

**THE UNIVERSITY OF HERTFORDSHIRE**  
**BUSINESS SCHOOL**

**WORKING PAPER SERIES**

The Working Paper series is intended for rapid dissemination of research results, work-in-progress, innovative teaching methods, etc., at the pre-publication stage. Comments are welcomed and should be addressed to the individual author(s). It should be remembered that papers in this series are often provisional and comments and/or citation should take account of this.

For further information about this, and other papers in the series, please contact:

University of Hertfordshire Business School  
College Lane  
Hatfield  
Hertfordshire  
AL10 9AB  
United Kingdom

## **Would the current pension reform improve the wellbeing of women retirees in Turkey?**

Ms. Nuran Topal  
PhD Researcher investigating Pension Reform in Turkey,  
University of Hertfordshire Business School  
[N.Topal@herts.ac.uk](mailto:N.Topal@herts.ac.uk)

Dr. Mustafa Özbilgin  
Senior Lecturer in Human Resource Management  
University of Hertfordshire Business School  
Direct line: 00 44 1707 285446  
[M.F.Ozbilgin@herts.ac.uk](mailto:M.F.Ozbilgin@herts.ac.uk)

### Abstract

This paper explores the implications of pension reform on the wellbeing of women retirees in Turkey. The pension reform in Turkey has been widely researched and documented by national institutions, academics and also by international organisations such as the World Bank and the International Labour Organisation. However, the position of women retirees has not been specifically examined, partly due to an assumption that their welfare needs would be met by an aggregate pension reform. This inattention to women retirees was also evident in the feminist literature, which solely focused on issues of sex equality for economically active women in Turkey. This paper highlights that women retirees constitute a highly vulnerable and under-researched group and that sex discrimination in pension entitlement, which is embedded in the Turkish pension system, appears to be the main reason for the current socio-economic vulnerability of this group. Hence, this paper argues that a mainstream pension reform will only serve to further widen the inequality gap between pension benefits of female and male pensioners in Turkey and that gender equality considerations should be embedded in any future reform in order to prevent the discriminatory impact of an aggregate reform.

Key words: Pension reform, sex equality, women retirees, welfare, Turkey

## Introduction

The social security pension system in Turkey is in financial crisis, requiring an urgent reform (ILO 1996). Since the beginning of the 1990s, the pension deficits are growing at an alarming rate (TUSIAD 1997). This deficit is financed by direct transfers from the Treasury (Devlet Planlama Teskilati 1996), constituting the largest item on the public budget. Several authors (Sayan and Kiraci 1999, Gokce and Ercan 1998, Alper 1995) have argued that this trend is unsustainable in the long term. The main reason for the unsustainability of the current pension system in Turkey has been identified as its very high dependency ratio<sup>1</sup> (Topal 1999). Although, increasing dependency ratio is a problem for many OECD countries, this similarity breaks down when one considers the true nature of the problem in Turkey. The underlying factor for this high ratio in Turkey, unlike other OECD countries, did not stem from the natural ageing of the population but from changes in political, economic and social factors during the course of economic development.

The pension system in Turkey is a publicly managed, defined-benefit plan<sup>2</sup>, operating on pay-as-you-go (PAYG)<sup>3</sup> principles. The system is a part of a relatively mature social security system that has been providing pension benefits since the early 1940s. It is made up of three different distinct branches each operating on PAYG basis. Of these, Social Insurance Institution (*Sosyal Sigortalar Kurumu-SSK*) provides pension coverage to blue-collar workers employed in the public sector and blue-and white-collar workers in the private sector; Independent Pension Institution (*Bag-Kur-BK*) covers farmers, artisans and other self-employed people, and the Pension Fund (*Emekli Sandigi-ES*) is the pension fund administration for white –collar workers

---

<sup>1</sup> Dependency ratio is the ratio of pensioners to active workers.

<sup>2</sup> Defined-benefit plan refers to pension systems, where the benefit formula, which is defined in advance, determines the level of benefits that the retirees will receive. The benefits they receive usually depend on years in work and salary, particularly towards the end of retirement.

<sup>3</sup> Under PAYG schemes, the pension benefits of retirees are financed by the preceding generations. It depends on intergenerational transfers.

employed by local and central governments. These pension institutions provide aggregate data on their national coverage of actively insured workers and retirees. However, these main sources of information on pensions in Turkey fail to provide specific indicators on women pensioners. The data, which this paper analyses, were made available by one of the experts in the Directorate General of Women's Status and Problems in Ankara, Turkey. Because, these raw statistics are neither in public domain nor easily accessible for research purposes, the publicly available aggregate data on pensions fails to reflect the extent of the crisis as it affects women pensioners in Turkey.

Although the pension reform has recently raised academic concerns in Turkey, its impact on women retirees has not received any attention from researchers who assumed that welfare of women pensioners would be addressed by the mainstream and aggregate approach of the pension reform. Similarly, the feminist writers, who have researched and documented welfare issues for economically active women in Turkey, failed to problematise the critical nature of sex equality in pension provision and emergent pension reform in Turkey.

### **History of women's work and pension entitlement in Turkey**

Women's work in Turkey is relatively well researched and documented by Turkish social and cultural researchers and historians in the country. However women retirees have not received this attention from this group of authors. This section of the paper will evaluate the history of women's work and problematise the inattention of the academic research on critical issues of sex equality in pension provision and the emergent pension reform in Turkey.

