

**PUBLIC EMPLOYMENT AS A  
SOCIAL PROTECTION  
MECHANISM**

Aysit Tansel

**Working Paper 0104**

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# **PUBLIC EMPLOYMENT AS A SOCIAL PROTECTION MECHANISM**

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This paper was written as a background paper for the World Bank report, *Turkey: Economic Reforms, Living Standards and Social Welfare Study*. The findings, interpretations and conclusions expressed in this paper are entirely those of the author. They do not necessarily represent the views of the World Bank, its Executive Directors or the countries they represent. I acknowledge helpful discussions with Ismail Arslan in preparing this paper. Any errors are my own.

### **Abstract**

This paper provides information about public sector employment and wages in Turkey over the recent years. Central government employment, state owned enterprise employment and local administration employment are examined separately. Educational distribution of the civil servants and the state owned enterprise employees are displayed. Wages of civil servants, the state owned enterprise workers and those in private sector are discussed. Public and private manufacturing sector wages are examined. Real personnel expenditures of the central and local governments are displayed. The share of personnel costs in the state budget and as a percentage of GNP is discussed. Where possible, international comparisons are provided.

## **Introduction**

A notable feature of the Turkish Labor Market is the large share of public sector employment of total wage earners at about 33 percent and about 28 percent in 1990 and 1996 respectively. The share of public administration employment (general and annexed budgets) in non-agricultural employment was about 17 percent in 1998, while its share in total employment was around 10 percent in the same year. If employment in the State Economic Enterprises is included, then the share of total public employment in total employment rises to around 12 percent. An international comparison indicates that in Turkey the relative size of the public sector is larger than in Haiti but smaller than in Egypt. In Haiti, 7 percent of all non-agricultural employment and 11 percent of total wage earners are employed in the public sector (Terrell, 1993). In Egypt, 35 percent of total employment was in the public sector in 1995 (Asaad, 1997). In Turkey, the population per public administration employee ratio was about 31:1 in 1998. This proportion is higher than in the OECD countries.

Although international comparisons of government employment are difficult, table 1-1 provides some figures for government employment as a percentage of the population and as a percentage of total employment for the main regions of the world in the early 1990s.

As observed in table 1-1, in the early 1990s worldwide total government employment (excluding local administration employment) averaged about 3.6 percent of the population, while it was 3.0 percent and 5.2 percent in the MENA and OECD countries respectively. For Turkey, the corresponding figure was 3.2 percent in 1998. As for worldwide government employment, it averaged about 11.0 percent of total employment. For MENA and OECD countries, it was 17.5 and 17.2 percent respectively, while for Turkey it was 9.6 percent. Thus, government employment in Turkey as a percentage of population is close to the MENA average but less than the OECD average. Moreover, the magnitude of the Turkish government employment as a percentage of total employment is less than both the MENA and OECD averages.

Although it is not a formal policy, in Turkey, providing employment is considered one of the functions of government. However, this function is abused by political patronage (Bulutay, 1995a). To compare with other countries, in Egypt, there is guaranteed public employment for graduates (Asaad, 1997). No such official scheme exists in Turkey. However, graduates in Turkey as a pressure group can create public sector jobs for themselves (Bulutay, 1995a).

This paper is organized in such a manner so as to provide information about public sector employment and wages in Turkey. Public sector employment will be examined

in three sections. Section 3 is devoted to public administration employment. State Owned Enterprise employment is examined in Section 4. Local administration employment is discussed in Section 5. Public sector wages and their comparison to private sector wages are considered in Section 6. Section 7 discusses the share of personnel expenditures in the consolidated budget and the share of personnel expenditures in the budget of the local administrations. Finally, some concluding remarks are provided in section 8.

## **2. Public Sector Employment**

### ***2.1. Structure of Public Employment***

In Turkey, there are several types of public organizations as well as several types of public employees. The first type of organization is public administration offices. These are financed by the general budget, the annexed budget, special fund or the revolving budget. General budget and annexed budget organizations comprise the major part of the governmental bodies. General budget organizations do not generate any revenues and are financed entirely by the state. Ministries are an example of general budget organizations. In contrast, annexed budget organizations meet their expenditures with their own income and are administered independently of the general administration. Universities are annexed budget organizations. Initially each annexed budget organization had its own budget law. Since 1984, however, a single annual law is prepared covering all annexed budget organizations. As for special fund organizations and revolving budget organizations, in terms of employment, they comprise less than ten percent of the total public administration employment. The second type of public organization is the State Owned Enterprises (SOE). SOEs are mostly producer firms. Local administrations represent the third final type of public organizations.

Moreover, there are four types of public employees: civil servants (memur), contracted personnel, temporary personnel and workers. All the above mentioned types of public organizations employ all four types of employees, in different proportions however. Table 2-1 shows that civil servants constituted 81 percent in 1990 and 93 percent in 1994 of all employees in public administration offices. They make up seven percent of the SOE employees, and about 30 percent of the employees of local administrations. Contracted personnel are mainly employed in SOEs. Their representation in SOEs increased slightly from 35 to about 37 percent from 1990 to 1994. As for regular workers, these are mainly found in SOEs as well as local administrations. They constituted more than half of the employees of the SOEs, 55 and 52 percent in 1990 and 1994 respectively. Furthermore, municipalities also hire a large number of regular workers, 56 and 41 percent in 1990 and 1994 respectively.

Following is a description of the four types of public personnel as outlined in the Public Personnel Law no. 657 which forms the basis of the current personnel administration framework (Köylü, 1998).

**Civil Servant (*memur*):** According to Article 4-A of Law no. 657, civil servants are defined as those public employees who are employed by the state and other public organizations to carry out public services of primary and continuous nature. In addition, those who work on policy development, research, planning and control are also considered civil servants.

**Temporary Personnel (*Geçici Personel*):** Temporary Personnel are employed in such jobs of a duration of less than one year or in seasonal jobs. Their employment is recommended by their respective organizations pending the approval of the State Personnel Directorate (*Devlet Personel Başkanlığı*) and the Ministry of Finance. The cabinet makes the final decision. Moreover, they are employed on the basis of a temporary contract and are not considered workers.

**Contracted Personnel (*Sözleşmeli Personel*):** Contracted personnel are employed according to Article 4-B of Law no. 657, when exceptional circumstances call for people with professional knowledge and mastery to fill temporary positions. Here, too their employment is recommended by their organizations pending the approval of the State Personnel Directorate and the Ministry of Finance and is finally decided upon by the cabinet. They are employed on the basis of a temporary contract and are not considered workers. The aim of this contracted personnel status was to enable the employment of qualified people at satisfactory wages. Law No. 2333, promulgated on December 5, 1980 allowed the hiring of contracted personnel in primary and continuous jobs as well.

**Worker (*İşçi*):** According to Law no. 657, they are defined as those public employees who are not civil servants, contracted personnel or temporary personnel. They are subject to Labor Law no. 1475. They have work contracts. Their normal hours of work are 45 hours per week. The Social Security Organization (*Sosyal Sigortalar Kurumu*) (SSK) provides them with retirement and health benefits. They have the right to organize trade unions, engage in collective bargaining and strike.

Civil servants and contracted personnel have life time employment. The normal hours of work are 40 hours per week. The Retirement Fund (*Emekli Sandığı*) (ES) provides them with retirement and health benefits. They have the right to organize trade unions. However, they are not allowed to collectively bargain or strike.

Public employees have various kinds of fringe benefits. These benefits include paid vacations, paid leaves and subsidized lunches. It may also include free or subsidized transportation and housing.

Law No. 657, Article 41 stipulates that in order to be a civil servant, it is necessary to have a middle school (*orta okul*) diploma. However, if there are no candidates with a middle school diploma, then primary school graduates can be employed. According to the nature of the job, the position and the grade, completion of different levels of schooling may be required. For instance, to be appointed as a doctor it is necessary to complete the medical school. To be appointed as an assistant specialist in the State Planning Organization, it is necessary to complete a four-year higher education and be no more than 30 years of age.

Law No. 657, Article 50 states that to be appointed as a civil servant, candidates must take and pass the necessary written and oral examinations. Moreover, a lot of the organizations have their own special rules and arrangements for the examinations. It is necessary to score at least 70 percent in the written examinations to be called back for interviews. Temporary personnel are hired without examinations. Contracted personnel may be hired with interviews only (details are provided in Ateş, 1995: 130).

## **Public Administration Employment**

### ***3.1. Public Administration Employment over Time***

Table 3-1 shows the percentage distribution of public employees in the consolidated budget by contractual status over the years. We observe that over the years civil servants accounted about 85 to 90 percent of total public administration employment. The second largest group was the regular workers while other groups were minor. Table 3-2 shows the magnitude, and the annual rates of growth of public administration employees from 1980 to 1998. An account of developments over time is given in the paragraphs that follow.

Public Personnel Law no: 657 was accepted on July 14, 1965. Some of its articles were not implemented until the 1970s. The Law at hand required that positions (*kadro*) of public personnel are to be determined according to a separate law. Consequently, General Position Law no. 1322 (*Genel Kadro Kanunu*) was promulgated in 1970 to determine the positions of civil servants in the general and annexed budget organizations. Law no. 1327 promulgated in 1971 established the ten service classes for the civil servants which are used today. In 1984, Law no. 190 was promulgated. It determined the positions with a view to future needs. This caused an increase in the number of positions during that year. The rate of growth of the public employees in 1984 was 6.1 percent. The establishment of the Village Services

General Directorate in 1984 contributed to the high rate of growth in that year. In 1992 and in 1993, there were large increases in the rate of growth of public employees. This was due to the establishment of new universities that are parts of the annexed budget.

