uygulanabilirliği " (Gebze Yüksek Teknoloji Enstitüsü).

CHAPTER IV
THE CONSEQUENCES OF RAPID INDUSTRIALIZATION IN GEBZE

The Worklife of Gebze

Gebze Localman

During one of my departures to Gebze, I sat by a retired civil servant now working as a courier for a dental prosthetist. His duty was to receive completed dentures from the dental workshops in Kadıköy region and deliver them to the dentists in Gebze. He travelled back and forth with the Gebze-Haydarpaşa suburban train three or four times a day, depending on the frequency of orders. Taking into account that one way trip with the suburban line lasted more than one hour, this courier spent his 6 to 8 hours daily on this train and when his walking distance to the work places are added to that, his workday hours outdoes a regular 9 to 5 job. He was working uninsured for sure and the permanence of this job was considerably indefinite.

This one example is surely not aimed at giving general information about the workday of a Gebze local man, but it renders an opinion about the connection of Gebze district to the mega city. Although Gebze falls outside the administrative borders of Istanbul, many people seek for job opportunities in the mega city. Nevertheless, the district is an end point that is connected to mega city in a daily economic interaction and the opportunities of employment offered in Istanbul are based on services sectors. Especially, a considerable part of the female workforce has

no opportunity to partake in the labour market of the industrial district, and consequently these women try to find domestic service jobs in the Anadolu coast of Istanbul, along the suburban line.

However, the settlement in Gebze is pertinent to the job opportunities offered by the district. The workers of Gebze earn their bread by industry, but they are often employed in unqualified jobs. Yaşar Gündoğan describes the characteristics of these jobs as follows:

The workers from the Gebze district generally obtain a job in the organized industry or in small enterprises. There are many subcontractors in one large enterprise and these people work for these subcontractors. In my workplace, there are 9-10 subcontractors. In each, fifty to sixty people are employed. One subcontractor deals with steel construction. One other works on electrical components. Another does the whitewashing. Or mopping up...¹⁴⁶

As was to be expected, these unqualified jobs have an impermanent nature. A worker, staying in an organized industrial district for quite some time, alternates between irrelevant jobs. Kemal, a carting agent in TOSB, is one example: “I have been working for TOSB since 1997. In the last year, the business has been at a standstill. The forwarding trade drew to an end. They call us for only cleaning work.”¹⁴⁷

Therefore, the working life in such a densely industrialized region does not yield prosperity for the resident population. Eric Hobsbawn claims that with the deconcentration of manufacturing industry from the great city, the laborer profile has

¹⁴⁶ “Gebze’li işçiler genelde organize sanayide veya küçük işletmelerde çalışıyorlar. Zaten büyük işletmelerin çoğunda da taşeron firmalar var ve insanlar bu taşeron firmalarda çalışıyorlar. Benim çalıştığım işyerinde 9-10 tane taşeron firma var. Her birinde 50-60 kişi çalışıyor. Biri çelik konstrüksiyonları yapıyor. Bir tanesi elektrik aksamlarını yapıyor. Bir diğeri badana boya işlerini yapıyor. Meydanları silip süpürmeyi yapıyor mesela.” Yaşar Gündoğan, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 20 April 2008.

¹⁴⁷ “1997’den beri organize sanayideyim. 1 seneden beri işler tıkanı. Nakliye işi bitti. Anca bir temizlik işi olursa çağırıyorlar.” Kemal D., interview by the author, interview notes, Gebze, Kocaeli, Turkey, 22 April 2008.

definitely altered. The labourers in the former industrial regions of the great city have turned into the “labouring poors” struggling to make a living in an informalizing labour market and decadent employment conditions.¹⁴⁸ Although embracing rigorously industrialized regions, the employment conditions in Gebze are not any better. The dense manufacturing industry is the basis of the economic activities in Gebze, with its related industries and the consequential rise of services sectors, but the life condition of the Gebze workman is not much better than a laboring poor living in the heart of the mega city. That is, labour in the industrial district does not directly become more advantageous than “labor in the great city.”

Gebze is definitely an industrial center, but the province does not turn out to be an industrial city. For a regular industrial city, the city develops into a location for industrial factories and wage laborers working in there factories settle in close vicinity to these factories. But Gebze is merely a workplace for many commoners of Istanbul and Izmit, but does not attain the status of a living quarter for them. On the contrary, even the residents of Gebze make a living from the job opportunities provided by industry, they do not form the primal industrial working force. For another section of the local population, Gebze is a commuter town, going daily to the mega city for earning a living.

The Challenge of Istanbul: Trained Workers and Capital Investors

What devastates the development of industry in Gebze is the decisive influence of Istanbul. The industry is raiding from Istanbul and while it is migrating to Gebze, the qualified working population draws in along with the industry. The

¹⁴⁸ E.J. Hobsbawm, "Labour in the Great City," in *New Left Review* (1987).

industries take upon the costs of transportation of qualified workers to Gebze while moving the factory. Also, the influence of Istanbul is also evident on business interactions as the major customers of many industrial facilities in Gebze are still in the mega city.

That is to say, the industrialization in Gebze cannot be seen as a transformation originating from the internal dynamics of Gebze. The district is exposed to the impact of Istanbul's transformation process, pertinent with the globalization dynamics in the world. The rise of services sectors in the global and globalizing cities hastened the relocalization of industrial settlements in these cities. The story of Gebze definitely fits here; the industrialization of the district goes back to the 1960s, however, the industrialization process picked up speed after the 1980s and got into top gear in the late 1990s. Today, more than half of the industries in Gebze originate from Istanbul and many industries are moving off to this region. As Gebze mayor Ibrahim Pehlivan says, Gebze is under the invasion of Istanbul industry and the future of the district will be determined by the speed of relocation of Istanbul industry.

The frailty of internal dynamics limits the influence of local agents on the district. First of all, it is impossible to talk about any indigenous capital investors of the district. The industrial stockholders in Gebze hail from Istanbul and do not have a claim to be residents of the district. Contrary to the indigenouslyness claim of industrialist class in the 1970s, they now claim to be global actors and open out to the global markets. This is a striking development dynamic: a very industrialized region seated in a half million city-sized provinces, but dependent both in manpower and capital to the mega city.

Also, the qualified working population of organized industrial districts is generally outsiders and the lack of connection between the trained workers and Gebze city was quite striking during the interviews. A majority of the trained men working in organized industrial zones had not gone to Gebze town center during their worklife in Gebze. Gebze is their “workplace” and except for the service route that they travel once in the morning and at night, this district identifies with the vast areas of organized industrial zones. Erol Bayındır, an architect in Gebze, comes out against the claim that the trained working population will be an opportunity for Gebze district as follows:

It is said that the population of Gebze rises at daytime... No it doesn't. Where is that population? The population is what comes in sight. People arrive at the cartridges; cartridges as I call the factories, with service vehicles, get out of these vehicles and make their entrance. You cannot see these people. Their only leftover is their shit. The garbage and filth remains in Gebze. At night, they get in to the service vehicles, cars and dissipate in the Istanbul region.¹⁴⁹

Neither the capital investors nor the qualified workers intend to perpetuate their lives in Gebze. For them, this space is only pregnant with meaning in the process of industrial production; Gebze is nothing but an industrial workspace. Therefore, the poor living conditions, the blight of the town does not engage their attention.

When Marshall's description of industrial districts is remembered, this situation signifies the absence of an inherent notion of industrial district literature. The Marshallian industrial district was a social entity that was formed by the resident workers and business owners of that district and this togetherness was on its own a

¹⁴⁹ “Deniyor ki Gebze'nin nüfusu gündüz artıyor... Artmıyor. Nerede o nüfus? Nüfus gördüğün şeydir senin. O kutucuklara, kutucuklar diyorum sanayiye, servis araçlarıyla gelir insanlar; servis aracından inerler, içeriye girerler. O insanları göremezsin. O insanların artığı sadece sıçtıkları bok. Çöpi, pisliği Gebze'de. Akşam olur binerler gene arabalarına, servis araçlarına ve dağılırlar İstanbul bölgesine.” Erol Bayındır, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 11 April 2008.

thrust for industrial activities. For Gebze, the resident population is marginalized from the main industrial activities in the region and at most, able to find informal jobs in the industry. In lieu of them, talented workers from neighboring cities stand in the qualified positions. Moreover, there is no such identity as entrepreneurs in Gebze, instead Istanbul capital controls this industrial district. For them, the locality of Gebze is only where the factories are located, connected to Istanbul by a two-way road.

Speculation on Land

Vast Industrial Lands: Sign of a Bubble or Reality?

Vast areas of land are opened to the industrial structuring in Gebze and still industrial fields are increasing in the region. Since the 1980s, the percentage of industrial land has increased almost seven fold. Zinnur Büyükgöz, from the office of the mayor, gives approximate numbers: “The land set apart for industry was 700 hectares in the 1980s. Today, the total area of industrial lands has reached around 5,000 hectares.”¹⁵⁰ It should be noted that this magnitude is nearly half of the size of the total industrial land in Istanbul.

But the point is that, these lands are not offered to untangle the land problem of industrial investors, rather the rate of increase in industrial areas connotes something else. First of all, the land occupancy rates in the organized industrial districts of Gebze show that there is no scarcity of industrial land. The land

¹⁵⁰. “1980’deki planlarda sanayiye ayrılan alan 700 hektar. Şu andaki sanayi alanları ise 5000 hektar civarındadır.” Zinnur Büyükgöz, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 22 April 2008

subdivision occupancy rates of organized industrial districts according to 2005 data show that only a percentage of reserved industrial land harbors industrial production.¹⁵¹

In the light of observed data, the enormity of the industrialization boom in Gebze district becomes eminent. In the aggregate, there are fourteen organized industrial zones scheduled in the region. If all parcels in these industrial zones are occupied and factories go into production, the industrial production in Gebze district will rise dramatically. But conversely, occupancy rates are fairly low. The uppermost occupancy rates are in the first extension of the Gebze Organized Industrial Zone. There are total 111 land subdivisions and in 74 of them, factories are constructed and rushed into production. In the second rank, in the organized industrial zone of plastic manufacturers, the factories rushed into production at 57 of 192 land parcels. For the rest, occupancy rates do not exceed 25 percent. Secondly, the industrial land in Gebze has dreadfully increased in price. As Hakan Fora, the area director of Organized Industrial Zone of Vehicle Supply Industry, emphasizes: “Both industrial and residential areas are subject to land speculation. Every year, every quarterly, the prices increase two or threefold.”¹⁵²

But definitely, the land speculation is not without merit. The increase in land prices gives a hint about the prospective value of the region. Especially with the advent of leading industries to the region, the arrival of related industries has gained speed. As a general economic rule, the grand players fulfill the prophecy; as they are interested in the region, all related industries start to take a strong interest in the same

¹⁵¹ See Table 8 in Appendix for the occupancy rates in organized industrial zones.

¹⁵² “*Hem sanayi alanları, hem yerleşim alanları spekülasyona maruz kalıyor. Her üç senede, her iki senede bir fiyatlar ikiye katlanıyor.*” Hakan Fora, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 21 April 2008.

region. Moreover, the leading industries are also land speculators. Many companies are holders of vast industrial lands in the region. During my research in the organized industrial zones, whenever I asked about the low percentage of occupancy rates in, the administrative staff replied that their primary consideration was that land subdivisions in organized industrial zones were fully booked. However, in a speculative condition, the sale of lands would not be that meaningful. This is similar to the construction bubble in Istanbul; despite low occupancy rates in organized industrial districts, new lands are inaugurated as industrial lands. On the contrary, the land became so valuable in some of the organized industrial districts that holding a place in one of these districts contested holding a place in more central places of the city. Zinnur Büyükgöz depicts this situation as follows;

Today, organized industrial zones in Gebze started to become expensive due to high operating costs. The entrepreneur is compelled to come to the organized industrial zones to stay in a prestigious place or to dispose of some other problems. But if you go to an organized industrial region in Çankırı or in another province, the situation is the direct opposite. In Gebze, the excess demand results in high operating costs.¹⁵³

The local authorities in the boroughs of Gebze accelerate this process by their endeavor to take part in the land sales. Polat Sökmen explains how the land speculation is accrued with the lack of urban planning;

As there is not an overall prospect for the future of the region, as no planning is done to prevent intrusion of industry to inaccurate zones in the whole region, every borough pursue their own strategy to facilitate an industrial district in their land. Consequently, the mayor of that borough institutes an industrial region there, albeit the industry should not resort in that borough.¹⁵⁴

¹⁵³ “Bugün Gebze’de bir organize sanayi bölgesi yüksek işletim maliyetleri dolayısıyla pahalı hale gelmeye başladı. Fakat, gene de prestij alanında olmak ya da başka birtakım sorunları yaşamamak için organize sanayi bölgelerini tercih etmek zorunda kalıyor. Eğer Çankırı’daki veya bir başka ildeki bir OSB alanına giderseniz, durumun bunun tam tersi olduğunu görürsünüz. Gebze’deki talep yüksekliği, işletme giderlerinin fahiş hale gelmesine neden oluyor.” Zinnur Büyükgöz, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 15 April 2008.

