

Changes in the Field of Finance of Education in Turkey within the Context of Neoliberal Policies

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Abstract

In today's world characterized by increasingly effective neoliberal policies, not only the sphere of public services is being constricted but also the concept of "public service" -which traditionally has been pointing at a responsible state providing public services based on social principles and methods- is being transformed. In Turkey, "public reform policies" and the policies aimed at restructuring the state apparatus which have been implemented since 1980's have been leading to important transformations in the field of public services in general and in the sphere of education specifically.

In Turkey, a rapid transformation in public education system on which neoliberal & neoconservative policies are significantly effective has been going on and the idea stating that "individuals should consider education as a private investment and therefore students who derive private benefits from education should pay for the cost of it" is becoming widespread. Furthermore, because of the assumption that quality of education can only be improved through the creation of a competitive market in the field of education, private sector's interest in education has been intensifying.

By using the method of "public policy analysis" and by focusing on the concept of "public service", our aim -in doing this study- is to discuss the transformation of the finance of education in Turkey in its relation to the ongoing crisis and restructuring dynamics all around the globe and to the historical and social development processes in Turkey.

Keywords: Neoliberalism, public sector reform, public service, finance of education.

Introduction

The problem of “education finance” has become a current issue along with the modernization process in which the states has started to take significant responsibilities in the field of education. Education - which before the modernization process had been organized within the manors, guilds and religious institutions and had functioned as a means to make the aristocratic young students acquire the qualifications peculiar to nobility in manors; to develop the professional attitudes and skills of the members of guilds and to reproduce the social status of clergy and the religion as a form of social ideology- has started to get differentiated programmatically and taken on a shape with time towards a widespread public mass education within the historical social contexts determined mainly by the class struggles.

Industrialization looms large in the intensification and strengthening of the financial, administrative and intellectual connections between states and education. Industrialization process and growing cities resulted in an ever increasing need of and demand for institutionalized education for several specializations. In industrialized society people work in many different professions, the required skills and knowledges of which can not easily be learned from or taught by parents at home and/or masters at the workplaces. Furthermore, in a modern society, people should not only acquire basic skills such as reading, writing and calculation but also should be equipped with general knowledges related to their physical, social and economic environments (Giddens, 2008, 733).

From another perspective, the states’ increasing financial and administrative responsibilities in the field of education are directly related to the nation-creation processes. For Gellner (1992), standardized formal education plays an important role in the functioning of modern society. There are two reasons behind this: First one is the abovementioned requirements of industrialization. Individuals should be socialized and made to acquire the qualifications in accordance with the development of industrial society. Second reason is the prominent role of education in nation-creation processes. That’s to say that values and goals determined by the nation-state would be internalized by the citizens via compulsory education.

In the case of Ottoman-Turkish modernization process, state’s role and responsibility in the field of education has manifested itself differently from the corresponding examples in the West. In classical Ottoman system, education which had been provided in the palace,

traditional waqf structures, guilds and various religious institutions and whose institutional and social foundations had been very weak, started to develop institutionally and socially along with the westernization reforms which were launched as a reaction to the financial, military and administrative crisis of the Ottoman Empire. In this period when there occurred decisive efforts to strengthen the Establishment due to the then new global conditions, new western-style schools were opened starting from the military ones. Beginning in the Mahmut the IInd era, it was realized that the state should have had a general education policy which was followed by the adaptation of modern educational principles and the establishment of a new education system outside the traditional “medrese” system. For these purposes, the waqf system which until then had constituted the foundations of the traditional structures and of the educational institutions was attempted to be reformed and/or transformed (Karal, 1988 ; Zürcher, 2006; Akyıldız, 2004).

In the Ottoman Empire, while the institutional and administrative structure of education was reshaped due to Western influences during this westernization period, state was still not assigned significant responsibility in financing education. The state’s responsibility in the field of education would be concretized in the Republic period with the initial signs of it in the Abdülhamit the IInd and IInd Constitutional Monarchy (II. Meşrutiyet) periods.

In the first years of the young republic, one of the fundamental problems in education was the financial difficulties. The first relevant legal regulation being in force was 1913 dated law known as “Tedrisat-ı İptidaiye Kanun-u Muvakkati”. As this law made the “Special Provincial Administrations” responsible for the financing of primary schools, the financial conditions of the “special provincial administrations” affected the quantity and the quality of primary education. Republic administration did not have a tendency to change this situation radically and rapidly; instead they preferred to restrict the power of special provincial administrations gradually through the occasional regulations without annulling the abovementioned law. In Turkey, until 1948, primary school expenditures including the salaries of primary school teachers were paid by the special provincial administrations. However, these administrations were lacking the necessary professionalism and competence in the field of education generally and in finance of education specifically. This situation became one of the most important reasons behind the slow development of primary education despite all other efforts (Tekeli, 1985 ; Akyüz, 1985).

In Turkey, the scope of public services started to expand after 1960 as a result of the strengthening “developmentalist paradigm” and of relatively improved social rights and freedoms provided within the framework of the 1961 Constitution. In this process, society’s increased demand for various types and levels of education was met by strengthening the financial and institutional structure of the education system.

In the period when the capital accumulation regime was based on import substitution and macro plans in Turkey, education whose basic function was again material and ideological reproduction was financed mainly by public resources within the limits of insufficiently accumulated capital. In this period there was no effort to make a distinction between private and social benefits of education but it was assumed that there existed direct and strong connections between education and macroeconomic objectives such as growth, development, and employment (Ünal, 1995).

Nowadays, the scope of public services are being constricted as part of a comprehensive restructuring process which can be traced back to 1970’s when the first symptoms of a long-term crisis of capitalism were observed. This process became a part of Turkey’s agenda through structural adjustment and reform programs initiated after 1980 characterized by a significant change in a capital accumulation regime from import substitution towards an export oriented one and accompanied by administrative reforms aiming at a new type of integration of the Turkish state with the world system. All these dynamics led to an overall transformation of the public sphere. These transformations were justified through theories one of which is new public management theory assuming that there is no essential difference between the public and private sectors in terms of the provision of public goods and services. In many countries including Turkey, these processes resulted in the weakening of the states’ existence in the provision of goods and services for social use outside market mechanisms.

