

AN ASSESSMENT OF NEW REGIONALISM:  
THE CASE OF TURKEY

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AN ASSESSMENT OF NEW REGIONALISM:  
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## Thesis Abstract

Kaner Atakan Türker, “An Assessment of New Regionalism: The Case of Turkey”

This study analyzes the New Regionalism literature, and evaluates the renewed planning agenda which is assigned for sub-national regions in Turkey by making use of the New Regionalism. For that purpose, initially, the history of regional development planning following the establishment of the Republic of Turkey in 1923 is discussed. Later, New Regionalism is examined, starting with an evaluation of its origins. The main concepts of the literature are introduced, and the severe criticisms raised against it are studied in depth. Today, New Regionalism provides the dominant discourse in regional studies, and contributes drastically to the regional planning agendas of international institutions. The European Union, which has a significant impact on Turkey’s political and economic issues, is one of these institutions. Therefore, after the intensified relations with the European Union following the Helsinki Summit, it was inevitable that the literature would penetrate into Turkey’s regional development strategies. This thesis searches for exactly these specific regional development strategies which can be grouped under the diffusion of New Regionalism. To this end, some public plans and documents, which are prepared by the State Planning Organization, Small and Medium Enterprises Development Organization, and Ministry of Industry and Trade in the last decade, are covered. The conclusion reached is that, as they are addressed by a step by step evaluation of these plans, most of them are heavily characterized by the New Regionalism literature. This study paves the way for possible future research which will seek to reformulate Turkey’s New Regionalist policies, by taking account of the criticisms.

## Tez Özeti

Kaner Atakan Türker, “Yeni Bölgecilik’in Değerlendirmesi: Türkiye’nin Durumu”

Bu çalışma Yeni Bölgecilik literatürünü analiz etmektedir ve Yeni Bölgecilik’i kullanarak Türkiye’nin ulus-altı bölgeleri için belirlenen yenilenmiş planlama gündemini değerlendirmektedir. Bu amaçla, ilk olarak, 1923’te Türkiye Cumhuriyeti’nin kurulmasını takiben bölgesel kalkınma planlamasının tarihi tartışılmaktadır. Daha sonra, kökeninin değerlendirilmesinden başlanarak, Yeni Bölgecilik incelenmektedir. Yazının temel kavramları sunulmaktadır ve aleyhinde yöneltmiş olan sert eleştiriler derinlemesine araştırılmaktadır. Bugün, Yeni Bölgecilik bölgesel çalışmalardaki baskın söylemi oluşturmaktadır ve uluslararası kurumların bölgesel planlama gündemlerine dikkate değer katkı sağlamaktadır. Türkiye'nin politik ve ekonomik meselelerinde önemli etkileri olan Avrupa Birliği de bu kurumlardan biridir. Bu yüzden, Helsinki Zirvesi’ni takiben yoğunlaşan Avrupa Birliği ilişkileriyle beraber, yazının Türkiye’nin bölgesel kalkınma stratejilerine nüfus etmesi kaçınılmaz olmuştur. Bu tez, Yeni Bölgecilik’in yayılması altında gruplandırılabilir olan tam olarak bu spesifik bölgesel kalkınma stratejilerini araştırmaktadır. Bu amaçla, Devlet Planlama Teşkilatı, Küçük ve Orta Ölçekli İşletmeleri Geliştirme ve Destekleme Dairesi Başkanlığı ve Sanayi ve Ticaret Bakanlığı tarafından son onyılda hazırlanmış olan bazı kamu planları ve belgeleri taranmaktadır. Ortaya çıkan sonuç, bu planların adım adım değerlendirilmesinde işaret edildiği gibi, pek çoğunun yoğun bir biçimde Yeni Bölgecilik yazınıyla karakterize olduğudur. Bu çalışma eleştirileri dikkate alarak Türkiye’deki Yeni Bölgeci politikaları yeniden şekillendirmeyi amaçlayacak olan gelecekteki olası çalışmaların önünü açmaktadır.

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## ABBREVIATIONS

Central and Eastern European.....	CEE
European Regional Development Fund.....	ERDF
European Union.....	EU
Five-year Development Plan.....	FYDP
International Monetary Fund.....	IMF
Justice and Development Party.....	AKP
KOSGEB Strategy and Action Plan.....	KSEP
Kurdistan Workers' Party.....	PKK
Least developed regions.....	LDRs
Nomenclature of Territorial Units for Statistics.....	NUTS
Preliminary National Development Plan.....	PNDP
Priority Development Areas.....	PDAs
Regional Development Agencies.....	RDAs
Small and Medium Enterprises.....	SMEs
Small and Medium Enterprises Development Organization.....	KOSGEB
State owned factories.....	SOFs
State Planning Organization.....	DPT
Turkish Industrial Strategy Document.....	TISD
World Bank.....	WB

## CHAPTER 1

### INTRODUCTION

For the last three decades, the world economy has witnessed a huge paradigm shift. As is known, globalization has created various economic impacts throughout the world. Knowledge and information became the defining concepts of the new economy. The technology has reached such levels as could not even be imagined two or three decades ago. The developments in communication technologies and easier transportation opportunities have created a great potential in the new global order. With this new potential, the world is more mobile in terms of circulating goods and services. Still, the ever increasing production is searching for new buyers. The demand is increasing with the opening of new markets. With the increasing mobility of capital, new sites are open for accumulation. Today, we are in a totally different setting.

This new order has transformed the existing actors and added new players. Referring to this new context, some have claimed that the nation-states' power eroded, while others concluded that it is in the process of transformation. In parallel with the claim that the nation-states are losing power, many others argue that the sub-national regions would be better discussed in a different context. While the world economy came through a new phase, it is not surprising that the regional development studies are also renewed. It seems like the old approaches on regions became outdated, and the new economic context sparked the need for new concepts on regionalism.

The last decades of the twentieth century witnessed a significant shift in the approach towards regionalism. New Regionalism, as a literature, has risen within this new environment. The rise of New Regionalism is dated back to the 1980s and the 1990s; and since then, the dominant discourse is provided by this renewed regional approach. It is increasingly focused on how regions are articulated to the new global competitive order. Regions are now defined as actors in this environment, after being left aside for decades. They recently have been handled within an institutional approach, and the social capital and untraded interdependencies within them has gained importance. Regions are expected to be backed up by innovation, networks and trust. It is time to talk about competitive advantage, rather than comparative advantages. On the other hand, several loaded criticisms against New Regionalism have risen.

It would have been unreasonable to expect that the regional policies would stay out of and remain indifferent to New Regionalism. The international institutions integrated it and came up with policies emphasizing the key concepts of the literature. Now, New Regionalism is labeled as the mainstream itself. Considering that it recently provides the dominant discourse and terminology, this claim is quite fair.

Regional policies, particularly those targeting to decrease the regional inequalities within the borders, are among the major concerns of many countries. Besides, reducing the regional imbalances is in the agenda of several international institutions. Therefore, New Regionalism may be welcomed in terms of solving this problem, which has been very persistent for some countries. On the other hand, it is to be seen if countries suffering from regional disparities will benefit from this shift in the regional approach.

Taking into account that various important criticisms are directed towards New Regionalism, it should be integrated carefully.

The persistent regional inequalities have also been one of the major problems in Turkey. Although solving this problem has been in the planning agenda particularly from the 1960s onwards, it is not possible to say that Turkey has made a significant progress. Besides, the problem with those huge regional discrepancies has a new dimension since the Helsinki Summit. Regional policy is among the 35 accession negotiations with the European Union and the target of this negotiation is to decrease the regional inequalities.<sup>1</sup> Therefore, Turkey has an additional actor, the European Union, in coping with the problem. And this actor has a New Regionalist approach.

Considering that the dominance of the literature has been ongoing for at most three decades and that Turkey is increasingly exposed to New Regionalism especially after the intensification of the relations with the European Union, it is too early to draw a conclusion on the possibilities and inadequacies of the literature, especially in the case of Turkey. Although Turkey has been suffering from the huge regional disparities from the establishment onwards; it seems to be unsuccessful in coping with these regional imbalances. From that respect, New Regionalism may provide a different dimension in coping with this problem. On the other hand, the literature has attracted so many serious criticisms that it is not unlikely that New Regionalism may turn into a bubble in Turkey and create another disillusion in the regional development issues.

All these discussions have led me to search for the diffusion of New Regionalism through the regional policies of Turkey. As mentioned above, Turkey, due to the intense

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<sup>1</sup> The related information is retrieved from <http://www.abgs.gov.tr/index.php?p=87&l=2>

relations with the European Union, is under the impact of the literature. This will constitute the back bone of this thesis. In this study, I am going to demonstrate how New Regionalism has diffused through several plans and documents prepared by the public institutions in Turkey. In other words, my target is to demonstrate the main subjects and areas in which the impact is observed.

For that purpose, I start the second chapter giving an account on the history of regional development policies in Turkey. I discuss them through three stages. The first stage covers from 1923 to the 1960s and dates the pre-planning period. The second stage covers from the 1960s to the 2000s and marks the planned period. The third stage starts from the 2000s and covers the past decade up until now. This stage is important for the scope of my analysis since it starts with the Helsinki Summit and focuses on the transformation of Turkey following the candidacy to the European Union. I finish this chapter by establishing the connection between New Regionalism and the European Union.

In the third chapter, I concentrate on New Regionalism and introduce the key concepts of the literature. I present in what aspects New Regionalism has diffused through the regional policies. Since the European Union is a major concern in this thesis, I briefly introduce the evolution of regionalism and regional policies in Europe. And finally, since New Regionalism is a literature with many criticisms, I address them in detail.

In the fourth chapter, which actually constitutes my main contribution, I researched the recent plans and documents from various public institutions and looked

for the traces of New Regionalism. These plans and documents are from the State Planning Organization, Small and Medium Enterprises Development Organization, and Ministry of Industry and Trade. In this chapter, I found the diffusion of New Regionalism in most of the public plans that I made use of. While the impact is present in most of the plans which I searched through, I observed that it is worth to take a closer look at decentralization. Addressing the approaches on decentralization in the development plans, I finish the fourth chapter with a discussion on the concept. Lastly, in the fifth chapter, I conclude with an evaluation of this thesis and the impact of New Regionalism in Turkey.

The diffusion of New Regionalism through Turkey's regional planning agenda is nothing new. On the other hand, in order to make a comprehensive assessment of New Regionalism in Turkey, one should also be able to pull out the particular impacts in Turkey. In other words, it is equally important to be able to directly address the subjects and concepts in which one can observe the diffusion of the literature in Turkey. As it is understood, searching for the specific impacts, and addressing them through the public plans constitutes the main contribution of this thesis.

## CHAPTER 2

### THE HISTORY OF REGIONAL DEVELOPMENT POLICIES IN TURKEY

In this chapter, I present the history of regional development policies in Turkey from its establishment onwards. For this purpose, it is useful to divide this timeline through certain stages. The first stage is between 1923 and 1960 and dates the pre-planning period. The second stage starts in the 1960s, which is characterized by the launch of the State Planning Organization and the Five-Year Development Plans, and ends in the 2000s. This period is important since it reflects Turkey's traditional planning approach to the regional policy. For the sake of this analysis, the third stage starts with the 2000s, which dates Turkey's acceptance as a candidate country to the European Union and the intensified relations between them. The Nomenclature of Territorial Units for Statistics and the Regional Development Agencies are adopted in this period. After examining these units and agencies, I conclude this chapter with a brief discussion on New Regionalism, which provides a framework to the European Union's approach towards regional policy.

## The First Period (1923 – 1960)

As mentioned above, the first stage, from 1923 to the 1960s, marks the pre-planning period (DPT, 2000; Özgür, 2010). Ataay (2001), in his analysis covering from 1923 to 1953,<sup>2</sup> says that the basic aim was to create a national economy and bourgeoisie. This was realized by nationalizing the foreign capital and Turkifying the bourgeoisie (Ataay, 2001). The Republic had inherited a semi-colonial structure from the Ottoman Empire (Tekeli, 2008; Ataay, 2001) and therefore, this early Republican Era witnessed policies which defragment the domestic market (Ataay, 2001). Tekeli (2008) gives the relocation of capital city from Istanbul to Ankara, establishment of spider web of railways around the country, and establishment of state owned factories (SOFs) in small Anatolian cities as examples to the policies which contributed to the defragmentation of the domestic market in the first period. Referring to the same examples, Göymen (forthcoming; pp.1) argues that:

Within this first period, creation of a national economy and society under a new political and administrative system; the deconcentration of population and dispersion to different regions of the country was the main strategy in regional policy; which reflected itself in the moving of the capital from Istanbul to Ankara; the establishment of industrial enterprises in Central Anatolia and Inner Aegean regions outside Istanbul and Marmara region; and the development of a railroad system that connected different parts of the country (Eraydın, 2001).

Ataay (2001) argued that between 1923 and 1953 the main policies bear the stamp of Turkey's integration with the world economy as an agricultural country. In terms of capital accumulation, the rural areas were opened up to the markets via Anatolian cities, which are acting as intermediaries between the rural areas and coastal cities such as

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<sup>2</sup> 1953 dates the shift to the import substitution.

Istanbul and Izmir (Ataay, 2001). As a result, this has increased the economic activity in these cities (Ataay, 2001). Import substituting industrialization led by the Great Depression in 1929 had important consequences in terms of settlement (Ataay, 2001). Some Anatolian cities along the railways were preferred for investment (Ataay, 2001). The resentment held against the capital in Istanbul since the Independence War, the security issues in the 1930s, and the wish to set the administration levels on city and county basis (particularly the wish to develop the city centers) were other reasons for this preference (Ataay, 2001). In terms of industrialization, Göymen (forthcoming; pp.1-2) states that:

During this period, the state, due to strategic and development considerations, indulged in a policy of ‘industrial seeding’ establishing industries in the then remote parts of Anatolia (Rivkin, 1964; Göymen, 2000). Some of these investments did not make much economic sense then but provided the initial impetus for the later emergence of some centers of growth (e.g. Kayseri, Eskişehir, Zonguldak, Karabük).

Regarding the first stage, Doğruel (2006) argues that it is hard to identify specific regional targets and policy implementations aiming at these targets. The early decades of the Republican Era were characterized by an approach to carry out industrialization and development as fast as possible (Doğruel, 2006). Accordingly, spatial distribution and regional priorities are left aside in this period (Doğruel, 2006). Despite the distribution of the industry within the country and decreasing the transaction costs were brought to the agenda in some documents, it is clear that there were difficulties in implementation (Doğruel, 2006). It was in the 1950s when the issues on regional economies gained more importance (Doğruel, 2006). The first state agencies concerned with regional planning are established towards the end of the 1950s and physical regional plans were made; however, they were not implemented (Özgür, 2010). The Preliminary National

Development Plan (DPT, 2003; pp.51), covering from 2004 to 2006, summarizes the pre-planning period as:

In the first years of the Republic, the policies of spreading population and investments within the country and keeping them in certain centres were implemented. The approach adopted by the State in establishing industrial facilities throughout the country (the choice of Black Sea, inner Aegean and Inner Anatolia Regions besides İstanbul and Marmara for settlement) is indicative of this.

The Plan continues with an account in line with Doğruel (2006). The first stage is characterized by policies which target physical planning, rather than development planning (DPT, 2003; pp.51):

It is observed that before the planned era in Turkey, the regional planning was considered as a means of construction rather than a means of development planning and its main objective was defined as the establishment of a physical settlement plan.

According to the State Planning Organization's report by the Ad-hoc Committee on Regional Development (DPT, 2000), from 1923 to 1950, the Republic was not in a situation to make regional distinctions and to apply regional development policies, because the whole country was underdeveloped. In the following years, the population and the investment were tried to be distributed within the country and at certain centers (DPT, 2000). The report sorts the relocation of capital city and the approach in the establishment of SOFs (mentioned above) under this policy. From 1950 to 1960, the investments of the private sector have been concentrated at İstanbul and Marmara Region (DPT, 2000). It is argued that although the preference of the state was to distribute the public investments throughout the country, the Eastern part did not get a fair share (DPT, 2000). Tekeli (2008) concludes that although Turkey established a more

defragmented domestic market, this spatial transformation did not help to weaken the regional disparities between the West and the East.

### The Second Period (1960 – 2000)

The second stage starts in 1960 with the beginning of the planning period, and ends in the 2000s with the intensified relations between the European Union (EU) and Turkey. The common points of Turkey's regional development policies can be attributed to the policies introduced from this stage onwards. Although it is possible to divide this second stage into several sub-categories, I will discuss the second stage by giving the main points of regional development policies without any further categorization.

The two major targets of Turkey from the 1960s onwards were to increase the national income and to decrease the regional inequalities (Gezici and Hewings, 2004). As Doğruel (2006) argues, the experience of regional planning, which will provide a basis to pursue regional policies, has started in the 1960s with the planning period. To be more specific, this stage is important due to the introduction of the State Planning Organization<sup>3</sup> (DPT) and the Five-Year Development Plans (FYDPs). “The main organization responsible for regional development and the implementation of targets is the DPT, without any regional or provincial offices”, and these targets and policies are designed within the FYDPs (Dulupçu, 2005; pp.109). Göymen (forthcoming; pp.2) says that in this second period “different regional plans that were expected to contribute to

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<sup>3</sup> *Devlet Planlama Teşkilatı* (DPT)

national economic development have been prepared in order to activate the capacities of various regions in the country”.

However, the scale and scope of regional development policies has been inconsistent for forty years and even the very same plans lost consistency in themselves due to different targeting (Özgür, 2010; see also DPT, 2000). Apart from inconsistency, Loewendahl-Ertugal (2005; pp.29; see also Massicard, 2009) maintains that “The traditional planning method in Turkey is sectoral and centralized (Dericioğlu, 1989: 110).” Similarly, Lagendijk et al. (2009; pp.387) find a “strong central hand in regional affairs”. The efforts for least developed regions (LDRs) have not been designed in a comprehensive and territorially integrated fashion, and sectoral growth is encouraged without taking regional dimensions into account, such as LDRs and regional inequalities (Loewendahl-Ertugal, 2005). Loewendahl-Ertugal (2005) and Lagendijk et al. (2009) assert that the plans prepared by the DPT are launched with a sectoral emphasis which gives the primary importance to national industrialization.

While the FYDPs emphasized sectoral growth, Loewendahl-Ertugal (2005) puts the Southeastern Anatolia Project<sup>4</sup> (GAP) as an exception. In fact, more generally speaking, GAP can be introduced as an exception for Turkey’s limited experience in regional planning (Massicard, 2009). Still, the project is financially and organizationally administered by the center (Lagendijk et al., 2009). GAP has started in 1989, with a total budget of 32 billion dollars (Massicard, 2009). The project seemed to start with a multi-sectoral targeting, but it ended up with most of the weight given to the energy sector (Loewendahl-Ertugal, 2005). In the 1970s, GAP was launched as an infrastructure

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<sup>4</sup> *Güneydoğu Anadolu Projesi (GAP)*

project in terms of irrigation and energy (Özok, 2004). In the late 1980s, it had gone beyond this and turned into “an “integrated development project” which aims at improvements in multiple spheres of life ranging from industry, agriculture, and transportation to “social” sectors such as health, education, and the development of women and the youth in the region” (Özok, 2004; pp.1). And finally, in the end of the 1990s, the GAP transformed into a “sustainable human development project” and “adopted a series of novel concepts, such as environment, participation, and sustainability which were the products of the transformation of the global development discourse in the 1990s” (Özok, 2004; pp.107).

Based on the interviews in her research, Loewendahl-Ertugal (2005; pp.33) speaks of the “fears of separatism” and the “unitary nature of state” as an explanation for Turkey’s reluctance to regionalism. The transition from the Ottoman Empire to Turkey was a traumatic process, and during that process the political authorities considered the provinces and the periphery as a threat to the unity of the country (Massicard, 2009). Similarly, Tocci (2001) says: “The Kemalist elite reacted strongly against Ottoman expansionism and national heterogeneity. Heterogeneity was regarded as having fostered separate identities within the Empire, having prevented the integration of peoples and having reduced popular loyalty towards the state” (Tocci, 2001; pp.2; quoted by Dulupçu, 2005; pp.107). According to Massicard (2009), this perception and the fear of irredentism have always been around, and she adds that it has reawakened since 1984 due to Kurdistan Workers’ Party<sup>5</sup> (PKK). This fear from the periphery is important in understanding some features of the Republican regime, such as national unity and

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<sup>5</sup> *Partiya Karkeran Kurdistan* (PKK)

centralism (Massicard, 2009). Lagendijk et al. (2009; pp.386) summarize that “the state has always been keen to prevent a move towards a multi-level governance structure which might play into the hands of separatist movements.”

