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**THE RELATIONSHIP BETWEEN NEIGHBOURHOOD RENOVATION
AND GENTRIFICATION IN A HISTORIC ENVIRONMENT: THE
EXAMPLE OF ISTANBUL**

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A Thesis submitted for the degree of Doctor of Philosophy (PhD)

January 2016

*Dedicated to my mother
who has been supporting me all throughout my life.*

ACKNOWLEDGEMENTS

This was a very long journey started in September 2011 and I could not have completed this journey successfully without love, patience and support of many people.

I am very thankful to Jamie Gough who has been my supervisor and guided me all throughout the process and always gave me advice everything I needed during my thesis. I could not have finished this thesis without his encouragement, ideas and confidence-building advices. I also especially thank him for being able to spend so much time with me discussing my thesis and my ideas.

I thank all of the TRP staff for being so supportive for PhD students and my colleagues in the department for opportunity to go through PhD process together. I thank Cilla Hollman-Sykes for all the times she corrected my writing and Margo Huxley because of her incredible help during proofreading. I also thank everyone who made my fieldwork in Istanbul easier by sharing their experiences and information. I especially thank the staff of Chamber of Architects for sharing all the information they have with me and making my fieldwork much easier.

I especially want to thank my beloved friends who supported me and listened to all of my complaints for the whole time. Thanks to Barkin Dalmaz, Aysun Ozkan helping me through my every problem no matter how insignificant they are and being there for me in all stages of my life. I also thank Nihal Corumlu Engin, Ahmet Yilmazbayir for their friendship and cheering me up not only during my thesis, but also during all of the ups and downs in my life.

My special thanks to my boyfriend Andrea Schiavio for being with me all throughout this process and helping me when I felt like I cannot continue writing anymore. I thank him for holding me through my hard times and make them easier for me. *“Ti amo tanto, amore mio!”*

Finally, my biggest thank is for my mother who has been my biggest and most important support for all my life and spent all her life to make mine easier. She is the reason I am where I am today and I can never thank her enough. This thesis is dedicated to my mother, Gulluhan Can. It would have been impossible without you!

ABSTRACT

This thesis focuses on the renovation and regeneration projects, and also on the gentrification concept in the historic neighbourhoods of Istanbul. Exploring the complex and diverse relationship of economic change, housing markets, property and land ownership, the state leading to gentrification and why in certain cities gentrification occurs after renovation and regeneration projects are the main aspects of the present study. Another pivotal point of this thesis is to move away from the well-known subjects of global North when it comes to study of gentrification. This thesis does not claim that the global North urban theories are not applicable in global South, but it aims to expand the limited sites in which the urban theory is produced by moving towards the geographies with a new set of cities. To investigate these points, world city theory and processes of gentrification are examined in the first part of the thesis. In the second part of the thesis, research motivation, research aims, research questions and research methods are investigated. In the third and last part of the thesis, changes in Turkish economic and housing system are studied to understand the dynamics that affect Istanbul. Particular attention is provided to the gentrified neighbourhoods in the historic part of Istanbul. Before the 2000s, gentrification through private housing market was the case in Istanbul, but from the 2000s state-led gentrification started to become more common. The reason behind the increase of state intervention and involvement in gentrification from the 2000s represent a key aspect to the study. Lastly, in this part, Galata and Tarlabasi case studies and analysis of these case studies are discussed with regard to the abstractions used in the thesis.

In the conclusion, state's role in "renovating" the historic neighbourhoods of Istanbul and the possible future paths for the historic environment of Istanbul are explored in relation to the developing countries' world cities literature. This thesis aims to provide an alternative to the gentrification and regeneration processes in developing countries' big cities with respect to the historic environment.

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LIST OF ABBREVIATIONS

CBD	– Central Business District
CITF	– Certificate in International Trade and Finance
DLP	– Democratic Left Party
DP	– Democratic Party
DTI	– Department of Trade and Industry
EU	– European Union
FBS	– Finance and Business Services
HUD	– Department of Housing and Urban Development
ILO	– International Labour Organization
IMF	– International Monetary Fund
IMM	– Istanbul Metropolitan Municipality
ISI	– Import Substitution Industrialization
JDP	– Justice and Development Party
JICA	– Japan International Cooperation Agency
LDC	– Less Developed Country
MDC	– More Developed Country
MHDA	– Mass Housing Development Administration
NGO	– Non-Governmental Organization
NIC	– Newly Industrialized Country
NIDL	– New International Division of Labour
RPP	– Republican People’s Party
SME	– Small and Medium Enterprises
SPO	– State Planning Organization
SRCA	– Sulukule Romani Cultural Association
UK	– United Kingdom
UNESCO	– The United Nations Educational, Scientific and Cultural Organization
USA	– United States of America
VP	– Virtue Party

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CHAPTER 1: INTRODUCTION

“We are making Istanbul more beautiful by demolishing it”

The Mayor of Istanbul (Topbas, 14 April 2005, Hurriyet)

The aim of this research is to explore the relationships between economic change, housing markets, property and land ownership, and the state which leads to the gentrification of historic inner areas of Istanbul, and to explore how poor inhabitants of those areas might be enabled to stay in their homes rather than being displaced. This research has two motivations: political and intellectual. The first is political: I am concerned by the way the national and local governments have been treating the working class people living in these historic neighbourhoods. I was driven to explore this topic by people being displaced, mostly against their will, being uneasy at the government's methods of achieving this, and the destruction of some of the historical heritage of Istanbul.

My second motivation is intellectual: I want to understand the processes that are leading to gentrification in Istanbul, to explain what is happening, how and why. I take a critical realist approach to this study because critical realism asserts that deeper processes affect concrete cases and these abstract processes, not immediately visible, are necessary to explain reality. For this reason, I have investigated the deeper processes that affect the concrete cases investigated in this research, such as the importance of historical and spatial context, and have observed economic change in the process of gentrification. The wider, time-dependent context involves economic, social and political processes, different geographical scales and long-term history. What happens in the historic neighbourhoods of Istanbul cannot be understood without a broader context that includes economic power, historical context and various spatial scales.

Accordingly, in the conduct of this research, two major global processes were examined: world city theory and gentrification. Since the 1980s, the study of cities

has been strongly connected to understanding of the world economy; that is, world city theory provides a spatial perspective on the economy (Friedmann, 1986:69). This theory is a framework for research and a starting point for political inquiry into big cities. World city theory provides us with an understanding of what is happening in major cities of the world and the economic and political conflicts in these cities, and this theory can suggest the common features of world cities in the international system of market relations (Friedmann, 1986:69). In world cities, economic changes, including increases in finance and business services (FBS) sectors, increases in employment in the management and finance sectors, high wage employment and increases in upmarket consumer services (Sassen, 2001), have brought a new kind of culture to urban areas, with associated changes in consumer preferences. Professionals working in these sectors and expressing the new cultures and consumer demands have driven gentrification.

Gentrification – the transformation of a working class area into middle-class residential – is one of the most popular topics of urban inquiry (Lees et al., 2008). In the global West, the process of gentrification is generally considered to have started in the 1960s, and most studies have been about developed countries. It has been an important phenomenon since the 1980s, but it has not been commonly associated with the growth of finance and business services in the literature. Since the 1970s, manufacturing production moved out of, or to the peripheries of, the big cities in developed countries, employment in manufacturing decreased in the city centres and inner cities while employment in finance and business services increased dramatically, contributing the gentrification process. Professionals started to live in the city centre and inner city, transforming neighbourhoods to fit their needs and tastes. In Less Developed Countries (LDCs), market-led gentrification started to become common only after the 1980s; however, state-led gentrification became more common in LDCs than More Developed Countries (MDCs).

In this research, two kinds of gentrification are explored: gentrification through the private housing market and state-led gentrification. Gentrification through the private housing market, in other words, market-led or ‘classical’ gentrification, started in the 1960s when middle class people bought and renovated flats and houses in previously working class neighbourhoods located in the inner city. State-led gentrification, on the other hand, results from a state-induced urban ‘renovation’ or

‘regeneration’ project and may lead to similar effect that market-led gentrification have such as displacement, social polarization and damage to the historical environment; however, in state-led gentrification, these effects are more visible and the displacement process tends to be more brutal. In addition, damage to historical environment is larger compared to market-led gentrification. State-led gentrification is more common in developing countries and has been less well studied. This thesis aims to fill a gap in the research into gentrification processes in a large city in a developing country: Istanbul in Turkey.

In addition, this thesis aims to respond several calls (Lees, 2012; Roy, 2009; Robinson, 2011; Slater, 2015; Gertner, 2015; Lopes-Morales, 2015) to expand the set of cities in gentrification studies with a specific importance given to cities of the ‘global South’. Most of the time, explanations and examples of processes of gentrification have been from the Western Europe and Northern America. In the developing part of the world or as some scholars (Lees et al., 2015; Islam and Sakizlioglu, 2015; Roy, 2009; Merrifield, 2014) call it ‘the Global south’, this dominantly Anglo-American concept has been borrowed and used to explain the gentrification process in developing cities. Istanbul, as a developing country world city, is no exception. Gentrification research in Turkey started in the early 1980s and mostly consisted of historical neighbourhoods experiencing gentrification through private housing markets. This Anglo-American understanding of the concept of gentrification has been an important tool to understand the processes in Istanbul. The reason for that is because typical gentrification examples in Istanbul show the ‘main’ principles of the gentrification concept. This thesis claims that the global North urban theories are applicable in the global South to a certain degree, but it aims to expand the limited sites in which the urban theory is produced by moving towards the geographies with a new set of cities.

Changes in the locational preferences of middle class people from suburban living to previously working class inner city areas have driven processes of gentrification. Gentrification is more than the accumulation of capital in housing; it is also affected by housing preferences and shifts in social dynamics. The argument of this thesis is that the shift in social dynamics that leads to state-led gentrification in developing countries is related to the expanding employment in the finance and business services (FBS) sectors, media, cultural industries and tourism.

The FBS have produced increases in upmarket consumer services (Sassen, 2001). Professionals' consumer preferences have been different from those of the suburban middle class, being particularly interested in the cultural and entertainment amenities in a 'vibrant' environment. Consumer services such as entertainment, hotels, elements of tourism, eating and drinking establishments, and personal services are mostly located in the central business district (CBD). With the change in consumer habits, the growth in upmarket consumption in the central city, especially in world cities, has increased dramatically.

In an environment where states promote gentrification and upmarket consumption to secure their cities' places in the world cities hierarchy, old and historic buildings have started to become more popular and this had two outcomes: profiting from historical and cultural heritage and using this heritage as sign of social status (Enlil, 2000). First, "selling the city" through the renovation and re-use of the historic buildings became important to attract tourists to the cities. Secondly, young professionals started to see living in the historic environment as a privilege that only they should have because they thought of themselves as better custodians of this historical and cultural heritage than the rest of the population. While the upper class was increasingly living their lives in gated communities, professionals chose to live closer to cultural activities and in culturally and architecturally significant buildings. For that reason, they renovated the old buildings and started to gentrify these areas.

In the 1990s, the gentrification process in Istanbul was through the private housing market without direct state intervention, but by the 2000s, state-led gentrification became increasingly common. To be able to explore this change, my research has been conducted in the historic neighbourhoods of Istanbul. Some of these areas have been exposed to gentrification through the housing market without state intervention and some to state-led gentrification that has taken place through an urban renovation project. One reason for this change is the state's aims to turn Istanbul into a world city and to attract foreign urban investment that will integrate the city into the global economy. Urban renovation and regeneration projects followed by state-led gentrification are used by the state as a strategy to accelerate the process of transformation of the central city, attract local and international investment and attract middle and upper class people to the central neighbourhoods while pushing poor, working class inhabitants to the periphery.

One of the dynamics of these urban renovation and gentrification processes is the presence of one powerful party in the Parliament. The ability of the Justice and Development Party (JDP) to change regulations and laws without the necessity of consulting other political parties or public opinion has led to a concentration and centralization of power (Turkun, 2011). In particular, in recent years, most of the laws concerning urban space have been enacted in order to remove potential obstacles to neo-liberal urban policies. At the same time, important state institutions, such as the Mass Housing Development Administration (MHDA) and the Privatization Administration, have been strengthened to enable the actualization of big urban projects. Although the Privatization Administration and some other state institutions have considerable influence, the major institution in question is the MHDA (Turkun, 2011), the capabilities and power of which have been greatly increased since 2003.

The authorities are, in addition, targeting their urban regeneration or renewal efforts at the older historic urban centres that have become heavily populated by the urban poor. Historic but deprived parts of Istanbul's city centre have been the focus of attention in recent years by private developers and the local and national state, and many urban renovation projects are taking place in these areas. Once a renovation project is completed, most of the current inhabitants are displaced because state and private developers want to sell the residences to people who can pay a high price. These urban renovation projects followed by gentrification are not in the interests of the current inhabitants. There is no real concern for improving the neighbourhood for them or for what will happen to them after they have been displaced from their homes. In some cases, the state is moving them to the periphery of the city, which worsens their standard of living and burdens them with additional commuting costs since most of them work in the city centre, and amenities and services such as hospitals are also located in the central city. The former residents thus are excluded from the central city and become even poorer.

As mentioned earlier, I do not agree with the gentrification processes – in particular state-led gentrification – in Istanbul. My political motivation in this thesis is to point out the brutal treatment of the working class people and propose a different way of doing this. While moving towards that aim, I want to understand the global and local

processes that led to this kind of gentrification with regard to the historical and spatial background of Turkey and Istanbul.

This section in essence shows what I will be doing in the thesis, and I now move on to explaining its structure.

1.1 Structure of the Thesis

The thesis consists of four parts: theory; research aims, objectives, questions and methodology; analysis of the primary research; discussion of the important issues and themes. In the first chapter, world city theory is investigated to discuss the changing world economy since the 1970s and its spatial effects on major cities. In the last few decades, considerable numbers of cities have emerged as control centres of the world economy. They have grown especially through the FBS sector in the last 40-50 years, and they are arranged in a hierarchy, with three cities at the top: London, New York and Tokyo. This hierarchy mostly includes world cities in developed countries, but there are also world cities in developing areas, including Istanbul. Economic growth in a world city has led to economic growth for the country it is located in, which contributes to a city's place in the global economy. I give particular attention to the spatial effects – within a world city – of these processes and how the state affects, leads or is involved in them. In addition, the discussion outlines the adoption of neo-liberal policies by many governments since the 1970s. This was a period of relative economic stagnation and relatively low profits compared to the 1950s and 1960s, and governments reacted to the new situation by adopting strategies known as neo-liberalism. The neo-liberalist approach contributed to the current form of the world economy and is closely linked to the emergence of world cities.

In Chapter 3, gentrification is investigated in relation to economic changes and their effects in developed and developing countries. Early gentrification came about through the private housing market, although the state made indirect interventions during this process. Economic changes that are discussed in Chapter 2 have led to a professional class with different goals in life and different consuming habits. The first reason for this change in consumption patterns is that over the last few decades, it has become common to postpone marriage and childrearing, and in some cases,

women in their early thirties are deciding to remain childless (Beauregard, 1984). Another reason for changes in life choices and housing consumption is that in order to manage childrearing in a family where both partners work, travel to work times and costs need to be minimized. The third reason for middle class people becoming gentrifiers is that it can be easier for two partners to find a job in a big city than in a smaller town. Finally, considering the level of education, some couples are attracted to the cultural activities and amenities of big cities (Lyons, 1996).

The second process is state-led gentrification, a much more coercive process that started to become common especially in the large cities of developing countries. It is a form of gentrification in which the state actively encourages higher income populations to move into lower income areas. Many academics argue that making profit from restructuring the built environment for higher income groups is now a goal that is driving the state (Lees, 2009; Smith, 2002; Webb, 2010). Over the last 30-40 years, regulation of the market by the state has changed and now states support and copy market processes, instead of trying to constrain their damaging effects through policies to redistribute income and provide welfare (Weber, 2002; Moulaert, 2000).

Both market and state forms of gentrification resulted in replacement and displacement of working class people from inner areas and caused many resistance movements organized by poor inhabitants of the gentrifying neighbourhoods: resistance is especially strong against state-led gentrification in developing cities. These processes of gentrification and their effects on the social and built environment of world cities are the subjects of investigation in this thesis.

In the second part of the thesis (Chapters 4), the reasons for choosing this topic and Istanbul case are further discussed, and the research aims and the methods are set out. To present the critical realist approach to this research, the objectives and questions are explained in detail. My objectives range from dealing with abstractions to the concrete case studies. The first objective is to explore the deep processes involved in the creation of world cities and of gentrification, in order to have an insight into their abstractions and historical and spatial backgrounds. A further objective is to analyse the social and economic context of gentrification in the historic centres of Istanbul since the 1950s and monitor the changes caused by this context that are closely related to the process of gentrification in Istanbul since the

1980s. By exploring the abstractions first and analysing the processes and historical background in Istanbul, I enrich the explanation of these processes in neighbourhoods in their historic environment. After this, my objective is to examine the behaviours of the land and house owners in these neighbourhoods and the changes in their built environments and investigate the state's role in the urban 'renovation' and gentrification of the historic neighbourhoods. Finally, my last objective is to investigate ways to enable the existing residents to remain in and improve the historic neighbourhoods.

I have collected data on a range of issues to explore these objectives, and these issues are represented by the research questions. The research questions are: What are the causes of the recent wave of gentrification in inner areas of Istanbul? What have been the respective roles of classic and state-led gentrification in Istanbul? Why did the state start to lead gentrification after 2000? What were the mechanisms of 'classic' gentrification in terms of actors, property relations, and building? What were the mechanisms of state-led gentrification in terms of actors, property relations, and building? How did the state manage the process politically? What were the experiences of the existing and former inhabitants? What were the experiences of the new 'gentry'?

I use mixed methods to conduct this research, which are, however, predominantly qualitative. I use general accounts of global processes in Turkey and Istanbul and document the historical events and their spatial effects in Istanbul with particular attention to historical neighbourhoods. In order to do this, I drew on academic literature reviewing and examining policy reports and legal documents, and I conducted semi-structured interviews. I examine two case studies in this thesis to illustrate the two processes of gentrification – market-led and state-led: – Galata and Tarlabasi. Galata is a neighbourhood experiencing market-led gentrification, while Tarlabasi is experiencing state-led gentrification. For Galata, the processes of gentrification are analysed through interviews with people in the neighbourhood, officials of the Municipality and academics. I analyse topics that were brought up in the interviews and which appeared through an analysis of data to explain the gentrification process in the neighbourhood. For Tarlabasi, these processes are analysed through interviews with people in the neighbourhood, the construction company, academics, officials of the Municipality, NGOs, and the MHDA.

The third part of the thesis (Chapters 5 – 8) analyses the historical and geographical background and the analysis of the data gathered during the fieldwork. World processes have to be analysed with regard to the particular country and particular city, and in Part 3, I examine the effects of global processes in Turkey and how they are expressed in a specific city, Istanbul. Chapters 5 and 6 explore social, economic and political changes in Turkey and Istanbul. The Turkish economy started to grow in the direction of FBS and construction sectors in the 1980s, and the state has aimed to increase and sustain this kind of growth by policies that were directed at world city status for Istanbul. The state involvement expanded in order to secure Istanbul's place in the hierarchy of world cities. In these chapters, the housing market in Turkey and Istanbul is explained in detail, along with the state's role in transforming the city.

I discuss the two case studies in detail in Chapters 7 and 8. Galata and Tarlabasi are two historic neighbourhoods with similar histories and architectural heritage, but they are experiencing two different processes of gentrification. Galata was originally a middle class neighbourhood that became working class in the 1960s and has been experiencing market-led gentrification since the early 1990s. Many of the working class inhabitants have now left Galata and it is predominantly a middle class neighbourhood again, although with very different characteristics from its past. However, some of the old residents remain in the area, and this is causing some tension between the old and new inhabitants. There is also another type of tension in the neighbourhood between the first and second wave of gentrifiers. Both types of tension are explored in this chapter. Chapter 10 examines the state-led gentrification process in Tarlabasi, which was also originally a middle class neighbourhood that became working class in the 1960s. However, the difference between two neighbourhoods is that in the 1990s, Tarlabasi received a wave of migration from districts subjected to intense military activity in the east of Turkey. These immigrants, who were mostly Kurdish, were much more disadvantaged compared to the previous immigrants to the area because they were forced to leave their homes with little or no financial resources. Over the years, Tarlabasi became a neighbourhood housing the most disadvantaged segments of the population, and no middle class individual wanted to move to this area, even though it was as central and historic as Galata. The local and national state contributed to Tarlabasi's

negative reputation by demonizing the residents and ignoring the needs for municipal services in the neighbourhood altogether. In the early 2000s, with a new law, a state-induced urban renewal project was planned for this neighbourhood, the implementation of which involved a harsh state-led gentrification process. The Tarlabasi Renewal Project led to a state-led gentrification process, brought about by illegal state actions and the eviction of residents. The social and spatial effects of this project, the aims of the state, and displacement process are examined in the Tarlabasi story in this Chapter.

Part 4 (Chapter 9) discusses the big themes and issues of the thesis, and the last chapter of this part is the conclusion of the thesis. The beginning of Chapter 9 reflects on the whole thesis from world city theory to the concrete case studies. From this critical examination of processes of gentrification, I develop an approach to enable the current working class inhabitants to stay in their homes while the area can be physically and economically rehabilitated. I do not want this approach to be limited to two case studies in Istanbul, but I rather aim to develop a general approach to analysing gentrification in world cities that begins by identifying abstractions derived from an understanding of global economics and examining their influence on processes occurring in specific locations. To make sense of the complex and diverse relationships between economic change, housing markets, and property and land ownership, I examine global economic changes and practices, especially since the 1980s with the rise of neo-liberal economic policies around the world. In this Chapter, I provide an explanation linking different spatial scales and levels of abstraction discussed throughout the thesis and connect the more general to the specific neighbourhoods in Istanbul.

Following this, rest of the Chapter 9 is the conclusion to the thesis. Three major theoretical issues and my alternative for gentrification in historical neighbourhoods of Istanbul are discussed. Firstly, the relationship between global North and global South is examined and how urban theories from global North can be applicable, and what the north and south can learn from each other is discussed. Secondly, social spatial segregation is discussed to analyse why this concept is important and what kind of concrete effects it has on gentrified neighbourhoods. Thirdly, neo-liberalism is discussed. This is a highly contentious concept that refers to the current economic era. Neo-liberalism refers to reduction of state intervention, yet we will see the state

intervention of Istanbul is massive, and I will discuss what that says about neo-liberalism. Following this, suggestions for alternative policies for the historic neighbourhoods of Istanbul that consider the working class residents and their well-being are discussed. In addition, I suggest that the critical realist research approach taken throughout this thesis presents itself as a framework for future research that aims to analyse similar processes in similar environments. In particular, it provides a powerful critical approach to analysing world city gentrification processes in developing countries.

PART I: THEORETICAL FRAMEWORK

CHAPTER 2: WORLD CITIES AND CHANGES IN THE GLOBAL ECONOMY

2.1 Introduction

Istanbul has seen the growth of control functions that are associated with world cities. The Turkish government has an explicit project that is to turn Istanbul into a world city, and following from that, this chapter looks at the concept of world city. In a world city like Istanbul, being middle class has been associated with being a gentrifier in previously working class neighbourhoods, and this connection makes it important for me to investigate these two concepts to better understand the gentrification process in Istanbul in the last 30-40 years.

World city, in essence, is a locality in the world economic system where the workings of the world economy are largely centred and facilitated according to a hierarchy. This hierarchy is largely depends on the operation of the global finance and business services in every locality that is associated with the world city theory. These world cities and the way they have emerged and links that bind them together have direct and tangible effects on the changing world economy. The number and size of world cities has grown with the growth of certain sectors. The top levels of these sectors have located themselves in a relatively small number of cities. This chapter considers these sectors and the local sectors that have grown as a result.

This chapter investigates world city theory with regard to changes in the world economy, particularly in the last 30-40 years, and how these changes affect big cities in developing and developed countries. World city theory is important in developing a better understanding of the dynamics of world cities. The chapter starts by discussing the concept of a 'world city' and the historical background of the theory and global economy in relation to the changing nature of the world economy. This leads into an introduction to FBS in world cities. These are examined in detail to discuss the growth and decline of global employment in FBS and the manufacturing sector and the locations of these sectors in MDCs (such as USA, UK), newly industrialized countries (NICs) (such as South Korea, Mexico) and LDCs (such as Afghanistan, Nepal, Nigeria, Venezuela). Following this, the locations of FBS

sectors and the headquarters of big firms within nations and between cities/regions are discussed.

World city economies as whole are discussed, which leads to an explanation of the internal geographies of world cities. This helps to investigate the economic dynamics operating in world cities and how these dynamics interact with each other. This section moves on to the flow and mobility of the labour force in world cities, explaining local and international migration to world cities and the composition of the work force.

Finally, the role of the state in world cities and the world city' economy is introduced. Many nation-states have sought to grow a world city, and there are many ways states can do that. Having a control centre for finance and business services such as a world city benefits that state's economy and its place in the global economic system. These world cities that control a disproportionate amount of global businesses (Sassen, 1991) improve that country's economy and its competitive capacity. There are things that private sector cannot achieve in a city to benefit capital, such as holding a prestigious event like the Olympics, and with the contribution and encouragement of the state, these things can be made possible. In exchange, having a world city in a country's territory is beneficial to capital and the ways that country can secure its place in the world economy. Boosting gentrification in valuable inner city land is one of these ways and examined in detail later in the thesis. In this last part of this chapter, I mainly discuss the ways states serve capital by building a world city in their territory, state support for world cities, the ways that national states promote world cities, how this affects global economic changes and world divisions of labour.

2.2 The Concept of the 'World City'

This section considers the concept and definitions of the world city and the concentration of control functions and similar criteria that help to categorize world cities, and provides an overview of the processes that led to the emergence of world cities.

The early work of Manuel Castells (1972) and David Harvey (1973) succeeded in linking city-forming processes to the historical movement of industrial capitalism

(Friedmann, 1986). From this perspective, the city was not only perceived as a social ecology based on 'natural' limits peculiar to the dynamics of population and space, but started to be seen as "a product of specifically social forces set in motion by capitalist relations of production" (Friedmann, 1986:69). Spatial flows of capital and class conflict became important in explaining how cities evolved.

Since the 1980s, the study of cities has been very much connected to the world economy. As Friedmann (1986) argues, this approach focused on a spatial perspective on the economy that was not limited by national boundaries. World city theory was primarily thought of as a framework for research and intended to be a starting point for political inquiry about big cities. As Friedmann puts it "World city theory is about the spatial organization of the new international division of labour (Friedmann, 1986:69)." It provides us with an understanding of what is happening in major cities of the world economy and the economic and political conflicts in these cities. World city theory can suggest the mutual origins of world cities in the international system of market relations (Friedmann, 1986). The new international division of labour refers to the spatial shift of the manufacturing sector from developed countries to developing countries or for the case of LDCs and NICs, from city centre of large cities to the periphery of large cities.

One example for the division of labour between world cities is that producer service firms in different cities operate in the division of labour. This division of labour can be thought as a network that connects world cities around the world by having a subsector in each city (Sassen, 2002). Because of this, relationships between world cities are not only competitive, but they are characterized by a division of labour. In Sassen's (2002:15) words: "No such entity as a single global city could be a single capital of an empire; the category "global city" only makes sense as a component of a global network of strategic sites".

The 'control functions' of the world economy is unequally distributed and these control functions are concentrated in world cities. Control functions are sectors and activities that are most influential in the world economy. These control functions consist of the finance sectors and business services and the headquarters of important manufacturing and commercial firms. These sectors/activities provide services for firms beyond city or country and for outside clients around the globe (Sassen, 2002; Friedmann, 1986).

In this chapter, the 'world city' concept is examined in relation to developed and developing countries because the state's urban policies for Istanbul have been focused on making it a 'world city'. According to Friedmann (1986), there are few theses of world city theory:

- World cities in developed countries are used as 'basing points' by global capital for spatial formation and joining point of markets.
- World cities are characterised by the presence of control functions, and these control functions are leading sites for the concentration and agglomeration of FBS.

In MDCs, sectors including finance and business services are located in world city centres, and headquarters of manufacturing companies are also located in the centre to be close to the other control functions. For NICs, control functions and highly-skilled labour are still located in the city centre; however, different from MDCs, research and development sections of manufacturing firms are located in the big cities of NICs, but usually not in the city centre. Lastly, for LDCs, the only difference from the MDCs is that while they have production sections of manufacturing firms in their big cities, they are not located in the city centre, but on the peripheries. In this way, the new spatial division of labour in the last 30-40 years between cities can indicate the form and extent of a city's integration into the world economy (Friedmann, 1986).

The changes in the economy since the 1970s and flow of capital brought about changes in urban space and these changes varied from country to country, but especially according to whether it is a developed or a developing country. In most world cities (especially in MDCs), it is often stated that there seems to have been a shift from manufacturing to finance and business services in the last 30-40 years (Knox, 2001). This is not entirely correct: there has been an increase in employment in the finance and business sectors employment, but not a global decline in manufacturing. Rather, some parts of the manufacturing sector (e.g. production sites) have shifted from MDCs to LDCs. In NICs and LDCs, there has been a visible increase in the finance sector, but this has not led the manufacturing sector to leave these cities as it did in developed countries. In developing countries, big cities still

accommodate a large proportion of the manufacturing production. For example, in Turkey, Istanbul is still the biggest manufacturing centre in the country. In developing countries, this growth in both sectors may give rise to some problems because of the lack of services (e.g. infrastructure, sufficient employment, housing). In MDCs, the manufacturing sector has declined in inner cities, but highly-skilled manufacturing still remains in the same country, moving out, however, from big cities to cheaper locations. The routine production part of manufacturing moved to LDCs.

A hierarchy of world cities was suggested by The Globalization and World Cities Study Group and Network (GaWCSG) of Loughborough University, led by Peter Taylor and John Beaverstock et al. (1999). It is hard to establish a strict list of criteria for a hierarchy of world cities; however, it is possible to identify dominant or major world cities depending on the location of major financial centres and concentrations of business services. From this, a hierarchy of world cities can be distinguished in terms of complexity and sophistication of activities in the city and the size of territory it serves (nationally or globally).

The GaWCSG define four criteria to identify the hierarchy of major cities in the world economy. Firstly, the dominance of a world city can be indicated by analysing the ranking of multinational corporation headquarters (MNC). This is followed by analysing the corporate activities and power of MNCs with regard to new spatial division of labour. A third criterion looks at city ranking within the urban hierarchy by examining tendencies to engage with international sectors such as finance and business services and concentration and type of producer services in the world economy (Hall, 2001; see also Sassen, 1991). Most importantly, a fourth criterion identifies the connections between major cities via the international finance sector. The GaWCSG research argues that many of the approaches to the study of world cities concentrate simply on measuring data on global city attributes, while ignoring the critical importance of the mutual relationships between members of a system of cities (Taylor, 1997:324-25). However, while there is not enough data to measure the mutual relationship between big cities, the GaWCSG Group identified three alternative indicators of the relationships between cities: (1) content analysis of leading business newspapers; (2) personnel migration; and (3), in-depth analysis of producer services (Beaverstock et al., 1999, 2000).

This resulted in a list of 10 ‘Alpha’, 10 ‘Beta’, and 35 ‘Gamma’ world cities. These rankings indicate the hierarchy between world cities with regard to the criteria explained above.

Alpha World Cities (<i>Developed Cities</i>): London, Frankfurt, Paris, Milan, New York, Los Angeles, Chicago, Tokyo, Singapore, Hong Kong,
Beta World Cities: <i>Developed Cities</i>: Zurich, Brussels, Madrid, Moscow, Toronto, San Francisco, Sydney, <i>Developing Cities</i>: Mexico City, Sao Paulo, Seoul
Gamma World Cities: <i>Developed Cities</i>: Copenhagen, Amsterdam, Dusseldorf, Berlin, Munich, Hamburg, Geneva, Stockholm, Rome, Barcelona, Prague, Warsaw, Budapest, Montreal, Boston, Dallas, Houston, Washington, Atlanta, Miami, Minneapolis, Melbourne, Osaka, <i>Developing Cities</i>: Istanbul, Shanghai, Beijing, Bangkok, Taipei, Kuala Lumpur, Manila, Caracas, Jakarta, Johannesburg, Santiago, Beunos Aires

Table 2.1: Categorization of World cities, The Loughborough Group “GaWC” inventory of world cities, 1998

The separation between developed and developing countries shows which type of economy each of these cities belongs to and some differences between the world cities. It is clear from the list that all of the ‘Alpha’ and most of the ‘Beta’ cities are located in MDCs. These countries have historically been commanding control in the world, and they have been most influential in the world economy even before the emergence of the current form of globalised economy identified in world city theory. Their dominance of the world economy continues and is evident in the ranking of the leading world cities as well.

