



The Concept of Competitiveness through Regional Development Policy in Turkey and the Case of Istanbul Development Agency

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Abstract

In the process of accession to the European Union, Turkey has begun the process of creating the Regional Development Agencies (RDA) in 2006. Currently, twenty-six RDAs became operational. Furthermore, the creation of these RDAs must also be understood in the context of the country's economic competitiveness policy. If economic regionalization will achieve these objectives, it must also meet the requirements of economic competitiveness and to those of governance. The question is to what extent Turkey, with a strong tradition of centralized administration is capable and ready to move towards a genuine decentralization policy that would support and encourage local and regional development initiatives avoiding centralizing reflexes of the political-administrative system. In this perspective, this work aims to study the concept of competitiveness and its involvement in territorial development policies in Turkey through the creation of regional development agencies. The issue will be addressed as part of a case study of ISTKA, the Istanbul Development Agency.

Keywords: Competitiveness, Regional Development Agencies, Governance, New Regionalism, City-Regionalism, Centralism, Decentralization, European Union, Globalization, Istanbul.

Rekabetedebilirlik Kavramı Işığında Türkiye’de Bölgesel Kalkınma Politikası ve İstanbul Kalkınma Ajansı Örneği

Öz

Avrupa Birliği’ne uyum süreci çerçevesinde Türkiye, 2006 yılından itibaren Kalkınma Ajansları’nı kurmaya başlamıştır. Hâlihazırda 26 Kalkınma Ajansı faal durumdadır. Bununla birlikte, Kalkınma Ajansları’nın kurulması Türkiye’nin ekonomik rekabetedebilirlik politikası ile de birlikte düşünülmelidir. Kalkınma Ajansları ile “ekonomik” bir bölgeselleşme siyaseti güdülmekte ve bu sayede hem rekabetedebilirliğin artırılması hem de yönetim yapılarının kurulması da hedeflenmektedir. Sorulması gereken soru, aşırı merkeziyetçi bir yönetim geleneğine sahip olan Türkiye’nin yerel

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ve bölgesel kalkınma dinamiklerinin önünü açacak kapsamlı bir yerelleşme politikasını ve anlayışını hayata geçirip geçiremeyeceğidir. Merkezîyetçi refleksler, bölgesel ekonomik kalkınma ve rekabetedebilirliğin desteklenmesi önünde bir engel teşkil edebilmektedir. Bu bağlamda bu çalışma Türkiye’de rekabetedebilirlik kavramını bölgesel ekonomik kalkınma politikası çerçevesinde açıklamayı ve tartışmayı amaçlamaktadır. Bu çerçevede, İstanbul Kalkınma Ajansı örneği üzerinden de konu derinleştirilecek ve tartışmaya açılacaktır.

Anahtar kelimeler: Rekabetedebilirlik, Bölgesel Kalkınma Ajansları, Yönetişim, Yeni Bölgecilik, Kent-Bölgecilik, Merkezîyetçilik, Avrupa Birliği, Küreselleşme, İstanbul.

Introduction

“Until 2023, our goal is to reach \$ 25,000 per capita income. In 13 years, our exports will exceed 500 billion dollars threshold and foreign trade volume will rise to \$ 1 trillion.”

These are the goals of Vision 2023 made by Recep Tayyip Erdogan, Prime Minister of the time, in a speech in January 2011 in Ankara deal with members of his party. Ambitious goals but how to achieve them? Many government official documents such as strategic policy documents as well as many speeches made by representatives of the AKP emphasize the importance of the implementation of reforms targeting the institutional, administrative and economic structure of Turkey. Such an economic feat can be embodied in conditions of political, economic and financial stability supported by undergoing democratization reforms that would promote the entry and maintain of financial flows and foreign investment in the country.

To meet the requirements of economic globalization, of the European Union as well as those of national economic forces aspiring further integration into the international market, AKP is implementing many reforms in the institutional and administrative system since 2002. The policy of regional development is one of these reforms. The objective of reducing regional disparities exists in the political agenda of governments since the founding of the Republic. Moreover, the creation of the State Planning Organization (*Devlet Plânlama Teşkilatı* - DPT, actually Ministry of Development) in 1960 represents the concern and attention of the state related to regional inequalities. However, regional policy is no less characterized than other policies by the centralist character and culture of the state.

It was not until the opening of accession negotiations of Turkey to the European Union in 2004 that a significant change has been possible. The creation of regional development agencies (RDAs) in 26 NUTS 2 regions in 2006 means the establishment of a new institutional structure and a new strategic approach to regional policy in Turkey. Characterized thus far by a top-down approach, concentrating all decision-making powers and expertise centrally in the DPT, regional policy is reconfigured with the policy of creating RDAs in the context of pre-accession to the European Union. Now, the regional plans are developed at the regional level through the participation of local actors which means decentralization of regional planning policy hitherto led by DPT. The financing problem regarding the achievement of goals set in these plans also appears solved by

concrete budgets accorded to RDAs. On the other hand, RDAs, coordinated by the Ministry of Development, are also present as institutions that are supposed to increase the competitiveness of Turkish regions beyond the objective of reducing regional disparities. The objective of improving the competitiveness of regions coincides with national economic objectives. The export-oriented economic growth policy implemented since the 1980s, but increased and strengthened by AKP governments since 2002, can achieve considerable performance with regional institutional bodies at territorial level.

EU conditionality *vis-à-vis* its regional policy is not the only factor that mobilizes such change. Indeed, on the one hand, AKP seeks to support its economic development policies through the mobilization of local economic forces, on the other hand; these are also demanding institutional status as well as financial resources to stimulate local development in a bottom-up approach.

In a context of economic globalization and decentralization policies which are tending to highlight the regions and cities as centers of growth of globalized world economy, economic regionalization policy in Turkey through the creation of RDAs seeks to give a collective identity, organizational and financial resources to the localities in Turkey. We are still very far from evoking the existence of administrative or political regions, but it is a territorial institutionalization at NUTS 2 level, which could eventually build a more successful coordination between various levels of governance; national, regional and local. Indeed, competition and/or competitiveness are becoming the organizational and operational principles of its new structures at regional level.

But what is the source of this logic of competition affecting regions more so than the central level? What are its theoretical references? And territories, especially cities which regain their central role in the globalized economic competition, how this logic of competition is translated into action? Initially, this work will focus on these aspects of the concept. And secondly, the focus will be on the appropriation of competition as the new regulatory norm of regional policy in Turkey as well as its resonance with the centralist culture that still remains. Finally, the issue will be addressed through the example of Istanbul Development Agency (*İstanbul Kalkınma Ajansı - ISTKA*). What is the role of the ISTKA in the promotion and economic development of Istanbul *vis-à-vis* regional and international competition? How ISTKA lies in the governance system that connects local stakeholders (public-private) with the central authorities? What is its function in relation to major infrastructure projects that seem to transform Istanbul? How ISTKA acts to regenerate competitiveness? Implementing which policy tools? And what is its ability to perform as a collective actor?

