ISTANBUL
AND THE CONCEPT OF WORLD CITIES

Çağlar Keyder
Ayşe Öncü
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Prof. Dr. Çağlar Keyder
Sociology Department
SUNY, Binghampton

and

Prof. Dr. Ayşe Öncü
Sociology Department
Boğaziçi University
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Foreword

The cities of the world are steadily growing in number and size. By the year 2000, according to conservative estimates, one should expect more than 20 megacities with populations of 10 million or more. Of these, at least 18 will be in developing countries, including some of the poorest nations in the world.

This goes along with an urbanization trend unparalleled in the history of civilizations. But while the metropolitan areas of New York or Tokyo are serving as capitals of international finance and business, Calcutta, Lagos or Manila are not even remote candidates for a similar role in the foreseeable future. However, in one way or another, metropolitan centres are intertwined across national borders in a global network of communication, trade and production. One approach to analyze the characteristics of this interlinkage of various types of big cities with actors in the global scene has been dubbed the World City Concept. This useful approach is introduced in the context of Istanbul by Çağlar Keyder and Ayşe Oncü. They take special interest in the past and future political response to the socio-economic restructuring of Istanbul which in turn is due to Turkey’s development within a more and more integrated world market system.

Friedrich Ebert Foundation Istanbul is happy to present this timely study to a wider audience and welcomes critical comments.

January 1993, Istanbul

Dr. Matthes Buhbe
Representative for Turkey
Friedrich Ebert Foundation
1. INTRODUCTION

In the vast international literature of the 1960s and 1970s on Third World cities, Istanbul merited little attention. Scholarly focus concentrated on issues of explosive population growth, increasing polarization of social classes, and proliferating informal activities in Third World cities: the Istanbul case was simply not dramatic enough when compared with such cities as Bombay, Cairo, Jakarta, Mexico City or Sao Paolo which became emblematic of "urban problems" engendered by uneven development (Drakakis-Smith 1986 and 1990; Ward 1990). In terms of the destitution, squalor or crowding of its shanty towns or slums, it could not compete with Calcutta, Karachi, or Lima. Next to the scale of accumulation and life styles of the wealthy in Latin American cities, the upper class neighborhoods of Istanbul remained provincial at best. With a population of 5 million in 1980, Istanbul did not even figure in growth statistics of major Third World cities (For Istanbul's population see Table 1). International scholarship by-passed Istanbul, because it was not "pathological" or "distorted" enough.

Within the context of emergent global trends and shifting analytical concerns of the 1990s however, the Istanbul case assumes interest. The restructuration of the world economy since the 1970s has been accompanied by major changes in the nature and dynamics of territorial and spatial processes, within and across regions, nations and cities. As world regions are reconstituted through spatial shifts in investment of practically all forms of capital and a massive expansion of the radii of organizational control, a set of "global cities" or "world cities" has emerged at the intersection of global transaction networks, mediating between world productive activity and markets (Friedmann and Wolff 1982; Friedmann 1986). There is mounting evidence for the softening of states in favor of regional autonomy, thus allowing scope for individual cities to increase their independence from national control to assume new roles in regional networks.

For cities hitherto grouped under the rubric of 'Third World city' and compared with one another in terms of their growth pathologies, these new developments open the possibility of a qualitatively different kind of change. If cities are undergoing a redefinition in terms of the geographical and social area which define them, then traditional conceptualizations of urban change and growth will fail to capture the ongoing transformation. Cities, which have historically evolved under the aegis of strong national governments and their bureaucracies, are now opening to the international economy to compete with other cities across national boundaries. The question for analysis here is which cities forge ahead to exploit emergent niches as the political economy of world regions is reconstructed under the impact of global forces (Chase-Dunn 1990; Gilb 1989). Istanbul in the 1990's appears to be at the threshold of such a major
redefinition—poised to assume a new role as the nodal point of access and control at the intersection of emergent cross-regional networks. Our aim in this paper is to explore the opportunities and constraints which will shape Istanbul’s probable success or failure in seizing the opportunities offered by the historical moment. Throughout this argument we will emphasize and underline the specificity of the city, the uniqueness of the historical moment and the novelty of the emergent niche at the cross-section of regional networks as they are being reconstituted. Our intellectual curiosity resides in the potential and limits of cities as “entrepreneurs” which undertake to situate themselves in nodes of accumulation as defined by the new structure of the world economy (Judd and Parkinson 1990). What lends the Istanbul case interest in this context, are not the perennial dilemmas associated with paradigmatic “Third World” cities, but the potentiality of a historically unique conjuncture within which a city, poised to occupy an emergent niche, may succeed in re-structuring its economic environment and thus re-define the social context which will accommodate its population (Beauregard 1989).

Below, we will first discuss the place of cities in the changing global environment, and situate the notion of “cities as entrepreneurs” in the context of the new internationalization of the world economy. Next we will turn to Istanbul, first to briefly touch upon the historical specificity of the city, then to outline its economic and political transformation in the 1980s, during the “opening” of the Turkish economy to international capital and commodity flows. In the final section, we will discuss the prospects and expectations for the 1990s in terms of potential opportunities in the emergent cross-regional networks and constraints in the process of autonomization from the national arena.

2. CITIES IN THE WORLD SYSTEM

It has become commonplace to argue that the world has changed radically during the last decade, although there is less agreement on the significant dimensions. From the perspective of urban evolution the principal transformation has been in the degree of domination that capital exerts. During the previous period most of the third world lived under national developmentalist regimes where the economy was controlled and shaped to a large extent by the political choices of a central state. Although such regimes only infrequently used their prerogatives to totally thwart the logic of capital, they were mostly successful in drawing the boundaries of the economy in such a way that local rationality significantly differed from the global. With the dismantling of national economies and political control, manifested in the trend toward liberalization of the economy, there has been a growing assimilation between the two rationalities, which is what we mean by the domination of the logic of capital, now working at the global level (Timberlake 1987).

It is evident that such a change would privilege those cities whose existence derives not from a political logic, but from the economic rationality of the capitalist market. Inasmuch as the economy obtains an autonomy so do the cities which boast the ability to float on their own in the new capitalist ocean. This phenomenon is more than the bourgeoisies establishing themselves against bureaucrats or politicians; it also signals a new era in which cities, now on their own, autonomously play in the global economic field. In the era of national developmentalism third world metropoles attained importance as a function of the national economy they were attached to or toward which they fulfilled a transmission function. This is not to argue that they lost their economic importance or status. In fact, these metropoles played an enormously important role in third world development, although this was largely a passive role amounting to reflecting in a highly agrarianised manner the iniquity and deformity of peripheral capitalism. Calcutta, Sao Paolo, or Istanbul also housed the evolving bourgeoisies of their respective countries, but neither the bourgeoisies nor the cities could be thought to enjoy an autonomy from Delhi, Brasilia, or Ankara. It was unlikely during this period that the bourgeoisies, urban elites, or mayors of these cities would attempt to seize the opportunity to control the economic destiny of the metropolis; or even for the citizens to develop a civic consciousness to rival national affiliation.

This was not always the case: before World War I the world economy was ruled more by a unitary logic than being characterised by an agglomeration of national economies. Accordingly, port-cities enjoyed greater autonomy and were articulated into global circuits of capital, networks of commerce and finance, on their own—that is without the mediation of the political center. It can even be argued, admittedly at the risk of simplification, that strength of nation-states has always been negatively correlated with urban autonomy. The late medieval cities that Firenze extolls exhibited a degree of urban autonomy which has not since been equalled, at a time when territorial states had not yet emerged out of the detritus of feudalism (Finerone 1925). Cities experienced an eclipse during the zenith of absolutist states and when national boundaries provided an adequate shell for the evolution of industrial capital. With the increased globalization of the economy during the nineteenth century political authorities, especially in the newly incorporated areas, once again emerged as encumbrances on the process of accumulation of capital. In port-cities such as Alexandria, Izmir, Bombay, Calcutta, Canton, local merchants and urban elites took the initiative in order to situate their cities in advantageous niches in global circuits of capital. It must be mentioned that the dominant power of the time, Britain, took an active interest in the weakening of central authorities.
in Egypt, the Ottoman Empire, China, at least inasmuch as they could be relied on to not prevent free trade which focussed on such port-cities. At this time port-cities with their hinterlands became the appropriate units of a world economy based on free trade (Keyder and Quataert 1993; Chaichian 1988).

Istanbul was never simply a port-city. As the seat of imperial power its economy and social transformation obeyed rules other than the pure logic of global capital. Nonetheless, even in Istanbul, the newer part of the city where foreigners, Levantines, and local merchants increasingly congregated, gradually acquired a separate existence: the elite of Pera began to act in ways very similar to that of Salonica or Beirut (Çelik 1986; Rosenthal 1980).

Port-city autonomy, along with the reign of capital through free trade, went into precipitous decline after World War I. First the uncertainties of the 1920s then the crisis of the 1930s convinced nationalist politicians and popular classes everywhere that liberalism was too risky a proposition from the point of view of social order, and political control over the economy was preferable to the vagaries of capital. When articulated into the rising nationalist sentiment in the periphery this combination supplied the perfect recipe for 'national developmentalism'. National developmentalism was a powerful concoction serving to fulfill the promise of nationalism as identified with the construction of a national society, a national economy, and a national culture. Economic development was thought the perfect device through which these ideals would be delivered. The achievement of such development within the purview of the new nation state supplied popular legitimation to nationalist cadres for as long as six decades following the Great War (For a discussion of third-world city growth during this era see Gugler 1988; Armstrong and McGee 1985).