As part of these administrative transformations, the field of education has also been changing. Education as one of the mechanisms of income redistribution and of social mobility is changing across two basic dimensions:

- a-** It is being converted from being a public service into a private commodity whose quantity and quality would largely be determined by the market.

- b-** It's being regulated due to a neoconservative agenda planned to fill the ideological vacuum created by market oriented neoliberal policies.

Finance of education is one of the pillars of this comprehensive transformation process. Our aim -in doing this study- is to discuss the transformation of the finance of education in Turkey, in its relation to the ongoing crisis and restructuring dynamics all around the globe.

Transformation of the “Public Services Sphere” in the Crisis and Restructuring Processes

In today's world, we have been living in the midst of a long lasting crisis and an accompanying comprehensive restructuring process which can be traced back to the 1970's. This process which comprises the main economic, political and social dynamics of an international system and brings about substantial changes at both local and global scales is known as globalization.

The concept of “globalization” which is used to refer to the creation of new investment instruments, development of communication and information technologies which facilitate the free circulation of capital, increase the efficiency of new investment instruments and make them widespread denotes such a level of acceleration in the internalization and expansion of capital that can **not** be fully expressed by using **only** the concept of “internationalization” even if only the economic dimension of globalization is regarded (Akkaya, 2004).

Globalization is infact directly related to the structural crisis of capitalism manifesting itself widely and intensely and to the economic, political and social restructuring processes initiated in order to find solutions for the crisis. The structural crisis of capitalism has its roots in late 19th century when the system on the planet started to experience devastating forms of economic competition which was caused by and resulted further in the centralization of production and concentration of capital and the political-militaristic competition that led to many relatively small and 2 World Wars and many crisis the deepest of one of which was the Great Depression whose repercussions were felt very long. During Great Depression, the international system was busy with the restructuring of the system. When it was realized that the minimal state envisaged in classical liberalism and the unconditional endorsement of the free markets were insolvent regarding the crisis of the system and that states should be loaded with new functions and system should be restructured in order to solve the crisis problem, Keynesian policies became then a current issue (Şaylan, 1994).

Keynes' theory pulled the state in the midst of economic activities by loading them with the responsibility to increase aggregate demand as a solution to permanent recession and unemployment, that's, the theory aimed at creating the market conditions required by Fordist mass production. In the period of Keynesian policies, a power equilibrium between the capitalists and labourers was tried to be established reserving a wide and robust legitimacy for the governments. Capitalism entered into an era of expansion and growth by the help of these policies and of the reconstruction and armament expenditures increased during and after the IInd World War. This expansion created the suitable conditions for the social welfare state policies and practices following the War (Şaylan, 1994, Sönmez, 1998).

In other words, while an expansion was taking place in the economic sphere in West, the states headed towards Keynesian policies based on the management of the demand side of the economy in order to get rid of the negative effects of 1929 economic crisis and of the latest devastating world war. "Social Welfare State" policies and practices became widespread as a response to those years' powerful social struggle dynamics and to the "longed for" global model of socialist construction in Soviet Union.

However, the contradiction between the internal relations of capitalist mode of production and the satisfaction of continuously diversifying and increasing social needs by public resources due to the principle of public interest, that's, the expansion of public services sphere would bring the end of social welfare state. Along with the general and permanent decline in profit rates in 1970's, capitalist accumulation processes got interrupted.

According to the neo-liberal approach, this interruption occurred because the rate of growth in production was left behind the increasing government expenditures resulting from the interventions of social welfare states in the economic sphere in order to satisfy the social needs by public resources. Trying to finance the government expenditures, states inevitably raised the tax rates and social deductions and/or borrowed money which in turn led to budget deficits. On the other hand, excessive use of public resources put pressure on the private sector investments (Sönmez, 2005).

From the neoliberal perspective, the crisis which is assumed to occur as the natural result of Keynesian and social welfare state policies, would only be able to be transcended through policies in conformity with the assumptions of classical liberalism such as the removal of the barriers among national economies, the limitation of states' existence in the economic field and the liquidation of the responsibilities and roles of states as public service providers.

It may be argued that the crises of capitalism manifest themselves in two basic types: as the conjunctural/cyclical and structural crises.... Conjunctural crises manifesting themselves as supply & demand imbalances occur occasionally and can be overcome by the use of certain measures without changing radically the existing capital accumulation regime and the corresponding social and political superstructures. On the other hand, structural crises refer to the deep and decisive problems in the capital accumulation processes and necessitate comprehensive restructuring of social formations (Gouverneur, 1997). We can easily observe that in order to deal with the existing structural crisis that we have been passing through, significant restructuring processes and marketization of several fields of social life -starting from the liquidation of certain public services being provided at the expense of markets - have been going on.

Field of public services have been being subjected to the restructuring practices in the globalization process one dimension of which can be reduced to a set of regulations aiming at the production and implementation of neo-liberal policies. In the structural transformation processes of the public sphere, basic theoretical thesis were produced by theories of public choice and constitutional economics, new public management and new public administration based on the discourse of “ongoing crisis in public administration”.

For Şaylan (2000, 4 - 9), an identity crisis in the field of public administration came on the scene. While the global crisis of capitalism which showed itself in 1970's and the corresponding restructuring process have been creating economic, political and cultural results, these same dynamics brought about a new paradigm also in the field of public administration to replace the traditional paradigm. The science of public administration has traditionally taken on a shape in the cross section of politics, society and organization theories which means that since its beginning public administration theory has been standing on a tense basis because it's not that much easy to integrate the premises of political science in a coherent manner with the organization theory based on the conditions and demands of market mechanism and business world. In other words, while the political theory depends on social needs and voter behaviour, organization theory is more sensitive to the market conditions as it is shaped on the principle of rational utilization of resources under the necessities of capitalism.

