

## PUBLIC SERVICE CONTRACTS IN TURKEY: AN OVERVIEW OF CONTRACTED OUT GOVERNMENTAL SERVICES

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**ABSTRACT.** From historical point of view, it can be mentioned that, Turkey has a strong and centralist state tradition. But this proposition has been structurally changing for last thirty years. Consequently, the view about direct provision of public services by government has lost its dominance and the view about contracting out public services gain importance and public service contracts have often been used by administrative authorities.

In this paper, there has been an evaluation about public service contracts in Turkish experience, a much debated topic among decision makers and academic circles. First, a brief explanation is going to make the historical background clear. Then a result of a statistical survey is going to be discussed. By following these steps, this paper aims to prove core governmental services have been relatively more contracted out to private sector when compared with secondary public services in recent years and this tendency will continue in the medium-term.

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## INTRODUCTION

In the prelude of his discussion on globalization, Zygmunt Baumann argues that asking correct questions creates a great difference in achieving results, since it is more dangerous to refrain from asking certain questions concerning the social world than not being able to answer questions that occupy the daily agenda, and asking wrong questions may cause real problems to go unnoticed.<sup>1</sup> Conducting research on social science matters, therefore, requires the ability to ask correct questions to maintain a good starting point and to prevent the researcher from wandering off key discussion points. It also increases the reliability of the findings.

This paper puts forth an evaluation about public service contracts, a much debated topic among decision makers and academic circles. I will attempt to clarify the underlying reasons as to why governments authorize private law actors to provide public services. To this end, a set of fundamental questions on these types of public contracts will be discussed: How and why did this method of public service provision emerge in the last three decades? Are these contracts limited only to secondary public services or do they include core governmental services? Does the public policy of authorizing private law actors to provide public services have political, social and administrative consequences?

This paper aims at achieving the correct answers to these questions and will emphasize on the legislative and political changes that took place in Turkey within the last thirty years. There is no doubt that these changes are strongly analogous to global developments, especially when one considers the public procurement reform in Turkey which took place in 2002. There is a direct link between public service contracts and global reforms in the area of public procurement legislation.

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<sup>1</sup> Zygmunt Bauman, (1998), *Globalization: The Human Consequences*, Columbia University Press, pp. 1.18.

## CONCEPTS AND DEFINITIONS

One important concept used in this paper is the term “public service”, which has sparked significant debates in the fields of administrative law and public administration.

While there exists a plethora of definitions for this term, the French doctrine distinguishes itself by approaching the subject from an organic point of view. Changes in the way public service is perceived, underline the fact that we are not dealing with a term used only in law, but that there is a political aspect to it. Withing this context, we can define the term ‘public service’ as; activities of the government legally defined by public law and conducted directly by public bodies or through other agents under the surveillance and control of the relevant public body, aiming at public benefit and serviced to the whole or specific part of the society.

The responsibility of providing public services is an important issue in this field. Today, it is impossible to limit the provision of public services only to government and one can observe that private law contractors have become increasingly active in providing public services. Build-operate-transfer, build-operate and service licensing are traditional examples of this method. In the 80’s and 90’s, public service contracts and public-private partnerships emerged as new solutions to integrate private law contractors to the system.

The emergence of the term ‘public contract’ is closely related with the change in public service perception. On the one hand, it is possible to express that the Keynesian Welfare State practices of the late 70’s were widely criticized by many western statesmen and decision makers. According to critics of Keynesion economic policies, the public sector had overgrown and expanded beyond its efficiency boundaries, leading to unnecessary public expenditure, and therefore these inefficient practices would have to change.

A well-known prolific political scientist, Bob Jessop, compares two different concepts when defining the

transformation of state after the 80's.<sup>2</sup> Jessop distinguishes between the 'Keynesian Welfare State' and the 'Schumpeterian Workfare State', and identifies the differences between these two as summarized below:

Distinctive Set of Economic Policies	Distinctive Set of Social Policies	Primary Scale	Primary Means to Compensate Market Failure
Full employment, demand movement, provision of infrastructure to mass production and consumption	Collective bargaining and state help generalize norms of mass consumption. Expansion of welfare rights	Relative primacy of national scale in economic and social policy-making with local as well as central delivery	Market and state form a mixed economy. State is expected to compensate market failures

