

## **Policy Department External Policies**

# **SOCIAL DIALOGUE AND ITS CONTRIBUTION TO SOCIAL COHESION IN TURKEY**

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## Executive Summary

This briefing describes the conditions under which Social Dialogue is currently developing in Turkey in light of the EU influence through the accession negotiations. It attempts to assess the potential of these developments for improving the social cohesion of Turkish society.

### **The conditions under which social dialogue is currently developing in Turkey:**

Part II starts with a brief presentation of the general framework of industrial relations. It presents its historical evolution from 1961 to present and identifies progress and shortcomings compared to EU and ILO standards. All legislative acts are presented in Annex 1. Then, the state of play of the current situation of Social Partners in Turkey is presented. The study identifies a great variety of organizations including three confederations representing workers in the private sector, three confederations representing public servants and a number of employers' organisations. In Turkey, it is still necessary to pass through a notary in order to record trade union affiliation. In the public sector, certain categories of officials still cannot join a trade union.

As far as the process is concerned, collective bargaining in Turkey faces serious difficulties. There are barriers in order to be considered eligible to enter into collective bargaining and the percentage of the labour force covered by the collective agreements remains extremely low. Collective bargaining takes place only at the enterprise level and there are serious obstacles to the right to strike.

Bipartite social dialogue remains practically non-existent in the private sector, while in the public sector, there is evidence of a bipartite dialogue. But in this case, one of the two partners is the state. The state also dominates the Tripartite Social Dialogue.

Despite the obvious constraints for confederations not having any role in collective bargaining negotiation, there have been some achievements particularly on wage levels and on vocational education and training. New developments were also expected in 2007, but elections slowed down the process.

### **The possibilities for the EU to contribute to the strengthening of the dialogue among the key stakeholders of Turkish politics, economy and society:**

Part III explores the possibilities for the EU to contribute to the strengthening of the dialogue among the key stakeholders of Turkish politics, economy and society. It starts by presenting the main instruments available (accession partnerships, regular reports, screening reports and civil society dialogue activities). Then it identifies, according to EU rules and practices, as well as according to ILO Conventions, the main steps that are necessary in order to establish full trade union rights and to increase the effectiveness of dialogue mechanisms. Three kinds of obstacles are identified in relation to union rights:

- The obstacles to freedom of association: Currently, membership in a union requires going before a notary in order to register;
- The obstacles to the right to strike: Currently, the state has the right to suspend any strike on grounds of "national interest" or "public health" for a period of two months and in practice, through reference to arbitration for an unlimited period;
- The obstacles to negotiation: Currently, the threshold for allowing unions to negotiate and conclude agreements is very high (50% of the workforce of a company and at least 10% of all workers in the industry in question).

In addition to full trade union rights, the effectiveness of dialogue mechanisms also depends on addressing the problem of the informal economy as well as dealing with issues related to history and culture. The latter two can only be addressed through dialogue at the civil society level.

Part III ends with a presentation of the projects related to Social Dialogue and Civil Society Dialogue, financed by the pre-accession assistance.

**The potential of social dialogue for improving the social cohesion of Turkish society:**

Part IV attempts to assess the potential of these developments to improve social cohesion in Turkish society. There is a serious problem of social cohesion in Turkey. Population growth has outpaced employment growth for many years. There is a large informal economy, compliance with labour laws is weak, female labour force participation is remarkably low, child labour is high, and there are great divides between urban and rural areas. Therefore, there is an urgent need for more and better jobs. Effective mechanisms of Social Dialogue may contribute to this objective by increasing labour market performance, by promoting its modernisation and by ensuring a more integrated economic and social development. However, opposing views, based on cultural and historical features, argue that Turkish social partners have not yet reached the level of maturity that would allow them to combine their various interests and to conduct negotiations that promote their common interests. Those views are exaggerated and in their extreme version express the conservative attitude towards reforms. Qualitative factors such as the high rate of growth, the accelerated movement of rural population towards the cities, the interconnection of Turkish social partners with European ones, the continuous familiarisation of the society to Western standards allow optimistic assessments concerning the maturity and social awareness of social partners

**Conclusions**

The conditions under which Social Dialogue is currently developing in Turkey suggest that all the parameters of the Dialogue, such as legislation, actors, and procedures are in place. However, when compared with social dialogue at the EU level, Social Dialogue in Turkey does not produce significant results. The legal framework of industrial relations is under continuous pressure for reform by the EU accession process and some progress has been made. In order, however, to release its dynamics and produce results a strong recasting is required both in terms of legislation and in terms of perceptions towards the actors of the Social Dialogue.

