

GLOBAL CITY DEBATES AND ISTANBUL

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ABSTRACT

Globalization of world economy has serious impacts on the cities. Role of individual cities is growing. The term “global city” is used for some individual cities that have crucial controlling authorities in the world economy and finance. Istanbul is said to have the potential to be a global city in the near future. This claim is strong enough that policies for Istanbul are designed in parallel to the aim to make the city global. However, these policies created new problems and deepened the existing problems of inequality and polarization in Istanbul.

This study discusses the results of policies towards making Istanbul a global city, in terms of the changing structure of land and labour markets of Istanbul.

Keywords: Globalization, Urban transformation, Global city

ÖZET

Dünya ekonomisinin küreselleşmesi, şehirler üzerinde ciddi etkiler yaratmıştır. Şehirlerin tek başlarına sahip oldukları roller değişmiştir. “Küresel kent” kavramı, dünya ekonomisi ve finans sektörü üzerinde kritik kontrol yetkilerine sahip olan bazı kentler için kullanılmaktadır. İstanbul’un da yakın tarihte böyle bir küresel kent olabileceği iddia edilmektedir. Bu iddialar politika yapıcılar tarafından benimsenmiştir ve sonuç olarak, son yıllarda İstanbul kenti ile ilgili politikalar, kenti bir küresel kent yapma amacına uygun olarak düzenlenmiştir. Ancak, bu politikalar, şehirde halihazırda var olan eşitsizlik ve kutuplaşmaları derinleştirmiş ve bunlara yenilerini eklemiştir.

Bu çalışma, İstanbul’u bir küresel kent yapmaya yönelik politikaların sonuçlarını, işgücü ve arazi piyasalarında görülen değişiklikler bağlamında, ele almaktadır.

Anahtar Kelimeler: Küreselleşme, Kentsel Dönüşüm, Küresel Kent

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CHAPTER 1

INTRODUCTION

Çağlar Keyder wrote in the 1990s that Istanbul has the potential to be a “global city”. He claimed that cities have gained importance in the neoliberal era and cities with a well-defined and long-term vision could have autonomy from the central authority of nation-states. In this way, they can be in a race to benefit from the globalization process. Istanbul, in Keyder’s thesis, must be well-integrated in globalization policies to attract national and foreign capital, to support service sector institutions and to settle the employment and consumption structures, appropriate for a global city. Such a policy should increase the resources for Istanbul and create welfare for all citizens, as it will increase the capital flow to the city and consequently increase job opportunities and consumption.

Policies regarding Istanbul have been designed in accordance to Keyder’s thesis since the second half of the 1980s. The existing industry in the city was decentralized and the service sector was supported. Several projects were designed and implemented to attract foreign capital to the city. Luxury hotels, residences, malls and office buildings were built in order to satisfy the consumption demand of capital; and several old settlements in the city center were subject to an urban transformation. Some of these urban transformation projects are continuing despite serious criticisms.

However, as Keyder indicated in his writings in the 2000s, the transformation of the city towards globalization created unequal results for different parts of the society living in Istanbul. The structure of land and labor markets has changed much to the detriment of low-income classes. The land in the city center has become very expensive as the demand of national and foreign capital has increased. As a result, low-income people occupying these areas were pushed to the outer districts of the city. This enhanced the existing social polarization and exclusion, rather than decreasing it. Additionally, the labor market structure changed. New job opportunities were created by the service sector; but these were not secure

and well-paid jobs. The effect of globalization policies on the labor market was an increasing number of unregistered, insecure jobs.

However, the negative implications of neoliberal policies to make Istanbul a “global city” were predictable. David Harvey wrote in the 1970s (Harvey, 1999) that urban policies that do not consider the social aspects of the economy may result in negative results that enhance inequalities; because different groups of people in a society have different capacities in accordance with changing economic conditions. If a decision regarding urban life does not take into account the existing inequalities between social classes, the result can be more unequal than the former situation.

The “Galataport” Project, which is a part of the urban transformation projects in Istanbul, includes building of a cruise-port in Karaköy district on publicly-owned shoreline. The project has been on the agenda since the first years of the 2000s; although it was once cancelled by the judiciary. It is attractive for foreign capital; and it is defended by politicians for the possible amounts of capital it will bring to the city. However, the project is criticized for possible results that will contradict with the public benefit. Transfer of a publicly-owned shoreline to capital for 49 years is in contradiction with the people’s right to benefit from the seaside. Also, transfer of this land to capital groups will probably destroy (and have already begun to destroy) the work and property relations existing in the region.

The aim of this research is to elaborate the possible negative implications of “Galataport” Project on economic and social life of Istanbul, based on the past negative experiences of urban transformation and globalization policies in Istanbul and the writings of Harvey and Keyder.

In the second chapter, the writings of Keyder in the 1990s and 2000s are summarized. His policy recommendations in 1990s are explained first. Later, the negative implications of globalization policies that Keyder mentioned are dealt with. The change in Keyder’s ideas about Istanbul and globalization policies through the 1990s and 2000s is discussed.

In the third chapter, the theories of David Harvey on urban politics are discussed. His warnings about the negative results of one-sided urban policies and his recommendations

about the different capabilities of different groups of people to cope with changing economic environment are explained.

In the fourth chapter, the policies regarding Istanbul since the 1980s are discussed. The similarities and resemblance of Keyder's writings in the 1990s and the policies implied in Istanbul since then is discussed. Then, the structural change in employment in Turkey and in Istanbul since the 1980s is discussed with relevant data, about unemployment, sectoral distribution of employment and social security. The urban transformation projects and their effects on private property relations between different social classes are mentioned. Lastly, the gated communities, which have increased in prominence in the last few years, and their role in increasing social polarization are discussed.

In the fifth chapter, the scope of the Galataport Project is presented. The criticisms about the project and the legal process that prevented initiation of the project are summarized. Then, the possible negative implications of this project, in relation to employment and citizenship rights, are discussed.

The sixth chapter summarizes and concludes the study.

CHAPTER 2

HISTORY OF THE “GLOBAL CITY” ISTANBUL IN ÇAĞLAR KEYDER’S WRITINGS

In this chapter, the theses that Çağlar Keyder introduced in the 1990s about the potential of Istanbul to be global city are introduced. The policy recommendations of Keyder, in order to accelerate the globalization of Istanbul, are discussed. These theses are compared to his writings in the 2000s, when he pointed out the negative effects of globalization for different social classes. The negative changes in labor and land market due to the globalization policies, indicated by Keyder, are summarized.

Çağlar Keyder is an influential scholar, interested in economic, social and political processes that affect the fate of Istanbul. In the 1990s, Keyder was among the first scholars who wholeheartedly supported the neoliberal transformation of the city. He wrote several books and articles to explain the dynamics and characteristics of this possible transformation of Istanbul and to suggest policies for the future. In his writings he set the target of Istanbul as being a “global city”, a new center of global capitalism. However, his writings in the 2000s showed that his enthusiasm about this transformation declined in time, although not totally disappearing.

In his book *Ulusal Kalkınmacılığın İflası* (The Collapse of National Developmentalism) (1993), Çağlar Keyder has written an article titled “İstanbul’u Nasıl Satmalı?” (How to Sell Istanbul?), and underlined the new opportunities for Istanbul in the neo-liberal era. Accordingly, neo-liberalism and the globalization process could be determinant and decisive for various cities in the third-world countries, including Istanbul, by creating large amounts of financial sources for these cities and by carrying them to the upper levels in the global network of cities under capitalism. The national developmentalist policies were now seen as ineffective in the neoliberal era, and new policies were to be designed to benefit and encourage neoliberal development.

The term “global city” is used by Keyder for cities in which substantial parts of world capital are concentrated and controlled. London, New York and Tokyo are global cities on the highest level of the hierarchy. These cities are followed by Frankfurt, Paris, and Seoul, etc. Global cities are the key points of the global network of the capitalist system. Service sectors, especially banking, finance and insurance sectors are dominant. Capital flows to other regions and countries are controlled by these cities. Employees are well-educated and well-paid. Other service sectors for these well-paid employees have developed such as entertainment, residence and commerce sectors. Living standards for those well-paid employees have reached the highest levels (Keyder, 1993).

In another article written by Keyder and Öncü (1994), it is claimed that new world regions were constituted in the 1990s, due to spatial shifts of capital investments and the expansion of a sphere of organizational control. Furthermore, in Keyder’s and Öncü’s words, “...new “global cities” or “world cities” emerged at the intersection of global transaction networks, mediating between world productive activity and markets” (p. 384). These trends emerged in the 1990s, and they put Istanbul in the focus of attention. These cities then needed different policies and strategies, and accordingly, traditional concepts of urban growth, “under the aegis of strong national governments and their bureaucracies” (p. 384) were not enough be able to to exploit the newly emerging opportunities.