Although the literature on women's work could be traced back to pre-Islamic times (before the 11<sup>th</sup> century), earliest form of feminist debates on women and work in Turkey dates back to the

early 20<sup>th</sup> century. Both the Western-style and the Islamic feminist debates of this period were interrupted by first the Balkan Wars (1912-1913) and later by the First World War, in which the Ottoman Empire allied itself with Germany. During these times of social dislocation in the declining Ottoman Empire, women interacted socially, they shared military duties with men and took up employment to compensate for the declining male labour force. Women's participation in war-time employment brought about the relaxation and partial disintegration of the religious controls on sex segregation in public and private spaces (Toprak, 1994; Guzel, 1980). Although there was lack of an institutionalised scheme of social security for elderly population during the Ottoman times, family ties, religious order, craft's unions and charitable organisations provided partial support for the wellbeing of this group (Guzel and Okur, 1998). It could be noted that elderly women and men were supported based on different social and religious norms in this era. Unlike their male counterparts, who belonged to crafts' unions and were supported during their elderly years by these unions, Ottoman women, until the declining years of the Empire, were largely excluded from employment in the paid sector. Thus, they were unable to receive any such financial benefits in their old age, having to rely mostly on their family income and networks for support.

The period of national struggle in Turkey between 1919 and 1923, which followed the end of the First World War, witnessed wars in numerous border areas of the collapsing Ottoman Empire, against both the invading military forces of the European states such as France, Britain, Greece and Italy, and also the conservative military forces which supported the Ottoman Sultanate and Caliphate systems. During this period, Turkish women provided military and economic support to the newly formed troop battalions of the modern Turkish state, as well as forming their own combat groups. These wars of national struggle ended in 1923 with the success of the Turkish army in recapturing those lands where Turks constituted a majority

within the Ottoman Empire. The new post-war Turkish Republic was defined in a nationalist way, as the motherland of the Turks. This echoed the emergent nationalist movements in various western countries in the late 19th century, and was made possible by the establishment of the country's borders on racial and national grounds. Some women's groups identified themselves with this new nationalist discourse, forming organisations and parties to enable women to serve these national ideals (Tuncay 1989; Toprak, 1994; Arat, 1994).

The first decade of the new Turkish republic witnessed significant legal and societal changes towards the equality of the sexes. The new Turkish Civil Code, introduced in 1926, banned polygamy and gave women equal rights to men in matters of divorce and child custody. Women won the right to vote in 1934. The programme of legislative changes in this era included the prohibition of the head and full body covers for women, which had been potent symbols of political Islam in the Ottoman Empire; the introduction of secular education; and lifting the bans on women's employment, in both state and private organisations and companies. While activism for women's rights in the 1920s emphasised employment rights for women and there were, pension rights for women was only a longer-term prospect and highly marginal concern for that decade. Demanding pension rights would be far fetching for Turkish women who were about to secure their rights to paid work and employment.

The teachings and speeches of the founding leader of the Turkish Republic in the 1920s, Mustafa Kemal (named as Ataturk, the ancestor of Turks, by the Turkish Grand National Assembly because of his spectacular military and civil achievements), had a far-reaching impact on the issues of sex equality, especially in relation to employment. Speaking in support of lifting restrictions imposed on women's employment, Ataturk pointed out that more than 80 per cent of the Turkish population were peasants and that Turkish women had always worked alongside

men as agricultural workers (Altindal, 1994). His vision was to encourage Turkish women into all sectors of employment by removing the restrictions and barriers in their way. He pursued his vision by supporting the first wave of women professionals in Turkey, such as doctors, pilots and educators, in their careers and promoted their visibility as role models in the Turkish media. These efforts had a strong nationalist and secular message, leading some writers like Tekeli (1982) to argue that women and their social problems were used as a means of embedding the Kemalist reforms of nationalism and secularism into Turkish society.

Turkish women gained their political rights to vote in local elections under the Law of Municipalities in 1930, and they won the right to vote in elections for and to be elected to the Grand National Assembly in 1934. In 1935, the Turkish women's movement gained international recognition as the International Women's Union held its 12th Congress in Istanbul (Tekeli, 1993). In 1937, Turkey became a secular state by law (Bilge, 1995). Although Turkish women have started entering paid employment in public and private sectors in the 1920s, pension rights for women became a policy issue nearly two decades after they joined the ranks of employment. The new era was expected to bring about broader social change in the status of women. A formal social security system, although with a limited coverage, was formed in the early 1940s, enabling Turkish women to benefit from institutional pension system for the first time in history. This era witnessed substantial legal changes towards the equality of sexes and it was considered the start of a new phase for the Turkish feminist movement.

Although Turkish troops did not actually participate in the Second World War, the Turkish economy suffered during the war, as the civil segments of the society were forced to make sacrifices to provide for the army of troops which were mobilised and sent to the possible frontiers of war. After the Second World War, Turkish intellectuals criticised the hierarchical

and patriarchal structuring of the previous Ottoman society. They praised the ideals of the new republic, while they denied and vilified Ottoman heritage and history. The official discourse of the government praised its so-called great advances in women's employment and civil rights, arguing that Turkish women were fortunate to have been 'granted' their social and economic rights earlier than their European counterparts (Ilkcaracan, 1996, pp. 14-15). In the years following the early reformations of the Turkish Republic, the pension system was not reformed and it failed to provide coverage for majority of working women. In the 1940s, agricultural sector provided over 80 per cent of total employment in Turkey and an overwhelming majority of female labour was concentrated in this sector, which was fully excluded from the pension system at the time.

