‘We are in the same boat’: Making sense of labour’s politics of consensus in Turkey in the context of global crisis

Umut Bozkurt

This paper aims to investigate the impact of the recent global crisis on labour-capital relations in Turkey. It will argue that post-crisis industrial relations in Turkey represent the culmination of a trend that started in the 1990s characterized by a compromise between labour and capital and new forms of concerted action for the sake of a competitive economy. This politics of consensus became manifest in the labour unions’ discourse on the survival of the workplace, epitomized by the notion; ‘we are in the same boat’. This attitude on the part of labour unions took root in a context defined by de-industrialization, decline in unionization recurrent financial crises and logic of competitiveness that is simultaneously pushed by the big bourgeoisie in Turkey and IMF and the EU. The paper will assess how the global crisis in interaction with the above cited factors reproduced labour’s conformist attitude and how this attitude manifested itself in critical conjunctures in Turkey’s recent industrial relations.
Introduction

World economy is going through one of the most serious crises since the 1930s. In April 2008, the International Monetary Fund (IMF) observed that what is experienced is the ‘largest financial crisis in the United States since the Great Depression’ (McNally, 2009: 35-36). Yet it soon turned out the financial crisis is not peculiar to U.S and shook the UK, the Eurozone, East Asia, and the economies referred as the ‘emerging market economies’ as well as paving the way for devastating national and regional crises in Iceland, Hungary, Latvia, the Ukraine and Pakistan. Neither can the crisis be defined as a simple financial crisis as it had destructive impacts on the ‘real economy’. The crisis started in the construction, -auto and –electronics sectors and it quickly spread to all manufacturing industries and spilled across the service-sector (McNally, 2009: 36).

World trade fell dramatically contracting for the first time since 1982. US merchandise-trade declined by 30 per cent in December 2008, while China’s imports dropped 43 per cent a month later. In January 2009, exports from Japan and Taiwan declined by shocking 45 per cent. The US economy is now contracting at an annualized rate of more than six per cent while the Japanese economy is contracting by twelve per cent (McNally, 2009: 35-36). During 2008, the IMF was compelled to revise its growth projections for the world for the year 2009 three times, which was initially declared as 4.4%, yet was to drop to 2.4% in November and then to a mere 0.5% in late January of 2009 (Yeldan, 2009:1). “Considering the well-accepted notion that for the world economy a rate of growth below 2.5% is taken by many economists as the threshold for “global recession”, the grim reality behind these numbers becomes clear” (Yeldan, 2009:1).

Like any other crisis, this crisis intensified the contradictions between capital and labour. One consequence of the economic recession turned out to be capitalist firms’ compulsion to restructure workplaces and challenge union contracts as required by competitive imperatives. Hence the global crisis made employers more militant in their demands for wage austerity and concessions (Albo, 2009). Work is intensifying as workers are pushed to give up time-off, holidays and work breaks. Furthermore,
capitalists are increasingly using the threat of bankruptcy proceedings to demand sharp cuts to wages and benefits (Albo, 2009).

Hence the crisis will build on what is now a three decades old ‘employers offensive’ that emerged in the late 1970s as capitalists attempted to restore company profitability and control over the labour process in response to falling rates of profit and union militancy (Albo, 2009). Neoliberal policies implemented since the 1980s and measures like increased labour flexibility, curbing real wage gains for workers and breaking a linkage between productivity gains and annual wage improvements, shifting production into low-wage, weak-union production zones were all strategies aimed to boost profitability (Albo, 2009). In this sense the underlying logic of capitalist strategies and government policies implemented during the recent crisis remains shifting the share of new value produced toward company profits and away from workers’ wages and expanding public services. In other words, these strategies are ‘attempting to reconstruct neoliberalism as the basis for again restoring capital profitability’ (Albo, 2009).

How effectively these strategies can be put in force depends on the resistance manifested by the working class. In some settings, global crisis ignited powerful social struggles. For example the government of Iceland has been toppled as a result of social upsurge against IMF driven austerity (McNally, 2009: 78). Similarly government fell in Latvia as a result of the crisis. There have been widespread revolts in Greece and throughout the EU, with millions in the streets. The crisis led to general strikes in Guadeloupe and Martinique, the French Antilles (Whitney, 2009).

A significant ‘emerging market economy’, Turkey severely experienced the crisis. Although there have been sporadic rallies and marches during 2008 and 2009, it is hard to depict an organized resistance against the capitalist offensive that aims to surmount the crisis by forcing labouring masses to pay the price for the global downturn. This paper will argue that behind labour unions’ failure to pioneer a comprehensive struggle against neoliberal policies in Turkey, lies their conformist position. Rather than challenging the system based on surplus-value appropriation, labour unions are engaging in a compromise with the capital in the name of ‘social peace’.

This conformist position that is symbolized in the statement ‘we are in the same boat’ is a product of a context characterized by de-industrialization, unemployment,
decline in unionization and recurrent financial crises that are the legacies of Turkey’s introduction to neoliberal globalization in 1980. In an attempt to explain the dynamics behind labour movement’s politics of consensus, the paper will assess five periods 1981-1989, 1989-1991, 1992-1994 and 1995-2008 that represent important phases in the relationship between capital and labour. Having assessed these periods, the paper will end with a conclusion that pulls the strings together.