It would not be wrong to conclude that despite regional development is claimed to be in the agenda since the 1960s and there is an institution (DPT) which is responsible for regional development policies, there were serious drawbacks in reducing the regional disparities. The inconsistencies in the regional development policies and the centralized and sector-oriented planning approach have already been mentioned above. In line with these factors, Lagendijk et al. (2009) interprets that until now Turkey did not pursue a systematic approach for the regional imbalances and that the development plans were not successful in decreasing these inequalities.

In his discussion of the FYDPs, Dulupçu (2005; pp.109) argues that the regional problems were handled with a “one-size-fits-all atomistic approach” until the Seventh FYDP (1996-2000). According to him, the Priority Development Areas<sup>6</sup> (PDAs) have been “the leading and most comprehensive instrument” within this approach (Dulupçu, 2005; pp.109). PDAs were introduced in 1968 (DPT, 2003) and they have been a part of central planning since the Third FYDP (1973-1977) (Dulupçu, 2005). The PDAs constitute of provinces and districts which are lagged behind in terms of development; and, as is understood, the aim is to assist them by incentive mechanisms (DPT, 2003). However, the PDAs have been interpreted as a failure.

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<sup>6</sup> *Kalkınmada Öncelikli Yörelere*

The project, started with twenty-two provinces in 1968 (Doğruel, 2006). With the Third FYDP, the number of the provinces has risen to forty and 1999 there were fifty of them (Doğruel, 2006). Today, there are forty-nine provinces and two districts as PDAs (DPT, 2003). Being mostly located in the East (Gezici and Hewings, 2004), Dulupçu (2005; pp.110) says “Unfortunately, the inclusion of provinces apart from the eastern and the southeastern regions (which are in need of urgent development) turned the policy into a tragedy.” According to him, there are three major reasons for this failure: First of all, as Gezici and Hewings (2004; pp.118; see also Dulupçu, 2005; Massicard, 2009) argue, the choice of PDAs was based on “political decisions instead of objective criteria”. Secondly, the PDAs could not have an enough share of the public funds because of the increase in numbers (Dağ, 1995; quoted by Dulupçu, 2005). And lastly, it is argued that there were no “important incentive differences according to regions” (Dağ, 2000; pp.33; quoted by Dulupçu, 2005; pp.110). The PDAs continued to receive less investment and public incentives compared to the Western parts of the country (Massicard, 2009).

Tekeli (2008) observes that the first four FYDPs had no spatial dimension. In line with his account, according to Doğruel (2006), the first four FYDPs remained limited to economic, social and infrastructural areas, and that only the Fourth FYDP added (1979-1983) spatial organization to the infrastructural topics. When it comes to the Fifth FYDP (1985-1989), while the general policies aimed to spread the industrialization and encourage the sectors with relative supremacy, the regional policies aimed to establish regional centers and encouraging the local potentials in the PDAs (Doğruel, 2006). According to Dulupçu (2005; pp.110), the Fifth FYDP had a more comprehensive

approach by introducing the Functional Regions and preparing regional development schemes:

In the Fifth Five-year Development Plan a more comprehensive approach developed. Formation of 16 ‘functional regions’ and the preparation of ‘regional development schemes’ were proposed by the SPO [State Planning Organization] resulting from an investigation of ‘The Hierarchy of Urban Settlements in Turkey’ in 1982. This attempt was again reflecting a combination of statism and Keynesianism policies. According to the proposal, each region would have a central province that was supposed to foster the region with spillover effects. This would, for the first time, lead to a third tier, and challenge the centralized local administrative system. However, these proposals were not realized and currently there is no policy applicable to these regions.

Similar to the conclusion made by Dulupçu (2005), Gezici (2006; pp.107) maintains that the functional regions did not turn out to be “a common aggregation for either the empirical studies or regional policy initiatives”.

The policies with regional features have started to be decisive since the Sixth FYDP (1990-1994) (Doğruel, 2006). Besides, the Sixth FYDP included regional policies of the EU as a new topic (Doğruel, 2006). The Seventh FYDP (1996-2000), according to Dulupçu (2005), is a positive attempt since “the plan stated ‘Sectoral Development’ and ‘Spatial Analysis’ must be considered together (Dağ, 2000; DPT, 1996).” Although he acknowledges this concern as a theoretical break, Dulupçu (2005; pp.110) says: “Of course, the reality has been that engineering 81 provinces through a single central organization, which has itself often suffered from a lack of personnel and finance, is difficult or even impossible.” The Eighth FYDP (2001-2005)<sup>7</sup> designed the ‘place’ as a decisive dimension for economic and social development, rather than a reflection (Doğruel, 2006). On the other hand, Dulupçu (2005; pp.110) criticizes the Eighth FYDP in the sense that it was ignorant of the debates on “recomposition of scale and new

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<sup>7</sup> Although the Eighth FYDP covers from 2001 to 2005, I preferred to present it with the other FYDPs.

regionalism”.<sup>8</sup> That said, he finds positive attempts in the Eighth FYDP, such as the “decentralization of the SPO” (Dulupçu, 2005; pp.110).

While the second period is discussed, it is necessary to note about the 1980s and the effects of globalization and the neoliberal policies. According to Göymen (forthcoming), these policies gave rise to competition between regions, and privileged the already developed regions. He (forthcoming; pp.4) finds that “some relatively less-developed areas (Eskişehir, Denizli, Çorum, Kayseri, Gaziantep, Kahramanmaraş) experienced a rapid increase in their manufacturing activities by expanding their export capacities and started to be called as ‘industrial nodes’.” The need for fast growth prioritized the export-based policies especially after 1980, and the stability programmes followed led to limited resources that would be funded for regional development (Doğruel, 2006). These new policies have led to convergence among rich regions, while the aim to remove regional inequalities was not realized (Doğruel, 2006). Therefore, the new industrial nodes that are mentioned above are a result of this competitive environment after 1980 (Doğruel, 2006).

### The Regional Disparities in the Second Period

As is known, the regional inequalities between the West and the East are a characteristic of Turkey. Keeping in mind the discussions in the previous section, what is to be found is not surprising: The research on regional inequalities in Turkey which cover the second

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<sup>8</sup> New Regionalism will be studied in the next chapter.

stage reveal that the regional disparities still continue and that the disparities are persistent.

Tekeli (2008), analyzing the change in regional inequalities between 1960 and 1980, states that the government investments led to an increase in regional inequalities and that the development is unequal in the geographical space of Turkey. Similarly, Şenesen (2002) finds that at the provincial level the income disparities have increased from 1975 to 1995. According to his analysis,<sup>9</sup> there were not any provinces with a GDP per capita less than 0.4 million (m.) old TL. In contrast, in 1980 there were six of them. From 1985 to 1995, two of these six became poorer and had a GDP per capita around 0.2 m. old TL. On the other hand, in 1975, while there were two provinces receiving more than 2 m. old TL GDP per capita, the number of these provinces increased gradually. In 1995 there were twelve of them. Şenesen (2002) concludes that the discrepancies between wealthy and poor provinces have increased and addresses the polarization in income distribution (Şenesen, 2002; pp.119): “[...] the provincial income distribution has obtained a two-peaked shape, which means a polarization of the country in terms of income levels. The term "the other Turkey" has recently been coined to draw attention to this fact.”

Similarly, Gezici and Hewings (2004), in their analysis covering 1980-1997, using the standard deviation of the log of GDP per capita among provinces,<sup>10</sup> conclude that there is no indication of convergence among the provinces. However, in a different

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<sup>9</sup> He uses stem-and-leaf plots.

<sup>10</sup> They acknowledge that a decrease in this variable means convergence.

study, Gezici and Hewings (2007), find decreasing inequalities<sup>11</sup> among the provinces after 1986, except for an increase in 1992. To analyze whether the provinces affect each other on the distribution of income (spatial dependence), Gezici and Hewings use Moran-I and Moran scatter-plot in their various papers (Gezici and Hewings, 2004; Gezici, 2006; Gezici and Hewings, 2007). The results are not surprising. Gezici and Hewings (2007) say that the distribution of GDP per capita at the provincial level is highly affected by neighbor provinces; and that, therefore the provinces show close values with the neighbors. Rich provinces surrounded by rich neighbors are “in the west and mainly west and south coast”, while poor provinces surrounded by poor neighbors are in the East (Gezici and Hewings, 2007; pp.396). They find that these rich provinces surrounded by rich neighbors are increasingly clustered in the coastal regions, “indicating that spillover effects are more visible in the west and especially in the coastal provinces” (Gezici and Hewings, 2007; pp.396). Their results show that the “spatial dependence is becoming more dominant”; and that this trend is increasing faster among the rich provinces when compared with the poor provinces (Gezici and Hewings, 2007; pp.398). In their own words: “Between regional inequalities are increasing in parallel fashion to the spatial dependence, while within regional inequalities are diminishing. Hence, increasing spatial dependence has a positive effect on within regional inequalities” (Gezici and Hewings, 2007; pp.398). They find a persistent “east and west dualism” and no indication of convergence (Gezici and Hewings, 2007; pp.398).

To analyze the regional disparities, Şenesen (2002), covering 1987 and 1996, categorizes the provinces into four groups according to their income levels. His study

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<sup>11</sup> They use Theil index.

shows that the provinces of Marmara region always remained among the top two groups, while those in Eastern and Southeastern Anatolian regions could not even have a single province in the wealthiest group. The outcome of the study demonstrates deteriorating income distribution between (the Marmara and the Eastern Anatolia regions are at the two extremes) and within regions.

The studies of Gezici and Hewings (2007) and Gezici (2006),<sup>12</sup> using the Theil index, investigate the interregional and intraregional disparities among the regions, as well: When the seven geographical regions are analyzed, both studies reflect increasing inequalities. In terms of intraregional inequalities, the Marmara region has the highest rate; while the Eastern and Southeastern Anatolia, Mediterranean and Black Sea regions have lower intraregional inequalities. In other words, they find that poor regions have less intraregional inequalities compared to rich regions. Both studies also analyze the functional regions introduced in the Fifth FYDP and reach similar conclusions with those of the geographical regions. The authors find a recovery in intraregional disparities to some extent for the analyzed periods, and an increase in interregional disparities.

Gezici (2006) also analyzes the regions at NUTS-1 and NUTS-2 levels:<sup>13</sup> Initially, the interregional inequalities at NUTS-1 level increase. However, after 1987, this movement reverses and the inequalities start to decrease. On the other side, while the intraregional inequalities decrease after 1986; later, they reach back to the initial level. The study on NUTS-1 shows that the rich regions increase the intraregional inequality more than the poor regions do, similar to the geographical and functional regions.

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<sup>12</sup> Gezici and Hewings (2007) analyze between 1980 and 1997. Gezici (2006) extends this period and analyzes until 2001.

<sup>13</sup> NUTS (Nomenclature of Territorial Units for Statistics) will be studied in the next section.

Checking the NUTS-2 level regions, the interregional inequalities decrease from 1986 to 1993 and 1997 to 2001, and the intraregional inequalities are generally constant with a small decrease after 1987. In terms of the regional inequalities, Gezici (2006; pp.121) concludes that:

[...] the findings of the analysis of inequality and spatial dependence emphasize two significant points for regional policies. First, there is evidence of a strengthening of a two-regime spatial division in the country; secondly, there would appear to be little evidence of positive spill overs from the more -developed to the less-developed parts of the country.

The research proves that the regional disparities continued to be a major problem in Turkey. In other words, the planning period, starting from the 1960s, did not suffice to improve the condition. That said, in the 2000s, a new period has started, which created a significant change in Turkey's regional planning experience.

### The Third Period (2000 Onwards)

Bilen (2005) sets three milestones for the last thirty years in the evolution of regional development policies in Turkey. The first one is the shift from import substitution to export orientation in 1980. The second one is the EU's acceptance of Turkey as a candidate country in 1999, with the Helsinki Summit. And the last one is the structural reforms following the 2001 economic crisis. For the scope of this study, the third stage dates the starting of official negotiations between the EU and Turkey. As a notice, one may object that the second stage ends with the rise of the EU relations. However, the EU has had significant impact on Turkey's political and economic environment in general;

and, as it will be seen, on Turkey's approach to regionalism in particular. Hence, it is essential to focus on the effects of the EU on Turkey's history of regional development policies separately.

The EU has created a major break in Turkey's history of regional policies. Lagendijk et al. (2009; pp.388) say "The context for regional policy changed radically with the intensification of the collaboration between Turkey and the EU, fostered by the prospect of full accession." It should not be understood that when the Helsinki Summit is regarded as a starting point for the third stage, the whole history of EU-Turkey relations is put aside. This would have meant that only the final decade mattered in the relations with the EU and it would have been an obvious mistake. However, as Loewendahl-Ertugal (2005; pp.19) argues: "Whereas, previously the EU-Turkey Customs Union failed to induce major transformation in Turkey (Öniş, 2003), the decision of the Helsinki summit provided Turkey with concrete possibility of EU membership, triggering a process of major domestic change." Similarly, Bilen (2006) says that the shift to modern regional policies started with Turkey's being a candidate for membership. According to her, in the 1990s Turkey was not in the pursuit of adaptation to global developments and this decade is lost in terms of new policy formation (Bilen, 2006). That said, it seems like a strong argument to claim that Turkey was not searching for adaptation, especially when one thinks of Turkey's relations with the International Monetary Fund (IMF), World Bank (WB) and EU, and the export-oriented strategies following the 1980s. According to Doğruel (2006), the regional policies fostered by the WB have become an important part of Turkey's regional development strategies. The severe foreign debt with foreign expansion after 1980 has

removed Turkey's capability to have independent policies at national and regional levels (Doğruel, 2006). Besides, the political staff and the bureaucracy did not act insistent and accepted this passive voice (Doğruel, 2006). For the past two decades, the international institutions such as the IMF and WB remained decisive in the national policies (Doğruel, 2006). Doğruel (2006) asserts that regional development issues have appeared in a parallel fashion with the world literature in the FYDPs.

According to Loewendahl-Ertugal (2005; pp.37), "The impact of EU conditionality on Turkey in respect of regional policy and regional governance is an instance of "coercive policy transfer" rather than being "voluntary". In other words, the EU is putting pressure on Turkey in order to bring its policies in compliance with the Union's policies (Loewendahl-Ertugal, 2005). After the parliamentary elections in 2002, when the Justice and Development Party<sup>14</sup> (AKP) achieved a majority in the parliament, the EU accession process can be said to proceed in a different environment. As Loewendahl-Ertugal (2005; pp.38) argues: "It was the decisive outcome of November 2002 elections that brought in a parliament and a government with a strong will to meet EU criteria for membership."

AKP's winning the parliamentary elections in 2002 without the need to form a coalition was exceptional (Massicard, 2009). Stating that the EU-Turkey relations have been smoother than any time is open to discussion. However, at least the continuity in the AKP government for a decade -especially after a long history of political and economic instabilities- is important. More importantly, Loewendahl-Ertugal (2005)

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<sup>14</sup> *Adalet ve Kalkınma Partisi* (AKP)

maintains that the EU targets and the principles of AKP are in line. She explains this feature as follows (Loewendahl-Ertugal, 2005; pp. 38-39):

Coming from an Islamist background the AKP does not share the same state ideology with the military and large sections of the bureaucracy. The military, in particular, is suspicious of the commitment of the AKP to secularism (Kirişçi, 2004). Similarly, the AKP does not share the same sensitivities of the state elites about the relationship between decentralisation and threats to the territorial integrity of the country. The EU induced reforms further the interests of the AKP by creating a political environment in which the AKP and their constituents can operate freely without the supervision of the military.

According to Massicard (2009), the local administration reforms starting in 2004 have strengthened the authority of provinces. The most important factor in the implementation of these reform processes was AKP's aim to create a less statist system (Massicard, 2009). When the local authorities were put in a reform process, AKP had been the most pro-European party and had given the biggest priority to the EU (Massicard, 2009). Moreover, after the local elections in 2004, AKP held a big part of the local administration (Massicard, 2009). From that respect, Massicard argues (2009), giving more power to local authorities meant to keep the authority inside the party. Taking into account that Turkey has a centralized planning tradition, and that the EU supports decentralization; one can easily conclude that decentralization is a major issue for the country. I will discuss Turkey's and the EU's approach on decentralization in the fourth chapter after fully covering the public plans and documents.

In order to understand the effects of the EU on regional development policies, it is necessary to look at the related principles of the Union: Concentration, Programming, Partnership and Additionality. Loewendahl-Ertugal (2005) uses these principles to

provide a comparison between the EU and Turkey in terms of regional policies.<sup>15</sup> The Concentration principle, and the Concentration of resources aspect<sup>16</sup> in particular, require the poorest regions to take a higher share from the structural funds. The Programming principle is concerned with financing multi-annual projects instead of individual ones. And finally, Partnership principle encourages the programmes to be prepared by a collective method, with the participation of multiple layers.<sup>17</sup>

Loewendahl-Ertugal's (2005) assessment of Turkey's history of regionalism, in terms of these principles, is quite illuminating. She finds that the regional projects launched from the 1960s onwards were designed mostly for the wealthy regions (Loewendahl-Ertugal, 2005). With regard to the concentration principle, she asserts that (2005; pp.27):

In Turkey the share of resources within the country seems not to have been always directed to reduce internal disparities. The priority goal of national industrialisation remained the determining factor in national development plans. In fact, the economic inefficiency involved in investing in under-developed regions was accepted only in the initial years of the Republic because of the pressing need for national unity.

As is seen, this is in a complete contrast with the Concentration principle of the EU. The picture is not giving any hope in terms of the Programming principle as well. Turkey, again, failed to provide that approach; and lacked the practice of programming except for GAP (Loewendahl-Ertugal, 2005). In other words, the opposite of what the principle suggests is realized, and individual projects are supported (Loewendahl-Ertugal, 2005).

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<sup>15</sup> In her analysis, Loewendahl-Ertugal skips the principle of Additionality. According to this principle, the funding of the EU is not a substitute for the national funding.

<sup>16</sup> The other aspects of the Concentration principle are Concentration of effort and Concentration of spending.

<sup>17</sup> The related information and the definitions of these principles are retrieved from [http://ec.europa.eu/regional\\_policy/how/principles/index\\_en.cfm](http://ec.europa.eu/regional_policy/how/principles/index_en.cfm)

Finally, regarding the principle of Partnership, Loewendahl-Ertugal (2005; pp.25)

asserts that Turkey was not successful either:

There is weak tradition of partnership in Turkey. Under the terms of its Constitution, Turkey is a unitary and centralised country. Territorial administrative units (provinces and districts) have very limited powers: their functions have been until present essentially executive, and based on the principle of deconcentration.

The local administrative system, taken over from the Ottoman Empire, is based on controlling (Dulupçu, 2005). In Turkey, the local administration is managed by special provincial administrations, municipalities and village administrations (Dulupçu, 2005; Loewendahl-Ertugal, 2005). However, as Loewendahl-Ertugal (2005) asserts, there is no administrative authority at the regional level and this lack of a regional unit decreases the possibility to realize the principle of Partnership.

In compliance with the EU demands, the regions of Turkey are classified under three levels of Nomenclature of Territorial Units for Statistics (NUTS). The NUTS are introduced in 2002 and the process of classification was implemented by DPT and State Institute of Statistics. While the provinces are defined as NUTS-3 level, the neighboring provinces showing similar economic, social and geographical features are defined as NUTS-1 and NUTS-2 level regions, taking regional development plans and population into account as well.<sup>18</sup> These regions are defined in order to collect statistical data comparable with EU, to conduct socio-economical analyses and to provide a framework for the regional development plans.<sup>19</sup>

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<sup>18</sup> In Turkey, there are eighty-one NUTS-3, twenty-six NUTS-2 and twelve NUTS-1 level regions.

<sup>19</sup> The related information on NUTS regions is from DPT, 2003.

On the other hand, the process of classification has brought along some criticisms. While some assert that the categorization has been artificial, some others claimed that the regions, which already exist in a cultural context, are intentionally passed over (Massicard, 2009). Maasicard (2009) gives Dulupçu (2005) as an example for these reviews, since he labels the NUTS regions as artificial. According to Dulupçu (2005; pp.105), these regions are categorized “without sharing and collaborating with the regions – instead the new regions were created for the sake of Europeanization.” Similarly, Maasicard (2009) asserts that the local actors are left out from the process, and defines the creation of these new regional units as being top-to-bottom.

