

Remapping Regions: The Role of Socio-Economic Development Indicators in the New Incentive System of Turkey

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Bölgeleri Yeniden Haritalandırmak: Sosyo-ekonomik Gelişmişlik Göstergelerinin Yeni Teşvik Sistemindeki Rolü

Öz: Bu çalışma, 2002 yılında geliştirilen İstatistikî Bölge Birimleri Sınıflandırması (İBBS) adlı sınıflandırma perspektifi çerçevesinde şekillendirilen, Türkiye'nin 2010'lardaki yerleşme politikasını incelemekte; yeni teşvik sistemine temel oluşturan ve her bir bölgesel kalkınma ajansının bütçeden ne kadar pay alacağını belirleyen İllerin ve Bölgelerin Sosyo-Ekonomik Gelişmişlik Sıralaması Araştırması'na (SEGE-2011) odaklanmaktadır. Yerel kalkınma ajanslarının rapor ve bültenleri ile kentlerdeki yerel iş insanlarının tepkilerine ilişkin haberlerden yola çıkan araştırma, sosyo-ekonomik yerel/bölgesel kalkınma ile kentlere atfedilen yatırım potansiyelleri arasındaki ilişkileri sorunsallaştırmayı amaçlamaktadır. Söz konusu gelişmişlik kriterleri kentlerin ihtiyaçları ile yatırım potansiyelleri arasındaki bağı ne ölçüde gösterebilmektedir? SEGE araştırması ile kentler arasında kurulan hiyerarşi ile yatırım kararlarını nasıl yönlendirilmektedir? Stratejilerin amaçları, tanımlanmış ihtiyaçlara hitap etmekte midir? Bu çalışma, bu sorular etrafında 2012 yılında SEGE-2011 araştırmasına dayanılarak statüsü değiştirilen kentlere (Rize, Trabzon, Kayseri, Konya, Elazığ, Kastamonu, Bayburt, Erzurum, Gümüşhane, Tunceli ve Çankırı statüsü değişen kentlerden bazılarıdır) yoğunlaşmakta ve nitel bir analizle bu kentlere ilişkin yatırım kararlarındaki dönüşümü tartışmaktadır. Çalışma, endeksin belirlediği yeni teşvik bölgelendirmesinin son kertede yalnızca ekonomik değil politik süreçlerle de ilişkili olduğunu iddia etmektedir.

Anahtar Kelimeler: bölgesel kalkınma, kalkınma indeksi, kent, yerleşme, sınıflandırma

Abstract: This paper aims to scrutinize the localization policy of Turkey in the 2010s shaped within the frame of a new classification perspective called Statistical Regional Units Classification (İBBS or

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NUTS), which was developed in 2002 and focuses on the Socio-Economic Development Index of Cities 2011 (SEGE-2011), which forms the basis of the new incentive system and determines the fund that every RDA receives from the budget. Through the reports and bulletins of local development agencies and news about the reactions of local businesspeople of cities, it aims to problematize the relationships between socio-economic local/regional development and economic missions attributed to the cities. To what extent do the criteria of development demonstrate the links between the needs and investment potentials of the cities? How were investment decisions guided with the hierarchies among cities established by SEGE? Do the objectives of the strategies address identified needs? Around these questions, this research will focus on certain cities whose socio-economic ranges changed after 2012 due to the SEGE-2011 (Rize, Trabzon, Kayseri, Konya, Elazığ, Kastamonu, Bayburt, Erzurum, Gümüşhane, Tunceli and Çankırı are some of them) and discuss the transformation of investment decisions about these cities via qualitative analysis. The study argues that the new incentive zoning identified by the index ultimately related not only to economic but also to political processes.

Keywords: regional development, development Index, incentive system, localization, classification.

Introduction

This research aims to scrutinize the localization policy of Turkey in the 2010s shaped within the frame of a new classification perspective. Through the reports and bulletins of local development agencies, it will state the relationships between socio-economic local/regional development and economic missions attributed to the cities. How was the New Incentive System (2012) determined? How were the cities' socio-economic development indicators collected, reviewed and verified? What is the vulnerability of this attempt of "remapping regions"? To what extent do the criteria used to establish hierarchies among cities demonstrate the links between the needs and investment potentials of the cities? How the hierarchies among cities affect investment decisions? Do the objectives of the strategies address identified needs? Around these questions, this research will focus on certain cities whose socio-economic ranges changed after 2012 due to the Socio-Economic Development Index-2011 (Kalkınma Bakanlığı, 2013) (Rize, Trabzon, Kayseri, Konya, Elazığ, Kastamonu, Bayburt, Erzurum, Gümüşhane, Tunceli and Çankırı are some of them) and discuss the transformation of investment decisions about these cities via qualitative analysis.

