Social Relations of Production within the Workshop System in Istanbul's Apparel Industry

by

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ABSTRACT

World apparel industry is largely organized around the global apparel commodity chains. With the elimination of the international trade quotas and with the release of global competition, these chains have undergone a spatial and functional re-structuring. In this process, flexibility and the just-in-time logic have become the basic modes of operation within the global chains. This new form of production is organized through pyramid-like commodity chains. The lowest segments of the global apparel commodity chains consist of workshops dispersed over urban areas. These workshops recruit most of the workers from informal labor markets. This thesis investigates the workshop system of the Istanbul apparel industry in its articulation with the global apparel commodity chains and the local socio-cultural settings. This system is embedded in a set of power and exploitation relations that embody existing local stratification mechanisms as the operating medium. The analysis of these relations in reference to the global transformations in production processes is the main aim of the thesis. The thesis analyzes firstly the global and the national dynamics of the apparel industry. Then it elaborates on the informal labor market conditions of apparel industry and on the productive relations within the workshops. Finally, the thesis depicts the relations between the local producer firms and the workshops. In these stages, the thesis endeavors to incorporate the local social and cultural dynamics into the analysis of the productive relations.

ÖZET

Dünya hazır giyim endüstrisi büyük ölçüde küresel meta zincirleri üzerinden organize olmuştur. Uluslararası ticaret kotalarının kalkması ve küresel piyasadaki rekabetin serbest bırakılmasıyla beraber, bu zincirler mekânsal ve işlevsel düzeyde yeniden-yapılanmalara uğramışlardır. Bu süreçte, esneklik ve "tam zamanında" mantığı küresel zincirlerdeki temel işlem biçimi haline gelmiştir. Üretimin bu yeni biçimi, piramit benzeri meta zincirleri etrafında organize olmuştur. Küresel hazır giyim meta zincirlerinin en alt kesimlerini, kentsel bölgelerde dağınık halde bulunan atölyeler teşkil etmektedir. Bu atölyeler, işçilerin çoğunluğunu enformel emek piyasalarından bulmaktadır. Bu tez, İstanbul hazır giyim atölye sistemini, bu sistemin küresel hazır giyim meta zincirleri ve yerel sosyo-kültürel ortamlarla olan karşılıklı ilişkileri çerçevesinde araştıracaktır. Bu sistem, yerelde var olan tabakalaştırma mekanizmalarını işlem zemini olarak alan bir dizi iktidar ve sömürü ilişkileri ile var olmaktadır. Bu ilişkilerin, üretim biçimlerinin küresel dönüşümüne referansla analizi, bu tezin temel amacıdır. Tez ilk olarak hazır giyim endüstrisinin küresel ve ulusal düzeydeki dinamikleri analiz etmektedir. Daha sonra, hazır giyim endüstrisinin enformel emek piyasası ve atölyelerdeki üretim ilişkileri üzerine düşünülecektir. Son olarak da, tez yerel üretici firmalarla atölyeler arasındaki ilişkileri tasvir etmeye çalışacaktır. Bütün bu aşamalarda, tez yerel toplumsal ve kültürel dinamikleri üretim ilişkilerinin analizine eklemlemeye çalışacaktır.

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INTRODUCTION

This thesis examines the workshop system of Istanbul's apparel industry through its articulation with global commodity chains and local socio-cultural settings. This endeavor encompasses an investigation on three different but interrelated levels. The first level is the description of apparel industry's organization on the global scale. Namely, I will draw out the spatial and functional configuration of global apparel commodity chains and the corresponding international division of labor, in terms of the contemporary transformations that this industry has undergone. Second, I will examine the position of Turkey within the structure of this industry. In other words, I will attempt to analyze both the significance of the Turkish apparel industry for the global system and the functioning of the apparel industry itself within Turkey's economic dynamics.

The third level is the basis of my thesis. Namely, I carried out an ethnographic inquiry that helped to understand the social relations of production within the entire network of workshops, firms and workers. The production and related economic transactions embedded in Istanbul's apparel industry have created and depend on a sphere of social relations which involved a deep ethnographic inquiry in order to obtain a consistent set of sociological data. I endeavored to obtain meaningful information about the internal dynamics of this network, as well as about the ways in which the apparel industry in Istanbul has been incorporated into global chains with its entire social characteristics.

I chose this issue as my research thesis because the subject has several dimensions. The recent globalization of production is a phenomenon which requires more study in order for us to understand what is going on sufficiently. We already

have much information about the globalization of production at the macro level, but we still need further knowledge about how globalization is experienced in particular localities. That is to say, there are various theorizations about the historical, spatial and functional transformations, but we still lack concrete knowledge about how these transformations are affecting subjects in particular locations and how these subjects are appropriating and re-shaping the whole process.

As I recognized before my study, the apparel industry is one of the sectors that best fits what we can call global production and distribution schemes. A t-shirt sold in a Nike store in New York or Sidney has been designed, processed, distributed and marketed in several different locations around the world. During its trip, this t-shirt has touched many hands and created many conflictual and exploitative social relations, within which it itself has been created. It has followed a road which corresponds to a global commodity chain, along which some people sitting at nodal points have gained enormous economic and social capital at the expense of others. This road has passed through national borders and hierarchies and re-configured the social structures embedded in them. The way in which the consumer purchases her/his t-shirt indicates a whole set of social relations that shape the lives of many people thousands of kilometers away from the consumer.

The global apparel industry structures and is structured on subcontracting chains, at the bottom of which lie workshops, recruiting workers mostly from informal labor markets. Indeed, a very large part of the production process in the industry is carried out in these workshops. Actually, three main actors in the local segments of the global apparel commodity chains, local firms, workshops and workers, face each other and enter into various power relations in the social sphere of workshops. Basically as economic institutions, these workshops and the whole

commodity and labor markets associated with them, are structured through several inseparable social, cultural and political mediums. Space, gender, ethnicity, class culture, morality, dispositions all interact and shape the relations of production and possession. Subjects and objects of exploitative and authoritative relations in the workshop system are constructed by various socio-cultural constraints as well as economic ones. Indeed, the whole picture shows us that economic relations do not exist by themselves, but articulate with social structures in mutually transformative ways.

Method

This thesis depends on an ethnographic inquiry in addition to theoretical and empirical data acquired from relevant literature. The main method used was interviews. During the research, I went to production sites and conducted interviews with the actors taking part in productive relations. There are mainly four categories of interviewees: Owners of workshops, workers in workshops, owners/administrative staff of firms and representatives of NGOs associated with workshops.

One aim was to draw out the general picture of the apparel industry in Istanbul. That is to say, I wanted to learn specifically in which neighborhoods workshops and firms are located and how global and domestic market relations are established in these neighborhoods. To this end, I began to visit workshops and firms in various neighborhoods in Istanbul, including Çağlayan, Güngören, Bağcılar, Okmeydanı, Osmanbey, Sanayi Mahallesi on the European side and Beykoz, Ümraniye, Sultanbeyli, Sarıgazi, Kurtköy on the Anatolian side.

In these neighborhoods, I interviewed 47 workshop owners, 52 workers, 2 firm owners and 5 administrative staff from firms (engineer, product manager and subcontracting representative *[fason takipcisi]*). Also, an important source was the information gathered from the representatives of professional associations. In Istanbul, there are two associations representing workshop owners. The first, and older, one is Istanbul Chamber of Ready-made Dressmakers/Tailors (*Istanbul Konfeksiyoncu Terziler Odası*), and the second one is ITFAD (Association of Textile and Apparel Subcontractors in Istanbul *[Istanbul Tekstil Fasonculari Derneği]*). These two associations helped me very much in understanding the general portrait of workshops' conditions, their interests and demands.

The general aim of this thesis was to investigate the workshops system in Istanbul's apparel industry. However, I put the main emphasis on workshop owners who occupy critical positions in the entire organization of commodity chains and who appropriate hybrid class positions. Therefore, an analysis of the workshop system with a focus on workshop owners is expected to make a significant contribution to the literature.

In the first chapter, I will analyze the organization of the textile and apparel industries in global and national levels. On the global level, I will look at the international structure of apparel industry, global apparel commodity chains, some statistical data on the global textile and apparel industry, the basic characteristic of apparel production, the quota system and the informal economy. On the national level, I will analyze the dynamics underlying the development of apparel industry in Turkey.

In the second chapter, I will investigate the labor market conditions and relations within the workshops of Istanbul's apparel industry. Here I will describe

some labor market features of Istanbul's workshop system, by considering spatial, gender and ethnic based factors. Then I will discuss the wages, posts, skills, working rhythm, working conditions, labor standards, social insurance and health issues in the workshop system. Finally, I will analyze a specific case in workshop production, namely *parçabaşı* (piecework) production.

In the third chapter, I will focus on the relations between workshops and firms. After describing the general characteristics of these relations, I will elaborate on the re-location of apparel production in the context of Istanbul. Then I will make some observations about the class positions of workshop owners and about how the workshop system is controlled by the firms.

Finally, I will try to draw some conclusions from the entire research that I carried out. This chapter will also cover some prospects about the future of the industry.

CHAPTER I

TEXTILE AND APPAREL INDUSTRIES IN THE GLOBAL AND TURKISH CONTEXTS

Global Context:

Historical Background and International Structure of Textile and Apparel Industries

Historically, the textile and clothing industries have been locomotive sectors in the industrialization processes of many economies.[1] The most well known example of this stimulation effect is Great Britannia's initialization of the Industrial Revolution with predominant reliance on textile and clothing manufacturing. Likewise, Italy and France long depended on textile and clothing in their economic developments until the last century. However, as the world economic system has evolved through centuries, the location and organization of global textile and clothing production has undergone a constant transformation. From the beginning of industrial revolution until the Second World War, the main location of world textile and clothing (T&C) production was Western Europe and the US. The third world countries' function in industry's international division of labor was to supply and produce the necessary raw materials. From the late 1940s to the 1970s, T&C production began to shift to other locations of the world. The main reason underlying this shift was the rise in wages in the Western World and the low labor costs in the rest. The first station was Japan. Beginning with this shift, Japan began to lead the

[1] I shall note that I will use the terms *clothing* and *apparel* exchangeably in the text.

Asian economy and industrialization. Japan welcomed the rising T&C production until the 1970s. The rising labor cost and labor shortage enforced the Japan T&C producers to shift their production to other low-wage countries in the Pacific region. This is the well-known "flying geese" model explaining the rapid economic development of Asia-Pacific countries. In this model Japan is Asia's lead goose, the Newly Industrialized Economies (NIEs) -Korea, Hong Kong and Singapore- the second ranking geese, the ASEAN-4 countries (Thailand, Indonesia, Malaysia, and Philippines) the third ranking geese and China as a new latecomer goose (Ozawa, 2001). The centre of this model was Japan, which initially implemented a nationalist development project that depended on the protection of infant domestic industries from the 1940s to the 1970s.

After the Second World War, Japan started to apply a policy of Industrial upgrading from low-value added to high value-added industries with implementing an export promotion strategy. Then it transferred industries that became relatively non-competitive in world market due to rising domestic labor costs, to NIEs. The first phase of this development happened in Japan with the expansion of labor-intensive manufacturing industries, T&C being an example. As wages had risen in Japan, it lost the competitive edge, shifted T&C production to NIEs and focused on technology and capital intensive sectors (Au and Chan, 2006). From the 1970s to the 1990s, NIEs became the main T&C exporters of the world market after Japan. The main advantage of these countries was that they had low-wage labor forces and functional/physical proximity to Japan. In 1975, average wage for US clothing workers was US$ 3.79, while it was US$ 0.75 in Hong Kong, US$ 0.29 in Taiwan and US$ 0.22 in South Korea (Bonacich et al., 1994). Moreover, they increased their

competitive and productive capacity by increasing quality level and flexibility of production.

After the 1990s, in response to the quota system imposed by the US and European countries and established by the Multifibre Agreement (MFA) in 1974 and to the rising labor costs in home countries, the NIEs shifted most of their T&C production to other low wage countries where quota restrictions were less severe. As the East Asian NIEs tend to withdraw from the labor-intensive parts of apparel production, they develop new strategies to continue to gain from global trade. Mainly, they have become involved in the so-called triangle manufacturing of apparel networks. Foreign buyers, for example, firms from the US or the EU, place their orders from NIEs. These NIEs firms are those who were subcontracted to foreign firms before and then they shift their production to low wage countries like China, Indonesia, Philippines, Pakistan, Sri Lanka and Vietnam. NIEs firms take the orders and subcontract them to third party low wage countries. The products are shipped directly from the third country to foreign buyers. Thus, triangle manufacturing, changes the status of NIEs from being suppliers/subcontractors of US or EU markets to being intermediaries between buyers and producers.

The dynamics underlying these historical shifts in the T&C production sites have several dimensions. The basic explanation is the argument that countries with the lowest labor costs will be the sites of the most labor-intensive parts of production. That is, these shifts occur as the wage levels in participant countries change. When wages increase in a country, where labor-intensive processes are dominant, then the base level of the chain tends to shift to countries where lower wages can be found. This is consistent with the sequence of historical shifts first from Western countries

to Japan, then to the Asian big three and to China, with each new country having lower wages than the previous (Gereffi, 2003, p.9).

However, as Gary Gereffi argues, this lower-labor-cost argumentation is not enough to account for the whole picture. Some Asian and Caribbean Basin countries increased their global market share even though their wage levels were higher than that of China. Similarly, NIEs are still among the top apparel exporters of the world although they have highest labor costs in Eastern Asia except Japan. Gereffi argues that government policies, the value of national currency vis-à-vis the dollar, and quotas and tariffs are central factors in determining the global configuration of production. For example, the sharp decline in Taiwan's and South Korea's apparel exports in the late 80s are related not only to the rising labor costs, but also to the sharp appreciation of these countries' currencies with regard to the US dollar between 1985 and 1987. This situation is analogous to Turkey's current situation. Turkish exporting firms are suffering from the loss of their competitive edge in the global market due to the rising value of Turkish Lira with respect to US dollar as well as relatively "high" labor costs in the country. These situations will be discussed in detail in the next chapter.

The Global Apparel Commodity Chains

A commodity chain is "the range of activities involved in the design, production and marketing of a product" (Gereffi, 1999, p.1). On the global level, these activities are distributed –albeit unevenly- along various locations in the world and then called "global commodity chains." Commodity chains are conceptualized into two categories: producer-driven and buyer-driven commodity chains (Gereffi

1994, 1999). In producer-driven commodity chains, the organization of production is coordinated by the producers, which are usually large, transnational corporations in global scale. That is to say, in producer-driven chains, which are found in the Fordist type of organization schemes, the manufacturing process itself endows the producing firm with control power over the whole chain. Capital and technology-intensive industries, such as automobiles, aircraft, heavy machinery, are the best examples of that kind of chain. Producers exert control over raw materials/component suppliers as well as over the retailing and marketing processes. Buyer-driven commodity chains, on the other hand, are "those in which large retailers, marketers and branded manufacturers play the pivotal roles in setting up decentralized production networks in a variety of exporting, typically developing, countries." (Gereffi, 1999, p. 41). This is characteristic of labor-intensive, consumer-goods industries such as apparel, textile, footwear, toys, consumer electronics, and handicrafts. Production is carried out by the subcontracted producers for foreign buyers, who provide the specifications for product. Unlike producer-driven chains that are dominated by large transnational corporations, buyer-driven commodity chains have lower entry barriers for newcomer firms and accordingly, production processes are shaped by high competition and decentralization. In this configuration, buyer companies exercise control over the production process –on where, how, and when product is made- at the design and retail stages, unlike producer-driven chains in which manufacturers have power at the point of production.

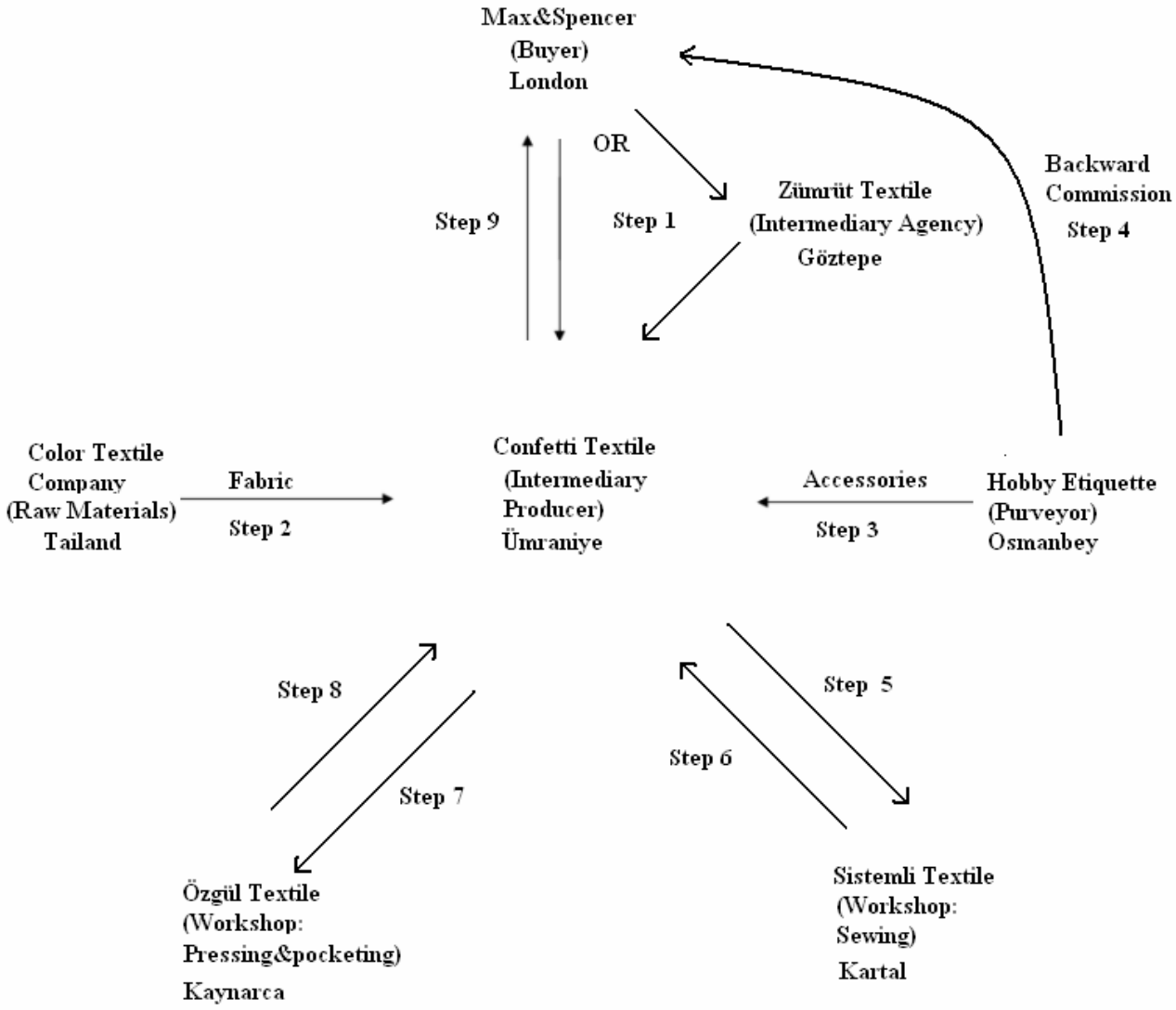
For Gereffi, in the global commodity chains, economic profit concentrates at the upper segments. In producer and buyer-driven chains, upper segments have different capacities to create high entry barriers so that they can attract the profit. In producer-driven chains, upper segments, which are usually global oligopolies, use

very high technologies, they have the ability to exert control over the organization of the raw materials and components supply, and over the distribution and retailing of the products. In buyer-driven chains, large retailers, marketers and manufacturers exercise control mainly through their ability to shape mass consumption via strong brand names and their reliance on the global sourcing strategies to meet this demand (Gereffi, 1999).

At this point, I want to exemplify how buyer-driven global apparel commodity chains are organized by describing a chain ending in Istanbul. Gereffi argues that global apparel commodity chains are typical of buyer-driven chains. However, I argue, unlike Gereffi, that global apparel commodity chains should be regarded as a hybrid of producer and buyer driven-chains. The segments between the highest level and the local producer firms fit the buyer-driven chains model. However, the segments between local productive firms and subcontracted workshops should be regarded more as a producer driven network rather than a buyer driven chain segment. On the one hand, in the upper segment, large retailers, marketers and manufacturers exert control over the producer firms, as they posses the capacity to impose production specifications over local firms, and to shape consumption patterns through various marketing mechanisms. Local firms compete with each other as autonomous enterprises to obtain orders from the foreign buyers. On the other hand, workshops in the lower segment should be regarded as constituting a dispersed factory controlled directly or indirectly by the local firms through some market and extra-market mechanisms. To a large extent, workshops are not autonomous enterprises producing commodities and selling them to buyers in a competitive market. Rather, they are organized and controlled by the local firms and should be considered as the base level productive units of de-centralized factories. Thus, in the

lower segment, local firms are not the "buyers" picking commodities from a commodity market, but the "producers" that de-centralize the production process so as to optimize their gains. I will return to the relationships between firms and workshops in the Chapter 3.

Figure 1. A Sample Global Commodity Chain



The general scheme of the chain is described in Figure 1. I obtained the information from the product manager of Confetti Textile Company in Ümraniye. Confetti Textile is working with several foreign and usually international companies, one of which is Max&Spencer. Confetti Textile obtains the order from M&S, carries out some processes and subcontracts out the production to several workshops.

Now, let us explain the organization of the chain: Max&Spencer plans to sell an amount of clothes, for instance skirts, in its stores in London. It gives the order to Confetti Textile by making a contract. There are two ways of making this contract, namely direct and indirect contracting. Firstly, the direct way is through the operations of client representatives of Confetti Textile. These representatives have connections with foreign firms and they are always searching for new clients. Secondly, the indirect way is through the intermediary agencies located in Istanbul. They find the foreign buyers and obtain the order and then distribute these orders to local producers, and then receive commission from both buyers and producers. These offices get in contact with the client representatives of the local firms. There are two types of such agencies. The first type, called “liaison office”, -employing three or four personnel- is directly founded by foreign buyers, typically large international firms such as M&S or GAP. These firms always give important amount of orders in Istanbul and try to eliminate the costs of commission. The liaison offices always have information of connection with 50-60 firms in their database. They work only for the main foreign company. The second type agencies are owned by Turkish intermediaries. They usually work with middle scale foreign firm, like Banana Republic. They work with many foreign firms and make the connections between local and foreign firms.

The prices in the chain reveal the value created and extracted through the chain. At the store of the Max&Spencer in London, the selling price of the skirt is about 80-100 euros. This price is not so much different from that in a store of M&S in Istanbul or Frankfurt. For this skirt, M&S pays 15-20 euros to Confetti Textile. Confetti Textile imports the necessary fabric from Thailand for five euros and buys accessories from Hobby Etiquette for 50 cents. It pays three euros to the Sistemli Textile in Kartal for sewing and one euro to Ozgul Textile for pressing and pocketing one piece of skirt. It also pays 50 cents to the intermediary agency. Other costs, such as costs of modeling, cutting, painting, rent, electricity, transportation and labor costs in the firm, add up to two euros per one piece of skirt. Thus, from a skirt sold at 100 euros in London, Max&Spencer obtains 65-80 euros (minus its costs), Confetti Textile obtains 3-8 euros, Sistemli textile obtains three euros (minus its costs), Özgül Textile obtains one euro (minus its costs), Hobby Etiquette and Zümrüt Textile obtain 50 cents (minus its costs) and Color Textile Company from Thailand obtains five euros (minus its costs).

Price is determined through the bargaining between M&S and Confetti Textile. Confetti Textile gets informed about the order of M&S either through its client representatives or through local intermediary agencies. Then, it offers a price to M&S, say 20 Euros for a skirt. Then M&S replies that it will pay, say 13, Euros and they agree on 15 Euros at the end.

Transportation costs of products from Istanbul to London are met either by Confetti Textile or by M&S. Confetti Textile offers different prices for each case. Large buyers usually tend to cover the costs of transportation by themselves. Because, they give large amounts of orders, they make price bargaining with transportation companies and obtain certain discounts. Nevertheless, they can get rid

of the responsibility of transportation insurance or delays in transportation, when they leave transportation part to the producer firm. Therefore, they tend to choose this way in risky situations.