In 2006, the law for the establishment of regional development agencies (RDAs) was approved by the parliament, being another requirement by the EU. The RDAs are corresponding to NUTS-2 level regions and 26 agencies are all established. The agencies are coordinated by the DPT, and they are introduced “as semidepartmental agencies established by the central government, with strategic and general operational functions (Turkish Government, 2006)” (Lagendijk et al., 2009; pp.388) On the other hand, the functions of these agencies are not defined properly (Lagendijk et al., 2009). More specifically, Lagendijk et al. (2009) say that: “The law does not prescribe to what extent RDAs should be engaged in, for instance, the preparation of regional development strategies and regional plans.”; and that “The only defined task is that of supporting the projects under regional plans implemented by other organizations, which, however, are not clearly specified” (Lagendijk et al., 2009; pp.388). The decision-making process is still centralized, and the initiatives of these agencies are limited (Massicard, 2009). From

that respect, it should be noted that neither NUTS regions nor the RDAs are administrative units at regional levels (Massicard, 2009).

According to Massicard (2009), while, on the one hand, the RDAs fulfill the European requirements; on the other they are institutional arrangements relaxing the critiques and resentments held for decentralization. From that respect, it is impossible that these agencies give way to regional political entities (Massicard, 2009). As I mentioned before, I will discuss decentralization in the fourth chapter. However, before I proceed, it is worth to make a last note: These agencies were originally named as ‘Regional Development Agencies’. That said, the term ‘region’ has later been removed from the draft law, due to reactions and criticisms (Gündoğdu, 2009; Massicard, 2009). As a matter of fact, they are now called as ‘Development Agencies’. This incident reminds of another similar case. In the Third FYDP (1973-1977), due to the anxiety against regionalism held by the undersecretary of the time, the word ‘region’ was removed from the Plan; and instead, the term ‘area’<sup>20</sup> was used (Tekeli, 2008). These incidents are surprising in terms of how they show the term ‘region’ has continued to create unrest for decades.

For sure, there are different types of comments on the effects of the EU. For instance, according to Bafoil and Görak Giquel (2009) while the EU requests for some changes towards regionalization from the members and candidates, it does not bring up a regional organizational structure. In other words, the EU does not insist on a unique model for each country (Bafoil and Görak Giquel, 2009). Similarly, Massicard (2009) claims that there is no European regional model and the EU does not impose any models

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<sup>20</sup> *yöre*

for regional problems. Accordingly, the capacity of the EU in creating transnational administrative models is taken too seriously (Massicard, 2009). That said, as I discussed throughout this section, it is not possible to sort out Turkey from what was going around in the world and claim that it was totally closed to the intellectual discussions. In summary, the intensified relations with the EU have many critical dimensions.

Up till now, I have discussed that the EU has had requirements on several topics, regional planning being one of them. For that purpose, I introduced the launch of NUTS regions and the establishment of RDAs. Before I conclude the chapter, there is only one subject left to cover: The theoretical background of EU's approach to regionalism.

The last three decades, alongside the huge paradigm change in the world economy, witnessed an important shift in the regional development studies. And the EU's regional policies are informed by this renewed approach to regionalism, known as New Regionalism. As Loewendahl-Ertugal (2005; pp.22) says:

Hay and Wincott (1998) stress that perceptions of what is feasible, legitimate, possible and desirable are shaped both by the institutional environment and by existing policy paradigms and worldviews. For example, New Regionalism is a worldview or policy paradigm (Thomas, 2000) that has been very influential in the formulation of new approaches to regional development in national and international frameworks, including the European Union. New Regionalism encompasses several different theories advocating transfer of powers to the regional level in order to achieve regional economic development and competitiveness.

It is critical to perceive the NUTS regions and RDAs within the framework of New Regionalism. Evren and İnal Çekiç (2003) assert that the reforms made in the EU harmonization process have been an important turning point in Turkey's history of regional planning and development. Accordingly, Turkey is taking the first steps in

compliance with a discourse entitled as New Regionalism which has provided important inputs to the spatial development perspective of the EU (Evren and İnal Çekiç, 2003).

Lovering (2011; pp.587) calls the RDAs as “New Regionalist bodies”. Regarding the RDAs are required by the EU, Young-Hyman (2008; pp.379) argues that New Regionalism has contributed to the intellectual framework which gave birth to the RDAs: “[...] theories of economic development through regional institution-building, developed by the largely European ‘New Regionalist’ school of academics, have provided an intellectual context for RDAs.” There is another important link between New Regionalism and the RDAs, in the sense that New Regionalist scholars “have met significant demand as consultants or researchers for European regions (Lovering, 1999)” (Young-Hyman, 2008; pp.379). Similarly, the reforms in the agenda; and the launch of NUTS regions, which lays the groundwork for these reforms, represent the steps taken in the name of New Regionalism (Evren and İnal Çekiç, 2003). In the chapter that follows, I will lay aside these discussions, and focus on what New Regionalism is.

So far, I gave an account of the history of regional development and planning in Turkey from the establishment onwards. Between 1923 and 1960 dates the pre-planning period, and the regional policies in this period remained limited in scope. The 1960s marks the beginning of FYDPs and the establishment of DPT. Although the regional inequalities were on the agenda, there were important problems with the approaches and applications pursued by these plans and the institution. The third stage starting with Turkey’s intensified relations with the EU, following the Helsinki Summit, helped to change the nature of regional development issues. The NUTS and RDAs are launched in that period. Considering the principles of EU regional policy such as concentration,

programming and partnership; we may say that a paradigm shift has been taking place in Turkey's approach to regional development. Besides, the regional inequalities are still persistent and require an exact solution. From that sense, New Regionalism, which has gained dominance in regional development studies, necessitates a closer look. In the next chapter, New Regionalism, the literature that has influenced the EU as well as many other international institutions, is going to be introduced.

## CHAPTER 3

### NEW REGIONALISM

Before concluding the previous chapter, I have mentioned about the effects of New Regionalism on the regional policies of international institutions; and especially for the sake of this study, on the EU. In this chapter, my aim is to introduce the main themes of the New Regionalism, rather than focusing on the specific strands that is placed under the literature. For that purpose, I will first discuss the intellectual environment that prepared the background for the literature, and then briefly present the regionalism in Europe. Next, I will introduce the key concepts of New Regionalism. Lastly, since there are loaded arguments against the literature, I will address the accounts criticizing New Regionalism in detail. As a reminder, it should be noted that what is meant by regions is sub-national units.

#### The Birth of New Regionalism

It is critical to comprehend the shift in regional studies within the context of the new global order. The world economy is in a huge process of transformation for the past three decades. While globalization has triggered a fundamental political and economic change around the world, knowledge and information has become the new driving forces of the economy. Within this new setting, it is not surprising to see that the old concepts

on regional development become obsolete, giving place to new approaches on regionalism.

The economic geography studies have witnessed a major transformation from the 1980s onwards (Lagendijk, 1997). Within this period, regions were refocused and placed at the heart of analysis (Lagendijk, 1997). Regarding the return of the 'region', Lagendijk (1997; pp.3) argues that:

The resurgence claim draws on a range of general observations such as the shift away from large multi-plant corporations to flexible and localised production systems, the increased emphasis on institutional and sociocultural factors underpinning economic development, and the localised nature of innovation. Most significantly, the new approach has gone hand in hand with the development with a networking perspective on economic and social-political developments (Cooke and Morgan, 1993).

As is understood from the quotation above, the recent debates on post-Fordism and flexible production has created a significant impact on studies of economic geography. And 'region' was taking its central place within this academic inquiry and intellectual environment. Lagendijk (1997; pp.3) observes that "Over the last years, the concepts which emphasize the role of the region and networking - such as industrial districts, innovative milieu, regional innovation systems and clusters – have come to dominate the field of economic geography", and he groups these concepts under the central concern of this thesis, namely New Regionalism.

Hadjimichalis (2006a; pp.82) maintained that the research of economic geography focused on the role of industrial districts, small enterprises and networks:

During the last 25 years, in the context of the wider discussion from Fordism to post-Fordism and flexible specialization, the paradigm of industrial districts (IDs) with their small, networked, craft industries, dominated Anglophone economic geography and planning studies. In the extended literature, the paradigmatic Italian

districts of the famous “Third Italy” stand as landmarks and standard points of reference.

Before proceeding, it is important to introduce briefly what is meant by ‘Third Italy’.

Third Italy<sup>21</sup> is the reputed example of post-Fordism and flexible specialization.

Markusen (1999; pp.877) summarizes that the distinctive success story of Third Italy and several other regions relies on small firms, networks and innovation:

Contrasting industrial districts to those dominated by large firms or whose firms operate in atomistic markets, researchers attribute the relative success of the Third Italy, Baden Württemberg and Silicon Valley to strong, reciprocal social networks among large numbers of relatively small firms which facilitate innovation and collective management of crisis [...].

In their seminal book, *The Second Industrial Divide: Possibilities for Prosperity*, Piore and Sabel (1984; pp.265) define the industrial districts at Third Italy as “Regional Conglomerations”. Accordingly, the districts are “composed of a core of more-or-less equal small enterprises bound in a complex web of competition and cooperation” and any of these small enterprises does not have a continuous dominance (Piore and Sabel, 1984; pp.265). In addition to these firms, “there are also institutions that facilitate the recombination of the productive enterprises: trade associations; unions; guilds; and cooperatives [...]” (Piore and Sabel, 1984; pp.265). However, none of these institutions officially establishes a connection between the enterprises and “The cohesion of the industry rests on a more fundamental sense of community, of which the various institutional forms of cooperation are more the result than the cause.” (Piore and Sabel, 1984; pp.265) Piore and Sabel (1984; pp.266) interpret that the sense of community at Third Italy was nourished by “shared politics and religion”.

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<sup>21</sup> Third Italy corresponds to the northeast and central Italy (Markusen, 1999).

As exemplified above, Third Italy may have been defined as a success story; however this idea does not go uncontested. Grancelli (2007) observed that there were some important structural changes in Third Italy. First of all, the demand for goods produced in Italy decreased (Grancelli, 2007). Secondly, it was not likely to support the exporting sector of the country after Italy started to use the Euro as a currency (Grancelli, 2007). Thirdly, while family business was a critical determinant for Third Italy, there occurred some serious demographical changes (Grancelli, 2007). Grancelli (2007; pp.2) continues his discussion:

It is also true that these developments at global, European and national levels brought about a polarization of districts and between districts. On the one hand, IDs and firms that lacked the capacity to adequately cope with the crisis, on the other IDs and leader firms able to go beyond incremental innovation and maintain their competitiveness on global markets (Whitford 2001). Such firms enlarged their value chain, created vertically integrated organizational forms, and made investments abroad while the majority of firms just relocated part of their production in low-labour cost countries or began to hire immigrant workers at home. This has been, according to Costis Hadjimichailis (2006), the end of Third Italy as we knew it [...].

That said, regarding the birth of New Regionalism, Hadjimichailis (2006a; pp.83) says that Third Italy has raised significant optimism and that this optimism gave way to the rise of New Regionalism:

Notwithstanding certain important differences in opinion, these "optimists" [...] tend to agree that Italian IDs [Industrial Districts], together with other "new industrialized spaces" can be used as paradigmatic examples of "good practice" for other regional economies in Europe and beyond. And so, a whole series of analytical and policy-oriented concepts have been born, inspired in part or totally from Third Italy, [...] best summarized in what is commonly known as "New Regionalism" [...].

Storper (1995; pp.191) labels the period from the 1980s onwards as "the rediscovery of region". However, this rediscovery does not mean that the regions were neglected before (Storper, 1995). In fact, the studies on regions can be dated back to the nineteenth

century, beginning with the German Historical School (Moulaert and Mehmood, 2010). On the other hand, despite this early attention, the region remained as “a residual category, merely an ‘outcome of deeper political economic processes’” for the most of the second half of twentieth century (Storper, 1997; pp.3; quoted by MacLeod, 2001; pp.805). In the 1980s, the region was back, and this time the concept shifted from being a residual category to “a fundamental basis of economic and social life ‘after mass production’” (Storper, 1995; pp.191, see MacLeod, 2001).

As is understood, the recent discussions around globalization, post-Fordism and flexible specialization have created important influences to the rebirth of the region as a unit of analysis. In other words, New Regionalism was stepping in, taking the latest debates as reference points in analyzing the region. It was fed by these debates on post-Fordism, and the global restructuring of production processes (Evren and İnal Çekiç, 2003). It is likely that, Storper (1995; pp.191) observes, there were close ties between “late twentieth-century capitalism, regionalism, and regionalization”. And from that respect, some regions were considered as “manifestations of a resurgence of the region as the centre of ‘post-Fordist’, ‘flexible’, ‘learning-based’, production systems” (Storper, 1995; pp.191-192).

As Dulupçu (2005; pp.102) says, New Regionalism focuses on “‘champion regions’ of wealth creation [...] exclusively and naturally from advanced economies such as Silicon Valley in the USA, Emilia-Romagna in Italy, Baden-Württemberg in Germany or Rhone-Alpes in France.” Therefore, it is not surprising that New Regionalism is a literature originating from the West. Regarding this Western origin, according to MacLeod (2001; pp.807):

The New Regionalism has rapidly gained currency as a shorthand to describe the work of various scholars, mainly but not exclusively based in North America and western Europe, who have highlighted the significance of the region as an effective arena for situating the institutions of post-Fordist economic governance.

Economically speaking, Lovering (1999; pp.391) places the rise of New Regionalism within the context of decreasing growth rates and the change in economic policies at various levels of institutions:

A helpful starting point here might be the recognition of the historic moment when the rise of the New Regionalism occurred. It followed the slowing of economic growth and took place alongside the reorientation of the economic policy of not only national governments [...] but also international actors such as the World Bank, which began to see the local, the urban and the regional as key scales for interventions (see World Bank, 1996). The New Regionalism reproduces many of the concerns of these agencies, [...]

Similar with Lovering (1999), who asserts that the literature actually reflects the agenda of the international institutions; Aygül (2011) argues that the EU makes every effort for this literature to be persuasive. New Regionalism, according to Aygül (2011) universalizes the European experiences.

Once the Europe is mentioned, it is necessary to stop here for a while. Before I proceed with an evaluation of New Regionalism as a literature, I find it informative to summarize the evolution of regionalism in Europe and of regional policies in the EU. Considering the influence of the EU on Turkey in terms of regional policies, it is essential to understand the political environment which welcomes the New Regionalism.

## The Evolution of Regionalism in Europe

Keating (1997; pp.383), in his analysis of “political restructuring and territorial government in Western Europe”, finds that the modernizing state of the nineteenth century showed a minor interest in regions. That was the case, since they were considered as impediments to the establishment of a national identity and a modern state (Keating; 1997). He adds (1997; pp.384): “Bureaucratic administration, education, unified legal systems, and military service were all used to break down territorial and other barriers. Nowhere was this entirely successful, and territorial management continued to be one of the primary tasks of statecraft (Keating, 1988).” Keating (1997; pp.384) finds three territorial crises dating “in the late 19th century; in the 1960s and 1970s; and in the 1990s”, among which the first two were performed in the national context. While the first crisis is related with the diffusion of the modernizing state; after the second crisis, the regions are considered as modernization projects (Keating, 1997; pp.384):

The first crisis of territorial representation arose in the late 19th century, with the penetration of the modernizing, bureaucratic state into traditional societies. The second territorial crisis had its origins in the postwar welfare settlement. After the Second World War, and especially from the 1960s, European states started to take regions more seriously, as part of their projects for modernization.

Similarly, Dulupçu (2005) informs that, in years following the Second World War, the developed countries were characterized by Fordist regimes and that the nation states had the decisive role in shaping the political economy of space. Within this environment, “regions were regarded as dead particles of space that could be managed or, in more modernist words, which were waiting to be managed” (Dulupçu, 2005; pp.100).

In contrast with the first two crises, the third territorial crisis was able to evade the national context and happened to be in a new environment of “global economic integration and European unification” (Keating, 1997; pp.384). Keating (1997, pp.386) summarizes that:<sup>22</sup>

From the late 1980s, there has been a third crisis of territorial representation, a new wave of regionalism. This new regionalism is no longer a phenomenon internal to states; rather the context is provided by the European Union and the global market. Its impetus can be traced to three sets of forces: functional change; institutional restructuring; and political mobilization. None is adequate on its own to explain the process or the form which it takes in particular places, but together they shape the meaning and dynamics of regionalism.

This third crisis, as it occurred at the global scale rather than the national, gives a critical idea about the political background of Europe. After the 1980s, according to Dulupçu (2005), the regions were continuously challenged by the withdrawal of the state in the developed countries, as is triggered by the globalization process. Therefore, the role designated for regions, which was previously based on being ‘managed’, started to transform: “The dead particles of the previous regime of accumulation, the regions, are now active partners of the economic and political processes instead of being ‘a residual category’ (MacLeod, 2001), just as supranational actors” (Dulupçu, 2005; pp.101). Similarly, summarizing the change in Europe’s approach to regional development, Keating (2001; pp.217) finds that the regions are envisioned to have a more distinctive role in their articulation to the global economy:

Policies in the postwar era had generally been based on state direction and planning, and the ability to divert public and private investment from booming to underdeveloped or declining regions. [...] By the 1970s this approach was under strain and in the 1990s and 2000s has given way to a more competitive approach in which regions are obliged to seek their own place in the European and global

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<sup>22</sup> Note that the ‘new regionalism’ mentioned in this quotation is about the process, rather than the literature. See MacLeod (2001; pp.806; footnote no.4) for “other New Regionalisms”.

division of labour. The new approaches follow changes in circumstances and in academic understanding of the regional problem.

This evolution in regionalism and regional policies should be considered together with the change in regional studies. Today, the researchers are mostly interested with the experiences of developed countries, particularly from Europe (Dulupçu, 2005). Actually, the success-biased nature of New Regionalism, which mainly concentrates on the developed countries, is a serious issue. It is doubtful if the literature provides an adequate framework for the case of the developing countries as well (see Dulupçu, 2005). I will return to this argument, while I introduce the criticisms raised against New Regionalism.

When regionalism in Europe is discussed, it is equally informative to search for the formation of regional policies in the EU. Bilen (2006) summarizes the history of the EU Regional Policies in various stages. From 1957 to the mid-1970s the charter members of the EU were mostly homogeneous, and therefore the importance of regional policies was limited (Bilen, 2006). That said, the milestones for regional policies at the level of the Union were starting to appear.<sup>23</sup> From 1975 to 1988, the EU Regional Policies remained complementary to the regional policies at national levels (Bilen, 2006). In 1975, which Bilen (2006) labels as a turning point, the European Regional Development Fund (ERDF) was constituted. The ERDF was initially used to provide aid for the member countries' own regional policies (Bilen, 2006). From the late 1970s onwards, the Commission started to analyze the regional problems with a systematic approach (Bilen, 2006).

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<sup>23</sup> such as the formation of European Social and Structural Funds in 1964, and the establishment of Directorate General for Regional Policy under European Commission in 1968 (Bilen, 2006)

On the other hand, within this period (1975-1988), the discrepancies in the Union became evident due to the inclusion of new members (Bilen, 2006). With the Single European Act accepted in 1985, the role of Regional Policies has become clearer among the EU policies (Bilen, 2006). The reform in 1988 anticipated compliance with the principles of programming, concentration, partnership and additionality<sup>24</sup> (Bilen, 2006).

In the 1990s, the candidacy of Central and Eastern European (CEE) countries and the Baltic States was on the agenda, and this has raised the problems with sharing (Bilen, 2006). With the Agenda 2000, a new period started, in which the member states' share from the Structural Funds would fall (Bilen, 2006). In the period after 1988, the endogenous potentials of regions are increasingly emphasized (Bilen, 2006). The applications done within the framework of the principles started to play a part in the regions' economic development, and the existing structures in the member countries are brought in line with the reforms (Bilen, 2006). According to Bilen (2006), with the Third Report on Economic and Social Cohesion published in 2004, there would be more emphasis placed on the developed regions.

In terms of the CEE countries, Aygül (2008) argues that the enlargement in 2004 has accelerated the regional policy developments of the EU. The fall of the socialist governments in the Central and Eastern European countries has turned the regional policies into their present day form (Aygül, 2008; pp.3):

The collapse of socialist regimes in the Central and East European (CEE) countries after 1989 meant the return of these countries to Europe, a process culminating in the accession of these countries to the EU in 2004 and 2007. This expansionary phase, which resulted in the integration of twelve East and Central European

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<sup>24</sup> I introduced the principles of the EU on regional policies in Chapter 2.

countries, has also stimulated regional policies. Without the collapse of socialism, the evolution of regionalism in Europe would have been much different.

What is to be understood from the evolution of regionalism in Europe is the following: It is not possible to sort out the shift in regional development studies from what is going on around the world. In other words, New Regionalism has intellectually accommodated the renewed role of the region in their articulation to the global economy. In the next section, I am going to review how this accommodation is materialized and introduce the key concepts of New Regionalism.