The aftermath of the 1980 coup d’état: strict capital/state control over labour (1981-89)

12 September 1980 coup d’état started a new era in Turkey that can be defined as a simultaneous process of political authoritarianism and economic liberalism. On the one hand, the architects of the coup carried out a massive restructuration where they dissolved all political parties, banned trade unions, carried out large-scale purges in the civil service and provided for an enlarged role for the military in politics. On the other hand, the military regime implemented a stabilization package in an environment where all groups that could potentially resist these economic policies were silenced. This stabilization package was differentiated from earlier adjustment periods in the sense that it aimed at a permanent transformation of the economy and the nature of state-economy relations in Turkey (Baysan and Blitzer, 1991: 10; Tüzüün, 1986: 54). It envisaged a reduction in government involvement in productive activities and an increased emphasis on market forces: the replacement of an inward-looking strategy with export promotion policies (Öniş and Kirkpatrick, 1998: 128; Gülfidan, 1993: 49). Neo-liberalism became the new order of the day, with foreign trade and financial liberalization, cuts in state expenditure on social services, capital account liberalisation, deregulation and privatization taking the place of the state interventionism (Aydın, 2005: 44, 246).

The Left and the working class movement, which had reached a high level of political maturity by the end of the 1970s, were repressed ferociously. The impact of the coup on the labour unions was severe. The activities of DISK (Devrimci İşçi Sendikaları Konfederasyonu) (Revolutionary Workers Union Confederation) that developed an active, militant struggle that advanced class interests in the seventies was suspended. Much smaller extreme right wing MİSK (Milliyetçi İşçi Sendikaları Konfederasyonu)
(Nationalist Trade Union Confederation) and Islamist oriented Hak-İş (Hak İşçi Sendikaları Konfederasyonu) (The Confederation of Turkish Real Trade Unions) were banned. Although the major labour confederation Türk İş was allowed to survive\(^1\), the activities of some member unions were suspended. DİSK could not start its activities until 1991 whereas MİSK could not regain its power again and Hak-İş could only be effective in the 1990s within the new political conditions of post-1980 Turkey (Türkiye Ekonomik ve Toplumsal Tarih Vakfı, 1998: 459).

Military dictatorship lasted until 1983 when the junta started a gradual, controlled and limited political liberalization (Sayarı, 1996/97: 32-33). The elections led to the victory of ANAP under the leadership of Turgut Özal (Ahmad, 1993: 190; İba, 1998: 269). Özal was the leading actor in the economic liberalization process throughout the 1980s (Sayarı, 1992: 29; Ahmad, 1993: 183). His government initially demonstrated a strong commitment to economic liberalization. In this period, the ANAP government showed little interest in advancing the democratic process (Ahmad, 1993: 193). There was no attempt to amend the undemocratic laws such as trade unions law, the higher education law, the laws on elections, political parties and the press law inherited from the military government (Saybaşılı, 1992; İba, 1998).

Indeed, this was the secret of the so-called economic success of ANAP until the second half of the 1980s. In this sense, the continued moderation or suppression of wage demands was a critical factor in keeping domestic inflation below the rate of exchange depreciation in the mid-1980s. ‘From 1982 to 1988, industrial wages rose less than domestic inflation and exchange depreciation in every year but 1987, leading to declining real wages’ (Öniş and Webb, 1998: 353).

Authoritarian rule came to a complete end in 1987 with the lifting of the ban on political leaders of the pre-1980 era (Ergüder, 1991: 157; İba, 1998: 270). This development had a significant impact on ANAP’s decline that experienced a significant drop in its votes in the municipal elections of March 1989 (Kalaycıoğlu, 2002, 49). The

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\(^1\) Türk-İş was supportive of the 12 September intervention. The most overt support that the Türk-İş gave to the 12 September administration was when Sadık Side, the general secretary of the confederation, took part in the National Security Council government as a minister (Türkiye Ekonomik ve Toplumsal Tarih Vakfı, 1998: 459). Side’s performing two tasks at the same time brought forth criticism of Türk-İş taking part in the practices of the military administration. (Türkiye Ekonomik ve Toplumsal Tarih Vakfı, 1998: 459).
The main reason for ANAP’s downfall was the growing public disenchantment with the government’s management of the economy. This was hardly surprising as the full extent of the ravages of the economic policies pursued became visible by the late 1980s. These policies led to a weak, crisis-ridden economy characterized by deindustrialization, the influx of speculative capital flows, low growth and high rates of unemployment (Sönmez, 2003: 26; Türel, 1998:155; Kepenek, 1990: 380).

The most important problem the Turkish economy faced after 1980 turned out to be the decline of industrialization. Industrial investments of the public sector decreased significantly because of large scale privatizations of the State Economic Enterprises (SEE) (Sönmez, 2003: 26). Even before the privatizations these enterprises had been effectively condemned to extinction because of the lack of investment and of technological innovation. According to Türel,

> the withdrawal of the public sector from productive activities is at the bottom a natural corollary of the orientation of structural adjustment to have Turkish manufacturing industry concentrate in labour-intensive industries that utilise less capital and technology of lower complexity. What all the successive administrations since the 1980s have done is to lay this sector gently to its death bed (Türel, 1998:155).

Although not to the same extent, there has been a decline in private sector’s investment in manufacturing. An important reason behind this tendency was that capital fled to the commercial and financial sectors rather than remaining in the productive sector as a result of the high interest rates after the 1980s. A consequence of this was that the industrial sector continued to be characterized by weak capital stock, low productivity and low technology (Aydıın, 2005: 46).

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2 In 1960, 50 per cent of fixed investments were carried out by the public sector. This figure rose to 54 per cent in 1985, yet decreased to 43 per cent in 1990, 18 per cent in 1995, rising slightly to 32 per cent in 2000 (Sönmez, 2003:17).

