CAPITALISATION PROCESS AND SOCIAL STATE IN TURKEY: THE SOCIAL STATE WHICH COULD NOT BE BUILT AFTER THE JANUARY 24, 1980 DECISIONS

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ABSTRACT

Turkey, a country which isolated itself from the outside world and joined the capitalization process, changed its face with the Decisions of January 24, 1980 which caused Turkey to break its economic, political and social shells which led it to recede gradually. With these decisions, economic indicators of substantial improvement were also recorded. However, after the January 24, 1980 Decisions in Turkey, not enough importance was given to the practices of social state in order to deal with problems like unemployment carried to global scale and triggered by capitalism, injustice in income distribution, poverty and other socio-economic challenges. In early-capitalized EU and OECD countries, however, substantial amount of money has been transferred to social security and social assistance and many kinds of social assistance have been applied. In this study, in which a historical and descriptive method was used, the decisions were examined in terms of their reasons and consequences, and social state applications in our country were discussed by comparing them with the ones in EU and OECD countries in order to describe the could-not-be-built social state in Turkey after the decisions.

Key Words: Turkey, January 24, 1980 Decisions, Social State.

1. INTRODUCTION

Although in the early years of the Republic of Turkey, a private sector-led development policy was followed, because of both weak domestic entrepreneurs and some other reasons, a tendency towards state-supported development policies started. (Şen, 2005: 1166). This policy 'in the Republic of Atatürk' brought considerable success. In these years, a significant accumulation of capital was provided by the state, and by applying an industrial plan to accelerate industrialization, important steps were taken towards development. (Gürkan, 2006: 138). However, after the death of Ataturk, statist economy helped the country stay away from the development goal rather than access it. Deterioration in the economy in the years 1938-1950 became thoroughly evident due to some of the country's socio-economic reasons and some external influences. Import-substitution development model after the 1960s and the oil crises in the 1970s changed the view into a more serious one. The country was incapable of exporting and had shortness of foreign exchange, industrial production came to a halt, inflation was moving in a poll and the country was a country of vengeance, 'corrupt and protectionist' trapped between the wheels of an economic system, a structure that wrapped itself, isolated from the outside world.

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Decisions of 24 January 1980, moved the country away from this pessimistic table and integrated the country's economy with the world economy. After these decisions, foreign loans for industrial investments were found, production and exports increased, and the country's economic indicators started to become normal.

But January 24, 1980 Decisions which were applied without necessary legal and institutional arrangements, led to negative consequences such as banker crises and fictitious export economically, and poverty and unemployment socio-economically.

Turkey, which was integrated into the capitalist system with January 24 Decisions, kept the issue of social state, which means improving the social conditions of citizens, providing them a certain standard of living and social security (Gözübüyük, 2003: 159), in the background and mostly dealt with the economic dimension of the issue. However, early capitalized EU and OECD countries, shifted a significant proportion of the expenditures to social security and social assistance against problems like inequitable distribution of wealth, poverty and unemployment triggered by capitalism. These countries provided social assistance to low-income groups in the community in order for them to access to minimum subsistence level and to middle class for their development. In short, EU and OECD countries followed policies which encouraged consumption rather than production. But the state in our country didn’t draw its hand from production, rather it left the community to its own fate in consumption. This led to poverty, injustice in income distribution, and deterioration in economic balances at such a rate that was over the averages of EU and OECD countries.

In this study, in order to clarify the briefly mentioned facts above, January 24, 1980 Decisions are discussed on the basis of their historical background, legal and institutional arrangements, and the consequences of these decisions. In order to describe the could-not-be-built social state after January 24, 1980 Decisions, income distribution in the country, and institutional and legal arrangements about social state are mentioned. The study is finalized by comparing our country with the EU and OECD countries in the light of social state expenditures, social assistance and some other indicators.

2. AN OVERVİEW OF JANUARY 24, 1980 DECISIONS

In order to better understand and interpret the January 24 Decisions, historical background of these decisions needs to be examined and it is thought to be useful to do so by going to the early years of the Republic. In the early years of the Republic, particularly the country’s ruling political elite, including Atatürk, was determined that the newly-formed state be a government which gives priority to economic development and that this goal be reached through private sector-led industrialization (Şen, 2005: 1166). However, the people having entered the World War I, Balkan War and the War of Independence were tired. Because of the influences of the Ottoman era, there were almost no local entrepreneurs, and capital and technology was insufficient. These causes prevented success in the economy which was attempted to be ruled by free market (Karabulut, 2010: 979-980).

In addition to these reasons, the fact that World Economic Depression of 1929 reduced confidence in the capitalist world economy, and the idea that economic cooperation after the Independence War to the imperialist powers would damage our independence, it was decided that a statist economic model should be applied in our country (Bakan, 2009: 2099). Within this framework, primarily, SOEs were established. During this period, ‘Five Year Industry Plan-I’ was successfully applied, but the second one could not be applied because of reasons like World War II and Atatürk’s death. In the period of 1938-1950 in Turkey, under the influences of World War II, pains of transition to multi-party political life arose and negative practices like ‘wealth tax’ led to deterioration in the economy. With DP’s coming to power in 1950, initiatives towards the implementation of an open discourse went well for 3-4 years; however, the country’s socio-economic conditions and events that affected Turkey’s economy negatively in the outside world worsened the country's economic indicators, and subsequently, the 1958 Stability Policies came. These policies were followed by 1960 military intervention (Karabulut, 2010: 980).

During the period of 'planned development', starting with the 1961 Constitution, which was enacted after the 1960 military intervention, an economic policy called 'import substitution', which means all kinds of products needed by the society are produced in the country, was followed. As the main policy was to substitute for the products imported from abroad, protecting the economy with high tariff walls and systems became the main policy. In the background of this policy lay the idea that within the national borders, each country should be self-sufficient and be able to stand without needing another (Dursun, 2009). The policy carried out according to this understanding became the fundamental basis of Turkey's economic strategy in the years of 1960 and 1970 (Toprak, 2008: 314).

However, when talking about the 1970s, one of the important issues to remember is the oil crises that shook the world economy deeply. In December, 1973 the world experienced a first oil shock with a 400% increase in oil prices and a second in 1979 with a 100% increase in prices (Parasız, 2003: 277). These oil shocks and high inflation in the West caused deterioration in the terms of trade and an increase in the balance of current account deficits. During this period, with wrong exchange rate policies, overvaluation of TL could not be prevented. In this period, to ensure economic stability, imports were suppressed with necessary tools, and foreign exchange controls were increased. Until 1980, a closed economic model was followed relatively, but still, crisis or recession caused by external economic environment could not be prevented (Öztürk ve Özyakışır, 2005: 3).