### The Main Concepts of New Regionalism

As it is mentioned in the first section, the concept of ‘region’ has shifted away from being a residual to a different level of analysis, leading the rise of New Regionalism.

Dulupçu (2005; pp.99) says that New Regionalism, as a broad literature, can be defined as an “umbrella” term giving place to many strands:

Prioritization of the role of the region in the development of competitive economies has also opened the door to seeing a wide range of theories and approaches through the lenses of regional theorizing such as innovation systems, economics of knowledge, resource-based competitiveness, economic geography or evolutionary growth theories. This growing appeal has led to an integrated body of work under the umbrella of ‘new regionalism’.

Similarly, Hadjimichalis (2006a; pp.83) gives examples of many concepts “such as “second industrial divide”, “resurgent regional economies”, “networked firms and regions”, “learning regions”, “innovative firms and regions”, “endogenous development”, “local development”, “the embedded firm”, etc” and places all of them

under New Regionalism. The Territorial Innovation Models, in other words “the flagships of New Regionalism” as Moulaert and Mehmood (2010; pp.105) define them, include Industrial Districts, Innovative Milieu, Regional Innovation Systems, New Industrial Spaces and Learning Regions.

According to Aygül (2008), the literature has many sources; which he finds to be related with each other. The “relativization of the national scale” is the common point among the supporting theories (Aygül, 2008; pp.31). Regarding the supporting theories of New Regionalism, Aygül (2008; pp.1) says that:

This new regionalism thesis is buttressed by a wide variety of literature covering such topics as the exhaustion of Fordism as a national production system (regulation school); the establishment of regions as a tier of government (public administration theorists, such as Mazey and Marks); the rise of network societies (Castells) or industrial districts (Sabel, Scott and Storper); theories about the hollowing out of nation-states (Jessop) or glocalization (Swyngedouw); and lately various re-scaling theories (Brenner).

As I mentioned in the beginning, my aim is to present the key concepts of New Regionalism, rather than focusing on specific strands and theories. For this purpose, I make use of the article by Keating (2001) who highlights the main concepts of New Regionalism and provides a comparison with the previous approaches: First of all, New Regionalism concentrates on place. While the previous regional development approaches conceptualized the term to describe a location, in other words “distance from markets, labour or raw materials”; New Regionalism considers place as “a complex of social relationships, norms, institutions and understandings” (Keating, 2001; pp.218). From that respect, “place itself becomes a factor of production so that parachuting an investment into an inappropriate locale is unlikely to lead to success” (Keating, 2001; pp.218). This change in the conceptualization of place can easily be situated in the

accounts given in the preceding section. As is mentioned, the regions are envisioned to have a more distinctive role in their articulation to the global economy. The New Regionalist focus on place should be considered within this context: The intellectual shift in the conceptualization of place is instrumental for understanding the transformation of the regions' roles in this new economic order.

Turning back on the key concepts of New Regionalism, the next one is 'social capital' (Keating, 2001). Bjørnskov (2009) says that the studies on social capital have increased with Putnam, who is very well-known with his writings on the concept, and his research on Italy. According to Putnam, it is social capital that gave way to the high economic growth in Third Italy (Bjørnskov, 2009; pp.347; see also Öz, 2004):

The academic interest in the concept of social capital has exploded since Robert Putnam's book on regional government in Italy appeared in 1993. Putnam conjectured that social capital – the mass of norms, trust and associational activity – was responsible for the historically higher growth rates in Northern Italy than in the comparatively poorer Southern parts, which gave rise to the present literature on the association between economic growth and social capital.

In the research which is mentioned by Bjørnskov (2009), Putnam (1993, pp.167) defines social capital as “features of social organization, such as trust, norms and networks, that can improve the efficiency of society by facilitating coordinated actions. Putnam's approach to 'social capital' must be paid attention; since, as it will be seen in the next section, the conceptualization of social capital in New Regionalism is one of the criticisms raised against the literature. Returning to the subject, Keating (2001; pp.218) defines the social capital as:

[...] patterns of social relationships and trust that permit a balance of cooperation and competition, allowing the production of public goods and long-term collective investment (Sabel, 1993) and overcoming the division between individual short-

term rationality and long-term, collective interest which is one of the abiding problems of market capitalism.

From this respect, while traditionally “traded interdependencies” were discussed, now “untraded interdependencies” have gained attention (Keating, 2001; pp.218). Storper (1995; pp.205) defines the “labor markets, public institutions, locally- or nationally-derived rules of action, customs, understandings, and values” as untraded interdependencies. Similarly, Amin (1999; pp.369) describes these interdependencies as:

These are assets which are not tradable, nor are they easily substitutable, since they draw on the social properties of networks in which economic agents are implicated. They include tacit knowledge based on face-to-face exchange, embedded routines, habits and norms, local conventions of communication and interaction, reciprocity and trust based on familiarity and so on.

Considering the shift in the portrayal of ‘place’, the emphasis on social capital and untraded interdependencies would not seem surprising. If place is now considered as a social phenomenon, it is necessary to receive help from concepts describing social features. From that respect, ‘social capital’ and ‘untraded interdependencies’ are instrumental for providing an analysis. In other words, the emphasis on social capital and untraded interdependencies is likely to be complementary to the literature and its renewed focus on place.

Learning region is another commonly expressed concept in the literature (Keating, 2001). Learning region can be explained as “spatial clusters of linked industries whose continued growth is a function of permanent innovation, through inter-firm co-operation and competition”.<sup>25</sup> Similarly, Florida (1998; pp.19) argues that:

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<sup>25</sup> learning regions. (2009). In Johnston, R.J., Gregory, D., Pratt, G., Watts, M. & Whatmore, S. (Eds.), *The Dictionary of Human Geography*. Retrieved from [http://0-www.credoreference.com.seyhan.library.boun.edu.tr/entry/bkhumgeo/learning\\_regions](http://0-www.credoreference.com.seyhan.library.boun.edu.tr/entry/bkhumgeo/learning_regions)

Regions are becoming focal points for knowledge creation and learning in the new global, knowledge-intensive, capitalism. In effect they are becoming learning regions. These learning regions function as collectors and repositories of knowledge and ideas, and provide the underlying environment or infrastructure which facilitates the flow of knowledge, ideas and learning. Quite simply, regions are becoming more important modes of economic repeated and technological organization in a global economy.

Regarding this concept, innovation is critical; as it is “self-sustaining” and leads to success (Keating, 2001; pp.218). Comparative advantage becomes obsolete and is replaced by competitive advantage (Keating, 2001). In other words, competitiveness and innovation happened to be the two characteristic features of New Regionalism (Legendijk, 1997). Speaking of the competitive advantage, it is informative to address Michael Porter, owing to his influential contributions on the concept.

In Porter’s words (1998; pp.78), “[...] the enduring competitive advantages in a global economy lie increasingly in local things — knowledge, relationships, motivation — that distant rivals cannot match”. Accordingly, location still matters for competition, however the reasons for its importance has changed (Porter, 1998). When competition was based on input costs, certain locations benefited from their comparative advantages (Porter, 1998). However, looking thoroughly in today’s world, Porter (1998; pp.78) says:

Competition in today's economy is far more dynamic. Companies can mitigate many input-cost disadvantages through global sourcing, rendering the old notion of comparative advantage less relevant. Instead, competitive advantage rests on making more productive use of inputs, which requires continual innovation.

Porter created the Diamond Model in his interpretation of the competitive advantage (Öz, 2004). In the model, four factors are of significant importance since they help the firms to achieve competitive advantage: “factor conditions, demand conditions, related and supporting industries, and context for firm strategy and rivalry” (Öz, 2004; pp.25).

The interaction of the four factors gives way to an advantage which is not easily reproduced in another place (Öz, 2004).

Regarding the competitive advantage, clusters are of great significance in explaining “the microeconomics of competition and the role of location in competitive advantage” (Porter, 2000; pp.16; see also Öz, 2004). They have a new role in this environment of increasing global competition and knowledge-based economy (Porter, 2000). As Lagendijk (1997, pp. 17) argues, clusters, being a critical subject of the literature, are “the most ‘applied’ concept in the New Regionalism field.” In fact, they have a distinct role for each low, middle and high income countries (Porter, 2000; pp.16):

Poor countries lack well-developed clusters; they compete in the world market with cheap labor and natural resources. To move beyond this stage, the development of well-functioning clusters is essential. Clusters become an especially controlling factor for countries moving from a middle-income to an advanced economy. Even in high-wage economies, however, the need for cluster upgrading is constant.

Even if briefly, it is informative to focus on the literature on clusters in particular, since “The evolution of the cluster concept has been naturally shaped by the development of the cluster literature.” (Cruz and Teixeira, 2010; pp.1265) The literature, which sustained a significant increase in academic publication after the 2000s, was undoubtedly subject to change over time (Cruz and Teixeira, 2010). While previous studies remained descriptive in approach, the later analyses brought a dynamic framework and emphasized “knowledge, learning, adaptation, and innovation as critical mechanisms” (Cruz and Teixeira, 2010; pp.1266). Cruz and Teixeira (2010) find three items which are to be the key concepts of studies on clustering. These are “*geographical proximity* among the cluster’s components”, “*social networks*”, and lastly, “*culture*

(institutions, common values and beliefs) and *business climate* (such as trust, informal ties, and cooperation)” (Cruz and Teixeira, 2010; pp.1266-1267; emphasis in the original). The authors observe that the clusters have been discussed from an evolutionary standpoint in recent years (Cruz and Teixeira, 2010; pp.1267):

More recently, the cluster concept has been interpreted in light of systematic and evolutionary perspectives (for example, ‘innovation systems’ and ‘institutional’ approaches). These approaches attempt to explain cluster dynamics within broader networks of agents (‘regional innovation systems’) or based on the theoretical paths of regions and their historical trajectories (institutions or cultures).

Returning to the subject on main concepts of the literature, it should be noted that clustering is not the single impact which can be attributed to New Regionalism. As I mentioned before, the literature has made significant contributions to the regional policies of international institutions and these effects of New Regionalism will be the last subject to be addressed in this section. They are of great significance for this study; and particularly for the next chapter, in which I will search for traces of the literature within public reports.

Keating (2001) says that the technological developments, changes in the economic and political paradigm, and the shift in the intellectual thinking lead to a reorientation in the regional policies. Accordingly, the regional policies are now increasingly decentralized (Keating, 2001). “Institution building” is stressed and it is believed that regional institutions are essential for “networks of cooperation and partnership” (Keating, 2001; pp.218). He finds that there is an increasing emphasis on the development of human resources (Keating, 2001). From that respect, policies on training are decentralized as well (Keating, 2001). Education is related to the economic policies in a more direct manner (Keating, 2001). Next, “research, development and technology

transfer” is stressed (Keating, 2001; pp.218). In Keating’s words (2011; pp.218): “Much effort is put into forming networks and linkages among firms and between them, universities, research centres and governments, to foster the untraded interdependencies typical of successful regions.” Besides, “large-scale intervention” increasingly gives way to “selective intervention” (Keating, 2001; pp.218). The regional potentials are targeted and clusters are promoted to realize these potentials (Keating, 2001). And lastly Keating (2001; pp.218-219) finds that “small firms and endogenous development are especially targeted”.

I mentioned before how the optimism held for certain regions contributed to the rise of New Regionalism (see Hadjimichalis, 2006a). Regarding this incident, Amin (1999; pp.368) says that the rediscovery of the region has its roots in the success stories of some regions and industrial districts on the one hand, and the contributions of institutional economics on the other:

In recent years, the region has been rediscovered as an important source of competitive advantage in a globalising political economy (Scott, 1995; Cooke, 1997). In part, this rediscovery is based on studies of the success of highly dynamic regional economies and industrial districts which draw extensively upon local assets for their competitiveness. However, the rediscovery is also based on the insights of institutional economic theory, particularly its explanation of why territorial proximity matters for economic organization.

As is understood, Amin (1999) presents a similar picture to that of Keating (2001) in terms of the New Regionalism’s focus on place, untraded interdependencies and competitive advantage. But even more importantly, he emphasizes the role of institutional economics in New Regionalism. On the other hand, Moulaert and Mehmood (2010) criticize this “institutional turn in regional development studies”, as Amin (1999; pp.368) named it. They argue that New Regionalism helped to provide an

institutional approach, but it is “only in half way in solving the methodological problems in regional development and policy analysis” (Moulaert and Mehmood, 2010; pp. 105). From these accounts, it is clearly understood that the literature has severe and fundamental problems. For this reason, in the next section, I will present the criticisms raised against New Regionalism.

### The Criticisms of New Regionalism

The neglect of the state is a criticism frequently expressed against New Regionalism. This can be discussed on two related grounds. First of all, Aygül (2011) argues that while the literature around globalization attributes the nation states’ losing power to the resurgence of transnational bodies; according to New Regionalists, this weakening happened due to the rise of sub-national entities. From that respect, New Regionalism is in parallel with the globalization literature, which claims that the nation-states are losing power (Aygül, 2011). As MacLeod (2001; pp.806) summarizes:

[...] barring a few exceptions (Storper and Salais, 1997; Scott, 1998), much New Regionalist research has either disregarded the changing role of the state or implied that, amid the current round of globalization-regionalization, it is inevitably in terminal decline (*cf.* Jones, 2001).

This argument about the decline in the state should be evaluated carefully. According to Aygül (2011), the rise of the regions did not occur in the way introduced by the New Regionalists; but to the contrary, this process is controlled by the nation-states. In other

words, European regionalism is shaped in line with European integration process, in which the nation-states have a decisive role (Aygül, 2011).

Secondly, focusing too much on the region has led the nation state and its process of restructuring to be neglected (Dulupçu, 2005). Moulaert and Mehmood (2010; pp.107) say that New Regionalism literature is in a “localist trap”. While the endogenous assets are considered as a solution for inequalities driven by globalization, the role of global agents is misjudged (Moulaert and Mehmood, 2010). They assert that “[...] this denial of the ‘evil of the global’ leads to an unrealistic understanding of the power of endogenous resources and how these have been managed” (Moulaert and Mehmood, 2010; pp.107). And at one extreme, the region is treated as it is in an “economic and political isolation from the outside world” (Moulaert and Mehmood, 2010; pp.107).

Lovering (1999; pp.383) makes a distinction of “Sophisticated versus vulgar New Regionalism”. While sophisticated New Regionalists carry “careful theoretical work” which checks for the assumptions and scenarios, vulgar New Regionalists evade abstraction and “rush to make interpretative or normative claims concerning real places” (Lovering, 1999; pp.384). Despite the distinction, he claims that the “slippage” between the sophisticated and vulgar New Regionalists takes place very frequently because “the ‘paradigm’ itself is faulty” (Lovering, 1999; pp.384). In fact, he goes one step further and asserts that “New Regionalism is not really a paradigm at all” (Lovering, 1999; pp.384). In his words, the problems are as such (Lovering, 1999; pp.384):

[...] at three distinct levels of the New Regionalist 'package' (problems which confirm that it is indeed a package and not a paradigm): (1) philosophical and methodological looseness; (2) exaggerated and partial economic claims; and (3) a lack of attention to the political sociology of regional development.

Lovering (1999) discusses the philosophical, economic, political and sociological problems of New Regionalism on many grounds. While I introduce his arguments, I will give additional accounts and examples on top of his comments. Regarding the first of them, he explains that the philosophical problems are central to the literature (Lovering, 1999; pp.385):

Much of New Regionalist theorizing corresponds exactly to Collier's category of 'bad abstraction'. It proceeds by abstracting away the temporally and geographically specific contingencies within which a real case of economic developments occurs, constructing a theoretical model and drawing out possible implications, but it never gets round to what should be the core business of putting back the context and exploring how far the theoretically-generated model helps to explain observable outcomes.

Accordingly, the literature is “characterized by a markedly ‘productivist’ and micro-economic focus” (Lovering, 1999; pp.385). This productivist focus is carried out by placing too much emphasis on “only one type of industrial actor, typically a manufacturing exporter” and neglecting others such as the service and public sector (Lovering, 1999; pp. 386). That said, various sectors other than manufacturing might be more essential for a region (Lovering, 1999). For example, taking a look at the following quotation from Scott and Storper (2003; pp.24-25) is going to give further insights:<sup>26</sup>

If this claim is correct, it follows that for countries to join the high- income convergence club in today’s world, they will have to sustain successful agglomerated development processes, (though this remark in no way implies that balanced and sustainable rural development is not also an essential ingredient of any pathway to national development). Agglomeration is a central concern that can neither be equated to urbanization as a simple demographic phenomenon, nor dissolved away into the realm of macro-economics.

On similar grounds, Scott (2002; pp.142) says:

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<sup>26</sup>I preferred to follow Lovering (1999) and give other examples on Allen J. Scott. For Lovering’s example on Scott, see pp. 385.

Note that the latter remark is not intended to suggest that developmental efforts on the agrarian, rural front have no useful role to play, or that significant diseconomies never show up as cities or regions grow in size. The point is, rather, as the subsequent argument will seek to demonstrate, that the long-run benefits to urban growth in less-developed countries almost always outweigh the costs, and that these costs, moreover, can often be moderated by suitable kinds of policy intervention.

In these quotations, Scott (2002) and Scott and Storper (2003) place emphasis on agglomeration and urbanization, and they merely add that the agricultural sector and rural development are ‘also’ important. Regarding these comments, it is surprising to see how an alternative mode of development is failed to be imagined. It is not enough to remind that the agricultural sector or rural development is also important. They are important for sure, and they deserve to be placed special emphasis.

While some regions mostly provide resources, others may be dominant in processing them. Or some regions simply rise out to provide maintenance and other services. In other words, each region has its own particular sectoral mix in articulating to the global economy. If regional development studies focus on only one side of the story, the interpretations might fall into being irrelevant for the actual regional economies. As Lovering (1999; pp.386) successfully summarizes, this productivist focus of the literature gives “very partial truths or even merely fashionable hypotheses.”

Lovering (1999) says that placing too much emphasis on informational economies has caused other even more important factors to go unnoticed. The over-emphasis placed on informational economies goes together with ignoring the macroeconomics, and this is critical when innovation is taken into consideration (Lovering, 1999). According to Lovering (1999; pp.386), “the historically and geographically specific macro-economic context” is left out of the picture. From that respect, “New Regionalism decontextualizes

innovation” and it “cannot simply be taken as given” (Lovering, 1999; pp.386). In terms of this argument on innovation and the incompetence of New Regionalism’s approach to the concept, MacKinnon et al. (2002; pp.294) observes:

[...] while work on innovation, learning and regional development offers a set of useful insights into contemporary processes, much of the literature fails to adequately ground its arguments in empirical enquiry and also tends to underemphasize the importance of wider extra-local networks and structures.

In line with MacKinnon et al. (2002), Lovering (1999) argues that the promise of innovation is unjustified, addressing the empirical research. In other words, he rejects (Lovering, 1999; pp.387) the New Regionalist idea on innovation’s being the main source of employment:

It is a gross exaggeration to claim that innovation-related activities are the major source of new jobs, directly or indirectly, in regions or cities [...]. Innovation and new technology has mainly been used in the 1990s to cut jobs, rather than to create new product markets, meet unmet needs and trigger employment expansion (Shutt, 1998: 95).

Other key concepts, namely the social capital and untraded interdependencies, also created dissatisfaction among the critics of the literature. In the preceding section, I mentioned about the influence of Putnam with his related work on ‘social capital’.

Hadjimichalis (2006a; pp.89), in his analysis of the literature on Italian Industrial Districts, states that:

[...] social capital became popular among many Anglophone economists, planners and economic geographers, mainly through Putnam’s work on Italy (1993), and later through Porter’s on clusters (1998). Their conceptualization, however, remains very thin and selective, simply adding some “other things” that traditional economic and geographical analysis cannot deal with.

Accordingly, this conceptualization is characterized by “methodological individualism, as something embedded in groups and social networks but realized by individuals or

firms or single cities, regions and nations (DeFilippis 2002)” (Hadjimichalis, 2006a; pp.89). In another article, analyzing the non-economic factors in New Regionalism, Hadjimichalis (2006b) asserts that the literature does not theorize them properly and adds that “their conceptualization remains fuzzy and rarely has empirical support” (Hadjimichalis, 2006b; pp.693). In addition to this poor theorizing, the non-economic concepts are addressed in an apolitical fashion (Hadjimichalis, 2006b). According to Hadjimichalis (2006b; pp.696), this incident is “highly compatible with the neoliberal view”. In line with him, Lovering (1999) emphasizes the parallels between New Regionalism and the neoliberal perspective by addressing methodological individualism:

The disregard for the macro-economy which characterizes the economics of the New Regionalism brings with it a wider bias, namely, the assumption that the economy can be explained in rationalistic terms. To this extent, the New Regionalism reproduces neoliberalism's methodologically individualist myopia and forgets Marx's or Keynes' discovery that the economy is not the sum of its parts.

