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The Neoliberal Transformation of Local Government in Turkey and the Contracting Out of Municipal Services: Implications for Public Accountability

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ABSTRACT *This research examines the extent to which neoliberal reforms have reshaped local government in Turkey. Two middle-sized provincial municipalities have been chosen in order to offer a comparative perspective. An important element of neoliberal reforms is the privatization of municipal services such as garbage collection and transportation through contracting out. This contribution describes the changes in the way municipal services are provided and how these changes reshape local power structures and labour relations, and public accountability in particular. It concludes that the two municipalities acquired new institutional capacities to shape their own developmental pathways but still to a large extent the paradigms within which the municipalities operate are being determined and constrained by the rules and regulations set out by the central government. Furthermore, the reforms encourage a shift of municipal affairs from public to private law and lead to bypassing of traditional checks and balances.*

Introduction

This paper examines from a comparative perspective the extent to which neoliberal reforms have reshaped local governments in the case of Turkey. Neoliberal reforms have transformed the lives of many throughout the world and have embodied different forms depending on the level of urban development. At the local government level, neoliberalism resulted in the privatization of services and contracting out. The contracts are distributed through tenders to private companies which then provide the relevant services to the people. It is, however, unclear how

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the public interest is constituted and how it should be protected with regard to the delivery of services in the neoliberal era. Thus, the main question is whether there has been a change in the way municipal services are provided and whether these changes have reshaped local power structures and labour relations.

We examine the provincial municipalities of Van and Çanakkale in order to understand how the functioning of local government in Turkey has been reordered following the neoliberal transformations that began in the 1980s. The first part of the paper reviews the existing research on local governments and New Public Management. The subsequent section provides an overview of municipalities in Turkey. The penultimate section focuses on the findings from the two municipalities and is followed by a discussion and concluding remarks.

The Framework of Neoliberal Municipalities: New Localism and New Public Management

Neoliberalism emerges with a parallel logic and accompanying practices in different localities. New Localism, which is a term in the public administration literature that describes communities taking active part in the provision of services, rests on the (re)discovery that local actors, networks and locally established relations adhere to promoting 'economic rejuvenation from below' (Brenner & Theodore, 2002a: 342). However, in the midst of seemingly 'unstoppable' globalizing factors, how local actors are to thrive is an emblematic question of neoliberal orthodoxy. The dominant prescription for economic rejuvenation and development at the local level is cost-cutting through tightened management.

This call pushed states simultaneously yet in an uncoordinated fashion to revise their local administration policies over the last three decades. The most common practices of local governments now are privatization, contracting out, public-private partnerships and the formation of parastatal firms, administrative or fiscal decentralization and devolution. Within this agenda, local bodies have been asked to shoulder more responsibility while enduring dramatic budget cuts. Peck and Tickell (2002: 386) regard this as

the asymmetrical scale politics of neoliberalism' in which 'local institutions and actors were being given responsibility without power, while international institutions and actors were gaining power without responsibility: a form of regulatory dumping was occurring at the local scale, while macrorule regimes were being remade in regressive and marketized ways.

Regional supranational bodies, international organizations and international NGOs have been urging central authorities to reformulate their relations with the local administrations to the point of compulsion and, as signalled by Peck and Tickell (2002: 386), these international bodies are neither stakeholders nor parties to such reforms. Furthermore, taking into consideration that local bodies are seen as sites of economic development and are given responsibility through decentralization and devolution, it seems apt to repeat what Brenner and Theodore (2002a: 342) ask

about this phenomenon: ‘have localities and cities really acquired new institutional capacities to shape their own developmental pathways, or are their fates now being determined or constrained by political-economic forces that lie beyond their control?’ In order to answer this question, one has to navigate a specific locality in the neoliberal ocean and listen to the local actors to realize the extent of change brought about by the neoliberalization of municipalities.

Even though neoliberal doctrine prescribes a unique solution, every case has a contingent and differentiated result following neoliberal restructuring. Thus, any research exploring neoliberalism and local administrations must be aware of the variety of ‘actually existing neoliberalisms’ that are ‘contextually embedded’ and must ‘explore the path-dependent contextually specific interactions between inherited regulatory landscapes and emergent neoliberal market-oriented restricting projects’ (Brenner & Theodore, 2002b: 351). Any transformative phase under a neoliberal agenda must then be elaborated through an understanding of the roles of the actors before, during and after reforms coupled with the actors’ own and contextually related discourse on the rationale of change and steps of transformation.

