

## Textile Workers in Turkey, 1922-2003

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### Production and Environment

The Ottoman legacy to the Turkish Republic in 1923 was an Anatolian economy battered by war, depopulated of most of its business and artisan class, and laden with the debts of the fallen Empire.<sup>1</sup> A small number of public and privately run textile manufacturing facilities remained in operation. Textiles were a major import item<sup>2</sup> due to the 1923 Treaty of Lausanne, which did not allow duties or tariffs on imports until 1929. Exports were minimal and included only raw fibers, madder root used to make the famous Turkish red dye and a small volume of wool hand-knotted carpets. Raw cotton output was small, 51,240 Metric Tons (MT) in 1930<sup>3</sup>, and yields were low but adequate for both home-based and factory yarn production. Roughly half of domestic wool production was absorbed into carpet yarn.

The Great Depression and the collapse of commodity prices made it unsustainable to rely on exchanging raw materials for imported manufactured goods. The Turkish government, with domestic tax revenues and partial funding from the Soviet Union,<sup>4</sup> put together a 5-Year Economic Plan. The focus of the plan, under the homegrown ideological banner dubbed *etatism*, was to build industrial capacity to produce consumer goods, especially textiles, and to expand irrigated agriculture including cotton.

The state established the Sümerbank in 1933 as a holding company to oversee industrial production; it took over the Ottoman textile plants and built state-owned spinning and weaving enterprises throughout the new nation. Traditional handicrafts produced in small un-mechanized workshops continued to provide up to 60% of manufacturing value added until the end of the 1930's.<sup>5</sup> Private enterprises in 1939 produced 65% of cotton yarn and cloth, 40% of wool yarn and cloth, and 38% of leather goods.<sup>6</sup> A small number of apparel firms came into being in response to the new Republic's "clothing revolution" which required men to wear Western suits and hats. For example, Vakko, today a leading ready-to-wear producer, was founded as a hat and scarf manufacturer in 1934.

After a brief period in the 1940s and early 50s in which the state took the lead in textile production, private manufacturers regained their dominance. State produced cotton cloth output dropped from 75% of total production in 1950 to 28% in 1967. The acceleration of private production was due to post-World War II investment incentives including: (1) the 1954 removal of a production tax based on the number of looms in a shop; (2) increased tariffs on textile imports; (3) increased import quotas for textile machinery; and (4) the 1950 establishment of the Turkish Industrial Development Bank (*Türkiye Sanayi Kalkınma Bankası*) with a program of foreign exchange credits to help manufacturers buy equipment. These policies were complemented by plentiful cotton growing on land irrigated by the new Seyhan dam.<sup>7</sup>

The impact of these incentives is reflected in a rapid increase in weaving capacity and in the proportion of motorized looms after 1953 (76.95% by 1960).<sup>8</sup> Investment in spinning and weaving capacity was so rapid that by the late 1950s there was overcapacity in cotton textiles.<sup>9</sup> Apparel, on the other hand, with few exceptions was still produced by tailors and in private homes up to the 1960s. Industrial production of ready-to-wear clothing began to expand in the 1960s with mass production of suits and outerwear.

By 1960 roughly a third of all industrial establishments were producing textiles for domestic markets. However, the economy still heavily depended on imports (except for processed food, textiles, iron, and steel).<sup>10</sup> An import substitution (IS) policy was adopted to further develop domestic industry. IS increased the state's burden of foreign exchange payments for imported industrial inputs. Remittances from 910,000 Turkish guest workers in Europe, which peaked at \$1.4 billion in 1974, formed the main source of foreign exchange revenues during this period.<sup>11</sup>

The trap of government commitments both to large outlays of foreign exchange and a large public sector wage bill tightened into the 1970's. The government planned for a \$1 billion expansion of state spinning and weaving enterprises between 1972-1977 but it was not implemented due to lack of funds. The oil shocks crises of the 1970's put Turkey's economy into a deep decline. As worldwide recession reduced demand for Turkish labor in Europe, Turkey lost its main source of foreign exchange.<sup>12</sup> In 1979, a \$1.8 billion loan from the World Bank and IMF was tied to a radical reform program designed to create an export-oriented economy, improve the balance of payments, and combat inflation. On January 24, 1980 the stabilization program was launched.

