

Economic crises and the social structuring of economic hardship: The impact of the 2001 Turkish crisis

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Abstract

Drawing on a growing cross-national literature on the social impact of economic crises, this paper investigates the social structuring of economic hardship among urban households in Turkey following the 2001 economic crisis. My goal is to compare the Turkish crisis to other recent crises, particularly in Latin America and Asia, and to assess competing claims about the vulnerability of different social groups. Using data from the study entitled *Turkish Family Life under Siege*—a nationally representative sample of urban households of work-aged married couples—the results paint a picture of widespread social devastation as measured by key labor market outcomes: job loss, unemployment duration, earnings instability, and under-employment. The findings suggest that existing patterns of social inequality related to class and status—education, age, ethnicity, and occupation—were reinforced and exacerbated by the 2001 macro-economic crisis. In contrast to claims that the impact was skewed towards higher socio-economic groups, the brunt of the 2001 crisis was felt by disadvantaged social groups with few assets to buffer economic hardship. Economic hardship was higher among labor force participants who are younger, less educated, male, Kurdish-speakers, private-sector employees, and residents of non-central regions. I discuss the implications with respect to the previous research on economic crises, the role of Turkish contextual factors, and the need for social policy reform, particularly in the context of the current global economic crisis.

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Introduction

A growing body of research on the social impact of macro-economic crises has emerged in the wake of a series of severe economic crises, first in Latin America in the 1980s, followed by Asia in the 1990s. Much of the research, especially by economists, focuses on the aggregate economic picture, which points to many similarities across countries with respect to the origins, mechanisms, and the employment and income consequences of economic crises. Somewhat less can be gleaned of the fate of individuals and families as they are buffeted by extreme economic contraction, especially as to which groups are the most vulnerable to economic hardship. This is an understudied issue that can be more fruitfully addressed by sociologists, as it relates to a central theme of classical sociology: how does economic change affect social structure and systems of stratification? The significance of this issue is heightened in the current period, as the 2008-9 global financial crisis has engulfed rich and poor countries alike.

Given the social devastation of recent crises, it is somewhat surprising that the social impact of economic crises has received relatively little scholarly attention from sociologists. Most studies have been conducted by economists, often sponsored by international organizations, such the World Bank and the United Nations. With few exceptions, the research is empirical and geared towards describing the nature and severity of the social consequences, such as assessing the impact on poverty.¹ Collectively, they describe a pattern of high intra-societal variation in the social distribution of economic hardship, where some social groups suffer more than others. A sociological reading of this work suggests that the impact of economic crises on individuals and households shapes,

1 See, for example, Peter Fallon and Robert Lucas, "The Impact of Financial Crises on Labor Markets, Household Incomes, and Poverty: A Review of Evidence," *The World Bank Research* 17, no. 1 (2002); Gavin Jones et al., "The Social and Demographic Impact of the Southeast Asian Crisis of 1997-99," *Journal of Population Research* 17, no. 1 (2000); James Knowles et al., "Social Consequences of the Financial Crisis in Asia: The Deeper Crisis," *Economic Staff Paper*, no. 16 (1999), http://www.adb.org/Documents/EDRC/Briefing_Notes/BN016.pdf; Jong-Wha Lee and Chang-Yong Rhee, "Social Impacts of the Asian Crisis: Policy Challenges and Lessons," (1999), http://hdr.undp.org/en/reports/global/hdr1999/papers/jong-wha_lee_changyong_rhee.pdf; Jessica Poppele et al., "Social Impacts of the Indonesian Crisis: New Data and Policy Implications," *SMERU Report* (Jakarta: World Bank, 1999); Peter Stalker, "Beyond Krismon: The Social Legacy of Indonesia's Financial Crisis," (2000), <http://www.unicef-irc.org/publications/pdf/insight5.pdf>; World Bank, "Turkey: Poverty and Coping after Crisis," Volume 1: Main Report, Report No. 24185 (2003).

and is shaped by, existing social inequalities. The role of factors typically studied in stratification analyses—such as class, gender, and ethnicity—seem to be especially relevant to the social structuring of economic hardship.

The significance of economic crises is heightened by recent claims that their social consequences may not be temporary and short-term, even when macro-economic recovery is relatively swift. Studies of the East Asian crisis highlight potential long-term effects on occupational and educational attainment, health, and family and community disruptions.² Earlier work shows that the Turkish crisis had negative emotional and physical health consequences and increased marital problems among economically distressed urban married couples.³

The goal of this paper is to assess the social consequences of the economic crisis of 2001, focusing on the main macro-economic mechanisms affecting individual and household economic well-being during economic crises. In contrast to most crisis research that employs aggregate data from government sources, I use data from a household study of urban married couples, collected as part of the *Turkish Family Life under Siege* study. I focus on urban families, since the available evidence suggests that in recent crises the contraction of formal-sector employment, declining wages, and rising prices had larger impacts on urban areas.⁴

In this paper, the impact of the crisis on three labor market outcomes—unemployment, earnings reductions, and under-employment—is examined. The focus on labor market outcomes is particularly salient in the Turkish context, given the weak social safety nets and the consequent heavy reliance of households on earnings. I begin by looking at the bivariate relationships between these measures of economic hardship and different characteristics of workers. Next, multivariate analyses assess the social distribution of crisis-induced economic hardship among urban families, with an eye towards identifying vulnerable groups and considering their implications for patterns of social inequality in Turkey. Since the research that dominates the economic crisis lit-

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- 2 World Bank, "Managing the Social Consequences of Economic Crises," Paper prepared for World Bank Annual Meeting (1999), http://www.cceia.org/resources/articles_papers_reports/690.html/_res/id=sa_File1/690_edstrom.pdf.
 - 3 Işık Aytaç and Bruce Rankin, "Unemployment, Economic Strain, and Family Distress: The Impact of the 2001 Economic Crisis," *New Perspectives on Turkey*, no. 38 (2008); Işık Aytaç and Bruce Rankin, "Economic Crisis and Marital Problems in Turkey: A Test of the Family Stress Model," *Journal of Marriage and Family* 71, no. 3 (2009).
 - 4 Fallon and Lucas, "The Impact of Financial Crises"; Knowles et al., "Social Consequences"; Fikret Şenses, "Economic Crisis as an Instigator of Distributional Conflict: The Turkish Case in 2001," in *The Turkish Economy in Crisis*, eds. Ziya Öniş and Barry Rubin (London: Frank Cass, 2003).

erature is mostly atheoretical, I employ a comparative approach, drawing heavily on the literature on the Asian and Latin American financial crises, as well as on what can be gleaned from the handful of academic and journalistic reports on the Turkish crisis for the hypotheses, analyses, and interpretations of findings. Based on studies of social impacts of economic crises, I focus on the effect of the Turkish crisis on several social hierarchies identified in the literature: education, gender, age, ethnicity, sector, and region.

A full explication of the social impact of economic crises would require an understanding of how local states and economies articulate with the global economy and international financial institutions (e.g., World Bank, IMF), addressing the opportunities and constraints these impose on countries coping with crisis. These global linkages are, for the most part, outside of the scope of the current paper. However, a review of the literature dealing with the social impacts of crises helps us to understand how broader political, economic, and cultural contexts mediate the impact of economic shocks on individuals and households, exacerbating social inequalities in some cases and ameliorating them in others.