The radical secularist movement of the Kemalist era lost momentum under the rule of the Democratic Party in the 1950s. The Democratic Party allowed religious ideologies and sectarian conflicts to re-enter government politics, mostly in order to gain the support of the rural population, which had not yet fully accepted the secular message of the Kemalist government. Koran courses and religious education, which were banned by the previous governments, were reintroduced all over Turkey. This period, with hindsight, can be seen as the end of the period of progressive legislative developments for women. The last of the legal reforms outlined in the Turkish Civil Code of 1926 concerning women were enacted in 1951. Since then, the only change in the Civil Code has been the Divorce Act, passed in 1988, which did not concern pensions (Ilkcaracan, 1996). This signifies both the inertia of political feminism in Turkey since the early 1950s, and also the rise of political Islam and the resurgence of rural patriarchy as a political influence which made any progressive changes for women unlikely.

After two decades of silence from the Turkish feminist movement during the 1950s and 1960s,

the 1970s witnessed the emergence of a number of women writers who discussed the social problems facing women in capitalist society (Akatli, 1994). These discussions reflected the emergence of the modern feminist and socialist movements in the United States, Britain, France, Germany, the Netherlands and other countries. However, influenced and informed more by Marxism than feminism, they argued that the capitalist economy sustained patriarchal relations in society, and thus equality could only be achieved through a new socialist formation of the society and the state. However, these feminist groups have also failed to problematise the position of women retirees in Turkey, focusing mainly on functioning of the capitalist economy as the source of patriarchal relations. Because the Turkish feminist movement had allied itself with Marxism during the 1970s, the military coup in 1980 hit both the Marxists and the Marxist-feminists severely (Tekeli, 1993). Tekeli (1993) argued that not only did it silence and marginalise Marxist groups, but also it promoted fundamentalist Islamic formations in opposition to Marxism and socialist-feminism.

Military rule ended and Turkish democracy was restored in 1982. The first government after the coup d'état implemented liberal and laissez-faire policies which brought unforeseen changes to Turkish society. Both privately-owned and state-owned television, radio and other mass media channels replaced the state monopoly in the 1980s (Ecevit, 1994). In the later part of the decade feminist movement in Turkey fragmented, reflecting widening disparities in the fortunes of their supporters from different classes and ethnic groups, from rural and urban areas, and from different educational backgrounds. Within this social framework, the hard-core feminist movement in Turkey was still dominated by an elite group of academics or well-educated women from the urban centres of Turkey. Thus, feminism enjoyed little success in reaching the lower socio-economic segments of Turkish society or in addressing their immediate concerns. Although the 1980s were not considered particularly advantageous for women's rights in

Turkey, the pension legislation, which was passed in 1983, granted pension rights to agricultural workers, an increasing proportion of whom have been women (Table One). The sectoral distribution of women and men in Turkey in 1999 was 66.3 and 30.9 per cent in agricultural sector, 11.3 and 28.3 per cent in the industrial sector, and 22.4 and 40.8 per cent in the service sector, respectively. 87 per cent of women in agriculture are unpaid family workers (KSSGM 2000).

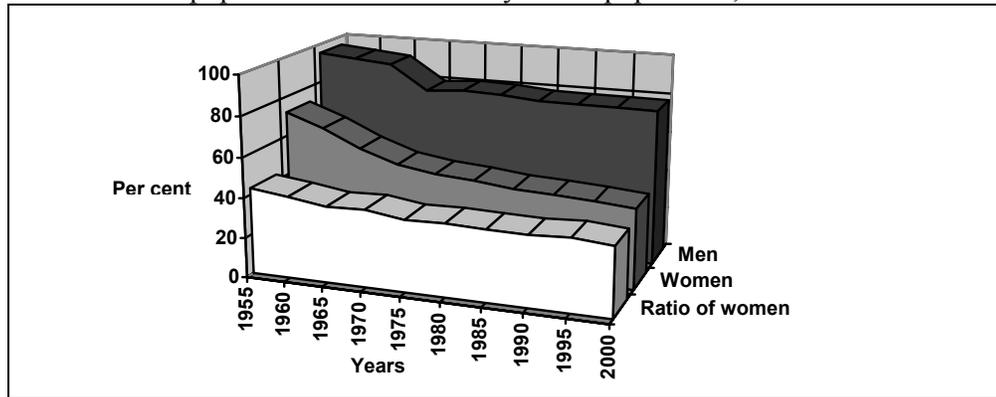
Table One: Ratio of women workers in total employed population by employment sector (1970 to 2000)

Years	Total	Agricultural	Industry	Service
1970	38.45	50.83	16.46	9.32
1980	36.79	53.57	10.72	11.78
1990	35.96	54.99	13.85	13.95
2000	34.42	56.01	14.73	14.22

Source: DIE, Women in Statistics, 1995 and 1998.

The proportion of women who are economically active in Turkey has for a number of years been declining relative to men (DIE, 1995). While 95 per cent of the adult male population participated in the labour force in 1955, this figure had decreased to 78 per cent by 1990. Women's participation decreased even more rapidly, from 72 per cent to 42 per cent over the same period (DIE, 1993) (Figure One). This trend will have a significantly gendered impact on pension entitlements of the working population, as the proportion of women retirees will also drastically decrease in the next two decades. It can be reasonably argued that the current economic downturn increases the economic dependency of women both during their work lives and older age.