This is important in particular when the literature’s approach to the labor market is analyzed (Lovering, 1999). Accordingly, labor market is portrayed in a reductionist way -in other words, “in static terms as the means of mobilizing human capital and in dynamic terms as a domain for the circulation of ‘untraded interdependencies’, transfers of embodied knowledge (formal or tacit) and collective sharing of learning” (Lovering, 1999; pp.388). Lovering (1999) questions if these terms really matter or not. Besides, the literature, he stresses, neglects that the “labor markets are socially constructed and embody relations of power” (Lovering, 1999; pp.388).

As it was the case with the other concepts, New Regionalism's approach to competitiveness is troubled (Lovering, 1999). According to Lovering (1999), it is difficult to measure the competitiveness of a region. In his words (Lovering, 1999; pp.389):

There is no single way of being market-led (Eisenschitz and Gough, 1998) and no one road to competitiveness. In principle, for example, a territorially defined economy could secure improvement in incomes per capita by following the pattern of industrial specialization indicated in Ricardo's static analysis of comparative advantage. Alternatively it could seek to create on-going dynamic competitive advantages. But the choice is not simply a technical economic matter and it is certainly not one which is adequately captured in the banal New Regionalist habit of identifying the former with the 'low road' and the latter with the 'high road' to regional development.

Lovering (1999) asserts that the New Regionalism's approach to competitiveness is confusing rather than being informative. Accordingly, competitive strategy is related with power and culture (Lovering, 1999). In the literature, however, power is missing and culture is held in a "narrowly instrumentalist" way (Lovering, 1999; pp.388).

Finally, Lovering (1999; pp.384; emphasis in the original) observed that: "The New Regionalism is a set of stories about how *parts* of a regional economy *might* work, placed next to a set of policy ideas which *might* just be useful in *some* cases." This account is not surprising since, as already mentioned, the literature focuses on the "champion regions" in developed economies (Dulupçu, 2005; pp.102). Nevertheless, as Lovering (1999) puts, while the experience of these regions is important, it should also include those of lagged behind.

Although the New Regionalists claim to be "a 'third-way' between anachronistic Keynesianism and the harsh and unrealistic faith in the free market", in fact, they constitute the mainstream (Lovering, 1999; pp.391). Intrinsically, New Regionalism, rediscovering the concept of 'region' as an instrument of economic development,

happens to be a discourse which covers the 'place' together with the neoliberal economic policies (Evren and İnal Çekiç, 2003). However, regardless of whether it is a third alternative or not, there is one certain reality: New Regionalism is now "a new orthodoxy in policy-related regional development studies" (Lovering, 1999; pp.391). Addressing the past two decades, Moulaert and Mehmood (2010; pp.112) argues that "the literature on regional development and regional development policy has been dominated by the New Regionalism approach and its Territorial Innovation Models (TIMs), of which the most popular today is the Learning Region".

As I noted before, New Regionalism has helped to look inside the regions, and thus taking the institutions and path dependency into the picture (Moulaert and Mehmood, 2010). Tracing the use of 'path dependency' in economic geography, Martin and Sunley (2006) place 'path dependency', along with 'learning', to the rise of an evolutionary aspect in economic geography and observe that many geographers find path dependency as "one of the fundamental features of the economic landscape" (Martin and Sunley, 2006; pp.398). While it is noted that path dependency should not be confused with "historical determinism" (Martin and Sunley, 2006; pp.402), they define path dependency as such: "[...] a path-dependent process or system is one whose outcome evolves as a consequence of the process's or system's own history." (Martin and Sunley, 2006; pp.399) Still, the use of the concept is regarded as having problems and it is noted that attention must be paid (Martin and Sunley, 2006; pp.399):

At one level, we need to confront the unresolved issues that surround the basic path dependence paradigm itself. But at another level, when applied and used in a geographical context, additional issues arise that reinforce the need to move beyond the basic notion if it is to function as a core concept in an evolutionary economic geography.

On a similar vein, Moulaert and Mehmood (2010; pp.112-113) argue that New Regionalism remained limited in its approach to the institutions and path dependence:

Although New Regionalism did reintroduce the role of institutional dynamics and path dependency into regional development analysis, unfortunately its analytical potential soon became constrained by a contemporary reading of the historical and institutional foundations of development, thus reducing path dependency to the reproduction of specific assets and institutions within local and regional communities.

Despite all the sharp criticisms put forward, New Regionalism is increasingly diffused through the regional policy agendas. As mentioned in the previous chapter, Turkey is not an exception to that case, especially after the intensified relations with the EU. In his discussion of changing regional development policy practices, Keating (2001; pp.219) states that: “These new forms of practice have been diffused through EU Structural Funds programmes, academic publication, consultancy and interregional cooperation to become a new model of ‘best practice’.”

In this chapter, as a literature providing the reference points for the international institutions, I introduced the origins and key concepts of New Regionalism and its approach toward regional development. In addition to that, I briefly introduced the history of regionalism and regional policies in Europe. I concluded the chapter by giving a detailed account of the criticisms. As I have just mentioned, New Regionalism has become the dominant discourse in the regional development issues. In this regard, I will search for the traces of New Regionalism in the plans and documents prepared by the public institutions in Turkey in the next chapter. My main target is to show in what aspects the diffusion became realized in Turkey.

## CHAPTER 4

### THE DIFFUSION OF NEW REGIONALISM IN TURKEY

In this chapter, which constitutes my main contribution, I am going to search for New Regionalism through the plans and documents prepared by the governmental institutions in Turkey. In other words, my aim is to assess the particular role New Regionalism has had in Turkey. As mentioned before, New Regionalism's presence in Turkey is nothing new. However, in order to interpret the role of the literature, it is critical to see in what particular aspects the diffusion has occurred. For this purpose, I search throughout the public plans for the main concepts of New Regionalism and make use of the framework of Keating (2001) introduced in the previous chapter. As a reminder, I return to the analysis of Keating (2001).

Keating (2001) says that due to the changes in the political and economic environment, the technological progresses and the shift in intellectual thinking, there has been a reorientation in the regional policies. Accordingly, the renewed regional policies emphasize (Keating, 2001):

- Decentralization (Keating, 2001; pp.218);
- “institution building” and “a widespread belief that regional-level institutions are necessary to help build networks of cooperation and partnership” (Keating, 2001; pp.218);

- “human resources development” in the sense that “training policies have widely been decentralized”, and that “education has often been tied into economic policy in a more direct way than before” (Keating, 2001; pp.218)
- “research, development and technology transfer” and “forming networks and linkages among firms and between them, universities, research centres and governments” (Keating, 2001; pp.218);
- the importance of “small firms and endogenous development” (Keating, 2001; pp.218-219).

These articles constitute the basis for what I look for in the plans and documents. Related with them, I also search for the accounts on innovation, networks, clusters and SMEs. In other words, I will seek the main concepts of New Regionalism introduced in the previous chapter.

As public documents, I analyzed the most relevant materials. Since my aim is to see the characterization of the regional policies with a New Regionalist framework, I selected the documents submitted in the Third Stage (2000 onwards). This period starts with the Helsinki Summit, dating the beginning of intensified relations with the EU, which has a New Regionalist insight. Therefore, the plans from this period will show in what particular aspects there is an impact of the literature (if there is any). I expect that, by means of this chapter, I will lay the groundwork for those who wish to follow the step by step diffusion of the literature.

These plans and documents include the Eighth Five-Year Development Plan (FYDP, 2001-2005), The Preliminary National Development Plan (PNDP, 2004-2006),

and the Ninth Development Plan (2007-2013) prepared under the coordination of State Planning Organization (Ministry of Development<sup>27</sup> after 2011). The FYDPs, being prepared since the 1960s, aim the economic and social development to become realized with a certain level of speed (DPT, 2000). The PNDP, on the other hand, is prepared upon the request of the European Commission to “establish a strategic framework for programming pre-accession financial assistance for Turkey’s economic and social cohesion with the EU” (DPT, 2003; pp.i). These development plans are essential since they help to understand the national framework behind Turkey’s regional development planning.

I also included a document prepared under the coordination of Small and Medium Enterprises Development Organization<sup>28</sup> (KOSGEB): SME Strategy and Action Plan<sup>29</sup> (KSEP, covering 2011-2013). KOSGEB, as a public institution, aims to increase the share of small and medium enterprises in economic and social development by providing support and services.<sup>30</sup> This plan is critical since it is prepared as part of the relations with the EU. But more importantly, KSEP helps to assess the anticipated relations between the SMEs, regional planning and New Regionalism. Taking into

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<sup>27</sup> *Kalkınma Bakanlığı*

<sup>28</sup> *Küçük ve Orta Ölçekli İşletmeleri Geliştirme ve Destekleme İdaresi Başkanlığı (KOSGEB)*

<sup>29</sup> *2011-2013 KOBİ Stratejisi ve Eylem Planı (KSEP)*

<sup>30</sup> The related information is retrieved from <http://www.kosgeb.gov.tr/Pages/UI/Baskanligimiz.aspx?ref=20>

account the reorientation of regional policies and the emphasis on small firms mentioned by Keating (2001), KSEP should be analyzed.<sup>31</sup>

And finally, I included the Turkish Industrial Strategy Document<sup>32</sup> (TISD, covering 2011-2014) prepared under the coordination of Ministry of Industry and Trade<sup>33</sup> (STB) (Ministry of Science, Industry and Technology<sup>34</sup> after 2011). TISD is the revised version of the strategy document prepared in 2003 (STB, 2010). It is stated that this revision is within the framework of the EU-Turkey relations (STB, 2010). I consider it necessary to include this Document as it helps to see how regional development is envisaged from a particular standpoint. In other words, I aimed to show how the industrial sector in Turkey is articulated to regional development.

In the Eighth FYDP, PNDP, the Ninth Development Plan and TISD, I looked at the chapters which are concerned with regional development. Only in my search for strategies concerned with decentralization, I will look at the other chapters as well.<sup>35</sup> The aim was to understand the framework directly entitled for the regional issues. In KSEP, I looked at the entire material because of the structure of the Plan.<sup>36</sup> Evaluating these public documents, I will cover each of them in two separate parts. In the first parts, I will address the overall discussions on ‘regions’ in these materials. In the second parts, I will

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<sup>31</sup> Before preparing this chapter, I also worked on another plan (KOSGEB Strategic Plan 2011-2015) prepared by KOSGEB. However, due to the similarities between these two documents I decided to present KSEP only.

<sup>32</sup> *Türkiye Sanayi Stratejisi Belgesi 2011-2014 (AB Üyeliğine Doğru)* (TISD)

<sup>33</sup> *Sanayi ve Ticaret Bakanlığı* (STB)

<sup>34</sup> *Bilim, Sanayi ve Teknoloji Bakanlığı*

<sup>35</sup> I will inform the reader before I pass to other chapters.

<sup>36</sup> KSEP does not have a particular chapter on regional development.

introduce the diffusion (or neglect) of New Regionalism. After analyzing all of them, I will conclude this chapter with a discussion on decentralization and RDAs, as they have been part of heated debates in Turkey.

In my attempt to bring out the diffusion of New Regionalism, I found that except for the Eighth FYDP, the other plans and documents embodied the effects of New Regionalism. The case for Eighth FYDP is not a surprise, since this conclusion was already made by Dulupçu (2005). Besides, taking into account that the other plans are recently published and are under the influence of the EU, the impact of New Regionalism in them was to be expected.

### The Eighth Five-Year Development Plan

The seventh chapter<sup>37</sup> of the Eighth FYDP can be analyzed into two parts, separating the first section (“Regional Development Trends and Policies in the World”) from the other sections (“Regional Development in Turkey”, “Regional Planning”, “The Development of Priority Regions for Development” and “Rural Development”). This is necessary since the former and the latter sections show different approaches in terms of the recent trends in regional development issues. Roughly speaking, although the former section included many references to the recent discussions on regions; surprisingly, the rest failed to keep up with them. In other words, the Plan does not give a regional policy agenda with a comprehensive New Regionalist framework.

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<sup>37</sup> “Regional Development Objectives and Policies”, pp.63-77

## General Ideas on Regional Development

As already mentioned, there are several arguments in the Plan, which hint that the Eighth FYDP is aware of the shift in the regionalism approach. The role of competition, human resources and organizational flexibility is emphasized within the framework of globalization (DPT, 2001; pp.63; Article 456):

During the globalisation process, important phenomena such as adaptation to changing conditions, competition, development of human resources, dynamic surveillance of global market, flexibility in organisation structures and control of cost have constituted, while changing traditional regional approach to a new one. In the new-world order, the importance of local dynamics has increased in economic and regional development process.

Regarding competitiveness, the Plan has more to say. It informs that the globalization has changed the role of the urban and local economies and now the competition has the final say (DPT, 2001; pp.63; Article 457):

The globalisation process has ensured that urban and local economies are placed in global economy as an actor. Competition among local economies defines development performance of local economies in the world. Strategies and policies developed by local economies in global competition form the basis of the regional development policies.

However, the Plan's approach to competitiveness is to be contrasted with the New Regionalist perspective. It will be remembered that New Regionalism treats competitive advantage as "the 'high' road to regional development" (Lovering, 1999; pp.389). That said, although the Eighth FYDP emphasizes competition, it still stressed the role of comparative advantage, rather than competitive advantage (DPT, 2001; pp. 63-64; Article 459):

The process of global competition accelerates the local specialisation process on the basis of comparative advantages. Regions having the capacity to specialise in certain sectors may obtain comparative advantages within the world economy depending on local entrepreneurship, activation of local sources, accumulation of knowledge.

There are many other points which indicate that the Plan is aware of the recent debates. For instance, the Plan addresses the concept of ‘World Cities’. As a notice, Friedmann and Wolff (1982; pp.310) define World Cities<sup>38</sup> as:

At the apex of this hierarchy [“an urban hierarchy of influence and control”] are found a small number of massive urban regions that we shall call world cities. Tightly interconnected with each other through decision-making and finance, they constitute a worldwide system of control over production and market expansion.

In terms of the World Cities, the Eighth FYDP asserts that “Depending on the centralisation of the capital, production is dispersed to periphery while control and management is concentrated in the World Cities” and this process has raised the “competition among cities/city networks/regions” (DPT, 2001; pp.63; Article 458).

Next, the Plan maintains that industrial districts and specialized SMEs are increasingly finding their place in the global economy, which can be interpreted as an awareness of the recent debates as well (DPT, 2001; pp. 64; Article 466):

In the world and Turkey, Local Industrial Disricts have arisen as products of changes occurring in global economy and competition approach. The importance of the small and medium size cities with SMEs specialised in certain sectors and integrated among themselves increases in the world economy while local institutions organise in line with common objectives.

Remembering the centralist nature of Turkey, I noticed that the Plan addresses the national targets and priorities. Regional development is considered to be fundamental not only for local targets, but also for national ones: “Past implementations indicate that

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<sup>38</sup> See also Friedmann, 1986. For related literatures such as Global City-Regions and Global Cities, see also Scott et al., 2001; and Sassen, 2000.

regional development is an indispensable instrument to reach the national and local objectives” (DPT, 2001; pp. 64; Article 465). In line with this Article, which regards regional development as instrumental for national objectives; the “Regional Development in Turkey” section also specifies two key targets: “improving national resources so as to ensure the highest economic and social benefit”, and secondly, decreasing the regional disparities (DPT, 2001; pp.67; Article 490).

The Plan envisaged the regional policies as in compliance with national priorities. For instance, Article 494 (DPT, 2001; pp.67-68) suggests that: “In line with national preferences, necessary studies shall be conducted towards specialisation of the regions in both existing sectors and those to be developed probably.” Similarly, and this time stressing the need for participation, Article 535 maintains that regional planning should reflect the national priorities as well as local needs (DPT, 2001; pp.72; Article 535):

Regional planning shall be evaluated with a comprehensive and participatory approach taking into consideration the reality of the regions having different opportunities, characteristics and problems. Regional plans shall establish ties among sectors by reflecting national priorities and local demands, develop strategic vision for the region and have a dynamic structure.

Addressing the Plan’s emphasis on national priorities, my last quotation is from Article 534. It maintains that regional planning should reflect the national objectives (DPT, 2001; pp.72):

Basic objectives of the regional planning studies are spatial reflection of national priorities so as to response local needs by establishing vertical and horizontal relations between socio-economic plans on country level and detailed physical plans on local level and the determination of the work to be conducted regarding public and private sector in order to activate local and regional resources.

As I presented in the beginning of this section, the Plan incorporated several recent discussions on regional development. From that respect, it is fair to conclude that the

Plan is aware of the recent changes in the concept of ‘region’, particularly in terms of its articulation to the global economy and the importance of competitiveness (despite the emphasis on comparative advantage). However, the strategies of the Eighth FYDP go in a different direction.

### New Regionalism Neglected

The Eighth FYDP states that it is necessary to speed up harmonization with the EU in terms of regional policies and that more cooperation is necessary (DPT, 2001; Article 492). Besides, the overall ideas on ‘region’ are promising as it is shown in the preceding part. From that respect, one might expect that there are strong New Regionalist impacts throughout the Plan. However, the Plan fails to keep up with these ideas and it does not provide a comprehensive New Regionalist framework in its strategies.

Accordingly, “the principles of sustainability, interregional integration, provision of social and economic balances, improving life quality, equal opportunities, cultural development and participation” are considered as the fundamentals of regional policies (DPT, 2001; pp.67; Article 491). Given that participation is considered as a fundamental of regional policies, it was already emphasized in Article 535 presented above.

Similarly, Article 499 anticipates the participation of NGOs and public institutions in project preparing (DPT, 2001; pp.69): “Under the coordination of local administrations, small scale local projects towards increasing income and implementation in underdeveloped regions having potential shall be created by providing the participation

of public institutions and non-governmental organisations and implementations shall be expanded.”<sup>39</sup>

Even though the role of competition was addressed in the first section of the Plan,<sup>40</sup> there are no more words on competitiveness, or strategies addressing the competitiveness of regions. Besides, neither innovation nor clusters are uttered throughout the chapter. The closest strategies, which can be concluded to be related with these, are to support the industrial zones (DPT, 2001; pp.68; Article 500; pp.68):

In formation of new industrial zones and acceleration of sectoral specialisation process, emphasis shall be given to industrial support activities towards education and counselling services, R&D and technology support, formation of cooperation and partnerships, improving entrepreneurship and towards acceleration of institutionalisation and specialisation. Supporting units to provide these services shall be reinforced in terms of institution and finance.

Article 501 also comments on industrial zones and addresses medium size firms (DPT, 2001; pp.68):

In addition to the Organised Industrial Estates and Small Industrial Sites implementations introduced to entrepreneurs, having important functions in the formation of new industrial zones and introduced to entrepreneurs with their ready made infrastructures, Model Industrial Sites implementations shall be initiated in order to expand medium size enterprises.

Apart from Article 501, there are no more strategies concerned directly with the SMEs.

It is surprising that, although the Plan initially acknowledged the importance of these

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<sup>39</sup> For other strategies on participation, see also Article 497 and Article 580.

<sup>40</sup> As I mentioned before, regarding the approach on regionalism, it is necessary to analyze separately the first section and the rest of the sections in the seventh chapter of the Plan.

enterprises in the new global economy; it does not pay any adequate attention to them.<sup>41</sup> Similar case applies to the concept of institutionalization.

As it can be seen from Article 500 above, institutionalization is addressed within the framework of industrial zones. However, the interest in institutionalization does not go beyond that. Under the “Local and Institutional Arrangements”<sup>42</sup> sub-section, there is only one article related with institution building and that target is mainly concerned with DPT (DPT, 2001; pp. 73; Article 546): “Arrangements shall be made for the formation of units in centres required by the State Planning Organisation in order to increase the efficiency of preparation, implementation, coordination and monitoring stages of the Plans, Programs and Regional Plans.” This neglect on clusters, SMEs, innovation, competitiveness, and institution building points that New Regionalism does not take place in the Eighth FYDP.

Within the context of industrial zones, it was aimed to support the entrepreneurship. The Plan, in particular, pointed the lack of entrepreneurship in the East (DPT, 2001; pp. 66; Article 478):

Economic developments are expected to gain new impetus in the Eastern and South Eastern Anatolia regions following the provision of secure environment and the realisation of macroeconomic stability. However, problems of qualified labour, insufficient entrepreneurship and marketing problems are the main bottlenecks in economic development in these regions.