Confetti Textile buys accessories, such as zippers, strings, and buttons from Hobby Etiquette in Osmanbey, where many accessory firms are located. Confetti Textile buys accessories from many different firms for different orders. Indeed, at most times, buyer firms enforce local firms to work with a single accessory firm. For example, when producing for M&S, it has to buy the items from Hobby etiquette. There are two main reasons for enforcement of M&S. Firstly, M&S wants standardization for their products by using single type of accessories. Secondly, M&S obtains commission from Hobby Etiquette when it enforces Confetti Textile to use these accessories. The important thing here is that, some accessory firms make contracts with foreign buyers so that foreign buyers make such enforcements on the local producers. For example, Hobby Etiquette goes to London and offers M&S some commission in case M&S enforces their subcontractor to use Hobby Etiquette's accessories. Indeed, M&S is indifferent about at what price Confetti Textile buys accessories from Hobby Etiquette, insofar as the quality of accessories is satisfactory. The overall cost of the accessories is to be covered by Confetti Textile. M&S tries to obtain extra profit from the transaction between Confetti Textile and Hobby Etiquette. This commission creates a closed loop of monetary transfers. M&S pays to Confetti Textile for the subcontraction, Confetti Textile pays to Hobby Etiquette for the accessories and Hobby Etiquette pays back to M&S for enforcing Confetti Textile to use these accessories in subcontraction. This is a sub-triangle within the vertical configuration of the commodity chain.

General Statistical Information about the World Textile and Clothing Trade

World total merchandise exports had a volume of US$ 8907 billion in 2004 (WTO World Trade Statistics, 2005). Textile and clothing share 2.2% and 2.9% of this volume, respectively. In this volume, the main sectors are machinery and transport equipment manufacturing with 39%, fuels and mining products with 14.4%, and agricultural products with 8.8%. DPT (2003): Between 1955 and 2000, world export trade in total merchandise increased 64.8 times from US$ 96 billion to US$ 6.243 billion. In this period, total manufacturers' exports had increased by 112 times, from US$ 41 billion to US$ 4.630 billion. Between 1980 and 1990, world total merchandise exports increased by 5.5% annually, while it was 6.2% between 1990 and 2000.

Between 1980 and 2000, world T&C exports continued to rise until 1998, although there were some periods of instability, especially between 1997-1999 and 2001. Between 1980 and 2000, while the share of agricultural products and mining in total exports decreased, the share of manufacturing products increased. The most important contribution to this growth come from the increase in exports of office machines, telecommunication equipment and automotive. In the same period, share of textile exports had decreased from 2.8% to 2.5 %, while that of apparel had increased from 2.0% to 3.2%. As we can see from these statistics, the share of T&C exports in world total exports had not shown a significant variation. Furthermore, apparel industry is more likely to be transformed in spatial organization due to its labor-intensive features. Since unit costs largely are dependent on the changes in labor costs, many countries that are net exporters will have difficulties in remaining so. Some of them will probably be net importers. It seems difficult that this trend can

be impeded by moving towards fashion-oriented or brand name manufacturing. These strategies are not likely to compensate for the losses emerging from the re-allocation of global production in search of cheap labor.

Basic Characteristics of Textile and Clothing Industries

Textile and clothing industries differentiate from each other in terms of the level of technology and labor required. The clothing industry is mainly a labor-intensive industry, while textile industry necessitates more technological equipment than clothing. Thus, the fixed capital invested in the textile industry is much higher than that in clothing. This is why there is a *de facto* differentiation of exporters of textile and clothing industries.

Table 1. Leading Exporters of Textiles, 2003

(Billion dollars and percentage)

	Value	Share in world exports		Annual percentage change	
	2003	1995	2003	1995-2003	2003
Exporters					
China	26.90	12.4	19.7	9	31
European Union (15)	26.37	19.6	19.3	2	14
Hong Kong, China	13.08	-	-	-1	6
United States	10.92	6.6	8.0	5	2
Korea, Republic of	10.12	11.0	7.4	-2	-6
Taipei, Chinese	9.32	10.6	6.8	-3	-2
India b	6.51	3.9	4.8	5	9
Japan	6.43	6.4	4.7	-1	7
Pakistan	5.81	3.8	4.2	4	21
Turkey	**5.24**	**2.3**	**3.8**	**10**	**24**

(Source: WTO "Background Statistical Information with Respect to Trade in Textiles and Clothing," 2004)

Developed countries are still dominant in textile production, while developing countries constitute the bulk of world total clothing exports- about three quarters of world apparel export (See Table 1 and Table 2).

Table 2. Leading exporters of clothing, 2003 (Source: WTO "Background Statistical Information with Respect to Trade in Textiles and Clothing," 2004)

(Billion dollars and percentage)

	Value	Share in world exports		Annual percentage change	
	2003	1995	2003	1995-2003	2003
Exporters					
China	52.06	19.3	28.1	10	26
Hong Kong, China	23.15	-	-	1	4
European Union (15)	19.04	12.0	10.3	3	15
Turkey	**9.94**	**4.9**	**5.4**	**6**	**23**

Textile Industry

Although it is widely thought that advanced capitalist countries such as the US, Japan and EU members have withdrawn from textile manufacturing with the re-organization of the global division of labor, this is not the case. Nevertheless, in these countries, the share of textile exports in total exports is lower than that in developing countries. Many developed countries, for which the share of textile exports in total exports is less that 6%, are exporting textile products in higher volumes than many developing countries. At this point, we should emphasize that they are largely exporting very specialized fibers and clothes, and they are less dependent on textile exports. Generally, the main textile exporting countries are at the same time the main textile importers, such as the USA, Belgium, China, England, Germany, Italy, Japan, France, Mexico, Netherlands, South Korea, Spain, and Turkey.

The share of textile export in total merchandise and manufactures' exports demonstrate the level of dependency on textile of every region on the world. For

North America, the share of textile in total exports is 1.3% and for Europe 2.0%, while it is 3.7% for South and Central America, 4.7% for Asia (excluding Japan) and 4.9% for Africa.

Table 3. Area distribution of world textile trade, 1995-2003 (Source: WTO "Background Statistical Information with Respect to Trade in Textiles and Clothing", 2004)

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	Exports								
World (billion dollars)	112.1	114.1	119.4	112.2	112.3	123.1	117.4	122.9	136.9
	(percentage shares)								
World	100	100	100	100	100	100	100	100	100
Developed countries	39	40	40	42	41	39	41	40	40
Western Europe	25	25	24	26	24	22	24	24	25
North America	8	8	9	10	10	11	11	10	10
Other developed	7	7	6	6	6	6	6	5	5
Developing economies	57	56	57	54	55	57	55	56	55
Asia	51	50	50	48	49	51	49	50	50
Latin America	3	3	4	4	4	4	3	3	3
Africa and the Middle East	3	3	3	3	3	2	3	3	3
Economies in transition	4	4	4	4	4	4	4	4	5
	Imports								
World	100	100	100	100	100	100	100	100	100
Developed countries	38	38	39	41	40	39	39	39	39
Western Europe	20	19	19	20	19	18	18	18	18
North America	12	12	14	15	16	16	16	16	15
Other developed	7	7	6	5	6	5	5	5	5
Developing economies	53	53	52	49	51	52	51	50	50
Asia	36	36	34	30	31	32	31	30	30
Africa and the Middle East	11	11	11	11	11	11	11	11	12
Latin America	6	6	7	8	8	9	9	9	8
Economies in transition	8	8	8	9	8	8	9	10	11

Therefore, it can be inferred that less developed countries are more reliant upon textile manufacturing in generating income from world trade. As we will see later, the case is more dramatic in the clothing industry. When we look at the area distribution of the world textile trade, we see that economically developed countries account for 40% of world total textile exports, and economically developing countries account for 55% of the total (WTO, 2004) (See Table 3) .

Apparel Industry

Within the last 25 years, the geography of apparel production has changed radically and many new countries began to play important roles in the global world apparel industry. In 1980, there were a few countries that exported more than US$ 1 billion in apparel: Mainland China, the United States, Hong Kong (China), Taiwan Province of China and South Korea. In 2003, this list included Bangladesh, India, Indonesia, Malaysia, Mexico, Pakistan, the Philippines, several countries of Central and Eastern Europe, Sri Lanka, Thailand, Tunisia, and Turkey, which was world's fifth apparel exporter.

China is the leading apparel exporter to the European Union, with a share of 19.2% in 2003. The second major exporter is Turkey, with 14.2%. Romania, Bangladesh, Tunisia, Morocco and India are other important sources for the EU apparel market. Although Asia is the main source of apparel import for many countries of the world, including North America and the European Union, there are also strong regional sourcing activities (Table 4).

Table 4. Area distribution of the World Clothing Trade, 1995-2003 (Source: WTO "Background Statistical Information with Respect to Trade in Textiles and Clothing", 2004)

	1995	1996	1997	1998	1999	2000	2001	2002	2003
	Exports								
World (billion dollars)	124.8	129.8	142.7	149.0	149.0	164.7	161.8	167.0	185.0
	(percentage shares)								
World	100	100	100	100	100	100	100	100	100
Developed countries	26	27	25	25	23	21	21	21	22
Western Europe	19	19	17	17	16	14	15	16	17
North America	6	7	7	7	7	7	6	5	4
Other developed	1	1	1	0	1	1	0	0	0
Developing economies	69	67	69	69	71	73	72	72	71
Asia	56	53	54	52	53	55	53	54	54
Latin America	7	8	9	11	12	13	13	12	11
Africa and the Middle East	6	6	6	6	6	6	6	6	6
Economies in transition	6	6	6	6	6	6	7	7	7

United States imports a significant part of T&C products from Mexico, Central America and Caribbean Basin countries; the European Union from Central European countries, Turkey and North Africa; and Japan from China. Asian exporters mainly engage in full-package production, while production activities in Mexico, Caribbean Basin countries, Central European countries and Northern Africa are mainly in assembly form. In this form, these countries are manufacturing garments using the raw materials taken form US and EU. This situation is partly related to the rules of origin requirements in preferential trade agreements and resulted in increased dependency on purchaser countries and decreased potential for

higher value added activities that lead to higher profitability and industrial upgrading (UNCTAD, 2005, p.5).

The establishment of the World Trade Organization was expected to foster world trade by removing various tariff and non-tariff trade barriers. This expectation was fed by the thought that capital and commodities along with a necessary volume of labor force will move on the surface of the world, multilaterally and beyond all boundaries. Economists regarded globalization as driven by the actions of individual economic actors, such as firms, banks and people usually in pursuit of profit, and often promoted by the pressures of competition. For them, globalization also refers to the production and distribution of products and services of a homogenous type and quality on a worldwide basis. It has been expected to promote the disappearance of trade barriers and state regulations.

In this scenario, globalization will direct the economic potential of countries including labor force, infrastructure, raw materials, technology and industrial capacity into the activities where they will be most productive by letting competition be free. This will create a new form of division of labor across the world by allowing each country to specialize in that of manufacturing in which it has competitive edge. Developing countries with low-cost labor supplies will engage in labor-intensive productive activities, while developed countries will provide management and technical and financial resources. Consumers all around the world will be the main beneficiaries of this configuration. Indeed, this scenario is the extension of the liberal national development paradigm on the global level.

In liberal national development paradigm, each individual citizen's participation and commitment in the national market competition enhances the nation's welfare as a whole. That is to say, the will to compete, which is an egoist

instinct *per se,* will, in turn, increase society's welfare as an unintended consequence. In order for this effect to happen, there must be free national commodity and labor markets and there must be no barriers to enter these markets. Furthermore, the networks constituting these markets must be as homogenous as possible; local constellations within the markets that concentrate the power and energy of the total into some local groupings will deteriorate the market's efficiency. In the national paradigm pre-capitalist communal structures within the nation that shape market performance, were thought to create such effects. Now, nation-states themselves are thought as analogous to these archaic structures that impede full global market functioning. The end-of-nation-state literature comes right from this consideration. The political and social concerns of individual nation states "must" not slow down the diffusion and functioning of the free market into the minute details of the global surface.

Beyond all discussions around whether globalization is a beneficial for all, one thing should be asked: Is it really that scenario which is happening? In the analysis of global productive and trade relation, one should also look at the local clusters, which have begun to form the global level. In other words, for some scholars, another process, regionalization, also began to occur in parallel with globalization, namely regionalization.

Regionalization is the process through which different countries constitute trading blocs that facilitate exports and imports within the block by eliminating several tariffs and restrictions between member countries and at the same time excluding non-member countries by applying raised barriers to trade with them. It began to occur after 1950-60 with the grouping among European countries. (Au; Chan, 2006) The creation of European Coal and Steel Community in 1952 was

followed by the foundation of the European Economic Community (EEC) in 1957, which would eliminate tariffs between the EEC countries by the late 1960s. The path to the formation of the European Union has accelerated the formations of similar trade blocs in different regions of the world. The North American Free Trade Agreement (NAFTA) was established in 1994 to develop enhanced trade relations among the US, Canada and Mexico. The EU and NAFTA accounted for 36.4% and 22.9%, respectively, of world merchandise trade in 2000, being the leading two trade blocs in the world. Moreover, some Asian-Pacific countries declared that they would constitute free trade activities by 2010 through Asia-Pacific Economic Cooperation (APEC). The trend toward regionalization has created both interest in trading with member nations and the possibility of being excluded from existing blocs. For member countries, the bloc will function as a fortress that facilitates economic interactions with members and that creates higher monopoly power over the market, while for non-member countries, the bloc eventually will constitute a very disadvantageous position for trade with members. With the deeper regional integration within North American, Europe and Asia-Pacific countries, regionalization seems to create critical effects on the globalization process and particularly on the global T&C trade.

For the T&C sector, along with some other sectors, the proliferation of regional trading blocs would undermine the broader effect of globalization. (Au; Chan, 2006). This is especially the case for NAFTA. NAFTA has shaped trade between US, Canada and Mexico to a significant extent, by making Mexico into one of the basic T&C suppliers of the two. US apparel imports form Mexico increased by 115 times from US$ 71 millions to US$ 8,193 billion between 1991 and 2000. Intra-NAFTA apparel trade increased from 1% to 7% of the total volume of apparel trade

that member countries did for the same period. However, it is difficult to observe the same situation for the European Union. Intra-EU apparel trade decreased from 26% to 16% for the same period. This is related to the European countries' growing interest in importing apparel from Mediterranean countries such as Egypt, Turkey and Morocco, which have advantages like trade privileges, market proximity, cheap and skilled labor force. Thus, the formation of the EU did not stimulate intra-EU trade for T&C products. (Au, Chan, 2006). However, it created a larger trading region composed of EU members and some nearby countries. Turkey is in this regional bloc as a significant apparel exporter and it benefited from the regionalization process as well as globalization.

Quotas were to be eliminated after January 2005. However, there are some other trade policy arrangements that will continue to exist and they will affect the re-allocation of T&C production and exports. Obviously, quota elimination would increase the competition among the producers. In this process, large transnational corporations (TNCs) are expected to play much more important roles in global T&C production and trade than before. Large retailing firms are exerting increasing influence on where imported products are produced. In many third world countries, the foreign affiliates of TNCs constitute very significant shares of total production and exports (UNCTAD, 2005).

The Quota System

The Multifibre Agreement (MFA) was a legal framework that regulated the textile and apparel trade between exporting and importing countries through bilateral agreements. It was effective after 1974 and it was supposed to be a temporary

measure taken so as to impose import limits in the case of market disruption. The main mechanism through which import limitations were implemented was a quota system. Each country set up certain quotas for textile and apparel imports from each trading partner.

In 1981, quota arrangements were effective in 80% of US textile and apparel imports (Krishna and Tan, 1997). Until 1991, MFA regulations were re-negotiated four times and they expired in 1994. As global textile and apparel trade expanded, these re-negotiated versions of MFA regulations became increasingly restrictive. However, countries developed some extra-MFA bilateral agreements that allowed trade with lower quota limits. Thus, it turned out that there were different quota limits between different countries. This was valid in terms of product variations. That is, there were different quotas for different goods imported. Thus, MFA became effective differently for different countries and for different products.

The quota system increased the cost of production as a whole by restricting supply in global scale and raising prices for consumers. As exporting countries reached their quota limits, production in these countries tended to be re-located in less quota-restricted countries and products. This resulted in re-allocation of T&C production in some developing countries that would otherwise not have had access to global markets. Obviously, this re-allocation is to be considered as a sort of race-to-the-bottom case. That is, as developing countries, which export T&C products, raise the competition among themselves, the profit margin that they extract from the global commodity chain decreases, on behalf of the upper segments of the chain. In addition, quota restrictions affected forms of production and industrial mechanisms, especially for more quota-restricted countries. Some East Asian countries preferred two different ways of shifting into higher-value-added production in order to save

their competitive edge: They either moved to more costly products that were less quota-restricted, or they raised themselves in the global commodity chain by re-allocating the labor intensive part of production to less restricted countries and dedicating themselves to design, marketing and management of production and trade. Hong Kong, Taiwan and foreign-capital production in Mexico are good examples for this trend. As these countries moved into higher-value-added production, their vulnerability to quota restrictions decreased because they frequently did not fulfill the quota limits on apparel exports. On the other hand, countries like China, India and Pakistan which developed growing capacities in labor-intensive apparel production experienced increased quota pressure. (Gereffi, 2003, p.14).

Considering the effect of the quota system on global labor markets, it is possible to assert that it led to the protection of jobs in high-cost -mostly developed- countries. It is also be possible to claim further that the main purpose of whole quota system was the national labor protectionism developed by high-cost countries. It is claimed that about 27 million jobs were lost in developing countries because of quota restrictions. One single job retained in developed countries is estimated to have caused the loss of 35 jobs in developing countries (Truong, 2003; Chandrasekhar, 2003).

The Multifibre Agreement that had regulated world textile and apparel trade for two decades was replaced by the Agreement on Textiles and Clothing (ATC) that was negotiated during the Uruguay Round ending in 1995. Due to the growing restrictions on T&C exports, most of the developing/exporting countries declared that they would leave trade negotiations (Uruguay Round) unless quota restrictions on T&C exports were lowered (Dickerson, 1999). Thus, the Uruguay Round lasted for eight years and culminated in the formation of the World Trade Organization in

1995. With the completion of the Uruguay Round, the MFA regulatory framework governing import quantities of T&C products into developed countries was replaced by the Agreement on Textiles and Clothing (ATC). ATC brought the elimination of quota restrictions on global T&C trade within a ten-year and four-staged period. The initial stages of quota elimination had little influence on global T&C trade, since they covered the integration of unrestricted products. The last stages, ending by 2005, by contrast, are more influential, since they applied to goods restricted by quotas. The decision-making process of quota elimination phases were to a great extent controlled by developed countries and the result is that the more the restriction on a given product, the later the quota elimination on this product. Also, ATC proposed increasing growth rates in restrictions on those items that continue to be subject to quotas until 2005 (UNCTAD, 2005).

As mentioned before, large retailers and large transnational producers began to occupy central positions in the allocation and organization of global T&C production and trade in the process of quota removal. The largest 40 retailers in the world, mostly headquartered in the US and the EU, are able to direct a large amount of foreign direct investment to any location they find optimum (UNCTAD, 2005). Large retailers usually tend to order large amounts of goods and this increases the power to control the production process at the source region along with the developing IT technologies that allow monitoring the production activities. Transnational producers from Hong Kong, Taiwan and Korea are advantageous within this framework because they have the know-how, technological capacity and flexibility required to handle the complex organization of T&C production. Large transnational producers are preferred by the retailers who tend to work with large factories that they have worked with before rather than small and new suppliers.

It seems that developing countries with certain productive features will enjoy advantages in quota elimination. The features include the ability to produce a wide range of products in T&C, access to high-quality supplies at competitive costs, and high-skilled labor force. China, India and some other East Asian countries meet these criteria. In the post-MFA period, nevertheless, some trade preferences, especially proximity to main markets, will be determinantal in the spatial re-distribution of global T&C production. This will increase the competitive power of some countries in Africa, Latin America, the Caribbean Basin, Central European Countries and specifically Turkey. However, most African countries are expected to worsen because, first, they do not have economies of scale to compete in global markets, and second they are disadvantageous by being excluded from regional trade agreements such as CAFTA and FTAA. Although some other Latin American countries have increased their shares due to the proximity conditions, industrial upgrading seems to be the major problem that these countries will face in the future. On the other hand, South Asian countries, excluding India and Pakistan, are highly dependent on the quota system in order to have access to global markets. Positions of these countries in the global T&C industry are mainly determined by buyer-driven mass merchandise and discount chains. Unlike India and Pakistan, they do not have raw materials such as cotton, and their competitive power comes from cheap labor to a great extent. With the elimination of quotas, their advantage from quotas will be compensated by lower labor cost strategies and this will cause the risks of job losses, wage cuts and deteriorations in labor standards.

Flexibility, Informal Economy and the Global Apparel Industry

In this section, I will focus on how flexible production and employment regimes articulate with the informal economy and shape the operation of global apparel commodity chains. After I briefly describe the transformation of production that has occurred in the last 30 years, I will make some points concerning the effects of flexibility and informality on the entire structure of global economy in general, and on the apparel commodity chains, in particular. The first point I will make is that informality creates an employment regime, which fits well with the logic of flexible production systems. In other words, it is true that informality has several underlying reasons, such as lowering of labor costs through the use of cheap labor, or preventing the growth of organized labor. It also facilitates flexibility in labor recruitment practices, and it is this function of informality that seems to be more significant for capital than the other two factors in the case of Istanbul workshop system. The second point is that workshops are informal not because they are not subject to financial regulation, but because they recruit workers from informal labor markets. Third, through informalization and thus flexibility, the risks embedded in the global trade are shifted to the bottom segments of the commodity chains, workshop owners and workers.

The period after the 1970s is marked by the transformation in the organization of production at the global level, from the Fordism to the flexible production regimes. Fordism enabled the capitalist system to overcome the structural crisis manifested by the Great Depression and created the conditions of "the golden age" of the capitalism that lasted until the 1970s. Another structural crisis in the

organization of capitalism emerged in the 1970s and the system has re-organized itself around flexible coordinates.

Fordism was characterized by the centralization of production. Production was carried out in large factories with hierarchically bureaucratic structures of work. Under this scheme, production strategies and market manipulations were directed by producer corporations. Moreover, workers of these corporations were placed into consumer positions in addition to their producer positions. In other words, in order to avoid under-consumption crises of the capitalism, workers were to be paid enough to be mass consumers, which was the main impetus of market operation of the Fordist period. Worker wages in main sectors, in general, increased to levels at which workers could stay close to middle class standards in terms of consumption patterns.

The form of production in the Fordist system had shaped labor conditions, as well. Workers in main sectors were provided with social insurance, job security and allowed unionization. Concentration of workers in large production facilitated organization of labor and increased capacity for improving wages, social benefits and raising political demands. At the same time, although workers came close to middle class standards in terms of income, the division of labor entailed in Fordist production enlarged the hierarchical distance between workers and managers in terms of the control of the production process (Sennett, p.42).

The economic structure of the Fordist organization in relation to the national developmentalist paradigm had underwent a structural crisis as the profit margins dropped. Transnational corporations sought the ways of increasing their capital accumulation capacity by de-centralizing the production process and their labor forces, paving the way for the post-Fordist form of production. In the post-Fordist period, production has moved from standardized products to specialized ones, giving

birth to flexible specialization. Production process was disintegrated at the local level, while it was integrated at the global level through the rising complexity of trade. In theory, flexibility and informalization does not necessitate each other. However, informal economy has become the *de facto* operating medium of subcontracting chains in the global economy by facilitating the flexibility of the production.

Today, informal sector activities occupy a vital position in the overall structure of the global economic system. It is difficult to arrive at an overarching definition of informal economy. Nevertheless, according to Castells and Portes, it can be generally described as "a process of income-generation characterized by … [being] …unregulated by the institutions of society in a legal and social environment in which similar activities are regulated" (Castells and Portes, 1989, p.12). In general, regulation means the government intervention into economic activities in order to impose taxation on entrepreneurs, and to protect labor rights of employees. For the workshop system of Istanbul's apparel industry, informality is valid mostly in terms of the violation of the second criteria. First criterion is met, since most of the workshops are subcontracted to firms producing for foreign buyers, and foreign buyers impose that the transactions between workshops and firms be officially registered for taxation. However, as I will emphasize in the following chapters, a great part of the workers in the workshops lack social security and this is the fundamental reason for our description of workshop system as an informal economy. Thus, these workshops are in the formal sector in terms of taxation, but the labor market associated with them is largely informal. Therefore, in the following parts of the thesis, by informality, I will mean depriving workers of the basic social rights, especially lack of social insurance and job security.

