

Indirect welfare regime practices and transformation of social security system of Turkey after 1980

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Abstract The Welfare State concept where welfare conditions are equally shared among citizens, full employment is ensured and state plays the part of a sole protector against all potential social risks has created great reaction for the whole world. After 1945–1980, accepted as the golden era of welfare state, it is observed that these practices have entered into a process of crisis. Therefore, this case study has been prepared believing that it will contribute to the issues of increasing crisis of Welfare state and social security specific to Turkey example and private pension. In this case study which is founded on an interdisciplinary approach, as a result of conceptual studies on social state and its specific historical process, it is observed, there are two different basic approaches on that the Welfare state concept has gone through crisis. While, the approach that the welfare state continues its existence by evolving outweighs, on the other hand it is suggested that liberal state has left the social state phase which was a response to a specific historical era. This case study which is mainly established on private pension system, defends the second approach among two different ones and tries to bring it into view specific for Turkey example through participants of private pension system. Although, all practices related with social state have not been completely disappeared yet, it is suggested that there is a great crisis as a result of policies especially enforced by neo-liberal institutions. The main purpose of this case study is to understand the crisis dynamics come up related with welfare state model specific to Turkey and reveal the potential of private pension practice put into force for overcoming the crisis. The main purpose of this case study is to clarify the potential of private pension system come up as a precautionary policy for providing social security

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concept at senility era which is accepted as a social risk in respect of fair distribution of welfare conditions for whole society and overcoming social security needs of citizens within the context of social structural dynamics specific to Turkey.

Keywords Crisis of welfare state · Social security system · Turkey · Private pension system · Case study

1 Introduction

The starting point of this case study which considers social state and social security systems is 1970s. Roughly speaking, it is suggested by these years of transformation that the social movements, history, family and finally the nation-state “have come to an end”. It is observed in this era, the social state concept has become different, while the explanation methods of the process have not become clear, yet. Consequently, we see that several conceptualizations are used for explaining the drivers of change which social state have experienced after 1970s. Dilemma between the approaches suggesting that the social state concept is in crisis (Mishra 1999) and the ones defending that the social state is only undergoing a transformation (Taylor-Gooby 2001) establishes the foundation of construct in this field. On the other hand, there are views on that the social state is only undergoing a change in form (Johnson 1990), while the views on that the concept and classification of social state have become different (Esping-Andersen 1990; Bamba 2007) are quite common. Therefore, we can state from such a holistic view that it is fundamental to explain the crisis social state experiences through three main variables. These variables are globalization and neo-liberal policies based factors, socio-demographic factors and problems deriving from Welfare state itself.

If, the issue is considered from social sciences literature, we see that this restructuring process of welfare state is tried to be explained through great conceptual diversity. A lapse of concept from the definition of Fordist Keynesian Welfare State to Competition State, Neo-liberal welfare state (Esping-Andersen 1990; Mishra 1999), Effective State (Demir 2003), Military Minimal State (Nozick 1984) and finally Schumpeterian Workfare State (Topak 2012; King 1995; Peck 2001) has been experienced. All aforementioned conceptualisms emphasize different aspects of the same social process. The main duty of state in this new restructuring process is not protecting its citizens against potential risks. Therefore, the first thing can be said for new restructuring process of welfare state is that all new restructuring efforts are intended to decrease public welfare expenses. Therefore, the main issue of this transformation is a “competitive social policy” system (Topak 2012, p. 145).

Although, assigning responsibility of public sector to private sector differs from country to country, it is the main method applied by several countries. Similar processes have quickly expanded in the beginning for the United States of America and almost concurrently for Australia, the Netherlands and the United Kingdom. However, we see that new workfare based state model establishes different relations in different welfare state regimes. This difference derives from different welfare classifications (Esping-Andersen 2006; Bamba 2007) of countries. The practices applied in the United Kingdom and the ones applied in Chile and Turkey have differences both with respect to process and mechanisms (Peck 2001). In this sense, Esping-Andersen explains differentiation of countries with different historical and institutional structures in transformation process due

to their specific characteristics by Path Dependency (1990) approach. According to this approach, the construct of reforms especially the position of private pension programs are determined by welfare regime aspects of countries.