The possibilities for the EU to contribute to the strengthening of the dialogue among the key stakeholders in Turkish politics, economy and society are substantial. Compliance with EU norms is both a legal requirement and a benchmark for the necessary reforms. Full trade union rights, through the elimination of obstacles to association, the right to strike and to negotiate as well as measures to tackle the enormous informal economy are prerequisites in order to make the dialogue mechanisms effective.

Under the current economic, social and political circumstances there is enormous potential for social dialogue to improve social cohesion in Turkish society. It may contribute to the creation of more and better jobs and therefore become a decisive factor of cohesion. Although there are views contesting the maturity of the social partners to effectively participate in social dialogue, reforms allowing a fully fledged Social Dialogue are realistic and necessary. They should not only be considered as an EU requirement for compliance with the Community *acquis*, but as a national priority to face the problem of Social Cohesion.

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## **I. INTRODUCTION**

This briefing describes:

- The conditions under which social dialogue is currently developing in Turkey.
- The possibilities for the EU to contribute to the strengthening of the dialogue among the key stakeholders of Turkish politics, economy and society.

Furthermore, it assesses the potential of social dialogue to improve the social cohesion in the Turkish society.

Particular attention is given to:

- The conditions for the existence of trade unions in the light of international (ILO) and European standards and the necessary steps for the establishment of full trade union rights
- The current bipartite and tripartite dialogue in Turkey and the steps that are required in order to make dialogue mechanisms effective
- The role of collective bargaining and subsequent agreements in the Turkish economy
- The labour rights and, in particular, the situation of working women and children in Turkey
- The EU's potential to contribute, within the framework of current accession negotiations, to the strengthening of social dialogue, including any relevant assistance from the Pre-Accession Instrument

It is reminded that Social Dialogue at the EU level is the key element which differentiates the European social model from the social models in the rest of the world. It provides that social partner agreements, in all their details, may become binding legislation implemented at the national level.

Although there is much diversity between national systems on issues related to the organisation of the social dialogue, all these systems contain the common values and principles of the Union in respect to social and economic rights and are all fully aligned with the conventions of the ILO. This is the essence of the European social dialogue as enshrined in Articles 138 and 139 of the Treaty of the European Community and expressed even more clearly in Articles 136a, 138 and 139 in the new Reform Treaty.

Therefore, when the Union is engaged in accession negotiations with third countries, on the one hand it takes into account and fully respects national features of social dialogue and on the other hand has to guarantee that any new member state fulfils the conditions for participation in European Social Dialogue by the time of its accession. For those reasons this briefing examines both the national features of Social Dialogue in Turkey and its conformity with the EU.

## **II. THE CONDITIONS UNDER WHICH SOCIAL DIALOGUE IS CURRENTLY DEVELOPING IN TURKEY**

### **1. General framework of industrial relations:**

The history of industrial relations in Turkey does not really start until the early 1960s. The 1961 constitution contributed to social change by introducing the right to collective bargaining, the right to establish trade unions and the right to strike. The Union Act No. 274 and the Collective Agreement, Strike and Lock-out Act No. 275 fostered a system of democratic industrial relations. The current constitution of 1982 regulates the system of industrial relations in a more detailed and restrictive manner. Today, significant progress is made in adjusting the labour legislation to the changing conditions, and to EU and ILO standards. In this respect, Labour Law No. 4857 was adopted on 22 May 2003. The Law, which takes into account the relevant EU legislation, contains provisions regarding non-standard employment, flexible working time, temporary employment relationships, establishment of the Guarantee Fund providing protection for workers in the event of insolvency of their employer, the transfer of undertakings, the employer's obligation to inform employees of the establishment of a tripartite Advisory Board, job security, and the effective implementation of occupational health and safety measures. At the same time, the ILO Conventions concerning the freedom of association were also ratified. In 2003, another ILO Convention, No. 144, concerning tripartite consultation boards, was approved by the Turkish Parliament and was enacted as Law No. 3851. In Annex 1, Table 1 summarizes the main legislation related to industrial relations in Turkey.