Moving on this tense fault line, by their Nobel Prize awarded representative Buchanan's (1979) words, “Public Choice Theory and Constitutional Economics highlight the analysis of

political decision making process by the use of the instruments and methods of economics”. Public Choice approach which carries “homo economicus” assumption into political and administrative context has two main components. First component is the above mentioned behavioural assumption claiming that individuals seek self interests. All the actors playing roles in economy, bureaucracy and society try to maximize their self interests as much rationally as possible. That’s why only the individual preferences exist but not the preferences of collective entities. Second component is related to the institutional environment in which individuals move in order to realize their interests. According to Public Choice Theory, the institutional environment which make it possible for the individuals to realize their interests is the field of exchange of commodities, that’s, the market. Individuals seek interest maximization in the market mechanism. The actors in political sphere also seek self-interest maximization. In this theory, interest maximization taking place outside the market mechanism has a pejorative meaning. Consistently with this approach, bureaucrats in state institutions are reflected as self-interested, egotistical and in some occasions as opportunist and corrupt people. That’s why, the theory proposes minimal state or at least a very tight control on the activities of bureaucrats in accordance with its liberal roots. As it can easily be inferred, Public Choice Theory tries to deduce propositions about administration from a set of behavioral assumptions based on the egoism and rationality of human beings. (O’Neill, 2001; Hepeknaz, 2007, 90 ; Yalçın, 2010, 118).

Another theoretical foundation for the neoliberal restructuring in public sphere is the “New Public Management Theory”. This theory comprises a bunch of proposals aimed at the diminishing of state’s scope and the transfer of the logic and practices of private sector to the operation of state institutions. New Public Management Theory is based on certain assumptions: First assumption is on the universality of the proposals of the theory. In other words, all the proposals of the theory are assumed as universally valid and applicable. Second assumption is about the transferability of the private sector’s experiences and principles of management to public administration. This assumption implicitly claims that there’s no essential difference between private sector management and public administration. Third assumption is on the market which asserts that market is the optimum organizer of production. According to the proponents of this theory, social coordination can not be facilitated by reason and volition but by the interactions and bargainings of autonomous organizations each of which is trying to achieve its goals and objectives. Fourth assumption underlying this theory is about the atomistic perception of society asserting that society is not composed of

relations but of separate parts. Proponents of this theory envisages a society composed of small independent organizations connected to each other by contracts instead of a society comprising multilayered big organizations (Yalçın, 2010, 130 - 132).

Another theoretical approach which is used to justify the restructuring policies in public sphere is the “New Public Administration Theory”. This theory assumes no significant difference between public and private sectors regarding the production of goods and service for social use. According to this theory, increasing productivity and efficiency in public institutions should be the number 1 issue in public management; for this purpose, market methods and principles may / should be utilized. In almost all public administration reforms in conformity with this theory, practices such as customer services & satisfaction, performance dependent rewarding systems, contractual temporary employment and promoting competition can easily be observed (Coşkun, 2004).

Structural Transformation in the Field of Education in Turkey and Finance of Educational Services

In West, beginning in 1970's, capitalism was entering into a new stage wherein excessively accumulated capital would lose the capacity to recreate value. At this new stage named as the new structural crisis of capitalism, capital has been trying to get rid of the structural limitations of the previous period (Ercan, 1998, 98, 99). A comprehensive restructuring process -including the liquidation of the state's existence in the provision of many public services and marketization of several fields of social life- has been initiated. The reflection of these powerful dynamics in West on Turkey became evident in 1980's. 24th January 1980 Economic Decrees following the 12th September 1980 coup d'état was a turning point in determining the political and legal framework of a new type of capital accumulation regime known as “export oriented economy”.

24th January decrees and the following regulations can be summarized as follows (Başkaya, 1985): Realization of an economy based on private entrepreneurship and free market and minimization of state intervention in the markets; liberalization-deregulation of foreign exchange, import & export regimes; promoting foreign capital inflow; reaching and preserving equilibrium in fund markets and reducing inflation; regulations against labour related to wages and trade union activities.

Turkey's economy was becoming an open economy in 1980's by promoting exports and by deregulating and liberalizing the import regime. In the next years, foreign exchange rate was made elastic and floating after a substantial devaluation and these practices were combined with indirect promotions serving as policy instruments to steer the industry to export (Yeldan, 2003, 25).

Transformation of Turkey's economy into an open economy was almost completed by the help of regulations that took place between 1980 and 1990. This period which is also known as "1st generation structural reforms" was completed in 1989 after the removal of the limitations on capital flows. Later on, Customs Union policy which was an important stage of liberalization in foreign trade was initiated between Turkey and EU countries. In this period, rapid financial liberalization that were added to the structural problems of Turkey's economy led to a turbulent process. Along with the crisis in 1994, 1999 and 2001 which resulted a decline in national income in total at a rate between %6 and %9,5, IMF and World Bank became the permanent actors of economy administration and the problems created mainly by the neo-liberal policies were tried to be solved by proposing again the variants of neoliberal policies.

When the signs related to the futility of measures for overcoming the fragility of the economy were received through the end of 1990's, second generation of structural reforms were launched. By these reforms new institutions which would deal with markets were founded and the state was made part of the transition process by redefining some of its functions. By these second generation structural reforms, it was accepted that market economy should not be left on its own and markets should be corrected when necessary just like any other social system. This correction would be made by legal and systemic financial regulations and by the role of state as a party of governance mechanism. Second generation reforms aiming at the creation of an institutional structure compatible with the existing international system speeded up in 1999 in Turkey and substantial legal - institutional reforms were made within a few years when the government program named as "Transition to Strong Economy" was being carried out (Ercan, 2003).