2 Welfare regime in Turkey after 1980

In order to clarify the social security system of Turkey, firstly the welfare state classification of this country should be understood. It should be discussed where the welfare practices of Turkey are positioned among the triple classification (liberal, conservative and social democratic welfare state) of Esping-Andersen (1996) and the quadruple categorization of Bambra's (combined welfare state) where he adds another step (2007) to that system. It is not possible to state that a welfare state practice such as the Western European or Scandinavian countries is implemented by underdeveloped countries such as Turkey. Conceptually "minimalist and indirect welfare regime" term is usually used for an underdeveloped welfare regime like Turkey (Arin 2004, p. 72). In such countries where full employment is not realized and labor force participation rate is low, social rights are not bound to certain rules and institutionalized.

The most important post 1980 tendency of Turkey related with structuring social security systems is the public-private sector partnership for providing social insurance. The first regulation in social insurance system is related with the age of retirement. The age of retirement in Turkey has been increased to 60 for men and 58 for women by the 4447 numbered law put into force in 1999. In this draft, it is predicted that the age of retirement for both genders will be 68 in 2075. A second regulation is restructuring pensions. In this regulation where premium payment days are increased, the pensions are calculated differently and indirectly tried to be decreased or fixed (Özbek 2006, pp. 348–349). The most important step experienced in the social insurance issue and determined according to neo-liberal free competition aspects is to get the insurance practices out of protection and control of the state. Thus, it can be said that the social security reforms of Turkey primarily include parametric changes intended for the retirement system. New transformations have begun in public retirement services with the impact of liberal practices. Today, the opinion that the state should solely guarantee the future of its citizens related with retirement and insurance procedures has disappeared. As of September 2003, eleven insurance companies carrying out their activities as life and health insurers have been turned into private pension institutions, licensed by the Treasury and permitted by the Capital Market Regulatory Board (SPK) for establishing pension mutual fund (Özdemir 2007, p. 341).

The economy of Turkey is an economy which has become more outward-oriented by 1980s. More outward-orientated economy means further engagement with global economy of the world and becoming influenced from foreign economical crisis more than before. The functional problems of capitalism are factors such as government-supported investor class and state's being the biggest financier and entrepreneur increase the fragility of Turkey's finance sector. The budget gaps, unemployment, high foreign exchange rates and devaluations against huge economical turbulences experienced in the world are cases frequently experienced after 1980s. The social security deficit of the state has been gradually increasing day by day and according to statements of government officials, the state is on the path of bankruptcy in long-term. As the neo-liberal policies followed by almost all the post-1980s governments are considered within this concept, we see that the state needs the hot money to be collected through individual retirement in order to decrease

social expenses and reduce economical collapses experienced in times of crisis. The difficulties of finding sufficient foreign capital or loan and obtaining capital from domestic resources in other words citizens include lower cost. As a result of all these variables, capital along with diminishing the burden on state expenses for individual retirement system of Turkey serves as a contribution in recovering hot money need of our country.

The voluntary participation based private pension system practice can be expressed as a significant indicator for the approach that the social welfare state practices of Turkey and the opinion on state should protect its citizens come to an end. It has become necessary to include employed nationals under age 45 within a retirement plan by a retirement contract issued by employers by the amendment as “automatically including employed citizens in a retirement program” which has been accepted in Turkey by 6740 numbered law in 10.08.2016. The contribution of citizens employed within a retirement contract is determined as the amount corresponding to 3 % of their basic income. The responsibility of transferring contribution of employed citizens to retirement firms is transferred to employers (www.egm.org.tr).

As a result of this practice implemented in Turkey, it can be said that individual retirement system has become an obligation for employed population. This situation matches the findings of our study. As claimed in the study, this is an indicator that the state is willing to share its mission as being the sole responsible party of social security with its citizens. By means of this practice implemented in Turkey, it is also possible to say that the protective state approach of Turkey experiences a serious deterioration.

3 Description and method of the case study

In this case study, the assumption, that social state practices and policies become worn basically as a result of globalization and directions of neo-liberal policies and institutions as an extension of it, is accepted.

The field research after literature scan has been applied on individuals from western provinces Izmir and Mugla of Turkey who participate in the private pension system. No research has been applied on individuals of Turkey participate in the system. Consequently, it can be said that the theoretical and empirical resources in this field are quite limited. As the subject of private pension system and its participants as the focus group of this study is theoretically either a new subject and a new social phenomenon, Case Study is used as the research method.