The 2001 Turkish economic crisis

In February of 2001, Turkey experienced a severe economic contraction. The Turkish lira lost 40 percent of its value, cutting deeply into the living standard of most families. Per capita GNP fell by 7 percent in that year.⁵ In 2000, the official unemployment rate was slightly above 6 percent, rising sharply to over 10 percent in 2002.⁶ Although economic growth rebounded in the years after the crisis, it has been largely a period of jobless growth. As late as 2007, just prior to the recent global economic crisis, unemployment was still 10 percent, representing a serious and ongoing problem for the country.⁷ In the last full year of employment data (2009), unemployment was 13.6 percent and 16.5 percent of urban workers,⁸ figures that underestimate the severity of the problem, since they exclude discouraged workers. In addition to large increases in unemployment, wages declined sharply after 2001, by 15 percent in that year alone, and only recovered after several years.⁹ The spread of eco-

5 Turkstat, "Turkish Statistical Institute Data, 2011," (2011), http://www.turkstat.gov.tr/VeriBilgi.do?tb_id=55&ust_id=16.

6 World Bank, "Turkey Labor Market Study," Report No. 33254-TR (2006), http://siteresources.worldbank.org/INTTURKEY/Resources/361616-1144320150009/Labor_Study.pdf.

7 Turkstat, "Household Labor Force Survey for 2007," press release, no. 36, March 6, 2008.

8 Turkstat, "Household Labor Force Survey for 2010," press release, no. 146, August 16, 2010.

9 Şenses, "Economic Crisis as an Instigator of Distributional Conflict: The Turkish Case in 2001"; World

conomic hardship, as measured by widespread unemployment and declining real incomes, produced a social crisis unparalleled in recent Turkish history, posing serious challenges to both work and family life.¹⁰

The social distress was compounded by the fact that Turkey began implementing neoliberal policies in the 1980s to facilitate global economic integration, which made the country both more vulnerable to economic crises and governments less willing to increase social spending when crises occur. The severity of the crisis forced the newly elected government of Recep Tayyip Erdoğan and his Justice and Development Party (AKP) to accept an IMF bailout, on the condition of their implementing a structural adjustment program, with the various austerity measures typically associated with them, including fiscal discipline, reduced social expenditures, and privatization of public enterprises. Erdoğan's government policies since then indicate that they have fully embraced a market-based neoliberalism.¹¹ Thus, the country, which already had minimal social assistance programs (e.g., unemployment insurance, poverty aid) and few private charitable organizations to assist needy families, was even more hamstrung to respond to burgeoning social needs.¹² Furthermore, restrictions on labor union activities, combined with neoliberal policies to promote labor market flexibility, also severely curtailed the power of labor unions to protect workers.¹³ In short, workers—and their families—were left to fend for themselves.

Despite its severity, there is very little systemic knowledge about the consequences of the economic crisis in Turkey. The plight of the poor was the focus of much discussion in the popular media at the time, with

Bank, "Turkey Labor Market Study."

- 10 Aytaç and Rankin, "Unemployment, Economic Strain, and Family Distress: The Impact of the 2001 Economic Crisis"; Aytaç and Rankin, "Economic Crisis and Marital Problems"; Necmi Erdoğan, *Yoksulluk Halleri: Türkiye'de Kent Yoksulluğunun Toplumsal Görünümleri* (Istanbul: Demokrasi Kitaplığı Yayınevi, 2002); Mustafa Sönmez, *100 Göstergede Kriz ve Yoksullaşma* (Istanbul: İletişim Yayınları, 2002); İnsan Tunalı, "Background Study on Labor Market and Employment in Turkey," (Torino, Italy: European Training Foundation, 2003).
- 11 Deniz Yüksek, "Neoliberal Restructuring and Social Exclusion in Turkey," in *Turkish Economy in the Post-Crisis Era: The New Phase of Neo-Liberal Restructuring and Integration in the Global Economy*, eds. Ziya Öniş and Fikret Şenses (New York: Routledge, 2009).
- 12 Ayşe Buğra and Çağlar Keyder, "New Poverty and the Changing Welfare Regime of Turkey," *Report prepared for the United Nations Development Program* (Ankara: UNDP, 2003). Although not a focus of this study, the data confirm the low levels of formal social support in Turkey. Less than 1 percent of households where husbands experienced unemployment reported receiving unemployment benefits. Only 2.3 percent of the households reported poverty aid, while 1.3 percent received assistance from a charity, this despite the fact that the official poverty rate in the year of the survey (2004) was 25 percent (Turkstat, "Results of the 2007 Poverty Study," press release, no. 192, December 5, 2008).
- 13 Özlem Onaran, "Crises and Post-Crisis Adjustment in Turkey: Implications for Labor," in *Turkey and the Global Economy: Neo-liberal Restructuring and Integration in the Post-Crisis World*, eds. Ziya Öniş and Fikret Şenses (London: Routledge, 2009).

a World Bank study documenting poverty increases following the crisis.¹⁴ The labor market effects on the non-poor or minority groups (e.g., women, ethnic minorities), however, has received much less attention. Most of the published material is based on anecdotal sources or local small-scale studies. To my knowledge, there is no research based on nationally representative data. This research seeks to remedy this by using data from the study entitled *Turkish Family Life under Siege*. The study represents one of the first efforts to examine how the economic crisis affected urban family households nationwide.

Literature review

To some extent, the case of Turkey is not unique among emerging market economic crises.¹⁵ It shares many of the characteristics of economic crises in Latin America in the 1980s and Asia in the 1990s, each of which involved financial, political, and administrative problems. Although a full explication of the cause is outside the scope of this paper, the general pattern seems to be one of long-term structural vulnerabilities that collide with local events, producing a crisis of confidence that is followed quickly by massive capital flight, currency devaluations, and floating exchange rates. The underlying structural factors are many and their importance varies by country, but includes some combination of international financial market volatility (and lack of prudential control over it), lack of transparency in national financial and banking sectors and fragility in other sectors, lack of good governance, and corruption.¹⁶

However, the main mechanism by which households are affected by economic crises is through a deterioration of labor market conditions, especially increased unemployment and under-employment, and reduced earnings. The costs of economic crises are clearly high for the unemployed. Declines in real wages, on the other hand, spread the cost of labor market adjustments across the labor force. There is a growing consensus that declining real wages may be a more important factor af-

14 World Bank, "Turkey."

15 Hakan Tunç, "The Lost Gamble: The 2000 and 2001 Turkish Financial Crisis in Comparative Perspective," in *The Turkish Economy in Crisis*, eds. Ziya Öniş and Barry Rubin (London: Frank Cass, 2003).

16 For a more detailed discussion of the causes of economic crises, see Tran van Hoa, "The Social Impact of the Asia Crisis: A Fundamental Prescription and Management," in *The Social Impact of the Asia Crisis*, ed. Tran van Hoa (New York: Palgrave, 2000); Şenses, "Economic Crisis"; Fred Robins, "Asia's 1997 Crash: Its Character, Causes and Consequences," in *The East Asian Development Model: Economic Growth, Institutional Failure and the Aftermath of the Crisis*, ed. Frank-Jürgen Richter (London: Macmillan, 2000); Chalongphob Sussangkarn et al., "Comparative Social Impacts of the Asian Economic Crisis in Thailand, Indonesia, Malaysia, and the Philippines: A Preliminary Report," *TDRI Quarterly Review* 14, no. 1 (1999); Tunç, "The Lost Gamble."

fecting well-being during recent economic crises than unemployment or declining hours.¹⁷ The literature on intra-societal variation in how crises affect societies is reviewed below.