As is evident to all this happy equation terminated with the crisis of national developmentalism, and yielded to the globalization of the economy with the consequence that internationalization of capital is no longer a tendency trying to assert itself against countering political forces, but is a reality (Sassen-Koob 1987b). Furthermore, international and native capitalists and states actively seek after transnational capital precisely because it is impossible to entertain hopes for a return to national development. This means that there is no real challenge to the global logic of capital and that the contours of the material world, ranging from the sites of investment to the loci of growth, from technologies that are employed to product combination, are increasingly being determined by choices made by capitalists. Capital and capitalists are nervous, furthermore they see the entire world as their oyster, political authorities that are aware of this do their best to attract capital and to accommodate it once it arrives. With the newly available technologies of communication and transportation the fixity of investment has lost much of its meaning, hence capitalists are ready and able to leave if they feel they are getting less than desirable return. It is in this context that we should evaluate the possibility of entrepreneurship by and for cities.

Cities always provided services to the surrounding countryside. It was only during the brief period of the industrial revolution that manufacturing came to be predominantly located in urban areas—a trend which was reversed in larger cities during the twentieth century. In third world metropoles manufacturing still dominates the economic scene while in the developed world it is the service sector which provides great cities with their economic dynamic. From the perspective of the world economy as a whole that component of the service sector which has grown disproportionately in the last two decades has been producers' services: communications, computers, data services, financial institutions, accounting, management, marketing, consulting, legal firms, media and advertising companies, design and engineering services (Castells 1990). What distinguishes these sub-sectors is that they facilitate the global functioning of capital and its centralization by allowing the headquarters to exercise remote control on distant units of production or sourcing or markets, through the newly available technologies. They are control services in the sense that they allow capital to control production, finance, marketing, and consumer behaviour. These sectors always existed, although not in their present form and technological sophistication. This technological sophistication allows capitalists to further concentrate their activities. The great cities of the world in which these producers' services are located are also the centers of capitalist organization. The most important of these metropoles can now consider the entire world as their hinterland.

If capital is global, and if its spatial organization is hierarchical, then the situation of the cities of the world in which control functions of capital are located and which house the labour force providing producers' services, will also reflect this hierarchy. It is this reasoning which constitutes the underpinning of the concept 'global city'. Global cities are those where producers' services are supplied at a supranational level, and they reflect the hierarchy of capital organized on a global scale. The cities of the world are thus situated in a system with those which are most global at the top relating to a second-level of regionally important cities which receive commands from the top echelon, in turn deal with centers that have only local importance and are on the receiving end of the control system (Timberlake 1987). The social and economic structure of cities which function at the lower rungs of the hierarchy has probably not changed greatly with the increasing globalization of the world economy. The same is not true, however, for those in the upper levels, where global control functions and producers' services catering to supra-national clientele are common. In these cities
then such producers' services are often the most dynamic sector of the economy, providing investment and constituting demand; they employ a greater-than-expected share of the labor force; and their impact on the spatial and social structure of the urban area is disproportionately large.

Employment in global sectors at the professional level is reserved for highly qualified, world-level trained, and world-level compensation receiving personnel (Sassen-Koob 1984). For this reason, the multiplier effects of employment for this rather new stratum will also be substantial. In retail, entertainment, recreation, catering, restaurants and hotels, the new consumer group will make its impact by creating an upscale niche. This niche in turn will be served by unqualified labor in personal services. Additionally, the global status will require communication networks, transportation (airports, delivery services etc) as well as in accommodation (luxury apartments, five-star hotels) which reflect world levels of luxury and sterility. These sectors will also create employment of a different nature than the directly global oriented personnel of the producers' services sectors.

Success in the formation of such an environment where the highly qualified personnel of producers' services and sectors which provide control functions for global capital feel comfortably accommodated, will serve to attract companies and branch offices of transnational firms to the city in question. In other words, the process becomes cumulative and the urban area in question consolidates its global status. In fact, empirical confirmation of global city status is investigated by looking for the existence of headquarters or regional offices of transnational companies and other organizations; by gauging the frequency of international conferences and congresses that take place, or the construction and occupancy of hotels, residential quarters, and retail centers that conform to international standards (King 1990).

The status of the top tier of global cities such as New York, London, Tokyo, Los Angeles, is beyond doubt. These are the great cities of the world where decision making by capital and by the global political class occurs. Below this level are found the second-level global cities which also house some headquarters and certainly accommodate international decision-making and service units, which, however, are more in the nature of transmission and conduit. In other words, the principal financial centers are located in London, New York and Tokyo, but the relevant headquarters for the respective regions may be found in Frankfurt, San Fransisco, or Hong Kong. These second level cities, in turn, function as supra-national centers, i.e., beyond Germany, the West Coast of the US, and southern China. At the global scale there are perhaps a score of such second level cities, and not all are secure in the status. Istanbul obviously has a chance to make this grade. Before discussing the requirements, the probability and the consequences of such an attainment we will briefly dwell on the contribution of 'entrepreneurship' to the attainment of the global-city status.

It is not accidental or entirely due to voluntary measures that cities become global (Knight 1989; LeVille and Whelan 1990; Fainstein 1990; Fujita 1991). In the case of London, New York, and Tokyo, the fact that these cities have been and are commercial capitals of world-hegemonic powers, is of obvious relevance. Historical links, colonial connections, and geography have certainly been significant in determining domination patterns. Such accounts, privileging one or the other of such factors, may be given for each one of the cases in any possible list of global cities (See, for example, Dogan and Kasarda 1988). Yet, it is also obvious that, especially in the case of more recent additions to the list, other candidates, alternative urban entities could just as easily have been found to perform similar functions.

The argument we have advanced above, that the present conjuncture allows for autonomy of the cities vis a vis political seats of power, underlines the fact that among alternatives what succeeds may be the case where conscious initiative-taking provides the extra push. Historical and geo-political adequacy for the task may be necessary, but not sufficient. Taking an initiative would be crucial in convincing global capital that the city in question has or will have the requisite factors accommodating such a placement. This "positioning" of the city is required if overly irritable capital which is technologically disposed to hyper-mobility will be persuaded to locate or remain in the city. Those who are in a position to engage in this entrepreneurship will have to carefully think about the niche where the city will present itself, and will have to come up with an image of the city to advertise, and indeed to sell. Successful cities have all engaged in such a sale effort; those cities which lack the power structure, or the vision, or are too encumbered by conflict that makes the evolution of such a vision difficult, fail behind in the competition. For a third-world city still receiving peasant immigration, falling behind is equivalent to a punishing invocation where civic identity is forever lost, and the city is simply an urban area where communities are strung together and a unitary economic logic does not prevail (Portes 1989; Portes and Johns 1989). In the next section we will discuss these propositions with specific reference to Istanbul's history.

3. HISTORICAL SPECIFICITY OF ISTANBUL

The emergent contours of Istanbul's transformation in the present era of global restructuring point toward a major remaking of the city, thus bracketing roughly seventy years of nationalist closure.

a) Sixteen Centuries of Imperialism and Cosmopolitan Grandeur:
For almost sixteen centuries, from A.D. 330, the year Constantine founded the Eastern Roman Empire, to 1924, the year Ankara was declared the capital of the new Turkish Republic, Istanbul enjoyed a unique status as
the imperial capital of two great civilizations: the Byzantine Empire and the Ottoman Empire. During its metamorphosis from "Nova Roma", the center of Eastern Orthodox Christianity, into the "sacred city of Islam", during the fifteenth century, the city underwent massive depopulation. But it soon regained its former glory as capital of a multi-ethnic, multi-religious empire extending from the Middle East to the Mediterranean. In the splendor of its monumental architecture, the size and heterogeneity of its population as well as its stature as the meeting ground of the East and the West, it remained unparalleled in its cosmopolitanism.

During the 18th and 19th centuries, throughout the gradual decline of the economic and political powers of the Ottoman Empire, Istanbul's stature as a cosmopolitan center was enhanced in its new role as the nodal point of commercial and trade networks with Europe. It had always been the major consumer market of the empire, its bazaars the final destination of caravan trade from the Middle East to the Balkans (Farrohi, 1984; Greenwood, 1990). In the process of articulation of Ottoman markets with the expanding European economy, it became the major port of entry for steam ships and imports from Europe. The social composition of its population was always heterogeneous, mirroring the multi-ethnic, multi-religious mosaic of the broader empire. Its three major religious communities—Muslim, Christian, Jewish—were further subdivided along ethnic cleavages, yielding a complex social ecology of residential quarters. In the gradual integration with European markets, the classical balances of the ethno-religious division of labor and hierarchy were transformed. As the Christian population of the city moved into positions of prominence and control in the expanding trade with Europe, the Armenian and Greek communities prospered, at the expense of Muslim and Sephardic-Jewish populations of the city. Thus the new power constellations, symbolic of a quasi colonial order, were articulated with the traditional axes of differentiation along ethnic lines, to yield an increasingly bifurcated city. The Islamist image and life style of traditional Istanbul neighborhoods continued much as before, while towards the north of the Golden Horn, Galata flourished as an international commercial center, expanding to accommodate the newly arriving foreigners as well as the increasingly wealthy non-Muslim Ottoman subjects who shared the economic benefits given to Western tradesmen and investors by commercial treaties. But the kind of dualism, associated with the implantation of colonial administration in many North African and Middle Eastern capitals, with a cordon sanitaire separating the traditional component of the city from the European one, was never as sharply delineated in Istanbul. The continuity of Ottoman administration, with the imperial palace and Westernized upper class Muslims moving into the expanding internationalized section of the city from mid-nineteenth century onwards, meant that the cosmopolitan flavor of the city, while changing form and content, remained its dominant feature.