Despite being ‘premised upon a “one size fits all” model of policy implementation that assumes identical results will follow the imposition of market-oriented reforms’ (Brenner & Theodore, 2002b: 353), the neoliberal paradigm’s proposed policy implementations for the solution of similar problems are altered over time as the new policies fail to solve vital issues. Perhaps one of the features of neoliberalism that strikes its critics the most is the fact that the consistent failures of neoliberalism never brought about its demise. The ability of neoliberal theory to re-emerge and offer new solutions to problems that were initially caused by its logic is a recurring phenomenon. The same holds for all levels and grounds where neoliberalism prevails, as well as municipal policy making which is still influenced to a great extent by neoliberal orthodoxy (Brenner & Theodore, 2002a: 345). The neoliberal orthodoxy for municipal policy making calls for long-term savings via New Public Management. Even though the incipient forms of municipal conduct as part of New Public Management emerged during the 1980s (Ward, 1992: 496), the paradigm itself did not come about until the Third Way of Clinton and Blair in the 1990s. Both the content of this paradigm and the historical conditions that led to its emergence indicate that it is the progeny of neoliberalism and can be counted as a facet of the neoliberal agenda.

New Public Management envisions citizens ‘put[ting] aside partisan and ideological differences to support more efficient service delivery’ (Brickley & Van Horn, 2002: 227). Various researchers have shown that the reality on the ground is quite distinct from what the apostles of neoliberalism foresaw. See, among others, Dachis (2010), Marvel and Marvel (2008), Vrangbæk (2008), Warner and Hefetz (2008), Davis (2005), Hansen (2003), Van Slyke (2003), Brickley, Van Horn (2002), Roberts (2001), Boyne (1998), Ward (1992), Bel and Fageda (2007), Prager (1994, 2008). They generally agree that the real actors, both elected and appointed, prefer all-public, all-private or public–private partnership depending on which option cuts costs more significantly regardless of what the theory dictates (i.e. privatization). Furthermore, existing research also suggests that questions of accountability and

dependence of local governments on private firms in the long run have to be addressed.

The increase of fiscal pressures by the central administrations on local government expenditures are the causes of 'the decision to buy, rather than make' (Marvel & Marvel, 2008: 171). This has been the subject of much academic research. Most studies aim to understand the relationship between the situation of municipalities and how the services are provided. The efficiency of local services is not based on the effect of the service on the citizens, but on the capacity of the municipalities to achieve scale economies, budget cuts and transaction cost decreases. This line of thinking, inherent in both New Public Management and among its supporters, characterizes local governments as firm-like (Tiebout, 1956: 416). The main tenet of this paradigm is that municipalities are conceptualized as firms and citizen-voters as clients. Thus, the primary emphasis is placed on the managerial process and competitiveness (Cooke, 2007: 112). The level of competitiveness determines whether a managerial municipality is able to function efficiently or not. Prager (1994: 183) suggests that by no means is contracting out a supreme solution and concludes that 'contracting out is inappropriate when the total costs of outsourcing – contractor charges plus contract administration – are greater than the costs of continued internal production'. That is to say, research that reveals good examples of outsourcing cannot become the basis for general policy (Prager, 2008). The question is whether the total cost of outsourcing can be less than internal production and whether, despite being initially profitable, outsourcing is sustainable.

The main rationale for outsourcing is the ability of private companies to hire workers who are willing to work for lower wages. Hence, it is to be expected that 'cutting benefits or increasing employee contributions generates considerable political resistance' (Roberts, 2001: 303). In fact, what the New Public Management literature sometimes states but often wilfully omits is that without cutting wages it is not possible for municipalities to save. Therefore, the main hurdle for achieving efficiency as portrayed by this literature seems to be the historical gains of the working class such as the rights to unionize and strike and access to pensions and social security. What is presented as more profitable is in fact the exploitation of marketized, loose and flexible labour by local administrations.

As soon as the municipal capacity to provide a service is dismantled by contracting out and the contractors begin to deliver, a new institutional path is laid. The path dependency of contracting out requires asking whether in the long run municipalities will be able to ensure profitable contracts. Market logic states that there need to be many firms competing with each other in order to ensure low-cost contracts. But in time, as firms secure contracts and become entangled in the services, it is possible that the municipalities will become dependent on the firms instead of the firms becoming dependent on the contracts. When a firm gets a contract and drives others out of business, it may suddenly increase prices for the municipality or decrease the wages and benefits for the workers (Ward, 1992: 497). The entrenchment of the firms and some firms' capacity to offer low prices until the market is dominated may create problems for the municipalities in the long run because they become captive to the contractors in the later rounds of bidding (Dachis, 2010: 1). Thus, the competitive

processes in New Public Management cannot be taken for granted and may be counterproductive for the municipality in the long run.

The unpredictable nature of the marketized service delivery through contracting out is not the only concern which the critics of New Public Management have voiced. Accountability, which Hansen (2003: 2466) refers to in the following quote, is also a major problem:

In much of the literature on government contracts and in the views of many policymakers, these accountability concerns are not too troubling because competition for government contracts will provide the solution to these problems. Adherents to this model believe that the market for contracts will promote efficiency and that other methods of accountability are of minor importance, beyond legal enforcement of the contract terms. However, gaps in the existing analyses of government contracting compromise this theory. Studies of government contracting often fail to define accountability – and the structures that can promote or hinder accountability – with the depth necessary for analyzing the complex provision of government goods. Moreover, many of these analyses lack detailed empirical studies of the actual workings of contracting structures.