*Table-1: Keynesian Welfare National State*

Distinctive Set of Economic Policies	Distinctive Set of Social Policies	Primary Scale	Primary Means to Compensate Market Failure
Focuses on innovation and competitiveness in open economies, with increasing stress on supply side to promote KBE	Subordinate social policy to an expanded Notion of economic policy; downward pressure on the social wage and	Relativization scale at expense of national scale. Competition to establish a new primary scale but continued	Increased role of self-organizing governance to correct both for market and state failures. But state gains greater role in the exercise of metagovernance

<sup>2</sup> Bob Jessop, (2002), *The Future of Capitalist State*, Cambridge Polity Press, pp. 59, 252

	attack on welfare rights	role of national scales.	
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*Table-2: Schumpeterian Workfare Postnational State*

A close examination of these tables, leads us to infer that the increase in public service contracts is a consequence of the Schumpeterian Welfare State and there is a definite change in the perception of public service.

Meanwhile, it should be noted that resorting to 'public service contracts' for providing public services is not a new idea or concept. It is documented that even as early as late 19<sup>th</sup> century, the New York government used this policy tool to contract private law operators for street cleaning.<sup>3</sup> Moreover, the last two decades of the 20<sup>th</sup> century have witnessed an enormous growth in the size of public procurement markets, far exceeding the growth in the first three quarters of the 20<sup>th</sup> century. For instance, according to OECD's 1998 statistics, 19.96% percent of its members' total public expenditure was allocated to public procurements. It is estimated that this figure is as high as approximately 14.48% in non-OECD countries.<sup>4</sup>

In Turkey's case, statistics show similar results. According to the Public Procurement Authority of Turkey, the year 2007 has marked approximately 67 billion Turkish Liras worth of total public expenditure through public procurement. This constitutes more than 30 percent of Turkey's total public expenditure in 2007.<sup>5</sup> This figure not only demonstrates the high number of public procurement contracts but also implicates some secondary and tertiary means.

<sup>3</sup> For further information see Moshe Adler , (1999), "Been There Done That: The Privatization of Street Cleaning in Nineteenth Century", *New Labor Forum*, New York, Spring/Summer, pp. 88-103

<sup>4</sup> OECD, (2002), *The Size of Government Procurement Markets*, <http://www.oecd.org/dataoecd/34/14/1845927.pdf>, pp. 19

<sup>5</sup> Public Procurement Authority of Turkey, (2008), *Public Procurement Statistics of 2007*, Ankara, PPA Publications

From the point mentioned above, traditional public services have been outsourced to private firms by using public service contracts. Therefore we can define public service contracts as a new tool to serve public services by using outsourcing method. In this paper we are going to analyze process of change of using public service contracts in public administration. Because while we were experiencing outsourcing of secondary public services three decades ago, today core governmental services are putting in tender.

### **AN OVERVIEW TO PUBLIC SERVICE CONTRACTS IN TURKEY**

According to the Turkish Public Procurement Contracts Law (No: 4735), a 'public procurement contract' is defined as a contract in which both sides share equal rights and liabilities, and unless otherwise stated, this principle of equality should be taken into account when interpreting the law. Therefore, according to Turkish law, these types of contracts are governed by private law, although contracts of concession are considered as part of public law legislation. Standing court practices of the Council of State and the Court of Dispute also define the contracts resulting from public tenders as private contracts, providing us with a useful tool in determining the nature of public contracts.<sup>6</sup>

It is mandatory for contracting authorities to go through the public service contract procedure to contract services out. This means that there is a distinction between public service concessions and public service contracts. The essential point that underlies this difference is that the user of the public service does not bear the costs of benefiting from the service rendered through public service contracts, while in the case of concession contracts the contractor has the right to demand payment from the users of the service. Therefore, concession contracts are often used for financing major public investments while public service contracts

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<sup>6</sup> In the Turkish example, it is important to bear in mind that Turkey has a strong centralist state tradition. By 20th century, while Turkey experienced the westernization and modernization of its entire law system, these changes reflected the adoption of French rather than Anglo-American administrative and judicial systems. It is also necessary to emphasize that Turkey's system makes a clear distinction between public and private law.

are usually used to conduct daily public services.<sup>7</sup> Therefore, concession contracts are associated with an economic risk while public service contracts are not.