Intra-societal variation in economic hardship

Socio-economic status

There is little disagreement that one group profoundly affected by economy-wide recessions and depressions is the poor. They are the one group not only most vulnerable to macro-economic shock, but also most rapidly expanding as deteriorating labor markets push more and more people into poverty. Given the rapid urbanization in East Asia, Turkey, and other developing regions, poverty, which used to be mainly a rural problem, is increasingly an urban one.¹⁸ The urban poor in Asia were the most likely to suffer from unemployment and, because of crowding in the informal sector, declining incomes.¹⁹ As skilled workers are pushed into the informal sector, where skill levels are generally lower, underemployment becomes more prevalent. With the informal sector long serving as a safety valve for sluggish job growth in the Turkish economy, many unemployed urban workers in Turkey also ended up in this sector in the wake of the Turkish crisis.²⁰ Reports on crises in Mexico and Argentina confirm that the urban poor and uneducated suffered more than other groups.²¹

In terms of unemployment, it appears that the brunt of crises tends to be felt most by marginal workers—that is, those with lower levels of human capital in the form of education, skills, and work experience. Knowles et al. report that educated workers, particularly white-collar workers, were initially hard hit by layoffs in the formal sector in Asia, but ultimately fared better (at least in Thailand, Korea, and the Philippines), largely because they more easily moved to new jobs, albeit gener-

17 Fallon and Lucas, "The Impact of Financial Crises"; Knowles et al., "Social Consequences"; Duncan Thomas et al., "Labor Market Transitions," *Working Paper Series 00-11* (2000), <http://www.rand.org/labor/DRU/DRU2344.pdf>.

18 Buğra and Keyder, "New Poverty"; Jones et al., "The Social and Demographic Impact."

19 Nancy Birdsall and Stephan Haggard, *After the Crisis: The Social Contract and the Middle Class in East Asia* (Washington, DC: Carnegie Endowment for International Peace, 2000); Thomas et al., "Labor Market Transitions."

20 Buğra and Keyder, "New Poverty"; Şenses, "Economic Crisis." Informal sector figures for Turkey are only rough estimates, but at least one in three urban workers is unregistered and not covered by any social security program (Turkstat, "Results of the 2007 Poverty Study"; World Bank, "Turkey Labor Market Study").

21 Lourdes Beneria, "The Mexican Debt Crisis: Restructuring the Economy and the Household," in *Unequal Burden Economic Crises, Persistent Poverty, and Women's Work*, eds. Lourdes Beneria and Shelley Feldman (Oxford: Westview Press, 1992); World Bank, "Argentina Household Risk, Self-Insurance and Coping Strategies in Urban Argentina," Report No. 22426-AR (2001).

ally lower-paying and less skilled than previous jobs, displacing the less educated and lower-skilled.²² In Turkey, more educated males were less likely to experience unemployment, but were affected mainly by declining income and consumption.²³

On the other hand, some research suggests that Asia's emergent urban middle class was also deeply affected by the East Asian crisis.²⁴ In Indonesia, it was among this group of "relatively better off" urban households that expenditures dropped the most.²⁵ Indeed, some claim that more educated workers had higher rates of unemployment due to their concentration in the formal sector of the economy, where labor market contractions were the most severe.²⁶ It was widely reported that rates of unemployment and income reductions increased for urban middle-class, white-collar workers in Korea, Malaysia, Indonesia, and Thailand.²⁷ This was especially true of new graduates who were just entering the labor force.²⁸ However, for the most part, educated workers in Asia were less affected by crisis (at least in Thailand, Korea, and the Philippines) in comparison to less educated workers, largely because they more easily found new jobs. As such, under-employment was more of a problem for them than unemployment.²⁹

Evidence that all income groups are hurt by severe economic crises also comes from the Mexican crisis of the 1980s. Beneria reports that over 80 percent of the poor and lower middle class and nearly half of the middle class were forced to radically alter consumption patterns due to the high levels of unemployment and income instability.³⁰

Gender and age

A major theme of studies on the social impacts of economic crises is their differential effects on gender. In a pattern similar to Latin America in the 1980s, women, particularly in low-income households, were believed to be the most vulnerable to labor market downturns during the

22 Knowles et al., "Social Consequences."

23 Tunali, "Background Study."

24 Birdsall and Haggard, *After the Crisis*.

25 Poppele et al., "Social Impacts."

26 Hall Hill and Yun-Peng Chu, "An Overview of the Key Issues," in *The Social Impact of the Asian Financial Crisis*, eds. Yun-Peng Chu and Hal Hill (Cheltenham, UK: Edward Elgar, 2001).

27 Seung-Kyung Kim and John Finch, "Living with Rhetoric, Living Against Rhetoric: Korean Families and the IMF Economic Crisis," *Korean Studies* 26, no. 1 (2002); Sussangkarn et al., "Comparative Social Impacts"; Lee and Rhee, "Social Impacts."

28 Jones et al., "The Social and Demographic Impact."

29 Knowles et al., "Social Consequences."

30 Beneria, "The Mexican Debt Crisis."

1997-8 Asian crises.³¹ Shari reports that Asian women who were employed at the time of crisis were hardest hit by layoffs, reflecting the fact that women in these countries are more likely to be found in less skilled, lower-paying marginal jobs.³² Asian employers were reluctant to lay off more skilled (typically male) employees. Traditional attitudes towards women, which emphasize that their market work is secondary to family responsibilities, make them more vulnerable to layoffs.³³ A similar cultural pattern restricts female educational and employment opportunities in Turkey,³⁴ one that may also have protected male breadwinners during the economic contraction of 2001.³⁵

Turning to age differences in unemployment, younger workers were more likely to be laid off or to be unable to find employment during the Asian crisis, particularly first-time job seekers.³⁶ Most reports suggest that during times of economic downturn employers want to keep older and more experienced workers. However, in some Asian countries, elderly workers were also more likely to experience unemployment.³⁷ In Turkey, new entrants and younger workers seem to have suffered higher rates of unemployment in the wake of the 2001 crisis, with Tunalı reporting a 22 percent unemployment rate for 15-to-24-year-olds in 2001, more than twice the rate of those 25 and older.³⁸

Ethnicity

With the exception of reports of attacks on the ethnic Chinese community in several countries during the Asian crisis and ethnic tension in Indonesia,³⁹ the literature on economic crises is largely quiet on the issue of how racial and ethnic inequalities are affected by economic crises. In

31 World Bank, "Managing the Social Consequences"; see also van Hoa, "The Social Impact", on Indonesia.

32 Ishak Shari, "Financial Crisis and Its Social Impact in Malaysia," in *The Social Impact of the Asian Financial Crisis*, eds. Yun-Peng Chu and Hal Hill (Cheltenham, UK: Edward Elgar, 2001).

33 WINN, "Asian Economic Crisis Damages Women and Girls Most of All," *Women's International Network News* 24, no. 3 (1998).

34 Bruce Rankin and Işık Aytaç, "Gender Inequality in Schooling: The Case of Turkey," *Sociology of Education* 79, no. 1 (2006); Jeroen Smits and Ayşe Gündüz-Hoşgör, "Effects of Family Background Characteristics on Educational Participation in Turkey," *International Journal of Educational Development* 26, no. 5 (2006); Ayşe Gündüz-Hoşgör and Jeroen Smits, "Variation in labor market participation of married women in Turkey," *Women's Studies International Forum* 31, no. 2 (2008).

35 Şenses, "Economic Crisis."