In short, in Turkey, where any measure had not been taken against potential consequences of the crises, when the handicaps caused by the import-substitution model of development followed in those years were coupled with chronic problems, the economy took an intractable shape. Namely, some causes such as an economy which was based on intermediate goods and investment goods to a large extent, domestic market-oriented character of industrial production, weakness of export power and weakness of the economy's foreign exchange earning power put a large portion of the oil shocks burden on the economy's back (Kılıçbay, 1991: 163).

This burden which was a bitter legacy left to us by the import-substition model followed mostly during this period caused foreign trade deficit to grow when combined with wrong internal and external economic policies. With import-substitution industrialization policy, protectionist trade policy and over-evaluated exchange rate policy which started upon the revaluation of TL in nominal terms, the economy took a shape of an industrial structure which produced an inward-looking. However, due to the fact that the functioning of this production structure depends on the imports of capital goods and intermediate goods, demands for foreign exchange increased gradually. Inspite of this, as the production was inward-looking and domestic markets were not profitable, export did not increase and continued to remain limited to traditional agricultural products (Şahin, 1998: 157), and this reduced the country's foreign entry significantly.

Another factor that reduced the country's foreign exchange reserves was that the countries where overseas workers were sent were negatively affected by the oil crises and this effect caused foreign exchange reserves that were brought to the motherland to melt. Turkey, faced with a serious external payment difficulty at this point, was enmeshed in a special short-term debt trap called Convertible Foreign Currency Deposits (CFCD). CFCD created a large debt trap in Turkey, and thus increased foreign oil dependence. As CFCD loans were not often used in trade and business, these loans constituted an important source of price increase. In addition, due to domestic banks' reduction of dependence on the Central Bank with the help of this credit, monetary policy was no longer useful (Dönek, 1996: 177).

At the same time, dependence on foreign energy sources caused exchange-energy bottlenecks to become tighter. Insufficient production of intermediate goods and energy shortages caused by currency and energy bottlenecks led to creation of more capacity, and this brought problems of shrinking supply and rising cost of production. Demand for total cash was not contracted as much as required because of the narrowing of overall supply and increase in costs, and in this way, inflation wheel rotated in an accelerating pace and gave way to an inflation period whose level was more than 100%. In this period, foreign exchange shortages and weakening of the input imports also led to some problems in the supply of fertilizers, pesticides and agricultural capital goods, and ultimately caused the production to be under threat (Kılıçbay, 1991: 164).

In addition to the unfavorable economic table, political table was also not pleasing. The 1974 Cyprus Operation increased Turkey's military spending at an extraordinary level. After the Operation, the United States implemented an arms embargo, and this led to deterioration in the foreign economic relations. It became difficult for the country to find a new loan in the event of external borrowing, loan maturities shortened, and loan interest rates increased. The country's political statements were far from harboring the necessary potential to overcome the economic crisis caused by the listed reasons. From the mid-1970s, an increasing atmosphere of terror and anarchy, and the political strike and business discards triggered by this atmosphere, reduced the capacity utilization rate severely and affected the production negatively. In the end, the instability shown by the political powers which are capable of being established and disintegrated quickly, prevented taking and applying the necessary measures to overcome the economic crisis (Şen, 2005:1172).

The reflection of these developments on Turkey's extremely fragile and sensitive internal politics was inevitable. In 1979, while the CHP-weighted coalition government fell, it left its place to a minority government called the Justice Party under the premiership of Suleyman Demirel (Şen, 2005:1173).

In the years when this government was established, there was a power cut due to lack of foreign currency to buy oil to run power plants, it was very difficult to find a propane cylinder, and there was not any margarine in Turkey. In short, the country almost turned into a land of polls. Almost everything in the country was on the black market. Since there was not any exchange, the industry was unable to import intermediate goods and inputs. But the demand was very high, and prices and profits reached their peak (Akat, 1995: 15).

During this period, Suleyman Demirel assigned Turgut Özal as the undersecretariat of prime ministry and made him the leader of the team responsible for the economy. Demirel equipped Özal with full authorization and commissioned him to prepare a stabilization program to weather the crisis. Özal prepared a stabilization program and presented it to the commanders with a briefing. After the presentation, he took Kenan Evren's support and the decisions were approved by the assembly on January 24 (Ögeç vd., [Tarihsiz]).

The basic philosophy of the decisions was to bring the market economy into force by minimizing government intervention in the economy. In the detection of micro and macro balances in the economy, instead of managerial decisions, the price mechanisms were intended to be valid. For access to this fundamental objective, the removal of interventions to goods and factor market prices was considered necessary. It can be said that with the January 24, 1980 Decisions and the decisions taken in the sequel, progress on this direction was achieved (Öztürk, 2005: 4). In addition, with these decisions, goals like rapid export growth which was to be achieved with free short-term interest rates, exchange rates and low wage policies, and in this way, improvements in the balance of payments were pursued. Some other goals like fight against inflation, reorganizing state intervention in the economy with a different approach, and increasing Turkey's external credit notes were also pursued (Topal, 2002: 73).

In order to reach these goals, some measures and radical arrangements like introducing an export-oriented industrialization model rather than a domestic market-oriented import substitution model, determining a realistic exchange rate policy rather than an over-valued exchange rate policy, determining interest rates not according to the state but to the supply and demand of funds in the market, removing price controls as much as possible and shaping the prices according to the supply and demand of the market mechanism, removing or minimizing the subsidies applied on basic commodities produced by the public sector, and taking new radical measures in order to encourage foreign investment were taken (Ulagay,1984: 21-22).

Within the scope of these regulations, for the purpose of developing and liberating the foreign trade, increasing exports with devaluation and financial support, starting a new export organization which would serve as the driving force of this increase under the name of the capital companies in foreign trade were the first steps taken in this area (Kazgan, 2004:128-129, aktaran; Toprak, 2008: 315). Reduction of the stamp duty on import from 25% to 1% and simplification of import regulations were a continuation of this step (TCMB, 2002: 9). One of the most important developments in the subsequent decisions was the Interest Decree which came into force in July, 1980 and which allowed the bearer to make a certificate of deposit and enabled the release of interest rates. With this decree, the interest rates which were doomed to lag behind price increases were released (Avcı, 1988: 54).

This development was followed by the steps taken for the transition to the free exchange rate regime. May 1, 1981 can be regarded as a turning point in this regard (Tellan, 2008: 6). After 1 May 1981, single currency system was carried into practice and exchange rates started to be announced by the Central Bank on a daily basis. After this development, exchange rates were re-determined each business day. With the Law No. 30 on the Protection of the Value of Turkish Currency which came into force on 7 July 1984, the foreign exchange regime in our country was greatly liberalized. Commercial Banks were given the opportunity to apply a rate other than the exchange rates announced by the Central Bank, and also individuals who were settled abroad were allowed to make the receipts and payments with the Turkish Lira in Turkey (Arat, 2003: 38-39).