The second phase included: (1) the maturation of older apparel firms into the development of their own branded products (an on-going process); (2) the movement of original equipment manufacturing (OEM) and generic production to the southeastern region of Turkey where labor is less expensive; and (3) the development of a large home textiles segment which is extending the growth horizon of the sector as it matures.

The beginning of the first phase of textile export expansion was characterized by tremendous growth in generic knit and woven apparel exports with supporting growth in cotton yarns and fabrics. In 1980, exports of apparel (valued at US\$106 mil or 3.6% of total exports) were much smaller than textiles and yarn (\$US671 mil or 23.1% of total exports). Carpets were a more important export than apparel with 3.8% of the total export earnings and 13.9% of the manufacturing export earnings in 1982.<sup>13</sup>

After six years apparel had caught up with textiles with each valued at \$US1 billion and making up 14% of exports. The maximum gap between apparel and textiles was reached in 1995 with apparel values at \$US6.2 billion or 29% of exports versus textiles at \$US2.1 billion and 10%.<sup>14</sup> Germany supplied Turkey with an easy customer base building on connections between Turks abroad and at home. Export sales soon expanded into the rest of Europe and finally extended to the United States as well as tens of other countries around the world. In addition to formal trade, a large volume of undocumented "suitcase trade" with Russia and Eastern Europe grew quickly.

During the decade of the 1990's, there was a threefold increase in domestic private investment in the textile and apparel industry. Turkey controlled 3.5 to 4 percent of the global clothing market, held the rank of sixth largest clothing exporter in the world, and joined the top ten nations in terms of its capacity in spinning and weaving.<sup>15</sup> Turkey's experienced textile entrepreneurs, many in business since the 1950s, aggressively upgraded technology in both production and marketing during the 90s.<sup>16</sup>

Diversification has been the hallmark of the second phase of export growth. According to ITKIB, in 2000, the value of apparel exports reached \$US7.2 bil., textiles were \$US2.80. Home textile exports hit the \$US1 billion mark in 2001. Turkey's 2000 apparel output was composed of knits (51%), woven apparel (34.6%), and other made-up articles (14%). Within apparel, basic cotton knit t-shirts and other underwear were still the largest category in 2000

(\$US 1.3 mil) followed by woven women's wear (\$US1.06).<sup>17</sup> However, Turkey is increasingly manufacturing clothing for major international labels that require high quality, consistency, and speed in production that can only be achieved with sophisticated textile machinery and equipment. The relatively capital-intensive sub-sectors of branded apparel, as well as home textiles, are important growth areas in the face of low wage competition.

Turkey joined the EU Customs Union (CU) in 1996. The expected expansion of sales did not materialize in 1996/97 and on the downside new restrictions were placed on input purchases from countries not party to the EU CU. Turkey's Free Trade Zones, started in 1985 with 19 open by 2000, have played an important role in keeping input costs down while expanding exports. The biggest single country buyers of Turkish textiles and apparel in 2000 were: Germany (36.6%); USA (16.6%); UK (11.9%); France (6.8%); and Holland (5.3%).<sup>18</sup> Exports to the US are expanding rapidly and markets with Russia are being formalized. A key current focus of Turkish textile and apparel firms is to establish a solid U.S. customer base before no-holds barred competition begins in 2005 when all quotas are nullified under the GATT.

### Labor Force Overview

The population of the early Republic was predominantly rural with only 16.4% of the total 13.6 million people living in urban areas.<sup>19</sup> Based on the 1927 Industrial Census, textile enterprises made up 14.3% of the total 65,245 formal manufacturing enterprises. Manufacturing employed 256,855 people with 48,025 (18.7%) working in textiles - not including home-based artisan production. Among formal textile establishments, only 4.6% had 11 workers or more and, even fewer, 2.6%, had motorized equipment.<sup>20</sup>