The Concept of Competition and Spatial Development Policies

The Competition through New-Regionalist Approach

Globalization has been accompanied by the assertion and reassertion of agglomerative tendencies in many different areas of the world, in part because of the very openness and competitiveness that it ushers in (Scott, 1998; Puga and Venables, 1999). In recent years, the region has been

rediscovered as an important source of competitive advantage in a globalizing economy (Scott, 1995; Cooke, 1997) In part, this rediscovery is based on studies of the success of highly dynamic regional economies and industrial districts which draw extensively upon local assets for their competitiveness. However, the rediscovery is also based on the insights of institutional economic theory, particularly its explanation of why territorial proximity matters for economic organization (Amin, 1999:368).

Michael Storper has suggested that a distinctive feature of places in which globalization is consistent with the localization of economic activity is the strength of their “relational assets” or “untraded interdependencies”. These are assets which include tacit knowledge based on face-to-face exchange, embedded routines, habits and norms, local conventions of communication and interaction, reciprocity and trust based on familiarity and so on. These relational assets are claimed to have a direct impact on a region’s competitive potential insofar as they constitute part of the learning environment of firms. (Amin, 1999:369) The contention of Krugman and Porter is that the spatial clustering of interrelated industries, skilled labor and technological innovations offers some of the key elements of growth and competitiveness. These include increasing returns, reduced transaction costs and economies associated with proximity and interfirm exchange, as well as specialized know-how, skills and technological advancement (Amin, 1999:368).

The institutionalist geographers offers a much richer understanding of territorial proximity than that offered by endogenous growth theory, which continues to stress well-known but rather tired agglomeration factors. Proximity has come to be considered in ways which acknowledge the territorial parameters of the institutional and social sources of economic action (Barnes, 1995; Thrift and Olds, 1996). This includes the power of local rationalities and traditions of behavior, the properties of face-to-face networks and the quality of local institutions, social habits and conventions (Amin, 1999:370).

According Ash Amin, the new regionalism implies practical action which transcends the limits of traditional local economic development initiatives. The focus falls on building the wealth of regions, with upgrading of the economic, institutional and social base considered as the prerequisite for entrepreneurial success. Thus, local effort might focus on developing the supply base and the institutional base (from development agencies to business organizations and autonomous political representation) in order to make particular sites into key staging points or centers of competitive advantage within global value chains (Amin, 1999:370).

Much contemporary regionalism is concerned with localizing decision making in core institutions such as regional government, regional assemblies and regional development agencies. Such an institutional frame is believed to help build a locally integrated economic system gathered around the dynamics of clusters, local supply chains, and local knowledge transfer. In this politics of localism, now actively endorsed by the EU and many national governments, a strong link is predicated between the economic and the political, based on the establishment of a locally governed institutional structure to support a locally oriented economic system (OECD, 2001;

DETR, 1997; DTLR, 2001). The European Union has also been very active in promoting regionalization and regional governance in the candidate states Amin, 2008:6).

In particular, new regionalists go so far as to claim that contemporary capitalism and its territorial configuration are best regulated and governed in and through the decentralization of socio-economic decision-making and associated policy implementation to sub-national institutional frameworks and supports (Cooke and Morgan, 1994; Florida, 1995; Storper, 1997; Scott, 1998).

Michael Keating traces the rise of the region to three interdependent political economic tensions. The first concerns a *functional restructuring*. Here, under conditions of intensified economic globalization - not least the 'threat to exit' exercised by capital (Fox Piven, 1995, cited in Kelly, 1999) - nation-states are no longer perceived to be capable of managing their economies through redistributive policies and the strategic placement of public investments. The second refers to *institutional restructuring*, where a decentralization of governance might be conducted: (1) in the name of modernization; (2) as a response to pressure from regional political movements; or (3) as a means to *enhance* national political power by devolving the responsibility to regional stakeholders. Finally, the third identifies *political mobilizations* enacted by strategically significant communities of interest, whether in the name of nationalism or regionalism. Keating (1998:14) goes on to argue that 'as the state is penetrated by the market and by international regimes, territories are remolded and regional actors forced into a more direct relationship with the external world'. Scott (1998) raises comparable themes when discussing a 'spatial mismatch' between the sovereign state and the organizational features of modern capitalism, giving rise to a fourfold spatial hierarchy: the global level, multinational blocs like the European Union, sovereign states and regions (MacLeod, 2001:814).

"Entrepreneurial Cities" in the Globalization Context: From Competitive Regions to Competitive City-Regions

In what remains the most comprehensive account documenting the rise to prominence of city-regions in the global economy, Allen Scott's book 'Global City- Regions' argues how, when presented together, 'city regions are coming to function as the basic motors of the global economy, a proposition that points as a corollary to the further important notion that globalization and city-region development are but two facets of a single integrated reality' (Scott, 2001:4).

Under the titles of 'global city-regions' (Scott, 2001) and the new 'city regionalism' (Ward and Jonas, 2004), there has been a growing support for a resurgence of city-regions within economic geography. Moving away from new regionalist accounts claiming that contemporary capitalism and its territorial configuration were best regulated and governed in and through the decentralization of socioeconomic decision-making and associated policy implementation to regional institutional frameworks and supports, it is now city-regions that are seen to 'function as territorial platforms for much of the post-Fordist economy that constitutes the dominant leading edge of contemporary capitalist development and as an important staging post for the operation of multinational corporations' (Scott, 2001:4).

The focus on the concept of the city-region has partially been a reaction to the views of globalization that emphasized the idea that “location no longer matters” (O’Brien, 1992:73). Although the combination of technical progress and de-regulation has greatly enhanced the mobility of goods, labour, capital, and knowledge, this has neither implied the ubiquity of economic activity, nor undermined the need for urban concentration (Scott et al., 2001:15). In fact, the increasing mobility of factors has provoked a restructuring of economic activity that has benefited city-regions which “come to function increasingly as the regional motors of the global economy, that is, as dynamic local networks of economic relationships caught up in more extended world-wide networks of inter-regional competition and exchange” (Scott et al., 2001:16). From this perspective, the prosperity of large populations living not just in core cities, but also in small, distant urban areas and rural locations has come to be regarded as dependent on the dynamism and prosperity of city-regions (Deas & Giordano, 2003).

The minimum common denominator of virtually all definitions of a city-region is the presence of a core city linked by functional ties to a hinterland. The nature of those ties varies from one definition to another, but generally includes a combination of economic, housing market, travel-to-work, marketing, or retail catchment factors. Other authors even include identity and the social and cultural domination by the core city as essential elements of a city-region (Davoudi, 2003:986). However, even the combination of an urban core and a semi-urban and rural hinterland as the essence of a city-region is often modified. The urban core is, at times, substituted by multiple cores, making the city-region a polycentric geographical unit (Scott et al., 2001:11; Faludi, 2002; Parr, 2003; ODPM, 2005) which frequently leads to the formation of networked mega-city regions (Hall & Pain, 2006).