3 Yet, an important feature of this era needs to be noted. Public investment continued to be a dominant form of capital accumulation throughout the 1980s because the composition of public investment shifted dramatically away from manufacturing into infrastructural activities. Throughout the 1980s, the public sector continued to account for more than 50 per cent of total fixed capital formation (Öniş, 1992: 13). The share of the SEE sector in GNP rose during the structural adjustment period, from 15 per cent in 1980 to 20 per cent in 1986, and the SEE share of total investment increased from 33 per cent in 1981 to 40 per cent in 1985 (Kirkpatrick and Öniş, 1991: 29).
Not surprisingly, the economic policies pursued led to an increase in the number of unemployed as well as worsening the gap between the rich and the poor (Sayari, 1996/97: 37; Öniş, 1998: 24). The unemployment rate rose from 12.7 per cent in 1978 to 18.8 per cent in 1983 (Kepenek, 1990: 380). Another problem that surfaced in the second half of the 1980s was the rising inflation rate (Sayari, 1992: 39; Ergüder, 1991: 161) which rose from 29.6 per cent in 1986 to 69.6 per cent in 1989 (Tokgöz, 1997: 179). It needs to be reminded that the relatively low level of domestic inflation in mid-1980s could be accomplished due to the junta’s suppression of wages.

In this respect, it is important to emphasize that labour has borne the whole burden of the economy’s adjustment to the export-oriented growth model (Onaran, 2002:181). Research made on the manufacturing industry reveals that the most important structural problem in the post-1980 period was that the rise in real wages lagged behind worker productivity (Yeldan, 2003). According to a study on the course of the productivity of labour and wages in the manufacturing sector, despite a 160 per cent rise in average value-added per worker between the years 1980-1996, real wages only reached their level of 1980 (Özer and Ercan, 2002: 167). Boratav underlines that the share of wages in industrial value added fell in uninterrupted fashion from 37.8 per cent to 15.4 per cent from 1979 to 1988 (Boratav, 1994: 152-153 cited in Akkaya, 2002: 140).

The economic policies pursued after 1980 not only led to declining wages but they had some crucial impacts on the labour markets. The flexibilisation of labour markets and the adoption of new forms of labour control have been crucial features of this era. The most salient aspects of this new trend have been the increase in the use of new techniques for the organization of production and the upsurge in subcontracting (Özer and Ercan, 2000: 165). Due to concentration in those industries that rely primarily on cost competitiveness, protective measures directed to the labour market are progressively being regarded as factors that raise costs and put employment in jeopardy. In the context of the flexibilization of labour markets, firms are increasingly having recourse to temporary, part-time and contingent hiring and opt for subcontracting schemes (Özer and Ercan, 2000: 165).
The zenith of the Labour movement, with weakening Capital/State control over Labour (1989-91)

The demands of the working class could only be controlled within the post-coup settlement until 1989. It was becoming increasingly difficult to sustain the accumulation model based on wage suppression as the workers were getting politicized by the end of the decade. The intransigent attitude of the government further contributed to the militancy of the working class. Throughout the 1980s, Türk-İş’s attempts to set up good relations with the government found no response from the ANAP government which preferred confrontation to cooperation (Akkaya, 2002: 138). By the mid 1980s Türk-İş was pushed to change its conformist position by the constant decline in real wages and the government’s tough stance concerning problems experienced by the unions. Starting with 1986, workers started to move to action. They avoided strikes that were heavily disciplined by the new legislation and resorted to action that would not harm production. Yet the real breakthrough came in 1989 which witnessed a wide array of workers’ action referred to as the ‘Spring Actions’ (Akkaya, 2002: 138).

The 1989-91 zenith of Labour movement comprises three major events, namely, the collective actions of some 600,000 public sector workers (March-May 1989); the 137 days long, 24,000 strong iron and steel strike in Karabük and İskenderun (May 4th-September 17th, 1989); the 48,000-strong strike of Zonguldak miners (November 30th, 1989), and; the 70,000-strong Great Miner’s March on Ankara (January 4th-January 8th 1990) (Aslan, 2006:3). In this period, the sense of illegitimacy/injustice was not only felt by the public sector workers, but also people who belonged to other classes and strata. In the Eighties, the level of wages was way too low to even meet the needs of physical survival. Therefore, as Aslan emphasizes, the discursive advantage was on the worker side, with various sectors of the society seeing illegitimacy/injustice in the public sector (2006:77).

In this sense, the year 1989 should be defined as a year of ‘distributional conflict par excellence, between Capital/State and Labour’. In the words of Aslan, ‘Distributional conflicts involve the transformation of distributional relations by the mediation of class struggles’ (2006:5). In this sense, the immediate locus of the class struggle is the sphere of production itself involving the determination of wages. Aslan adds that class struggles
are ideological/discursive struggles, too (Aslan, 2006:5). On the one hand, the erosion of Capital/State control over Labour in the years 1989-91 was a consequence of the increasing independence of Labour within the sphere of production. On the other hand it was related to Labour’s transitory superiority in the ideological/discursive domain. As the existing empirical material —such as activist accounts, the media, union and employer media— reveals Labour’s collective power at the workplace level was strengthened at the time whereas ‘public’ sympathy for workers’ cause, and, workers’ discursive advantage over employers and politicians was on the rise (Aslan, 2006:5).

The distributional conflict manifests itself in a number of strikes and resistance actions in the years 1989 and 1990. According to Petrol-İş (1990: 265 cited in Aslan, 2006:3), the year 1989 was to be recollected as the year of labour resistance and strikes, with the largest turnout of defiant workers and public-sector strikers ever, since 1963. Çalışma ve Sosyal Güvenlik Bakanlığı (Ministry of Work and Social Security) data reveals that strikes by 30,000 public sector workers accounted for 78 % of the total working days lost (Aslan, 2006:3).