Large purchaser corporations are placed at the top of global flexible production chains as they give orders through subcontracting networks. In the middle of these networks lie the intermediary firms that organize the production process at local levels. Intermediary firms are free to choose where to produce and with whom to produce. Flexibility of labor externalizes the costs and risks to subcontracted firms, since the responsibilities of wage, social assistance, labor health and job security are transferred to independent subcontracted workshops at the local level (Özuğurlu, 2005). Workshops are contracted when there is demand for final product. When there is no demand from consumers, the contracts with the supplying units are simply not renewed. This just-in-time logic of production clearly reduces the cost of production by eliminating over-stock production. Also, this gives the retailers and manufacturers the chance to get rid of labor problems; they do not have to pay unemployment benefits or to deal with strikes or wage negotiations. If there is a problem with a particular contractor, there are many others waiting for orders from buyer (Appelbaum, 2000).

The expansion of the informality can be related to some factors. First, it decreased the labor costs by rendering workers devoid of social insurance and job security. In the Fordist model, firms were responsible for the welfare of their workers. Informality has enabled the firms to lower the social benefit costs. Firms got rid of the social responsibility for the workers by legally employing a small number of workers. A great part of the labor force taking part in the production process remained outside of the social net of the firms and firms transferred the responsibility of income, benefits and conditions onto the individual worker or onto the subcontracted units. (Gallin, p. 535). The informal workers at the lower segments

of the subcontracting chains have become *de facto* employees of the firms, devoid of legal rights.

Second, informalization constitutes a great obstacle for organized labor for two main factors: A worker lacking social security cannot be a member of trade unions. This is the legal obstacle. However, the second factor creates a much more significant obstacle for labor organizations. Flexible production regimes spatially disintegrated the production process, but vertically re-integrated it by rendering the labor as a flexible input. The large-scale complicated factory of the Fordist model was replaced by a network of small-scale workplaces dispersed across urban areas and vertically connected to the coordination centers, which extract the surplus value created in the small workplaces. For example, a single apparel subcontracting chain consists of many workshops spatially distant from each other and employing informal labor. The workers in different workshops of the chain produce similar commodities, experience similar working conditions and become subject to similar kinds of exploitative relations. However, they are spatially segregated from each other and they cannot transfer common experiences into collective ones easily. Trade unions, which are supposed to organize workers in a sector and develop common interest of these workers, suffer from being unable to reach workers working in separated workplaces. In most countries, they lost significant parts of their members.

The third and the most significant drive for informality for Istanbul workshop system is that, flexible production and the just-in-time logic of productive modeling have necessitated the companies to adapt their production plans to the amount of demand from the market. This involves flexibility in hiring and firing practices. Firms need to fire some workers when demand for their product from the market decreases. This flexibility increases as we approach to the lower segments of the

subcontracting chains. Indeed, it is difficult to fire a worker employed in a firm with social insurance. The firm has to prove that the worker is insufficient and to pay job-loss compensation. This is not compatible with the flexible conditions of global market competition.

Informality should not be regarded as a temporary deviance from the "ideal type" of the market, but rather as a structural constituent of the contemporary socio-economic system. It is not appropriate to identify formal sector as the "modern" and informal sector as the "non-modern" (Ybarra, 1989; Gallin, 2001, p.532). If we are to make a distinction between the modern and the non-modern modes of processes in terms of contemporaneity, informal labor schemes seem much more "modern" than formal ones. Informalization has facilitated the formation of a decentralized model of economic organization based on flexible production and a dispersed form of contractual networks. Formal labor contracts, which complicate the firing processes in terms of time and costs, do not admit just-in-time logic to operate. JIT model enabled the organization of the size of production according to the level of demand for that production and thus facilitated adjustments of the size of the labor force according to fluctuations in demand. In other words, an enterprise operating with the JIT logic becomes able to hires and fires its employees according to the demand for its product. This is a basic motivation to use informal labor force. For example, in Istanbul, there is no significant difference between wages in formal firms and informal workshops, considering worker wage as the total of direct and indirect wages. On the average, a semi-skilled machinist in formal firms earns 400-450 YTL, while s/he could earn 500-550 YTL in an informal workshop. In the formal firm, however, the worker has job security, while informal workers can be fired whenever workshops cannot obtain orders for production. Thus, formal firms tend to employ a

small number of workers and subcontract out the main part of production to workshops so as to flexibilize the labor recruitments within the entire chains.

A basic feature of flexible production regimes under globalization is the contrast between capital and labor in terms of their capacities to be mobile. With the rise of globalization, capital becomes extremely mobile but labor less so. In every labor market, there is social, cultural, legal or political constraints on labor flow. These restrictions enable capital to increase its capacity to extract surplus from the large non-privileged regions. Indeed, flexibility constantly creates such constraints by reproducing identities that enforce stratification in labor markets.

Segregation of the labor force is a powerful mechanism utilized effectively by the flexible production regimes to subjugate the workers. As I mentioned above, it makes labor organization more difficult. Also, it creates and intensifies the spatial hierarchies within the labor force and uses these hierarchies to improve its power against the workers. Namely, it creates differences between workers by enumerating some workers who are spatially closer to privileged nodes and who have higher skill levels at the expense of the remaining multitudes. Flexible accumulation regimes have brought a sense of responsible autonomy and multi-skilling to a privileged cluster of workers and an uncertainty, unpredictability and insecurity to the remaining multitudes recruited from informal labor markets (Munck, 2002, p.97). As Erik Wolf suggests, segmentation of labor markets always creates labor aristocracies with respect to the skill levels of the workers and their position in the production processes (Wolf, 357).

Another segregation mechanism of the flexible accumulation processes is the stratification of the working class along ethnic and gendered axes. It is obvious that working classes are defined by diversity- there are several working classes, which are

constituted by various ethnic and gendered subjectivities. Furthermore, working classes also differentiate with respect to the geographical origins of the workers, their communal ties or immigration status. (Wolf, p. 359). However, this "multiplicity" of working classes is reinforced further by the flexible forms of production in order to increase the vulnerability of working classes against the capital. Female workers and ethnic minorities constitute a great part of the labor force of the subcontracting chains and they form the most vulnerable sections in informal labor forces (Munck, Sassen, p.6). In Fordism, the dominant model was a single prosperous working class, which gained concessions from the capital and which was oriented towards mass consumption. However, the flexible mode of production utilizes different identities, subjectivities and social hierarchies existing in the social and cultural structure to segregate the labor force and to create a race-to-bottom between different segments of the classes.

Apparel Industry in the Turkish Context

In this section, I will describe the Position of Turkey within the global apparel commodity industry and the factors underlying the Turkey's success in the global competition. Turkey is currently one of the largest apparel exporters in the world with a total value of apparel exports equal to US$ 11.2 billion in 2004. It is in the second rank in terms of net export values after China. Turkey's development as a leading apparel producer began in the 1980s. A new liberal economic policy was introduced by the government elected after the coup d'etat of September 12, 1980, shifting from import-substituting industrialization to an export-led growth strategy. In this new paradigm, textile and apparel industries emerged as the locomotive of the

country's new economic development project. Apparel exports, which were US$ 1.3 billion in 1985, reached US 11.2 billion in 2004.

An analysis of the Turkey's position in the world and European T&C trade between 1980 and 2004 shows that, with the export-led policy of the post-1980 period, Turkey has significantly increased its share in global T&C trade. It also seems that Turkey has continued to increase its share in the world and European T&C markets after the release of global competition (see Table 6 and Table 7). In 1995, Turkey's total clothing exports were US$ 6.1 billion and in 2003, it was US$ 11.9 billion. The rates of increase were 21%, 24% and 12% in 2002, 2003 and 2004, respectively (WTO, 2005).

Table 6. Share of Turkish textile and clothing exports in the EU15 T&C imports (%)

2000	2001	2002	2003	
10.8	11.2	12.9	13.8	Clothing
10.8	11.6	11.6	12.6	Textiles

(Source: WTO, 2004)

Table 7. Share of Turkish textile and clothing exports in total world T&C exports (%)

1980	1990	2000	2004	
0.3	3.1	3.3	4.3	Clothing
0.6	1.4	2.4	3.3	Textiles

(Source: WTO, 2005)

There are many factors underlying the rapid development of Turkish apparel industry and its sustainability against rising global competition. These facilitating factors that I will focus on consists of an already established textile sector; proximity to the European markets and the close relations with the EU; the high quality of production and the ability to give quick responses to orders; specific labor force

characteristics; the availability of raw materials; and the decreasing subcontracting prices.

Before the 1980s, Turkey already had significant experience in the textile industry, producing especially for the domestic market; however, apparel industry was not developed to that extent. During the time of Ottoman Empire, several urban centers were important locations of textile production. Among them were Bursa, Denizli, Izmir, Gaziantep, Kayseri, and Istanbul. Even before the trade liberalization of the 1980s, textile producers occupied relatively vital positions in the country's import substitutionist economy. By 1960, about a third of all industrial establishments were producing textile for the domestic market (Seidman, 2004, p. 1). The existence of Sumerbank, a state holding founded in 1933, contributed much to the development of textile industry until the 1980s. Nevertheless, except for a brief period during the 1950s and 1960s, the textile industry was dominated by the private sector. There were many incentives provided to the private sector in order to improve the technology intensive textile industry, including tax exemptions, tariff and tax deductions, low cost credits and investment allowances. However, it is not possible to say the same thing for the apparel industry. Garments in Turkey were made in homes or by tailors mainly until the 1980s, excluding the mass production of suits and outerwear, which began after the 1960s. (Seidman, 2004, p.2).

At the beginning of the 1980s, the apparel industry was much less important for the country's economy than the textile industry. Apparel exports of Turkey were valued at US$106 million or 3.6% of total exports while textiles were $US671 millions or 23.1% of total exports. Then the apparel industry went a rapid development, and far exceeded textile exports. In 1995, apparel exports were $US6.2 billion or 29% of total exports while textiles were $US2.1 billion and 10%, indicating the maximum gap between them (ITKIB, 2003).

The distance between a producer and a buyer is a very important parameter in global apparel commodity chains. Although Asian countries have the strong advantage of having a cheaper labor forces vis-à-vis Turkey, Turkey's geographical proximity to European markets has endowed Turkish firms with a competitive edge. International transportation costs for exports from Far Eastern countries to western markets constitute quite an important part of total costs. Obviously, these costs are much lower for Turkish exports than more distant countries' exports. This gives Turkish firms the opportunity to lower selling prices in order to become competitive.

Apart from industrial legacy and market proximity, Turkish firms have important advantages due to their productive capacities. First, apparel production in Turkey has a very high level of quality. Although a bulk of the labor force consists of semi-skilled workers who had short job experience, there are many skilled workers and foremen in the sector, who have worked since their childhood. The lack of labor standards, which admits child labor, endowed the firms and their subcontractor with this advantage. As I will point out later, the introduction of 8-year elementary education and the workers' negative recognition of the future of the sector are expected to lower this advantage. Second, Turkish firms and workshops are used to completing the products quickly. The high competition among firms and workshops has made them adapt to the requirements of just-in-time production schemes.

Characteristics of Turkish apparel industry's labor force have largely facilitated Turkish firms' competition in the global markets. Among these characteristics, I will point out the prevalence of the informal labor markets and, specifically, the effect of internal displacement ok Kurdish population on the expansion of these informal labor markets.

The apparel industry in Turkey is based on the workshop/subcontracting system, which depends on an expanded informal labor force. Government regulation of the labor market is not strong and millions of people work without social security; 52.1% of total employees are not registered by any social security institution through their employment (DİE, 2004). In textiles and apparel industries, there are about 2 millions of people employed and about 1.5 millions of these people are informally employed (Güloğlu, 2005). As I mentioned in the section about informal economy, apparel firms has several advantageous from this expanded informal labor market.

Apart from these general features, specific politico-military conditions also contributed to the growth of an informal pool of workers. An important section of the informal (insecure) labor force in Istanbul is formed by Kurds internally displaced after the civil war. Istanbul has been absorbing waves of mass migration from the peripheral regions of Turkey since the 1950s. One can differentiate, however, between these waves of migration before and after the 1990s in terms of the conditions of fastening the flows and, related to this, the characteristics of the migrants. Up until the 1990s population movements to Istanbul, basically chain migrations, were primarily driven by economic concerns, particularly employment opportunities, within the frame of a growth oriented economic formation. Mass migration to Istanbul in the 1990s, however, had predominantly ethnic characteristics, since most migrants were Kurds who were displaced in the context of civil war and the Emergency State Rule in the Kurdish region of Turkey. Thousands of Kurdish villages were evacuated by the state during the 1990s and more than two million people were displaced to the Western parts of Turkey. These people were pushed from their lands because of political and military-security concerns instead of being pulled by the social and economic opportunities of the cities (Keyder, 2005).

Hundreds of thousands of displaced Kurds moved into Istanbul, relying mainly on kin and community networks to survive in the extremely unfavorable conditions of the economic and spatial peripheries of the city. Constituting a cheap labor source, without professional qualifications and ready to work in any jobs they could find, displaced Kurds became a major part of the informal labor market in Istanbul. As my research shows, a large number of workers and workshop owners in Istanbul's apparel workshop system consist of immigrant Kurds. It should be emphasized that the apparel industry, as a labor-intensive sector, mainly depends on semi-skilled/skilled workers. On the one hand, the qualifications required to work in this industry as a semi-skilled worker can be acquired by taking part in the production process for a short time. This situation has made apparel workshops as a possible source of employment for Kurdish immigrants. On the other hand, waves of displaced Kurds have created a potential pool of cheap labor force for an industry, which does not involve high qualifications at the point of entry for the bulk of its labor force. It is clear that Kurdish migration has some political dynamics as underlying factors. However, this migration, in turn, has various economic, perhaps unintended, consequences and the extension of the informal labor force is one of them.

Turkey's long-standing association with the European Union has facilitated Turkish firms' incorporation into the global apparel commodity chains. Actually, continuous, albeit not stable, relations with the EU have given Turkish firms the opportunity to enter into European apparel markets more easily than their East Asian competitors could do. This is currently much more important than ever because of the elimination in T&C quotas.

After the Customs Union in 1996 with the European Union, which removed all existing restrictions on trade, Turkey strengthened its competitive edge in T&C trade. Indeed, the main beneficiaries of the Customs Union from Turkey were the textile and clothing exporters. On the one hand, in 2003 Turkey was the second largest apparel exporter to the European Union (15) with a value of US$ 8.3 billion and a share of 13.79% following China which provides 20.47% of the EU(15)'s imports (WTO, 2005). On the other hand, in 2004 the EU(15) bought the 74% of Turkey's total textile and apparel exports (World Trade Analyzer, 2004 United Nations Comtrade Data).

Availability of raw materials is an important advantage of Turkish apparel industry. Most of the T&C exporting countries have to import at least some of the raw material (cotton etc.) before manufacturing. Turkey, as an important cotton producer, has made use of this advantage. Producing the raw material has decreased the cost of production and strengthened the Turkish firms' competitive edge in the global T&C market.

Turkish firms kept their competitive edge in the global T&C markets by lowering the profit margins of the workshops. As observed during my research, in general, subcontracting prices in the apparel industry have been in the same level for about four years. Considering the inflation rate and annual increases in labor wages (albeit not high), this has meant a real decrease in subcontracting prices. As local firms have entered into global competition, they have squeezed the workshops from above in order to stay competitive. They have tried to keep their profit margins by keeping subcontracting prices constant. Indeed, this is a basic underlying logic of global commodity chains. Squeezing is effective in every level of the chains as deepening towards the bottom. The actors at the top of the chains externalize the risk

of production to the lower levels and extend their profit margins by raising the competition at the bottom. Local firms are also subject to such squeezing pressures from the foreign buyers. Their profit margins are also decreasing, to some extent, albeit not in parallel with the workshops.

On the other hand, the wages of workers have not undergone a commensurate decrease. Indeed, the mushrooming of workshops and corresponding shortage of skilled labor have endowed workers with the ability to prevent sharp decreases in wages. This has created an upward pressure on the workshops from the labor market. I am not arguing that the wages are high in the apparel industry. Rather, I am arguing that, the decrease in subcontracting prices has not been compensated totally by decreasing wages.

This situation shows that firms have not seriously lost their competitive edge in the global market by increasing the rate of surplus from the entire workshop system. Workshop owners, especially those of small and middle-scale workshops, have almost lost their capacity to make capital accumulation. They are pressured from above and below. During this process, the class struggles for profit sharing between workshop owners and workers and between workshop owners and firms have deeply intensified.

CHAPTER II

LABOR MARKET CONDITIONS AND RELATIONS WITHIN WORKSHOPS

The focus of this chapter is the investigation of the mutual positioning of workers and workshop owners within Istanbul's informal apparel industry. This positioning comprises some power and bargaining relations and these relations have various social and economic determinants. The workshop network within which these relations are embedded will be investigated in terms of some aspects including labor market features, posts, qualifications, working rhythm, working conditions, labor standards, and social security,

Now, let us mention some important characteristics of the labor market and intra-workshop relations of Istanbul's apparel industry.

Posts, Skills and Bargaining Power of Workers

In this section, I will try to describe workers' positions within the production relations in the workshop system. Each worker's position in the production process (post) with a certain skill level shapes the degree of bargaining capacity against workshop owners. I will elaborate on the issue of bargaining between workers and workshop owners, by putting particular emphasis on the source of workers' bargaining powers and the object of bargaining between workers and owners. Also, I will analyze the articulation between bargaining power and cultural formations.

These three related issues - posts, skills and bargaining power – shall be analyzed with respect to three different issues. The first issue is the system of production –craft or assembly line. System of production changes according to various parameters to be mentioned later. The second is the type of product a

workshop produces, which is designated by the type of material used in production – fabric (*kumaş*), combed cotton (*penye*), knitwear (*triko*). Indeed, apparel industry is a general name for different sub-industries; most important ones being fabric, combed cotton and knitwear[2]. Fabric workshops (*kumaş atölyeleri*) produce coats, jackets, skirts, jeans, trousers, shirts etc. Combed cotton workshops produce t-shirts, shorts etc. and knitwear workshops produce sweaters, cardigans, jerseys etc. The third is the scale of workshop- small, middle and large-scale workshops. By considering these issues, we will see that specific posts in workshops differ in terms of required skills and acquired bargaining powers.

Production methods in Istanbul's apparel workshop system have two forms: The assembly line system, and the craft system. In the assembly line system, the raw materials of the production in workshops come from the firm, where fabrics are cut, painted, washed, i.e. they become ready to be processed in the workshop. Then, they are distributed to a number of workshops. In the workshop, workers are aligned through assembly line(s) - the number of assembly lines within a workshop varies with respect to the size of the workshop. In every workshop, these pieces are inserted into the line from the first machinist, and then they are processed through subsequent machinists and other workers. In the end, different pieces are combined to form a single garment. Then, this garment is quality-controlled, pressed, pocketed. This process is repeated within different workshops subcontracted by the firm. Then, all garments are collected from the workshops and brought back to the firm to be labeled and sent to the buyer.

In the craft system, however, pieces are not subject to subsequent processes carried out by different workers with different specializations. On the contrary, a

[2] Leather garment production is another important branch of apparel industry. However, it has quite a different production style and corresponding productive relations. Thus, I did not take it into account during my research.

single worker sews a garment almost completely. There is still a division of labor in the workshop. This division of labor, however, entails a differentiation between sewing tasks and other non-sewing tasks including *sonütü*, cleaning, *ortacılık* etc. In other words, the main difference between the assembly line system and the craft system is the degree of differentiation entailed in each task. In the assembly line system, sewing is carried out by different workers with different specializations subsequently processing the pieces, but in the craft system, it is done by a single machinist at one time.

The type of product workshop produces shapes the system used in the production. In Istanbul, almost all workshops producing jeans, combed cotton, knitwear use the assembly line system. However, fabric workshops producing coats, jackets, skirts etc usually use the craft system. It can be said that only large-scale workshops producing fabric garments use the assembly line system, but small and middle-scale workshops use the craft system since. In general, large-scale workshops –those employing 50 or more workers- do not work in the craft system. Small-scale workshops –those employing less then 10 workers- usually use crafts system. Middle scale workshops may use either system according to the type of product.

The size of workshops means the number of machines within the workshop. The total number of workers is roughly proportional to the number of machines in the workshop, because there must a number of *ortaci*s and quality controllers per machines. For example, in a workshop producing coats, there must be one ortaci for each three machines.

We can classify the workshops in Istanbul in terms of their scale and the corresponding productive relations for these scales:

a) Small-scale workshop: Workshops with 3-7 workers: These workshops are most typically family enterprises. They usually produce in the basements of apartments. The workers are the children or relatives of the family, and thus they are working for less money than they would earn in other workshops. Usually, there is no social security for workers, which sustains the market power and survival capacity of these workshops. They work for small orders, especially for sample piece production. A sample piece is a piece that a firm sends to their foreign buyer in order to demonstrate the quality of their product. The orders for sample pieces are small, but since they require higher quality than ordinary pieces, the price per a sample piece is normally double that of a normal piece.

b) Small-to-middle scale workshops: Workshops with 10-30 workers. Generally, these workshops employ workers from the neighborhood where the workshop is located or from nearby neighborhoods. Typically, there is no transportation service provided by the workshop. The prevalence of these kinds of workshops in Istanbul has impeded labor flows within Istanbul's apparel industry. Such workshops can readily operate with workers from the same neighborhood, since they do not need many workers. Their financial capacities are very limited and they cannot provide transportation for workers.

c) Middle-to-large scale workshops: Workshops with 60-100 workers. Generally, they are subcontracted by firms oriented to export markets. The quality of production and price paid by the buyer per piece are usually high. They can make price bargaining with the buyers to some extent. They use the assembly line system, but also have some very skilled workers, about 6-8, who can accomplish full tasks. Workshops provide good conditions for the workers, such as social insurance, good salary, and some fringe benefits. However, the remaining workers, who work in the

assembly line, have to work in very unpleasant conditions. These ordinary workers have little bargaining power against the workshop owners.

d) Large-scale workshops: Workshops with 100-150 workers. They are export-oriented workshops operating as if they were small-scale factories. They can export directly to foreign buyers or do subcontract work for other firms, when they are in need. Usually they employ their own styler in order to create their own models. What makes them different form normal small or middle scale factories/firms is that they do not subcontract out, and they mostly employ informal labor unlike firms.

Apparel workshops allocate workers into different posts. The description of these posts will differ with respect to the type of final product of workshops. Nevertheless, every apparel workshop has several posts in common, consisting of *ortaci*[3], machinist, quality-control worker, *sonütücü*[4] and cleaner[5]. There may be additional posts for different type of product; however, above posts are present in all kinds of workshops. But, the content of these tasks differ depending on the type of product.

Machinists carry out the basic operation in workshop production. They sew the cut pieces, which are sent by the firms to the workshops. That is, they combine the pieces and give them their final shape. There are different types of sewing machines and, thus, different types of machinists. *Overlok* machinists fold the edges of the garments and sew them towards inside of the garment. They give the garment a smooth shape. *Rençbe* machinists sew the cuff (*paça*) of trousers. *Çiftiğne*

[3] *Ortacı*'s are usually the youngest and the least skilled workers -aged between 13 and 16- who carry out the basic and simple coordination and transmission between the machinists; they distribute the materials to them, recollect the product, help them if necessary, etc. All workers begin work life as *ortaci*.
[4] *Sonütücü* is the worker who does the final press on the product.
[5] Cleaner and quality controllers are lower in the work hierarchy than machinists.

machinists sew the sides of jeans. There are also button and buttonhole machinists who carry out these different tasks.

Machinists in the workshops using the assembly line system, independent from the type of product and the scale of workshop, are classified into two categories: 1st machinists and 2nd machinists. 1st machinists are those skilled machinists who are backbone of the production in workshops. 2nd machinists are new or less skilled machinists who work as complementary to the 1st machinists. These two categories of machinists are specialized in terms of tasks because their skill levels are different.

Let us consider a large-scale workshop producing jackets. The production of the jacket requires different operations, for example sewing the parts of the main body, combining collar and arms to the main body, opening buttonholes, attaching buttons etc. These tasks involve specializations in the assembly line system. However, some of these tasks require higher levels of skill. For example, combining the collars or the arms to the main body of the jacket is much more complicated and difficult than combining two main parts of the body with a straight sewing. A single stitch mistakenly sewed in combining the arm to the body can cause the arm to curl towards the back. Therefore, these complicated tasks are carried out by the 1st machinists. 2nd machinists do the basic sewing of the jacket. In producing a trouser, for example, 1st machinists sew the zippers or pockets, and 2nd machinists sew the side lines. 1st machinists do the critical sewing 2nd machinists do the trivial sewing. Without 1st machinists, 2nd machinists cannot complete the garment without error. 1st machinists are the skilled machinists; they give directives to 2nd machinists when needed.

A workshop, which uses the assembly line system with 30 workers, has to employ at least 15 skilled workers of all posts. These 15 workers are those who have high skill in her/his specific task. For example, the workshop needs at least two skilled ortacis, at least one skilled quality controller, and one sonütücü. Likewise, at least one third of machinists have to be skilled. The remaining machinists assist the skilled machinists.