City-region proponents - and, in particular, American “new regionalists”- make a clear distinction between governance and government, putting greater emphasis on the former as a way to promote voluntary cooperation across metropolitan areas in order to make them more competitive (Savitch & Vogel, 2000; Norris, 2001). Second, the city-region is regarded as the economic locomotive in a globalized world (Hall, 1998; MacLeod, 1999; Scott, 2001b; Scott et al., 2001; Scott & Storper, 2003), with the welfare and prosperity of large territories dependent on the success of its core and on that of neighboring city-regions. And finally, the city-region framework is considered as the ideal scale for policy intervention in a globalized world (Ohmae, 1995, 2001; Keating, 1998; Tomaney & Ward, 2000; MacLeod, 2001; Scott et al., 2001).

To better understand the characteristics of city-regions, it is also appropriate to bring the look on the concept of “entrepreneurial city”, developed by Patrick Le Galès. According to Le Galès, the metaphor of the entrepreneurial city is characterized by three elements: the discourse of competition and the market, including in terms of image and identity, the political priority given to economic development issues and attraction of investment, favored social groups, the transformation of local government to the type of organizational forms public-private partnership that give private actors an important role in defining the general interest of the city, priorities, management methods as well as in the design and implementation of projects (Le Galès, 2003:287).

According to the competition credo, cities would do well to improve their position on the prestige scales, wealth and political weight in the international long term competition. D. Harvey (1989) identified the different dimensions of this pressure in terms of competition to attract investment, affluent social groups and visitors and implications for urban policy. (Le Galès, 2003:287-288).

Table I. (OECD Territorial Reviews: Competitive Cities In The Global Economy, OECD 2006:55)

Box 1.4. What is city competitiveness?

There is an extensive literature on factors of competitiveness. Factors such as infrastructure and accessibility, industry and economic scale and structure, human capital and labour force may act as major determinants of city competitiveness. Major drivers that function as intermediaries between the indicators and final regional performance or competitiveness may include entrepreneurship, innovation, investment and competition (Parkinson in ODPM, 2004). These factors are especially important in facilitating new business growth and product development and playing an even more important role in fostering the growth of a new economy that centres on knowledge creation and innovation. Facilitating these drivers entails creating competitive dynamics or efficient interrelationships among the major competitiveness indicators and other aspects of local business environments (government and business associations, etc.).

A widely cited case for measuring competitiveness is the measurement by the International Institute for Management Development (IMD), which measures competitiveness in four major categories: economic performance, government efficiency, business efficiency and infrastructure. These four major categories can be further sub-divided into more specific measures covering a comprehensive set of perspectives in national growth. Although employed at the national level, these measures apply to regional economies as well. A recent study in the United Kingdom identified factors in urban competitiveness, including economic diversity, quality of life, skilled labour force, internal and external connectivity, innovation in firms and organisations, and strategic decision taking capacity, etc. (Parkinson in ODPM, 2004).

Cities compete to attract and retain mobile factors of production, namely labour and capital. Cities compete directly with each other by providing the greatest quantity or optimal combination of location factors (such as green spaces, affordable housing, business support, quality of pre-university education for families, presence of headquarter functions, etc.) to lure skilled labour and investment. However, some economists may argue that competition is indirect as it derives from competition among businesses based chiefly on productivity. Whatever the view on city competition, policies to enhance the capacity of cities to attract businesses and workers have shaped regional and local policy in many OECD countries. There is also a concern across OECD countries to seize economic opportunities taking into account a sustainable growth approach.

Cities are trying to build as consumer center (commercial and leisure complex centers, shows, major urban projects, culture) as the command center (headquarters of major companies, government agencies). They implement policies to become attractive with regard to investors and people: urban planning, social policy, image, culture, everything would be reviewed in the light of the requirements of competition ... which is not benign because this implies social transfers, modification of public intervention in favor of private, reallocations in favor of targeted groups (Le Galès, 2003:288).

Success in competition is gradually gaining ground as a principle of legitimizing of public action, it has naturalized as a binding constraint. Once launched the dynamics of competition, and whatever the evolution of transnational investment flows, means are more and more importantly mobilized to attract investments. All investment projects attracted in a city allows a much better staging of elites which presenting the city with a vibrant image and with a status of “winner.” (Le Galès, 2003:288).

Consequently, cities once structured by the Keynesian state and industrial capitalism become “entrepreneurial cities” that adapt both to the demands of globalized capitalism, to the organized mobility within the European Union and to the discipline imposed by the *competitive state* (Strange, 1993; Cerny, 1989).

Furthermore, given the significant increase of market logic by the globalization processes, the logic of competition has emerged strongly as a structuring principle of coordination of social and political actors. This competition is accompanied by discourse production, strengthening social groups, changing the relationship between politics and policy, as well as the exclusion of other groups, policies, and ideas, in other words, strengthening entrepreneurial forms of governance favoring the dominance of new urban oligarchies. However, according to Le Gales, beyond the competition, various forms of regulation exist also in European cities such as the development of anti-poverty strategies; the regulation of real estate markets; the reinvention of culture and identity and mobilization of local society by urban projects (Le Galès, 2003:304-319).

Regional Development Agencies (RDAs): Institutional Tools for Competitive Regions and Entrepreneurial Cities across EU context and Globalization

RDAs are as a practical implementation of certain orientations of the new regionalism and post-Fordism. According Aytül Güneşer Demirci, development model proposed by the RDAs draws particularly the contributions of new public management and those of the notion of governance that emerged in the 1980s and 1990s. The development model is based on the RDAs disqualifies the objective of reducing regional inequalities in favor of the objective of strengthening interregional competition. In this regard, this model proposes to delegate more executive and administrative expertise to the private sector. Furthermore, it highlights the need to allocate a certain autonomy to RDAs *vis-à-vis* their relations with the central government (Özışık, 2012:144).

The principles of action of RDAs are as follows:

- The public sector is no longer the main player economic development. Public investment should be limited to investments of infrastructure
- The economic and structural development must be led by the private sector.
- Support companies that focus on exports at the expense of those that focus on the domestic market.
- Minimizing bureaucratic and administrative procedures which are facing entrepreneurs and investors.
- Support local businesses, especially SMEs, until they get a certain capacity for competitiveness.
- Strengthening local human resources by cooperative forms of action to accelerate the establishment of industries (Özışık, 2012:145).

With the creation of RDAs, according Aytül Güneşer Demirci, leadership of local actors replaces the main role of the central state. It is adopting a bottom-up approach to regional development policies. Thus, in the context of global economic competition, the regions are forced to give the best investment conditions to foreign and domestic companies through RDAs (Özışık, 2012:145).