This paper firstly introduces a theoretical approach to localization and discusses the emergence of development agencies established within the framework of sustainable development. Secondly, it examines the new incentive system and socio-economic development index (SEGE) which constitutes the basis of the incentive regime. Thirdly, it gives examples about the cities that lost their advantages after the transformation of the incentive system and reveals the critics of local people through archival research. Because the critics concentrate on the “reality” of socio-economic development index, SEGE’s indicators are questioned. The aim of this part is to understand how local people (especially businesspeople) perceive qualitative indicators of regional development and how they negotiate to reverse their disadvantageous positions.

This paper seeks to discuss political and social aspects of an economic implementation of the government; therefore, it only focuses on the reactions of local people and prefers to use qualitative research method. Moreover, considering the rise of localization trends all over the world and the appearance of the Peace Process in the beginning of the 2010s, it seeks to analyze the issue in terms of national and global agendas.

Localization Policies And Local Development Agencies

In the era of globalization – often assumed to be characterized by global social structures, the end of the nation-state, and the transformation of space and time – global governance is supported by the agents of international regimes, especially by NGOs, via strategic alliances orchestrated by both transnational enterprises and locally- and regionally-based firms. While some regional and local economies reemerge within national economies as part of the overall globalization process, the forms of the state are restructured in accordance with the relativization of scale due to the inability of traditional state forms to organize and control the new economy (Jessop, 2000, p. 348). However, the rise of a scale and the primacy of certain governing forms of the state are contextual and contingent. Scales are produced so they can be transformed or destroyed (Paasi, 2004, p. 542). Neil Brenner argues that the *process of scaling*, generally perceived as *hierarchization* and *rehierarchization*, mostly resembles mosaics, not pyramids. Meanings of the global, national, regional, and urban differ qualitatively according to the historical context of scalar partitioning of the socio-spatial process (2001, pp. 600-606). In other words, the rise of a specific scale depends on a specific historical geographic moment of capitalist development.

Although the “reinvention” of localities is often well-received by researchers who interpret the transformation as the “death of the nation-state” and exalt the “borderless economy,” (Ohmae, 1995) as well as by international organizations that often articulate the concepts of “pluralism,” “participation,” and “governance,” (Güler, 2003, pp. 102-103) there are also many approaches that examine the new

locality cautiously, taking the capitalist state as the focus of analysis instead of the nation-state. The role of neoliberal political projects in shaping the dynamics of spatial changes also needs to be emphasized. For example, Neil Brenner and Nik Theodore discuss the new localism through the analytical lens of neoliberalism by considering the governance methods of the World Bank, the International Monetary Fund, the World Trade Organization, the North American Free Trade Agreement, and the European Union (2002, p. 342). They scrutinize rescaling as an implicit process in the capitalist state and neoliberalism. From this perspective, the globalization of capital and the rescaling of state territorial power are also regarded as interrelated.

The strategy of attracting capital investment in new localities and offering capitalists the advantage of territorial competitiveness requires new frameworks of cooperation between the central administration and regional and local administrative structures. Institutional reforms reflect the rescaling of state place. From this point of view, the state – not only as an actor organizing accumulation but also as a scale – needs to be discussed in detail. Brenner insists on the role of the state in political geography, though many researchers of globalization tend to omit state-level processes. According to him, the state organizes and reorganizes the spatiotemporal foundations of the economic system (1997, p. 160). Erik Swyngedouw takes a similar approach, clarifying the necessity of political-institutional organization for the process of the scalar transformation of the networks of economic organization shaped by socio-spatial power relations. Neither supra-national or global scales nor local, urban, or regional configurations persist. Flows of capital impose the production of new spatial configurations and scales; however, the state still as a crucial actor for the crystallizing and resolving of the tensions and conflicts appearing during the rescaling process. (2004, p. 32).