1990 and 1991 were the high points of the post-1989 strike wave: In 1990, 58,616 public and 107,690 private sector workers went on strike, and, in 1991, 62,528 public and 102,440 private sector workers (Petrol-İş, 1992: 202). These years were also characterized by lay-offs and capital’s offense to deligitimize workers’ actions. Petrol-İş data (1991: 336, 338, 343; 1992: 28 cited in Aslan, 2006: 84) reveals that the estimated number of lay-offs was 94,490 in 1990 and, 136,804 in 1991. Lay-offs were particularly extensive in textiles, metal, leather, petroleum, chemicals, and, rubber industries, with Türk Metal-İş, for instance, reporting 4,500 lay-offs in 1990. Between June 1991-March 1992, the TÜRK-İŞ textile union Teksif reported 15,785 lay-offs (Aslan, 2006: 85). Aslan underlines that lay-offs predominantly targeted leading union activists who were to be replaced by non-union, tacheron, temporary/seasonal labour (2006: 84). Furthermore, a major development of the time was the effective use of the media to discredit the public legitimacy that workers’ actions had earned in the process. The government initiative to break the Hava İş strikes in 1991 at the national Turkish Airlines and HAVAŞ (the national ground services company) and media campaign against the Belediye-İş strikes at the municipalities can be given as examples. It should also be underlined that after 1990,

The year 1991 witnessed the acceleration of strikes, other forms of resistance, lay-offs, and, tacheronisation. Around 200,000 workers were sacked from mid-1991 to mid-1992. The most important consequence of lay-offs and tacheronisation was that it weakened union organisation especially in the private sector. The average wage level fell. De-unionisation turned into a major concern for unions. Several ways of de-unionisation were at work, such as the extension of the so-called uncovered personnel—workers and employees which were placed outside the collective contract coverage by the law, and, tacheronisation. (Aslan, 2006: 86).

**The downswing of the Labour movement together with capitalist attempts to regain control over Labour (1992-94)**

By 1992, the total number of strikers in public and private sectors dropped, respectively, from 62,528 and 102,440 in 1991, to 57,464 and 4,725 in 1992 (Petrol-İş, 1993: 270). The labour movement did not fare well in terms of the total number of resistance actions in 1992 either: the total number of resistant workers was a mere 400,271, as opposed to 2,681,653 the previous year (Petrol-İş, 1993: 279). Hence it is possible to argue that the years 1992 and 1993 were a time when the balance of power slowly started tilting towards Capital/State, with attempts by the latter to regain control at the level of the workplace, and, in the ideological/discursive realm.

A number of reasons seem to be at work in this decline; retreat of TÜRK-İŞ and other confederations and unions from direct action, low levels of solidarity and the consequential isolation of actions to individual workplaces; the massive lay-offs following the actions and the liquidation of leading workers by employers. The influence of capitalist interests on the media should also be noted. As example, the heavy propaganda bombardment against municipal workers and the THY workers led to open public reaction against the municipal workers whereas Hava-İş was forced to hold a ballot and to call the strike off (Petrol-İş, 1993: 279-80 cited in Aslan, 2006: 88).

However, despite the downswing of the Labour movement in this period, the government, in response to the strikes and actions that found widespread acceptance on
the part of the public, was compelled to accept higher pay for public sector employees. The wages and salaries significantly increased in the years 1989-1994. In manufacturing, real wages rose by 18.5 per cent in 1990, and by 64.9 per cent in 1991 (Yeldan, 1998: 398). Heper and Keyman point out that current public expenditure increased from 34.5 per cent in 1988 to almost 50.0 per cent in 1990 (1998: 268) which partially resulted from increase in wages and salaries granted to public employees in 1989.

Following the ‘Spring Actions’, the state aimed to create an environment where capital could tolerate the gains of labour in 1989/1990 (Yeldan, 2003: 27). The state used mechanisms such as high amounts of subsidies, the reduction of the corporate tax rate and the suppression of the prices of SEE products in order to provide capital with cheap inputs (Yeldan, 2003: 27). In the face of this exhaustion of the accumulation process based on wage suppression, the state could increase taxation from capital or permit the profit margins of enterprises to erode. Yet, she did not. In the face of increasing wage costs and income transfers towards the rural economy, the strategic choice preferred by the state has been undertaking all the costs of this transformation and the main target has been to protect the profitability of the private sector. Yeldan refers to mark-up rates which show an increase in profit margins from 33.5 per cent in 1989 to 47 per cent in 1994 (2003: 49-50).

Rather than carrying out an effective taxation policy, the state resorted to external borrowing until 1986 and to internal borrowing from 1986 which, no doubt, contributed to the economic crises of the 1990s (Kızılot and Durmus, 2002: 96). The internal borrowing became another mechanism of transferring sources to capital. The state borrowed from banks and the internal debt became visible especially after 1993 through the rapid increase of interest payments. The payments of interest on internal debt amounted to 2 per cent of GNP in the 1990s while it has reached 12 per cent after 1998 (Yeldan, 2003: 118). Yeldan reminds us that the tax levied on corporate enterprises did not exceed 2 per cent of GNP while the share of the payments of the internal debt rapidly increased throughout the 1990s. In other words, the state seems to have given back a lot
more to capital than what it collected through the secondary relations of distribution (Yeldan, 2003: 122).^4

**Post-1994 Era, Demise and Retreat of Labour, restoration of Capital/State control over Labour**

In the year 1994, Turkish economy experienced a severe crisis. With the sudden drainage of short-term funds in early January 1994, rates of utilisation of existing production capacity contracted, followed by a continued fall in industrial output throughout that year (Yeldan, 2003: 54). Turkey’s growth rate drastically dropped to -6.1 per cent in this year (Kızılot and Durmus, 2002: 119). Real Gross Domestic Product (GDP) declined by more than 5 per cent over the year, with the inflation rate soaring to almost 150 per cent and the number of unemployed increased by at least 600,000. By the end of 1994, the stock of domestic debt rose to 20 per cent of GDP, from 2.4 per cent only four years before 22 (Yeldan, 1998: 397).