The creation of the first RDAs in Western Europe in the 1950s and 1960s, aimed at reducing the negative effects of the Second World War and to adapt to technological advances that develop in the world. According Koray Karasu, from the years 1980 and 1990, the rise of the 'region' (mainly in the direction of economic regionalization) can be explained by the emergence of economic and social cohesion policy the EU. Since 75% of the EU *acquis* is devoted to legislation on local and regional levels of administration, the EU appears as a supranational actor that promotes regionalization policies and plays an important role in promoting the "regions". Some believe that the RDAs are as an institutional project for strengthening integration and European construction (Özışık, 2012:146).

RDAs, through their institutional and technical capacity, contributed to the development of disadvantaged areas by offering them the structural funds. Currently in the EU countries, there are more than two hundred RDAs working at the national level, at the city level, the departmental level as well as international level. Their statutes and organizational structures vary in each country (Gençyürek, 2006).

According to the definition of the EURADA, a RDA is defined as:

"a RDA is an operational structure that identifies sectoral or overall development problems, chooses a range of opportunities or methodologies for their solution and promotes projects which can maximize the solutions to the problems" (EURADA, 1999).

In this perspective, RDAs implement work such as collecting information and data available to local authorities and businesses; infrastructure development for environmental protection; the favoring and strengthening of local assets such as tourism; the construction of industrial and technological parks, construction of innovation centers and business etc. In addition, most of the RDAs seek to attract foreign investment. For this, they establish specialized offices which, due, working with national institutions. They prepare information guides for investors and they also participate in trade fairs.

One of the main differences of RDAs lies in their relationship with the national government. EURADA classifies agencies according to their reports to the state in terms of political, organizational and financial dependence:

“A basic distinction between RDA can be drawn by their positions either inside or outside the core administrative apparatus of politically elected government. Political sponsors can be at the local, regional and national actors. A development body incorporated into a government structure is likely to be subjected to a high degree of political control. However, agencies established by central governments have the advantage of resources available for their objectives. Moreover, agencies existing inside local and regional authorities have closer to the local realities but dependency on bureaucratic channels tends to transform them into less operational organizations and agencies established by local/regional authorities can make quicker decisions and less dependent on political attitudes” (EURADA, 1999).

These are the characteristics and modus operandi of the RDAs. In this perspective, it would be interesting to wear the look on those of RDAs established in Turkey. The competition occupies an important place as an organizational and operational norm. However, the relationship of RDAs with the central government remains problematic and this delineates the scope of their role and their capacity for action at the territorial level in terms of regional development.

Regional Development Agencies (RDAs) in Turkey: The Goal of Competitiveness versus Centralist Ways of Doing

The creation of the RDAs in Turkey means a significant change in terms of regional development policy. Institutional change to the extent that the creation of RDAs refers to a regionalization of the regional planning policy. Now, the regional plans are developed and implemented by the participation and mobilization of local actors. So in this sense, the central level's authority is limited to approve the final version of the regional plans prepared by RDAs. Operational change to the extent that RDAs are regional institutions with an organizational structure and financial resources to implement operations for achieving the goals agreed by regional actors in regional development plans. A strategic change in that the goal of regional development policy is no longer limited to the reduction of regional disparities, but is also moving towards improving the competitiveness of regions at the national level, a competition among Turkish regions but also at international level, which refers to the improvement of regional competitiveness at international

level in the context of a globalized economy where regions or city-regions occupy a place and a role more and more assertive.

The Approval of Competition as a Major Norm of Regional Development Policy in Turkey through the Creation of RDAs

According to Faruk Ataay, in Turkey, from the 1980s, the role of private sector in economic growth becomes paramount, and state's intervention in the economy is questioned. The central role of the state is gradually replacing by an approach giving a greater role to the private sector in economic growth. The intervention of the state is challenged also territorially. This change does not hide the interventions of the central state but redefines and redirects that ones. The role of the central state boils down to facilitate and encourage private sector investment in development policies and gradually detaching from these Keynesian economic functions that become ineffective (Özışık, 2012:136).

We can grasp the concrete resonances of this economic policy change of the state concerning RDAs from the 8th Five Year Plan (2001-2005), and these are growing particularly in the Preliminary National Development Plan (PNDP - 2004-2006) and the 9th National Development Plan (2007-2013). In the 8th Five Year Plan, planners of DPT emphasize the role of the forces and local dynamics in economic development as well as in global competition in the early notations concerning regional development component. This approach is gaining more importance in the PNDP (2004-2006) and in the 9th National Development Plan (2007-2013) which are prepared during the pre-accession process to the EU. Second, unlike the previous five-year plans that focused particularly on interventions and public subsidies through infrastructure investment and incentive policies in disadvantaged regions, the 8th Plan, PNDP and the 9th Plan now focus on the concepts "competition", "competitiveness" and "efficiency" (Özışık, 2012:137-139).

To reduce regional inequalities, achieve top-down government interventions are no longer the only way forward. The new approach claims that the adoption of the logic of competition between regions can mobilize better management and optimization of local resources based on their endogenous socio-economic potential. The acceptance of these new standards is also associated with the process of pre-accession process to the EU and that of globalization. In many official documents and reports of DPT, since the 8th five-year plan, it is possible to observe an effort to legitimize these new approaches, addressing the imperatives of globalization process and pre-accession process to the EU (Özışık, 2012:137).

"Globalization and global capitalism are binding on states and it is essential to take into account the external environment in the formulation of solutions that one seeks to solve problems. We must accept the reality and react intelligently. Today, we do not just focus on the objective of reducing regional inequalities; we also seek to strengthen the competitiveness of regions in a global competition. Our development agencies respect this logic" (Interview with the Head of Regional Development Department in DPT, 2009).

At the same time a new perception of the region concept emerged in the cognitive frameworks of

planners from the 8th Five Year Plan. They emphasize the catalytic role of RDAs that they observe in other countries in terms of economic development, in the economic globalization era. The Plan establishes detailed analyzes of the RDAs which are in different countries, particularly those in the EU by focusing on the famous concept “Europe of regions” (Özışık, 2012:138).

“(…) At present, in the context of European integration, it is the rise of ‘regions’ as the most important administrative units. The general policy orientation is characterized by strengthening the autonomy of the regions and their vis-à-vis attractiveness for foreign investment. In this perspective, the regions are involved in the economic competition creating their own organizational bodies.” (8th Five Year Plan, DPT).

Otherwise, it is also important to ask this question: What governance system is envisaged to apply this logic of competition in the context of regional development policy? The law sets up a system of local governance favoring a confirmed collaboration of regional elites: state actors of local level (governors, mayors and other representatives of local public institutions) and economic actors (firms, companies, and local entrepreneurs, business associations especially chambers of commerce and of industry) constitute the Administration Boards of RDAs. In this context, a public-private partnership was established largely excluding the participation of civil society and representatives of the working classes such as trade unions or non-profit associations. Some of these actors are represented in Development Councils of RDAs which seek to reward the democratic deficit of Administration Boards. In this sense, “urban oligarchies” are bringing together the main holders of public power and local economic forces. This is not a surprise since the state give importance and major role to the private sector in achieving economic development policies since 1980’s. RDAs therefore also become institutionalized in this logic through their organizational and relational structure.

