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**CHANGING SOCIAL SECURITY SYSTEM IN TURKEY AND  
ADAPTING PROCESS TO THE CRITERIA OF EUROPEAN UNION**

**ABSTRACT**

Development of common visions and consensus building are the most important factors of the European Union. So Turkey aiming at joining with the European Union (EU) has initiated lots of activities concerning adaptation to the criteria of the EU during the process of negotiations with the EU. In this context, some important activities concerning social security and employment have been initiated in recent times. In this study, some new policies in the field of social security and employment in Turkey have been tried to be held. On the other hand, some handicaps and challenges, in the long run, have been tried to be introduced.

**Keywords:** Social Security, Employment, Adaptation, Criteria, European Union

**TÜRKİYE'DE DEĞİŞEN SOSYAL GÜVENLİK SİSTEMİ VE AVRUPA  
BİRLİĞİ KRİTERLERİNE UYUM SÜRECİ**

**ÖZET**

Ortak vizyonların geliştirilmesi ve konsensüsün sağlanması, Avrupa Birliği'nin (AB) en önemli faktörleridir. Bu yüzden, Avrupa Birliği'ne katılmayı hedefleyen Türkiye, AB ile yapılmakta olan müzakereler sürecinde, AB kriterlerine adaptasyon konusunda birçok aktiviteyi başlatmış bulunmaktadır. Bu bağlamda, son zamanlarda, sosyal güvenlik ve istihdam ile ilgili olarak bazı önemli faaliyetler başlatılmıştır. Bu çalışmada, Türkiye'de sosyal güvenlik ve istihdam alanındaki yeni politikalar ele alınmaya çalışılmıştır. Diğer taraftan, uzun vadedeki bazı engeller ve güçlükler sunulmaya çalışılmıştır.

**Anahtar Kelimeler:** Sosyal Güvenlik, İstihdam, Adaptasyon, Kriterler, Avrupa Birliği



## **1. INTRODUCTION (GİRİŞ)**

Social security legislations have been prepared for advantages in the field of social security for the European citizens and their families who live within the European Union in accordance with the criteria of the EU. The strategies for a rapid transition to competitive and dynamic activities in the social security of the EU have started in Turkey in accordance with those criteria of the EU.

In order to obtain sustainable growth and development along with more and better jobs and greater social cohesion, Turkey has initiated some significant activities in the social security field. This requires a wider adoption, a broader availability and an extension of applications and services in all economic and public sectors and in the society as a whole. In order to supply the social security system in Turkey with easier and efficient knowledge, information, and application owing to new criteria of social security in accordance with the principles of the EU, it is necessary to take serious measurements and implement them without hesitating.

In this study, it has been tried to determine the measurements and activities being held by Turkish Government and some challenges and handicaps concerning eligibility for the criteria of the EU.

## **2. RESEARCH SIGNIFICATION (ÇALIŞMANIN ÖNEMİ)**

This study has been realized so as to show the certain important criteria of social security system among the European Union countries. Turkey should consider these criteria in order to adapt its social policies to the criteria of the EU.

Social security is considered to be one of the most important key issues for people exercising their fundamental rights for social security; so the government should take necessary measurements in the field of the social security in accordance with the criteria of the European Union during the process of negotiations with the EU.

This study aims at introducing an idea to those who would like to learn something about changing the system of social security in Turkey. It has showed that there is no certain and standard social security system among EU countries but there are some important criteria applied, mentioned below and Turkey should adapt her own criteria to those ones.

## **3. DEFINITION OF "SOCIAL SECURITY SYSTEM" (SOSYAL GÜVENLİK SİSTEMİNİN TANIMLANMASI)**

First of all, each country has its own "social security systems", which have been formed based on its nationality values, reflections of its social systems, and the economic situation and political conditions of that country. There are therefore lots of differences in the mechanisms of the services or benefits provided under the systems among countries. For example, public pension systems differ with countries in terms of financial resources, the premium level, ages at which the benefits begin to be provided, benefit levels, and requirements for receiving benefits. International comparisons of the social security systems should be made based on the recognition that there are diversified differences in the systems of each country. If made without such recognition, it might lead to misunderstanding (Bonoli, 2003:1007-1030).

