Istanbul as a 'world city' and the class-cleansing

of the inner city

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Introduction

"We should find a way to keep poor people from the city of Istanbul" (Erdogan Bayraktar, chairman of the Mass Housing Administration of Turkey)

Istanbul is currently being restructured with the aim of becoming a 'world city'. For both Turkish and international capital and for the Turkish state, Istanbul has the potential to become a major financial and business-service centre serving the whole Middle East and linking Turkey into the EU and global economy. This project involves the transformation

its labour force, resident population and built environment. The national state has embarked on a Faustian restructuring of the built environment of the whole city-region, including commercial and industrial activities and housing. In doing so it has run up against resistance from some sections of capital but also – our interest here – large parts of the lower-income population. Istanbul still has major areas of squatter settlements and derelict buildings on high-value land in the inner city. The state is organizing the eviction of most of the residents and the conversion of this land to offices and to luxury housing and shopping malls serving the growing business elite.

There is, then, a sharp contrast to the gentrification of the inner parts of world cities in the First World (Smith, 1996; Hamnett, 2002): whereas in the latter gentrification has been accomplished principally – though not entirely – through property markets, in Turkey the state has played the leading role. Paradoxically, this flies in the face of neoliberal *ideology*, which denies any substantial role to the state other than repression. Moreover, the importance the state gives to current urban restructuring is indicated by the fact that it has been the national rather than local government which has taken the lead. Another striking difference from the First World examples is that in Istanbul there has been mass resistance to the eviction of the poor. This chapter aims to sketch explanations of these specificities.

This programme of restructuring the inner city, and the resistance to it, need to be understood as the product of processes at different scales from the globe to the neighbourhood. In section 2 we set the national scene by considering the conflictual and crisis-ridden history of urban housing in Turkey since the 1950s. Around the turn of the millennium this evolved towards an accelerated (re)development of cities, reflecting the

intensified integration of Turkey into the international economy. In section 3 we examine a key part of this change, the reconstruction of Istanbul as a 'world city'. We discuss the consequent conflicts around the built environment, particularly the housing of poorer residents. These dramas have been enacted at neighbourhood levels, but are set within this geographically-larger frame. In section 4 we outline the resistance to the eviction of the poor and draw some political conclusions.

The evolution of policy on urban housing in Turkey

Since the rapid growth of urban population in Turkey since the 1950s, housing has posed major problems. There were, and still are, only four significant housing tenures in Turkish cities: owner-occupation with freehold or on squatted land; and private rental from either of these. The Turkish state has never constructed housing for low-cost renting, so 'social housing' means low cost freeholds. For thirty years the state allowed new immigrants from rural areas to construct squatter settlements (*gecekondu*) on state-owned vacant land in the cities, built either by the settlers themselves or by land speculators. This was in effect one of the few redistributive policies of the state in favor of industrial capital, since it meant that a labour force could be built up without these new workers making 'excessive' wage demands. In this period formal state intervention into urban housing was through subsidized credit to building firms, or direct building, by the Turkish Real Estate and Credit Bank and the Social Insurance Fund, to provide housing for sale. In the event these institutions provided little lower-income housing but a considerable amount of upper class developments, leading to criticism of them even by middle-income people (Bugra, 1998).

In the mid-1980s the government turned to a neoliberal strategy. This resulted in a sharp decline in wages and consequent worsening of the crisis in urban housing. To deal with this, the government introduced amnesty laws, including 'improvement plans', with which existing illegal buildings were not only regularized, as in previous measures, but were given further construction rights. This was accompanied by the devolution of urban planning to municipal authorities, with the aim of stimulating market-driven construction and land development. In this way many squatter settlements were transformed into authorized low-quality apartment buildings through the agency of small and middle scale builders. Ironically, amnesty laws and regularization plans were also used to construct large residential complexes for the upper class on empty peripheral land, including areas of forests and reservoirs.

A second reaction to the crisis was to reform the state's funding of housing. The Mass Housing Administration (MHA) was founded in 1984 as the central state institution entrusted with encouraging and undertaking the construction of housing projects backed by large scale state funding. The MHA was more successful than the previous institutions, and in the late 1980s and early 1990s constructed a large number of housing cooperatives for middle and low-income people in the peripheral areas of large cities, comprising in all more than 200,000 residential units. But, following the previous practice, in this period the MHA also constructed nearly 40,000 units on its own land in Ankara, Istanbul and Izmir for sale to middle and upper class people, forming prestigious residential areas. This major role of the MHA was, however, sharply curtailed in 1993 as a result of a severe fiscal crisis, with its main funding stream being switched to non-housing purposes.