Keyder (1993) claimed that, if appropriate policies are applied, Istanbul can be a “global city.” He wrote that policies about Istanbul should aim to make the city a key control point of any investment in the Middle East and Balkans regions. This was so that all investors will have to utilize Istanbul’s resources of credit, banking, law and consultancy, advertisement, marketing and engineering services in order to be successful. In the article with Öncü (1994) the same role of Istanbul is stated as “the nodal point of access and control at the intersection of emergent cross-regional networks” (p. 385). However, policies in Istanbul must have a long-term perspective and independence from the central authority of the republic via full integration to the globalization processes, in order to reach to this target.

At this point, Keyder (1993) defined a dichotomy of city policies: the developmentalist and redistributive/populist tendency versus neo-liberal globalization policies. The developmentalist/redistributive policies aim to strike a balance between its citizens, helping

the poorer parts of population, especially the immigrants. The use of capital and space is designated to protect the welfare of the society as a whole. Sources of the state are spent to directly support low-income people and to control the income gap between different parts of the population. Although these populist policies are politically useful for the political actors in the short-run, they are costly as they do not consider any long term development perspective, according to Keyder (1993). The resources that are directly spent for low-income people do not create a long term solution, because they are not used in investment.

The developmentalist policies were applied in third-world countries before the 1990s (Keyder and Öncü, 1994). In these countries, cities did not have autonomy. Policies related to the big/populated cities were under the control of the state and the economy was limited by state control. The Third World metropolises were important at these times, too; but they were attributed importance in the context of the national economy. No autonomy was attributed to the individual cities, although they had an important role for the national development of their country.

Keyder claimed that populist policies were applied in Istanbul until the beginning of the 1990s. In addition to the book mentioned above (Keyder, 1993), Keyder discussed the effective political process about Istanbul since the last years of Ottoman Empire in the *Setting* chapter of another book, *Istanbul: Between Global and Local* (Keyder, 1999). In *Setting*, two turning points were described for Istanbul: 1923 and 1980. In last years of Ottoman Empire, Istanbul was a global city in cultural terms, and it was a lively metropolitan city with more than one million people from different ethnical and religious origins. The economy of the city was lively with abundant trade activities and capital flows. However, the economic basis was not strong enough. Financial consolidation was immature; transportation and construction infrastructures were unsatisfactory. The urban transformation was limited to a few parts of the city and it was designed in a fragmented manner. This was the case because the Ottoman Empire lacked both a complete view of globalization and the necessary economic resources to organize and apply a complete transformation of the city. The beginning of World War I and the following occupation of Istanbul by Allied Forces indicated the decline of Istanbul as a global center (Keyder, 1999).

According to Keyder (1999), founders of Turkish Republic wanted to exclude Istanbul from the development process of the new republic, because Istanbul was associated with Islamism and empire, which were just the opposite of the ideas of secular nationalism desired by Kemalists. An abundance of non-Muslims and non-Turks in Istanbul was appraised as a threat to nation-building process. Ankara, a small town at that time, was chosen as the capital of the new republic instead of Istanbul for these reasons. During the first decades of the republic, the non-Muslim population of Istanbul decreased due to population interchange laws, wealth taxes and chauvinistic protests and violent attacks against non-Muslims and their properties. Istanbul lost its cosmopolitan character by the 1950s and became a part of an isolated country. The end of World War II and the following era witnessed a change in policies towards Istanbul, although it was not a significant turning point (Keyder, 1999).

In the 1950s, the developmentalist policies were abundant in Turkey and Istanbul became significant as a center of industrial production. The number of immigrants to the city increased rapidly. However, there were not enough resources for infrastructural and housing construction for these immigrants; so the growth of Istanbul went hand in hand with unplanned urbanization and squatting. State allowed immigrants to use the state's land for housing (Keyder, 1999).

1980 was a turning point for Turkey (Keyder, 1999). Structural adjustment policies and liberalization policies applied in 1980s were successful in integrating the economy to the world economy. In parallel with this integration of Turkey to the world economy, Istanbul became a new focus of world capital. Several foreign banks and financial companies opened branches in the city. Trade activities boomed in the city. In the cultural sphere, international festivals and entertainment facilities attracted the world's interest. Upper income classes began to consume and live as their counterparts in developed capitalist countries. Shopping malls now sold the most expensive global brands. The luxury and magnificence of some places was able to compete with global cities.

However, Keyder indicated in *Istanbul: Between the Global and the Local* (1999) that there were still deficiencies in the production and employment organization of the city. Policies for Istanbul still had a lot more to do to make Istanbul a "global" city; because Istanbul still was a "divided city". One part of the city was integrated into the global flow of capital and settled

the appropriate class relations, employment and consumption patterns for a global city. A globalized elite class emerged. However, other part of the city was still protecting the older social and economic patterns. Conflict was inevitable between the two parts of the city, as people from the two different parts came face to face in daily life and affected each other. The transformation could be weak and risky, as long as the majority of population was not included in the changing patterns.

Keyder, as indicated in the previous paragraphs, praised and legitimized the globalization process as a great opportunity for Istanbul in his writings in the 1990s. He underlined that globalization and financial integration of the city to world capitalism would make Istanbul an affluent global city, albeit with some possible and negligible problems. He wrote that these problems should not discourage the administration of Istanbul in trying to make the city global, because “the main problem now is (was) integrating into the world economy in a better way” (1993, p.108). However, his writings about the same subject in the 2000s are not as enthusiastic as the former ones. It seems like the side effects of integration of Istanbul to the global capitalist system proved not to be so negligible; but rather they proved to be trouble-making in the long run.

In his article *Globalization and Social Exclusion in Istanbul* (2005), Keyder focused on the increasing inequality and polarization in employment, income levels and the use of built environments in Istanbul in the globalization process which began in the 1980s. Accordingly, before globalization, lower classes in Istanbul and immigrants to the city were incorporated to the city by means of social networks. The state tolerated land appropriation and illegal housing on state-owned lands, so people could find shelter. The informal sector grew to absorb immigrants. Workers in the informal sector did not have any social security, but kinship, neighborhood, reciprocity relations and political and social networks formed in shanty towns filled this gap.

Yet, the globalization process ended such relations, as Keyder indicated (2005). The population of Istanbul continued to increase rapidly (It increased from 5 million in 1980 to 10 million in 2000), but the mechanisms to absorb the new immigrants disappeared in the neoliberal era. Globalization and the end of developmentalist policies of the state created a social exclusion of low-income masses. Keyder (2005) defined social exclusion as “a failure

of social integration of economic, political and cultural levels” (p. 128). When the urban context is considered, social exclusion includes spatial segregation and inequality in the usage of space.

Two changes brought by neoliberal transformation of the city are indicated as having negative effects: the change in land market and the change in labor market (Keyder, 2005). Keyder indicated that the structure of land market changed with neoliberal era, and this accelerated polarization and social exclusion in Istanbul. In addition to the above mentioned article written in 2005, he gave a lecture at London School of Economics in 2008 (printed in 2010) and emphasized the negative effects of land market structure of neoliberal era on lower income people in Istanbul. Accordingly, the increasing capital flow to the city and increasing luxury consumption of upper-income level people created a huge demand for land. New hotels, shopping centers, trade and business center, luxury housing estates etc. needed space creation in the central parts of the city. As a result, land became extremely valuable. The new demand for space created pressure on the lands used by ordinary people and immigrants, which were allowed to build houses on state-owned areas by populist politicians in the pre-1980 era. Now, the land was so valuable, and the inhabitants were seen as exploiters of state wealth. The capitalist pressure on land resulted in commodification of that land, and people on this land were obstacles to profit.

Change in the land market was accelerated by the state. A new state agency, Mass Housing Administration (TOKI) was formed in 1990. TOKI has enormous authority on land use; it began to gradually remove the shantytowns in the center of the city under the name of protection of heritage and environment etc. and created profitable empty areas in the center for capitalist development. (Keyder, 2010) Some of these lands were given to contracting companies, and a huge amount of rent was created. These areas were improved immeasurably as consumption areas, with luxury hotels, clubs, malls, and residents, while ex-inhabitants of these towns were dismissed to the distant peripheral areas, without appropriate transportation and infrastructural services. There was now a clear line that separated those who benefited from the capitalist development and those who did not. This polarization was a result of neoliberal transformation and the end of national developmentalist policies of the state (Keyder, 2005; 2010).