Figure One: Ratio of economically active population in Turkey by census year and sex, and ratio of female population in economically active population, 1955 to 2000



Source: DIE 1995, pp. 22-23 and KSSGM 2000.

Likewise, the recent recession has affected women's access to employment to a greater extent than men's. Although Turkish women's non-agricultural wage in proportion to men's is 84.5 per cent, higher than the international ratio of 74.9 percent, Turkish men still enjoy higher absolute wages than Turkish women do (United Nations, 1995). This inequality gap in pay will be intensified in pension benefits as workers' pension entitlement is dependent on their accumulated savings which is a proportion of their wages. The social dependency effect, which this inequality gap fosters, should be another cause of concern for social policy researchers. Due to a chronic financial recession since the 1960s and the lack of progressive legislation Turkish women's relative position in employment has been worsening since the early years of the republic, as the above statistics suggest.

The other striking social phenomenon affecting women's employment since the 1970s, together with the negative social effects of the economic recession, is the acceleration of the migration from rural to urban areas, and its negative social and economic consequences for migrant women's lives. In 1992, Turkey had a growing population of 58 million, of whom 31 million lived in cities and 27 million in rural communities (DIE, 1994, p. xi). In the last decade, a desire for the economic, social and cultural conveniences of the city promoted by the mass media,

renewed ethnic conflicts, human rights violations and military action against the separatist Kurds in the South-eastern part of Turkey, have all fuelled social mobility and migration from rural to urban centres. While the country's urban population constituted 23.5 per cent of the total population of 14 million in 1935, by 1990 this had increased to 59 per cent of 56 million (Table Two) (DIE, 1995, p.115). This phenomenal growth of the urban areas, in an unplanned fashion, and the relatively youthful profile of the country's population, have brought unexpected social and political consequences.

Table Two: Proportion of the Turkish population in cities and villages

Census Year	City (per cent)	Village (per cent)
1935	23.5	76.5
1940	24.4	75.6
1945	24.9	75.1
1950	25.0	75.0
1955	28.8	71.2
1960	31.9	68.1
1965	34.4	65.6
1970	38.3	61.7
1975	41.8	58.2
1980	43.9	56.1
1985	53.0	47.0
1990	59.0	41.0

Source: DIE<sup>4</sup>, 1992, p. 20.

Women have been influenced by this massive migration to cities in two main ways. The common pattern of migration for members of the lower socio-economic classes starts with the migration of the men, who then try to achieve economic and social survival in the city in order subsequently to bring their families to join them. In this pattern, women face the new urban social and economic conditions later than men, and are reduced to financial dependence on the men who brought them to the city. This trend is observable in the statistics: women constituted 48.8 per cent of the urban and 51.2 per cent of the rural population in 1992 and while men's labour force participation in the cities was 69.2 per cent and women's 16.1 per cent, the figures

<sup>4</sup> DIE refers to the State Institute of Statistics of the Republic of Turkey

for rural men's labour force participation was 76.6 per cent and that of women was 50.2 per cent (DIE, 1994, p. xi). Secondly, Turkish cities do not offer adequate employment opportunities for poorly educated women, as their labour requirements are for a more highly skilled and educated work force than in rural areas. Furthermore, sex segregation in unskilled jobs is even stronger than for highly-skilled jobs (Kandiyoti, 1997). While women's unemployment rate was 20.5 percent in the cities and 2.5 per cent in the villages, men's unemployment rate was 9.8 in the cities and 6.2 in the villages in 1992 (DIE, 1994, p. xi). Migration causes migrant women who were economically active in the rural economy either to lose the skills that they were able to use in agriculture and the household economy, or to suffer economic exploitation by becoming piece-work or temporary workers without adequate pay, social security and pension entitlements. In either case, their economic and social dependence on husbands and fathers is increased.

In modern Turkey, the constitution guarantees that women and men are equal and enjoy equal rights. However, this legal understanding has not fully permeated all the interstices of Turkish society, including employment and retirement. In practice, sex equality in the workplace is left to the ideological choice and good will of organisations at all levels of the labour process, and to the operation of the capitalist system. There are still organisations in Turkey which employ no women at all, justified by their so-called religious beliefs, organisational cultures or traditions, yet there is no legal scope to challenge their practices. In the absence of legal or policy supports for sex equality, sex discrimination is endemic and it has a direct and adverse affect on pension entitlements of women in Turkey. Women who are faced with discrimination in accessing certain positions of power and influence receive lower pay and employment conditions than they deserve. Therefore their pension contributions are stunted as they receive lower pay than their male peers. Although this appears to be a universal problem, nevertheless, it is also a major

cause of disadvantage for women retirees in Turkey, as they suffer the impact of sex discrimination during both employment and retirement.

Table Three, Four, Five and Six indicate that the large proportion of pension entitlements that women receive in old age is very much dependent on their husbands' or immediate male relatives' pension benefits. Death of their pension receiving husbands or fathers is the major qualifier for women receiving pensions from Bag-Kur and Emekli Sandigi (Tables Five and Six). This is a clear indication of the dependency effect, which women experience in their older age.

Although men constituted over 60 per cent of the total employed population in Turkey, they were 85.4 per cent of the total actively insured population in 1998. This means that disproportionately high number of women were not covered by the pension system. Examining the pension entitlements that women receive independent of men in their families reveals that women only constitute a marginal proportion, 17.4 per cent, of this group of workers. This picture of pension entitlements by sex empirically illustrates the dependency effect.