In the 1980s and 1990s, aside from these results of state policy, there was further expansion on the city peripheries. This was partly of new squatter settlements as rural-urban migration continued. It was also of upper and middle class housing in privately-planned projects. In all, there was a strong movement of higher income people towards the city peripheries, and emergence of a fast-changing pattern of spaces fragmented along class as well as ethnic lines.

From the beginning of 1990s to 2003 there appeared 'regeneration' projects in inner city neighbourhoods with existing low-rent uses but potentially high rent ones, with municipalities playing an active role. In Ankara, the capital city, such projects were directed at certain squatter areas (Ozdemir, 1996), whereas in Istanbul they targeted particular parts of the historic center with lower-income residents (Islam, 2005). These initiatives have led to gentrification. But the pace has been slow: both socio-economic and political-legal difficulties meant that the projects were limited in number and small-scale.

A series of events around the turn of the millennium led to an investment boom in the urban built environment, comprising commercial property as well as housing, and a much stronger strategy of the national state towards urban restructuring. The first event was the massive earthquake in 1999 in the Marmara region, where leading economic cities including Istanbul are located, which produce more than one-third of the country's total output. This was used both to attack existing urban policies and planning institutions (hypocritically ignoring their trajectories based on neoliberalism: Sengul, 1999), and to legitimate a new discourse of urban regeneration. In 2000 the Turkish state started discussions about entering the EU. In 2001 the Turkish economy experienced a sharp

crisis and recession, to which the dominant sections of capital responded with a strategy of further opening up the economy to international capital, especially financial capital (Ercan and Oguz, 2007). In 2002 the Justice and Development Party (JDP) came to power for the first time. The JDP to a considerable extent represents provincial small and medium capital in manufacturing, construction and commerce. It has a strong orientation towards the EU and so-called globalization processes within a moderate project of political Islam, putting it in conflict with the state bureaucracy, the military and the sections of capital linked to them; the latter had dominated Turkish politics since the nationalist revolution of Ataturk. The JDP has seen urban restructuring as an essential part of integrating Turkey more strongly into the EU and global economy – and also, conveniently, a way of boosting the domestic construction sector.

The main institutional means chosen by the JDP for this aim has not been the municipalities but the centrally-funded and controlled MHA, which has been reinvigorated and indeed greatly expanded in its powers and scope. Although most big city administrations were in the hands of the JDP, the government has regarded them as too weak administratively, technically and financially to undertake the scale of restructuring envisaged. The remit of the MHA has been *both* to provide better housing opportunities for middle- and low-income people *and* to initiate projects of luxury housing and associated up-market consumer services. Regarding the former, in its initial 'Emergency Action Plan' the JDP government declared the 'regeneration' of squatter areas and the provision of social housing for low-income groups as its major urban aims (AEP, 2002). The power of the MHA was expanded in four major directions. First, it was given powers to establish companies related to the housing sector and to go into partnership with existing companies, grant credits for, or directly undertake, the

transformation of squatter areas, and preserve and restore historical and regional architecture. Secondly, the MHA was empowered to undertake, directly or indirectly, profit-oriented projects in association with the private sector, known as 'revenue sharing', to give an income stream to fund its other activities. Thirdly, the MHA has been given, for the first time, urban planning powers: to make plans at all scales, and alter existing plans, in areas designated for mass housing development, and to carry out compulsory purchase of property and land within these areas. Fourthly, the government transferred all the duties and powers of the national Urban Land Office, together with its land bank of 64.5 million square metres, to the MHA, in order to integrate housing production with land acquisition and development. The MHA has thus become an institution with exceptionally strong powers for the (re)development of urban space, being able to bypass conventional regulations, institutional bodies and plans, and create local project agencies operating like private companies.