Major or minor, the interests of all actors in the region are invested in the development of the region. The region is developing under the influence of a growth coalition and the fate of the region is altering seriously with a massive construction project. The construction of the Yalova bay bridge and the rise in the industrial lands are all indicators of this situation. What is more, the construction of new wharfs has reached incredible dimensions. There are 40 private wharfs constructed in the region and their total size exceeds the size of Haydarpaşa port. Zinnur Büyükgöz notes that “The port operations in Dilovası, Derince boroughs of Gebze have increased ten-fold in only five years.”¹⁵⁵

The Outcomes of Land Speculation

The exorbitant value of land is also related to the boom of real estate agencies. Today, the land market of Gebze is becoming a place of interest for even international capital. Real estate dealing is a going concern in Gebze; both local and international players show concern for the town.

Polat Sökmen describes the change from the 1960s on as follows:

In our time, Gebze had a few real-estate agencies. Today, international estate agents have come into play. Gebze become a place of estate business. And these people watch the latest advances better than us. They have enclosed

¹⁵⁴ “*Bütün bölgeye toplu bir bakış olmadığı için, bütün bölgede şuralara girilmemesi gerek denerek bir plan yapılmadığı için her belde bir sanayi bölgesi kurma stratejisi izliyor. Sonuçta, orada olmaması gerekse de, o beldenin belediye başkanı kendi beldesine bir sanayi bölgesi kurduruyor.*” Polat Sökmen, interview by the author, interview notes, Moda, Istanbul, Turkey, 05 May 2008.

¹⁵⁵ “*Gebze'nin Dilovası, Derince bölgelerinde liman işletmeciliği 5 yıl öncesine göre 10 misli artmış durumda.*” Zinnur Büyükgöz, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 15 April 2008.

massive lands in there. This will cause the raising of prices without regulatory practices.¹⁵⁶

To explicate the dimensions of the land speculation in Gebze, land prices should be analyzed. With a recent legislation about the sales of public real properties, that is Law No. 4916, the land sales in the region increased. In just the last five years, the treasury has sold 68 hectares of land from three new Turkish Liras per square meter to organized industrial districts in the region.¹⁵⁷ The situation is not very different if the land is owned the local people, rather than the state. The land is also purchased from them at very low costs, as will be mentioned below.

On the contrary, when an industrial investor goes to take the land from the administration of an organized industrial district, the land prices go up to three hundred dollars per square meter. The words of the mayoralty certifies this situation: “The land prices doubled just in the last five years. In the 1998 crisis, the land value was around 40 dollars per square meter. In Güzeller OSB, it was 30 dollars. In GOSB, it did not exceed 60 dollars. Today, the minimum land price is 150 dollars.”¹⁵⁸

Recent laws have favored the industrialists on the administration of organized industrial districts. Zinnur Büyükgöz from the office of the mayor says: “There is no

¹⁵⁶ “*Bizim zamanımızda Gebze’de çalışan bir kaç emlak ofisi, Gebze’nin emlakçıları söz konusuydu. Bugün, uluslararası büyük emlakçılar da işin içinde. Emlakçıların cirit attığı bir yer haline geldi Gebze. Ve bu adamlar da sizden, benden daha iyi izliyorlar son gelişmeleri. Muazzam yerler kapatıyorlar. Bu dengeleyici politikaların eksikliğinde fiyat artışlarına neden olacak.*” Polat Sökmen, interview by the author, interview notes, Moda, İstanbul, Turkey, 5 May 2008.

¹⁵⁷ Zafer Sadıkoğlu, "Sanayinin Kalbi Kocaeli" (İstanbul: Dünya Yayıncılık, 2007), p.12.

¹⁵⁸ “*Arazi fiyatları son 5 senede bile ikiye katladı. 98 krizinde burada fiyatlar 40 dolar/m² civarındaydı. Güzeller OSB’de 30 dolardı. GOSB’da 50-60 doları aşmıyordu. Bugün asgari 150 dolardan başlıyor.*” Zinnur Büyükgöz, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 15 April 2008.

public authority in the region. Due to their acquired autonomy in implementation of decisions and construction of facilities in organized industrial zones, the entrepreneurs are in full control.”¹⁵⁹ The role of public authority in the establishment of organized industrial zones was restricted to land allocation to industry. The entrepreneurs desire this situation because the less public investment means the less interference in their authority in the industrial zones. Moreover, in the name of breaking free from public bureaucracy, they avoid supervision. This brings to mind the words of Keating on defining regionality: “the more autonomy regions gain from their own states, the less they are protected from the market and thus the more dependent they become upon the market.”¹⁶⁰

The acquirement of land is much less difficult for entrepreneurs if they establish a private organized industrial zone. The private industrial zones differ from the regular ones on the land allocation issue. If purposive entrepreneurs resolve the land allocation problem without recourse to expropriation, the public authority goes down to zero. Zinnur Büyükgöz explains how this process moves along:

Consider a private organized industrial zone. The investors willing to build the private industrial district do not appropriate the land for industrial use at first hand. They gather it as regular agricultural land or in other forms. Until they gain the monopoly of lands in the region and resort to the Ministry of Industry, it is uncertain that that land will attain organized industrial zone status. After attaining the industrial land status, the land prices in the region go ahead sturdily. The process is blatant to monopolization and mafiaization. Today interagency in land sales is substantially prevalent.¹⁶¹

¹⁵⁹ “*Kamu kontrolü diye birşey kalmadı. Özellikle imar ve yürütme alanında kazandıkları özgürlüklerden dolayı tamamen müteşebbislerin kontrolü var organize sanayi bölgelerinde*”. Zinnur Büyükgöz, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 15 April 2008.

¹⁶⁰ Keating, "The Invention of Regions.", Brenner, *State/Space : A Reader*. p. 270.

¹⁶¹ “*Bir özel OSB düşünelim. Özel organize sanayi bölgesi kurma niyetinde olan sermayedarlar başlangıçta sanayi arazisi olarak almıyor organize sanayi bölgesinin arazisini. Normal tarım arazisi olarak ya da başka şekillerde alıyor. Bu bölgenin parsellerini tek elde toplayıp, Sanayi Bakanlığı'nın kapısına gidene kadar, bölgenin OSB olacağı belli değil. Sanayi arazisi olduktan sonra arazi fiyatları fırlıyor. Bu sürecin*

As a rule, “easy money” always engenders outlaw and marauding. The profits from land speculation have resulted in the formation of illegal rent groups. İsmet Çiğit, member of the editorial board of Free Kocaeli (*Özgür Kocaeli*) newspaper, abstracts this phenomenon: “This structure fosters criminal organizations that esteem a duty to extract money from interest groups that drive improper benefits.”¹⁶² As long as the land is that valuable, the underground relations will be the *dim vistas* of the future. In fact, OIZs have become an object of high rent. İbrahim Pehlivan, mayor of Gebze, explains that “The founders of OIZs are real estate agents rather than industrialists. The so-called committee of entrepreneurs is in fact a committee of real estate agents. They take the governor as the legwork man.”¹⁶³

Interagency is the way to make enormous profits illegally. Indeed, the titleholders of an organized industrial zone are able to apply sanctions on the incoming industries to the region. Davut, a former worker in the chemical industry and real estate agent at present, states that:

Güzeller Organized Industrial Zone was private property from the beginning; the public administration did not interfere in the process. The dominant founder is Adem Ceylan, owner of Ceylan Automotive. With him, a few men consulted together and expropriated the land. Then, they stipulated the conditions, ‘If you buy land from here, you will take concrete from me. I will do the excavation and construction business.’ In Turkey, construction work has a major role in the unjust enrichment of some interest groups.¹⁶⁴

tekelleşmeye, mafyalaşmaya ne kadar açık olduğu aşikar zaten. Aracılık oldukça yaygın zaten, parseller alınıp satılıyor.” Zinnur Büyükgöz, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 15 April 2008.

¹⁶² From İsmet Çiğit, “Sanayi Çarpık Geliyor, Mafyasını Da Yaratıyor,” *Özgür Kocaeli* 02 February 2008.

¹⁶³ “*Organize Sanayi Bölgelerinin kurucuları sanayiciden çok emlakçılar. Bu sözde müteşebbis heyeti aslında emlakçı heyetinden başka bir şey değil. Valiyi de çantacı olarak yanlarına alıyorlar.*” İbrahim Pehlivan, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 14 April 2008.

¹⁶⁴ “*Güzeller Organize Sanayi Bölgesi tamamen özel, kamu idaresi buraya hiç karışmadı. Asıl kurucu Adem Ceylan, Ceylan otomotivin sahibi. Onunla birlikte 10 tane adam kafa kafaya vermiş burayı istimlak etmiş. Ondan sonra adam şart koşuyor, ‘Buradan*

Consequently, Gebze is becoming an attractive spot not only for capital investors, but also for mafia organizations. Gebze is becoming a magnet, but the local people are detrimentally affected in this process. As Davut reveals, “Gebze is full of Istanbul herds. Whoever wears the suit starts business here. The bill, the land mafias are many; also there are many mafiotic organizations in the construction business.”¹⁶⁵

The local people seem to incur large losses from this mafiotic organization. First of all, the existence of mafia is an accepted fact in the everyday life of Gebze residents. Only by talking to a student or retired school teacher, one can learn the names of the known godfathers of Gebze. In addition, mafia organizations, in relation to local administration, expropriate lands of the local people. In this region, local administration bereaves local people of their land by special provincial administration, deliver them to so-called industrialists at the rate of expropriation indemnity and engender them to make acute profits. İsmet Çiğit epitomizes how this happens:

They go to the small landholder, and offer for his land, for instance, 5 liras. The value of the land is 10-15 liras, say, it is a wetland. But the landowner must submit the land to their might. Otherwise, the mayor threatens the expropriation of the land and turning it out to an open space area. If the landowner discounts this, a godfather with a gun on his back or his doped up right-hand men threaten him with plugging him from his head or foot.¹⁶⁶

arazi alırsan betonunu benden alacaksın, harfiyatını ben yapacağım. İnşaatını bana yaptıracaksın’ Türkiye’de inşaat sektörü bazı çıkar gruplarına çok ciddi haksız kazanç kaynağı oldu.” Davut A., interview by the author, interview notes, Gebze, Kocaeli, Turkey, 22 April 2008.

¹⁶⁵ “Gebze, İstanbul’un ayakçı yeri. Ceketini, takımını giyen başlıyor bu işe. Senet mafyası, arazi mafyası çok, inşaat işinde de çok var.” Davut A., interview by the author, interview notes, Gebze, Kocaeli, Turkey, 22 April 2008.