**Table Three: Active insured (premium paying population), 1999.**

	506 SSK Law		By Subscription <sup>1</sup>		Community Insurance <sup>2</sup>	
	Numbers	Per cent	Numbers	Per cent	Numbers	Per cent
Women	543.476	9.78	190.102	47.06	554	8.39
Men	5.015.10 6	90.22	213.849	52.94	6.053	91.61
Total	5.558.58 2	100.00	403.951	100.00	6.607	100.00

<sup>1</sup> At the end of 1998, female and male subscribers of insurance were 349.059 and 525.688, respectively.

<sup>2</sup> These data were of April 1999.

Source: The Directorate of Women's Status and Problems in Turkey, 2000.

**Table Four: Passive insured (premium receiving population), 1999.**

	Disability	Old Age	Death	Incapacity	Accident
Women	6.742	306.246	743.280	1.020	56.189
Men	47.636	1.637.510	110.373	46.922	16.879
Total	54.378	1.943.756	853.653	47.942	73.068

Source: The Directorate of Women's Status and Problems in Turkey, 2000.

**Table Five: Bag-Kur, 1998.**

	Active		Passive				
	Ratio	Insured	Old Age	Disability	Death	Total	Ratio
Women	10.39	302.317	73.138	1.137	264.945	339.220	35.94
Men	89.61	2.606.182	561.846	12.725	30.128	604.699	64.06
Total	100	2.908.499	634.984	13.862	295.073	943.919	100

Source: The Directorate of Women's Status and Problems in Turkey, 2000.

**Table Six: Emekli Sandigi, 1999**

	Active		Passive						
	Ratio	Insured	Retired	Disabled	Service Disabled	Widowed	Orphan	Total	Ratio
Women	33.33	690.622	194.775	3.752	94	195.476	161.077	555.174	47.34
Men	66.67	1.381.245	527.857	15.398	7.220	9.746	57.346	617.567	52.66
Total	100	2.071.867	722.632	19.150	7.314	205.222	218.423	1.172.741	100

Source: The Directorate of Women's Status and Problems in Turkey, 2000.

Women are required to work five years shorter than their male counterparts in order to qualify for their pension in Turkey. Furthermore, the statistics suggest that the pay discrimination by sex is still prevalent in the country. As the pension entitlements are dependent on accumulated savings, thus the number of years and the level of wages, women receive lower pension benefits at the end of their working life, both due to pay discrimination and shorter working lives.

The gendered form of exclusion in pension entitlements, coupled with lower pension benefits intensifies the dependency and inequality that the pension age population face in Turkey. This indicates that, contrary to the common assumption of gender neutrality of the pension reform in Turkey, the inequality gap between men and women is likely to be magnified with the proposed changes.

Since the 1990s, the dependency ratio has been dramatically increasing. This means that under a PAYG system, dependency ratio plays a determinant role for the pension's financial sustainability and the level of financial benefits that the retirees will receive. Currently, many Turkish women work in the uninsured sectors of employment and receive lower pension benefits upon their retirement, subsequently becoming dependent on the family income in their old age. One way of addressing the problem of high dependency ratio in Turkey would be to provide working women, who are not insured, with the adequate entitlement to be insured.

The international environment within which Turkey is a player has also an essential role in promoting the enactment of legislation to promote women's status in employment and as pensioners. As well as the legal acknowledgement that women and men are equal under constitutional law, Turkey has ratified several relevant international treaties and charters, including the European Convention of Human Rights and Fundamental Freedoms, the Universal Declaration of Human Rights, the Charter of the United Nations and, most recently, in 1985, the Convention on the Elimination of All Forms of Discrimination Against Women. The Directorate General on the Status and Problems of Women, working under the Turkish Grand National Assembly, provides training programmes to encourage and support women's active participation in politics and employment. Various groups within the Turkish feminist movement are working to redefine the politics of sex segregation. These are all progressive moves towards creating a

legal framework for equal opportunities in employment. Yet the very diversity of these groups, and their consequent incapacity to organise effectively to influence the current male-dominated environment of Turkish politics, dooms their efforts to ineffectuality. Furthermore, information on these treaties and the rights they promise for the different segments of the Turkish society, such as women, is not made publicly available. Thus, they benefit articulate and well-informed women from the higher socio-economic classes of Turkish society, but fail to address the problems and concerns of the rest of the female population, who are not aware of their rights and so are unable to exercise them due to their disadvantaged economic and social status. Moreover, although there are organisations and legal provisions for equality, they are centralised and grouped together in the big cities, serving only small communities of power and influence, rather than the whole female population. During the course of this research project it became apparent that pension rights of women were ignored in international and national level policy making decisions and grossly neglected in sex equality debates in Turkey.

The contemporary Turkish feminist movement embraces a wide range of political and ideological stances, ranging from conservative and liberal Islamist feminists (Arat, 1990; Gole, 1993) to radical and socialist feminists (Arat, 1994), subscribing to radically different conservative or progressive definitions of, and aspirations for, sex equality and women's position within Turkish society and work life. It seems that within this social spectrum of ideologies, women's problems have been used as a platform for enhancing men's political ambitions and ends, rather than promoting real solutions to the legal and social inequalities which disadvantage women in modern Turkey (Özbilgin 1998). This approach can be strongly observed in recent formulations of the pension reform in Turkey. The current pension reform offers an aggregate approach which is gender blind, as it does not recognise gender differences in employment experiences, conditions and resultant forms of disadvantages for women. There

is a need for a stronger political and social agenda, which can cater for the expectations and address the experiences of the women from the lower socio-economic classes, from ethnic and sexual minorities, as well as from the privileged segments of the society, in order to challenge the current formulation of the pension reform and the gendered disadvantages this may pose.