The Centralized Regulation of RDAs Running and Financing Undermining Competition

Even if the creation of RDAs means a sort of devolution in terms of regional planning and institutionalization of governance in terms of gathering public and private actors at the local level, centralist logic persists. First, the decision to establish RDAs is remained to the decision of Council of Ministers which may at any time take the decision to close these RDAs. Furthermore, in Turkey, the policy of RDAs is characterized by a top-down approach in that there is no organizational or financial flexibility. All RDAs are structured in the same way and must comply with the general guidelines that are decided by the central authorities. RDAs also face considerable administrative tutelage. The Ministry of Development, beyond its role as supervisor and coordination, can sanction RDAs at the expense of decisions taken by their Administrative Boards, based on an administrative oversight mechanism written into the law establishing RDAs. Moreover, while regional development plans are now prepared by RDAs, they do not have a constraint on the decisions of other local institutions and those of central institutions.

The funding modality of RDAs is a major handicap that affects the objective of reducing regional disparities as well as the competitiveness of regions. While a part of the RDA’s funding comes from

the budget of the central government, the rest comes from local partners (municipalities, special provincial administrations, chambers of commerce and chambers of industry). While Ministry of Development is programming allocations becoming from the central government according to the socio-economic parameters which allows allocating more funding to disadvantaged areas, what is lacking in terms of competitiveness and equality of opportunity regarding RDAs, it is the relative contribution of local institutions.

A city that is a member of an RDA being in a less developed region does not have a municipality or a chamber of commerce that could allocate considerable financial resources as would be the case in a more prosperous region.

In this sense, the difference is striking between the western regions and eastern regions. According to a technician of the Istanbul Development Agency (*Istanbul Kalkınma Ajansı - ISTKA*), standardized financial regulation of RDAs favors already developed regions more than disadvantaged regions. And this situation is not compatible with the objective of reduction of regional disparities neither with that of regional competitiveness:

“Many municipalities that are situated in eastern regions don’t have enough financial resources for paying their own contributions to RDA’s budget. They have low financial incomes. In fact, this is really problematic about the competitiveness of regions. Why? There is 26 RDAs in Turkey. My personal opinion is that: Local contributions should be collected centrally, in Ankara and after that central authority could grant the money fairly in direction to the less developed regions of Turkey. It is the same logic with the EU regional policy, as in Structural Funds financial organization. For example, the city of Hakkari... Hakkari is a member of Doğu Anadolu Kalkınma Ajansı - DOKA, RDA of Eastern Anatolia... This region is the least developed region of Turkey. Local institutions as municipalities or chambers of commerce don’t have important financial resources. So, Ministry of Development, inevitably, finances approximately 90% of their budget. In my opinion, this situation is not compatible with the philosophy of the law establishing RDAs. Actually, this financial regulation system undermines the objectives of the law, regional competitiveness and/or reducing regional disparities. In fact, in this logic, the financial resources of rich regions remain again in these regions. So, how we could finance and realize necessary projects in less developed regions? Rich regions are getting much more developed while less developed regions keep their disadvantaged financial conditions. In these conditions, how less developed regions could compete with the other ones?”
(Interview with a technician of ISTKA, 29.03.2015).

This financial regulation problem is not the only component of the top-down approach of RDA’s legislation that prevents eventual reconfigurations or more flexible operating procedures according to the socio-economic conditions of different regions.

“There are significant problems. The RDA’s system is configured by a top-down approach. The issue of regional disparities in Turkey is a popular item of political discourses. However, each RDA is subject to the same regulations centrally defined that does not take into account local conditions. If an eastern region truly enjoys financial provisions carried by the law that did not exist before, a western region more developed than those in the east, feels limited or constrained by the limited features of the law in relation to its institutional and economic capacities. So

there is no flexibility. On the one hand, the law does not allow an operational flexibility to RDAs, on the other hand, apart from a few exceptions such as RDA of İzmir, it is not the local actors who have contributed to the creation of their own agencies. So, local actors often struggle to become familiar with their RDAs.” (Interview with a technician of ISTKA, 29.03.2015).

Regarding the financing of RDAs, it is also important to highlight the weakness of their budgets compared to other local institutions. Furthermore, if a comparison is made between a western RDA, such ISTKA with an eastern RDA, like Ipekyolu Development Agency (which is constituted by the cities of Gaziantep, Kilis and Adıyaman), it is possible to observe the limited financial resources of the less developed regions compared to those of relatively rich regions. ISTKA has an annual budget of approximately 100 million TL while Ipekyolu Development Agency has an annual budget of 40-65 million TL. In this sense, the budgets allocated to RDAs seem to be lacking in terms of the objective of reducing regional disparities and in terms of regional competitiveness. How an economically disadvantaged region could compete with a favored region in these financial conditions? Especially, how to reduce regional inequalities with a financial system that is so lacking? We think that the decision-makers could reconsider this lacking parts of the RDA's legislation.

Beyond these top-down regulation problems, another aspect of the centralist approach that challenges the relative autonomy and power of RDAs is reflected at the consideration of regional development plans as guiding documents. Other local institutions or especially the central authorities do not take into consideration, in many cases, main guidelines and local strategies described in regional development plans prepared by RDAs.

“Other local institutions or central authorities take rarely into consideration our regional plans. The planning philosophy in Turkey remains still highly centralized. Central authorities have always the last word. Many central decisions do not respect local priorities or precisions. Ministries or other central authorities play a more decisive role in the programming and implementation of investments that are realized at territorial level. In Turkey, there is not a multi-level governance system as in the EU. For example, the government strengthened the Ministry of Environment and Urban Planning in the spatial planning hierarchy. This Ministry has developed and wanted to set up a spatial plan that is not consistent with our regional development plan. Indeed, the Ministry of Development said that their plan is not consistent with that of the RDA. So which plan will be implemented? In fact, Council of State blocked the implementation of the spatial plan prepared by the Ministry of Environment and Urban Planning. (...) So, in Turkey, even if local actors define their own priorities or objectives, the central authorities has the final word in decision-making processes. I think that centralist approach is growing in Turkey. It is not complying with multi-level governance logic” (Interview with a technician of ISTKA, 29.03.2015).

The Case of Istanbul Development Agency (ISTKA): A Small Shareholder of the Competitiveness Goal for Istanbul

The choice of ISTKA as a case study in this work is the result of some reasoning. Istanbul is the most developed city of Turkey and represents many advantages in terms of competitiveness as well as specific handicaps related to the high density of its population and its size leads us to consider Istanbul as a city-region.