36 Lee and Rhee, "Social Impacts"; Young-Youn Lee and Hyun-Hoon Lee, "Korea: Financial Crisis, Structural Reform and Social Consequences," in *The Social Impact of the Asia Crisis*, ed. Tran van Hoa (New York: Palgrave, 2000); Knowles et al., "Social Consequences."

37 "Social Consequences."

38 Tunalı, "Background Study."

39 Knowles et al., "Social Consequences"; van Hoa, "The Social Impact"; Hill and Chu, "An Overview."

the case of Turkey, many socio-economic outcomes are correlated with ethnicity. While there is much debate about whether or not this is a result of a deliberate and systematic policy of economic exploitation and political and cultural marginalization of Kurdish people and regions,⁴⁰ research does show that Kurds are disadvantaged in virtually all measures of economic and social well-being in comparison to the non-Kurdish population,⁴¹ differences that are not solely due to the regional under-development of those areas with large concentrations of Kurds. For example, infant mortality is higher among the Kurdish population, even when looking only at the eastern region.⁴² Kurdish socio-economic advancement is also hindered by non-fluency in Turkish among many Kurds, particularly rural women.⁴³

Although scant, some evidence suggests that Kurds, particularly those residing in the urban areas of western Turkey, are subject to anti-Kurdish prejudice and discrimination in housing and labor markets⁴⁴ and socially excluded from urban life.⁴⁵ The low levels of Kurdish-Turkish intermarriage in Turkey, reported by Gündüz-Hoşgör and Smits, are consistent with an ethnically stratified society.⁴⁶ Whether Kurdish ethnicity is associated with greater vulnerability to economic hardship during the 2001 Turkish crisis has not previously been studied.

Occupational and sectoral groups

The general pattern across Asia, Argentina, and Turkey was that job losses were highest among workers in the formalized private sector. Employers faced with increasing costs of imported inputs and credits, on

40 For a review of that debate, see Servet Mutlu, "Economic Basis of Ethnic Separatism in Turkey: An Evaluation of Claims and Counterclaims," *Middle Eastern Studies* 37, no. 4 (2001).

41 Ahmet İçduygu et al., "The Ethnic Question in an Environment of Insecurity: The Kurds in Turkey," *Ethnic and Racial Studies* 22, no. 6 (1999).

42 İsmet Koç et al., "Demographic Differentials and Demographic Integration of Turkish and Kurdish Populations in Turkey," *Population Research and Policy Review* 27, no. 4 (2008).

43 Gündüz-Hoşgör and Smits, "Variation in labor market participation"; Jeroen Smits and Ayşe Gündüz-Hoşgör, "Linguistic capital: Language as a Socio-economic Resource among Kurdish and Arabic Women in Turkey," *Ethnic and Racial Studies* 26, no. 5 (2003).

44 Cenk Saracoglu, "Exclusive Recognition: The New Dimensions of the Question of Ethnicity and Nationalism in Turkey," *Ethnic and Racial Studies* 32, no. 4 (2008); Deniz Yükseser, "Internal Displacement and Social Exclusion: Problems Encountered by Internally Displaced Persons in the Provinces of İstanbul and Diyarbakır," in *Coming to Terms with Forced Migration: Post-Displacement Restitution of Citizenship Rights in Turkey*, eds. Dilek Kurban, et al. (İstanbul: TESEV, 2007); Jeffrey Dixon and Murat Ergin, "Explaining Anti-Kurdish Beliefs in Turkey: Group Competition, Identity, and Globalization," *Social Science Quarterly* 91, no. 5 (2010).

45 Fikret Adaman and Oya Pınar Ardiç, "Social Exclusion in the Slum Areas of Large Cities in Turkey," *New Perspectives in Turkey*, no. 38 (2008).

46 Ayşe Gündüz-Hoşgör and Jeroen Smits, "Intermarriage between Turks and Kurds in Contemporary Turkey," *European Sociological Review* 18, no. 4 (2002).

the one hand, and rapidly shrinking demand, on the other, are forced to lay off large numbers of workers, particularly in construction and manufacturing industries, sectors which tend to be hit hardest.⁴⁷ In contrast to the private formal sector, public employees in general suffered less unemployment, although they have been subject to wage cuts and freezes. Şenses observed in Turkey a similar pattern of protecting public workers, one tool of crisis management available to the government.⁴⁸

Regional differences

Growth of regional disparities in poverty and income inequality were reported in Thailand and Indonesia.⁴⁹ In general, countries with large agricultural sectors, especially tradable export-oriented ones, benefit from currency depreciations and therefore coped better with the crisis.⁵⁰ However, in the Philippines, regions that depend on fishing and farming suffered from high input prices and transportation costs.⁵¹ Since a weak local currency attracts tourists, regional economies that are oriented towards tourism also fare better,⁵² which may also be a factor in the western region of Turkey. In general, regions that are more globally integrated with more modern formal-sector employment were more severely affected, especially the province of İstanbul, where much of Turkey's finance, manufacturing, and trade activities are located.⁵³ The central region is dominated by the political capital, Ankara, whose regional labor market contains a larger proportion of protected public-sector workers and, as a result, may have fared better than other regions.

In sum, the foregoing review of the literature on the social impact of economic crises shows a convergence of evidence around some relationships, and contradictory findings for others. For example, the gender effects appear to be fairly universal, with female workers bearing the brunt of crises. The same can be said for employment in the private sector, where employees are more vulnerable than public-sector workers, and for regions that are dependent on industries, such as manufacturing and construction, that tend to be the hardest hit. In contrast, the distribution of crisis-driven social impacts across socio-economic groups is less clear. The poor are clearly hard hit, but in some cases, findings point to

47 Jones et al., "The Social and Demographic Impact"; Knowles et al., "Social Consequences"; Birdsall and Haggard, *After the Crisis*; World Bank, "Argentina Household Risk."

48 Şenses, "Economic Crisis."

49 Fallon and Lucas, "The Impact of Financial Crises"; Thomas et al., "Labor Market Transitions."

50 Hill and Chu, "An Overview"; Stalker, "Beyond Krismon."

51 Knowles et al., "Social Consequences."

52 Lee and Rhee, "Social Impacts."

53 Şenses, "Economic Crisis."

even greater effects on the more educated middle classes. The same can be said for difference across age groups, with reports that both younger and older age groups were under greater duress, although the weight of the evidence suggests that younger workers fared worse. Finally, next to nothing is known about how ethnic minorities fare in the wake of economic shocks; however, given their widely studied and well-known disparities in life chances, it is safe to assume that they might also suffer more during crises.

Data and methods

Study description and sample

The data analyzed for this paper are from the *Turkish Family Life under Siege* study. The fieldwork for this research was completed in the spring of 2004, exactly three years after the onset of the February 2001 economic crisis. The study consists of a nationally representative sample of 1,201 urban households containing married couples between the ages of 21 and 58, the age group of active employment at the time of the crisis (i.e., 18-55 years old). In Turkey, the vast majority of households contains married couples, estimated to be 87 percent in 1998.⁵⁴

The sampling method used is a multi-phased, stratified, self-weighted, random cluster sampling. Based on data provided by the State Institute of Statistics' 2000 Population Census, the sample was stratified according to population size of the urban area (i.e., areas with population greater than 20,000) and index of development, a measure created by the State Planning Office. The 21 urban areas selected are representative of urban areas of different population size and, within population strata, of different levels of development.⁵⁵ To ensure socio-economic representativeness within urban areas, neighborhoods were stratified into five groups using the Finance Ministry's Land Value Database and randomly sampled based on a probability proportionate to population size by using a database of registered voters in the 2002 General Election. Within neighborhoods, streets were selected by using systematic random sampling. A cluster of six households were interviewed on each street.