Similarly, under the discussions of the PDAs it is maintained that “insufficiencies of qualified labour force and the capital and also marketing difficulties limit private

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<sup>41</sup> In Article 552, it is merely informed that the SMEs in the PDAs receive investment credits.

<sup>42</sup> Under the “Regional Planning” sub-section

entrepreneurs' request to invest" (DPT, 2001; pp. 74; Article 550). Supporting family entrepreneurship is considered as a solution (DPT, 2001; pp. 75; Article 563):

Improvement of family entrepreneurship and continuity of projects increasing employment in Priority Regions for Development, particularly in the Eastern and the South Eastern Anatolia shall be accelerated and investments for physical and social infrastructures shall continue to be given priority.

Finally, I will conclude with an evaluation of the Plan's approach to the administrative units. However, before that, there are some other targets that will be informative to mention briefly: The Eighth FYDP is also concerned with migration (e.g. Article 502, 540, 545); education, vocational training and courses (e.g. Article 503, 505, 568, 569). And similarly, I encountered strategies addressing the 'potentials' of the regions and concerned with activating them.

It seems like the chapters on regional development do not place too much emphasis on empowering the administrative units. The need to strengthen the local administrations is only suggested within the context of Eastern Black Sea Regional Development Project (DPT, 2001; Article 541). In addition to this strategy, the Plan informed about the necessity to restructure the rural administrative organizations "according to the requirements of the era" (DPT, 2001; pp.76; Article 576). However, this account remains as an open-ended observation, since the article does not address what these 'requirements of the era' are. In terms of rural development, "participating at all levels", "effective organization" and "development of human capital resources", are considered as essential (DPT, 2001; pp. 76; Article 580). It is maintained that "Central public organisations, local administrations and non-governmental organisations shall work in coordination for intensifying expansion and efficiency of rural infrastructure

services” (DPT, 2001; pp. 76; Article 581). It is fair to conclude that these observations and strategies either remain too narrow or do not exactly correspond to empowering the local administrations.<sup>43</sup>

In order to find more information on the Plan’s approach to local administrations, I had to take a look at the other chapters, which are not within the scope of this study. In my search for decentralization and power delegation, I found some comments on these subjects. The Plan admits that there has been no progress in decentralization (DPT, 2001; pp. 20; Article 156; see also Article 1903):

Within the framework of the principles of integrity of administration and decentralisation, balance between service and resources could not be established among central and local administrations, and the problem of the lack of coordination could not be eliminated. Local administrations could not be strengthened as regards task, authority, responsibility and resource apportionment.

Admitting this lack of progress, it suggests that decentralization should be adopted (DPT, 2001; pp.218; Article 1854): “To adapt to the principle of decentralization, a legal arrangement shall be made with a view to transferring the authority and responsibility in certain services to local administrations and provincial units starting with special provincial administrations.” Similarly, Article 1841 informs the need to increase the power of local administrations:

Local administration shall be organized on the basis of provincial system and the principle of devolution of wider powers laid down by the Law on Provincial Administrations, no 5442. Regional organizations other than the ones necessary for service provision shall be closed down, and planning and coordination mechanisms shall be established to eliminate the problems among the remaining regional organizations.

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<sup>43</sup> See also Article 507 on metropol administrations.

The strategy concerned with closing some regional organizations is confusing since this article does not specify these particular institutions. However, for now, I stop here, and conclude my evaluation of the Plan. As I mentioned before, I will discuss the role for decentralization and power delegation in Turkey at the end of this chapter.

### Conclusions on the Plan

When I analyzed the chapter concerned with regional development, I found that the Eighth FYDP is far from being satisfactory in terms of providing a New Regionalist framework. The Plan starts with an account about the shift in the theoretical approach on regionalism. The emphasis placed on concepts such as competitiveness, industrial districts, SMEs and the rise of local economies as actors in the new global order addresses the change in the approach. However, these provide only an introductory framework and do not keep up with a comprehensive New Regionalist perspective. In other words, the policy objectives do not seem to follow this shift mentioned by the Plan itself. It is not possible to find policies on competitiveness, innovation, clusters, which are essential for New Regionalism. The policy objectives on SMEs, institution building and strengthening administrative units remained narrow as well. That said, this result is not unexpected. As I mentioned in the second chapter, Dulupçu (2005) asserted that the Eighth FYDP neglected New Regionalism, and now it is obvious that he has a point in this claim. The Plan gives some significant insights about the recent discussions and

changes around the concept of region. However, when the entire strategies are taken into account; it can be concluded that there is not a diffusion of New Regionalism.

This conclusion on the Eighth FYDP requires a note of critical importance. Even though the Plan does not involve New Regionalism in its policies, it will be a strong statement to say that New Regionalist concepts were completely unfamiliar in Turkey. The FYDPs are very critical in analyzing the future prospects of Turkey, but one should not give the final decision by only looking at them.

Although the Eighth FYDP does not show a comprehensive New Regionalist framework, it is equally possible to speculate that some New Regionalist concepts were also visible in Turkey although. For instance, Legendijk et al. (2009) say that the initial work on the RDAs dates back to the 1990s and they give the efforts of some non-governmental institutions as an example. Similarly, Young-Hyman (2008; pp.379) reminds that:

Prior to the national RDA law, individual Turkish regions solicited the guidance of EU model RDAs and have established institutionalized relationships with these regions. The organization in Izmir that prepared the region for its RDA invited Dr Philip Cooke, a prominent New Regionalist expert on innovation economies and learning regions, to lead local business leaders in a seminar on cluster development.

As is the case with the RDAs, there is a similar situation with the clusters. For example, Öz (2004), in *Clusters and Competitive Advantage: The Turkish Experience*, studies the clusters in Ankara, Denizli, Gaziantep and İstanbul and presents their histories. In that respect, it is evident that Turkey is familiar with the clusters as well. That said, these New Regionalist concepts are not enough to claim that New Regionalism, as a whole, was present in Turkey.

## The Preliminary National Development Plan

The Preliminary National Development Plan (2004-2006) was launched as a strategic agenda for the EU-Turkey cohesion process and it was prepared upon the request of the European Commission (DPT, 2003). The Plan maintains that “the relevant legislation and policy priorities of the EU have been taken into account”, and that various national plans and documents are used during the preparation; such as Eighth FYDP, Pre-Accession Economic Programme,<sup>44</sup> KSEP and TISD (DPT, 2003; pp.ii). While I discuss the relevant chapters and sections<sup>45</sup> on regional development and policies, it will be seen that New Regionalism has provided many insights to the Plan. Considering the effects of the EU in the preparation of the PNDP, this should not come as a surprise.

### General Ideas on Regional Development

The fifth chapter, “Regional Development Strategy at National Level” section starts with an emphasis on globalization. It refers to the 1990s, and addresses the changes in the regionalism approach within this period. From that respect, the Plan hints its awareness of the recent discussions (DPT, 2003; pp.125):

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<sup>44</sup> For more information on the Pre-Accession Economic Programmes see:  
[http://ec.europa.eu/economy\\_finance/international/enlargement/pre-accession\\_prog/index\\_en.htm](http://ec.europa.eu/economy_finance/international/enlargement/pre-accession_prog/index_en.htm)

<sup>45</sup> Chapter 1, Section 3: “Regional Development”, pp. 37-55; Chapter 5: “Regional Development”, pp.125-138

The globalisation process, which accelerated in 1990s affected the local and regional dynamics and led to changes in the concept of “region”. The changing meanings of the concept of region and its increasing importance have started to be discussed recently.

Similar to the Eighth FYDP, there are traces of the importance attributed to the national priorities. For instance, after introducing the objectives concerning the infrastructure investments, the Plan mentions that “These activities will meet the local needs in conformity with the national priorities” (DPT, 2003; pp. 129). Similarly, the Plan targets coherence between regional and national strategies in the following quotation (DPT, 2003; pp. 133): “Strategic planning studies carried out by regions and provinces with their own resources will be supported and the coherence between these studies and national development strategies will be ensured.” And finally, the next quotation emphasizes the national preferences as well as the EU (DPT, 2003; pp. 133):

The programmes and projects, which enable regions to specialise in the priority sectors that will increase competitiveness, will be implemented following the assessment of their respective potential in line with the national preferences and policies aiming harmonisation with the EU.

“Regional Development” section, in the first chapter of the PNDP, starts with an analysis of the current situation. A development axis<sup>46</sup> which concentrates on 12 NUTS-2 level regions<sup>47</sup> “taking into account the suggestions of the EU” is constituted (DPT, 2003; pp.38). The analysis showed that these 12 NUTS-2 level regions are the worst performing regions regarding the socio-economic indexes such as GDP per capita, employment structure, sectoral analysis, demographic structure, education and health (DPT, 2003). In these regions, the dominance of agricultural sector, and the hidden

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<sup>46</sup> “Development Axis 4: Increasing the Economic Power of Regions, Reducing the Interregional Development Disparities, and Accelerating Rural Development”, pp.131-138

<sup>47</sup> In alphabetical order: Ağrı, Erzurum, Gaziantep, Kastamonu, Kayseri, Konya, Malatya, Mardin, Samsun, Şanlıurfa, Trabzon, Van (DPT, 2003).

unemployment and low productivity rates in the sector are observed to be in common (DPT, 2003; pp.49):

Despite minor differences, the common characteristic of these regions is the predominance of the agricultural sector, which is peculiar to less developed regions. In addition, agricultural productivity is low and the hidden unemployment rate is high in agricultural sector. Due to these factors, there has been a mass migration, including capital and young labour force, from these regions to developed regions, which in turn feeds the vicious circle of underdevelopment.

As it is to be seen in the following part, the PNDP is equipped with a New Regionalist perspective in regarding these regional inequalities in Turkey. I start my evaluation with the Plan's approach to competitiveness.

### The Impact of New Regionalism

Unlike the Eighth FYDP which neglected the competitiveness in its policy objectives; the competitiveness of an underdeveloped region is highlighted as a main objective within the PNDP. In the fifth chapter of the Plan, it is stated that (DPT, 2003; pp.127): “Thus, the main objective is to reduce economic and social disparities between regions by increasing the employment level and competitiveness of less developed regions.”

PNDP maintains that the competitiveness of the 12 NUTS-2 level regions mentioned above should be raised “by stimulating their internal potentials” (DPT, 2003; pp.49). It introduces the main drawbacks which require immediate action: Since these regions lack “infrastructure for improving human resources”, “policy instruments to improve human resources are needed urgently” (DPT, 2003; pp.50). The Plan, taking the

industrial capacities of these regions into account, states that “improvement of existing and future SMEs is important” (DPT, 2003; pp.50). Arguing the importance of “transition to urban economies” and “physical and social infrastructure investments” , the Plan says: “[...] as a matter of urgency, physical and social infrastructure projects aiming to improve urban and rural infrastructure should be carried out and the level of these infrastructures should be approximated to national levels” (DPT, 2003; pp.50). Related with the problems in the agricultural sector mentioned above, “modernizing the agricultural structure and organisation and creating alternative employment opportunities in rural areas” is in target (DPT, 2003; pp.50).

The importance of trust and institutional capacity is mentioned referring to a ‘new’ regional approach and interpreted in relation with these regions (DPT, 2003; pp.51):

New regional development approach depends to a greater extent on the organization capacity consisting of cooperation, trust and solidarity motives and the strength of institutional capacity. However, besides having a low quality of human resources, the capacities of organization and institutionalisation are also low in the above-mentioned regions. Therefore, the reinforcement of local institutional structures by means of new governance models, which will enhance local participation, enlarge common enterprise spheres and regulate the collective intervention of all relevant actors in local economic development process is vital in those regions.

As it can be seen so far, the emphasis placed on competitiveness, human resources, SMEs, cooperation, trust and institutionalization addresses the diffusion of New Regionalism.

The fifth chapter of the Plan defines the risks related with regional development in Turkey. Among these risks listed, “Limited employment opportunities and inadequate human resources (high unemployment rate, low income level, insufficient entrepreneurship, imbalanced distribution of skilled labour force among regions)”, “[...]”

technological, organizational, financial and marketing problems of industrial sector in less developed regions”, and “Weakness of central and regional administrative mechanisms to support and implement regional and local development activities and lack of coordination and collaboration among them”, are the most striking (DPT, 2003; pp.125). When the potentials are addressed, “Existence of Organised Industrial Zones and Small Industrial Estates that will meet the infrastructure requirements of the industries and establish the basis for forming industrial clusters”, “Innovative vision and motivation emerged in the society due to EU candidacy and progressive relations with the EU”, “Existence of basic education and research infrastructures (i.e. universities)”, “Growing importance of local administrations and governance in Turkey” (DPT, 2003; pp.125-126) should be paid attention. In contrast with the Eighth FYDP, which does not even utter clusters, PNDP regarded their formation as a potential. Besides, it observes that the local administrations are getting increasingly important. These accounts can be interpreted as the impact of New Regionalism.

Among the “priority fields of medium-term regional development strategy at national level” set forth in the fifth chapter, I will focus on three of them: “Strengthening human resources and, particularly, increasing self-employment potential”; “Supporting existing SMEs and SMEs to be established and increasing their competitiveness by increasing their cooperation-partnership potential in the form of network style organizations” and “Strengthening institutional structure by new local governance models, which will increase local participation, improve common enterprise areas and regulate collective intervention of local actors to local economic development” (DPT, 2003; pp.127). These strategies concerned with human resources and institutional

structures; and the suggestions to support the SMEs by means of partnership and cooperation in network organizations can be concluded to expose the effects of New Regionalism. The evaluation of these strategies is below.

The Plan stated that in order to improve the employment levels in underdeveloped regions, measures are necessary such as increasing employment in non-agricultural sectors, “creating the labour force needed by the economy” and to increasing “the quality of labour force in line with the requirements of the information age” (DPT, 2003; pp.127). Besides, the Plan maintains that “it is also aimed to increase employment and contribute to the competitiveness of the regions, especially by increasing the quality of human resources at local level and implementing education and consultancy services programmes” (DPT, 2003; pp.127).

Unlike the Eighth FYDP, PNDP pays adequate attention to the SMEs. In other words, PNDP sets the SMEs and raising the competitiveness of them as a major concern. In addition to this, the emphasis placed on networks is also important in terms of New Regionalism (DPT, 2003; pp.128):

The main difference between SME strategy to be implemented within the scope of regional development and the national SME strategy is improvement of the inadequate entrepreneurship, advancement of the technical capacity regarding production, management and marketing and enhancement of collective competitiveness potential by strengthening network connections between SMEs in less developed regions, and thus, improvement of their competitiveness in relation to SMEs in relatively more developed regions.

KOSGEB and the RDAs are invited to “support localization and speed up the cooperation with local industry and sectors” (DPT, 2003; pp.128). It is maintained that these policies are going to “complement the actions within the scope of national SMEs strategy” (DPT, 2003; pp.128).

In Keating's (2001) analysis, institution building is interpreted to be among the impacts of New Regionalism. When this concept is taken into account, PNDP is way ahead of the Eighth FYDP. In addition to its interest in institution building, the Plan takes attention within its emphasis on cooperation and compromise as well (DPT, 2003; pp.129): "Regional development strategy's success depends mainly on coordinated action of central and local units. In the process of economic and regional development, increasing importance of local dynamics require a planning approach based on compromise, collective reason and cooperation." It is stated that the recent plans "whose financing agreements are signed with the EU" have "a significant capacity building component, which ensures more local participation and responsibility in regional planning and in the implementation phase" (DPT, 2003; pp.130).

Once local units and participation is mentioned, decentralization comes to mind. As mentioned previously, Keating (2001) related the impact of New Regionalism to the concept of decentralization. In this context, the PNDP informed that the work on institutional arrangements and related laws concerned with "delegation of powers to local administrations" and the RDAs continue<sup>48</sup> (DPT, 2003; pp.130). Accordingly, effective local institutions are to be built and "training and capacity building" is considered to have a critical role for regional development (DPT, 2003; pp.130). The Plan maintains that "Capacities of local authorities, NGOs, service unions and project implementation units will be improved in line with the EU norms" (DPT, 2003; pp.130).

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<sup>48</sup> I will evaluate the recent situation on power delegation and the agencies at the end of this chapter.

In my search for further arguments on decentralization and delegation of powers, I searched through the other chapters of PNDP as I did in the Eighth FYDP. The Plan seems to be optimistic in its view of decentralization. For instance, a SWOT analysis is made in the Plan; and within this analysis, it is stated that “Efforts have been made towards transition from centralised to decentralised structure in public administration” (DPT, 2003; pp.71). Similarly, the RDAs are anticipated to have more authority in the medium term (DPT, 2003; pp.149):

Presently, SPO is responsible for co-ordinating, monitoring and reporting of projects and programs and financed both by national budget and EU funds, in the field of regional development. It is foreseen that in the medium-term, implementation of programmes and projects in this field will be delegated to the RDAs at regional level.

As a final notice on the PNDP, the discussions under the development axis focusing on the 12 NUTS-2 level regions may help further to understand policy targets and expose the impacts of New Regionalism. Within the SWOT analysis prepared under the axis, “Emphasis given to locality and local initiatives in the process of accession to the EU” is maintained as an opportunity (DPT, 2003; pp.132). The priorities are stated as “Supporting and strengthening of SMEs”, “Supporting small-scale infrastructure construction”, “Supporting local initiatives” and “Building and strengthening institutional capacity” (DPT, 2003; pp.133). Related with the SMEs, “modernization and adaptation to innovations of the enterprises”, improving the entrepreneurship culture and providing consultancy are set as objectives (DPT, 2003; pp.134). In order to improve the institutional capacity, it is decided to provide technical, financial and training support to establish and strengthen local and regional institutions (DPT, 2003; pp.136). Besides, educational programmes are going to be provided to guarantee local participation (DPT,

2003; pp.136). The emphasis on the SMEs and their innovative capacities, and addressing the local and regional institutions within the policy objectives also shows the impact of New Regionalism.

### Conclusions on the Plan

Unlike the Eighth FYDP, it is possible to find many insights of New Regionalism within the PNDP. As I mentioned in the beginning, the PNDP was launched upon the request of the European Commission and it stood as a major document in the EU-Turkey relations (DPT, 2003). Besides, the priorities of the EU were taken within the scope of the Plan while it was prepared (DPT, 2003). Therefore, considering the strong influence of the EU, the diffusion of New Regionalism is not surprising.

### The Ninth Development Plan

Similar to the PNDP, the Ninth Development Plan also shows the effects of New Regionalism. This impact of the literature is something to be expected since the Plan is in relation with many EU-based documents, as well as national plans (DPT, 2006; pp.11; Article 3):

The Ninth Development Plan forms the basis for the necessary documents in EU accession process like the Pre-Accession Economic Program and the Strategic

Coherence Framework as well as other national and regional plans and programs, primarily the Medium Term Program and sectoral and institutional strategy documents. By ensuring coherence among these documents, which have different functions, the Plan will play an important role in directing all planning activities.

The Plan has several particularities in its approach to regional development. First of all, in contrast with the Eighth FYDP and PNDP, the Ninth Development Plan utters the need for bottom-to-up mechanisms for the first time. Similarly, in terms of the diffusion of New Regionalism, the references given to the concepts of ‘social capital’ and ‘on the spot principle’<sup>49</sup> deserve special attention: Among the development plans that I searched through, social capital as a concept was never mentioned before. In addition to this, the Ninth Development Plan introduces on the spot principle, which will be argued regarding its connection with decentralization. I will point out these references and bring out the impacts of New Regionalism while I discuss the relevant chapters and sections on regional development.<sup>50</sup>

### General Ideas on Regional Development

Similar to the Eighth FYDP and PNDP, the Ninth Development Plan (2007-2013) starts with an assessment of globalization and labels the regions as “competition units” (DPT, 2006; pp.55; Article 275):

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<sup>49</sup> ‘On the spot principle’ corresponds to ‘*yerindenlik ilkesi*’ in the Turkish version of the Ninth Development Plan. This principle is known as the ‘subsidiarity principle’ of the EU (see Coşkun, 2007).

<sup>50</sup> Chapter 5, Section 5: “Ensuring Regional Development”, pp.53-59; Chapter 7, Section 4: “Ensuring Regional Development”, pp.105-108

The globalization process is bringing forth new conditions and opportunities in terms of local and regional development by directly influencing local dynamics. Cities and regions, which have transformed into competition units under the conditions of global competition, have had the chance to catch a faster development path in the framework of right strategies that utilize their dynamics and potentials through implementation of good governance models that include all segments of the society in the development process.