This existing legal framework of industrial relations is under continuous pressures for reforms by the EU accession processes which pushes towards providing full trade union rights and for an effective Social Dialogue mechanism (see Part III below).

The unionisation rate of workers in Turkey is comparatively low with approximately 23 million (10% of the workers) being syndicated, compared to an EU average of 26.4%. For public servants, a different situation is the case with varying degrees of provisions, rights and responsibilities, etc. According to the latest figures, 787.882 civil servants are unionised in various public sector unions. In other words, the unionisation rate for public employees is 50%, which means it is much higher than for workers in industry.

Women and young people also face considerable problems on the Turkish labour market. Youth unemployment rates have recently increased to more than 20%. In view of the relatively high share of hidden unemployment, the actual imbalance between labour supply and demand is probably significantly higher than indicated by official labour market statistics. Many official plans and documents mention that increasing the employment rate among disadvantaged groups, such as people with disabilities, women, unskilled people etc. and decreasing long-term unemployment are serious challenges for the labour market. In addition to creating equal opportunities in employment with regard to working life, reducing unregistered employment and making the labour market more flexible are also primary targets.

### **2. Actors**

#### **a) Trade unions:**

There are mainly three principal trade unions confederations in Turkey:

- The most important among those is TÜRK-İŞ (*Türkiye İşçi Sendikaları Konfederasyonu*, centrist), the Confederation of Turkish Trade Unions, created in 1952. It accounts for almost two million workers and represents 33 unions;
- Then there is HAK-İŞ (*Türkiye Hak İşçi Sendikaları Konfederasyonu*, conservative), the Confederation of Turkish Real Trade Unions, which was created in 1976 and represents nine unions with about 350,000 workers;
- And, third, DİSK (*Türkiye Devrimci İşçi Senikaları Konfederasyonu*, moderate left), the Confederation of Progressive Trade Unions of Turkey, created in 1967, which includes 19 unions representing about 400,000 workers.

Moreover, there are three important civil servants' confederations:

- Türkiye KAMU-SEN (moderate right), which represents 11 unions with approximately 350,000 members, or 22% of the total civil service population;
- KESK (*Kamu Emekçileri Sendikaları Konfederasyonu*, moderate left) represents ten unions and about 300,000 members;
- And, third, MEMUR-SEN (conservative) including 150,000 members from eleven unions, or 9% of the total population of civil servants. There are also three additional minor confederations: BASK, Hür Kamu-Sen and Anadolu Kamu-Sen.

In sum, all the trade unions provide legal advice and legal representation in court. The so-called check-off system guarantees the financing of the trade unions. Every month the management deducts a union fee from salaries and transfers it to a union bank account. Trade unions, on the other hand, are legally obliged to spend 10% of their annual income for the training of their members. Nevertheless, in Turkey it is still necessary to pass in front of a notary to record the affiliation to a trade union. Also note that in the public sector certain categories of officials do not even have the right of trade union membership.

b) Employers' organisations:

- TİSK, the Turkish Confederation of Employer Associations, is the principal employers' association specialised in the employment relationships and questions of employment. It represents about 1.200,000 members belonging to 21 unions;
- TÜSİAD, Turkish Industrialists and Businessmen's Association, a voluntary association of Businessmen which is member of UNICE; and
- TOBB, the Union of Chambers and Commodity Exchanges of Turkey. They generally concentrate on tax and other macroeconomic issues and represent 1300 enterprises, 370 chambers and 1 million enterprises respectively. TOBB alone is the largest and most effective civilian economic organisation in Turkey.