On February 1, 1994, the Prime Minister issued a general communication of Saving Provisions (*Tasarruf Tedbirleri*). According to the Saving Provisions, no new positions were to be created unless under exceptional circumstances. On April 5, 1994 a stabilization program went into effect according to which no new governmental units could be established. On May 18, 1994 Decree no. 527 was promulgated. It required that organizations reduce their support services staff until they reach 5 percent of the total. The 1995 Financial year budget Law no. 65 required that some of the regular worker's positions be cancelled. Thus, as a result of these actions in 1994 and in 1995, there were declines in public employment.

In 1983 there was a large increase in the numbers of contracted personnel. This was mainly due to the implementation of the 1980 Law no. 2333 which enabled employment of contracted personnel on a continuous basis. However, in 1984 the employment of contracted personnel declined by about nine percent due to general communication of the prime ministry that limited the employment of contracted personnel. The 1990 year witnessed a 60 percent increase in the employment of contracted personnel as a result of the employment of immigrants from Bulgaria as contracted personnel in the Ministries of Health and Education.

Table 3-3 shows the number of public administration employees for selected years from 1923 to the present. As it is observed in this table, public administration employment in Turkey has shown an increasing trend over time except for the 1930s. The average annual rate of growth was about eight percent in the 1960s, about 11 percent in the 1970s and only about two percent in the 1980s. The structural adjustment program and the stabilization policies that went into effect on January 24, 1980 emphasized reducing the size of the government, which accounts for the low rate of growth in the 1980s.

Table 3-4 shows the share of public administration employment in non-agricultural employment and in total employment from 1923 to the present. The share of public administration employment in non-agricultural employment reached its highest level (about 18-19 percent) in the late 1970s and early 1980s. It declined thereafter, and was about 17 percent in 1998. The share of public employment in total employment, however, increased over time. There was a slight decline in 1989 and the early 1990s, but thereafter it rose to around 9-10 percent. Table 3-4 also shows the figures of the population per public administration employee ratio from 1930 to present. We

observe that the dropped from very high numbers such as 125 in the 1930s to 32 in 1980 and has fluctuated around 31 to 33 since that date.

### **3.2. Civil Servants and the Service Category**

As explained in Section 3.1, Law No. 1327 promulgated in 1971 established the ten service classes used today. Table 3-5 shows the percentage distribution of civil servants by service category over the 1980-1998 period. There are marked declines in the percentages of general administrative services, support services and technical services while there are marked increases in the percentages of religious services, security services and health services. The percentage distribution in 1998 shows that the largest proportion of public employees is in educational services at about 28 percent comprising of teachers and educational staff in 1998. The second largest category was general administration services at 24 percent of the total. Support and the health services tied to rank third at about 12 percent of the total. In 1994, about 53 percent of the educational services personnel were primary school teachers and about 46 percent were middle and high school teachers (Directorate of Personnel Administration, 1994).

Table 3-6 shows the distribution of civil servants by service category and educational level in 1994. We observe that civil servants in the general administrative services are comprised of about 52 percent of high school graduates and 27 percent of higher education graduates. In the majority of the support services are primary and middle school graduates, 42 and 39 percent respectively. The majority of the religious services and the security services personnel are high school graduates with about 71 percent in each case. Educational distribution of the civil servants will be discussed in more detail in Section 3-4.

### **3.3. Civil Servants and Grade Distribution**

According to Public Personnel Law no. 1327 and Law no. 1589 which were promulgated in 1970 and in 1972 respectively, the grade system (*Derece Sistemi*) has evolved for income determination. The civil servant positions are divided into 15 grades. The civil servants move vertically along the grades from 15 to one. The income grade occupied is determined by the level of education. Graduates of primary school start at grade 15 and can move until grade seven. Graduates of middle school start at grade 14 and can move until grade five. High school graduates start at grade 13 and can move up to grade 3. Finally, higher education graduates start at grade ten and can move up to the first grade.

Table 3-6 shows the distribution of civil servants by grade and service category in 1998. The majority of the civil servants are at grades five through seven. The grades

1-4 comprise about 30 percent of the total number of civil servants. Over time there has been an increase in the percentage of the civil servants employed in grades 1-4, while grades 11-15 witnessed a decline (Erçevik, 1998: 26). Consequently, we can conclude that higher bureaucratic positions have increased overtime.

Table 3-6 also indicates that general administrative services have civil servants in every grade category while support services have almost no employees in the grades 1-4 to the effect that employees are concentrated in grades 5-15. Furthermore, there are no civil administrators or academic personnel in grades 8-15. Similarly, there are no educational and legal services personnel in grades 11-15.

### ***3.4. Educational Distribution of the Civil Servants***

Table 3-8 shows the percentage distribution of civil servants by educational level for men and women for the period 1988-1994. We observe that in 1994, almost 40 percent of all male civil servants were high school graduates (general or vocational high school). The percentage of female civil servants who were high school graduates was somewhat higher at 44 percent. The distribution of the percentages of other levels of education were similar for men and women in 1994, except that percentages of primary and middle school graduate women were somewhat lower than for men. Thus, we can conclude that female civil servants were somewhat better educated than male civil servants in 1994.

Table 3-8 also shows the changes in the educational distribution of civil servants over time. The proportion of primary school graduate males declined by more than half from 1988 to 1994 and that of middle school males declined by 31 percent during the same period. The proportion of high school graduate men increased from 34 percent to about 40 percent from 1988 to 1994. The proportion of those with a two-year higher education increased from about 6 to 16 percent and that with four year higher education increased from 10 to 12 percent and that with six year higher education increased from 0.5 to 3.2 percent. Thus, there were marked improvements in the educational level of male civil servants from 1988 to 1994.

For female civil servants, although there was a decline from 53 to 44 percent in the proportion of high school graduates, there were increases in the proportions of those with a two, four and six year higher education levels. Thus, we can talk about some improvement in the quality of education (although not as large as in the case of males) of female civil servants from 1988 to 1994.

Table 4-4 shows a comparison between the levels of education of public and private sector workers in 1994. This Table is based on the 1994 Household Expenditure Survey of the State Institute of Statistics. In the table, the covered private sector wage

earners are those who work in the private sector and have social security coverage. From the table we can see that civil servants have a better education than the covered private sector wage earners. The average number of years of schooling of the civil servants is higher than that of the covered private sector wage earners. Moreover, the representation of primary school graduates is higher among the covered private sector wage earners than among civil servants. However, the proportions of high school and university graduates are higher among the civil servants than among the covered private sector wage earners. In addition, university graduates are 5-6 times more represented among civil servants than among covered private sector wage earners.

It must be also noted that women have a better education than men among both civil servants and covered private sector wage earners. Hence, education is a main determinant of the labor force participation of women. For instance in the covered private sector, women holding high school diplomas are twice as many as their male colleagues.

## **State Owned Enterprises\***

### ***4.1. Historical Development and Privatization***

The establishment of State Owned Enterprises (SOEs) dates back to the early 1930s. SOEs were established with the aim of contributing to economic development by securing the financial resources and the technical know-how which were lacking in the private sector. The plans that were developed at the time aimed at establishing basic and large-scale industries. These included producer goods, heavy industry as well as consumer goods such as textiles and sugar. Several state banks were established. These banks were given the responsibility of developing factories, workshops and participating in semi-private enterprises in the areas of consumer goods, mining, industry, agriculture, transportation and communications. It is generally agreed that SOEs contributed greatly to price stability, employment, manpower training, the introduction of modern technology and the country's production as a whole.

Several factors motivated the establishment of SOEs. One very important motivation as mentioned above was the lack of private capital and entrepreneurs to establish large and efficient firms. The second important motive was the "Etatism" policy adopted at the time. Policy makers were influenced by the poor conditions of the country after the War of Independence. Finally, state initiatives to establish SOEs were a response to worldwide slumped economic conditions due to the Great Depression.

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\* This section is heavily based on Tansel (1998).

The party, which came to power in the 1950 elections, promised the gradual transfer of the SOEs into private hands. The commercial shipping industry was denationalized during that period. However, in blatant contrast to the rhetoric of the 1950s, SOEs were in fact increased in number and capacity during the period. They provided employment for the rapidly urbanizing population. The expansionary monetary and fiscal policies of the period as well as the influx of foreign aid and the rising external debt, lead to an expansion in domestic demand. During the planned development period of the 1960s SOEs gained new importance. They were viewed as instruments in implementing the plans' aims. The period 1960-1980 was characterized by an import substitution strategy. SOEs were instrumental in providing the intermediate goods to the private sector manufacturers at reasonable prices. New SOEs were established and investments in SOEs increased. In the 1970s, the Petroleum Shock contributed to the financial and economic crisis. The shortage in foreign currency caused shortages in the imported inputs of the SOEs and hence shortages in SOE products. Since SOE prices were politically determined, black markets developed. Thus the late 1970s were characterized by high rates of inflation, economic and social turmoil.