In 1981, a law called Capital Market Law which was working through the regulation, promotion and supervision of Turkey's capital markets was introduced. This law aimed to protect investor's rights and interests. Following this law, Capital Market Board which had the power of regulating and supervising the conditions and operating mechanisms of the capital markets and which was dependent on the provisions of Capital Market Law was established in 1982. After the establishment of the Capital Markets Board, banks and other financial institutions became subject to control by the provisions of Capital Market Law and Capital Markets Board in the brokerage operations they carried on (TCMB, 2002: 13).

Another important development that took place within the framework of the purposes identified in the January 24, 1980 Decisions was the emission of government bonds and bills to close the budget deficit in 1985. With the emission of government bonds and bills, the negative effects of public deficits on the Central Bank Balance Sheet was partly reduced (TCMB, 2002: 14).

Within the framework of these decisions, ensuring the market mechanism to process by loosening and removing state control on the prices to ensure economic liberalization was a considerable improvement. In addition, after these decisions, implementation of a tight monetary policy started and some efforts, though little, were made towards controlling money emissions (Öztürk ve Özyakışır, 2005: 7).

In summary, with January 24, 1980 Decisions it was stipulated that the state activities and interventions in the economic sphere should be limited and the private sector should be the engine power of the economy. With these decisions, some arrangements for the establishment of market economy and for the income which elements of reproduction receive were made (Köse, 2002: 122-123).

These measures taken and the arrangements made were not only the measures and arrangements that had results in the economic field, or that helped to get out of the chaos, or that changed the continuing development model, or that introduced a new development model to the country. They were also a turning point that influenced the country's mentality, posture and strategic position radically. In addition to a transition from an import-substitution understanding to an export-oriented development, January 24, 1980 Decisions caused investments to be planned by considering not only the internal market but also the foreign markets, and caused the priority to be passed from the public sector to the private sector. With these decisions Turkey became integrated into the world economy, liberalized and decisions were given according to the developments in the world (Dursun, 2009).

With January 24 Decisions, the country's economy became integrated into foreign markets and this increased the possibility of receiving foreign loans. As a result of this increase, during the 1980s reform period, foreign debt increased continuously, whereas the debt payment capacity of the economy existed unchangingly (Şen, 2005: 1183). Within the next ten years of taking these decisions, the economic growth trend continued. Namely, in 1980, while the economy had a negative growth rate, in 1990, the growth rate reached a very high level like 9.4%. As a fruit of the integration of the economy to the outside world and the transition from domestic market-oriented model of import substitution to export-oriented industrialization model, in the post-1980 period, significant developments in terms of foreign trade were reached. As a result of the devaluation at a rate of 32.7% with January 24, 1980 Decisions and a mini devaluation not more than a rate of 5% afterwards, the export which was approximately 5.9 billion dollars in 1983, exceeded 10 billion dollars in 1987, and reached a level of 13.6 billion dollars in 1991. Though not sufficient enough, the promising developments that were recorded at export sector showed a general trend of steady increase. This ratio which had been 36.8% in 1980 became around 61% by the year 1995. The effect of the establishment of Turkish Eximbank was great at this development which was recorded especially in the exports branch of foreign trade (Öztürk ve Özyakışır, 2005: 11-12; Karabulut, 2010: 990). Also during this period, tax refund, exchange rationing, drawback in the export, and in particular, the 'low-valued exchange rate policy', which was followed until 1988, had important roles in this development (Şen, 2005: 1184).

As a result of January 24, 1980 Decisions, significant progress in the Turkish banking sector was also recorded. In the consequence of liberal policies implemented, the country's banking sector experienced a considerable level of structural changes and the sector gained dynamism. In addition to applications for deregulation such as the removal of selective credit policies, recognition of sovereignty for deposits and loan interests, and liberal foreign exchange regulations, operations for raising the legislation on the banking arrangements to the level of international norms played an important role on this change (BDDK, 2002: 2).

Both internal and external economic environment had a significant role on the success of January 24, 1980 Decisions, which integrated Turkey- an economically, politically and socially isolated country- with the outside world. It can be said that pre-requisites for success were prepared by the previous government of Ecevit's. In 1979, with the austerity which was because of decline up to 30% in reel wages and agricultural income after January 24, 1980, there left no need for austerity, production increased thanks to overcoming the problem of foreign exchange, and the decline in real incomes stopped. Another important aspect was that public finances were not on the point of bankruptcy. Excessive deficits in the public sector have a cyclical nature and do not present a structural nature as in the 1990s. Military intervention stabilization program in September 12 also enabled the implementation of these decisions without any resistance. In addition, support from the outside world closely influenced the success of these decisions. As a result of January 24 Decisions, which had been taken during the years of Cold War, the loans that the country needed were provided by institutions such as IMF and WB (Şen, 2005: 1191; Akat, 1995: 16).

Despite these listed achievements of January 24 Decisions, it is an undeniable fact that it had also many negative results. As the required legal arrangements were mot made before these decisions were put into practice, many unforeseen problems were inevitable. Among these were the banker's scandal that caused severe loses for the banking system and some events of fictitious export.

Financial deregulation required by the January 24 Decisions began with releasing term deposits and loan interests, and positive real interest rates led to increase in interest rates in the financial system. Due to the lack of capital accumulation in the country, financial system was weak and because of this, banks came to a state of collecting money through bankers to a great extent. Considering the fact that 31 out of 38 banks marketed certificate of deposit through bankers and thus obtained the source of supply for the financial system, the severity of the situation showed itself very clearly. While annual inflation rate was 30%, the monthly amount earned by the bankers who collected money with an interest rate of 10-12% reached 150 billion Liras. Intervention demands of those who were aware that the situation was turning into a disaster were rejected on the grounds that an intervention would be against the spirit of free market. Following this, in Fall 1981, the bankers started to go bankrupt. In the middle of 1982, bankers collapsed completely and this collapse brought the fate of a few small banks with it (Şahin, 1998: 342; Boratav, 2010, 151; Ögeç vd., [Tarihsiz]: 7-9).

In addition to the banker scandal, nearly a decade after the January 24 Decisions, because of some reasons like macro-economic instability, high public sector deficit, the system of public banks and distorting effects of this system, weakening of risk and detection management, all of which appeared with the effects of these decisions, the banking sector could not fulfil its function of financial intermediation efficiently. As a result of this process, the Turkish banking system had to confront with some structural weaknesses like lack of equity, small-scale and fragmented banking structure, and plenitude of public bank shares in the system, weak asset quality, extreme sensitivity and fragility against market risks, inadequate internal audit, risk management and corporate governance, and lack of transparency. This increased the fragility of the banking sector against domestic and foreign shocks, and brought crises and bankruptcies with it (BDDK, 2002: 3-4).