In addition we have

- The Union of Turkish Chambers of Agriculture (TZOB) and
- TESK, the Confederation of Turkish Tradesmen and Craftsmen, which represent between 4-5 million members. SMEs constitute more than 90% of the total number of enterprises in Turkey, create 35% of the manufacturing sector's total added value, and their share of total employment amounts to 65%, which makes TESK one of the largest and most important organisations in this field.
- The cooperatives in agriculture which are another significant mean for organisation. These are small economic organisations established by farmers to provide economic and social benefits including increases in production and income, supply control, reducing income disparities in rural areas, and solidarity amongst

producers. Currently, there are more than 10.000 such cooperatives in Turkey bringing together over five million farmers.

### **3. Process:**

#### **a) Collective bargaining**

While the informal economy, which represents almost half of total employment in Turkey with an average wage at or below the minimum wage, is unprotected, the formal economy is protected by legislation and collective agreements. Every two years almost 4,000 collective agreements are concluded by social partners. However, industrial relations and in particular collective bargaining in Turkey face five main problems.

- First, collective bargaining only takes place at the enterprise level instead of being rooted in the sectoral or national levels. According to legislation only company level collective bargains are valid, hence covering only a particular group of companies;
- Second, only trade unions are eligible to make collective agreements;
- Third, there are some barriers in order to be considered eligible to enter into collective bargaining process for workers' trade unions;
- Fourth, the percentage of the labour force covered by the collective agreements remains extremely low. At the moment, in order to be permitted to conclude a collective agreement, trade unions have to fulfil the following requirements: a minimum of 10% of the workers in the sector where the union is active, a representation of at least 50% of the workers of the company. Note, in addition, that agreements do not normally last for more than two years;
- Fifth, there is no right to strike or to insist upon a collective agreement for civil servants' unions. These unions and their central organisations can only negotiate in concert with the government. In Turkey, any strike can be suspended for reasons of 'national interest' or of 'public health' for a two-month period. During the suspension, the Ministry of Labour and trade unions have to refer to an adjudicator chosen from an official list of approved ombudsmen.

#### **b) The bipartite social dialogue in Turkey:**

In the system of industrial relations, outside the issue of collective bargaining, it is difficult to identify the presence of dialogue between social partners. The current structure does not maintain sufficient participation for both sides. The lack of bipartite or tripartite platforms for the social partners is therefore worth mentioning.

In the private sector, the bipartite social dialogue remains practically non-existent. Except for the single example of the Social Agreement signed on 19 July 1978 between the government and the largest trade union confederation, TÜRK-İŞ, which established continuous cooperation with the trade unions on issues of economic development and democratic progress, there is a considerable need to develop and strengthen the bipartite social dialogue in the private sector. In the public sector, there are some mechanisms for information, consultation and involvement in the decision making process, but in this case, one of the two partners is the state.

#### **c) The tripartite social dialogue**

The Economic and Social Council (ESC), established in 1995, is the most important institution of social dialogue, although it was not until the amendment of 2001 that its constitution took on the character of a social dialogue body rather than an arm of government. The ESC involves representatives of almost all economic and social

partner institutions along with government representatives and is chaired by the Prime Minister or one of the cabinet ministers. In 2004 one of its sub-committees prepared a report promoting employment and combating unemployment and submitted this to the ESC in 2005. Except for the Industrial relations and employment committee, however, the other twelve (remaining) committees working on issues delegated by the ESC are not active.

Next to the ESC, there are two additional extremely functional and important tripartite bodies: the High Arbitration Board and the Minimum Wage Board. Since the 1960s these bodies have regularly undertaken their specified duties through social dialogue.

Last but not least, there are purely consultative institutions with limited functions to tackle economic and social problems. Next to the Turkey and European Community Joint Consultative Committee, which was established in 1963 in accordance with the Ankara Agreement, there exist fourteen additional tripartite platforms, such as the High Consultation Board of Social Security, the Labour Council, the Employment Board etc.

#### **4. Results:**

Despite the fact that under the legal rules, confederations have no role in collective bargaining negotiations, TÜRK-İŞ realised major achievements concerning wages. It has conducted wage negotiations in the public sector since 1988. TÜRK-İŞ and the successive governments signed protocols between the public sector employers and the trade unions in 1995, 1999 and 2001 determining the maximum wage increase rate for all public sector employees.