Consequently, in the late 1970s the role of the state in economic life was being questioned. The Structural Adjustment and Stabilization Program of January 24, 1980 emphasized reducing the state's role in economic activities. Thus, during the post-1980 period there were substantial declines in public investment, particularly, in manufacturing. SOEs were now being required to function autonomously within the rules of liberal economic policies. Privatization of the SOEs was at the top of the government's agenda. The Public Participation Administration (*KOI-Kamu Ortaklığı İdaresi*) was established in order to administer the privatization process. The transfer of ownership started with the more profitable SOEs. Teletaş, a telecommunication firm, was the first to be privatized in February 1988. Another telecommunications firm, Netaş and several cement factories followed. Some of the unprofitable SOEs were given the status of "under consideration for privatization". The KOI undertook the task of their reorganization and reform. One of the main reform policies was to reduce the size of employment in order to make the firms more attractive to prospective buyers. After their privatization, cement factories went through a labor shedding process. Petkim, the petrochemicals complex, was under consideration for privatization and it reduced employment substantially as part of its reform (Tansel, 1998).

The first legal action concerning privatization was initiated with Law no.2983 which was promulgated in 1984. However, it did not contain explicit provisions for the sale of SOEs. In addition, Law no.3291 was promulgated in 1986. This law gave the

responsibility of the decisions about privatization to the cabinet and the responsibility of the sale of SOEs shares to the Higher Planning Board (*Yüksek Planlama Kurulu*). The Housing and Public Participation Administration was reorganized and divided into two in April 1990 according to Decree no.414. The part named "Public Participation Administration" was responsible for the implementation of privatization. Several other decrees were issued and the Law no.3987 was promulgated in May 1994. However, this law was cancelled by the Constitutional Court, as were the decrees. Finally, on November 27, the 1994 Law no.4046 was promulgated. This comprehensive law was prepared by taking into account the cancellation reasons of previous decrees and Laws by the Constitutional Court. Feedback from political parties and trade unions was sought in order to reach a consensus on the new law. Hence, pending the promulgation of Law no.4046, Article 13 of the Labor Law was used in dismissing workers from privatized SOEs and from those under consideration for privatization.

An employer may terminate employment according to either Article 13 or Article 17 of the Labor Law. Article 13 describes termination whether justified or not with a written notification of the employer. The notice period varies with the duration of employment from two to eight weeks. The employer is liable to pay notice compensation if the stipulation of giving a proper notice period is not abided by. A worker dismissed according to Article 13 is entitled to severance pay. This is the lump-sum payment to the workers whose contracts are terminated and who have at least one year of continuous service on the job. Each year of employment at an establishment is rewarded with a thirty-day of payment in severance compensation. Severance compensation is of great importance since there is no unemployment insurance scheme in Turkey. Turkey is the only country without an unemployment insurance scheme among OECD countries.

There are four kinds of personnel in the SOEs: civil servants, contracted personnel, regular workers and casual workers. The employment of civil servants and contracted personnel cannot be terminated as is possible in the case of workers. Hence, Law no. 4046 stipulates their transfer to other public establishments in case layoffs are necessary.

According to Article 21 of the Law No.4046 dismissed workers will receive loss of job compensation in addition to severance pay and notice pay if applicable and if the job termination took effect under Article 13 of the Labor Law. Notice pay will be paid at least for three months and at most for eight months. The payment will terminate when the worker is placed in another job or he/she finds a job. Thus, this is only a limited unemployment insurance scheme.



#### **4.2. State Owned Enterprise Employment**

As explained in Section 4.1, there are four kinds of personnel in the SOEs. The distribution of the employees is shown in Table 4-1 over the period 1986-1994. We observe that workers constitute the largest category of employees in the SOEs. Their representation declined from 65 percent in 1986 to 57 percent in 1994. There was a decline in the percentage of civil servants from 33 percent in 1986 to about 4 percent in 1994 while the percentage of contracted personnel increased from 2 percent to 39 percent for the same period. This was due to the movement of the civil servants to the contracted personnel status during period.

More contracted personnel positions were allowed to be created under the stipulations of Decree no.233 of 1984. Before 1984, contracted employee positions were exclusively reserved for technical professionals such as engineers. A series of decrees followed but many concerning the unionization rights of the contracted personnel were annulled. Unionization was prohibited under Decree no.306, which was however annulled in 1989 by the constitutional court. Finally, Decree No.399, which was passed in 1990, forbade unionization and collective bargaining for contracted personnel. Over time, the numbers and proportion of contracted personnel increased rapidly. In 1984, there were 1354 contracted personnel. By 1992, this number increased to 359,372 in 1992. Initially, contracted personnel's work contract could be cancelled. The idea behind this was to prepare SOEs for employment reduction and privatization. However, after a series of decrees and annulments, the contracts of the contracted personnel as well as those of the civil servants were considered permanent.

Employment in the SOEs fluctuated at times showing a jump during the periods following general elections. In general, SOE employment constituted 3.5 percent of total employment (Table 4-2). The increase in employment following the 1984 elections is noteworthy. In 1989, however, there was a substantial decline in both total numbers employed and their share in total employment because two major SOE establishments moved to the 'being under consideration for privatization' status. Since 1988, SOE employment has been continuously declining. The average annual rate of decline was about 6 percent since 1994. The share of SOE employment in total employment was 4 percent in 1987 and declined to 2.5 percent in 1996. This decline in SOE employment is mainly due to privatization but decreasing public investments and capital accumulation in SOEs contributed to this decline. Investments in the SOEs were restricted during this period. Due to this restriction, the capital equipment became obsolete, while new technologies and modernization could not be introduced.

The employment share of SOEs in some sectors was rather high. In 1979 the SOEs employment share was 17.2 percent in industry, 60.5 percent in mining and 31.2

percent in transportation and communications. There were some declines in 1989 so that in industry the share dropped to 14.9 percent, in mining to 43.5 percent and to 29.0 percent in transportation and communications (Artan, 1991: 55).

The regional distribution of the SOE employment shows an interesting pattern. In 1989 the Black Sea and the East-Southeast regions had the highest shares of the SOE employment; 32.6 and 22.3 percent respectively (Artan, 1991: 56). This may be a result of the policy of encouraging the establishment of SOEs in the least developed regions of the country.

#### **4-3. State Owned Enterprise Employees and Education**

Table 4-3 shows the distribution of SOE employees by status and education for the period 1979-1989. Illiterate and nongraduate categories are most common among the regular and casual workers. The percentage of tertiary level educated public administration employees increased from 15 percent in 1979 to 20 percent in 1989. While there were only tertiary level educated professionals in the contracted personnel category in 1979, by 1989 contracted personnel had diverse education levels, so that 22 percent had a primary school education and 38 percent had a high school education. With regard to regular and casual workers, more than half of them were primary school graduates. This was true in 1979 and also in 1989. However, from 1979 to 1989 the percentage of high school graduates increased substantially for both regular and the casual workers.

In general, we can talk about an improvement in the educational level of the SOE employees. While there was a decline in the percentage of the illiterates and non-graduates from 1979 to 1989, there were increases in the percentages of high school graduates and tertiary level graduates.

Table 4-4 shows a comparison of the educational attainment of SOE workers and that of covered private sector wage earners in 1994. Covered private sector wage earners are those wage earners who are covered by social security. The average years of schooling is higher among SOE workers than among the covered private sector wage earners by about a year. Furthermore, the proportions of high school and university graduates are higher among SOE workers than among the covered private sector wage earners. Thus, SOE workers are better educated than the covered private sector wage earners although the difference between these two groups is not as large as in the case of a comparison between the latter group and civil servants.

#### **Local Administration Employment**

There are three types of local administrations. These are provincial special administrations (*İl Özel İdareleri*), municipalities and village administrations. The

Village Law was promulgated in 1924. There are about 40 000 villages in Turkey. They are outside the scope of this section. As for provincial special administrations, these date back to Law no. 1426 which was promulgated in 1929. Law no. 1580 promulgated in 1930 determined the wages and salaries of the personnel working at the municipalities. Law No. 1897 promulgated in 1995 considered the civil servants of the municipalities subject to the Public Personnel Law no. 657 (Erçevik, 1998: 34). According to the Article 33 of the Law no. 657, the positions to be created for the provincial special administrations and the municipalities have to be approved by the Ministry of the Interior. Article 34 states that the positions of grades 1-4 must be approved by the Ministry of Finance and the State Personnel Directorate, whereas the cabinet maintains the final decision. In 1994, some of these powers were transferred over to provincial governors.

In Turkey, there are seven greater metropolitan municipalities that were established under Decree no. 504. It is not possible to obtain reliable data on the number of employees of the greater municipal administrations because some of these administrations established firms or formed partnerships for which no data is available.

Table 5-1 shows the percentage distribution of the personnel in local administrations. The largest group is the civil servants group. Civil servants accounted for about 55 percent and 61 percent of total employment in 1989 and 1995 respectively. Workers represent the second largest group. This group accounted for 45 percent of the total in 1989 and declined to 39 percent in 1995. As for contracted personnel, their proportion in local administrations is negligible.

In the 1980s, there was an emphasis on reducing the size of the government, as well as a change in views regarding the functions of local administrations. This led to seeking out new sources of finance for local administrations. In 1984 the municipalities were allowed to collect real estate taxes and create other sources of finance for themselves.

Table 5-2 shows the number of personnel employed in local administration and their rates of growth over time. It can be seen that employment in local administrations showed an upward trend over time. There were large increases in the number of civil servants in particular in 1993, which was the year of municipal elections, and in 1995, the year of the general elections. There was no change in the number of workers in most years during the 1989-1995 period, with the exception of a large increase in 1993, again possibly due to local elections held in that year. The numbers of contracted personnel had about a 38 percent increase in 1990, but then declined to a

21 percent increase in 1992. There were substantial declines in the numbers of contracted personnel in the other years.