The 1927 Industrial Census shows that despite the withdrawal of non-Muslim women from the labor market, urban women held a high proportion (52%) of the small number of manufacturing jobs (in enterprises with at least 4 workers) during this period. This was due in part to the estimated 1 million widows left by the wars preceding independence. Textiles represented 42% of all 38,000 formal manufacturing jobs done by women in 1927 versus 14% of the 108,154 men's jobs in the sector.<sup>21</sup> Despite the high percentage of women within the sector, out of the total population of urban ever-married women, few worked in formal manufacturing (at most 6.4%) or specifically in textile manufacturing (2.7%).<sup>22</sup>

Due to labor shortages in the first two decades of the Republic, most new entrants to the labor force were needed in an agriculture sector still dominated by manual labor. In fact, Census data show a drop in industrial employment from 8.3% in 1935 to 7.4% in 1950.<sup>23</sup> Work in the new State Economic Enterprises (SEEs) of the 1940s and 50s, however, was a welcome source of cash for rural households. They approached such jobs as temporary work for the agricultural off-season and as a result factories found it difficult to remain fully staffed.<sup>24</sup>

To prepare for World War II, the state shifted men from factory work to the army which exacerbated labor shortages. In addition, a punitive tax (*varlık vergisi*) was imposed on non-Muslim citizens. The government also forced privately owned textile factories to sell their output to the Sümerbank, which then resold it at high prices driven up by the lack of imports during the war.<sup>25</sup> After the war, textile entrepreneurs expressed frustration with *etatist* meddling, especially the crowding out of private capital. By 1947, the government began to shift its investments toward heavy industry.

Prior to World War II the majority of textile factory owners were either Jewish or *dönme*.<sup>26</sup> However, the *varlık vergisi* had a chilling effect on non-Muslim textile start-ups after the war. The

new textile manufacturing firms that formed, many with only one or two looms, were started primarily by Muslims. The early Istanbul textile manufacturers tended to be from a merchant or artisan background (weavers, bakers etc.) with a minority from the military and/or landed elite (*ulema*). In contrast, Anatolian manufacturers generally moved into textiles from a pre-World War II background in industrial processing of raw materials for export.<sup>27</sup>

The urban labor force grew rapidly during the 1950s as mechanization led to a decline in the demand for farm labor and urban industrial jobs sprang up. Istanbul was inundated with a tide of people; in 1940 the population of Istanbul was less than 800,000 and by 1975 there were 3.9 million people living in the city including the illegal housing ringing its outskirts.<sup>28</sup> One niche of rural textile employment, hand-knotted carpet production, grew substantially from the 1960s to the 1980s. Increased demand for carpets led to three-fold increases in employment in carpet weaving from 147,693 in 1958 to 577,800 in 1981. This activity accounted for 3.5 to 3.9% of the total female labor force, or between 8 and 9% of economically active women in 1981.<sup>29</sup>

By 1999, according to Ministry of Labor statistics, 505,152 employees worked in the formal textile and apparel sector. Union estimates of both unregistered and registered workers claim that there are 2 million in the sector or roughly 10% of the total labor force.<sup>30</sup> It is likely that a large proportion of the unregistered workers are in the apparel rather than the textile subsector.

### Unions

Increased numbers of urban workers in the 1950s, although still by far in the minority<sup>31</sup>, began to create pressure for unionization. Trade unions began forming when finally made legal in the post-war liberal atmosphere of 1946 and textile unions played a central role. The main trade union federation, TÜRK-IS, was conceived at the 1952 congress of the Textile and Knitting Workers' Federation (TEKSIF). TÜRK-IS was formed as a "bread and butter" style union because: (1) the workers of the 1950's were politically and culturally conservative; and (2) the state generally suppressed class-based union organizing. A fully developed system of labor industrial relations laws was put into place in 1963 after the coup of 1960. In 1960, 23,380 members of TÜRK-IS (20%), were associated with TEKSIF and distributed among 17 regional textile unions focusing on different types of cloth and yarn production. The more radical DISK came about as a 1967 breakoff from TÜRK-IS. HAK-IS was created with an Islamic focus in 1976.<sup>32</sup> All three federations contain their own textile unions.