Istanbul's special blend of cosmopolitanism and heritage of religio-ethnic diversity was a significant variable in protecting the city against the ravages of direct colonization. The indigenous non-Muslim communities, traditionally the commercial elements in the ethnic division of labor of the classical Ottoman order, rapidly moved into positions of intermediation in the expanding trade networks with Europe (Kedir 1987). Their growing economic and political powers in the process of articulation with European markets, allowed for penetration of European influence, in the absence of direct colonial presence. But it also meant that the rising tide of nationalism in the aftermath of World War I was directed as much against Istanbul's indigenous non-Muslim population, as against a foreign presence.

b) Rise of Nationalism and Istanbul's Eclipse in the Inter-War Decades:

In the political and economic matrix of the inter-war years, Istanbul suffered a dramatic decline, leading one author to announce its death. During the dismemberment of the Ottoman Empire at the end of World War I and the subsequent four years of nationalist struggle, Istanbul lost a substantial part of its past network of commercial relations. The consolidation of the Republican regime in the new political capital, Ankara, left no room for the revival of Istanbul-based interest organizations. The new Capital in Ankara mobilized the bureaucratic apparatus and the army towards the hinterland of Turkey. The well-to-do non-Muslims and foreign residents of Istanbul, uneasy under the new regime, largely emigrated. The exodus of the city's commercial bourgeoisie with organic links to international capital, coupled with the centrist-bureaucratic consolidation of the state apparatus in Ankara, resulted in dwindling of commercial activity as well as population. From an all time high of an estimated 1.1 million just before WWI, the population of the city declined to around six-hundred thousand by 1922 (McCarthy 1983).

The onset of the depression, following upon the consolidation of the Kemalist regime in Ankara, further served to strengthen the new capital's hold over the national economy. The autarkic industrialization efforts of the single party period bypassed Istanbul, with the single exception of the Pasabahce glass factory. In the ethos and nationalist discourse of the period, Istanbul became the symbolic vestige of decadent Ottoman cosmopolitanism. Eulogization of the peasant as the core of the new state was coupled with the identification of commerce with profiteering. Commercial activity became tantamount to usury, magazines abounded with cartoons depicting merchants as usurers. Thus Istanbul was marginalized, not only politically but also culturally. Ankara's new architectural style embodied in newly constructed government buildings and public monuments became symbolic of national identity and unity. Istanbul, the imperial capital of the old Ottoman Sultanate and Caliphate, remained disgraced (Yerasimos 1992).
c) Three Decades of Inward Oriented Economic Growth, Istanbul's Redefinition as a "Third World" Metropolis:

It is only in the aftermath of World War II, in the context of Turkey's changing international alliances and shifting patterns of integration into world markets, that Istanbul once again emerged as the growth pole in the inflationary expansion of the economy. The parameters of Turkey's post-1945 economic development were based upon a model of national development implemented through state protected import-substituting industrialization. The success of this model was closely bound with the continuous expansion of the internal consumer market. Hence at the level of public policy, it was accompanied by redistributive measures and a populist discourse, aiming to mobilize and incorporate a larger proportion of the population into product and labor markets.

Istanbul's demographic and economic growth during these three decades (1950-80) was emblematic of the patterns of uneven development associated with inward oriented, inflationary expansion of the economy, as well as its populist discourse (See Table 1).

Table 1. The Growth Pattern of Istanbul's Population

<table>
<thead>
<tr>
<th>Years</th>
<th>Turkey National Total</th>
<th>Istanbul</th>
<th>Istanbul's Share in National Total %</th>
<th>Istanbul's Share in National Urban %</th>
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<tr>
<td>1927</td>
<td>13,648,270</td>
<td>794,444</td>
<td>5.8</td>
<td></td>
</tr>
<tr>
<td>1935</td>
<td>16,158,018</td>
<td>883,599</td>
<td>5.5</td>
<td></td>
</tr>
<tr>
<td>1940</td>
<td>17,820,950</td>
<td>991,237</td>
<td>5.6</td>
<td>18.8</td>
</tr>
<tr>
<td>1945</td>
<td>18,790,174</td>
<td>1,078,399</td>
<td>5.7</td>
<td>19.4</td>
</tr>
<tr>
<td>1950</td>
<td>20,947,188</td>
<td>1,166,477</td>
<td>5.6</td>
<td>19.1</td>
</tr>
<tr>
<td>1955</td>
<td>24,064,754</td>
<td>1,533,822</td>
<td>6.4</td>
<td>18.7</td>
</tr>
<tr>
<td>1960</td>
<td>27,754,820</td>
<td>1,802,092</td>
<td>6.8</td>
<td>17.0</td>
</tr>
<tr>
<td>1965</td>
<td>31,391,421</td>
<td>2,293,823</td>
<td>7.3</td>
<td>16.6</td>
</tr>
<tr>
<td>1970</td>
<td>35,605,176</td>
<td>3,019,032</td>
<td>8.5</td>
<td>16.1</td>
</tr>
<tr>
<td>1975</td>
<td>40,236,826</td>
<td>3,903,650</td>
<td>9.7</td>
<td>15.7</td>
</tr>
<tr>
<td>1980*</td>
<td>44,736,826</td>
<td>4,741,890</td>
<td>10.7</td>
<td>21.6</td>
</tr>
<tr>
<td>1985</td>
<td>30,664,458</td>
<td>5,842,985</td>
<td>11.4</td>
<td>20.7</td>
</tr>
<tr>
<td>1990</td>
<td>36,473,035</td>
<td>7,309,190</td>
<td>12.9</td>
<td>21.9</td>
</tr>
</tbody>
</table>

Source: 1927-1985 Population Censuses

* Adjusted total urban population subsequent to the redefinition of boundaries of the three major Metropolitan Areas.

Between 1950-70, Istanbul became the major locus of a new generation of large scale private manufacturing enterprises, encouraged through financial incentives and protected from competition of imports through state imposed tariffs and quotas. Thus by 1973, 44 percent of all private manufacturing establishments employing more that 10 workers were located in Istanbul, accounting for 51 percent of total employment in Turkish private industry (Özmucur, 1976).

This swift progress of large scale plants in the outer zones of the metropolis was accompanied, simultaneously, by the proliferation of vast numbers of labor intensive, small-scale manufacturing and commercial enterprises in and around the city core. Employing low wage, non-unionized labor, this "informal sector" became a large reservoir for manpower displaced from agriculture. The availability of rented premises—often multi-storey inner city tenements—meant that the city core housed a large population of small establishments together with a substantial casual labor force. Thus the expansion of sprawling peripheral neighborhoods of immigrants on the outskirts of the city proceeded concomitantly with increasing congestion at the city center, an intermingling of petty commerce and small manufacturing establishments, tenements, warehouses, deteriorating middle and upper income neighborhoods.

Throughout these three decades of rapid economic expansion when an influx of poor immigrants became the dominant element in the city, Istanbul's progressively deteriorating physical infrastructure and declining financial resources failed to generate action on the part of national governments in Ankara. In the national political arena, the overriding theme was the incorporation of peasantry into electoral politics. Given a predominantly rural electorate, a succession of center-right governments based their strategies upon the mobilization of the rural vote. The progressive widening of the sphere of public intervention in agriculture—through price supports and credit schemes, coupled with infrastructural investments in electrification, highways, and development of water resources—facilitated rapid commercialization and integration of peasant communities into the national economy. It also shaped the contours of an electoral system wherein party support became rooted in the downward flow of patronage from the central bureaucracy and the upward flow of peasant vote through clientelistic networks.

Within this broader picture wherein mass political parties emerged as the managers of access to state resources of an overwhelmingly rural electorate, Istanbul's chaotic growth, disintegrating infrastructure and progressively widening budget deficits failed to generate an influx of funds from the center. Instead, a succession of center-right governments relied upon the selective implementation of the regulatory powers of local administration, to generate electoral support among the newly immigrant population of
the city. Given local scarcity of resources of the conventional sort associated with urban machine politics, i.e. basic services in exchange for votes, the most expedient form of dispensing patronage became non-exercise of legal controls, particularly in the enforcement of zoning and building codes, construction licences etc. Successive tides of immigrants were allowed to settle on public municipal land and/or privately subdivided agricultural land, then "legalized" through distribution of deeds and retroactive planning. In the built-up areas of the city, selective implementation of building and zoning codes served to confer significant advantages of an economic nature without outright public expenditure. Thus a public political discourse couched in terms of technical imperatives of planning and the calamitous consequences of "urban anarchy" was accompanied, at the grass roots level, by the tacit understanding that land use and building controls would sooner or later be relaxed, modified or diluted in response to particularistic and individualistic demands. Given rampant inflation and skyrocketing land and real estate values, nearly all major social groupings, representing a broad section of the population, shared in the urban rent accruing through the speculative expansion of the city (Yönder 1987; Öncel 1988).

Inflations of an impending crisis in the latter half of the 1970s, following a period of exuberant import substituting growth in the broader economy, revealed the fragile underpinnings of Istanbul's machine politics. A combination of worldwide recession and domestic balance-of-payments crisis eroded clientelistic support, the stagnation in land and housing markets making it increasingly difficult to contain social tensions and postpone the explosion of social conflicts in the absence of a substantial influx of funds from the center. The first discernible shift to opposition parties occurred in the 1973 elections, becoming progressively more pronounced towards the end of the decade. Roughly 60 percent of voters in Istanbul cast their votes for opposition parties in the 1977 national elections. In the subsequent three years, Istanbul became a city of political ferment, with armed neofascist and splinter radical factions of the left competing to gain control in the peripheral poor neighborhoods, while its increasingly militant industrial workers spilled onto the streets to join the city's large university student population in repeated upsurges of street action and protest. The social and economic cleavages generated in three decades of uneven growth had erupted, only to be silenced by the military coup of 1980.