##### **a) Wages**

As stated before, collective bargaining concentrates mainly on the wage levels, the redundancy methods, job security and arbitration.

##### **b) Vocational education and training**

Significant cooperation has also taken place in the vocational training field between employer's organisations and trade unions or employer's organisations and the Ministry of National Education in a variety of sectors. In the textile sector, for example, one of the associations of textile exporters (İTKİB) set up a vocational centre with the Ministry of Education. In the construction sector, the employer organisation (INTES) and the trade union (YOL-İŞ) set up a vocational training centre in the industrial zone of Ankara, and, in the metal sector, the metal employers union (MESS) set up a vocational centre in the metal industry with its counterparts.

##### **c) Other**

Beyond the collective bargaining mechanism, the trade unions and the employers' associations have formed joint Councils which address issues concerning health and safety at work and productivity.

#### **5. Recent developments:**

The reform of the trade union laws 2821 (on the agreements under collective bargaining) and 2822 (on strikes) is currently under way. Preparations are conducted by a scientific committee, made up of academics and social partners. Discussions have already taken place with the social partners within the tripartite consultative

body. In June 2004, the amendments of the trade union law of the public employees were adopted simplifying, in particular, the affiliation procedure. A more complete revision of the law is envisaged once the public reform will have been adopted. However, other priorities and the last elections slowed down the process.

## **6. Conclusion**

The conditions under which Social Dialogue is currently developing in Turkey suggest that all the parameters of the Dialogue, such as legislation, actors, and procedures are now in place. However, Social Dialogue does not produce significant results compared with those of the Union. The legal framework of industrial relations is under continuous pressure for reform by the EU accession process and some progress has been made. In order, however, to release its dynamics and produce results, a strong recasting is required both in terms of legislation and in terms of perceptions towards the actors of the Social Dialogue (see part III below).

## **III. THE POSSIBILITIES FOR THE EU TO CONTRIBUTE TO THE STRENGTHENING OF THE DIALOGUE AMONG THE KEY STAKEHOLDERS OF TURKISH POLITICS, ECONOMY AND SOCIETY.**

### **1. General Context**

The EU has been active in promoting a stronger and healthier dialogue among the key stakeholders of Turkish politics, economy and society. The development of the civil society and the maintenance of a sustainable dialogue in the political and social fields have been important topics throughout the ongoing negotiations for the Turkish accession to the EU. All the topics related to Social Dialogue are included in the three pillars of the accession negotiations:

- The first pillar on the monitoring of conformity with the political *Copenhagen criteria* includes labour rights and trade union rights, as well as women's and children's rights.
- The second pillar on the negotiations of the 35 *acquis* chapters includes chapter 19 which, among others, provides for compliance with the procedures of the European Social Dialogue.
- The third pillar on the civil society dialogue between EU and Turkey encourages and promotes the dialogue between the social partners in EU member states and their counterparts in Turkey.

Therefore the EU, through the accession negotiations, is providing a significant contribution to the strengthening of the dialogue. This contribution may be assessed through the screening report, the accession partnership and the annual progress reports.

### **2. Social Dialogue, Steps needed to establish full trade union rights and to make dialogue mechanisms effective**

The EU, while noting the progress recorded in terms of social dialogue and labour and trade union rights in its key documents, identifies the steps needed both for the establishment of full trade union rights and for improving the effectiveness of the dialogue mechanisms.

In the accession partnership the following short term priorities are proposed:

- Establish conditions for an effective social dialogue at all levels, *inter alia*, by adopting new legislation which eliminates restrictive provisions on trade union activities and ensures full trade union rights;
- Provide an analysis of undeclared work in Turkey and draw up a plan to tackle this problem in the context of an overall action plan for the enforcement of the *acquis* for the benefit of the entire workforce.<sup>1</sup>

Accession partnerships which are followed by the progress reports are significant tools in pointing to the steps needed to establish full trade union rights and to make dialogue mechanisms effective.