The second point indicated by Keyder (2005) about the adverse effects of globalization is the change in labor market of Istanbul and its contribution to the social exclusion process. Deindustrialization and increasing dominance of service sectors, which were blessed as global city characteristics in earlier writings of Keyder, were now held responsible for decreasing formal employment and increasing de-integration of workers from the system (2005). Keyder indicated that a small fraction of new job opportunities created by global integration was upgrading. Rather, most of the newly created jobs were personal services (food, sports, entertainment, house-keeping etc.) for a high-income minority and these jobs were generally short-term, contracted and informal. Wage employment under social security was no longer possible for the majority of new immigrants to Istanbul. So, integration of millions of people to the system has not succeeded and polarization between the different parts of society is rapid.

As mentioned before, Keyder estimated the emergence of some problems in his earlier writings in 1993 and 1999. He wrote that polarization can be a side effect of globalization and integration of world capital into Istanbul. However, he did not question the sustainability of such a development process in the 1990s, rather, he strongly insisted on the inevitability of this. Keyder drew a dramatic picture for a non-integrated Istanbul. Not only Istanbul, but the whole country would have been marginalized if Istanbul lost the opportunity and decided not to have become integrated into world economy. He wrote that only the most integrated regions would have enough resources to cope with their problems; so, the “zero-sum” (1993, p. 109) game of redistributive policies should be abandoned. The capital flow to the city and the resultant development would automatically create jobs and wealth for the whole society; and the direct help to the lower-income classes by redistributive policies would be redundant. So, the resources should have been spent for attractive construction, subsidies and advertisement, in order to collect world capital (Keyder, 1993).

Keyder himself confessed in his writings in the 2000s that the globalization process did not produce a sustainable development for Istanbul and did not satisfy his earlier expectations. The resources created by integration and globalization did not result in a social welfare; rather it increased the polarization between classes. The new job opportunities were not better than the older ones. Inequality in space use in the city increased very much, that the city was now

further divided into two: living spaces of the poor that the rich never wanted to see, and the living spaces of the rich that poor people could only experience for working. So, Istanbul became a global city by excluding a majority of its population, if such a city can be named “global”.

CHAPTER 3

HARVEY ON URBAN TRANSFORMATION

In this chapter, the theories of David Harvey on the relation between urban policies and class relations are summarized. Harvey's explanations on redistributive effects of urban policies and the possible transformation of land and labor markets intensifying inequalities are discussed, with relation to the theses put forward by Keyder.

Keyder, as mentioned in the previous chapter, supported the transformation of Istanbul to be a global city in the beginning of 1990s. However, in the following years, he acknowledged that the transformation process created and intensified inequalities within the city between classes by changing the structure of land and labor markets. The transformation process was not designed well enough to prevent the increasing polarization between classes; but rather it intensified the existing polarization. Additionally, the new material opportunities and resources available for Istanbul were not used for increasing social welfare of the city (Keyder, 2005).

Keyder reviews himself and his early enthusiasm about urban transformation in the 2000s. He confessed that the new policies implemented in the 1990s in Istanbul did not create social welfare but rather increased the social polarization in Istanbul. However, the possible results of an urban transformation policy that is not designed by considering its welfare effects on different classes were formalized by Marxist geographer David Harvey in the 1970s, long before the debates on globalization of Istanbul started.

3.1 Redistributive Effects of City Policies

Chapter 2 of *Social Justice and the City* (1999) written by David Harvey in 1973 focuses on the redistribution of income in urban systems. Accordingly, urban policies should consider both the spatial aspect of the city and the social processes within the city, in order to understand the redistributive effects of city planning and other policies about the urban area. If one aspect of urban policies is neglected, the results of policies can be unexpected and undesirable.

The social processes are not independent from decisions of city planners. Any investment decision or appropriation decision taken by city planners in accordance to expectations of tendencies and preferences of people, directly or indirectly, support these tendencies and help their realization. So, it is not easy to claim that tendencies and preferences of people are independent from the choices of city planners and other authorities in the city. For example, if urban planners expect that the number of car users will increase in the future and accept this situation as given, the decision of highway construction will support the preferences of people to use cars. Actually, the number of car users will increase, in relation to the highway construction, even in numbers much higher than the expectations the planners had at the beginning. People will *really* prefer to use cars because the construction decisions accepted that they will use cars.

City planning and land appropriation for different usages are effective for social processes and distribution of real income among different groups. However, these mechanisms of redistribution of real income are not considered enough by city planners, according to David Harvey.

In order to understand the effect of planning decisions on redistribution of income, it is necessary to define the real income. Real income is not only the disposable income earned in a certain time period, but it also includes the change in values of any property rights in a certain time period. This change can be positive or negative, implying an increase or decrease in real income, respectively. The values of property rights are subject to changes due to external impacts, which are not under the control of the property owner, even not under the control of price mechanisms of the market.

Changing the locations of workplace and housing zones have redistributive effects. For example, if job opportunities are carried to suburban areas, high-income people can have the opportunity to live in luxury houses in these areas, whereas low-income people are left in the urban center with nearly no new construction and a limited supply of houses. Also, these low-income people are gradually deprived of job opportunities because transportation cost for them increases. In such a mechanism, the income is redistributed to the detriment of low-income people.

Similarly, benefit of a new appropriation decision is not distributed to the whole society equally. For example, people need green areas in cities for leisure activities. However, land in city centers is expensive and municipalities increasingly tend to carry the green parks to outskirts of the city. However, the benefit of this appropriation is not equally distributed for different groups in a city. High-income people travelling with their cars have the opportunity to go to these green areas outside city centers for leisure and sports, whereas low-income people do not. Low-income people lose their opportunity to have a good time in city parks due to this investment and planning decisions.

3.2 Changes in Labor Market

The opportunities created in a city are not utilized equally by different groups of people, if special measures are taken to save low-income groups. Keyder (1993) claimed that the city policies adopted to make Istanbul a global city should improve the living standards of people. But later he accepted that these policies created poverty for low-income people. The opportunities that global capital brought to the city were largely consumed by high-income people, whereas low-income people had to leave their houses and living spaces and to work as marginal, unsecured workers.

The reasoning of such a situation was expected and explained by David Harvey in *Social Justice and the City* (1999) He wrote that the transformation of cities has different effects on different groups of people, because different parts of an urban system have different adjustment capacities to new conditions. The richer and more educated groups are at more of an advantage as they can understand the changes and position themselves for these changes before other groups. The income inequality accelerates with urban transformation.

In another chapter titled “Class Structure and the Theory of Residential Differentiation” in *The Urban Experience* (1989), Harvey explained that there are several reasons of social differentiation between people, other than the main contradiction of capitalism, which is the conflict between capital and labor. Harvey grouped these secondary contradictions in five groups: specialization, consumption patterns, authority relations, identities and mobility possibilities. The last one, mobility possibilities, is important to understand the different impacts of city policies on people.

Mobility possibilities are the ability of people to change their bulk of knowledge and talents, geographical positions and consumption patterns in order to cope up with changing conditions. These abilities are limited by capitalist relations. An “expert” group has more chances to reach to the necessary bulk of information and talents to easily coordinate with the changing environment; whereas others will have difficulties and will get harmed by changes, rather than receive benefits.

3.3 Changes in Land Market

The change in the land market in Istanbul during the globalization process resulted in dismissal of low-income groups from the city center. Land in the city center became valuable for capital, so low-income people were driven to distant areas and the land in the center were used for the necessities of global capital, including luxury hotel, residents, offices and shopping malls (Keyder, 2005).

Harvey foresaw this situation when he wrote that the differentiation of people with different mobility opportunities will be reflected to their positions within a city (1989). This is explained under the heading “Residential Differentiation and Social Order” in Chapter 4 (Class Structure and the Residential Differentiation) of *The Urban Experience*. Accordingly, residential differentiation is not a result of people’s own choices, but they are results of capitalist production forces that rise in a given time period. Residential differentiation is necessary to continuously reproduce class differentiation. The space in which a group of people lives is where a certain appropriate type of labor is produced. People do not prefer this; they are obliged to accord with this residential differentiation in order to survive.

Keyder, as mentioned before, has criticized the developmentalist/redistributive policies applied in Istanbul before the 1980s (Keyder, 1993). He claimed that these policies were ineffective because financial resources of the state were directly spent to support low-income groups and to control the widening of the income gap within the society. He claimed that the globalization process would create big amounts of capital flow to Istanbul if redistributive policies were left and other policies in benefit of capital are designed. These new policies should support capital flow. Big amounts of financial resources would flow to the city and this would result in well-paid jobs and higher living standards. According to this idea, if

appropriate policies are implemented and capital flows to the city increased, the welfare of low-income people will *automatically* improve.