In addition to the damage January 24, 1980 Decisions brought to the banking system, fictitious export also increased in this period. During 1980-1983 period, incentives such as tax rebate in export, low-cost export credits, importation of raw materials which were exempt from duty gained importance. The increase that the incentive measures created on the total export revenues is an important development recorded after 1980. However, due to some reasons such as a large number and variety of incentives, disorganization of incentive regulations, lack of clear and understandable legal norms, and the control mechanism which could not be operated thoroughly incentive practices deviated from their aim and became the subject of some abuses. In short, in defiance of the reality and legislation provisions, false statements were made on the amount of goods being exported to the authorities, their price, quality and so on. This chain of scandals called fictitious export is a clear indicator of the extent to which the incentive measures deviated from the aim. Most front companies did fictitious export, and together with a certificate, they took a certain ratio of exports from the state (Aktan, 1993: 130-131).

It is impossible to access to actual statistical data about the fictitious export which appeared and developed in very different ways in our country. In a study by the IMF, it is stated that Turkey's foreign trade data are not recorded healthfully. It is also reported that Turkey's foreign trade statistics with countries like Saudi Arabia, Iraq, and Iran are not regular. IMF reached the conclusion that of Turkey's export between the years 1984-1987 in OECD countries, only 26% was fictitious (Çetin, 1989:3, aktaran; Aktan, 1993: 132).

Decisions of January 24, 1980, led to a big progress in price stability between the years 1980-1983 (September 12, the Military Government Period). But at the end of the period, an increase in prices was seen again. Real interest rates roseand as a result, investments fell. During the Governments of the Motherland Party period (1983-1991), inflation became the most important occupation field of the political power.

Beginning in the 1980s, with levels of first 40%, then 50%, 60%, and lastly 70%, inflation became an important problem of Turkey (Karabulut, 2010: 989-994).

The results of January 24, 1980 Decisions cannot be addressed only in the economic context. Social consequences of these decisions are as important as the economic results. As the social state in Turkey after the January 24 Decisions is the main subject of this study, social results of these decisions are discussed superficially in this chapter. In the following section, these topics will be covered in detail.

Providing sources from other revenues to export organizations because of the applications which were brought after the January 24 Decisions for the promotion of exports was a major contributor to the deterioration of income distribution in the country. In addition, transfer spending policies introduced after January 24, 1980 had an impact of income inequality. The borrowing policy which was followed due to the increasing budget deficits as a result of financial policies implemented by the state showed the same effect on the distribution of income (Özen, 2003: 213-215).

During the implementation of January 24, 1980 Decisions, when integration with the world economy by opening up in the long term was aimed, the need to reduce costs in order to improve the competitiveness of foreign markets appeared. The idea that first came to mind for reducing costs was reducing wages. With the amendments on employment legislation and thus providing the necessary environment for it, real workers' wages were reduced uninterruptedly. From the perspective of the public sector and private sector, it is seen that the public-private sector wage scissors in 1979 was closed the 1980s and 1990s, and became equal in 1995 (Akkaya, 2000: 217-228).

Since the 1980s, significant decline on the spending of the social state was observed. Public expenditures, as well as education and health expenditures were constrained; these areas were excluded from public expenditure and gradually transferred to the private sector. In short, on the one hand the education and health care spending which was provided by the government was constrained and the quality of these services decreased, on the other hand only those belonging to upper income groups made use of private hospitals, insurance and educational institutions (Topal, 2002: 78-79).

Despite the introduction of Western-style production model with the January 24 Decisions, the perceptions of statist economy and social state (in particular on the basis of managers) were thought as alike, and extremely limited economic rights and freedoms were restricted. In our country, because of not changing into a social state which is the second phase of capitalism, our country is chronically dealing with the 1929 economic crisis on the one hand, and on the other, this crisis is turning the socio-economic balances upside down by deepening (Bakan, 2009: 2105-2106).

3. SOCIAL STATE IN TURKEY AFTER JANUARY 24 DECISIONS

Neo-liberalism which emerged with the crisis after the 1980s and which required withdrawal of the state intervention in the market increased inequality in income distribution, caused privatization of disease, old age and unemployment insurances and thus created a poor population that lived below the poverty line and that hovered between the ones with low-income and the ones with no job security. Furthermore, this process resulted in getting far away from the political target of full employment and that very situation required lowering the valid standards of partition justice in order to do away with the social state which was considered as 'an erroneous initiative' (Habermas, 2008: 118-120).

The final stage of capitalism, globalization which is closely related to neo-liberalism transformed the problems of poverty and deterioration of justice in income distribution into global-scale corruption. But the source of the problem should not be sought in the social state applications and the social security systems in this regard, but on the contrary, in the recession policies which were followed in the social state applications. During the post-1980 period, in developing countries including Turkey which was articulated to the capitalization process with January 24, 1980 Decisions, structural adjustment programs were implemented. In line with these programs, the ideological structure which proposed models of export-led economic growth, privatizations, unemployment in labor markets, flexibilisation and restricting social area against being informal created serious economic and social problems for large populations (Gökbayrak, 2010: 153).

'Until 1980, when these problems appeared, the objective existence of classes in the analysis of social relations and distribution and consumption practices had been undervalued for a long period. Moreover, this existence began to be kept entirely out of sight after 1980, the questions of 'Who consumes, why and how he consumes?' were alienated and marketing and market-oriented research questions of 'When and where they were consumed?' were focused on (Tellan, 2008:10).

During this period, the political system in Turkey became semi-banned with the local government elections and became partially operational. Thus, it became inevitable that the directors in the country were in search of meeting the expectations of the society (Tellan, 2008: 11). But the solutions brought to these expectations turned into a crooked populism. Applications like reconstruction releases, land registry certificates for slums caused urban gains to transfer to the poor community, and applications like 'the poor fund', 'tax refund for the salaried' functioned as mediators in carrying the solutions of poor citizens' problems out of labor market. In this way, a rigid and uncompromising approach was adopted against class-based economic demands- in other words, forming labor unions- wage intervention and subsidy demands of the peasants. In addition, a strategy that sought to satisfy the same communities by addressing to their features of being 'an urban, a part of the slums, a poor and a consumer' dominated the division policies applied in this period (Boratav, 2010: 152-153). Because of the similar policies implemented after January 24, 1980 Decisions, the country's middle class faced extinction, citizens belonging to the lower income group became relatively poor, radical arm of the trade union movement known as DİSK was liquidated, and the union order was suspended. In this way, an important canal which would transmit follow-up of the economic claims, demands and problems of workers to the employers and political decision-making mechanisms was pacified. In the next process, a tendency of nonunionization increased gradually (Bakan, 2009: 2105; Boratav, 2005: 122).