In the assembly line system, there are certain numbers of skilled workers required for each task. For example, for a workshop using assembly line system with 10 machinists, three of these machinists are supposed to be skilled (1^{st}) machinists and the remaining seven are to be 2^{nd} machinists. This number is on the optimum level to minimize wage costs and maximize production capacity simultaneously. That is, less than three skilled workers would be insufficient to carry out the production without disruption, and more than three skilled workers would be too expensive for the employer, since the wages of 1st machinists are much higher than that of 2^{nd} machinists. Also, these three 1^{st} machinists would be the last three workers to be fired when employers have to fire some workers. An employer cannot easily find 1^{st} machinists, but can more easily find 2^{nd} machinists. Therefore, employers want to keep 1^{st} machinists as much as possible.

In general, as the complexity of the product rises, the ratio of the number 1^{st} machinists to the total number of machinists increases. In general, complexity is highest in fabric garment production, then knitwear and lowest in combed cotton. In fabric workshops, this ratio is roughly 0.3, but in combed cotton workshops, the ratio is between 0.05-0.1. In a workshop producing combed cotton, 1^{st} machinist sew the collars. Collar sewing is the most difficult task in combed cotton production and it is

a small part of the entire production process. Therefore, combed cotton workshops do not need high numbers of 1st machinists.

The time required to become a machinists differs with respect to the type of machine. It takes two to three months to learn basically how to operate an *overlok* machine. To become a skilled (1st) *overlok* machinist, however, one needs to work at least two years. Skill acquisition time is three years for *rençbe* machine. *Rençbe* machine is more complicated than *overlok* machine and it requires a higher skill level. *Overlokçu* and *rençbeci* are two different but related specifications. A worker, İdris, from Sanayi Mahallesi, said that the relationship between an *overlokçu* and a *rençbeci* is analogous to the one between a mathematician and a physician. They have different tasks, but a talented and experienced person can handle two of them successfully.

Kompleci machinists are those workers who can operate several different kinds of machines–usually three to four machines. *Kompleci*s have specialized on a single machine, but they have learnt how to handle other types of machines as well. Usually it takes five to six years to become a *kompleci*. *Kompleci* workers, in general, begin to work in early ages, when they are about eight or ten years old. There are many child workers in the sector, but those children who were talented and interested in work might become *kompleci* machinists.

Workshops producing different types of products also differ in terms of the number of *kompleci* workers employed. For example, in a 30-worker workshop producing t-shirts with the assembly line, there are at most two *kompleci*s. Fabric workshops do not employ *kompleci* workers, because production in these workshops does not involve the use of several different machines. Usually there are one or two types of machines in those workshops. For example, *overlok* or *rençbe* machine is

not required in these types of workshops. However, workshops producing combed cotton, jeans, or knitwear depend on different kinds of machines and they need different kinds of machinists.

Workers in combed cotton and knitwear workshops are generally females. In fabric workshops, most of the workers, however, are males. Male workers usually begin to work at earlier ages than females. Fabric garment production requires more skill and job experience. Learning how to sew fabric garments takes more time than learning combed cotton or knitwear. Therefore, begin-to-work age in fabric workshops drops even down to 7-8. It is almost impossible for a female to begin working at these ages. In combed cotton, *overlok* machine is the basic productive instrument, which is usually used by females. It can be learnt in a relatively short period, but it brings lower wages. In this context, male workers usually do not prefer to be *overlokçu*.

Some owners, on the contrary, prefer female workers, because they find females more docile. An owner from Sultanbeyli said that;

"I want female workers. 40 out of 55 workers in my workshop are females. Why? They are more devoted to their jobs. Male workers do not want to work if there is a football match. They can leave the job for an extra 20 YTL, but females do not do this easily. But, the problem with females is that their families do not want them to work after 9 o'clock."

As Standing argues, through the feminization of global production through flexible labor, women workers are assigned to low skilled and semi-skilled positions as women are usually not provided with skill training and are seen as easily replaceable labor power (Standing, 1989). Although female workers can readily have as much work experience as male workers, the subordination of women workers can continue with a collusion of the interests of employers with the ideology of the patriarchal system (Fortuna and Prates, 1989).

Technological developments influence labor relations in apparel workshops. Machines using high technology systems are increasingly utilized especially in large-scale workshops with the assembly line systems. This use of new technological instruments decreases the demand for skilled labor from workshops. For example, there is a task in workshops, called *fuloto*, used to sew the pockets. Currently, some large-scale workshops began to use *fuloto* machines, which speed the process considerably. One *fuloto* machine can do the job of four *fuleto* machinists, who are supposed to be highly skilled and have high degree of bargaining power against the owners due to the complicated structure of their tasks. *Fuloto* machines can sew 2000 pockets a day, while a skilled 1st machinists specialized on *fuloto* can sew 400-500 pockets a day. These kinds of machines decrease the dependence of workshops on the 1st machinists. In general, large-scale workshops use *fuloto* machines. They have the capital accumulation capacity to invest in technology, and brand name companies require the use of these kinds of machines to ensure the standardization of the products. For example, Sarar Company does not subcontract to those workshops without fuloto machine.

This differentiation between large and small-scale workshops affects on the spatial distribution of skill, and bargaining power of workers. For example, it is stated by many workers and owners that, in general, a 1st machinist in Çağlayan is expected to be more skilled than a 1st machinist in Ümraniye. This is basically because workshops in Ümraniye are larger than those in Çağlayan. In general, workshops on the Anatolian side are larger than those on the European side-especially, those on the core city.

Apparel industry has emerged on the Anatolian side after it became mature on the European side. The European side, especially neighborhoods around Osmanbey,

has a history of apparel production. Transformation in the European side in terms of production system or workshop scale could not completely break the existing labor relations, post definitions, skill levels or bargaining forms. However, newly industrialized neighborhoods on the Anatolian side, e.g. Ümraniye, Sarıgazi, Çekmeköy, Maltepe, have become apparel production sites mainly after Turkish apparel industry became incorporated into global apparel commodity chains. The workshops in these neighborhoods have been larger than those on the European side since the apparel industry began to be established in these neighborhoods.

After 1990s, exporting firms preferred to subcontract their production to large-scale workshops in order to systematize the production. This created a stimulus to found larger scale workshops on the Anatolian side. This is also valid for the European side. But, the existing structure of the apparel industry on the European side, which historically depended on the craft system and the extensive utilization of skilled machinists, has impeded the expansion of large scale workshops on the European side. There was no system to resist the establishment of large scale workshops in the newly industrializing neighborhoods on the Anatolian side. On the contrary, this new system was the constitutive form of industry in these regions. The workshops on these neighborhoods have always been large scale, have always used the assembly line system, and have increasingly acquired technology-intensive characteristics. Thus, a young worker has less chance of acquiring high skill levels Anatolian side in comparison to the central neighborhoods of the European side. They have higher chances of finding job in large-scale workshops, or they have less chance of being employed in craft system workshops where they could acquire higher skill levels. For example, a new worker in Ümraniye more probably will work in a large-scale workshop and her/his skills will be shaped according to the needs of

that large-scale workshop, which implements assembly line system more strictly than a small or middle-scale workshop. A worker from Ayazağa said, "a 1st quality machinist in Ümraniye corresponds to a 2nd machinist in Çağlayan in terms of skill level." This shows the extent of skill level differentiation.

Relationships between workshop owners and workers are shaped by various forms bargaining relations. Bargaining power of a worker against his/her employer depends on the skill level of worker, the post of worker, system of production, type of product and the scale of the workshop. While most of the workers have no significant bargaining power against the owners, some clusters of worker have very high bargaining powers.

There are two main objects of bargaining between workers and workshop owners; wages and social security. I define bargaining power of a worker as the ability to make his/her demand accepted by the owner although that demand is against the interests of the owner. For example, if providing the worker with social security is beneficial for the owner, then we cannot infer that worker has bargaining power and that worker uses his/her bargaining power to obtain social security.

Which workers have bargaining power? What is the source of that bargaining power? Basically, 1st machinists working in assembly line systems can readily bargain with their owners about these issues, especially about wages. 1st machinists on the European side and especially in the central regions of the European side are very powerful in bargaining. They are not much concerned about being fired, because they know that they can find a job in a short time. This is valid for all types of products. However, 2nd machinists in the assembly line system have not much bargaining capacity against the owners for two main reasons: First, there are many 2nd class machinists in the labor market in all neighborhoods, and second, their

position within the assembly line is not so critical. For example, a three-month experienced 2nd machinist can do the job as well as a one-year experienced machinist. Their job is trivial in comparison to the job of 1st machinists and the error made by a 2nd machinist is tolerable. 1st machinists acquire their bargaining power with the same reasons: First, there is 1st machinist shortage in the labor market, and second, their job performance directly determines the quality of the product. For example, in jacket production, each skilled worker has his/her own style of sewing the arms to the main body. For example, Idris Usta, a skilled worker from Sanayi Mahallesi, is renowned by his shapely sewing of arms. He can also quickly spot if there is a mistake in the sewing of the arm. Additionally, the smooth operation of the assembly line depends on the performance of 1st machinists. For example, let us consider a 30 machine workshop producing combed cotton t-shirts, using assembly line. Also, let us assume that there are three assembly lines, each of which has one 1st machinists sewing the collars to the t-shirt. Now, if the workshop loses one of these 1st machinists, then either one assembly line stops, or one of the other two 1st machinists help the line to operate. Even in the second case, operations in both lines will slow down. As we said before, time is very important in apparel workshops and loss of one 1st machinists would harm the workshop. We can specify this issue as the main source of bargaining power of 1st machinists.

It is possible to argue that 1st machinists, especially *kompleci* ones, have a privileged position within the labor force of workshops using the assembly line system. I argue that they constitute the labor aristocracy of the informal labor force in the apparel industry by considering aristocracy as a relative position. In every workshop, skilled machinists are regarded by the owners as the basis of the work force. The owners tend to allocate their limited opportunities for these workers. They

benefit from having social security, getting wage increases more frequently, and having an implicit power over other workers.

The possibility of finding a new job is quite high for the 1st machinists. It is not extraordinary for experienced sewing machinists to be offered jobs by other workshops - this is not the case however for a *sonütücü*, an *ortacı*, a quality controller, a cleaner or even for a 2nd machinist. 1st machinists are usually not fired; instead, they leave the workshop voluntarily-if one is not obviously incapable of hard work. One of them, Vedat, asserts that he has been working for six years in eight different workshops and he changes jobs frequently. He also said he has never taken a vacation during these six years. Moreover, he adds that if he wants, he can find a new job in almost one week. In almost every workshop I visited, there were help wanted signs for 1st machinists. Although working conditions and working hours are very hard in workshops, the relative scarcity of skilled workers and the relative abundance of workshops grant 1st machinists a degree of power in the workplace.

In the assembly line, bargaining power differs within each task as well as different tasks have certain hierarchies with respect to each other. In that context, bargaining power of workers in a specific workshop changes along two axes; first along the tasks, and second along the skill levels. For example, a highly skilled *sonütücü* can be equal to a 1st machinist in terms of wage or bargaining power. It is reported that a skilled *sonütücü* in Ümraniye said to the owner "I press a shirt in 26 seconds, I can find job everywhere!" Likewise, a talented and fast *ortaci* does have a significant degree of bargaining power, even s/he can obtain a wage equal to that of a 2nd machinist.

Different posts also have different degrees of bargaining power. For example, overlokçu workers have bargaining power only if they are very skilled. If an

overlokçu is not very skilled, then this emerges as a factor negatively affecting his/her bargaining power. The ordinary *overlokçu* workers have more difficulties in finding jobs than machinists doing trivial sewing, because their job performance directly determines the overall performance of the assembly line. If an *overlokçu* is working slowly, then the line becomes slow. This is not the case for trivial sewing. There are many workers doing trivial sewing and all of them passing the pieces they have done to the *overlokçu*. *Overlokçu* collects all the pieces and completes the process. Thus, the bargaining power of a semi-skilled *overlokçu* against owners is less than a semi-skilled machinist doing trivial sewing.

If we are to make a comparison between workers employed in different sub-industries of apparel sector, we can say that 1st class machinists working in assembly line producing jackets have the highest bargaining power. This is followed by those producing trousers, skirts, knitwear and combed cotton. Jacket production can hardly tolerate a mistake done by 1st machinists and this tolerance gradually increases as we approach combed cotton production.

We can compare the bargaining power of workers employed in formal firms and informal workshops and claim that skilled workers in workshops have more bargaining capacity against their employers, especially about wages, than those in formal firms. Indeed, some employers and workers told that the workers in workshops are more skilled in their own tasks in comparison to the workers of formal firms. Workers in workshops have to gain, more or less, the expertise of other tasks, even if they work in the assembly line. Flexible accumulation and employment regimes of workshops, together with the prevalence of informal labor, require that if a workshop loses or fires one worker doing a specific task, another worker should be able to carry out that task, albeit not satisfactorily, until the workshop finds another

worker. In this way, it is partially guaranteed that production would not be interrupted if one worker left the workshop. Labor force is much more stable in firms than in workshops. Thus, assembly line system can be more adequately implemented and firms are less dependent on a single skilled worker. The implementation of a flexible employment regime means that workshops, in general, need to work with more skilled workers.

In general, wages are lower in formal firms than workshops. For example, a 2nd machinist can earn at most 400 YTL in a textile firm in Yenibosna, because there are upper limits for wages in formal firms. In other words, firm owners determine the maximum wage for machinists and workers cannot demand higher wages from the employer. This bureaucratic wage regime in formal firms limits the bargaining capacity of the workers about wages. However, in workshops, workers can bargain with the owner about her/his wage if s/he has the enough skill level.

Shortage of skilled (1st) machinists in the labor market of workshop system is the fundamental source of the bargaining power of 1st machinists. There are several factors contributing to this shortage. The first factor is the introduction of the eight-year compulsory education system. According to many workshop owners, the introduction of eight-year compulsory education has contributed much to the skilled labor shortage in Istanbul's apparel workshop system. Indeed, the workshops are able to reach a big unskilled labor pool, but the amount of skilled labor is very limited. With the eight-year system, children are required to attend school until age 15. Owners said it is very difficult to get qualification after age 15. A workshop owner from Sanayi Mahallesi claimed that;

> *Ortaci*s of these days are not disciplined. Once there was respect for the bosses, money was not the issue. Children were being disciplined by the foremen instead of their families. Now, children older than 15 are not obedient. Once there was beating. New children leave the job

> immediately whenever they hear a curse from us, because they can find another job easily.

He connected this to the introduction of eight-year education system. For him, discipline is necessary to obtain skills. Skill is acquired only if a worker begins working in early ages and only if this worker commits himself/herself to the work by adopting work discipline. The workers beginning to work after compulsory education are adolescents and too old to instill work discipline. By work discipline of workshop, we understand low labor conditions to which little children cannot resist by themselves. After childhood, the workers become more resistant and they have less patience and less time for acquiring skill. Therefore, the number of workers who sustain until they become skilled got smaller after the introduction of the compulsory education system. We can say that eight-year compulsory education system has increased the bargaining power of those remaining skilled workers against workshop owners.

Second, the expansion of the assembly line system has also been determinantal in the skilled labor shortage. The apprenticeship tradition has been displaced by the *ortacilik* position, which does not allow workers to learn every stage of the production process. A workshop owner from Caglayan said that,

> Assembly system has come and workers' abilities have decreased. Now, there is no apprenticeship period. Workers learn only very trivial things. They always do the same thing, standard things. There is no artisanship…
>
> For months, I could not find any apprentice; all of the *ortaci*s are leaving the job for higher wages without learning the job well. Some workers come from the Anatolian Side, but they are not skilled, they are not *kompleci*.

Another owner from Osmanbey stated that,

> In the 1980s, children (apprentices/*ortaci*s) were not supposed to make good money. They were expected to learn the occupation. Now children come to us and ask, "how much will I earn?" They see every workshop as train stations, whenever there is a place giving them more money, they will immediately leave us. They have friends working in other workshops and they know the wages in every workshop. Owners also share their knowledge, and try to stabilize the average wage in the neighborhood.

Another workshop owner from Bagcilar said that;

> We are giving little money to ortacis since they are learning the job. But their families do not tolerate this. After two months, they take their child and bring her/him to another workshop as if s/he is a machinist. The period of apprenticeship is very short. Anyway, assembly line does not require mastery.

On the other hand, workshop owners are aware that they have to decrease their dependency on skilled workers, who increasingly have gained bargaining power against themselves. This decrease in dependency has been made possible by the systematization of the production process. In other words, in the assembly line system, and in the large-scale workshops, an owner's dependence on an individual skilled worker is less and consequently bargaining power of workers against the owner is lower. An owner from Caglayan said that,

> Workshop owners think that rather than employing a skilled and expensive worker, I can shift to an assembly line; I can produce with less cost and more regularly. That is why, workshops in Istanbul *tend to enlarge*.

Therefore, we can argue that Istanbul's apparel workshop system has been increasingly gaining the form of a factory, with spatially dispersed units operating with the logic of the assembly line system. In this process, as I will elaborate on later, owners of small and middle-scale workshops, especially those, which did not acquire an assembly line system, have been losing their bargaining capacity against the subcontracting firms, and against the skilled workers. Considering their decreasing profit margins and capital accumulation capacities, it seems that they will be

eliminated from the workshop system, and the large-scale workshops, which operate almost as small-scale factories, will dominate the system.

The third contributory factor for the skilled labor shortage is the high circulation of workers among the workshops within the same neighborhood. For example, the best way to find out the workshops in a slum of Istanbul is to look for job announcements posted outside them. Actually, almost all workshops in Istanbul are looking for "*overlokcu*, *reçbeci*, *sonütücü*, etc." and these announcements are always placed on the wall of the workshop. Since most of them do not have any official signboard, job announcements are their *de facto* signboards. The basic reason for these constant job announcements is that skilled workers are circulating continuously among the workshops. The president of Istanbul Terziler Odasi explained briefly that, "the worker comes to the workshop, s/he works for a month, and either s/he cannot get money or s/he works too hard. Then s/he leaves the job."

Almost all of the workshop owners with whom I talked with regarded this high circulation as an immoral attitude on the part of the workers. For them, workshop workers are "immoral, corrupt and ungrateful", since they can easily leave you for 50 YTL. Here, the owners demand a specific form of "business ethic" from workers, one that requires workers to give more priority to the workshop than to her/his personal interests. Yılmaz Kocaoğlu, the president of ITFAD, said it is very difficult to keep skilled machinists in a workshop; they are very "sensitive and volatile". For him, this is directly related to the mushrooming of workshops after 1995. Since then, the new workshops entering the market began to transfer skilled workers by raising their wages and this created a trend in the workshop system. The owner of the Nazteks Company, Zafer Alatlı, said that;

> Workers have no motivation for committing themselves to the work so that they can improve themselves. Both the workshop owners and the

> workers have made good money until now. They have bought good clothing, mobile phones etc. Now, things are not so easy. A 100-worker workshop cannot keep its best worker. There is too much circulation of workers. Workers do not feel adherence to the workshops; they have no business ethic! That is why the cost of a new worker is so high.

It is very important to emphasize that the circulation and corresponding relative bargaining power of workers against owners changes seasonally. Between August and May, when the workshops operate at full capacity, workers, especially skilled workers, frequently get offers from other workshops. During this period, wages can increase to unexpected levels. However, afterwards, many worker face unemployment. An owner from Güngören said that, "they quit us in the full season. Then they come back and say, 'Please, take me back, I am unemployed.' They are not farseeing."

In general, whether there will be improvement in employment and working conditions of the labor market depends partially on two factors: The chance of a worker to acquire skill and the level of demand for the final product (Balakrishnan and Sayeed, 2002, p.17). That is, if acquiring skill is difficult and time consuming for workers in a skill intensive sector and if there is a high level of demand for the product, then the labor supply may constrict and the conditions of the skilled workers may improve. This is more probable in the sectors which depend on batch production- where production is broken into distinct, fully contained tasks, and depends on intensive skill, for example, in the manufacturing of garments, footwear, and carpets. In the situation that I examined, it can be said that both conditions do exist. There is a high level of demand for apparel products in the global consumer market and obtaining skill in this sector requires long-term work experience. Some positive conditions of the workers, such as a relatively high level of wage ($600-650 a month for an experienced machinist in Sanayi Mahallesi), can be related to this

juxtaposition of circumstances in an almost wholly unregulated and insecure labor market.

Thus, within some parts of the network of the Istanbul apparel workshops, we observe time and space specific labor markets, which endows the informal skilled workers with a remarkable degree of bargaining power. At first sight, this phenomenon seems to be a consequence of a structural economic formation. However, the emergence of this economic structure itself is a sociological phenomenon. There is a spatial distribution of the relative bargaining power of workers. The emergence of spatially distinct regions with different states of labor and wage conditions contrasts with the uni-dimensional rationality of economic theory, which assumes a flow of labor from lower wage regions to higher ones. However, due to some non-economic –social, cultural and spatial- factors, distinct neighborhoods have acquired distinct labor markets in Istanbul. I recognized that changing demographic, spatial and economic characteristics of Istanbul made this bargaining power possible, also distributing it unevenly among the workers and neighborhoods. This illustrates that the articulation of global production networks with local addresses *can* bring about a different kind of rationality. Capital diffusing into localities throughout the globe can have different rationalities specific to each context. That is to say, capital is shaped in a dynamic interaction with the social and cultural processes of the existing spatio-temporality. Thus, the cultural and social values and expectations of neighborhoods (familial, gender, ethnic or migration related) interact with some macro economic transformations to bring about some micro-cultural practices, i.e. a specific form of working culture, which in turn articulate with the degree of bargaining power.

A simple example can illustrate the situation. I met a skilled female machinist in 1 Mayis Mahallesi, Umraniye, who had been working in workshops for four years. She said to me that she left a workshop just because the music playing in that workshop was *arabesk*. She left that workshop and then began to work in another one after four days, one where she could work by listening *özgün müzik,* which she liked. Now, this shows how bargaining power coming from market place articulates with cultural preferences. That individual female worker was well aware of her power to make choices between workshops. She exercised this capacity to realize her cultural and political preferences through music. An owner from Bağcılar described this situation:

> It is very difficult to keep workers in apparel. Football, girls, boys, music, marriage, religion, they are all problems. All of them can cause a worker to leave the workshop.

In every workshop in Istanbul, music is played during the working day. Choice of music to be played at workshops is an extremely important topic in worker-owner relations. Both workers and owners take positions about the kind of music to be played. Workers regard choice of music as their right. The case of *arabesk* music mentioned above indicates the bargaining capacity of workers in this labor market. However, owners tend to accept workers' demands for music played insofar as it increases the working efficiency. They regard music as an important instrument of increasing efficiency. An owner from Okmeydanı said that, "music is very important in apparel workshops. It influences the psychology of workers greatly. They work as fast as the music plays. They cannot concentrate in the assembly system and music dissipates their lethargy."

Hence, music is a mechanism employed by workshop owners so as to increase the efficiency of workers. Nevertheless, given the strategic function of music, its style has become negotiable by workers as a bargaining issue. This is seen more clearly, when we talk to owners who do not want music. An owner from Bağcılar said that;

> I do not want to play music in my workshop. But I am playing it because the workers want it. They play lively (*oynak*) music in the morning and evening. This disturbs their concentration. Actually, my workshop is very systematic; I don't need music to motivate my workers.

The cultural differentiation within the music issue deserves special attention. Despite being a matter of negotiations between workers and owners, the style of music has some unique patterns in each neighborhood with different cultural features. These forms are related closely to whether Kurdish, Islamic or left-wing figures are dominant in the neighborhood. The girl in 1 Mayis neighborhood wanted *özgün müzik*[6]. However when we arrive at Sultanbeyli, where Islamic elements are partially dominant with Kurdish ones, the picture is quite different. In one workshop I saw, there was also music playing, but this time it was an Islamic chant - *ilahi*. The owner of that workshop said,

> I have forbidden arabesk. A male worker wanted *Müslüm* for a female worker, this was a sexual abuse. I wanted get rid of abuses. We are playing *ilahi*, or music without women (kadınsız müzik). But *ilahi*s that we play sound like *arabesk*.

Wages

In this section, I will look at the wage levels of workers in the apparel workshops system. I will analyze the economic and social factors underlying the uneven distribution of wages across the city.

[6] *Özgün müzik* is a music style in Turkey that mixes oppositional emphasis with traditional folk sounds.