The process which was tried to be summarized above is named as the process of Turkey's structural adjustment to the world system and associated generally with the World Bank. However, International Monetary Fund (IMF), European Union (EU), Organisation for Economic Cooperation and Development (OECD), World Trade Organization (WTO) and

United Nations (UN) have also been playing important roles in this process. While World Bank has been leading the structural adjustment process by Structural Adjustment Loans – SAL, Sectoral Adjustment Loans – SECAL and several project loans; IMF has been effective on the process via Stand-by agreements and Letters of Intend prepared and signed by IMF and individual governments. While OECD has been contributing the process by country reports and consultation opinions; EU has been intervening the process by “accession partnership documents” and “country progression reports”. UN has also been taking part in the process by multilateral and bilateral agreements and WTO has been directly leading the process via 4 multilateral agreements: GATT for the liberalisation of trade of goods; GATS for the liberalization of trade of services; TRIPS for the protection of intellectual and industrial property rights and TRIM for the protection of the rights of foreign investors (Güler, 2003).

While first generation of structural reforms aimed at creating the financial adjustment in the name of “maintaining the financial stability”, second generation of reforms were focused relatively more on structural and institutional adjustment. By these second generation of reforms during which the functions, tasks and responsibilities of state were redefined, the liquidation of the state’s “public service provider role” got accelerated.

In this process “public sector reform” became the most frequently used and circulated concept. As part of the public sector reform which has been one of the main components of restructuring process initiated as a response to the ongoing global structural crisis, field of education (as one of the main fields of public services) has also started to be transformed comprehensively like other fields of public services and the aims, structures and processes of the educational system has changed substantially. While by the neoliberal policies education has been being redefined as a commodity and tried to be thrown out of the public services sphere, it has also been being defended that state’s existence in the field of education should be limited and/or state should provide the education service like a private company in conformity with the market principles (remember the new public management theory) and the field of education has been being tried to be restructured as a field of profitable capital investment and accumulation.

While the field of education has been being subjected to a structural transformation in Turkey via the neoliberal policies, the literature on the economic analysis of education, specifically the human capital theory has been providing a useful theoretical base for the mainstream policies.

Economic Analysis of Education and Human Capital Theory

1960's denote a period when the relatively higher profit and growth rates realized after the IInd World War started to fall and the social contradictions and conflicts got intensified. Capital's natural tendency to increase labour productivity as a response to the falling profit rates led to a search for a new science discipline focusing on the relations between education and productivity (and consistently growth). In this period when the relation of education to the economy was being argued theoretically, the science of economics of education was born and started to develop (Abalı, 2011, 23).

For Teixeira the birth of economics of education as an autonomous science discipline was associated with Theodore Schultz's presidential address at the annual meeting of American Economic Association (AEA), where Shultz emphasized benefits of education and economic approach in the analysis of education. In the upcoming years in 1960's, significant amount of academic studies on the classification and quantification of the costs and benefits of education were done (Teixeria, 1998).

Human Capital Theory (HCT) based on the fundamental analysis and assumptions of neoclassical economics loomed large in the development process of Economics of Education. Basic assumption of HCT is that human capital is one of the factors of production along with physical capital, labour and technology. That's why, HCT assumes also that investment in human capital via education and training would increase total production. Another logical consequence of this assumption is that the investment made by the individual in his/her human capital would in the end affect his/her income. The first studies in which the implications of this basic assumption were investigated were focused on the relations between education and productivity/growth and education and productivity/income. Depending on this priorities, first of all measurement of human capital, and types, modeling and rationalization of human capital investments were studied. In these studies focused on human capital investment, productivity was taken into account as an indicator of the educational expenditures in its reaction to other types of investment.

Blaug states that Human Capital Theory was first announced by Schultz in 1960, but its birth was in 1962 by the publication of an article titled "Investment In Human Beings" in Journal Of Political Economy. Blaug also states that in the same edition of this journal, first sections of the Becker's monography "Human Capital" were published. According to Becker, this

monography is regarded as one of the classics of this new field and its publication was completed in 1964 (Blaug, 1976).

However, the concept of “human capital” can be traced back to the studies done before 1960 when Shultz announced the birth of economics of education. For instance, Mincer’s 1958 dated study has a name of “Investment in Human Capital and Personal Income Distribution”. In this study, Mincer correlated the income distribution among individuals with the distribution of education and training, that’s of human capital investments (Mincer, 1958). In Schultz’s 1960 dated article named as “Capital Formation By Education”, education is taken into account as an investment in human at the end of which a certain type of capital is created and it is hypothesized that some of the growth in national income can be attributed to the growth in this type of capital stock (Schultz, 1960).

In one of the studies of E. Denison (1962) who was one of the first researchers studied the relation between education and growth, the factors behind the growth of US GNP between 1910 and 1960 were analyzed by the use of a production function and it was claimed that in the growth of GNP, the changes in the qualities of workforce were also effective along with technological progression and economies of scale. The finding in Denison’s studies claiming that 23% of the annual growth in US GNP can be attributed to the increase in the education level of the workforce between 1930 and 1960 created a huge resonance in the academic circles. However when later on Denison studied various European countries by using a similar framework, he could not arrive at that much clear results. Nevertheless, the results of his studies were used as references to demonstrate the nexus between economic growth and educational investments.

Human capital was studied also in 1970’s. For instance, Pscharopoulos (1973) studied 32 countries by using cost/benefit analysis method and found out that rate of return to education exceeded rate of return to physical capital especially in developing countries and that personal rate of return to education is greater than social rate of return and that social rate of return to primary education is greater than that of secondary and higher education (Woodhall, 1994).

Such connections between education and economy especially the rate of return to education led to an argument about how to allocate social resources in different fields of investment. For this purpose, comparisons between the rates of return to human and to physical capital were used as guidelines to decide on how much resources would be allocated to each investment

field. Similarly, comparisons among the rates of returns to different types and levels of education were taken into account seriously regarding the resource allocation within the education system itself (Woodhall, 1994).