¹⁶⁶ “Vatandaşa gidiyorlar, arazisine söz gelimi 5 lira teklif ediyorlar. Arazinin değeri, suyun içinde 10-15 lira. Ama arazi sahibi, karşısındaki güçlere boyun eğmek zorunda. Aksi halde, belediye başkanı, bu araziye yeşil alan yapmakla, değersiz hala getirmekle tehdit ediyor. Mal sahibi bunu önemsemezse, beli tabancalı mafya babası, ya da

As mentioned, the expropriation process should not be considered a legal one; to accept the process is the Hobson's choice for the residents. Although the residents earn some money from the sales of land to the estate agency or industrial districts, in the long term, they will remain devoid of their land and possibly without a settled income. Ramazan Şahin, map engineer of TOSB, depicts this situation: "The appreciation of land is a great source of rent for the land-owning local man. However, the residents would not be able to turn this into an actual business. He buys a car, another one for his son. At most, he will go on the pilgrimage to Mecca."¹⁶⁷

The Inability to Plan

Desperation of the Planners

The influence of Istanbul on Gebze is also distinctive on planning issues. This dependence on Istanbul brings on also uncertainty about the future of the district. For the local administrative staff, their future projections are always subject to declination, falling on deaf ears, or non-execution. For this small town full of industry, talking about self-administration is impossible.

When the point at issue is the planning of industrial regions in the town, the incompetence of local administrators' authority is clear. Even the office of the mayor

hıpladığı elemanları, ayağına veya kafasına sıkmakla tehdit ediyor." From Çiğit, "Sanayi Çarpık Geliyor, Mafyasını Da Yaratıyor."

¹⁶⁷ "Toprağın değerlenmesi buradaki toprak sahipleri için büyük rant. Gerçi buranın halkı böyle trilyon da olsa kafasını çalıştırıp iş kurayım diye düşünmez. Bir araba alır, bir tane de çocuğuna alır. En fazla hacca gider." Ramazan Şahin, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 22 April 2008.

complains about the aggregation of industry in the region, but is unable to interfere in the related decisions due to lack of authority. For instance, a critical decision such as the establishment of organized industrial zones in the region is taken by the Ministry of Industry, and civic government has no claim to make on the decision.

In such an environment, the first complaint of the authorized planners turns out to be their inability to plan. The planners were unable to master the dynamics of the situation. Fügen Avdan, a veteran official of the Kocaeli Metropolitan Municipality Research and Development branch office, is an example of this situation:

After years of experience, I have the feeling that planning is both wanted and not, in Turkey. Because if desired, a certain number of things are possible. Planning is not such a hard issue. However, with the 1980s, the mentality changed. ‘How can we make it rentable? Whoever wants to invest, we should not impede.’ This mentality has ruined this region.¹⁶⁸

Similarly, Polat Sökmen, the pioneer of Gebze zone plans in the 1960s, denotes that planning was possible if only various interest groups effective in the region had been taken into consideration;

The implementation of the plan is all dependent on this: Who are the decision makers that are determining the development of the city? What are their forces and capacities? This is dreadfully determining. What are their cultural levels? What are their personal approaches? Whatever you do, even the consent of city council is empty of meaning. Eventually, you put in the plan a milieu in which these actors, players are efficacious.¹⁶⁹

¹⁶⁸ “*Bunca yıldan sonra, Türkiye’de hem planlamak istiyoruz hem de istemiyoruz gibi bir his doğdu benim içimde. Çünkü istenirse yapılır bir takım şeyler. Planlamak bu kadar zor değil. Özellikle 1980 sonrasında mantık tamamen değişti. ‘Nasıl rantta dönüşür? Kim gelirse gelsin reddetmeyelim.’ İyi de bu mantık bu bölgeyi berbat etti.*” Fügen Avdan, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 05 April 2008.

¹⁶⁹ “*Planın uygulanması falan hep şuna bağlı; Bir kentin gelişmesini belirleyen, karar veren hangi çevreler? Bu çevrelerin güç ve ağırlıkları nedir? Çok belirleyici oluyor. Onların kültür düzeyleri nedir? Onların yaklaşımları nedir? Ne yaparsanız yapın, belediye meclisinden onay bile almış olsanız, sonuçta o oyuncuların, aktörlerin oluşturduğu bir ortam içine planı koyuyorsunuz.*” Polat Sökmen, interview by the author, interview notes, Moda, İstanbul, Turkey, 5 May 2008.

These final words are quite explanatory. This, at first hand, shows that the local decision makers can't be seen deconcentrated administrations of the central state. Gebze, as a region adequate for industrial localization from the 1960s on, has excited the interests of Istanbul capital with increasing speed. Therefore, rather than judging the irregular development of Gebze by the shortfall of regional plans, it is meaningful to perceive unplannedness as an opportunity for impactful interest owners. The rent is not due to the lack of planning, rather the region is unplanned because of the rents of a variety of interest groups. The lack of state authority consolidates the lack of planning; there is no authority to consult with for the consequences of irregularities in the region. Fügen Avdar complains about this situation;

The hardship of the planning issue is the manifest impossibility of comparing the real situation and the would-be one if the purposed plan was implemented. Consequently, no one is able to raise an objection and say 'Look at the costs of nonexecution of the plan.' What happened? It resulted in the haphazard dispersion of Izmit to it's environ. The results are transportation difficulties, air pollution, and etc.¹⁷⁰

In an environment, where no authority calls the transgressors to account for the infraction of the plan, the destiny of the region is predicated on fist laws. Therefore, the recent debate on the devolution of authority to the local administration remains meaningless. Whoever has the authority for development plan, exploits the rules for the benefit of interest owners. Fügen Avdar depicts the situation:

¹⁷⁰ “Planlama konusunda işin zor tarafı, zaman içinde ortaya çıkan durumla plana göre olsaydı ortaya çıkacak durum arasındaki kıyaslamayı yapma olanağının olmayışı. Dolayısıyla, kimse ‘Bakın, plan uygulanmadığı için bu kadar ziyan ortaya çıktı.’ diye ortaya çıkamıyor. Ne oldu? Bu durum, İzmit’in çevresine gelişigüzel yayılması sonucunu doğurdu. Bunun sonucu ulaşım sorunlarıdır, hava kirlenmeleridir...” Fügen Avdan, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 05 April 2008.

I don't believe that it does matter who has the authority. Now, the authority of zone planning is in the municipal corporation. Until 1984, the privileges were under the control of ministerial office. Unlawful applications, such as narrowing a 7-meter road to 3 meters or the construction of dead end streets were prevalent in the time of ministerial office. The municipal corporation is not much different.¹⁷¹

The debate on the localization or centralization of the authority only blurs the fact that the investors have the final word on the construction plans of the region.

One other maneuver is covering the unplanning issue by multiplying bureaucratic agencies:

While mentioning the reluctance to planning in Turkey, the role of bureaucracy should be stressed. The separation of authority into different administrative agencies such as the Ministry of Tourism, the Turkish Privatization Administration, and the Ministry of Industry only makes planning difficult. Still, legislation about building scheme is being made. We are still talking about development remissions.¹⁷²

On the contrary, the planning of residential areas is not such an intervened issue. Rather, unconcern has been the problem about planning living quarters in Gebze. Zinnur Büyükgöz expands this situation:

Unfortunately in Turkey, too, the state has not assumed a guiding and pioneering role with respect to the planning process. On the contrary, it has lagged behind. People came and formed those self-built overnight dwellings (*gecekondu*) and then the state came and began to make plans or to provide roads, water and electricity. That is, it was first the *gecekondu*s that came into being, not planning.¹⁷³

¹⁷¹ “Ben yetkinin kimde olduğunun çok kritik olmadığını düşünüyorum. Şu an imar yetkileri belediyelerde. Bu yetkiler 1984’e kadar bakanlıktaydı. Bakanlıkta da yapılan tadilatları biliyoruz, 7 metre yolu 3 metreye daraltan, çıkmaz yol yapan tadilatlar. Belediyelerden farklı değil.” Fügen Avdan, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 05 April 2008.

¹⁷² “Planlamaya duyulan isteksizlikten bahsederken, bürokrasiden basetmek gerek. Yetkinin Turizm Bakanlığı, Özelleştirme İdaresi Başkanlığı, Sanayi Bakanlığı arasında bölünmesi sadece planlamayı zorlaştırıyor. Hala imar kanunu çıkacak... Hala imar affını konuşuyoruz” Fügen Avdan, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 22 April 2008.

¹⁷³ “Türkiye’de kamu, planlama süreci itibariyle yönlendirici ve öncü değil, tam tersine arkadan takip edici olmuş. İnsanlar gelmişler önce gecekondu kurmuşlar, arkadan kamu gelmiş plan yapmaya başlamış ya da yol su elektrik getirmeye başlamış. Önce

It is precisely for this reason that what the municipality says about the residential areas in Gebze does not sound convincing. Especially in a place like Gebze which attracts a dense population, if there is setting up of residential areas, this residential model will continue to exist.

But the state, the governments, took a pioneering role, unfortunately, with regard to disordered settlement. On the one hand, the industrialists came and built their factories. State did not anyhow show any place for them. They bought their own land and built their factories. But the state neither made a plan for the settlement of the labor force, which those industrialists needed, nor considered to orientate them to collective production. And the citizen migrating from the village does not have a culture of collective production. He immediately buys land or builds his *gecekondu* upon a public domain. The state then couldn't do what it should do as a social legal state; on the contrary, it approached populistically, as if all it does is a service to the people, and takes no notice of these *gecekondus*.¹⁷⁴

This development pattern is quite well-known in urban development and recalls the words of Tansı Şenyapılı on Ankara shanty towns in the 1960s.¹⁷⁵ The nearness of residential settlements to the industrial areas in the case of Gebze is inevitable. While the industrialization process started in the 1960s, the city developed along the E-5 highway. The migrants settled down on this axis within the shortest

*gecekondu*lar yerleşmiş sonra planlama gelmiş.” Zinnur Büyükgöz, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 15 April 2008

¹⁷⁴ “*Maalesef, devlet ve yönetimler öncü olmuş ama düzensiz yerleşim konusunda. Bir taraftan sanayici gelmiş fabrikalarını kurmaya başlamış. Onlara herhangi bir şekilde yer göstermemiş devlet. Onlar kendi arazilerini satın almış ve fabrikalarını kurmuşlar. Ama o sanayinin işgücününün ihtiyacı olan konut alanlarını devlet ne planlayıp buralarda böyle yerleşin demiş ya da siz madem buralarda yerleşiyorsunuz size toplu üretilere yönlendirelim dememiş. Köyden göçen vatandaş da bir ortak üretim kültürüne sahip değil. Hemen bir arsa alıyor ya da hazine arazisine gelip gecekonduğunu kuruyor. Devlet o anda sergilemesi gereken sosyal hukuk devleti anlayışını sergileyememiş, tam tersine populist yaklaşımlar, halkçı görünüm adı altında halka hizmetmiş gibi gecekonduklara göz yummuşlar.*” Zinnur Büyükgöz, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 15 April 2008.

¹⁷⁵ For a detailed analysis of Ankara shanty towns, see Tansı Şenyapılı, *Gecekondu: 'Çevre' İşçilerin Mekanı* (Ankara: Orta Doğu Teknik Üniversitesi Mimarlık Fakültesi, 1981).

possible distance. In absence of a social housing project, the settlement kept going in this way.

But when organized industrial districts are considered, these industrial facilities are established with no regard to local workers. The only concern of industrial producers is the procurement of adequate space for industrial needs and adequate transportation facilities are provided for their trained men, who are overwhelmingly in either Istanbul or Izmit. This situation blocks the linkage between Gebze town and neighboring industrial areas; and results in inadequate means of access for local workers that are seen as an inconsiderable part of working population. It is nearly impossible to go from town center to organized industrial zones by foot and at a regular pace this lasts at least an hour. Therefore, the connection between the town center and industrial regions is procured by service transportation.