Following the crisis, the government had to sign an IMF stand-by agreement and to implement a package involving expenditure reducing and expenditure switching policies popularly known as the April 5 decisions (Öniş, 2000a: 15). The programme aimed to achieve macro economic stability by covering public deficits. The expectation was to control inflation, to stabilize the value of the Turkish lira and to establish external balance (M. K. Aydın, 2005: 96).

The most important consequence of this crisis was the impact it had on the labour movement. It turned out that labour was to bear the burden of adjustment and wages were severely suppressed after the crisis.\(^5\) Thus the 1994 crisis reversed the trend that had started in the late 80s and early 1990s by which labour had been making up for the losses

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\(^4\) Secondary relations of distribution should be distinguished from fundamental relations of distribution. Fundamental relations of distribution can be explained as the appropriation of the surplus produced by the producers. Secondary relations of distribution can be defined as the appropriated surplus and wages being redistributed among different classes or within the same class through secondary mechanisms (Boratav, 1991: 26). The state plays an important role in the secondary relations of distribution (Oyan and Aydın, 1991: 42-43).

\(^5\) If the real net wages of 1994 is assumed to be 100, this figure decreased to 62 in 1996 in the public sector. The wage increases in the private sector after 1989 were less striking, therefore the decrease after 1994 has been relatively less. If the real net wages of 1994 is assumed to be 100, it decreased to 93 in 1996 (Koç 2003: 298, 299).
of the early years of structural adjustment (Öniş, 1996: 12-13). It provided the bourgeoisie with the opportune context it sought to take the *revanche* of the Spring Actions, with the post-crisis adjustment involving dramatic increases in the rate of surplus value. Despite a series of resistance movements, strikes and protest marches carried out during 1994 and 1995, the year 1994 can be considered as the nadir of Labour’s cycle of contest. This was related to the growing division within the labour movement as well as increased capital control over labour at the level of workplace that became visible with thousands of laid out unionized workers and the decisive ideological/discursive superiority of Capital/State (Aslan, 2006:5-6).

Post-1995 period is also significant because it is characterised by the Turkish state’s subjection to a simultaneous limiting exercise by the IMF and the EU. During this period, the EU joined forces with the IMF to push for economic reforms, especially after the Helsinki decision in 1999, by which Turkey was offered EU accession status, and the 2001 economic crisis (Öniş and Bakır, 2007: 12-13). The main pillars of IMF programmes implemented in this period were tight financial and monetary policies, the aim being low inflation and macro-economic stability achieved by suppressed domestic demand (Coşkun, 2002: 227). EU’s and IMF’s collaboration over pushing for neoliberal reforms further contributed to the restoration of capital/state control over labour that has lost considerable ground following the 1994 crisis.

Turkey signed the Customs Union Agreement with the EU in 1995. It was formally recognized as a candidate for EU membership in the Helsinki Summit of 1999. The Helsinki Summit represented a turning point in the relations between Turkey and the EU. On the one hand, the pace of political reforms has been accelerated following the Helsinki decision (Öniş and Keyman, 2004: 14). Successive governments carried out reforms on the political sphere in an effort to secure EU membership following the summit (Aydın and Keyman, 2004: 15). On the other hand, the EU and the IMF started to simultaneously push for economic restructuring (Öniş and Bakır, 2007: 12-13). The EU’s requirements in the economic arena were in line with the expectations of the IMF programmes Turkey implemented – involving disinflation and structural reforms. The EU focused on the reform of agricultural subsidies and further progress with privatization (Öniş, 2003: 5-6).
Meanwhile, Turkey’s economy produced the twin crises of November 2000 and February 2001. During the year 2001, GNP fell by 5.7% in real terms, consumer price inflation soared to 54.9%, and the currency lost 51% of its value against the major foreign monies (Yeldan, 2008: 1).

Following the twin crises Kemal Derviş, who had been working for many years as a World Bank executive, was appointed as the Minister responsible for the Treasury in the coalition government (Öniş and Bakır, 2007: 11-12). Soon after, Derviş started implementing the ‘The Strong Economy Programme’ (STE) to overcome the crisis (Aydı'n, 2005: 125; Coşkun, 2002: 226). The STE has been supported by the IMF for which it pledged US $16.2 billion (Aydı'n, 2005:126). Furthermore, the EU joined forces with the IMF after the 2001 economic crisis to push for economic restructuring (Öniş and Bakır, 2007: 12-13).

The main pillars of the IMF and EU backed Strong Economy Programme were tight financial and monetary policies. The programme aimed at low inflation and macro-economic stability achieved by suppressed domestic demand (Coşkun, 2002: 227). Aydın posits that the STE aimed to radically reform the economy, society and state-society relations. The STE put an emphasis on the contraction of internal demand through a very restricted wage policy (Aydı'n, 2005: 127). Just like the 5th April decisions implemented after the 1994 crisis, the programme aimed at the ‘correction’ of distribution relations (Aydı'n, 2005: 127). Sönmez reveals how workers, civil servants, and minimum wage workers’ wages deteriorated after 2001 crisis. Whereas the wages of the working classes constituted 30.7 per cent of the national income in 1999, this figure decreased to 28.7 per cent in 2000, which further deteriorated in 2001 (Sönmez, 2002: 138). Whilst civil servant wages deteriorated by 11.5 per cent, the wages of minimum wage workers’ decreased by 13.5 per cent within two years (1999 to 2001) (Sönmez, 2002: 138).