For example in the United Kingdom, social security means income security such as pensions and child allowances, while Japan's definition of social security systems includes those called "social policy" or "social services" in the United Kingdom. The "social policy" or "social services" have a wide range of meaning: income security, medical care (called "national health service" in the United Kingdom),



personal social services, housing policies, education and employment (Clasen, 2005).

Also in the United States, "social security" is often defined as income security such as pensions. The welfare services provided in Japan are called "human services." In the United States, "welfare" usually points to services that are funded by tax revenues and provided after the status inquiry, especially to the temporary assistance to needy families (TANF). The U.S. Social Security Act, however, is a comprehensive law, which provides for unemployment insurance, health services for fatherless families, human services for people with disabilities, medical services for the elderly and medical assistance in addition to pension insurance for ensuring income (Patrica ve Waever, 2005).

On the other hand, in Turkey, it is defined as follows (Talas, 1976:527-528): "Social Security is a system which aims at supplying the people of our country with today's and tomorrow's social welfare, solidarity, coordination and health services without discriminating any citizen from others and which aims at helping those who can't earn their own life temporarily or continuously owing to some kinds of physiological, occupational or socio-economic risks".

As a result, "social security" can be defined as "a rehabilitation and providing other assistance and protection for people receiving public assistance, for people with physical disabilities, for children and for others needing help and protection to be able to display their abilities for independent living."

Above all, social security, in a large meaning, covers all the people living in a society but it, in a narrow meaning, covers workforce and working people and their relationships concerning health services, retirement, occupational risks, social insurance and so on. In the light of the definitions of Social Security System mentioned above, some factors can be stressed as follows:

Social Security is

- a human right,
- an obligation of the state,
- a rescue system against various risks in life,
- an opportunity factor of the disabled persons for rehabilitation in order to regain their workforce, and
- passive aid system for the needy people etc.

#### **4. IMPORTANCE OF SOCIAL SECURITY SYSTEM (SOSYAL GÜVENLİK SİSTEMİNİN ÖNEMİ)**

First of all, social security system is a human right and according to the article 22 of Universal Declaration of Human Rights, "Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality (Universal Declaration of Human Rights, 2006)

Social security is very important since it provides several protections that benefit communities, including a progressive benefit formula, comprehensive insurance benefits (including disability, survivors, and retirement benefits), spouse's benefits, a cost of living adjustment, and coverage until death. These protections will be placed at risk or lost if Social Security is fully or partially converted to a system of individual accounts. Individual accounts would not have a progressive component: workers would get back what they pay in plus earnings or losses. Individual accounts would not



provide insurance for unforeseen events such as the death or disability of a worker, and these accounts may not provide coverage for spouses or inflation protection (Kijakazi, 2001).

There are lots of social risks in human life, therefore it is necessary to take certain measurements in order to be confidential about tomorrow's risks; that's why social security is very important factor for human's life expectancy (Güzel and Okur, 1999:2). In spite of this, most of the countries in the world can comprehend the importance of it differently and they take various measures according to their own understanding, rules, laws and cultures.

Nobody can deny that social security system is very important in obtaining social welfare and comfort, therefore all of the countries all over the world should improve Social Security protection for people who work or have worked in their homelands. Many people who, without the agreement, would not be eligible for monthly retirement, disability or survivors benefits under the Social Security system of all the countries. It also helps many people who would otherwise have to pay Social Security taxes to their countries on the same earnings.