Table 5-2 shows that the total number of personnel in the local administrations in Turkey in 1995 was 273 763. This makes up 0.45 percent of the total population in 1995. This percentage is less than the average for both the MENA and the OECD countries. Local employment averages about 0.9 percent of the population in the MENA countries and 2.5 percent in the OECD countries (Schiavo-Campo, 1997).

Table 5-3 gives the educational distribution of the civil servants in the municipalities in 1994. High school graduates represented the largest proportion of civil servants, with a 43 percent share of the total. The second largest group was the group with higher education, with a 21 percent share of the total. Primary school graduates accounted for 19 percent of the total number employed by the municipalities.

## **Public Sector Wages**

### ***Trends in Wages***

The 1980s were characterized by substantial wage erosion in the public and private sectors alike, but possibly larger erosion in the former than in the latter sector. There is some evidence that during this period, moonlighting by public sector workers increased (Tansel, 1996). Both public and private sector workers recovered their losses in wages after the general election of 1989. The social democratic partner of the newly elected government as well as the trade unions gaining power played a role in this. The 1991 round of the collective bargaining process led to further wage gains. These resulted in employee dismissals in the private sector. On April 5, 1994 a stabilization program was implemented. In some sectors, in spite of the collective bargaining agreements, workers received no increase in pay. Similarly, public administration employees received no adjustment for inflation in the July 1994 round of indexation.

Table 6-1 shows the monthly real wages and salaries per public employee. As it is observed in the last column, there were substantial declines in real wages in the 1980s and about 54 percent increase in 1989 and a 25 percent one in 1990. Due to the 1994 crisis, there were declines in real wages, 21 percent in 1994 and 3 percent in 1995. Table 6-3 gives more up-to-date information about the real wages. This table gives information on real wages separately for the civil servants, public sector (SOE) workers and private sector workers. The real percentage change in the index of take-home pay for the civil servants indicates substantial wage gains in the early 1990s and declines of about 22 percent in 1994 and five percent in 1995. There were increases in

1996 and in 1997 but, take home pay did not reach its 1992 level. Moreover, in 1997 there was a slight decline in take home pay.

Table 6-2 shows the trend in real wages for the three kinds of State Owned Enterprise employees, namely, civil servants, contracted personnel and workers. The trend for the civil servants and contracted personnel are similar to that of the civil servants discussed above. We will use Table 6-3 to discuss the trend in real wages for SOE workers. We observe that there were large increases in real take home pay, about 18 percent and 44 percent in 1990 and 1991 respectively. There were no real change in 1994 but real wages declined by 17 percent in 1995 and by 25 percent in 1997. There was a slight increase in 1998.

Table 6-3 also shows the real percentage change in the take home pay of the private sector workers. Following the substantial increases, about 16 percent in 1990 and 37 percent in 1991, there were declines of about 18 percent in 1994 and 8 percent in 1995. A three percent decline in 1997 was followed by a 10 percent increase in 1998.

Table 6-3a shows the central government average wages as a multiple of per capita GDP for the main regions of the world in the 1990s.

As observed in table 6-3a average central government wage as multiple of per capita GDP is 3.4 in the MENA countries and 1.6 in the OECD countries. This figure was 2.0 for Turkey in 1995.

#### ***A Comparison of the Wages of Civil Servants, State Owned Enterprise Workers and Private Sector Workers***

Tansel (1999b) examines the factors that explain the employment sector choice and wage differentials in public administration, state owned enterprises (SOE) and the covered private sector in Turkey in 1994. This study uses the results of the 1994 Household Expenditure Survey conducted by the State Institute of Statistics. The covered private sector indicates those wage earners in the private sector who are covered by social security. One of the main findings of this study is that, when controlled for observed characteristics and sample selection, for men, public administration wages are at parity or lower than the covered private sector wages. A similar comparison of the SOE and covered private sector wages indicate that SOE wages are higher than covered private sector wages except at the university level. The results for women indicate that, public administration wages are higher than covered private sector wages. Tansel (1999b) also finds that while there is parity between men's and women's wages in public administration, men's wages are considerably higher than women's in the covered private sector.

Tansel (1999a) considers a comparison of the wages of workers who are covered by social security and those who are not covered by social security. This study also uses the results of the 1994 Household Expenditure Survey of the State Institute of Statistics. The results indicate that when controlled for observed characteristics and sample selection, social security covered workers earn two and a half times more than the uncovered workers.

Combining the results in Tansel (1999a) and Tansel (1999b), a comparison of the wages of public sector workers with those of the private sector leads to a conclusion that in 1994, public sector workers earned substantial premiums. Furthermore, Tansel (1999b) sheds light on a number of non-wage desirable attributes of the public sector jobs. These may include job security, work effort, work hours, paid vacations and leaves.

OECD (1996) points out that the quitting rate was lower among SOE workers as compared to private firm workers over the 1992-1995 period. This is indirect evidence on the desirability of SOE jobs. Another evidence may be regarded as the large numbers of applicants when a public position opening is announced. In 1996, the Social Security Organization (Sosyal Sigortalar Kurumu) announced 2600 openings of civil servant positions which drew ninety thousand applicants. Early January 1999, the Ministry of Forestry announced about a thousand openings of civil servant positions all over the country. There were about sixty thousand qualified applicants (Cumhuriyet, 1999). These indicate that public sector jobs are highly desirable.

#### ***6.3. Public and Private Manufacturing Sector Wages***

Table 6-4 shows the public and private manufacturing sector wages during 1980-1995. The public sector covers all SOE establishments while the private sector covers establishments with ten or more workers. The annual rates of growth of the public and private manufacturing sector real wages are given in Columns 5 and 7 in this table. They indicate that after the declines in real wages in the 1980s there were substantial increases in the 1989-1991 period followed by substantial declines in the 1994-1995 period in both the public and the private manufacturing sectors.

As it is shown in Table 6-4, public sector manufacturing wages are about twice the private sector manufacturing wages in 1995.

#### ***6.4. Indexing of Wages***

In this section we will examine the wage indexation separately for civil servants and public sector workers separately.

One can consider that the wage indexation for the civil servants dates back to the 1970s. There are coefficients (*katsayı*) and indicators (*gösterge*) which are different for different grades (*derece*) of civil servants. These are subject to Law no. 657, Article 154, which was changed in 1993 with Decree No. 546. Monthly coefficients started in 1970. In 1974 a supplementary payment coefficient was created. There were additional coefficients created in 1982 and in 1989.

We now examine the adjustment in the salaries of the civil servants in 1998. During the first six months of 1998, the salaries of the civil servants increased by 30 percent. During this period, teachers had an additional 18 percent increase in salaries, while security personnel had additional increases at differing proportions. Civil servants had a 20 percent increase for the July-September 1998 period and they also the October-December 1998 period witnessed another 10 percent increase. As a result of these adjustments, public sector salaries declined by 0.7 percent in 1998, see Table 6-3 (State Planning Organization, 1999).

Now we turn to a review of indexation discussions of the wages of the public sector workers. The first discussion of wage indexation dates back to 1978. The collective bargaining discussions of July 1978 between the Ecevit government and Türk-İş, the main confederation of trade unions turned into a social agreement (Arslan, 1997). The social agreement required that real wages be kept on average constant over time. It also had provisions for the private sector. The social agreement was suspended in the face of a worsening economic crisis. In February 1980, after the January 24 structural adjustment and stabilization program, the Demirel government proposed a similar adjustment in wages, which was rejected in parliament however.

During the public sector collective bargaining discussions of 1991, it was agreed to increase real wages during the first six months and keep them constant by indexing during the second six months. However, in spite of the collective bargaining agreement, the Çiller government ended wage indexation in 1994.

In the collective bargaining agreements of 1997 wage indexation whereby wages increase according to the inflation of the previous month was to be implemented in the second half of the year (Harb-İş, 1999). This continued in 1998, where wages increased by 0.2 percent in real terms (See Table 6-3). In the collective bargaining agreements of 1999, indexation according to the inflation of the past six months was to be started at midyear.

### 6.5. Wage Compression

There is evidence of some wage compression. For civil servants this is indicated in Tansel (1999b). A direct evidence of wage compression can be obtained by

computing the ratio of the salaries of the highest ranking to the lowest ranking personnel. In the public service, among the civil servants, the highest salary is earned by the advisor to the prime minister (*Başbakanlık Müsteşarı*), while the lowest salary is earned by the cleaning personnel (*Odacı*). The ratio of the salaries of these two groups, over time is given as follows:

Year	Ratio of the Highest to the Lowest Salary
1985	5.25
1990	5.50
1995	5.00
1998	4.40

The ratio of the highest to the lowest salary among the civil servants has been declining since 1990. This can be taken as an evidence of wage compression recently.

### Personnel Costs and the State Budget

In this section we examine the personnel costs in the consolidated budget (general and annexed budget) and the personnel costs of the municipalities. Table 7-1 shows the real personnel expenditures over time. It is to be noted that Column 3 shows that real personnel expenditures increased by 52 percent and 32 percent in 1989 and 1990 respectively. There were declines of about 22 percent in 1994 and five percent in 1995. These main changes correspond to the changes in real wages and salaries of the public personnel discussed in the previous section. Table 7-1 also shows the share of personnel expenditures in total expenditures and the share of personnel expenditures in GNP. The share of the personnel expenditures in total expenditures increased from 34 percent in 1979 to 42 percent in 1992 and declined to about 25 percent in 1998. The share of personnel expenditures in GNP was about seven percent in 1979, increased to 8.5 percent in 1992 and declined to 7.3 percent in 1998.