Swyngedouw's concept of "glocalisation" is useful for understanding socioeconomic, cultural, and political relations, struggles, and consensus between the state and the local (1992). Glocalisation is a two-sided process involving rescaling of institutional and regulatory arrangements as well as economic activities. These changes affect the geometry of social power: the power and control of some groups increase while that of others decreases (2004, p. 33). Scalar economic and political strategies are developed as parts of strategies of different groups, in tandem with cooperation and competition among them: "The mobilisation of scalar narratives, scalar politics and scalar practices, then, becomes an integral part of political power struggles and strategies" (2004, p. 34).

While socio-spatial power struggles alter the importance and function of certain geographic scales, localization approach enables the states to negotiate, control, and dominate "inaccessible" spaces and satisfy the will of local powers to take part in the accumulation process. In this process, some agencies constitute the corporate infrastructure of the reorganization process of the local in accord with spatial movement requirements of capital. In the following pages, I focus on regional

development agencies as the embodiment of institutional arrangements for rescaling territorialities of governance and as a medium for establishing cooperation with local powers. The investment advice given by these institutions and the economic stimulus package passed at the end of the 2000s reflect the economic role attributed to different cities.

With the rise of the principle of “sustainable development”, “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (United Nations General Assembly, 1987) the importance of multidimensional socio-economic development index of Cities increased. Regional Development Agencies (RDAs) emerged since the 1950s and 1960s in many European countries in order to animate and develop provincial economies. The EU was in need of improving the regional capacities of EU candidate countries, therefore RDAs were widely promoted. In the course of time, the capacities and scopes of RDAs have increased as far as the size of projects they manage and the actors with which they cooperate are concerned (EURADA, 2015).

Generally, RDA has been defined as “regionally based, publicly financed institution outside the mainstream of central and local government administration designed to promote indigenous economic development through an integrated use of predominantly ‘soft’ policy instruments.” (Halkier & Danson, 1997). Henrik Halkier and Mike Danson, who compare top-down and bottom-up regional policy approaches, point out that the former are departmental while the latter are semi-autonomous in terms of organization; the former aims to redistribute growth and increase economic hardware while the latter aims to strengthen indigenous growth and improve economic software in terms of strategies. The former uses “hard” resources in a non-selective, reactive manner while the latter uses both “hard” and “soft” resources in a selective, proactive manner as far as policy instruments are concerned (1997). In other words, the new model embodied in RDAs more effectively accommodates the interests of the region and the capitalist state.

The first RDAs were founded in Turkey in 2006 following the Law on RDAs enacted as a part of EU accession process.² In the 2000s, Turkey, which was frequently subject to sanctions and the structural adjustment programs of the EU, jumped into the deep end and adopted the regional policies of other European countries even though it has not undergone a similar decentralization. In her study comparing EU and Turkey in terms of regional policy, Ebru Loewendahl-Ertugal

2 In the early 1990s, the first RDAs were established under the leadership of non-governmental organizations: the Aegean Regional Development Foundation (EGEV) in 1993, as well as initiatives of the Izmir Chamber of Commerce (IZTO) and the Mersin Chamber of Commerce and Industry (MTSO). The foundation of the Regional Development Institute of Small and Medium-sized Industry Development Organization (KOSGEB), intended to foster regional development through the support of small and medium sized enterprises and investors, followed them (Lagendijk, Kayasu, & Yasar, 2009, p. 387).

argues that unlike the EU, Turkey has no such tradition (except for GAP), its regional policy is weak, its approach to regional policy is detached from its other policies (while that of the EU is designed to integrate many sectors), its choice of projects as well as management, monitoring, and control capacities are unclear, and the involvement of the private sector is low or limited (2005, p. 24). Moreover, the development of local and regional identities has often been perceived as a threat to the central state and the values constructed around it, such as “indivisible unity” and “national independency.”³ However, the Justice and Development Party (AKP) declared that it would pursue policies to integrate Turkey into the international division of labor, and it promised to establish RDAs as soon as possible to encourage and organize investment while mobilizing local potential (2003, pp. 34-35).