##### **5. SOCIAL SECURITY CRITERIA OF THE EUROPEAN UNION (AVRUPA BİRLİĞİ'NİN SOSYAL GÜVENLİK KRİTERLERİ)**

Despite the heterogeneity in social policy seen among European countries, the policy instruments used by many of them to deal with the problems in this field share common important characteristics. For example, the EU systems have a greater coverage than those of many non-European countries. Health care arrangements in most European nations share a special concern for equity. Labour market policies contain strong institutional involvement. While deep divisions mark the approach to conflict resolution, the European experience of the second half of the 20th century shows the continent's potential in this area (Tharakan, 2003:7).

First of all, it should be known that there is no single EU social security system. Each EU member state has its own system and there has been no attempt to create one system at European level to replace the different national systems. Each country decides on its own system quite independently of its membership of the EU. Therefore, Member States are free to determine the details of their own social security systems, including which benefits shall be provided, the conditions of eligibility and the value of these benefits, as long as they adhere to the basic principle of equality of treatment and non-discrimination. This means that upon membership, it isn't necessary for Turkey to change its social security system, but she should improve her present system in order to reach a better social welfare and comfort. And also she should prepare her social security system according to the general criteria such as Copenhagen Criteria (Biscop, 2006).

Equally, social benefits are determined by countries individually and not by the EU. In fact, there are significant divergences between the social security systems of the EU member countries. This is largely attributed to their different social welfare traditions but also to differences in economic development and standards of living. But almost everybody in the EU benefits from social security services (Karluk, 1996:340).

The European Union has three important principles concerning Social Security (Karluk, 1996:340):

- There shouldn't be discrimination concerning social security among the people in the EU countries,



- There should be equality of durations concerning social rights such as retirement among them,
- Allowences of social security for labours should be transferred among the EU countries.

As well as three important principles concerning Social Security, a recent Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems has been put into effect. This regulation aims to rationalize the concepts, rules and procedures concerning the coordination of the Member States' social security systems. As regards the changes made by comparison with Regulation (EEC) No 1408/71, note in particular<sup>1</sup>;

- Enhancement of the insured's rights by extending the personal and material scope;
- Extension of the scope to all Member State nationals covered by the social security legislation of a Member State and not just the active population;
- Increase in the number of social security branches subject to the coordination regime so as to include preretirement legislation;
- Amendment of certain provisions on unemployment: maintenance for a certain time (three months, up to a maximum of six months) of the right to unemployment benefits for unemployed persons who go to another Member State to seek work;
- Reinforcement of the general principle of equal treatment, which is of particular importance for frontier workers, notably by inserting a provision stipulating the assimilation of facts;
- Reinforcement of the right to export social security benefits;
- Introduction of the principle of good administration.

There are also wide differences among EU countries in the level of social benefits that they pay out to their citizens whether in the form of pensions, unemployment benefits or other benefits. Thus, it should be clear that, for instance, pension rates or unemployment benefits are not the same in all EU countries but differ from one country to another<sup>2</sup>. On the other hand, it is essential for EU countries to protect the position of EU citizens who move from one EU country to another. It is at this phase that we may find how a person is treated from a social security point of view.

In addition, social security rights which have already been acquired in the previous country are not lost and will eventually be accumulated with the new rights acquired in other countries. Thus, for instance, if a person works in two or three different EU countries before eventually retiring, he or she would be entitled to claim a pension from all three countries in which contributions had been paid (clearly, in proportionate amounts). In each case, the portion of the pension would have to be paid without any deductions. These rights are protected by EU law. The net effect should be that a person is not treated differently and does not lose any social security rights or benefits simply for having chosen to work in another EU country<sup>3</sup>.

## **6. PRESENT STRUCTURE OF SOCIAL SECURITY IN TURKEY (TÜRKİYE'DE MEVCUT SOSYAL GÜVENLİK YAPISI)**

The article 60 of the Constitution of the Republic of Turkey states that "Everyone has the right to social security. The State

<sup>1</sup> (<http://europa.eu/scadplus/leg/en/cha/c10521.htm>, 2007).

<sup>2</sup> (<http://www.mic.org.mt/EUINFO/qeua/q&a18.htm>, 2007).