4. THE ECONOMIC AND POLITICAL MATRIX OF THE 1980s

The Turkish experiment with economic liberalization and structural adjustment in the period following the military coup of 1980 has been well documented (Anacan and Rodrik, 1990a and 1990b). This coup ushered in a regime which was not of the earlier type of bureaucratic authoritarian military rule, characterised by more efficient and greater state involvement in the industrialization effort. Rather, this new regime resolutely applied the orthodox policies counseled by the IMF in the hope of restructuring the economy toward greater openness and liberalization. The new strategy was similar in intent, as well as in measures adopted, to structuration attempts in other countries similarly positioned in the world economy. It aimed at a fundamental break with the national developmentalist strategy of the previous decades which had reached its limits with the collapse of the world order instituted by the post-WW II hegemonic power. It entailed attempts to dramatically reduce both the scope of the state sector and to pave the way for Turkey's full integration into the unitary logic of global capitalism.

A general assessment of the successes, failures and bottlenecks of Turkey's privatization and deregulation policies remain beyond the scope of this paper. Of more immediate relevance is the ways in which the rationality of the liberalization programme and attendant worsening of the income distribution (of Esmer 1989; Berkesoy 1989) articulated with the imperatives of electoral politics, to pave the way for sweeping changes in Istanbul. For it was in the 1980s, during a period of major reductions in state subsidies and fiscal austerity, with its attendant consequences of worsening income distribution and social polarization, that Istanbul received a major influx of state funding--for the first time in Republican history.

4.1 The Political Dimension

After 1983, Turkey's pursuit of liberalization and deregulation was politically managed by a center-right alliance of interests under the umbrella of the Motherland Party (ANAP). The party itself was formed six months prior to the restoration of contested elections in 1983, after three years of direct military rule between 1980-83. In terms of its economic policies, it espoused a continuation of the liberalization-cum-stabilization policies initially begun under military rule. In terms of domestic political alliances, ANAP represented a precarious coalition of interests, forged under the special circumstances of the 1983 elections. Its winning coalition, garnering 35-40% of all validly cast votes, brought under a single umbrella elements of the liberal center right, the religious right, and the nationalist right. In the restricted political
arena of the 1983 elections, with former political parties closed down and their leaders banned from politics, ANAP's architect, Ozal, successfully projected himself as the only leader capable of managing liberalization, the export drive and continued economic expansion. The threat to his popularity derived from the erosion of the narrow electoral majority which was built from a precarious alliance. As the consequences of "successful" economic restructuring such as declining social expenditures, reductions in state subsidies and worsening income distribution became increasingly apparent, the difficulties in holding together ANAP's socially disparate political coalition surfaced.

The puzzle about the period of liberalization was that ANAP received a significant amount of popular support, despite the worsening income distribution, elimination of subsidies and social expenditures, and an uncompromising market ideology. In fact, the support for ANAP, which had taken over the military regime to basically carry out the same policies derived mostly from the cities, and in particular from Istanbul, which during the 1980s accounted for 12% of Turkish population. This popularity was due to ANAP's discovery of urban populism. As mentioned above, a lenient attitude toward shantytowns had characterised governments during the national developmentalist era mostly due to the requirements of electoral performance. Their ideological preference, however, had remained with rural populism. With ANAP the balance shifted. The promise of a market model free of government tutelage, and likely to reward initiative and luck was most attractive to the urban marginal population who could dream of making it. By contrast, the petty commodity producers of the countryside already knew that they would find it difficult to survive without support in a market open to world currents.

In addition to the reprieve granted through this ideological promise, ANAP also took action to legalise the mechanism of urban rent—rather like the ad hoc measures of many a previous government, but with more design and determination. Shantytown dwellers were allowed to convert their houses to multi-storey apartment buildings, thus instantly attaining great wealth. While, the organized sector workers endured a decline in real wages, and those in the marginal sector suffered both from decreasing opportunity of employment and lower remuneration, the new regulation of the residential market promised instant gains to more or less the same population via their ownership of houses in shantytowns. At the same time, the market, now freed from statist regulation, seemed to promise quick riches to the few who were lucky, and legalised speculative gains to a rather broad segment. These factors combined to counteract the statistical worsening of the income distribution, the decline in real wages, and rising unemployment. This was the essence of urban populism as practiced by ANAP (cf Boratav 1991). These policies, which were principally aimed at the metropolitan population, bought the government time for its orthodox restructuring policies.

The accompanying economic transformation of the time indeed led to greater integration with the world economy. The export drive was successful, implying the establishment of a large number of world-market oriented concerns in Istanbul. More importantly, foreign companies, which had shunned Turkey during the national developmentalist period, were persuaded by the liberal rhetoric of the government to invest and to open offices in Turkey. In terms of the relative magnitudes involved, the advance in both fields was impressive (from $3 b. to more than $15 b. in exports, from $50 m. to over $1000 m. in annual entry of foreign capital). It was Istanbul which alone absorbed this transformation and fully reflected it in its spatial and social change. In fact, the dynamics of Istanbul's rapid and dramatic transformation during the post-1983 period cannot best be understood in terms of an interaction between forces and pressures for internationalization on the one hand, and the dilemmas of an elected government attempting to reconcile them with the vagaries of populist politics, on the other. Istanbul's mayor at the time, Bedrettin Dalan, who fully reflected the policy package and legitimation concerns characterizing ANAP, benefited from the reprieve that was described above in order to implement a brand of entrepreneurial restructuring which he forced upon Istanbul (Kara and Keskül 1989; Keskül and Kara 1990).

In the delicate balancing act between demands of international financial agencies, pressures of conflict and compromise from among different factions within the party itself, and the exigencies of maintaining its slim majority at the polls, ANAP's political strategy became increasingly focussed upon major metropolitan centers as both showcases of the new era of internationalism, and as the most likely bases of its clientelistic networks and electoral appeal. Istanbul naturally emerged as the privileged recipient of this attention.

Three major policy measures adopted by ANAP, which jointly paved the way for comprehensive and radical changes in Istanbul, are worth outlining briefly.

a) New Financial Resources for Metropolitan Governments:

Starting with 1983, the ANAP government began to progressively increase the proportion of total tax revenues allocated to municipal administrations. In 1983, 1.64 per cent. of the national taxes were received by local governments; by 1990, this proportion had risen to 13.3 per cent. (see Table 2). In addition, new legal provisions allowed Metropolitan governments to levy and/or increase local taxes, fees and charges on a variety of activities ranging from sports and entertainment to advertising (Keles, 1986). For Istanbul's metropolitan government, hitherto confined to incremental additions and repairs to the city's progressively deteriorating physical infrastructure, the immediate consequences of this expansion in revenue were momentous.
For the first time in over two decades, the increase in Istanbul’s revenue base outstripped current expenditures necessary for the maintenance of a municipal bureaucracy and basic services to allow for major infrastructural investments. Additionally, its enhanced revenue base allowed Istanbul municipality to tap into foreign credit markets abroad in order to finance specific projects. Between 1983-89 the city was able to raise an estimated $900 million in loans from abroad. During this period Istanbul was able to purchase a new fleet of buses and to import passenger ships in order to ease inner city traffic congestion. Among other smaller projects, it was also successful in raising a major World Bank loan to clean the Golden Horn.

Table 2. Increase in the Local Shares of National Tax Revenues*

<table>
<thead>
<tr>
<th>Year</th>
<th>Share in National Tax Revenues (Current T.L. Million)</th>
<th>Total % of National Tax Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Municipalties</td>
<td>Metro-Municipalities</td>
</tr>
<tr>
<td>1970</td>
<td>1 203</td>
<td>--</td>
</tr>
<tr>
<td>1975</td>
<td>3 559</td>
<td>--</td>
</tr>
<tr>
<td>1979</td>
<td>14 841</td>
<td>--</td>
</tr>
<tr>
<td>1980</td>
<td>30 115</td>
<td>--</td>
</tr>
<tr>
<td>1981</td>
<td>63 309</td>
<td>--</td>
</tr>
<tr>
<td>1982</td>
<td>69 408</td>
<td>--</td>
</tr>
<tr>
<td>1983</td>
<td>102 898</td>
<td>--</td>
</tr>
<tr>
<td>1984</td>
<td>162 989</td>
<td>49 850</td>
</tr>
<tr>
<td>1985</td>
<td>344 072</td>
<td>124 735</td>
</tr>
<tr>
<td>1986</td>
<td>501 857</td>
<td>200 428</td>
</tr>
<tr>
<td>1987</td>
<td>762 396</td>
<td>296 327</td>
</tr>
<tr>
<td>1988</td>
<td>1 247 165</td>
<td>501 345</td>
</tr>
<tr>
<td>1989</td>
<td>2 214 224</td>
<td>874 631</td>
</tr>
<tr>
<td>1990</td>
<td>4 087 140</td>
<td>1 612 263</td>
</tr>
<tr>
<td>1991**</td>
<td>6 080 171</td>
<td>2 398 417</td>
</tr>
</tbody>
</table>

* In Turkey, municipalities' own revenue generating capacity has traditionally been very low. Roughly 60-70 percent of municipal budgets are composed of fixed proportions of national tax revenues allocated by the Ministry of Finance.
** Estimate
Source: Ministry of Finance

In assessing the political significance of ANAP's direct transfer of revenues to metropolitan governments, it is important to keep in mind that Istanbul's population growth remained at a level exceeding 300,000 new inhabitants annually. Thus, the demand for rudimentary municipal services invariably outstripped actual capacity. Although substantial in absolute terms, the increase in municipal revenue did not even come close to meeting the accumulated demand for physical services. Istanbul continued to be a city where nearly all basic services—water, sewage, electricity, roads, public transportation, and garbage collection—were in chronic short supply and in need of improvement. Despite this competition, Dahan's choice was mostly in favor of increasing the accumulation potential of the city through investment-inviting projects designed to enhance the global image of Istanbul.