Table 7-1a shows the share of central government wages and salaries as a percentage of GDP for the main regions of the world in the 1990s.

As it is observed in table 7-1a, the central government's wage bill absorbs about 9.8 percent of GDP in the MENA countries and 4.5 percent of GDP in the OECD countries. For Turkey the corresponding figure was 6.6 percent in 1996.

Real personnel expenditures of the municipalities are given in Table 7-2. The real personnel expenditures were highest in 1993 and increased by 22 percent from 1992 to 1993. This increase was possibly due to the municipal elections which took place in 1993. There were declines of 26 percent in 1994 and of eight percent in 1995 due to the 1994 economic crisis. The share of personnel expenditures in total expenditures was 56 percent in 1980. It declined to about 23 percent in 1987 but increased again to 40 percent in 1992, and was about 26 percent in 1998. The share of personnel

expenditures in GNP fluctuated over time and was highest in 1993. It declined to 0.78 percent in 1998.

### **Conclusion**

This paper provides information about public sector employment and wages in Turkey over the recent years. Central government employment, State Owned Enterprise employment and local administration employment are examined separately. Educational distribution of the civil servants and State Owned Enterprise employees are also discussed. The wages of civil servants, State Owned Enterprise workers and that of private sector employees are discussed. Furthermore, public and private manufacturing sector wages are examined. Finally, the share of personnel costs in the state budget and as a percentage of GNP is discussed.

One of the important features of the Turkish labor market is that public employment constitutes a large share of total employment. This share was 33 percent in 1990 and declined to 28 percent in 1996. Public administration employment constituted about 17 percent of the non-agricultural employment and about 10 percent of total employment in 1998. If the employment in the state economic enterprises is included, then the total public employment constituted about 12 percent of the total employment in 1998. In Turkey the share of public sector employment in the total is smaller than in Egypt but is larger than in Haiti. The population per public employee stood at 31 people in 1998 which is higher than in OECD countries.

Public administration employment has shown an increasing trend over time. However, the rate of growth was slower in the 1980s due to the government emphasis on reducing the size of the public sector. The employment in the State Economic Enterprises has been declining since the late 1980s due to the privatization and the reform policies implemented recently. Employment in local administrations has been increasing over time. There was a large increase in the employment in local administrations in 1993 due to the local elections held that year.

An examination of the distribution of the civil servants by service category indicates that over time there were marked declines in the percentages of general administrative services, support services and technical services while there were marked increases in the percentages of religious services, security services and health services. In 1998, about one-third of the public administration employees were teachers and other educational staff.

There were marked improvements in the educational level of civil servants over time. While the proportions of the primary and middle school graduates declined, the proportions of high school and tertiary level school graduates increased. A

comparison of the educational attainments of the public and private sector workers indicates that civil servants are better educated than the covered private sector wage earners. Furthermore, among both the public sector and the covered private sector wage earners women were somewhat better educated than men.

The 1980s were characterized by substantial wage erosion in the public and private sectors alike. The loss in wages was recovered after the general election of 1989. The social democratic partner of the newly elected government played a role in this. Also, the trade unions were more powerful in the liberalizing social environment. There were further wage gains in the 1991 round of the collective bargaining agreements, which led to employee dismissals. The wage increases scheduled according to the collective bargaining agreements were not implemented in the second half of 1994, due to the April 1994 economic crisis. Finally, there were substantial declines in real wages in the public and private sectors in 1994 and 1995.

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**Table 1-1: Government Employment as % of Population and of Total Employment**

Regions	Government Employment	
	% of Population	% of Total Employment
Africa	1.7	6.7
Asia	1.9	6.3
Eastern Europe and Former USSR	6.1	16
Latin America and Caribbean	2.3	8.9
Middle East and North Africa	3	17.5
OECD	5.2	17.2
Overall	3.6	11
Turkey (1998)	3.2	9.6

Notes: The government employment figures represent central government employment which include teaching and health personnel but exclude local administration employment and State Owned Enterprise employment.

Sources: All regions: Schiavo-Campo et al. (1997), Table 1 and Table A-2. Turkey: Table 3-4 of this text.

**Table 2-1: Percentage Distribution of Public Employees by Organization and Contractual Status, Turkey, 1990, 1994.**

Contractual Status	General Budget	State Owned	Local
	Annexed Budget Special Fund	Enterprises	Administration
<b>1990</b>			
1. Civil Servant <sup>a</sup>	81.2	7	29.9
2. Contracted Personnel <sup>b</sup>	0.8	35.1	0.1
3. Regular Worker <sup>c</sup>	14.3	55	56.1
4. Casual Worker	3.7	3	13.9
Total	100	100	100
Total in Numbers	1146.0	695430	60384
	(in ths.)		
<b>1994</b>			
Civil Servant	93.4	9.8	56.2
Contracted Personnel	0.7	36.6	1.4
Regular Worker	5.6	51.9	41.1
Casual Worker	0.3	1.6	1.2
Total	100	100	100
Total in Numbers	1433.4	653045	17382
	(in ths.)		

Notes: a: The figures are understated due to exclusion of numbers for the General Directorate of Security. b and c: The figures are understated due to exclusion of numbers for the Ministry of Finance and Customs.

Source: Computed by the author for 1990 from State Institute of Statistics (1996), Table 1.6.07: 220 and for 1994 from State Institute of Statistics (1997a), Table 10.7: 322. The tables are derived from Public Personnel Survey results. 1994 is the last year of the available Public Personnel Survey results.



**Table 3-1: Percentage Distribution of Public Administration Employees in the Consolidated Budget (General Budget and Annexed Budget) by Contractual Status, Turkey, 1980-1998.**

Year	Civil Servant	Contracted Personnel	Regular Worker	Casual Worker	Total	Total in Numbers
1980	84.7	0.33	12.3	2.7	100	1381431
1981	82.9	0.31	12.3	4.5	100	1411053
1982	83.5	0.31	12.4	3.8	100	1407905
1983	83.5	0.4	12.3	3.8	100	1431479
1984	84.7	0.35	11.5	3.5	100	1518737
1985	84.4	0.35	11.1	4.2	100	1560934
1986	84.7	0.4	10.8	4.1	100	1601143
1987	85.1	0.47	10.5	4	100	1647135
1988	85.7	0.48	10.3	3.5	100	1667141
1989	85.8	0.62	10.3	3.3	100	1678540
1990	85.5	0.98	10.2	3.3	100	1709159
1991	85.5	0.98	9.9	3.7	100	1766454
1992	86	0.88	9.6	3.5	100	1869361
1993	86.4	0.75	9.2	3.7	100	1959755
1994	87.7	0.74	9.2	2.4	100	1947915
1995	88.2	0.7	8.9	2.2	100	1955291
1996	88.8	0.63	8.5	2.1	100	1944324
1997	88.9	0.63	8.3	2.1	100	1949877
1998	89.5	0.62	7.8	2	100	2036138

Notes: 1998 Figures are as of October 1, 1998.

Source: Computed by the author using Ministry of Finance (1998), Table 6: 77.

**Table 3-2: The Numbers and Rates of Growth of the Civil Servants, Contracted Personnel and Workers in the Consolidated Budget (General and Annexed Budgets), Turkey 1980-1998.**

Year	Civil Servants	Annual Rate of Growth (%)	Contracted Personnel	Annual Rate of Growth (%)	Regular Worker	Annual Rate of Growth (%)	Temp Worker	Annual Rate of Growth (%)
1980	1170224	-	4568	-	169302	-	37337	-
1981	1169494	-0.1	4331	-5.2	173835	2.7	63393	69.8
1982	1176224	0.6	4415	1.9	174074	0.1	53192	-16.1
1983	1195607	1.6	5762	30.5	175644	0.9	54466	2.4
1984	1285831	7.5	5247	-8.9	174510	-0.6	53149	-2.4
1985	1316661	2.4	5526	5.3	173036	-0.8	65711	23.6
1986	1356137	3	6388	15.6	173058	0	65560	-0.2
1987	1401391	3.3	7697	20.5	172316	-0.4	65731	0.3
1988	1428382	1.9	8070	4.8	172172	-0.1	58517	-11
1989	1440504	0.8	10448	29.5	172425	0.1	55163	-5.7
1990	1461561	1.5	16699	59.8	173841	0.8	57058	3.4
1991	1509518	3.3	17241	3.2	174219	0.2	65476	14.8
1992	1608451	6.6	16440	-4.6	179686	3.1	64784	-1.1
1993	1692655	5.2	14765	-10.2	179852	0.1	72483	11.9
1994	1708062	0.9	14383	-2.6	179506	-0.2	45964	-36.6
1995	1724152	0.9	13597	-5.5	174016	-3.1	43526	-5.3
1996	1726021	0.1	12286	-9.6	164310	-5.6	41707	-4.2
1997	1733635	0.4	12230	-0.5	162667	-1	41345	0
1998	1832408	5.7	12594	3	159486	-2	41650	0.7

Notes: 1998 Figures are as of October 1, 1998.

Source: All columns: Ministry of Finance (1998), Table 6:77.