It is necessarily for a workshop with the participants of private pension system of Turkey to be conducted as a qualitative study. Because, personal information of all participants of the system is maintained by firms on “customer confidentiality” basis. Anyway, various statistics related with socio-demographic characteristics of participants such as age, level of education, gender, occupation and etc. are regulated by pension companies and the pension monitoring center. Therefore, the in-deep interviews to be held with the participants in such an environment have gained great importance.

In this study conducted by case study method which focuses on individuals participated in the private pension system, “the interlocking single case” texture is adopted as the model. Because, study has caused using more than one case for resolving the problem of the research.

Thus, 36 individuals have been interviewed by Snowball Sampling Method throughout the qualitative study. However, two of these interviews are excluded from the scope of the

study as they do not have the sufficient time and content and voice recordings of two other interviews have not been successfully decoded, therefore the information obtained from 32 participants have been used in qualitative analysis. During data collection, recurring data has shown that we achieved satisfaction in respect of data collection. Therefore, interviews have been ended after a particular level of satisfaction has been achieved. Consequently, like several qualitative research, the number of samples in this study is relatively low. However, such case creates an advantageous situation rather than a disadvantageous one. Because, by such method, it has become possible to acquire data with great detail and depth on the research subject.

The in-depth interviews held with participants have personally held by the researchers. All interviews have been recorded by sound recording devices and the researchers have taken their own notes during interviews. During next phases, the sound records have been analyzed personally by the researchers and supported by the notes taken during sessions. On the other hand, a pilot study has been conducted by the semi-structured questionnaire prepared before beginning fieldwork and the questionnaire has taken its final form.

4 Data analysis

4.1 Participation process for the private pension system

The field related with private pension system which has been increasingly problematized in Turkey at its beginning phase for the last ten years is the reason and method which the individuals prefer to participate in this system. The main purpose of such a problematizing in the research is to determine the reasons for individuals to participate in the system and measure their knowledge and awareness level on the system.

In this sense, it can especially be stated that mostly the housewives without any social security participate in the private pension system. "My husband is a tourism professional. He has a business, a hotel. However, he has not taken out any policy for me for years. Now it is too little, too late... but you see? It is never late for anything. My husband has make me a part of private pension system. I am old now but it is good to take pension."¹ "As my husband is a physician in the state hospital I have never thought of insurance. Anyway, I am examined in the hospital. And he is a physician. But, as you grow older, you wish you had your own monthly salary/pension. It may be a little, but it should be mine. My husband said me to have a private pension policy for me. I did not know. Now I will be retired in five years."² Private pension insurance taken out by spouses of housewives without any income means personal assurance for them. As cited by the participants, the main purpose for women who are disadvantageous to be a part of the system in social security sense to participate in the system is to obtain assurance for a personal future against the risk of ageing.

If, the reasons and grounds for participants to become a part of private pension system are considered in more detail, we confront with several main titles. The first of them is concern for saving money. "I could not save any money, I was single. I could not stop myself in anyway. I seemed reasonable to me. I thought that I would get a collective settlement in the future. Now, I am paying every month like a credit card debt. I

¹ Interview23.

² Interview27.

involuntarily save money. If, it was up to me I did not save any money for saving in bank.”³ “But we cannot save anything by anyway.”⁴ If, all the participants of the study are taken into consideration, it is observed that most of the individuals participate in the system to make savings rather than having a retirement assurance. People are mandatorily directed to make savings and investments when the funds transferred to system are automatically collected from their credit cards or bank accounts. “Anyway, I do not think using the money I save for pension. The purpose is to come into plenty of money.”⁵

The second reason for the participants following making investment and collecting money is to cover the future education expenses of their children. “I have a 7 years’ old daughter. I do not know what she will do in university. If, she cannot win state university, I can use this money for sending her abroad or a private university. Now, I never touch it.”⁶ This case more frequently stated by the middle-aged participants represents one of the main reasons of participating in the system. Participants considering that their pension to be provided by their social security will not be sufficient to cover cost of education of their children, apply the system for sustainability of education. “I participate in the system for my children. I have two. There are three years between them. Just think that both go to the university at the same time. It is impossible for our pension to cover all these expenses. When, they are 18 they will decide how they will use that money.”⁷