The absolute magnitude of the post-1983 fiscal measures enabled Istanbul's metropolitan government to initiate a series of ambitious infrastructural investments and urban renewal projects for the first time since the 1950s. The ensuing feverish building activity transformed the urban shape and permitted the exercise of a significant degree of entrepreneurship toward globalization of the city by the then mayor and business groups who supported him. Construction of new thoroughfares, under- and overpasses and clearance operations in the center also allowed the ANAP government to consolidate its power base through the awarding of highly lucrative public works contracts, concessions and tenders to politically favored businessmen and investors.

b) State Subsidies for Housing

A second very important channel of public funding for large cities in the post-1983 period was the creation of a Mass Housing Fund (MHF) designed to subsidise lower-middle income housing. In terms of the total number of units, Istanbul received the largest share out of this fund (See Table 3).

The political significance of the subsidized credit scheme for housing was as important as its concrete impact upon the physical appearance of the city. The MHF, designed to operate through the commercial banking system, basically functioned as a disbursing agency for government encouragement of private initiative in housing construction. It rapidly evolved into one of the two major categories of preferential credit in the post-1983 period, the other being agricultural credits. In line with the overall monetary orthodoxy of the liberalization program, all other subsidized lending schemes were either eliminated or targeted for elimination. ANAP's housing policies, however, involved a major departure from its declared overall strategy: credits disbursed by the Mass Housing Fund amounted to mortgages at below-market interest rates.

A second factor which enhanced the importance of the Mass Housing
Fund is the absence of other institutionalized sources of housing credit in the Turkish economy. Savings and loan associations, building societies, credit unions and the like do not exist. Commercial banks are legally prohibited from using their own resources for long-term home mortgages. Until the establishment of the MHF, there were only two sources of institutionalized finance for housing in Turkey, the state-owned Emlik Bank and the Workers' Social Security Fund, which together contributed to the financing of less than 10 per cent. of the housing constructed in the 1970s. Until the inception of MHF, most housing construction was financed either directly by private savings or by short-term, non-subsidized commercial and suppliers' credits.

Table 3. Mass Housing Construction 1984-1991*

<table>
<thead>
<tr>
<th>Province</th>
<th>Number of Projects</th>
<th>Number of Dwelling Units</th>
<th>Under Construction</th>
<th>Completed</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Istanbul</td>
<td>1 080</td>
<td>45 801</td>
<td>67 458</td>
<td>113 259</td>
<td></td>
</tr>
<tr>
<td>Ankara</td>
<td>939</td>
<td>44 147</td>
<td>49 753</td>
<td>93 900</td>
<td></td>
</tr>
<tr>
<td>Izmir</td>
<td>734</td>
<td>13 408</td>
<td>49 523</td>
<td>62 931</td>
<td></td>
</tr>
<tr>
<td>Adana</td>
<td>464</td>
<td>12 038</td>
<td>22 138</td>
<td>34 176</td>
<td></td>
</tr>
<tr>
<td>Izel</td>
<td>292</td>
<td>15 504</td>
<td>17 956</td>
<td>33 460</td>
<td></td>
</tr>
<tr>
<td>Konya</td>
<td>732</td>
<td>12 436</td>
<td>18 919</td>
<td>31 355</td>
<td></td>
</tr>
<tr>
<td>Kayseri</td>
<td>321</td>
<td>11 264</td>
<td>17 244</td>
<td>28 508</td>
<td></td>
</tr>
<tr>
<td>Kocaeli</td>
<td>507</td>
<td>11 761</td>
<td>13 681</td>
<td>25 442</td>
<td></td>
</tr>
<tr>
<td>Bursa</td>
<td>354</td>
<td>12 793</td>
<td>11 761</td>
<td>24 554</td>
<td></td>
</tr>
<tr>
<td>Antalya</td>
<td>249</td>
<td>9 156</td>
<td>8 691</td>
<td>17 847</td>
<td></td>
</tr>
<tr>
<td>62 Other Provinces</td>
<td>5 577</td>
<td>118 272</td>
<td>173 020</td>
<td>291 292</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>11 249</td>
<td>306 580</td>
<td>450 144</td>
<td>756 710</td>
<td></td>
</tr>
</tbody>
</table>

* Individual credits not included.

Source: Mass Housing Fund

The economic conjuncture within which MHF made its impact was also significant. During the late 1970s and the early 1980s, the world experienced a financial boom leading to the coining of phrases such as 'casino capitalism', which purported to describe the unprecedented importance of the speculative dimension in the workings of capital. The bulk of the speculative bubble was constructed on paper, that is gambling on valuable papers, financial instruments, IOUs from insecure creditors and the like. There was, however, a substantial volume of funds speculating on a more real resource: urban property. The real estate boom manifested itself both in the purchase of empty tracts for development and in the bidding for existing residential and commercial space, with the result that property prices reached record heights. A similar dynamic was experienced in Istanbul where choice real estate in the preferred residential neighborhoods of Istanbul reached prices which were comparable to Manhattan levels. There were two channels through which MHF was linked to the real estate boom. One was that to-be-developed residential land which had been the object of speculation by private investors was now sold at a profit for purposes of mass housing. The bank which administered this fund functioned as a crucial link between the government and the more speculative brand of businessmen in Istanbul. Secondly, because of the rise in real estate prices, the usual functioning of the market through private arrangements and suppliers' credit had become impossible to sustain. A significant proportion of would-be house owners had no recourse except the Mass Housing Fund in their quest for ownership.

The MHF represented the first major influx of state funding into metropolitan housing markets of Istanbul since the early 1960s. Among its major beneficiaries were the so-called fixed income groups, mainly employees or retired personnel of assorted state enterprises, various rungs of governmental, municipal and military bureaucracy. These were groups whose position in the rental market had progressively deteriorated under inflationary conditions. In the prohibitive real estate market of the mid-1980s, they flocked to join "housing cooperatives", which rapidly sprouted into clusters of high-rise apartment dwellings along the newly constructed highways surrounding the city. Also among the beneficiaries were large contracting firms which were attracted by the combination of state subsidies and local government incentives (in the form of cheap land) to try to capture a share of the mass housing development projects.

c) A New Model for Metropolitan Governance

One of the most important aspects of ANAP's policy package was the creation of a new model of metropolitan governance for the three largest cities of Ankara, Istanbul, and Izmir. The progressive trend since the 1950s had been towards administrative fragmentation of metropolitan areas with the major city authority surrounded by dozens of small municipalities. The need to coordinate the vast network of local and provincial governments, public and semi-public agencies, each fighting for their own prerogatives, was acknowledged by experts and politicians alike since the early 1970s.
Numerous alternative proposals for new legislation had, however, been stalled in political negotiations over questions of jurisdiction and authority. ANAP, in one sweeping motion in 1984, enacted a new law which amounted to a total politico-administrative overhaul of the existing system.

The new model entailed a two-tier system, designed to centralize major metropolis-wide functions and place them under direct control and authority of the metropolitan mayor. Simultaneously, it created smaller "district municipalities" which would discharge the actual day-to-day operation of services. In the case of Istanbul, a host of agencies ranging from the Master Plan Bureau to the Water Supply and Sewerage Authority, formerly attached to various central ministries in Ankara, were brought under the direct control and jurisdiction of the metropolitan mayor. The mayor of Istanbul had always been a powerful political figure, directly elected for a four-year term and, hence, with more popular votes behind him than any parliamentarian. But he lacked authority over the vast and complicated network of agencies which were directly controlled by the central government from Ankara. Now, under the new system, the political prominence of the office was coupled with scope for administrative action, as well as new financial resources to render the mayor of Istanbul a very powerful figure indeed.

In addition to creating an all-powerful metropolitan mayoralty, the new model instituted a second tier of "district municipalities" each with its own elected mayor and municipal council. Some forty odd small municipalities external to the former city limits were initially annexed to the Istanbul metropolis, then redivided into 14 new district municipalities, with populations ranging from 300,000 to over 1.5 million each. A range of municipal services, from refuse collection, street repairs and maintenance to surveillance activities were devolved to these district municipalities. Of greatest political significance among these, was the decentralization of detailed land use planning, building control and building permits. We will return to the broader political implications of this decentralization, after discussing the internationalization of Istanbul in the 1980s.

4.2 The Restructuring of Istanbul’s Urban Core in the New Era of Internationalism

Symbolic of Istanbul’s transformation in the new era of internationalism was the arrival, from 1981 onwards, of a series of foreign banks, closely followed by a new generation of domestic “trade-finance banks” (See Table 4). The advent of these new banks, all specialized in international trade-finance operations, was bound with attempts to liberalize the Turkish financial system (Onel 1989). Beginning in 1981, a series of policy measures were implemented with the cumulative impact of ending the historical monopoly of the Central Bank over foreign currency transactions. Thus, for the first time since the inception of the Republic, commercial banks were granted autonomy to operate in international markets. The concomitant softening of restrictions on capital flows from abroad and the introduction of a variety of export encouragement schemes, convinced international banks, which until then had avoided Turkish financial markets, to open branch offices in Istanbul in order to explore the new opportunities. The traditional Turkish banks, oligopolistic giants long insulated from international markets by state-imposed exchange rates and restrictions on foreign currency, lacked the flexibility and knowhow to immediately shift to international trade financing operations. But a new generation of small and specialized banks of domestic origin rapidly established themselves. Employing aggressive Madison Avenue marketing techniques to compete with one another and with foreign banks, they were able to take advantage of the export boom and the increased ability of the economy to borrow from abroad (cf. Daly and Logan 1986; Meyer 1991).