With this framework, the MHA has initiated a countrywide housing programme, during the last five years constructing 286,000 housing units through contracts with private builders. Of these, 144.000 units have been provided for middle and low income people, and 61,000 units are supplied to the poor people under long repayment maturities of 20-25 years, while another 40,000 have been built in areas hit by earthquakes and other disasters. At the same time, the MHA has undertaken revenue-sharing projects involving the construction of 44,000 housing units in luxury residential areas. In the latter, private developers bid to construct housing on state-owned land, and a site-specific contract is agreed under which the MHA alienates the land to the developer and is paid in tranches over 4-5 years a proportion of the actual profit made from selling the houses; the MHA typically appropriates 25-30% of total revenue. The resulting income to the MHA is used

to subsidise the middle to low income housing, which is sold at below market prices. The head of the MHA argues that these revenue-sharing projects are a new model of funding for a public authority with a limited budget (Bayraktar, 2006: 233). In the last five years the MHA has sold land in large cities in return for $US 4 billion, which amounts to over one-third of its total investment expenditures over the period.

Revenue-sharing schemes are of great benefit for the private developers. Because of the MHA's planning and land assembly powers, urban land is easily acquired and the legal procedures are completed in a short time. The MHA guarantees to the final buyers the quality of construction of the housing, an important consideration given the generally low standards of the Turkish building industry; consequently the houses are strongly marketed even at their project stage. Moreover, the developers carry very little risk since most of their payment for the land occurs after they have sold the houses – as the association of property companies admits (GYODER, 2007).

In this context, the inner areas of large cities, including squatter settlements, have increasingly been the strategic focus of the MHA's profit-oriented projects because of their 'rent gap'.   We have seen that such projects were undertaken since the early 1990s, but without the state's help they proceeded at a slow pace; the MHA has now changed this situation radically, and is responsible for most of the current inner city developments. It has developed a protocol for the 'regeneration' of squatter settlements with the local authorities. The local authorities identify the area for redevelopment, the protocol is signed, and the area is legally defined as an 'urban regeneration zone'. The MHA and local authorities together then map the current property relations. The existing *owners* are invited to either sell to the MHA, or participate in the regeneration process with their own

capital. *Tenants*, on the other hand, have no right to stay in their accommodation, but are given a chance to *buy* a house from the MHA's new social housing projects on vacant areas at the fringes of the cities. Although the latter are subsidised by the MHA, they are still beyond the reach of most of the tenants. In this way the inner-city squatter areas are cleared and redeveloped for luxury housing, with the MHA as well as developers reaping the profit. By the end of 2007, 28,000 units of luxury inner-area housing have been started through this programme, most in the three biggest cities; and more than a hundred municipal authorities have applied to the MHA to develop 113,000 further units.

The last twenty years, then, have seen an acceleration of 'the urbanisation of capital' in Turkey, with increasing investment in the built environment and property markets freed from traditional social constraints (Sengul, 2003; cf Harvey, 1989). This has involved major changes in the dominant actors. From the 1950s to the 1980s, small to medium builders predominated, whereas since then it has been national and international builders, developers and finance. In the earlier period the poor could find housing through using public land, under the clientalist patronage of the district municipalities; now this land is being fully commodified, and control has been shifted up to the greater municipalities and nation state where the poor have even less influence (Kurtulus, 2007).

Istanbul under the MHA's wing

From the Ottoman period, Istanbul has been the major city of Turkey with regard to economic activities and social dynamics. It was the centre of emergent industrial capital throughout the nationalist developmentalist era in the aftermath of World War II, and

experienced massive inward migration. It rapidly spread outwards, particularly through the expansion of squatter settlements near the new factories on the (moving) edges of the city. However, with the adoption of neoliberal strategies from the mid-1980s, the city has entered into a new phase, in which the shock of Turkey's integration into supra-national capitalist dynamics focused on Istanbul. Peripheral squatter settlements have continued to grow, but at the same time emergent globalizing commercial spaces and upper class residential areas emerged towards the outskirts of the city. Hence in the greatest metropolis of the country disparities of income, wealth and power deepened, expressed in spatial segregations (Keyder, 2005).