<sup>3</sup> (<http://www.mic.org.mt/EUINFO/qeua/q&a18.htm>, 2007).

shall take the necessary measures and establish the required organizations for the provision of social security". Based on this decree, three main social security institutions have been established by the state to provide social security rights. They are the Social Security Administration (SSK), which provides social security for workers, the Republic of Turkey Retirement Fund, which provides social security for civil servants, and BAĞ-KUR, which was established to provide social security for tradesman, artists and other independent individuals. Furthermore, there are Private Funds established to aid the personnel of banks, insurance and reinsurance companies, chambers of commerce and industry or their subsidiaries in regard to disability, old age and death<sup>4</sup>.

In general, social security system in Turkey runs as follows:

- Administrative Organization
- Ministry of Labor and Social Security provides general supervision.
- Social Insurance Institution administers the program through its branch offices.
- Social Insurance Institution operates its own dispensaries, hospitals, sanatoria, and pharmacies and contracts with private-sector service suppliers in localities where it has no facilities.

The Population of Turkey includes in the Social Security Programs as follows:

Figure 1. Social Security Panorama of the Population in Turkey  
(Şekil 1. Türkiye'deki nüfusun sosyal güvenlik görünümü)



Source: Turkey 2003.

As is seen in the diagram, most of the workforce depends on Social Security Administration (50.25%) in Turkey. The second one Bağ-Kur (Independent Social Security Association) consists of 22.16%, and the last one is Retirement Fund. The remnant is still out of social security system, so in accordance with EU criteria concerning Social Security, the government of Turkey aims at including the remnant in the Social Security System in the near future.

The SSK (Social Security Administration), Retirement Fund and BAĞ-KUR (Independent Social Security Association), are responsible for the social security load of the state. By the end of 2002, the rate of the population enjoying a social security program was 88.1% and 83.8% of the population was covered by health insurance. Approximately half

<sup>4</sup> (<http://www.byegm.gov.tr/yayinlarimiz/kitaplar/turkiye2003/content/english/356-357.htm>, 2007).



of the civil workforce is actively insured in social security programs. By the end of 2002, 9,893,714 people were active recipients of social security organizations such as SSK, the Retirement Fund, BAĞ-KUR and others; 6,627,922 people draw monthly or other payments from these organizations and a total of 61,831,936 people, 43,090,336 of whom are family members of the insured, are covered by the social security network (Turkey 2003).

But the Turkish government has informed that the three social security organizations catering to different segments of the society will be united in 2008, since it has been postponed due to its shortcomings and handicaps this year.

#### **7. SOCIAL SECURITY SYSTEM REFORM IN TURKEY IN ACCORDANCE WITH THE CRITERIA OF THE EUROPEAN UNION (AVRUPA BİRLİĞİ KRİTERLERİNE UYGUN OLARAK TÜRKİYE'DEKİ SOSYAL GÜVENLİK SİSTEMİ REFORMU)**

Today, the Turkish Government aims at changing the Social Security as is concerned with the EU Criteria. This changing process will be as follows in general:

- The first step of the Social Security Reform that introduced private pension system,
- The legislation underpinning reforms in SSK(Social Security Administration), İş-Kur(Workforce Association) Retirement Fund and BAĞ-KUR(Independent Social Security Association) excluding any provisions for amnesties,
- The Economic and Social Council to develop social dialogue,
- The new labor security law and labor market law.

The reforms in the fields mentioned above will be absolutely realize in accordance with the reform of Social Security System such as pension programs, which is now at the heart of the European Union's economic and social policy agenda. In this study, especially the Social Security System and Employment Reform in Turkey will be held. It is widely assumed that the budgetary implications of ageing populations may pose a threat to long-run macroeconomic stability. Moreover, the strategic goal agreed at the Lisbon Summit in March 2000-to increase the productivity and competitiveness of the European economic and social position. In particular, the Stockholm European Council set a target to increase the average EU employment rate for older men and women (aged 55-64) to 50 percent by 2010. Since one reason for early retirement is the existence of strong disincentives to work beyond certain ages within both public and private pension programs such an employment goal is closely linked to pension policy (Disney, 2003; 1425).