As well as these reasons apart from retirement assurance, the reason for individuals with knowledge on process of the system and consciously participate is retirement assurance. “I have checked up knowingly and willingly and participated in it. The Teacher pensions in Turkey are very low. So I decided to contribute in my retirement while I am still working”⁸ The part with high concerns on pension and retirement assurance is the civil servants and workers. The purpose of these people to participate in the system is to continue their current living standards in their retirement. “After, my father has retired, he has become transfixed. He calculates anything he does and buys. How much does a civil servant retiree get? Now, we support him a little. And we get used to particular standards while we are working. I do not want to suffer in my retirement.”⁹ While, the age of retirement is increased at one side, on the other side the retirement liability payments are decreased by new policies implemented in Turkey in the social security field. In other words, the balance between active (working and paying liability) and passive (retired pension collectors) roles of the social security system become gradually distorted. And this situation means, the number of working population paying pensions of retirees is gradually decreasing. Consequently, the amount of pension collected by retired population decreases day by day. And people participate in the system at least for fixing their living quality in their retirements upon these changes applied on the social security field. “My wife does not work, she is a housewife.. OK, thanks to God for now we can earn our living. We have lodgment right and we do not experience any financial problem thanks to additional assignments. However, we will not find such comfort in our retirement. You need money when you are old. So I participate in the system in order not to experience any discomfort

³ Interview1.

⁴ Interview5.

⁵ Interview22.

⁶ Interview19.

⁷ Interview25.

⁸ Interview2.

⁹ Interview30.

after we are 60.”¹⁰ We observe that people try to take precautions for their own future against gradually decreasing protective policies of social state and social security of Turkey. Instead of the social state concept which completely protects workforce against risks (such as ageing, diseases, unemployment and etc.), we can say that we have entered an era where state does not act solely on itself but acts together with its citizens especially with regards to the social security field at retirement term.

4.2 Private pension system and retirement assurance concept

As it is shown by the conducted workshop, even if the system is depended on retirement assurance, the participants do not understand the situation like that. The ones among 32 participants of the study who considers private pension system as a retirement assurance is only four people. Two of these four people are the housewives who does not have any social security, at all. And two other participants are civil servants.¹¹ Other participants consider the system as an investment instrument rather than a retirement assurance. As stated in previous parts of the study, people participate in this system mostly for saving money. Especially, the 25 % state contribution practice put into force in the 1st January 2013 has supported this case. While, the 25 % of state contribution provided by the government as a part of social security policies for encouraging private pension system increases demand on the system, it also turns private pension system into an investment instrument. “Just look, if there is any investment instrument with 25 % contribution. I deposit a thousands of Turkish Liras monthly. The state adds two-hundred and fifty Turkish Liras for me. There is nothing like that. You can even earn such a regular income from stock exchange.”¹² “Actually, I did not think to take out before. But, state contribution persuaded me. Interest rates are apparent. Rather than saving by a bank, I prefer saving by private pension system.”¹³ The state contribution implemented for expanding and encouraging the system has increased interest on PPS.

Thus, it can be said that a process where social protection and security of future as one of the main pillars of social state concept of Turkey is unmonopolized and transferred to individuals.

4.3 Private pension system from the perspective of its participants

As, people do not consider the system as an assurance/security for their future, they do not see this practice as a social insurance. “I think it is nice. It is not an insurance. I think it is an impaling system. I have paid a thousand and three-hundreds of Turkish Liras up to now. It becomes a thousand and seven-hundreds of Turkish Liras, but at least it should become three-thousands and eight-hundreds of Turkish Liras. Namely, I am in a loss. System does not provide much profit as it promises.”¹⁴ People have concerns on the system’s future in such negative and uncertain conditions. “Everything is privatized. State throughly keeps its hands from everything. I know that several insurance companies behaved unjustly towards several people by low liabilities. Actually, I do not know exactly, we might experience

¹⁰ Interview24.

¹¹ Interviews 11 and 15.

¹² Interview26.

¹³ Interview22.

¹⁴ Interview3.

great disappointment from this system. ¹⁵As, PPS has a very recent history, we can say that the trust on future of it is quite weak. The negative developments in social security also have negative impact on such a result. “Just think, what a great contradiction. At one side, the state aims to turnover retirement assurance under its security to third parties by privatization. On the other side, it provides state contribution for encouraging and increasing participation of people in this privatization process. Actually, it is a trap.”¹⁶ Although, various problems have been experienced for PPS, the 25 % state contribution per retirement contract started in the beginning of 2013 has increased the interest of citizens in the system.