It is maintained that the relations with the EU has lead to major transformations in Turkey's regional policies (DPT, 2006; pp.55; Article 276), as I also frequently mentioned throughout the thesis. For that purpose, the Plan states, the works on participatory policies and bottom to top institutional structures continue (DPT, 2006; pp.55; Article 276):

Within this scope, on the one hand, the necessary infrastructure is being created at the central and local levels in order to prepare for the structural funds that could be used after membership, on the other hand, the environment required for an active and participatory regional development policy supported by adequate financing and institutional structure to be implemented from bottom to top is being prepared.

This emphasis on bottom to top structures deserves special attention. Participation is nothing new, as it is already present in the strategies of the Eighth FYDP and PNDP. However, 'bottom to top' structures are addressed for the first time. Together with this, in what follows, it seems like the Plan makes room for local authorities: Accordingly, it is necessary to "eliminate the authority dissonance existing in this field" (DPT, 2006; pp.57; Article 284). Next, it is maintained that "connections among plans, clarification of authority and responsibilities and coordination among organizations at central and local levels" should be established (DPT, 2006; pp.57; Article 284).

The Plan emphasizes this consistency in the plans, the clearly-defined duties of the institutions, and the coordination among them, under Articles 652, 653 and 654 as well. Article 652 puts the consistency among the plans within a framework of hierarchy: "The

planning tools and standards at the national, regional and local levels of planning hierarchy will be identified and the consistency of plans will be ensured.” Similarly; Article 653 suggests the need for a national strategy in order to enable coordination: “A regional development strategy at national level will be prepared to provide coordination in regional development and to constitute a general framework for sublevel plans and strategies to be prepared.” Regarding Article 653, it is possible to make two interpretations: First of all, it can be claimed that the formation of a regional strategy at national level is proposed as an instrument contributing to the regional development. On the other hand, one can alternatively assert that this designated national policy is restricting and that it draws the line for regional policies.

However, irrespective of which interpretation is more reasonable, it seems like the Plan parallels the Eighth FYDP and PNDP in its approach to national objectives, when the next quotation is analyzed. The Ninth Development Plan highlights the role for regional policy in its relation to increasing national development as well as decreasing regional inequalities (DPT, 2006; pp.105; Article 650): “Regional development policies will contribute to national development, competitiveness and employment by increasing productivity of regions on the one hand, and they will serve the basic objective of reducing regional and rural-urban disparities on the other hand.” It looks like regional policy is envisaged as a tool in achieving national targets.

The Ninth Development Plan presents an evaluation of the Eighth FYDP period and it states that the authorities of the local administrations were enhanced (DPT, 2006; pp.57; Article 283):

On the other hand, authorities and responsibilities of local administrations in the field of development were increased with the Laws on Special Provincial Administrations, Municipalities, Metropolitan Municipalities, and Local Administration Unions, which were put into effect during the 8th Plan period. Therefore, developing the capacities and increasing the resources of all local administrations, primarily those in less developed regions, have gained even more importance.

It will be remembered that in the Eighth FYDP the chapters on regional development had only addressed the strengthening of the local administrations within the context of Eastern Black Sea Regional Development Project. Besides, other suggestions about the rural administrative units had remained as open-ended observations or narrow strategies. In order to search for the accounts on decentralization, I had to check other chapters of the Eighth FYDP. I found that the Eighth FYDP admitted the lack of progress in decentralization and suggested the adoption of the concept. It is likely that the Ninth Development Plan is pointing to these strategies being put into practice.

### The Impact of New Regionalism

Compared to the weakness of the Eighth FYDP's policy objectives on institutionalism, the Ninth Development Plan has a more comprehensive approach. Considering the relation between New Regionalism and its impact on the policies related with institution building and partnership of the institutions, this section requires careful attention. In order to enhance the institutional capacities, the Plan encourages "cooperation and partnerships among public institutions and organizations, private sector and the NGOs" and intends to establish "cooperation networks" (DPT, 2006; pp.107; Article 671).

Besides, the skilled personnel are important in terms of institutional capacities (DPT, 2006; pp.107; Article 672):

Support will be given for having a sufficient number of qualified technical personnel and equipment in local organizations, primarily in local administrations. Project preparation, implementation, monitoring and evaluation capacities of institutions and agents having a role in the development process will be increased.

Similar to the PNDP, the Plan mentions the importance of local dynamics and institutional capabilities stating that (DPT, 2006; pp.105; Article 651) “[...] emphasis will be placed on activities towards increasing the consistency and effectiveness of policies at the central level, creating a development environment based on local dynamics and internal potential, increasing institutional capacity at the local level and accelerating rural development”. It targets “flexible, dynamic, participatory and feasible” strategies and the RDAs are called to collaborate (DPT, 2006; pp.106; Article 656). In other words, the RDAs are expected “to improve collaboration among the public sector, the private sector and non-governmental organizations” and create “a new impetus by activating local dynamics and internal potential” (DPT, 2006; pp.57; Article 282).

The Plan aimed to support entrepreneurship and encouraged the cooperative action of various institutions (DPT, 2006; pp.106; Article 665): “Special training programs to develop entrepreneurship will be supported with the collaboration of public institutions and organizations, the private sector, universities and NGOs within the approach of development based on local dynamics and internal potential.” Universities are expected to be “in interaction with the society and the business world” (DPT, 2006; pp.106; Article 666). The industrial zones take their place within the Ninth Development Plan

(DPT, 2006; pp.106; Article 666): “[...] sectoral organized industrial zones will be implemented in appropriate regions in order to support manufacturing based on university-industry cooperation and local specialization.” This call for cooperation and collaboration can be interpreted as an impact of New Regionalism.

In contrast with the Eighth FYDP, the Ninth Development Plan pays adequate attention to the SMEs: “Implementation of differentiated SME policies will be started in order to ensure regional convergence and competitiveness.” (DPT, 2006; pp.107; Article 668) It is aimed to support clustering: “Support for clustering under the leadership of driving sectors will be ensured within a strengthened social network” (DPT, 2006; pp.107; Article 669). Considering the emphasis on SMEs, and clustering and the networks, the effects of New Regionalism will be seen clearly.

The Plan suggests supporting innovation and places it in a sectoral and regional framework: “Innovative, competitive and dynamic pioneering sectors, which can create high value-added, will be selected and supported in the regions” (DPT, 2006; pp.106; Article 663). And similarly, it is stated that “Primarily in centers with high development potential, access to innovations and information about new technologies will be facilitated, technology exchange and transfer systems will be improved and an efficient regional R&D infrastructure will be established.” (DPT, 2006; pp.107; Article 670) It is suggested to improve the ease of access and infrastructure of “attraction centers with a high potential to grow and provide services to surrounding areas” (DPT, 2006; pp.106; Article 658). The emphasis on innovation, R&D and technology transfer addresses the impact of New Regionalism.

Most importantly, the Ninth Development Plan has some particularities in terms of New Regionalism. In the previous chapter of this thesis, I mentioned about the significance of the ‘social capital’ for the literature. However, neither the Eighth FYDP nor the PNDP had addressed the term ‘social capital’ before. The Ninth Development Plan, on the other hand, sets policy targets in order to improve the social capital. (DPT, 2006; pp.106; Article 664): “Particularly in underdeveloped regions, human resources and social capital will be developed in such a way as to support specialization at the local scale, and labor force training programs considering regional potentials and labor market characteristics will be implemented.” This direct reference given to social capital is a significant progress, taking into account the importance of the concept in New Regionalism.

Another particular feature of the Plan is in terms of decentralization. Before I proceed, it is necessary to remember some subjects I summarized in the preceding section: The Plan, referring to the EU relations, maintains that the works on participatory and bottom to up structures continue. While there is nothing new about the emphasis placed on the participation, as I mentioned, the bottom to up structures are uttered for the first time. Besides, the Ninth Development Plan seems to make room for local authorities as it emphasizes the need for clearly defined authorities and an efficient coordination system (DPT, 2006; pp.105-106; Article 654): “The duties, authorities and responsibilities of local and central agencies related to regional and rural development will be defined and an effective coordination and supervision mechanism will be created.”

In addition to these, I found that, in order to support rural development, the Plan addressed the need to give more strength to “The technical, financial and institutional capacities of local administrations and unions, primarily of special provincial administrations” (DPT, 2006; pp.107; Article 684; see also Article 685). In this rural context, it is acknowledged that “efforts to establish a rural development institution, the decision making processes of which is stipulated to involve the relevant organizations and to establish an implementation and payment unit are continuing” (DPT, 2006; pp.58; Article 290).

However, the Plan extends beyond these strategies and maintains that ‘on the spot principle’ is going to be focused. This is another particular feature of the Plan. Neither the Eighth FYDP nor the PNDP mentioned this principle before. But more importantly, this incident is unique, since it seems like the Plan designates a systematic approach by introducing a principle that is to be related with decentralization. Besides, the principle is addressed directly in the relevant chapters on regional development that I reviewed (DPT, 2006; pp.107; Article 673):

On the spot principle will be taken as the basis in regional and local development practices. Participation will be increased and increasing the synergy, support and awareness towards implementation will be ensured through the creation of a partnership culture among the key stakeholders of development. Starting with underdeveloped regions, contribution of non-governmental organizations to local and regional development efforts will be encouraged.

The following article emphasized on the spot principle as well (DPT, 2006; pp.105; Article 652): “An integrated system for the management and supervision of plans, including the physical plans, taking the management on the spot principle as the basis

will be formed.” This principle is critical as it is also known as the ‘subsidiarity’ principle supported by the EU. It is defined as such:<sup>51</sup>

The principle of subsidiarity is defined in Article 5 of the Treaty on European Union. It ensures that decisions are taken as closely as possible to the citizen and that constant checks are made to verify that action at Union level is justified in light of the possibilities available at national, regional or local level. Specifically, it is the principle whereby the Union does not take action (except in the areas that fall within its exclusive competence), unless it is more effective than action taken at national, regional or local level.

This principle is important in terms of its relation with decentralization. Yenzi (2011) explains that subsidiarity has made positive contributions to the integration of EU’s legislative framework. Accordingly, it is the most appropriate constitutional principle in meeting the demands on a decentralized decision making process (Yenzi, 2011). In other words, while these demands are realized, there will be no disintegration in the legislative framework of the EU by means of subsidiarity (Yenzi, 2011).

The President of the European Parliament of the time Jerzy Buzek said that he had always been a supporter of decentralization, and that subsidiarity was the key to the welfare of their citizens (EU Press Release, 2009). He added: “They [“local and regional authorities”] should have a greater say in the management of resources to ensure economic development” (EU Press Release, 2009). In order to prevent confusion between decentralization and subsidiarity, the following quotation is informative (EU White Paper on European Governance, 2001):

Thus, decentralisation and subsidiarity are by no means contradictory. Where the latter establishes the competencies of the various layers of government, the former focuses on the interplay between them. Modern governance requires that beyond delimiting competencies this question of interplay be addressed. The guiding

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<sup>51</sup> The related information is retrieved from [http://europa.eu/legislation\\_summaries/glossary/subsidiarity\\_en.htm](http://europa.eu/legislation_summaries/glossary/subsidiarity_en.htm)

principle is functional complementarity of the various actors in a constant interactive mode rather than exclusion of interaction.

Taking into account this complementary relation of decentralization and the subsidiarity, this newly introduced principle can be interpreted as a systematic approach brought to local and regional planning. Besides, it can be considered as being among the impacts of New Regionalism.

In my search for other specific strategies on decentralization, I looked through the other chapters as well. In what follows, the Plan suggests taking the necessary measures to realize power devolution (DPT, 2006; pp. Article 689; see also Article 306):

Delegation of powers and duties from the central government to the local administrations will be realized in accordance with the principles laid down by the European Charter of Local Autonomy. However, before the transfer of authorities and duties, measures to strengthen local administrations in administrative and financial terms will be taken.

Regarding this quotation, it seems like the Plan is in accordance with the Eighth FYDP and PNDP. That said, there is a minor note that is worth to emphasize. In my search for the concept throughout the entire document, I observed that the Ninth Development Plan never utters 'decentralization'. Therefore, the introduction of on the spot principle - particularly in the chapters on regional development- takes attention once again.

### Conclusions on the Plan

As is shown above, the Ninth Development Plan is also under the impact of New Regionalism. The reference given to the social capital and the importance attributed to

the on the spot principle draw particular attention within this diffusion of the literature, since both of these concepts are introduced with the Ninth Development Plan. Similarly, the 'bottom-to-up' structures have been addressed for the first time in this Plan. That said, especially after considering that the Plan is in compliance with the EU-based documents, the impact of New Regionalism is something to be expected. In the next part, I continue my analysis with the SME Strategy and Action Plan.

### SME Strategy and Action Plan (2011-2013)

KSEP 2011-2013 was prepared in 2010 under the coordination of KOSGEB, the public institution mainly concerned with developing strategies for SMEs. The Document informs that the preparation of strategy and action plans dates back to 2003, as a part of the Accession Partnership Document. In addition to this EU-based origin, the Ninth Development Plan and the Small Business Act of EU are among the documents which KSEP makes use of (KOSGEB, 2011; pp.16; Section 1.1). Therefore, it is reasonable to expect the diffusion of New Regionalism throughout the Plan.

Keating (2001) had related the impact of New Regionalism with the emphasis on small firms in his evaluation of the renewed regional policies. From that respect, one might assert that since the following reports are already concerned with the SMEs, concluding that they are under the influence of New Regionalism involves tautology. However, two points of reference would prevent from falling into error. First of all, the policy objectives of KOSGEB have both sectoral and regional dimensions (KOSGEB,

2011). Due to the regional dimensions, this report is within the scope of my analysis. And secondly, the Plan addressed the importance of the SMEs in terms of regional development from time to time. This proves that it is in compliance with the rising importance of regions.

### General Ideas on Regional Development

KSEP maintains that the SMEs constitute an important component of regional and social development. Therefore, a macro environment in line with the SMEs is necessary and effective national policies are crucial. The motive in preparing the Plan is to establish national coordination (KOSGEB, 2011; pp.16; Section 1.1).

The Plan observes that recently the SMEs are interpreted as the driving forces of economic development. Accordingly, they help social development by contributing to a balanced income distribution. They prevent migration by raising the employment and income levels in regions they operate. The SMEs contribute to the creation of new enterprises with high potentials. Within the regional development process, the SMEs help to bring out the creative entrepreneurship potentials and to raise qualified personnel (KOSGEB, 2011; pp.28-29; Section 2.2).

According to the Plan, important developments took place in 2009 and 2010, which will affect the future of SME policies (KOSGEB, 2011; pp.36-38; Section 2.3): In 2009, the target group of KOSGEB is broadened, incorporating the SMEs in service and

trade sector. The organizational network is enlarged to 49 cities in 2010. The establishment of RDAs is completed. With a new legislation<sup>52</sup> in 2009, the investment incentive system moved towards a regional and sectoral application. KSEP maintains that the developments in 2009 helped to increase the capabilities of solving regional and sectoral problems. The RDAs are considered as being one of the major institutions related with the creation and implementation processes of SME policies (KOSGEB, 2011; pp.36-38; Section 2.3). Within the SWOT analysis of the Plan, the new regional and sectoral application method in the incentive mechanism is maintained as an opportunity since it would prevent the non-profitable investments (KOSGEB, 2011; pp.51; Section 3.1).

### The Impact of New Regionalism

Briefly, the areas of intervention are supporting entrepreneurship, improving the governance capacities and institutional competencies of the SMEs, protecting the SMEs in the process of improving business and investment environment, improving their R&D and innovative capacities, and facilitating the SMEs' and entrepreneurs' access to financing (KOSGEB, 2011; pp.51; Section 3.2). These strategies, which I will present below, take attention; since the emphasis on institution building, R&D and innovation addresses the impact of New Regionalism.

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<sup>52</sup> Turkish Government (2009). *Yatırımlarda Devlet Yardımları Hakkında Karar* [The Decision on State Aids for Investments] (Decision No: 2009/15199, 16.07.2009).

Under the strategy of supporting the administrative capacities and institutional competencies, the Plan argues the importance of clusters in regional development. Accordingly, clusters are essential in developing the regions with sectoral skills and accumulated local knowledge. From that respect, KSEP suggests that clustering should be supported. The Plan's approach to clustering in terms of regional development can be observed as the diffusion of New Regionalism (KOSGEB, 2011; pp.62; Section 4.2).

In addition to clustering, according to the Plan, the SMEs' access to information about topics such as administration, institutionalization and marketing should be supported. Their abilities to reach international markets need to be improved and supported. Within this framework, networks which can help the Turkish enterprises in potential markets are to be established. The employment of skilled labor should be supported and the quality of the personnel needs to be enhanced. The SMEs' capacities to comply with national and international standards should be improved (KOSGEB, 2011; pp.62; Section 4.2).

Under the strategy of improving the business environment, it is mentioned that the regional plans prepared in 2011 under the coordination of the RDAs are expected to bring a regional development approach to the SME policies, and to be complementary to the assistance provided at the national level. The cooperation between KOSGEB and the RDAs are considered as a necessity (KOSGEB, 2011; pp.65-66; Section 4.3).

Within the strategy of improving the SMEs' research and development, and innovation capacities three targets are set: The SMEs' awareness on R&D, innovation and design should be increased and the related activities should be raised; support

mechanisms in commercializing R&D and innovation projects should be constituted; the collaboration of SMEs, large-scale enterprises and universities should be increased (KOSGEB, 2011; pp.69-70; Section 4.4). And related with the final strategy (facilitating the SMEs' and the entrepreneurs' access to finance) the targets are: increasing the SMEs' access to bank credits; raising consciousness about international credit criteria and institutional governance principles; and building venture capital and SME stock market systems (KOSGEB, 2011; pp.71; Section 4.5). As is seen so far, the emphasis placed on the institutional governance, R&D and innovation, and the anticipated collaboration among various institutions deserves attention in terms of New Regionalism.

#### Conclusions on the Plan

The submissions of SME Strategy and Action Plans do not have a long period of history behind. These plans date back to the 2003, being part of the negotiations in Turkey's accession to the EU. Therefore, the Union has a strong influence in the preparations. Apart from this, the Plan draws on several documents, the Ninth Development Plan and the Small Business Act of EU being two of them. As is shown above, the Ninth Development Plan has a significant New Regionalist perspective. For these reasons, predictably, KSEP designates a New Regionalist articulation in its SME strategies.

## Turkish Industrial Strategy Document (2011-2014)

The Turkish Industrial Strategy Document, covering 2011-2014, was prepared under the coordination of Ministry of Industry and Trade (Ministry of Science, Industry and Technology after 2011) and it makes use of several materials such as the Ninth Development Plan (STB, 2010; Article 1; pp. 18). TISD 2011-2014 is actually the renewed version of the strategy document prepared in 2003, and this revision is decided by the European Commission (STB, 2010; Article 3; pp. 19). The Plan acknowledges the importance of the EU in its industrial and regional policies (STB, 2010; Article 3; pp. 19): “Industrial and regional development policies will aim at increasing productivity and competitiveness of the regions taking into account compliance with EU concerns and industrial strategy goals.” As a notice, in order to remain within the scope of this study, I will concentrate on the “Regional Development” section<sup>53</sup> under the “Horizontal Industrial Policy Areas” chapter.

### General Ideas on Regional Development

The section starts with the idea maintaining that globalization has allowed the cities and regions to become players within the global competition; and that therefore, it is necessary to think locally (STB, 2010; Article 268; pp.117):

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<sup>53</sup> Chapter 5, Section 8: “Regional Development”, pp. 117-124

Globalization, particularly since 1980s, has required cities and regions to become actors in global competition. Hence thinking and doing business on the issue of development at a local scale are required to be increased. Particularly in EU countries, regional policies have been gaining importance both in quantity and quality over the past 20 years. Continuously increasing the competitiveness of the developed cities and regions as well as eliminating intra-regional development gaps form the intersection area between regional development policy and industrial strategy.

The Document views the regional policy framework at the intersection of the local, sectoral and national strategies (STB, 2010; Article 280; pp.123):

The notion of regional development requires identification of local/regional priorities of the industrial policy and sectoral policies which are designed and managed at national level. For this purpose, a bottom-up communication and governance mechanism ensuring the integration of the local development priorities into sectoral policies identified at national level will be established.

Similar to the Ninth Development Plan, TISD stresses bottom to up structures in this quotation. In that respect, a similar interpretation can be made: It seems like the Document is making room for local authorities. Still, national priorities are continued to be emphasized as it was the case in the Development Plans.