This hierarchy is important for categorizing world cities; however, as stated earlier, this can be misleading. Sassen (2001: 351) expresses this as: “my use of the notion of global city functions (is) to identify a particular case, that of a city which fulfilled [...] highly specialized set of functions in the management and servicing of the global economy”. Sassen defines world cities as places “from where the world economy is managed and serviced” (Sassen 1988:126) as well as “highly

concentrated command points in the organization of the world economy” (Sassen 1991:3).

As noted above, the world city concept is concerned with the spatial organization of the new international division of labour. It concerns the contradictory relations between production in the era of global management and the political determination of territorial interests. It is helpful to understand what happens in major global cities of the world economy and the political conflicts in these cities. In later chapters, the link between processes of gentrification and world city theory is discussed in detail. In addition to that, this theory is relevant to my research in Istanbul because Istanbul is a developing country’s world city that is experiencing pressure to secure its place in the hierarchy further with various urban regeneration and renovation projects that mostly result in state-led gentrification. This is examined further later in the thesis.

2.3 The Historical Development of the World Economy

In order to understand world cities in the present day, we need to look at the history of capitalism. Internalisation of trade, production, finance, and labour power has been going on in various ways for the last several centuries and evolving throughout this time and influencing the formation of cities. In this section, I consider various ways internationalization has affected the historical path of capitalism.

Expansion of world trade between nations: Before the 16th century, trade between countries was only for luxury items such as silver; however, starting from the 16th century, raw materials and banking services became part of international trade as well. From the 19th century, manufacturers’ products became a part of world trade, which allowed firms to buy and sell material internationally and created a much more competitive economy. This was followed by business services in the 20th century, and competition in the world economy increased even further. The internationalisation of many sectors made the location of production very important for firms (especially manufacturing firms). The reason for that is the increasing global competition between firms and the deregulation led firms to find the least expensive and regulated space with a cheap labour force. Developing countries provided many international firms with less regulations and a much cheaper labour force than developed ones (Barraclough, 1978).

Banking and finance: Banking in its modern sense can be traced back to the early Renaissance and medieval Italy when it was dominated by cities such as Venice and Genoa. In these early forms of banks, merchants negotiated loans to finance their exploration trips (Goldthwaite, 1995). The Bank of England started as private company in the 17th century and was lending money to the English state to build ships for the Navy (Bank of England Act, 1946). In the 20th century, with advances in transportation and telecommunication, banks grew in size and spread geographically. Since the changes in the economy that started to appear in the 1970s, banking and finance have become crucial for the world economy (Sassen, 2001). Increasing international debt and less regulated capital flow all around the globe have become relatively more important than production in the world economy than they were previously, and this importance is particularly visible in world cities as central locations for global banking and finance.

Global production locations of traded goods and services: The production of raw materials and agricultural products is one of the first examples of global production, mostly associated with the supply of material to the centres of colonial empires (Rodrigue, 2013). During the colonial era, colonies were used to produce materials that were shipped to the imperialist country, which manufactured goods from these raw materials and traded them with the colonies and internationally. This separation between sites of materials supply and manufacturing production now exists in a different form. In the changing world economy since the 1970s, production sites of manufacturing firms started to decentralize from inner urban locations to 'green field' peripheral sites. Some manufacturers chose their production sites even further afield in developing countries because regulations were less restrictive and the labour much cheaper compared to developed countries (Rodrigue, 2013).

By far, the most impressive of this process of extremely rapid rise happened in East Asia and China. China implemented economic reforms starting from the 1970s. This happened in two stages: in the first stage in the late 1970s, China allowed foreign investment to enter the country and gave permission to entrepreneurs to start a business. In the late 1980s and 1990s, the second stage started. Before that, most of the industry was state-owned, but with this stage, the Chinese government started to privatize and contract out China's industry and decrease the trade regulations, price controls and policies that protected China's internal market (Engardio, 2005).

Between the year 1978 and 2009, China's economy was growing 9.5% a year (Scissor, 2009).

International ownership: Transnational corporations are an important example of international ownership. With the internationalization of trade of raw materials that were mainly used for domestic markets, transnational corporations started to emerge. First, mining and agricultural firms in the 17th century acted as transnational corporations of their time. But transnational corporations in the modern sense emerged when some manufacturing corporations started using direct foreign investment in overseas production to penetrate foreign consumer markets (Knox, 2001).

Transnational companies are part of export sectors. Transnational companies seek to have commercial supremacy by focusing on the six or seven hundred million consumers in developed economies who can afford the kind of services they are selling (Knox, 1995). Transnational corporations are significant in the world economy, and the development of this significance can be identified as having three phases:

Phase 1: Beginning in the nineteenth century until the 1940s, this phase was mostly investment for obtaining raw materials – mostly oil and minerals – for domestic manufacturing purposes.

Phase II: After the Second World War, some leading companies used foreign investment in international production operations to enter foreign consumer markets. Meanwhile, the arrangement for the US dollar to be the world's principle reserve currency at the 1944 Bretton Woods Conference had made it easier for US corporations to enter into foreign industries. Following this, US companies expanded their investment in all parts of the world, especially in Latin America:

Bulova Watch provides a clear example. Bulova now manufactures watch movements in Switzerland and ships them Pago Pago, in American Samoa, where they assembled and then shipped to the United States to be sold. Corporation President Harry B. Henshel said about this arrangement: 'We are able to beat the foreign competition because we are the foreign competition' (Bluestone and Harrison, 1982:114).

By the end of the 1970s, overseas profits accounted for a third or more of the overall profits of the hundred largest multinational producers and banks (Knox, 2001).

Phase III: With the collapse of the Bretton Woods agreement in 1971, the value of the US dollar increased. This increase caused imported goods to become cheaper, and as a result, European and Japanese multinationals easily penetrated US trade markets. In response, US companies reorganized their production processes. This meant international companies withdrawing from places where unskilled and semi-skilled labour is more expensive (i.e. North America and North-western Europe); and keeping existing facilities for skilled labour or high technology in their original places (Bluestone and Harrison, 1982).

International flows of labour power: Slavery was the first way of internationalizing labour power under capitalism. Another example of the spatial mobilization of labour power was Europeans moving to settler countries in the late 19th century. More recent forms of the movement of labour power has been immigration from LDCs to MDCs, which increased greatly after Second World War. This immigration started within Europe and from colonies to MDCs, and immigration from NICs and LDCs to MDCs is still important and continuing. However, this is mostly unskilled labour immigration. Skilled labour migration, on the other hand, does not involve such large numbers, but with the internationalization of finance and manufacturing, skilled labour is mobile in search of better job opportunities (Bluestone and Harrison, 1982; Knox, 2001).

As a result of a combination of these processes since the 1970s, what is called the ‘new international division of labour’ (NIDL) emerged. Investment and production are not coordinated mainly within national economies anymore (Warf, 2010). Many components can be produced in different countries and assembled in several. This situation created international devices to manage and steer capital beyond national boundaries, including offshore banking (Knox, 2001). NIDL has given rise to NICs such as South Korea, Taiwan, and Singapore and has resulted in the reorganization of employment growth away from manufacturing towards finance and business services.

The issue here is how the international division of labour develops and assigns role to localities. Historically, before the 1970s, national economies were more

important. The basic division of labour was within manufacturing industries, and this division of labour was organized within a national economy as were production, plants, firms, and industry: they formed a national market and created national social (class) divisions. Even though capital, labour and technology were imported or exported, they were subject to many regulations by national governments (Knox, 2001).

The spatial division of labour within national economies depended on different regional industrial specializations and their location within a particular national geographical space. National economies in that sense were, as a result, regionally differentiated. However, after the 1970s, national economies became less regulated, and with deregulation, the importance of local economies decreased. Nevertheless, inherited abilities of localities allowed places to promote their specific features in international markets. As the large scale division of labour developed, localities started to be recognized for their inherited capacities, especially in the production functions of manufacturing firms (Massey, 1984). Despite changes in the world economy, many regions that used to specialize in one sector (old industrial areas) can still maintain their inherited designation (e.g. Sheffield as Steel City, Derbyshire for coalfields). As Massey (1984) argues, development of large scale divisions of labour in sectors over time assign parts of production to continents, nations, and localities. This assignment depends on their previous (inherited) capacities: labour power, fixed capital, knowledge generating and so on.

STAGE	AREA
Headquarters, control functions, finance	World city or major city in developed countries (DC) or newly industrialised countries (NIC)
Research and development	Science region or cultural city in DC
Skilled production	Old or stable region in DC (or NIC)
Low skilled production	Anywhere with communications and cheap,

	disciplined labour
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Table 2.2: New International Division of Labour (NIDL), Aysegul Can, 2013

Following from Massey's argument, skilled production continues to stay in developed countries' cities that are inherently related to that kind of production. Labour in finance and business services is mainly located in developed countries and world cities. The labour force for skilled production and research stayed mostly in big cities in developed countries, and low-skilled production located itself mostly in developing countries with cheap labour. However, low-skilled labour stayed in world cities in developed countries as well and has been employed mostly in consumer services. On the other hand, for NICs and LDCs, this is different. It is true that there has been an increase in employment in finance and business services; however, there has been an increase in employment in the manufacturing sector as well because producer services in NICs and LDCs remained in the big cities.

Another example of the NIDL is in electronic consumer goods: in this case, the development of a division of labour has been rapidly transformed into an international division of labour in which the production process is constantly subdivided into smaller activities that are distributed geographically as a complex networked mosaic of production functions around the globe (Bryson, et al., 2004).

STAGE	AREA
Headquarters, control functions, finance	Tokyo, NYC, San Fransisco, etc
Research and development	Silicon Valley, Southern England
Skilled production	ditto, or London
Low skilled production	South Wales, S.E.Asia, Mexico

Table 2.3: NIDL in electronic consumer goods, Aysegul Can, 2013

Table 2.3 above illustrates the geographical effects that increases in finance and business services created. These effects have been visible mostly in developed cities such as London, Tokyo and New York (Knox, 2001). The international dimensions of employment have been much more important, and the collapse of regional specialization within national economies became less relevant. In summary, an international division of labour has emerged in which investment or production is no longer organized around national economies.

There is a period since the 1970s of relative economic stagnation and relatively low profits compared to the 1950s and 1960s, and the governments reacted to this new situation by adopting a strategy known as neo-liberalism. This economic situation is commonly (see Harvey, 1989; 1985 and Smith , 1996, 1990) explained with the narrative of political fallout in the United States during the 1970s about the OPEC oil embargo that resulted in recession for the American economy (Hackworth, 2007). This event and some other events such as the growing productivity of German and Japanese automobile manufacturers undermined the dominance of the United States in that industry (Harvey, 1989). This oil crisis, the fall of Bretton Woods system (monetary arrangement that setted out commercial and financial rules between MDCs in the 20th century) and increasing competition in metal industry between the NICs and USA led to a state of stagflation where high unemployment and high inflation coincided (Hackworth, 2007).

During the stagflation of 1970s, Milton Friedman's (1962) free market economic system, free floating exchange rates were very influential. Friedman argued that state intervention in the form of printing money was in fact a cause for the increasing inflation because the shop owners were able to guess the increase in money supply, and this developed into the idea that all state intervention is useless as the free market regulates itself and can undermine all of state action. In addition to that, neo-liberalist scholars assumed that because of catallaxy, the market cannot be informationally wrong, and the markets were self-regulating, therefore making any kind of regulations disruptive and useless (Graham, 2010). As Harvey (2005:2) puts it:

Neo-liberalism is a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedom characterized by strong private property rights, free markets, and free trade. The role of the state is to

create and preserve an institutional framework appropriate to such practices.

The kind of ‘spatial fix’ formed for this crisis led local governments to be more entrepreneurial, to a decline in industrial production and a restructuring of the cities around the sectors of finance, insurance and real estate (Warf, 1999; Pine and Gilmore 1999; Harvey, 1989; Leitner, 1994 Fainstein, 2001). Many cities became very active in accommodating larger scale real estate investments close to their CBDs. One spatial result of this restructuring was increasing attraction towards inner city gentrification. This is examined in the next chapter. The shrinking welfare state, increasing the rate of profit by reducing wages, accelerating the internalisation of the economy by reducing trade barriers and barriers for international production have been crucial for neo-liberalism to succeed.

Having explained the theory neo-liberalism, this programme is fraught with contradictions, and one of them is that state actually remained active in directly supporting sectors of capital. Especially in developing countries, increasing state intervention remains not to strengthen the welfare state, but to benefit the capital. One result of this is state-led gentrification and that is explained in detail later in the thesis. Another result is the state desire to build a world city in their territory to secure their place in the world economy. The ways in which they do that are explained in the final section of this chapter. In that section, the history of capitalism is discussed briefly to better understand the economic changes and the historical background that led to period of neo-liberalism. The emergence of world cities is strongly linked to the changing world economy since the 1970s, and as a critical realist, I believe it is crucial to have an insight of the long-term history of capitalism with regard to its spatial outcomes. Following this, I examine the long history of world cities concerning capitalism and its spatial development since the 1970s.

2.4 The Long History of “World Cities”: Separation between capitalist control and productive activities

It is in the context of these forms of internationalization of the capitalist economy over 400 years that world cities evolved. As we saw in Section 2.1, the separation between control functions and production sites is one of the main issues in world

cities, but there has, in fact, been some separation of control functions and production since the beginning of capitalism. However, the differences between parts of the world regarding technology, language, culture, legal associations, politics and forms of policies are not always compatible with the development of a global economy, and a complex institutional infrastructure may be required to overcome them (Bryson et al., 2004). In the nineteenth-century UK, the development as an industrial society was associated with a complex service infrastructure, such as banking (Bryson and Daniels, 1998d). During the nineteenth century, international trade was inhibited because of the financial difficulties created by the lack of financial services for overseas clients. These problems were overcome by agencies of bill markets and banking facilities of the type connected with the flow of tea and silk from China to Europe between 1860 and 1890 (Hyde, 1973).

In the twentieth century, the production sites of manufacturing companies started decentralize to the peripheries of big cities and then to LDCs, but the headquarters of manufacturing firms remained in big cities, rather than moving closer to their production sites. After the 1970s, the spatial division of labour altered, and the concept of regional specialization was challenged. Spatial divisions of labour are now organized according to the needs and features of a specific industry rather than historically located regional skills (Knox, 1995).

These new international divisions of labour have been achievable because of the advances in technology of communication that have given firms the chance to decentralize their manufacturing activities, but yet retain their headquarters in core areas. It is now possible for a firm to have headquarters in places like New York or Zurich and locate the manufacturing facilities in a place that has a non-unionised labour force with less regulations or cost (LDCs) (Bryson et al., 2004).

This section explained the decentralization of production sites of the big manufacturing firms from or to the periphery of world cities. With the advancement in technology and international transport, and world cities' desire to concentrate the FBS sectors in the CBDs led to a spatial restructuring in world cities. One of the outcomes of this restructuring is economic export sectors that came with the global divisions of labour. The next section examines this.

2.5 Economic ‘Export’ Sectors, World Cities, and Global Divisions of Labour

This section discusses the ‘economic base’ or export sectors that may be found in world cities. These sectors are relevant to my research as they are a crucial part of the spatial restructuring of world cities since the 1970s, and the growth of world cities wholly depended on export goods and services. The spatial arrangement of these sectors in a world city and the employment in them have had effects on the urban population and the housing market in a world city and therefore have had important links with the concept of gentrification in world cities. For each of these sectors, I firstly discuss the growth and decline of global employment in the sector since roughly the 1970s, and this is followed by sector locations between MDCs, NICs and LDCs and within nations, between cities/regions, particularly focusing on world cities.

2.5.1 Finance

Since the 1970s, finance has been the major and increasing sector of the global economy. As outlined in previous sections, the growth in finance did not result in a decline in the manufacturing sector: firms changed location rather than scaling back or closing. But it is true that employment in finance and business services increased dramatically, especially in CBDs (particularly in big cities in MDCs). This transition in the economy had its consequences. As Amin and Thrift (1994:2-5) state:

First, there has been marked increase in the power of finance over production. Finance capital now takes many forms and moves almost seamlessly and with great speed across the globe, especially between the world’s financial markets centring on stock and other exchanges. Electronic trading has ensured volatile and fast moving financial markets that can transform (either positively or negatively) the economic prospects of companies and, more importantly, of national or regional economies overnight.

The reasons for the increase in finance over time can be explained under a number of headings:

Internationalization of trade: Since the 1980s, with increasing deregulation, the internationalization of trade has had important effects on the increase of finance. With fewer regulations all around the globe, trade internationalisation increased and

this eventually led to further internationalisation of banking and finance services to steer capital beyond national boundaries. Some countries have made good use of this: Switzerland, for instance, has been successful in managing the circulation of capital through international networks (Knox, 1995).

Internationalization of production: In the 1970s, the production functions of the manufacturing sector started to move from developed countries to developing countries, which dramatically increased the internationalization of production. With this increased international presence, transnational manufacturing companies grew in size, started to have more influence over the world economy and strengthened their connections with finance sector (Gough, 2011; Knox, 1995).

Debt creation since the 1980s and international lending/debt: After the 1970s crisis, the neoliberal approach was supported by the great majority of businesses and states. This meant the withdrawal of the state and increased mobility of capital between sectors and locations. Deregulation of finance was seen as a necessity for the mobilization of and speculation in capital. Deregulation on an international level allowed institutions, such as states and corporations, to borrow money with fewer restrictions and in higher amounts than they previously could. This led to a credit boom as a result of high demand for credit by states and consumers in response to the continuing fragile state of the real economy. There have been waves of lending, until each bubble bursts (over-accumulation) (e.g. Japan - 1990, world - 2008) (Eisenschitz and Gough, 2011).

Speculation in assets, commodities, land and currency: Speculation of these kinds allowed people to make money out of money, with no relation to production. The changing political and economic situation had an impact on land and housing markets, which allowed people who could analyse the market to speculate on rising or falling prices of assets, commodities, land and currency (Smith, 2002).

Considering all of the discussed above, when it comes to world city theory, the rise of finance and business services should be examined to explain the process of financialization. World cities emerged when, in the 1970s, the global financial system expanded dramatically and foreign investment was dominated, not by capital invested directly in productive functions, but rather by capital moving into and

between capital markets (Smith, 2002). In other words, the period since the 1970s witnessed the financialization of the world economy.

Changes in the flow of capital around the world give an insight into the increase in the importance of finance in the economy. Firstly, in the 1980s and 1990s, different governments and international institutions such as the International Monetary Fund (IMF) pursued neoliberal free market policies and encouraged the deregulation of financial markets and the liberalization of flows of capital across national borders (Pollard, 2001).

2.5.2 Headquarters of Manufacturing and Commercial Transnational Companies

The development of transnational companies was discussed in the previous section (see Chapter 2.3), and in this section, the spatial arrangements of these companies and headquarters of manufacturing firms are examined. The headquarters functions of manufacturing firms and transnational corporations, but not their production or research and development operations, started to locate in the last 30-40 years in the centres of world cities to be close to other control functions (finance and business services) of capital. Many major finance and business services are located in world cities, and in addition to that, some of the world cities are capital cities (Bryson, et al., 2004; Daniels and Bryson, 2002). Being close to political centres and control functions is important for manufacturing firms to have more opportunities to improve their business, whereas controlling the production and research functions the companies is possible through advanced communications technology and international transportation.

The benefits of being close to control functions are the business deals and networking that a company needs in order to make profits and have a bigger share in the international manufacturing market. These reasons lead firms to locate their headquarters in world cities, separated from their production sites. With the changes in the world economy (e.g. deregulation, stagnation) since the 1970s and advances in new technology, competition is becoming fiercer as well (Howells, 2002). In order to survive, some firms have not only had to locate themselves in the city centre, but have also had to change the way they produce goods. Manufacturing is becoming

much more service-and-design oriented, and the boundaries between what can be called a service firm or a manufacturing firm are becoming indistinct. According to Bryson, et al. (2004:56), this development is happening on many different levels:

At its simplest level, many manufacturing companies, for example, ICL, the UK computer company owned by Fujitsu, no longer manufactures products, while over half of the turnover of companies like IBM and Siemens comes from selling services. The services that envelop manufacturing products take many forms: the financial package required to purchase a product; a product that cannot be used without the continued purchase of related services or the provision of a service instead of the provision of a machine. This also reflects a process by which the purchase of a product is not the end of the relationship between the producer and the consumer. Instead, producers are trying to create products that will ensure that consumers continue to interact with producers through ongoing and developing service relationships.

The ways that firms are producing and consuming knowledge are also changing. Knowledge can be provided by in-house staff or by third parties. Using external providers of expertise gives firms a form of flexibility: they can use as much or as little of the service as required (Gallouj, 2002). Bryson, et al. (2004:50) state that a small group of manufacturing firms is developing an extreme form of flexibility: “They are becoming virtual manufacturing companies by subcontracting all elements of the production process, but retaining responsibility for the design and marketing of the products.”

Manufacturing firms are not the only ones who desire advantage from being in the centre of a world city. The headquarters of commercial firms and property firms are mostly located in there as well. The headquarters of property firms benefit from the increasing land and housing prices in a world city and locate themselves in the city centre. In addition to this, most professionals who work in finance want to purchase a property in the city centre or in the inner city, and a significant part of property firms’ clientele consists of these professionals (Bryson, et al., 2004).

2.5.3 Business Services

Business services subsume legal services, advertising, engineering and architecture, public relations accounting, research and development and consulting. As the

command power of the control functions in the cities has grown in size and number, the operation and management of firms has become more complicated. As Sassen (2001:84) puts it: 'management and coordination functions of global firms have become so complex that their headquarters increasingly outsourced these functions to specialized service firms.' Sassen sees the rise of the service economy as integrating financial markets into global markets and into the increasing financialization of economies that 'require a vast infrastructure of highly specialized services' (Sassen 2001:84). Another reason for this need is the deregulation that came with neo-liberal policies. Deregulation – the lifting of state controls on many industries – has increased the uncertainty faced by many firms and has had significant impacts on the profitability, industrial organisation, and the spatial structure of numerous sectors (Bryson, et al., 2004). To negotiate these complexities, firms need other firms to collect vast amounts of information and make strategic decisions; clerical workers to assist with large amounts of paperwork; researchers to study market demand and create new products; advertising and sales people to market their products; vast numbers of people to engage in public relations, accountancy and legal work; and financial experts to assist in negotiating the complicated decision-making environment.

To understand how business services operate, we can take the example of two leading business services (legal services and accountancy). Hanlon (1999) discusses some criteria identified by Greenwood (1957) that he claims can be used to identify an activity as a legal and accountancy service:

- They should be based on systematic knowledge. This means that becoming a professional involves detailed and extended training to develop professional competence.
- A licence is required to practise as a professional and in some cases also a membership of a professional agency.

Accountancy is one of the most important professions in business services. An annual audit undertaken by a professional accountant is a statutory requirement, although in the UK, SMEs (small and medium enterprises) with small turnovers – under £4 million – do not have to undertake an annual audit.

2.5.4 Design of Consumer Products, Media and Culture

So far, the last section has discussed the types of business services and the increase of business services in world city centres, and this increase is part of their restructuring. Media, culture and design centres have contributed to the growth of major sectors such as finance and business services. To examine this contribution, now I turn to the design of consumer products and the effects of media and culture in world cities. One of the most important product innovators for producer services is the design company. The industrial designer who is employed by the manufacturing company is responsible for analysing and suggesting changes in the product in order to increase demand. Designers are expected to be able to understand public taste and alter products to make them more attractive to the consumer. According to Bryson et al. (2004:69), design is “an integral part of the production process, but is separate from the actual manufacturing process.” In 2000, the UK Design Council surveyed firms concerning the advantages they had gained from using design and creativity in last three years (The UK Design Council, 2000). The majority of responses agreed that using design improved their products and service quality and increased profitability. According to this (The UK, Design Council 2000), firms sought assistance about design from design consultants (65%), universities (27%) and the Department of Trade and Industry (DTI) (11%) and needed most help with website/e-commerce design (47%) and product design (37%). These figures show how and for what purpose design assistance is used and where it stands in business services.

Design is not only about the design of products, but it is also concerned with the design of services, such as brands associated with the delivery of a particular service, paperwork and the improvement of a company's identity as a corporate body. The shift in focus of design functions since the 1980s, from design for manufacture towards design for the service sector, does not mean manufacturing design declined, but rather that growth areas in the design industry were in retail design, packaging, design of company documents and events (Julier, 2000).

Design income and the number of independent design consultancies has increased dramatically in the last 20 years: “annual fee income of UK design consultants doubled from £175 million to £350 million between 1985 and 1995 (Julier, 2000: 10).” According to Julier (2000:10), in 1966 there were only three design

consultancies in London; by 1999 there were 536, and employment in all creative industries increased by 34.9 per cent between 1994 and 2001.

According to the UK body responsible for issuing the Certificate in International Trade and Finance (CITF, 2001):

In Europe, Britain and Germany are the most important markets for design services with US\$2.4 billion and US\$2.2 billion spent respectively in 1994. France and Spain follow with an expenditure of US\$0.9 million. The growth in Germany has been generated by product development and civic design projects while in Britain graphic communications and environmental design have dominated. The UK is the most important exporter of design services, exporting over £1 billion of design consultancy in 2000. In 1999, the leading export markets for UK design expertise were the US, Benelux countries, Germany and France.

The media and culture are two other important sectors that work together with design. An important ancillary function of world cities is ideological penetration and control, and I think media are a crucial tool for this purpose. New York and Los Angeles, London, Tokyo and Paris are centres for the production and dissemination of information, news, entertainment and other cultural artefacts (Bryson et al., 2004). Many world cities in MDCs are leading the entertainment, media and culture sector. Most international prestigious events (e.g. the Olympics, the FIFA world cup) take place in world cities.

Design centres, media and culture have played an important role for in the growth of sectors such as the FBS or headquarters of manufacturing firms in world cities. The design of consumer products and media helped firms to manipulate the market or make their products attractive for the potential consumers, and world cities, with their diverse urban population, represent a global sample for consumers around the world. For industrial and commercial companies, growth of these sectors has been important and they located themselves close to the control functions and as a result have had some effects on the spatial layout of world cities CBDs. It is important for my research to examine the impacts these sectors have had in world cities.

2.5.5 Tourism

One of the main growth sectors in world cities in recent decades has been tourism and in particular, urban tourism. It is heavily concentrated in city centres and has had strong links with the restructuring of the central cities for the sake of attracting tourists in world cities such as London, Rome, and Paris. Therefore, tourism is an industry that has important effects on world cities. The most important type of tourism investigated in this thesis is urban tourism and its increase. With the contribution of advances in international and local transport, international tourism has become more available to professionals, and this has resulted in some changes to tourist attraction sites and tourism services. In addition to advances in international and local transport, the rise in real income in the last decades has been important as well. This has created disposable incomes that have allowed middle and working class people (especially in MDCs) to have holidays abroad (Urry, 1995).

Many urban tourist attractions in MDC cities are in historic areas that have been preserved through social activism in the 1960s in opposition to ‘bulldozer renewals’. In the 1960s, urban social movements demanded a cessation to the destruction of historic neighbourhoods, and intellectuals like Jane Jacobs (1961) in New York showed the importance of small scale and called for sensitivity in renewal of what were then considered ‘slum’ areas. The combination of street protests and the formulation of a coherent rationale for urban conservation resulted in a number of victories that safeguarded areas and subsequently became magnets for tourism. Tourist niches have appeared for tourists who are looking for different experiences. This interest has been leading developers to see that they can profit from urban conservation by investing in arts-related developments and adaptive reuse of old industrial buildings (Jacobs, 1961; Turken and Sen, 2009).

When it comes to heritage tourism in urban areas, some cities have managed to preserve their historical heritage, but some of them have lost very substantial parts of it. For example, London has lost a massive amount of its historical heritage in the last 50 years (Sleath, 1984; Doward, 2013), and Istanbul lost more than half of its historical heritage in the last 20-30 years (Karaman and Islam, 2012; Yalcintan and Cavusoglu, 2012; Yalcintan, 2010). The reason for these losses has been the influence of property developers on the built environment and their desire to make profits from urban land. But on the other hand, areas conserved for heritage tourism

pose some dangers even in well-preserved cities. Advertising heritage tourism in historic cities all around world for the sake of profit rather than as introductions to the cultural heritage of a place can cause problems such as the loss of cultural heritage, uncontrolled increase in the service sector (e.g. hotels, cafés) and tensions between tourists and the inhabitants of the areas.

Urban tourism is distinct from all other types of tourism because in this case, the city itself is the product. There are several things about a city that attracts tourists:

- The built environment of a city
- Historical heritage
- Shopping areas
- Cultural events
- Business conferences
- ‘Naughty’ tourism (prostitution, drugs)

All or most of these things that are listed above come together in a world city, and this combination and being a world city leads large numbers of tourists to visit those cities. This may create congestion and overcrowding (traffic, pedestrians) and sometimes reduces the standard of living of the locals of that city. As noted by Mishan (1969), the spread of mass tourism does not indicate the ‘democratisation of travel’ and this applies for urban tourism in world cities as well. Urry (1995) uses ‘democratisation of the travel’ to explain the increase in non-work travel by the middle and working class people. Up until the 19th century, travelling for non-work reasons was for the elite, but with the advances in transportation and usage of new forms of transportation (rail, air), different social classes were permitted to travel en masse. In fact, mass tourism leads to the destruction of the places that are being visited because geographical space is a limited resource, and the more popular the place becomes, the worse the experience of the journey because of the increase in tourist numbers. For that reason, a tourism market growing without any regulation threatens the very places that are the objects of interest for the tourists (Urry, 1995).

The theory of the social limits to growth (Hirsh, 1978) supports this point about the limits to the ‘consumption’ of places. However, Hirsch (1978) is particularly concerned with ‘positional economy’: work, social positions, and social

relationships that are subject to congestion or crowding. If one person consumes more, that means another person will be forced to consume less, and this kind of consumption is different from the consumption of material goods that can be increased in the production process. Consumers' satisfaction or dissatisfaction depends on consumption by others rather than individuals' own consumption because of the nature of the consumption subject, which is a city, not a material good. For this reason, tourism is not entirely a market in which every person has a free choice whether or not to participate in an economic exchange for the use value. This, as Urry (1995:135) puts it, can be called "coerced competition".

It is normally assumed in economics that market exchanges are voluntary so that people freely choose whether or not to enter into the exchange relationship. However, in the case of coerced consumption people do not have such a choice. One has to participate even though at the end of the consumption process no one is necessarily better off. This can be summarised in the phrase: 'one has to run faster in order to stay still.'

This process applies to cultural and urban tourism where there is limit to the consumption of a cultural heritage. If this cultural heritage is popular and visited by many tourists, that may mean the experience of it may not be pleasant. This is part of the coerced consumption that is mentioned above. In addition to that, for the case of urban tourism that is mostly concentrated in world cities, its core tends to be dominated by entertainment facilities and retail services. Consumption through tourism is becoming more and more important. Even though in the past, this kind of consumption was separated from activities such as shopping, culture, architecture and so on, nowadays, this difference is disappearing (Urry, 1995).

Tourism led to not only to growth of employment in consumer services, but also considerable changes in the spatial layout of centres and inner parts of world cities. The growth of tourism in world cities contributed to FBS and the construction sector and as a result, tourism, by increasing the attraction of a world city and contributing to the gentrification process.

2.5.6 Manufacturing Production

As we saw in Section 2.3, manufacturing production went through many changes over the last few centuries. In this thesis, I examine in detail the changes in manufacturing production over the recent decades with regard to their spatial effects in world cities. Over the last 40 years, one of the main tendencies in the manufacturing sector has been retaining ‘complex manufacturing’ in MDCs. Complex manufacturing is the kind of manufacturing that uses high knowledge content and highly-skilled labour to produce high-tech products (e.g. aircraft manufacturing). This kind of manufacturing needs technical knowledge that is largely produced in MDCs, while in an overwhelming number of instances, the routine production with semi-skilled and low-skilled labour was moved to LDCs (Howells, 2002).

While some of the previously important manufacturing sectors started to experience a decline in the post-war period, the most rapidly growing sectors in manufacturing in the 1980s and the 1990s were high-technology and craft-based production, and furniture, footwear, and clothing. The decline of certain forms of production has led to some reorganization of the labour market in the manufacturing sector, which has resulted in the loss of power for labour unions, the loss of contractual protections, and the increase of part time and temporary work forms (Sassen, 2001). Another result of this restructuring is the increase in the number of sweatshops and industrial home-work, replacing what used to be well-paid jobs in largely organized plants (McDowell and Massey, 1984).

The expansion of low-wage jobs contributed to the spread of small production firms and the decline of large-scale factories. This situation came to a point where sweatshop production workers in London or New York had to compete with cheap labour or imports from Asia. Sassen (2001) argues that the needs of this workforce were met in the family, so they were really cost effective for employers enabling some competition with the cheap imports from Asia.