From this point of view, the outsourcing of public service through contracts is directly related to civil service policies executed by Turkish governments. The same services directly provided by governments of the Keynesian state era, have been contracted out for almost two decades.

In the European Union (EU), contracting out became a popular practice in mid-80's and was regulated through Council Directive 92/50/EEC, adopted in 1992.<sup>8</sup> In Turkey, an article inserted into the Law on Public Servants (No. 657) made it possible for secondary services like cleaning, catering, maintenance and reparation to be contracted out to private firms. Although article 128 of the Turkish Constitution states that fundamental and permanent functions of the state, state economic enterprises and other public corporate bodies are to be carried out by public servants and other public employees, it was considered by the legislators that secondary services as described above can not be counted among the 'fundamental and permanent' functions of the state.

One other important cornerstone concerning the execution of public service contracts came into force through Public Procurement Law (No. 4734) in 2002, which describes the quantities of services that can be contracted out. Article 4 defines contractable services as maintenance and repair, transportation, communication, insurance, research and development, accounting, market surveys and polls, consultancy, promotion, broadcasting and publication, cleaning, catering,

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<sup>7</sup> For more detailed information on these two concepts, please see; Commission of the European Countries, (2005), *Public Private Partnerships and Community Law on Public Procurement and Concessions*, Brussels, Communication From The Commission of the European Parliament, The Council, The European Economic and Social Committee and The Committee of The Regions

<sup>8</sup> Council Directive 92/50/EEC of 18 June 1992 Relating to the Coordination of Procedures for the Award of Public Service Contracts, <http://eurex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31992L0050:EN:NOT>

meeting, organization, exhibition, guarding and security, vocational training, photography, film, intellectual and fine arts, computer systems and software services, lease of movable and immovable properties and the rights thereof and other similar services. In addition, article 62/e indicates that if the personnel employed by the contracting authorities pursuant to laws, statutes, and regulations do not bear adequate qualities or quantities, the service in question may be subject to public service contracts.

Furthermore, an amendment to the Law on Public Servants (No. 657) in 2003 made it possible to contract out health services. In 2005 Turkey experienced a local government reform which transferred authority to local governments to contract out public services deemed 'local' to private firms.

This legislative reform, when set against article 128 of the Turkish constitution<sup>9</sup> mentioning the fundamental and permanent functions, became a constitutional dispute, especially when it came to defining which public service should be regarded as fundamental and permanent, therefore non-contractable.

In 2007 The Turkish Constitutional Court made a jurisprudential decision. After the amendment in article 36 of the Law on Public Servants (No. 657) that made it possible to contract out health services, a strong lobby of opposition had put forth arguments that health services are, obviously, fundamental and permanent public services. In other words, article 36 of the Law on Public Servants (No. 657) was claimed to violate the Turkish Constitution. The Turkish Constitutional Court reviewed this claim and arrived at the conclusion that the government needs the dynamism brought by private firms' motivation for profit, competition and growth; hence it is not possible to consider health services as fundamental and permanent. According to the Turkish Constitutional court, article 36 of the Law on Public Servants (No. 657) was not in violation of the Turkish

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<sup>9</sup> Article 128: Fundamental and permanent functions required by the public services that the State, state economic enterprises and other public corporate bodies are assigned to perform, in accordance with principles of general administration, shall be carried out by public servants and other public employees.



Constitution.<sup>10</sup> Without doubt, this case constituted a benchmark that shaped Turkey's future contracting out policy, since the Turkish Constitutional Court decision dated 2007 paved the way to a liberal construction of what a 'secondary public service' is, and subsequently enlarged the public service areas that could be tendered.

Today, contracting out has become a popular policy tool in providing public services in Turkey. This is a similar trend to that observed in the European Union. However, one important point to keep in mind is the fact that public service contracts may largely differ in their effects on economic and social and policies. For instance, even if we are to accept public service contracts as a tool to delegate public authority, one must recognize that contracting out cleaning services do not have the same effect as contracting out military functions. Therefore, an academic approach to public services should clarify these differences and classify public services from this separative point of view.

#### **AN ATTEMPT ON CLASSIFYING PUBLIC SERVICE CONTRACTS BY TOPICS**

As expressed above, the number of public services that have been contracted out, increased substantially within the last two decades, and this increase necessitates a new approach to their classification. This is particularly important in the case of public contracts related to core public services, since they have much stronger economic, social and political effects on public administration when compared to secondary services such as cleaning and catering.