Face-to-face interviews with respondents residing in households that met age and marital status criteria were conducted in the respondent's

54 Sutay Yavuz, "Changing Household and Family Compositions in Turkey: A Demographic Evaluation for 1968-1998 Period," (2004), <http://www.sdergi.hacettepe.edu.tr/sutaymakale.htm>.

55 The sample settlements are İstanbul, Ankara, İzmir, İzmir/Tire, Adana, Adana/Ceyhan, Osmaniye/Kadirli, Malatya, Bingöl/Merkez, Şanlı Urfa/Viranşehir, Şanlı Urfa/Akçakale, Denizli, Konya, Samsun, Samsun/Çarşamba, Van, Trabzon/Merkez, Balıkesir/Merkez, Balıkesir/Bandırma, Bolu/Merkez, and Yozgat/Boğazlıyan.

home. Only one interview per household was conducted, with the head of household or their spouse. Information on the spouse was obtained from the respondent. Since the focus is on labor market outcomes, I exclude from the total of 2,402 husbands and wives those individuals who were not in the labor force during the three years prior to the interview. The resulting sample has a total of 1,147 individuals.

Measures

Respondents were asked a series of questions about circumstances pertaining to their employment and income from work and that of their spouses in the three-year period immediately following the onset of the February 2001 crisis. Four measures of labor market hardship were examined. The respondent was asked whether in the last three years the respondent or spouse had *lost a job*, experienced *reduced earnings* (asked as “having had a period with no earnings or no increase in wage or salary”), or were *under-employed* (asked as “working in a job for which they are overqualified or working less hours than they wanted”). If a job loss was reported, the *duration of unemployment* was recorded (asked as total number of months the person was “unemployed, despite wanting to work and looking for a job”). Retrospective questions can be unreliable and subject to recall problems, but given the severity of the economic crisis, the problem should be minimal.

The variability in these outcomes across is assessed using social categories highlighted in previous studies on the social impacts of economic crises, including *education* (i.e., level of schooling completed—less than primary, primary, junior high, high school, or college), *gender* (1=male), *age* in years, *sector* (i.e., public versus private sector), and *region* (i.e., central, east, south, north, and west). I use an indicator, albeit crude, of *Kurdish ethnicity* based on whether the respondent reported speaking one of the dialects of Kurdish (1=speaks Kurdish). Sixteen percent of the respondents in the urban sample spoke Kurdish, a figure that is close to the 1998 Turkish Demographic and Health Survey estimates of the urban Kurdish-speaking population (i.e., 14%).

Analytic strategy

Following the description of the sample, the analysis begins by examining bivariate relationships between labor market outcomes and the social and demographic characteristics of married adults in surveyed households. I then proceed to multivariate analyses that allow us to assess the relative importance of those same characteristics in predicting labor market difficulties. Probit regression, a technique for models with

binary outcomes, is used to predict a job loss, reduced earnings, and under-employment. The presence of a large number of individuals who were not in the labor force introduces the potential for sample selection bias. Sample selection bias can occur whenever a non-random subset of a population is used, in this case, labor force participants. Preliminary analysis indicated statistically significant selection bias. As such, a probit model with the Heckman sample selection correction procedure is used,⁵⁶ in which the probability of being in the labor force (i.e., the selection model) is assumed to be a function of age, gender, education, and household income.

Since unemployment duration is a count variable (i.e., the number of months unemployed) with a large number of zero scores (i.e., never unemployed or less than a month), a zero-inflated negative binomial model is used for estimating that model. Since no corresponding Heckman routine is available for zero-inflated negative binomial models, I first estimated the predicted probability of being in the labor force on the full sample and then included that as a control variable in the final negative binomial model, a method recommended by Berk.⁵⁷

Results

Table 1 presents descriptive statistics on the husbands and wives who were in the labor force during the three years prior to the survey (roughly February 2001 to February 2004), even if only temporarily. It should be noted that husbands account for 85 percent of the labor force participants, highlighting the high degree of reliance on male income among urban family households in Turkey.

A look at the labor market outcome's descriptive statistics shows that the crisis touched a large proportion of urban households reliant on earnings from employment. Among all adults in the study who were in the labor force, 29 percent experienced a job loss, a figure nearly three times the official rate in 2004. The figures are consistent with reports of labor market "churning" in other crisis-hit countries, with a large number of workers facing unstable employment conditions.⁵⁸ Moreover, the average time spent unemployed in the three years following the crisis was nearly one year (11.6 months). In short, many urban workers spent long periods unemployed. Fifty-six percent saw a reduction in earnings (due to a period of no earnings or no increase in earnings).

56 James Heckman, "Sample Selection Bias as a Specification Error," *Econometrica* 47, no. 1 (1979).

57 Richard Berk, "An Introduction to Sample Selection Bias in Sociological Data," *American Sociological Review* 48, no. 3 (1983).

58 Thomas et al., "Labor Market Transitions."

Table 1: Sample descriptives for urban married adults in the labor force^a

	Mean
<i>Dependent Variables: Economic Hardship</i>	
Lost Job (1=yes)	.29
Unemployment Duration (in months)**	11.64 (9.68)
Reduced Earnings (1=yes)	.56
Under-employed (1=yes)	.26
<i>Independent Variables:</i>	
Education	
Less Than Primary School	.07
Primary School (comparison group)	.45
Junior High School	.13
High School	.23
College	.12
Gender (1=male)	.85
Age	
18-29 (comparison group)	.17
30-39	.39
40-49	.32
50 and above	.12
Kurdish-Speaking (1=yes)	.16
Public Sector (1=yes)	.20
Region	
Central (comparison group)	.14
East	.16
South	.08
North	.13
West	.48
N	1147

* Standard deviations in parenthesis.

** Figures are based on the subsample of individuals who reported losing a job during the last three years (n=342).

Twenty-six percent reported being under-employed (i.e., working in a job below their qualification, or working fewer hours than desired), a figure somewhat higher than the 21 percent reported for 2000.⁵⁹ Those unemployed who were able to find a job when employment opportunities were shrinking usually ended up in lower-quality jobs, often in the informal sector.⁶⁰

Table 2 presents the results from the bivariate tests of the vulnerability of different groups to unemployment, income instability, and under-employment. Earlier reports suggest that the inverse relationship between education and unemployment, found in previous economic crises, may have changed following the February 2001 crisis.⁶¹ My results, however, suggest that education continues to have a negative association with hardship following the 2001 crisis. The less educated appear to be more likely to have lost a job, spent more time unemployed, have reduced earnings, and be under-employed. The biggest differences were between those with primary education or less and high school or college graduates. Nearly half (46%) of those with less than primary education and 37 percent of those with primary education lost a job, in comparison to 19 percent of high school and 9 percent of college graduates.

In contrast to the Asian and Latin American crises, where female workers were most affected by labor market contractions, here men and women appear to be unemployed at similar rates and for similar lengths of time. This implies that the anecdotal evidence of employer favoritism towards male breadwinners seems not to have been widespread.⁶² Moreover, a substantially larger proportion of men reported earnings instability (60%) in comparison to women (37%).

Based on previous crisis research, I anticipated that younger workers would bear the brunt of the crisis. The results show that younger workers are more likely to experience a job loss and that the numbers are smaller for each successive age cohort. Thirty-six percent of the 18-to-29-year-olds and 30 percent of those in their thirties were unemployed during this time period. Yet, older workers were not unaffected, as one in four workers over the age of 40 lost a job. In short, seniority did not completely protect older workers from layoffs. Interestingly, even though more likely to have lost a job, the youngest age group on average spent

59 State Institute of Statistics, *Household Labor Force Survey Results, 2000* (Ankara: State Institute of Statistics, 2000).