ISTKA is an institution that was founded in 2008, is a partner of the governance system in relation to Istanbul. ISTKA is created with a decision of the Council of Ministers and is not the result of mobilization of local actors. ISTKA, beyond its financial resources and its relative institutional and administrative capacity, plays a relatively small role in the development and implementation of policies aimed at developing the Istanbul region. In this part of this work, we will try to demonstrate the relevance of these findings that seem evident.

The Meaning of Competitiveness in Istanbul towards National and Global contexts

The main document that can tell us about the objective of improving the competitiveness of Istanbul is the regional development plan prepared by ISTKA. ISTKA prepared two regional development plans since its establishment in 2008. The first includes the period 2010-2013, the second includes the current period, 2014-2023. We will consider the second that is the actual plan.

It is in the first development guideline of the plan that can be found the concept of competitiveness:

“A Decisive Actor in Global Economy, Providing High Economic Profit, Innovative and Creative Economy”¹

1. Strategic Actor In Global Economy
2. Competitive Status In Global Value Chain
3. Industrial Transformation
4. Growing Research-Development and Innovation
5. Qualified Entrepreneurship
6. Transforming Labor, Developing and Growing Employment
7. Active Promotion and City’s Image

The objectives and preferences listed above are similar to those of many global city-regions. We can see that the notion of city’s competitiveness apprehended in Patrick Le Galès work does resonance with the regional development plan of ISTKA. ISTKA consider Istanbul as a strategic player in

1 <http://www.istka.org.tr/content/pdf/2014-2023-istanbul-Bolge-Plani.pdf> :58-147.

the global economy and defines a vision of development based on improving its competitiveness with reference to the industrial innovation policy, research and development investments, and attraction of qualified labor and promotion of Istanbul's image in the international arena.

However, if competitiveness is one of the key concepts of this first part of the plan, it refers more to compete with other global city-regions than to an interregional competition to be held in Turkey. This is because Istanbul is already by far the most developed region of the country that has no potential rival. Istanbul is the locomotive of the Turkish economy.

“At the national level, to compete with other RDAs is not a priority for us as Istanbul, from an economic point of view, is by far the most developed region of the country. In this perspective, our priority is to improve the competitiveness of Istanbul vis-à-vis other major world cities.” (Interview with a technician of ISTKA, 29.03.2015).

“Istanbul is more in competition with other global cities. Istanbul is located near the middle of the world global-cities ranking, and Istanbul seeks to occupy a superior place. Istanbul has regional rivals but also international rivals.” (Interview with General Secretary of ISTKA, 02.04.2015).

Istanbul is a significant commercial and economic center in that a majority of headquarters of large firms are located in Istanbul, which is not the case for most other regions of Turkey.

“In Turkey, production plants are now generally located outside of Istanbul, in Tekirdağ in Trakya, in Manisa or in Denizli ... However, the headquarters of this firms that manage these investments are located in Istanbul. This is a great advantage for Istanbul. In addition, the financial capital not only manages its investments located in Turkey but also those who are situated in the Caucasus, North Africa, and Middle East region. In this perspective, Istanbul is as a decision center for large international firms. So, Istanbul also receives tax revenues from these large companies.” (Interview with General Secretary of ISTKA, 02.04.2015).

Attracting foreign direct investment is also a component of the competitiveness policy for Istanbul.

“In terms of attracting foreign investment, we are competing with countries like Poland; Hungary ... Turkey has no real rivals in the Middle East or North Africa. We compete in particular with the countries of the European Union. In this perspective, Istanbul is very efficient.” (Interview with General Secretary of ISTKA, 02.04.2015).

Istanbul also benefits from the human resources that put it in a much more advantageous position compared to other Turkish regions.

“Another advantage of Istanbul is the skilled labor. In other words, Istanbul is the most favorable region in terms of human resources compared to other parts of the country. In Istanbul, there are more than 50 universities. In this perspective, even if a large company makes a particular investment in Anatolia, it focuses its research and development activities in Istanbul.” (Interview with General Secretary of ISTKA, 02.04.2015).

So, in a context where Istanbul has already reached a level of economic development in terms of industries, service sector, exports and attracting foreign investment, what is that role assigned

to ISTKA? In fact, if ISTKA has a budget of about 100 million TL per year, ISTKA is not an institution that realize large investments, its role and its ability to act in competitiveness of Istanbul, is specifically limited to assembling regional elites and to its financial support programs allowing local actors to implement their own projects which are financing by ISTKA.

In this sense, the strategy adopted by ISTKA is to focus on specific topics that could reward deficiencies that would result from such large-scale regional economy.

The two main areas of intervention which are favored by ISTKA are social development and the creative industries. Beyond the economic objectives that would favor the economic interests of regional elites, the focus on these two subjects demonstrates that various forms of regulation coexist with conventional development priorities and economic growth. Moreover, it shows that the competitiveness of a region cannot be reduced to economic growth but should also consider improving social and environmental conditions and supporting for artistic, innovative and cultural creativity of city's residents.

"We consider that ISTKA should not be interested in everything related to economic development. ISTKA should focus on specific topics. For example, ISTKA has yet to take a direct role in the economic development policies? Or would it be better for him to draw attention to social problems that are generated by the regional economy. In my opinion, this approach should be favored." (Interview with a technician of ISTKA, 29.03.2015).

"One of the areas preferred by ISTKA is that of the creative industries. In this direction, we call for projects several times. Moreover, we can very easily beneficiaries in the field of social development. This subject raises serious attention to local actors. This is also part of the discussions held in the meetings of our Administration Board. You know, the members of this Board largely represent the interests of the private sector. But the Prefect who is the chairman of the Board reflects its interest regarding social development at every opportunity. In the medium term, ISTKA can become one of the main institutions involved in social development." (Interview with a technician of ISTKA, 02.04.2015).

"If you talk about competitiveness, it is not just about economic development. The quality of life, social life, the environment, transportation ... The competitiveness cannot be understood without paying attention to all that. You must attract and integrate skilled people into the local economy to improve competitiveness. A metropolis like Istanbul should create added value. Since 2010, we are working in the field of creative industries. We made calls for projects. The creative industries are among the priorities of our regional development plan. The creative industries are related to 13 sectors: architecture, design, performing arts, fashion is included. These are sectors where creativity plays an important role. In fact, if a global city needs to differentiate itself from other global cities, it must promote and support these creative industries. So attract this class called "creative" is of major importance. To attract these people is not enough; we must also keep them in the city, establishing suitable conditions to enable them to implement their creativity. What are these conditions? Freedom of expression, renovation and highlighting the cultural structure of the city ... Istanbul has real assets in this direction. For example, Pera; Beyoglu and Galata ... These people usually live in these historic neighborhoods that provide a cultural and artistic inspiration. So we must value at any time cultural and artistic potential of the city ... All this contributes to the competitiveness of the city." (Interview with a technician of ISTKA, 02.04.2015).