In this sense, it is possible to say that PPS is a significant dynamic indicating that social state concept is going through serious crisis. “Actually, people are deceived here. It is tried to turn the system attractive and incentivized by state contribution. However, is the problem of the citizens? It is governments job to provide pensions.”¹⁷ “While, three or four employees used to compensate a pension, today almost an employee compensates that amount. The active–passive rate of insurance system is gradually going worse day by day. So, the state is looking for various precautions to overcome this crisis. The state wants to get rid of this responsibility and burden. And PPS is a practice implemented for that.”¹⁸

The private pension system closely corresponds to the idea that the social state and social security system are in crisis, currently seems extremely away from the potential to satisfy Turkish citizens. The recent history and several future related uncertainties of the system are the main reasons of such a result.

4.4 Changing social state approach and private pension system

Changing social state concept and social security policies have caused great destructions on lives of citizens. Especially, increasing age of retirement and decreasing retirement liabilities have caused people consider their future more concernedly and suspiciously. The “benevolent state” mission guaranteeing the risky term after working life has received an extensive blow. Consequently, the sense of trust on the state has been lost. “In our country, there is no more a state working for its citizens.. There is a state working for itself.”¹⁹ “The state does not work for its citizen, the citizens work for it. State must provide free education, free healthcare services and resolve financial difficulties of its citizens. Here, we have a reverse situation. People become indebted to banks for securing their futures.”²⁰ Especially, in the sense of social security, citizens bear great responsibility for ensuring security of their future after inclusive mission of state has fallen out of favor. “Everything is privatized, state begins keeping its hands of from everything... Today, no one wants to retire. There is a fear of being poor. I have turned my age of retirement but I cannot retire.”²¹ While, the private pension system interpreted as “privatization” of social state practices and social security is considered by some participants as a positive aspect for overcoming this crisis, it is severely criticized by other participants. “All right, I have

¹⁵ Interview30.

¹⁶ Interview20.

¹⁷ Interview26.

¹⁸ Interview31.

¹⁹ Interview16.

²⁰ Interview1.

²¹ Interview6.

taken out a private pension policy. But, we are digging our own graves. The state says that I will not pay you enough. Just think for yourself and make your investments. Then, we hop on without a second thought. However, it is the duty of the state.²² On the other hand, there are ones who defends the opposite of this opinion. “We should not expect everything from the state. The citizens should do their parts. We are a free rider nation.”²³

Another interesting point we come across as well as the ones mentioned above is that the private pension system has come up within the context of improving/strengthening social security. It is suggested that the private pension system is a creation of a precautionary approach based on protecting its citizens. “There are some positive developments with regards to social state. Such as the PPS. The people should think that they will grow old and take their own precautions... Yes, state has stepped back on security issue. But, look it has presented the PPS to compensate that. And now it provides twenty-five percent contribution. What else do you expect?”²⁴

As a result interviews conducted within the scope of the study, the views on that the PPS which comes up for providing full retirement assurance for the citizens will actually deepen the inequality among them. In this sense, it is predicted that the distinction between the economic and social welfare conditions and income inequality will deeply increase at old age. “Only the ones with money can take out a private pension policy. Currently, these people get on well. They invest some of their money in the PPS and they become richer by state contribution. However, just think of an employee on minimum wage. He/she barely manages on living. How can he/she invest in the PPS? There is nothing to invest. So, we can say that the rich becomes richer while the poor becomes poorer. If, the state wants to secure the future of its citizens by the PPS. Then, it should firstly provide it for the poor then for everyone.”²⁵ The private pension system is criticized in various ways for not covering all social classes and groups. The PPS which is positioned as privatization of social security according to a common belief among the participants, actually makes existing social polarization deeper.

We can say that the ones with income and retirement assurance becomes more prosper while the ones without social security are deprived of an “opportunity” as private pension system. In such case, it can be said that the PPS is a system developed for the ones with particular welfare conditions rather than an insurance and security system which covers all citizens and accessible by everyone. Consequently, it can be stated that the private pension system as an investment tool contributes in unequal distribution of welfare conditions rather than a social security. The investment of people in private pension contracts based on their socio-economical conditions contributes in a more severe economical and social subversion. “Actually, I am a contractor. I think the PPS is most useful for us. I cannot make good use of my money so much at anywhere else. Last week, I deposited a serious amount of interim contribution. Because, it has twenty-five percent state contribution. Actually, they limit the interim contribution amount for getting state contribution. If, it was not that way, you would see what would happen... But, again the only party suffers here is the ones with lower income level.”²⁶

²² Interview20.

²³ Interview17.

²⁴ Interview11.

²⁵ Interview29.