In the last decade, the city has taken a further step in its internationalization. Istanbul has been conceived by Turkish capital and state as a supra-national regional economic centre, serving to accelerate the integration of Turkey into global capitalism, superceding Beirut as the financial hub of the Middle East, and linking the latter to Europe. To this end, the JDP government set up a new planning authority for the city, Istanbul Metropolitan Planning (IMP), which operates at a new spatial scale for the state, namely the whole city-region. The IMP has strategic planning powers which override the previous, smaller municipalities. It has adopted two essential aims: the decentralization of manufacturing industries towards outer edges of the built-up area, and the transformation of the inner city towards finance and business services and up-market consumption and residential spaces, thus moving the growth in the latter uses from periphery to centre. It has proposed large-scale urban (re)development projects as the main tools for this spatial restructuring. These include three large sea ports at Haydarpasa, Galata and Zeytinburnu, which incorporate trade centres, offices and hotels and which use existing public land, buildings and green spaces. In addition, new sub-centres are to be created in the outer east and west sides of

the city to accommodate local, lower level commercial activities, enabling the inner city to be freed for higher-level business sectors.

Redevelopment of the inner city towards the new internationalized uses is taking place partly on vacant land owned by public authorities. But it has also been targeted on rundown residential areas with poor inhabitants; the IMP has seen a 'rent gap' in these areas, and they appear as its major planned 'regeneration' projects. These areas are composed firstly of historic buildings formerly occupied by ethnic minorities of all classes who were expelled from the country by the nationalist regime in the 1920s and 1930s, and secondly squatter settlements built by immigrants in the last fifty years. The workers in these areas are mainly employed in informal service sectors in the city centre. About a half of the units are owned by the occupiers while the other half are rented. The ownership structures have until recently made it difficult for private developers to enter into these potentially valuable areas of the inner city. In this context, there has appeared a particular division of labour between capital and the state and also national and local levels of state. The MHA has taken a central role: it has provided technical help to the municipalities; on publicly-owned land it has chosen the private developers; and above all, it has, directly or indirectly, carried out the eviction of the existing residents.

A striking case is the recent regeneration project in the Sulukule district, two   dilapidated neighborhoods near to the historic center which have been occupied by Anatolian Gypsies since Byzantine times. The MHA-led project is aiming to replace existing buildings with 'Ottoman-style' villas; it is projected that more than a hundred buildings are to be demolished. The MHA has offered housing owners two options: either to buy newly built luxury apartments at a high price, or to buy housing units provided by the MHA in the

peripheries of the city at below-market rates; the third of residents who are renting are also given the chance to buy such 'social housing' units. Since the residents are mostly employed in temporary jobs with low and irregular income, these purchases are not easy, especially for those presently renting and thus lacking any capital. Moreover, the MHA's housing area is 45 km away, making access to employment in the city center extremely difficult and costly.

Another project, Kucukcekmece, is to create large residential developments near a planned new commercial growth pole in the outer west line of the city. The MHA first demolished nearly 2000 squatters' housing units in the area and transferred their owners to social housing in less valuable areas. The very poor renters in the squatter settlements were again disregarded when they could not afford to buy these units. The MHA has now started construction of 100,000 housing units, at enormously increased density, plus consumption and recreational spaces.

Other similar regeneration projects are currently in train. The latest statements by the MHA imply that these are just a start. "We will enter into many squatter areas of Istanbul this year" said the chairman Erdogan Bayraktar, in a recent TV speech. According to the MHA, half of all the housing units in Istanbul, nearly 1.5 million, violate either the development plans or statutory procedures for the building process. This is presented as conflicting with the project of making it a global city, and also as dangerous in the event of another major earthquake. Accordingly, the MHA envisages demolishing approximately 60% of the settled area of Istanbul. It is expected that more than 2.5 million people will have to move to the periphery. The motivation of structural weakness of building appears hypocritical when one notes that squatter settlements located on the

city's hills, which are low risk because the ground is less vulnerable to tremors, are a priority for demolition; because of their wonderful panorama of the Bosporus, they are targeted for luxury residential areas that would bring the MHA large profits.