In this section, I will attempt to classify public services subject to tendering. Although public procurement processes are usually considered to fall under one of the three traditional topics – namely goods, services and works – very few researches on subtopics of public procurement contracts have been conducted up to date. With the exception of goods and works, it would prove more difficult to classify public service contracts due to their

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<sup>10</sup> Turkish Constitutional Court, E: 2004/114, K: 2007/85, 22.11.2007

complex natures. As implied above, this attempt aims at exploring different aspects of public services.

At this point, it should be noted that this attempt may not draw particular academic interest for those familiar with Anglo-American practices, since it relates more to the practices of countries in continental Europe with centralist and unitary state structures. Turkey can also be taken as an example to countries which possess a centralist state tradition and boast a considerable public law history.<sup>11</sup> Therefore, the phenomenon of contracting out core governmental functions to private firms marks a profound change for centralist state administrations.

As this paper pronounces the Turkish experience in classifying public service contracts, the findings related to Turkey are based on data gathered from the Turkish Public Procurement Authority's e-procurement web site, which includes contract details that enabled us to identify which topic a certain contract relates to.

The classification of public services in the Turkish experience reveals itself in three consecutive breaking points. However, before further elaborating on this issue, it should be noted that this paper covers only the public services rendered by the executive branch of government and does not take into account services conducted by the judicial and legislative branches.

The first and basic breaking point in this classification is between public services conducted by the government as a public privilege, and those that are not. Services that are conducted as a public privilege are structurally intrinsic to government, as they are derived from the executive power of the state and are subject to liability. Not all public services conducted by the government can be defined as services based on public privileges. For example, activities of an entrepreneurial nature such as the production and distribution of readywear and foodstuff do not qualify as public services based on public privileges.

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<sup>11</sup> For detailed information on the Turkish state structure, please see; Metin Heper, (1985), *The State Tradition in Turkey*, Beverley, Eothen Press

The second breaking point collapses public services based on public privileges into two: those that are conducted exclusively by the government to implement specific public policies such as defense and secret services and those that can be performed by both by government and private sector. Finally, the latter branches into two sub-topics, one being public services concerning daily functions and the other consists of public services concerning the users of the services. This third breaking point is crucial as it depicts the difference between core and secondary services as underline above.

In addition to these three breaking points, there also exist other breaking points used in the classification of public services, such as services related to construction and public services provided by local authorities. These breaking points are ignored as they have none or little relevance to the matters discussed in this paper.

#### *1) Services Based On Public Privileges*

As expressed above, these services are structurally intrinsic to government, as they derive from the executive power of state and are associated with liability. For instance, governmental organizations can perform duties related to food distribution, textiles production, and banking. In a market economy, these operations obviously do not pertain to government and are open to private sector entrepreneurship. Services based on public privileges, on the other hand, emanate from the nature of state. They are services related to the political and administrative power of state.

There are numerous services based on public privileges, conducted by separate branches of administration and thus our main focus in this research will mostly revolve around this topic.

#### *a) Services Exclusively Provided by Government*

Bearing in mind that that public privileges are closely related to political authority, it is natural that some public services in this category can only be provided by government, and the decision on providing these services go parallel with the public

policy choices of government. While the Keynesian standpoint advocates the extension and enlargement of services exclusively provided by government, opposing views argue that this area should be limited.

In Turkey, the main criteria in distinguishing these services is article 128 of the Turkish Constitution which states that public services addressing fundamental and permanent functions of the State, state economic enterprises and other public corporate bodies should, in accordance with the principles of general administration, be carried out by public servants and other public employees. This constitutional article makes it clear that if a service is considered as fundamental and permanent, it must exclusively be provided by government.

By taking article 128 and its narrow interpretation into account, two main fields can be pointed out. The first is military defense services and the second is secret services such as intelligence. Except for these two, Turkey's experience includes private law contracts for the provision of public services.

#### b) Services Provided by Both Public and Private Law Bodies

Under this headline, we will classify services which had been provided by public bodies during the period of Keynesian state practices, but are now being contracted out in accordance with neoliberal views. These services can be provided by both public and private actors.