**Table 3-3: Number of Public Administration Employees (General and Annexed Budgets), Non-Agricultural Employment, Total Employment and Total Population, Turkey, 1923-1998.**

1	2	3	4	5	6
Year	Number of Public Employees	Ave. Annual rate of Growth %	Non-Agricultural Employment (in ths.)	Total Employment (in ths.)	Total Population (in ths.)
1923	86375	2.44	-	5344	-
1930	115262	-0.38	-	6339	14440
1940	112454	5.7	-	7705	17714
1950	203670	4.56	-	9315	20807
1960	317362	5.6	-	11883	27506
1965	421992	9.36	-	12948	31149
1970	493191	10.6	4890	13697	35321
1975	868946	12.5	5689	15090	40026
1980	1381431	2.7	7417	16437	44439
1981	1411053	2.14	-	16577	45540
1982	1407905	-0.22	-	16748	46688
1983	1431479	1.67	-	16915	47864
1984	1518737	6.1	-	17170	49070
1985	1560934	2.78	8439	17456	50306
1986	1601143	2.58	-	17772	51433
1987	1647135	2.87	-	18172	52561
1988	1667141	1.21	-	18445	53715
1989	1678540	0.68	9841	19049	54893
1990	1709159	1.82	10091	19822	56098
1991	1766454	3.35	10179	19736	57064
1992	1869361	5.83	10997	19769	57931
1993	1959755	4.84	10805	19804	58812
1994	1947915	-0.6	11051	20356	59906
1995	1955291	0.38	11051	21106	60614
1996	1944324	-0.56	11681	21537	61536
1997	1949877	0.29	12095	21008	62510
1998	2036138	4.42	12201	21230	63451

Notes: Column 2: 1) Before 1968, they are the number of potential openings for general and annexed budgets, special administrations and municipalities. After 1968, they are the number of potential openings only for the general and annexed budgets. 2) The figures include civil servants, contracted personnel, regular and casual workers in the general and annexed budgets. 3) 1998 figures are as of October 1, 1998.

Sources: Column 2: 1923-1975: Bulutay (1995a), Table 9-A: 293-294. 1980-1998: Ministry of Finance (1998), Table 6: 77. Column 3: Computed by the author. Column 4: 1923-1988: Census of Population, for the years indicated. Other years are not available. 1989-1998: State Institute of Statistics (1998b). The figures are based on Household Labor Force Survey results and are the averages for the April and October figures. Column 5: Refers to total employed people over 12 years of age. 1923-1987: Bulutay (1995a), Table 8-A: 256-262. 1988-1998: State Institute of Statistics (1998b), Table 2.1: 30 as simple averages of the April and October figures. Column 6: 1930-1990: State Institute of Statistics (1998a), Table 31:63. 1991-1998: Obtained from State Institute of Statistics.

**Table 3-4: Various Indicators of Public Administration Employment (General and Annexed Budgets), Turkey, 1923-1998.**

1	2	3	4
Year	Share of Public Employees in Non-Agricultural Employment %	Share of Public Employees in Total Employment %	Population per Public Employee
1923	16.6	1.62	-
1930	15.1	1.82	125.3
1940	10.8	1.45	157.5
1950	14.4	2.19	102.2
1960	10.6	2.67	86.7
1965	-	3.26	73.8
1970	10	3.6	71.6
1975	18.4	5.76	46.1
1980	18.6	8.4	32.2
1981	-	8.51	32.3
1982	-	8.41	33.2
1983	-	8.46	33.4
1984	-	8.85	32.3
1985	18.5	8.94	32.2
1986	-	9.01	32.1
1987	-	9.06	31.9
1988	-	9.04	32.2
1989	17.1	8.81	32.7
1990	16.9	8.62	32.8
1991	17.4	8.95	32.3
1992	17	9.46	31
1993	18.1	9.9	30
1994	17.6	9.57	30.8
1995	17.7	9.26	31
1996	16.6	9.03	31.6
1997	16.1	9.28	32.1
1998	16.7	9.59	31.2

Sources: Column 2: 1923-1975: Bulutay (1995a), Table 7.2: 191. 1980-1998 : Computed by the author using the figures in Table 2. Column 3: Computed by the author using the figures in Table 2. Column 4: Computed by the author using the figures in Table 2.

**Table 3.5: Percentage Distribution of Civil Servants by Service Category, Turkey, 1980-1998.**

Service Category	1980	1986	1990	1994	1998
General Adm. Services	32.9	30.9	27.5	25.1	24.4
Support Services	17.6	16.2	15.5	13.7	11.6
Religious Services	3.7	4.4	6.2	4.9	4.2
Security Services	4.1	6.0	8.0	8.2	8.7
Technical Services	6.4	7.7	4.9	1.3	5.1
Health Services	6.0	2.5	2.7	11.8	11.8
Educational Services	29.1	32.1	35.0	31.9	27.7
Legal Services	0.1	0.1	0.2	0.2	0.7
Civil Administrators	0.1	0.1	0.1	3.0	0.1
0. Academic Personnel	-	-	-	-	5.6
Total	100.0	100.0	100.0	100.0	100.0
Total in Numbers (in ths.)	1238.3	1178.0	1112.3	1412.2	1952.0

Note: 1986 figures do not include employees working in local administrators. Source: 1980-1994: Computed by the author using State Institute of Statistics (1997a), Table 10.3: 319. These figures are derived from Public Personnel Survey results. 1994 is the last year of available Public Personnel Survey results. The 1998 figures are computed by the author using Ministry of Finance (1998), table 2: 73.

**Table 3-7: Percentage Distribution of Civil Servants by Service and Grade Category, Turkey, 1998.**

Service Category	Grades					Total
	1	02-Apr	05-Jul	08-Oct	Nov-15	
1. General Adm. Services	7.9	12.2	48.6	25.2	6.3	100
2. Civil Administrators	57.7	16.5	25.8	0	0	100
3. Health Services	9	21.5	40.3	28.6	0.6	100
4. Technical Services	19.2	33	34.3	12.1	1.5	100
5. Educational Services	9.4	33.9	42.1	14.6	0	100
6. Legal Services	44	22.8	29.2	4	0	100
7. Security Services	2.1	18.4	32.2	46.4	0.9	100
8. Religious Services	2.3	22.2	47.5	24.9	3.2	100
9. Support Services	0	0.2	48.4	27.2	24.2	100
10. Academic Personnel	25.4	42.8	31.8	0	0	100
Total	8.6	21.7	42.5	22.5	4.7	100

Source: Computed by the author using Ministry of Finance (1998), Table 3: 74.

**Table 3-6: Distribution of Civil Servants by Educational Level and Service Category, Turkey, 1994**

Service Category	Educational Level				Total
	Primary School	Middle School	High School	Higher Education	
General Adm. Services	6.4	15.1	51.6	26.8	100
Support Services	41.6	39.3	19	0	100
Religious Services	13.6	8.1	71.2	7.1	100
Security Services	0.4	16.9	70.7	12.1	100
Legal Services <sup>a</sup>	-	-	-	-	-
Educational Services <sup>a</sup>	-	-	-	-	-

Notes: a: not available.

Source: State Personnel Directorate (1994): 10-16. The table is based on the 1994 Public Personnel Survey Results. 1994 is the last year of the available Public Personnel Survey Results.

**Table 3-8: Percentage Distribution of Civil Servants by Sex and Education, Turkey, 1988-1994.**

Education Level	Men		
	1988	1990	1994
1. Primary School	24.6	19.3	10.8
2. Middle School/Voc.Middle School	16.9	14.4	11.6
3. High School/Voc.High School	34	34.1	39.5
4. Higher Education-Total	24.4	32.3	38.2
a. Higher Education-Two Years	5.6	13	16.3
b. Higher Education-Three Years	6.2	6.3	6
c. Higher Education-Four Years	10	11.7	12
d. Higher Education-Five Years	2.1	0.5	0.7
e. Higher Education-Six Years	0.5	0.8	3.2
Total	100	100	100
Total in Numbers	996631	774667	928569
Education Level	Women		
	1988	1990	1994
1. Primary School	7.9	8.3	9.8
2. Middle School/Voc.Middle School	11.6	9.3	9.5
3. High School/Voc.High School	52.8	37.5	44
4. Higher Education-Total	27.9	44.9	36.8
a. Higher Education-Two Years	10	21.3	15.2
b. Higher Education-Three Years	6.1	9.9	5.8
c. Higher Education-Four Years	9	12.6	11.6
d. Higher Education-Five Years	2.3	0.6	0.7
e. Higher Education-Six Years	0.5	0.5	3.5
Total	100	100	100
Total in Numbers	437631	337596	483656

Source: Computed by the author using State Institute of Statistics (1997a), Table 10.8: 322. This table is derived from Public Personnel Survey results. 1994 is the last year of the available Public Personnel Survey Results.

**Table 4-1: Percentage Distribution of State Owned Enterprise Employees, Turkey, 1986-1996.**

Year	Civil Servant	Contracted Worker	Total	Total in Numbers
1986	33.2	2	64.8	100
1987	27	10.1	63	100
1988	16.9	22.2	62.7	100
1989	8	31.9	60.1	100
1990	4.7	33.8	61.5	100
1991	3.1	36.7	60.2	100
1992	2.6	37.6	59.8	100
1993	3.8	37.9	58.3	100
1994	3.7	39.1	57.2	100
1995	3.9	39.3	56.9	100
1996	3.8	40.9	55.3	100

Source: Percentages are computed by the author for 1986, from State Institute of Statistics (1996), Table 1.7.04: 123 and for 1987-1994, from State Institute of Statistics (1997a), Table 11.3: 335. These tables are derived from State Owned Enterprise Reports of the Higher Inspection Council. The percentages for 1995-1996 are computed with the data from Higher Inspection Council (1999).