For the workshop system of the apparel industry, each neighborhood in Istanbul has its own closed and partial labor market with a distinct wage level. Workers in each neighborhood usually work at and circulate among the workshops of that neighborhood. The average wages in the neighborhoods are different from adjacent neighborhoods by at least 50-100 YTL. Labor market in each neighborhood comes to equilibrium through the articulation between global market dynamics and local social constraints.

Figure 2 is a map of Istanbul, where I tried to illustrate the distribution of wages for apparel workshop workers by indicating each neighborhood that I visited. These numbers should be read as the average of wages that a skilled machinist is expected to earn in each neighborhood. That is, they do not show the "top wage" in the neighborhood, but try to illustrate how much a 1st machinist can earn in the given neighborhood. I questioned the wages for other posts too- such as *ortaci, sonütücü* etc. I saw that the ratios of wages in different neighborhoods are almost the same for different posts. That is, if a skilled machinist in Çağlayan earns 0.6 times higher than a skilled machinist in Sultanbeyli, then an ordinary ortaci earns almost 0.6 times higher than a similar ortaci in Sultanbeyli. That is why I chose to illustrate the wage differences in Istanbul's apparel workshops with reference to the skilled machinists' wages. Unfortunately, I have no quantitative/statistical data for verifying these numbers. Nevertheless, I asked every interviewee about the wages for that category of workers in their neighborhood in order to obtain a general figure.

Figure 2. Wages of Machinists in Istanbul

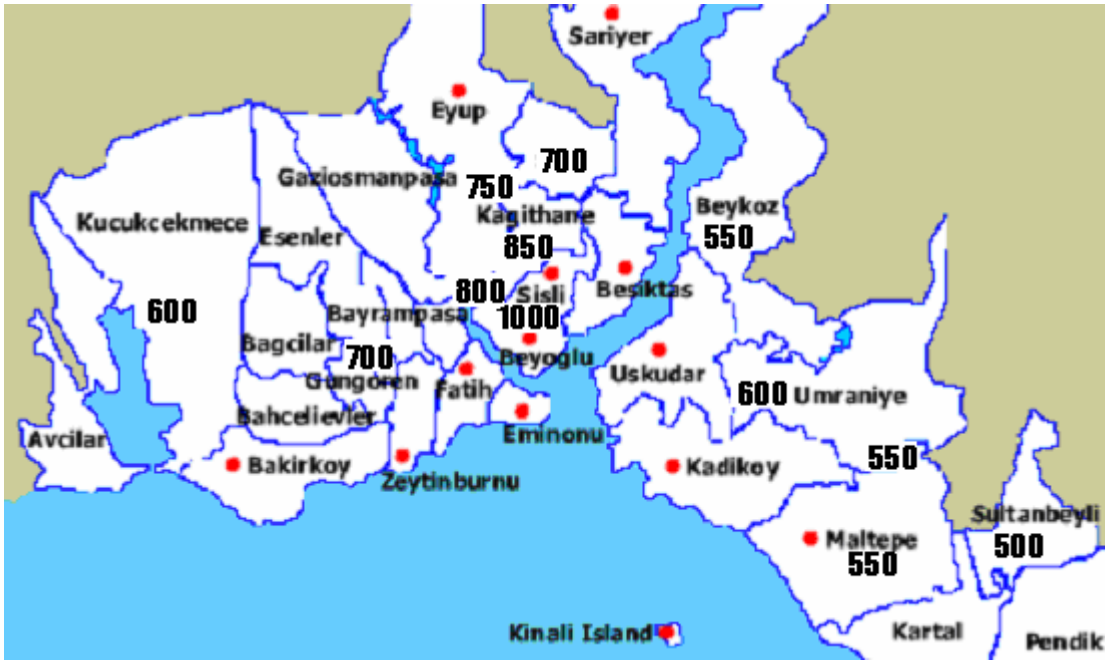
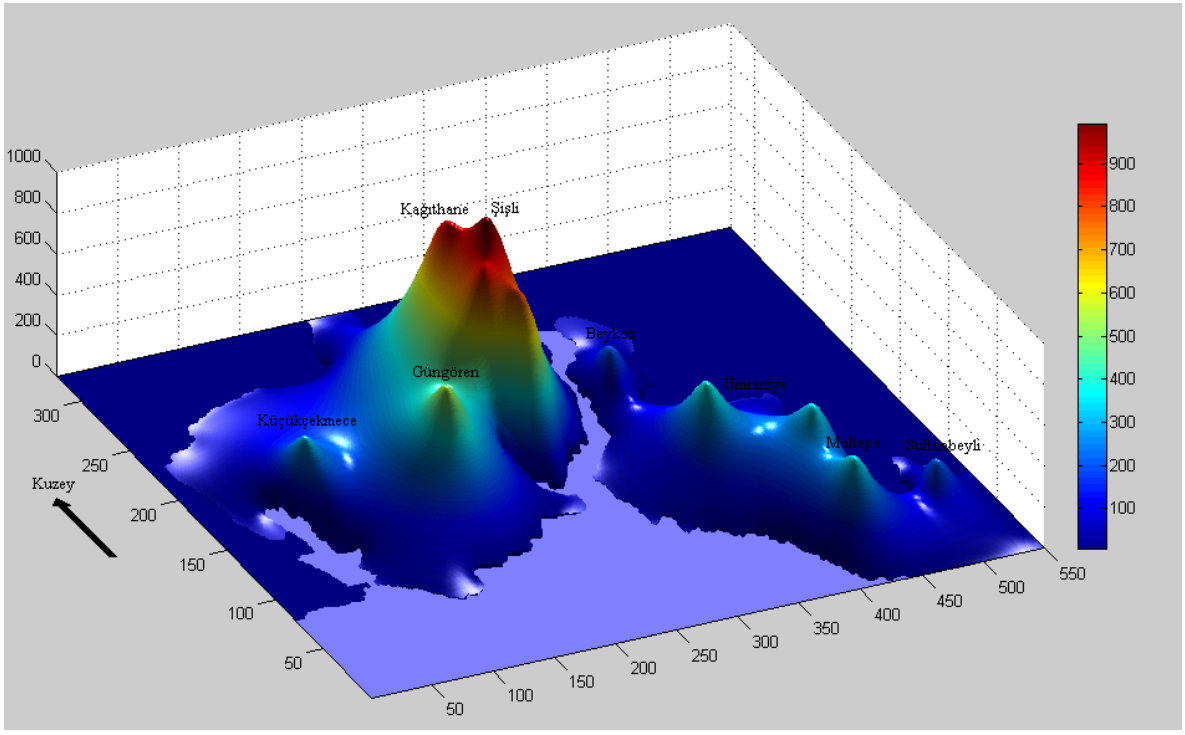


Figure 3. Hills of Labor



Roughly speaking, wages on the Anatolian Side are in general lower than those on the European Side. On the European Side, wages in Bağcılar, Güngören,

Esenyurt, and Merter are usually lower than those in Osmanbey and Çağlayan. Here we can observe a specific pattern in the wage distribution. Wages are at maximum at the core of the city, in Osmanbey, and then they fall as we approach the margins of the city. Finally, we reach the minimum level in Sultanbeyli on the periphery of the Anatolian side. Figure 3 illustrates the three dimensional configuration of spatial wage distribution in Istanbul's apparel labor market. We observe three basic features of the labor market from the figure:

1) Wages are decreasing continuously from the core to the margins of the city.
2) Wages on European side are higher than wages on Anatolian side as a whole.
3) Each neighborhood has a distinct wage level

In order to explain the significance of these observations, I shall firstly explain some general characteristics of the apparel industry of Istanbul. It can be argued that the apparel industry in Istanbul consists of two parts: Osmanbey and the rest. Workshops in Osmanbey generally produce in boutique style for the domestic market or for Middle Eastern countries. They can find orders easily because most of the firms doing domestic trade reside in Osmanbey. Basically, the products of Osmanbey are of high quality and price. For example, the best menswear store in Aydın is expected to obtain its goods from Osmanbey. The workers employed in these workshops are very skilled. In Osmanbey, workshops are generally small or middle scale, production is made in the craft system, and most workers are very skilled - they can finish a whole garment by him/herself. Working in Osmanbey requires a long training or apprenticeship period to be spent in Osmanbey. That is to say, we can regard Osmanbey as a "big tailor store".

On the other hand, the rest of Istanbul's workshop system can be described as a factory. A greater number of workshops in each neighborhood operate in assembly line system. Thus, workers learn to perform only a single task and this does not involve long years of training. The affects of assembly line system will be discussed in detail later. At this point, I want to emphasize that there is a skill level difference between workers in Osmanbey and the rest of Istanbul. Considered together with the central position of Osmanbey in domestic trade, this high skill level in Osmanbey is the underlying reason for the top wage levels.

As we pointed out, the wages of workers tend to decline as we approach towards the spatial margins of the city. At that point, we can consider Istanbul as a global city which is unevenly penetrated by global productive and consumer networks and in which some regions are spatially and functionally closer to the nodal intensification of these networks. The core regions have more access to the intermediary firms and supply chains that increase their productive capacities. Furthermore, in the peripherical regions of the city, there are more unskilled people looking for job and fewer firms, resulting in higher labor shortage.

Skill level difference and the different levels of labor shortages, which were analyzed in the previous section, are the main factors explaining the spatial distribution of wages throughout Istanbul. There are some other factors contributing to this distribution of wages, namely the difficulty of transportation, gender and ethnicity.

The most apparent factor is the fact that Istanbul is a huge city. It is very difficult to live, for example, in Sultanbeyli and to work in Caglayan. Almost none of the workshops provide transportation services for their workers, making it extremely difficult to live in a neighborhood and to work in another distant neighborhood for

very long working days. This mainly prevents a flow of those workers living in distant neighborhoods of Anatolian side to the workshops of European side. Generally, workers in each neighborhood tend to work in their neighborhoods. I asked every worker employed on the Anatolian side why s/he did not work on the European side. Indeed, almost all of them were aware that wages are much higher in the European side than the Anatolian side. However, for workers, this does not compensate for transportation costs and for the energy and time spent on the road. It is obvious that there are few workers living on the Anatolian side and working on the European side. More importantly, there is almost no worker living on the European side and working on the Anatolian side. This shows the extent and direction labor flow in Istanbul's apparel industry.

It is still interesting why even adjacent neighborhoods with similar characteristics have different wage levels. This is closely related to the fact that there are limited labor flows even between adjacent neighborhoods and thus each neighborhood has its own closed labor market. Gender is important in explaining this situation. Most of the workers in the workshop system are females, and gender is an important factor limiting labor flow[7]. Some approaches emphasize that patriarchal relations within the family in combination with socio-culturally shaped expectations may derive women to accept temporary jobs under appalling wage and labor conditions, when their households need extra income without any modification in the distribution of responsibilities in home setting (Pessar, 1994; White, 1994). The rise in household expenditures due to macroeconomic changes and the migratory dynamics have led many families to seek extra income through engagement in the informal laboring of some inexperienced family members. An essential concern for

[7] We shall note that only a small number of workshops are owned by female entrepreneurs in the neighborhoods that I visited, although most workers in combed cotton and knitwear workshops in these neighborhoods are female.

these -especially female- workers is the spatial location of the workplace in case of the lack of transportation facilities and long working days, when considered with the fact that subcontracted labor appears to re-impose patriarchal norms on women such that they should stay close enough to home so as to be able to perform unpaid work in the home as well.

Sexual abuses commonly occurring in Istanbul's apparel workshop system also prevent labor flow. It was reported that, sexual abuse against female workers either from owners or from male workers is very common in workshops. The president of Istanbul Chamber of Ready-made Dressmakers/Tailors (Istanbul Konfeksiyoncu Terziler Odası) said, "Female workers do not want to work in distant neighborhoods. Their families also do not want it. They are afraid of sexual abuse in workshops. That is why families prefer that their daughters work with owner whom they know."

A female worker from 1 Mayıs Mahallesi said, "there are some workshops whose owners can offer higher wages to beautiful female workers". An owner from Güngören added that, "if a workshop has the reputation that there is no abuse there, then families tend to send their girls there." Another from Sarıgazi said that, "once there were many skilled female machinists, but not now. Sexual abuses largely prevented females from working in this sector. Owners also do not want single female workers. They want only married couples". Thus, we can argue that the control over and the harassments exerted upon female workers contribute to the vulnerability of the female apparel workers, and confined them into the closed neighborhoods where they have to live and work.

Ethnicity is another factor that needs to be considered in explaining the obstacles to labor flow from low to high wage neighborhoods. In the apparel industry

of Istanbul, where many Kurdish men and women are employed, global flexible production regimes apparently interact with national and local forms of exclusion and discrimination in the process of labor formation. The working population in the apparel industry is differentiated with respect to ethnic background. The extent of this differentiation is not very obvious due to the significant shortage of skilled labor. Production needs and shortage of skilled labor supply have occasionally made job performance the most crucial criteria for labor recruitment and wage negotiations, at least at the discursive level. However, the opportunities for improving skill levels and bargaining capacities of workers, and the chance of being initially hired strictly depend on the ethnicity-based factors. For example, some workshop owners tend not to hire Kurdish workers. There are some neighborhoods in Istanbul, such as Sultanbeyli and Esenyurt, where the Kurdish immigrants are dominant. Many workshop owners from other neighborhoods do not want to hire workers from these neighborhoods. This reinforces the stratified structure of the working population by contributing to the bargaining power of the non-Kurdish and the male workers at the expense of others and to the formation of static labor markets in neighborhoods.

A significant section of the labor force in the apparel workshop system in Istanbul consists of Kurdish workers. Furthermore, many workshop owners are also Kurds. This is related closely to the fact that many workshop owners are former workers. However, non-Kurdish owners also began to employ Kurdish workers when skilled labor shortage emerged, albeit reluctantly. A workshop owner from Dudullu said that, “I never employ a worker from Sultanbeyli, because there are many Kurds in Sultanbeyli. If 10 workshop owners employ Kurdish worker, then 8 of them regret it. Workers from Sultanbeyli are not good!”

Yusuf and Abbas, two workers from Sanayi Mahallesi, offered the example of the owner of a workshop, named Seyla Textile, who had declared that he would not hire any Kurdish workers. However, later, he had not been able to find enough workers to produce and, they said, now, more than two-thirds of his employees were Kurdish workers.

For some owners, workers in most workshops are mixed, coming from every region of Anatolia. An owner from Güngören said that, "workers are from every city, qualification is the basic criteria for us in employing." Another, from Umraniye, said, "there is no discrimination against Kurds. Everything depends on performance"

Nevertheless, many owners hold the Kurds responsible for the deficiencies in the market. An owner from Bağcılar said, "there is no skilled worker now unlike in the past. The Kurds have come, everybody has opened a workshop. This has damned the market. Kurds are working as families; they are reducing the prices." Likewise, an owner for Sultanbeyli, who insistently emphasized that most of the workshop owners are not racist, said that, "Kurds have 9-10 children; they make all their children work. Then, they open workshops, and make pieces for small money."

It is true that these spatial, gender and ethnicity related factors all contribute to the limitations on labor flow. Nevertheless, we shall not regard them as obstacles to the homogenization of the labor market or as deviations from free market expansion. Rather they are the very constituents of the labor market of Istanbul's apparel industry. Erik Wolf suggests, in addition to the position within the production process, the characteristics of a working class is determined by the relations to communal ties, gender characteristics or new neighborhoods of industrial location (Wolf, 1982, p. 359). This reinforces the fact that the working class is defined by its diversity and mobility, and the experience of being a worker is comprehensible only

with reference to these characteristics. Gender and ethnic-based stratifications contribute to the operation of the labor market and increase the vulnerability of a large segment of workers. The obstacles on the labor flow lead to the high wage levels in some neighborhoods, but they decrease the wages in most of the neighborhoods, as well.

Working Rhythm

In this section, I will analyze the ways workshop owners try to increase work efficiency of workers and create labor discipline in workshops. Owners demand high working rhythms from workers, and workers normally are/feel obliged to do this. Unskilled and semi-skilled workers usually have no choice but to obey the rules. Nevertheless, we cannot completely relate skilled workers' high level of effort to the risk of being fired. A skilled worker is sure that s/he can find a new job in a short period. There are some other reasons why skilled workers meet this demand, and we can refer to Wright and Burawoy in problematizing this issue. For them, under some circumstances –the probability of wage rise, improvement in working conditions etc, workers share common interest with their employers in the profitability and survival of the firms (Burawoy and Wright, 1990). If the workshop completes the job on time, there will be less problem in workshop's financial accounts and thus in wage payments.

Apart from this mutual benefit issue, for Burawoy and Wright, some other factors affect the extent to which surveillance and threats constitute an effective mechanism for generating work effort. The first factor is the degree of interdependence of workers within the labor process. If the item that each worker

produces within the production process can be monitored separately, then it is possible for employer to control the work effort of the worker. In the workshops that I examined, each machinist was responsible for carrying out a given task. For example, s/he was supposed to sew a number of items. This made him/her controllable by the employer.

The second is the degree of skill/knowledge of worker. When workers monopolize high levels of skill and knowledge, it is generally difficult for the employers, who lack such knowledge, to monitor effectively the actual performance of workers. In the workshops, where labor-intensive work is performed, workers – especially machinists- have a high level of skill and experience. Nevertheless, it should be emphasized that in apparel industry, a majority of owners of workshops are former workers, they know the operation well, and they still co-work with the workers. There are mainly two reasons for this co-operation: First, to reduce the cost of production, since one less skilled worker is needed. Second, to exercise better discipline and control over workers, since it is stated by the employers that apparel workers have a tendency to slack off if they are not kept under surveillance and an owner working together with his workers provides this surveillance.

The third factor is that there usually exist quite intimate relationships between employers and workers - especially male workers. Besides the effect of surveillance, this co-work and the associated intimacy established between workers and employer provide the employer with an enhanced legitimacy, motivating the workers to work harder. The employers, who have worker backgrounds, who take an active role in the production process, and who behave in a friendly manner towards the workers, are more likely to have consent from the workers in demanding high effort. At the same time, in the apparel industry sector, the possibility for a worker to open a workshop

and become an employer is relatively high. Roughly, $10.000 is sufficient to establish a workshop employing 15 workers. As Capecchi argues, the system of flexible specialization promotes entrepreneurial mobility. For Capecchi, after acquiring different and necessary production skills, an employee may decide to establish his own business on the basis of current conditions (Capecchi, 1989, p.202). This possibility of promotion can be seen as a source of consent for high effort insofar as a worker thinks of it as a temporary and necessary period. This is similar to the case in Madrid electronics industry examined by Benton, in which most of the enterprises were established by skilled former workers, who often began accepting work on a casual basis in order to save the capital necessary to become fully independent (Benton, 1989, p.234).

Working Conditions and Labor Standards

In this section, I will elaborate on the conditions under which workers work in the workshops. I will point out the specific working code in workshops, and its conditions of emergence and the issue of labor standards.

In almost every workshop in Istanbul, we saw the same situation: The working day begins at 8:30 and continues until 19:00, including 1.5 hour break; one hour for lunch at 13:00, 15 minutes tea-breaks at 10:00 and 16:00. In case of overtime, the employer is supposed to offer a dinner at 19:00; a tea break at 22:00. If work continues until morning, a meal at 01:00, a tea break at 04:00 and a breakfast at 07:00. Generally, there is no overtime on Monday and Friday and the average weekly working hour does not exceed 55-57 hours. Overtime payment for one hour is a predetermined fraction of wage. The employer divides the monthly wage by 30 to

give the daily wage, and divides the daily wage by ten to give the payment for one hour. The employer pays double after 24:00. In addition, since Saturdays (after 13:00) and Sundays are off days, the employer makes extra payments by 50% and 100% on Saturday and Sunday, respectively. The day after the overnight work is off but paid. The employer records the amount of overtime for each worker and it is a matter of trust whether the employee can obtain his/her due payment. Moreover, overtime has an obligatory feature, i.e., whether workers will do overtime work is not subject to negotiation with the employer.

All of these show that, within workshop apparel production, there exists a "semi-formal" professional code between workers and employers such that some rights, responsibilities and sanctions are well defined and recognized by both sides – there are almost definite working hours, albeit long, and definite overtime payments. This professional code has emerged in Turkey where the rate of unemployment is more than 15% and where there is almost no state regulation of workshops. The legal and economic environment at the macro level that surrounds the constitution of this code is quite unfavorable to the workers. This code illustrates a significant degree of certainty in working conditions that most theoretical frameworks have not anticipated. Nevertheless, this code does not indicate that workers are fully following to the directives of the employers or they have autonomy. Rather, it locates the conditions of productive relations somewhere in between these hypothetical extremes of intersubjective relations. In other words, it is true that flexible production schemes and the rise of globalization had, on the local level, some adverse effects on informal workers' conditions. However, in that specific locality, there exists a constitution of an "informal" act which endows the workers with some degree of labor standards. This act depends on the mutual acknowledgment of some rights, responsibilities and

sanctions between the parties of an "oral" wage contract and which has legitimacy although it by no means has a legal sanction in case of its violation. Workers have attempted to take advantage of the intense demand for their labor associated with the rapid expansion of clothing production. They are needed by new firms keen to establish themselves swiftly within production networks and workers can move from one workshop to another in pursuit of higher wages within their neighborhoods.

According to the president of ITFAD, Yılmaz Kocaoğlu, the semi-formal professional code within the entire workshop system of Istanbul has developed after 1995 with the rise of competition between the workshops. He said that although there has been no significant organized demand from the workers, this code had emerged out of the market conditions. He also pointed out the influences of international human rights organizations and large transnational corporations, such as Adidas, and Nike, which demanded the rise of labor standards in workshops. According to the president of Istanbul Chamber of Ready-made Dressmakers/Tailors, in the 1950s, the workshop conditions were not similar to the current situation,

> In those times, workers were coming to the workshop, and they could not go home until their boss let them. There was no regular working day. After exports began around 1985, workshops started to change their system in order to adapt to the new conditions. Workers also demanded this new system. Afterwards the workers themselves started to open their own workshops and then they applied this new system to their own places. In this way, the system was institutionalized. In those times, it was very difficult to find workers. But it was very easy to get order from buyers. Social security was more common than now. Exporting firms had their own workshops at that time; later on, they started to subcontract their production. They were trying hard to complete the orders from Russia on time.

A workshop owner from Umraniye related the emergence of this code to the dynamics between workshop-owners and workers. He said that in the 1990s, the number of workshops had dramatically increased and, for a while, most of the

workshops worked with relatively high profit rates. Hence, he said that the market conditions with high profit rates of workshops had created this phenomenon. Another workshop owner from Osmanbey emphasized that at the end of the 1980s, there was no tea break at the workshops, but the workers were free to drink tea during the working day. He added that the proliferation of textile firms after the 1990s was another underlying reason for the emergence of this code.

The emergence of a semi-formal professional code was facilitated, to a large extent, by the penetration of global productive networks into the Istanbul apparel industry. In my research, I endeavored partly to historicize the emergence of this code and saw that there was no such "definiteness" either in working hours or in payments before the 1990s. As I understood from the interviews that I conducted with the employers and the workers, until the 1990s, irregularity and uncertainty had been predominant in apparel workshops. A workshop owner, Turgut, who is a former worker, said that in the 1980's, employers had the whole initiative upon the working hours and payments, "we could not say anything to our boss if he did not let us go home."

However, after 1985, foreign firms, especially large international corporations, began to shift their apparel production to Istanbul. These firms demanded certain labor standards from the local intermediary firms. This demand was somewhat a result of the pressures that trade unions and consumer groups in foreign countries made upon international firms[8]. These firms were forced to impose labor standards upon local firms so as to construct their "images" as labor-friendly organizations. These interactions between global productive organizations and consumer groups paved the way for improving labor standards in Istanbul 'formal' apparel industry. I

[8] Indeed this enforcement was criticized by some trade unions of the South as nationalist protectionism on behalf of Northern workers rather than a guise of labor internationalism (Silver, 2003, p.11).

say “formal”, because for foreign firms in order to prove their labor-friendliness, it is enough to demonstrate high standards in a limited number of legal, formal factories and workshops, which provide social security for workers. However, this conceals the fact that a very large part of production is carried out in informal workshops, subcontracted by those formal firms, where no regulation is made either by the government or by foreign firms.

Ayhan, a product manager from a textile firm pointed out the hypocrisy in the issue of labor standard inspection:

> Labor standards are not met at all, although foreign firms pretend to impose them. The Republic of Turkey always ignores these because the apparel sector creates employment. It inspects labor standards only if there is denouncement, otherwise the government does not take labor standards into account. However, foreign firms do not want child labor or workers without social security. They want workshops to obey to these rules. However, intentions do not make sense! They control workshops and firms once a year. They want to see a typical workshop. Then we bring them to a good workshop that we work with. There is an institution, called the ITS; an international inspection company. They audit us every year. We have a workshop in Bursa, which meets all labor standards, with our support of course. Without financial support, an ordinary workshop definitely cannot meet all labor standards that ITS requires. They want fire exits, overtime payment, social insurance, etc. We always bring them to this workshop. What we do is to cheat the ITS.