Textile workers made up a large portion of manufacturing labor during the 1970s (33% in 1973) with many working for private firms.<sup>33</sup> The majority of these workers were not unionized and earned lower wages. Due to union pressure, real wages for workers in the modern industrial sector were increased rapidly and union coverage was extended somewhat. The unions reacted against the 1980 stabilization plan (discussed above) with factory occupations, strikes, and protests. The chaotic period of the 1970s ended with a military coup in September 1980.<sup>34</sup> Strict laws dictating union conduct were put into place in 1983 and the power of unions declined until the 1990s. After the 1980 coup, all trade unions, aside from TÜRK-IS, were suspended (HAK-IS until 1981 and DISK until 1991). In 1999, the union federations threatened a strike involving 70,000 textile workers. The unions, bargaining with the textile employers association<sup>35</sup>, demanded higher wages and complained that "the employers want to deprive the workers of their existing rights and to tell workers 'If there is something to do, you work, otherwise you go home'".<sup>36</sup> Strike action was avoided with pay increases after 4 months of tense negotiations.<sup>37</sup>

### **Wages**

Minimum wage law has been implemented throughout Turkey since 1974.<sup>38</sup> Wages for textile workers are difficult to assess due to the large numbers of undocumented workers and the lack of official wage data broken down by occupation. Roughly speaking Turkey's manufacturing wages are in the mid-range according to global standards. For example, in 1974 average (skilled or unskilled not specified) manufacturing wages equaled \$US0.63 per hour for Turkey compared to wages for skilled workers of \$US0.61 in Thailand, \$US0.72 in Singapore, \$US0.56 in Indonesia, and \$US0.31 in India.<sup>39</sup>

The textile research group, Werner International, reports Turkish wages for 1998 at \$US2.48 per hour for textiles (spinning and weaving) and \$US1.84 for apparel compared to \$0.43 for China, \$US0.39 for India, or \$US1.36 for Morocco. Other estimates provide similar figures.<sup>40</sup> The Istanbul Textile and Apparel Association (ITKIB) claims that recent reforms in social security are increasing costs to the extent that company financed workers benefits and taxes are almost equal to the cost of salaries.

The Werner estimate starkly contrasts with claims made by TEKSIF during the 1999 strike threat that a union textile employee with 20 years experience earns US\$153 per month or \$US0.80 an hour (less than the 1999 minimum wage). Further, it should be emphasized that workers not covered by collective bargaining agreements earn approximately 53% of covered workers' wages.<sup>41</sup> Therefore a range of textile wages is the most appropriate estimate; in 1998/99, 500,000 textile workers earned between \$US0.80-2.48 per hour; and 1.5 million received between \$US0.42-1.31 per hour. Males are likely to receive a gender premium, estimated in 1988 as 15%.<sup>42</sup>

### **Child Workers**

Working children in Turkey include both unpaid family labor and wage earners. In 1994 children between the ages of 6 and 14 made up 19% of the population. Young children (6-11) are unlikely to work in Turkey.<sup>43</sup> SIS reports a 1.3% employment rate for 6-11 year olds in 1994.<sup>44</sup> Older children are more likely to participate. Research on 12-17 year olds indicates that 35% of Turkish teenage girls who work outside the family home and/or farm choose textile-manufacturing employment compared to 14% of boys.<sup>45</sup> The reported proportion of children in the work force has declined since Turkey joined the International Program on the Elimination of Child labor (IPEC) in 1991.<sup>46</sup> Between 1994 and 1998 there was a dramatic drop in the number of working 6-14 year old children from 8.5% (974,000) to 4.2% (511,000).<sup>47</sup> Outside of larger enterprises enforcement of labor laws in the textile sector is inconsistent. However, these figures do include "home-work" such as carpet weaving.

### **Organization of Production**

*Etatist* and later import substitution policy which included high tariff protection for textiles (109% in the early 70s), led to inefficiencies in plant size and balance between units that reduced productivity. During the post-1980 period many SEEs have been privatized.<sup>48</sup> The privatization of Sumerbank began in 1995 and is ongoing.<sup>49</sup> Foreign direct investment (FDI) has been increasing in the 1990s in Turkey in response to the Customs Union and the South Anatolian development project (GAP).<sup>50</sup> In addition, the attractive combination of Turkish free trade zones in conjunction with skilled low cost workers and proximity to Europe has brought textile companies such as Hugo Boss, in 1999, to set up operations in Turkey. However, FDI

presence in the sector is small with 137 apparel and 49 textile firms out of 1,028 foreign owned companies in manufacturing in 1998.