In particular, the establishment of **full trade union rights** requires the elimination of three obstacles in relation to:

- Freedom of association: currently, membership in a union requires going before a notary to register. A proposed deletion of this formality by the Ministry of Labour is under consideration;
- The right to strike: currently, the state can suspend any strike on grounds of "national interest" or "public health" for a period of two months and for an unlimited period through the reference to arbitration;
- Negotiation: currently, there is a very high threshold for unions to negotiate and conclude agreements (50% of the workforce of a company and at least 10% of all workers in the industry in question).

All these obstacles restricting the exercise of full trade union rights have an important impact on the **effectiveness of dialogue mechanisms**. Although Turkey has ratified all eight core Conventions of the ILO<sup>2</sup>, it has not yet introduced legislation aiming to bring the current laws on trade unions, collective bargaining, strikes and lockouts close to ILO and EU standards. Turkey is particularly expected to lift the reservations it placed on Articles 5 and 6 of the revised European Social Charter, concerning the rights to organise and to bargain collectively. However, the effectiveness of dialogue mechanisms also depends on tackling the problem of informal economy.

There are also some other issues related to culture and history which may be addressed in the medium to long term. However, under the conditions of a strong economic development and EU influence, a change of understanding can be detected. (See Part IV below). Those issues are the following:

- The diversity reflecting political and ideological differences in the country, which has led to significant fragmentation both on the labour side (three confederations) and on the civil servants' side (six confederations);
- The industrial relations context, which is marked by rivalry and even hostility among the unions as well as between trade unions and employers' associations who regard each other as rivals;
- The narrow spectrum for collective bargaining (mainly 'wage bargaining') as a result of the social partners' expectations on labour laws. Historically, civil society

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<sup>1</sup> COM (2007) 661 final, Proposal for a Council Decision on the principles, priorities and conditions contained in the Accession Partnership with Turkey.

<sup>2</sup> The core Conventions of the ILO include Conventions No. 29 on Forced Labour (1930), No. 87 on Freedom of Association and Protection of the Right to Organise (1948), No. 98 on Right to Organise and Collective Bargaining (1949), No. 100 on Equal Remuneration (1951), No. 105 on Abolition of Forced Labour (1957), No. 111 on Discrimination (Employment and Occupation) (1958), No. 138 on Minimum Age (1973), and No. 182 on Elimination of the Worst Forms of Child Labour (1999).

has never been strong enough in Turkey and it has mostly relied on the state for solutions to their problems;

- Social partners' (in)adaptability to change. The long history of employment by the state in secure and lifelong jobs have made trade unions adamant defenders of the status quo, while employers are more in favour of flexibility in the light of changing conditions.

### **3. Civil Society Dialogue**

An important contribution of the EU to the strengthening of a political, cultural and social dialogue between the EU and Turkey is provided through the Civil Society Dialogue initiative, which stresses the need for dialogue to improve mutual knowledge and encourage debate on perceptions regarding societal and political issues on both sides. The envisaged dialogue aims to increase the participation of civil society in the political, cultural and economic development of Turkey through a variety of activities, with a view to consolidating human rights and democracy in line with the political criteria for accession.

The *social dialogue* component of these activities recognises the key role played by the social partners and social NGOs in the implementation of EU social policy legislation. It emphasises the significance of developing contacts with the Turkish social partners and civil society organisations in the social field, with a view to bringing them closer to EU standards and ensuring full respect of trade union rights as defined by the ILO.

### **4. Pre-Accession Financial Assistance to Turkey in Projects to strengthen Social Dialogue and Promote Civil Society Dialogue**

EU funding aims at long term progress. Turkey could get over € 2 billion in the first four years of receiving funding through the Instrument for Pre-Accession Financial Assistance (IPA). IPA includes five components: institution building, cross-border cooperation, regional development, human resources development, and rural development. All those components contribute, directly or indirectly, to the improvement of Social Cohesion. Furthermore, there are specific projects related to Social Dialogue and to the Civil Society Dialogue.