Today, Gebze is still on a massive construction cycle. The unplanned development from the 1960s on would only become a subordinate part of the future Gebze settlement. Zinnur Büyükgöz avows the population projections on Gebze as follows:

When all the industrial occupation will eventuate, the workforce capacity will be 1 million. This means at least 4 million populations. But the capacity of Gebze is below 2 million. Therefore, the workers will dwell in neighboring districts such as Pendik or Tuzla. If the bay bridge to Yalova is constructed, a great portion of the population will also slide to Yalova.¹⁷⁶

¹⁷⁶ “*Buradaki sanayi alanları dolup tam kapasiteyle üretim yapmaya başlayınca işgücü 1 milyonu bulacak. Bu en az 4 milyon nüfus demek. Fakat Gebze'nin kapasitesi 2 milyonun altında. Bu nedenle insanlar Pendik'te, Tuzla'da oturup Gebze'de çalışacak. Körfez köprü geçişi yapıldığı takdirde bu yerleşim nüfusunun bir kısmı da Yalova'ya kayacak.*” Zinnur Büyükgöz, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 15 April 2008

Planning the growth of the future population is mandatory, but even the present day population of Gebze is rising abnormally. The most authorized person in the office of the mayor mentions potential urban transformation projects as if the majority is not in charge of this situation:

The state can here start restructuring through urban transformation projects whereby people living there would get rid of such hardships. But you would have to plan this; you would say that ‘I’m going to transform this city within 10 years.’ You make your plan according to that target. This plan can be made regionally; thus, for instance within 15 years, you separate the settlements from the industries in Dilovası.¹⁷⁷

This is a vicious circle; unless the conditions alter drastically, the newcomers will continue to settle in the central districts of Gebze. But no social housing projects are put into practice. The working population of Gebze, either working at low-paid errand jobs in organized industrial districts or in the related industries of these key industries, is the passive participants of these settlement processes.

The Future Prospects and Facts about Industry

When the consequences of the rapid industrialization experience are taken into account, Gebze should not be considered as a model for future industrialization practices in Turkey. Nevertheless, Gebze is being promoted as the “future of industry and an international magnet.”¹⁷⁸ Indeed, the interest of both indigenous and

¹⁷⁷ “Kamu burada kentsel dönüşüm projeleriyle oradaki insanları o zorluktan kurtaracak bir yeniden yapılanmayı başlatabilir. Ama bunu da planlarsın, 10 senede kenti dönüştüreceğim diye hedef koyarsın. Ona göre planlamayı yaparsın. Bölge bölge de plan yapılabilir, bu sayede örneğin 15 sene içinde Dilovası’ndaki yerleşimleri mevcut sanayiden ayırabilirsin.” Zinnur Büyükgöz, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 22 April 2008

¹⁷⁸ İstanbul Büyükşehir Belediye Başkanlığı, "İstanbul Çevre Düzeni Planı" (İstanbul: Temmuz 2006), p. 10.

international capital is converging on the region and the industrial investments are on an uptrend.

The boom of industrial development after the 1990s was marked by the establishment of organized industrial districts in the Gebze region. The process gained momentum, as the leading industries came to the region and also marking the path of their supplier and relevant industries. Zinnur Büyükgöz evidences that, “Today, all of the leading industries in Kocaeli have taken land from Organized Industrial Zones. This should be taken into consideration while future plans for industrial relocation is made.”¹⁷⁹

On the other hand, Istanbul industries are also drawing in the region. In accordance with the declared plans of Istanbul Metropolitan Planning to reduce the share of industry in Istanbul city from 23% to 15%, especially the industries in Kartal, Ümraniye and Tuzla are subject to relocation to Gebze. Also, small scale industrial producers in Istanbul are betaking the path of leading industries. Zinnur Büyükgöz defines the development pattern of this process as follows;

Previously, the small scale industry developed along E-5 in Üstbostancı and then Dudullu. When the key industries came and settled in Gebze, they couldn't bring their supplier industries to the region in a flash. Besides, there wasn't that dense manufacturing industry in Gebze to carry its relevant industries with it. The supplier industry couldn't also come with their own initiative. They preferred to conserve their position and customers there and also provide service to the manufacturers in Gebze. As the distance was not that long, this service kept going.¹⁸⁰

¹⁷⁹ “Şu anda Kocaeli’ndeki yönlendirici nitelikteki sanayilerin hepsinin OSB’lerden yeri var. Sanayinin bu bölgelere kayması düşünülürken bunun göz önüne alınmasında yarar var.” Zinnur Büyükgöz, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 15 April 2008

¹⁸⁰ “Daha önceki yıllarda, küçük sanayi hemen E-5’in üstünde Üstbostancı ve daha sonra da Dudullu bölgelerinde kendisine yer bulmuş ve gelişmiştir. Ana sanayiler gelip Gebze’de burada üretim merkezlerini kurdukları zaman tedarikçilerini buraya toplu olarak bir anda getiremediler. Ayrıca, bundan 10 yıl önce Gebze’de bir küçük sanayi sitesini sektörel olarak besleyecek oranda yoğunlaşmış bir imalat sanayini bulamazdınız. Küçük sanayiciler de organize olup bölgeye gelememişler. Küçük sanayi siteleri yerlerinde kalıp oradaki müşterilerini korumuş, bir yandan da Gebze’deki fabrikalara hizmet vermişler. Bu

What are the driving forces behind the relocalization process? When the unequal, asymmetrical relation between Istanbul and Gebze is considered, the process seems to be explainable by merely the push factors of the mega city. For such an explanation the urban rent becomes the explanatory factor behind all the process. For this, the impact of administrative agents should be great on the deindustrialization process. The local administrations *push* industries out of the central districts of the city, to open these lands for urban transformation projects. As mentioned in the previous chapter, the deindustrialization process of Haliç in the 1980s fits such an explanation and definitely, these practices paved the way for industrial agglomeration in peripheral districts of the city.

Yet, the present day agglomeration of industry in Gebze cannot be explained by the sanctionary practices of government administration. Actually, the establishment of organized industrial districts in Turkey was applied as sanctionary practices to relocate industry to desired locations in the country as discussed in the previous chapter. Especially in the 1970s, organized industrial districts were found in every region of the country to provide balanced regional development within the country. But the endeavors fell short of expectations as the industrialists did not consent to invest in these regions and the state did not secure the process with mandatory instructions.

As a result, the organized industrial districts in the undeveloped regions of the country made no progress. The most successful industrial district practices in the 1970s were near the developed markets of Turkey, as in the case of Bursa. And after

hizmet mesafe de çok uzak olmadığı için devam etmiş.” Zinnur Büyükgöz, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 15 April 2008.

1980, the state declared off the endeavor to establish industrial regions in every administrative province of the country. The regulatory practices of the state were restricted to provide economic incentives and cheap land allocation to organized industrial districts. But, these practices became meaningful if only the investors agreed to do it. That means the regulation *followed* the intentions of the industrialists, not vice versa.

Therefore, the success of organized industrial zone project in Gebze should be explained at first due to the interest of capital in this region. This is solely understandable from the administrations of organized industrial districts in the region; compared to the organized district practices in middle size provinces, the administrative board is a committee of entrepreneurs rather than local administrations. Moreover, the industrialists desire this situation to slip out of state authority.

Second, Gebze has become a pull factor for incoming industries by itself in present day. The agglomeration of industry in the region purports a basic reasoning for related industries to draw in the region. Zinnur Büyükgöz explains the recent concern of small scale industries in the region as follows; “when the small scale industries increased their business interaction and claimed to be middle scale, they dared to move to organized industrial districts. A clear example is the district of metalworkers.”¹⁸¹

The motivation of small scale industries for moving to the in Gebze region cannot be explained merely by the push factors of the mega city. The industrial flow to the region in the last two decades is also important due to its force of gravity for

¹⁸¹ “*Küçük işletmeler de kendi ölçeğinde işlerini büyütüp orta ölçeğe çıkmayı talep edince OSB’ye taşınmaya cesaret ettiler. Bunun en açık örneği İMES OSB’dir.*” Zinnur Büyükgöz, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 15 April 2008.

its supplier sectors. Definitely, the aim of the organized industrial zone project in Turkish industrialization is the structuring of organized industrial zone of metalware producers. Without resort to formal numbers about the should-be scale of enterprises in the industrial districts, the aim was to gather supplier industries near a key industry to upgrade production. The economic motives of such a movement is salient, to force the impact of government power for an explanation is inessential. Zinnur Büyükgöz explains the future migration of supplier industries as follows:

70% of our supplier industry is still in Istanbul. But with an increasing concern, they are migrating to this region. The industrial districts such as IMES, organized industrial district for metalwork producers are a good example. One of the consequences of increasing technological production is better planning of transportation and its costs. Therefore, the suppliers want to be close to producers.¹⁸²

It seems that organized industrial zones might proffer a foundation for product specialization and flexibilization of production. But the spatial agglomeration of industries in the region does not necessitate the rise of collaboration between firms; it would rather take a competitive stance as the production is dependent on leading industries.

For low-value added industries, it is hardly meaningful to probe the specialization of production. First of all, clustering of similar industries in low value added production is fairly low in organized industrial districts such as coal or stone. But still, the agglomeration of industrial producers in traditional sectors might be beneficial in many aspects, reducing their costs from externalities and at most, avoiding state inspection.

¹⁸² “*Yan sanayinin %70’i hala İstanbul’da. Onların Gebze’ye gelmesi de İMES gibi oluşumlarla başlamış durumda. Teknolojik üretimin artmasının sonuçlarından biri de ulaşım ve nakliye giderlerinin minimuma indirilmesidir. O yüzden de tedarikçiler de üreticilerin hemen yakınında olmak isteyeceklerdir.*” Zinnur Büyükgöz, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 15 April 2008.

The Imagination of Future Industry

Both industrial and administrative classes lay stress on technological upgrading and a process of transition for economic restructuring. Industrial investors are inclined to depict the future of Gebze industry with a story of technological upgrading and environmental consciousness, a story full of inconsistencies. They talk about the synergy of industry and city, or the importance of cleansing systems in the region; however, Gebze is one of most densely industrialized regions in Turkey and has been undergoing industrialization for over four decades. Moreover, in any text of Istanbul Chamber of Industry, the most proximate aim of Istanbul industry is said to be to restore clean industry in Istanbul. This might be practicable, but with a proviso; the sacrifice of Istanbul's environs. As far as the pollutant industries protect their share in Turkish industrialization, environmental pollution will be inescapable.

As the most developed industrial district in the region, GOSB is used for prestige advertising of industrial districts in Gebze. This industrial region is advertised as the future of industrialization and the introductory material about Gebze Organized Industrial Zone says that "the industrial district was planned for food and packing industries. Environmentally-inconscient sectors such as metal industry were not allowed within the district."¹⁸³ Prime Minister Tayyip Erdoğan attended several factory openings in Gebze and declared the region a "model for other industrial districts."¹⁸⁴

¹⁸³ "Çevre Ödüllü Firmalar da GOSB'da," *Türkiye*, 3 August 2007.

¹⁸⁴ Abdullah Bozkurt, "Turkey Call: Brain Drain Passed, Next Stop Technocities," *Sunday's Zaman*, 27 April 2008.

But these words only suppress the truth about Gebze, which is full of heavy-industrial enterprises. It is empty of meaning to elect one industrial district among fourteen and elevate it while the share of metal industry and many other environmentally-unconscious sectors are increasing in the region and the overall industry is substantially polluting the water, air and other resources of the district. The would-be environmental disaster in Gebze is discernable by merely analyzing the names of founded organized zones: plastics, machine manufacturing, chemicals, and metalwork and coal industries. The environmental indicators are already giving danger signals, and after the completion of the industrial areas, an environmental crisis seems unavoidable. Moreover, one other industrial district in Gebze, Dilovası Organized Industrial Zone, shows the dimensions of irregular industrialization.¹⁸⁵

Gebze municipality also complains about the pollution of industrial production and yearns for clean industry. But also, they are fully aware of the fact that Gebze is a place of great importance with the existence of all these industrial activities. With little authority on the industrialization process, it is hard to defend the annulment of recent industrial lands or such radical actions. Therefore, they also claim an upgrading of industry in this industrial hell:

If GNP in Turkey rises above 10,000 dollars and if the costs here increase, sectors would shift to Third World countries. This is a transition process, as if it were, an evolution. A process gone through in every country... If that is so, we should strive and increase our GNP above 10,000 dollars. Countries can also control them by renovating their technology. We can't provide the necessary qualified employment. We form the organized industry zones, but can't move its providers near them. Then where are they doomed to stay? Beneath the stairs... Who would work beneath the stairs? Only unqualified workers do.¹⁸⁶

¹⁸⁵ See Dinçer, "The Transformation of an Industrial Location: Dilovası from 1990s to Present."