However, Harvey had shown in 1970s and 1980s, that increasing opportunities for a city would not be generally distributed to all members of the population equally. Actually, opportunities for some people can harm the others, if necessary decisions that consider all people are not designed and measures are not taken to protect the low-income people that have lower opportunities to cope with the changing environment.

CHAPTER 4

GLOBALIZATION PROCESS IN ISTANBUL

In this chapter, the effect of Keyder's thesis on policies about Istanbul is discussed. The municipal administrations since the 1980s and their adopting the neoliberal policies are explained. The change in labor sector structure in Turkey and especially in Istanbul after 1980 is discussed with related data. Additionally, the change in Istanbul land market and private property relations due to the ongoing urban transformation, and the resultant social polarization are studied.

Keyder proposed in the beginning years of 1990s that Istanbul could be a global city if appropriate policies were designed and implemented. This proposal of Keyder is reflected in the policies about Istanbul in the 1990s and 2000s. The city was transformed in the 1990s in several aspects and this transformation was in parallel to the ideas of Keyder.

Öktem wrote in 2006 that Istanbul was in a race to be a global city; however, it could not be a global city, as it does not take any place in globally-accepted city hierarchies. Öktem asks the question if the increasing unemployment, social polarization, poverty and residential differentiation in Istanbul are due to the failure of Istanbul to be a global city or are they just the results of the policies and the race to make Istanbul a global city. This is an important question.

The "global city" perspective for Istanbul has been accepted by all mayors of Istanbul since 1984; and the policies for the city were designed according to this perspective (Öktem, 2006). Not only the municipalities, but also governments that were in power after 1980 evaluated Istanbul as a tool for integrating the Turkish economy into the world economy. The 1984 election for Istanbul Metropolitan Municipality was won by the Motherland Party (ANAP). This party had strong relations with domestic and foreign capital groups. The municipality implemented some projects in favor of these groups. In this period, luxury office buildings, shopping malls and hotels were built in the center of Istanbul, in parallel with the global city form that Keyder defined in his writings of 1990s (Keyder, 1993; 1994). Accordingly, a global

city should contain luxury hotels and consumption facilities, which will make appropriate environment for international capital groups and attract world investment to the city. The service sectors that give service at world quality would be visible. These facilities should give service to high-waged employers, who are rewarded for their qualification and knowledge (Keyder, 1993, p. 104-105). Çırağan and Swiss hotels, Galeria and Akmerkez shopping malls were built in this period, in parallel to this idea of global city image. However, corruption and bribery claims about these projects have weakened the party.

The following 1989 election for Istanbul Metropolitan Municipality was won by Social Democratic Populist Party (SHP) candidate. Not totally abandoning the recent policies of ANAP, SHP tried to integrate some social considerations into the globalization policies (Öktem, 2006). However, this strategy was not successful because it could not create an alternative to neoliberal policies. The party slowed down the ongoing projects but did not stop them all or create a new way for Istanbul. SHP lost any support from the two conflicting groups of the subject: capital groups were annoyed because their projects were slowed down and their costs increased, and the opponents of globalization policies were dissatisfied by the semi-opposition by the social democrat party. SHP lost popular support and the next elections in 1994 (Öktem, 2006).

Since 1994, municipal elections for Istanbul Metropolitan Municipality have been won by conservative parties. In 1994, the Welfare Party candidate (RP) was elected. This party accepted the neoliberal trend of the world economy and proposed that Istanbul had to cope with changing economic environment and globalization. It aimed to finish the projects that were initiated by ANAP, but were stopped by SHP administration (Öktem, 2006). The policy recommendations of Structural Plan Report prepared by the municipality in 1995 were:

- to increase the number of international events in the city,
- to develop tourism facilities,
- to decentralize industrial facilities,
- to support service sectors, and
- to enhance transportation and communication facilities.

The Welfare Party was neither strong nor long-lasting, due to its conflict with the secular forces in Turkey (Öktem, 2006). The conservative politics were followed by Virtue Party (FP), when the RP was closed in 1998. Ali Müfit Gürtuna was selected as the mayor of Istanbul in the 1999 local elections.

Keyder wrote in the 1990s that Istanbul had the chance to be a global city and to attract world capital; if administrators of Istanbul had a long-term vision and appropriate policies were to be designed (Keyder, 1993). The strategy and administrative structure that Keyder suggested to make Istanbul a global city is summarized as:

Istanbul can be said to be ready to break through. What is needed for this is a forward looking perspective, a competition strategy that will mobilize the necessary resources, an institutional structure that is able to move fast and an administration that saved itself from the redistributionist populist limits and aware of the potential gains and costs of missing the opportunities (Keyder, 1993, p. 108, my translation).

The reflection of Keyder's thesis on administrators of Istanbul can be seen in a project of Istanbul Metropolitan Municipality, named "Istanbul Vision 2023 Projects", introduced by Ali Müfit Gürtuna. In these projects, Istanbul was defined as "Leader and Ruler City of Information Age". The projects were introduced with the following expectations:

The future will be made by trends. The most important trend of 21st century will be the global forces reached by universal cities. Leading cities of the future will take their energies from their visions. Today the main competition is not between cities, but between visions (cited by Yapıcı, 2005).

The definitions of the report prepared by the Municipality are very unclear, like Keyder's definitions about the importance of vision for cities in today's world. And they were obviously inspired by a thesis like Keyder's. It is believed that there is a competition among cities of different countries, in which Istanbul must participate with a "creative vision".

Since 2004, two local elections in Istanbul have been won by the Justice and Development Party (AKP). This party is distinguished by its full commitment to liberal ideals (Öktem, 2006). This party underlined that its aims are decentralization of the state, development of civil society, participatory democracy and governance, and to support competition in markets.

In parallel to these aims, Istanbul is labeled as the flagship of Turkey in full integration to world economy.

Kadir Topbaş, the mayor of Istanbul Metropolitan Municipality since 2004, said in 2011 that Istanbul has all characteristics necessary to be the regional and financial center (Başkan Topbaş: İstanbul Küresel Finans Merkezi Oluyor, www.ibb.gov.tr, 14.03.2011). Accordingly, the traditional finance centers of the world are losing their importance against the newly emerging global cities, including Istanbul. In Topbaş's words, "The way for Istanbul to be financial center is a necessity and reality created by new economies and trends of the world". He indicated that the finance sector in Istanbul is developing very fast. Istanbul has the office and real estate facilities to be a global finance center. And, he claimed that Istanbul has reached to a position to affect economic decision-making processes in Europe, Balkans, Middle East, Caucasus and the Far East. He also indicated that the interest of investors in Turkey has increased in the last years. The claims of Topbaş are parallel to the definition of a global city that Keyder explained and the aims that Keyder put for Istanbul. However, Topbaş does not comment on the changing labor market structure of Istanbul and the results of these changes.

The neglect of the results of the policies on people is the same for the urban transformation projects. AKP planned several urban transformation projects, including Zeytinburnu Urban Transformation Project, Küçükçekmece Urban Transformation Project, Haydarpaşa Urban Transformation Project, Sulukule Urban Transformation Project, Tarlabası Urban Transformation Project, Haliç Culture Valley Project, Galataport Project etc. (Öktem, 2006). Some of these projects are finished. Erdoğan Bayraktar, who was President of TOKİ until March 2011, claimed in a speech that "urban transformation decreases poverty, protects the natural resources and healthy environment. It decreases ghettoization and prevents illegal formation in shanty towns; increases job facilities and vitalizes the economy, decreases unemployment." (cited by Yoldaş, 2011). He added that the urban transformation projects will be expanded to villages and towns. However, urban transformation projects were criticized by several scholars, protested and taken to the court by people and institutions. There are several debates on the economic and social results of these projects. The following parts will focus on

the implications of neoliberal policies implemented in Istanbul on labor and land market of the city.

4.1 Structural Change in Labor Market in Istanbul and Turkey in Globalization Era

Globalization had several impacts on labor, both in the world and in Turkey. Globalization era symbolized the transition of Fordist production to the post-Fordist type of production (Uyanık, 2008). The main effects of this transition were the decreasing importance of industrial sectors versus the services sector. In labor markets, new employment styles emerged and became widespread: flexible and part-time employment became accepted.

This transformation of employment styles changed international interaction of labor markets. Globalization of labor markets was realized as a world-wide division of labor. Production was transferred to the developing countries; however, main activities that create added value, including design, research and development, were not transferred to the developing countries (Uyanık, 2008).