#### **a) Social Dialogue**

**'Strengthening Social Dialogue for Innovation and Change in Turkey' (2007)** is a project funded by the EU and jointly implemented by the International Training Centre of the ILO. With a budget of EUR 4,250.000 this Technical Assistance Project aims to establish conditions for an active and autonomous social dialogue. Its objectives include assisting the authorities and the social partners in enhancing their institutional capacities so as to participate in a meaningful social dialogue at all levels. Under this project, a grant scheme amounting to EUR 1,890.000 has been established to support approximately 30 innovative, bi-partite activities at all the levels of social dialogue.

**'Social Dialogue as a Tool to Address Unregistered Employment in Turkey' (2005-2007)** is a project jointly implemented by the EU and the ILO in Çorum, Gaziantep and Bursa. It aims to increase knowledge and understanding of unregistered employment and the informal economy, and to encourage and facilitate the development of proposals for new policy measures by building consensus and ownership through social dialogue. Its objectives include the active and effective

involvement of tripartite partners in the development of provincial employment strategies in abovementioned cities, as well as enhancing social dialogue institutions and mechanisms, agreeing on the development of national employment strategies and targeting unregistered employment. The project provided significant examples on how to overcome the problem of informal employment in Turkey in the light of European experiences and practices.

#### **b) Civil Society Dialogue**

Programmes addressing NGOs, social partners and professional organisations in the form of long-term partnerships aim to provide Turkish civil society organisations with the necessary assistance to co-finance bilateral exchange projects with their EU counterparts with a view to improving mutual knowledge and ensuring collaboration through the exchange of best practices.

As a whole, these programmes aim to contribute in the long term to the improvement of mutual knowledge, the development of common projects and an enhanced participation at grass-roots level. In 2006, a budget of EUR 21.5 million was allocated for these projects under the Pre-Accession Assistance.

### **5. Conclusion**

The possibilities for the EU to contribute to the strengthening of the dialogue among the key stakeholders of Turkish politics, economy and society are substantial. Compliance with EU norms is both a legal obligation and a benchmark for the necessary reforms. Full trade union rights through the elimination of obstacles for association, the right to strike and negotiation as well as effectively dealing with the enormous informal economy are prerequisites for the effectiveness of dialogue mechanisms.

## **IV. THE POTENTIAL OF SOCIAL DIALOGUE FOR IMPROVING THE SOCIAL COHESION OF TURKISH SOCIETY.**

The creation of more and better jobs is a decisive factor for social cohesion. Turkey has been faced with a permanent problem of job creation both in terms of quantity and quality for many years. Population growth has consistently outpaced employment growth over the last decades, and remarkably low employment rates for women explain much of the difference in employment rates between Turkey and the EU. The overall employment rate remains well below the EU average at 43% with an alarmingly low rate for women at 21,7%, which is less than half the rate in the worst performing member state of EU-15, Italy, and more than 10 percentage points below the rate in the worst performer of EU-27, Malta. In Annex 2 Table 2 presents Employment and Unemployment Rates from 1990 to 2006. Female employment rate in Turkey has been declining over the last few years, mainly due to the loss of female labour in the agricultural sector resulting from rural-urban migration, and successive economic crises that the country faced. Nevertheless, the high levels of female presence in the skilled work force, including academic, legal, medical and diplomatic professions is noteworthy, and the labour force participation of women with university education is significantly high. In this context, although the majority of EU gender equality directives have by now been transposed into national legislation, implementation remains a serious challenge for Turkey.

In terms of the quality of jobs, there is a large informal economy, the compliance with labour law is weak and there are great divides between urban and rural areas. Rural

population stood at 35% of the total population in 2000, agricultural production represents 11% of the GDP, and employment in agriculture constitutes almost one third of total employment.

Child labour is another major challenge for social cohesion in Turkish society, and although it has been declining since the mid-1990s, when it reached 16%, at 5.9% it is still significantly high. Therefore, there is an urgent need to address the problem of social cohesion in Turkey.

Effective mechanisms of Social Dialogue with full trade Union rights may substantially contribute to the creation of more and better jobs and improve social cohesion in the country. In particular, such a Dialogue will constitute the clearest practical confirmation of all the legislative reforms undertaken in the previous years as well as of the ones scheduled for the near future. According to the European experience, in other EU countries, Social Dialogue is an important tool to

- Increase labour market performance and promote its modernisation as well as,
- To ensure an integrated economic and social development.