Human Capital Theory raising on the claim that human itself may be assumed as a field of investment and human productivity in the economy can be improved by education and training which would lead to growth for the economy and increased income for the individual; has started to be used in 1980's as a "scientific" justification for the neoliberal policies aiming at the reduction of public resources allocated for education and the **liquidation** of pro-public approach in the field of education. The thesis stating that education expenditures create and serve private interests is weakening the pro-public finance approach. Moreover the findings on the higher private rates of return to higher education is paving the way for the commercialization at this level of education.

During the marketization process of education not only the human capital theory but also the neoliberal policies and arguments like governance and total quality management provide significant theoretical and practical supports. Concepts such as "transparency, participation, accountability, efficiency and productivity" which take place within the framework of the main concept "governance" became the quality indicators in the field of education as in other fields of public services. Making total quality practices widespread, setting up performance criteria, launching the performance dependent appraisal systems, perception of education as an economic sector, positioning students as customers and schools as enterprises can be regarded as parts of the practices of governance in education. From the point of view of such an approach, transparency in education refers mainly to the openness and clarity of rules for the entrepreneurs who want to invest in education, that's, the market entrance conditions should be as much clear as possible. Participation does "not" refer to the various contributions of citizens in order to improve the quality of education service instead it refers to the buying of education service which is being commercialized by the consumers of this service. Accountability does "not" only mean that the public authority providing a public service should socially be responsible to its citizens but also means that the ways and methods of service provision should be compatible with the market norms and principles. Finally, the bright concepts of governance, "efficiency and productivity" do not correspond to high quality scientific and free mass education but to such an education supply that is cost-sensitive and profitable.

Approaches in Finance of Education

When categorized generally, it can be claimed that there are 3 types of educational finance as public, private and mixed... In public finance, education is financed by public resources that take place in the state budget. Private finance refers to the payment of the cost of education service by the consumers of it. Mixed financing on the other hand is a model in which state, households and civil society share the burden of educational finance (Hesapçioğlu, 1994 ; Kurul, 2012).

Public finance approach is based on certain assumptions such as the following ones: “Education is (should be) a type of public service”, “education should be taken as a social right”, “the social and private benefits of education should not be evaluated seperately”, “the social benefits of education is (should be) emphasized”.

Some of these social benefits are positive externalities like low crime rates, higher democratic standards and attitudes via more conscious citizens, higher labour productivity in the economy, higher productivity in education itself through economies of scale that can be created by relatively bigger educational units. Another powerful pro-public finance argument is that public financing of education has a positive effect on decreasing inequality in income distribution (Ünal, 1996). Therefore, according to this approach, all types and levels of education should be financed by public resources.

Private finance approach is also based on certain assumptions like the following ones: “Education is a private good or service which should be sold and bought in the market”, “taking education means either consuming of a service or private investment which will yield some benefit in the future”, “the private returns to education are generally higher than its public returns”, “states can not regulate the provision of education service effectively and efficiently whereas markets can”, “private educational service suppliers operate more efficiently than public institutions”, “public financing of education results in financing the richer groups’ educational expenses by the taxes of lower income groups which in turn worsens the income inequality”. Therefore, this approach defends the idea that the ones who consume this service should pay for it like paying for any other commercial good or service.

In the mixed finance approach, education is regarded as a semi-public good or service which has both private and social benefits. Therefore, in this approach education is financed by the contributions of state, students, families, companies and volunteer institutions (Tural, 2002).

Finance of Education in Turkey in the Process of Neoliberal Change

The structural transformation process of education in Turkey has a couple of subdimensions such as elastic personnel regulations, transformation of curricula, and neoliberal financial policies. Finance of education is one of the main fields of structural transformation in education. Neoliberal policies related to the finance of education essentially targets the reduction of public expenditures on education, privatization of secondary and higher education and cutting costs per student at every level of education (Sayılan, 2006).

Neoliberal financial policies in education can be analyzed in their relations to the sufficiency of public resources allocated for education, effective utilization of these resources, commercialization practices in public education and the policies promoting private educational institutions.

Looking at the educational statistics, we observe that schooling rates are 30% at preschool level, 98% in primary education, 65% at secondary education level and 30% in higher education (MEB, 2011). When we compare Turkey with OECD countries, it can be observed that, for the age group 15-19 years old, Turkey is at the end of the list with 47% of schooling rate. Mexico is the closest country to Turkey with a rate of 50% of schooling rate followed by other countries all of which have the schooling rates above 70%. Countries such as Belgium, Poland, Czech Republic and Irland have schooling rates over 90% (OECD, 2009).

According to the records of “National Educational Statistics Data Base” for the year 2011, 31.89 % of the population which includes people who graduated at least from one school are primary school graduates; 30.87 % of it are primary, secondary or equivalent school; 24.72 % are high school or equivalent school graduates and only 12.52 % of this population are graduates of higher education institutions (Aydoğanoglu, 2012).

On the one hand, Turkey has a young population and population growth rate is 1.35 % due to the 2011 datas which means that there’s a significant social demand for both education and other public services. On the other hand, education system has been changing rapidly. For instance, formal education system has been started to be restructured by 2012 dated 6287 numbered law (which is also known as 4+4+4 education regulation), and by the amendments in 222 numbered Primary Education and Education Law and in 1739 numbered National Education Basic Law. By these regulations and , compulsory education is prolonged to 12 years composed of 3 four year periods corresponding to primary, secondary and high school

education and a child's entrance age into the education system is lowered to 60-72 months regarding the child's age in the month September when schools are opened.