Despite the projects now in hand, the state and capital have not been satisfied with the pace of the transformation process. The laws on urban development, even including the recent enlargements of state powers described above, are regarded as being inadequate to provide local and national bodies with decisive authority. Thus a new law concerning the process of urban transformation has just (February 2008) been prepared by the government with the support of the property capital and municipalities of large cities. Under this law, urban redevelopment projects would not have to conform to city plans, and public authorities would have yet-stronger powers to expropriate buildings (Ekonomist, 2007). The MHA chairman declared that a comprehensive attack on squatter areas of Istanbul would start with the introduction of this law. His words tell of the increasing authoritarianism of urban policy in Istanbul: "The MHA is dependent on the state, not the people, and they must obey the rules. If they don't, the land will be expropriated and developed along profitable lines" (CNNTURK, 2008).

Resistance and the future

In recent years, however, the MHA's projects have been resisted by residents. As the projects have been prepared through the cooperation of the MHA, municipalities and property companies without any involvement at all of the residents, resistance has generally started with collective attempts to understand what is being proposed, which in a short time are transformed into neighborhood organizations. Their basic demands have

been to halt the demolitions and evictions, and to allow residents' participation in both preparation and implementation of the projects. Forms of resistance have differed between neighbourhoods depending on their social structures, political traditions and (hence) organizational capacities. For example, the districts of Derbent/Sarıyer and Aydost/Pendik have organized as an urban movement for the right to housing in their existing living places. Residents in Gulsuyu and Gulensu districts cooperated with activists, including academics, students and the 'Planning Workshop in Solidarity', to produce an alternative plan for regeneration without evictions. In Sulukule the Gypsy residents' organisations have denounced the evictions as ethnic cleansing of the inner city, and have brought the issue to the European Parliament as a violation of their ethnic cultural rights.

The neighborhood movements have also sought the support of political parties, left groups and professional associations. Workers in the inner city squatter areas have been increasingly subject to informal, insecure and casual employment, so direct links to trade unions have be weak; but left sections of the Turkish union movement have recently become interested in urban issues, particularly in Istanbul.

The state, however, has responded with strategies, ranging from subtle to brutal, to weaken the resistance. The authorities have used their access to the media to present the dwellers in squatter areas as 'invaders' of public land, notwithstanding the previous decades of their legitimation. Demolition has been spread over time to divide different groups of residents. Divisions between owners and tenants respectively have been encouraged, for instance by offering owners preferential access to new housing, and in some cases this has weakened neighbourhood unity of purpose. Public services such as

transport, water and electricity have been cut off or closed.   Finally, the residents have been frightened by pressures applied to leading resisters, and by police harassment targeted on the most marginalised groups including Kurdish immigrants, left activists, homosexuals and people of African descent.

These attacks have enabled the state, so far, to more-or-less continue with its plans. Resistance has elicited some relatively minor changes to the development process, but has in no case halted or radically changed it.   The authorities in some cases have made short delays in demolishing houses; have agreed to complete new social housing for owners before demolition took place; or have given temporary income or rental support to tenants. A necessary condition for obtaining such concessions seems to have been tenacious organization and effective use of the media. But Sulukule residents have just failed to prevent demolition and eviction, despite getting some positive coverage in the media and eliciting a certain pressure from the EU on the municipal authorities. A similar failure has also been experienced in Maltepe-Basıbuyuk and Pendik-Aydost even though they established strong neighbourhood organizations.

The movement has come to realize that it has been weakened by its fragmentation between the various neighbourhoods, so that resistances have been uncoordinated in space and in time. As a result, more than 20 neighbourhood organizations have just established a new association at city level, the Platform of Istanbul's Neighborhood Associations (PINA), so as to improve communication and develop solidarity between neighborhood movements, and to strengthen support from other social actors. Its founding declaration expresses the historical irony of the present 'regeneration' initiatives and their class nature:

"…Our story dates back to the 1950s. As we had not been able to live on in our villages and towns due to the lack of investment, we moved to large cities… State and capital encouraged us to be workers in their growing factories, without any social policy on low income housing, [so that] we had to occupy public land… In spite of living in squatter areas, we created competitive industries and spectacular cities. But as these developed and became involved in spatially-wider networks, we began to be seen as rough workers unworthy to be living in inner cities. The state and companies are now seeking to evict us from our living places… " (PINA, 2007: 103-4).

Although it lacks experience, PINA provides an important step in coordinating resistance at wider scales. In our view the future of the movement depends crucially on the creation of alliances with other progressive social actors, especially the trade unions, to develop an active counter-strategy for the whole city-region, and thus to draw support from the majority of Istanbul's residents.

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