### **Pension reform in Turkey**

Pension reform in Turkey is one of the main social and economic policy issues of public controversy, government reform, and international interest. Pension reform has caused public controversy and drew media attention as it proposes to radically increase the retirement age towards a European standard. Workers' unions have protested against this change in various platforms. However, the Turkish government showed attention to this policy issue as both the government sources and the international financial players identified pension system as one of the key factors behind the financial crises in public expenditure.

Two intergovernmental financial players, The World Bank and the International Labour Organisation (ILO), offered plans for reforming the pension system in Turkey. The World Bank offered a reformed pension system which constitutes a radical departure from the existing pension arrangements. This is a system where the old age pensions would be based on individual savings accounts, which will be held by private pension fund companies and invested in the Turkish financial market. The amount of pension would depend on the contributions paid and the on the rate of return achieved by the private pension fund chosen by the individual to administer his or her pension savings. The accumulated funds are directly related to the length of working lifetime and the amount of wages earned. Under this reform system all the three pension institutions will be unified. The much needed subsidies to agricultural workers will be

eliminated under the World Bank proposal (ILO 1996). Turkey is currently formulating national policies in order to implement the World Bank's pension reform proposals.

The World Bank's pension reform proposal has implications on the future retirement benefits of women, as well as other social groups. Hence, the simulation analysis provided here shows the future retirement benefits for different wage groups with different working lifetimes. This analysis illustrates the likely pension benefits the worker would receive depending on number years in work, level of wages, the life expectancy at the age of retirement and varying real rates of return. Therefore, the relationship among pension rate, contribution rate, length of working life and length of retirement life can be expressed by using a mathematical model, as proposed by the World Bank. If  $CW$  represents the workers contribution where  $W$  is the starting wage and  $C$  is the contribution rate, and if wages and contributions grow at the rate of  $1+g$  each year and the capital accumulated in prior years grows at the rate of  $1+r$  each year, where  $g$  is the growth rate of wages and  $r$  is the interest rate. At the time of retirement the capital accumulated for an average worker is expressed by the following formula:

$$\text{Accumulated Capital} = CW [(1+r)^n + (1+g)(1+r)^{n-1} + \dots + (1+g)^{n-1}(1+r)]$$

Appendix A illustrates, using this equation, how retirement benefits differ for workers with different levels of wages and working lifetime with varying rates of return on investment. The inequality gap of pensions between workers belonging to differing wage sectors is significantly large. This gap becomes even more significant as the number of years in work increases. The significant difference between the reformed system and the current system in calculating the pension benefits is the variables used. The determinant variable in the current system is the average of the worker's final years' wages. However under the reformed system, levels of

wages, working lifetime and rates of return on investment are the main determinants. Since women in Turkey have relatively short and precarious career paths, they will be worse off under the reformed system. At the same time, pension reform does not incorporate a matching contribution by the government in respect of farmers and agricultural workers. It is therefore less likely that any great improvement will be achieved in the rate of compliance among these categories.

In spite of agricultural sector being the most concentrated sector by women, the rate of insured women in this sector has been well below any other sector. This indicates that, women in the agricultural sector lack the entitlement to be included in the pension system. Hence, this phenomenon increases the degree of inequality among elderly women who worked in the agricultural sector. At the same time, even if government has enforced unisex annuity rates, the earlier pensionable age for women would result in getting a lower pension than men with the same level of accumulated savings; and of course women tend to have lower earnings and shorter careers, so this factor would hit women that is already at a serious disadvantage in employment sector.

## **Conclusions**

This paper examined the current status of women pensioners and implications of the pension reform on this group. The literature review on the subject reveal that there is a gross lack of attention to pension reform as it impacts women's entitlements and rights in retirement. There is need for collection and wider dissemination of gender specific data sets and further research in the field of sex equality and pension provision in Turkey.

It is evident that women will be disadvantaged in the new pension scheme, which is currently advocated by the World Bank and implemented by the Turkish government. The main reason for this stems from women's position in the Turkish legal, employment, social and family systems, which hinder their entitlement to be covered by a pension system.

Except for a statement in the Turkish constitution that women and men have equal rights before the law, there is lack of supportive legislation on sex equality in employment. Similarly, there is not a specific legislation or policy statement to provide sex equality in the pension system. There are only two major differences in pension provision for women and men: First there is a five-year of difference between their ages of retirement. Second, unlike men, women are entitled to retirement following the death of their married partners or fathers, who have made pension contributions. However, the lower retirement age for women implies lower retirement income and retirement through husbands and fathers may constitute as incentives for women to withdraw from employment sector. Although these two provisions were originally introduced in order to 'protect' women, they have merely helped to increase their dependency to their families and particularly their male relatives for financial support. The calculations of capital accumulated for average worker by sex in the new pension system confirms this bleak picture for women retirees. Moreover, the endemic levels of sex discrimination in pay, conditions and opportunities in employment only exacerbates women retirees' economic disadvantage.

This paper argues that women retirees will not fare as good as their male counterparts in the new pension system in terms of financial benefits or levels of entitlements. However, the anticipated disadvantages of the current pension reform could be rectified if the new reforms are formulated in a way, which recognises the differences between social, political and economic status and

experiences of women and men in Turkey. These efforts of understanding gendered differences in patterns of employment and retirement should be coupled with policies and strategies, which aim to address gendered imbalances in the pension reform. A commitment to mainstreaming and embedding gender issues in the decision making processes at the level of national policy making and implementation becomes the key priority if the future efforts are to affect real change towards sex equality in the pension reform.