It is quite common in the literature to assume that accountability measures are established during the process of contracting out. Hence the focus is on contract accountability. Feiock and Jang (2009: 670) argue that the preoccupation with contract accountability raises costs since negotiating, monitoring and enforcing contracts require personnel and time. Thus, accountability measures increase costs in a setting where the purpose is to lower them. This contradiction often leads to poor performance in service delivery. As Awortwi (2004: 213) reveals about the Ghanaian case, the ‘private sector was not the solution to poor service delivery and high costs but the problem was the inability of the local government to become smart actors able to regulate, monitor, and facilitate new ways of solving problems’. The one-size-fits-all policy of neoliberal local restructuring engenders itself as ‘reforms [that] tend to beget new reforms’ (Warner & Hefetz, 2008: 163).

There is also the issue of public accountability. Whereas contract accountability is totally dependent on the capacity of the municipality to enforce contracts with proper follow-ups, public accountability is not in the sphere of the commercial but the political. The New Public Management literature depoliticizes the concepts and relations of local service delivery by reducing the citizen to a consumer. Yet the civic and political relationship between the municipality and the electorate should suggest otherwise. The failure to appease public concerns regarding the commercialized public sector is argued to convey more public opposition, which could strain accountability and responsiveness in the public sector (Brickley & Van Horn, 2002: 227). As this phenomenon becomes more visible, increasing numbers of scholars have criticized New Public Management literature and presented empirical data that disproves most of its core tenets. Warner and Hefetz state that the citizen-as-consumer view has been challenged for being too narrow and that citizen deliberation

lies at the core of public service delivery. This trend of thought calls itself New Public Service. What may count as a novelty in this critique is the proposal of mixed delivery,¹ which is rapidly increasing in US municipalities. It is argued that mixed delivery 'would ensure continued public involvement in the service delivery process – not just at the moment of letting the contract' (Warner & Hefetz, 2008: 157). The idea of public–private partnerships and the mixed delivery of services are the new catchphrases in scholarly endeavours and technical municipal talk.

Municipalities in Turkey

Besides the provincial administration which is appointed by the centre, the municipalities in Turkey are the main bodies of local government. Initially founded during the nineteenth century by the Ottoman state (Tekeli, 1982: 70), they have experienced ups and downs throughout the Republican period since the 1920s. Law No. 1580 of 1930 provided the legal framework for the municipalities until 2005 when a new law (Law No. 5393) was passed. Working under a centralized and unitary state structure, the municipalities lacked the appropriate resources to fulfil all the responsibilities originally assigned by Law No. 1580 (Tekeli, 1982: 75). The Bank of Municipalities, established in 1933, was responsible for providing resources to the municipalities for infrastructure projects but was also the central state's tool for keeping the municipalities under control (Keleş, 1982: 119). The 1961 Constitution decentralized the local government administrations, and since 1963 mayors have been elected by popular vote (Keleş, 1982: 120). The 1970s witnessed the enhancement of the idea of democratic autonomous municipalities among mayors who were gaining more power in their constituencies (Göymen, 1982: 139). These mayors demanded more 'power and resources from the central government to the locally elected bodies' (İncioğlu, 2002: 76). Until the 1990s mayors kept on demanding more resources (Görmez, 1997) but, probably due to post-coup politics, these demands never included increases in power.

Following reforms in 1981, central government transfers to municipalities increased (Keleş, 1982: 120). Şimşek (1993: 15) claims that the rationale of the military government for increasing municipal revenues threefold was to allow them to provide the services they were supposed to provide while staying out of daily politics. These attempts to depoliticize the municipalities and their services are parallel to the neoliberal municipal understanding that regards local institutions as firms and citizens as consumers. Şimşek (1993: 15) claims that the post-1984 municipalities can be described as 'go-getting and tender extending'. The subcontracting and privatizing municipality has been the reality of Turkey's local government since the 1990s. Particularly since the local government reform of 2005, it has made more sense for municipalities to buy rather than make, as the following sections will show. Another development of the post-1980 era is the formation of metropolitan municipalities under Law No. 3030 in 1984. These municipalities were created above district municipalities in large cities and took over many of the municipal responsibilities from the latter. This study focuses on the municipalities of medium-sized cities and excludes a discussion of the metropolitan municipalities.²

In order to fulfil their responsibilities,³ municipalities have four sources of revenues: municipal taxes, the share they get – depending on their population – from the tax revenues in the general budget, non-tax revenues such as sale or rent income from municipal property or collected fines and borrowing. The law on tax revenue transfers to municipalities (Law No. 2380 from 1981) provided for approximately 9 per cent of the tax revenue in the general budget to be transferred to the municipalities. This was reduced over the years to 5 per cent and finally went down to 2.85 per cent for the provincial municipalities with the new law (Law No. 5779 of 2008). Municipalities can borrow from the Bank of Provinces⁴ or externally for the financing of investment projects.