The agencies, whose foundation was supported by the EU, the government, the business associations,⁴ were legally defined as follows:

A development agency coordinates with the DPT at the national scale, and it has specific technical and financial (budget) mechanism. It is non-profit. It can make decisions and apply them quickly. It is independent of central and local administrations. It joins forces with the public sector, private sector, and NGOs. It is a legal entity. Its operations are regularized by the Law No. 5449 and are subject to private law sanctions. RDAs are development units the technical capacities of which are high. They are not agencies that implement [projects] but support, coordinate and catalyze [them]. They are founded by a decree of the council of ministers on the basis of the İstatistiki Bölge Birimleri Sınıflandırması, İBBS (Fırat Kalkınma Ajansı).

The İBBS, which was developed in 2002 and is emphasized in the law provides the basis for the foundation of these agencies. The categorization defined by council of ministers’ decision number 2002/4720 collects and enhances regional statistics, analyzes regions in terms of social and economic indicators, frames regional policies, and builds a comparable statistical database pertinent to the Nomenclature of Territorial Units for Statistics (NUTS) – the hierarchical classification system for dividing up the economic territory in the EU. In this hierarchy, eighty-one cities were identified as “Level 3,” and twenty-six groups of

³ For example, the current system determined in the first Geography Congress in 1941, which divided the country into seven regions according to features such as climate, location, and agricultural diversity, displays that the state abstained from defining the regions according to ethnic identities.

⁴ For a detailed analysis of the stance of business associations concerning the foundation of RDAs, see İbrahim Gündoğdu, “Sermayenin Bölgesel Kalkınma Eğilim(ler)i: Kalkınma Ajansları Yasası Üzerine Tarihsel-Coğrafi Materyalist Bir İnceleme,” *Praksis* 19 (2009): 267-302. Gündoğdu argues that while capital organizations based on small and medium sized enterprises welcomed the law, the Turkish Industry and Business Association (TUSIAD) which represented the largest, most established companies, insisted on prioritizing the national scale.

cities were identified as “Level 2.” With the regrouping of these “Level 2” groups, twelve “Level 1” regional statistical units are obtained. This classification does not refer to an administrative hierarchy; it is a statistical categorization. Development agencies are formed for Level 2 regions (Resmi Gazete). Although it is claimed that Level 1 and Level 2 classifications are determined according to the resemblance of economic, social, and geographic features of the cities grouped together, the most crucial criteria is obviously geographic proximity (Temiz, 2011, p. 142).

The formation of regional agencies coincides with the reorganization of the incentive system. In addition to the İBBS, the Socio-Economic Development Index of Cities 2011 (SEGE-2011), which forms the basis of the new incentive system and determines the fund that every RDA receives from the budget, positioned cities into hierarchies and redefined them according to their investment value (TC Kalkınma Bakanlığı, 2015). The investors who tend to invest in a certain city are oriented towards certain sectors by these mechanisms.

The New Incentive System And Socio-Economic Development Index (Sege)

New development indexes allowing to compare well-being across countries according to quality of life have gained importance in recent years. “A qualitative approach instead of a quantitative approach to development” has been adopted throughout the world. For example OECD published the Better Life Index with this slogan: “there is more to life than the cold numbers of GDP and economic statistics” (OECD, 2018). According to OECD Secretary-General, Angel Gurría, “People around the world have wanted to go beyond GDP for some time. [...] This index has extraordinary potential to help us deliver better policies for better lives” (Elliott, 2011). Housing (rooms per person, dwellings without basic facilities), quality of support network, air pollution, water quality, micrograms per cubic metre, life satisfaction, feeling safe walking alone at night, self-reported health, time devoted to leisure and personal care are some of qualitative indicators which contribute to most efficient measurement of development.

This trend has affected indexing attitudes in Turkey too. Having a multidimensional structure and reflecting the social structure more extensively, Socio-economic Development Index (SEGE) created by taking numerous variables into consideration reveals general development levels of cities more meaningfully. It is based on a qualitative socio-economic development perspective rather than a quantitative growth perspective. Recent approaches to development and especially to sustainable development have increased the importance of multi-dimensional SEGE research. The main aim is to uncover regional and provincial inequalities, to compare development levels of different districts, provinces and regions, to measure spatial differentiations and to do planning in regional and provincial scales (Kalkınma Bakanlığı, 2013).

SEGE research took place in 1996, 2003, 2004 and 2011; however, the most important is SEGE-2011. Because this research determined the new incentive system, one may examine the indicators of the index. What is new in the SEGE-2011 is that it embraced more qualitative indicators that have been collected from various sources than SEGE-2003. SEGE-2011 reflect the concerns of adding more qualitative indicators in indexes created to measure the performance of cities, identify development and position cities in urban hierarchy allowing to produce strategic guidelines.