Networking between firms at all levels (from local to international) has made it possible to forge a cohesive export industry out of a vast number of small privately owned firms.<sup>51</sup> Groups of textile firms have relocated to, or started up in, industrial parks and free trade zones.<sup>52</sup> During the 1990's average firm size has increased.<sup>53</sup> Textile firms use complex subcontracting, nearly 30% of textile firms (with more than 25 workers) both take-in and put-out work. This system helps to overcome capacity constraints as well as allocate production more efficiently when some parts of a garment may be produced more efficiently by small shops or pieceworkers.<sup>54</sup>

Home-based work is prevalent in artisanal production such as carpets or embroidery, as well as in the garment and footwear industries. Home-based work is generally conducted through privately run putting-out networks. For example, in the case of carpets, state carpet cooperatives attached to workshops were set up to promote rural employment in the 1960's. However, as world demand for Turkish carpets increased in the 1970s and 80s, weavers preferred working with private merchants, who provided inputs on time, distributed output and adjusted prices quickly to market conditions.<sup>55</sup>

Another form of networking that developed after 1980 is the sector foreign trade company (SFTC) first started in 1994. SFTCs are formed with permission from the Trade Ministry and consist of multiple small export firms in the same industry. In 2002 there were 32 SFTCs with 11 in the textile and apparel sector and 6 in home textiles.<sup>56</sup> SFTC members aim to achieve economies of scale and share technology and marketing experience. They also spread investment risk among the group - making unusual projects feasible. Networking in the textiles and apparel is also facilitated by regional and national umbrella organizations.<sup>57</sup>

### **International Environment**

Turkish workers in Europe created relationships and gained cultural and technical knowledge that contributed to the success of textile exports in the post-1980 period. Three cases provide insight into these international connections. First, during the 1980s, an informal clothing production enclave was formed in Amsterdam by Turks who shifted into entrepreneurial textile activities after a stint as "guest workers".<sup>58</sup> Second, in the Paris garment district, 44% of the sewing machine operators are Turkish men who set up shop with severance pay from auto or construction jobs.<sup>59</sup> Third, there are 279,000 non-German self-employed workers in Germany – the majority of whom are Turks including some textile entrepreneurs.<sup>60</sup>

Turks involved in the textile sector abroad may transfer information, technology and/or capital back to Turkey directly or through family connections. For example, when the Turkish apparel enclave in Amsterdam was shut down by the Dutch government in 1992, at least 150 enterprises (more than half the sector) moved operations to Turkey. Many moved into the Free Trade Zones where they have flourished.<sup>61</sup> The Turkish entrepreneurial group in Germany has grown quickly from less than 2% of the Turkish labor force in Germany to 8.8% in 1998 compared to 10.1% for ethnic Germans. An interesting development is that "some German-Turkish firms are now established in both countries" and "such activities are often embedded in familial and social networks that span the two countries and make transnational business activities possible".<sup>62</sup> The extent and impact of these links is an area that requires research.

## NOTES

<sup>1</sup> Danielle Leclercq, "Migration flows in 20th Century Europe and Their Impact on School Life" (Donaueschingen, 1998). By 1927, only 65,000 Armenians and 120,000 Greeks were living in Turkish territory compared with 2.3 million and 2.1 million respectively in 1870.

<sup>2</sup> William Hale, *The Political and Economic Development of Modern Turkey* (London, 1981), p.47.

<sup>3</sup> Cumhuriyet Halk Partisi, "Tarimda Degisim – Gelisim Süreci" (Ankara, 2003), section 3.2.4.1, table 2, based on data from the Turkish State Institute of Statistics (SIS).

<sup>4</sup> Hale, *Modern Turkey*, p.56, specifies that the Soviets gave US\$8 million out of the eventual US\$50 million cost of the first five year plan under *etatism*.

<sup>5</sup> Hale, *Modern Turkey*, p.59

<sup>6</sup> Organization for European Economic Co-operation (OECD), "The Textile Industry in Europe: Statistical Study", Trends in Economic Sectors Series (Paris, 1962).