The decrease of the share in the overall budget over the years complemented the new rules and regulations that have compelled the municipalities to cut down on their personnel. Because of the fact that most of the existing personnel are state employees, mass lay-offs never occurred since state employees enjoy benefits and protection from arbitrary dismissal. Currently the number of personnel employed by the municipalities is limited by the overall budget of the previous year. For municipalities with an urban population greater than 10,000, the expenditure on wages cannot exceed 30 per cent of the budget. Municipalities that exceed the 30 per cent limit cannot employ anyone else until their personnel expenditures are reduced. The logic of the law encourages the municipalities to outsource their services to personnel without direct employment by the municipality and to relocate its own personnel from makers (providers) to overseers of services. By fixing the personnel budget to the general budget, the municipalities are also encouraged to reduce costs, increase revenues and employ personnel on contracts instead of giving them state employee status. This encouragement amounts to outright meddling by the central government in the labour market in which the municipality operates and delivers services. The rigid employment conditions of the past, where laying off personnel required a strict legal process and where costs of employment were high due to social security premiums, pensions and family support fees, have been restructured in order to push the municipalities to contract out their services to private firms.

A Comparison of the Çanakkale and Van Municipalities

This paper examines the provincial municipalities of Van and Çanakkale in order to map the manifestations of the neoliberal transformation at the local government level in Turkey. This comparison is fruitful because of geographical, historical and political differences. Firstly, Van is in the East and Çanakkale in the West and neither of the cities are heavily industrialized or receive large investments in comparison with metropolitan cities. Both cities are middle sized municipalities with similar historical development trajectories until the 1980s. See Table 1 for the area, population and the number of municipal employees in Van and Çanakkale. Both municipalities are presided over by parties that are the opposition in parliament.⁵ The municipality of Van is presided over by the Peace and Democracy Party (BDP), a party which has organic links with the Kurdish movement and which follows the political tradition of the parties that have been banned because of their stance on the Kurdish issue. Since

Table 1. Area and population served by the municipalities of Çanakkale and Van

	Çanakkale	Van
Area (square kilometre)	949	2,289
Population (from 2000)	75,810	284,464*
Municipal employees	491	976

*In 1980, the population of Van was only 93,000, but the forced migration of Kurdish villagers by the Turkish authorities and army during the peak of the war between security forces and the insurgent PKK nearly tripled the population of Van.

the Kurdish movement has established a political discourse and made political demands based on citizenship, it is also possible to see how neoliberalism in the case of Van transforms or is transformed by other political demands. BDP won the local elections in Van in 2009 and took over the municipality from the AKP (Justice and Development Party), which had left the budget with a debt of more than US\$100 million. Meanwhile, the Çanakkale municipality, in the west of Turkey, is run by a mayor affiliated with the CHP (Republican People's Party) and has been a centre of attraction for those studying 'good governance' in Turkey partly because the municipality was chosen as a pilot for Local Agenda 21⁶ and has been granted a large amount of funds by the EU for piloting environmental projects. The capacity of the municipality influences the extent to which it can make good use of these opportunities.

The findings reveal firstly that the transformation from 'making to buying', i.e. contracting out, is experienced in each of the following services in both cities: public transport, water and sewage, cleaning and the environment, and technical services for building the infrastructure of the cities. Secondly, we observed the rationale of such a transformation through the discourse of the municipal employees; on the one hand, the changes are seen as a necessity under the conditions imposed by the central government in which the municipality had no say and, on the other hand, the rationale is internalized through the belief that contracting out is indeed a better way to deliver services once the accountability and responsiveness issues are clearly formulated. The municipal officers in Van have a clear discourse on how to get a competitive tender which serves the interest of the public. If the municipality is known to be a fair business partner, the chances of getting more companies to compete for the contract increases. More competition translates into lower costs but contract accountability requires two forms of knowledge: local and technical. Local knowledge of the market prices⁷ and the capacity of the firms become a factor when the municipality is considering whether the lowest bidder can indeed fulfil the contract. Technical knowledge comes with experience and expertise and the lowest bids are assessed using this know-how.

Public Transport

Automotive public transport in both cities has been contracted out. The officials in Van justify this move by claiming that 'small scale municipalities such as Van

cannot undertake every service with every single detail; some of the duties must be shared with the private sector especially because of fiscal deficiencies' (Van Interview No. 3). Both cities had been running a transportation system which was complemented by privately owned minibuses. Contracting out began when the municipality's vehicles were discarded due to age. Former municipal drivers were relocated as chiefs of operations to regulate the provision of the service in the new setup. The privately owned vehicles and their owners are organized under a cooperative. The municipality oversees the operations and fares. It may choose to change the contractor but this option seems quite difficult. Thus, there is mutual dependence between the municipality and the transportation cooperative.