The number of total indicators of SEGE-2011 is 61 and those indicators were located under 8 titles. For example, the number of “life quality indicators” increased: while SEGE-2003 took only 5 life quality indicators into account, SEGE-2011 included 9 indicators such as rentable shopping mall area per thousand, rate of inhabitants of places that have a sewerage system to those who cannot reach it, electricity consumption per person, automobile ownership per ten thousand, average value of sulphurdioxide SO₂, average value of particulate matter in air, rate of people out of the social security safety net to total population, number of convicted people per 100 thousand, suicide cases per 100 thousand (Kalkınma Bakanlığı, 2013, p. 41). Moreover, there are other qualitative indicators added under different titles of the index. When the SEGE-2011 was taken as a reference for the new regional investment incentives system in April 2012, the status of many cities changed. Some cities moved to higher levels in the hierarchy while some decreased. In following pages, this paper analyses the map of the new incentive system and discusses the reactions against it.

NEW REGIONAL INCENTIVES SYSTEM: WINNERS AND LOSERS

In the previous investment incentives system (2009-2012), the country was distributed into four regions depending on investment and development priorities. The fourth region was the most advantageous region in which to invest. With the new system of six regions, the number of cities included in the sixth (the least developed) region decreased. In this new system, the state offered great opportunities to investors in the sixth region, which consisted of Ağrı, Ardahan, Batman, Bingöl, Bitlis, Diyarbakır, Hakkari, Iğdır, Kars, Mardin, Muş, Siirt, Şanlıurfa, Şırnak, and Van.

Tablo 1. New Regional Investment Incentives System (2012)

1 st Region	2 nd Region	3 rd Region	4 th Region	5 th Region	6 th Region
Ankara	Adana	Balıkesir	Afyonkarahisar	Adıyaman	Ağrı
Antalya	Aydın	Bilecik	Amasya	Aksaray	Ardahan
Bursa	Bolu	Burdur	Artvin	Bayburt	Batman
Eskişehir	Çanakkale	Gaziantep	Bartın	Çankırı	Bingöl
İstanbul	Denizli	Karabük	Çorum	Erzurum	Bitlis
İzmir	Edirne	Karaman	Düzce	Giresun	Diyarbakır
Kocaeli	Isparta	Manisa	Elazığ	Gümüşhane	Hakkari
Muğla	Kayseri	Mersin	Erzincan	K.maraş	İğdir
	Kırklareli	Samsun	Hatay	Kilis	Kars
	Konya	Trabzon	Kastamonu	Niğde	Mardin
	Sakarya	Uşak	Kırıkkale	Ordu	Muş
	Tekirdağ	Zonguldak	Kırşehir	Osmaniye	Sırt
	Yalova		Kütahya	Sinop	Şanlıurfa
			Malatya	Tokat	Van
			Nevşehir	Tunceli	
			Rize	Yozgat	
			Sivas		
8 cities	13 cities	12 cities	17 cities	16 cities	15 cities

The new package provides provinces in the sixth region a higher contribution rate in terms of tax deduction, support for the employer's share of social security premiums for a longer term and a higher rate and amount of interest rate support. The crucial advantage for investors in these cities is support for the employer's share of social security premiums. Under the new system, investors are encouraged to invest in eastern cities where unemployment is high. Exemption from social security expenditures means transforming eastern and southeastern provinces into spaces for labor-intensive industries. According to Mehmet Şimşek, the Minister of Finance, these regions will be "Turkey's China."

Wherever you invest in Turkey, there is substantial support. We minimized taxes. We cancelled them altogether in the sixth region. There is neither an income tax nor a social security contribution. Even for corporate income taxes, we offer a discount of 90 percent. The east and southeast of Turkey will become Turkey's China (Radikal, 2012).

With the new regional investment incentives system based on SEGE-2011 including many qualitative indicators, a lot of cities such as Rize, Trabzon, Kayseri, Konya, Elazığ, Kastamonu, Bayburt, Erzurum, Gümüşhane, Tunceli, Çankırı etc. lost their advantages. Both businesspeople and deputies of cities whose new ranks became higher (it means more disadvantageous) than their former positions, started to criticize and protest not only the transformation of the incentives system but also SEGE-2011 as well as its indicators.