Table 4. International Banks in Istanbul (1988)

<table>
<thead>
<tr>
<th>Name of Bank</th>
<th>Date of Establishment</th>
<th>Specialization</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Osmangazi Bank</td>
<td>1963</td>
<td>General - Commercial</td>
<td>French</td>
</tr>
<tr>
<td>Banca di Roma</td>
<td>1961</td>
<td></td>
<td>Italian</td>
</tr>
<tr>
<td>Hollantina Bank</td>
<td>1921</td>
<td></td>
<td>Dutch</td>
</tr>
<tr>
<td>Arab-Turk Bank</td>
<td>1977</td>
<td></td>
<td>Libyan</td>
</tr>
<tr>
<td>Citibank</td>
<td>1981</td>
<td>Trade-Finance &amp; Funding</td>
<td>U.S.A.</td>
</tr>
<tr>
<td>Bank Mellat</td>
<td>1982</td>
<td></td>
<td>Iran</td>
</tr>
<tr>
<td>BCCI</td>
<td>1982</td>
<td></td>
<td>Luxembourg*</td>
</tr>
<tr>
<td>Turk Bank Ltd.</td>
<td>1983</td>
<td></td>
<td>Cypriot</td>
</tr>
<tr>
<td>Habib Bank Ltd.</td>
<td>1983</td>
<td></td>
<td>Pakistan</td>
</tr>
<tr>
<td>Hannover Trust</td>
<td>1984</td>
<td></td>
<td>U.S.A.</td>
</tr>
<tr>
<td>Chase Manhattan</td>
<td>1984</td>
<td></td>
<td>U.S.A.</td>
</tr>
<tr>
<td>F.N. Bank of Boston</td>
<td>1984</td>
<td></td>
<td>U.S.A.</td>
</tr>
<tr>
<td>Saudi-American Bank</td>
<td>1985</td>
<td></td>
<td>Saudi-U.S.A.</td>
</tr>
<tr>
<td>Chemical Mitsubishi</td>
<td>1985</td>
<td></td>
<td>Japan-U.S.A.-Turkey</td>
</tr>
<tr>
<td>Irving Trust/Tuscon</td>
<td>1985</td>
<td>General-Commercial</td>
<td>U.S.A.-Turkey **</td>
</tr>
<tr>
<td>BNP-AK</td>
<td>1985</td>
<td>Trade-Finance &amp; Funding</td>
<td>France-Turkey ***</td>
</tr>
<tr>
<td>Koç-American Bank</td>
<td>1986</td>
<td></td>
<td>U.S.A.-Turkey ***</td>
</tr>
<tr>
<td>Bahrein/Kuwait Bank</td>
<td>1986</td>
<td></td>
<td>Bahrain-Kuwait</td>
</tr>
<tr>
<td>Bank Indonesia</td>
<td>1986</td>
<td></td>
<td>French</td>
</tr>
<tr>
<td>Standard Chartered</td>
<td>1986</td>
<td></td>
<td>British</td>
</tr>
<tr>
<td>Credit Lyonnais</td>
<td>1988</td>
<td></td>
<td>French</td>
</tr>
<tr>
<td>Körfez Bank</td>
<td>1988</td>
<td></td>
<td>Qatar</td>
</tr>
</tbody>
</table>

* BCCI: Bank of Credit and Commerce International
** Irving Trust subsequently withdrew from Turkish financial markets
*** BNP-AK is a Banka National de Paris and Akbank (Sabanç Group) joint venture
Koç American Bank is again a joint venture between American Express and
the Koç Group. Chemical Mitsubishi's Turkish partner is ENKA.

Source: Bankalar Birliği
The rising headquarters of these new banks signaled the resurrection of Istanbul as an international finance center. Since the 1930s, the once famous "Avenue of Banks" (Bankalar Caddesi) of the Ottoman capital had become progressively deserted as national banks constructed imposing new headquarters in Ankara. From the 1950s onwards, when the growth of private banks began to gain momentum, Ankara remained the choice location, next to the state bureaucratic apparatus, and centrally located vis-a-vis the vast network of branch offices extending into the distant corners of Anatolia to collect deposits. Now, in the post-1983 era of international operations, where the premium is on flexibility, leanness and instant access to world markets, Istanbul's status was redefined.

Next to international banks and trading companies, new arrivals in Istanbul's city core included 12 new deluxe hotels, constructed by special permission in choice locations overlooking the Bosphorus (See Table 5). All were beneficiaries of the post-1983 encouragement schemes to promote investments in tourism, doubling the five-star hotel capacity. Nearly all have been tall buildings, defining the new skyline of Istanbul. While land values and technological innovations in building construction and design provide sufficient motive for vertical expansion in most large cities, the timing and location of Istanbul's new tall buildings underline the symbolism of the skyscraper. Throughout the 1970s, only four buildings exceeding 20 stories were constructed in Istanbul, one housing the Istanbul Chamber of Industrialists and three international hotels. In the post-1983 period, more than twenty new tall buildings arose, all hotels or trade centers, symbolizing the booming sectors of the economy in the new era--international banking and trade, tourism and real-estate development.

Table 5. Deluxe and Five Star Hotels of Istanbul*

<table>
<thead>
<tr>
<th>Name of Hotel</th>
<th>Date of Opening</th>
<th>Capacity (rooms/beds)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hilton</td>
<td>1955</td>
<td>180/560</td>
</tr>
<tr>
<td>Divan</td>
<td>1956</td>
<td>498/772</td>
</tr>
<tr>
<td>Tarabya</td>
<td>1966</td>
<td>261/325</td>
</tr>
<tr>
<td>Sheraton</td>
<td>1975</td>
<td>420/558</td>
</tr>
<tr>
<td>The Marmara</td>
<td>1976</td>
<td>400/800</td>
</tr>
<tr>
<td>Dedeman</td>
<td>1982</td>
<td>378/751</td>
</tr>
<tr>
<td>Büyük Şimbeli</td>
<td>1983</td>
<td>224/402</td>
</tr>
<tr>
<td>Rımda</td>
<td>1988</td>
<td>275/350</td>
</tr>
<tr>
<td>Alpınar</td>
<td>1991</td>
<td>278/600</td>
</tr>
<tr>
<td>Kârla</td>
<td>1991</td>
<td>218/356</td>
</tr>
<tr>
<td>Swiss Hotel</td>
<td>1991</td>
<td>503/1006</td>
</tr>
<tr>
<td>MİT Akmerkepçe</td>
<td>1992</td>
<td>305/510</td>
</tr>
<tr>
<td>Çırağan Palace Kempinski</td>
<td>1992</td>
<td>316/624</td>
</tr>
<tr>
<td>Conrad International</td>
<td>1992</td>
<td>300/600</td>
</tr>
</tbody>
</table>

* Four new five-star hotels scheduled for opening in 1993 are not included.
Source: Hotel Guide Turkey, 1992

High-rise development in center city was only one component in Istanbul's physical transformation in the post-1983 period. The new mayor of Istanbul, Dahan, a former business entrepreneur who joined the ranks of ANAP just before the 1983 elections and remained a politically unknown entity until he actually took office, proved to be a man with a mission. He embarked upon transforming Istanbul from a tired city whose glory resided in past history, into a metropolis full of promise for the twenty-first century. Armed with certainty of vision, arrogance, and enormous personal drive and executive capability, he used the vast powers and resources newly conferred to metropolitan mayoralities to put into motion a series of urban renewal projects which had remained on the drawing board for more than three decades. Using an entrepreneurial style alien to the official mentality, with rapid action preceding legal court proceedings and little patience for juridical procedure or for canons of historical preservation, he cleared large tracts of nineteenth-century inner city neighborhoods. In literally bulldozing through some thirty-thousand dilapidated buildings along the shores of the Golden Horn within a matter of days, he evicted vast numbers of small manufacturing establishments as well as more organized and powerful interests such as Istanbul's wholesale fresh produce market and the hardware/Industrial spare parts district (Peraçème Pazarı). Equally rapidly, a wide corniche was built to accommodate two-way auto traffic along the shore, next to newly laid out lawns and trees. The resurrection of a mythical Golden Horn, with blue waters and green shores, a seemingly hopeless endeavor only a few years before, was about to become a reality, and was much written about in the international press. Equally controversial, and accomplished in much the same summary manner, was the construction of a corniche along the shores of the Bosphorus. This was again a massive construction project involving the driving of concrete beams into the sea to reclaim land for highway construction, an accolade to new technology as well as the financial resources of the metropolitan government. But it also attested to Dahan's political power and backing from the government, since the project was vehemently opposed by conservationists and some of Istanbul's wealthiest groups whose residences were on the shore.