In MDCs, manufacturing is mostly not in world cities, but is located in smaller cities and city regions, but complex manufacturing is carried out. In MDCs, there are also remnants of routine manufacturing production, but this is declining. One certain thing about manufacturing in MDCs is that it is being relocated from world cities

because of the high costs of a world city location. One type of manufacturing that is present in world cities in MDCs, however, is sweatshops that rely on the exploitation of immigrant communities. In LDCs, manufacturing is located in the cities and very big proportions of it are located in the largest cities and city regions of those cities (Bryson, et al., 2004). There are three reasons why manufacturing has not left big cities in LDCs such as London or New York (Bryson, et al., 2004). Firstly, cities have historically been the manufacturing centres of these countries, so manufacturing is part of their inherited designation. A second reason is an infrastructure issue. Generally, in LDCs and NICs, efficient infrastructure for manufacturing exists in or around big cities and locating in a remote city in a LDC would require a large investment in infrastructure. For that reason, manufacturing firms prefer locations that already have the infrastructure systems they need. Lastly, rural-to-urban migration is continuing in LDCs, and these cities receive enormous reserves of cheap labour. This is an advantage for manufacturing firms.

This section has discussed the distinction between MDCs and LDCs in relation to the location of manufacturing. Now I move on to the sector of international transport and communications.

2.5.7 International Transport and Communications

Growth of major sectors such as finance and business services in world cities has depended on but also has been stimulated by the expansion of transportation and communication. For that reason, this expansion and its effects of control functions in world cities presents itself as important for this thesis.

Supposing that geography is the study of how human activities are extended over the earth's surface, an important part of the study of geography is what we know, and how we feel, about space and time (Harvey 1990:418-434). Even though space and time seem 'natural' and outside of society, they are actually social constructions, and different societies develop different ways of handling and perceiving them. From this perspective, time and space are socially created and deeply shape individual perceptions and social relations. Telecommunications have been a very important part of this process for more than 150 years, advancing the flow of information and

bringing places closer to one another in relative space through time-space compression (Brunn and Leinbach, 1991).

Improvements in international transportation have contributed to creating a world economy. Being able to take an airplane at any time of the day, on any day of the year, makes it easier for firms to manage their business located in different places. Because of the improvements in transportation and telecommunications, international and local airports, transportation links have increased dramatically, especially in and between world cities.

In this section, there are three key points about transportation. The first one is the transport of goods that is relevant to manufacturing. Changes the transport industry faced in the last 40 years have altered the way goods are transported. One important mode of transportation that has been transformed in the last decades is shipping. Despite predictions of decline with advances in air travel and communications, there has been an increase in shipping trade. Building bigger ships and bigger ports for these ships has been possible in the last 40 years, and these changes brought cost reduction to the industry. That means that having a port in a city has become important again, and every world city has one or more international ports.

A second way of transporting goods is through air freight. In the last decades, air transportation of goods has increased dramatically as well. These increases pushed world cities to build ever-expanding ports and airports.

In addition, increases in air freight traffic led to developments in passenger transport. Increased efficiencies in air passenger transport have served the control functions in world cities. Air travel is usually used by people in control function positions. Another key point is electronic communications, most importantly, developments in computing. Starting with the oil crises of the 1970s, in the late twentieth century, global capitalism experienced important technological changes that deeply affected the production services. Some of these changes, such as the shift to floating exchange rates and the ending of the Bretton Woods agreement in the early 1970s, were motivated by global geopolitics and were confined to the world of finance. However, some other changes such as the microelectronics revolution have had effects on many sectors and caused enormous changes through the decline in the cost and the increase in the processing power of computers (Bryson, et al., 2004).

Technological changes in the last decade have made communications cheap and fast and made it possible for control functions to be based in the centre of world cities and still able to manage their production or research and development sites that may be located in different parts of the world.

This development of digital capitalism allows huge quantities of information to be transmitted in real time over the planetary surface (Schiller, 1999). It makes it much easier for a large company to exist in multiple national markets simultaneously, managing the activities of thousands of employees within different corporate divisions of labour by accessing to complex channels of communication.

One of the important features of world cities is that they are external information exchanges. Information presents itself in two ways: electronically and face-to-face exchange. The high-level intelligence and control functions of the global cities are distributed across a wide geographical area, but face-to-face interactions still have their power, and when it comes to important meetings about business and politics, face-to-face activity is still the first way to arrange these things. The importance of face-to-face activity contributes to the increase of international transportation as well. In addition, this activity indirectly contributes to the tourism sector. Business or academic related conferences and important meetings that are usually held in world cities allow the international participants to explore the city as tourists.

Having discussed effects of advancements in transportation and communication in restructuring world city-centres and the major growth sectors, I now turn to national state administration as a sector that affects world cities and its connection to the sectors such as FBS.

2.5.8 National State Administration and Regulators

In the case of capitalist cities, national states – in addition to its other features – behave like an employment sector, so it is important to examine this function because since the 1970s and with the changing world economy, states started to take on a more entrepreneurial role, which contributed to the growth of the FBS sectors in world city centres, and as a result, to the restructuring of the cities. The national state claims to act in the interests of the whole country, but it is based in one city. There are some instances where the capital city of a country is also a world city and

the biggest city of that country (e.g. London, Rome, Paris). One of the examples for this is a spin-off version of employment in the state, which is 'lobbying'. Every world city that is a capital city at the same time has many people, such as legislators and member of regulatory agencies, working in lobbying.

There is another reason that the presence of the central national state is important in a world city. According to neo-liberal theory, the operations of the state should be minimal; however, this is not the case. If anything, state intervention (especially in LDCs) has increased since the 1980s, and this makes national state regulators important for a world city. However, this does not mean that there has been no deregulation, and in fact, this promotion of deregulation in neo-liberal economies creates a sense of competition between nation states as well. Transnational companies, which seek policies aimed at deregulation, especially of labour markets, benefit from this sense of competition, and they were encouraged to locate their production sites by national states in MDCs and LDCs. This resulted in headquarters, finance and business services locating in world cities in MDCs and LDCs (but mostly MDCs) because they require a close relationship with regulators. In LDCs, multinational corporations have influenced governments to soften their policies on labour market regulation and trade limitations. This situation results in a competitive state system where each state attempts to isolate itself from unpredictability of the world market while trying to turn the world market to its advantage (Gough, 2013; Knox, 1995; Bryson et al., 2004).

2.6 Locally-Based Sectors

Moving on from export sector and global divisions of labour, this section focuses on locally-based sectors to examine the spatial results in the world city centres with the growth of these sectors. Locally-based sectors are sectors supplying local firms and consumers, and they cannot exist outside the specific locality they are based in: in other words, they are local. Many of these sectors are consumer services that are greatly affected by the increase in FBS. The output of locally-based services comes from export services, and these services are provided directly. This means that there is no other mediating process happening between the clients and the service

providers, and there is a direct relationship between them. In almost all world cities, the largest sources of employment are in locally-based sectors (King, 1996).

Locally-based sectors increase their effect on the economy by working together. Examples of locally-based sectors include:

Commercial property development and land market as a whole: Existing stocks of offices in the city are part of this sector as well as the new spaces being continually built by developers. Land is inherently limited and expensive, and land itself cannot be transferred to another location. These features of this important commodity lead to speculation that affects the internal economy of the world cities. Speculation and competition for land are a crucial part of the land and property sector. Therefore, they feed on the internal economy of world cities, and they contribute to them (Gough, 2013).

Internal transport and communications: The need for intra-city railways, bus lanes and motorways in world cities is dependent on the internal economy of the city, and since these services are provided for the specific city, they are locally-based (Bryson, et al., 2004).

Consumer services: Services such as shops, catering, and entertainment are dependent on the localities in which they are based, and they rely on consumer habits or the internal economy of world cities. These services do not include multinational chains that do not rely on single locations. Illegal services such as drugs and prostitution can also be identified as locally-based services. Lastly, domestic workers in big cities are providing consumer services as well. These workers are usually immigrants and almost always work for affluent employees of international corporations who are paid well above local standard rates, as well as receiving large bonuses. In addition, these cities have high-profile visitors who come to business meetings and conferences being held in world cities. This results in growing numbers of local people receiving income from core sectors and from other high-profile residents, which leads to a dramatic expansion in up-market consumption and increasing numbers of domestic workers (Gough, 2013).

The presence of finance and business professionals in a world city has usually been associated with increases in consumer services (Sassen, 2001). New kinds of culture in urban areas and different consumer preferences and lifestyles have emerged. New

York, London and Tokyo have had a core of wealthy residents for a long time, but the new FBS professionals are different from this wealthy stratum of upper class residents. Their income is usually not enough for big investments, but is used mostly to sustain their lifestyles – spending rather than saving, postponing having children and setting up two-career households (Urry, 1987). However, the point here is that these expenditure patterns have increased demand for high-priced goods and services. This demand in turn produces demand for unskilled labour in low-paid jobs in cafés, bistros, and hotels in the city centres (Bryson, et al., 2004).

Basic services: Basic Services include public and private services in education and health. Private services in this sector consist of private hospitals and private schools. Because of the increase in incomes of professionals, the provision of private services in world cities has increased as well, and world cities have many more of these services than other cities.

Housing ownership and development: Housing as such is a major area of investment for capital. Increases in land prices fuel property investment. As already noted, the existing stock of housing in the city is part of the sector, and since land is limited, competition between firms over land is a crucial aspect of this sector. These conflicts are one factor in the increases in land and house prices. Another is that high paid employees who work in export sectors would like to live in the centre to be close to both their work places and city centre lifestyles (Gough, 2013). This leads to increased rents and property prices, making it hard for low-skilled (and some middle class) employees to live in or close to the inner city or city centre. This forces low-paid workers to live on the peripheries of large metropolitan areas and fuels gentrification of many formerly working class neighbourhoods in the city centre (see Chapter 3). Lastly, social housing is part of this sub-section. Because of high rents and property prices, the poor have many problems living in the city centre. Especially in the MDCs, social housing creates a way for the poor to afford living in world cities.

These services (consumer, basic, housing) are highly differentiated because of income polarization and rich tourists and business visitors in world cities. A whole section of these services are directed to the well-off.

2.7 World City Economies as Wholes: Interaction of Sectors

This section examines the internal economy of world cities and its connection to changing world economy. The restructuring of the world city centres and inner cities is very much related to the spatial distribution of the control function in the city centre and the ways in which these major sectors interact with each other.

Manufacturing firms based in MDCs located themselves in developing countries or outside of the world city in another region in the same country. However, in NICs and LDCs, even though the finance and business sectors increased dramatically, manufacturing did not decline or even leave the big cities. Rather, manufacturing relocated in the periphery of world cities. In addition, even though production was decentralized in many cases, headquarters of manufacturing firms chose to stay in the city centres of all world cities, close to the control functions that mostly involve the export sectors (Knox, 2001).

In the current world economy, it is clear that finance, business services and headquarters are very much connected to each other. National states can also be added to these connections, in the sense that the state is in continual contact with the senior management of these sectors, concerning laws and regulations relating to finance and business services and to privatization processes. This applies to MDCs, NICs and LDCs. However, for NICs and LDCs, the connection between the state and finance and business sectors is much stronger because of the LDCs and NICs' need to catch up with the MDCs economically. For this reason, the state is encouraging FBS sectors by cutting taxes or loosening regulations (Sassen, 2001).

There are two other connected sectors, the creative sector and tourism. The creative sector includes design, media and culture (see Section 2.5.5) and has many transactions with the tourist sector, mostly in the form of culture and heritage tourism.

In addition to all these, in a world city centre with all these connections, land prices are dramatically higher than any other cities in the same country. The speculation created by the finance and real estate sectors contributes to the increase in land prices, especially in non-housing, commercial business areas. In the short term, this increase in land prices results in some businesses being squeezed out of the centre and leaving their places to mainly big chain corporations that can afford to locate

there. In the long term, in capitalism in general, the price of buildings in a city is determined by the supply on the one hand and strength of demand on the other. It is the balance between them. The strength of demand depends on locational advantage of a firm and how much a firm is willing to pay ‘ground rent’, and this willingness to pay a high amount for ground rent is particularly visible in world cities. Ground rent is created by the profit (‘surplus profit’) that is made above the national average in the form of technical or design rents. This profit gives core sectors their political and economic advantage in the city region. This profit ‘appropriated’ by land and property owners is considered ground rent (Gough, 2013). The demand and price of property is determined by the dynamics of the occupying sectors. In this case, the FBS and construction sectors are the occupying sectors. As Gough (2013:15) puts it:

On the one hand, a ‘successful’ world city is based on high surplus profits in the core sectors. On the other hand, these lead to inflation in wages in the core and to some extent in the non-core sectors, and to high prices for both commercial and housing land; these latter lead to a decrease in the surplus profits of the core, to profits in the non-core sinking below the national average, to weakening of non-core sectors in ways which damage the core, to reduction in the standard of life of non-core workers and residents, and to fiscal strains. Successful growth in territory of the core sectors thus logically *undermines itself* as well as harming other social actors.

Following this section, I move on to the labour force and their local, international movement in and out of world cities world cities and the spatial effects that are caused by the employment practices.

2.8 The Population and Labour Force of World Cities

The dynamics of the sectors mentioned in this chapter and their employment practices determine the dynamics of population and labour force in world cities. When it comes to occupations, world cities exhibit dichotomized labour forces: a high percentage of professionals in control functions on the one hand, and on the other, a large army of low-skilled workers engaged in manufacturing, personal services, hotels and tourist and entertainment industries, serving mostly professionals or upper class people (Sassen, 1984). Over the last 30-40 years, this has meant an increase in part-time jobs requiring few qualifications.

Part time jobs can create greater flexibility in filling various shifts, and reduce labour costs by avoiding various benefits and overtime payments required by full-time workers. [.....] In its analysis of the retailing industry, the National Economic Development Office (NEDO 1985) in Britain found a substitution of full-time jobs for part-time ones and that much of the employment growth in the industry was actually a function of this substitution (Sassen 2001:290)

In world cities in developed countries, a significant part of the low-skilled labour force consists of international migrants from LDCs. For this reason, labour flow in and out of world cities is highly affected by migration trends shaped by the world economy and national migration laws.

Here, I consider the labour force of world cities in two parts. The first part examines the situation in developed countries; the second examines the situation in developing countries. The reason for this distinction is that population, skills, types of jobs, and wage levels are very different in developed and developing countries. This is important to have a better understanding of the effects the movement of labour force causes in the spatial layout of and the interaction between major sectors in a world city.

Developed Countries

Over the last 30-40 years, the number of jobs in MDCs increased in almost every sector except manufacturing. However, this increase has not been as dramatic as it has been in LDCs. In Developed countries' cities, increases in employment have taken place in finance and business services, media, tourism, sometimes in public employment, while employment in the manufacturing sector has been declining. This has led to a decline in proportion of employees with medium incomes because with the increase in finance and business services, wages started to increase and the associated increase in consumer services led to an increase in the number of low wage jobs. With the increase in both high and low wage employment and the decline in middle incomes, polarization (in incomes) has been an issue. This polarization had effects in the built environment, such as, on the one hand, the construction of expensive housing and the provision poor quality housing for lower-income inhabitants, on the other. With the growing gap in income and finance growing fastest in CBDs, inner city areas started to change, often through gentrification (see

Chapter 3).

As noted before, in MDCs, a large section part of the low-skilled workforce consists of immigrants. World cities are destination targets for large numbers of domestic and international migrants. International migrants mostly choose a developed country to settle and work where they create different kinds of urban culture. MDCs also receive another type of migration in the form of international migration of the professional and rich who are parts of the labour force of skilled and high-paid jobs. Professionals who migrate to world cities significantly contribute to the gentrification process in these cities (see Chapter 3). Lastly, some residents of world cities work partly in other cities. People mostly working in skilled and high-paid jobs visit world cities on daily, weekly or monthly bases and create a different kind of labour force.

Unemployment and underemployment still exist in MDCs. Cities in developed countries have faced unemployment mostly because of the decline of the manufacturing sector. According to ILO (1996: International Labour Office, Geneva):

Over the last two decades the average drop in manufacturing employment in G7 countries was 15 per cent. Among the larger EU countries, the UK's share of manufacturing employment declined by 43%, France's by 23% and Germany's by 14%. Most EU countries are struggling with double-digit unemployment with the result that social exclusion, once relatively rare in western Europe, is now prevalent in large cities and towns. The US has low unemployment, but average real wages have stagnated in the last 20 years, and high pockets of unemployment do exist in some large U.S. cities.

Developing Countries

In developing countries, the situation has been a slightly different. Most of all, as stated before, the manufacturing sector did not decline in big cities; in many cases, it has been growing. Because of the lack of adequate infrastructure and urban policies, this transformation had many negative consequences in developing countries' cities. High levels of underemployment are seen as a characteristic of a developing country, and urban labour markets are not capable of absorbing the number of job seekers. According to the International Labour Organization (ILO), between 20% and 25% of adults living in the urban areas of developing countries are without jobs.

Because of the lack of jobs in the formal economy, some of the urban poor are forced or choose to create their own employment in the informal sector.

Many of the un- and underemployed workers in the low-paid and marginalized sectors in developing countries' cities have migrated from elsewhere. Rural to urban migration involves mainly unskilled labour coming to big cities to find better jobs, increase their life standards and provide better education for their children. Developing Countries also receive international migration of the professional and rich as well as those who work partly in other cities across the world. However, the level of these two types of migration is significantly lower compared to MDCs (ILO, 1996).

Underemployment in developing countries is an important issue, in which people are obliged to take on any possible economic activities that are mostly poorly paid. There are few other alternatives or little social security in the form of unemployment insurance (ILO, 1996). This leads people to work in informal, marginalized sectors in developing countries. For example, in Latin America and the Caribbean, 83% of all new jobs created between the years 1990-1993 were in the informal sector.

In summary, labour power in world cities both in developed and in developing countries consists of: Super rich; professional and creative class, medium pay (private sector; welfare services; infrastructure workers, manufacturing workers (varied pay); consumer service workers (low pay); semi and unemployed, petty self-employed, illegal trades (drugs).

2.9 States' Support for World Cities

As we saw in Section 2.3, even though neo-liberalism advocates for less state interference and free flow of exchange, states, until this day, have been active in regulating the markets. The difference is that this intervention is not to strengthen the welfare state system, but to benefit the capital. One way of doing this is to boost the large cities within the territory of a country (especially in LDCs and NICs) to turn them into world cities in order to attract more foreign and local investments. Activities such as hosting the Olympics cannot be performed solely by private sector and are not covered here.

States in capitalist societies function to further capital accumulation and world cities are major sites for state support for accumulation. The development of all the economic sectors discussed in this chapter has not proceeded simply through the actions of capital, but has been strengthened by all sorts of state interventions. For instance, national states often put in place regulations that favour of banking for the finance sector, and local governments can use urban plans and grant planning permissions in favour of business services and make it easier for big businesses to have a location in the city centre, regardless of the harm it may cause to the public space. An example for this is giving away green spaces such as parks in the city to businesses for the sake of profit (Knox, 2005; Sassen, 2001; Gough, 2013).

World cities are mostly driven by the internationalization of sectors such as finance and business services and manufacturing, but especially in the case of developing countries, world cities are promoted by the state. This allows states to attract foreign and local investment to the city and create a place for themselves in the world economy. Two processes are important:

- Promoting world cities within the world divisions of labour.
- Supporting and organising world cities' internal reproduction.

As seen in Section 2.6, much state policy aims to increase and foster finance and business policies in big cities, but this can have negative social consequences, such as increasing inequality in urban space,

One result (of the decentralization restructuring of world economy since the 1980s) has been the acceleration of shifts in patterning of uneven development as more flexible corporate organization and production systems have been able to quickly exploit particular local mixes of skills and resources. Another outcome is that local governments are being forced to be much more competitive with one another as they attempt not only to protect their economic base during a time of upheaval and transition but also to identify and exploit some comparative edge with which to lure the newly-flexible flows of finance and production. This inter-governmental competition has bred so-called 'entrepreneurial' cities, whose governments have been drawn beyond questions of tax policies, infrastructure provision and service delivery to explore public-private partnerships, foster favourable 'business climates' and initiate controls on labour through contract negotiations with municipal workers (Knox, 2001:369).

Neo-liberal theory indicates that the state should support deregulation, and in the last

30-40 years, certain forms of state regulation have been reduced, but not by as much as the theory would suggest. Especially in world cities, the nation state has if anything increased its intervention in the market. Even though MDC intervention is not as much as in NICs and LDCs, MDC states have a big influence on the organization of their world cities as well. In other words, despite the neo-liberal rhetoric in world cities, regardless of which country they are located in, there is still state intervention and control over the organization of the city.

2.9.1 Promoting World Cities within the World Division of Labour

There are several ways in which nation states promote their big cities for capital accumulation (Knox, 1995; Sassen, 2001; Bryson et al., 2004).

State support for financial capital accumulation: Deregulation allowed finance and business services and associated private firms to operate in world cities with less regulation and increased profits, attracting global corporations to locate in these.

State support for cultural industries to create global prestige: States can support cultural industries in many ways. One way is through laws and regulations, such as special planning laws that allow the creation of tourist or entertainment areas, more tourists or tourism related investment. World cities popular with tourists also attract potential organizers of prestigious international events (e.g. exhibitions, concerts) in that city.

State support for tourism: State support for tourism can be through publicly-owned media and planning laws. In addition, some states can give loans to private firms to invest in these areas to support tourism.

State support for airports and ports as major international hubs: With the advances in international transportation, transportation of goods and passengers has become crucial for every world city (see Section 2.5.7). For this reason, world cities are expanding existing and building new ports and airports. However, without the coordination of a state, it would be hard for private firms to undertake such projects. This expansion and new built ports and airports boost rest of the world city, earn foreign exchange and make it easier for big firms to operate in a world city.

Place marketing of the city and hence the country through large-scale events: Without state money and coordination, it would be almost impossible for a city to

host a big event like the Olympics because these events are not profitable and the kind of infrastructure they need is beyond a private firm's power to supply. For this reason, this kind of marketing can only be accomplished with the state support. e.g., the Olympics, and expos.

In MDCs, national states do not need to use many tools to promote their world cities. Economic control functions are already located in top world cities in developed countries and many of these cities have been important for centuries (such as London). However, this does not mean there is no state intervention and control in MDCs. State control for the organization of a world city in MDCs very much exists despite the neo-liberal support for deregulation that was discussed in section 2.3.

For NICs and LDC world cities, state intervention and control is even more significant. They are under much more pressure to catch up with MDCs in economic performance and have greater needs to promote their cities for capital accumulation. This is one of the reasons that national states in developing countries enact laws and regulations that favour transnational businesses and corporations, but which deepen the social polarization.

2.9.2 Supporting and Organising World Cities' Internal Reproduction

The organization of sectors in world cities have been challenging for nation states. Because of the international nature of world cities, their organizations are different and more complicated than other cities. World cities' centres are concentrated with control functions such as finance, business services and the headquarters of manufacturing firms and because of this, concentration and the interaction between these sectors, internal transportation, consumer services and housing structure of the cities tend to be more complicated compared to the other cities around the world. In addition to that, it is mainly world cities that hold important international events such as the Olympics or World Cup and these events require additional infrastructure, development and in some cases, housing, which complicates the internal reproduction and arrangement of world cities even further. There are some tools states use to organize and support the development of their world cities (Bryson et al., 2004; Beaverstock et al., 1999; Daniels and Bryson, 2002):

Internal transport infrastructure: Improvements in internal transport infrastructure not only allow people living in the periphery to be able to work in the city centre, but also allows local and international tourists to see all around the city, and by decreasing the journey time in transport, the popularity of the city increases. Efficient internal transport infrastructure can make a world city easier to live and holiday in. (e.g., London's vast current investments in rail)

Planning of commercial and office developments, and of grand events: International and prestigious events can increase the popularity of the city and attract foreign and local investments to the city. (such as the Olympics)

Boosting of centre/inner city luxury consumption: Development in luxurious consumption and housing attracts foreign and local investment and also attracts people with high income to live in the city. However, this can also lead to social polarization and class conflict in the city. Because making city centre mostly for luxurious consumption can bar working class people from being able to use the city centre as they would like to, this can eventually lead to social segregation. (especially in developing countries).

Boosting gentrification: Similar to boosting of inner city luxury consumption, boosting for gentrification also attracts foreign and local investment to the city centre and attracts middle class people to live in the city centre. With boosting gentrification, cultural events such as exhibitions can increase as well and as a result, this can have 'positive' effects on the urban tourism and attract more tourists to the city centre. However, this can create social polarization in the city because gentrification can displace many working class people can be displaced from the city centre to the periphery of the city (especially in developing countries). This is discussed in details in Chapter 3.

Providing affordable housing: Providing social, affordable housing can attract low-skilled labour that is essential for consumer services to the city, and eventually efficient consumer services can attract more tourists and investments. In addition, providing affordable housing helps working class people live in a better way in the city and decreases some chance of social segregation (especially in developed countries).

“Why is the private sector not enough for this support and organization?” There are several answers to this question. Firstly, some of the investments such as transport infrastructure, affordable housing, and grand events are not profitable for a private company, and these things need very high levels of coordination that only a state can have. Planning commercial and office developments and boosting inner city luxury consumption usually require buying off big amounts of land and transforming them, and only the state has the ways to organize land use with rights for compulsory purchase and planning permission.

In this section, I have argued that the state serves capital by building world cities in its own territory, but there is another way of looking at this, which is the state, for its own interests, wants to grow world cities. This may be the case to the extent that all states have an interest in the growth in their economy. The notion of a state having social interest is highly controversial. In this thesis, I emphasized the ways in which capital uses the state. Undoubtedly, many nation-states have been extremely active and even pro-active in building world cities.

2.10 Conclusion

This chapter has discussed changes in the world economy over the last 40 years and restructuring the world city centres. The world city is a locality where the major growth sectors of world economy are facilitated according to a hierarchy. The changing world economy since the 1970s that is sometimes known as neo-liberalism and the certain sectors such as the FBS contributed to the number and size of world cities. One urban form that has been affected greatly by this changing world economy and world cities is inner city gentrification. Increasing employment in finance and business services and boosting luxury consumption in CBDs and inner cities attracted many young professionals to live in central residential areas. Many inner city residential areas that were previously working class started to be gentrified, and some of them became inaccessible by the urban poor (Smith et al., 2001; Soja, 2000; Harvey, 1996). The next chapter discusses how the development of world city economy has led to gentrification.

CHAPTER 3: GENTRIFICATION

3.1 Introduction

We have seen the growth of professional jobs in world cities (see Chapter. 2.8) and the changes in the housing market as a result of changes in the economy. One of these changes is the growth of professionals in inner cities and city centres with a slow process of gentrification that often takes a decade.

This chapter starts with exploring the history and conceptualizations of gentrification over the last 50 years or so in major cities. It continues with the debate about supply and demand processes of gentrification to further understand the theorization of gentrification in the literature and the social life and culture of professionals to explain the increase of professionals in the inner city area and in the city centre. Following this, the supply of inner and central housing is discussed to answer the question: “Where do professionals tend to live?” This question is important in order to understand the kind of housing they prefer and the different kinds of tenure in the inner city. Types of tenure in the inner city have a direct impact on explaining the process of gentrification in those neighbourhoods. Having discussed housing in the inner city, the chapter moves on to the replacement and displacement of the working class to explain different mechanisms, different economic gainers and different impacts on the working class, and again in this section, tenure is examined to present the gentrification process and its consequences. The rest of the chapter is set out as follows. I examine the evolution of processes of classical gentrification, and this will be followed by the explanation of state-led gentrification. In this section, I provide particular attention to the recent debate on gentrification in the global South and whether or not Euro-American theories of gentrification can be applicable to the developing world. Finally, the chapter ends with the resistance of the working class in gentrified neighbourhoods.

3.2 The History and Concept of Gentrification

Since the 1960s, the life style preferences of middle-class people in developed countries have shifted from suburban living to inner city areas that were formerly working class residential areas. This shift in preferences has sparked processes of

gentrification. In this case, gentrification is more than just the global accumulation of capital; it is affected by changes in preferences and shifts in social dynamics.

Gentrification – the transformation of an area from working class to middle-class – is a topic of extensive urban inquiry (Lees et al., 2008). Since the 1960s, there has been extensive analysis in gentrification in the global North (see Smith, 1977, 1996; Beauregard, 1986; Butler, 2005; Lees and Butler, 2006; Paton, 2014; Ley, 2003; Lees et al., 2008). In recent years, there has been considerable writing on gentrification in the global South; however, this has focused mostly on state-led gentrification (see Islam and Sakizlioglu, 2015; Hasan, 2015; Krijnen and Beukelaer, 2015; Abasa et al., 2012; Shin and Kim, 2015; Ghertner, 2014; Shih, 2010). The underlying reasons of gentrification are economic and social changes are taking place irrespective of tenure, types of gentrification, or the role of property capital in a country. They underlie both processes of gentrification in the global North and global South. The processes of gentrification proceeds in very different ways in different cities or localities depending particularly on ownership, housing stock, the role of property capital in the country, the power of national and local state.

The term gentrification has been widely used but between the 1960s and the present, the concept changed greatly. While in the case of London in the 1960s gentrification was a relatively marginal process in the market brought about by ‘urban pioneers’, today it is a multi-faceted process that has close links to urban regeneration processes (Smith, 2002).

A major debate in gentrification research has centred on the theoretical explanation of the process. Early definitions of gentrification were closely aligned to Glass’s (1964: xviii - xix) description:

One by one, many of the working class quarters in London have been invaded by the middle class – upper and lower. Shabby, modest mews and cottages – two rooms up and two down – have been taken over, when their leases have expired, and have become elegant, expensive residences. Larger Victorian houses, downgraded in an earlier or recent period - which were used as lodging houses or were otherwise in multiple occupation have been upgraded once again. The current social status and value of such dwellings are frequently in inverse relation to their size, and in any case enormously inflated by comparison with previous levels in their neighbourhoods. Once this process of gentrification starts in a district it goes on rapidly until all or most of

the original working class occupiers are displaced and the social character of the district is changed.

Gentrification began before the term was coined, and Neil Smith (1996:32) gives Haussmann's Paris as one of the very first examples of gentrification. Haussmann (1853) demolished residential areas that poor people were living in, displaced them to make room for city's now 'popular' boulevards. The new residences became the most exclusive in the city. The current forms of gentrification emerged in post-war advanced capitalist cities in the 1960s. Run-down inner-city neighbourhoods were upgraded by pioneer gentrifiers, and the original working class residents were displaced.

Post-war urban renewal meant the bulldozing of old neighbourhoods, to be replaced by modern housing and highways. As the destruction got bigger, so did the reaction against it. In the beginning, protestors were mainly historians and architects, but in time, young, middle class people joined this movement (Smith, 2002).

Since the 1980s, gentrification has gone global and can be found in different sites all over the world. It is evident not just in English-speaking countries, but in Eastern Europe, South America, the Caribbean, South Africa, Asia, and holiday islands like Tenerife (Davidson and Lees, 2005:1167).

Gentrification is usually identified by its physical appearance e.g, 'Brownstoning' (New York or 'Whitepainting' (Toronto) (Hamnett, 1984:285-6; Moore, 1982), and original studies focussed on describing the physical changes it creates:

The first sign is a crisp white painted house front. Outside, one of those continental biscuit-tin cars, a Renault 4 or a Citroen 2CV is parked. Inside, through the window – it has blinds not curtains – one spots a Japanese paper lampshade, a smart little bookcase of the kind you get on mail order from the Observer, stacked with glossy volumes of reproductions, a stripped pine table, a long sealed and sanded floor with dead sheep for carpets. The middle interior wall has gone, and one can see through into the back garden with its breakfast patio. The knockers-through are here.

Subsequently, some social and economic criteria were presented to describe gentrification (Warde, 1991:225). First, it is seen as a process of resettlement, a process of displacement of a group of inhabitants with another of higher social status

and bringing about new patterns of social segregation. Secondly, there is a changeover of the physical environment, through construction work that presents common aesthetic features, and the emergence of certain types of local service provision. Thirdly, gentrification is a concentration of people who are assumed to share a common culture and life-style or at least share common consumer preferences.

Both social and cultural changes and changes in built environment have been very varied over the history of gentrification. Early writers saw gentrification as a 'back to city' movement by the middle class who were not satisfied with suburban life and the time spent for commuting to the centre (see Hamnett, 1984, for a summary). But subsequent research has shown that gentrification is not only a return to the city movement. It is also a decision for middle class people living in the city centre to stay in the city for various reasons. These reasons cannot be limited to unsatisfactory conditions of suburbs, and they derive from the changes in economy and in consumer preferences (McDonald, 1986; Hamnett, 1984; Moore, 1982). With the changing economy, many young professionals started to live in city centres and chose to stay childless for a longer period of time than they did in the 1950s. These changes were part of the reasons that led them to stay in the city.