Then I asked Ayhan, “does ITS not know that you are cheating it? It is a very professional institution, which faces such a situation everyday and everywhere.” He replied, “of course they are aware of this. However, they are making risk management. If they refuse all the firms, then they cannot get job form the firms anymore”.

ITS is aware that large foreign buyers cannot work with local partners who obey labor standards strictly. The profitability of the global workshop system depends on the transgression of labor standards. The ITS’s mission is to create a false image for their customers by indicating the contrasts in global commodity chains in terms of labor standards; that is to say, by producing a

"labor unfriendly section" of global commodity chains, it creates a "relatively labor friendly section" to which its customers belong. The ITS cannot ignore all transgressions, but has to ignore most of them.

Although there is no direct labor standards imposition on informal workshops, the improvements in formal firms somehow has diffused into the productive space of the workshops in the form of that semi-formal professional code I mentioned before. I am not saying that the arrival of foreign firms has alone improved the labor standards in the Istanbul apparel industry. Rather, I am arguing that, the semi-formal professional code in informal workshops is possible because of the articulation between the emerging market bargaining powers of apparel workers and the rationalist concern of foreign firms about labor standards. In other words, the informal workshop workers, especially skilled ones, have succeeded in benefiting from the rising labor standards in formal firms by using the demand for their skilled labor that has grown in the workshops. It is important to note that although here we are making a distinction between formal and informal apparel production, in reality there is no such concrete distinction in the apparel labor market. There are no two distinct working classes in the apparel industry. Thus, the rising bargaining power and labor standards in either firms or workshops definitely affect the working conditions in the other. Some workers circulate between formal and informal firms, since the task definitions of workers at firms and workshops are very close to each other. Indeed, many workers in firms have worked in workshops in the past. Workers tend to work in workshops especially when they are young. As they get older, they either give up the apparel sector or begin to work in firms. There are very few middle-age workers in workshops. Social insurance and job security is more important for older workers than young workers.

At the same time, it is misleading to imagine workshop owners as passive agents who accepted the constitution of this code in the face of growing bargaining powers of skilled workers. Rather, in order to adapt to the rising demand from global market –and thus from local firms, they had to operate in a much more systematized manner than before. That is to say, it is true that this code endowed workers with informal labor standards. Nevertheless, it also introduced a system of discipline over the production process, which increased productivity and thus the competition power of entire apparel industry in the global market. Chakrabarty writes that Marx pointed out a similar thing for Factory acts (Chakrabarty quoted Marx, 1988, p.180);

"by regulating 'the working day as regards its length, pauses, beginning and the end' – that is 'by making the saving of time a necessity' –they 'forced into existence' a more developed and complex machinery and hence, by implication, a more efficient working class."

From another perspective, a workshop owner from Çağlayan stated that the existence of this code prevents unfair competition among workshops. That is to say, this code guarantees a minimum level of labor standards in workshops, blocking unlimited exploitation of workers' labor. In a market where entry barriers are low and where there is almost no state regulation of labor standards, uncertainty in working conditions would render those entrepreneurs, who could have the social or economic capacity to extract unlimited exploitation, advantageous vis-à-vis other competitors in the market. Thus, this code can be regarded as a time and space specific "threshold" of exploitation in Istanbul's informal apparel industry so as to regulate informally the competition between workshops. Small and middle-scale workshops seek to prevent intensification of capital in some workshops, which would disturb free market competition and homogenous profit distribution within the market. This shows that the workshops system resembles a guild system. This

situation calls to mind what Marx has to say in *Capital* about the Factory Acts, "the cry of capitalists for equality in the conditions of competition, i.e. for equal restraints on all exploitation of labor." (Chacrabarty quoted Marx, Chacrabarty, 1988, p.182)

Therefore, informal labor conditions in workshops in terms of the "definiteness" of working hours, are to be read as a disciplinary mechanism exerted on apparel workers in order to create a regular labor force necessary to compete in global market and to stabilize the competition among workshops. That is to say, the semi-formal professional code in Istanbul's informal apparel workshops can be seen as "the Factory Acts of the time of de-regulation" for two reasons: First, the labor market here is one that does not allow unlimited exploitation, even in the absence of government regulation due to the limited bargaining power of workshop owners; and second the segment of the global apparel commodity chain in Istanbul needs a disciplined labor force. This code reflects the articulation of interests of global firms, local firms/workshop and workers with the balance of power among these actors.

During my research, I did not encounter any information about an organized labor initiative to demand labor standards and certainty in working conditions. However, the amalgamation of different factors, which determine the conditions of work and employment, put these conditions in a space where the existence of informal sector subcontracting activities may occasionally create some opportunities for employees in the context of the highly exploitative labor conditions. E.P. Thompson calls attention to the case of London tailors whose working hours were shortened in 1721 and 1768. He asserts that such a situation was peculiar to a "favorable labor market" (Thompson, 1993, p. 389). This is not to say that, the conditions of the skilled workers in this sector are not harsh, but, rather, the structural conditions such as globalization, neo-liberalization and flexibilization do not

necessarily have to bring about the same consequences everywhere and every time (Benton, 1989, p.228). The unintended but semi-structural consequences of the structural developments may produce some opportunities to build up an incentive for positive action. It is obvious that informality and subcontracting are not temporary phenomena and they deeply undermined the gains that workers obtained in the Fordist period – shortened working hours, rights for unionization, social insurance, family support, etc. Also, informal labor contracts and subcontracting productions constitute the most difficult conditions for collective worker movements. As I pointed out in the section about informal economy, the legal constraints on unionization and the dispersed structure of production have made it very difficult for workers to develop collective actions. All of these demoralized those who want to develop collective resistances against exploitative conditions for workers in the informal economy and subcontracting chains. Informality and subcontracting appear as great obstacles to collective action, which are almost impossible to overcome. In this line of thought, workers are imagined as passive victims of informality and subcontracting and they have lost all of their tolls for collective action. However, I consider that bargaining power of skilled workers emerging from shortages for their labor in the labor market and from the critical position they occupy in the production process may be an important tool for developing collective action. Beverly Silver shares this point and argues that in some situations just-in-time production makes the capital more vulnerable to the fluctuations of production and labor supply. This vulnerability increases the workers' bargaining power based on a "direct action at the point of production" (Silver, 2003, p. 6). I am aware that these are never sufficient for collective action, but once some workers individually obtain bargaining power against their employers or against the entire chain, a chance for transferring it to

collective capacities may appear as a possibility. That is to say, skilled workers have not lost all of their tools although they are in an informal industry. These findings do not illustrate that these workers are in better conditions than we imagined, rather that they seem to be more powerful than our expectations lead us in raising demands from the upper levels of the chains. Therefore, organized or unorganized forms of worker demands from workshops remain to be investigated in future studies.

Social Insurance and Health

This section will investigate the intercourse between productive relations and the social security. It will analyze the meaning of social security for workers, bargaining issues about social security, ways of obtaining social security and finally the forms in which those workers without social security have developed practices/strategies/methods/technologies to compensate for the absence of opportunities that would be offered by the social security system, mainly for the issue of health. I looked at the health issue since health problems lie in a space where productive relations, the social security system and the daily concerns of individuals overlap.

Social security is an important issue in understanding the social relations of production in workshops in the period of flexible accumulation. As consistent with the global trends, in Turkey, production activities can no longer be imagined without taking the subcontracting relations seriously into consideration, and therefore the process of informalization, especially in the apparel sector. The textile and apparel industry has occupied a vital place in the Turkish economy's incorporation into the global productive networks. It carries out 35% of the total export and 28% of the

total employment with a remarkable degree of informalization (Engin, 2000). In Turkey about 45-55% of the total economic activities are informal, about 4.5 millions of people are informally employed and about 2-2.5 millions of this informal workforce work in the textile and apparel sectors, mainly in workshops. Incidentally, 55% of the total employees are not registered in any social security institution through their employment (SIS, 2001, p.200). However, this scale of informal employment does not necessarily mean that informal workforce is excluded from social security system to that extent. Indeed, one source indicates that with those who have social security through their family members, 80% of population is covered by a social security institution (Buğra, 2001). Hence, the informal economy and specially the apparel sector needs to be investigated with respect to the issue of social security.

The issue of social security is quite crucial in analyzing labor relations in the apparel industry. On the one hand, most of the workers in the firms to which workshops are subcontracted, have social security. As mentioned before, this is not mainly due to the government control, but to the strict control mechanisms that are forced by the foreign firms upon the local firms. However, such a pressure usually does not exist between the local firms and the informal subcontracted workshops. Additionally, with the lack of governmental controls upon workshops about social security, the issue remains dependent only on the negotiations between the workers and the employers of the workshops. The negotiations, however, are restricted by the labor market conditions and economic capability of the workshop to provide this opportunity. Under these conditions, workers, especially unskilled ones, do not have much bargaining power about social security. According to my observations,

generally, at most twenty percent of employees have social security in apparel workshops.

The reason why a limited number of employees are granted social security in workshops lies in a complex articulation between economic limitations, government inspections and employer's initiative. On the one hand, a middle scale workshop *cannot* be wholly informal, since it has to demonstrate to government inspectors that some workers are provided with social security. On the other hand, provision of the social security for all employees would place an important economic burden to a middle scale workshop. Even an employer who desires to provide security for all workers can accomplish this only to some extent due to economic reasons. Employers say that the costs of production, the utilities of the workshop (electricity, rent, meal), income tax rates (18 %) and social security contribution ($220 for each employee) are too high for them. However, this does not mean that employers are providing social security to the maximum number of workers they can. According to most of the workers I interviewed, most of the employers seek to keep costs at the minimum level by deploying the discourse of "high-cost" By and large, the equilibrium point of these economic, legal and ethical considerations generally stands somewhere near to the minimum level, being three to six persons for a 30-worker workshop. Nevertheless, I was given a counter example of a workshop owned by Mehmet Gul, who provided social security for all of his 32 workers. However, the maximum wage in his workshop was below the market level by approximately $200. This example illustrates that given a set of restrictions the security issue still can be configured by some priorities and negotiations.

For workers, the significance of having social security has several dimensions. I observed that workers prefer social security principally not for pension

but for health insurance. Employers do not regularly pay workers' social security premiums. In many cases, workers are officially demonstrated as fired and subsequently hired and their due premiums are being eliminated. They thought that even if they had social security, they would not achieve the right to have pension, because it requires 5000 working days. In order to achieve 5000 days, 200 days of each year on average must be paid over 25 years –which is a very long time. Since workers in the apparel industry change job frequently and since they do not trust most of the employers in the context of social security, they feel little hope for getting their pensions. For example, a worker from Sanayi Mahallesi, Naciye said, "I do not want social security, instead I want a higher wage; because I do not trust the employer to pay the premiums regularly until I get the right for pension. But I have a health card from my father, that is why I can talk in this way; if I had not, I would think of this issue further."

In fact, most of them, especially women, are not planning to continue working in apparel - or in any sector. Almost all female workers said that this is a temporary job and they are going to leave it when they marry. Nevertheless, when I asked whether they would continue to work in a job with social security if their potential husbands had had no social security, most of them answered that, in that case, it would not be that easy to leave working.

Indeed, it can be argued that for workers, there exists a trade-off between wage and social security. A worker with social security and in need of money can propose to his employer the annulment of his security in return for an increase in his/her wage. This is also advantageous for the employers because they avoid legal regulation of employment and the additional costs associated with legal burdens related to employee marriages, births, and children. However, normally, this increase

becomes less than the cost of social security for the employer -for example $150, while the social security premium is $220. The provision of social security becomes meaningless for workers beyond a monetary threshold. For instance, when I asked them what they would do if they earned monthly, say, $600 without social security and their employer would offer them $500 with social security, they answered that they would accept this offer. However, the same question with a trade-off between $600 and $400 was answered negatively. This seems to signify that there exists a financial equivalence of the value of social security in workers' minds. It is possible that employers do not want to pay social security premiums; however, even if workers were sure that employers would pay the premiums, some workers could prefer wage increases instead of social security.

It may be argued that the lack of social security in Istanbul's apparel workshop system has contributed to the workers' bargaining power against workshop owners, as an unintended consequence. That is to say, having no social security from the workplace increases a workers degree of freedom in terms of leaving the workshop. If a person is provided with social security, s/he tends to be attached to the workplace more, because s/he benefits by continuing to work in the same place. Granted that lack of social security makes workers vulnerable and it reduces labor costs for one employer, nevertheless, one "unintended consequence" of this strategy is to increase workers' capacity to circulate among workshops. Workers have nothing to lose in terms of social security by leaving the workshop.

Istanbul's apparel labor market has a shortage of skilled labor, and in some seasons, also of unskilled labor. In this situation, in order to attract or these workers, a workshop must demonstrate some incentives. Social security is not one of these fundamental incentives. Under these circumstances, an individual workshop owner

loses some bargaining power against an individual worker who wants to work in another workshop. The president of Istanbul Chamber of Ready-made Dressmakers/Tailors said,

> Workers change their job very frequently. They get offers from other workshops. Workers know each other; when they see 5-10 million, they leave the job. They have no social security, so there is nothing to keep a worker."

The provision of social security has several dimensions. Gender relations in the workshop are central to this issue. Employers are more inclined to provide social security to male workers because females are not considered as permanent employees. It is believed they will give up working when they marry or when they get pregnant. Since employers prefer to use this limited opportunity for permanent and thus "dependable" workers, it emerges that those who have social security are predominantly male workers.

Apart from the gender perspective, those who are married, those who have children or those who have worked for a relatively long time a particular workshop have higher chances to get social security. Having a close relationship with the employer is another determinant in obtaining social security, reproducing the gender stratification. Employers are predominantly male and I observed some quite close friendships between male workers and their employers. Especially those employers who are former workers and who are co-working with employees draw a quite different picture from the classical employer-employee hierarchy. This is apparent not merely in the workplace but also in extra-work activities whereby the workers placing in such a relationship can more easily achieve social rights.

I investigated the strategies that workers follow in order to compensate for the lack of social security in case of health problems. I observed that, when they have health problems, workers without social security resort to the following practices, in

the order of how frequently these practices occur, (this does not mean, of course, that a worker uses only one of these practices exclusively, rather in most cases two or more of them occur simultaneously):

i) They meet their needs out-of-packet,

ii) They neglect their health problems except the "serious" ones,

iii) Their parents, husbands or wives have social security and they benefit from this,

iv) They use formerly acquired, so-called appropriate, medicines,

v) They obtain medicine by using another person's health card illegally,

vi) They have Green Cards[9],

vii) Local government institutions provide them with health service,

viii) Their employers provide them with health service.

I observed that, for a very large part of workers, strategy 1 is their only recourse. That is, those workers without social security, in most cases, have nothing to do but to meet their payments by themselves in the case of health problems. Most of them are single and living with their parents. In most cases, a large number of their family members are working but usually most of the family members have no social security. Indeed, in the beginning of the inquiry, I was expecting a larger percentage of workers without social security to be at least covered by their parents' social security institution; however, I observed that their parents are either out of work or otherwise have no social security. When they become ill, they usually go to polyclinics in their neighborhoods where the cost of examination is between $5-10.

[9] Green Card is means-tested health assistance scheme provided by the government for those citizens under a certain income level. Ideally, citizens with Green Card could use public health services with no cost, but in reality, there are many *de facto* obstacles to the utilization of this service.

It should be mentioned that when I asked what they do when they get ill, the answer was quite different for male and female workers. Most of the young male workers immediately stated that they had never been ill until that time. However, when I asked detailed questions about their sicknesses, all of them indeed narrated some sicknesses but they tended to disregard them as ordinary and trivial ones. For most of them, the category of being ill was reserved for not being able to carry out their normal routines. When a young male worker says that he is ill, he means he is unable even to "get up" from the bed. However, the female workers are much more inclined to recognize and narrate their illnesses. They consider being sick and having social security as more vital aspects of their lives than male workers.

Using another person's health card is another- but not a widespread- way of obtaining medicines. Only insofar as workers can find a "considerate" physician and a good-willed acquaintance, they can get the medicines that are the most expensive part of treatment. Indeed, this practice is not presented as an achievement but just as a necessity to be ashamed of. For example, a worker from Sanayi Mahallesi, Veysel, stated that he had a disabled brother, whose medicines cost $3000 each month. He said that 80% of this amount is provided by the government. For the remaining $600 TL that was still too high for them, they used the health card of an acquaintance with the help of the doctors in the *Sağlık Ocağı* (local health center). He added that doctors in the *Devlet Hastanesi* (state hospital) did not do this. Similarly, another worker in Sanayi Mahallesi, Adem, expressed that members of his family went to the private polyclinic in the neighborhood for examination, but they got medicines from the *Sağlık Ocağı* by using his grandmother's health card.

Only a small group of workers had Green Cards. They complained of the bureaucratic difficulties in obtaining Green Cards, especially about the

implementation of the means tests. They had applied to several government offices and then an inspector had come to their homes to determine whether they were really in need of the card. The reason why relatively small numbers of workers had Green Card can be attributed to these means-testing procedures. In my observations, the majority of the workers' families have middle-class income levels. This is, of course, because most of the family members –including children- do work and earn money. Vedat, for example, is from a family of four people; all of them work and their total income is above $1600 – he does not have Green Card. Some of them formerly had Green Cards, which had been cancelled after inspection.

Moreover, their main problem with the Green Card is that they cannot use it to obtain medicine on an outpatient basis; it is beneficial for procedures within a medical institution, such as examination, analysis, roentgen and operation. Therefore, even if one did have a Green Card, one has to find another way to get medicine. As another problem, Veysel, a worker with Green Card, complained that in the hospitals, people with Green Cards sometimes suffer from being subjected to a mode of behavior different from "normal" patients. This kind of stratification discourages them from using the Green Card.

The opportunities provided by the employers in the case of health problem do not seem adequate for the employees. First, most employers help workers only when they are subjected to a work-related accident. In such a case, the employer takes the worker to the hospital, informs his/her family of the situation and pays for the expenses within the hospital. Some employers cut this amount from the wage of the worker. However, employers are not expected to provide further assistance.

For most of the workers, the local governmental institutions, *muhtarlik*, municipalities, usually do not provide assistance in case of health problems. But

almost all of the workers confirm that their major contribution in terms of social assistance is to provide some necessary goods to needy people, such as coal, and dried foods etc. Nevertheless, a worker from Ümraniye, Nurdan, said that some earlier, metropolitan municipality medical teams had visited her neighborhood, examined the inhabitants and gave some medicines to pregnant women; but she said that they had never come back again.

A Special Case in the Workshop System: *Parçabaşı* Production:

In this section, I will look at the issue of *parçabaşı* production in the o workshop system of Istanbul's apparel industry. It deserves a special glance, since it embodies the most crystallized form of flexibility in the workshop system.

Parçabaşı is an indispensable part of workshop production, especially in Çağlayan and Osmanbey. In this type of production, a workshop, which get a jobs from a firm at a certain price, outsource a part of the production to some workers at a certain price. These outsourcing workers come in to the workshop and process the job within the workshop together with regular workers. It can be thought of, in format, as the "subcontract of subcontract" because the transaction carried out between the firm and the workshop recurs between the workshop and the person who works as *parçabaşıcı* (pieceworker).

Parçabaşıcılık is the most apparent form of the flexible employment regime of the workshop system. When a workshop receives a lot of raw material from the firm to be processed in a short time, and if the existing employees are considered insufficient in quality or quantity, then the employee calls for *parçabaşı* workers so as to complete the work on time. *Parçabaşıcı*s are usually skilled and experienced

workers, since this mode of working requires responsibility and speed. People who work as *parçabaşıcı* are well known in the market, their telephone numbers are kept by employers for in case of need. Usually a more experienced worker who has an "entrepreneur spirit" gives up his regular job in workshops; he -typically a man- himself begins to employ two to four workers. When he is called for, he brings his workers to the workshop to process given tasks together at a price per piece. For example, consider that a parçabaşıcı completes a piece for $2 and employs three workers. Three employees and the *parçabaşıcı* himself process 100 pieces. Then, the *parçabaşıcı* gives approximately $40 to each employee and he himself earns $80. The *parçabaşıcı* also provides meals, tea and cigarette to "his" employees.

What is important here is that, normally, a worker with the same qualifications as the *parçabaşı* workers earns $15 a day, while, working as a *parçabaşıcı*, he/she can earn much more than this value insofar as s/he labors in a much more productive way. The employer pays higher prices to the workers in the *parçabaşı* situation because he needs to complete the job in a minimum amount of time so as to obtain another job -plus to avoid the sanctions of the firm in case of the late completion of the job. This issue of urgency obeys the main characteristics of just-in-time production, which enhances the productivity of the production through the easy adaptation to fluctuations in the market, reducing stocks on time, and working in progress. The *parçabaşı* worker's function is to provide complimentary labor, which carries out more detailed, intense and routine works, insofar as the orders of the workshop are in danger of remaining unfinished.

Parçabaşı work usually covers the most detailed labor within subcontracting production. Usually, if the workshop needs parçabaşı work, almost ten percent of the employees work as parçabaşıcı and the rest are the regular workers of the workshop.

When some piece of work is given to the workshop, say shirts, and when *parçabaşı* is needed, the regular workers are supposed to deal with the more "crude" parts of the process, for example, with the basic sewing of the shirts, while parçabaşı workers deal with the more elaborate and repetitive work, for example, one parçabaşı worker will take on the attachment of zippers or collars to 150 -almost completed- shirts a day.

In parçabaşı production, there appear to be two modes of discipline over the *parçabaşı* workers. First, the *parçabaşıcı* exerts authority on them insofar as he provides them with income, meal, tea, cigarettes etc. Second, the workers feel more independent from the workplace and the main employer. There is no definite working hours and the workers are motivated by the fact that the more pieces they produce, the more they will earn. This leads to a high level of self-exploitation among *parçabaşı* workers, especially due to the high possibility of opening a workshop in case of accumulating enough capital. This is similar to the case, which Benton relates, where in order to accumulate capital, some workers were engaged in outwork under rudimentary conditions, producing in their own homes or in small, ill-equipped workshops, or even paying to use machinery in other factories (Benton, 1989, p. 234).

We can compare the parçabaşı production and ordinary workshop production in terms of the distinction made by E.P. Thompson between task-oriented and time-oriented labor (Thompson, 1993). In task-oriented production, the worker uses his energy to carry out a given quantity or quality of work with no much regard for the time passed. That is, the main concern of the worker is the job itself, not the time of doing it. Although urgency is crucial also in parçabaşı production, the main drive of labor is the size of job to be done. The ordinary workshop production, however,

depends on a working day-time, which is almost institutionalized within the semi-formal professional code of the informal setting that I mentioned before. The fundamental requisition of the worker is to spend his time within the workplace during the working day, and the effort that s/he uses remains as a secondary concern. That is, the worker "must" do the surface duty- to be at the workplace on time, which is obviously observable to the employer. Then, there should be some other mechanisms- be it repressive (threat to fire) or hegemonic (intimate relations or class compromise), to manage with the more latent problem of an employer - to maintain that the worker does his/her job at a high level of effort. Losing a job is not a serious concern for 1st machinists or *komplecis*, but it is a real problem for 2nd machinists, or ordinary *sonütücü*s, *ortaci*s etc.