The transfer of low value-added production activities to the developing countries should have created “chances” for cities of developing countries, as Keyder claimed (Keyder, 1993, pp. 104-107). However, in reality, the globalization era created changes in labor markets, in the detriment of labor. These changes can be grouped under four headings, according to Uyanık (2008):

- Flexibility of Labor Market

The technological advancement of production facilities removed the need for full-time and permanent labor (Uyanık, 2008). The labor need of automated technologies changed in time, and this supported a tendency towards seasonal and temporary labor contracts. Contract labor, part-time employment and working at home via internet etc. are newly accepted forms of labor. All these types of employment decreased the responsibility of capital against labor, in terms of social security.

As a result of technological development, labor became heterogenous. A group of people have the necessary information and knowledge to use technology and they are employed in knowledge- and technology-intensive jobs for relatively high-wages and comfortable working conditions. This heterogeneity of labor is valid both for working conditions and payments of the labor force within countries, and also for the labor forces of developed and developing countries. Polarization within the labor force, in terms of payments and working conditions, is a phenomenon of globalization era.

- Increasing Unemployment

In the post-Fordist production, labor has a smaller share in the production process, related to the Fordist era; because production processes are largely automated. The labor costs of production decreased very much today (Uyanık, 2008). Unemployment, on the other hand, became a serious and permanent problem of the world; both for developing and developed countries. The unemployment rate of the world in 2007 was 5.7% (ILO, 2010). In addition to this rate of unemployment, it is estimated that 25-30% of the employed world population are underemployed¹ (Uyanık, 2008).

- Decreasing Industrial Employment

According to Uyanık (2008), the technological developments decreased the importance of industrial works and workers and increased the importance of service sector and the related knowledge. Technology is most shaped and used in the service sector. According to World Bank data, cited by Uyanık (2008), the distribution of world employment over sectors was 53% agricultural sector, 18.5% industrial sector and 26.75% in services sector in the beginning of the 1980, whereas the rates were absorbed as 16%, 25% and 59%, subsequently, in the first

¹ Definitions of employment and underemployment by ILO (International Labour Organization) “Underemployment exists when employed persons have not attained their full employment level in the sense of the Employment Policy Convention adopted by the International Labour Conference in 1964. According to this Convention, full employment ensures that (i) there is work for all persons who are willing to work and look for work; (ii) that such work is as productive as possible; and (iii) that they have the freedom to choose the employment and that each workers has all the possibilities to acquire the necessary skills to get the employment that most suits them and to use in this employment such skills and other qualifications that they possess. The situations which do not fulfill objective (i) refer to unemployment, and those that do not satisfy objectives (ii) or (iii) refer mainly to underemployment.” (ILO, 2011).

years of 2000s. The industrial production was transferred to the developing countries, low-qualified and cheap labor was abundant.

- Informal Employment

An important critic about the neoliberal era is a deregulation in labor markets (Uyanık, 2008). Informal sector is enlarging all over world, due to the financial crisis and increasing number of people fired from their jobs. Unemployed people support the existing informal sector by their labor. In informal sector, wages decline and social security system is abolished. In globalization, the formal and informal sectors became increasingly interrelated. Because, formal sector cooperates with informal sector in order to decrease the costs.

The policies suggested and implemented after 1980 included decentralization of industry, increasing support to service sectors and increasing flexible working (Uyanık, 2008; Göztepe, 2007). The effects indicated by Uyanık (2008) can be seen in the statistics showing the structure of labor market in Turkey. Göztepe (2007) wrote that, according to Turkish Statistical Institute (TURKSTAT) data of 2007, the labor participation rate of Turkey decreased from 57.5% in 1988 to 48% in 2006. Similarly, the unemployment rate in Turkey increased from ~8% in 1980s to ~10% in 2000s.

In economic terms, Istanbul is the most important city in Turkey. The largest part of employment, production and consumption are realized in Istanbul. Any economic development in Istanbul affects the whole Turkish economy. In Istanbul, the increase in unemployment after 1980s is sharper than Turkey's average. The change in employment rates in Istanbul is ignored by policy makers of Istanbul. As seen in Table 1, employment did not rise in Istanbul after 1980, when the redistributive policies were dismantled (Keyder, 1993) and neoliberal policies to make the city global initiated. Rather, the employment decreased,

both as a ratio in working age population and labor force. Unemployment rates rose substantially between 1980 and 2006.²

Table 1: Rate of Employment in Working Age Population and Rate of Unemployment in Istanbul (1980-2006)

	Rate of Employment in Working Age Population in Istanbul (%)	Rate of Unemployment in Istanbul (%)
1980*	44.7	5.5
1990*	45.3	5.4
2000*	43.8	8.9
2004	39.6	12.4
2005	41	11.5
2006	41.3	11.4
2007	40.9	10.4
2008	41.3	11.2
2009	38.8	16.8
2010	41	14.3

Source: Sedat, 2007; TURKSTAT (Turkish Statistical Institute), 2011.

*The data for years 1980, 1990 and 2000 are taken from Sedat, 2007; data for other years are taken from TURKSTAT, 2011. There are differences of calculation of the two different sources (their numbers for year 2004 are not the same). However, both types of data are useful to see the trends.

Unemployment became a serious problem of Istanbul in 2000s, as seen in the table. The rate was below 10% before 2000s, however, it is now above 10% for years, and it is an increasing trend. This is in contradiction with the claim that globalization and capital flow to Istanbul created job opportunities. When we compare the employment data for Turkey and Istanbul, we can see that indicators about employment (labor force participation rate,

² “Working age population” is the total population between ages 15-64. “Labor force” consists of people in the working age population, who wants to work. “Unemployment rate” is the ratio of unemployed to the labor force (Sedat, 2007).

unemployment rate and employment rate) are worse in Istanbul than they are for Turkey. A comparison of these indicators is given in the following table:

Table 2: Labor Force Participation Rate, Unemployment Rate and Employment Rate for Turkey and Istanbul (2004-2010)

	Labor Force Participation Rate (%)		Unemployment Rate (%)		Employment Rate in Working Age Population (%)	
	Turkey	Istanbul	Turkey	Istanbul	Turkey	Istanbul
2004	46.3	45.2	10.8	12.4	41.3	39.6
2005	46.4	46.3	10.6	11.5	41.5	41
2006	46.3	46.6	10.2	11.4	41.5	41.3
2007	46.2	45.7	10.3	10.4	41.5	40.9
2008	46.9	46.5	11	11.2	41.7	41.3
2009	47.9	46.7	14	16.8	41.2	38.8
2010	48.8	47.8	11.9	14.3	43	41

Source: TURKSTAT, 2011.

As seen in Table 2, labor force participation rates and employment rates were always lower in Istanbul than in Turkey between 2004 and 2010. The differences were slight in some years, whereas they increased substantially in 2004, 2007, 2009 and 2010. Unemployment rate was also higher in Istanbul than it was in Turkey for all years. The difference was substantial, except for 2007 and 2008. The data supports that policies applied to make Istanbul a global city could not create employment in Istanbul; the situation was worse than the overall situation in Turkey.

The employment distribution by sectors also changed after 1980. The share of service sector increased substantially, share of industry sector enlarged slightly, whereas the share of agriculture sector decreased. A summary of distribution of employment by sectors can be seen in the following Table 3:

Table 3: Distribution of Employment by Sectors in Turkey (1990-2006)

	Distribution of Employment by Sectors in Turkey (%)		
	Agriculture	Industry	Service
1990*	46.9	15.8	38.2
2000*	36	17.7	46.3
2004	29.1	24.9	46
2005	25.7	26.3	48
2006	24	26.8	49.2
2007	23.5	26.7	49.8
2008	23.7	26.8	49.5
2009	24.6	25.3	50.1
2010	25.2	26.2	48.6

Source: Göztepe, 2007; TURKSTAT, 2011.

*The data for years 1990 and 2000 are taken from Göztepe, 2007; data for other years are taken from TURKSTAT, 2011. There are differences of calculation of the two different sources (their numbers for year 2006 are not the same). However, both types of data are useful to see the trends.

However, when we come to Istanbul, we see that the employment distribution by sectors did not change much after 1970. This situation is in contradiction with the claims of Metropolitan mayors of Istanbul, who say that the finance and service sectors enlarged a lot in Istanbul. In Istanbul, the share of service sector in employment increased to 62% in 2009, to its peak. Whereas, in 2001, the share of service sector in employment in developed countries was 72% (Uyanık, 2008). The share of service sector in Turkey is lower than the developed countries and the performance of Istanbul's service sector does not seem to carry the country to the higher levels. The data of change in distribution of employment by sectors in Istanbul can be seen in the following Table 4:

Table 4: Distribution of Employment by Sectors in Istanbul (1970-2006)

	Distribution of Employment by Sectors in Istanbul (%)		
	Agriculture	Industry	Service
1970*	11.1	36.2	52.8
1980*	5.5	41.6	52.9
1990*	5.1	42.4	52.4
2000*	8.1	38.4	53.5
2004	0.5	42.3	57.2
2005	0.4	42.7	56.9
2006	0.4	41.4	58.2
2007	0.3	40.3	59.4
2008	0.4	40.1	59.5
2009	0.3	37.7	62.1
2010	0.4	39.9	59.6

Source: Sedat, 2007; TURKSTAT, 2011.