Besides the above criteria, The EU has determined preliminary ones which are as follows<sup>5</sup>:

- *Adopting a strategy and a detailed programme for the alignment of the acquis.*
- *Further strengthening efforts to tackle the problem of child labor.*
- *Ensuring that the conditions are in place for an active and autonomous social dialogue, inter alia by ensuring that trade union rights are respected and by abolishing restrictive provisions on trade union activities.*
- *Supporting social partners' capacity-building efforts to develop and implement the acquis.*

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<sup>5</sup> (<http://www.deltur.cec.eu.int/english/ap2000forturkeyextract.rtf>, 2007).



Those criteria are current ones for Turkey. In fact, Turkey suffers from the problems with those problems especially child labour, ageing, retirement and pension ones, and trade union activities. In this context, some fundamental regulations which are necessary for the social security system have been made by Law, No. 4447, which went into effect on September 8, 1999. The increasing of the retirement age to 58 for women, and 60 for men, who are newly included within the scope of insurance in SSK(Social Security Administration), BAĞ-KUR(Independent Social Security Association) and Emekli Sandığı (the Retirement Fund); the new unemployment insurance program; the increase in the number of premium payment days, and in certain premium rates, are some of the important arrangements brought by the law. On the other hand, unemployment insurance, which has been an issue since 1952, was approved by Parliament on August 25, 1999 by Law No. 4447 went into effect and those who were dismissed their jobs have benefited from this right since then.

#### **7.1. Ageing and Pension Reforms in Retirement in Accordance with the EU Criteria (Avrupa Birliği Kriterlerine Uygun Olarak Emeklilik Yaşı ve Maaşı Reformları)**

In the European Union, about 25% of the population is over 60; this figure is thought to rise to 33.9 percent in 2050. The proportion of those over 80 will rise from 3.9 percent to 10.1 percent in the same period. These are average figures, and in some countries, the proportion will rise even further. It is estimated that a "pay-as-you-go (PAYG)" pension system does not offer many options to deal with the problems arising from this trend: annual pension payments can be cut, the age of retirement can be raised, contributions can be increased, or **the bill can be sent for payment by future generation** (Pestieau, 2003; 1448-1448). In this context, Turkey has been expected to initiate some reforms concerning ageing, retirement and pension in accordance with these EU Criteria; that's why, she has initiated some reforms.

Recently, the Turkish government has planned further major administrative reforms of its social security system—including the unification of the three existing pension systems—that are expected to save about 3% of GDP annually. But further parametric reforms are needed including accelerating the increase of the retirement age, changing indexation provisions and further lowering replacement rates.

First of all, the Turkish Government aimed at uniting the three social security organizations in 2007. But the Constitutional Court cancelled some of the articles of the Law concerning uniting the three social security organizations, therefore, it is estimated that this Law will be able to be applied at the beginning of 2008.

It is necessary to give general information on general Turkish Population panorama in order to comprehend the reforms as regards social security in Turkey.

The Turkish Government currently aims at reaching the average retirement age of the EU but the Turkish retirement age can't be compared with the EU countries' average one since the life expectancy average age in the EU is much more than Turkey's as seen in the following table:



Table 1. Turkish population panorama as regards social security  
 (Tablo 1. Sosyal güvenlik ile ilgili olarak Türkiye'nin nüfus panoraması)

Explanation	Men	Women
Life expectancy at birth ( <i>in years</i> )	70.2	75.2
Life expectancy at 60 ( <i>in years</i> )	16	18
Median age( <i>in years</i> )	27.9	28.3
Total health care expenditure, per capita in international dollars	528	
Total health care expenditure, as percentage of GDP	7.6	
Age dependency ratio, current ratio of people age 15-64 to age 65+	12	
Statutory Retirement Age Note: Statutory retirement age is the age at which a person is eligible to receive a state pension.	60	58
Total Fertility Rate, children born per woman	1.92	