Whereas in Çanakkale all ticket income goes into a common pool and is distributed to the vehicle owners, the private sector in Van uses medium-sized buses and minibuses and income is not distributed among all members of the cooperative, just among the members of the same line. Thus, the bus owners try to extract as much as possible from each line. The centralization of the transportation system with an electronic income pool and merger into one cooperative brings advantages, as revealed by the case of Çanakkale. Since there is no immediate competition between vehicles because the overall income is distributed among shareholders, the service is delivered without creating any problems in circulation. This keeps the profit motive of the private sector in providing a public service in check, which can otherwise lead to problems with crowded buses and fewer routes if not regulated. The system in Van makes drivers compete in order to maximize the number of passengers, cramming people into buses. The situation in Çanakkale was similar to the present situation in Van. Under the current mayor, the Çanakkale municipality reformed transportation and the whole system was reorganized from scratch in 2006. The reform in Çanakkale included the following steps: all minibuses were changed into medium-sized or large buses; the fare collection system was centralized using electronic tickets, which allows the accumulation of the income in a common pool; all urban transportation cooperatives were merged and the bus stops and routes were rearranged. It is striking that these are the very same innovations recently proposed by the officials in Van, which signals the dissemination of improvements and innovations among the cities.

In Çanakkale, the system is supervised electronically by cooperation between the municipality and the cooperative. The responsiveness to daily problems is high and makes both the municipality and the cooperative proud. Both sides need to work together but the contract set forth by the municipality at the beginning is most helpful in ensuring the quality of the service – for example, requiring owners to replace their vehicles every five years – and, on top of that, the law states that urban transportation fares are subject to municipal council decisions. Since the municipality lacks the resources to establish its own transportation firm, the logic of privatizing the service seems coherent. The municipality receives 2 per cent of the total transportation income from the common pool. It seems reasonable to conclude that contracting out transportation does not disadvantage the municipality in Çanakkale because the contract is well-defined and the municipal law protects the interests of the public against maximization of private profit.

But the same does not hold true for the transportation agreements in Van. Transportation is seen as ancillary in the face of other immediate concerns such as infrastructure. The officials in Van argue that the new municipal law dumps a regulatory role on the municipality without defining which coercive actions the municipality can undertake. Thus, it becomes hard for the municipality to check and enforce the principle of the public good. The comparison reveals the exact nature of the neoliberal reforms which force institutions to create their own means of checks and balances through contractual agreements which fall in the sphere of private law. While officials in Van state that they need to employ regulations from other fields to enforce the drivers to comply with the system, in Çanakkale the system is electronically monitored which allows the municipality to pinpoint the instances of contract breach. Hence, municipalities with experienced personnel are able to devise thorough contracts, which are then able to protect the public good in spite of the innate wish of the private firms to maximize profits.

Water and Sewage Services

Water distribution, sewer and water pipe systems are the municipality's responsibility. The municipality charges for water usage and the revenue is used to maintain the system. The system was not privatized but parts of it have been contracted out including pipe construction, repairs and billing. Comparing both cases, more services have been contracted out in Çanakkale while Van has the capacity to deliver some of the services using its own personnel.

Both municipalities use open tenders to contract out the services that require the construction of water and sewage pipes. The heads of the relevant departments in both municipalities stated that the costs of these contracts decline as a certain level of competitiveness is attained. In Van, the previous administration often utilized its own company Mavikent (see below) to get contracts directly instead of holding an open tender. The following quote from the head of the water and sewage services in Van reveals how the previous administration used municipal funds to benefit private interests: 'Five kilometres of sewage pipes were laid for approximately 1,000,000 Turkish liras under the previous administration whereas 20 kilometres were laid for 700,000 Turkish liras under the current administration' (Van Interview No. 1). The difference between the costs indicates that the previous administration either embezzled the funds or provided them as profits to private actors.

For political and legal reasons the administration in Van is unwilling to lay off personnel but instead employs these workers for the provision of different services such as the construction of short pipes and their maintenance, repair and billing. Tenders are distributed only if the water and sewer pipe construction projects are big enough to cut costs. In order to increase billing, water meters were installed in households that were previously not linked to the grid. These investments have boosted both service delivery and revenues. In comparison, the municipality in Çanakkale has contracted out every step: construction, maintenance and repairs, and billing. A limited number of municipality personnel are used only to supervise and prepare further plans of development.

Since water and sewer services are immediate concerns for households, responsiveness is directly related to public accountability. Both cities have an infrastructure that was built in the 1970s and that is in need of maintenance. However, water disruptions occur more frequently in Van. In Çanakkale zonal valves were put in place to keep the flow of water in other districts going while repairs are being done in a certain neighbourhood. The head of water and sewer services in Çanakkale states that the project of zonal valves is something that makes her proud (Çanakkale Interview No. 5). The case in Van is different since the problem is bigger and more pressing. It has come to the officials' attention that the citizens complained more and demanded more services as the municipality began delivering more services. This indicates that as the municipality becomes a legitimate institution in the eyes of the citizens, accountability demands increase over time.

Cleaning and Environmental Services

Solid waste collection and disposal, daily cleaning of the city and recycling are part of the municipalities' duties. Waste collection and cleaning services are some of the first services that were contracted out by municipalities in Turkey. Recycling is now part of the privatization agenda, in which companies establish recycling facilities and profit from recyclable solid waste. The two cases under examination reveal intriguing details regarding the nature of the transformation from making to buying.