In the 1960s, 1970s and 1980s, gentrification in world cities was mostly through the private housing market, which is now usually referred to as classical gentrification (see Davidson, 2008; Lees et al., 2008; Huse, 2014). However, from the 1990s, gentrification processes were increasingly encouraged by state intervention (see Chapter 2.9) Gentrification through the private sector shows some households' willingness to pay for housing in certain areas that were previously 'undesirable', even as the market price of housing in other areas remains constant or declines. The second type is state-led gentrification. Although changes in the world economy indicate that the role of the state is decreasing, state-led gentrification is gaining significance. Local governments and district level governments are important in this because it is precisely the local urban policies – besides global economic flows and national policies – that can determine whether an area with a considerable 'rent gap' will be gentrified or not (Jelinek, 2011). Rent gap theory is used as an explanation for gentrification by Neil Smith (1979) and refers to the gap between the current rental income and potentially achievable rental income. Instead of the private

housing market being the only mechanism for transformation of inner city neighbourhoods, the state plays an active role in this transformation through eviction of the working class with compulsory purchase (see Tarlabasi Renewal Project, Birmingham Eastside). As mentioned in the previous chapter, some states want a fast transformation in the city to secure their places in the world economy by growing a world city in their territory. With the tools of the state, urban transformation happens quickly, effectively and with a lower price compared to gentrification through private housing market. This is explained later in the chapter.

The differences between classical gentrification and state-led gentrification are the factors that trigger change in the built environment. Classical gentrification is caused by changes that happen as a result of the actions of individuals and private firms. Within these actions, patterns exist that reflect wider changes in the wider society and occur within both private and social housing. Classical gentrification is simply a way for social and economic forces to sometimes make it possible for people to create profits by investing in previously disinvested residential areas (Webb, 2010).

The more recent research into state-led gentrification applies gentrification ideas to processes of reinvestment that are taking place as a part of more complex changes in urban space. Unlike classical gentrification research, these processes of urban change are not fully ascribed to socially and economically driven changes in the private sector; they incorporate a significant element of government policy. In state-led gentrification, instead of economic processes driving urban change, the state is driving urban change and co-operating with private developers to deliver their plans (Cameron, 2003).

3.3 Supply and Demand Processes of Gentrification

Having discussed some criteria to describe gentrification, there have been some debates concerning the theorization of gentrification. In the gentrification literature, the initial debate about supply and demand processes is important, and for that reason, I am analysing this briefly. Supply and demand in gentrification processes should be articulated together. The supply aspect argument is that actors invest in a neighbourhood in a way in which capitalises on the value of latent characteristics of that area, the market value of which was not previously fully realised. Smith (1979a)

argues that gentrification is principally a phenomenon developed from the supply of housing opportunities appearing out of the operation of the urban land market. He rejects the approach that gentrification is a consequence of consumer preferences and only focuses on the manner in which the gentrified property is created. The resulting theory from this approach is 'rent gap thesis' (Webb, 2010:16). It is one of the explanations for the process of gentrification as the product of investment and disinvestment in the urban land and housing market. With time, development in the urban land and expansion create a tension between 'capitalized ground rent,' the economic return from the rights to use land with its present use and 'potential ground rent,' the return that could be earned if the land were used at its 'optimal highest use' (highest rent). As the gap between potential and capitalized ground rent gets bigger, pressure for land use change increases, and residential gentrification is one way of realising the rent gap. Even when the 'rent gap thesis' acknowledges that there is a relationship between production and consumption patterns, the focus is predominantly on the production side (Smith, 1979:540) e.g., supply. However, the rent gap thesis suffers from its rejection of demand aspects of gentrification and their importance in theorizing gentrification. The rent gap thesis explains only one condition necessary for gentrification, but does not provide the explanation of the 'human agency' involved.

As well as supply aspect explanations, there are also demand aspect explanations, and gentrification should not be considered as solely a facet of capital accumulation. Demand aspect explanations suggest that processes of economic restructuring and changing cultural attitudes and preferences might create additional demand for the housing and neighbourhood qualities of a specific location (Webb, 2010:17). An explanation for this is the shift of a city's employment from the working class to middle class and the desire of young professionals to live in the inner city. Another example might be the higher income group people taking interest in the cultural revalorisation of particular features of Victorian housing by those with higher incomes (Webb, 2010:17). Demand side explanations of gentrification have looked at the factors which have catalysed market adjustments, in terms of capital and population, in areas affected by supply and demand forces. The presence of artists, for example, has been identified as one of these catalysts, attracting higher income households by increasing the cultural status of a neighbourhood (Ley, 2003).

Neither side of this debate fully considers the other aspect, thus leaving the theorization incomplete (see Paton, 2014; Lees and Ley, 2008; Slater, 2006; Bondi, 1999). Firstly, dynamics of a commodity are always a function of society and economy, and they are not two completely separate things. The supply of gentrified housing would never occur without the demand and vice versa. Secondly, society and economy is not a system that has two components, but it is one system. The development of economy has social consequences, and this development leads to a change in labour force, and that leads to a change in consumption patterns. Therefore, separating supply and demand does not present an adequate explanation. They are not distinct are constituents of a single system that is in fact called a city. For this reason, gentrification is a concept that should be considered with both 'human' and 'economic' agencies.

As the debate developed, the two sides of the debate have converged; however, they still have very different emphasises. It had important impact on the research of gentrification and provided insight in different aspects of it. Hamnett (1984) argues and later Smith (1987) accepts that if supply side explanations were to be integrated with the demand side explanations, better gentrification theory would be possible. This would involve looking not only at the supply of land for gentrification (rent gap), but also at the supply of gentrifiers:

The attempt to integrate consumption-side and production-side arguments – not in some mechanical resort to the notion that one 'crosscuts' the other, but rather in the notion that production and consumption are mutually implicated – should at least be at the top of our agenda (Smith, 1987a:163).

In addition, recently rent gap theory started to be brought into the discussion of gentrification not as an obsolete theory, but as an important explanation (see Slater, 2015). Slater (2015:10) argues that Smith was always aware of the effect of 'human agency' in the theory of gentrification, and he summarizes the importance of the rent gap theory as:

A signal contribution of the rent gap was to show that, first, the individual, personal, rational preferences in the housing market much beloved by neoclassical economists, and, second, the 'new middle class' dispositions towards a vibrant central-city (and associated rejections of bland, patriarchal suburbia) that intrigued liberal-

humanist and feminist geographers, are all tightly bound up with larger, collective social relations and investments (core to the rent gap concept is that ground rent is *a product of the labour power invested in land*, and that preferences are not ‘exogenous’ to the structures of land, property, credit, and housing).

As mentioned above, I agree that consumer preferences and what is considered as ‘human agency’ in the processes of gentrification are not ‘exogenous’, and considering or examining them separately from the economic explanations is an obstacle to creating a better conceptualization of gentrification. Identifying rent gaps, agencies, owners, developers who realize these rent gaps, and the underlying economic and social processes is important for understanding the processes of gentrification (Slater, 2015). In other words, rent gap theory can be used to identify the capital gains made, by whom and for what purpose. However, this means that rent gap theory can be a tool with other urban concepts, but not an adequate explanation by itself.

3.4 The Social and Cultural Life of Professionals

In most large cities in developed and some developing countries, until the processes of gentrification began to take hold roughly in the 1970s, the typical residential pattern was for middle class professional people to live in suburbs. Exceptions to that were mainly young, childless professionals living close to the city centres before getting married and moving to the suburbs to have children.. Households with two paycheques were not as common as they are now, and even when the woman was working, it was mostly in part-time employment.

When FBS sectors started to increase in the city centres of big cities, employment in these sectors started to increase as well. In addition, manufacturing production began to move out of the big cities (in MDCs) or to move to the periphery of the big cities (in LDCs), so employment rates in manufacturing decreased in the city centres while employment rates in finance and business services increased dramatically, and the numbers of the professional class in city centres of large cities followed suit.

Professional class people started to move and live in the city centre and they changed (or gentrified) neighbourhoods according to their needs and tastes.

In order to examine the increase in highly-skilled labour (professionals) and how they are involved in the process of gentrification, it is important to answer the question “where do professionals live in the city?” Professionals still tend to live in the suburbs of world cities, but with changing cultural and economic preferences, they have also come to live in inner city areas and city centres. This section of the discussion is concerned with the gentrified neighbourhoods in the inner city and sometimes in the city centre areas and the reasons that lead professionals to choose property in these areas and become gentrifiers because it is an important process for understating Istanbul.

One of the reasons professionals are attracted to inner city areas is the postponement of marriage and childrearing. This has become more common in the last few decades and in more and more cases, remaining childless has become the decision of these households. This situation leads to differences between the consumption needs of a more traditional family that has moved to the suburbs and a childless or single person household (Beauregard, 1984).

Another reason for choosing inner city lifestyles is the increase in women’s employment since the 1950s and 1960s. Professions in health, education, media and cultural industries now have many female employees. This does not mean gender inequality in dual career families, professions or wages has ceased to exist. However, since the 1970s, many middle class women have started to work, and now middle class women are expected to work full-time, as well as taking prime responsibility for childrearing (Butler, 1997). The shift from manufacturing to service sectors requiring highly-skilled, non-manual jobs was most evident in big cities such as London, and it became easier for educated women to find jobs in the city centre, which also makes it easier for couples to find a job in a big city rather than somewhere else (Fielding and Halford, 1993).

For professionals’ households, especially those with children, living in inner areas can minimize travel to work times and costs. In addition, even for childless households, a long journey from home to work seems undesirable, while living close to the centre leaves more time for the enjoyment of inner city social life. Given the

higher levels of education among professionals, they are more likely to be attracted to the cultural infrastructure of big cities (Lyons, 1996).

The consumption style of professionals is based on purchasing commodities for public display, which is made possible for this kind of household through postponement of familial responsibilities and consequent savings. Clothing, jewellery, vacations and luxury items such as automobiles and cameras are part of the identity of the potential gentrifiers. Consumption is also a public activity: entertainment at home is replaced by restaurants, movies, theatres and clubs. These consumption patterns are not so different from other professionals who are not living in the inner city, but what makes them important for gentrification is that these consumption patterns intersect with decisions about biological reproduction (Beauregard, 1986:35-55) because the postponement of marriage and childrearing makes it important for people to meet others and develop friendships. Single people seek to meet other singles, and to do that, they can choose to go to bars or clubs where they congregate. Couples need friendships besides their work place, and they wish to congregate in public places (Butler, 1997). These opportunities, possibly much more numerous in the city than the suburbs, lead people to remain in the city to satisfy their consumption habits (both inside and outside the house) and to meet people.

The potential gentry (Glass, 1964) treat shopping as a social event, an enjoyable pastime and frequently use bars and restaurants. This is one of the reasons that gentrified neighbourhoods also experience an increase in service sector businesses, such as gourmet ice cream, a nouvelle cuisine restaurant, fashion designers' shops or dance studios. According to Beauregard (1986:35-55), 'the purchase and rehabilitation of existing commercial establishments as a neighbourhood begins to gentrify contribute to further residential gentrification. The two are mutually supportive.'

Consumer services such as entertainment, hotels, motels, elements of tourism, eating and drinking establishments, and personal services are mostly located in the city centre, creating spaces of up-market consumption. With changes in consumer habits, the growth of upmarket consumption in the city centre (especially in world cities) has increased dramatically. Considering the fact that gentrifiers or potential gentrifiers mostly prefer to move to a neighbourhood that is close to these consumer

services, it is not surprising that gentrified neighbourhoods in inner city areas are close to most of the entertainment and cultural elements.

However, these are not the only reasons for the emergence of first wave gentrifiers. It also involves the desire to secure their life-style, which leads them to purchase housing in the city. Considering that the potential gentry consists of 'educated' consumers who know that they should have a future financial plan through savings or investments, they also realize the maintenance of their consumption habits cannot be left to the workings of the economy (Butler, 1997). On the other hand, when a group of gentrifiers cluster in a 'desirable' area, it leads to inflated prices for housing and services. This sometimes makes it hard for even for first wave gentrifiers to stay in that neighbourhood. For that reason, the professionals who are mostly young, trying to maintain a certain 'taste' in their surrounding and aware of the fact that they should have a future financial plan to maintain their life style, choose areas that are run down, but likely to increase in value as a form of investment in future financial gain. In countries where housing is dominated by owner occupiers, there is a particular attraction to areas where there is a promise that housing prices are going to increase. As Beauregard (1986:35-55) puts it:

Given the limited capital of this potential gentry, their desire to be close to their places of employment, their peculiar consumption needs, and the derivative desire to treat "housing" as both an investment item and as a statement of the image of affluence and taste which these individuals are trying to project, it is not surprising that they search for inner-city locations near central business districts, with amenities and with an architecturally interesting housing stock which has the potential to be rehabilitated and redecorated, and where housing costs are, for the moment, relatively inexpensive but prices are likely to rise. That is, the end result of these forces is the demand for a specific type of housing in specific types of residential area. That this is also recognized by developers, real-estate agents, and commercial investors reinforces the housing choices of potential gentrifiers. The point is that this is not the same as the generalized demand for inexpensive, inner-city housing. In most cities, there is a large amount of inexpensive housing, but not very much of it entices the gentrifiers. That which does not is left for lower-income groups, or as simply abandoned.

Jager (1986) adds more to the discussion about the taste of professionals and argues that architecture and aesthetics have social significance for gentrifiers. He argues

that gentrification is one of the ways a new urban middle class attempts to establish itself a social entity. He calls it the 'neither/nor' class (Jager, 1986:1) that has to look continually to the classes below it in order to distinguish itself from them and reassure itself of its continued existence. . They do not look up to the upper classes, and they have a culture that is distinct from bourgeoisie. Jager (1986: 79) draws parallels with a previous era by suggesting that the occupation of gentrified housing compares with that of owning servants in Veblen's analysis of the leisure class:

For Veblen's leisure class, servants had a dual function; they had to work and perform, and they also had to signify their master's standing. Gentrified housing follows a similar social logic. On the one hand, housing has to confer social status, meaning and prestige, but on the other it has to obey the social ethic of production: it has to function economically.

From this it follows that urban conservation helps professionals to show a kind of social status because urban conservation and renovation displays social distinction.

All of the reasons discussed above have led professionals to become gentrifiers and to protect their lifestyles and create environments that they feel comfortable with (Williams, 1986; Zukin, 1987; Kasinitz, 1988). This chapter discussed the changing consumer preferences and features of gentrifiers in the last few decades, and now I move on to supply of housing in inner city area to discuss the housing market and tenure that professionals choose to have.

3.5 The Supply of Inner and Central City Housing for Professionals

There have been middle class people living in city centres in Europe since the 19th century, e.g., Paris, London, Berlin, Rome: professionals living in the CBD or inner city is not new. This long-standing built fabric that has always been middle class is the housing of professionals who have lived in the city centre or in the inner city since before gentrification. However, this housing supply is not part of the gentrification process as its inhabitants are not forced leave the area because of increased housing prices or rents. In addition to that, there were many inner city working class residential areas in large cities such as London. These neighbourhoods were the first ones to experience gentrification in the 1960s-1970s, and their

inhabitants left the area because of increased living expenses and rent or were displaced (Raban, 1974; Zukin, 1988; Marcuse, 1986).

There are some historically working class neighbourhoods in inner city areas of world cities (e.g., London), and with the increase in finance and business services sectors, decentralization of the manufacturing sector, and with the loss of jobs, these neighbourhoods have become more valuable. In the 1970s, working class houses had this 'cosy and cottagey atmosphere' for the middle class: this 'working class atmosphere' imagined by the middle class attracted them to these neighbourhoods (Jager, 1986). In addition, some working class neighbourhoods were originally built for middle class, but became physically deteriorated because the middle or upper class inhabitants left for various reasons, (political, moving to suburbs) prices and rents fell, and the neighbourhoods became populated by working class people. However, they have become valuable again because of the social and economic changes discussed above. In terms of attracting professionals, the style and size of housing in working class neighbourhoods that were formerly middle class is architecturally more important and valuable than other central working class neighbourhoods.

More recently, new build housing in the inner city has capitalized on demand for inner city housing. This partly follows from the discussion of moving into the city centre, but it is outside the scope of the chapter. Nonetheless, it is necessary to discuss this issue to have a better understanding of the housing supply for professionals. New build housing enables professionals to realize their ambition to live in the centre by different means. The new build developments were located largely on old abandoned industrial, railway and dock land that became vacant in and close to CBDs, which is valuable for housing because of its location and lack of recent inhabitants. Professionals buy these units in these developments because they are close to amenities, entertainment and culture centres.

However, although some researchers include this process in definitions of gentrification (see Smith, 1996; Davidson and Lees, 2005; Paton, 2014), I do not consider new build developments gentrification. In order for a process to be defined as gentrification, there must be a change in the social class of a neighbourhood. Empty land cannot be 'gentrified', even if it is specifically constructed for middle class people.

Having discussed the supply of inner and central housing, I now turn to the supply of working class housing to examine the effects of gentrification.

3.6 Displacement and Replacement of the Working Class

The displacement of working class residents from gentrifying areas is an outcome of economic and physical changes. The term can cover physical causes such as lack of heating that forces tenants to leave (landlord harassment) and also economic changes such as rent increases. An early study (Grier and Grier 1978:206) argues that displacement:

- is beyond the household's reasonable ability to control or prevent;
- occurs despite the household's being able to meet all previously imposed conditions of occupancy;
- differs significantly and in a spatially concentrated fashion from changes in the housing market as a whole; and
- [is a result of] occupancy by that household [becoming] impossible, hazardous, or unaffordable.

Whether an inner city neighbourhood was built as a working class neighbourhood or it became a working class over time, the mechanisms by which the middle class replace the working class are crucially dependant on the existing tenures of the working class residents. For different kinds of tenure, there are different mechanisms operating in an area, different economic winners from the land price rises and different impacts on the working class. I consider two cases: the first is a neighbourhood with mainly owner-occupiers; the second is a neighbourhood with mainly private tenants.

Displacement occurs when the working class inhabitants are forced to leave their environment. When an area becomes popular, renovations start, and these renovations can be made by an owner-occupier or a developer. Houses are then sold at a higher price to the middle class in-movers. The type of tenure plays a large role because if the working class area is mostly owner-occupied, displacement occurs in low numbers (Paton, 2014). I do not think it is displacement when a working class inhabitant realizes the 'rent gap' and sells his or her property and leaves the neighbourhood with enough money to buy elsewhere. This might be thought of as 'replacement' (discussed below) (Butler and Lees, 2006). Displacement tends to

happen when working class people are mostly tenants and are evicted, whereas owner-occupiers' decisions to move out of a neighbourhood are not because they are being evicted but because they lose their social environment, their neighbourhoods, and the living expenses and consumer services becomes too expensive for them. Those who avoid these direct displacement pressures may benefit from neighbourhood improvements, but may suffer as critical community networks and culture are dismantled (Newman and Wyly, 2006; Slater, 2006).

The primary net effect of gentrification is to create economic pressures on lower income residents (both tenants and owners) through a number of mechanisms. Clearly, most of these effects are related to increased costs of housing and pressures on private tenants: if there is no rent stabilization in the gentrified area, landlords can increase the rents dramatically. The most usual methods creating displacement are raising rents to a level that the current inhabitants are not able to pay, landlord harassment, increased property taxes, and being replaced by the state (in state-led gentrification).

In the neighbourhoods where the majority of working class people were tenants, a different kind of gentrification process has taken place. Developers buy several houses in the neighbourhood and evict the working class tenants. Most of the neighbourhood is displaced, and working class people are forced to leave the area without any kind of economic gain. On the contrary, they are economically crippled by this process and leave the area poorer than before. In these cases, however, the displacement process was mostly initiated by landlords rather than developers. Where there are laws protecting the tenant, landlords may employ illegal solutions, such as hiring people to harass their tenants, cutting off their electricity, changing their locks without their knowledge, and so on. Economic winners from rising house and land prices, the ones who realized the rent gap, are landlords, developers and middle class people (Hackworth, 2002; Zukin, 1988; Harvey, 1989; Smith, 1996).

Displacement does not only affect those who are displaced at any given time. When the inhabitants of a neighbourhood realize that all their friends are leaving (forcefully or voluntarily), that shops are going out of business and new unfamiliar stores are opening up, they feel the area is becoming less and less liveable. This creates pressures on them, and then, it is only a matter of time before they leave the area as well. Some families under displacement pressure might move away as soon

as they can rather than waiting to be displaced. Pressure of displacement, as Marcuse (1985:207) puts it, is relevant to process of displacement itself:

We thus speak of the “pressure of displacement” as affecting households beyond those actually currently displaced. It is certainly a significant part of the displacement problem. Pressure of displacement can be distinguished from subjective fear of a remote possibility of displacement by looking not only at the perception but also the reality of what is happening in a neighbourhood: subjective concern plus rent prices rising over the city average, for instance, might be taken as a crude benchmark.

Another aspect of displacement processes is based on changes in consumer preferences in a neighbourhood due to gentrification. New consumer habits drive existing shops out of the neighbourhood, and this situation increases the feeling of “out-of-placeness” for the existing inhabitants. Actual displacement occurs for the shopkeepers. Losing their customers and not being able to adjust to new consumer habits forces them to leave the neighbourhood (Davidson, 2008). One example of this is provided by Davidson (2008:2392):

Recently, the *New York Times* ran a story about 82-year-old Calvin Copeland. Calvin had started his 547 West 145th Street Harlem catering business, Copeland’s, in 1958. For almost 50 years, his business had survived riots and looting and, later, crack cocaine and AIDS epidemics. Yet, the *New York Times* was reporting that this story of survival was coming to an end. Calvin’s soul food restaurant has been unable to overcome its latest challenge. Gentrification has pushed away many of the Black families who used to patronize his business. “The White people who took their place don’t like or don’t care for the food I cook,” he said. “The transformation snuck up on me like a tornado.” After falling behind on rent and bills a year ago, Mr. Copeland tried to hold on to his business, investing more than \$250,000 of his savings, he said. Finally, in May, he acquiesced to defeat. Calvin’s loss of livelihood and Harlem’s loss of a soul food restaurant is a story of gentrification.

In the case of replacement, in working class neighbourhoods that were mostly owner-occupied, the rent gap was realized not only by middle class people, speculators and developers, but also by working class people. This process of social replacement happened in many historical working class neighbourhoods in the inner city across the world, although Smith (1996) did not consider this case of working

class owner-occupiers because he was dealing with the US where most of the working class were tenants. But elsewhere (such as Australia), where working class owner-occupation has been more common, gentrification processes have resulted in social replacement rather than displacement. Working class inhabitants simply sold their flats for double or triple what they originally paid, making a capital gain that allowed them to move to less expensive neighbourhoods. They were able to profit from their property, but their moves were also because the changes in cultural and consumer preferences in the neighbourhoods were no longer suited to their needs.

In the case of the developing part of the world, displacement commonly takes place in a much more brutal fashion and as a result of state-led gentrification process (see Doshi, 2015; Huang, 2015; Ghertner, 2014;2015; Betancur, 2014; Lopez-Morales; 2010; Islam and Sakizlioglu, 2015). One of the case studies in this thesis examines this process in detail (see Chapter 8).

In this section, outcomes of gentrification such as displacement and replacement were defined and examined. Both of these are visibly classical (in other terms, market-led) gentrification, and now I consider in more detail the stages of classical gentrification to discuss gentrification in neighbourhoods that are owner occupied and privately rented.

3.7 Timeline of Classical Gentrification

A model was developed based on American neighbourhoods, for what is seen as the ‘classical’ gentrification process, arguing that it took place in phases, from pioneer gentrification to maturing gentrification (Hackworth and Smith, 2001:467):

Stage 1

A small group of risk-taking people move in and renovate properties for their own use. At this stage, there is little public attention and little displacement because the new comers mostly take vacant houses. The first group of new-comers are mostly design professionals who usually have the skill, time and ability to undertake extensive rehabilitation. Even though these art and design new comers can be seen as middle-class, they do not have as much money as professionals who are employed in the control functions in a world city.

Stage 2

Some of the same type of people continue to move in and renovate the houses for their own use. Small scale speculators may renovate few houses in visible locations. Some displacement occurs because vacant houses are getting rare.

Stage 3

At this stage, major media or official interest is directed to the neighbourhood. Prices begin to increase rapidly and displacement continues. New comers start to see the area as an investment opportunity, and tensions between old residents and gentry begin to emerge. If the new-comers have less tolerance towards the working class inhabitants, the tension between gentry and old inhabitants becomes serious.

Stage 4

A larger number of properties are gentrified, and the middle class continues to locate in the area. At this stage, the new comers are professionals who earn more money than the first wave gentrifiers and work mostly for the control functions in the city centre. Efforts may be made by the professional and middle class residents to win historic designation for the district. Buildings that have been held for speculation appear on the market. Small specialized retail and professional services begin to emerge. Displacement now affects not only renters, but some home owners as well (Lees et al., 2008:180).

In addition to Hackworth and Smith's (2001) Four Phases, more recent literature on gentrification has added another concept to the model above – 'super-gentrification' (Lees and Butler, 2006). I refer to this as the fifth stage of gentrification.

Stage 5

Lees and Butler (2006) introduce the concept of "super-gentrification" in their paper about Barnsbury, London. Lees and Butler (2006) explain that they use the prefix "super" to show that there is a further level of gentrification that can be imposed on an already gentrified neighbourhood. This level of gentrification needs higher purchasing power and consists of people in an income bracket higher than "normal" middle class people (Lees and Butler, 2006:469).

....we have chosen the term 'super-gentrification' precisely because it describes a further process of gentrification that has been occurring in Barnsbury since the mid-1990s, a process that includes a

significant step change in social class composition and evidence of social replacement (rather than displacement) with a significant transformation in community relations (Lees and Butler 2006: 469).

This section has shown that gentrification is a dynamic process and does not simply end when the whole neighbourhood is gentrified. In addition to these stages, it is also important to examine the ways in which gentrifiers improve the built fabric. The next section discusses these ways.

3.8 Renovation of the Built Fabric

One of the typical features of classical gentrification is gentrifiers buying and renovating flats themselves. Gentrifiers use different ways to modify or renovate their property. In part, these repairs are afforded by loans and mortgages, and with these, there are three ways of renovating:

1- Prospective owner-occupiers buy a house, rehabilitate it themselves with their own money or with a construction mortgage or loan, and use their own labour. When all the work is finished, they may sell to another as a commodity, but more frequently, live in the place themselves (Smith, 1979:538-48).

2- An owner purchases a new property and employs a developer to renew it. This type of renovation, like the other two, is a linear process: purchase, rehabilitation, payment, habitation (Smith, 1979:538-48). The developer is paid by the owner (the one who purchased the property), and after the renovation, the commodity, which in this case is the renovation, is sold to the owner of the original structure. Under the present organization of the building trade, the labourer is paid by the builder and appears, therefore, to produce a commodity for him, a commodity (the rehabilitation) that the builder simply resells to the willing consumer (owner of the original structure).

3- The transfer of the property from working class to middle class occupation can be mediated by developers who buy the buildings and improve them before selling. Typically, a private developer can rehabilitate a group of properties or an entire street, usually with the help of real estate agents, or the state may declare an area the urban regeneration site and encourage private (institutional) as well as public

investment. This had many negative effects on working class tenants (Merrett, 1976).

As described in Section 3.1, the type of tenure makes a big difference to the process of gentrification. Tenure types can have effects on the role of local government and political power of middle class. In a working class neighbourhood that is being gentrified through the private housing market, if the inhabitants are mostly tenants, the power of the middle class has a bigger impact in the transformation of the neighbourhood. One example for this kind of impact is that, for example, in Istanbul, middle class people tend to have better connections with the local governments compared to working class people, and since they pay higher taxes, their opinion sometimes is regarded more important than the working class. In many cases, the local government supports that power. It is easier for a private developer to buy out many plots with several houses on them and evict everyone living there. In this case, gentrification takes place quickly and creates many more forced evictions for the working class than in a previously owner-occupied neighbourhood because when the working class neighbourhood being gentrified is mostly owner-occupied, inhabitants have more power to negotiate the terms of the gentrification process. However, when they are only tenants, they do not have the same negotiating power.

The situation is very different if a neighbourhood is being gentrified by the state. The next section examines this issue.

3.9 State-led Gentrification

As discussed in the previous chapter (see Chapter 2.9), states have various ways of promoting and supporting their large cities, and boosting gentrification is one of them. However, gentrification through the private housing market needs at least a decade to transform the urban environment of a neighbourhood (Paton, 2014). Sometimes states (especially in LDCs) would like to see the physical and social changes that come with gentrification take place much more quickly, and they decide to play an active role in the process of gentrification. This results in state-led gentrification.

Gentrification started in MDCs, but the process of state-led gentrification has been clearest in large scale redevelopments in the developing countries, where the state

has many tools to initiate this kind of gentrification, including compulsory purchase, special planning permissions and planning laws. These allow states to buy up large amounts of land and sell or contract them out to developers. During a state-led gentrification process, the existing built fabric can be demolished and built again to fit the needs of its prospective new inhabitants (e.g., Tarlabasi Renewal Project). In most cases, this results in the complete eviction of the working class people from the neighbourhood. States tends to choose working class neighbourhoods with high tenancy rates because it is easier to evict tenants than owner-occupiers (Islam, 2010; Yalcintan and Cavusoglu, 2012).

In developed countries, state-led gentrification is not as common as it is in developing countries, and since there are more laws protecting tenants in privately rented neighbourhoods, this process mostly happens in social housing areas. In this thesis, I focus on state-led gentrification in world cities. The reason is that the process of state-led gentrification is more common in world cities all around the world; however, this does not mean that it does not happen in non-world cities (e.g. Housing Market Renewal Pathfinders in northern English cities).

Another important question about state-led gentrification is why the state gets involved at a certain point. Since the 1970s, states in developing countries have felt the need to catch up economically with the developed countries. As discussed in 2.9, this has led developing countries to look for a “quick fix” for their large cities and their world cities in order to accelerate urban transformation in physically deteriorated neighbourhoods in the city centre or inner city. State-led gentrification is a much faster process than classical gentrification because of the intervention of the state. This intervention allows states to bring middle and upper class people in and attract investments to the inner city and city centre to ‘improve’ the economy of the city and sometimes of the country. Even though this process has many negative effects (e.g. social segregation, displacement) in the long-term as it does not take into account of the poor of the city, it is a preferred solution by some states in the short-term. These reasons apply for developed countries as well; however, as stated above, this process commonly occurs in developing countries. Now I turn to the explanation of state-led gentrification processes and how they operate in world cities.

3.10 Interpretation of State-led Gentrification in World Cities

In Europe and the US, gentrification started through housing markets rather than a state policy. The state provided some help for the gentrifiers such as loans for renovations, but mainly, gentrification has been a process through private market with minimum state intervention in developed countries. It is fairly recently that states realized the economic gains they can achieve from gentrification and urban projects that can lead to gentrification. State-led gentrification is an action that is encouraging higher income populations to move into lower income areas. Researchers in the field argue that making profits out of restructuring the built environment for higher income groups is now a goal that is driving the states (Lees, 2009; Smith, 2002; Glynn, 2008).

Over the last 30-40 years, regulation of the market by the state has changed and now they support and copy market processes: states attempt to further and expand market processes instead of trying to constrain their damaging effects on the public with adjustments to redistribute income and provide welfare (Weber, 2002; Moulaert, 2000). The transformation of gentrification from individuals acting to renovate housing in inner cities to large-scale urban strategies forces the development of new concepts for the role of governance networks in the process (Slater, 2004; Weesep, 1994).

Observers argue that reasons that are used, such as generating social order to make gentrification process run smoothly, eventually harm the interests of poor inhabitants. Rather, these policies aim to bring more middle class people to live in the inner city and the city centre and to increase the profit margins of developers and the tax bases of local governments (Smith, 1996). According to this view, the state acts in the interests of professionals and legitimates itself by stigmatising the victims of its policies (Smith, 1999).

Words such as 'liveability' and 'inclusion' used to present these urban policies aim at certain people who are economically active into the physically deteriorated areas of the city centre. For example, in the US, the Department of Housing and Urban Development (HUD) HOPE VI and Section 8 programmes have emphasised similar urban policies, and they have replaced public housing with mixed-income, mixed-use urban development. These policies aimed to scatter some of the poor residents

into more well-off areas and hope that they would be ‘civilised’ and ‘integrated’ into mainstream society (Popkin et al., 2004). Programmes that promote social-mix, deconcentration of poverty in a neighbourhood and social mobility have been characterized as gentrifying agendas (Lees, 2003; Smith, 2002). However, these kinds of urban policies and urban schemes do not match the traditional gentrification process. These are presented as development programmes for the society and deprived neighbourhoods, and they are supposedly beneficial to existing inhabitants. Nevertheless, the outcomes of such policies can end by producing total social transformation of a neighbourhood and displacement of the poor. These state-induced policies sugar-coat the gentrifying agendas of national and local authorities. State-led gentrification started to take shape through such policies in developed countries, while in developing countries, policies are implemented in a rather more brutal fashion. In these countries, where the laws protecting tenants are limited or non-existent, the gentrifying agendas of state-induced urban regeneration or renovation projects are more visible. The displacement process, usually handled with no social agenda for the working class or compensation for their financial losses, results in stigmatization of the poor and further social inequality (see Chapter 6).