<sup>7</sup> OECD data in the "The Textile Industry in Europe" series show the increase in domestically produced cotton supplies in response to irrigation from 51,240 Metric Tons (MT) in 1930 to 139,000 MT in 1953, and 159,000 MT in 1959. Waltina Scheumann, "Institutional Arrangements for Controlling Salinity: Experiences from Turkey" (Morocco, 2002), and Global Agriculture Information Network (GAIN), "Gain Report #TU2026" (Washington, D.C. 2002) describe the development of the irrigation systems underlying the expansion of cotton production in Turkey. Over the period 1996/97 to 2000/2001, Turkey produced an average of 3.7 million bales (218 kg. per bale) per year and yarn mill use averaged 5 million bales per year. Production continues to grow as irrigation expands in the Southeast.

<sup>8</sup> General Agreement on Tariffs and Trade, "A Study on Cotton Textiles" (Geneva, 1966), pp. 175, 185, 192. The estimate of the proportion of motorized looms is based on 75% of total capacity.

<sup>9</sup> Hale, *Modern Turkey*, p.93, points out the overcapacity in cotton products and OECD (Paris, 1962) statistics confirm the complete disappearance of cotton fabric imports into Turkey between 1955 and 1960. However, OECD trade figures also show that Turkish imports of non-cotton yarn and cloth imports increased from 10.7% of consumption in 1955 to 21.4% in 1959, and then levelled off but continued at 13.2% in 1960.

<sup>10</sup> Sinan Akisik, "Small-scale Manufacturing Firms in Underdeveloped Countries: The Case of Textile Firms in Bursa Turkey" (Ph.D., University of Pennsylvania, 1985), p.85.

<sup>11</sup> Hale, *Modern Turkey*, p.19, explains that between 1960-1975, 910,000 Turks went as guestworkers to Europe with their families so the total number of people in Europe was approximately 1.2 million.

<sup>12</sup> Tugrul Çubukçu "The Transformation of the Etatist System Towards a Free Enterprise Economy: the Records and Future Tasks", in Werner Gumpel (ed), *Turkey and The European Community: An Assessment* (Munich, 1992).

<sup>13</sup> Günseli Berik, "Women Carpet Weavers in Rural Turkey: Patterns of Employment, Earnings and Status", *Women, Work and Development*, no.15 (Geneva, 1987), p.2.

<sup>14</sup> The Istanbul Textile and Apparel Association (*Istanbul Tekstil ve Konfeksiyon Ihracatçı Birlikleri* - ITKIB), "Turkish Textile and Apparel Industry" (Istanbul, 2003).

<sup>15</sup> U.S. Department of Commerce, "U.S. Textile Machinery Industry Overview" (Washington D.C., 2000); U.S. Department of Commerce, "Turkey: Leading Sectors for U.S. Exports and Investment" (Washington D.C., 1998);

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Interview with Serdar Yavasoglu, chairman of the Aegean Clothing Industrialists' Association, presented on the <http://www.exportturkey.com/news> website, 2001.

<sup>16</sup> Susan Black, "Turkey Staking a Claim", *Bobbin Magazine*, September (1994).

<sup>17</sup> ITKIB, "Turkish Textile and Apparel Industry"

<sup>18</sup> ITKIB, "Turkish Textile and Apparel Industry"

<sup>19</sup> Urban is defined here as population greater than 10,000.

<sup>20</sup> Rüstü Daglaroglu, *L'Industrie Textile Turque* (Ph.D., University of Neuchatel, 1941), p.111; Hale, *Modern Turkey*, p.43.

<sup>21</sup> Frederic Shorter, "The Population of Turkey after the War of Independence", *International Journal of Middle East Studies*, 17(4) (1985), p.433.

<sup>22</sup> The author's calculation based on Shorter's estimates for this period presented in "The Population of Turkey after the War of Independence".

<sup>23</sup> Hale, *Modern Turkey*, p.64, comments that the census data may not be entirely accurate because there were methodological changes in the census over the period.