TISD divides the regional development into two different dimensions in terms of industrial strategy. The first dimension constitutes “special measures taken at the regional level”, and these measures are as such: “the determination of regional priorities in accordance with the national ones, the organization of industry within the framework of regional priorities, and the establishment of a state aid system with a focus on location” (STB, 2010; Article 269; pp.117). As is seen in the first measure, the regional and national priorities are pictured to be in accordance.

The second dimension constitutes “the implementation of national policies which do not require special measures to be taken regionally” (STB, 2010; Article 269;

pp.117). The examples to this dimension are “the elimination of the barriers to investment, doing business and efficiency” (STB, 2010; Article 269; pp.117). Article 269 follows with an emphasis on governance: “Although the policies provide a standard framework, the success of the implementation depends on effective use of governance mechanisms among the regional actors. Similarly, the governance mechanisms to ensure alignment of the national and regional priorities gain importance” (STB, 2010; Article 269; pp.117). Once again, the Document considers it necessary to remind that priorities at the regional and national levels shall be in line.

Regarding the current situation, the Document states that the huge regional disparities in Turkey “result in attraction to developed regions and adversely affect the competitiveness of under developed regions” (STB, 2010; Article 270; pp.117). In that respect, economic and social development is to be dispersed equally throughout the country (STB, 2010; Article 271; pp.117):

The main objective in the regional development is identified as spreading economic development and social welfare evenly all over the country, by means of increasing the regional productivity. This can be achieved by contributing to national development, preventing immigration, boosting competitiveness and employment.

Among others, the emphasis on national development and competitiveness takes attention. This is since, within the scope of the Document, they are considered to be instrumental in raising the productivity at the regional level. In the next part, analyzing the diffusion of New Regionalism in the Document, I start with an assessment on competitiveness.

## The Impact of New Regionalism

TISD's emphasis on competitiveness is critical as it is one of the major concerns of New Regionalism. The Document sets many policies to "strengthen the regional aspect of the industrial strategy and increase the competitiveness of local actors" (STB, 2010; Article 279; pp.121). Accordingly, human resources, entrepreneurship, and capital accumulation are to be supported to raise the regional competitiveness (STB, 2010; Article 279a; pp.122):

Regional and local economy will be taken as a basis for increasing the economic structuring and competitiveness; particularly in less developed regions, human resources will be improved so as to ensure specialization at local level, entrepreneurship will be extended; and measures to accelerate capital accumulation will be taken.

Clustering is maintained as crucial in order to catch up with other countries (STB, 2010; Article 277; pp.120): "For Turkey to achieve the acceleration that many countries have attained in international competition by clustering, it needs to implement the clustering model effectively and timely." This quotation reminds me of Porter's approach, in which the clusters are considered as critical for poor countries to grow wealthier (Porter, 2000). As expected, clustering is taken within the scope of the Document (STB, 2010; Article 279g; pp.122): "A governance model which will define the policy framework at the local and central level about clustering will be developed. Clustering Strategy will be prepared and the results of the implementation will be monitored and evaluated."

SMEs take place in the policy targets as well: "A suitable investment environment for the reduction of the developmental difference between regions and for differentiated

SME policies in terms of regional competitiveness will be created” (STB, 2010; Article 279b; pp.122). The priorities will be given to the “extension of the financial resources [...], facilitating access to the market and supporting the clusters under the guidance of the leading sectors” (STB, 2010; Article 279b; pp.122). The Document maintains that “cooperation of the actors within the clusters” and “integration with the world markets” should be supported (STB, 2010; Article 279b; pp.122). As is seen, the emphasis placed on clustering, SMEs and cooperation shows the effects of New Regionalism.

The Plan maintains that technology and innovation should be supported, mainly in cities with higher potentials. Within this quotation, regarding the impact of New Regionalism, the anticipated cooperation between universities and business enterprises takes attention as well (STB, 2010; Article 279c; pp.122):

Primarily in cities with a high developmental potential, support will be provided to establish platforms ensuring the joint working of the business and universities; develop technological transformation and transfer systems; and the creation of a commercially effective regional infrastructure of innovation.

Similarly, in Article 279d, it is suggested that cooperation among universities and private and public sectors should be encouraged (STB, 2010; Article 279d; pp.122): “Regional innovation systems will be identified and supported. To contribute regional development and increase regional competitiveness, the cooperation networks which include private sector, universities and public bodies [...] will be supported.” Here, the direct emphasis on ‘regional innovation systems’ is critical. As it will be remembered from the previous chapter of this thesis, regional innovation systems keep an important place within New Regionalism (see Lagendijk, 1997; Moulaert and Mehmood, 2010).

## Conclusions on the Document

As I mentioned in the beginning, my main concern in including the TISD as a public document was to see how the industrial strategy is articulated to the regional development. Predictably, the evaluation of the Document showed that there is a significant diffusion of New Regionalism. The presence of New Regionalism is nothing unexpected since the Document informed the significance of the EU in its approach to regional policies. Besides, the Document is the renewed version of the strategy document prepared in 2003 and this revision is made within the context of EU relations.

### Concluding Remarks: Decentralization and Regional Development Agencies

My analysis showed that except for the Eighth FYDP, all the plans and documents show the effects of the New Regionalism in their regional policies. As is seen, I frequently came across with strategies focusing on institution building; SMEs; clustering, networks; cooperation; R&D, innovation and technology transfers; and human resources. Most importantly, this diffusion of New Regionalism also confirms the assessment of Doğruel (2006), which held that the FYDPs' approach to regional development has been in line with the world literature (Doğruel, 2006). In other words, the evaluation of the public plans and documents proved that the regional policies in Turkey has paralleled the recent debates and therefore incorporated New Regionalism. The EU has had a significant role

in the diffusion of the literature, by means of “coercive policy transfer” as Loewendahl-Ertugal (2003; pp.37) named it. On the other hand, decentralization, as it is a heated debate in Turkey, requires more detailed attention. Before proceeding, I will give a reminder about some specific discussions evaluated in the development plans.

As is shown, the Eighth FYDP’s related chapters on regional development maintained the need to support local administrations only within the context of Eastern Black Sea Regional Development Project. Besides, the other suggestions on rural administrations had remained open-ended. I observed that these chapters did not place too much emphasis on empowering local administrations. Since these suggestions were insufficient, I searched for accounts on decentralization in different chapters and came across with further comments. The Plan maintained that Turkey lacked decentralization and suggested some strategies in order to make progress.

The PNDP’s regional development chapters informed that the studies on power delegation and RDAs continued. More importantly, they take attention with the emphasis on capacity building in the local and regional institutions. In my search through the other chapters, I found direct references on decentralization. The Plan remained optimistic regarding decentralization and said that there were significant attempts to establish decentralized mechanisms. Besides, it is planned to give more authorities to the RDAs in the medium-term.

The relevant chapters of the Ninth Development Plan mentioned about the progress in bottom to top structures. This is one of the particular features of the Plan as

bottom to up mechanisms are addressed for the first time.<sup>54</sup> Together with the other suggestions (for instance, the target concerned with clearly defined authorities), it looks like the Plan is making space for local actors. But most importantly, the Plan designated a systematic approach to decentralization, by introducing on the spot (subsidiarity) principle. As I mentioned, decentralization and the subsidiarity principle are regarded to be complementary. When I checked the other chapters, I saw targets concerned with power delegation.

Regarding decentralization, presenting a comparison between the entire plans and specific regional development chapters is very critical. As is seen, if the entire structures of the Eighth FYDP, PNDP and the Ninth Development Plan are taken into consideration, it is observed that each of these documents addressed the need for decentralization or delegation of powers one way or another. In other words, the plans are in accordance in their approach to decentralization. However, when only the chapters on regional development are focused, it seems like there is an increasing emphasis placed on them, beginning with narrow and open ended suggestions in the Eighth FYDP, coming through a systematic approach by means of the subsidiarity principle in the Ninth Development Plan. This evaluation approves the assessment of Keating (2001), in which he informed that the renewed regional policies are becoming increasingly decentralized. That said, when the applications are considered, the picture becomes confusing.

Referring to Jessop's "hollowing out of the state" discussions, Dulupçu (2005; pp.105) asserts that decentralization is "limited" in Turkey due the resistance against the

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<sup>54</sup> Among the development plans within the scope of this thesis.

concept: “[...] what makes Turkey rather different is its resistance to downward rescaling while taking for granted an upward shift. In line with such an emphasis on the supranational power shift, the hollowing-out of the state thesis must be modified.”

Similarly, comparing the decentralization process in the EU countries to the case in Turkey, Loewendahl-Ertugal (2005; pp.20) argues that:

Despite these regional disparities, Turkey has not experienced decentralization or devolution to the regional level, as has been the case in most of the countries of the EU. Theorists from a range of disciplines, as Schobben (2000) shows, tend to share the view of the growing importance of regions. It has been observed that a trend across many parts of Europe in the last decade has been an emergence of a regional level of government or a process of decentralization and regionalisation (Keating, 1998; Bachtler, 1997; Bullmann, 1996; Nanetti, 1996).

In 2011, the European Commission’s Progress Report for Turkey (2011; pp.12) clearly stated that “No progress can be reported on the decentralisation process. Devolution of powers, in particular transfer of financial revenues to local administrations has not materialised.” The Report maintains that “Greater political support for public administrative reform and decentralisation is necessary” (European Commission, 2011; pp.12).

Similar to the suggestions made in 2011, the Report in 2012 suggested that “Further efforts are needed on administrative decentralisation.” According to the Report, it is not decentralization, but re-centralization that has been carried out in Turkey (European Commission, 2012; pp.11; emphasis in the original):

There was little progress on devolving powers to *local government*. Administrative decentralisation has not been addressed; in fact, decree-laws issued in 2011 provide for the re-centralisation of some powers, mainly in the fields of land use planning and urban renewal. City councils, designed to encourage citizens’ participation in local government, functioned effectively in only a limited number of cities.

As mentioned in the second chapter, there has been a strong agency of AKP in the implementation of EU's regional policies. Regarding the role of AKP and the EU in Turkey's political environment, Young-Hyman (2008; pp.379) argues that:

In terms of the political context, the recent rise of the Justice and Development Party—a socially conservative but economically liberal party whose political agenda is informed largely by Islamic values—has been seen as a rebuke of the Turkish political establishment. This political break from the past, as well as the 1999 acceptance of Turkey as a European Union candidate country, provides an environment conducive to the reorientation of Turkey's political agenda.

However, regarding this renewed political environment of Turkey, the role for decentralization remains ambiguous. Besides, the issue grows even more complicated, taking into account that AKP is featured as a supporter of decentralization (see Young-Hyman, 2008). In order to evaluate the relation between AKP and decentralization, I will return to the second chapter of the thesis.

As I referred to Massicard (2009), the local administration reforms starting in 2004 have increased the authority at the provincial levels. Accordingly, there are several factors contributing to the implementation of these reforms (Massicard, 2009). First of all, AKP aimed to establish a less statist system (Massicard, 2009). Massicard (2009) observed that when the reform process started, AKP had been the most pro-European party and that it had placed the biggest emphasis on the EU. Besides, AKP had first come into power at local administrations, and then moved toward the national power (Massicard, 2009). Several elites of the party had experiences in local administrations (Massicard, 2009).

The next factor is that the party came into power without the need to form a coalition (Massicard, 2009). Therefore, there was no need for negotiations in enacting

the reforms (Massicard, 2009). Finally, after the local elections in 2004, AKP held the major part of the local administrations (Massicard, 2009). From that respect, Massicard argues (2009), giving more power to local authorities meant to keep the authority inside the party.

The last factor in Massicard's evaluation is critical in understanding the complexity of decentralization in Turkey. The organic tie between the central and local administrations blurs the potentials of decentralization. Increasing the local authorities does not necessarily weaken the centralist political structure of Turkey. Therefore, the Progress Report's conclusion on re-centralizing political tendencies finds meaning.

The RDAs, as regional institutions, require a closer look as well. As mentioned before, Turkey is completely committed to adopt the EU's regional policies since 2001 (Legendijk et al., 2009). Legendijk et al. (2009; pp.388) argued that: "In practical terms, this means that the state has to facilitate the development of structures of regional governance across the country, in line with the principles of good governance adopted by the EU [...]". The NUTS regions and the RDAs were established within this context (Legendijk et al., 2009). However, as Lovering (2011; pp.587) revealed, there are several problems about these agencies.

So today in Turkey, for example, part of the ritualistic dance which it has to perform to be accepted as a legitimate candidate for EU Membership (enthusiasm for which is sinking rapidly) is the establishment of formal regional structures. But Turkey has been highly centralised (at intervals a military quasi-dictatorship) since the republic was founded in 1923 and regions do not have much pre-existing economic meaning. New Regionalist bodies such as Development Agencies therefore lack a plausible local economic rationale and popular political support, and are particularly prone to capture by maverick politicians or business special interests.

These problems are more visible when the establishment process of RDAs is analyzed. Regarding this process, Gündoğdu (2009) narrates the evolution of the agencies' formation: The draft law on RDAs, introduced in December 2003, defined the regional agencies as administratively and financially autonomous decentralized institutions, equipped with important duties and authorities (Gündoğdu, 2009). However, the draft law sparked critical discussions, and the government backed off (Gündoğdu, 2009). While some were concerned with the decisiveness of the national scale, some others emphasized the capital-biased nature of the RDAs (Gündoğdu, 2009).

The new draft law on RDAs was raised in January 2005 (Gündoğdu, 2009). The word 'region' was removed from the original name and there were significant changes in the duties and authorities of RDAs (Gündoğdu, 2009). With the new draft law, Gündoğdu (2009) asserted, the agencies turned into having a facilitator role; connecting the investor and the region, and lacking serious power and resources.

As I mentioned in the second chapter, the RDAs are not regional administrative units. In line with Gündoğdu (2009), Lagendijk et al. (2009; pp.388) argued that the "the tasks of RDAs are defined rather loosely" and added: "Because of the lack of strategic capacity and resources endowed to RDAs, this framework does not offer the opportunity for a more proactive role of RDAs as part of the adoption of EU regional policy guidelines." Accordingly, it is not surprising that the EU Commission commented on the legislation of RDAs as positive but insufficient, in terms of regional development and governance (Gündoğdu, 2009). In summary, the current situation of RDAs has also remained ambiguous in terms of regional development. As Lagendijk et al. (2009; pp.394) concluded:

At present, the proposed RDA formation will not be sufficient for overcoming the key problems the regions are facing. Without further changes, there is a risk that key deficiencies from past programmes will simply be reproduced, and that the absence of proactive regional development strategies and sectoral guidance plans will persist.

In order to present a full-fledged analysis of regional development in Turkey, it is critical to understand the role determined for decentralization. However, this is not very simple. As is seen in this part, decentralization is a deeply problematic subject in Turkey. Because of the fears of separatism, the discussions on decentralization involve heated debates. In other words, the Kurdish issue causes a strong reluctance held against decentralization of Turkey. The critical concern is that the traditional centralist political structure would break into pieces. The establishment process of RDAs has been a good example in seeing these hesitations. The initial draft laws on RDAs backfired, and instead, institutions with more passive roles are established. Even the word ‘region’ created significant social intolerance. However, social reactions constitute only one side of the story.

Although AKP is regarded as being in favor of decentralization, an analysis of the past ten years brings several questions with it. For this reason, it might be necessary to put aside the idea that AKP is a supporter of decentralization and a less statist system. The local administrative reforms following 2004 are interpreted as increasing the local authorities; however, it seems like the power is still kept inside the party (see Massicard, 2009). The recent Progress Reports submitted by the Commission are not satisfied with the progression of decentralization; and actually, they warn about the re-centralization tendencies in Turkey. However, the development plans in general, including the Eighth FYDP, has emphasized the need for decentralization. When the particular chapters on

regional development are taken into account, it is possible to see an increasing emphasis on the concept, reaching its peak with the introduction of subsidiarity principle in the Ninth Development Plan. I consider that it is necessary to understand how these re-centralizing tendencies are realized in an environment, which the need for decentralization is emphasized at the same time.

## CHAPTER 5

### CONCLUSION

Even though Turkey is characterized by huge regional inequalities, it could not make a significant progress in recovering these disparities since the establishment of the Republic. This is evident from Turkey's history of regional development: From 1923 to 1960 (the first period), the regional policies had remained limited in scope, and the imbalances between East and West continued. The second stage, covering from 1960 to 2000, followed with the establishment of DPT and the submission of FYDP's under its coordination. However, this planning period could not help to decrease the regional inequalities either.

With the intensified relations between the EU and Turkey after the Helsinki Summit, the country moved towards a new stage in its approach to regional policies. The RDAs and NUTS regions are introduced within this past ten years. Meanwhile, New Regionalism, dating back to the 1980s and constituting the new mainstream in the regional studies, has provided significant insights to the EU as well as other international institutions. Along with the requirements of the Union, a substantial diffusion of New Regionalism into Turkey's regional planning agenda was something to be expected.

Despite this diffusion, it is still to be seen whether or not a New Regionalism will provide a solution to Turkey's persistent regional inequalities. In other words, it is too soon to make concrete interpretations on how New Regionalism could or could not

decrease the regional disparities in the country. This type of empirical research will be possible, only after a well settled implementation process is observed. Yet, this necessary time lag does not mean that further research remains bound hand and foot.

As is shown, there are several loaded criticisms raised against the literature, which proves that it is necessary to carry detailed and careful theoretical debates in the formation of a New Regionalist planning agenda. However, even before these discussions, it is also critical to know the particular role featured for New Regionalism in Turkey. In this manner, the New Regionalist policies will be taken to the center of analysis and then, we can search for better ways in Turkey's adaptation to New Regionalism. The contribution of my thesis is particularly relevant for this type of future studies. In other words, the aim of this thesis is to reveal the particular aspects in which the diffusion of New Regionalism is observed and to bring them to the center of the future research. It is essential to point out what these specific aspects are; since, only this way it will be possible to provide a fully fledged analysis of the potentials and drawbacks of New Regionalism in Turkey.

This thesis lays the groundwork for those who wish to study the step by step diffusion of the literature. It will provide content for future work which takes the sharp criticisms into consideration and searches for more adequate ways of articulation to the New Regionalism. To this end, I took the most relevant plans and documents from the 2000s onwards in my search for the New Regionalist influences: The Eighth FYDP, PNDP, the Ninth Development Plan, SME Strategy and Action Plan and TISD. The Development Plans have been critical as they provide the national agenda aiming for further progress. SME Strategy and Action Plan, on the other hand, has allowed to see

whether the policies concerned with SMEs are envisaged from a New Regionalist standpoint. Similarly, TISD has helped to see how industrial sector is articulated to the regional development. Except for the Eighth FYDP, which neglected the literature, all others have carried significant New Regionalist insights. In other words, they addressed institution building, R&D and innovation, SMEs, clustering, networks, cooperation and human resources as Keating anticipated. Decentralization, as well, has gained attention throughout the entire Development Plans. When only the chapters on regional development are brought into focus, I figured an increasing emphasis on decentralization, reaching its peak with the Ninth Development Plan and on the spot principle introduced in it. This is, again, in accordance with the framework of Keating. By means of the analysis in the fourth chapter, I provided an evaluation of what can be regarded as an impact of New Regionalism by retrieving the relevant suggestions from these plans.

Since now 'place' has moved into a new level of understanding, it looks like New Regionalism will give way to further discussions either directly or indirectly. This is already evident from the sensitivities that are continued to be carried on from past to present. Decentralization has always sparked heated debates in Turkey. Critically, the reluctance held for decentralization has significant connections with the fears of separatism. From that respect, the hesitations which reappeared in the establishment process of the RDAs are not surprising. It is feared that the unitary nature of the state would be broken. Besides, even the word 'region' has raised significant social intolerance, which resulted with the change in the names of the agencies. Today, the RDAs (or 'Development Agencies' to name it correctly) are established with passive

roles, much different than they were initially designated in the first draft laws. These incidents that happened in the past are proof of what can be expected in the future, while the New Regionalist policies are increasingly put into practice.

In times to come, we will have more chance to interpret the results of New Regionalist policies in terms of decreasing Turkey's long-lasting regional inequalities. However, until it is possible to make that kind of analysis, it is necessary to take advantage of what we have in hand. New Regionalism, providing the dominant discourse, has created significant changes in regional studies. In that respect, it can (and it does) provide a new dimension in Turkey's coping with regional discrepancies. However, the literature has brought severely important criticisms along with it, which should be taken account of. Therefore, firstly, we should focus on how these policies are materialized in Turkey, as it is done in this thesis. And then, we should try to modify and adopt them to the circumstances of the country, by making use of the criticisms. Otherwise, New Regionalism may turn into a futile effort for the case of Turkey, and give way to another failure in solving the regional problems, as it has happened before.

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