The Centralized Approach of Big Projects Concerning Istanbul's Competitiveness and ISTKA's Role: A Weak Governance

The powers and functions of the ISTKA regarding regional development are defined in the RDA's law. Its competences and financial resources are not negligible. A priori, it is ISTKA that defines the vision and the strategies to follow in the medium and long term regarding the development of Istanbul. The preparation of the regional development plan, collecting information related to socioeconomic situation of the region, the organization of statistical data, financing local projects and more, setting coordination of regional actors through participatory procedures represent the ability and skills of ISTKA in regional governance.

But is that really ISTKA plays an important role in the decision-making process regarding major policies that contribute to economic development in the Istanbul region? If the state, with the creation of RDAs, had the objective of establishing an intermediate level of governance between the local and central level to conduct, by a more decentralized way, its territorial policies, the current situation, particularly in the case of Istanbul, is controversy.

The Istanbul governance system brings together many stakeholders (public and private), and many institutions. Metropolitan Municipality and the Prefecture of Istanbul are the two local public institutions. The organization and structure of the municipality is established by the local elections, while the Prefect is therefore the central government representative. Second, these are semi-public bodies such as the Chamber of Commerce or Chamber of Industry bringing together key territorial economic actors. Finally, we can add the existence of civil society organizations, associations and unions. All these actors and institutions represent the horizontal governance. Moreover, ISTKA is supposed to regroup and make all these actors work together there. Within its Administration Board and its Development Council, the institutionalization of this governance seems to happen. But at the same time, there is also vertical governance that connects local actors and institutions with the central authorities; government, ministries and other central bodies. What is interesting to study in this perspective, it is the type of relationship that is being established between the central and local levels of government. ISTKA constitutes an intermediate level, or we can say the regional level. However, its status and autonomy remain problematic. First, ISTKA is the place setting coordination of regional actors, on the other hand, ISTKA is strictly tied to the central government to the extent that the Ministry of Development can control and redirect all its actions. The crucial question that can arise in terms of the famous problem of the Turkish administrative system, called as the dilemma between centralization and decentralization, is whether ISTKA is a real territorial institution or not, who can identify local needs and strategies and then guide other local and central institutions in the general direction decided in its regional development plan.

As we have mentioned several times in the text, Istanbul is the locomotive of the Turkish economy. In this sense, Istanbul is a center of interest to the central government to accelerate the country's economic development. In this perspective, Istanbul stands as the core piece of the

competitiveness of the Turkish economy. So while since the first administrative reforms of the AKP in 2003, a process of decentralization began gradually in place, the central state interventions are still omnipresent and decisive in Istanbul.

Indeed, the reflexes of the centralist culture of the state persist and can be observed easily in Istanbul. It is always the central authorities who make the important decisions, including those of major investments that would transform land use and the economic structure of the Istanbul region. Local institutions like the Metropolitan Municipality or as ISTKA are rarely solicited in such decision-making process. Such decisions are often made by not respecting the land use plans developed by local institutions or the regional development plan prepared by ISTKA.

The central government is considering the implementation of various large-scale investments in Istanbul. In recent years, Istanbul has been the target of major infrastructure investments, transportation projects and construction of residential and commercial centers. The construction of the Third Bosphorus Bridge, the Third Airport Project or “crazy” Canal Istanbul Project represent only the vanguard of economic aspirations that will play a role in the construction of the “New Turkey”, a slogan that has now become an ambitious political project in the eyes of the AKP government and the President, Mr. Recep Tayyip Erdogan.

The guidelines set out in the regional development plan of the ISTKA or in the urban plan of the metropolitan municipality seem to be disregarded in relation to these investment decisions.

“Other local institutions and central authorities must respect and take into consideration our regional development plan or the urban plan of metropolitan municipality. Mr. Kadir Topbas, Mayor of Istanbul fought hard for acceptance of the urban plan. There was so much discussion and political fights about this plan. You know, the Metropolitan Municipality is governed by the AKP, but it is the AKP that violates a plan that was decided locally by its own members. The ISTKA’s regional plan and the urban plan suggested strictly not touching the North forests of Istanbul for the preservation of the environment and nature. While to build the third bridge or third airport, you see that these areas are affected by these investments. Finally, institutions, juridical regulations and plans do not count towards the central state. The central government has created RDAs, central government has given many powers and financial resources to local institutions, but it is still the central government that does not respect them. The central authority decides everything. If you want to put a regional development policy, you need to work with local institutions and listen to them. » (Interview with a technician of ISTKA, 29.03.2015).

A major urban project that aims to improve the competitiveness of Istanbul but also the competitiveness of the Turkish economy is the project of Istanbul International Financial Center².

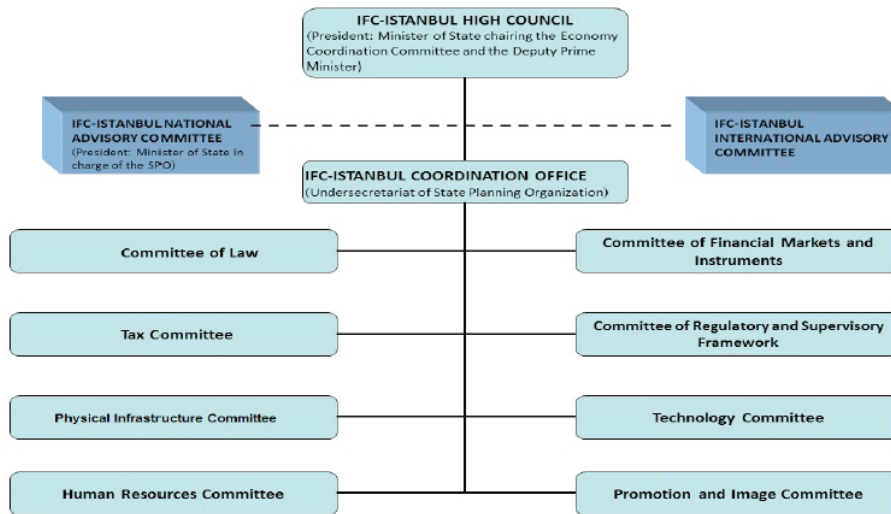
2 The vision of Istanbul International Financial Center project is defined as “Istanbul will become a regional, and then a global financial center”. Strategies aimed at developing the conditions required for Istanbul to rank among the leading financial centers of the world were covered in the Ninth Development Plan for the years 2007-2013 under the title “Istanbul International Financial Center”. Istanbul International Financial Center Strategy and Action Plan (Strategy and Action Plan) was approved by the Supreme Planning Board’s decision no. 2009/31 dated September 29, 2009, and went into force after being published in the Official Gazette no. 27364, dated October 2, 2009. The administrative structure was regulated by the Prime Ministry’s Circular no. 27568 dated May 1, 2010. IIFC Strat-

The project was decided in 2009 by the central government. And it is currently in the phase of construction.