<sup>24</sup> Hale, *Modern Turkey*; and Yildirim Koç, "Workers and Trade Unions in Turkey" (<http://www.turkis.org.tr/history.htm>, 1999) discuss the situation of industrial labor in the 1950s. Hale shows, for example, p.65, that the new Sümerbank textile factory in Kayseri had to hire 3,000 workers to maintain a working staff of 2,000.

<sup>25</sup> Hale, *Modern Turkey*, p.60.

<sup>26</sup> Edward C. Clark, "The Emergence of Textile Manufacturing Entrepreneurs in Turkey: 1804-1968" (Ph.D., Princeton University, 1969), explains that after the Independence War, many private textile factories were owned by *dönme*. *Dönme* is the appellation given to the followers of Shabtai Tzvi, a false Jewish messiah who was forced to convert to Islam by the Ottoman authorities in 1666. The *dönme* continued to follow Shabtai Tzvi and his teachings after his conversion and long after his death. Throughout its history, the *dönme* community was closed with intermarriage between families and closely linked family businesses.

<sup>27</sup> Clark, "The Emergence of Textile Manufacturing", pp.137-140.

<sup>28</sup> Hale, *Modern Turkey*, p.26.

<sup>29</sup> Berik, "Women Carpet Weavers in Rural Turkey".

<sup>30</sup> Baris Tan, "Overview of the Turkish Textile and Apparel Industry", Harvard Center for Textile and Apparel Research Working Paper (Cambridge, 2001), p.34.

<sup>31</sup> Aysit Tansel, "Economic Development and Female Labor Force Participation in Turkey: Time Series Evidence and Cross-Province Estimates", (Ankara, 2001) reports that in 1960, the majority of employment was still in agriculture, 67% of male and 95% of female employment.

<sup>32</sup> Yildirim Koç, "Workers and Trade Unions in Turkey"; and Friedrich Ebert Stiftung, "Trade Unions in Turkey" (Digital Library: <http://www.fes.de/fulltext/bueros/istanbul/00253001.htm>, 2003) present the history of labor unions in Turkey.

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<sup>33</sup> World Bank, "Turkey: Prospects and Problems of an Expanding Economy", World Bank Country Report, (Washington, D.C., 1975), pp.221 and 257.

<sup>34</sup> Z.Y. Hershlag, *The Contemporary Turkish Economy* (New York, 1988) points out that, "Political and social unrest caused, inter alia, a loss of more than 4 million work days in 1979", p.103.

<sup>35</sup> The Turkish Confederation of Employers' Associations (TISK) was formed in 1961.

<sup>36</sup> Turkish Daily News, January 6, 1999.

<sup>37</sup> U.S. Department of State, "1999 Country Reports on Human Rights Practices", Bureau of Democracy, Human Rights and Labor, (Washington, D.C., 2000); and Turkish Daily News, August 9, 2000.

<sup>38</sup> ISKUR, "Background Study on Labor Market and Employment in Turkey", (Ankara, forthcoming), draft provided courtesy of the project director, Insan Tunali.

<sup>39</sup> Folker Fröbel, Jürgen Heinrichs, and Otti Kreye, *The New International Division of Labor: Structural Unemployment in Industrialised Countries and Industrialisation in Developing Countries* (Cambridge, 1980).

<sup>40</sup> UBS, "Price and Earnings Around the Globe: An International Wage Comparison" (Zurich, 2002) provides a range of wage data for female industrial workers in capital cities around the world. The UBS study claims, p.41, that in "...Istanbul the wages of female industrial workers who are mostly textile workers are \$US4,900.00 per year net of taxes and social security contributions (which combine to about 22% of gross pay). The average weekly hours were 42 for this group of workers". This scenario, \$2.43/hour, mirrors the Werner estimate for textile sector workers. Finally, The Washington Times, "Textile Industry Market Still Faces Barriers in the United States" (Washington, D.C., 2000), states in a special report on Turkey, that "average monthly wages for Turkish textile workers are about \$500 compared to \$100 in China".

<sup>41</sup> ISKUR, "Background Study on Labor Market and Employment in Turkey"

<sup>42</sup> ISKUR, "Background Study on Labor Market and Employment in Turkey", p.6, reports that economic crises led to a steep decline in real minimum wages from the peak of \$200 per month in 1998/99 to \$120 per month in 2001.