*The data for years 1970, 1980, 1990 and 2000 are taken from Sedat, 2007; data for other years are taken from TURKSTAT, 2011. There are differences of calculation of the two different sources (their numbers for year 2006 are not the same). However, both types of data are useful to see the trends.

Unemployment has risen in Istanbul, although the political authorities claimed that the city developed much due to the globalization policies. The possible reasons for such decrease in employment can be found in the change in employment structure. According to the study by Göztepe (2007), the actual working time increased, real wages decreased, unionization rates decreased and the number of working people covered by collective labor agreements decreased substantially in Turkey after the 1980s.

Real wages with regards to the Consumer Price Index decreased to 95.3 in 2006; whereas labor productivity increased to 163.1 (it is taken as 1997=100) (Göztepe, 2007). Unionization rate decreased from 67% in 1996 to 58% in 2006; and the number of workers covered by collective labor agreements decreased from 800000 in 1990 to 300000 in 2004. These figures become more dramatic if the increasing ratio of unregistered working is considered. 31.8% of

people working in Istanbul were unregistered to social security in 2006 (Sedat, 2007). All these indicators show that the working conditions and employee rights deteriorated in Turkey in the globalization era. There is not a reason to think that Istanbul was excluded from this deterioration.

Göztepe (2007) gives information about the working hours from 1988 to 2006, utilizing data of TURKSTAT. It is seen in Table 4 that the share of employed people who work more than 40 hours a week increased very much after 1980s. The 2006 data for Istanbul is given by Sedat (2007) that 96.8% of workers in Istanbul were working more than 40 hours and 64.9% were working for more than 50 hours a week.

Table 5: Distribution of Employed by Actual Working Hours in a Week (%) (1988-2005)

	<40 Hours	40 Hours	>40 Hours
1988	19.4	21.2	56.8
1995	20.3	13.0	66.1
2000	23.1	13.1	63.5
2005	16.6	11.5	68.8

Source: Göztepe, 2007.

These data show that the globalization and the policies to make Istanbul a global city did not create job opportunities for Istanbul's population. The unemployment rate increased in the recent years, in parallel to the increase of unemployment in Turkey. Increasing unemployment rates indicate decreasing bargaining power for workers and decreasing real wages. The decrease in unionization and coverage of collective labor agreements in Turkey indicates a deterioration of worker's rights and job security. Actual working hours increased in the country as a whole in the period after 1980s; and the working hours in Istanbul are much longer than the country average.

Keyder claimed in 1990s that globalization of Istanbul would create job opportunities for immigrants and low- and middle-income people in Istanbul; and make the redistributive policies by state unnecessary. However, globalization did not increase employment. It rather

decreased the job opportunities and unionization rights of workers. This figure is also indicative for the lack of social security and job security for millions of people in Istanbul. In short, globalization policies could not create secure and high-wage employment for masses living in Turkey and living in Istanbul.

4.2 Changes in Land Market and Spatial Polarization in Istanbul in Globalization Era

Urban policies to make Istanbul a global city create substantial rents for domestic and foreign capital and redistributes real income to the detriment of low-income people. In parallel to Keyder's writings (1993), the neoliberal policies applied in Istanbul created a demand for luxury consumption in Istanbul and land became more valuable for domestic and foreign capital (p. 107). The luxury consumption demand included demand for luxury hotels, residents, office buildings, malls and other service facilities, which were to be built in the city center. There is an "inflation of five-star hotels", according to Keyder (1993, p. 107). However, some parts the city center was occupied by low-income communities and industrial facilities. The increase in demand for land in the city center and the increase in land value made it impossible for settlements of low-income people and industry facilities to stay in the city center.

Industrial facilities in Istanbul city center were gradually replaced (Şen, 2006; Göztepe, 2007). They were carried to suburban (Çekmeköy, Sarıgazi etc.) or neighbor cities (Tekirdağ, Kocaeli etc.). This replacement created substantial rents as the spaces were reused for consumption facilities. Industrial facilities of Haliç, Zeytinburnu, Paşabahçe, Galata regions are replaced now, and the new plans for revitalizing these areas aim to build consumption facilities, like hotels, malls, buildings for recreational activities, etc. However, employment opportunities that are created by such facilities are less than the employment of former industrial facilities. Furthermore, the employment opportunities in such service sectors are flexible (Şen, 2006). This is in parallel to Harvey's explanation that decisions about land use must consider the redistributive effects on real income. Policies of land use in Istanbul ignore the working and living conditions of settled populations.

Urban transformation projects of Istanbul include the restoration of old buildings. For example, the Süleymaniye Project aims to restore nearly two thousand buildings in the Süleymaniye District on the historical peninsula of Istanbul (Şen, 2006).

Similar projects are foreseen for several regions for Istanbul, including Tarlabası, Ayvansaray, Yedikule, Fener-Balat etc. The transformation project for the Tarlabası district included assembly of 5-6 historical houses in one block, together with malls and hotels. However, settlers of these regions are not considered, and their property rights have not been respected. First of all, the tenants of these houses are not considered in these projects; they have to find new houses to live in. A second and more important point is the change in property rights on these houses. Once the urban transformation project is accepted, owners of these houses have two options: to pay for the restoration, or to sell the property right of the house to the municipality in return for expropriation price. As these areas are generally occupied by low-income people, it is not likely that the house owners can afford high restoration costs. In this case, the responsible municipality purchases the houses from the owners and sells them in real estate market for market prices after restoration is completed. This is a clear process of private property transfer between different social classes.

On the other hand, even though property owners do not sell their houses in the scope of urban transformation projects before restoration starts, they will have difficulties to live in these restored districts. Because, the social environment will change, as the new buildings will be more expensive. Their new neighbors will be richer, and the goods and services supplied in these districts will be more expensive. It is possible that old settlers of the districts will sell their houses due to increasing costs of living and leave these districts. This will be an indirect transfer of property rights in the restored regions, after the restoration process is completed (Şen, 2006).

The urban transformation projects are claimed by policy makers to “create new districts that high-, middle- and low-income people will live in together” (Erdem, 2006). However, this does not seem possible. Foreign capital is strongly interested in investment in these projects. It is expected, as the investment value of the Tarlabası Project is said to be 10 million dollars, excluding the land value. The property rights of these regions, traditionally occupied by low-income people are transferred to capitalist class, through direct and indirect mechanisms

supported by the state and municipalities. These are important steps that accelerate the social polarization in Istanbul.

Ahmet Misbah Demircan, current mayor of Beyoğlu Municipality said that the urban transformation project prepared for Tarlabası will make this district “the Champs Elysees of Istanbul” (cited by Erdem, 2006). This statement is explanatory for urban policies put in effect in Istanbul. The sense of “competition in the league global cities”, expressed by Keyder in the beginning of 1990s (Keyder, 1993), is adopted by the policy makers. The tendency adopted by policy makers about urban transformation projects ignores the possible social results of these projects, which displaces masses of people from their settlements. The neoliberal policies that prioritize market necessities are dominant (Şen, 2006).

Gated communities are one of the factors that triggered social polarization in Istanbul. This type of settlement became common in the city after 1990s. Çınar et al. (2006) observed that gated communities have formed mainly after the 1980s, when the neoliberal policies were implemented in Turkey and the consumption needs of newly-emerging middle class were shaped under the impact of globalization trends. The housing developments in Istanbul changed drastically in the 1990s under these circumstances, from small scale singular housing to large scale plural housing production. Gated communities emerged as a result of these changes.

The gated communities were built to satisfy the “luxury house” demand of new middle class (Çınar et al., 2006). The luxury house settlements are isolated from the exterior space with high walls and private security personnel. Apart from this isolation from outside, gated communities imply a “life style” and new consumption patterns isolated from the outer space (Özgür, 2006). In these gated communities, public space is privatized. Sports facilities, recreation areas, education facilities are special to the gated community and banned for the people outside this community. Gated communities can satisfy all their needs in their communities, so their relations with the outside decrease substantially. These communities are isolated from the municipality of that locality, too; because they finance their road maintenance, park maintenance, security etc., which are normally satisfied by the local municipalities. The gated communities become independent from the local municipality by

this way. The gated communities are not only isolated from the outer areas; but they are also isolated from each other.