Public education spending is extremely important in Turkey because of the general backwardness and the rapid changes taking place in the field of education. According to the data provided by the National Education Ministry Strategy Development Department, the weight of the budget of National Education Ministry in GDP was 1.74% in 1997, 2.04% in 1999, 2.95% in 2009 which was maximum in the relevant period and 2.74% in 2010. On the other hand the weight of the budget of National Education Ministry in consolidated state budget was between 7-10% interval in the period 1997-2007; after 2007 it rose above 10%, fell down to 9.8% in 2010 followed by the values as 10.92% in 2011 and 11.1% in 2012. These values can not be regarded as sufficient for the development of the quality and quantity of education in a country such as Turkey.

Another important variable regarding the educational spending is the weight of investment expenditures in the education budget. The share of investment expenditures in the budget of National Education was 15% in 1997, 30% in 1998 after the compulsory education was prolonged to 8 years, 19.15% in 1999 and started to fall rapidly since 2003 (14.53% in 2003, 9.68% in 2004, 6.32% in 2010, 5.85% in 2011 and predicted to be 6.64% in 2012).

Another problem created as one of the results of rapid changes in education system is the shortage in the number and quality of teachers because of the prolongation of the compulsory education to 12 years. National educational statistics indicate that there are 710.082 teachers working in the public formal education institutions as of 2012. This number is not sufficient for the existing needs. According to the announcement of the Minister of National Education, 126.137 more teachers are needed in the education system in Turkey. If OECD standards are taken into account, it can be claimed that the actual need is at least 300.000 more teachers.

Commercialization policies in the field of education in Turkey can be traced back to 1980's. Commercialization practices become widespread to the extent that public resources can not be increased to a level required by new regulations and with the abovementioned policies guided by neoliberal educational approaches aiming at making the households contribute to the educational expenditures.

Another important dimension of the neoliberal transformation in education is the set of policies designed to promote the development of the private education institutions. Regarding

this point, promotion of private schools for different types and levels of education and the proliferation of private establishments and study centers should be emphasized.

Looking at the history of private schools reveals that they first became widespread and were taken under the state control during the Ottoman Reform period and went on existing throughout all the Republic period. If we trace them since back in 1960's we observe that their existence was legalized in 1961 Constitution with the article 21 stating: "Education and instruction is unrestricted under the surveillance and control of state. The legal principles which private schools are subjected to are regulated by law in conformity with the level of state schools desired to be achieved". Even though the 1961 Constitution did not openly permit the foundation of private universities, by the enactment of 8th June 1965 dated and 625 numbered Private Education Institutions Law, legal framework within which private schools other than private higher education institutions would be founded and would operate was determined.

In 1980's, the issue of private schools became heated again. In these years founding and operating private schools were legal within the framework of the 27th and 42nd Articles of 1982 Constitution and in conformity with the statements of the 1789 numbered National Education Basic Law, 222 numbered Primary Education and Education Law and 625 numbered Private Education Institutions Law. Since the midst of 1980's, private education institutions have been being promoted via laws, regulations and circulars by the state. For instance, by the enactment of 2nd June 1988 dated and 326 numbered decree law, private education institutions were allowed to determine tuitions on their own. However, private education institutions which had been increasing in number since the midst of 1980's became unable to fill and utilize their student enrollment capacities in the midst of 1990's. As a response to this negative situation, state initiated new incentives for the development of private education institutions (Uygun, 2003).

For several years, governments in Turkey have been trying to create suitable financial conditions for the private education institutions. However because of many social factors including first the inequality in income distribution, desired rate of quantitative growth could not be achieved by the governments. Justice and Development Party which came to office in 2002 also tried and is trying to strengthen the private education institutions and expand the sphere of private education in the field of education. Immediately after it came into power, Justice and Development Party drafted a legal regulation in order to make it possible for

10.000 poor but successful students to go on their education in private schools which was then vetoed by the President. After this unsuccessful attempt, government drafted the Private Education Law in order to promote private education by creating financial advantages such as tax reductions for the private schools and for the families who want to send their children to private schools. This draft included such regulations as payment of 1000 Turkish Liras for each student who will go to private school, payment of half of the interests of education loans and buying educational services from private schools by the state.

Although these regulations was not put into practice completely, by 2007 dated and 5580 numbered Private Education Institutions Law, a bunch of financial advantages were provided for the private schools. For instance, according to the Article 12 of the abovementioned law, private schools will have a right to buy water, natural gas and electricity at the same prices valid for the state schools. In 2012, by a law paragraph added to the same article, for each student taking her/his education in one of the professional technical education institutions located in organized industrial zones, state will give education and instruction support to these schools up to maximum 1.5 times the cost of a student attending to a state school of the same type. This support will start in 2012-2013 education and instruction year. And another law paragraph added again to the same article paved the way for state support to the professional technical education institutions located outside the organized industrial zones by the decision of the Council of Ministers and within legal methods and principles.

Looking at the quantitative development of the private schools in Turkey indicates that while there were only 350 private schools in 1985, in 2001-2002 education and instruction year, according to the National Education Ministry statistics, there were 1887 private schools at the primary and secondary levels with a student population of 265.670 and a teacher population of 24.872 (Uygun, 2003). According to the data provided by National Education Ministry for the education and instruction year 2011-2012, there were 535.788 students taking education and 66.730 teachers working in 5.269 private schools at the pre-school, primary and secondary education levels. Especially for the last 5 years, the number of private schools have been increasing regularly: There were 4.469 private schools in 2007-2008; 4.479 in 2008-2009; 4.670 in 2009-2010 and 4.919 in 2010-2011.

Until 1960's there had not been any private higher education institution in Turkey. 1961 Constitution did not allow establishment of private universities either. However, in 1962, before the enactment of the law regulating the principles and methods of the operation of

private schools, first private higher education institutions were started to be established by claiming that these institutions could not be regarded as universities. By the enactment of 8th June 1965 dated and 625 numbered Private Education Institutions Law, these private higher education institutions started to function within the framework of this law. The number of these kind of institutions rose to 44 as of 1969. Private higher education institutions which went on operating between 1962 and 1971 were closed in February 1971 by a decision of the Constitutional Court based on the assertion that they could be regarded as private universities and could not go on existing due to the Constitution (Uygun, 2003).