Public services under this headline do not fit into a uniform structure, so reviewing this subject in more detail would be useful. This is mainly because the legislation on both public procurement and public servants use the same term; 'public service contracts'. However, using the third breaking point in our classification will enable us to distinguish services both provided by public and private law bodies into two areas; services concerning daily functions and services concerning the user of public service.

#### i) Services Concerning Daily Functions

As a general rule, public services are mostly provided for and defined by who the user (beneficiary) is. However, there are many other branches of daily public service that support the provision of these services. For instance, periodic maintenance of administrative buildings, cleaning, catering, etc., are examples of public services concerning daily functions. These types of services are not regarded as fundamental and permanent. Therefore, the contracting out of these services to private law bodies has a relatively long history.

Some of the services concerning daily functions are directly put to tender and include the employment of workers.<sup>12</sup> This is closely linked to the public personnel policy of the government, and aims at providing a measure of flexibility in working conditions. We also divide this group into two sub-groups: services concerning internal functions and services concerning works contracts.

In Turkey, the area of internal services comprises more than eight topics while work contracts are defined under three. Services concerning internal functions are cleaning, catering, daily staff transportation, maintenance and repair, rental of property and rights, insurance and other similar areas. Services concerning works contracts are project creation, construction inspection and engineering/architecture.

#### ii) Services Concerning Users of Public Service

Although services concerning daily functions are at the same time related to the changes in the conception of public services, contracts concerning users of public service have wider economic and social effects on the administrative system. The term “user of public service” simply defines the citizens of the state. Therefore this heading will discuss services provided by private bodies.

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<sup>12</sup> There are mainly two kinds of public service procurement practices in Turkey. For the first practice, the minimum criterion for tendering is defined with units, such as cleaning 10000 square meters area. As for the second practice, the contracting authority defines criteria based on a certain number of workers for specific time intervals. This second practice is also termed as: “personnel based execution of services”.

Turkey has a unitary administrative system and while there are no autonomous regions, local joint services such as water supply, sewer, solid waste collection etc. are provided by local governments. On the other hand, nation-wide services such as education, defense, justice, agriculture etc. are provided by central administrative bodies.

Under this heading we will also divide services concerning users of public service into two sub headings, based on whether these public services are provided by central or local authorities. Services under the responsibility of central bodies can be counted as health, communication, security, media services, research and development, accounting, transportation, etc. As for local governments, the following public services are eligible for contracting: city cleaning, urban planning, maintenance of green space, fire-fighting, local-police, geographic city information services, social services.

## *2) Services Not Based on Public Privileges*

While public privileges comprise services which are structurally intrinsic to government and derive from the executive power of state and are subject to liability, the definition of services not based on public privileges would be the exact opposite. If the public service in question is provided by government with motivations similar to private entrepreneurs (such as profiting), it falls under the category of services not based on public privileges. Therefore, this paper concentrates on 'new' areas subject to contracting out.

In conclusion to our attempt at classifying public service contracts by their topics, the following table would prove useful in showing the picture as a whole:

	<b>(1) SERVICES BASED ON PUBLIC PRIVILEGES</b>
	<b>(1.1) Services Exclusively Provided By Government</b>
	- (1.1.1 ) <i>Services Concerning</i>
<i>Military Defense</i>	
	- (1.1.2) <i>Services of Secrecy</i>
	<b>(1.2) Services Both Provided by Public and Private Law</b>
<b>Bodies</b>	
	(1.2.1) <i>Services Concerning Daily Functions</i>
	(1.2.1.1) <i>Services Concerning Internal</i>
<i>Functions:</i>	
	- (1.2.1.1.1) <i>Cleaning</i>
	- (1.2.1.1.2) <i>Catering</i>
	- (1.2.1.1.3) <i>Transporting of</i>
	<i>Employees</i>
	- (1.2.1.1.4) <i>Assistance Services</i>
	- ( 1.2.1.1.5) <i>Maintenance and</i>
	<i>Repair</i>
	- (1.2.1.1.6) <i>Rental of Property and</i>
	<i>Rights</i>
	- (1.2.1.1.7) <i>Insurance</i>
	(1.2.1.2) <i>Services Concerning Work</i>
<i>Contracts</i>	
	- (1.2.1.2.1) <i>Construction</i>
	<i>Inspection</i>
	- (1.2.1.2.2) <i>Project Creation</i>
	- (1.2.1.2.3) <i>Engineering and</i>
	<i>Architecture</i>
	(1.2.2) <i>Services Concerning Users of Public</i>
<i>Service</i>	
	(1.2.2.1) <i>Services Under The Responsibility</i>
<i>of Central Bodies</i>	
	- (1.2.2.1.1) <i>General Public</i>
	<i>Services</i>
	- (1.2.2.1.2) <i>Health</i>
	- (1.2.2.1.3) <i>IT Services</i>
	- (1.2.2.1.4) <i>Security</i>
	- (1.2.2.1.5) <i>Media and</i>
	<i>Communication Services</i>
	- (1.2.2.1.6) <i>Services Based on</i>