Especially middle- and high- income, well-educated employees of finance and service sectors live in gated communities (Özgür, 2006). These people with an ability to pay come together to protect themselves from the possible harms of “outside” (theft, etc.), to create a socially-defined location and to protect the value of their land. However, such a social structure is not based on common social values; but it is based on the ability to pay enough money.

The gated communities both emerge within the Istanbul city center and in the periphery of Istanbul. In the city center, they consist of few tower blocks, called residences. These blocks symbolize prestige and high social status for upper-middle and high-income people. These towers are built in the recent years and their number in the city center is increasing. These towers are located in the busiest streets of Istanbul, near to the service sector axis; near Beyoğlu-Şişli-Mecidiyeköy-Levent centers. The value of these properties is very high (Çınar et. al, 2006).

On the other hand, some gated communities are located in the periphery of the city, outside the borders of metropolitan municipality. They are located in the forests of Northern Istanbul in Sarıyer, Zekeriyaköy or in Ümraniye, Çekmeköy regions. These gated communities put more emphasis on the sports facilities and environmental advantages. Also, they are free from the stricter planning and legal processes of metropolitan municipality and they can apply different planning methods. The expanding of city boundaries to the environmentally rich areas is an example of land use decision that created unequal results for different groups of people; a fact that is indicated by Harvey (1989).

A study carried by Özgür (2006) in Çekmeköy is useful to understand the formation of gated communities outside the city boundaries and the social polarization they created. Çekmeköy region is preferred mainly by high-income people for residence because it is a forested area. It is outside the city center and actually far away from it; but it is near highways, so people owning cars can reach to the city center easily. Several housing estates are built in Çekmeköy in the last years. The estates built in Çekmeköy give sports and education opportunities. However, low-income people also live in Çekmeköy outside these estates and they lack the

opportunities that those living in estates have. The public areas, roads and parks are not clean and secure. Mass transport is done only by means of buses; it is limited to two areas of Istanbul (Kadıköy and Üsküdar) and is not comfortable. There was only one public school in that region in 2006.

Özgür (2006) carried a survey in two newly built housing estates in Çekmeköy and the outer quarter, Hamidiye. Accordingly, there are substantial differences between those two groups of people, in terms of education level, employment, and private property. In the Hamidiye Quarter, 22.45% of people declared that they did not go to school, 45% of them got primary education and only 10% got higher education. However, in neighboring housing estates, these percentages were totally different; ~60% of people living in housing estates got higher education.

If employment is considered, the majority of people living in the Hamidiye Quarter were blue-collar workers (23% manufacturing, 4% building, 8% transportation and storage and only 18% are in the public service sector and finance sector); whereas a majority of people living in housing estates were white-collar workers of public service sector and finance sector (for Gökdeniz Estate, 24% white-collar workers in manufacturing sector, 38% in public service sector and 17% in finance sector; in Villa Belde Estate, 59% in finance sector and 25% public service sector). There is a significant difference in employment between those living in the closed gated communities and those living in shantytown (Özgür, 2006). Many people living in the Hamidiye Quarter said that they go to the housing estates to work; for security, cleaning and child care services. But this type of employment is not formal, registered and permanent, generally without social security or retirement payments. So, they cannot be considered as formally employed.

With respect to private property, there is also significant difference. In Hamidiye Quarter, only 64% of household own the house they live in, whereas this ratio in Villa Belde Estate is 89%. Only 65% of households have a car in Hamidiye District and no household has a second car. Whereas, in Gökdeniz Housing Estate, all households have at least one car; 64% of households have two cars and 7% of households have three cars. In Villa Belde Estate, again all households have at least one car, 33% have two cars and 22% have three cars (Özgür, 2006). Çekmeköy is located outside the city center and having a car is very important for

transportation, as mentioned before. So, the significant difference in car ownership between the two groups of people is highly indicative for inequality in life standards between those two groups of people.

The example of Çekmeköy is important to show the social polarization between people living in newly built housing estates and near to housing estates. People living near but outside housing estates are at a disadvantage, with regards to the road, park and leisure facilities, transportation services and security services. The environmental advantages of suburban residents are exploited by middle- and high-income people; while low-income people have difficulties in finding employment, reaching education facilities and having transportation services etc.

Globalization policies for Istanbul, suggested by scholars including Keyder in 1990s, included decentralization of industry and support of service sector; and urban transformation in central parts of the city, and expanding the boundaries of the city to the suburban areas. These policies were adopted by the governments and municipality administrations that were in power after the 1980s. Istanbul experienced a transformation in parallel to these policies. Industry was decentralized and the central parts of the city were subject to urban transformation policies and new settlements were opened in suburban areas. These policies are continuing. However, they did not create a total welfare for the citizens. Employment opportunities were not created enough to satisfy the increasing demand for employment, and the created employment opportunities were not secure and well-paid in general. Urban transformation projects concluded in transfer of private property rights on land in the city centre from low-income people to capital groups and high-income people. Ordinary people were removed from the city centre. This process is also continuing. Expanding the boundaries of the city created high-quality living opportunities for well-educated and high-income people, while others faced increased difficulties of transportation and living. The decisions for land use in Istanbul resulted in very unbalanced opportunities for different groups of people. In summary, the urban transformation and economic development that Istanbul experienced since the policies towards making the city “global” are applied did not contribute to the general welfare that Keyder had expected. They rather intensified the inequalities and social polarization within the city, in parallel to the expectations of Harvey.

CHAPTER 5

“GALATAPORT” PROJECT

In this chapter, first, the Galataport Project is introduced with its content. Then, criticisms against this project, with reference to both the existing laws about land use and to the planning ethics, are considered. The lawsuit process about this project is explained, with reference to existing laws. Lastly, the existing and possible impact of the project on Karaköy and Istanbul are discussed.

“Galataport” Project includes construction of a cruise port and related buildings in the Salıpaazarı shoreline area of Kabataş-Istanbul, which is located in the entrance of the Golden Horn. This area is now occupied by port facilities, transit sheds and entrepots; which were built “temporarily” in the 1950s. The buildings were planned to be temporary because construction of them was inappropriate according to development plans. However, there was a necessity for a cargo port in Istanbul. Function of the Galata port was planned to be carried to Derince or Yenikapı. However, these plans were never realized and the temporary port and buildings are still used (Hasol, 2005).

The Salıpaazarı region, where the port is located, belonged to the Turkey Maritime Organization. It was transferred to Privatization Administration in 2004. It is used as a port, and it is a customs zone. However, the port is deemed old and not appropriate for modern cruise tourism by politicians and administrators. This is why a new construction project was supported by the state. In 2001, Turkish Maritime Organization opened a tender for project preparation for this area. An architects office, Tabanlıoğlu Architect got this tender and prepared a project. This project consisted of two hotels, which would be operated by international hotel chains, and at least one of which would be five-star, apart hotels, shops, restaurants, a cinema, museums, entertainment facilities, parking areas, and related infrastructure. For realization of this project, Privatization Administration opened a tender in 2005, and the highest offer was given by Royal Caribbean Consortium (3.5 billion Euros). However, the tender was cancelled by the Council of State in 2006.

The project prepared by Tabanlıoğlu Architecture was criticized by several city planners, architects, lawyers and citizens. Chambers of Architects and City Planners took the project to the court. The critics about Galataport Project can be grouped in two interrelated groups. The first group of critics was concerned about the project's violation of existing laws and development plans. The second group of critics is more concerned about ethics and equal rights of citizens. The second group of critics is also supported by existing laws.

The provisions of the constitution of the Republic of Turkey and the Coastal Law, which were in force at the time of the project tender, are clear about the superiority of public interest in sea shores of Turkey. Article 43 constitution of Republic of Turkey is about "Utilisation of the Coasts":

ARTICLE 43. The coasts are under the sovereignty and disposal of the state. In the utilisation of sea coasts, lake shores or river banks, and of the coastal strip along the sea and lakes, public interest shall be taken into consideration with priority.

The width of coasts, and coastal strips according to the purpose of utilization and the conditions of utilization by individuals shall be determined by law. (Constitution of the Republic of Turkey, amended in 2001)

Coastal Law, which was accepted in 1990 and was in force until 2005, commanded that seashores "will be open to equal and free utilisation of any citizen." According to this law, only infrastructures and facilities to ease the utilisation of seashores by public (seaports etc.), and buildings that cannot be built anywhere else due to the characteristics of their activities (navy yards, aquaculture facilities etc.) were permitted in the seashores (Coastal Law of the Republic of Turkey, 1990). However, the Coastal Law was changed in 2005 and other facilities were added to the scope of law.