So it is important to ask: “Whose interests does state-led gentrification serve?” National and international national capital has an interest in rapid gentrification for the sake of transforming the city centre. This type of gentrification benefits gentrifiers, local government and large developers. Except for the aim of restructuring the city, similar interests apply as in classical gentrification, but presumably, it is different from state-led gentrification partly because of the involvement of large scale developers in the state-led process. This is important for my case study because in Istanbul, state-led gentrification has been empowered considerably by large developers. In addition, the difference between state-led and classical gentrification is that in state-led gentrification, these interests are fulfilled by the state instead of the private market and in a shorter time compared to classical gentrification; practices of state-led gentrification have more devastating effects on the tenants and even on the owner occupiers (e.g. displacement, forced eviction, state compulsorily purchasing houses below the market value). Some of the interests governing the process of state-led gentrification include (Butler, 1997; Smith, 1996, 2007; Uitermark J, Duyvendak J W, Kleinhans R, 2007):

The desire of professionals to live in these places: Because of changes in the world economy, increases in professional jobs in the city centre and changing consumer habits, professionals prefer to live in central places and can afford to buy, often architecturally significant, dwellings in inner area working class neighbourhoods, and renovate the houses to suit their needs.

The possibility of capital gains for developers: A developer can choose to work with the local or national state in an urban regeneration project. This way, the state is providing valuable land for the developer and the developer promises to invest in that location. In other words, enabling a developer make capital in this way can bring investment to an area.

The removal of working class people from now valuable land: State-led gentrification often results in displacing the poor from now valuable inner city land. This way, the local or national state makes it appear that the physically deteriorated neighbourhood is “improved” and brings more investment in the inner city and city centre.

Gain for social housing from developers (mostly in developed countries): In many developed countries, when private developers buy up publicly owned land and housing (non-vacant) or work with the state in urban regeneration or renovation projects, they promise to build a proportion of social housing along with the middle class housing. This way state can increase social housing without actually spending money.

Social gain for professionals from living in a certain area: Considering that most of the state-led gentrification processes favour the middle classes, creating social gain for professionals (e.g., living close to entertainment and cultural amenities) and attracting them to the once physically-deteriorated areas are some of the reasons local or national states prefer state-led gentrification. By attracting middle class people to these neighbourhoods, states can have a fast transformation of the city centre and inner city.

State re-structuring and transformation of the city for the growth of FBS: This is related to removing working class people from valuable land. Creating an inner city area and a city centre without the poor helps states (especially in developing

countries) to transform the city for growth of FBS, attract foreign and local investment.

Creating conditions for a world city: Following from above, state-led gentrification can be seen as a tool for states (especially developing countries) to create and promote their large cities as world cities.

However, the process of state-led gentrification has its price. Displacement, as discussed, has become increasingly common. Another problematic aspect of state-led gentrification is that the influx of middle class residents does not increase social cohesion: on the contrary, it creates tension between the new and the old inhabitants of the neighbourhood (Beckhoven and Kempen, 2003; Veldboer et al, 2002). There is evidence that these consequences are taking place in developing cities such as Istanbul, Mumbai (Mckinsey, 1996; Harris, 2008; Ghertner, 2015). After ‘urban renovation’ and ‘renewal’ projects in these cities, the current inhabitants are being displaced by the state: in some cases they are being moved to peripheries of the city, and in other cases, they are not provided with replacement housing. Because of the lack of infrastructure, unemployment and poverty in cities in developing cities, these urban policies tend to increase inequalities between social classes, creating housing for middle class people in the inner city at the expense of poor inhabitants.

The next section examines state-led gentrification with particular attention provided to developing country world cities and what that means for the concept of gentrification.

3.10.1 Southern Gentrification?

Above, I have talked about the concept of state-led gentrification, the reasons it may occur in a developed or developing country city. However, state-led gentrification, or in other words, gentrification processes that are actively facilitated by state or a body of authority, are more visible in developing countries. As mentioned in the introduction, there have been some concerns from various urban scholars about the proficiency of the concept of gentrification when it comes to researching cities of the developing world. With the economic changes since the 1970s, especially places such as China, Brazil, and India have experienced significant transformation (Less, 2012). With this transformation, particularly since the 2000s, many cities of the

developing world started to experience gentrification; however, these processes have not always been comparable with the Anglo-American understanding of gentrification.

Some scholars (Lopez-Morales, 2015; Krijnen and Beukelaer, 2015) argue that we should ‘unlearn’ the Eurocentric concept of gentrification and conceptualize an understanding of gentrification for the global South. I do not agree with that. Even though there are different forms of gentrification emerging in the ‘peripheral’ cities of the world, the concept of gentrification that is theorized in the global North has useful tools to contribute and provide an insight for what is happening in the developing world. At the same time, gentrification in the global South can contribute to the global North as well. In addition, Merrifield (2014:x) talks about the ‘urban fabric’, the redundancy of the making strict distinctions, and the necessity to upgrade the ‘chaotic conceptions’. This is because nowadays, peripheries and centres, cities and suburbs, and urban and countryside are intertwined. As Lees et al. (2015:443) put it: “The gentrification process itself has become much more suburban and multi centric. The conventional Western distinctions between inner city and suburb makes less sense globally, and, indeed, are more complex in the global South (but also the global North) these days.” This certainly is the situation in a huge metropolitan city like Istanbul. In a world where the boundaries of old descriptions of concepts and processes are starting to blur, there is a need to further conceptualize a crucial concept like gentrification and bring what were once known as the peripheries into the discussion. This does not mean the main ideas of gentrification concept are inapplicable anywhere in the Global south or that we need to ‘unlearn’ all that comes from Western Europe and Northern America.

As mentioned earlier in the chapter, even though not every urban regeneration or renewal project is to be followed by gentrification, in developing countries that experience state-led gentrification, this more often seems to be the case. There may be many reason for urban regeneration being regarded as a process of gentrification, but in this thesis, the reasons that are explored are social and ethnic cleansing and the state’s desire to ‘upgrade’ certain neighbourhoods economically (see Chapter 8).

Maloutas (2012) has argued that gentrification is an ideological and political process, and it is a process that is used on other forms of urban processes. I agree that gentrification is a highly political process, and state-led gentrification in the

global South is the example for that. It also gives way to highly political movements against displacement that does not happen as much for the process of market-led gentrification (Lees et al., 2015; Ghertner, 2015; Lopez-Morales, 2015). Maloutas (2012:42) also added that gentrification's dominant features are fuelled by neo-liberal policies. It does seem that local and national states in the global South (and in the global North) are facilitators of state-led gentrification, and they often make policies that will benefit capital; however, calling this tendency 'neo-liberal' may be over stretching the term. Whether or not these policies are considered neo-liberal is examined in the Conclusion Chapter.

It is clear from the growing gentrification literature that the term has a somewhat flexible and changing meaning, and to be able to have a better conceptualization of processes of gentrification globally, it is useful to start looking at other parts of the world rather than the 'usual suspects' (Lees et al., 2015), while keeping in mind the lessons and processes discussed in the Anglo-American literature.

The next section moves on to the details of displacement in a gentrified neighbourhood through state-led gentrification and the resistance of working class against this process.

3.11 Resistance by the Working Class

As discussed in Section 3.4, displacement has been the most important consequence of any kind of gentrification, and it creates many disadvantages for the working class people who are living, or used to live, in the city centre or in the inner city. This occurs through landlords and the harassment that has been performed by them to evict their current tenants, such as cutting off water and electricity. Regardless of the intentions of the gentrifiers, who may show some interest in social mix, their existence in the housing market replaces existing low-income tenants. Although gentrification has been associated with the attraction of diversity and social mixing (Lees et al., 2008) because "it is said to be a relief from the subcultural sameness and 'boredom' of many suburban communities" (Allen, 1984:31-32), it "has frequently been found to produce racial and class conflict. There is no evidence that it will necessarily lead to 'social mixing'" (Legates and Hartman, 1986:196). As Rose (2004:280) puts it, there is an "uneasy cohabitation" when it comes to gentrification

and social mix. Several gentrification studies have recognized that gentrifiers change the kinds of public facilities in a neighbourhood, the ways governance is handled and affect neighbourhood identity (Butler and Robson, 2003; Freeman and Braconi, 2004; Slater, 2002; Zukin, 1989). Forms of resistance organizations against gentrification in a neighbourhood are usually affected by this (re)creation of place and current inhabitants' loss of power (Davidson, 2008). In many case studies (Lees et al, 2008; Paton, 2014; Zukin, 1988), the arrival of gentrifiers has been shown not only to change the physical appearance of the neighbourhood, but also to change the social balance, leading to a transformation of community. Claiming rights to stay and creation of place are key features to a resistance against gentrification (Davidson, 2008). This resistance commonly comes in a non-governmental organization (NGO) form. It is possible for working class inhabitants to become organized and claim their right to stay and create a network with other urban organizations, professional chambers, and media. Even though resistance is a long process that does not always reverse the displacement process, it creates public awareness, creates an example for neighbourhoods in the early stages of gentrification and strengthens the neighbourhood relationship in the area.

Resistance to gentrification is more seen during a state-led gentrification process. One reason is that there is only one organization – the state – that's initiating the process, and it is easier to organize against one target. Nevertheless, gentrification through the private housing market has met some resistance (Lees and Butler, 2006) as well (e.g., Islington, London), but in general, since there are many elements such as private developers and individual middle class buyers involved this kind of gentrification, it is harder to organize a movement. In most state-led gentrification, neighbourhoods with a high percentage of tenants are targeted and bought up by the state (Islam, 2005). This results in the displacement of many working class tenants from the neighbourhood with little or no compensation for their loss, which gives them more reasons to organize a resistance against the process of gentrification and displacement since also, a larger number of people are forcefully evicted.

3.12 Conclusion

This chapter described the process of gentrification, different perspectives on gentrification and some consequences of this process. The loss of historical heritage and the level of displacement are more visible in state-led gentrification cases than classical gentrification ones. Since the displacement process is harsher in state-led gentrification, the resistance from the working class people is stronger as well. As Lees et al. (2015) argues, resistance against gentrification has been significant, especially against state-led gentrification and in developing cities in the global South. Because of the visible, immediate and brutal effects of this process in the developing countries, it is even possible to say that resistance has been more successful in the global South (e.g., Karachi, Seoul). This does not mean gentrification has not met any resistance in developed countries. It is also important to note that resistance against gentrification should be considered within the historical, geographical, economic and cultural limits of the neighbourhood in which it is happening. On that note, resistance in the Tarlabasi case is examined in detail later on in the thesis.

Another important point discussed in this chapter is the increase in state-led gentrification, its relevance to changing world economy since the 1970s and the call for a different understanding of gentrification happening in the developing part of the world. The developed part of the world experienced the withdrawal of industrial production and therefore the decrease of the primary circuit of capital (Merrifield, 2014). Real estate that works as a ‘secondary circuit of capital’ started to increase, and the capital has shifted over to this, as the primary circuit of capital slowed down. Lefebvre (2003) and Harvey (1978) talked about these changes and unpacked them many times. This rise in the real estate sector has become the main factor of urbanization in the developing world (Lees et al., 2015). In developing countries in need of catching up with developed countries economically, urban regeneration projects and state-led gentrification started to become a ‘quick fix’ for transforming the urbanized area. This change in economy helps improve the understanding of gentrification not only in developing world, but also in the developed countries as well. As Lees et al. (2015:449) puts it:

Given that the rise of the secondary circuit of the built environment and the real estate sector is geographically uneven, it is important to

understand the geographically and historically uneven ways in which various agents of capital investment, as well as the functions of a range of state apparatuses and hegemonic ideologies, have contributed to both the safeguarding and reproduction of (often speculative) investment in the built environment.

This transformation is examined later in this thesis in the case of Turkey and Istanbul, subsequently. The next chapter moves to the second part of the thesis that considers research aims and methods. I introduce the research methods and approach I used and the problems I faced in the field, along with the methodological issues of this research.

PART II: RESEARCH AIMS, QUESTIONS, METHODS AND METHODOLOGY

CHAPTER 4: RESEARCH AIMS AND METHODS

4.1 Introduction

In some respects, this thesis aims to make a contribution in gentrification research in developing countries or as some (Lees et al., 2015; Roy, 2009) may call it, ‘the global South’. Istanbul is sometimes categorized as a Middle Eastern city, yet it sits awkwardly between East (Asia) and West (Europe). For that reason, it was somewhat difficult to decide on the research approach and the methods that would give the best results in a city like Istanbul, with regard to examining the complex processes of gentrification. Istanbul not only shows the ‘text book’ symptoms of a state-led gentrification process under a relatively authoritarian state, but also signs of a typical market-led gentrification process that one can see in Islington or Brooklyn.

To be able to present the twists and turns in this research, this chapter is divided into five sections. I firstly discuss the research aim, objectives and questions. Following this, the motivation for this research and the research approach are introduced. The reasons for this research, issues that led me to choose this topic, goals for the research, and approaches for the explanation of the research are set out. Then I move on to the explanation and description of the research methods that were used in this research. The fourth section discusses the methodological issues that come with using the described research methods, and finally, I set out the difficulties I experienced during the fieldwork of this study.

4.2 Research Aim, Objectives and Questions

The aim is to research the complex and diverse relationships between economic change, housing markets, property and land ownership, and the state, which has led to gentrification in historic inner areas of Istanbul, and to explore how poor inhabitants might be enabled to stay.

The research has been conducted in the historic areas of Istanbul. To conduct this project, world cities, FBS, manufacturing, tourism in urban areas, and gentrification have been examined. In addition, the Turkish economic system and housing markets are examined in the next chapters. But the main concept for the research is ‘gentrification’ and its effects on urban space and what gentrification does to the lives of the poor.

Until recently, most gentrification research has been about developed countries, but now, it is a world-wide phenomenon (see Chapter 3). This research contributes to theorising and understanding the process of gentrification and the consequences of gentrification in cities in developing countries.

One of reasons for choosing to carry on this research in the historic environment of Istanbul is that even though in some cases, gentrification is presented as a tool to preserve historic environments, in reality, it does not work out that way. After the gentrification process, there is no link between the old and the new social and physical structures that are created in the historic environment (Sulukule Platform, 2009; Islam, 2010; Turkun, 2011). Some cases of gentrification, different from the classic gentrification process, are not concerned with the restoration and renovation of existing buildings, but carry out the reconstruction of the whole historical environment. This leads to the recreation of historical heritage as a decorative element, used to label and market these new buildings with the concepts of preservation and cultural heritage (Dincer and Dincer, 2005).

Another reason for choosing Istanbul is that gentrification has mostly been taking place in historic environments here, and these places have adequate data to explore the concept in developing country cities such as Istanbul (see Chapter 7). It is observed that gentrification has been the result of the urban renovation and regeneration projects in Istanbul, particularly in historic environments (Islam, 2005; Turkun, 2009).

State-led gentrification (see Chapter 3.7) is an important issue that is considered in the research because rather than gentrification through housing markets as in developed cities, state-led gentrification is more common in developing countries. This is partly because the state started to see gentrification as an efficient way of applying neo-liberal urban policies in the inner city and to satisfy its middle and

upper class people's housing demands. As discussed in previous chapters, neglecting working class and poor inhabitants' needs in the process can cause various problems such as displacement and social polarization. These problems are investigated in this research.

A further reason for choosing Istanbul is that before the 2000s, the gentrification process took place through private housing market, but after the year 2000, the process mostly became state-led gentrification, which has proven to have worse social consequences than housing market-led gentrification (see Chapter 3.5). The research explores this change and investigates possible ways to keep the current inhabitants in their neighbourhoods instead of experiencing total displacement by gentrification.

To explore the aims of this research and the outcomes of two types of gentrification in the historic environment, the two neighbourhoods in Istanbul examined were chosen on the following criteria:

- A neighbourhood that has been gentrified in the historic city centre of Istanbul without state intervention and through housing market processes is chosen to demonstrate the changes in the policy before and after the year 2000.
- A comparable neighbourhood that has been gentrified in the historic city centre of Istanbul after an urban renovation project and with state intervention is chosen to in order to understand the state-led gentrification process in Turkey.

Galata and Tarlabasi have been chosen for detailed examination and comparison. Galata was selected because it was gentrified before the 2000s, and the gentrification process was through the private housing market. This allows an understanding of changes in urban policies and the tendency to state-led gentrification in Istanbul. Another reason for choosing this area is that the process of gentrification is still continuing. It is possible to observe the process in motion and easier to gather data about and information from people who move out of this area.

The reason for choosing Tarlabasi is that the renovation period is about to start and it is in the stage of gentrification and displacement. In addition, the area is experiencing a renewal project that is solely being implemented by the government and is a very good example of state-led gentrification. All of the inhabitants who

used to live in the project area have been evicted, demonstrating the process of gentrification and its negative impact for the people of the neighbourhood.

Developing a critical account of the two types of gentrification processes in historical Istanbul as examples of direct and total displacement under a somewhat authoritarian state, this thesis addresses these research objectives and subsequent questions:

Research Objectives

1. Explore what deep processes at a world level are involved in gentrification.
2. Analyse the social and economic context of gentrification in the historic centres of Istanbul since the 1950s.
3. Examine changes in the social nature of historic areas of Istanbul since the 1980s.
4. Examine the behaviours of the land and house owners in these neighbourhoods and the changes in their built environments.
5. Investigate the state's role in the urban 'renovation' and gentrification of the historic neighbourhoods.
6. Investigate possible ways to allow existing inhabitants to remain in their neighbourhoods while at the same time improving the historic neighbourhoods.

Research Questions

1. What are the causes of the recent wave of gentrification in inner areas of Istanbul?
2. What were the mechanisms of 'classic' gentrification in terms of actors, property relations, and building?
3. What were the mechanisms of state-led gentrification in terms of actors, property relations, and building? How did the state manage the process politically?
4. What have been the respective roles of classic and state-led gentrification in Istanbul? Why did the state start to lead gentrification after 2000?
5. What were the experiences of the existing/former inhabitants?
6. What were the experiences of the new 'gentry'?

4.3 Research Motivation and Approach

As mentioned in the Introduction, this research has two types of motivation: the first is political, and the second is intellectual. Firstly, I am concerned by the way government treated the working class people living in the historic neighbourhoods of Istanbul. Seeing the government's methods of evicting them more or less against their will caught my attention and motivated me to choose this topic. In addition, the destruction of some of the historical environment has led me to develop these concerns.

My second motivation is intellectual. It is to understand the processes that are leading to gentrification in Istanbul, to explain what is happening, how and why. What happens in the historic neighbourhoods of Istanbul cannot be understood without a broader context that includes economic power and various spatial scales and the time dependent 'wider context' that involves economic, social, political processes that influence the operations of the housing market.

In social sciences, there are many ways of explaining the results of research. From an epistemological position, it is important to choose the best explanation that suits the research. Epistemology is concerned with whether ways of knowing are valid or sound. Critical realism (Archer et al., 1998; Bhaskar, 1989; Campbell, 1974, 1988; Cook and Campbell, 1979) is the approach that is used to for this research because this approach emphasises the importance of historical contexts in observing the economic change in the process of gentrification.

Realists argue that world is real and exists outside our perceptions of it. As a critical realist I agree with this. Where critical realism differs from empiricism is that critical realist analysis goes deeper into the processes that affect concrete cases in the urban environment. Empiricism here refers to the theory that sensory experience is the only or primary source of data for knowledge (Psillos and Curd, 2010). In addition, while post-modernist approaches examine discourses and consciousness, which I think are crucial, discourses cannot be understood outside of the material world (Frazer and Lacey, 1993; Putnam, 1999).

To be able to explain the approach to the research, it is essential to understand the role of economic change in the process of gentrification because without it, the explanation of the process would be incomplete. However, these long-term changes

are not immediately observable, which means that they are not subject to empiricist research. The data that used for empiricist work is immediately observable, which makes it insufficient to develop a theoretical understanding about the process of gentrification. Another reason for using a critical realist approach is that even though some things (such as the concept of class) are abstract, this does not mean that they are not real. To be able to develop a deeper understanding, it is necessary to explore them, which is something that is considered in the critical realist approach. I take into account historic, spatial, economic, political abstractions as well, treating them as part of the research approach rather than presenting them only as a theoretical background.

As mentioned, the historical context is the important element of the kind of explanation this approach can offer. In this case for the process of gentrification, the historical-spatial context is also important because without exploring the historical reasons and the changes (economic, political), it is hard to have a deeper understanding of gentrification. Spatial and historical contexts are more concrete than abstractions and they present a middle level of analysis, historically longer than the case study, between abstract concepts and local particularities (Bhaskar, 1987; Sayer, 2000, 2009)

One of the implications of critical realism in mixed methods research is that it brings in the importance of ontological questions about the events that the research is studying (Lawson, 2003; Tilly, 2008). Mixed methods research refers to use of many methods by mixing qualitative and quantitative data, methods and methodologies for a research study (Creswell and Plano, 2011; Johnson and Christensen, 2014; Teddlie and Tashakkori, 2009). If our concepts refer to real events and not some intellectual construct produced from data or solely our own construction, it is valid to ask, to what events or area of events do particular concepts refer? That is why in my approach I start with the abstract concepts and narrow them down to a concrete case study and present the research in such a way that each level of research is informed by preceeding levels.

To be able to understand the picture of Istanbul, a combination of abstractions (e.g., world city theory, gentrification) needs to be analysed. Istanbul is a combination of these abstractions, but they combine with new structures. In this case, it can be suitable to treat Istanbul as an ‘emergent property’ (Korotayev et al., 2006).

Emergent property appears when a number of entities operate in one environment, and they create a more complicated action as a collective. There is often a top-down feedback system when it comes to emergent properties. In Istanbul, it is a combination of relevant abstractions and the processes they create. Istanbul does not combine abstractions in the same way as the examples discussed in the previous chapters. There are new processes that emerge, but they are forms of the abstractions discussed. This is why I use critical realism to better analyse and understand the abstract processes that are in action in the case of Istanbul.

4.3.1 Research Approach: Generalization?

It is sometimes said that researchers should be able to generalize the findings of their work. But as seen in the discussion of critical realism (see Chapter 4.2), abstractions develop and contribute to emergent properties that are unique, so even though every city is affected by the same global economic, social, political processes, the way they are affected and the outcomes of these are unique. Therefore, it is not suitable to say urban policies created for the gentrified historic neighbourhoods of Istanbul would fit or have the same consequences if they were to be implemented in another historic neighbourhood in another developing country world city.

Research based on critical realism (see. Chapter 4.2) can generalize the methods and the abstractions used. The way this thesis analyses the abstractions with regard to a world city can be positively generalized. The whole thesis shows how to analyse gentrification and how to oppose gentrification in a particular contemporary world city (Lawson, 2003; Tilly, 2008). The explanation has proceeded through abstractions, applying them to a specific case (Istanbul) and then to two neighbourhoods, from which could be derived a framework for urban policies. It is that intellectual process or the entire analysis of the thesis that is generalizable. For instance, if one looks at historical neighbourhoods in Mumbai, then one would need to look at the specifics of social and economic processes of India as well as Mumbai. However, the approach I have taken here to world cities and gentrification could be applied to the case of Mumbai. This is in my view an efficient way to get an objective view and an objective way of creating alternative urban policies.

Critical realists frequently emphasize that explanation requires more than prediction, that realism, while it is anti-positivist, is not anti-scientific, but more rigorously scientific than positivism (Sayer, 1997). Theoretic explanation ought to provide 'some insight into the structure and workings of the mechanism, above and beyond capability of predicting and controlling its outcomes' (Railton, 2000:208).

4.3.2 Research Approach: From Abstraction to Concrete

This approach that analyses concrete cases studies with their connection to concepts that are operating on a more global level is the motivation for the analysis of the material. This section presents how the approach and analysis I chose is applied to this research and shows how the whole thesis is part of the analysis process. By starting from a broad context and narrowing it down, I examine how abstract political, economic, and social processes operate in a concrete case, and in turn, what a case study says about these abstractions. To be able to explore this broader context, I first examine world city theory. The emergence of world cities, the changing global economy, the spatial division of economic sectors in world cities, and their development throughout time and agglomeration on local economies have been examined. These help in understanding the economic, social and political processes that affect world cities and their place in the global economy. In addition to these processes, the geographical scale and spatial divisions of labour in different geographies are important to my research. For that reason, I examined migration patterns for the world cities in developed and developing countries. I started with the concept of the world city because the growth in finance and businesses in the 1980s has driven the rise of gentrification since. Finance and business services started to increase in the city centres of large cities. It is also worth noting that since the production sector of manufacturing moved out of the big cities in developed countries or moved to the periphery of the big cities in developing countries, employment rates in manufacturing have decreased in the city centres while employment rates in finance and business services have been increasing dramatically. This led many young professionals who are interested in lively city life and working in FBS sectors to move in the inner city and city centre (Friedmann, 1986; Castells, 1989; Sassen, 2001).

Following this, I explored the concept of gentrification. Finance and business services are sectors that can affect urban processes and lead to gentrification in some cases. The changes these sectors create in economic policies have effects on the built environment. There has been a shift in the housing stock of residential areas as the preferences of middle-class people started to shift from suburbs to inner city areas that have been mostly working class residential areas. In this case, gentrification is more than just economic change; it is also affected by preferences and shifts in social dynamics. I firstly discussed market-led gentrification, the reasons for middle-class people to become gentrifiers and the outcomes of gentrification process once it started. Following this I, considered state-led gentrification. State-led gentrification is more recent than market-led gentrification, and it is commonly practised in world cities of developing countries; however, it is also seen in developed countries (Jager, 1986; Lees, 2009; Lees et al., 2008; Ley, 1996).

After outlining my research methods, I move onto examining the Turkish political, economic and housing system from the 1950s with regard to the world level processes discussed in previous chapters. Following this, I focus on the same processes in Istanbul in particular. Looking at the abstractions and how they contribute to processes that are specifically operating in Istanbul is an important part of the analysis and my research approach.

Then I go on to examine all the historic neighbourhoods of Istanbul. These neighbourhoods are presented as an overview to examine gentrification processes in historic neighbourhoods and how each of them is connected. In order to gain a better understanding about these historic neighbourhoods in Istanbul and how abstract processes affect them, I investigate in detail the two case studies of Galata and Talabasi. I want to investigate how powerful sources on world level that affect gentrification have effects in specific cases in order to enrich our understanding of the processes.

4.4 Researching Gentrification with Qualitative and Quantitative Methods

The methods I use are examined in detail in this section. They include a mixture of qualitative and quantitative methods. The research questions ask about patterns that give us a description of what is happening, and this description is partly quantitative

and partly qualitative. The research questions also ask about processes, explanations, and reactions, people's experiences of the processes, and these are essentially qualitative information. Qualitative methods are particularly useful for probing the underlying reasons and motivations of social actors, especially through semi-structured interview methods.

The mixed methods used in this research are appropriate for the framework of the research approach discussed in the previous chapter.

Critical Realists' Use of Quantitative, Qualitative, and Mixed Methods: According to Olsen (2010:8): "Critical realists argue that structures exist, and critical realist presuppositions therefore tend to support the use of structural variables as either independent or dependent variables in regression. Critical Realists often interpret data tables causally." Structures might have two closely related meanings. First, a structure can be a group of many objects whose relationships produce a single object that has a structure. Secondly, structure can be a whole that has properties, which differ from the properties of the things that are inside it. For example, even though the institution of marriage is changing over time as a whole (civil partnership, cohabiting coupledness), some basic internal relationships (i.e. sharing resources of the household, living together) and properties stay the same. Another example is from my thesis: FBS have some features that can be observed globally; however, in each city, FBS sectors differ and take a unique shape according to the nature of that city. This is the reason research from a critical realist approach needs many methods rather than using only one method to examine a single structure. In the research process, there can be close links between qualitative methods and the analysis of quantitative data.

Realism and Mixed Methods: Critical realists have advocated for the use of mixed methods for several decades (Bryman, 1988; Carter and New, 2004). It is important to make coherent links between the interpretation of the statistics and the results of qualitative research (Walby, 2001), which means that a critical realist approach in research is often supported with mixed methods. Mixed methods are important because many governments and other powerful agents use statistics, and a researcher often needs to analyse and deconstruct the statistical evidence. According to Olsen (2010:14), a mixed methods approach:

(a) authorises the use of statistics by critical realists: (b) is required if realists are going to analyse data: and (c) is advised in order to temper all factual interpretations with a historical sense of why one is couching an interpretation in a particular discourse.....) For most mixed methods writers, theories are discourses and they are embedded in particular concrete societies. (.....) Case-study methods usually mix quantitative data with qualitative analysis.

Even though I used mixed methods throughout this study, it is dominantly a qualitative one. These qualitative methods involve semi-structured interviewing in order to collect information about the experiences of residents of the selected neighbourhoods, the views of the construction firm, NGOs and government officials. This is explained in details later in the chapter. In addition to that, the literature review, government documents such as census data, neighbourhood plan reports, and statistics related secondary data have also been examined. The examination of this data is done through documentary analysis. This is explained in the next section.

4.4.1 Documentary Analysis

The abstract concepts that frame this research – world cities and gentrification – have been derived from a critical discussion of the academic literature (See Chapters 2 and 3). Social, political and economic change in Turkey and the Turkish housing market will be discussed in Chapter 5 to provide context for an analysis of state documents (census data, development plans, employment data) and statistical data collected from the Turkish Statistical Institute (TurkStat). In this way, I create a link between abstract concepts, the changing global economy and the Turkish experience of gentrification and the inner city housing market.

To analyse the situation in Istanbul, I chose methods of collecting secondary data and analysing state documents. These documents consist of plan and policy reports, five year development reports, official reports prepared by TurkStat, reports about Tarlabasi Renewal Project prepared by The Chamber of Architects (organizations in Turkey equivalent of Royal Institute of British Architects), press reports, legal documents collected from NGOs that are interested in the Renewal Project and leaflets and reports prepared by the construction firm. The main criteria for the selection of the documents to be analysed was firstly their relevance to the Renewal

Project. For that reason, I first collected legal documents and reports concerning the Renewal Project. Following that, I collected data on neighbourhoods. These were urban conservation plan and master plan reports on Galata and Tarlabasi. To be able to analyse the historical and spatial background of these neighbourhoods as a critical realist, I also used statistics and government reports on the economic and political development of Istanbul and Turkey. This is aimed at having a better understanding of the process of gentrification, the dynamics that are leading to gentrification and how these dynamics operate. This data is analysed through document analysis. Document analysis refers to a form of analysis where the gathered documents are interpreted by the researcher to provide evidence and give voice to the topic being researched (Roche, 2005). There are two kinds of challenges to analysing this kind of data: intellectual and technical. While dealing with legal documents and government documents, it is important to remember the power these documents possess as evidence and to show power relations. These documents can make the researcher understand the dominant groups of people involved in the research. The technical difficulty refers to the challenges understanding certain – particularly legal – documents. Quantitative data is mostly gathered from TurkStat and from related municipalities. Both processes have different effects on the built environment, and it is important to investigate the reasons behind the increase in state-led gentrification process in Istanbul and how this relates to classic gentrification.

4.4.2 Semi-structured Interview

Semi-structured interviews refer to a type of qualitative methods in which the interviewer and the interviewee engage in a formal interview where there is a prepared list of topics and issues to be discussed. Unlike structured interviews, where there is a strict interview schedule with specific questions, semi-structured interviews allow both parties to divert and be flexible. This also allows the interviewer to discuss different things than the prepared list with the new ideas and issues brought by the interviewee (Bjornholt and Farstad, 2012). However, at the same time, the interviewer should cover all the topics he/she prepared beforehand, and for that reason, it is beneficial for the interviewer to prepare an interview guide to help him/her focus on the important topics that should be discussed (Bjornholt and Farstad, 2012).

All the people I approached in NGOs and in universities were willing to talk to me about Tarlabasi and Galata. However, this was not the case in governmental institutions. I approached 15-20 people, but only nine of them agreed to talk. I also tried to conduct some interviews in Istanbul Institution of Monument Preservation, but they were not willing to talk. On the other hand, they were willing to share previous urban conservation plans on Galata, but not on Tarlabasi. Two neighbourhoods are chosen for the detailed case studies, Tarlabasi and Galata.

Semi-structured interviewing is the method used for this part of the research. In this research, to understand the gentrification process in Galata, the experiences and views of actors in classic gentrification, such as the new and old inhabitants and the municipality are explored. The aim is to have an insight into how these actors are connected to each other and how (individually or as a group) they reacted to the processes of gentrification. This can help to understand the classic gentrification process in Istanbul and its consequences in the urban area. In addition, semi-structured interviewing with academics was also undertaken in order to further explore how the whole process operated from their point of view.