<sup>43</sup> ISKUR, "Background Study on Labor Market and Employment in Turkey"

<sup>44</sup> State Institute of Statistics (SIS), "Child Labor in Turkey" (Ankara, 1995).

<sup>45</sup> Meltem Dayioglu and Ragui Assaad, "The Determinants of Child Labor in Urban Turkey", Vol #() (2002)

<sup>46</sup> ISKUR, "Background Study on Labor Market and Employment in Turkey", provides details on child labor policy during the 1990s. In 1991 Turkey joined the International Program on the Elimination of Child labour (IPEC) organized by the International Labor Organization. In 1998, following an extension of mandatory years of schooling from 5 to 8, Turkey signed the ILO Convention 138 which established 15 as the minimum age of employment and called for progressive increases in the minimum wage.

<sup>47</sup> Meltem Dayioglu and Ragui Assaad, "The Determinants of Child Labor in Urban Turkey" report that the fraction of working male 6-14 year olds declined from 9.9% to 4.9% and from 7.1% to 3.6% for females.

<sup>48</sup> World Bank, 1975, p.258; World Bank figures, cited in Akisik 1986, p.86.

<sup>49</sup> Tan, "Overview of the Turkish Textile and Apparel Industry", p.33.

<sup>50</sup> Tan, "Overview of the Turkish Textile and Apparel Industry"

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<sup>51</sup> ITKIB, “Turkish Textile and Apparel Industry” reports that 2,360 new Turkish companies started exporting clothing between 1996 and 1998 alone. Eighty two percent of these firms were members of ITKIB located in Istanbul. During the first 9 months of 1997 these new ITKIB members produced exports valued at 45% of all ITKIB members’ production for that year with a value of US\$4.4 billion.

<sup>52</sup> The Free Trade Zones Act was passed in 1985 and by 2000 there were 19 Free Trade Zones spanning the country with 2 more being developed.

<sup>53</sup> Tan, “Overview of the Turkish Textile and Apparel Industry”

<sup>54</sup> Erol Taymaz and Yilmaz Kiliçaskan, “Subcontracting Dynamics and Economic Development: A Study of Textile and Engineering Industries”, Middle East Technical University Economic Research Center Working Papers (Ankara, 2002) conducted a study using 1990 national data on textile firms with at least 25 workers. They report that, on average, 75% of the firms are involved in subcontracting either as a parent firm (31.1%); a subcontractor (15.7%); or both (28.7%). Clearly the proportion that strictly subcontract, e.g. take in work from another firm (a practice called *fasoncuk* in Turkish), would be higher if smaller firms were included in the survey.

<sup>55</sup> Berik, “Women Carpet Weavers in Rural Turkey”, p.14.

<sup>56</sup> Export Promotion Center of Turkey (IGEME), “Home Textiles in Turkey” (Ankara, 2002).

<sup>57</sup> The Istanbul Textile and Apparel Association (ITKIB) formed in 1986 now has more than 17,000 members. ITKIB manages the distribution of apparel quotas among firms, keeps track of data in the sector, organizes training and so on. The second is the Turkish Clothing Manufacturers Association (TCMA) with 400 members including the most influential in the sector. TCMA was formed in 1976, and works to improve quality in the industry and create international institutional alliances.

<sup>58</sup> Joop Hartog and Aslan Zorlu, “Turkish Clothing in Amsterdam: The Rise and Fall of a Perfectly Competitive Labour Market”, *De Economist*, 147(2), (1999).

<sup>59</sup> Nancy Green, “Women and Immigrants in the Sweatshop: Categories of Labor Segmentation Revisited”, *Comparative Studies in Society and History*, 38(3), (1996), p.421.

<sup>60</sup> Antoine Pécoud, “Unemployment, Self-employment and Multiculturalism Among German-Turks in Berlin”, (Amsterdam, 2001).

<sup>61</sup> Hartog and Zorlu, “Turkish Clothing in Amsterdam”, p.171

<sup>62</sup> Pécoud, “Unemployment, Self-employment and Multiculturalism Among German-Turks in Berlin”, p.6.