Turkey's political structure began to be felt in the presence of neo-liberalism after 1980. It is seen that neo-liberal ideology tends to refer the welfare issue to family and other protection mechanisms. It is observed that issues like unemployment, social security, health, education and social welfare are not seen as public service problems, but are referred to family, voluntary organizations, benevolent associations, i.e. to civil society in general. It is also observed that, though at minimal level, due to the dissolution of the social state, the issues which were resolved by the state previously began to be resolved within the context of traditional relations of solidarity (Okur, 2008: 230). In other words, NGOs in Turkey tend to assume these social obligations rather than reminding the state of these obligations. NGOs organize campaigns, open bank accounts, collect money and distribute it to poor citizens. Of course it cannot be denied that these well-intentioned efforts provided a number of opportunities to some of the poor; but in a country, leaving the solution to the problem of poverty is to devoted individuals and projects whose existence is up to the energy and opportunities of these individuals is, by definition, moving the issue outside the areas of rights and obligations of the state (Buğra, 2006).

However, in the European Union countries which were involved in the capitalization process before Turkey, the middle class grow and applications of the social state increased after World War II. In order to file the destructive effects of savage capitalism, these countries eliminated the gap and income inequality between the classes by canalizing a large portion of transfer expenditures to social security and social welfare (Bakan, 2009: 2100-2105). Although expectations of downsizing of the social state and trend of a decrease in social expenditures were dominant with the gradually accelerating globalization and market economy after the 1980s, empirical researches show that, in general, as a result of the rising neo-liberalism and globalization, the expected extent of a decline was not seen in social spending (Buğra ve Adar, 2008: 1).

On the contrary, in order not to repeat the same mistake- the incapability of renewing itself- that capitalism fell into during the Great Depression of 1929, EU and OECD countries tended to follow consumption controlling policies rather than production encouraging policies. In order to prevent the destructive effects of capitalism and to keep the purchasing power of consumers at a certain level, social measures and aids are emphasized. Capitalism is revised in 'social aspect' with aids such as rent allowance, maternity allowance, housing allowance, conditional employment aid, aid for family members who require care, widow with children allowance, education allowance and even allowance for visiting a relative in jail (Bakan, 2009: 2105; OECD, [Undated]).

After 1980, following the depiction of social state in the world and in our country in outline, in order for the Turkey aspect of the subject to be clarified, the periods before and after the January 24, 1980 Decisions are considered. It is thought to be useful to compare the countries of OECD and European Union with our country within the framework of social state expenditures, social welfare and some indicators after mentioning primarily the distribution of income, and then legal and institutional regulations about the social state in our country.

From research in the field of personal income distribution in our country, a significant inequity in income distribution is remarkable (Güçlü and Bilen, 1995: 160). This injustice has become more apparent after the 1980s. A large increase in rentier income was observed after the 1980s, followed by a cruise on the income growth of financial capital gains.For example, in 1988, the portion of the interests in GNP gained by term deposits, foreign currency accounts and the resulting interest rates of government bonds, reached 14.1%. Nevertheless, in the same year, the reality that the agriculture sector's portion, from which the half of the active population benefits, is 17.6% in national income verifies that the amount transferring to rentiers which are limited in number reveals a wry distribution table (Boratav, 2005: 58-59). After 1980s, in addition to the injustice that cyristialized in the income distribution, poverty in the country increased and the course of the poverty shifted.Actually, the poverty existing in Turkey until 1980s was to be considerably dispelled with the aid of politics which prevent the income unequality and traditional mechanisms of cooperation and solidarity. However, the macro-economis instability which emerged in 1980s and accelerated in 1990s caused the real income not to increase and wear off incessantly owing to inflation. High interest politics that were carried out because of the public government debt scripts caused both inequality between interest revenues and development of the place of interests in total incomes; and emergence of inequalities seriously (Altay, 2005: 172).

This imbalance in the distribution of income, is possible to predict by looking at the results of the previous research on the subject. The most widely used method of distribution of personal income, is to determine the income shares of the slices of twenty percent of the population (Güçlü ve Bilen, 1995: 160). This method is based on the distribution of personal income in Turkey, according to research by the SPO in 1963, the share of national income of 20% of the bottom segment of the population was 4.5%, income of the highest-income segment of the population was 57%. In 1973, although the share of the poor in the national income was 3.5%, the share of the richest sector was 56.5% (Aktan, 2002: 2).

According to the distribution of income research carried out by the SIS in 1987, the share of national income of the poor was 5.2%, while the share of the richest sector was 50%.Wage earners who constitute the 32.6% of households make up the 32.7% of the total revenue (Bilen ve Es, 1998: 161). According to the results of the income distribution research in 1994 by the SIS, while the most low-income segment of the population income by 20% takes only 4.9%, the 20% of the highest-income segment of the population takes the 54.9% of revenue (Bilen ve Es , 1998: 377). 20% of the low-income segment of the population in 2002 got the

5.2% of income while the 20 % segment of the population who has the highest-income got 48% of the revenue (Yükseler, 2003: 4). In other words, according to 2002 data, while the share of richest 20% of annual disposable income of the group is about 9.5 times higher than the share of the poorest 20% of the group, this rate fell to the level of 8.1 in 2003 and 7.7 in 2004. In EU-25 average, the same ratio is approximately 4.6 according to 2003 data (The Ninth Development Plan, 2006: 42).

According to "Income and Living Conditions Survey," made by the Statistical Institute of Turkey in 2009, while 20% segment with the highest income got 47.6% of income, 20% segment with the lowest income got 5.6% of the total income. Accordingly, 20% with the highest income sector, the share of total income, with the lowest income segment 8.5 times that of 20%. According to research done in this population, 17.1% are at risk of poverty (TSI, 2011).

However, we can not say that estimates made by TurkStat fully reflect the dimensions of poverty. Dimensions of the problem of poverty in Turkey is much greater than in many EU countries and the OECD countries. According to Eurostat data for the year 2003, 26% of the population in Turkey is poor. This portion in a member of EU is 15% in the same year.While the ratio of social benefits to the EU countries' GDP for the poorest group is 2.5% of build, this rate in Turkey is about one-fifth of this ratio (Buğra, 2010: 231).

This matter should be assessed in the aspect of 'the minimum wage' which has a great importance in the market as an instrument of social policy based on the logic of intervention in the lives of those who continue working in laborwith a 'minimum wage'.In our country, When "Gross Minimum Wage Index" is examined, it could be reached that between the years 1980-1989 economic policies hav developed against wage earners. "Real Gross Minimum Wage Index" reached 130 in 1979 by over-acting the inflation between the years 1974-1979. It fell to 69 in 1980, and increased to 89 in 1989. Between 1978-2002 the average national income in Turkey increased by 134 557-fold, despite the fact that there was the 71 648-fold increase in the minimum wage. From this result, per capita income growth in the face of the fact that per capita decreased by half the minimum wage is accessed (Korkmaz, 2004: 53-62).