The criteria for choosing the case studies involve their location and the type of gentrification they are experiencing. Galata was chosen because it is a gentrified area in the historic city centre of Istanbul without direct state intervention and through the housing market. The reason for that is to demonstrate the changes in the policy before and after the year 2000. Tarlabasi was chosen because it is experiencing state-led gentrification in the historic city centre of Istanbul after an urban renovation project. In addition to the reasons stated above, understanding the state-led gentrification process in Turkey is another important one. The fieldwork lasted four and a half months. In total, I conducted 45 interviews. Eighteen of them were conducted with inhabitants and displacees of Galata. Fifteen of them were conducted with inhabitants of Tarlabasi. All of these interviews happened in interviewees' homes, and each interview lasted between 20-45 minutes. Interviews with gentrifiers and people who stayed in the gentrified areas were conducted in the neighbourhoods, in their homes, but interviews with the displacees were conducted in their new environment. To find these new environments, chambers and NGOs in the areas were contacted. For the case of Galata, I found some of the displacees and had a chance to talk to them; however, in the case of Tarlabasi, it was not possible to

find any of the displacees. In Galata, I was able to contact the displacees through my personal connection with a Jewish retirement house.

Interviews were conducted with 12 professionals from different agencies. These agencies are the Istanbul Metropolitan Municipality, Beyoglu Municipality, Chamber of Architects, academics from Yildiz Technical and Mimar Sinan Fine Arts Universities, Mass Housing Development Administration, the Association of Owner Occupiers and Tenants in Tarlabasi (NGO), the Tarlabasi Platform (NGO), and Gap Insaat – the construction firm responsible for the Tarlabasi Renewal Project. Four of them were conducted with academics and another four of them were conducted with NGOs. Finally, four of them were conducted with government officers and people from the construction company. These interviews were conducted in interviewees' offices and lasted between 40 minutes to an hour. All of the interviews were conducted and transcribed in Turkish, and they were later translated into English. Some cultural features of the language can be lost during the process of translation, but I tried to translate and express people's statements in a way that would sound as close to Turkish meaning as possible.

Interviews with the residents of Galata are categorized into three sections depending on their tenure and current living conditions, and the type of questions asked differ depending on which categorization the interviewee belongs to:

1. Galata displacees

- Information about the interviewee and household
- Reasons of moving away from Galata
- Information about present accommodation
- Present problems

2. Galata owner-occupiers

- Information about the interviewee and household
- Information about the previous owner-occupier
- Information about the building
- Information about the neighbourhood

3. Galata tenants

- Information about the interviewee and household

- Information about landlord
- Information about the previous tenant
- Problems of the building
- Information about the neighbourhood

People displaced by gentrification have been interviewed in order to understand their points of view about change in the neighbourhood and discover the circumstances that meant they had to leave. Newcomers (owner-occupiers and tenants) were interviewed to understand their behaviour, including their thoughts and attitudes toward the old inhabitants. How they are affected by the overall process and what they think about gentrification through their own experiences are crucial points to the interviews. Lastly, questions were asked in order to understand how the housing policies and processes of urban renovation and gentrification are reflected in the behaviours of the new comers.

For Tarlabasi, semi-structured interviews were conducted with the current inhabitants, officers of municipality, the Mass Housing Development Association (MHDA), people from the construction company, NGOs interested in the urban renovation projects and with the officers in Chamber of Architects. From these interviews, I aimed to gain an understanding of the role of the state in the gentrification and hear from the people who are actually involved in the process. This also contributes to understanding the effects of state intervention. The point is to understand the experiences of the inhabitants themselves, and at the same time, gain insight into the attitudes and aims of other agencies. The MHDA, the municipality and the construction firm have been important actors in the whole of the process, and the information they agreed to share has been very important for the research. In addition, academics were also interviewed about Tarlabasi.

Interviews with the residents of Tarlabasi are divided into three categories (like Galata), and the type of questions asked differ to some extent, depending on the interviewee categories belongs to:

1. Tarlabasi displacees

- Information about the interviewee and household
- Reasons for moving away from Tarlabasi
- Information about present accommodation

- Present problems

2. Tarlabasi owner-occupiers

- Information about the interviewee and household
- Information about the previous owner-occupier
- Information about the building
- Information about the neighbourhood

3. Tarlabasi tenants

- Information about the interviewee and household
- Information about landlord
- Information about the previous tenant
- Problems of the building
- Information about the neighbourhood

Unfortunately, there were no interviews conducted with the displacees of Tarlabasi, as explained in the next section. Interviews with current residents are categorized by tenure because tenants and owner-occupiers experiences differ greatly, and this difference is important to an understanding of the state-led gentrification process in the area.

In addition to the current situation, interview questions involved alternative plans to oppose gentrification. ‘Alternative plans’ refers to the suggestions that inhabitants of Tarlabasi proposed. This question was not asked in Galata as there is no renewal project in the neighbourhood. This was asked of academics, NGOs, the Municipality and MHDA. For the sake of anonymity, I cannot give the names of the positions of the people that I interviewed in the Municipality, MHDA and the construction firm because some of the people I interviewed can be recognized by the name of their positions. It is important to understand the aims of the agencies that can make the policies and decisions for the improvement of the historic neighbourhoods, to understand the aim of the people who are working for the state by talking to them, and to examine to what extent state can cause the negative outcomes (e.g. displacement, social polarization) of gentrification. This question was asked of the residents of the neighbourhoods in order to understand their perception of “the right to stay”, to see the effects of state intervention in the social structure, and to see how

people are affected. In addition, it was important to understand what inhabitants felt, how they reacted to the interventions, what they feel about keeping people in their neighbourhoods and what they would suggest about this matter. This way, the future paths that are intended by the state and desired by the public can be understood and compared in the study.

Having discussed the qualitative and quantitative methods I use for this research, I think it is important for me to discuss the issues that are brought up with the use of qualitative methods since this is predominantly qualitative research. The next section explores these issues.

4.5 Methodological Issues

Some methodological issues related to this research are introduced and examined in this section. These issues involve validity of qualitative results, data analysis, writing-up qualitative studies, and understanding the experience of others.

Validity of qualitative results

Many researchers are concerned about the link between the abstract concepts they propose and their observations of the empirical world that lead them to use these concepts. Lincoln and Guba (1985) present four trustworthiness criteria for qualitative research: credibility, transferability, dependability, and confirmability. Of these criteria, three of them are relevant to my research. I do not discuss dependability. The reason for that is because dependability is mostly used for participatory studies where the researcher is exposed to the environment he/she is studying, and this research is not participatory.

‘Credibility’ alludes to the appropriate representations of the structures of the social world being researched, and the study can be subject to both the processes used in drawing out those representations and the credibility of those representations for the community under research (Bradley, 1991). Lincoln and Guba’s (1985:301-28) list for activities to increase the credibility are:

a prolonged stay in the field, persistent observation, triangulation, the search for various cases, the establishment of referential adequacy by setting aside some portion of the data for testing of conclusions, discussions or debriefing with peers, and checks of results with members of the community under study.

In this research, I stayed in the field as long as possible and analysed many cases. I increased my observations by also interviewing organizations and other researchers who are interested in the same topic.

‘Transferability’ is about how applicable the researchers’ working hypotheses about one context can be to another context. It refers to the extent one research can be generalizable for similar cases. According to Bradley (1991:436), this criterion is not entirely the responsibility of the researcher:

This is a judgment that can be made only by comparing the two contexts, the burden of which falls not on the researcher but on those who wish to make the comparison. The researcher's responsibility is to provide enough data, through rich, ample description, to allow these judgments to be made.

I applied this criterion in the generalization of my research (see Chapter 4) in the analysis of specific concepts with regard to each other.

The third criterion, ‘confirmability’, is about how much others who read the study can confirm the source and location of the data that is presented by the researcher. According to Marshall and Rossman (1989:148), adequacy of a qualitative research process can be assessed through written reports, meaning other people assessing one’s research. I have presented this research at various conferences to academic audiences and have presented some parts of my research to my peers. This has been my way of receiving feedback for my research. Ely (1991:93) presents another criterion for qualitative research when she talks about the trustworthiness of the researcher:

Being trustworthy as a qualitative researcher means at the least that the processes of the research are carried out fairly, that the products represent as closely as possible the experiences of the people who are studied. Trustworthiness is more than a set of procedures. To my mind, it is a personal belief system that shapes the procedures in process.

I applied all these three criteria throughout my fieldwork and the interviews I conducted.

Data analysis

In qualitative research, all of the data gathered are often divided into smaller units to identify similar or different patterns, themes and concepts. Bogdan and Taylor (1975:79) define data analysis as:

A process which entails an effort to identify formal themes and to construct hypotheses (ideas) as they are suggested by the data and an attempt to demonstrate support for those themes and hypotheses.

There are many guidelines for describing qualitative analysis; however, there are no strict rules for doing qualitative analysis as there are for quantitative analysis. According to Bradley (1991:443):

Numerous guidelines for analysis are available; some describing practices common to a particular tradition, some advocating a specific approach, and others attempting to describe a generic "qualitative" approach. Guidelines and advice for data analysis cover conceptual issues underlying the breaking down and reassembling of data to reveal patterns as well as the procedural issues that focus on activities that accomplish this regrouping.

For the analysis, I separated my data into different topics and themes which made it possible for me to show similarities and differences between cases, as well as show the operations of concepts in various cases. Data analysis is closely related to the writing-up of qualitative studies, and I discuss this in detail later in this chapter.

Understanding the Experience of Others

Most qualitative studies – including this one – try to understand the experience of others. Patton (1990) talks about a distinction between ‘indigenous meanings’ – the meaning that phenomena have for the people who are being studied and ‘analyst-constructed’ meanings – the concepts that the researcher develops from the data in the form of analysis (cited in Bradley, 1991:433).

The extent to which people share the same meaning is a complicated issue. One view says that meanings are objective and the meanings of the phenomena exist in the phenomena themselves (Bradley, 1991:433). For example, during my fieldwork in the Galata neighbourhood, I asked some questions about the Romani population who used to live in the area, but had to leave because of the gentrification process. When I asked some gentrifiers about their experiences with the Romani population and how they felt about the fact that they had to leave because of gentrification, they replied as if they were upset about their leaving. They commented that Romani worked as a natural security system for the neighbourhood as they were ‘criminals’

themselves, and other criminals were intimidated by them. Interviewees shared this opinion as a 'positive' part of living with Romani or to show that they were not excluding them and were happy to live side by side with them. However, even though that was what they meant, the examples they provided and the expressions they used led me to an interpretation that the 'gentrifiers' were excluding the Romani and were never actually sharing the same social environment with them.

For that reason, it is useful for a researcher to determine the extent that participants might mean the same thing by responding in a similar way to the others. In addition to that, researchers should also determine the extent to which differences in meanings are important in formulating the research questions. If the researcher thinks that a specific meaning in an issue is important, the data collection should be designed in a way that brings up similarities and differences in meaning. Most of the time, the researcher and the interviewee have a different set of opinions and the researcher is trying to understand the interviewee's viewpoint using his/her own critical faculties.

Understanding the experience of others is also helpful for the researcher to tease out the information from the interviewee. For this, interviewing government officials is easier than interviewing residents because answers or the motivation behind the answers of government officials can be understood more easily. The reason for that is because it is easier to predict a government official's motive for answering a question in a certain way since what they represent is more evident in the light of their job compared to the inhabitants of a neighbourhood. However, private people's (e.g., residents) motivations for sharing or not sharing any kind of information are much more complicated and hard to predict. For this reason, I tried to not pressure or insist people that talk about specific subjects, but I rather tried to talk about what they were passionate about and tried to channel that subject towards the subject that I was really interested in. For example, during my fieldwork, I listened to an interviewee complaining about his doorbell and people sometimes accidentally ringing his doorbell for 20 minutes before I had my opening for the things I really wanted to talk about, which were his opinions of the newcomers in a gentrified neighbourhood. I believe understanding the experience of others is crucial for most qualitative studies, and I tried to solve this issue in the best way possible.

“Writing up” Qualitative Studies

During the process of research, qualitative researchers ‘write up’ in many phases. These ‘writing ups’ are sometimes informal and for the use of the researcher himself/herself, and sometimes they become part of a formal journal. As Lincoln and Guba (1985:301-28) point out, memos, notes, questions to oneself, reports, and presentations to share with peers are a part of the thinking process and evidence to planning the next step. But when it comes to any kind of formal writing-up, the format becomes important; however, there is no fixed format for writing-up qualitative research analysis. Instead, there are some expectations and criteria for effective writing. One of the criteria relates to descriptions of the data and clarification of the abstractions developed from the data. These things are always present in a qualitative research.

Another important problem in writing-up qualitative research includes showing the connections between the concepts that researcher used and the data in which those concepts are based. Qualitative data are usually very diverse, wide and hard to handle to present to the audience. There are some ways to show these connections, including elaborated and extensive description and the use of typical examples (Bradley, 1991:444).

Following this, I move on to the difficulties I experienced during fieldwork while collecting the data and engaging with people that were important for my research.

4.6 Difficulties Experienced

During the fieldwork for this research, I experienced many difficulties. The one that affected my research the most is the fact that I could not interview any displacees from Tarlabasi. The MHDA gave priorities to purchase flats to the people who were evicted from Tarlabasi in a low-cost housing development that was constructed by MHDA in the periphery of Istanbul (Kayasehir), and one hundred and fifty six families (all of them displaced) agreed to buy flats from the development. I visited the development and tried to reach an agreement with the local government officials of that district to help locate some of the families because it was almost impossible for me to find any of the 156 families independently, in a development that has 60,000 flats. At first, the local government officials seemed helpful: we exchanged

contact information, and they informed me they would let me know after they talked to some of the families. I called them several times in the course of 3-4 months; however, in the end, the decision of the families was not to talk to me. They did not want to be involved anything related to Tarlabasi Renewal Project as they did not want to say anything that might be 'wrong' in the eyes of the local or national government. These 156 families are only a small fraction of all the people displaced from the area, but they were the only ones that I could track down. What happened to other displacees is not recorded in any official document.

I also had several problems establishing communication with government officials and people from the construction company. I spent almost two months trying to get an appointment with GAP Inaat. I had to call them and insist many times to be able to get an appointment. For the governmental officials, even though it did not take as much time to get an appointment, it was hard to find their contact numbers, and many times I had to talk to the lower governmental officials first rather than the people who were actually involved in the decision making process. After talking to many lower level governmental officials, I was able to interview some people who were involved in the decision making. When I finally interviewed the state officials, I provided them proof for every accusation made by inhabitants and controversial question I asked. They were very well trained in giving interviews about this matter, and sometimes it was hard to get an unbiased view from them. For that reason, I used some legal documents as proof to help me during the interview process. These legal documents are collected from NGOs, and they showed that there were still lawsuits going on against the project. This was necessary because two of the mottos of the municipality and the construction firm have been 'transparency' and winning every lawsuit that was filed against them. These documents were contradicting both of these and therefore important for me to use.

Not only did I have problems with interviewing some key people, but I also had problems with gathering data because of the urban planning hierarchy in Turkey. I was not able to access all of the urban preservation plans for the Galata neighbourhood. Galata Tower and the surrounding area are declared a tourism area, and once an area is recognized as such, the planning authority is transferred to the Ministry of Culture and Tourism. In the case of Galata, local government no longer had any authority over the area, and I needed the permission of the Ministry to

access the plans. It was impossible for me to get such permission because it would take months (maybe more) of paper work and many trips to Ankara where the Ministry is located.

Finally, there were some difficulties during the residents' interviews over different political opinions. As the interviewer, I did my best to not to lead them to give the answers I wanted to hear nor to show any political opinion of my own. On the other hand, sometimes, when I realized that an interviewee had any kind of opinions that I personally found offensive, such as racism against Romani, I pretended to be sharing their opinion to draw them out and allow them to share their opinion freely.

4.7 Summary and Review of Methods

The material presented in this research is based on secondary data gathered from local and national governmental institutions, NGOs, academics and semi-structured interviews that were conducted with people in both neighbourhoods, displaceds, government officials, academics, people from the construction company and from NGOs. Interviews were conducted on the course of 4-5 months and analysed by transcribing them first and then categorizing them into topics. As mentioned above, there are not any strict rules when it comes to writing up qualitative studies. I firstly separated the data gathered according to the organizations and people I interviewed, and secondly, into themes depending on the answers and focus points of the interviewees. This way, I first had four categories: government officials and people from the construction company, neighbourhood interviews, academics and NGOs. Secondly, I separated every category into sub-categories that are examined in detail in Chapter 7 and 8.

Documentary analysis complimented the findings from the interviews and helped me provide quantitative evidence for this research. As a critical realist, I used these interviews and data gathered to construct the closest version of the true account of gentrification processes in Istanbul. While doing that, I do not only use the data gathered during fieldwork, but also provide the abstractions such as world city and the concept of gentrification and the historical and political background of Turkey and Istanbul.

In this section, I return to and represent the research questions briefly and discuss how the chosen methods relate to each question.

What are the causes of the recent wave of gentrification in inner areas of Istanbul?

To explore this question, analysing secondary data, documentary analysis, and case studies are done. This targets a better understanding of the process of gentrification in Istanbul, the dynamics that are leading to gentrification and how these dynamics operate. The census data and employment data of Istanbul are examined. Quantitative data is mostly gathered from Turkish Statistical Institute (TurkStat) and from related municipalities.

What were the mechanisms of 'classic' gentrification in terms of actors, property relations, and building?

This is mostly a theoretical question, and to explore this question, analysis of secondary data is done from the abstractions. I narrow down these actors and relations from global processes to specificity of Galata. During this narrowing down, I analyse world city theory, processes of gentrification, how these abstractions operate in Turkey and Istanbul subsequently, and finally, I arrive at the case studies. For the Turkey and Istanbul part, documentary analysis is also used. For Galata, documentary analysis and semi-structured interviews are employed.

What were the mechanisms of state-led gentrification in terms of actors, property relations, and building?

How did the state manage the process politically? The same methods and approach described above are used to explore this question. The case study to answer this question is Tarlabasi.

What have been the respective roles of classic and state-led gentrification in Istanbul?

Why did the state start to lead gentrification after 2000?

To investigate this question, extensive documentary analysis for Turkey, Istanbul, Galata, and Tarlabasi is used. In the Galata case, semi-structured interviews are conducted with the Municipality, academics, and inhabitants of the neighbourhood. The Tarlabasi case study is particularly important to answer the second part of the question. Semi-structured interviews with the Municipality, people from the construction company, MHDA, NGOs, academics, and inhabitants of Tarlabasi are conducted. To provide an efficient answer for this question, I construct a story with all the perspectives that I collected from each of the actors of both gentrification processes and analyse them deeply starting from global processes to specific localities. The answer to this

question can also be a contribution to the gentrification experiences that are happening in the developing part of the world and help enrich the understanding of gentrification and different actors at play in the global South.

What were the experiences of the existing/former inhabitants? To investigate this question, I conducted semi-structured interviews with not only inhabitants of both neighbourhoods, but also the Municipality, MHDA, academics, NGOs and the construction firm to see what these experiences are how they are perceived from different actors of the gentrification process.

What were the experiences of the new 'gentry'? To explore this question, I conducted semi-structure interviews with different groups of inhabitants in Galata (since Tarlabasi does not have any new gentry at the moment) and academics.

I now turn to the historical and political background of Turkey to give a detailed account of the spatial processes that have been in operation since the 1950s.

PART III: ANALYSIS OF THE PRIMARY RESEARCH

CHAPTER 5: SOCIAL AND POLITICAL CHANGE IN TURKEY

5.1 Introduction

In 1922, the Ottoman Empire was overthrown, and Atatürk came into power with the founding of the Republic of Turkey. Over the next 100 years, Turkey was completely transformed from an overwhelmingly agricultural and rural society to an overwhelmingly urban society, based on manufacturing and subsequently on FBS. Over the last 30 years, the economy of Turkey has undergone a further revolutionary transformation, and this is especially visible in Istanbul (Temizel, 2007).

As outlined in the Methods Chapter (Chapter 4), as part of my critical realist approach, I started my research with abstractions such as world city theory and gentrification and will now narrow it down to concrete case studies. As already discussed (Chapters 2 and 3), the processes of formation of world cities and gentrification take place across the world, but are different in every nation; even though there are features in global economy that affect many nations at the same time, the results of these effects are different from one nation to another. Every country has a different kind of development of the economy, a different government and different legal and political systems. This chapter discusses how the processes and theories examined in Chapters 2 and 3 operate in the case of Turkey. There are some similarities with other developing and sometimes developed countries in how these abstractions operate, but there are also specific incidents and processes that are unique to Turkey.

Firstly, I discuss the political events dating from the Ottoman Empire period to the 1950s involving ethnic minorities that affected the gentrification process. Following this, I provide an overview of the political situation, economy, population and regions since the 1950s. I move on to a discussion of the leading economic sectors – FBS, the manufacturing sectors, tourism and agriculture – in Turkey (Temizel, 2007). I examine in turn the agriculture, the manufacturing, FBS and tourism sectors. The Republic of Turkey started as an agricultural country, but after the 1950s, like other countries with increasing industrialization, the importance of

agriculture decreased, and the manufacturing sector started to become more important (Dincer, 2011). As discussed in Chapter 2, in developing countries, even though FBS sectors started to increase (after the 1980s), the manufacturing sector did not decrease. In the major cities in Turkey, in addition to the increase in the FBS sector, the manufacturing sector still preserves its importance.

In the last two sections of this chapter, I discuss the housing system in Turkey from the 1920s until the present time, with regard to each period in relation to private housing and squatter areas (*gecekondus*). I conclude this chapter with state policies and the effects of these policies on the urban environment since the 1950s (Tekeli, 1998; Altay and Turkun, 2006; Turkun 2009b).

5.2 The Expulsion of the Ethnic Minorities in the First Half of the 20th Century

The Ottoman Empire had been a multi-cultural empire without a notion of a national identity (Kabadayi, 2011); however, from its beginning in 1922, the Turkish Republic has been a ‘Turkish’ country and the notion of national identity had been strongly emphasized during the foundation of the Republic. In the last period of the Ottoman Empire and in the beginning of the Republic of Turkey, ethnic minorities (non-Turkish) experienced a series of political events that forced them to leave the country. Even though the role of ethnic minorities as merchants of Istanbul goes back to the Byzantine period and continued right up to the birth of the Republic, as a result of this Turkish nationalism, ethnicities were suddenly repressed.

The historic neighbourhoods of Istanbul that this thesis examines had mostly been built for ethnic minority merchant communities. The reasons that led them to leave range from the Armenian Genocide, the population exchange between Turkey and Greece, Capital Tax to the Istanbul Pogrom and the Kibris event.

1914 – 1924: Minorities leave the country because of the Armenian genocide¹ and population exchange between Greece and Turkey: During this period, there were two incidents that forced Ottoman and Turkish citizens of Armenian and Greek origins to leave the country. The first was the exile of Ottoman citizens of Armenian origin in 1915 (Winter, 2004). During the First World War, a temporary law called

¹ Armenian Genocide is not officially recognized by the Republic of Turkey

“*Tehcir Law*” was passed by the Ottoman Parliament that authorized the deportation of the Armenian population of the Ottoman Empire (Dadrian, 2003). This law was allegedly about the measures taken against groups of people who were opposing government order and resettlement of towns and villages that were found to be engaging with espionage (Takvim-I Vekayi, 1919). With the adoption of this law, many Armenian citizens were relocated, and this led to other political events (referred to as the Armenian Genocide) (Sevk ve Iskan Kanunu, 2010). On September 13, 1915, the Ottoman Parliament passed the "Temporary Law of Expropriation and Confiscation," stating that all property belonging to Armenians was to be confiscated by the authorities (Dadrian, 2003).

The second event in this period was the population exchange between Turkey and Greece in 1923. This arrangement was decided by the two countries as a result of a war between Turkey and Greece (in Turkish literature referred to as ‘Turkish war of Independence’). The agreement was based on a religious identity, and the exchange was between Turkish citizens of Greek Orthodox origins and Muslim Greek citizens (Andriotis, 2008; Keyder, 1987). This mandatory population exchange or mutual expulsion was based on solely on religious identity and included the exchange of native Turkish speaker Orthodox and native Greek speaker Muslim citizens (Howland, 1926). The two events discussed under this subsection are separate from each other, meaning they did not affect each other.

1942: Changing ownership due to the introduction of Capital Tax. In 1942, a bill enacting wealth levy was passed by Turkish Grand National Assembly. This law was presented as fund raising countermeasures for Turkey’s possible entry into the Second World War. However, it also intended to ruin the economic position of non-Muslim minorities as part of the economic ‘Turkification’ of the Turkish Republic. This Bill was concerned with fixed assets, such as industrial enterprises, businesses, building owners and estates of all citizens, but the most affected were Jewish, Armenian, and Greek Turkish citizens and Levantines (Latin-Christians who lived under the rule of the Ottoman Empire). These groups used to control a large portion of the economy, and as a result of this law, they were heavily taxed (Nowill, 2011; Smith, 2001; Guven, 2005), due to much higher tariffs being imposed on non-Muslim citizens. In the end, this law led the financial ruin of many non-Muslim families.

1955: The event of September (6-7 of September, 1955 or the Istanbul Pogrom). The ‘Istanbul pogrom’ was organized mob attacks directed primarily at Istanbul's Greek minority. A Turkish mob that gathered into the city in advance attacked Istanbul’s Greek community for nine hours. Even though this mob did not openly call for Greeks to be killed, as a result of beatings, arson and attacks, more than a dozen people died. Armenians were also harmed. The pogrom increased the rate of the emigration of Greek origin Turkish citizens from Turkey and especially Istanbul (Vryonis, 2005; Birand, 2005; Guven, 2005).

1974: The Kibris event and emigration of the Greeks: The Turkish invasion of Cyprus and the conflict between Turkey and Greece in 1974 led many Greek Turkish citizens in Istanbul to leave the country. There are some claims that the Turkish government at the time used this conflict as an excuse to cancel the residency permits of many Greek Turkish citizens (Vryonis, 2005; Birand, 2005; Guven, 2005).

As we see in the next two chapters, the long-standing presence of these ethnic minorities in Istanbul and their subsequent expulsions have been key to the story of the historic neighbourhoods.

Having discussed the events that affected the historical neighbourhoods of Istanbul, I now turn to political background of Turkey to provide an insight of the political events and developments that affected the processes in Istanbul and the historical neighbourhoods.

5.3 Politics since the 1950s

From the founding of the Republic to 1946, Turkey was controlled by one strongly state-regulated nationalist party (in common with other developing countries at the time), the Republican People’s Party (RPP), founded by Mustafa Kemal Ataturk. This political party supported the capitalist economy, but it was strongly state-regulated in the hopes of fostering the emergence of a Turkish bourgeoisie. RPP’s founding ideology was based on ‘Kemalism’. Kemalism was defined as radical social, cultural, political and religious reforms to separate the Turkish nation from its Ottoman predecessor and encourage a ‘Westernized’ way of living with the establishment of democracy and secularism. However, in this ideology, secularism

took a fierce form where anything that did not fit with this was repressed and mostly used to increase nationalism in the society (Heper, 2006).

In the 1946, the first opposition party (Democratic Party) of the Turkish Republic was elected, and for the first time in the Republic's history, there was more than one political party in the Parliament. The Democratic Party (DP) gained popularity because it tried to give the impression to voters of being less secular and because it had a more liberal economic programme than RPP. The DP came to power in the 1950 supporting the liberalization of the economy and encouraging foreign investment. Nevertheless, until the 1980s, Turkey had state-led industrialisation and a strongly state-regulated economy. The DP stayed in power until 1960, and in their third term, there were violent street clashes between the supporters of opposition party and the DP. In response, in some parts of the country, the politics of the DP became authoritarian, while in other parts, they ignored the social and political tensions. This political conflict and tension in the country finally led to a *coup d'état* in 1960. A new constitution was drawn up in 1961 and was accepted by the public in a referendum. After this coup d'état, RPP was in power (Heper, 2006; Tevfik, 1996; Dilipak, 1991).

The 1961 Constitution was known for its reforms on freedom of speech and the independence of legal system. In the period between 1961 and 1971, there was an economic recession in Turkey that led to social unrest with street demonstrations, political assassinations, and labour strikes. Many left-wing workers' and students' organizations were established and were involved in clashes with Islamic and nationalist movements. Meanwhile, the government party had troubles in the Parliament and split into many factions, with the result that the government party lost its majority, and the legislative process was eventually brought to a halt (Heper, 2006; Palabiyik, 2008).

By 1971, Turkey was in a state of chaos. University professors were assassinated by far-right movements, universities were almost unable to function, and Islamist parties openly rejected Atatürk and Kemalism, which led to a frustration in the Army that was traditionally known as a Kemalist institution. The government party seemed paralyzed in the political arena. In 1971, another *coup d'état* took place via a Memorandum handed to the Prime Minister, Süleyman Demirel which demanded:

the formation, within the context of democratic principles, of a strong and credible government, which will neutralise the current anarchical situation and which, inspired by Ataturk's views, will implement the reformist laws envisaged by the constitution, putting an end to the anarchy, fratricidal strife, and social and economic unrest (Zurcher, 2004: 258).

If the demands were not met, the Army would "exercise its constitutional duty and take over power itself." (Zurcher 2004: 258)

Demirel resigned after a three hour meeting with his cabinet. However, chaos continued until 1973 and martial law was imposed and renewed every two months. Amendments were made to the 1961 Constitution, restricting some of the liberal rights it had contained and making it possible for the government to withdraw fundamental rights in cases of 'abuse' (Ahmad, 1993). In 1973, a new government was formed under the Prime Ministership of Bulent Ecevit, who was the leader of a left-wing party called Democratic Left Party (DLP).

Between 1973 and 1980, the conflict was an important event between Turkey and Greece over Cyprus and Turkey's invasion of the island in 1974. Political and social conflicts at home continued in this period as well, and different governments were formed and collapsed. In the 1979, Prime Minister Demirel presented an economic stability program prepared by the International Monetary Fund (IMF). This program allowed foreign investment to enter the Turkish economic market, a significant event for Turkey's strongly state-regulated economy (Heper, 2006).

In 1980, in response to social unrest, violent clashes between left-wing and right-wing movements and a far right (Islamist) demonstration in east Anatolia, another *coup d'etat* occurred. As a result of this coup, left-wing movements were suppressed. In 1982, a new more authoritarian Constitution was drawn up and many of the rights that contained in the 1961 Constitution were further restricted, many political rights of opposition parties were abolished, and public participation in politics was limited (Beki, 1997; Heper, 2006).

National and local governments implemented policies aimed at deregulating state control over major industries; reducing corporate taxes; privatizing public services; reducing or ending welfare programs; enhancing international capital mobility; and liberalising trade in an attempt to improve capital accumulation. The stabilization

and structural adjustment program that was introduced in January 1980 was, like other developing countries, instituted with the guidance of IMF and the World Bank bringing about some radical changes in economic policies. For instance, export growth was successfully increased with the help of intense state intervention by means of generous incentives for investment and export as well as direct or indirect subsidies through tax rebates, tax exemptions and duty-free imports (Heper, 2006; Palabiyik, 2008; Beki, 1997).

Between 1983 and 1997, left-wing movements and political parties were weakened and right-wing parties became stronger. Left-wing political parties tried to find ways to unite under one movement, but this was never achieved, and most Turkish governments in the 1990s were right-wing. In 1997, the government was a coalition of two right-wing parties (Bila, 1999).

The army blamed the government for the increase in public Islamic movements, and after a meeting with the President and Chief of the General Staff, a military Memorandum was handed to the Prime Minister, Necmettin Erbakan. Erbakan resigned in 1988, and his party was suspended by the Constitutional Court of Turkey for violation of the separation of religion and state clause of the Constitution. Erbakan was banned from politics for five years, and the former MPs from his party founded another party called Virtue Party (VP). Soon after, Recep Tayyip Erdogan (the current President), the VP Mayor of Istanbul, was imprisoned because he read an Islamic and nationalist poem in public, and he was banned from politics for five years. The VP was also closed by Constitutional Court of Turkey in 2001 for the violation of separation of religion and state clause. Although Recep Tayyip Erdogan was banned from politics, he managed to form the Justice and Development Party (JDP) in 2001. Another important event in 2001 was the Turkish economic crisis that affected the general elections in 2002. I discuss this episode in the next section (Aydin and Taskin, 2014; Ozatay and Sak, 2002).

From 2002 until the present day, the JDP has been the government party in power and are now in their third term. The JDP began by supporting the tradition of Islam; however, it has now publicly abandoned this ideology and embraced ‘conservative democracy’. ‘Conservative democracy’ has meant the politics of the JDP has become more and more authoritarian, and one of the results of this politics was the Gezi protests in 2013. The Gezi protests started because of an urban planning

decision about a park (Gezi Park) in the inner city of Istanbul, and the government reacted to this small protest with excessive police force, which produced the spread of the protests all over the country (Kuymulu, 2013).