¹⁸⁶ "Türkiye'de GSMH 10 bin doların üstüne çıkarsa ve buraki maliyetler de yükselirse sektörler üçüncü dünya ülkelerine doğru kayar gider. Bu bir geçiş sürecidir. Tabiri caizse evrimdir. Her yerde her ülkede yaşanan bir süreç. Bizim öyleyse biraz önce çaba gösterip GSMH'yı 10 bin doların üstüne çıkarmamız lazım. Teknolojisini yenileyerek

The industry will lead to prosperity and prosperity will be the solution to irregular urbanization:

This process is totally related with the GNP. According to the rate of increase in the GNP, not only their cultural levels, but also their habits vary. One who has a monthly income of 5,000 dollars would not want to live in a gecekondu neighborhood. No matter one's education level and no matter whether he is illiterate or not, if his monthly income is 2,000-3,000 dollars, he would not live in such a place. He would go and start to live in an ordered urban site. What will this bring about? Even if he himself can't reach a certain urbanized manner with respect to social and cultural sense, he would make his child a member of the society as regards cultural and educational level and the demands he would pursue.¹⁸⁷

Notes on the Affects of Industry on Local Residents

The rapid development of industry in the district caused irregular industrialization and as an inevitable consequence, environmental pollution. The resident community is generally complainant about the industry, but there is no institution to make complaints. They all know the pollution is due to industry and fell helpless to better the situation. Yaşar Gündoğan, a former primary school teacher and at present worker in the Kastamonu Timber Joint Stock Company after retirement, says, "All types of pollution are existent in here. In the rainy season, first acid rains

de sanayileri kontrol altında tutabilir bu ülkeler. Gerekli kalfiye istihdamı sağlayamıyoruz. OSB'leri kuruyoruz ama tedarikçilerini yanlarına taşıyamıyoruz. Onlar nereye mahkum kalıyorlar? Merdiven altlarına. Merdiven altında kim çalışır? Vasıfsız eleman çalışır." Zinnur Büyükgöz, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 15 April 2008.

¹⁸⁷ "Bu süreç tamamen GSMH ile alakalı. GSMH artış oranına göre gerek kültür seviyeleri, gerek alışkanlıkları değişkenlik gösterir. Aylık geliri 5.000 dolar olan birisi artık gecekondu semtinde yaşamak istemeyecektir. Kişinin eğitim düzeyi ne olursa olsun, okuma yazma dahi bilmesede aylık geliri 2,000 – 3,000 dolarsa artık gecekondu semtinde oturmayacaktır. Gidecektir, bir düzenli kent bölgesinde oturacaktır. Bu neyi getirecektir? Kendisi hem sosyal, hem kültürel anlamda belli bir kentleşme sürecine ulaşmasa bile çocuğunu hem kültürel, hem eğitim düzeyi, hem de talepleri itibariyle gelişmiş bir toplum üyesi haline getirecektir". Zinnur Büyükgöz, interview by the author, Gebze, Kocaeli, Turkey, 15 April 2008.

fall to this region. Does the industrial class make contributions to clear the mess of industry? No. They pollute the weather, the soil, and the people.”¹⁸⁸

Today, even some of the biggest organized industrial zones lack waste treatment facilities. A well-known example is Dilovası Organized Industrial Zone, which has caused crucial health problems to the people of the district, gained Organized Industrial Zone status after 2000. However, this acquired status did not cause a major change in the organization of industry. Erol Bayındır, a member of Aesthetics Committee in Kocaeli Municipality, says:

Dilovası is Texas in Turkey. There are no rules there. It started with irregular industrialization, and no building development schemes were put into practice. The residences lack certificate of approval, as well. Worse, even after the establishment of Dilovası Organized Industrial Zone, no building schemes were applied.¹⁸⁹

Another instance is the chemical industry, which affects nearly the whole residential areas in the neighborhood of that district. Erol Bayındır notes that: “The leather industry gives off a bad smell when the south wind begins to blow. From there a smell spreads out, even the inhabitants of Şekerpinar are perturbed. You can’t open a window on that summer day! Nobody plans the wind direction or the network of electricity and water. The city planners and architects only trick themselves.”¹⁹⁰

¹⁸⁸ “*Kirlenmenin her türlü sülüsü burada mevcut. Burada yağmur yağdığında ilk yağmurlar asit yağmurudur. Peki buranın temizlenmesi için sanayicilerin katkı payı var mı? Yok. Havayı, toprağı, insanları kirletiyorlar.*” Yaşar Gündoğan, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 20 April 2008.

¹⁸⁹ “*Dilovası bugün türkiyenin teksası. Giriyorsunuz hiçbir kural yok. Orada çarpık sanayileşme ile başladı. Konutların hiçbirinde ruhsat yok. İmar yok ki. Organize sanayi kurulduğunda bile doğru düzgün bir imar planı yok.*” Erol Bayındır, interview by the author, taped interview, Kocaeli, Turkey, 11 April 2008.

¹⁹⁰ “*Deri sanayi lodos vurduğu zaman bir başlıyor. Oradaki bölgeden bir başlıyor şekerpinar vesaire kokudan oturamazsın. O yaz günü camı açman mümkün değil. Ne rüzgar hesabı yapan var, ne elektrik yok su nereden geliyor onları düşünen var. şehirciler plancılar kandırmaca oynuyorlar.*” Erol Bayındır, interview by the author, taped interview, Kocaeli, Turkey, 11 April 2008.

Industrial pollution also leaves people devoid of agriculture. The residents are fully aware of the situation. Davut, a former worker in the chemical industry, describes the extent of industrial pollution;

We planted the previous year. It costed 500 million to us. We couldn't eat the grapes we planted, they blackened. On one side there is zinc, on the other the smell. The factory of petroleum products in this region is only harm to us. You should abandon human existence in such places. You wouldn't give dwelling permission. Absolutely, the industries would be far away from the city.¹⁹¹

Coming to work conditions, the informal economy has become *de facto* operating medium of subcontracting chains in the global economy by facilitating the flexibility of the production. It is impossible to pass over informalization while discussing the economy of today. At first sight, the OIZs have strong corporate identities due to presence of well-known business concerns. However, in an economy where nearly half of economic activities are informal, the industrial zones play an immense part in the informal economy.¹⁹² In an era when labour organizations are this much powerless, the factory owners do not hesitate to employ informal workers. Davut exemplifies the working conditions at Ülker factory in Gebze Organized Industrial Zone:

For instance, Ülker... The owner of the factory has the workers perform the *namaz*, but employs many of them at 380 liras. He fell into disrepute as a

¹⁹¹ “Bağa geçen sene ekim yaptık. 500 milyona mal oldu. Üzüm müzüm yiyemedik, kapkara oluyor. Bir yanda çinko var, diğer yanda koku. Petrol ürünleri fabrikası var ya, zarar tamamen.. Onların geldiği yerde insan yaşantısını yasaklayacaksın. Oturma izni kesinlikle vermeyeceksin. Kesinlikle sanayiler şehirden uzak olacak.” Davut, interview by the author, Gebze, Kocaeli, 22 April 2008.

¹⁹² For the estimations of the size of informal economy, see *Türkiye’de Kayıt Dışı Ekonominin Boyutları, Nedenleri, Etkileri ve Alınması Gereken Tedbirler*, Mustafa Ali SARILI

money grabber, Ülker never gives money. Temporary employment is also pervasive; everyday 20 men enter the business and 30 are out of job.¹⁹³

The beneficial situation here must be noticed; as long as a business concern can hide its relations to suppliers, it can rid itself of obligation to them. And as much as this chain of sub-contraction becomes uncontrollable, it causes shady business. Throughout the research, none of the enterprises gave exact numbers about employee numbers, unionization ratio, scale of imports and exports. All of these are denominated as “trade secrets.” Essentially, such census data would reveal the extent of informal economy. Okan Çağlar notes that:

Even administrative districts or governorships are unable to take employee numbers or scale of imports and exports from companies, because they also benefit from unregistered employment. There are such examples that in a factory registered workers count to 49, unregistered to 60. Thus, the owner of the factory is reluctant to give exact numbers due to informality, tax evasion, and trade secrets.¹⁹⁴

Yet the line of least resistance to secrete informality is sub-contracting. Even the most well-known corporate companies in the Organized Industrial Zones do business with four or five sub-contractors, and these sub-contractors are almost completely informal in their economic activities, most importantly, their workers are not listed as permanent. These contacts are generally through the back-door and by this means; corporate companies can benefit from the advantages of informal economy and underground employment and still be large, prestigious industrial concerns.

¹⁹³ “Ülker var örneğin. Adam cuma namazı kıldırıyor geçiyor öne şu anda 380 bin liraya adam çalıştırıyor. Ülker mesela kesinlikle para vermiyor. Günde 20 kişi girer 30 kişi çıkar. Öyle bir fabrika.” Davut, interview by the author, Gebze, Kocaeli, 22 April 2008.

¹⁹⁴ “Kaymakamlık valilik bile alamıyor bu sayıları. Çünkü o fabrikada çalışan taşeron işçiler de var. adamın kendi fabrikasında 49 kişi, taşeron işçisi 60 kişi mesela. Kayıt dışılık, vergiden kaçma ve ticari sır olduğu için vermek istemiyor.” Esen Çağlar, interview by the author, taped interview, Fenerbahçe, Istanbul, Turkey, 23 March 2008.

Finally, the local people don't only experience the bereavation of their homeland, poor work conditions, and environmental pollution; they also suffer from the degradation of social life in Gebze. Even through a regular interview with a university student or retired teacher might conclude in the mafiatic organization of the small district. Davut explains the prevalence of this kind of organizations as follows:

This is an ownerless place. A place full of gangs...I don't know why but all of them happen to emanate from Istanbul. The captured gang members are always in the employ of *aghas* in Istanbul.¹⁹⁵

Therefore, the proximity to Istanbul is by no means experienced or perceived as a benefit by any of the interviewees, even if they all accepted that the same proximity was the reason for everything. This complementary relationship was best summarized by Şenel Albayrak, a senior officer in Kocaeli Municipality, as follows: "Gebze has become the ballast of Istanbul. Worse still, the dirt of the mega city will continue to pour in this district."¹⁹⁶

¹⁹⁵ "*Burası sahipsiz bir yer. Çetelerin bol olduğu yer, neden öyle olduğunu bilmiyorum ama hepsi de İstanbul'dan çıkıyor. Yakalanıyor en ağalar İstanbul'dan çıkıyor.*" Davut, interview by the author, interview notes, Gebze, Kocaeli, Turkey, 22 April 2008.

¹⁹⁶ "*Gebze, İstanbul'un safrası haline geldi. İşin kötüsü, kentin tüm pisliği de buraya akmaya devam edecek.*" Şenel Albayrak, interview by the author, interview notes, Kocaeli, Turkey, 05 April 2008.

CHAPTER V

CONCLUSION

The main effort of this thesis has been to explain the impact of flexible accumulation regime on the spatial organization of industry in Turkey. My endeavor took me to Gebze, a province of Kocaeli near Istanbul. Gebze has been a densely industrialized province in Istanbul Metropolitan region since the 1960s; however, the industrialization process of the province gathered pace in the 1990s, leading to an excessive and inordinate accumulation of industry in the region. The process has been both a natural consequence of the re-localization of the industry from the mega city and pertinent to changing industrialization dynamics in the world.

On the latter account, for understanding the changing dynamics of the industrial localization, the transformation of Fordism to a more flexible accumulation regime was analyzed. It is important to note that fordist production is still a pervasive phenomenon of the capitalist economy and rather than the domination of flexibility as the regulating principle of the present day capitalism, it is sententious to depict the situation as intermingling of different production patterns.

During this analysis, the question at stake was the transformative power of flexible accumulation principles on the spatial reorganization of the capitalist economy and more importantly, what was falling to the share of newly industrialized countries in this scenario. It was for sure that in the era of flexibility, the geographical mobility of industrial activities gained speed. The geographical movement of standardized industrial activities from the industrialized to

industrializing countries was accompanied by a clustering of these activities in the peripheries of industrialized cities of developing countries.