Rather than addressing the problem of uncontrolled imports, the STE anticipated reduction of the demand for imports as a consequence of the contraction of internal demand. In other words, the STE pinned its hopes on the reduction of national income. Furthermore, it ignored the associated problems of unemployment, reduced welfare and long-term development. It expected an increase in exports within a short period of time yet it relied on wage policies and exchange rates as there was nothing in the programme
regarding measures to improve the productive capacity of production sectors (Aydın, 2005: 128).

Once again, what is aimed is overcoming the crisis by suppressing the wages. What makes this possible is the demise and retreat of Labour in the second half of the nineties. In an environment marked with a high unemployment rate, recurrent economic crises and flexibilisation of labour, the working class is condemned to endemic insecurity. The systematic attacks against the labour unions since the 1980 yielded their results; unionisation sharply decreased, especially in the private sector. In 1990, 42.5 per cent of the workers were unionised. Yet there was a striking difference between the unionisation in the public and private sectors. While 93.3 per cent of workers in the public sector were unionised, only 22.7 per cent in the private sector were unionised in the same year. Over the next ten years unionisation declined sharply with only 16 per cent of workers unionised in 2000. The difference between the public and private sectors is even more striking. 55.4 per cent of the workers in the public sector were unionised as opposed to only 6.2 per cent in the private sector (Yücesan Özdemir, 2004: 38).

As if the decline of unionisation which led many wage earners to endemic insecurity was not enough, Turkey was criticized for not having enough ‘labour market flexibility’. Throughout the 1990s and 2000s, the employers union TİSK emphasized the need to ease conditions of hiring, to generate regulations related to non-standard employment structures such as part-time work, contractual work and temporary work, and to curtail protective regulations against firing (TİSK, 1994 in Onaran, 2002: 184). TİSK also proposed an increase in the flexibility of work hours according to employers’ needs. As stated in the Seventh Five Year Development Plan, governments too supported this call for flexibilisation (Onaran, 2002: 185). The Labour Act passed by the National Assembly on 22th May 2003 revealed an endeavour to legalise this predominant tendency towards flexibility. It mainly aimed to introduce flexibililty in the industrial relations in which atypical forms of employment such as “temporary employment relation”, “partial work” and “subcontracting” have been legalised (ntvmsnbc.com, 2003).

The declining power of the unions and the predominant tendency towards labour flexibility was further accompanied by the increasingly conformist position of the labour unions since mid 1990s. The militancy of the 1970s is long gone and the labour unions
have predominantly followed a one-dimensional policy exclusively with regard to questions of pay or collective contracts, as well as neglecting other problems experienced by workers (Akkaya, 2002: 138). The de-industrialization and the dominance of financial capital posed a threat to employer and employees at the same time, leading to a convergence between the long-term interests of the two. In the shadow of economic crises, post-1995 industrial relations evolved into a compromise between the major societal forces and the new forms of concerted action. This politics of consensus became manifest in the unions’ discourse on the survival of the workplace, epitomized by the notion that ‘we are in the same boat’ (Çakmakçı and Oba, 2007: 711-712). Çakmakçı and Oba point to the change in the stance of DİSK which is reflected by the President of the institution: ‘in place of being good leftists, let us become good unionists’ (2007: 712). This politics of consensus was pushed by the employers union Türkiye İşveren Sendikaları Konfederasyonu TİSK (Turkish Employers Confederation) and reflected an overall concern of influencing both state and society towards an understanding of the needs of a competitive economy (Çakmakçı and Oba, 2007: 712); a measure also pushed by the IMF and the EU.

Yet despite becoming increasingly conformist and adhering to the politics of consensus in the name of a competitive economy, Labour Union Confederations displayed resistance to the economic policies pursued at particular conjunctures. In 1999, the Labour Platform was formed in response to the draft laws on privatization. The Labour Platform is a broad coalition of all the major labour confederations, pensioners and professional associations in Turkey. In the early months of 1999, three major labour union confederations and three public employee confederations issued a common declaration against neoliberal policies. The declaration was informed by a wish ‘to protect the national interests against the IMF and the World Bank’ (Koç, 2001: 3 cited in Ercan and Oğuz, 2007:177).

In that sense, as underlined by Ercan and Oğuz, it was based on a national-developmentalist discourse. On August 13th 1999 a series of changes was made to the constitution legitimizing privatization and international arbitration. The Labour Platform organized a second wave of protests in the aftermath of the twin economic crises of November 2000 and February 2001. This time the major issues were the struggle against
corruption and the rentier economy. On March 13th 2001, the Labour Platform accepted an action plan called ‘Labour’s Programme’. The Labour’s Programme called for control of short-term international capital movements, consolidation of the public debt, an end to privatization, tax reform, industrialization planning and import controls. It attempted to demonstrate that Kemal Derviş’s economic programme was not the only alternative (Ercan and Oğuz, 2007:178).

Not surprisingly the demands of the Labour Platform did not materialize as the economic liberalization policies continued in full swing, throughout the 1990s and 2000s. This was partly related to the declining power of the labour unions. Yet it also revealed that the Labour Movement struggled with coming to terms with neoliberal globalization and developing appropriate strategies. Labour propagated a leftist strategy based on national alliances against externally defined global institutions. This position was informed by a national developmentalist discourse rather than a class-based analysis and therefore it failed to address the connection between Turkish and global capitalism to foster anti-capitalist politics (Ercan and Oğuz, 2007: 177, 171). However, especially in the aftermath of 1980, a leftist strategy based on national alliances against externally defined global institutions was highly problematic as it ignored the fact that ‘a shift to export orientation attributed to external variables... has actually been the result of domestic capital accumulation strategies’ (Ercan and Oğuz, 2007:199-200).