of Local Authorities	<i>Specialty</i>
	- (1.2.2.1.7) <i>Audit</i>
	- (1.2.2.1.8) <i>Research and Development</i>
	- (1.2.2.1.9) <i>Accounting</i>
	- (1.2.2.1.10) <i>School Bus Services</i>
	(1.2.2.2) <i>Services Under The Responsibility</i>
	- (1.2.2.2.1) <i>City Cleaning</i>
	- (1.2.2.2.2) <i>Urban Planning</i>
	- (1.2.2.2.3) <i>Maintenance of Green Space</i>
	- (1.2.2.2.4) <i>Fire Fighting</i>
- (1.2.2.2.5) <i>Local Police</i>	
- (1.2.2.2.6) <i>Geographic City Information Services</i>	
- (1.2.2.2.7) <i>Social Services</i>	
<b>(2) SERVICES NOT BASED ON PUBLIC PRIVILEGES</b>	

*Table 3: Codification of Public Services According to Topics of Public Service Contracts*

### STATISTICAL RESEARCH ON PUBLIC SERVICE CONTRACTS IN TURKEY

This paper points out that public service contracts are mainly used in two fields, of which the first comprises services concerning daily functions, while the second includes services concerning the users of public service. It is clear that the change in the conception of public service in the period of neoliberal transformation led to both quantitative and qualitative increases in the number of public service contracts. However, the ratio between these contracts is much more important.



Under this heading, results of a recently concluded statistical research will be shared to provide a general outlook on public service contracts.

### *1) Data and Sampling*

The data about the statistics of public service contracts in Turkey is collected through the the Public Procurement Database of the Public Procurement Authority (PPA) of Turkey, based on the announcement dossiers of tenders.

Following an examination of 60,182 announcements made between 2004-2008, we identified 86 different topics of public service contracts based on the codification given in Table – 3. After classifying all tenders with the corresponding code number in this table we managed to code 51,215 of the total 60,182. We excluded the topics which are not statistically significant such as portorage, wood stacking etc.

Finally, we cross-examined the 51,215 coded contracts according to their year of announcement, contracting authority and topics, and produced 8 tables which point out interesting results on the public service contracts in Turkey.

### *2) Evaluation of Data and Results*

The first result that we obtained was that 36,990 out of 51,215 contracts were used for daily administrative functions while the remaining contracts were based on the users of public services. In other words, approximately 28% of contracts are related to services concerning users of public service.

<b>Services Concerning Daily Functions</b>	<b>72,22</b>
<b>Services Concerning Users of Public Service</b>	<b>27,78</b>
<b>Total</b>	<b>100</b>

*Table 4-Public Service Contract Topics by Percentage*

On the other hand, the relative weight of these types of contracts shows significant increase in consecutive years. The ratio for the year 2004 is 22% while it is 29% for 2008. The following table shows the change over the years.

	2004	2005	2006	2007	2008	Total
Services Concerning Daily Functions	5773	7098	7317	7892	8910	36990
Services Concerning Users of Public Service	1638	2647	2978	3340	3622	14225
Total	7411	9745	10295	11232	12532	51215

	2004	2005	2006	2007	2008	Total
Services Concerning Daily Functions	78	73	71	70	71	72
Services Concerning Users of Public Service	22	27	29	30	29	28
Total	100	100	100	100	100	100

*Table 5- Public Service Contracts Topics over Years*

An overview based on the topics of contracts shows that cleaning and catering services rank first and second. This data is consistent with the result discussed above.