The claims of violation of laws by this project were strong enough to convince legal institutions. Union of Chambers of Turkish Engineers and Architects (TMMOB) brought a lawsuit against the Galataport Project. An attorney of the Union, Bülent Özden summarized the reasons of this law suit in a speech that he gave in "Galataport Panel" in 2006. Accordingly, the first reason of the law suit was the contradiction between the plan of Galataport Project and the Coastal Law of in effect. The Coastal Law did not allow for restaurants, rest areas and shopping malls in the sea coasts. The 1/5000 land use plan and

1/1000 implementation plan for this region were changed in order to allow for Galataport Cruise Port. Özden underlined that the term “Cruise Port Function” was newly introduced to these plans in 2004; such a function was not defined before. This term was first inserted to “The Regulations on Application of Coastal Law” (date 03/08/1990 and number 20594) in 2004, and then inserted to the Coastal Law in 2005. It was “made up” to legitimize the buildings included in Galataport Project (Özden, 2006). In an article written by Bülent Duru, a scholar of public administration, it is claimed that the amendment in Coastal Law aimed to lay a legal background for Galataport Project (and also other similar projects including Haydarpaşa and Kuşadası Ports) and to change the public priority on coasts in favor of private entrepreneurs.

A second reason of objection by TMMOB against the project was its contradiction with the “Code of Protection of Cultural and Natural Properties”. The area of Galataport Project was announced accepted as “Urban Protected Area” in 1993. So, any plan about this area must first accepted by Cultural and Natural Heritage Conservation Board of this region, before being carried into effect. However, this condition was not satisfied before the plans were published. These two contradictions were indicated in a lawsuit in the Council of State. The Council of State found this enough to stop the execution of the plans in 2006 (Özden, 2006).

During the proceedings of this lawsuit, in 2005, the Coastal Law was amended, as mentioned before. Among other amendments, the following sentences were added to the law:

Cruise ports and marinas, which is appropriate for anchoring of passenger ships that carry passengers of organized tours (cruise ships), satisfying the demands of cruise passengers with modern technology services (electricity, generator, water, telephone, internet and similar technical connection), satisfying the customs service needs of passengers, owning functions that will maximize the promotion and prestige of the country (restaurants, shops, communication and transportation units, receptions, banking services, accommodation units, office buildings), including coastal buildings and additional facilities, can be built in coastal lines (Coastal Law of the Republic of Turkey, 1990, amended in 2005, my translation).

In the Galataport Panel carried out in 2006, an architect from the Chamber of Architects, Mücella Yapıcı underlined the same definition added to the Coastal Law in 2005. Accordingly, the law allowed the construction of five-star hotels, restaurants and office buildings in all shores of the country, as “tourism facilities that will improve the promotion

and prestige of the country". Yapıcı asked the meaning of this definition; how will the promotion and prestige of the country be improved? Obviously, this definition is not specific, it is open to questions, and Yapıcı claimed that it is not an appropriate term for a legal text (Yapıcı, 2006).

The violation of laws by this project was successfully revealed by TMMOB. However, there are other aspects of criticism, including planning ethics and social ethics, which were mentioned by several scholars. One of them is Hasol (2005), who underlined that the project included a transfer of a publicly-owned coastline to the private sector for 49 years³. Hasol indicated that coast lines should be opened to public usage with low density of buildings, in order to protect the historical fabric. Planned high buildings and cruise ships would abandon the relationship between the land and the sea. Forecasted traffic, which would possibly be created by thousands of cruise passengers, is said to be an overburden for this area. Such a project that will put the coast under private property for many years and that will create a traffic burden for an historical area is not acceptable for ethical reasons. This will exclude public from this area and will prevent the right of citizens to utilize the coast line.

A polarization is said to be created by Galataport. This is confessed in the words of Ahmet Aksu, who was (and still is) vice president of Privatization Administration. He said, according to newspapers, that privatization of the port will attract high income tourists and create economic value (Selvi, 2010). However, if this happens, public utilisation of seashores will not be possible in such an environment. The facilities for high-income tourists and high society would possibly be expensive enough to exclude the majority of the society from those places.

Galataport Project has already had some consequences, although it has not been started yet. Aksu stated in 2010 (Erdil, 2010) that 80-90% of workplaces in the Karaköy region were emptied by their owners. The properties of these regions have been transferred to capital groups. The old building of the Regional Directorate of Foundations (a state agency) and Kozluca Han owned by Regional Directorate of Foundations were sold to a capital group in

³ Lawyers Association (Hukukçular Birliği) has opened a lawsuit against Galataport Project bid with the claim that implicit clauses of the bid potentially increased the 49-year rental period of the region to 149 years (Galataport için bir dava daha, *Hürriyet*, 19.10.2005). This lawsuit was reported in media; however, the result of the lawsuit did not appear in any news.

2009. According to a newspaper article (Ataselim, 2010), the re-vitalization of “Galataport” project boosted the real estate market in Karaköy. Office buildings have been sold to be converted to hotels. The value of these buildings increased very much when the project was announced; it is written that international capital groups (including Hilton) are interested in those areas. This is an example of two subjects raised by Şen (2006): first, the employment in this region is changed from manufacturing to service, which is highly unsecure; second, the private property rights on this region are transferred from the state and individuals to international and national capital groups.

The “Galataport Project” is one part of the urban transformation policies that were designed to make Istanbul a global city, by attracting the world capital. However, the project will contribute the social exclusion and inequalities existing in Istanbul; because it will violate the right of people to benefit from the shoreline and it will destroy the property and employment relations in a district. These effects can seem negligible; but, if considered together with other projects ongoing in Istanbul, it can be understood that Galataport Project will be a part of policies that will destroy the existing values in Istanbul.

CHAPTER 6

CONCLUSION

Keyder proposed in the 1990s that Istanbul can be a “global city”; which is one of the world centers of finance and service sectors, if redistributive policies are left by state agencies and a long-term perspective to attract capital is designed and implemented. However, when we came to the 2000s, Keyder accepted that the policies to make Istanbul a global city produced some undesired results. The policies decreased the chance of low-income people to find secure and well-paid jobs. Furthermore, the increasing demand for land in Istanbul broke up the social and economic relations that low-income people survive on. As a result, there emerged “two Istanbul”s. In one part, owners of domestic and foreign capital and their well-paid workers, constituting a minority, lived in luxury houses in the best places of Istanbul, and consumed luxury goods and services. In the other part, low-income people could not consume the goods and services that became available; rather they lost their houses and lands in the city center and they lost their chance to find well-paid, secure jobs. The welfare, created by the globalization policies and increasing inflow of capital to the city, was shared by only a minority.

Harvey wrote in 1970s, and later in 1980s, that urban policies should consider the possible effects of economic and urban transformations on different social groups. He wrote that urban policies have the potential to redistribute income among people. High-income and well-educated groups of people are able to benefit the new opportunities, whereas low-income people do not. If urban policies do not take into account the differences of people’s ability in benefiting new circumstances, they can only exaggerate the existing social polarization. That is what happened in Istanbul, after the 1980s.

Since the 1980s, when redistributive/populist policies were abandoned in parallel to Keyder’s recommendations (Keyder, 1993), Istanbul has changed. The demand in the land and property market has increased substantially because capital owners were attracted to the city. Low-income people, who owned houses in the city center or illegally lived in the shanty towns, were dismissed from their housings. The urban transformation projects were used as the legal

basis to force people to leave their houses. The state agencies and municipalities took control in this process of property transfer.

On the other hand, the industrial facilities and workplaces were gradually spread out of the city. The new job opportunities created in the city center instead of industrial employment, were short-term service employments, which were not well-paid. Service sector employment is well-paid when it requires education and specialization. But, much of this type of employment is low value-adding, oriented to the services like cleaning, catering and accommodation demands of high-income people. These jobs do not necessitate much specialization and permanence. So, people employed in these services are neither job-secure nor well-paid. Part-time and unregistered types of employment have become common in the Istanbul labor market, when the deindustrialization was applied and the policies were designed to attract capital. On the other hand, unemployment became a serious problem of Istanbul. Unemployment rates in Istanbul are higher than the Turkey average.

The negative changes that are seen in the land and labor market in Istanbul are against the well-being of the majority of people. The “Galataport” Project is one the projects that will exaggerate the negativity of urban transformation policies. It will be against the public right to utilize the public areas; and it will change the employment and property pattern of a region in Istanbul. Therefore, it should not be realized.

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