Both of them are necessary for the sustainability of the current high rates of growth in the Turkish economy and for the minimisation of social conflicts.

There are, however, conflicting views on this issue. These views, based on realities on the ground and on cultural and historical features (see above in III. 2) argue that Turkish society in general and social partners in particular, do not have the maturity to bring to light through dialogue their different interests and to conduct negotiations.

“...Conflict is regarded as a 'misunderstanding' rather than a disagreement based on conflict of interests. The parties involved believe that their future relationship will deteriorate considerably once they have engaged in defending their interests or views in an aggressive way or on a face-to-face basis...” (Dereli 1968).

Those views are exaggerated, and in their extreme version, express the conservative attitude towards reforms. Although there is no index measuring the maturity of a society, there are qualitative factors which allow optimistic assessments of the maturity and social awareness of social partners in Turkey. These include:

- The high rate of growth and rapid movement of the rural population to the cities;
- Communication channels between the labour market in Turkey and those in EU countries, through Turkish migrant workers and schemes of direct investment in Turkey from European businesses;
- A large and constantly evolving degree of interconnection between the Turkish social partners and their European counterparts through participation in the proceedings of the European social dialogue;
- Turkish society's continuous familiarisation with Western standards of life (massive consumption, advertising, increased influence of the media, etc.)

## **V. CONCLUSIONS**

Under the current economic, social and political circumstances the potential of Social Dialogue to improve social cohesion in Turkey is enormous. It may contribute to the creation of more and better jobs and therefore become a decisive factor for cohesion in the country. Although there are views contesting the maturity of the social partners to carry out effective dialogue, reforms allowing a fully fledged Social Dialogue are realistic and necessary. They should not only be considered as an EU requirement for

compliance with the Community *acquis*, but as a national priority in order to address the problem of social cohesion.

## Annex 1

**Table 1. Turkish legislation in the field of industrial relations**

<b>Civil servants</b>	<b>Workers (private and public sector)</b>
1) Act No. 657 (Year: 1965) Title: Public employee law Covers: Individual relations between government and public employee	1) Act No. 4857 (Year: 2003) Title: Labour Law Covers: Individual relations between employer and workers
2) Act No. 4688 (Year: 2001) Title: Public employee trade union law Covers: Public employee unions and confederations	2) Act No. 3851 (Year: 2003) Title: Labour Law Covers: tripartite consultation boards
3) Act No. 5434 (Year: 1950) Title: Social security law of public employees Covers: Social insurance premiums and benefits	3) Act No. 4447 (Year: 1999) Title: Unemployment insurance Covers: Unemployment premium and benefits
4) Act No. 5198 (Year: 2004) Title: Law Amending Public Employee Trade Union Law, Social Insurance Law and Social Insurance Institution Law Covers: Public employee trade unions' membership procedures	4) Act no. 2821 (Year: 1983) Title: Trade Unions Law Covers: Both employers' and workers' unions and confederations
	5) Act No. 2822 (Year: 1983) Title: Collective Agreement, Strike and Lockout Law Covers: Collective bargain and agreement, procedure of strike and lock-out
	6) Act No. 506 (Year: 1964) Title: Social insurance law Covers: Social insurance premiums and benefits

Source: EFILWC, 2006: 3; Öke, 2005: 35.

## Annex 2

**Table 2. Employment and Unemployment Rates between 1990-2006**

		1990	2000	2006
<b>Labour Force Participation (%)</b>	<b>Total</b>	56.6	49.9	48.0
	<b>Male</b>	79.7	73.7	71.5
	<b>Female</b>	34.2	26.6	24.9
<b>Unemployment (%)</b>	<b>Total</b>	8.0	6.5	9.9
	<b>Male</b>	7.8	6.6	9.7
	<b>Female</b>	8.5	6.3	10.3

Source: Turkstat, Population and Development Indicators, [www.turkstat.gov.tr](http://www.turkstat.gov.tr).

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