The proponents of globalization claim that a high road to economic restructuring is valid by an upgrading of the market conditions and technology, seeking competitiveness based on efficiency enhancement and innovation through economic gains. From this point of view, the spatial reorganization of late capitalism was marked by the revitalization of regional economies. Localities were to be the new agents of growth in the network of the global economy. Similar to skeptics of the globalization process, these proponents also embraced industrial clustering as the future of industrial development; however, what they saw from the regional accumulation of industry in developing countries was the high way to restructuring. The notion of industrial district was revisited to evidence this phenomenon. These districts showed the success of small-sized enterprises in late capitalism and indicated the distinctive features of competitive albeit solitary network organizations between different vertically disintegrated enterprises.

But how logical is going in quest of small-scale, high-technology batch production in industrializing countries? It is difficult to claim that the industrial clusterings of newly industrializing countries favor the advantages of flexible production. Rather, the industrial clusterings of developing countries attend more to the massive production of low-value added products and the success stories of industrial districts in developing countries are mainly due to low-value added export markets. And the basic motivation for developed countries in the relocation of standardized manufacturing production is the search of inexpensive sources of labor. It was also shown that the weakness of social security system and anti-labor attitude is the attractive side of industrial zones in developing countries.

A literature review on the notion of industrial districts shows that the term is not a scholarly consonant one. Rather, scholars studying industrial districts in dissimilar regions describe the notion by inductive reasoning: the concrete instances of industrial districts schematized and provided as a model. Therefore, this thesis yearns for a generalized theory of industrial districts to understand the clustering of industrial firms in the age of globalization. A recent classification of industrial districts done by Ann Markusen is taken for granted. This theory delineates industrial districts as "...a sizeable and spatially delimited area of trade-oriented economic activity which has a distinctive economic specialization, be it resource-related, manufacturing, or services."¹⁹⁷ This approach is close to embracing the industrial clustering patterns in late capitalism, the firms in the industrial district happen to have either smooth or occasional inter-firm linkages.

This attempt at generalization is also meaningful in that it includes large-sized enterprises as a leading motive in the industrial district, whether the leading vertically-integrated firm is a hub for that industrial district or an external impetus for agglomeration of small firms. This leads to an intermingling of fordist and flexible production schemes and industrial district theory is offered as a package of various industrial district practices.

In this theoretical frame, the development dynamics of Organized Industrial Zones in Turkey are examined. Organized Industrial Zones are defined as permissible regions for industrial structuring divided into parcels and provided with infrastructural investments as road, water, electricity and etc. Since their establishment, the aim has been to attract small and middle size enterprises rather than the heavy industry or the large size enterprises. These districts were planned to

¹⁹⁷ Markusen, *Sticky Places in Slippery Space: The Political Economy of Postwar Fast-Growth Regions*.

be used as an incentive for the organization of industrial activities in urban centers with a potential for development. The aim of the organized industrial zone project is in accordance with the industrial district literature. What was planned was to create an industrialization outbreak in developing regions of the country that would also condition the development of the urban center in which it is located.

Therefore, the failure of industrial district project until the 1990s can be evaluated as the weakness of small and medium sized enterprises in Turkish economy. In this new pace of industrialization, however, the industrialization of the undeveloped regions comes to order. Called the Anatolian Tigers, the recent industrialization of these Anatolian cities shows that enlargement of indigenous small firms is a valid industrialization strategy rather than the coercive orientation of leading industries to backward regions as implemented in the 1970s.

Can we assert that the industrial rush to remote Anatolian cities is a turnaround of the old industrialization practices? This is hard to claim, as long as the industrialization practices in the hinterlands of metropolitan cities are taken into account. The industrial facilities moving out of metropolis have a tendency to centralize in the peripheries of the metropolis. Moreover, the total size of industrial areas in Istanbul is also increasing rapidly. It seems that the industrialization dynamics of Turkey are still flourishing under the influence of metropolitan cities and their hinterlands.

When the consequences of the rapid industrialization experience are taken into account, Gebze should not be considered as a model for future industrialization practices in Turkey. Nevertheless, Gebze is being declared the “future of industry and an international magnet.” The boom of industrial development after the 1990s was marked by the establishment of Organized Industrial Zones in the Gebze region.

The process gained momentum, as the leading industries are coming to the region and also marking the path of their supplier and relevant industries.

What does the recent industrialization in these zones of Gebze refer to? When the unequal, asymmetrical relation between Istanbul and Gebze is considered, the process seems to be fully explainable by the push factors of the mega city in the first instance. Yet, the present day agglomeration of industry in Gebze cannot be explained by the sanctionary practices of government administration, as in the deindustrialization process of Haliç in the 1980s. The government incentives are very effective on the process, but it should be noted that the companies dare to move to organized industrial districts in Gebze if they increase their business interactions and claim to be middle scale. The development pattern of industrial districts in Gebze suits hub-and-spoke and satellite industrial district models of Markusen; that is, the settlement of leading industries attract related industries to these regions. But it is impossible to say that these are small scale industries and specializing in small batch production.

My ethnographic inquiry has been illuminating to understand how the rapid industrialization was experienced by both the people who were subject to the process and who were operative on it. Gebze is an end point that is connected to the mega city in a daily economic interaction; nonetheless, this relation has engendered a development dynamic in dependence to Istanbul. Gebze is exposed to the impact of Istanbul's industrial transformation process and for this, the province has not turned into an industrial city itself. When the notion of industrial district is considered in its Marshallian sense, what Gebze has firstly lacked is an industrial community of workers and owners; a domestic daily working life.

The capital investors and qualified workers of organized industrial zones do not intend to perpetuate their lives in Gebze. The only concern of industrial producers is the procurement of the adequate space for industrial needs and that adequate transportation facilities are provided for their trained men, who are overwhelmingly in either Istanbul or Izmit. On the contrary, for the native population, it is quite hard to find a qualified job in this dense industrial zone. These industrial facilities are established with no regard to local workers. The workers of Gebze also earn their bread by the industry, but they are often employed in unqualified jobs in industry or in the rising services sector jobs of this half million populated province. The province is very densely industrialized but “the secret of industry”¹⁹⁸ is not in the air.

Field research has also manifested the power problem in this industrial region. Istanbul industrial capital is the high authority and nobody is able to control it. Mainly, industrial investors are quite satisfied with the circumstance, as vast areas have been booked for industrial settlement and there is no direct local interference in their authority. The local administration is impotent on planning issues; even the office of the mayor is unable to interfere in the aggregation of industry. The irregular development of industry in the region is not a technical issue; it is meaningful to perceive unplannedness as an opportunity for impactful interest owners. With the recent laws on Organized Industrial Districts, the authority of industrial capitalists on the development of industry in these regions was legislated and with this legislation, the informal ties between the industrialists and local administration have been totally disaffiliated. Today, the industrial regions in Gebze are a differentiated world from the residential spaces, not only by spatial remoteness, but also in a sociological

¹⁹⁸ Alberti, "The Concept of Industrial District: Main Contributions," p. 2.

sense. But it is a matter of dispute whether this is a specialty of Gebze or whether it reflects a general trend for newly industrializing countries and regions.

One other benefit of the field research was to understand the projections about future of industry and of the province by the industrial investors and the local administration. Both industrial and administrative classes lay stress on technological upgrading and a process of transition for economic restructuring. Although the indicators are not very sanguine about the process, especially the industrialists speak about their projections of Istanbul and its environs, as if writing on a *tabula rasa* and they mention a clean, high-technology industrialization process. Although complainant about their impotency in industrial regions in the district, the local administration is also aware that Gebze is not just anywhere: the local administration also highlights the eminent level of GDP in Gebze and employment rates. This shows that the interest of all actors in the region is invested in the development of the region.

But in reality, the industrial growth has been quite detrimental to the region. First of all, vast areas of land have been opened to industrial structuring and these lands have been subject to acute land speculation. As a general economic rule, the leading players fulfill the prophecy; as they are interested in the region, all related industries start to take a strong interest in the region. Therefore, the land speculation is not without merit, but it might turn into a bloating bubble. Today, there are 14 organized industrial zones in the region with fairly low occupancy rates, but operating costs in some of the Organized Industrial Zones have reached the operating costs of industry in central business districts of Istanbul.

Nevertheless, “easy money” from land speculation is causing outlaw and marauding in the region. Interagency in industrial land purchase and sale is so

prevalent that some of the Organized Industrial Zones have been founded by non-industrial capitalists longing to possess interests from land sales. The exorbitant value of land has also attracted the attention of real estate agencies and mafia organizations.

Indeed, the industrialization process in Gebze is welcomed by the statistics manifesting productivity boost and salutary regional development data, but the destructive effects of rapid industrialization on the environment and city life of Gebze is disregarded. Gebze is definitely becoming a magnet, but the local people have been detrimentally affected from this process. For the people of Gebze, the GDP per capita statistics is not very meaningful; for them, Gebze is identified with irregular and rapid structuring, air and environmental pollution, and the risk of cancer. But still, the rapid industrialization is eventuating at a tremendous speed and the destructive effects of the process will increase as long as Gebze attracts the attention of global capital.

APPENDIX

List of Tables and Figures

Table 1: Changes in Turkish Economy (1913-2005)

	1913	1923	1950	1980	2005
Population(million)	17	13	21	45	72
Share of urban population**	28	24	25	44	68
Share of agriculture in the labor force	80	85	84	51	34
Share of agriculture in GDP	55	42	54	26	11
Share of industry in GDP	13	11	13	21	26
**Share of urban population (5000 inhabitants) in total population (percent)					
Annual Growth Rates (in percent)	1913-1950	1923-1950	1950-1980	1980-2005	
Population	0.6	1.8	2.6	1.9	
GDP per capita	0.8	3.1	3.1	2.5	
Total Agricultural Output	1.0	4.5	2.9	1.2	
Total Industrial Output	3.1	5.8	7.7	5.8	

Source: Şevket Pamuk, "Economic Change in Twentieth Century Turkey: Is the Glass More Than Half Full?" (American University of Paris, 2007).

Table 2: Export Development (1950-2004)

Yıl	Milyon \$	Endeks	İhr./Gsmh (%)	Kişi Başı İhr (\$)	Yıl	Milyon \$	Endeks	İhr./Gsmh (%)	Kişi Başı İhr (\$)
1950	263	100	7,1	13	1992	14.715	5.586	9,2	252
1960	321	122	3,5	12	1993	15.345	5.826	8,4	258
1970	589	223	4,3	17	1994	18.109	6.875	13,8	300
1980	2.910	1.105	4,2	65	1995	21.636	8.214	12,6	351
1983	5.728	2.175	9,2	120	1996	23.225	8.817	12,6	371
1984	7.134	2.708	11,7	145	1997	26.261	9.970	13,5	412
1985	7.958	3.021	11,7	158	1998	26.973	10.240	13,1	415
1986	7.457	2.831	9,8	145	1999	26.588	10.094	14,2	402
1987	10.190	3.869	11,6	194	2000	27.775	10.545	13,8	412
1988	11.662	4.427	12,8	217	2001	31.334	11.896	21,7	457
1989	11.625	4.413	10,7	212	2002	36.059	13.690	19,9	518
1990	12.959	4.920	8,5	231	2003	47.253	17.940	19,8	696
1991	13.594	5.161	8,9	237	2004	63.075	23.947	21,1	913

Source: Emre Yurdakul, "Türkiye Sanayileşme Sürecinde Organize Sanayi Bölgeleri ve Eskişehir OSB Uygulaması", (M.A. Thesis, 2005).

Table 3: Basic Indicators of Istanbul Functional Area (2000)

	Population	Employment	Labour Force	Per cap. GDP
ISTANBUL	10,018,735	3,471,400	3,977,241	10,226
KOCAELI	1,206,085	502,95	548,622	17,498
TURKEY	67,420,000	22,081,000	23,578,000	7,562

Source: OECD Regional Database, 2006

Table 4: Regional Share of National GDP by Sector

	Istanbul		Marmara Region	
	1987	2000	1987	2000
Agriculture	1.4	0.7	15.6	15.0
Manufacturing	26.8	29.2	47.9	52.1
GDP	20.7	22.1	35.3	38.0

Source: Turkish Statistical Institution (TUKSTAT) (www.tuik.gov.tr)

Table 5: Import and Export Data of Kocaeli

YEARS	Import	Export	Foreign Trade	Share in Country
	(Million \$)			(%)
2002	7.457	1.513	8.970	10,3
2003	11.208	2.765	13.973	12,0
2004	18.283	7.198	25.481	16,3
2005	22.110	8.874	30.984	16,5

Source: İl Planlama Müdürlüğü, 2005, Kocaeli.