The unstoppable trend of contracting out garbage collection services has been embraced by the officials in Van, as all the other municipalities have done since the 2000s. In Van, both the municipal officials and the company employee in charge of operations claimed that a municipality employee is paid almost three times as much as a worker employed by a private contractor, including benefits and social security, and that the job security of workers in the municipality leads them to slack off as they are rarely supervised by their peers. Hence, contracting out is justified because it increases the efficiency of service delivery. It is important to note that the interviewees internalized and rationalized outsourcing as long as both competition and good delivery are ensured. In Van both the municipality and the company take great pride in their operations and the feedback they get from the public, which underlines that garbage collection and cleaning services have never been as efficient and extensive. It seems that the contract exceeds a mere commercial relationship, and both parties feel content for having carried out a civic duty for the public good (Van Interview No. 4 and 5).

According to officials in Van, the issue is the difference between a competitive tender and a bad tender. The current administration argues that they contracted out through a competitive tender whereas the previous administration had contracted out to a bad tender which was 25 per cent more expensive. The head of the department in Van claims that fraud and bad management can prevail during and after an open tender if the company is not monitored properly by the municipality. The firm can easily pocket the money by simply not working or not paying the social security premiums of its employees. This type of fraud is said to be much more prevalent

when the administration and the firm have ties. The low price ensures the firm gets the contract, and if the contract is not fulfilled, the profit of the firm increases even more (Van Interview No. 4). The administration in Van asserts that they abstain from such undertakings but the possibility of fraud is a clear indication of the difficulty in attaining both public and contract accountability which requires ethical conduct and lawful structuring.

The head of cleaning and environment services of Çanakkale has been running the department since 1996. Unlike Van, this service was delivered without contracting out until 2005. When the privatization debate was at its peak in the 1990s, the municipality decided that it was not necessary to contract out the cleaning services. However, the neoliberal reform of the municipal code in 2005 compelled the municipality to take steps towards contracting out due to the limitations set on the number of employees a municipality can hire. Initially simple garbage collection was the core duty, but as soon as it was carried out properly the public demanded more, such as washing garbage containers and streets. Initially, the municipality bought these services from private firms but the fragmented contracts became too expensive. Thus, the whole service was contracted out. One-third of the department's employees were kept to oversee service provision and the rest were transferred to other departments in accord with their preferences (Çanakkale Interview No. 3).

In Çanakkale, even though the open tender is held every year, the same firm has managed to win the contract every year since 2005. The head of the department claimed that this is due to the incapacity of the other firms to offer lower prices but also because the firms tend not to meddle with another firm's turf (Çanakkale Interview No. 3). Thus, it is possible to assume that having obtained the first contract and possessing local knowledge about the city allows the firm to maximize scale economies and cut costs.

Çanakkale runs a large garbage disposal and recycling project.⁸ The project brings together one city, one province, five town municipalities and 90 villages represented by the Special Provincial Administration. This includes the settlements along the Dardanelles. The scope of the project ranges from garbage collection to proper disposal. The municipality applied for the project in 2004. In 2008, ÇAKAB⁹ started working in its current office, and in 2009 the sanitary landfill site was completed. This experience taught the municipality that solid waste recycling and medical waste sterilization were also required. The funds ran out, but the municipality held an open tender for recycling operations and renovated an old building to house the firm which won the contract for the recycling of packaging waste. The duration of the contract is three years, and the firm brings in machinery which would then belong to the municipality if the firm decided not to continue or did not win the next contract. Hence, in this case local actors have devised thorough contracts to avoid contract accountability problems and long-term dependency.

Çanakkale is at a stage of organizing where environmental issues such as recycling, treatment and even tax waivers for environmentally friendly houses are a central concern for the department. Van, however, is proud to have held an open tender that lowered costs while improving quality. The historical comparison of these two institutions shows that there is path dependency related to public accountability in the

sense that the more the institution accomplishes, the more the public demands. The accomplishments of the institution can be seen as the achievement of the core duties which in time leads to the conceptualization of previously non-issues as important. In this sense, Çanakkale has not only established locally embedded and responsive projects but has also informed the central government about the potential, prospect and capabilities of the local administrations on new issues.

Technical Services

The technical services department is responsible for the superstructure of the city: building roads, pavements and so on. The comparison between the Çanakkale and Van municipalities shows that the Van municipality is in possession of more resources, equipment, vehicles and personnel, which makes it cheaper for the municipality to carry out most of the projects. The previous administration in Van sold some of the facilities that the municipality used for manufacturing supplies such as bricks, paving stones and road construction materials. The current administration does not aim to re-establish these workshops but has not privatized what is left either. The reason for delivering most of the services using the municipality's own resources is seen not as a political but rather as an economic imperative. The head of the technical services in Van underlines that how services are delivered should not be viewed as a political decision. The cheapest and most efficient means to deliver services to every sector of the city must be pursued. The open tenders in this domain usually result in a local firm getting the contract but this is not a rule. The local firms have an advantage in complying with the contracts due to the scale economies provided by lower transportation costs and easier access to labourers and thus offer low prices to begin with (Van Interview No. 2).