## References

- Akatli, F. '1980 Sonrasi Edebiyatimizda "Kadin"', *Kadin Arastirmalari Dergisi*, Istanbul, Vol. 2, 1994, pp. 29-40.
- Akyuz Y. *Financial System and Policies in Turkey in the 1980s*, Discussion Paper No. 25, United Nations Conference on Trade and Development, 1989.
- Alper Y. *Crisis in Social Security Systems and the need for Reform*, Isveren, 1995.
- Altindal, M. *Osmanli'da Kadin*, Altin Kitaplar, Istanbul, first edition, 1994.
- Arat, Y. 'Toward a Democratic Society: The women's movement in Turkey in the 1980s', *Women's Studies International Forum*, Vol. 17, Nos. 2/3, 1994, pp. 241-248.
- Arat, Y. 'The Patriarchal Paradox: Women Politicians in Turkey' ("Patriyarkal Paradoks: Turkiye'de Kadin Politikacilar", translated into Turkish by Fatmagul Berktaay from Farleigh Dickson Press, 1989), *Kadin Arastirmalari Dergisi*, Istanbul, 1994, Vol. 1, pp. 137-140.
- Arat, Y. 'Islamic Fundamentalism and Women in Turkey', *The Muslim World*, Vol. LXXX, No. 1, January, 1990.
- Bailey C. and Turner J. 'Contribution, Evasion and Social Security: Cause and Remedies', *International Conference on Social Security*, October 1997.
- Boratav K., Oktar T. and Yeldan E. 'Dilemmas of Structural Adjustment and Environmental Policies under Instability Post- 1980 Turkey', *World Development*, Vol. 24, No.2, 1996, pp. 373-399.
- Browning E. K. 'Why the Social Insurance Budget is Too Large in a Democracy', *Economic Inquiry* Vol. XIII, September 1975.
- Bulutay T. *Employment, Unemployment and Wages in Turkey*, International Labour Organization, Ankara, 1995.
- Devlet Planlama Teskilati *Development Report 1996-2000*, Ankara, 1996.
- DIE (1995,1996, 1997) *Statistical Yearbooks of Turkey*
- DIE (1923- 1994) *Demographic Structure and Development*
- DIE (1927-1992) *Women Statistics*
- DIE (1992) *Cultural Statistics*
- DIE (1996) *Isgucu Istatistikleri- Labour Statistics*
- DIE (1996) *Household Labour Force Survey Results*
- DIE (1998) *Turkish Economy Statistics and Analysis*
- DIE (State Institute of Statistics Prime Ministry Republic of Turkey), *Women in Statistics 1927-1992*, DIE Press, 1995.
- DIE (State Institute of Statistics Prime Ministry Republic of Turkey), *Statistical Indicators 1923-1991*, DIE Press, 1993.
- DIE (State Institute of Statistics Prime Ministry Republic of Turkey), *Household Labour Force Survey Results April 1994*, DIE Press, 1994.
- DIE (State Institute of Statistics Prime Ministry Republic of Turkey), *Work Statistics*, DIE Press, 1994.

- DIE (State Institute of Statistics Prime Ministry Republic of Turkey), *Women in Statistics 1927-1992*, DIE Press, 1995.
- DIE (State Institute of Statistics Prime Ministry Republic of Turkey), *1990'li Yillarda Turkiye'de Kadin*, DIE Press, Ankara, 1996.
- DIE, *Hanehalki Isgucu Anketi Sonuclari, October 1990*, DIE Press, Ankara, February 1992.
- DIE, *Istatistik Gostergeler*, T.C. Basbakanlik Devlet Istatistik Enstitüsü Yayinlari, Ankara, 1993.
- DIE, *Istatistik Gostergeler*, T.C. Basbakanlik Devlet Istatistik Enstitüsü Yayinlari, Ankara, 1993, p. 10.
- DIE, *Women in Statistics*, 1995 and 1998.
- Ecevit, F. Y., *Kadin Bakis Acisindan Kadinlar: Kentsel Uretim Surecinde Kadin Emeginin Konumu ve Degisen Bicimleri*, Iletisim Yayinlari, Istanbul, second edition, 1993, pp. 117-128.
- EOC, *A Guide for Employers: To The Sex Discrimination Acts 1975 and 1986*(leaflet), Government Publications, 1994.
- EOC, *A Short Guide to the Equal Opportunities Commission* (leaflet), Government Publications, 1994.
- EOC, *Code of Practice* (leaflet), Government Publications, first edition, London, 1985.
- EOC, *Equal Opportunities: A Short Guide to the Sex Discrimination Acts* (leaflet), Government Publications, March 1991.
- EOC, *Great Britain: Some facts about women* (leaflet), Government Publications, 1994.
- EOC, *Great Britain: Some facts about women* (leaflet), Government Publications, 1995.
- EOC, *Some Facts About Women: 1995-Great Britain*, Government Publications, 1996.
- EOC, *The Inequality Gap* (leaflet), Government Publications, 1994.
- Gokce D. R. and Ercan M. R. 'Defined Contribution Model: Definition, Theory and an Application for Turkey', *The ISE Review*, Vol. 2, No. 7-8, July-December 1998.
- Gole, N. *Modern Mahrem: Medeniyet ve Ortunme*, Metis Yayinlari, Istanbul, fourth edition, 1993.
- Guzel A. and Okur A. R. *Sosyal Guvenlik Hukuku*, Beta, 1998.
- Guzel, S. 'Tanzimat'tan Cumhuriyet'e Toplumsal Degisim ve Kadin', *Tanzimat'tan Cumhuriyet'e Turkiye Ansiklopedisi*, Vol. 3-4, Istanbul, first edition, 1980.
- Holzmann R. 'A World Bank Perspective on Pension Reform', *ILO-OECD Workshop*, World Bank, December 1997.
- Ilkcaracan, P. *Women's Movement(s) in Turkey: a brief overview*, Women for Women's Human Rights Reports, No.2, 1996.
- ILO *Social Security and Health Insurance Reform Project for Turkey: Final Report*, Geneva, 1996.
- KSSGM (Kadinin Statusu ve Sorunlari Genel Mudurlugu), *Statistical Database*, Ankara, 2000.
- Nesrin, T. 'Ben Imanli Feministim' (an interview with Sibel Eraslan), *Pazartesi*, No. 6, September 1995.