To try to list all the new throughways, underpasses, overpasses, and the clearance operations which radically transformed the nineteenth-century fabric of Istanbul between 1983-1990 would be to belabour the point. Dahan's vision of an internationalized Istanbul for the twenty-first century, in its oft-advertised broad strokes, was very simple. The historical peninsula, cleaned of unsightly buildings and activities, was envisaged as an open air museum of historical monuments and picturesque old wooden houses, now restored and cleaned up and within easy and rapid access from different parts of the city on newly contructed throughways. The internationalized
business center towards the north of the Golden Horn, with its deluxe
hotels, modern offices and wide avenues would host global functions concretized
in conventions, businessmen and tourists. Visitors to Istanbul could thus
use the new highway network from the airport to by-pass the congestion,
noise and traffic of the inner city to come to their hotels, and later tour
the "open air museum" or drive along the Bosphorus. What is remarkable
is not the simplicity (admittedly caricatured) of this vision, but Dalan's
astonishing success in actually implementing so much of it. In the eight
years of his mayoralty, fraught with legal battles, rumors of fortunes changing
hands in the awarding of municipal works contracts, of unprecedented
Corruption in city hall, and feverish construction activity, Istanbul emerged
as the showcase for Turkey's new era of integration into the world scene.

4.3 Changes in the Residential Ordering of Space

Among the visible and conspicuous changes in the residential patterning
of Istanbul in the post-1983 era, perhaps the most significant was the string
of "housing developments" which rapidly sprang up along the major new
throughways into and out of the city. Subsidized by the Mass Housing
Fund and built according to its funding criteria, these consisted of groups
of identical high rise apartment blocks, dotted along highways outside
the city limits. Most were organized as cooperatives, either by the developer
firm or associations of employees, retirees etc., and located on sites designated
for mass housing development by the metropolitan government. "Ownership"
in such cooperatives entails the payment of installments from the ground
up for a flat not exceeding 100 square meters. The mortgage, with a maturation
period of 15 to 20 years, is owned by the MHF and the developer is directly
reimbursed in full by the MHF upon completion of buildings.

The creation of such high rise "suburbs" in the surrounding vicinity of
Istanbul provided for evacuation of lower-middle income groups hitherto
trapped in center city (as well as upwardly mobile families from the squatter
areas) and thus created socially homogeneous residential areas. This spatial
segregation was unprecedented in Istanbul, given the traditional social
heterogeneity in the fabric of old neighborhoods.

The spatial distribution of the residences of the wealthy also exhibited
a changing trend. In the 1960s and 1970s, when the elite of Istanbul began
to escape the congestion and traffic in center city, they relocated in luxury
apartments, a view of the sea symbolizing the fine distinction between
middle and upper-middle life styles. From the mid-1980s onwards, a "villa"
became the prime indicator of bourgeois status; spacious houses and surrounding
gardens enclosed by high walls and protected by guards defined this newly
revived concept. Initially, clusters of 10-15 such villas were granted permits
to locate in the wooded hills overlooking the Bosphorus; later, as the deluxe

housing market expanded, new upper class suburbs began to make their
appearance in the northern outskirts of the city, towards the Black Sea.
Completing this general picture of increasing spatial polarization through
a centrifugal dynamic, was the opening of vast tracts of new peripheral
land to "quasi-informal" settlement, a process now under the jurisdiction
of district municipalities. The rapid articulation of the newly elected district
councilmen with vested interests in the contracting sector on the one hand,
and ethno-regional networks among their largely immigrant constituencies
on the other, initially paved the way for a new wave of "legalization"
and retrospective planning in the older "informal" settlements. After three
years of direct military rule, when all construction in such neighborhoods
had ground to a halt, "planning" immediately ushered in a new wave of
construction and rising land values. Subsequently, much of the land annexed
when the boundaries of the metropolitan area were redrawn, was opened
to new settlement. Since the clientelistic networks through which the process
was organized hinged upon common geographical origins of contractors,
councilmen and settlers (not only from the same region or province but
often the same town in Anatolia), the emergent residential pattern reflected
ethno-cultural cleavages and solidified these in space. Thus Istanbul's
internationalization in the post-1983 era proceeded concomitantly with
the reconstruction of "localisms" in its poorer neighborhoods (See Table
6 and also Köksal and Kara 1990).


<table>
<thead>
<tr>
<th>Born in</th>
<th>1950</th>
<th>1985</th>
</tr>
</thead>
<tbody>
<tr>
<td>Istanbul</td>
<td>% 52.9</td>
<td>% 39.4</td>
</tr>
<tr>
<td>Black Sea Region</td>
<td>% 12.4</td>
<td>% 21.1</td>
</tr>
<tr>
<td>Central Anatolia</td>
<td>% 5.9</td>
<td>% 11.1</td>
</tr>
<tr>
<td>Eastern Anatolia</td>
<td>% 4.2</td>
<td>% 10.5</td>
</tr>
<tr>
<td>Marmara</td>
<td>% 7.9</td>
<td>% 7.1</td>
</tr>
<tr>
<td>South East Anatolia</td>
<td>% 1.0</td>
<td>% 2.3</td>
</tr>
<tr>
<td>Egeean</td>
<td>% 1.6</td>
<td>% 2.0</td>
</tr>
<tr>
<td>Mediterranean</td>
<td>% 1.6</td>
<td>% 2.0</td>
</tr>
<tr>
<td>Foreign Country</td>
<td>% 11.8</td>
<td>% 4.8</td>
</tr>
</tbody>
</table>

Source: Kurdoğlu, 1989, as cited in Özbay, 1992
We must here observe the temporal coincidence of two dynamics which were simultaneously operating in Istanbul's transformation. One dynamic replicated the successive suburbanization of the wealthy, of the middle classes, and of the steadier members of the petty bourgeoisie—a phenomenon which has occurred in North American and European cities in waves since the late nineteenth century. The mass phase of this suburbanization in North America coincided with the post-World War II boom, fitting comfortably into the so-called Fordist phase of economic regulation where single family houses, cars and consumer durables became unavoidable accoutrements of a life-style. In western Europe as well, although to a smaller degree, suburbanization and HLM development contributed to determining the new urban geography. The Istanbul story was slightly different in that the wealthy did not make any attempt to depart from their nineteenth-century habitats until the 1960s. The most significant development beginning in the 1960s was the middle and upper-middle income level apartment construction on and around the Marmara coastline of the Asian side, and along the shore of the Bosporus. The distinguishing feature of these areas, but especially of the Asian side, was that they had been mostly occupied by summer houses on large grounds prior to this development, and had therefore been unique in thinly populated Istanbul, not having any interstitial state or public land. Wherever such public land existed, shantytowns developed alongside, regardless of the social defining character of the surrounding residential neighbourhood. A long stretch on the Asian side, however, avoided being interspersed with shanties and therefore attained the character of a homogeneous residential section where spacious upper- and middle-income level apartments with gardens and views over the sea dominated. This development was the only one of its kind, and the sole example of centrifugal suburbanization until the late 1970s. During the 1980s, Istanbul's Fordist phase came to maturity; car ownership spread to middle classes, and a premium was attached to privacy, leading families to move out of the cramped social spaces of old urban or new shanty neighborhoods. A new and less exclusive wave of suburbanization, aided by the new roads and by funds provided through the Mass Housing Fund, led to a residential segregation which quickly became a feature of Istanbul's cityscape.

The second development coinciding with the beginnings of widespread suburbanization was that which constitutes the proper object of this paper, viz. the physical changes deriving from globalization. The attempt to recover the downtown, to make the center city into a service center and a "consumption artefact" attracting tourists, businessmen, and weekend visitors, was a principal policy measure of urban governments during the early 1980s. Those cities in which this attempt could be combined with a real thrust toward fulfilling service functions for an enlarged clientele, succeeded in their endeavour. In the case of Istanbul, the downtown area to be recovered had not suffered to the same degree as North American cities where earlier suburbanization had left the center city a reserve for the poor. Nonetheless, Dalan's attempt to globalize the functional use of the downtown area involved very much the same policy of cutting through an old fabric in order to emplace the requisite forms of an internationalized service center--office buildings, hotels, culture boutiques, and caterers to a global taste.

It is the coincidence and the intertwining of these two analytically distinct evolutions that could be observed in the decade of the 1980s as changes in the residential ordering of space in Istanbul.

5. OPPORTUNITIES AND CONSTRAINTS OF THE 1990s

Istanbul's regional function is not new. During the nineteenth century and even in the 1920s it served as a center for transit trade, for finance, and provided a secondary market for the export products of the area. Foreigners lived here establishing links with the outside world. Both the Black Sea and the Middle East regions looked to Istanbul as a regional service capital. As has been observed, the period we now live in is remarkably similar to the pre-1914 era, except that technology now permits an incomparably higher degree of globalization. For this reason cities are potentially able to provide more control functions and services for much larger hinterlands. The criterion for Istanbul to become a world city would be whether or not services, headquarters, and control functions for the Black Sea, part of the Middle East, the Balkans, and Central Asia will be located here. This is not the same as saying Turkish capitalists will invest, trade with, and in general play an important role in the restructuring and liberalization of Middle Eastern, Balkan, Central Asian, and Black Sea countries. Rather, it is the expectation that capital which wants to locate in Georgia as well as in Anatolia, in Roumania, in Azerbaijan, or in Syria, will employ service companies in Istanbul. The question is whether it will be Istanbul banks, shipping and insurance companies; law firms; design and engineering and data services; advertising agencies; communication and computer networks; media, education and health industries, which will be indispensable for the diffusion of capital to these areas. Concomitantly, employees of these global sectors will require the transportation, the five-star hotels, tourism agencies, and the upscale retail and other services offered in Istanbul, and will imprint the city with their lifestyle and the income polarization that comes with it.