1982 Constitution permitted the “foundation universities” under certain conditions. According to the article 130 of the Constitution “in conformity with the methods and principles stipulated by the law and as nonprofit organizations subjected to the surveillance and control of the state, higher education institutions can be established by the foundations. Academic activities, recruitment of the academic staff and security issues of the higher education institutions established by the foundations are subjected to the same articles mentioned in the Constitution for the higher education institutions founded by the state”. In the first text of the 1981 dated and 2547 numbered Higher Education Law, there was not any article giving permission to foundations to establish universities. Such an article was added to the abovementioned law in 1983.

Ministry of Finance provides financial support to the “foundation universities” within the limits of appropriation in the budget of Council of Higher Education, upon the application of the relevant university, the opinion of the Council of Higher Education and the proposal of the National Education Ministry. By the article added to 2547 numbered Law, newly established “foundation universities” are given “public legal entity” status. “Foundation Universities” have several financial resources such as tuitions which counts for 95 % of the total resources, contributions of the constituent foundation, state support and private donations. The amount of tuitions are determined by the decision of board of trustees. State’s financial support to “foundation universities” comes from the budget of Council of Higher Education and of the State Planning Organization in the form of project aid. Moreover, “foundation universities” are given the right to use or sell the lands which are under control of state treasury and to enjoy a set of tax exemptions such as exemptions from corporate, property and motor vehicles taxes.

The first “foundation university” is Bilkent University which was established officially in 1984 and started to operate in 1986-1987 education and instruction year. It was followed by Koç University in 1992 and Başkent University in 1994. Number of “foundation universities” rose to 18 in 1997, 25 in 2005 and 65 today.

Besides the promotion and strengthening of private education institutions by the state in Turkey through exemptions and fund transfers, the main dimension of the commercialization of education lies in the dependency of education system on a series of competitive tests and on private establishments and private tutoring arose as the result of deficiencies and insufficiencies of instruction in state schools.

As the result of heaping at the doors of universities and of trying to solve this problem via centralized entrance examinations, continuously increasing numbers of private establishments are infact the indicators of “measurement fetishism”. On the other hand, not only the private establishments preparing students for the central entrance examinations but several others trying to donate students with the knowledges and skills in the fields such as language, computer and accounting should also be mentioned (Gök, 2005).

Looking at the quantitative development of private establishments by using the National Education Ministry data reveals that while in the year 2000 the total number of them was 1.730, in 2004-2005 education and instruction year that number rose to 2.984. In 2011-2012 education and instruction year, there were 1.219.472 students taking education and 50.163 teachers working in 3.961 private establishments that are officially registered.

Probably the most vital dimension of the neoliberal change in the field of education in Turkey is the commercialization of the public education system. The practices which are defined as “passive privatization policies” by Sayılan (2006) such as the reduction of state funding in the finance of public education and commercialization of all levels of education under the veil of contribution fees can be regarded as the embodiment of commercialization policies.

According to the Article 42 of the Constitution, “nobody can be deprived of education and instruction right”, “primary education is compulsory and free at state schools for all male and female citizens”. Due to the Article 28 of the “UN Convention on the Rights of the Child” which came into force on 2 September 1990 and was started to be implemented by Turkey on 2 October 1995, states parties “shall make primary education compulsory and available free to all and make higher education accessible to all on the basis of capacity by every appropriate

means”. According to the Article 90 of the Constitution “international agreements which were made come into force in conformity with the legal methods have the power of laws. For such kind of agreements, no one can appeal to the Constitutional Court claiming that they are unconstitutional. In cases where international agreements properly put into force and the laws contradict on the issue of basic rights and freedoms because of the existence of different articles related to the same topic, international agreements are taken into account firstly”. That’s why the abovementioned UN Convention can be said to be binding.

However, despite the abovementioned Constitutional stipulations and the relevant article of “UN Convention on the Rights of the Child”, it’s **not** possible to claim that public education - even at the primary education level- in Turkey is completely free for all. On the contrary, substantial amount of legal actions are taken in order to commercialize public education system. For instance, according to the article 22 of the **older** version of 1739 numbered National Education Basic Law “primary education comprises education of children between the ages of 6 and 14 years old and is compulsory and free for all male and female citizens at state schools”. With an amendment made in 2012, this same article was changed into as follows: “Compulsory education age comprises the children between the ages of 6 and 13 years old. This age starts at the end of the month september in the year when the child’s age fills 5 years and ends at the end of the education year when the child’s age fills 13 years and thee child enters in his/her 14th year.” As it’s seen, this changed version of the article is still including the term “compulsory education” but **not anymore** the expressions “free for all male and female citizens at state schools” any more.

Contribution fees and compulsory donations are important components of the commercialization process in the public education system in Turkey. With 18 August 1997 dated and 4306 numbered law, compulsory education was prolonged to 8 years and in order to satisfy the increased requirement of resources because of this change, a regulation was put into practice to make deductions from the advertisement incomes of broadcasting institutions, from the earnings of Turkish Competition Authority, from the fees of securities, official registrations and various services until 2000 under the title of “educational contribution fee”. With the same law, fundraising for the education was also regulated and it was mentioned that raised funds will be deposited to a bank account opened in the name of National Education Ministry. With the 2001 dated 4702 numbered law, the due date of the educational contribution fee regulation was prolonged to 2010 and the political authority was allowed to

use contribution fees also for the secondary education services (Ertürk Keskin ve Güneşer Demirci, 2003).

Not allocating sufficient resources to the state schools by claiming the insufficiency of public resources is gradually converting the so called free state schools into ones which are trying to raise funds themselves. The amount of money collected under various names from the relatives of students have been increasing. Turkey is a country where there are significant income inequities between social classes, between urban and rural areas and among different geographical regions. Commercialization of state schools does not only deepen these income distribution inequities but also prevents free and equal access to education which is important in terms of the secondary distribution of income. Because the amount of donations differs due to the socio-economic conditions of the families living in different districts and regions, qualities of different state schools can not be made standard. Moreover, money collected in the schools under the title of donations put pressure on the families not only financially but also psychologically.