60 In figures not reported, currently employed workers who lost a job during the crisis have much higher rates of informal-sector employment (47%) than those who did not lose a job (20%) and are more likely to report being under-employed if they lost a job during the crisis, 66 and 11 percent, respectively.

61 Şenses, "Economic Crisis."

62 Ibid.

Table 2: Economic hardship of labor force participants by socio-demographic characteristics*

	Job Loss	Unemployment Duration**	Real Earnings Reduction	Under-employment
Education				
Less Than Primary School	.46	14.78	.77	.38
Primary School	.37	12.76	.63	.31
Junior High School	.28	10.17	.63	.31
High School	.19	8.55	.45	.18
College	.09	3.58	.30	.14
Gender				
Male	.29 ^a	11.63 ^a	.60	.27 ^a
Female	.28	11.78	.37	.22
Age				
18-29	.36	7.97	.58 ^a	.31 ^a
30-39	.30	12.72	.59	.28
40-49	.25	12.01	.52	.22
50 and above	.25	13.83	.54	.27
Kurdish-Speaking				
Yes	.39	14.01	.71	.34
No	.27	11.00	.53	.25
Sector				
Public	.06	11.67 ^a	.25	.07
Private	.34	11.65	.64	.31
Region				
East	.27	15.66	.67	.23
South	.32	15.91	.80	.30
North	.33	12.55	.55	.33
Central	.16	7.23	.38	.15
West	.31	10.13	.53	.28
N	1147	342	1147	1147

* Figures are means and group differences are statistically significant unless noted.

** Figures are based on the subsample of individuals who reported losing a job during the last three years.

a F-test of group differences are not statistically significant at the $p < .05$ level.

the shortest time unemployed (e.g., 8 months, in comparison to 12 to 14 months for the older groups).

While to my knowledge no studies on the Turkish crisis discuss the role of ethnicity in the social distribution of crisis-induced hardship, large differences are observed. In comparison to households where Kurdish is not spoken, adult workers residing in Kurdish-speaking households were much more likely to have experienced unemployment (39% versus 27%), to have spent more time unemployed (14 months versus 11 months), to have reduced earnings (71% versus 53%), and to be under-employed (34% versus 25%). This is consistent with a hypothesis of ethnic inequalities in the social distribution of economic hardship.

There is also clear evidence of sectoral and regional differences. As in other crisis cases, those employed in the private sector were more vulnerable to labor market difficulties. They were more likely to be laid off than public sector workers (34% versus 6%), to have reduced earnings (64% versus 25%), and to be under-employed (31% versus 7%). While public-sector workers seem to have been more protected from the mass layoffs occurring in the private sector, still, one in four saw earnings decline over the three-year period.

The large difference between the central region and other regions is probably in part due to the larger public sector in that region. There the proportion of workers who became unemployed was about half of what it is in other regions (i.e., 7%). It also had the shortest unemployment duration and the fewest workers reporting earnings reductions and under-employment. For reasons that are not immediately clear, the duration of unemployment and earnings reductions were the worst in the east and south, those regions furthest from the metropolitan and industrial centers of Turkey.

Table 3 presents the results of the multivariate probit regressions, corrected for selection bias, on the binary labor market outcomes—job loss, reduced earnings, and under-employment. For the sake of brevity, I do not include the selection portion of the model (tables available upon request). The main factors associated with negative labor market outcomes are low education, male gender, Kurdish ethnicity, private-sector employment, and residence in non-central regions. Net of these factors, age differences are not significantly related to any measure of economic hardship for married urban workers.

Although many of the better-educated individuals reported an episode of unemployment, in general education appears to have protected workers from job losses. Both high school and college-educated adults

were less likely to lose a job. The benefits of education were less evident for earnings reductions and under-employment, although high school graduates were also less likely to experience reduced earnings and under-employment than primary school graduates. This supports the claim that the Turkish crisis affected educated workers mainly through wage reductions, rather than job losses.⁶³

The results from the multivariate models even more strongly suggest that the relationship of gender to crisis-driven labor market outcomes in Turkey does not fit the widely-reported pattern of female disadvantage. In fact, urban male workers in this study were more likely to experience a job loss, reduced earnings, and under-employment than females, probably due to the larger share of men in the private-sector industries most affected by layoffs and wage reductions (e.g., manufacturing and construction), a pattern identified by others.⁶⁴ This proposition could not be assessed here due to a lack of data on the industry of the previous job among those who lost a job.

This is clear evidence of age effects on labor market difficulties, consistent with reports that younger workers tend to suffer more from severe economic contractions. Workers aged 40 and older had lower risks of job loss and under-employment, in comparison to the youngest group (i.e., 18 to 39). Those aged 50 and older also were less likely to have a period of reduced earnings than the youngest.

An important finding here is that labor market difficulties appear to have an ethnic dimension. Adults who speak Kurdish are more likely to have experienced an episode of unemployment and be under-employed, in comparison to non-Kurdish speaking persons. Moreover, these effects are net of socio-economic factors that overlap with Kurdish ethnicity (i.e., low education and residence in the less developed regions in the east and south).⁶⁵ Although not proof by any means, this is consistent with claims of labor market discrimination against Kurds.

The results also confirm the widely-reported vulnerability of private-sector workers and, in contrast, the more protected status of public-sector workers. In comparison to private-sector workers, those in the public sector were significantly less likely to experience a job loss, have reduced earnings, and be under-employed, a finding that is consistent

63 Tunalı, "Background Study."

64 Şenses, "Economic Crisis."

65 The majority of the Kurdish-speaking population continues to reside in the eastern and southeastern provinces of the country (Servet Mutlu, "Ethnic Kurds in Turkey: A Demographic Study," *International Journal of Middle East Studies* 28, no. 4, 1996), perhaps as much as 70 percent (Koç et al., "Demographic Differentials").

Table 3: Probit regression models for job loss, earnings reductions, and underemployment*

Independent Variables	Job Loss	Reduced Earnings	Under-employment
Education (compared to primary)			
No Primary School	.14	.16	.10
Junior High School	-.19	.01	.03
High School	-.34 ^b	-.23 ^a	-.23 ^a
College	-.45 ^a	-.23	.00
Male	.81 ^c	1.16 ^c	.90 ^c
Age (compared to 18-29 year olds)			
30-39	-.16	.04	-.08
40-49	-.32 ^b	-.15	-.26 ^a
50 and above	-.68 ^c	-.48 ^b	-.47 ^b
Kurdish-Speaking	.31 ^a	.09	.28 ^a
Employed in Public Sector	-.80 ^c	-.87 ^c	-.81 ^c
Region (compared to Central)			
West	.32 ^a	.27 ^a	.33 ^a
North	.56 ^c	.51 ^c	.63 ^c
South	.17	.93 ^c	.24
East	.06	.70 ^c	.06
Constant	-1.30 ^c	-1.11 ^c	-1.61 ^c
Wald Chi-square	132.70 ^c	229.04 ^c	107.21 ^c
Likelihood Ratio Chi-square	7.60 ^b	4.42 ^a	5.46 ^a
Test of Independent Equations			

a $p < .05$

b $p < .01$

c $p < .001$

* Figures are probit coefficients corrected for sample selection bias (N=1147). Coefficients were estimated using Heckman's two-stage sample selection procedure. The first stage, predicting the probability of being in the labor force, is not shown.