Sources: CIA, World Factbook, (2006); United Nations Population Division, DESA(2006); WHO "The World Health Report 2006"<sup>6</sup>

Table 2. Average life expectancy in the EU Countries  
 (Tablo 2. Avrupa Birliği ülkelerinde ortalama hayat standardı)

Country	Healthy life years at birth	Life expectancy at birth	Percentage of life expectancy without disability	Healthy life years at birth females	Life expectancy at birth	Percentage of life expectancy without disability
	Males			Females		
EU-15 (2003)	64.5	76.0	84.9%	66.0	81.2	81.3%
BE (2003)	67.4	75.9	88.8%	69.2	81.6	84.8%
CZ (2002)	62.8	72.1	87.1%	63.3	78.7	80.4%
DK (2003)	63.0	75.1	83.9%	60.9	79.9	76.2%
DE (2003)	65.0	75.7	85.9%	64.7	81.4	79.5%
GR (2003)	66.7	76.5	87.2%	68.4	81.3	84.1%
ES (2003)	66.8	76.9	86.9%	70.2	83.6	84.0%
FR (2003)	60.6	75.9	79.8%	63.9	82.9	77.1%
IE (2003)	63.4	75.8	83.6%	65.4	80.7	81.0%
IT (2003)	70.9	76.8	92.3%	74.4	82.5	90.2%
CY (2003)	68.4	77.0	88.8%	69.6	81.4	85.5%
HU (2003)	53.5	68.4	78.2%	57.8	76.7	75.4%
MT (2002)	65.1	76.7	84.9%	65.7	80.7	81.4%
NL (2003)	61.7	76.2	81.0%	58.8	80.9	72.7%
AT (2003)	66.2	75.9	87.2%	69.6	81.6	85.3%
PL (2002)	62.5	70.5	88.7%	68.9	78.8	87.4%
PT (2003)	59.8	74.2	80.6%	61.8	80.5	76.8%
FI (2003)	57.3	75.1	76.3%	56.5	81.8	69.1%
SW (2003)	62.5	77.9	80.2%	62.2	82.5	75.4%
UK (2003)	61.5	76.2	80.7%	60.9	80.7	75.5%
NO (2003)	66.3	77.1	86.0%	64.2	82.0	78.3%

Source: Eurostat On Line Database, April 8, 2007.

Today the European average retirement age is about 58 and thus there is the political wish to increase this to an average of 63<sup>7</sup>. This

<sup>6</sup><http://www.aarp.org/research/international/map/facts/a2004-03-15-globalaging-map-turkey.html>, April 4, 2007.

<sup>7</sup> <http://www.mic.org.mt/EUINFO/qeua/Q&A07.htm>, 2007.



can be considered to be normal in accordance with the average life expectancy with above 80; but in Turkey, the average life expectancy is about 72.5; and according to the new Law in concerned with the criteria of the EU, the Turkish retirement age is currently 58 for women and 60 for men. This level is not fair for the Turkish Workforce since the average life expectancy of the EU is not the same as that of Turkey; that's why Turkish Government should revise this retirement age in Turkey.

The retirement age target of the current Turkish Government is considered to be "Retirement in the Tomb" in this way. In order to take this view away, the Turkish Government should push the level of retirement age down into a rational one.

### **7.2. Employment Reform in Turkey (Türkiye'de İstihdam Reformu)**

The new Labor Act no. 4857 replaced Law no. 1475 that had prevailed for decades and was put into effect on June 10, 2003. Job Security Act was act no. 4773 and it was passed before the general elections in November 2002 to become effective on March 13, 2003. Later it was absorbed into the New Labor Act. It introduced a stronger protection against dismissal by improving on the previous Labor Act. Job security act was severely criticized by some of the employers' associations such as the Turkish Employer Unions Confederation (TISK) for giving much more guarding the workers against dismissal and placing the burden of proof on the employers (Ercan, 2007). But the Turkish Government pretends to be determined to sustain the policies as regards flexible employment reform.