The head of technical services in Çanakkale stated that most projects are contracted out because it is cheaper. Even before the privatization trend of the 1990s, technical services were contracted out through tenders in this province. It is not profitable for the municipality to make, plan and construct. The role of the municipality has been downsized to planning and oversight. As long as competition can be ensured, contracting out is much more affordable. In comparison to Van, Çanakkale is a smaller city with no facilities to produce its own supplies; the fixed costs of such an investment would surely exceed the budget (Çanakkale Interview No. 4).

Regarding public accountability, Van municipality is more prone to immediate public criticism than Çanakkale. In Van, technical services are still in their infancy in many neighbourhoods, to the extent that roads and pavements have not been properly built so most of the public concern is simply focused on getting the service delivered in the first place. To underpin this context, the historical background must be articulated. A municipal councillor from the previous administration argues that during the HADEP period¹⁰ the municipality was seen as an institution to promote the rights of the Kurds. This policy led to the election of the AKP in 2004. Under the BDP administration, the municipality has been more oriented towards delivering services than solely pursuing identity politics (Van Interview No. 7). The next section examines why this is the case and highlights further accountability issues.

Further Accountability Issues

When the BDP won the local elections, the Van municipality's debt exceeded US\$100 million. Most of it was due to mismanagement of the municipality's firm Mavikent. The firm was founded in the 1990s to carry out cheap housing projects for the displaced but the project was never realized. The main shareholder of Mavikent is the municipality of Van and the other shareholders are some of the district municipalities of Van. The firm never specialized in one single service and was mostly used to bypass public law since the firm is subject to private law. Recently, the municipal council conducted a thorough investigation to publicize the actions of the firm under the previous administration. The investigation found that the firm was used as a springboard to beat open tenders while buying services for the municipality. The use of a parastatal company to circumvent public supervision is a loophole which resulted in a lot of debt for the municipality. The current administration acknowledges this loophole and states that it would like to clear the firm of its debt and make it possible for the firm to hire people easily, participate in open tenders and apply for public and EU funds. As stated by the assistant mayor, the firm should ideally operate in a more flexible labour market in order to cooperate with international bodies. The new municipal code holds municipalities accountable for the size of their staff, as was mentioned in the previous section. Approximately 25 per cent of Van municipality's employees are employed by Mavikent as private employees. It is important to note that the current administration envisages using Mavikent for the purposes of labour flexibility, which is one of the central tenets of the neoliberal agenda.

The most immediate question is why the BDP is more successful in operating under a neoliberal agenda than its predecessor, the AKP. An ex-councillor who is an accountant and the leading feminist figure in Van, argues that the previous administration disregarded the citizens who fall outside of the group of healthy adult males when providing services: 'during the natural gas pipeline construction many old people, children and handicapped were incapable of even crossing the street due to a lack of effort on the part of the municipality' (Van Interview No. 7). The elected officials also represented the economically privileged elites with power bases but had no concern, knowledge or awareness whatsoever of the social and economic problems of the city. In comparison, the members of the BDP are part of the middle class technocratic elite but their class and political alignment lies closer to the marginalized people, and the BDP has been successful in organizing the marginalized neighbourhoods. This allows the BDP to address the demands of the local people, and they openly state that they are accountable to their base.

The general framework for public accountability in Çanakkale is indeed unique. Through Local Agenda 21 and a public base that promotes civic participation, Çanakkale became the first city which created a working city council in 2004. The council prepared its own rules and regulations and elected its board. These rules and regulations later became the framework through which the new municipal law defined the role of the city council. However, as the head of the strategic planning department in Çanakkale stated, the Ministry of the Interior decided to include bureaucrats and notaries on the city council. This rule attempted, in a way, to control the corporate

identity of the actors who can participate in the city council. We would argue that this new mode of local governmentality purported by the centre situates and orders the limits of participation at the local level. Despite this mode, the city council is a successful means through which the municipality is held accountable by participating citizens and offers a means by which citizens can compel the municipality to deliver services according to their wishes. A striking example is that when shared taxi drivers gathered to restructure the collective taxi system, the city council ended up demanding the transformation of the whole public transportation system which led to the reform in 2006. The role of the city council is defined as the platform through which the citizens make the municipality work. In comparison, the city council in Van is presided over by the head of the chamber of commerce and industry and bears no fruitful insights or projects for the municipality. However, the BDP has a policy of organizing neighbourhood assemblies which the party views as a step towards participatory democracy. While this is a general policy outline for all BDP municipalities, the city council in Çanakkale also aims to establish neighbourhood assemblies with a similar purpose. The extent to which these new assemblies will be viable and effective is yet to be seen.