In the 1980s, the dollar's rising more than inflation added with decline in wages, there has been a decrease in terms of foreign capital for the labor force. Devaluations in the 1980s exceeding the inflation rate and real wages' falling, the dollar decline in wages affected reductions in real wages in domestic currency triggered a large scale. Despite a significant decline in wages in our country after the 1980s, there has been a different table in other countries.For example, between 1977-1987 in countries such as South Korea, Spain, Greece and Portugal, there was an increase of 174% to 28% of wages in dollar, wages in Turkey over the same period showed a decline of 20% to 30 (Boratav, 2005 : 43).

After addressing the imbalance in income distribution in Turkey, against the negativenesses that this imbalance, sickness, disability, old age, unemployment created in the country it would be beneficial to mention legal and institutional arrangements to be carried out in order to protect individuals against the adversities caused by risks.

The scope of social assistance in Turkey was very limited until 1976. Of social benefits in the country; ther are the assistances done to those who serve for the country, and medal winners, to some public officers and to the families of the medal winners, are some of the contribution made to public officials and their families. In 1976, a new one was added to the foregoing benefits. In 1976, there was a new help proceeding that the wage for the elder people who are over 65, needy, orphan and weak with the law no. 2022: ", Weak and Homeless Turkish Citizens' Wage" (Koray, 2000: 275). This assistance, is one of the non-contributory pillar assistances which constitutes our social security system of social assistance benefits (Gökbayrak, 2010: 145).In our country, this was the first social assistance, which came into force in the modern sense, and the amendment in 2005 expanded the scope of this law. With the amendment, those who are not able to continue their own lives without the help of other people with the condition of showing this with a full-fledged committe report and those who are not employed in a suitable workplace were included into this law. (Metin, 2010: 186-187)

After the Law No. 2022 enacted in 1976, the second important step was the law which proceeded the establishment of the Child Protection Agency, No. 2828 issued in 1983, "Social Services and Child Protection Act (Social Services and Child Protection Law, art. 1) which include the families, children, disabled people, elder and other people who need protection, care or assistance.

Another step in the country in the field of social assistance, was the law No. 3294 "Social Assistance and Solidarity Encouragement Law" issued in 1986."Social Assistance and Solidarity Fund" which operates under the Prime Minister was established with this law (Koray, 2000: 276). According to Buğra (2008), this Fund came into existence as a result of a social politic which reminds a 16th century social policy. Although this Fund was established inspired by the fact that there is a need to find new methods to cope with this new poverty, as the name implies, it was established based on the historical background of Ottoman traditional dotation not on a formal social approach. In a sense, it has emerged as an approach proceeding the collecting donations and distributing them rather than state's conveying resources to social politics.

This Fund which didn't have a significant responsibility in the 1980s and 1990s, the Fund after the 1999 earthquake and the subsequent economic crisis has begun to take serious functions.During Bulent Ecevit's coalition government as the head of DSP, funding became transparent and effective, and after the Marmara earthquake, the fundings quoted by the World Bank to Turkey were distributed by this Fund. After the 2001 crisis, "Conditional Cash Transfer" project which cover the assistances to families with children, to inoculate their pre-school age children, provided that they send out their school-age children to schools regularly is sun by the same Fund. (Buğra, 2010: 212). This practice began in February 2002, in six pilot areas,it became more and more widespread during the AKP government. The first spread was launched in May 2003, and was introduced on each side of the country after March 2004 (Caldiran District Social Assistance and Solidarity Foundation, 2010). Within the pregnancy assistances in "Conditional Health Benefits" £ 3.67 million to 49626 prospective parents between the years 2005-2009 were paid . More resources are transferred to "Conditional Learning Help" every day. For example, 59 thousand children in 2003 were paid £ 1.6 million, this amount reached to 180 million TL to 1 million 266 thousand children in 2005. 1 million 563 thousand students were paid 240 million in 2006, 1 million 951 thousand 420 students were paid 293.51 million in 2008. As a result, actively using the system, training benefits in the year 2009 the owner of a total number of children was 2 million 118821 (Prime Ministry General Directorate of Social Assistance and Solidarity, 2009).

While this Fund was administarated as a secretaria general until 2004, since 2004 it has been run as a general manager. Thus, the institutional structure of the Fund strengthened and the Fund became more operational (Metin, 2010: 188).

The other issue that must be addressed in the legal and institutional arrangements in the context of a social state is the social security system. When Turkey, Mexico and Latin American countries are taken into consideration in general,it has got Bismarck-type social security system.This system provides some social rights to civil servants and formal sector employees through premiums paid. In this system pension systems are generally developed; however, unemployment insurance is not often in place. This system began to form in Turkey in the 1940s . This system which involves formal sector workers, officers and employees, has left out the majority of the working population (Buğra, 2008).

Namely, a social system was established covering only officers with the act of No. 5434 issued in 1949, "The Republic of Turkey Pension Fund Act," and only workers with the act of No. 506 issued in 1964, "Social Security Act". In 1971,Law No. 1479, which also covered under this insurance, "Merchants, Artisans and Other Self Employees Social Security Act" covering the self-employed members was enacted.

After this legal arrangement, the most important legal regulations that must be addressed, No. 3816, dated 1992 "Green Card by giving not afford to pay treatment expenses of the citizens by the State Law on Compensation for" stop. This law was enacted in 1992, until the implementation of universal health insurance, low-income individuals who are poor or provide health services free of charge, which means "Green Card" has been applied (Koray, 2000: 277). With the first regulations, Green Card met the costs of inpatient treatment only, while drugs and other outpatient care costs were met by Fund for Encouragement of Social Assistance and Solidarity. However, with the arrangements made in 2005, since 2005 all of these costs are covered under the Green Card regulation (Text, 2010: 189).

No. 4447 issued in 1999, "Unemployment Insurance Law" followed Legislation in 1992. However, this law could not be implemented until 2002. Within the framework of unemployment insurance in 2002, unemployed persons and certain cash transfer that meets the criteria has been applied. However, unemployment insurance payments hasn't transformed to a common practice especially as applied in the Scandinavian countries (Özen, 2003: 214). The scope of this law was very narrow until 2011. Namely, until the arrangements made in 2011, to take advantage of unemployment insurance, service contract by paying the premium end of the last 120 days of continuous employment is required. 180 days of unemployment insurance to those who worked 600 days in the last three years, as insured, the insured paying unemployment insurance premiums for the unemployed , 240 days to those who worked 900 days in the insured paying unemployment insurance premiums to insured unemployed people, 300 days to those who worked 1080 days as insured work paid unemployment insurance premiums paid for unemployment insurance were paid (Unemployment Insurance Act, md.50).

Because the criteria for keeping a very narrow use of the Unemployment Insurance Law of unemployment allowances in subsequent years, the Unemployment Insurance Fund was not more than 10% of the total accumulation. The rest part was transferred to budget for the GAP expenditures, a portion of the premium obligations of the employers was met by the accumulation in Unemployment Insurance Fund (Boratav, 2010: 202).