An important mediator of commercialization in state schools are the practices of school-parent associations which can be regarded as part of governance policies. There has been a tendency to establish and operate school-parent associations in Turkey since 1980's. School-parent associations whose legal base was strengthened first with the "National Education Ministry School-Parent Association Regulation" published in 31.05.2005 dated and 25831 numbered Official Gazette and then with a new a Regulation appeared in 09.02.2012 dated and 28199 numbered Official Gazette and replaced the abovementioned one will render the following tasks according to Article 6 of this new Regulation:

- Cooperation with the school administration, contribution to the utilization classrooms, sport saloon, library, laboratory and ateliers in extracurricular times,
- Purchasing goods and services needed by the school and paying for the expenses such as social security premiums and taxes which buying certain services require,
- Contribution to the payments for the expenses of happenings such as national holidays, important days and weeks and cultural contests,
- Receiving and keeping the records of donations given in kind and in money, organizing social, cultural activities and campaigns and utilization of conditional donations due to their stipulated purposes,

- Having someone to operate or operating on their own the canteens and similar facilities.

As it is obvious, school-parent associations were assigned duties generally related to the financial affairs taking place outside the public finance domain. Therefore, they were made one of the partners of commercialization policies and of the actors trying to create social support for such policies.

Neoliberal higher education policies loom large in the commercialization of public education. Higher education institutions which are expected to carry out highly costly research and development activities that are vital in the creation of a competitive advantage needed intensely in a global world in crises, have been being transformed into “neoliberal universities” through the practices of producing for and under the conditions of markets and of creating a capacity to finance themselves. In this process neoliberal university approach named as “entrepreneurial university model” is being defended and proposed via the discourse of financial autonomy.

One of the important reflections of neoliberal higher education policies on students is the tuitions which they have to pay. Tuitions in higher education system were first put into practice in 1983-1984 education year and with the amendment made in 1992 in the Article 46 of 2547 numbered Higher Education Council Law, it was regulated that due to the number of students and by taking into account the qualities and length of educational branches, current service allotments of higher education institutions shall be specified by Higher Education Council, and a portion of this calculated amount which will be determined by the Council of Ministers shall be transferred to the budgets of the higher education institutions and rest of the required amount shall be paid by the students. According to this regulation, the amount of student payments can not be less than half of the states portion.

In the following years, this new regulation settled down. Students at state schools have been paying tuitions varying due to the type of the faculty, time of the instruction (during the day or in the evening) and to some extent due to the fame and rating of the university. However, with a decree of Council of Ministers, it was decided that in 2012, students would not pay any tuition. Nevertheless, although the government declared that the state would pay for the losses of universities because of unpaid tuitions, no attempt was made so far regarding this problem. It seems that universities will be left on their own to raise the required funds themselves.

One of the most important changes taking place at the financial structure of higher education is the rising amount of the earnings of the internal “revolving fund enterprises” in the budgets of the universities. The number and scope of “Revolving Fund Enterprises” has developed significantly in recent years and their earnings has reached almost half of the university budgets. Besides, there are many units, companies and establishments operating within the university structures providing commercial education and health services in various fields; conducting commercial researches and carrying out commercial projects.

Commercialization policies in Turkey were deepened through practices like privatizing the routine internal services (dining, canteen, cleaning, publishing, ... etc.) and converting some education programmes into private courses by separating them into modules which can easily be commercialized (Sayılan, 2006).

University – Industry collaboration of which the 2547 numbered law’s 37th article drew the legal framework is also important in terms of commercialization in higher education. Based on the assumption that market is the only field wherein the social interests are realized, university – industry collaboration aims at the socialization of the costs of expensive research & development activities by making universities pay for it while at the same time the privatization of the benefits of R&D by letting the companies harvest the end results of R&D activities. For universities, university-industry collaboration means marketing the goods and services (mainly knowledges and technologies) produced by them in order to increase the earnings. However, from another perspective, this means a disorientation of the academic staff from the social responsibility of carrying out a public service and from the values of the proper university.

Conclusion

In today’s world, characterized by an ongoing crisis, by massive institutional and social restructuring processes and neoliberal policies, the sphere of public services is being constricted accompanied by an ideological transformation of the concept of “public service” which traditionally has been pointing at a responsible state providing public services based on social principles and methods. This process have been getting concretized via the restructuring of the state and “public reform policies” since 1980’s.

While a rapid transformation in public education system in Turkey on which neoliberal & neoconservative policies are significantly effective has been going on, private sector's interest in education have been intensifying.

Today, under the ideological effect of neoliberalism, the idea asserting that “taking education is a form of individual investment in human capital at the end of which educated individual will benefit higher earnings so that students should pay for the cost of education they take” is becoming widespread. In addition to this, the tendency to create a competitive market in the field of education in order to improve the education quality is getting stronger.

The variables related to the quality of education make sense only via market according both to the position of new versions of human capital theory compatible with the neoliberal education policies and to a set of bright concepts and models circulating within the framework of “governance”. From such a perspective “high quality education” refers to an education which contributes positively to the revaluation processes of capital under the conditions of crisis and which is provided by entrepreneurial schools to a group of students labeled as customers.

In Turkey, comprehensive changes in the field of education resulting from the neoliberal/neoconservative policies can be said to be **harmful** regarding especially the education quality. As the state does not allocate sufficient resources for the public education, the system is getting commercialized, public finance of education is being replaced by policies like “diversification of resources” and/or “finance by the contributions of stakeholders” and different social groups start benefiting quantitatively and qualitatively differentiated educational services. Hence, the power of education as a social mobilizer in the interest of majority of the society in Turkey is decreasing and its role as a secondary mechanism of income distribution is disappearing.

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