**Table 4-2: Percentage of the State Owned Enterprise (SOE) Employment and Total Public Employment in Total Employment, 1950-1996.**

1	2	3	4	5	6
Year	State Owned Enterprise Employment	Annual Rate of Growth %	Share of SOE Employment in Total Employment %	Total Public Employment	Share of Total Public Employment in Total Employment %
1950	88854	13.8	0.95	292.524	3.14
1955	194218	13.27	1.75	435415	3.93
1960	252042	-2.42	2.12	569404	4.79
1965	312642	3.52	2.42	734634	5.67
1970	381636	5.51	2.79	874827	6.39
1975	473572	5.78	3.14	1342518	8.9
1980	563915	-2.97	3.43	1945346	11.84
1981	545476	-3.27	3.29	1956529	11.8
1982	574647	5.35	3.43	1982552	11.84
1983	607292	5.68	3.59	2038771	12.05
1984	672292	10.7	3.92	2191029	12.76
1985	676485	0.62	3.88	2237419	12.82
1986	707226	4.54	3.98	2308369	12.99
1987	726140	2.67	4	2373275	13.06
1988	721135	-0.69	3.91	2388276	12.95
1989	712488	-1.2	3.74	2391028	12.55
1990	710386	-0.3	3.58	2419545	12.21
1991	689642	-2.92	3.49	2456096	12.44
1992	683474	-0.89	3.46	2552835	12.91
1993	664699	-2.75	3.36	2624454	13.25
1994	616801	-7.21	3.03	2564716	12.6
1995	575740	-6.66	2.73	2531031	11.99
1996	544328	-5.46	2.53	2488652	11.56

Notes: Column 5: The total public employment figures do not include the employment of the special fund organizations, revolving budget organizations and of the local administrations.

Source: Column 2 and Column 3: 1950-1995: Alici and Seçer (1998), Table 1-4: 14-21. 1996: Higher Inspection Council (1999), Table 16. Column 4: Computed by the author using the figures in Column 2 and Table 2, Column 5. Column 5: Computed by the author using the figures in Column 2 and Table 2, Column 2. Column 6: Computed by the author using the figures in Column 5 and Table 2, Column 5.

**Table 4-3: Distribution of State Economic Enterprise Employees by Status and Level of Education, Turkey, 1979-1989.**

	Public Administration Employee	Contracted Personnel	Regular Worker	Casual Worker	Total
<b>1979</b>					
Illiterate	0	0	1	6.2	1.3
Nongraduate	1	0	8.1	13.5	6.7
Primary School	30.6	0	52.3	65.9	47.7
Middle School	24.4	0	12.6	6.2	15.2
High School	29.6	0	23	7.8	23.1
Tertiary School	14.5	100	3	0.3	6
Total	100	100	100	100	100
<b>1983</b>					
Illiterate	0	0	0.8	4.2	0.9
Nongraduate	0.5	0	6.1	12	4.9
Primary School	27.3	0	55.4	64.3	47.5
Middle School	23.1	0	11.7	7.7	14.9
High School	31.8	0	23.2	11.4	24.7
Tertiary School	17.4	100	2.9	0.4	7.2
Total	100	100	100	100	100
<b>1985</b>					
Illiterate	0	0	0.9	5.5	1.1
Nongraduate	0.4	0	5.4	10.1	4.3
Primary School	25	2.3	55.1	63.6	46.6
Middle School	22.7	15	11.3	8.5	14.5
High School	34.8	29.3	24.3	12	26.3
Tertiary School	17.2	53.5	3	0.4	7.3
Total	100	100	100	100	100
<b>1989</b>					
Illiterate	0	0	1.5	3.7	0.7
Nongraduate	0.4	0.1	5.5	6.4	3.8
Primary School	33	21.8	55.5	64.9	45.9
Middle School	20.3	23.8	11.3	10.9	15.2
High School	26.5	38.1	24.7	13.8	27.3
Tertiary School	19.9	16.1	2.5	0.3	7.1
Total	100	100	100	100	100

Notes: Figures for middle school include vocational middle school also. Figures for high school include vocational high school also. Tertiary level school includes, higher education programs of two years and four years universities.

Source: Artan (1991), Table 14: 181.

**Table 4-4: Distribution of Educational Attainment for Civil Servants, State Owned enterprise Workers and Private Sector Workers, Turkey, 1994**

	Civil Servants		State Owned Enterprise Workers		Covered Private Sector Wage Earners	
	Men	Women	Men	Women	Men	Women
Years of Schooling	10.8	12.7	7.3	9	6.7	7.9
	-3.7	-2.6	-3.3	-4.1	-3.2	-3.9
Educational Attainment:						
Non graduate	1	0.3	4	8.5	4.8	6.9
Primary School	16.9	2	52.4	22.7	60.2	41
Middle School	13.5	4.3	14.8	11.9	12.6	11.8
High School	31.7	32.9	19	38.3	14.3	27.5
Ac. High School	5.1	10.5	3.7	3.4	3.2	3.1
University	31.8	50	6.2	15.3	5	9.6
Total	100	100	100	100	100	100
Total in Numbers	3035	941	2603	295	3855	737

Notes: The educational attainments give percent of the employees who are graduates of the indicated levels of schooling. Covered private sector wage earners refer to those wage earners in the private sector who have social security coverage.

Source: Tansel (1999), Appendix Table: 28. This table is based on the 1994 Household Expenditure Survey of the State Institute of Statistics.

**Table 5-1: Percentage Distribution of the Personnel in the Local Administration, Turkey, 1989-1995.**

Year	Civil Servants	Workers	Contracted Personnel	Total	Total in Number
1989	54.6	45	0.4	100	205365
1990	55.1	44.4	0.5	100	207940
1991	56.9	42.7	0.4	100	216357
1992	57.5	42	0.5	100	224643
1993	57.2	42.4	0.4	100	252599
1994	57.5	42.2	0.4	100	254040
1995	60.6	39.1	0.2	100	273763

Notes: See Table 4-1.

Source: Computed by the author using Erçevik (1997), Table 2: 32. The table is based on the data from Ministry of Interior, Directorate of Local Administrations.

**Table 5-2: Number of Personnel in the Local Administrations, Turkey, 1989-1995.**

Year	Number of Civil Servants	Rate of Growth %	Number of Workers	Rate of Growth %	Number of Contracted Personnel	Rate of Growth %	Total	Rate of Growth %
1989	112193	-	92414	-	758	-	205365	-
1990	114479	2	92418	0	1043	37.6	207940	1.3
1991	123030	7.5	92418	0	909	-12.8	216357	4
1992	129120	5	94423	2.2	1100	21	224643	3.8
1993	144477	11.9	107067	13.4	1055	-4.1	252599	12.5
1994	145934	1.9	107098	0	1008	-4.5	254040	0.6
1995	165907	13.7	107112	0	744	-26.2	273763	7.8

Notes: 1. The number of workers does not include the temporary workers. 2. The table does not include the village administrations. 3. Local Administrations include Provincial Special Administrations and the Municipalities.

Source: Erçevik (1997), Table 2: 32. The table is based on the data from Ministry of Interior, Directorate of Local Administrations.

**Table 5-3: Educational Distribution of the Civil Servants in the Municipalities, Turkey, 1994.**

Educational Level	Number of Civil Servants	Percentage Distribution (%)
Primary School	1881	19.3
Middle School	1649	16.9
High School	4178	42.8
Higher Education	2056	21.1
Total	9764	100

**Table 6.1: Monthly, Real and Nominal Wages and Salaries (TL) per Public Employee, Turkey, 1923-1998.**

(1) Year	(2) Nominal Wages & Salaries	(3) Consumer Price Index Base: 1987	(4) Real Wages & Salaries in 1987 Prices	(5) Annual Rate of Growth %
1923	62	-	-	-
1930	78	-	-	-
1940	177	-	-	-
1950	335	0.171	1959.1	-
1960	896	0.427	2098.4	-
1965	1308	0.518	2525.1	-
1970	2037	0.717	2841.0	-
1975	4144	1.565	2647.9	-
1980	17834	11.595	1538.1	-8.1
1981	26556	15.527	1710.3	11.2
1982	38389	18.929	2028.1	18.6
1983	48636	24.871	1955.5	-3.6
1984	56777	36.909	1538.3	-21.3
1985	69963	53.499	1307.7	-15.0
1986	97032	72.02	1347.3	3.0
1987	145484	100.0	1454.8	8.0
1988	254373	173.7	1464.4	0.7
1989	638859	283.6	2252.7	53.8
1990	1276936	454.6	2808.9	24.7
1991	2327729	754.5	3085.1	9.8
1992	4193416	1283.1	3268.2	5.9
1993	7007485	2131.2	3288.0	0.6
1994	11420654	4395.9	2598.0	-21.0
1995	21427919	8511.7	2517.5	-3.1
1996	-	15270.6	-	-
1997	-	28249.4	-	-
1998	-	51868.4	-	-

Source: Column (2) 1923-1988: Bulutay (1995a) Table 9-A: 293-294. Bulutay obtained the figures for wages and salaries per civil servant by dividing the total wages and salaries by the number of potential openings. The number of potential openings before 1968 included general and annexed budgets, special administration and municipalities. For 1968-1988, they are the number of potential openings only for the general and annexed budgets. 1989-1995: Şahabettinoğlu (1999), Table 17. Column (3): State Institute of Statistics (1994b), Table, 16.19: 338. Column (4): Computed by the author by using the consumer price index. Column (5): Computed by the author.