The scope of this insurance extended by changing certain provisions related to unemployment insurance in 2011 .With this amendment, those who have the contract of employment with part-time employees who have paid unemployment insurance premiums as an option; those who work in city with public transport businesses, in areas determined by the Ministry of Culture and Tourism, a part-time labor contract executed by one or more persons, were included in the unemployment insurance (With Restructuring of Certain Debt and Other Social Insurance and General Health Insurance Law on Amendments to Some Laws and Decree Law, art. 68).

Some changes were made in the conditions necessary to take advantage of unemployment insurance in 2011.With this amendment, those who work before the end of the service agreement of at least 600 days in the last three years working as unemployment insurance premiums paid by insured and premiums paid in the past 120 days before leaving work continuously employed persons should be entitled to the support of unemployment insurance (Social Security and by the restructuring of some of receivables General Health Insurance Law and Other Law Amending Some Laws and Decree, art. 69).

After "Unemployment Insurance, Law", No. 5502, "Social Security Agency Act" 5510, "Social Insurance and General Health Insurance Law" re-shaping the social security system in Turkey in 2006 and re-shaping system were enacted.

With these enacted laws, the dual structure which bases on distinction between citizens in the areas covered by social security and not covered in Turkey has been eliminated.But this development came into existence by narrowing the scope of social security not by including all members of society into the field of social security. In our country, those who are covered by the formel security system shows resistance against the deterioration of their rights, but they ignore the fact that they should have the support of the whole society and their needs. They continue the discussion of health insurance by mentioning the scope expanded to include everyone and give everyone a minimum income guarantee (Buğra, 2008).

Increasing socio-economic problems after decisions of January 24 1980 Turkey, the imbalance in the distribution of income and who work to fight poverty and understanding among government agencies is dominated by a very complex administrative structure.There are gaps between the co-ordination between the Ministry of Health which is responsible for social assistance and services in the country and the Ministry of Labour which are similar in many activities, . Despite the presence of a large number of institutional effort in the country, the number of the establishment of counseling and rehabilitation services which will address the problems of those who are social-risk families, women, children, elderly, disabled, refugees, sick, immigrants, pensioners, the homeless, alcohol and substance abuse, poor, thoe who experience social exclusion and poverty (Altay, 2005: 172-173).

Public expenditure in this area is also at very low level inTurkey.To grasp the gravity of the issue, some indicators of social assistance in OECD countries and EU countries and our country should be compared within the framework of social public expenditures .

We think that it is suitable to start this comparison with health expenditures.Even though there were different financial and organizational structures of each country's health system located within the OECD,according to 2007 data, the portion of state's health expenditures is 8.9% in France and 8.2% in Germany. While the portion of public health expenditures in OECD countries is 6.5%, this poriton is 5.4% in Turkey.However, this rate is 4.3% in Poland and Greece, 5.9% in Spain, around 7.4% in Portugal.In this sense, it could be said that public health expenditures in our country is not far behind other OECD countries. However, from the other side of the coin, the situation is different. Namely, according to 2005 data, Turkey is in second place on the penultimate after Mexico in OECD countries in terms of the per capita public health expenditures. This shows that the share allocated to health services is insufficient in Turkey (Topuz, 2009: 125-126). We can better understand this by looking at the share of Ministry of Health budget in the consolidated budget of the state budget. While ratio of Ministry of Health budget in consolidated budget in 1980 was 4.13%, in 1990, this ratio was % 4.09, 2.64% in 2001, 2.39% in 2002, 3.5% in 2005, 4.27% in 2006 (Doğan, 2008: 84).

According to 2003 data, Turkey, for the age group 0-19 in public education expenditure per capita was only 232 euros, the same number was 2699 in Greece, 3374 euros in Portugal, 3937 euros in Spain (Buğra, 2010: 242). According to 2004 figures, when European countries are considered, the public education of its GDP, this ratio is around 5% on average in EU countries, Turkey with with a share of only 4.05% ranks fifth in the end ahead of countries such as Luxembourg, Romania among 33 European countries (Topuz , 2009:126).The share of the Ministry of Education budget was 1.66% in GNP in Turkey in 1980 while the share was 2.87% in 1993, 3.06% in 2005 (Doğan, 2008: 89).

While the OECD average of the ratio of social protection expenditures, which are compiled from the expenditure categories such as health, old age, unemployment, sickness and disability benefits and family benefits, to GNP is 20,5%, this ration in our country is 14%. With this ratio, our country is the third country in penultimate over Korea and Mexico (Topuz, 2009, 127). While the ratio of the resources transferred to social security institutions to GNP was around 1% in 1994 in Turkey, this rate reached 4% in 2006 (Doğan, 2008: 82).

Researches show that the living standards of hundreds of millions of citizens in OECD radically improved in the last few decades, and that individuals live longer, healthier and more prosperous. Millions of individuals entered the business world in the process of economic recovery in the 1990s, and there was a huge decrease in unemployment and social problems (OECD, 2005: 1).In this development, the share of social expenditures is very high. However, it is observed that Turkey has not reached its aim in terms of the expenditures of the state over the goal of realization of social justice and social welfare. Social expenditures made by the State lagged behind OECD and European countries. From this point, we can access the conclusion that the expenditures are not sufficient to meet the requirements of a social state done by the state in Turkey (Topuz, 2009: 131).

According to 2003 figures in Turkey, while the share of public social spending was 11.6% in GDP, this rate is much lower than the ones in OECD countrie especially European countries which have a 20.7% average. Turkey's expenditures, in terms of social spending categories such as family support training, active labor market policy, unemployment benefits, housing subsidies, in this area is very low, almost in negligible level.Namely, while the share of the mentioned expenditures in GNP was 1.3 % in the same year in Turkey, the average of OECD countries was % 7.9 (Buğra ve Adar, 2008: 10-11).

According to 2007 data, the current prices and purchasing power parity in OECD countries in per capita compared to the total public social spending, Luxembourg (U.S. $ 17 447), Norway (11 427 dollars), Sweden (10 493 dollars), Austria (10 008 dollars) are in the first places. These countries are pursued by countries such as, Denmark (9705 dollars), France (9446 dollars), Belgium (9354 dollars), Finland (9024 dollars) and Germany (8949 dollars) Turkey (1433 dollars) is seen only higher than Mexico (1042 dollars) at the second to last place (OECD, 2010).