Table 6: Manufacturing Industry in Provinces (1988-1997)

Years		Work Place %	Employment %	Labor-Work Hour %	Total Power Transformer %	Value Added %
1988	Istanbul	41.82	30.57	30.50	17.01	27.82
1992	Istanbul	40.69	30.40	30.61	16.01	28.03
1997	Istanbul	33.54	28.44	28.21	12.08	24.80
1988	Kocaeli	2.85	5.70	5.39	10.02	15.36
1992	Kocaeli	2.77	4.85	4.69	9.88	14.70
1997	Kocaeli	3.82	5.07	4.49	8.52	15.27

Source: Haluk Seftalici, and Metin Özaslan, *Kayseri İl Gelişme Raporu*, DPT, 2002, p.23.

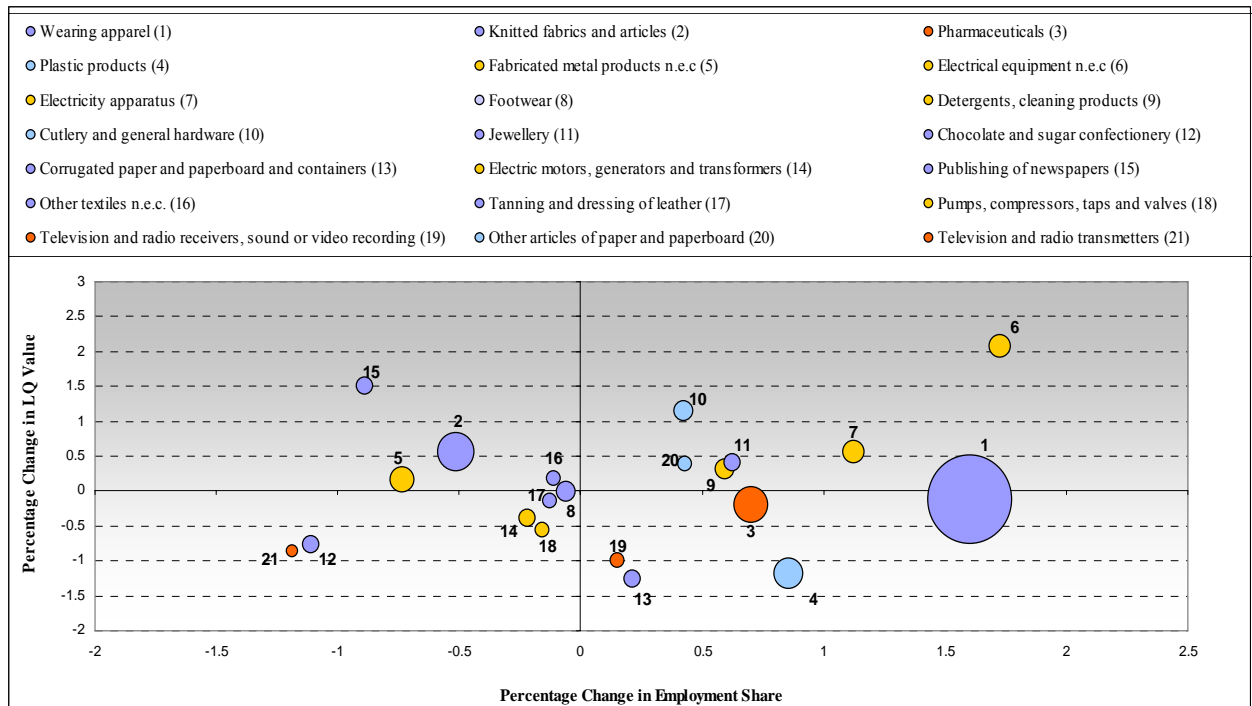


Figure 1. Change in specialisation in Istanbul: Manufacturing employment shares and specialisation changes (1995-2000)
 Source: OECD Regional Database, 2006

LQ compares the local employment levels of a given Kocaeli region to Turkey’s total. In calculation of this comparison, the employment share in one sector in total manufacturing of a given industry in Kocaeli is divided to the Turkey’s total employment share in one sector, compared to the total manufacturing of Turkey. In other words, LQ value provides an understanding for local employment capacities and the specification of the region in a given sector in comparison with Turkey. In figure, for a significant evaluation of specialization and cross-sector employment capacities, the technology levels of different sectors are also described as follows,

- High Technology
- Medium-High Technology
- Medium- Low Technology
- Low Technology

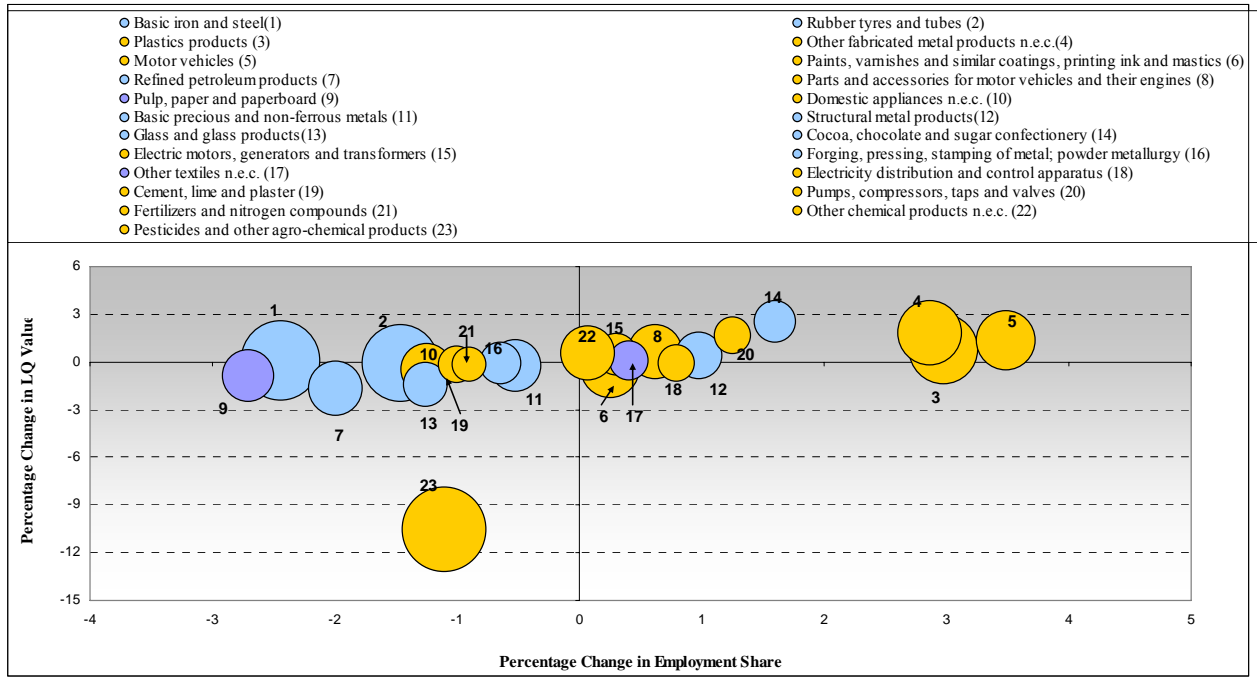


Figure 2. Change in specialisation in Kocaeli: Manufacturing employment shares and specialisation changes (1995-2000)
 Source: OECD Regional Database, 2006

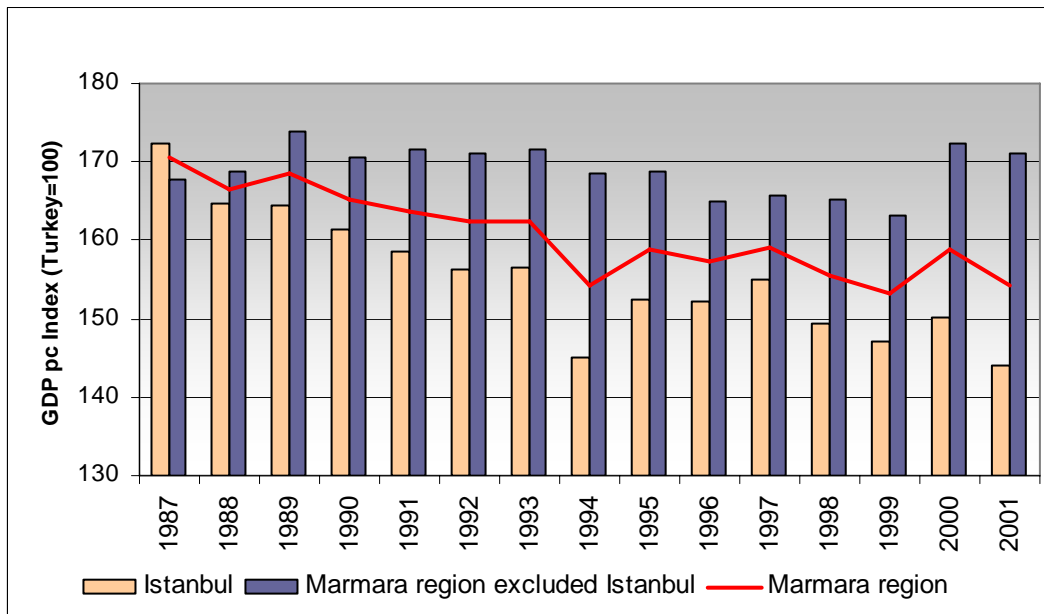


Figure 3. Evolution of GDP per capita in Istanbul and the Marmara Region (1987 – 2001)
 Source: OECD Regional Database, 2006

Changes In Completed OIZ

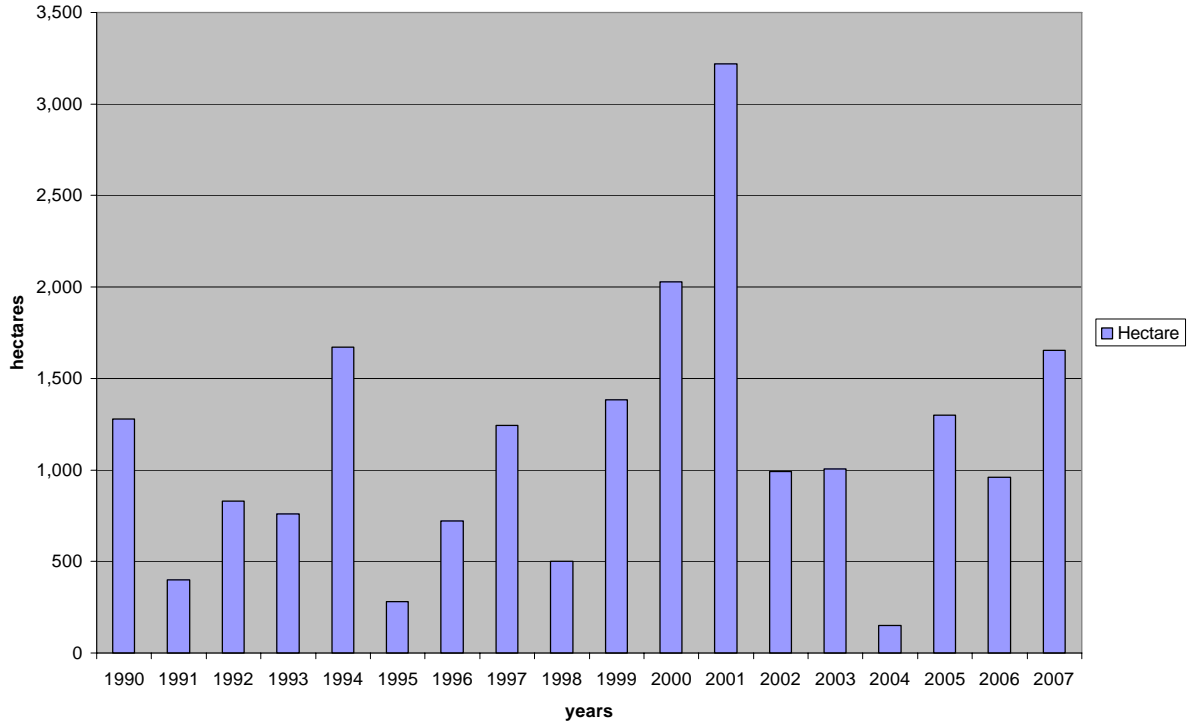


Figure 4. Changes in Completed Organized Industrial Zones (hectares)
Source: İl Planlama Müdürlüğü, 2005, Kocaeli.