Konya was in the third region in the four-regional incentives model; with the six-regional system it was placed in the second region. The change of the status of the city caused reaction. Mustafa Kalaycı, a Konya deputy from Nationalist Movement Party (MHP), prepared a parliament speech about the circumstance. Kalaycı argued that the city decreased from 4th to the 7th level in terms population during the AKP era and its towns looked like villages due to the lack of population-growth opportunities. While objecting to the content of the new incentives package, he highlighted the obscurity of the index and its indicators:

The socioeconomic development survey of the provinces and regions study prepared by the Ministry of Development, which constitutes the basis of the classification of the provinces in six separate regions, has not been published yet in. Why don't you publish this work? What are you hiding? Are the national income per capita of the provinces determined? How healthy is the determination of the socioeconomic development of provinces without actual national income levels? This study is not based on a completely new research. In fact, it was announced that the previous 2003 study was renewed by adding some indicators, but according to the 2003 study, Konya was in the 26th rank in the development stage of the provinces and in the third group from the five groups determined according to the degree of development. So, how did Konya make such a progress? How did it leap in the second zone? This injustice must be repaired (Kalaycı, 2012).

Another city whose investors and local powers get disappointed due to the new regional incentive system is Isparta. Şükrü Başdeğirmen, the president of the Chamber of Industry and Trade of Isparta argues that because the social determinants of Isparta were high, the city is still in the second region although the number of regions increased from 4 to 6. He insists that these values are not associated with economy:

Because of its social development, we [Isparta] were considered under the category of most developed cities and we lost one more time. We have been among the most liveable five cities for 5 years. Turkey was divided into 4 regions, we stayed in the second. We gave reports to our prime minister and ministers in order that the incentive system would be six-regional. However, because of the misinterpretation of socio-economic development parameters, Turkey was divided into 6 regions and we are still in the second region (Başdeğirmen, 2013).

Hatay located in the 4th region, is among the cities that did not find what they expected. Mayor of the city, Lütfü Savaş, launched a petition campaign for the city to move from the 4th to the 5th incentive zone, with the slogan of “Hatay people demand their rights”. According to Savaş, the categorization should be made regarding employment participation rate: “Although we are in the same group with Osmaniye and Kahramanmaraş in terms of employment participation rate of 42.8% Hatay is in the 4th incentives zone while they are in the 5th” (Milliyet, 2017).

The local people of Tunceli, which was located in the 5th region in 2012, objected to the new regional incentives system. Some believe that the government

aimed to punish them for the result of the 2010 constitution referendum in which 81 percent of the inhabitants of Tunceli voted no. A deputy of the Republican People's Party, Umut Oran, made a speech about the issue on 9 April 2012 and claimed that Tunceli was put in the 5th region because of political reasons (T24, 2012). However, as far as social and political features of the disappointed cities are concerned, one may see that the status of both conservative and "rebel" cities were changed in the new incentives package and many were reclassified into less advantageous categories.

The case of Tunceli is interesting considering the indicators of SEGE-2011. The level of education is high in Tunceli. Social expenditures per capita also look high because of security expenditures. Due to security concerns, the population of military and administrative officials is consistently high. Ali Ekber Doğan and Ş. Gürçağ Tuna argue that the male population of the city (47,290 people, 60% of the total population) is significantly higher than the female population (35,771, 40% of the total population), and the reason for this marked difference is the presence of a large number of police officers and soldiers. Moreover, they highlight that the people registered in Tunceli constitute only 75 percent of the city's actual population and 70 percent of the population of the city center (Doğan & Tuna, 2011). Secondly; some life quality indicators such as average value of sulphurdioxide SO₂ and average value of particulate matter in air also contribute to increase the general development level of Tunceli. On the other hand, suicide cases per 100 thousand, one of the indicators not included in the previous SEGE researches, are interestingly high in the city (Zırh, 2013). All in all, Tunceli differs from other Eastern and Southeastern cities included in the sixth region and defined as the "China of Turkey" (Orhan, 2017).