Conclusion

This research focused on how neoliberal reforms have shaped local governments in terms of contracting out, accountability and responsiveness. The examination of the municipalities of Van and Çanakkale revealed that in many service areas outsourcing is the method through which services are provided. More specifically, there has been a shift from making to buying in the areas of public transport, water and sewage, cleaning and technical services. In terms of protecting the public interest while sustaining the consistent delivery of municipal services, we have determined that accountability measures depend mostly on the good-will and ethical conduct of municipal personnel and companies. Some events from the past reveal that certain loopholes can be used to bypass the proper conduct of affairs, and thus we conclude that even though contract accountability is not an immediate concern, public accountability needs to be addressed. However, there is a contradiction in the fact that neoliberal reforms attempt to bring municipal activities under private instead of public law in order to escape most of the traditional checks and audits. So there is a major change in the way municipal services are provided, and these changes relate to the formation of new local power structures between the contractors and the municipality. Once a private firm gets a contract, it is most likely that the firm will continue to get the contract; even though this has not subjected the municipalities under examination to any danger so far, it may become problematic in the future in terms of the quality and pricing of services. Another intriguing fact is that the firms that win long-term contracts, such as for recycling and cleaning, also have contracts in other municipalities which are presided over by the same political party.

The cases of Van and Çanakkale show that the cities did acquire new institutional capacities to shape their own developmental pathways but the paradigm and marketized relations in which the municipalities operate are still being determined

and constrained to a large extent by the rules and regulations set out by the central government. Considering that the services of the municipalities are labour-intensive, the most outright restructuring by the central government is aimed at labour relations and the market. Meanwhile, municipalities have found ways to cooperate with the supranational institutions and be funded by them, as in the case of Çanakkale. In Van, the officials aspire to obtain funding in the long run and hold on to their proper productive capacity in the meantime. However, personnel limitations constrain some of their capacities and force them to seek alternative ways of employment. This is because the framework of the labour market is determined by the central government, which is gradually downsizing the municipal budget.

Our findings show the history and process of the transformation from making to buying municipal public services, how such a transformation is rationalized in the discourse of the local actors and the extent to which the gap between managerial theory and practice is being bridged by these actors. It is ironic that as the municipalities deliver their core duties, they are expected by the public to branch out and deliver more comprehensive and complex services, which we deem to be related to the historical legitimation of the institution.

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Notes

- ¹ Public–private partnerships exist in Turkey; however, other forms of mixed delivery such as public–community partnerships never became policy recommendations and thus are disregarded here.
- ² For studies on metropolitan municipalities, see, among others, Erder and Incioglu (2008) and Heper (1989).
- ³ Solid waste collection and cleaning, public transportation, water and sewage, green areas and parks, construction permits, municipal police, fire-fighting, emergency aid, ambulances, inner-city traffic, funerals and cemeteries, culture and art, etc.
- ⁴ The Bank of Provinces was previously the Bank of Municipalities but changed its name in 1944 when the special provincial administrations were included as its beneficiaries.
- ⁵ See the interview lists in the Appendix.
- ⁶ Local Agenda 21 was launched by UNDP Turkey in order to make local governments in Turkey more participatory and aimed at increasing decentralization and democratization. It was in line with Action 21 and sustainability concerns which were expressed at the UN Earth Summit in Rio.
- ⁷ We underline that local knowledge of the market prices is an important factor in tendering services because state planning institutions determine the national catalogue of market prices for buying services, such as excavation fees, daily labour etc. which are, as stated by the municipal officials in Van, higher than the local market prices.
- ⁸ 71.5 per cent of the €16.5 million project was funded by the EU and the rest was borrowed from the Bank of Provinces.
- ⁹ ÇAKAB (*Çanakkale Katı Atık Yönetim Birliği*) stands for the Çanakkale Solid Waste Management Association. Further information can be found on their website: <http://www.cakab.org>.
- ¹⁰ HADEP (People's Democracy Party) was banned by the constitutional court in 2002 due to its stance on the Kurdish conflict. The party held the municipality of Van between 1999 and 2004 but then lost the

elections to AKP (the party that has held the national government since 2002). The party cadres of HADEP later formed the Democratic Society Party (*Demokratik Toplum Partisi*) which won the local election in Van in 2009. The party was later dissolved by the constitutional court the same year, again, due to its stance on the Kurdish conflict. The party that follows the political tradition of HADEP is BDP.

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Appendix: Interviews

Van

1. 3 December 2010, Department of Water and Sewage Works.
2. 6 December 2010, Department of Technical Services.
3. 28 December 2010, Department of Urban Transportation.
4. 29 December 2010, Department of Cleaning Services.
5. 30 December 2010, office of AKKOR company.
6. 3 January 2011, the assistant mayor.
7. 3 January 2011, an ex-councillor (between 2004 and 2009).

Çanakkale

1. 5 January 2011, Department of Urban Transportation.
2. 5 January 2011, Department of Strategic Planning.
3. 6 January 2011, Department of Cleaning and Environmental Services.
4. 6 January 2011, Department of Technical Services.
5. 7 January 2011, Department of Water and Sewage Works.
6. 7 January 2011, office of the City Council.
7. 7 January 2011, office of Local Agenda 21.