	Quantity	Percent
<b>Cleaning</b>	<b>10623</b>	<b>20,74</b>
<b>Catering</b>	<b>8394</b>	<b>16,39</b>
<b>Rental</b>	<b>6496</b>	<b>12,68</b>
<b>Security</b>	<b>3680</b>	<b>7,19</b>
<b>Maintenance-Repair</b>	<b>3002</b>	<b>5,86</b>
<b>Assistance Services</b>	<b>2929</b>	<b>5,72</b>
<b>Project Creation</b>	<b>2331</b>	<b>4,55</b>
<b>Transportation</b>	<b>2290</b>	<b>4,47</b>
<b>IT Services</b>	<b>1473</b>	<b>2,88</b>
<b>Geographic Services</b>	<b>1467</b>	<b>2,86</b>
<b>City Cleaning</b>	<b>1420</b>	<b>2,77</b>
<b>Expertise</b>	<b>1315</b>	<b>2,57</b>
<b>Green Space Services</b>	<b>1199</b>	<b>2,34</b>
<b>Communication and Media</b>	<b>1156</b>	<b>2,26</b>
<b>Health Services</b>	<b>1153</b>	<b>2,25</b>
<b>School Bus Services</b>	<b>688</b>	<b>1,34</b>
<b>Insurance</b>	<b>584</b>	<b>1,14</b>
<b>Urban Planning</b>	<b>468</b>	<b>0,91</b>
<b>Engineerin and Architecture</b>	<b>325</b>	<b>0,63</b>
<b>Social Services</b>	<b>80</b>	<b>0,16</b>
<b>Reseach and Development</b>	<b>52</b>	<b>0,10</b>
<b>Local Police</b>	<b>42</b>	<b>0,08</b>
<b>Fire-Fighting</b>	<b>32</b>	<b>0,06</b>
<b>Audit</b>	<b>16</b>	<b>0,03</b>
<b>Total</b>	<b>51215</b>	<b>100,00</b>

Table- 6: Public Service Contracts by Topics

However, the relative percentage of cleaning and catering contracts among all others related to daily functions shows decrease by years. This may have two meanings. First, new public service areas may have opened up for contracting out, and the second may be that there was a possible growth in central procurement activities.

	2004	2005	2006	2007	2008
Cleaning	39,80	36,82	29,00	26,41	26,38
Catering	22,58	24,77	25,55	26,11	23,08
Transportation	9,12	7,14	6,88	8,78	2,73
Assistance Services	4,65	4,53	12,87	3,81	14,75
Maintenance and Repair	10,41	7,43	6,82	8,84	10,18
Rental	11,25	17,63	17,15	24,48	21,37
Insurance	2,18	1,68	1,73	1,57	1,50
	100,00	100,00	100,00	100,00	100,00

Table 7: Daily Functions of Public Service (Change Over Years by Topics)

The most important topic under contracts concerning users of public service is security. This is mostly because the Law on Private Security Services No: 5188 entered into force in 2004, and since that year many contracting authorities have begun using public service contracts for security services. The following table shows the services concerning users of public services sorted by years.

	2004	2005	2006	2007	2008	Total
School Bus Services	118	149	116	193	112	688
Health	133	141	138	339	402	1153
IT Services	240	335	320	256	322	1473
Security	69	554	838	1089	1130	3680
Communication	124	196	233	272	331	1156
Expertise	80	232	296	323	384	1315
Research and Dev.	13	9	15	2	13	52
Total	777	1616	1956	2474	2694	9517

Table-8: Services Concerning Users of Public Services Sorted By Years

	2004	2005	2006	2007	2008	Total
School Bus Services	15,19	9,22	5,93	7,80	4,16	7,23
Health	17,12	8,73	7,06	13,70	14,92	12,12
IT Services	30,89	20,73	16,36	10,35	11,95	15,48
Security	8,88	34,28	42,84	44,02	41,95	38,67
Communication	15,96	12,13	11,91	10,99	12,29	12,15
Expertise	10,30	14,36	15,13	13,06	14,25	13,82
Research and Dev.	1,67	0,56	0,77	0,08	0,48	0,55
	100	100	100	100	100	

*Table-9: Services Concerning Users of Public Services Sorted By Years*

The table above points out more than one result. The first is that security contracts have increased by years, and while its share in total was 9% in 2004, it becomes 41% in 2008. Second, contracts related to school bus services show considerable decrease by years. Unless this is not a consequence related to an administrative decision, the data should be interpreted as evidence that the Ministry of National Education of Turkey has inclined towards using central purchasing bodies over the years. A third result derived from these statistics is the increase in the number of health services contracted out. While it was 133 in 2004, after the decision of Turkish Constitutional Court in 2007, it increased nearly fourfold.