Comparison of Turkey with OECD and EU countries in terms of the social state can not be based only by public social spending.At the same time when a comparison is made in terms of the types of social assistance, it can be found out that these countries are quite ahead, and that these countries have been built on solid foundations of social state. For example, in countries like Austria, Denmark, New Zealand and England, to meet child care costs, the costs of child care or day care fees as a portion or all are being paid as a help. In Australia and France,via more flexible income research, to the widows with children, who are partially or completely excluded from labor market, a special warranty or income support program is applied. Also in many OECD countries unemployed youth , just completed training and previously worked in any job so they can't get the right to receive unemployment benefit, are paid unemployment benefit on parole. For example, while in Poland, young unemployed, a rate for a temporary period of time unemployment benefits, unemployment assistance to lower rates is given in England for young unemployed (OECD, [undated]).

Unemployment insurance that has been implemented in Turkey in 2002 not so functional as in the OECD and EU countries it is.As mentioned above, unemployment insurance is held in a very narrow scope, and the conditions required to take advantage of this insurance is far from flexibility. However, in OECD countries such as Britain, Canada, and Germany, when compared with Turkey, conditions of unemployment insurance tend to favor workers.

Turkey, an amendment made in 2011, to take advantage of unemployment insurance one must work at least 600 daysin the last three years before the end of the service contract and unemployment insurance premiums must be paid by insured and premiums paid in the past 120 days before leaving work and must work continuously (Some Debt Restructuring Social Insurance and General Health Insurance Law and Other Law Amending Some Laws and Decree, art. 69).

Under the conditions of have worked 420 hours last year in Canada, however, the insured will be paid unemployment insurance for a period of 11 months; in Germany , on condition that having worked for 12 months in last three years the insured will be paid unemployment insurance for 12 months, in England under the condition of working for 2 years, 6 months of unemployment insurance payment is made to the insured (OECD, [undated]).

In terms of applications of social state that allows us to compare the OECD and EU countries with Turkey, an other major argument is, Human Development Report published annually by the UN Development Programme (UNDP).

This report ranks the countries of the world according to the Development Index including thier income, health and educational information. According to the Human Development Report 2006 Turkey ranked 92 among 177 countries. This ranking is quite thought-provoking, because it is well below according to the level of per capita income of Turkey Position (70). In other words, the performance of Turkey in the field of education and health care, remains lower than expected from her income level . However, South Korea and Mexico, that of the OECD countries, which is poorer than Turkey , the situation reversed. South Korea which ranks 26th in Human Development Index, her per capita income ranking is 31st; in human development index Mexico ranks 53rd but 60th by revenue place (Buğra, 2006).

Turkey, who is located in the category of high human development, according to the 2009 Human Development Index, 79th among 182 countries ranks.But Bulgaria, Romania and Macedonia,18 countries countries located in the same category, rank higher than Turkey despite lower income levels. Although these values countries with lower GNP per capita are located over Turkey, whose GNP per capita is $ 12 955, in human development index ranking.For example, Bosnia and Herzegovina where per capita GNP is $ 7764 in this index located three rows over of Turkey. This table also indicates that Turkey should continue to invest in people (New Horizons, 2009).

According to the Human Development Index of 2010 Turkey ranks 83rd among 169 countries "High Human Development indicating"According to this index, Turkey took place below the OECD average of states candidate for European Union membersip and other countries in the European Union. At the same time countries such as Bulgaria, Latvia and Romania, have lower per capita GDP thanTurkey, in the same category of human development with Turkey, took higher place than Turkey because of their average life expectancy and the average training time. Similarly, Turkey's ranking comes after countries European Union candidate such as Croatia and Macedonia. Turkey's national income increased 112% in the last 30 years . However, while calculating the Human Development Index, national income is used, as well as the basic data of the country, such as health and education (New Horizons, 2010).

As we have seen, Turkey, integrating to capitalist system via decisions of the January 24, 1980, took place behind the most of OECD and EU countries which are her contemporaries in terms of performing the legal and institutional arrangements, its investments, and social assistance and expenditures to eliminate or rehabilitate or minimize the socio-economic problems posed by this system.This shows that human resources, located in the heart of everything, give life to capitalist system, make it survive, in a sense insurance of the system, not invested in an adequate level, in other words ignored in our country.

CONCLUSION

Before the decisions of January 24 in 1980, Turkey was a country which was isolated from the outside world withdrawn into its shell economically, politically and socially. A bitter legacy of import-substitution followed as the model of development. The power of exports and foreign exchange earning capacity was very weak. Industrial production hit rock bottom due to the lack of foreign exchange, and even cannot meet the basic needs.

Getting the Decision of January 24, 1980 , the economic, social and political shells of the structure leading back to the country broken, advocacy of the crisis began, Turkey's economy integrated into the world economy, the country's economic parameters were improved .

However, due to lack of necessary social and legal ground preparation prior to these decisions, they created banker crises hitting banking sector, fictitious export events those gives the green light to unjust enrichment, have also led to rapidly escalating inflation.Of course, as well as the social consequences of these decisions, the economic consequences are also important.

By the process of globalization in the world income inequality, unemployment and poverty increased, but also the problems that globalization have transformed a problem of global scale. In less developed countries such as Turkey, which is integrated with the capitalist system with Decision January 24, 1980 , an ideological structure against these problems were visited and an ideological structure constituted which provising social space narrowing in the country, this became a serious source of economic and social problems. As a result of wrong policies followed, middle class in our country closed to extinct, citizens belonging to the lower income group had been increasingly poorer. In this environment, trade unions, which is to defend the rights of working people, who will forward the demands of its members to employers and in the political decision making mechanisms has been pacified.

However, the EU and OECD countries who have more experience of capitalization, channelled a large portion of expenditures to transfer of social security systems and social benefits to revive the middle class and to sustain it , and ensured that the revised system itself.These countries not to repeat the failure "self-nonrenewals" that they have fallen in the past, not to they tended to policies encouraging consumption instead of the production.

But in our country, society, and slice gap between the richest 20% and the poorest 20% now continously is opening.In the country, income distribution inequality and poverty are more than most of the EU and OECD countries. The economic policies pursued in the country gives rise to adverse consequences for employees and wages which are the income of the working people remain quite low when compared to EU countries. Although in recent years applications such as 'conditional cash transfer', 'unemployment insurance' are on the way, we reached to conclusion that these regulations are extremely poor compared to the EU and the OECD countries. In areas such as social security, education, health, public spending is far behind of the EU and OECD countries. In our country types of social aids are very limited.

Countries, under our country in terms of GNP, are over our country in UN Human Development Index. With limited quantities of the measure taken on increased unemployment and poverty, the question of distribution of income inequality reached its peak, in our country ,to get rid of this miserable table; equitable distribution of created wealth should be established to ensure the socio-economic mechanisms. Trade unions should be strengthened, NGOs should undertake an intermediary function rather than undertaking the social functions of state, similar to the types of social assistance benefits the EU and OECD countries should be brought to our country, a system sholud be brought which takes all citizens within the scope of social security and the minimum income guarantee, our country should revise itself under the topic of social state.

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