Richard Sennett argues that, although routinization in work generally brings a 'corrosion of character' to the worker, in cases of stresses, booms and depressions of industrial capitalism, routinized time can be considered as an achievement on behalf of the worker (Sennett, 1998). Then he asks a similar question: "Even supposing routine has a pacifying effect on character, just how is flexibility to make a more engaged human being?" The conditions in *parçabaşı* labor that appear as opportunity to gain as much as the worker labors, is bound to push the worker to spend quite intensive labor-time under more insecure work conditions than the workshop offers. It is almost impossible to observe a *parçabaşı* worker with social security and this worker is wholly dependent to his *parçabaşıcı* through a relationship of patronage

CHAPTER III

RELATIONS BETWEEN WORKSHOPS AND FIRMS

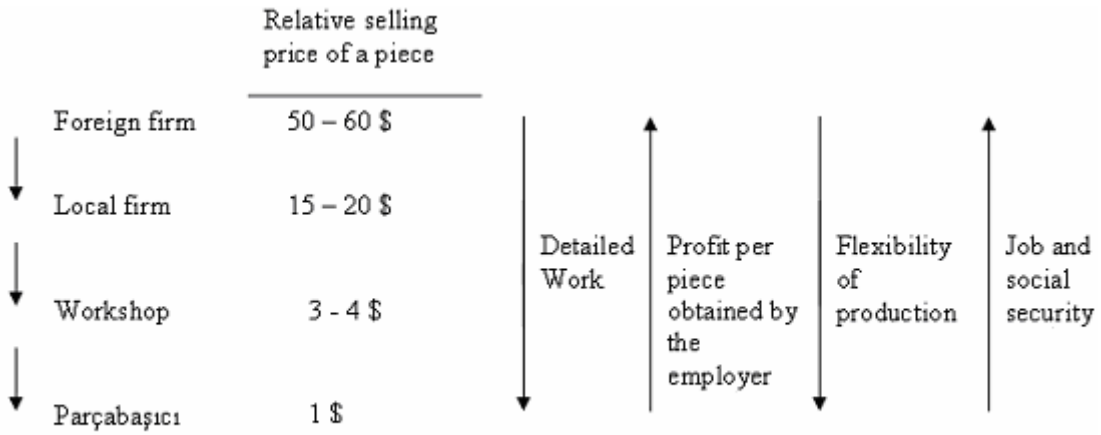
In this chapter, I will describe the relationship between firms and workshops in Istanbul's apparel industry. I will analyze the operation of commodity chains within that segment by looking at the social and economic relations connecting firms and workshops. These relations depend on some power and exploitation mechanisms. I will also analyze how production schemes are embedded in existing socio-cultural forms which sustain these mechanisms.

General Structure of Relations between Workshops and Firms

A firm in the Istanbul apparel industry that subcontracts a workshop gives the design of the product, decides the type of fabric, color, necessary raw materials and sends the cut-pieces to the workshop that gives them their almost final shape-they are sewed, cleaned, pressed and pocketed. The collected pieces are brought to the firm to be labeled, quality-controlled and sent to the client. The price that the firm pays for this task fluctuates with the conditions of the market and with the supply of workshops; however it would not be misleading to state that the money that the workshop obtains for one piece of clothing usually does not exceed 20 % of the price at which the firm sells the piece to the foreign buyer. The clothing is sold in the foreign retail store at a four or more times higher price than that of the firm. At the same time, the firm determines the quality of the work and the submission date. In case the workshop cannot maintain those standards, it becomes subject to some serious sanctions by the firm.

Therefore, we can observe the interaction between the global apparel networks and local productive settings as illustrated in Figure 3. A large part of the production in the Istanbul apparel industry is oriented toward export and carried out in workshops through what is called vertical subcontracting, which amounts to producing orders specific to the firm that subcontracts out (Beneria, 1989). The prices at each level are amplified with respect to previous level by an almost logarithmic scale. While in workshops a small part of regular workers find a chance to obtain social security, it seems almost impossible to meet a *parçabaşı* worker with security.

Figure 3: Some characteristics of global apparel commodity chains



According to the president of ITFAD, there are 70,000-80,000 workshops in Istanbul. 85-90% of them are producing for export markets and the remaining are for the domestic market. The workshops producing for export are subject to inspections forced by foreign buyers, albeit not regularly. In general, the quality of the export-oriented pieces is higher than that for the domestic market. At this point, we can

regard Osmanbey as an exception –as a big tailor store. The inspections and supervision from foreign buyers bring high production standards and sanctions for failure to follow these standards in the workshops.

The main problem within the firm-workshop relations seems to lie in the issue of payment. All employers complain that firms typically delay the payment by two or four weeks. This delay is said to reflect on the payment of wages in the workshop. Although some workers hold the firms responsible for this situation, many of them blame their employers for intentionally delaying the payments – for example, employers commonly invest wages in financial instruments. This is the situation especially for overtime payments, which are paid much more irregularly than the wages.

Although workshops appear to be relatively autonomous entrepreneurships, they are strictly tied to the network composed of firms. While a firm is working with 5-15 workshops according to the scale of the production, a workshop of 20 machines and 30 employees works with between three to five firms. Although each workshop can change the firm from which it receives a contract, the terms of the contracts usually remain the same, that is, the workshops are subjected to almost similar sanctions. Greater part of the risk in the production process is borne by the workshop. Therefore, the workshop ought to perform the work in the most skilled manner and in minimum time. For workshops, the return of a great amount of product from the firm means an economic loss that is difficult to compensate for and thus a possibility of bankruptcy. Indeed, we can regard this relationship between firm and workshop as analogous to the one between workshop's employee and its owner, particularly when we recognize that most workshop owners themselves usually work hard like the workers in the production process.

It can be argued that except for some large-scale workshops that work with assemble line systems, the profit margin of workshops in Istanbul is not high enough to make capital accumulation. The most common theme that I saw during the interviews with workshop owners is the issue of "low prices." Almost all of them complained about the falling prices imposed by the firms. Also, prices fluctuate seasonally as seasonal consumption patterns change. It seems that firms are trying to save their competitive edge in the global market by cutting the prices for workshops. An owner from Umraniye, 1 Mayıs Mahallesi, said that in the previous year, he had employed 60 workers, but this year it had dropped to 25 workers- he fired his foreman as well. Another owner from 1 Mayıs Mahallesi said he was working at prices equal to those of 2001. He was sewing a jacket for 7.5 YTL that had been 7 million at 2001. He said he was obliged to work at these prices, but he had difficulty in compensating for production costs. In order not to lose his workers, he had to pay their wages first when he received money from his buyers.[10] But the remaining part of the money after paying workplace rent and taxes will not suffice to make him wealthy. He said he was earning monthly 1.5-2 thousand YTL on average. Almost all of the owners that I talked with emphasized this point. On average, subcontracting prices currently seemed to be at the level of those of 2003.

The President of Istanbul Chamber of Ready-made Dressmakers/Tailors stated that they had tried to make a price list at which firms and workshop would make transactions, but this did not work. Firms and workshops always negotiate; but firms force the workshops to lower prices,

> Each workshop determines its own price by calculating its costs. But, then, this price gets lowered by the firm. Subcontracting representatives (*fason takipçileri*) are aware of all the prices in the market. They force

[10] At this point, we should remind that many workers claimed the opposite thing. That is, they are complaining about workshop owners who do not pay their wages on time and invest the money in financial instruments.

> workshops to lower prices by stimulating the competition among them. Currently, there are many orders, much business in the market; nevertheless, workshops try to save their costs due to the high competition.

Bankruptcy of workshops, especially small and middle scale workshops is very common in Istanbul's apparel industry. Large-scale workshops have more resistance against fluctuations and stagnations in the market due to their higher capital accumulation capacity. Small and middle-scale workshops, however, have little profit margins and they are less able to survive under negative market conditions. Indeed, like the high circulation of workers among the workshops, there is a high circulation in Istanbul between opening and closing workshops. Between 1990 and 2000, newcomers to the market were more than those outgoing. However, after 2000, and especially with the elimination quotas, the number of small and middle-scale workshops in Istanbul began to shrink. Firms decreased the profit margins of workshops in order to save their competitive edge and shifted the risk of trade to the workshops. For example, it is stated by workers and workshop owners that the number of apparel workshops in 1 Mayıs Mahallesi has been continuously decreasing since 2000. Currently, there are 30 workshops in this neighborhood and the number of those, which have been able to survive since 2000, is only three.

A workshop owner from Güngören told that;

> Those (smart) people, who were aware that this sector was finished, have left apparel and started doing something else. Some people still think that managing an apparel workshop is an easy job; they still get over-motivated to open their workshops (*gaza geliyorlar hala*). I have a friend. He was a jeweler. Two years ago, he set up his own workshop. He subcontracted to two firms, producing for Japan and Germany. He bought 7-8 knitting machines; he was earning well, two years ago. This year the crisis has beaten us. One knitting machine costs 80,000 Euro. He paid 400,000 Euro by getting credit from a bank. Then, the bank repossessed his machines, he went bankrupt.

A production manager, Ayhan, from Confetti Textile, indicated that what principally determines the subcontracting prices is the complexity of the design for a piece of clothing. For him, workshop owners initially determine their cost of production and then try to bargain with the firms in order to save their profit margin. He added that labor costs are too high in Istanbul in order to compete in foreign markets. A workshop owner from Dudullu emphasized that as global competition increased, Turkish firms tended to produce more detailed and elaborate models in order to create a difference to make them competitive in foreign markets. Together with the falling subcontracting prices, this rising complexity of designs had increased the workshops' production costs, because rising complexity increased the labor skills needed in production process.

A workshop owner from Çağlayan said: "Models are getting more and more difficult. Moreover, now we have more difficulty in obtaining our money from firms on time. There are many workshops closed, also firms are closing. However, workers' wages are getting higher."

The rising complexity of pieces brought about a rising demand from workshops for skilled workers, whose bargaining power against workshop owners has been increased. In that context, workshops' profit margins are under pressure both from above and below. The pressures from above, i.e. from buyer firms, are expected insofar as we conceptualize the apparel industry as a buyer-driven commodity chain. The hierarchy among the formal and informal enterprises typically fits the pyramid-like model drawn by Beneria, "with a small number at the top and an increasingly larger numbers as subcontracting flows from larger to smaller firms" (Beneria, 1989, p. 183). As we move to the lower levels of the pyramid, large firms tend to enjoy their "monopsony" power and subcontractors enter into a deep

competition to make contract with firms. In that process, large firms can find a space of action within which they can readily impose their own terms of contract. However, pressures from below, i.e. from workers, should be scrutinized more closely since it does not follow the findings reported in the worldwide literature that examines informal economy, flexibilization processes and workers changing position in relation to them.

Re-location of the Production

After 1990s, the T&C industry's growth in Turkey, especially in Istanbul, underwent a two-dimensional development. On the one hand, foreign firms shifted their subcontracted productions to Turkey for reasons, which I mentioned before and a number of T&C firms in Turkey grew sharply. On the other hand, these firms had to subcontract out their production to informal workshops in order to save labor costs, fixed costs and to limit the size of their organized labor. During the 1990s, these workshops gained reasonable revenues from the commodity chains. However, the high profit margin that workshops obtained and the relatively low cost of opening a workshop, motivated many workers to found their own workshops. This brought about a "workshop inflation" within Istanbul's T&C industry. The rising numbers of workshops intensified the competition between workshops for both getting orders form buyers and finding skilled workers from the labor market.

The apparel industry in Istanbul, indeed in Turkey, has grown from Istanbul's European side, namely from the Osmanbey neighborhood, which has been the spatial center of this industry. However, Osmanbey has lost its significance as a center, because over time production itself became dispersed. Although there are some

regions, especially Osmanbey, where intermediaries, wholesalers and purveyors concentrate, the physical production is wholly dispersed throughout the city. This is analogous to the textile production in the world historical context. The textile industry has grown from England as a locomotive of industrial revolution. It has expanded worldwide other countries were incorporated into the world capitalist economy. Then England lost its place as a T&C producer but engaged in more technology intensive production, such as producing the machinery needed for textile and clothing manufacture. The globalization process of the world economy can be read, in one aspect, as a continuous flow of capital in search of cheap labor to manage competition. Transnational firms and retailers engaging in apparel commodity chains are shifting their production to locations where costs of production can be minimized and the trade of commodities can be carried out with maximum capacity.

When we look at the Istanbul's apparel production, we can see analogous patterns of shifts in the sites of production. There are two such patterns: First, from Istanbul to Anatolian cities; and second, from Istanbul's European Side to the Anatolian Side. In the national context, Kastamonu, Tokat, Kayseri, Denizli, Tekirdağ and Bursa are now important centers of attraction for T&C production.

For firms, the basic problem of outsourcing production to distant cities with cheap labor is the difficulty in transportation and in monitoring the production. First, the apparel industry, as a just-in-time based sector, depends on quick responses to orders. Outsourcing to distant cities decelerates the completion of orders as well as increasing transportation costs. In addition, it is much more difficult to control and discipline the workshops in distant regions. In the apparel industry, firms are used to inspecting workshops two times a week. This directs the firms back to the workshops

in Istanbul, where wages are high for global competition. Physical proximity is still very determinative in choosing workshops.

A workshop owner, who produces knitted garments, from Sanayi Mahallesi pointed out some difficulties in recruiting wage labor at locations to which apparel industry is shifting due to the low wage levels.

> The knitting business has gone to distant regions, to Silivri, Çerkezköy, Adapazarı, Çorlu, etc. Wages are much lower there than here. Workers in these regions are usually peasantry, and working for small money, but indeed they do not want to go to the workshop from the field.

Actually, the firms shifting their production to Anatolian cities have brought about semi-proletarianization processes in these places. In order to lower the labor costs further, they tend to employ workers from nearby villages whose subsistence wage are typically lower than those of urban workers. Sometimes, workers recruited from the villages of these regions develop resistances to the work discipline of workshops.

Within Istanbul, the slums on the Anatolian Side have become the main production locations of the apparel industry. Many firms and workshops closed on the European Side and most of them re-opened on the Anatolian Side after the 2000s. Search for cheap labor sources was the main factor driving firms and workshop to re-locate production sites. However, we can argue that, these enterprises faced new sets of problems in these destinations. Workers recruited in new locations might be insufficiently skilled, or reluctant to obey labor discipline, or competition of enterprises for recruiting skilled workers from limited supply of skilled workers might increase the skilled labor wages unexpectedly.

A firm owner, Zafer Alatlı, from NazTeks, stated that,

> We moved from Günesli to here, Beykoz, since workshops and workers are cheap here. Before we came here, we were working with the

> workshops in Beykoz. Then we preferred to be close to the workshops. There are many firms, which have come to Beykoz since 2000, since here labor was cheap. However, after all these firms came here, workshops began to raise the prices. The wages in Europe are higher, because the labor supply is limited. Qualification takes a long time. However, Beykoz is cheap, rents are cheap, and transportation is easy. It is open to development.

An owner from Sultanbeyli said that;

> We were working in Çağlayan, but we could endure the high costs. Then we moved here since there are many workers here. But, in Çağlayan, when we set the assembly line, workers were working smoothly. Workers here obstinately do whatever they want. They are not skilled…

Control of the Workshops by the Firms

The control of workshops is a crucial issue for firms. The delivery of the pieces to the workshops and their surveillance are carried out by the firm's subcontracting representative, *fason takipçisi*. Subcontracting representatives occupy a critical and contradictory position between firms and workshops. They are employees of the firms; however, they have autonomous positions within the firms. The economic pressure of firms on workshops is materialized in the practices of subcontracting representatives. Through very intimate and, at the same time, very double-dealed forms of relationships, they are supposed to maximize the profit rate of firms. They try to raise the competition between workshops and try to tie each workshop to the firm, as far as the firm needs their subcontracting.

Let me explain the situation with an example. Firm owner says to the subcontracting representative that the firm needs to subcontract 1000 t-shirts with high quality. Firm owner also says the price per piece must not exceed two YTLs and asks whether the subcontracting representative knows any workshop that could

produce t-shirts with this price. Actually, each subcontracting representative has a pool of workshops to be subcontracted to the firm. Usually, the subcontracting representative has such workshops in his/her pool and s/he knows the price of those workshops. Then the firm owner and the subcontracting representative begin bargaining about the price. The subcontracting representative says, for example, "Ahmet's workshop can do this, but he does not do for less than 2.5 YTL". Indeed, the subcontracting representative makes contracts with the workshops prior to the actual subcontracting to the firm occurs and s/he knows that s/he can make Ahmet produce for, say, 1.75 YTL. Then firm owner and the subcontracting representative agree on, say, 2.25. S/he will tell to the firm owner that Ahmet will take 2.25 YTL, but Ahmet will actually take 1.75 YTL, and the subcontracting representative will take the remaining 0.5 YTL. Therefore, through this bargaining process, the subcontracting representative tries to maximize his/her share.

Workshop owner are aware of the autonomy and power of subcontracting representatives. They know that if the subcontracting representative of a firm does not want it, they can never take subcontracting from that firm. The choice of workshops completely depends on the decision of the subcontracting representatives. Subcontracting representatives abuse this position frequently and they demand bribe from workshops in order make contracts with them. It is also common that the representative takes bribes from the workshop owner so that they show the subcontracting price to the firm owner higher than the actual price at which the workshop produces. The difference between the two amounts is shared by the subcontracting representative and the workshop owner. I asked why firm owners permit this situation. By taking bribes, the representative extracts a value for himself

or herself, which was indeed to be extracted directly by the firm. Or, the firm would prefer to work with another workshop who can offer lower prices.

At the first glance, this bribe seems to be completely in the interest of the representative. However, we can also infer that the firm owner ignores these abuses in order to better control the workshops. Firm owners are aware that they are bargaining with the subcontracting representatives although it seems that they are bargaining with the workshop owners. Ayhan, a product manager from Confetti Textile Company, said that;

> The owners of firms are well aware that their representatives take bribes form the workshops. Also, they are aware that the representatives skim from their profit. All subcontracting representatives live in very good economic condition that their salaries cannot support. Our representative has a good automobile and a very good home, on a salary of 1,500 YTL. But, the firm owners are also aware that this is the case for all firms and for all representatives. They cannot find an honorable representative. They also think that their business capacity depends on these peoples' performance. That is, in order to reach workshops and in order to make sufficient pressure on them, they need representatives and they have to ignore their abuses.

It seems that the situation of the subcontracting representatives is analogous to what Dipesh Chakrabarty refers to as the "*sardar*" system operating in the jute mills of Calcutta. Sardars are the "subordinate supervision staff" in the jute mills. They are responsible for the supply and supervision of labor and they are usually from the same social origins as the workers.[11] In this system of supervision, the sardars occupy a crucial position since they provide the direct contact and connection between capital and labor.

> The immediate employer of a worker is his sardar. The sardar gives him his job and it is by his will that the worker retains it…. The sirdars are the real masters of men. They employ them and dismiss them, and, in many cases, they house them and unhouse them. They may own or control the shops, which supply the men with food. The operative, too, pays lump or

[11] Chakrabarty, 213.

> recurring sum to the sirdar to retain his job. His life, indeed, at every turn is coloured by sirdarism.

Here I propose to make an analogy between India's the jute mill system and our workshop system. Chakrabarty mentions that corruption is a basic determining factor in the sardar system. Indeed, the sardars have a strong domination over the workers through mainly two main means: Fear and respect.[12] The workers are deeply afraid of the sardars since they feel their employment and welfare depend on the sardar's initiatives. The importance of corruption comes into the story at this point. Sardars normally abuse their positions and take bribes from workers in order to employ them. Chakrabarty claims that the sardar's authority is manifested by corruption in the sense that more than an economic transaction

> the bribe was also a sign, a representation, of sardar's authority and its acceptance by the worker, which is why an act of refusal to pay bribe was seen as a gesture of defiance and exposed the worker to a degree of anger, vendetta and violence from the sardar that was often out of the proportion to the amount of money involved.

In Turkish workshop system, workshop owners feel obliged to pay bribes to subcontracting representatives in order not to face anger and violence. This violence, of course, is not a physical one that a sardar could sometimes exert, but an economic violence where subcontracting can be taken back from that the workshop and given to another one who will pay the bribe.

Chakrabarty asks why employers allow such corruptions. His answer is very similar to what Ayhan told us:

> [Corruption] saved them the expense of investing in an institution otherwise typical of the capitalist control of labor.

[12] I will be mentioning the theme of respect thereafter

As we see in the workshop system, the de-centralization of production, the introduction of subcontracting chains and the expansion of informal labor forms have brought about hybrid social and economic disciplinary mechanisms in order to control the labor force. These mechanisms have taken on various forms so as to adapt the social structure from which capital seeks to extract labor. For example, in an automobile factory in Bursa, capital can specifically use "scientific" methods of disciplining the labor force, while in our workshop system, it can benefit from an existing social/cultural practice-bribe. There is no such distinction for capital between modern and pre-modern ways of control, it decides which one is better, and then it applies.

Class Positions of the Workshop Owners

In this section, I will describe the class position that workshop owners occupy within the global apparel commodity chains. I will argue that workers and workshop owners constitute a "group" at the bottom of the global apparel commodity chains in terms of vulnerability. I will also argue that class position of owners is a contradictory position shaped by some structural dynamics and subjective experiences of owners.

In the 1990s, workers and workshops owners occupied much more distinctive spaces within the global apparel commodity chain. That is to say, workers and workshop owners were clearly distinct in terms of the gains and losses associated with the production process. They had represented two different segments within the pyramid-shaped production system. However, with the developments after 2000, it would be better to conceptualize these two clusters together, as the base level of the

pyramid-shaped T&C production system. In other words, I am workers and workshop owners who do not differ so much in terms of the risks transferred to them by the upper levels of the pyramid and hence constitute the base of the pyramid.

Until recently, founding a workshop had some ramifications for workers in terms of class position and status- economic and social capital accumulation. They were eager to establish their own places as it could let them move from a worker position to a boss position. Entrepreneurship promised them a meaningful income as well as status. However, this ambition tended to decline as workers observed that owning a workshop would not satisfy their expectations due to the rising competition among workshops. An average workshop owner who employed 10-15 workers would obtain a net profit no more than 2,000-3,000 YTL monthly, which is not so much higher than the wage of a skilled machinist on the European side. Moreover, entrepreneurship would bring extra responsibility and anxiety. In addition, when we remember that most of the workshop owners work in the workshops as much as the workers do –in order to save a wage and control the workers-, entrepreneurship has begun to lose its meaning for workers. A worker from Gungoren, Ayhan, said,

> Formerly, most workers dreamed of opening their own workshops. However, they are not thinking so. They cannot see any hope of opening a place or making money with it. They see being a worker as a more profitable way of living with less responsibility in comparison to yesterday.

The global flexiblization process has externalized the risk of production to informal workers and workshop owners, by rendering them the most vulnerable sections of the apparel commodity chain as a "group." The corollary to this argument is that the thing that appears at the first sight, as the increased bargaining power of skilled informal workshop workers is indeed the process through which workshop

owners lose their bargaining powers against buyers and workers. There are some reasons underlying this situation: The number of workshops has increased extremely paving the way for intensified competition among workshops; this increase had not corresponded to the parallel increase in the number of skilled workers in the labor market; subcontracting prices have fallen due to the elimimation of quotas and rising value of the Turkish Lira; models have become increasingly complex; the circulation of workers has increased. Workshop owners, thus, have lost the income and bargaining power level of the 1990s.

In this context, we need to re-consider workshop owners not as classical capitalist employers, but as people assigned systematically and structurally to the position of "foreman" by the global capitalist commodity chains[13]. By the assignment to foreman position, I do not mean an intentional or individual situation, but a much more systematic positioning procedure operating on the global level. The above-mentioned income level of workshop owners and their level of control over the entire production process put them into an intermediary position between individual workers and firms. Their task is to control and organize the commodity production at the base level. Their operation is further controlled by the subcontracting representatives of firms (*fason takipçisi*). Indeed, the entire process is wholly institutionalized. Whereby, I propose to place workshop owners into a contradictory class location, a scheme theorized by Eric Olin Wright.

Wright suggests that with the development of capitalism, the economic organization of companies and related institutions has become continuously more complex. This has brought about an ever more complex class structure in society. Here, he makes a difference between ownership and possession in order to analyze

[13] In that conceptualization, I am excluding those owners who have large-scale assembly line workshops, which operate like small-scale factories.

this class structure: Ownership is the control over financial instruments and investment resources, and possession is the control over the production process. As capitalism has developed, there have been many intermediary levels endowed with or devoid of different combinations of ownership and possession (Wright, 1985).

The decision-making process within a capitalist enterprise is the underlying parameter in the configuration of these hierarchical levels. In other words, several types of control schemes are determinants of class positions. These types consist of (i) control over the means of production, (ii) control over the organization of production process and (iii) control over labor power. Each of these types of control is separate, although inter-related. In general, more control means a position closer to the real owners, the capitalist class. Nevertheless, control over the means of production, for example, may be quite separate from control over the organization of the production process. Thus, each of these three aspects of decision-making leads to different types of control or lack of control. They are in different dimensions so that each combination can represent a different location within the class system.

For Wright, there are three primary classes within the capitalist system of organization, the capitalist class, the working class and the petty bourgeoisie. He suggests that in addition to primary classes, there are also three contradictory class locations; small employers, managers and supervisors, semi-autonomous employees.

This three-fold scheme takes the capacity to control as the axis of classification. Namely, the bourgeoisie has control over the means of production, over the organization of production and over labor power. The petty bourgeoisie has control over the means of production, over the production process but not over labor power -it does not employ workers. Finally, the proletariat has no control over any of the resources. Wright argues that the contradictory class locations were occupied by

those who have different combinations of control capacities and also different political interests.

In the contradictory class location of managers and supervisors, Wright places all those workers who supervise other people on the job, or who can be considered managers. This location itself includes a broad range of types of jobs, including semi-autonomous experts –occupations such as computer technicians, engineers, social workers, or teachers. They have no ownership but possession in the workplace. Their class location is simultaneously similar to the proletariat and the petty bourgeoisie.