In addition to the authoritarian politics, the JDP has followed a form of patronage politics that favours their own voters over others. One good example is the neighbourhood of Tophane. Even though Tarlabasi and Tophane are close together and share similar histories and architectural heritage, Tarlabasi is the neighbourhood experiencing state-led gentrification (see Map 6.1). Tophane is – just like Tarlabasi – a working class neighbourhood that used to be a middle class, populated by Greek and Armenian originated citizens. The important difference between the two neighbourhoods is the ethnicity of the population. Tarlabasi is a dominantly Kurdish neighbourhood at the moment, and those who are not Kurdish are mostly Romany. On the other hand, Tophane is a mostly ethnically Turkish neighbourhood and in addition is a very conservative and right-wing area known for its support for the JDP. For this reason, Tophane has not experienced gentrification pressures from the state because they are one of the most loyal groups of voters. This mentality is embedded in the JDP's way of governing and deepens not only economic, but also social segregation in the society.



Map 5.1: Connection between Tarlabasi and Tophane neighbourhoods taken from Istanbul Metropolitan Municipality

Now I turn to the economic policies and population change of Turkey since the 1950s and give an overview to provide a better understanding of the dynamics that affected political and social change in Turkey.

5.4 Economy, Population and Regions since the 1950s

Until the 1950s, Turkey's economic growth was led by the state, but it was not as great as was expected by the public. After 1950, the DP followed a more liberal economic system (Erkan, 2008), and the motto was "one factory in every city". However, site selections for these factories were mostly influenced by political interests, and in the end, many of the sites selected for these factories were not suitable with inefficient connections to labour market, and the factories became a burden on country's economy rather than a source of development. In this period, no economic plans or policies were prepared for the economically deprived areas of Turkey (Dinler, 2010:55-56), but nevertheless, the export of agricultural goods grew and agricultural industry started to develop.

In the 1960s, as a reaction to the unsystematic economic decision-making of the DP, the new government created the State Planning Organization and started to prepare five year development plans to monitor economic development and decrease the inequality between regions of Turkey (Dinler, 2010). The first five year development plan was prepared to cover the years 1963 to 1967, and currently the tenth five year development plan is in operation for the years between 2014 and 2018. From the 1960s to the present day, rural to urban migration increased dramatically. The agricultural sector decreased mainly due to the mechanization of agriculture. The manufacturing sector increased and industrial production became concentrated in few areas. The concentration of unemployed and underemployed cheap labour in major industrial areas avoided the decentralization of industry. Istanbul, the core of industrial production, along with surrounding cities in the metropolitan area, such as Bursa, attracted masses of people from rural parts of the country. On the other hand, the urban areas were not prepared for such a rapid transformation, and the cities were continuously surrounded by low-quality illegal housing. Some parts of the cities were developed according to the principles of modern planning during the same period; consequently, segregation and a dual

structure started to manifest itself on urban space (Tekeli, 1998; Altay and Turkun, 2006; Turkun 2009b).

After the *coup d'état* of 1980, Turkey adopted neo-liberal economic policies, but state intervention did not decrease. There were still high levels of state intervention in the economy, but this intervention was not in favour of the working class. However, it rather benefited capital and helped capital accumulation. One of the elements of neo-liberalism adopted by Turkey was privatisation. Privatisation in Turkey started around 1984, when 129 public institutions were privatised. In order to regulate the privatisation process, a privatisation law was enabled in 1994, which broadened the powers of the Privatization Administration, founded in 1984. With an amendment made to the Law on Development in the same year, the authority to make and approve plans concerning estates included in the privatization programme was transferred from local authorities to the High Council of Privatisation. This not only provided development rights to the owners of valuable properties located in city centres, but it also undermined the authority of the traditional planning and administration institutions (Dincer, 2011; Dinler, 2010; Cavdar, 1992). In other words, the official planning organizations had less authority over the location and usage of important estates of the cities of Turkey.

Another element of neo-liberalism that was visible in Turkey was the increase in FBS sectors. Istanbul became the centre for FBS and most of the manufacturing sectors decentralized to the periphery of the city; however, unlike developed countries, the manufacturing sector in Turkey did not decrease as the FBS sectors increased. Manufacturing remains an important sector. The result of all these (plus migration) has been a complete transformation of urban economy in Turkey and massive growth in big cities. Table 6.1 shows employment in different sectors in Turkey. These tables show the change in employment sector and the sectoral growth in Turkey over the years. This information shows the increase in finance and business services and how the manufacturing sectors do not decrease as they would in a developed country (see Chapter 2).

Sectoral Growth Rate in Turkey by Years			
Years	Agriculture (%)	Manufacturing (%)	Services (%)
1924-1929	15,9	8	
1930-1939	6	11,7	
1946-1953	14,2	9,8	10,7
1955-1979	2,9	8	6,5

Table 5.1: Sectoral Growth Rate in Turkey by years. (Turkish Statistical Institute (TurkStat) 1950-2014)

Employment between 1998-2011 (1000people)						
Years	Population	Total Employment	Employment in Agriculture	Employment in Manufacturing	Employment in construction	Employment in Services
1998	62.865	21.580	7.769	3.810	1.364	8.637
1999	62.865	21.524	8.089	3.774	1.110	8.551
2002	69.626	21.354	7.458	3.954	958	8.984
2003	70.363	21.147	7.165	3.846	965	9.171
2004	71.152	19.632	5.713	3.919	966	9.033
2005	72.065	20.067	5.154	4.178	1.107	9.628
2006	72.974	20.423	4.907	4.269	1.196	10.051
2007	70.586	20.738	4.867	4.314	1.231	10.327
2008	71.517	21.194	5.016	4.441	1.241	10.495
2009	72.561	21.277	5.24	4.130	1.249	10.644
2010	73.723	22.594	5.683	4.496	1.431	10.998
2011	74.724	24.11	6.143	4.704	1.676	11.866

Table 5.2: Employment between 1998-2011 (Turkish Statistical Institute (TurkStat))

Employment in Agriculture (%)	Employment in Manufacturing (%)	Employment in Construction (%)	Employment in Services (%)
36.00%	17.66%	6.32%	40.02%
37.58%	17.53%	5.16%	39.73%
34.93%	18.52%	4.49%	42.07%
33.88%	18.19%	4.56%	43.37%
29.10%	19.96%	4.92%	46.01%
25.68%	20.82%	5.52%	47.98%
24.03%	20.90%	5.86%	49.21%
23.47%	20.80%	5.94%	49.80%
23.67%	20.95%	5.86%	49.52%
24.69%	19.41%	5.87%	50.03%
25.15%	19.90%	6.33%	48.68%
25.48%	19.51%	6.95%	49.22%

Table 5.2: continued

Sectoral Distribution of Employment (1000 people)						
Years	Agriculture	Mining	Manufacturing	Energy	Construction	
1962	9740	64	912	19		300
1967	9556	11	1082	39		384
1972	9307	95	1343	53		454
1977	9100	15	169	90		537
1978	9085	159	1653	94		549
1989	8390	222	2224	133		898
Sectoral Distribution of Employment (1000 people)						
Years	Transportation	Business	Banking	Services (including, restaurants)	Unknown	Employment (Total)

1962	261	366	52	711	18	12.643
1967	312	434	87	916	327	13.238
1972	391	537	157	1298	252	13.917
1977	496	632	188	1644	270	14.726
1978	506	639	196	1694	270	14.845
1989	1726	648	394	2167		16802

Table 5.3: Sectoral Distribution of Employment, 6th five year development plan, (Turkish Planning Organization)

Employment and basic indicators in financial intermediary institutions by economic activity				
Economic activity	Annual average number of employees (by years)			
Banks(Central Bank included),Special Finance Houses	1993	1995	1998	2000
	158 582	153 941	170 654	180 375
Financial Leasing Companies	571	658	2047	1942
Factoring Companies and activities of other financial intermediation	183	183	1877	1873
Insurance Agency	4774	4774	7088	10 902

Table 5.4: Employment and basic indicators in financial intermediary institutions by economic activity (Turkish Statistical Institute (TurkStat), Statistical Indicators 1923-2013)

Employment and basic indicators in financial and insurance activities						
Economic activity	Annual average number of employees (by years)					
Financial service activities (except insurance and pension funding)	2002	2004	2006	2008	2010	2012
	146 676	140 509	159 471	192 473	205 371	215 386
Insurance, reinsurance and pension funding (except compulsory social security)	10 018	11 930	13 192	15 520	15 875	17 473
Activities auxiliary to financial services and insurance activities	28 846	44 870	40 776	50 289	58 651	61 352

Table 5.4: continued

In the 1990s, rural to urban migration in Turkey continued with an additional form of migration characterized by people who were forced to leave their hometowns in the East and South-east of Turkey. These urban immigrants were Kurdish people who were forced to leave their environment because of the conflicts in the area. From the 1920s, the Republic had repressed the Kurds and failed to make economic

investments in Kurdish areas. In the 1990s, when the Kurds increased their attacks in and around the area of East and South-east of Turkey, the Turkish Army responded with violent military activity, adding to the stream of migration into the cities (Turkun, 2009b; Turkun, 2011; Turkun 2009a). Kurdish villages were emptied or pulled down completely by the state on the grounds of security and ease of control of Kurdish groups, and by using the war-like atmosphere as an excuse, state support and investments were halted and educational and health services were not provided at adequate levels to this most backward region of the country. As a result, the problems of the provinces in the region have worsened, with dense emigration of people from villages with no savings or capacities for starting life in urban areas. This type of migration was different from the previous phases of rural urban movement because it was not based on a decision to migrate with considerable mental and financial preparation before, and people could not secure any kind of income supplement from their family as a form of support because of the unsafe urban environment with high military activity. One of the most important cities in the region of South-East Turkey, Diyarbakir, attracted large numbers of people: the population almost doubled between 1990-1995 (from 380,000 to 550,000). Inadequate employment opportunities and lack of urban services led to acute problems that are getting harder to resolve (UNDP, 2006; Turkun 2009a).

Turkey depended heavily on foreign investment in the 1980s and the 1990s, and the government and the banking system did not have the means to support the desired economic growth. By the year 2000, there was a huge budget deficit, and the government hoped to manage this by selling large numbers of high-interest bonds to Turkish banks. As a result of increasing flows of foreign capital into Turkey, inflation continued to increase, and this meant the government could avoid defaulting on the bonds in the short term. In the end, Turkish banks became heavily dependent on these high-yield bonds (Ozatay and Sak, 2002; Yeldan 2002). In 2001, Turkey experienced the biggest financial crisis in the history of the Republic.

The real gross domestic product (GDP) which has fallen by 5% in 1999, expanded at a rate of 7.4% in 2000; but drifted into negative quarterly rates of growth following the first quarter of 2001. Of the expenditures over gross domestic product the deepest slump was witnessed in fixed investments, with contractions of -41.5% and -50.2% in the second half of 2001. Fixed investment expenditures are observed to follow their contractionary trend during the first two

quarters of 2002 with rates of real growth of –26% and –1% (Yeldan 2002:2):

This crisis created many political problems, and it is one of the major reasons why the JDP came to power in 2002. The JDP's motto has always been stability in the economy, which they partly achieved in their first term with foreign capital flow to the country.

This section summarized the important economic changes and events in the history of Turkey that had important spatial effects. Having discussed an overall picture of Turkey in relation to the politics and history of ethnic minorities and the development of economic sectors since the 1950s, I move on to discussing economic sectors in details with regard to specifics about Turkey.

5.5 Sectoral Change and Corresponding State Policies since the 1950s

5.5.1 Agriculture and to Urban Migration

It is important to look at agriculture because the huge portion of Istanbul's population is the result of rural to urban migration under the Republican government. Until the 1950s, Turkey was characterized as an agricultural country, and the share of agricultural employment in total employment was 84%, while 88% of the population lived in districts of less than 10 000 people (TurkStat, 2011). In the 1950s, agriculture was still the major sector of the national economy, but by 2010, it constituted only 16% of employment (TurkStat, 2011). The economic policies of the right-wing Democratic Party after 1950 were in favour of the development of industry and infrastructure for industry. As a result, in the early 1950s, most of the state industrial expenditure was diverted from agriculture to transportation, communication and construction investments (Gülalp, 1987).

Marshall Aid from the USA in this period was aimed to increase agricultural production through mechanization (Turkun, 2011). In parallel with the changes in the rural structure after the 1950s, radical changes began in urban areas of the country: the share of people living in rural areas decreased to 74% in 1970 and to 55% in 1980 (State Statistics Institute, 1995).

After the Second World War, migration from rural to urban increased and urbanization accelerated greatly. There are several accepted causes for this change: first there was a national increase in the population; second, there was an increase in the mechanization of agriculture. Farm animals were able to cultivate only 5.5 hectares of land, whereas one tractor could cultivate 75 hectares of land. This led agricultural establishments to increase the amount of land they owned (Tekeli, 1982).

The third cause was the improvement in technology and transportation, which enabled large firms to enter the agriculture market all around the country, leading them to specialize in one product rather than producing many products (Tekeli, 1982).

The last cause of increased rural to urban migration was the transformation of small agricultural firms that was connected to large firms buying up land and farms. A minority of small agricultural firms managed to transform themselves into big capitalist enterprises by networking in political parties, using loans from banks and increasing the number of tractors they owned (Tekeli, 1982). People who sold or leased their land to other firms migrated to urban areas. All these changes led to a decrease in agricultural employment, which is still continuing. Table 6.5 and 6.6 shows the percentage of employment in agriculture since the late 1980s. It is evident from the table that employment in agriculture decreased dramatically throughout the years, and as mentioned before, the employment growth shifted to finance and business services.

Employment in Agriculture between 2000-2014 (1000people)				
Years	Population	Total Employment	Employment in Agriculture	Employment in Agriculture (%)
1998	62.865	21,580	7,769	36
1999	62.865	21,524	8,089	37,5
2002	69.626	21.354	7.458	34,9
2003	70.363	21.147	7.165	33,9
2004	71.152	19.632	5.713	29,1
2005	72.065	20.067	5.154	25,7
2006	72.974	20.423	4.907	24,0
2007	70.586	20.738	4.867	23,5
2008	71.517	21.194	5.016	23,7
2009	72.561	21.277	5.24	24,6

2010	73.723	22.594	5.683	25,2
2011	74.724	24.11	6.143	25,5
2012	75.627	24.821	6.097	24,6
2013	76.668	25.524	6.015	23,6
2014	76.668	26.169	5.625	21,5

Table 5.5: Employment in agriculture between 2000-2014, regional indicators 2013, (Turkish Statistical Institute)

Growth rate in Agriculture Sector	
Years	Growth rate (%)
1924-1929	15,9
1930-1939	6
1946-1953	14,2
1955-1979	2,9
1980-1988	1,6
1989-2002	1

Table 5.6: Growth rate in agriculture sector, , 8th, 9th and 10th five year development plan (Ministry of Development)

Before the mechanization of agriculture and increase in rural to urban migration, the size of one family in villages consisted of around 8-9 people. Extended families functioned to hide unemployment inside the family and presented a ‘solution’ to unemployment. The agriculture work done by these big families was solely to make enough money for the future of the family (Tekeli, 1982:85). The members of the family who did not work could live their lives supported by other family members. This kind of unemployment had not been a problem for the families at that time because having some members of the family not working (in some cases for all their lives) was culturally accepted. However, in changing times, this became a problem for productivity, income and work aspiration.

Families who lost their land in various ways started to lose part of their income and this loss of income led to the fragmentation of the family. If the family was losing land by selling their land or because of the decrease in employment in agriculture sector, their first option would have been sending the young male in the family to a nearby town or city to work, but often, this was only temporary. According to research in 1966, 28 % of families had some members working in a city (Tugac et al., 1970). If the family continued to lose land, other options would have been discussed. In such cases, a nuclear family inside an extended family might migrate to a big city, losing the support of their extended family. At the same time, this

allowed these big families to have connections with big cities, and sometimes they used this connection in sending other members of the family or contributing a business deal through the members of the family that had migrated. According to Timur's (1972) research on Turkey, by 1968, the proportion of small families in rural areas was 47.8%, indicating a decrease in the proportion of extended families. The share of net migration in population increase in cities reached 56% in the 1965-70 period. This rate gradually declined, but it was still 45% in the 1985-90 period (Tekeli, 1982).

Rural to urban migration did not depend only on what was happening in countryside, but also on what was happening in the city. The marginal job opportunities (in sweatshops, people working in the undocumented economy such as street sellers) in urban areas were also encouraging people from rural areas to migrate.

This section discussed the ways in which the agriculture sector changed in the last 60-70 years and lost its importance as a growth sector with changes in economy and technology. This section is also important because of the insight it provides about the rural to urban migration. In the following section, the development of manufacturing sector in Turkey is examined to give insight on how the leading sector in the country changed and how this affected the built environment and the distribution of the labour force.

5.5.2 Manufacturing

During the 1930s, industrialization was led by the state because the private sector was weak, and the state strongly regulated many sectors, including manufacturing. Until the 1950s, Turkey was still an overwhelmingly agricultural state. After the 1950s, the manufacturing sector increased dramatically, especially in big cities. Most influential manufacturing companies of that time consisted of big family holdings and large conglomerates. The economic policies of the 1960s and 1970s mainly import substitution industrialization (ISI) and the protection of the domestic market. State Planning Organization (SPO) had some authority over the decision of benefit from tax exemptions, import privileges and subsidies (Pamuk, 2007). Spatially, the manufacturing sector was mostly concentrated in the Marmara Region

and centred in Istanbul. The central role of Istanbul in manufacturing is examined in detail in the next chapter.

The increase in the manufacturing sector mostly depended on the domestic market until the mid-1970s. Up until then, economic policy for manufacturing still strongly promoted ISI, but ignoring export sectors then started to be a problem. As Pamuk (2007:284) puts it:

While industry and government policy remained focused on a large and attractive domestic market, they all but ignored exports of manufactures, and this proved to be the Achilles' heel of Turkey's ISI. The export sector's share in GDP averaged less than 4 per cent during the 1970 s, and about two-thirds of these revenues came from the traditional export crops.

The rapid transformation that was brought about by industrialization also created an informal (marginal) sector providing spare parts or repair services as well as providing cheap products for the consumption by low-income people settled in urban areas. This marginal sector produced spare parts or repair services and cheap products, so it filled the missing links in industrial production, and in contrast to the products of unregistered and secondary industrial establishments, explored and used new production or services according to current demands of consumers from different income levels. This sector helped low-income people not only by providing jobs, but in some cases, by making low-cost goods. This structure and labour force after marginalization can be described as “working class segmentation with migration” (Icduygu, Sirkeci and Aydingun, 1988). In the first phase of migration, people kept their relationship with their birth places. This labour force brought about the first segmentation in the working classes, and each influx of new migrants appeared to increase this segmentation by providing a disorganized and usually more unskilled reserve labour pool, which would decrease the negotiating power of the more experienced and organized workers (Turkun, 2009b).

When the 2000 census is examined (Table 6.7), it is clear that industrialized areas attracted the highest migration rates. Conversely, northern and eastern areas of the country that depended mostly on agricultural production lost considerable population (Demirci and Sunar, 1998). Table 6.7 shows incomes and migration rates

in Turkey by regions, and it can be seen that Marmara Region receives the most rural to urban migration due to the concentration of manufacturing.

	1985	1990		2000	
Regions	Migration (%)	Income (%)	Migration (%)	Income (%)	Migration (%)
Marmara	3.9	36.5	7.1	36.5	3.5
Aegian	1.4	15.8	2.7	15.1	2.2
Mediterranean	1.6	12	2.1	12.3	0.04
Central Anatolia	-0.6	16.6	-1.7	16.9	0.01
Black Sea	-2.9	9.7	-5.8	9.8	-4.2
East Anatolia	-4.9	4.1	-9.2	4.3	-3.9
South-east Anatolia	-1.9	5.3	-2.7	5.1	-3.8

Table 5.7: Comparison of migration and income according to regions in Turkey (Turkish Statistical Institute (TurkStat); Migration and income rate of the regions in Turkey, 1985-2000)

By 2005, 22 million people were employed and Istanbul had 16% of the employment in the whole country. By 2008, 3,923,000 people were employed in Istanbul, and the increase in employment was in FBS sectors. At the same time, most of the manufacturing activity had been relocated to the periphery of Istanbul, and the city still had 35% of the industry rate. This means Istanbul still has the position as the industrial centre of the country (Ercan, 2003).

5.5.3 Finance and Business Services

Since the 1950s, Turkey's economy and urban housing have been completely transformed. Over time, the state has become interested in the increase in FBS sectors, actively sponsoring FBS and the construction sector. Now, FBS and construction sectors are the main sectors of the economy receiving the state support from many governmental institutions (e.g., MHDA) and state-led urban projects (i.e. Istanbul Finance Centre).

As discussed in Section 6.4, after the 1980 *coup d'état*, trade and payment regimes were liberalised. These changes pointed to the start of a more neo-liberal era in Turkey, and they opened up the ISI structures to competition. However, the regulations and revisions of these liberalisation policies together with the favours

provided to certain businesses close to the government created an uncertain and unstable environment (Denizer, 2000; Celasun et al., 1999).

The IMF and the World Bank supported liberalization as part of their structural adjustment programme, which aimed to create more neo-liberal economies in developing countries. This programme also aimed to relax the entry barriers for the banking system and promote competition. In addition, the controls on interest rates were relaxed, and this was important for Turkey as these rates had been heavily controlled since the 1940s, in line with state-regulated development on import (Denizer, 2000; Celasun et al., 1999; Denizer, 1997). This relaxation had several outcomes:

This led to non-price competition by banks already in the system through opening up of new branches. Directed credit programs absorbed almost 75% of loanable funds. Entry, especially after early 1960s, had been highly restrictive. This situation, coupled with the exit of a large number of banks during the 1960-80 period, resulted in a concentrated market dominated by large private and public banks with extensive branch networks. Of the 42 banks in 1980, only four were foreign (Denizer 2000:3)

By the end of 1980s, interest rates were determined by the finance market, and this attracted many foreign and Turkish banks: the number of foreign banks increased dramatically. By 1990, there were 23 foreign banks operating in Turkey, and they were seen important in attracting external capital by the Turkish financial system. In the late 1990s, these numbers increased even more.

At the end of 1997 there were 59 commercial banks, 13 investment and development banks, more than 100 brokerage houses, and some 64 insurance companies. Focusing on the banking sector, it can be seen that since 1980 there has been a significant number of entries and exits. State-owned commercial banks declined in number from eight in 1980 to four in 1997. This decline has been due to the privatization or merger of some of the smaller public banks. Private banks increased in number from 24 in 1980 to 38 as of end of 1997, a net entry of 14. ... In 1980 there were only four foreign banks - by 1990 there were 23. This number then declined to 17, mostly as a result of some of the foreign banks merging with smaller Turkish banks. ... Most of the foreign banks came in the 1980-1985 period and were owned by large banks of European, United States or Middle Eastern origin (Denizer 2000:7:).

Another reason was the expectation that Turkey would sign a customs agreement with the European Union in 1995, which raised some expectations that Turkey would maintain a liberal policy environment in general (Denizer, 2000). This expansion of banking and liberalization of the Turkish financial system has been crucial for the FBS sectors of Turkey, and these sectors are heavily concentrated in Istanbul. The spatial effects of FBS sectors in Istanbul examined in the next chapter.

5.5.4 Tourism

After 1980, changes in the Turkish economy had significant effects on the tourism sector. As the economy became more export-oriented, tourism gained more importance (Gezici and Kerimoglu, 2010). A law was passed in 1982 that enabled state subsidies for the purpose of encouraging of tourism, and coastal and developed areas of the country received large amounts of investment. However, as Gezici and Kerimoglu (2010:254) put it, “property development interests and the idea of expanding bed capacity decided the level of subsidies, rather than an integrated approach which took into account cultural attractions.”

In the 1990s, the focus on coastal tourism only was not enough to increase the overall tourism demand. The idea was to provide other alternatives to coastal tourism that would attract local and international tourists not only in specific seasons, but also all through the year. This idea was emphasized in the 1996-2000 five year development plan, and new alternative types of tourism were proposed in order to increase number of tourist coming in the country (SPO, 2000). In the 2000s, this idea of promoting other types of tourism rather than just coastal tourism shifted focus to cultural tourism and to promoting the cultural variety and richness of Turkey (Ministry of Culture and Tourism, 2004). Following this policy, Istanbul was chosen the European Cultural Capital in 2010 (see Chapter 5). Turkey’s share of the world tourism market increased to 2.6% (SPO, 2007).

5.5.5 The Construction Sector

After the 1980s, although the manufacturing sector was still increasing in Turkey, metropolitan municipalities, big construction firms and development agencies realized that increasing land rents to be captured through urban development

projects were profitable. In other words, the urban projects were a means of increasing the rents. In the early 1980s, the second most important sector after textiles and clothing was the construction industry, enhanced by tourism investments in different tourist attraction spaces as well as big urban projects, such as office blocks, hotels and shopping malls, cultural and convention centres and luxury housing estates. Under these circumstances, Istanbul was suitable for important urban projects and developments (Turkun, 2007; Brenner and Theodore, 2002; Swyngedouw, et al., 2002; Weber, 2002). Investing in urban land started to bring higher profits on capital than any kind of industrial production and had substantial spatial impacts in and around cities.

The effects of deindustrialization were similar to other developing countries (see Chapter 2). In Istanbul, the goal of becoming an international finance, business and tourism centre guided urban policies aimed at catching up with the developed world cities and furthering capital accumulation. These policies mainly encouraged the real estate development and construction sectors. In addition, construction companies played a crucial role in land development, which often increases the value of the land and the developer makes a profit simply on the appreciation of the land. This adds to the speculative nature of the land market.

As we will see shortly, the construction sector expanded not only through commercial buildings, but also in housing. The next section examines the Turkish housing market.

5.6 The Turkish Housing Market

This section discusses the Turkish housing market to give an insight concerning the changes of the housing system over the last 60-70 years and their effect on the processes of gentrification in Istanbul. The need for housing policy emerges with urbanization because with the increase in urbanization, housing problems occur. With increased urbanization and the emergence of housing policies, tenure became an important issue. Tenure in Turkey was mainly owner-occupied, and it was not until the 1990s that rental housing became common. The lack of social or affordable housing has always been a problem for Turkey, and these issues are examined later in this chapter.

Building contractors and small development firms were the main creators in private housing in Turkey until the 1950s. They came to agreements with the owner or owners of the land and contracted out construction to other construction firms. Construction of buildings was mostly done by small developers working on single housing units. Essentially, there were two types of profit from the housing market. The first was profit on asset value, which is capital gain from the appreciation of the value of building as a result of supply and demand. An owner occupier makes the capital gain over time through their ownership of the property. The second was profit for the builder from construction. Building firms construct housing and gain profit from that by selling the flats one by one (Tekeli, 1982).

From the 1950s, different forms of housing started to appear. These forms are examined in the next stages of the chapter, but one important thing about them is that they were mostly for middle class owner-occupiers based on purchasing a house rather than renting it. Social housing and affordable housing was not part of Turkish housing system, and until this day, there is no efficient social housing policy. This has led to the emergence of squatter areas called *gecekondu*s (Turkun and Yapici, 2009a; Sen, 2008, 2009). Gecekondu's are the form of informal housing in Turkey, and they have had many effects on the urban layout. Even though I do not primarily study this kind of housing, their existence around the central city had many effects on the urban regeneration projects and urban laws and therefore, the way the housing system developed over the years. The MHDA was founded in 1984 for the purpose of producing affordable housing; however, it turned into a very powerful governmental institution with wide-ranging control over almost every aspect of the housing market. MHDA was initially an institution that provided low-cost housing with cheap credits and low monthly instalments, but these houses were for sale and this institution did not create any rental social housing. Most of the working class in Turkey did not have enough financial savings or security to commit for a 10-20 year contract. This is examined in detail later in this chapter.

I examine the housing market by dividing it into time periods for the purpose of making it more understandable to the reader. The next sub-section examines the housing market in the 1920s, and following that, I respectively discuss the periods of the 1950s and the 2000s.

5.6.1 Housing Policy from the 1920s to the 1950s

Since the 1920s, there has not been an efficient housing policy because of financial and institutional problems and weaknesses. Housing policy did not have a social aspect, and the housing for low-income people was not considered. Some measures were taken to solve the acute problems of certain groups in some localities, such as constructing houses for civil servants (especially after Ankara was proclaimed as the capital city in the 1920s) as well as houses for immigrants mostly from Greece and East Europe or houses built for the victims of natural disasters (Turkun, 2011).

In some periods, there were several attempts to support cooperative housing for workers by means of credits provided by the Real Estate Bank and the Credit Bank founded in 1926 and 1946, respectively. These banks were founded to provide the financial and institutional set up to help solve the housing problems of especially low-income people without social security by using state resources: however, they were insufficient in serving this purpose (Tekeli, 1982). These banks targeted clients were middle class people who were not able to buy real estate property without housing credit. Before this, middle class families simply saved up for years to buy a property or had other means besides housing credits (such as inheritance). The resources for these and similar banks were limited, and because they mostly provided credit to the middle class with a low interest rate and a long-term payment schedules in an inflationist environment, this meant using the capital of the bank in the short term. Since there were no public funds, nor a good social security system at that time were available to create resources for these banks, this solution for housing was limited to a small group of the middle class who were able to afford the credit payments (Tekeli, 1982).

5.6.2 From the 1950s to the 2000s

The social security system became common only after the 1950s. In Turkey until the late 1940s, there were no state income transfers and no state pensions. In 1945, the Social Security Institution started to give credit to workers' housing cooperatives, but the supply was limited since only a small number of people were part of the system. These social security funds were not fundamental for resolving housing problems, as they were for creating a personal social security for individuals: they

were only good for purchasing housing individually rather than a solution for the housing problems of the society (Tekeli, 1982). In 1951, the Law of Local Governments (Law No. 5656) gave municipalities the responsibility for producing the necessary housing, and in 1958, the Ministry of Development and Real Estate was founded to provide low-cost housing at reasonable prices. These measures were only realized in a few cases (Turkun and Yapici, 2009a; Sen, 2008, 2009); these examples were successful, but insufficient to solve the low-cost housing problem in Turkey.

Creating rental housing was not encouraged through this system. Rents were almost half of a worker's stipend. Even though this was too expensive for most workers, the landlords were receiving rents below 10% of the property's value, so that while the rents were too expensive for the working class, the profits from property were too small. The reason for this was the high housing prices because of land asset value. Gaining money from the asset value and creating land asset became the main two purposes. As a result, there was not much rental housing stock. In such an environment, the owner's main purpose is not having an income from the rents; it is rather earning money from the land asset value. This situation was happening mostly in major cities of Turkey with industrial workers (Tekeli, 1982).

In an environment in which housing ownership depended on personal savings, no big housing complexes were being built explicitly for sale. To change this and create supply for the demand for housing, 'housing cooperatives' started to appear. 'Housing cooperatives' in Turkey are different from those in Britain. In Turkey, an investor would buy a large piece of land, gaining planning permission from the municipality to build a large housing complex and selling it off flat by flat. People buying in these developments paid a monthly fee to the 'housing cooperatives' for decades (depending on the project), and when the development was completed, they became the owner-occupiers. The housing cooperative option was more efficient than building one's own house because of the time consuming bureaucratic process for planning permission (Tekeli, 1982; Senyapili, 1982).

These developments in the housing market created another form of investment called "*yap-sat*". *Yap-sat* meant constructing a building or a small complex using bank credit and selling it off flat by flat. When it was possible by law to have more than one property title in a single lot, it was also possible for an investor or builder to

buy some of the lots from the owner of the land in exchange of property titles from the buildings that they were going to build. In that way, after the construction was completed, an owner can have several properties in the same lot. This investor is called “*yap-satci*”. The *Yap-satci* is not a building contractor. A building contractor is the person who constructs a building with a specific design given to him/her for a specific amount of money. The profit that a building contractor makes is negotiated beforehand; in the “*yap-satci*” system, the flats are sold after construction on the open housing market. This kind of housing investment became very common in the 1960s, and after the 1960s, big housing credits had the requirement of being a ‘housing cooperative’, and the “*yap-satci*” was forced to construct building on expensive land, therefore creating a housing stock for the middle and upper class. Because they did not have the title of being a housing cooperative, they were not able to take big credits for the purpose of building housing, and they were forced to buy small amount of land in the central city. ‘*Yap-sat*’ was not effective for creating social housing stock or housing for the poor. This form was mostly abandoned, and around the mid-1970s, ‘cluster housing’ was presented as a housing solution. Cluster housing is a form of multiple unit development, in Turkey. Cluster housing is a group of residential units built around an open area that provides extra green and recreational space in a development. It allows the developer to build houses on much less land and obtain the same amount of profit as for detached houses (Tekeli, 1982).