- Özbilgin, M. F. *A Cross-Cultural Comparative Analysis of Sex Equality in the Financial Services Sector in Turkey and Britain*, unpublished PhD thesis, University of Bristol, 1998.
- Sayan S. and Kiraci A. 'Parametric Reform; Alternatives for the Publicly Managed Pension System in Turkey: Insolvency vs Intergenerational Fairness?' *Sixth Annual Conference of Economic Research Forum*, Cairo, October 1999.
- Seager, J. *The State of Women in the World Atlas: Women's status around the globe: work, health, education and personal freedom*, Penguin, London, 1997.
- Sen A. 'Development: Which Way Now?' From Wilber CK (ed.) *The Political Economy of Development and Underdevelopment*, 1982.
- Sen A 'The Standard of Living: Lecture II Lives and Capabilities', in *The Standard of Living*, edited by Geoffrey Hawthorn, Cambridge University Press, 1998.
- Tekeli, S. *Kadin Bakis Acisindan Kadinlar: 1980'ler Turkiye'sinde Kadinlar*, Iletisim Yayinlari, Istanbul, second edition, 1993.
- Tekeli, S. *Kadinlar ve Siyasal Toplumsal Hayat*, Birikim Yayinlari, Istanbul, 1982.
- Topal N. 'Is the Turkish Social Security System in Need of Reform?' *Employment Studies Working Paper Series*, No. 22, University of Hertfordshire, 1999.
- Toprak, Z. 'Turkiye'de Siyaset ve Kadin', *Kadin Arastirmalari Dergisi*, Istanbul, 1994, Vol. 2, pp. 5-12.
- Tuncay, M. 'Turkiye'de Solun Tarihinden: Kadinlar Halk Fikrasi', *Tarih ve Toplum*, Istanbul, No. 62, February 1989, pp. 46-47.
- Turk Sanayicileri ve Isadamlari Dernegi (TUSIAD) *Turk Sosyal Guvenlik Sisteminde Yeniden Yapilanma; Sorunlar, Reform Ihtiyaci, Arayislar, Cozum Onerileri* Yayin, No. TUSIAD-T/97-10/217, Ekim 1997.
- Turner J. A. *Social Security Pensions; Development and Reform*, Edited by Gollion C., Turner JA., Bailey C, Latulippe D., International Labour Office, Geneva, 2000.
- UNDP, *Human Development Report*, Oxford, 1996.
- United Nations, *Human Development Report*, 1995.
- World Bank *Averting the Old Age Crisis; Policies to Protect the Old and Promote Growth*, 1994.
- Yesil, H. *Sosyalist Kadin Hareketi Icin*, Donusum Yayinlari, Istanbul, 1992.

**Appendix A:**

**Retirement benefits under reformed pension scheme with differing wages expressed as percentage of National Average Wages (NAW)**

Number of years in work	20				25				30				35				40			
Rate of return	1%	2 %	3%	4%	1 %	2%	3%	4%	1%	2%	3%	4%	1%	2%	3%	4%	1%	2%	3%	4 %
Emekli Sandigi																				
Percentage of the NAW	42	45	50	55	50	56	63	71	58	66	75	87	65	76	90	106	73	87	105	123
Benefits for SSK workers																				
Percentage of the NAW	33	36	39	43	39	44	49	55	45	52	59	68	51	60	70	83	58	68	82	100
Bag-Kur																				
Percentage of the NAW	33	36	39	43	39	44	49	55	45	52	59	68	51	60	70	83	58	68	82	100
Minimum Waged																				
Percentage of the NAW	26	29	31	35	31	35	40	45	36	41	48	55	41	48	57	67	46	55	66	81

**Assumptions:**

Yearly increase in GDP: 1997-2005: 5.9 %; 2006-2025: 4.0 %; 2026-2050: 3.0 %

Yearly increase in employment: 1.3 %

Real increases in wages: 1997-2005: 5.7%; 2006-2025:3.0%; 2026-2050: 2.5 %.

**Data on wages:**

Source: DIE Labour Market Statistics 1996

1) Average wage for ES workers (aver. Wage for public white collar workers)= 219,618

2) Average wage for SSK workers (mean aver. Wage for private worker and blue collar public workers)= 172,528

3) Average wage for agricultural and farm workers = 171,994

4) Minimum Wage = 139,125

5) National Average Wage:185,270