Small employers are between the bourgeoisie and the petty bourgeoisie. Like the bourgeoisie, they employ some labor, 10-50 workers for Wright, but also like petty bourgeoisie, they work alongside the workers in production. The main separation between small employers and bourgeoisie occur around their differences in political and economic interests. Although they both have capital and employ wage labor, their long-term and short-term interests can differ and for Wright this contributes to their separation.

Semi-autonomous employees are employees that, for the most part, do not supervise others but are likely to have some autonomy in the work situation because they are professionals having special skills or technical training. Some of these are engineers, teachers, professors, programmers, and some health professionals. They have a degree of autonomy in terms of decisions related to the job, and while subject to orders, are likely to fill positions that require their own judgment concerning production and related decisions (Wright, 1985).

I argue that workshop owners occupy a contradictory class location, in terms of Wright's parameterization. However, their location is not one of Wright's

contradictory locations. I argue that, workshop owners do own their means of production, but do not have control over the production process, in the end. Buying firms give all production specifications to them and the actual production process routinely is controlled/supervised by firms' subcontracting representatives. Although they have control over labor power at the physical sites of production, the workshops, conditions of the overall process are determined by the firms. The firms give the final directives about the organization of production: When production is to be made, by which specifications production will be made, with which raw materials production will be made etc. Furthermore, although workshop owners have the means of production, machinery, office material etc, they do not have the raw materials used in production. Indeed, their workplace is an internal station of production, where inputs from firms come in and outputs to firms go out. These are the main characteristics of the subcontracting system. Once made in a central factory place, the production process is now dispersed among different workshops. Indeed, these workshops should be regarded as parts of the main factory. Thus, the owners of workshops should be regarded as not capitalists, but foremen assigned by the global apparel commodity chains, who have the physical means of production, except the raw materials.

Wright also constructs a typology of class locations based on ownership or non-ownership of various forms of assets –organizational assets, skills and credentials, and assets in the means of production. Here, I prefer to focus on organizational assets to analyze the location of workshop owner by looking at their position in the hierarchy and decision-making mechanisms. Organizational assets depend on authority and hierarchy. Those controlling and benefiting from these organizational assets can exercise control over their subordinates through a hierarchy

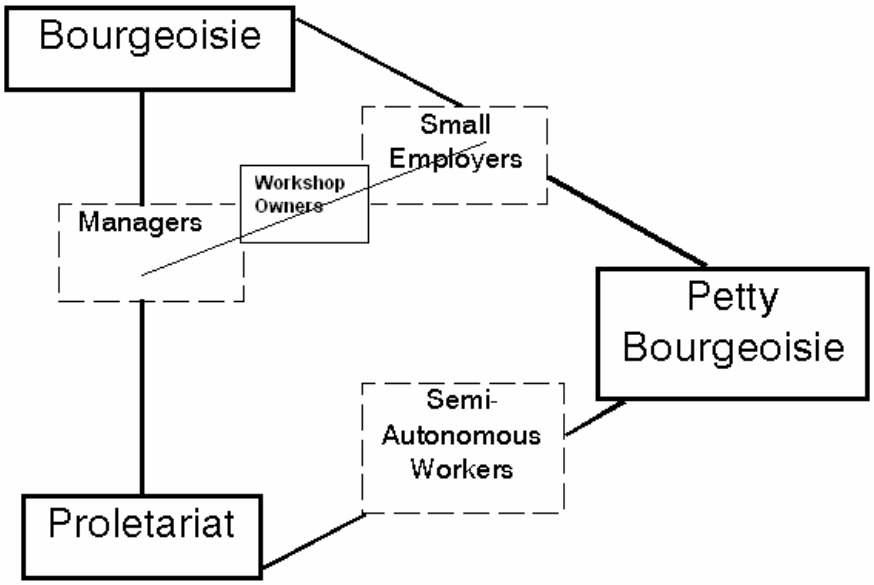
of authority. Wright elaborates on the type and extent of decision-making power, the authority in terms of sanctions that the manager can exercise over others, the formal position in a hierarchy, and the extent of supervisory power. From this, he develops a three-fold classification of (i) managers – positions with effective authority over subordinates, (ii) supervisors – positions which have effective authority over subordinates, but are not involved in organizational decision-making and (iii) those without any organizational assets in terms of being managers or supervisors (Wright, 1985).

Now, where can we place these people in Wright's class scheme? I propose to locate them in between small employers and managers for two reasons. First, they are unlike managers, since they own the means of production and also lack control over the means of production. Second, normally, these workshop owners could be considered as occupying small employer location of Wright. However, in this scheme, the small employer position is constructed for those smaller capitalist, employing smaller numbers of workers than a bourgeois does and but having a significant control over the production process. The case of our workshop owner does not fit with this conceptualization. It is true that there is a definite difference of scale between workshops and firms, but what is important here is that Wright's small employers are not dependent directly on the bourgeoisie for their economic situation. They can make economic transactions with firms; they can share some profits with them or compete with them. Indeed, larger capitalists can eliminate smaller ones in their monopolization processes, as history has shown us. However, workshop owners, as a whole, are completely dependent on the network of firms in order to survive. Although workshop owners are similar to small employers in terms of the number of workers employed, I suggest considering them as foremen –supervisors in

Wright's scheme concerning organizational assets- controlling the workers in the workshop, without controlling the actual production process and by having the means of production.

Here is Figure 4, which demonstrates the location of workshop owners in Wright class scheme.

Figure 4. Contradictory class location of workshop owners



Wright claims that lower level supervisors and foremen are very close to being workers themselves; usually they begin their employment as workers. Their workplace situation is very similar to most workers in terms of experiencing exploitation. By having the means of production, workshop owners belong to the bourgeoisie cluster; by lacking a significant part of control over organization of production and by spending labor in the production process in commensurate levels with workers they belong to the worker cluster. Their autonomy as being employers was given by the global commodity chain system as a "pretension." At the last

instant, they are bounded to behave so as to maximize the general interests of the transnational system. Indeed, workshop owners are foremen who have the means of production, but lack the control over them. This puts them in a contradictory location.

At this point, we shall regard class position as a relation as well as a structural position. For E.P. Thompson, classes come into existence when they face other classes. That is to say, people appropriate their class positions by experiencing the social relations embedded in the class system; classes make themselves (Thompson, 1968). These relations comprise of exploitations and struggles against these exploitations. This is the subjective/relational component of class formations.

In that context, we can reinforce our argument that workshop owners occupy a class position different from that of the main capitalist class. By and large, workshop owners regard themselves as being continuously "exploited" by the firms. A workshop owner from Sanayi Mahallesi represented this self-reflection briefly;

> We are doing the whole job, and they [firms] are making the money. They are only distributing the materials and controlling us while we are making production. I come to the workshop in the early morning and work hard until night. Then the *fason takipçisi* comes here and says 'why did you make these pieces like this?' We never receive our money from the firm on time. They are exploiting us!

Indeed, this is the most common standpoint that workshop owners have about the firms. Now, it is interesting to encounter a group of employers who constantly express that they are being exploited. Clearly, they are positioning themselves as a group distinct from the firm owners and, in turn, against them. The repressive mechanisms executed by firms upon the workshop owners, especially through subcontracting representatives, evoked a negative reaction against the firms.

Workshop owners appropriated subjectively a distinct class position by experiencing economic domination.

On the other hand, these owners become the active agency of exploitation when they enter their own workshops. When they encounter workers, they appropriate the position of employer by exerting economic and social domination over them. Moreover, workers appropriate the class position of being workers through the relationship they experience with the workshop owners. Thus, considering class as an intersubjective set of relations contained with struggles, it is obvious that worker and workshop owners occupy different and conflictual class positions as soon as they enter into the workshop. Against the firms, workshop owner become objects being exploited, and against the workers, workshop owner become subjects exploiting. Through the experience of these positions, workshop owners subjectively appropriate the structural contradictory class location into which the global apparel commodity chains have assigned them.

CHAPTER IV

CONCLUSION

This thesis is based on ethnographic research on the workshop system in Istanbul's apparel industry. This industry has been largely incorporated into the global apparel commodity chains and it depends on an informal labor market. The thesis investigated the structure of the apparel industry on the global level first, and then on the level of Turkey and finally on the level of Istanbul. On the global level, I looked at macro issues, including the structure of global apparel commodity chains and the corresponding international division of labor. On the level of Turkey, I analyzed the importance of the apparel industry for Turkey on the one hand and the importance of Turkey for the global apparel commodity chains on the other. On the level of Istanbul, the thesis described the economic, social and cultural conditions of the existence of the workshop system in Istanbul's apparel industry and its connections with the global system. I elaborated on the general characteristics/structure of apparel industry in Istanbul, the dynamics of the labor market conditions, the relations among workers, employers and firms and the overall cultural and social space within which these relations are embedded.

I discussed the apparel industry as a globalized production scheme based on global commodity chains, through which the design, production, distribution, marketing and sale of commodities are carried out at different locations in the world, thus creating a global division of labor. Historically, the location of production has undergone constant transformations under the influence of several factors. The search for lower labor costs has become the basic determinant in the re-allocation of

production. Other factors have included government policies, the value of national currency vis-à-vis the dollar, quotas and tariffs. The Western hemisphere was the initial location of production, after which it shifted first to Japan, and then to the Newly Industrialized Countries of the Far East and finally expanded to the wide geography of the Third World.

The international division of labor of the apparel industry depends upon a global power hierarchy. The design, distribution and marketing of commodities are carried out by those who occupy critical positions in the global chain. These positions are generally placed at the nodal intensification points of global networks. The physical production of commodities is made generally by subcontracted firms and workshops of Third World countries. The firms operate as coordinators/intermediaries between physical production sites (workshops) and global buyers. A greater part of the production is carried out in workshops, which employ workers from informal labor markets.

The textile and apparel industries are different in terms of the content of production. The apparel industry is a much more labor-intensive sector than the textile industry, which is an almost technology/capital intensive sector at the present. Western countries are more dominant in textile exports than the Third World. Furthermore, western countries are much less dependent on textiles and apparel exports than the latter.

Turkey has a crucial place in global apparel commodity chains and the apparel industry has a vital position in country's economy. Despite the rising competition within the global market, Turkey has succeeded in increasing its share in the global market. There are many factors accounting for this situation. Turkey has a strong legacy of textile manufacturing and its textile firms have long been supported

by its governments. Turkish producers are able to produce high quality products in short amounts of time. Also, Turkey has geographical proximity to the European apparel market which increases the market power of Turkish firms by lowering the costs of transportation. These are very important advantages for Turkey vis-à-vis its competitors, since apparel industry operates with the just-in-time logic of production. The proximity to commodity markets and the ability to give quick responses to orders are determining factors in the competition. Moreover, the apparel industry in Istanbul has made use of the wide informal labor market. Furthermore, the internal displacement of the Kurdish population has expanded that informal labor market. This has contributed to the competitive edge of the Turkish apparel industry. Turkey has also a very close relationship with the European Union, especially through the Customs Union, which has endowed Turkish firms with privileged access to European markets. Being a producer of raw materials for apparel manufacturing has also facilitated the competition of Turkish firms in the global chain. Finally, the relative decrease in the subcontracting prices of workshops has increased the competitive edge of Turkish firms. Turkish firms have been able to compete in global chains by squeezing the profit margins of workshops, which have continuously lost their capital accumulation capacities.

The ethnographic inquiry underlying this thesis has focused on the workshop system of Istanbul's apparel industry and the relationships between formal firms, and local workshops relying mainly on informal labor. In order to understand the social relations of production, I tried to investigate the posts, skill levels, bargaining issues, working conditions, labor standards and social insurance. First, we saw that posts, skill levels and bargaining powers of workers in the workshop system differ with respect to several axes, including the system of production, the type of product and

the scale of workshop. There are two systems of production, the assembly line system and the craft system. Most workshops, especially large-scale ones, producing for export markets use the assembly line system. In this system, the workshop receives the cut fabrics from the firm and workers with different tasks subsequently process the pieces to give the final shape to the garment. In the craft system, however, a single worker sews the garment almost completely. Machinists in each system form the basis of the production; they sew the garments. However, in the assembly line system, differentiation between machinists in terms of skill levels becomes more apparent. Machinists are classified into two groups; 1st (skilled) and 2nd (semi-skilled) machinists. They have different degrees of bargaining power against their employers. Moreover, the type of product that the workshop produces determines in the task definitions and skill levels needed. We have mainly looked at workshops producing fabric garments, knitwear and combed cottons. The complexity of the production changes for different types of products, requiring different divisions of labor. As the production becomes complicated, the number of skilled workers and their bargaining power increase. Also, the scale of workshops –small, middle and large scale- influences the posts, skills and bargaining power. Large-scale workshops use the assembly line system more effectively and they are much less dependent on skilled workers. This also spatially distribute the bargaining power of workers such that workers in the core regions have more bargaining power since the scale of workshops are smaller in the core.

In general, sources of bargaining power of skilled workers are the shortage of skilled labor in the market and the dependence of the workshop on the skill of the worker. In this context, skilled workers of all posts have some degree of bargaining power unlike the semi or non-skilled workers. Skilled workers use their bargaining

power to negotiate with employers about wages, social security and some working conditions, like music played.

We observed three distinctive features of the informal labor market in the Istanbul apparel industry. First, the wages decrease continuously from the core to the margins of the city. Second, the wages on the European side are higher than the wages on the Anatolian side as a whole. Third, each neighborhood has a distinct wage level. In explaining these features, we looked at the production forms in the industry. Firstly, the industry consists of two spatially and functionally differentiated parts: Osmanbey and the rest. Workshop system in Osmanbey operates like a big tailor store with craft system, while the rest of the industry resembles a factory consisting of spatially distinct productive units, using the assembly line system. The workers in Osmanbey are very skilled. However, in the other neighborhoods of Istanbul, workers specialize in particular tasks and small parts of them become skilled. This is the main reason why the wages in Osmanbey are sharply higher than other neighborhoods. Another factor underlying the tendency of wages to decline towards the margins of the city is that the core regions of the city have more access to intermediary firms and supply chains than the margins, which increase their productive capacities as well as the level of wages.

Each neighborhood has a distinct average wage level within its closed labor market. The labor market comes to equilibrium through the market mechanisms effective in each neighborhood; the demand and supply for labor in each neighborhood being the basic factor. At that point, we looked at why there is not much labor flow between different neighborhoods. Then we recognized some social constraints on this flow.

First, difficulty in transportation between distant neighborhoods is the most obvious obstacle for workers. Most workshops do not provide transportation service, and costs of transportation and energy spent in travel is very high for workers. They prefer to work in their own neighborhoods. Second, the gender issue is a very crucial constraint. Female workers and their families prefer working in nearby workshops. Families usually require that female workers work close enough to home so as to be able to perform the home work as well. Also, sexual harassment is very common in workshops and well-known workshops are generally preferred. Third, Kurdish workers cannot easily find jobs in every neighborhood. Many workshop owners do not want to employ Kurdish workers and Kurdish worker may become bound to work in the workshops of Kurdish owners. Many Kurdish workers cannot find jobs in neighborhoods where Kurds are not dominant. They may be excluded from recruitment practices and limited to work in their own neighborhoods.

Workers are differentiated in terms of bargaining capacity with respect to gender, ethnicity, skill level, degree of acquaintance with employer, their location within the city etc. Indeed, there is a significant skilled labor shortage in the industry. There are some reasons for this, including the introduction of the eight-year education system, the expansion of the assembly line system and the high circulation of workers between workshops. These increased the bargaining power of skilled workers against their employer.

There is an obvious hierarchy between workers in workshops. 1st machinists are those who realize this bargaining capacity most. They have a privileged position with respect to other workers. They benefit from the limited capacity of the owner to provide social benefits. The bargaining capacity of workers is more apparent in the core of the city, especially in Osmanbey, where boutique style production in the craft

system is predominant. Workers are very skilled in Osmanbey and they have significant bargaining capacity. This is reflected in their wages, which are almost double the wages in Sultanbeyli. The labor reproduction costs are much higher in Osmanbey than in Sultanbeyli and together with the high demand for skilled labor, these have increased the gap between the wage levels in these neighborhoods.

The working rhythm in workshops is very high and there are various mechanisms so as to render workers efficient. Surveillance, desire for capital accumulation, personal relations established by owners with workers, and mutual interest perceived by workers are among these mechanisms.

I observed that there is a semi-formal professional code regulating the working hours and payment schemes in workshops. This code brings about a sort of structure into the workshops with definite working hours and definite overtime payments. I discussed the effects and conditions of existence of this code. This code emerged after the 1980s with the articulation of different situations. First, workers had a degree of market place bargaining power. Second, the labor standards imposed by foreign firms on intermediary firms have tended to diffuse into the workshop system. Third, the workshop system requires a disciplined labor force. Fourth, the workshops system needs a minimum level of labor standards that would block the unlimited exploitation of labor and thus regulate the competition among workers. In conclusion, this code has brought about a set of labor standards into workshops, which, in turn, facilitate the operation of the apparel industry. Obviously, many informal sectors have such professional codes regulating the performance of jobs as a tradition. Nevertheless, the peculiarity of our case is that the incorporation into global trade networks, along with other factors, has brought about this code in the

1990s. At this point, future research shall look at the demands raised by workers, in the past and at present, for the improvement of labor conditions in workshops.

I also looked at the issue of social security in the workshop system. Most of the workers have no social insurance. Nevertheless, the number of workers with social insurance depends on a complex articulation between the economic capacity of workshop, government inspections, the initiative of workshop owner and relations between workers and owners. On the one hand, a middle and large-scale workshop in Istanbul *cannot* be wholly informal because of government inspections. On the other hand, employers cannot provide social security to all workers because the profit margin does not suffice. Between these extremes, owners tend to provide insurance for the minimum number of workers possible. Various stratification mechanisms, including gender and communal based ones, and the level of need for skilled labor shape the preferences of owners. Then I investigated the practices that workers, lacking social insurance, developed vis-à-vis their health problems. I found out that a very large part of them do nothing but pay the costs of treatment or ignore their health problems all together.

For workers, there is a financial equivalence of social insurance. Social insurance has become the subject matter of wage negotiations with owners. At this point, I shall add that the lack of social insurance provision in the workshop system, as an unintended consequence, has increased the bargaining power of the skilled workers against the owners, given the shortage of the skilled labor. Workers are free to circulate between workshops since there is nothing tying them officially to workshops. They have no rights to lose when they leave the workshop and this increases the circulation rate of workers among workshops.

Then I analyzed the *parçabaşı* production, a special case of productive relations in workshops. I argued that this form of production has increased the flexibility of production by deepening the exploitation mechanisms embedded in workshops and developing new forms of disciplinary mechanisms on workers.

In analyzing the relations between workers and workshop owners, I have constantly emphasized bargaining power relations. I claimed that skilled workers had a degree of bargaining power, used in negotiating about wage, social security and working conditions, as workshop owners have lost their bargaining capacity against firms and workers. I emphasized this point not to claim that the conditions of workers are better than our expectations; rather, in my opinion, the possibility of a collective movement by workers closely depends on the market and workplace bargaining powers of workers. It seems that the labor market of apparel workshop system can provide opportunities for collective movements by workers. Informal economy is still alien to those who think about working class organizations and I tried to contribute to this issue.

I have also analyzed the relations between firms and workshops. By using Erik Olin Wright's terminology, I proposed that workshop owners in this industry occupy a "contradictory class location." However, this location is different from those described by Wright, partaking of the characteristics of both small employers and managers. Workshop owners have the means of production (except raw materials), but have little control over the production process in general. Corollary to this argument is that firms do not have ownership, but do have possession of the workshops. As a general characteristic of flexible subcontracting chains, firms externalize the risk of production by not having the means of production but they still have control over them by exerting various domination mechanisms. The form of

production in these workshops is organized by the upper level, consisting of firms. Production specifications, deadlines, and raw material are given by the firms. Every stage of production in workshops is controlled by the subcontracting representatives of the firms. They exert significant dominance over workshops, especially through corruption. However, what seem to be acts of personal corruption by these representatives are actually systematic mechanisms through which firms discipline and control the workshops.

I argue that workshop owners should not be regarded as classic capitalist employers, but as foremen who were assigned systematically and structurally by the global apparel commodity chains in order to coordinate the production within the small production units -workshops- and discipline the labor force. The function of workshop owners in the global commodity chain is to discipline the labor force within the workshop. They are foremen with the means of production and they occupy a contradictory class position. At this point, I regard class as a structural and subjective position. The structural position is conditioned by the relations of possession and ownership. The subjective position is constructed through the experience of the struggle between workshops and firms. Workshops continuously struggle with firms but these struggles should not be regarded as competition between capitalist enterprises. Rather, firms constantly try to exert domination over workshops by several economic and social means and workshops try to resist in order to survive under harsh conditions of competition. The structural position of workshop owners is appropriated subjectively by them as they experience the domination and exploitation relations enforced by the firms. I suggest that the objective ownership and possession relations would not be sufficient to place workshop owners into a contradictory class location. What essentially makes them a

contradictory class is that they subjectively experience the relations of dominance/exploitation and they transfer this experience to the discursive level.

The elimination of trade quotas and rising competition in the global apparel market have been effective in the emergence of this situation. As Turkish firms entered into competition within global commodity chains, they increased the pressure on workshops in order to save their profit margins. For example, currently subcontracting prices are at the level of 2002. Since that year, Turkey has continuously increased its share in world and EU markets. Firms have been pushing the workshops to decrease their profit and their control over the production process. Workshops have been continuously losing their bargaining power against the firms.

Throughout the thesis, I focused on the relations between workshop owners and workers, and argued that skilled workers have a significant bargaining capacity against the owners. However, what is important here is that, this signals the decreasing bargaining power of the workshops against both firms and workers. After the 1990s, Istanbul's apparel market experienced a growth in the number of workshops. This increased the competition among the workshops to obtain contracts from firms, and to recruit skilled workers from the labor market.

I argue that workers and workshop owners constitute the lowest level of the global commodity chains "as a group." This should not be read as neglecting the antagonisms inherent in the relations between workers and workshop owners. Obviously, these relations depend on exploitation and domination mechanisms with the mediation of gender and ethnic-based stratifications. Workshop owners always try to extract maximum surplus from the labor of workers. However, what I am arguing here is that, the basic mechanisms exercised by the upper segments of global commodity chains to exploit workers and workshop owners as a group are concealed

by focusing merely on the relations within the workshop. It is clear that workers and workshop owners are in a continuous class struggle. At the same time, the global apparel commodity chains concentrate the value created during the production process towards the upper segments, at the expense of both workers and workshop owners. The exclusive emphasis on the relations between workshop owners and workers conceals the real subjects and objects of exploitation relations within the chain. Transnational corporations attempt to shift the emphasis about labor standards to the initiative of workshop owners. Indeed, consumer initiatives and trade unions in the western hemisphere require improved labor standards in production units subcontracted by transnational corporations. However, imposition of international labor standards on workshops, enforced via the inspections carried out by international auditing companies, seem not to improve the standards in workshops to any significant degree. Inspectors auditing the workshops in terms of labor standards, indeed, execute an inspection "performance" which does not correspond to reality. The hypocrisy in the inspection performance is used to conceal the responsibility of companies in labor standard violations occurring within workshops. Companies pretend to be unable to prevent the violations, and try to legitimize their positions.

Therefore, we shall not expect international inspections to raise the labor standards in workshops to the levels legally required, i.e. improving conditions in social insurance, work benefits, fire exits etc. Nevertheless, as we saw in the case of the semi-formal professional code prevailing in the workshops, these inspections have facilitated the formation of the informal labor standards in workshops. This is the "indirect consequence" of the labor standards impositions on the firms.

Small and middle-scale workshops in Istanbul are trying to survive under very difficult conditions of competition. There is a high level of workshop turnover,

with new ones opening and old ones going bankrupt continuously. This circulation has always been existed in the workshop system. However, after 2000, the number of small/middle scale workshops, which have gone bankrupt has exceeded the number of new workshops. Thus, small/middle-scale workshops are being eliminated from the sector. Large-scale workshops, however, which set up assembly line systems and lower their dependency on skilled workers, seem to survive quite well. It seems that large-scale workshops will dominate workshop systems in the lower wage countries in the coming years. They have more bargaining power against the firms and workers and more capacity to accumulate capital and to invest in technology. As the subcontracting prices decrease, small and middle-scale workshop will experience more difficulties in surviving. The re-structuring of the global apparel production after quota elimination seems to be creating crisis in lower segments of the chain, as the small and middle-scale workshops go bankrupt. The chain may re-stabilize itself around large-scale workshops.

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