The OECD prepared a report employment policy for Turkey and stressed that Turkey's minimum wage and tax rates are also both too high, the report said. On the other hand, it noticed the following point:

***"The Turkish labor market is characterized by particularly cumbersome regulations and very high taxes on labor, both of which serve as a significant disincentive to formal sector employment ... the Labor Code is one of the most restrictive in the OECD. Turkey should cut social security contributions, ease employment regulations for firms, allow minimum wage to decline as a percentage of average wage and to vary by region, and improve tax and social security collection"***<sup>8</sup>.

There was intense lobbying by both the labor unions and the employer's associations during the legislation process. Since economic growth came after years of hardship and it came without jobs, there were newly introduced firing restrictions for larger establishments (previously enjoyed by union members only) and severance pay remained as a labor market institution. In addition, labor unions' lobbying had the satisfactory outcome on their part, as suggested regulations for temporary employment agencies were revised in their favor. Employers' lobbying had the satisfactory outcome on their part, as increased job security was limited to establishments employing thirty or more workers. Note that, over 90% of manufacturing sector establishments, not to mention enterprises in the trade and services sector, operates below this level. Flexibility argument has won over job security; it may be argued (Ercan, 2007).

Turkey has achieved impressive growth since 2001, supported by wide-ranging reforms that have lowered inflation, improved public spending, and raised exports and foreign direct investment. But job creation has been relatively slow, and could limit the distribution of

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<sup>8</sup> ([http://www.iht.com/articles/ap/2006/10/18/business/EU\\_FIN\\_Turkey\\_Economy\\_OECD\\_Report.php](http://www.iht.com/articles/ap/2006/10/18/business/EU_FIN_Turkey_Economy_OECD_Report.php), 2007).



the benefits from growth and undermine support for continued reforms. What labor market actions would create more and better jobs while also providing reasonable social protection for workers? A recent World Bank study on Turkey's labor market analyzes these issues and supports policy dialogue within Turkey for labor policies. A companion study, the Country Economic Memorandum, suggests related fiscal, social, judicial, financial, agricultural, and other reforms. The reports are expected to contribute to the policy discussion and efforts for sustained growth and job creation in Turkey. This note summarizes key developments and challenges in Turkey's labor market, and recommends reforms that respond to them (World Bank Study, 2006).

#### **8. CONCLUSION (SONUÇ)**

Turkey aims at joining the EU and as regards this; she has already initiated lots of processes. One of these processes is "social security" and the other is employment. In order to obtain sustainable growth and development along with more and better jobs and greater social cohesion, Turkey should hold some reforms and regulations in order to realize a wider adoption, a broader availability and an extension of applications and services in all economic and public sectors and in the society as a whole.

In this study, it has been tried to determine the activities being held by Turkish Government and some challenges and handicaps concerning eligibility for the criteria of EU. These are especially in the fields of the Social Security Reform that introduced private pension system, the unification and reforms in SSK (Social Security Administration), Is-Kur (Workforce Association) Retirement Fund and BAĞ-KUR (Independent Social Security Association) excluding any provisions for amnesties, The Economic and Social Council to develop social dialogue, The new labor security law and labor market law. Apart from these ones, substantially, there will be a reduction in payroll taxes and in financing this with a package of other reforms, including a reduction in early retirement incentives.

On the other hand, employment protection is rigid for both permanent and temporary workers, contributing to maintaining resources in inefficient informal activities and Turkey tries to reduce the distortionary effect of employment protection regulation by lowering the level of severance payments for dismissed permanent workers and further easing restrictions in the case of temporary workers. To strengthen labor utilization, it should be reduced early retirement incentives for workers in the formal sector by lowering net pension benefits and removing retiring workers' entitlement to severance payments.

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