On the other hand, a glance at contracted out public services under the responsibility of local authorities shows that the most popular topic under this category is city cleaning services. Services related to green space also has important share in the total.

Topic	Quantity	Percentage
<b>City Cleaning</b>	<b>1420</b>	<b>39,58</b>
<b>Urban Planning</b>	<b>468</b>	<b>13,04</b>
<b>Green Space Services</b>	<b>1199</b>	<b>33,42</b>
<b>Fire-Fighting</b>	<b>32</b>	<b>0,89</b>
<b>Local Police</b>	<b>42</b>	<b>1,17</b>
<b>Geographic Systems</b>	<b>347</b>	<b>9,67</b>
<b>Social Service</b>	<b>80</b>	<b>2,23</b>
	<b>3588</b>	<b>100,00</b>

*Table 10-Services Concerning Users of Public Service under the Responsibility of Local Authorities*

One other result we obtain from the data is that the central government bodies account for more than half of the total number of public service contracts. This is related to the traditional weight of central administrative bodies over local authorities in Turkey's administrative structure. In addition, it may prove useful to re-arrange the data to distinguish between the ministries.

MINISTRY	Daily Functions	Users of Public Service
JUSTICE	99,33	0,67
PRIME MINISTRY	83,56	16,44
WORKS AND SETTLEMENT	34,06	65,94
LABOUR AND SOCIAL SECURITY	78,05	21,95
ENVIROMENT AND FORESTRY	68,44	31,56
FOREIGN AFFAIRS	63,33	36,67
ENERGY AND NATIONAL RESOURCES	90,69	9,31
INTERIOR AFFAIRS	83,33	16,67
CULTURE AND TOURISM	65,93	34,07
FINANCE	93,45	6,55
NATIONAL EDUCATION	78,26	21,74
NATIONAL DEFENCE	96,43	3,57
HEALTH	60,10	39,90
INDUSTRY AND TRADE	69,44	30,56
AGRICULTURE AND RURAL AFFAIRS	66,79	33,21
TRANSPORTATION	98,99	1,01

*Table 11: Public Service Contracts of Ministries*

Table 11 shows that Ministry of Health is increasingly using the contracting out policy tool for services under its responsibility. This is due to the fact that almost all hospitals in Turkey are hierarchically linked to the Ministry of Health and that most of these health services are contracted out.

Ministry of Justice comes last in contracting out its core functions. One other significant point is that the Ministry of National Defense has the lowest percentage of contracted out public services concerning citizens. This shows that justice and defense services are mostly provided by government itself.

## CONCLUSION

Some state structures are considered to be more conservative when it comes to using state authority. This is more significant if the state has a long history of centralist tradition. When these state structures are taken into account, the direct provision of public services by the government itself is a more common sight.

The economic history of the twentieth century demonstrates the preponderance of liberal economic views in the first quarter, and how these liberal views fell from grace when the Keynesian approach became prominent in the second and third quarters. This change has had evident reflections on the organizational structures of centralist states, specifically those in continental Europe. Similarly, the re-emergence of liberal economic approaches in the last quarter of the century had the opposite effect, as governments started to play a smaller role in the economy in favor of the private sector. One result of this policy change took the form of putting public services to tender and contracting them out.

Turkey was also influenced by the dynamics of this transformation period and the government started to use public service contracts in providing public services instead of employing public servants to do the job. This paper aimed at providing an overview on Turkish public service contracts.

First, an explanation was provided to describe the change in the conception of public services. The differences between Keynesian and Schumpeterian states were emphasized to reach a better understanding on this issue.

Next, a classification was made based on the contract topics used by contracting authorities. This classification enabled us to differ between public service contracts for daily services and services based on the users of public services.

Finally, the findings of a statistical survey were discussed to make clear that the number of public service contracts concerning users of public services has shown a dramatic increase in the recent years. Despite its profound tradition as a centralist state, even Turkey's government shows an increasing tendency towards contracting out core governmental services. It would not be wrong to underline that public procurement and contracting out policies have political and economic effects on administrative systems.

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