²⁶ Interview30.

The system serves in economical and social polarization in privatization and marketization of social security system distant from covering all citizens equally. However, the foundation of social state concept is to protect citizens equally against all risks. In this respect, the social state concept which has been especially founded for protecting its citizens with lower income level against risk of poverty, old age and retirement has gone through a serious crisis. In the beginning, the state has adopted the social state mission in order to establish balance between its citizens with regards to welfare conditions. Whereas, today this mission has been abandoned and the social state approach has been renounced at the cost of unequal distribution of social welfare conditions in order to get rid of its burden. Even, the state contributes into existing unequal distribution of income by market based policies such as private pension system. Although, the private pension system has seemingly been tried to make attractive by incentives and contributions of the state, a more implicit policy underlies this practice. The main purpose of such policies shaped by liberal economical policies is not protecting poor and ensuring equality among citizens. The important thing is to acquire profit for the market. The actual duty of state in this system is to put necessary legal policies in place to facilitate functioning of markets. Unfortunately, in today's liberal system, the state is not a mechanism serving its citizens, but an intermediary serving market conditions and facilitating functioning of markets. Especially, as the state does not implement this practice for all its citizens but executes that through intermediary institutions and banks, it accelerates the process of marketization of social security, turns private pension system into an investment instrument and personally contributes in privatization of social security.

5 Evaluation and result

This case study which tries to clarify the changing social state and social security system issues on retirement security and private pension system of Turkey, aims to analyze the social state concept which has begun regressing with the impact of globalization by focusing on private pension system. With regards to the aimed main points, it is possible to within the scope of the study that social security is no longer a fundamental right by regression of social state. Currently, both a theoretical and practical ground intended for establishing a path considering the people should finance their own social security while they are still working has been structured.

If, the case study data is evaluated, it is observed that the in-depth interviews conducted with 32 interviewees overlap with basic hypotheses of the study.

The main purpose of private pension system is to take people under guarantee against old age. As it is shown by the study, even if the system is depended on retirement assurance, the participants do not understand the situation like that. The ones among thirty-two participants of our study who considers private pension system as a retirement assurance is only four people. As aforementioned, this case is almost ignoring retirement aspect of the system. However, the intermediary institutions and banks promote the system as a means for saving money rather than retirement.

One of the most interesting findings of the study focuses on unequal distribution of welfare conditions. It is observed that the private pension system of Turkey has characteristics which are designed for more powerful and stabilized sustainability of liberal, capitalistic system, giving profit shares to its participants and trying to finance the hot money deficiency of the country's economy. In Turkey, it seems quite hard for the ones

who are poor, experience financial difficulties or working on minimum wage to participate in the system, make saving or get retired from the system. It seems like the poor who are the disadvantaged ones of the country and face underdevelopment more than the others will continue to be the disadvantaged ones in the future. Certainly, PPS does not have any mission to eliminate poverty however as shown by the study, the system progresses through capital and it tends to the ones who can save money. Due to these reasons, rather than a retirement logic, the system has a restricted and investment directed aspect which strengthens the financial sector.

As a result of this study, it becomes apparent that the Welfare State crisis of Turkey should be explained by specific dynamics. As it is known, the most important characteristic of Welfare State practices is equal distribution of welfare conditions. However, it is determined that the private pension practice implemented for overcoming this crisis serves for unequal distribution of the welfare conditions rather than equalizing them. The participants consider the system as an investment instrument instead of a retirement assurance and this unbalances equal distribution of welfare. The ones at higher income level invests more in the system and gains more from it while the ones at lower income level are deprived from such an opportunity. Determining the profit shares made into the system based on level of income shows that the ones with relatively higher income level can actually take advantage from it. If, these characteristics of private pension programs and status of workforce markets of Turkey are taken into consideration, it is seen that the program has an excluding characteristic with regards to providing retirement assurance/security for large masses.

The most important reason of the Welfare State crisis experienced in Turkey is the problems experienced in labor markets. Therefore, in order to overcome current crisis, it is extremely important to create policies for resolving structural problems of labor markets instead of taking precautions increasing the role of markets and serving unequal distribution of welfare conditions. Factors such as cheap labor, unregistered employment and unemployment have created a deadlock for providing income for the system. Consequently, it is possible to create more sustainable solutions by solution proposals such as enlarging the basis which the social security system depends by lowering unemployment rates, providing higher employment rates for young population and restructuring minimum wage.

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