What has to be empirically investigated is the extent to which this infusion has occurred, to what degree have services in Istanbul become internationalized. We do know that world transnationals have penetrated the service sector in Turkey through joint ventures, direct investment, and licensing. There
are now international firms operating in banking, insurance, legal services, auditing, accounting, consulting, data services, advertising, the hotel sector, communications, etc. It is also the case that many of these firms have invested in offices here only to assist in the operations of foreign capital within Turkey. The next stage is when transnational companies employ these service companies established in Istanbul in order to mediate their investments elsewhere in the region. This is the obvious path via which producers’ services expand and fulfill a potential of leading the urban economy. Evidently there are instances of such an expansion in operations, although the volume is not yet great. Intentions and actual achievements in this area have to be investigated.

5.1 Urban Entrepreneurship and Strategic Groups

Our initial query was whether Istanbul could exploit the emergent opportunities of the 1990s decade, in order to define a niche for itself in cross-regional networks as they are being reconstituted. We framed this question in terms of a series of propositions drawn from a broader theoretical literature which emphasizes the growing inability of states to exercise control over their economies. This increasing independence of the accumulation process and of the market result in novel spatial outcomes such as regional autonomy and urban entrepreneurship, with important political consequences.

The guiding concern in the account above was to investigate the feasibility and the conditions of success of urban entrepreneurship. While the general principle that geo-political opportunity and entrepreneurship have to be combined in order for Istanbul to successfully position itself in the new world economy is correct, the descriptive account of the city’s recent transformation suggests a need to further investigate the notion of urban entrepreneurship. Although this is trivial, it is worth repeating that the city is not a sociological category capable of providing agency: referring to “cities” as following their own prerogatives is misleading. It is strategic groups within cities which have the capacity and the potential for implementing projects in accordance with their interests. An analysis of the urban entrepreneurial function would, therefore, have to specify and include a discussion of the strategic groups engaged in entrepreneurship in their own right, or exerting pressure on elected leaders to do so. To say so does not exclude the possibility that a mayor with strong vision may consciously acquire sufficient autonomy to pursue a project which is feasible but not necessarily shared by his constituency. This was the case with B. Dalan, whose tenure created a constituency in accordance with the globalizing project rather than responding to already existing pressure groups. By contrast, the present mayor, N. Sözen, has, in his tenure, generally opted for the populist alternative and has rejected a Dalan style entrepreneurial style, preferring to satisfy his core constituency—the shanty-town dwellers, and the new immigrants. We will argue that despite this reluctance to continue with the global positioning strategy, it is now the turn of the “strategically placed groups”, which by now have been sufficiently integrated into global networks, to exert pressure on the elected officials.

A significant recent episode may throw light on this process. Istanbul still lacks a “congress center”, and this prevents it from hosting large-scale conventions. In 1992, however, the mayor proposed a project to convert the largest and most centrally located indoor sports arena, where most basketball games are played, and popular concerts are held, to a congress hall. This was not a popular project; there were concerted criticisms especially in the sports pages of all the high-circulation newspapers. Sözen’s defense was that they had held a world congress of medical doctors in the previous year and, not being able to find a hall large enough for the plenary session, they had to use the open-air theater. This was a disgrace for Istanbul, and large conventions could only be held if a new center were brought to service. Without imputing any special interest advocacy, it would be well to remember that Mayor Sözen is a physician and has close contacts in the medical hierarchy due to his previous position as Dean in one of the largest medical schools in Istanbul. Hence, it would not be wrong to think that the medical-congress incident might have indeed spurred the medical community to lobby for a congress hall for future conventions. It should also be mentioned that among the professions, medicine is probably the most internationalized and stands to profit most from Istanbul’s full accession to global status. There already exist a number of hospitals and specialized treatment centers catering to a foreign clientele, especially from the Middle East. There is no reason why the catchment could not be expanded to include the Balkans and the Central Asian republics. The global networks of the health sector, with extensions into high-tech electronics, education, the pharmaceutical industry, tourism, may potentially provide a channel for Istanbul’s globalization.

An additional chapter in the public debate concerning the conversion of the sports arena to congress hall was the advertisement by the association of tourism agencies, taken in all the major newspapers, to the effect that they supported the Mayor in his decision, and agreed with the analysis concerning the need for “congress tourism”. Here, then, was another pressure group whose interests were involved rather more transparently.

Of course, a congress hall does not have a unique function; similar accounts of interest and influence may be given for a variety of sectors. This anecdote, however, does illustrate the possible mediations of agency and entrepreneurship in investment for global services. Similar stories may be told (or, rather, we may predict that potential conflicts of the same nature will develop)
where other professional groups such as engineers, bankers, traders, educators, or media personnel are involved. An internationalization in education, similar to that envisioned by the health industry, is not impossible, as evidenced by all the planned and rumored private and foreign investment in foreign-language higher education. In the case of the communications industry, and especially television, we might expect that pressure and lobbying would be particularly effective since the Turkish government seems to entertain notions of cultural domination of the Turkic world, at least partly based on its ability to perform a brokerage function between the West and the Central Asian republics. For this task the contribution of the media industry, entirely based in Istanbul, and its close global links are essential.

Until the 1980s local politics in Istanbul centered on the distributive capacities of the municipality, which became the focus of competition among rival interests. Hence clientelism and patronage served as the dominant mode of generating and maintaining political support. In the 1990s, after a decade of growing integration into the world, political demands on the metropolitan municipality have been recast. Increasingly, they focus on the creation of the necessary urban infrastructure for purposes of global positioning. Economics alone does not explain the changing nature of political demands upon the metropolitan municipality. The new system of metropolitan and district municipalities has shifted the traditional levers of patronage politics down to local districts, and the metropolitan level now is able to concentrate on investment activity. Hence, the legitimacy of the metropolitan municipality increasingly depends on carrying out the investment activity designed to promote greater investment, and on creating the appropriate climate for entrepreneurship. The metropolitan mayor can no longer rely on the traditional mainstay of machine politics, viz. the selective delivery of basic services to the new immigrants, but must respond to demands from powerful economic groups, professionals, and other voices in the increasingly vocal urban middle class. This change calls for a "managerial" style to replace the older "party boss" image at city hall. The changing political configurations of the 1990s suggest that the metropolitan mayor must build a political strategy based upon structural constraints: he is now checked and controlled by interest groups in the city rather than his political clients.

5.2 The Fundamental Dilemma

Finally, we would like to end with the obvious dilemma that the foregoing argument underlines. The very same dynamic which creates opportunities and makes the transformation of Istanbul into a global city thinkable also leads to a crisis of the national economy with its promises of national unity, entitlements, protectionism, subsidies, and populism. This crisis reinforces the push factors in the provinces and in the countryside which give rise to migration. There is also an increased pull factor because the more Istanbul takes on a global function the greater will be the differences in the potential for accumulation between the metropolis and the rest of the country; consequently, the income differentials between Istanbul and the rest of the country will increase. This again is a factor leading to greater immigration into the city. It is in fact the case that global cities become magnets attracting migration precisely because of their privileged location in the new global economy. They are where the economic action is and where the highest paid income earners live. Hence there are jobs not only for qualified professionals but also for those who provide low level services to them and to their businesses (Sassen-Koob 1987a). Thus New York receives migration of highly educated European and Latin Americans, but at the same time of poor and desperate Latinos hoping for the trickle-down effect. This bi-polar migration and the resulting social structure is what makes for the apparent vitality of these cities while, at the same time, causing a worsening of the income distribution. On the one side are the globalized professionals whose incomes and lifestyles do not change appreciably from one global city to another. At the other pole are the lucky who find employment rendering services to the professionals, and the unlucky who cannot find even those jobs and thus resign themselves to joining the large corps of the marginal population. It is, of course, the increasing numbers of this marginal population which makes metropoles of the South increasingly ungovernable. The same dilemma is very much present in Istanbul.

Managing the city is thus an art of balancing between the rudimentary services that the new immigrants require and investing for the purposes of acquiring a certain status in the globalizing world-economy. With limited municipal resources this choice between populism and growth confronts urban administrations with an insuperable dilemma. Greater globalization seems to be the recipe for accumulation; but accumulation brings with it, at least in the short to medium run, an income and employment polarization. On the other hand, if national developmentalism is indeed over, failing to act on the global option is tantamount to accepting an indefinite involution. Populism is popular only in the short run and condemns to long-run stagnation. Additionally, it must be recognized that an argument for Istanbul to position itself as a global city is in fact an argument for Turkey as well. Istanbul's accession to that niche is desirable for the country as a whole precisely because of the erosion of national developmentalism, and the need to be integrated into circuits of capital which require global cities for their operation. Missing the opportunity would be a loss for all the residents in the country precisely because it would imply an inability to secure a relatively higher
status in the world hierarchy of work conditions and remuneration.

The fundamental dilemma that municipal governments in Istanbul will have to confront may be reduced to the familiar one between growth and distribution. It must, however, be recognized that this trade-off is not a simple quantitative one, and that the choice has ramifications as to the fate of the city in the foreseeable future. Growth implies a particular kind of accumulation inviting and accommodating global activities, with a view to positioning the metropolis in a favorable position in transnational networks of capital and services. Distribution, or emphasizing the populist dimension in an attempt to cater to the needs of the new immigrants, may well imply the forfeiture of the chance to accumulate in the new world economy. If the national developmentalist balances are in fact impossible to recapture, this might be a sure recipe to an involuted urban social structure where the accumulation potential is low and high-wage positions are scarce. It is certainly true, however, that the global option, compared to third-world-metropole involution creates greater income polarity. This is the fundamental dilemma that will be played out in Istanbul's politics in the near future. Urban entrepreneurship and interest group pressure will figure as factors balancing the populist imperative dictated by electoral politics. Although the direction of the world economy may be clear, and the opportunity presented to Istanbul may be clearly appreciated, what will decide the outcome is how the dilemma will be resolved at the level of urban and national politics.

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