The demise and retreat of labour that characterized post-1995 industrial relations was further perpetuated by the global economic crisis of 2008. Despite Prime Minister Tayyip Erdoğan’s statement that the global economic crisis would touch Turkey only tangentially, Turkey has been severely hit by the crisis. Turkish economy was already vulnerable because its current account deficit had risen to 38 billion dollars at the end of the year 2007 due to the rapidly growing foreign trade deficit (Sönmez, 2008). The most important indicator of Turkish economy’s decline is the monthly index of industrial production. In November 2008, compared to the same month in the previous year, there was a decline of 13.3 percent in industrial production, which further rose to a decline of 17.6 percent in December. In December 2008, the production of domestic electronic goods fell by 57 percent and car production by 52 percent. According to Sönmez, the decline is due to both a decrease in domestic spending and a decrease in foreign demands,
particularly from the EU (Sönmez, 2009a). Sönmez notes the findings of the IMF report on Turkey’s economy that foresees a 1.5 per cent contraction in 2009. This means that Turkey will become the country with the second-highest rate of shrinkage following South Korea that is predicted to shrink by 4 percent (Sönmez, 2009a).

The most immediate effect of the global crisis on Turkey turned out to be the raising levels of unemployment (Sönmez, 2009b). According to Turkish Statistical Institute (TurkStat), unemployment rate in April 2009 is 14.9%. This means it raised 5% within a year (bianet, 15 July 2009). TurkStat figures establish that the unemployment rate increased in industry and construction sectors whereas it decreased in agriculture and service sectors. The total number of unemployed is 3 million 618 thousand people (bianet, 15 July 2009). Yet DİSK points out that the real unemployment rate is much higher because TurkSat does not include persons who are not actively job seeking in its figures. When these persons are included, the total number of unemployed reaches 5 million 837 thousand people (bianet, 15 July 2009).

In response to the drastic increase in unemployment, Prime Minister Erdoğan announced new economic package in June 2009. Erdoğan claimed that his “Incentive and Employment Package” will create 500,000 jobs. As part of this package, corporate tax paid by investors will be reduced from 20 per cent to a figure between 2 and 10 percent depending on which of the four designated regions in Turkey they invest in (Korkut, 2009b). Furthermore, if the investments create employment, then the employers will be exempt from paying the employer's contribution towards social security for between two and seven years, again depending on the region they invest in. The package also includes the creation of "socially beneficial" jobs to be created for the unemployed. Around 120,000 unemployed would be used to work at repair and care work in schools and health institutions, as well as planting trees, erosion control and landscape redesign. 10,000 unemployed will be offered training in entrepreneurship or educational counselling, and the unemployed will be supported in founding their own businesses (Korkut, 2009b).

Fuat Ercan and Özgür Müftüoğlu raise their criticisms of the economic policies pursued by the government. According to Ercan, it is possible to observe certain parallels between the increasing demands of capitalists and government’s rescue efforts to save the economy. In an interview given to Tolga Korkut, Ercan asserts that the government is
trying to fulfil capitalists' demands, planning to lower taxes, promoting flexible work and further underestimating employers' responsibilities towards workers. Government is using unemployment funds to subsidize employers' taxation responsibilities in return for holding employment. This basically means transferring public sources to private capital which is not in the interest of the masses. Furthermore, the crisis is not just used to excuse unemployment, but also curtailing social rights such as public health services and education (Korkut, 2009a). Müftüoğlu underlines that all these measures pushed by the government aimed to prevent capital’s loss of profits. The deficit created by the state’s transferring resources to capital will again be covered by the working people as the austerity measures and price increases put in force reveals (Müftüoğlu, 2009).

This account shows how the capitalist offensive that started in 1980 against the labour movement in Turkey further intensified in the context of the global crisis. The question that needs to be asked is how did the unions -as the main bodies representing the labour movement- positioned themselves during the crisis. In other words, have they managed to wage a comprehensive struggle against neoliberal policies that gained a momentum with the global crisis? The answer given to this question is hardly ‘yes’. It is the main argument of this paper that post-crisis industrial relations in Turkey represent the culmination of the trend that started in mid-1990s characterized by a compromise between labour and capital for the sake of a competitive economy.

This conformist attitude on the part of labour unions manifested itself in a number of different occasions. In April 2009, Textile Workers Union -which is a member union of DİSK-, put in an advertisement on a newspaper. The strange thing about this advertisement is that it addressed the government, asking support for the bourgeoisie. The bourgeoisie is portrayed as the victim of the crisis. It is complained that investments worthy of billions of dollars turned into salvage and investors fell into the hands of usurers. The government is invited to lift the premium burden on the employers. In the face of the crisis, it is said that “workers and employers share a similar fate” (Can, 2009). The president of Textile Workers Union Rıdvan Budak explains one of the reasons for putting in this advertisement as the inability of the Turkish industrialist to express itself. According to Budak, “the industrialist can not express its criticisms against the
government. It acts in a diffident manner because it does not want to engage in a conflict with the government” (Bektaş, 2009).

Ahmet Demir notes how the labour union confederations which took part in the Economic Coordination Council meeting in November 2008 spoke as the representatives of capital rather than workers. One of their proposals was to lower the corporate tax rate that is levied on capitalists (2009). On the other hand, the representatives of steel and metal industry workers' union Türk-Metal İş announced that “workers accept to be laid off to be able to receive their severance pay to settle their credit card debts” (Demir, 2009). On a separate occasion, the president of Türk-İş Labour Union Confederation Mustafa Kumlu expressed his idea that “the economic crisis can be overcome by invigorating the domestic market”, the expectation being government’s transferring resources to stimulate the market. Similarly DİSK president Süleyman Çelebi criticized the government for not taking long-term measures to boost investment and employment (Ercan, 2009).