Table 4: Zero-inflated negative binomial model of months unemployed*

Independent Variables	Months Unemployed
Education (compared to primary)	
No Primary School	-.09
Junior High School	-.14
High School	-.17
College	-.47
Male	.40
Age (compared to 18-29 year olds)	
30-39	.14
40-49	.13
50 and above	.07
Kurdish-Speaking	.21
Employed in Public Sector	.19
Region (compared to Central)	
West	.36 ^a
North	.68 ^c
South	.70 ^c
East	.62 ^b
In the Labor Force Probability	-.98
Intercept	2.32 ^c
Inflated Component	
No Primary School	-.36
Junior High School	.27
High School	.94 ^c
College	1.22 ^c
Kurdish-Speaking	-.06
Employed in Public Sector	1.32 ^c
Intercept	.11
Log Likelihood	-1994.37
Chi-square	47.98 ^c

a p<.05

b p<.01,

c p<.001

* Coefficients are unstandardized b-coefficients corrected for selection bias. N=1147.

with claims that the protection of public workers was one of the government's tools of crisis management.⁶⁶

In general, persons residing in the central region fared better than those in non-central regions. The risks of job loss, earnings reductions, and under-employment in the west and north were higher than in the central region. Those in the less developed south and east had similar chances of being unemployed or under-employed, in comparison to central region residents, but were particularly vulnerable to reduced earnings. This pattern of central region exceptionalism is probably due to the presence of Ankara, the capital, with its larger public sector and smaller manufacturing base, which may have shielded the regional economy to some extent.

Table 4 presents factors associated with the number of months unemployed in the three years prior to the survey. The analysis uses a zero-inflated negative binomial regression model that produces estimates of two components of the distribution of scores. The top part of the table shows the effects of variables on the count of the number of months, the bottom part on the probability of having zero months versus non-zero, known as the inflated component of the model. Similar to the buffering effect of education and central region residence on other measures of labor market outcomes, those residing in the central region (*i.e.*, the comparison group) spent less time unemployed. Converting the coefficients reported in the table to actual months shows that, on average, north, south, and east residents spent between 3 and 3.5 more months unemployed than the central region residents, while residents of the west only spent 1.4 months more. Education, age, gender, Kurdish ethnicity, and public-sector employment had no effect on unemployment duration. Consistent with the findings on job loss, the probability of being zero months unemployed was higher among more educated workers and those in the public sector (see results under "Inflated Component").

Below, I briefly summarize my findings and discuss their implications.

Discussion

This paper examines a topic that is particularly important given the recent global recession: the social impact of economic crises. Using data from a nationally representative sample of urban married couple households and drawing on the relatively large literature on the Asian and Latin American crises and a small number of studies conducted in Tur-

66 Şenses, "Economic Crisis."

key, I investigate the social structuring of economic hardship in the wake of the 2001 economic crisis.

Similar to studies on Asia and Latin America, the data paint a picture of widespread economic hardship. Nearly a third of all urban workers in Turkey experienced a period of unemployment, many for lengthy periods, in the three years after the onset of the crisis. The average time spent unemployed was just under one year. Over half report that they did not receive a wage or salary, or that they did not receive a wage or salary increase, for at least some period of time. This occurred despite the plummeting value of the Turkish lira and the high rate of inflation that continued to erode purchasing power in the crisis period. Under-employment, whether in the form of working a job for which one was not trained or working fewer hours than desired, affected one in four workers.

A major goal of the paper was to assess which individuals and households were most susceptible to economic shock. The results reported here suggest that existing social inequalities, especially those related to class and status—education, occupation, and ethnicity—were reinforced and made worse by the effects of the 2001 crisis. While higher socio-economic groups were not unscathed, better educated workers were less likely to experience unemployment, a finding that is consistent with reports from East Asia and Latin America. As such, in terms of job losses, the crisis hurt the less educated more. Concentrated in the growing ranks of the urban poor, this is a group already constrained by intractable poverty, social exclusion, and employment instability in the context of Turkey's embrace of neoliberal globalization,⁶⁷ whose limited living conditions were made worse by the 2001 crisis.

To my knowledge, the role of ethnicity in the social distribution of hardship during the severe economic contraction in Turkey has not received any scholarly attention. Yet, the findings suggest that those of Kurdish ethnicity were at greater risk of unemployment and under-employment. The reasons for this are unclear. Lower levels of human capital among Kurds or their concentration in the lower rungs of the labor market may be a factor in their worse outcomes, but given that these results are net of factors associated both with labor market difficulties and Kurdish ethnicity, especially education and concentration in less developed regions of the country, it is hard to reject the possibility that historical and contemporary patterns of prejudice and discrimination are partly responsible. The results are consistent with recent reports of anti-Kurdish prejudice and discrimination in labor markets and hous-

67 Buğra and Keyder, "New Poverty."

ing.⁶⁸ The extent to which some form of labor market discrimination occurred, such as laying off Kurdish workers first or refusing to hire them, is an issue that deserves more research.

There is also clear evidence of sectoral vulnerabilities. Private-sector workers in Turkey suffered greater unemployment, earnings instability, and under-employment as the economic crisis led to widespread business failure and employment layoffs. Public-sector workers were spared massive layoffs, as only 7 percent reported being unemployed. The impact of the crisis for them was more via reduced earnings, reported by one in four workers. This is in keeping with the observed effects in many crisis-ridden countries, where governments seek to minimize social discontent by keeping civil servants on the job.⁶⁹ The greater concentration of public-sector jobs in the central region probably shielded the regional labor market from the worst of the crisis, as demonstrated by less employment hardship across all four measures. Other regional effects include the longer duration of unemployment and more earnings reductions in the east and south, regions whose economies may have taken longer to rebound than central and western Turkey. Even though formal employment in the private sector, especially construction and manufacturing, had been hit hardest early in the crisis,⁷⁰ workers in the western region spent less time unemployed and were less affected by earnings reductions. While the reasons are not clear, employment in the west may have recovered more quickly, or alternative employment opportunities were more readily available than in the east and south.

The findings provide additional evidence that younger workers suffer more employment and earnings instability in the wake of crises, as was the case in East Asia.⁷¹ Net of other factors, young urban workers in Turkey were more likely to experience job loss, reduced earnings, and under-employment than older workers, particularly those 40 years and older. Age had no effect on unemployment duration for those who lost a job. These results are consistent with claims that employers protected older and more experienced workers during economic downturns.

Just prior to the survey, the official unemployment rate was 25 percent for 15-to-24-year-olds, almost double the rate for persons 25 and older (i.e., 13%).⁷² One limitation of this study is that the analysis focused on

68 Adaman and Ardiç, "Social Exclusion"; Dixon and Ergin, "Explaining Anti-Kurdish Beliefs"; Saracoglu, "Exclusive Recognition"; Yüksek, "Internal Displacement."

69 Şenses, "Economic Crisis"; Sussangkarn et al., "Comparative Social Impacts"; Thomas et al., "Labor Market Transitions."

70 Şenses, "Economic Crisis."

71 Lee and Rhee, "Social Impacts"; Lee and Lee, "Korea."

72 Turkstat, "Periodic Results of Household Labour Force Survey (Turkey, Urban, Rural)," (2010), <http://>

workers who had been in the labor force in the previous three years. As Tunali reports, the higher unemployment rates among younger workers in Turkey at that time were mostly due to young job-seekers having difficulty finding jobs in the crisis economy, rather than being laid off from an existing job.⁷³ Thus, the findings almost certainly underestimate the degree to which hardship affected younger workers.