**Table 6-2: State Owned Enterprises, Monthly Real Wages (Thousand TL) per Civil Servant, Contracted Personnel and Worker, Turkey, 1989-1996.**

1 Year	2 Real Wages per Civil Servant in 1987 Prices	3 Annual Rate of Growth %	4 Real Wages per Contracted Personnel in 1987 Prices	5 Annual Rate of Growth %	6 Real Wages per Worker in 1987 Prices	7 Annual Rate of Growth %
1989	297	-	372	-	395	-
1990	405	36.4	426	14.5	499	26.3
1991	438	8.1	430	0.9	708	41.9
1992	687	56.8	453	5.3	758	7.1
1993	564	-17.9	463	2.2	823	8.6
1994	435	-22.9	349	-24.6	721	-12.4
1995	413	-5.1	323	-7.4	586	-18.7
1996	493	19.4	395	22.3	487	-16.9

Source: Higher Inspection Council (1999), Table 21: 72 and other years. Rates of growth are computed by the author.

**Table 6-3: Developments in Net Take home Pay for Civil Servants, Public Sector and Private Sector Workers, Turkey, 1989-1998.**

Year	Index of Take Home Pay			Real Percentage Change		
	Civil Servant	Public Sector Worker	Private Sector Worker	Civil Servant	Public Sector Worker	Private Sector Worker
1989	100	100	100	-	-	-
1990	115	116	116	15	18.4	16.3
1991	123	170	160	7.2	43.6	37.1
1992	140	180	169	13.8	6	6
1993	143	195	172	2.1	8	1.7
1994	112	195	141	-21.9	0	-18.2
1995	107	160	129	-4.7	-17.1	-8.3
1996	115	121	132	7.6	-25	1.9
1997	134	144	128	16.5	19.2	-3
1998	133	145	141	-0.7	0.2	10.3

Notes: The source states that in the computation of the real percentage change, Consumer Price Index base 1987 is used. The source also indicates that the figures for public sector workers are derived from the data of the Public Sector Employers' Association (Kamu-İşveren Sendikaları). The figures for private sector workers are derived from the data of the Confederation of the Turkish Employers' Association (Türkiye İşveren Sendikaları Konfederasyonu). Thus, we can conclude that the private sector figures refer to large establishments.

Source: State Planning Organization (1999), Table 11.6: 53.

**Table 6-3a: Central Government Average Wages, Main World Regions**

Regions	Average Central Government Wage as Multiple of per Capita GDP
Africa	5.7
Asia	3.0
Eastern Europe and Former USSR	1.3
Latin America and Caribbean	2.5
Middle East and North Africa	3.4
OECD	1.6
Overall	3.0
Turkey (1995)	2.0

Sources: All regions: Schiavo-Campo et al. (1997), Table 2. Turkey: Computed from the data in Table 6-1 of this text and State Institute of Statistics (1998a), Table 411: 651.

**Table 6-4: Public and Private Manufacturing Sector Monthly Nominal and Real Wages (TL) per Employee, Turkey, 1980-1993.**

1	2	3	4	5	6	7
Year	Public Sector Nominal Wages	Private Sector Nominal Wages	Public Sector Wages in 1987 Prices	Annual Rate of Growth %	Private Sector Wages in 1987 Prices	Annual Rate of Growth %
1980	34143	22578	2944.6	-	1947.2	-
1981	50256	32408	3236.7	9.9	2087.2	7.2
1982	60279	42015	3184.5	-1.6	2219.6	6.3
1983	72552	53243	2917.1	-8.4	2140.8	-3.6
1984	90816	72397	2460.5	-15.7	1961.5	-8.4
1985	120963	102363	2261.0	-8.1	1913.4	-2.5
1986	156809	134318	2177.3	-3.7	1865.0	-2.5
1987	234631	199843	2346.3	7.8	1998.4	7.2
1988	379384	330641	2184.1	-6.9	1903.5	-4.7
1989	919867	631193	3243.4	48.5	2225.6	16.9
1990	1752967	1237123	3856.1	18.9	2721.3	22.3
1991	4112001	2545205	5450.0	41.3	3373.4	24
1992	7224801	3993443	5630.7	3.3	3112.3	-7.7
1993	12251366	6824713	5748.6	2.1	3202.3	2.9
1994	22623565	10762824	5146.5	-10.5	2448.4	-23.5
1995	34898516	19316342	4100.1	-20.3	2269.4	-7.3

Notes: Column (2) covers all establishments. Column (3) covers establishments with 10 or more employees.

Source: Column (2) and Column (3) for 1980-1993: State Institute of Statistics (1997a), Table 14.2: 375. For 1994-1995: State Institute of Statistics (1999). These Tables are derived from State Institute of Statistics, Annual Manufacturing Industry Statistics. Column (4) and (6) are computed by the author using the Consumer Price Index base 1987 given in Table 9. Column (5) and (7) computed by the author.



**Table 7-1: Consolidated Budgeted, Personnel Expenditures and Transfers to State Owned Enterprises, Turkey, 1979-1992.**

1	2	3	4	5	6
			Share of Personnel Expenditures in Total Expenditures %	Share of Personnel Expenditures in GNP %	Share of SOE Transfers in Total Expenditures %
Year	Real Personnel Expenditures in 1987 Prices Billion TL	Annual Rate of Growth %			
1979	-	-	33.7	6.99	12.4
1980	30.27	-	32.6	6.62	13.8
1981	26.08	-13.8	26.7	5.05	15.9
1982	24.41	-6.4	28.8	4.35	12.8
1983	26.94	10.4	25.6	4.82	11.2
1984	24.25	-10	23.6	4.04	7.3
1985	23.85	-1.6	23.6	3.61	3.4
1986	25.55	7.1	21.5	3.59	1.6
1987	29.96	17.3	23	3.99	3.4
1988	29.09	-2.9	23.6	3.91	4.8
1989	44.21	52	32.3	5.44	3.1
1990	58.22	31.7	38.6	6.66	1.8
1991	65.33	12.2	37.8	7.77	9.4
1992	73.32	12.2	42.4	8.52	3.7
1993	79.55	8.5	34.7	8.49	4.5
1994	62.12	-21.9	30.3	7.02	2.3
1995	59.05	-4.9	29.1	6.4	2.6
1996	63.79	8	24.6	6.5	1.5
1997	73.39	15	25.8	7.05	1.5
1998	74.62	1.7	24.8	7.3	1

Source: Column (2): Computed by the author by deflating current personnel expenditures of the consolidated budget by the Consumer Price Index base 1987. Current personnel expenditures of the consolidated budget are taken from State Institute of Statistics (1994b), Table 28-5: 388-389, for 1979-1992. For 1993-1997 from State Institute of Statistics (1998a), Table 20.5: 394-395. Column (3) Computed by the author. Column (4): Computed by the author using the current personnel expenditures and current total expenditures obtained from the source of Column (2). Column (5): Computed by the author using the current personnel expenditures (source: See Column 2) and the current GNP given in State Institute of Statistics (1998a). Column (6): Source is the same as in Column (2), for 1979-1992. For 1993-1998, they are obtained from Ministry of Finance.

**Table 7-1a: Central Government Wages and Salaries, Main World Regions**

Regions	Central Government Wages and Salaries as percent of GDP
Africa	6.7
Asia	4.7
Eastern Europe and Former USSR	3.7
Latin America and Caribbean	4.9
Middle East and North Africa	9.8
OECD	4.5
Overall	5.4
Turkey (1996)	6.6

Sources: All regions: Schiavo-Campo et al (1997), Table 2. Turkey: Computed using the data in Table 7-1 of this text and State Institute of Statistics (1998a), Table 411:651.

**Table 7-2: Personnel Expenditures of the Municipalities, Turkey, 1980-1998.**

1	2	3	4	5
	Real Personnel Expenditures in 1987 Prices Billion TL	Annual Rate of Growth %	Share of Personnel Expenditures in Total Expenditures %	Share of Personnel Expenditures in GNP %
Year				
1980	3.19	-	56.1	0.7
1981	2.58	-19.3	48.2	0.5
1982	2.48	-3.6	45.2	0.44
1983	2.85	15	44.1	0.51
1984	2.74	-4.1	42.3	0.46
1985	3.08	12.7	33.1	0.47
1986	3.36	8.9	22.6	0.47
1987	3.92	16.7	22.6	0.52
1988	3.78	-3.7	23.6	0.51
1989	4.84	28.3	31.2	0.6
1990	7.53	55.5	43.1	0.86
1991	7.8	3.5	38.6	0.93
1992	8.94	14.5	40.2	1.04
1993	10.92	22.2	38.6	1.17
1994	8.05	-26.2	29.3	0.91
1995	7.41	-8	26.7	0.8
1996	7.48	1	26.7	0.76
1997	8.12	8.5	24.8	0.78
1998	7.96	-2	25.5	0.78

Source: Column 2: Computed by the author by deflating current personnel expenditures by the Consumer Price Index base 1987. For 1980-1994, current personnel expenditures are taken from the Final Accounts of the State Institute of Statistics (1997b and various years). For 1995-1998, they are obtained from State Planning Organization. Column 3: Computed by the author. Column 4: Computed by the author using the current personnel expenditures and total expenditures of the municipalities obtained from the source of Column (2). Column 5: Computed by the author using the current personnel expenditures of the municipalities (Source: see Column 2) and the current GNP given in State Institute of Statistics (1998a).