The processes following the declaration of the new regional incentives system demonstrates how the ranking of cities and the determination of incentives zone for each city are open to discussion and to what extent these are related to conflicts or negotiations between local and central powers. For example, Adıyaman, one of the cities of the 5th zone in 2012, was moved to the 6th region in the beginning of 2017. Abdullah Erin, the governor of Adıyaman, describes their contacts with the central administration:

The most important issue of Adıyaman was this issue of incentives. Adıyaman's position in the 5th region was a disadvantageous situation and this damaged the competitive capacity of Adıyaman. However, this problem was solved. Adıyaman was included in the 6th regional incentives zone. For this, we visited statesmen in Ankara and we raised the topic by joining our forces with parliamentary deputy speaker Mr. Ahmet Aydın, our other deputies, the chief of the Chamber of Commerce and Industry of Adıyaman (ATSO) and other relevant people. We currently have received the advantages of the 6th region (Milliyet, 2017).

The winners of the new incentives system have been 15 cities of the Eastern and Southeastern regions. The organizations of businesspeople active in these regions declared full support for the new incentives system (Orhan, 2013). For

example, Raif Türk, the head of Diyarbakır Industrialist Businessmen Association, expresses his satisfaction as follows:

We've always criticized the incentives that have been implemented for years because of their deficiencies, but this is new and very different. It will make a great contribution to the region. Our demands were taken into consideration for the first time. In particular, the privilege provided to bring the investor to the East is positive (Bismil Haber, 2012).

Southeastern Industrialist and Businessmen Foundation made a similar statement:

In the previous system, Diyarbakır had been grouped with some cities in the Central Anatolia. We had criticized this because nobody wanted to invest here while other cities had similar advantages. They took our critics into consideration and put Diyarbakır in the sixth region (Güneydoğu Sanayici ve İş Adamları Derneği, 2012).

In response to the criticism of disappointed cities, the government issued an "Attraction Centers Program" covering 23 provinces in Eastern and Southeastern regions. Industrial, call center and data storage center investments are supported in this context. According to the Attraction Centers Program, the cities which were already positioned in the 4th or 5th regions (Elazığ, Malatya, Adıyaman, Tunceli, Erzurum, Erzincan, Gümüşhane, Bayburt and Kilis) can benefit from the advantages of the 6th region when investment is made in organized industrial sites (Resmi Gazete, 2017).

All in all, as far as reactions from localities and the government's additional regulations and changes in 5 years are concerned, the attempt of ranging cities on the basis of several indicators and remapping regions through "scientific" criteria should be reconsidered. Indeed, the determination of the criteria that create a hierarchy among cities is a political process; being relegated to the fifth versus sixth region is no accident. It would not be correct to reduce the system to a hierarchy technically determined. The classification process, production of data, and regional development strategies of the state are intermingled.

Conclusion

The strategy of attracting capital investment in new localities and offering investors the advantage of territorial competitiveness requires new modes of cooperation between the central administration and regional and local administrative structures. Institutional reforms reflect the rescaling of state place: the state is not only an actor organizing accumulation but also a scale. Because socio-spatial power struggles alter the importance and function of certain geographic scales, regional developments agencies represent the state's negotiation, control, and domination of space and the will of local powers to take part in the accumulation process.

Due to the atmosphere that emerged with the Justice and Development Party's (AKP) rise to power, businessmen from the East could enlarge their businesses. This flourishing of economic activity depends on the establishment of regional security. The rescission of the state of emergency (OHAL) in the beginning of the 2000s, the overthrow of the OHAL governors, and the normalization of both political and socioeconomic life opened the way for greater and more intense capital accumulation and allowed eastern entrepreneurs to receive share of the profit of the capital. The interrelation between the government and the nascent capitalist class whose fate substantially depends on a peaceful environment reflects new balances and coalitions that emerged during the construction of the new hegemony.

However, in the second half of 2015, the Peace Process between the Turkish state and the PKK unexpectedly broke down and the country had plunged into a new cycle of violence. In 10 cities and 39 districts into the frontiers of the 6th incentives zone, governors declared open-ended curfews that lasted for hundreds of days. Many cities and towns were partly destroyed during violent conflicts. Under these conditions economic activities came to a stopping point. The region presented as the "space of cheap labor" was faced with a new migration movement and increasingly lost its population. For example 20.000 people abandoned Sur, a district of Diyarbakır, until the end of 2015. 300 workplaces were closed and 5.000 people were dismissed from job only in Sur until December 2015 (Konuksever, 2015). It is clear that the region lost not only a considerable economic potential and but also peace atmosphere necessary to attract new investments.

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