These expressions reveal that labour unions or the confederations that represent them opt for putting the blame on the state rather than putting it on capitalism- which is the structural reason of the crisis- or the actions of capitalists. However, as Ercan underlines the government done all that it can to make sure that this crisis won’t affect the capitalist class through lowering taxes, promoting flexible work and relieving employers' of some of their responsibilities towards workers. Through such steps, the government aimed to prevent capital’s loss of profits whereas labouring masses were destined to austerity measures (Ercan, 2009). In other words, at a time the crisis intensifies the class struggle and the working class is forced to pay the price of the crisis, labour unions’ supportive statements of the bourgeoisie contribute to appease the anger of the workers and demobilize them. Labour unions’ joining forces with the bourgeoisie and politicians to advocate social solidarity or national developmentalist strategies and their failure to struggle against neoliberal policies inescapably translate to moves helping the capitalists overcoming the crisis (Demir, 2009).

**Conclusion**
This paper aimed to analyse the relationship between capital and labour in Turkey in the context of the global crisis of 2008. It argued that labour unions’ conformist position that characterized industrial relations from mid-1990s onwards reached an apex in this process. In order to explain the circumstances that produced this conformist position the article gave an account of the three decades starting with the 1980 military intervention that represents a milestone in industrial relations.

This account was informed by a periodisation made on the basis of class struggles in Turkey. An assessment of the first period (1980-89) revealed how the legacy of the coup turned out to be political authoritarianism and economic liberalism. In other words, by repressing all forms of opposition the junta enabled the implementation of structural adjustment policies. This has not changed after transition to democracy with ANAP coming to power. The so-called economic success of ANAP until mid-1980s was a result of the continued moderation or suppression of wage demands that became a critical factor in keeping domestic inflation low. This period is also significant as it planted the seeds of the chronic problems embedded in Turkish economy; de-industrialization and unemployment.

The second period (1989-91) represents the comeback of the working class. This was a unique period because after almost a decade of suppression, labour’s collective power at the workplace level as well as its discursive advantage over employers and politicians was strengthened. Hence the years 1989 to 1991 were marked with distributional conflicts between labour and capital that became manifest in the strikes and resistance actions by public and private sector workers that led to a significant loss of working days. Yet these years were also characterised by thousands of lay-offs and capital’s offense to deligitimise workers’ actions. One particular strategy was to replace unionised workers with non-union, tacheron, temporary/ seasonal labour (Aslan, 2006: 84). These strategies have been responsible in the downswing of the Labour movement in 1992-1994. In response to state/capital’s move to regain control over labour, the labour union confederations failed to engage in direct action which led to the consequential isolation of actions to individual workplaces. The total number of strikes and resistance movements declined significantly.
The period that started after the 1994 economic crisis eventually led to the nadir of labour movement. In this sense, the period from 1995 to 2009 in Turkey signifies the demise and retreat of labour. The most important consequence of the post-crisis IMF backed economic programme turned out to be the repressed wages. The fact that post-1995 Turkey was subject to simultaneous intervention by the IMF and the EU which joined forces to impose neoliberal policies further contributed to the restoration of capital/state control over labour. The twin crises of 2000-2001 produced a similar result in terms of suppressing wages. The IMF backed ‘Strong Economy Programme’ aimed to reach low inflation and macro-economic stability achieved by suppressed domestic demand (Coşkun, 2002: 227). There has been a significant decrease in the wages of workers, civil servants, and minimum wage workers. The deterioration of the living conditions of wage earners was partly a product of the declining power of the labour unions in the post-80 era. The most explicit manifestation of this declining power was the decrease of unionization and flexibilization of labour.

This declining power was accompanied by an increasingly conformist position of labour unions. Labour engaged in a compromise with capital in the name of a competitive economy. Labour Movement also struggled with coming to terms with neoliberal globalisation and developing appropriate strategies. They propagated a leftist strategy based on national alliances against externally defined global institutions. Yet this position was problematic because it was influenced by a national developmentalist discourse rather than a class-based analysis and it failed to address the connection between Turkish and global capitalism to foster anti-capitalist politics (Ercan and Oğuz, 2007: 177, 171).

The global crisis of 2008 intensified the contradictions between capital and labour worldwide and labour in Turkey also experienced the capitalist offensive aiming to restore profitability. Labour further became more vulnerable due to the decline in industrial production that led to an increasing unemployment rate. In this process government’s policies aiming to tackle the crisis such as lowering taxes, promoting flexible work, using unemployment funds to subsidize employers’ taxation responsibilities in return for holding employment mirrored the demands of capitalists. Hence the government aimed to prevent capital’s loss of profits (Müftüoğlu, 2009). Yet
despite government’s efforts to minimize the impact of the crisis on the bourgeoisie, labour unions adopted a bizarre position which they acted as the spokesmen of the bourgeoisie rather than the working class. They invited government to lift the premium burden on the employers and lower the corporate tax rate. They allied with the bourgeoisie and politicians to advocate social solidarity and national developmentalist strategies. In their failure to launch a struggle against the increasingly appalling life conditions of labouring masses, their conformist position contributed to demoralisation and demobilisation of the working class. Thereby labour union’s politics of consensus reached its pinnacle by the end of the decade in a conjuncture global crisis interacted with the flawed legacy of the internationalization of Turkish capitalism.
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