“The main project for the improvement of regional and international competitiveness of Istanbul is currently one of Istanbul International Finance Center. The objective is to promote Istanbul as the main financial center of the region and then an international leading financial center. Istanbul will compete with cities like Dubai, Moscow, and Abu Dhabi and perhaps later, with Paris, London and Barcelona.” (Interview with General Secretary of ISTKA, 02.04.2015)

Table 4. <http://ifcturkey.madeinweb.com.tr/istanbul-international-financial-center/>

IFC-Istanbul Administrative Structure



egy and Action Plan consisting of 71 articles, prepared within the framework of Istanbul Financial Center Project carried out under the coordination of the Republic of Turkey Ministry of Development states priorities and actions aimed at developing a legal infrastructure up to international standards, adding to the diversity of financial products and services, simplifying and increasing the efficiency of the taxation system, improving the regulatory and supervisory framework, strengthening the physical and technological infrastructure, providing a training infrastructure to meet the requirement for qualified human resources, and creating an organizational structure that will realize promotional and monitoring activities worldwide. In consideration of the Strategy and Action Plan, IFC-Istanbul High Council (High Council), IFC-Istanbul National Advisory Committee (National Advisory Committee), IFC Istanbul Coordination Office (Coordination Office), Working Committees, and IFC International Advisory Committee (International Advisory Committee) to advise the High Council were established in order to coordinate, support and carry out the activities of Istanbul International Financial Center. Finally, “Istanbul International Financial Center Priority Conversion Program” included in the Tenth Development Plan covering 2014-2018 aims at making Istanbul rank among the top 25 in the Global Financial Center Index, and making Turkey rank among the top 30 in the Financial Development Index by the year 2018 (<http://ifcturkey.madeinweb.com.tr/istanbul-international-financial-center/>).

The draft of Istanbul International Financial Center Project was decided in 2009 when ISTKA just has been created. So ISTKA, as a territorial institution, could not participate in this decision making process. However, the Ministry of Development who is the supervisor of RDAs in Turkey is a member of the Istanbul National Advisory Committee. Actually, ISTKA is a member of some working committees, with a limited advisor role.

If one can speculate, a question may arise easily: Does the Ministry of Economy, which is the principal holder of the project, would have collaborated with ISTKA from its preparation and its decision-making processes, if ISTKA had already completed its preliminary institutionalization process in 2009? The answer seems obvious. It is a project developed and decided from a strictly centralized logic. The only local contribution comes from the metropolitan municipality in the territorial laying out of the project. Moreover, according to a recent report regarding the management of the project, this centralized logic is challenged and a governance system that privileges a territorial management seems desired by the principal leaders of the project. The General Secretary of the ISTKA supports the idea of a decentralized management of the project because at this stage, the project is far from having achieved the expected progress according to its centralized management.

“Certainly Ankara still has decision-making powers. Ankara controls everything. But the defects of this centralized management of the project were highlighted by the central authorities. Currently they are developing another system of governance, more territorial.” (Interview with General Secretary of ISTKA, 02.04.2015).

For global city-regions that become engines of their national economies, to promote the city and its image among international actors is an important tool in improving competitiveness. In this perspective, almost every global city-region has a document or a strategic plan that has the function of representing the city and to its promotion among foreign capital and international markets. For Istanbul, this is not the case. ISTKA, although it has been active for five years, failed to gathering local actors and institutions to prepare such a strategic document. This is due to weak coordination of Istanbul elites. Within the ISTKA, coordination of local actors regarding such collective work could not be established.

“We have very strong partners. However, since the creation of ISTKA, we have not been able to establish a collective synergy. Each of our partners has its own agenda and its own financial resources to act. I’ll give you an example: Istanbul Chamber of Commerce - ITO has an office in New York to promote Istanbul but ISTKA is not concerned. There are two weeks; representatives of the ITO went to the international real estate fair in Cannes. They spent 10 million TL for the preparation of a scale model of Istanbul. They asked us to finance the construction of that. They have promoted Istanbul in Cannes but no reference to ISTKA! In the public opinion, ISTKA is still considered an institution that only distributes money for the implementation of local projects. Our other functions and tasks are not sufficiently known.” (Interview with a technician of ISTKA, 29.03.2015).

Furthermore, Investment Support Office of ISTKA is not very active in the promotion of Istanbul to foreign investors. Until today, the representatives of ISTKA did not realize an international visit

to make known to foreign actors strengths and potential of Istanbul. This is due to bureaucratic procedures that delayed the creation and then the operational actions of Investment Support Office.

Concluding Remarks

It is possible to admit that the creation of the RDAs in Turkey can be considered as a *functional* and *institutional restructuring* insofar as the state tends to territorialize its regional policy by delegating some of these competences to the RDAs and by making a relative decentralization policy supporting this trend. However, this economic regionalization policy is not based necessarily on regional political mobilizations. It would be interesting to reconsider the creation of RDAs in relation to the Kurdish question. In the south-eastern regions, Kurdish political movement seems not to approve the RDAs by its neoliberal and centralist structure that qualifies prefects as the heads of these institutions. Second, it is possible to accept that the concept of city-region or “entrepreneurial cities” can be emphasized in the context of spatial development policies in Turkey. Istanbul shows a good example with its territorial expansion at high speed and its political and financial capacities. Other major cities are all driven in the national but also international economic competition to take a more assertive role in the national and global economy. In this sense, the creation of the RDAs is an asset and a significant potential for these cities representing emergent territorial economies.

In fact, the creation of regional development agencies in Turkey has a dual function. The first is to decentralize regional planning policy. In this sense, the task appears to be relatively accomplished since the central authorities still tend to act in a centralist way that reduces the capacity of regional actors to express and implement the needs and goals of their own territory. Second function is to increase the competitiveness of regions not only in national level but also in international level. In Turkey, disadvantaged regions generally have limited financial resources. And the state does not establish an equitable distribution of funding between rich and poor regions. This appears to be inadequate with the logic of competitiveness which was passed into law establishing development agencies. Moreover, in the case of Istanbul, the most developed region of the country, poor coordination of local actors on the one hand, the failure to take into account the priorities and territorial specificities by the central authorities on the other, harm the competitiveness of the Istanbul region. Why create a development agency if you despise these capabilities and actions? The question must be asked.

Finally, it is possible to announce that a certain policy of economic regionalization is ongoing in Turkey. The attention given to the territories by the state can be observed through intensive mobilization of the idea and the projects of “local development”. In this sense, Turkey seems to be associated with the imperative of globalization and decentralization process. However, the challenge is to find medium and long term if a real decentralization policy regarding territorial governance will be implemented or not. The current situation shows that the centralized

administrative culture is still alive and must give way to a more advanced system of governance. Thus, the regions can more easily mobilize its institutional, financial and political resources to become more competitive and successful in the global economy.

We can admit that if Turkey wants to achieve the objectives of Vision 2023, it should comply with the new governance rules which now involve not only horizontal but also vertical aspect that requires better coordination of different levels of public action, promoting further delegation of powers and financial resources at regional and local levels.

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