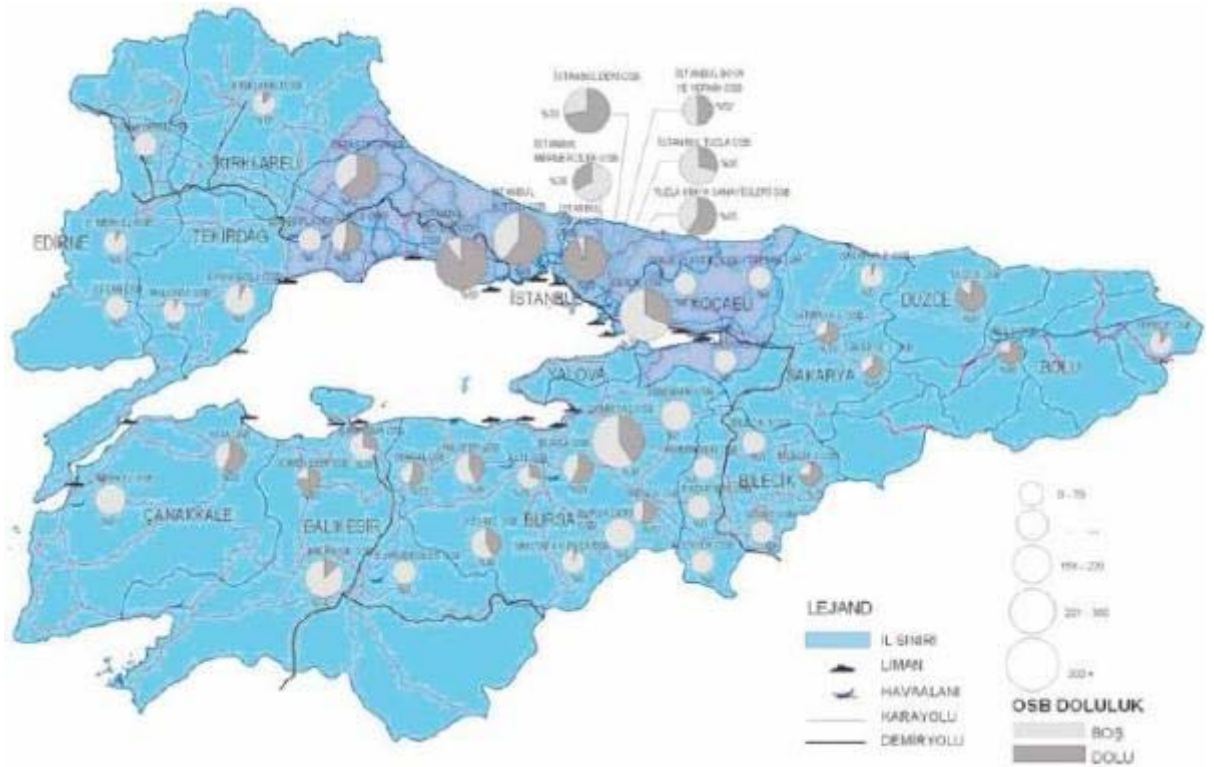


Figure 5. Occupancy rate in Organized Industrial Zones in Marmara Region
Source: Available [online]:
http://www.planlama.org/index.php?option=com_content&task=view&id=1522&Itemid=93

Table 8: Organized Industrial Zones of Kocaeli

Name of OIZ	Information about the OIZ						
	Area (Ha)	Number of Parcels	Number of Facilities in Allowed Parcels				Present Employment
			In Production	In Construction	In Project	Total	
Gebze	230	111	74	12	24	110	9100
Gebze (I.Extension)	172	74	7	3	52	62	1010
Gebze (II.Extension)	135	45	6	3	36	45	5600
Gebze (III.Extension)	500	236	On the stage of area selection				
Vehicle	279	103	21	13	4	38	3579
Gebze Plastics	120	192	57	9	10	76	-
Gebze Dilovası	820	1324	168	3	-	171	15.000
Arslanbey	94	78	5	-	-	5	-
Gebze Güzeller	130	138	2	6	3	11	163
Gebze IV. Machine	520	On the stage of planning					
Gebze V. Chemicals	244	On the stage of expropriation					
Gebze VI. (İMES)	230	262	On the stage of area selection				
Gebze Coal	On the stage of planning						
Asım Kibar	On the stage of infrastructure construction						
Alikahya	On the stage of infrastructure construction						
Gebze (Stone+Soil)	On the stage of area selection						
Gebze Yumrukaya							
Kandıra	On the stage of area selection						
Körfez Energy	On the stage of offering						

Source: Sanayi ve Ticaret İl Müdürlüğü, Kocaeli, 2005.

Table 9: The Current Situation of OIZs in Turkey

Area Selection	Expropriation	Planning	Infrastructure Construction	Business
28	25	20	51	124
248				

Source: Available [online] at: www.osbuk.org.tr

Table 10: Evolution of population shares for Istanbul and the Marmara region

	1950	1960	1970	1980	1990	2000
Istanbul	1,166,477	1,882,092	3,019,032	4,741,890	7,309,190	10,018,735
Share (%)	5.6	6.8	8.5	10.6	12.7	14.8
Marmara Region	3,097,683	5,181,850	6,837,167	9,435,210	13,295,878	17,365,027
Share (%)	14.8	18.7	19.2	21.1	23.5	25.6
Turkey	20,947,188	27,754,820	35,605,176	44,736,957	56,473,035	67,803,927

Source: Turkish Statistical Institution (TUKSTAT), 2000 Census of Population

Table 11: Distribution of Population in Kocaeli

County				Population Growth Rate	Projected Population	
	1990	1997	2000	1990-1997	2010	2020
Kocaeli	936,163	1,170,546	1,206,085	0.03192	1,772,556	2,439,071
Kocaeli Center	307,674	441,263	373,034	0.02234	589,982	737,684
Gebze	257,076	399,873	421,932	0.06311	908,311	1,707,344

Source: Gebze Belediyesi Yayınları

Table 12: Changes in Population Density between 1985 and 2000

Place	1985	1990	2000
Gebze	251	426	722
Kocaeli	205	258	334
Turkey	65	73	87

Source: Gebze Belediyesi Yayınları

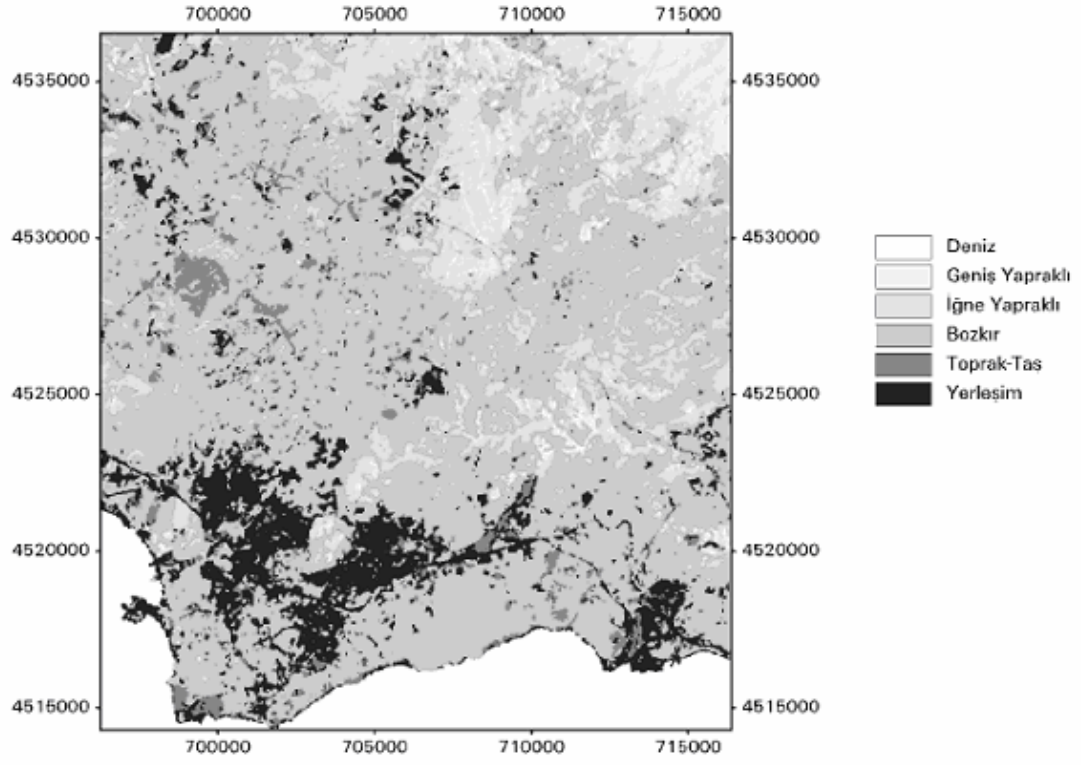


Figure 6. Settlement Density in Gebze in 1987

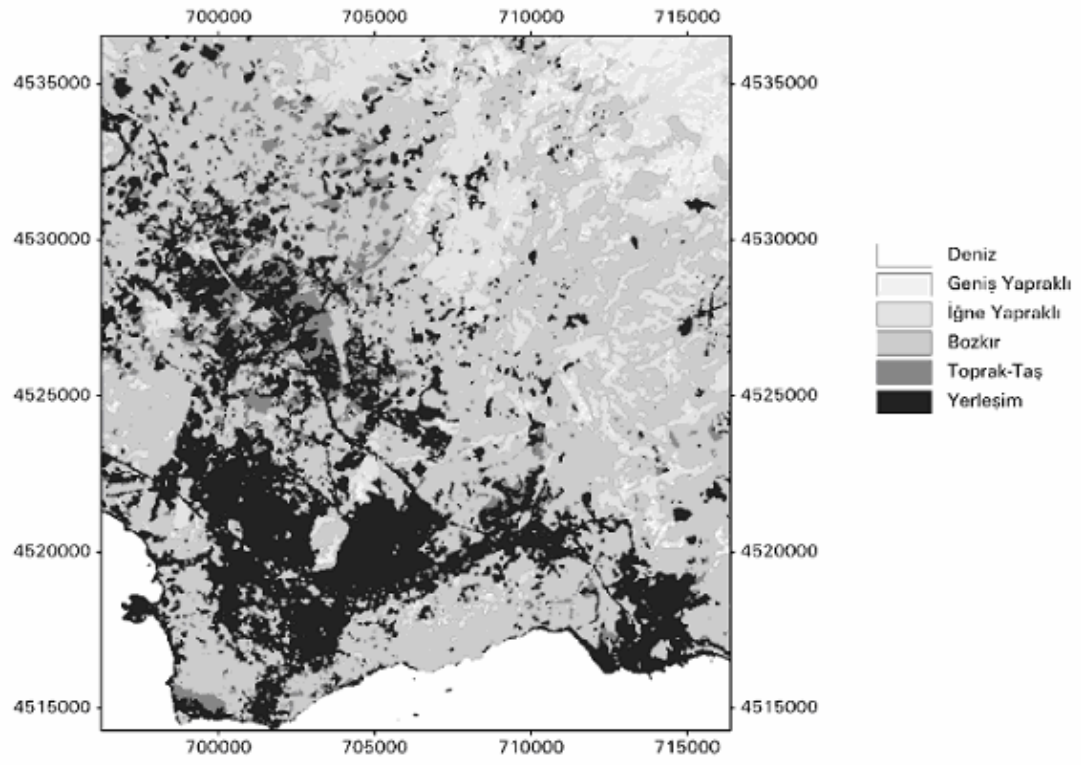


Figure 7. Settlement Density in Gebze in 2002



Figure 8. The area of TOSB in 1997



Figure 9. The area of TOSB in 2006

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