In contrast to the above-mentioned studies on Latin America and East Asia, which show that women bore the brunt of labor market difficulties during economic crises, the results suggest just the opposite: urban male workers were more likely to experience job loss, reduced earnings, and under-employment than females. This atypical pattern is probably rooted in the particular form that gender stratification takes in Turkish society. First, female labor force participation is lower than in Latin America, East Asia, and all OECD countries.⁷⁴ Except for a small number of highly educated white-collar workers, they tend to be excluded from many jobs based on their gender. In particular, they are less concentrated in those industries in the private sector occupations most vulnerable to layoffs and wage reductions during the crisis (i.e., construction and manufacturing). Large numbers are employed in the informal sector, working as domestics or engaged in some form of home production.

Given traditional gender roles that confine women to the home and the dependence of urban households on male earnings, the effect of the Turkish crisis on women was probably tied more to *male* job losses and earnings reductions and the burden on women to “make ends meet” with reduced household income. This was a widely reported phenomenon elsewhere,⁷⁵ as was the resultant push on women into the labor force to try to compensate for reduced male earnings. Referred to as the “added worker effect,” this was a common strategy used by families in Latin America and East Asia.⁷⁶ The extent to which this occurred in Turkey is not known, but given the low levels of labor force participation among

www.turkstat.gov.tr/PrelstatistikTablo.do?istab_id=580, http://www.turkstat.gov.tr/PrelstatistikTablo.do?istab_id=579.

73 Tunali, “Background Study.”

74 World Bank, “Female Labor Force Participation in Turkey: Trends, Determinants and Policy Framework,” Report No. 48508-TR (2009), http://siteresources.worldbank.org/TURKEYEXTN/Resources/361711-1268839345767/Female_LFP-en.pdf.

75 Beneria, “The Mexican Debt Crisis”; van Hoa, “The Social Impact”; Knowles et al., “Social Consequences.”

76 Ariel Fiszbein et al., “Argentina’s Crisis and Its Impact on Household Welfare,” *Argentina Poverty Update 2003* (World Bank Office for Argentina, Chile, Paraguay and Uruguay, 2002); Emmanuel Skoufias and Susan Parker, “Job Loss and Family Adjustments in Work and Schooling during the Mexican Peso Crisis,” *Journal of Population Economics* 19, no. 1 (2006); Thomas et al., “Labor Market Transitions.”

urban women and the barriers to labor force participation that they face, it was probably a less common strategy.

Prior to the onset of the recent global economic crisis, the economies of most Asian and Latin American countries and Turkey, for the most part, had rebounded to varying degrees. However, it would be a mistake to conclude that large macro-economic shocks have only short-term consequences for employment, income, and standards of living from which countries quickly recover. Several studies on post-crisis Asia raise concerns about long-term negative effects on occupational and educational attainment, and health, as well as increasing risk of family and community disruptions.⁷⁷ The current study documents significant and widespread hardship stemming from the Turkish economic crisis; as reported elsewhere, the consequences are seen in increased levels of emotional, physical health, and marital problems.⁷⁸ Longitudinal research is needed to explore the possibility of longer-term consequences for individuals and families.

Both the causes and the consequences of economic crises are deeply entwined with government policy. Governments need to work to protect the economy from shocks and, when economic crises do occur, implement macro-economic policies that promote a speedy recovery and boost employment levels. The expansion of social safety nets and the protection of public services (e.g., health, nutrition, and education) to cushion the economic and social fallout from crises are critical. Most important in the short and medium term are income support for the growing ranks of the poor, unemployment benefits, and health benefits to the unemployed who were previously covered by employer programs.

However, Turkey is a country with a weak social safety net and a welfare regime where household well-being depends primarily on labor market activities and informal support systems.⁷⁹ During times of economic crisis both sources are strained, the former by declining labor market opportunities and incomes and the latter by depleted network resources when many households are suffering from economic hardship. Yet, social security spending continues to lag well behind European Union countries, including their southern European neighbor, Greece.⁸⁰ Eligibility for unemployment insurance in the post-crisis period, for ex-

77 World Bank, "Managing the Social Consequences"; Stalker, "Beyond Krismon."

78 Aytaç and Rankin, "Unemployment"; Aytaç and Rankin, "Economic Crisis and Marital Problems."

79 For a detailed discussion of the Turkish welfare regime, see Buğra and Keyder, "New Poverty"; Ayşe Buğra and Çağlar Keyder, "The Turkish Welfare Regime in Transformation," *Journal of European Social Policy* 16, no. 3 (2006).

80 Ayşe Buğra and Sinem Adar, "An Analysis of Social Protection Expenditures in Turkey in a Comparative Perspective," *Social Policy Forum Report* (Istanbul: Boğaziçi University, 2007).

ample, was highly restricted with low benefit levels and short payment periods.⁸¹

The minimal response to the crisis by the Turkish government, in part imposed by the IMF's structural adjustment program that was the condition for the financial bailout, stands in stark contrast to several countries affected by the East Asian crisis. Governments throughout the region sought to cushion the blow of the crisis and protect vulnerable groups. Several countries had severance pay benefits for the unemployed. For example, in Thailand the government raised the maximum benefit from six to ten months of compensation and provided free healthcare for laid-off workers and their families.⁸² Indonesian government action to fight inflation, create jobs, and expand the social safety net by subsidizing food, education, and health care costs also helped to cushion the negative effects.⁸³ Although a major reform in the social security system is underway in Turkey, this research provides additional evidence of the need for a more generous social safety net with the flexibility to respond to the social impacts of severe economic shocks.

In conclusion, this paper has focused on the social distribution of economic hardship as measured by the labor market experiences of urban workers. I was specifically interested in how those who were actively participating in the labor force were impacted by deteriorating labor market conditions, in a society with weak social protection, where family well-being depends on income from market work. By design, the current study excluded many categories of people not in the labor force, which are worthy of study, including most women, children and young people, as well as the retired. Each of these groups is likely to be affected differently by severe economic shocks and the economic strain it imposes on households, a proposition that would require not only comparing different types of households, but different members of the same household or family.

Future research should explore the various ways in which people and households respond to hardship. This shifts the focus to coping strategies employed to help mitigate the effects of the crisis on families, as seen in changing consumption patterns, reduced spending on health and education, the use of child labor, and reliance on informal social support systems. The types of coping strategies used, moreover, will have implications for current and future family well-being.

81 US Social Security Administration, "Turkey. Social Security Programs Throughout the World: Asia and the Pacific," (2004), <http://www.ssa.gov/policy/docs/progdesc/ssptw/2004-2005/asia/turkey.html>.

82 Saulwalak Kittiprapas, "Thailand: The Asian Financial Crisis and Social Changes," in *The Social Impact of the Asia Crisis*, ed. Tran van Hoa (New York: Palgrave, 2000).

83 Stalker, "Beyond Krismon."

While some recent crises have been more local, affecting individual countries (e.g., Argentina and Turkey), or regional (e.g., Latin America in the 1980s and Asia in the 1990s), the 2008-9 crisis was a global one, also affecting rich countries thought to be economically secure and stable. Many countries, rich and poor alike, are experiencing unprecedented unemployment levels, economic hardship, and slow growth predicted for the foreseeable future. There is both a great need for, and an opportunity to conduct, in-depth comparative studies that are sensitive to how political, economic, and cultural contexts shape the social impacts of crises.

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