Because there was no policy for low-cost or social housing at the time, working class people created their own solution, the “*gecekondus*”. Gecekondus are squatter housing areas built overnight – sometimes literally but not always, but that is where the term comes from – on state land. To be able to understand the concept of “*gecekondus*”, the high rate of urbanization and the expanding squatter housing areas (“*gecekondus*”) should be analysed in an underdeveloped economy. There were two reasons for the emergence of gecekondu areas: attracting cheap labour and lack of political will to create affordable housing stock. Firstly, urban areas perform the function of forming and reproducing capital and labour power. In the reproduction of the labour power, housing determines the price of labour power in the market. Low cost housing enables the cost of reproduction of labour to be kept low without transferring state spending to housing investments, so that the state can directly

support capitalist investments (Tekeli, 1982; Turkun, 2011; Turkun, 2009a; Neuwirth, 2004). Although *gecekondus* were illegal, they were built by the users using their own labour, and this not only allowed the state to have low-cost housing in large cities, but also meant free labour in the production of *gecekondus* housing stock. Secondly, when the number of *gecekondus* in the 1980s and 1990s increased dramatically in the big cities of Turkey, the middle class and state officials overlooked this type of housing even though they were illegal because they did not want to be bothered with social housing policies.

In the early 1970s, almost one third of the urban population had been living in squatter areas with an even larger proportion in the big cities (Turkun, 2011). Due to the increasing number of migrants in metropolitan areas and their political power in affecting elections, various measures were taken to integrate them into the system by giving their houses legal status, especially in election periods (Turkun, 2011). This meant many *gecekondus* started with one storey houses constructed between 1920 and 1980 that were extended by the owners to become 3-4 storey low quality apartment blocks.

The status of squatter housing areas established after the 1980s shows variations and poses a more problematic situation. In those years, local governments demolished the housing blocks, and there were some fierce confrontations between the police and the inhabitants that sometimes led to death (Aslan, 2004). In later decades, various laws were passed to give *gecekondus* houses legal status through pre-title deeds that would be converted into official title-deeds after the completion of development plans. However, it is still the case that in many housing areas, people are vulnerable in the face of new neo-liberal housing policies and the ambiguous legal status of their houses (Turkun, 2011).

5.6.3 From the 2000s to Present

In the 2000s, official attitudes to squatter areas changed direction, and the state claimed that people in *gecekondus* were invaders. These districts were claimed to be the reason for increased crime rates, which led the public to think that people living there were the criminals. The authorities started to say that urban regeneration and transformation was needed in squatter areas and in the historic districts that had been

‘invaded’ by the urban poor. There were many laws enacted to bring about these transformations with the justifications like the need for “organized and planned development” or to reduce risks of damage from earthquakes. However, when examined in detail, the legal framework for the urban regeneration projects does not represent comprehensive planning for urbanization (Turkun, 2011). What these laws have in common is that areas that were declared as urban regeneration, and renewal areas have been specifically either historic or squatter housing districts that are now considered high-priced urban land.

In addition, the housing sector is highly affected by the MHDA, which is examined in detail in the next section of this chapter. After its foundation (1984), laws and regulations helped the MHDA gain the power it has now. There are seven important laws that have made this possible. One of these laws is Law No. 5162 of 2004, which gave the MHDA the authority to make master plans in squatter areas. A second important law is the Municipality Law of 2005, under which the urban and provincial municipalities in Turkey gained the power to create urban regeneration and development projects. A third makes reasons for the MHDA’s establishment clear – the “Mass Housing Law” passed in 2004. According to this law, the MHDA is not only responsible for mass housing, but also responsible for renovations and regenerations in urban areas (Yilmaz, 2010).

A fourth law, enabled in 2005, is “The Law for Preservation and Usage of Deteriorated Historical and Cultural Monuments”. This law allowed the MHDA to carry out urban regeneration projects in historic environments and displace the people living there to housing areas on the periphery of the city (Yilmaz, 2010).

A fifth bill was passed in 2006 relating to urban regeneration areas, but because of the reaction from Chambers and NGOs, it was never applied. The Bill was supported by MHDA and the Istanbul Metropolitan Municipality (IMM), which indicates that public institutions are trying to use laws and regulations as a tool to get rid of all the ‘unwanted inhabitants’ in the city (Yilmaz, 2010).

In addition, in 2007, the new law gave the MHDA responsibility for all *gecekondus* and the authority to take over state land with the approval of the Prime Minister without charge. This Law No.5069 amended Law No.775 relating to squatter areas, giving all the authority the Environment and Urban Ministry had for squatter areas

to the MHDA, which was now becoming the ultimate planning authority and state land owner.

In 2008, a seventh, ‘omnibus’ law made changes to a number of relevant laws and regulations. This law amended 27 laws (Turkun and Yapici, 2009a) and increased the MHDA’s authority area. Many Chambers such as the Architects’ Chamber and the Civil Engineers’ Chamber prepared reports on the negative effects of this law.

Also in 2008, changes were made to the law on Public Finance Management and Control. With these changes, the MHDA gained the most authority for squatter and public areas of any institution and became a governmental body able to sell public schools in the city centre.

With all these laws, the MHDA gained the sole power to deal with *gecekondu* (Turkun and Yapici, 2009a). It became the biggest land speculator and the perfect example for neo-liberal urban politics in terms of creating and implementing policies and urban regenerations and transformation projects that only benefit the capital.

Having the discussed the changes Turkish housing market experienced over the years, I move on to state policy and urban change that came with it to supply an understanding of the changes government plans created spatially.

5.7 Urban Change and State Policy

Between the 1980s and the 1990s, there were consistent discussions about urban policies related to low-income housing. Central and local authorities were explaining squatter housing in relation to the economic situation of the inhabitants, and the MHDA was founded in 1984 to solve the housing problems of low-income people by encouraging the establishment of housing cooperatives supported by cheap credit (Turkun, 2011). There were many laws that were enacted in the mid-1980s for squatter housing owners that gave them pre-title deeds to be converted into official title-deeds after the development plans were prepared. The idea was to put *gecekondu* areas to the market for the purpose of transforming them, but this led to an increase in rent gaining potential of these houses, and people tended to increase the rents through house ownership instead of claiming for the right to housing (Turkun and Yapici, 2009a). Because over the years some of the *gecekondu* owners

managed to build 3-4 storey apartment buildings in the area and they left while renting out their property to other working class people.

In the 1990s, the turn towards neo-liberalism in Turkey entered a second phase. Against the background of fragile growth, extreme inflation and excessive public sector debt (Boratav, 2003), the powers of the institutions representing and executing modern planning approaches in Turkey were diminished further. An example was the State Planning Institute, one of the most prominent Turkish planning institutions, which transferred an important share of its functions to the Under-Secretariat of Treasury and Foreign Trade. The most important feature of the laws that were enacted throughout the 1990s was that they sought to encourage national and international investments, the most significant of which was the law encouraging investment in tourism and granting exceptional concessions in terms of development rights (Ekinci, 1994).

Increases in the FBS and tourism sectors led to the restructuring of whole cities, and this is one of the reasons why the construction sector has become so important. In the 1990s, people living in squatter areas started to be labelled as invaders and criminals, and with these excuses, the state started to remove them from their houses (not every *gecekondu* owner was able to benefit from the law that gave them official the titles). Demolition of *gecekondus* became part of daily life, which the state presented as ‘cleaning up’ the areas. Both national state officials and local authorities started to pronounce the necessity of urban regeneration and transformation in squatter housing areas and also the historic urban areas usually inhabited by the urban poor (Turkun, 2011). Areas declared as ‘urban regeneration and renewal areas’ are either part of historic areas where there are limitations on construction and planning rights or squatter areas that had recently become valuable because of the urban growth around these areas (Turkun, 2009).

In 2002, the MHDA managers talked mostly about urban regeneration projects and called for private construction firms and real estate speculators to join the projects, even though it was not clear where a project was going to take place, nor were inhabitants of the possible areas given any information. The former President of the MHDA (Erdogan Bayraktar) stated at the Fifth Real Estate Investors Convention that (2002, retrieved from the archives of The Chamber of Architects, February, 2013):

MHDA has the capacity and legal means to do business with local and international real estate investors, this privilege is given to us by law and we can create projects with least bureaucracy (translated by the author).

The former MHDA President not only called for investors, but also gave hints about the projects the MHDA may propose in the future.

A governmental body that had been founded to construct social affordable housing for the poor changed its purpose and policy and started to lead capital looking for profitable places to invest in the city. The MHDA gained power with the recent laws and was seen as a way to dispose of the effects of the economic crisis back in 2001 by the current government (Turkun and Yapici, 2009a). In 2004, the Land Use Office was closed and all the lands were passed on to the MHDA, increasing the MHDA's land stock from around 17 million m² to 200 million m² (Sonmez, 2012). The MHDA took over all urban development powers when former Prime Minister of Turkey (Recep Tayyip Erdogan – now the President of Turkey) was elected as an M.P in 2003 and immediately became the Prime Minister. The former MHDA president (Erdogan Bayraktar) stated that (retrieved from the archives of The Chamber of Architects, February, 2013):

When I became the president of MHDA Mr. Erdogan was not the prime minister. It was Mr. Abdullah Gul [current president of Turkish Republic]. Three months after I had started my duty Mr. Erdogan became the prime minister and I tried to do a short presentation to him about MHDA. I studied the background of MHDA and found out that 43 thousand houses were built in 20 years and said if we can do 5 times of this, meaning 10 thousand houses in a year, we would be considered very successful. Prime minister got really angry when he saw my predictions and said “go and get proper predictions! And he added: “Tell me about 100 thousands and 500 thousands.”

Bayraktar did everything he could to achieve these predictions. Just before the 2007 elections, Erdogan attended all the events of the MHDA and supported every investment that the MHDA made. MHDA has been the institution for Erdogan to prepare and implement any kind of urban projects. By these means, he used the MHDA in his election propaganda. During that time, MHDA gained massive authority over every form of housing all over the country by new laws and became

an essential tool for the economy. Even though MHDA started as a solution for the low-cost and social housing, after 2003, it became a profit organization that is equipped with great authority. Even though MHDA is supposed to be a publicly led social housing agency, recently it has behaved like a privatizing agency. Sonmez (2012, reflectionsturkey) states that:

On the surface, MHDA seems simply to be a public agency. But taking into account that it is administering USD \$35 billion of investments to build for half a million people, it could well be also named as a “Public Enterprise in Housing”. Yet this is only part of the story; the reality is far from it. Unlike an active public enterprise, MHDA is essentially a second privatization agency administering the sales of public properties and public buildings -that normally belong to the state, thus all its citizens- to private commercial parties. While the public economic enterprises are being privatized by the Privatization Agency (OIB), the real estate properties of the state are being sold or appropriated for use by MHDA or OIB. It should be noted that MHDA does not receive any allocations from the public budget or any other public resources. The Agency uses public lands and other real estate properties as its capital.

MHDA has received its “capital” from the National Land Office (under the Ministry of Finance) and has contracted these properties with high market values to private construction groups under highly attractive revenue sharing schemes. These projects were mostly luxury housing projects where the revenues generated were put back to contracting of middle and low income housing projects, creating new construction projects through quite lucrative contracts for yet another group of selected contractors.

According to MHDA records, 419 thousand units of housing have been constructed between 2003 and 2010. Even though 90% of these units are categorized as social housing, this categorization does not correspond with the reality. The MHDA sold around 390,000 of the 420,000 units constructed on land that was originally publicly owned. The establishment managed around 1,500 projects with a total investment around 32 billion TL. Almost 30% of these projects were in Istanbul and 11% in Ankara. Twenty-three of 25 top projects of the MHDA are in Istanbul. Even the geographical distributions of these projects show some of the inequality in MHDA’s planning (Sonmez, 2012).

These so-called social housing projects were mostly for middle or upper class people. Sonmez (2012, reflectionsturkey) states that:

MHDA identifies itself as a social housing producing agency; however, a study of its top 25 projects provide a clear contradiction to this claim that MHDA actually functions as a rent-distributing agent for high income social groups through luxury housing and shopping mall projects, mainly in Istanbul. MHDA has mostly consumed real estate investment trust (REIT) model. Studies reveal that while the number of units completed remains below 20% of the total units under construction, the cost of the units under the REIT scheme exceeds 50% of the cost of the total units built in all the projects. This vividly illustrates MHDA's position as a social housing agency is an urban myth. More importantly, although MHDA projects have been realized on land and capital owned actually by the public, data and information regarding the returns on these investments are kept strictly implicit. There is a big question mark over whether these investments justify the use of public assets in given projects. There exist no official mechanisms to ensure any accountability on the use of public resources, either. It is worth noting that MHDA is not subject to any of the available public inspection practices and public audits. As such, the Agency has grown into huge holding entity, based entirely on the personal directives of Prime Minister Erdogan.

This situation leads to an unchecked authority by the ruling party and gives the political elite full ownership and operational rights over public lands, public facilities and high-value properties, especially in Istanbul (Sonmez, 2012, reflectionsturkey.com).

And there are some family and networking connections between the big construction firms and politicians. Sonmez (2012, reflectionsturkey) also adds that:

The newly established Ministry of Environment and Urbanization, now headed by the former chief of MHDA [Erdogan Bayraktar – however now he is also the former minister of Ministry of Environment and Urbanization because of corruption and bribery claims], is currently envisaging to consolidate all the regulatory and administrative powers for zoning and planning activities in all of Turkey. This move signifies one of the biggest transfers of authority from municipalities to central government in the recent years. Land, as the fundamental element of capital formation in a developing economy like Turkey, is being capitalized by the central political authority through these new measures. The message from the ruling party is very clear that all authority is effectively and singly consolidated under the ruling party and that the ruling elite is now in the position to allocate and distribute property-driven wealth at its own will as a reward mechanism for support for its policies.

5.8 Conclusion

This chapter described the social, political and spatial changes that Turkey experienced since the 1920s. It is important for me to discuss these changes in Turkey with regard to the global processes to provide a better explanation for the gentrification processes in Istanbul. Until the 1950s, Turkey was a dominantly agricultural country. With the industrialization and the drastic increase in the manufacturing sector in the late 1950s and the 1960s, the agriculture sector started to decrease, and many people in the rural parts of the country started to migrate to urban areas with the hopes of better jobs and living standards. As it happens in many developing countries (see Chapter 2), the manufacturing sector did not decrease as it should have until now, but the FBS sector increased dramatically since the 1980s as well. This meant that big Turkish cities like Istanbul became not only the centre of the FBS sector, but also the centre of the manufacturing sector. Istanbul is examined in detail in the next chapter.

This fast transformation in Turkey that started with industrialization and continued with finance and business services was not complemented with adequate social housing policies or infrastructure system. As a result, informal settlements (*gecekondus*) started to appear. To deal with this situation, the MHDA was founded in 1984, but as it was examined in this chapter, instead of creating social housing policies for the vulnerable population, this establishment produced housing stock for the middle class and participated in or initiated massive urban regeneration projects all around the country. This is in line with what was discussed in Chapter 2 and 3, that the increase in real estate and construction sector in the urbanized area in developing countries had more devastating and radical changes in order to catch up with the developed part of the world economically. Turkey is no exception, and the MHDA is a good example of the state intervening in every aspect of urban development and transformation for benefiting capital without considering the consequences of these projects for the poor. Even though the MHDA is a governmental organization, it shows the basic elements of neo-liberal politics and how this organization fits in the neo-liberal perspective is examined in detail in the conclusion of this thesis.

Now I turn to the urban transformation of Istanbul over the same period and the effects of state policies on Istanbul.

CHAPTER 6: SOCIAL POLITICAL CHANGE IN ISTANBUL

6.1 Introduction

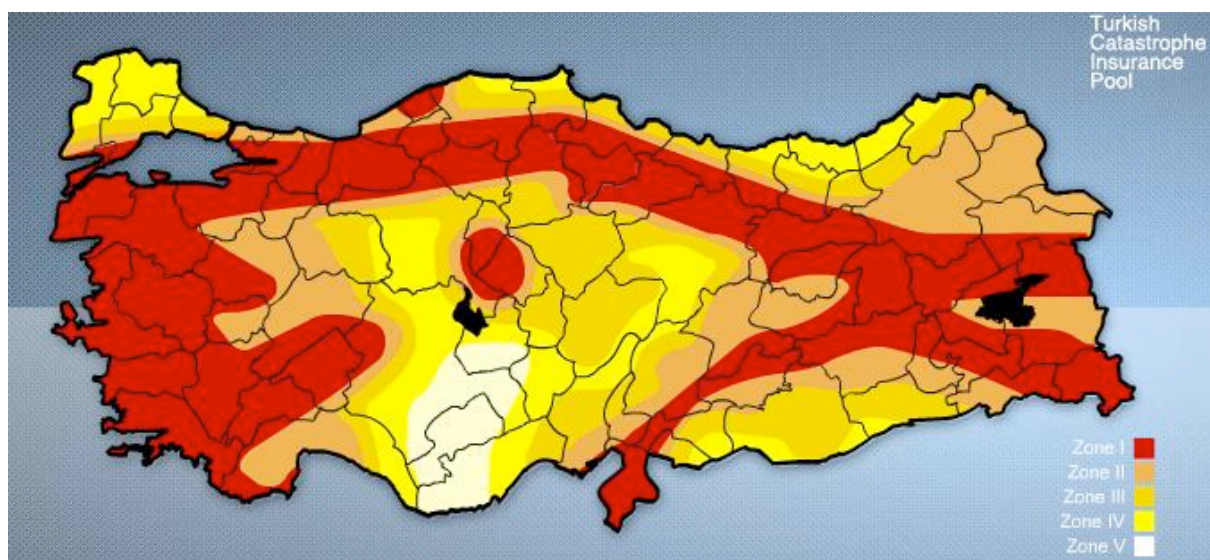
Istanbul is the largest city (around 16,000,000 people) in Turkey, and it is the economic and cultural centre of the country. It is a transcontinental city, with its historical and commercial centre on the European (West) side and mostly residential areas on the Asian (East) side. Istanbul was founded on what is now called Sarayburnu around 660 BC. Subsequently called Constantinople, it became the capital city of the East Roman and Byzantine Empire (330–1204 and 1261–1453) and the Ottoman Empire (1453-1922). This city now known as Istanbul is one of the most important cities in history. Istanbul's strategic position on the historic Silk Road, its closeness to Europe and Middle East and on the only sea route between the Black Sea and Mediterranean Sea have made it attractive for many different groups throughout time. It was a significant instrument for the advancement of Christianity until 1453, and when the Ottomans conquered it in that year, it became an Islamic stronghold. Istanbul's most important attraction is still its historical centre, parts of which are listed as a UNESCO World Heritage Site (Istanbul Territorial Plan Report, 2009).

In this chapter I discuss historical background of Istanbul as a whole to describe the story of Istanbul with features of the city that are important to this research. Then I explore the urban transformation in Istanbul and state policies that are specific to the city, and this is followed by the dominant sectors in Istanbul and their change throughout the time. As the leading sectors, I examine the manufacturing, FBS and tourism sectors. In addition, I investigate the housing market in Istanbul. This section has many similarities with the Turkish housing market (see Chapter 6.6), but I also examine the effects of the changes in the Turkish housing market in Istanbul.

Following this, the formation of potential gentrifiers is discussed to investigate in details the features and consumption patterns of gentrifiers in Istanbul with regard to issues discussed in Chapter 3. Then I describe the overall processes of gentrification in historical neighbourhoods and continue to discuss the historical neighbourhoods in details by dividing them into two sections: neighbourhoods gentrified through private housing market and state-led gentrification.

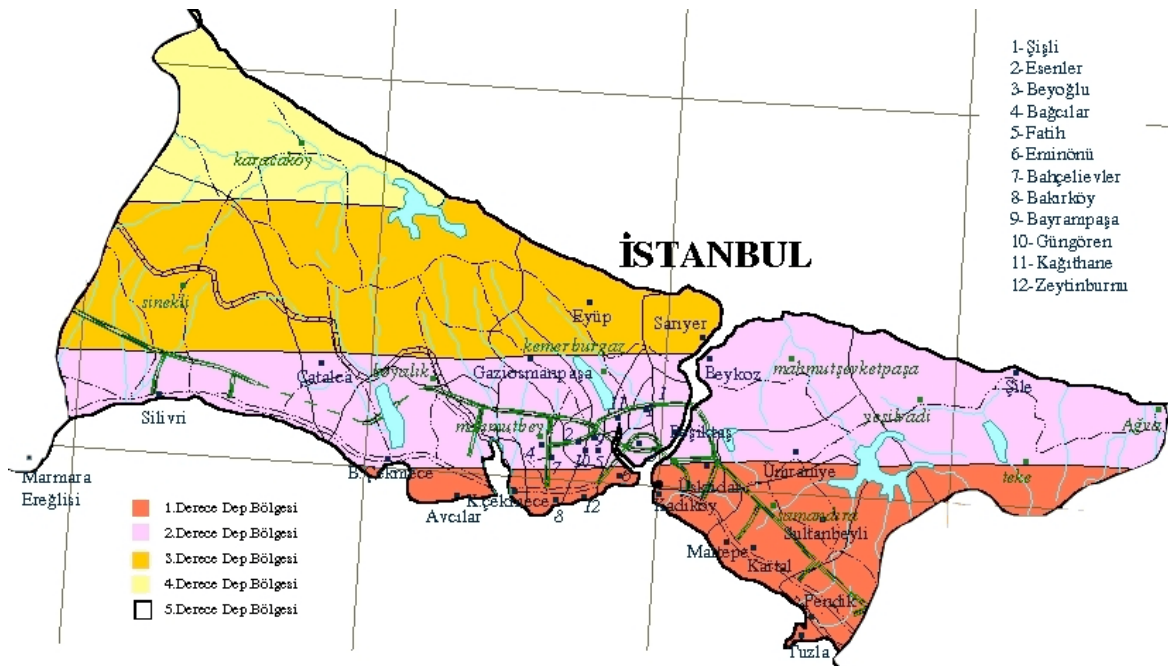
6.2 Historical Background of Istanbul as a Whole

Since the founding of the Republic, Istanbul is no longer the capital city that was shifted to Ankara, but finance and business centres remained in Istanbul. Istanbul is being utterly transformed by a fast-growing population and rapid growth in FBS. In the last 25 years, the majority of the neighbourhoods built in the 1900s in the centre of Istanbul have been gentrified. These are neighbourhoods primarily built by the bourgeoisie and subsequently became poor, but in the last 25 years there has been massive gentrification, first market-led, second, state-led. State-led gentrification has been justified in terms of the earthquake risk in Istanbul (see Chapter 10). This is a real risk, and Istanbul has experienced many destructive earthquakes in the 20th century. The most recent was on 17th of August, 1999, badly affecting not only Istanbul, but also other surrounding cities. There were 17,000 deaths as a result of this natural occurrence, which showed how unprepared Istanbul's housing was for earthquakes, even though the city is located on the highest risk zones. The Map 7.1 below shows the earthquake risk zones in Turkey. Earthquake risk in Istanbul is used as a justification for the urban regeneration and renewal projects. That is why I discuss the effects of Earthquake in Istanbul here, and these effects are examined in more detail in the analysis chapter (Istanbul Territorial Plan Report, 2009).



Map 6.1: Earthquake Danger Zones in Turkey (Turkish National Insurance Catastrophe Insurance Pool, 2007, http://www.wfcattprogrammes.com/c/document_library/get_file?folderId=12508&name=DLFE-545.pdf)

Map 7.2 below shows details of the earthquake risk in Istanbul. The red area shows the highest risk, the pink area shows the second highest risk, the orange area shows the third highest risk, and the yellow area shows the lowest risk for earthquake (Istanbul Territorial Plan Report, 2009; Turkish National Insurance Catastrophe Insurance Pool, 2007).



Map 6.2: Earthquake zones in Istanbul (Istanbul Metropolitan Municipality, 2015, www.ibb.gov.tr)

As already noted, Istanbul is the financial and tourism centre of the country, but also still preserves its identity as an important manufacturing centre, which leads the state to support and promote Istanbul as a world city through many reports and policies aiming to promote this status. The main economic policies until the 1980s were related to the manufacturing sector, which was one of the main reasons that the massive rural to urban migration need for housing contributed to the formation of *gecekondu*s, a common feature of a developing country economy. Since the 1980s, the growth of FBS and the financialisation of the economy have influenced the gentrification of historic neighbourhoods and the decentralization of manufacturing, further fuelling the expansion of the city to the outskirts. As a result, Istanbul's population has reached unmanageable numbers (almost 16,000,000 in 2014: see

Table 7.1), which is another common feature of developing countries' world cities. With migration from all over the country, the social polarization and the distinction between social classes in Istanbul became more visible. With the rise in importance of the finance and construction sectors, transformation of the city – both state-led and market-led – has been an attack on the working class. This is explained further in this chapter and in the next chapters (Istanbul Territorial Plan Report, 2009; Turkun and Sen, 2009).

Population of Istanbul by years	
Years	Population
2013	14.160.467
2012	13.710.512
2011	13.483.052
2010	13.120.596
2008	12.697.164
2007	11.174.257
2000	8.803.468
1990	6.620.241
1980	4.741.890
1970	3.019.032
1960	1.466.535
1950	1.166.477
1940	991.237

Table 6.1: Population of Istanbul by years (Turkish Statistical Institute, Regional Indicators 1923-2013, 2013)

Istanbul has the biggest share in national employment. According to the IMM (2009), 27% of national employment is in the Marmara Region (see Map 7.3), 51% of the employment in the Marmara region is in Istanbul, and overall, 14% of the overall employment is in Istanbul. To understand the economic situation of Istanbul, it is important to examine the sectoral distribution in addition to the employment. Most of the people work in finance and business services, banking, consumer services, and tourism, and this is followed by manufacturing (Istanbul Territorial Plan Report, 2009).



Map 6.3: Location of Marmara Region in Turkey, "Latrans-Turkey location Marmara Region" by Own work. Licensed under CC BY 3.0 via Wikimedia Commons - http://commons.wikimedia.org/wiki/File:Latrans-Turkey_location_Marmara_Region.svg#/media/File:Latrans-Turkey_location_Marmara_Region.svg, 2015

Table 6.2 below shows the employment rate in Istanbul in comparison with Turkey and the Marmara Region.

Sectoral Indicators for Istanbul for the year 2000				
	Turkey	Marmara	Istanbul	Istanbul's place in Turkey
Employment in Manufacturing (%)	13.35	25.67	32.15	1
Employment in Business services (%)	9.69	14.28	18.73	1
Employment in Finance (%)	3.11	5.39	8.16	2

Table 6.2: Sectoral Indicators for Istanbul for the year 2000 (Turkish Statistical Institute, Regional Indicators 1923-2013, 2013)

Because my critical realist approach to this research starts with abstractions before narrowing them down to concrete case studies, I have argued that Istanbul shares many of the national-level processes discussed in Chapter 6. However, there are specific processes in Istanbul that do not happen across Turkey.. These specific processes in combination with processes observed at the national and global scales and with the abstractions discussed in Chapters 2 and 3 bring out Istanbul as an emergent property. For example, the processes occurring in the FBS sectors in Turkey are valid for Istanbul, but at the same time, there are others in the FBS sectors specific to Istanbul, and these are based on the general processes.

6.3 Sectoral Change and Corresponding State Policies

6.3.1 Land Use and State Planning since the 1930s

Urban transformation that is influenced by state politics was examined in the previous chapter (see Chapter 6.7) with regard to whole of Turkey. In this section, I examine state politics that particularly affected Istanbul and discuss the planning process for the city since the 1930s.

In 1936, French urban planner Henri Prost was invited to prepare a master plan for the whole of Istanbul to change this Ottoman city into a Kemalist city. The plan he prepared covered a fifteen year time period and was put into action in 1940 (Istanbul Territorial Plan Report, 2009).

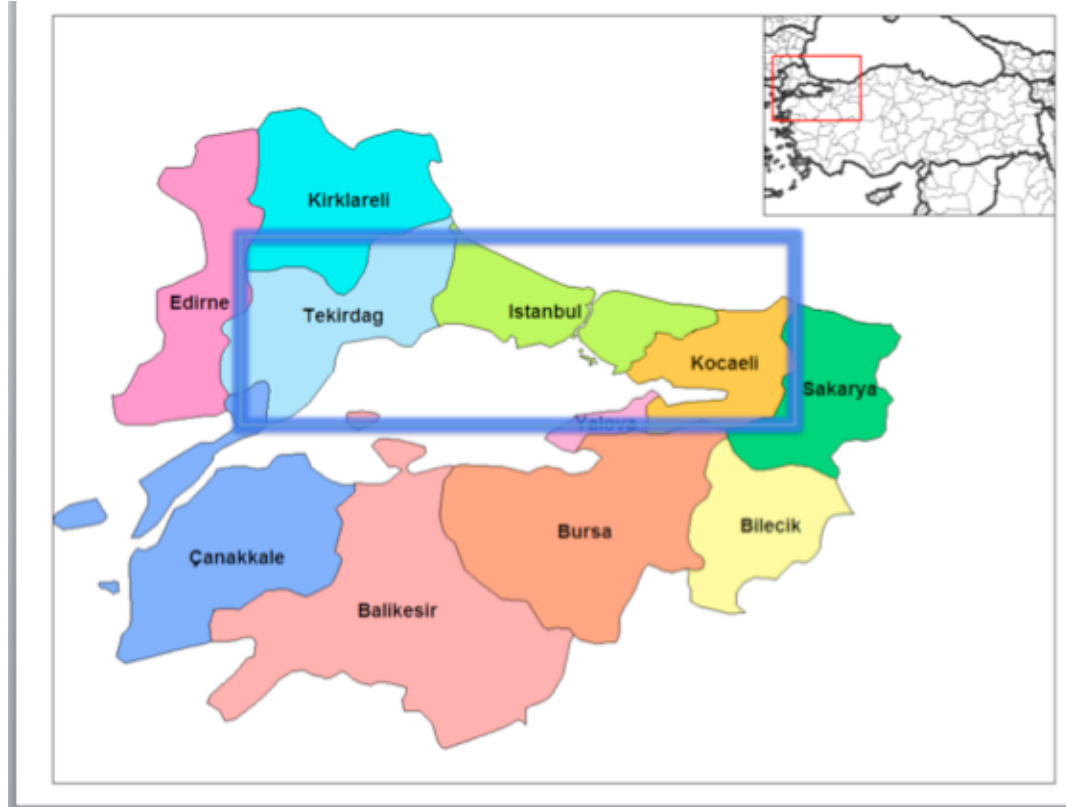
Prost suggested that industry should be concentrated around the Golden Horn and the existing residential areas should be demolished. (The Golden Horn forms a natural harbour, a major waterway and primary basin of the Bosphorus. It is the water that is shaped like a horn, and the land right next to it is known as the historical peninsula of Istanbul.) In addition to industrial areas, Prost suggested two large city parks. One of these is the green belt that used to exist between Macka, Harbiye and Taksim. Gezi Park is part of this plan. Map 7.4 shows the location described as the Golden Horn (Istanbul Territorial Plan Report, 2009).

Instead of focusing on the increase of the manufacturing sector, Piccinato prepared his plan for Istanbul, focusing on increasing the cultural and commercial areas. In 1959, to accomplish these aspects of his plan, a committee was appointed with Piccinato as the Chair. However, the policies and plans this committee prepared were not approved because of the lack of detailed mapping of Istanbul (Istanbul Territorial Plan Report, 2009; Istanbul Metropolitan Municipality, www.ibb.gov.tr, 2015).

In 1973, with an agreement between the Turkish government and The World Bank, a project to develop a land use model and transportation plan for the whole of the city was suggested and contracted out to four different foreign firms. The project's aim was to emphasize the cultural heritage of Istanbul. Even though the Cabinet approved this project in 1975, it was never implemented (Istanbul Territorial Plan Report, 2009).

In 1980, for the first time, a 15 year metropolitan master plan for Istanbul at a scale of 1/50000 was prepared and approved. In 1984, a new law was enabled (Law No. 3030), which gave planning authority of the cities to the municipalities. Before this law, planning was centralized and carried out by institutions connected to the national government. With this change to the planning system, a new metropolitan master plan for Istanbul was prepared and approved by the Istanbul Municipality in 1994 (Istanbul Territorial Plan Report, 2009; Istanbul Metropolitan Municipality, www.ibb.gov.tr, 2015).

In this plan, the metropolitan region of Istanbul included the whole of Marmara Region, including Thrace and the metropolitan area of Istanbul starting with Tekirdag and ending with Kocaeli (Izmit) (around 28,000 km² of land, excluding Istanbul). Defining the boundaries of the metropolitan area in this way allowed the Municipality of Istanbul to have a say in the planning of cities close to Istanbul, and they were able to prepare written plans (i.e. planning guidelines) for the development of these cities. This plan was approved and applied, and it covered the time period 1994 – 2010 (Istanbul Territorial Plan Report, 2009). Map 7.5 shows the 1994 boundaries of the metropolitan area.



Map 6.5: Effect area of Istanbul Istanbul Metropolitan Municipality, Istanbul Territorial Plan Report, 2009

In addition to the wide-ranging planning powers the MHDA had gained (see Chapter 5.6 and 5.7), between 2004 and 2007, the JDP (with the majority in the Parliament) enabled a series of laws redefining the judicial status of metropolitan and provincial municipalities, giving them the right to carry out ‘urban transformation projects’ in collaboration with the MHDA (Karaman, 2012). Law No. 5366 was the essential law used in almost all the urban regeneration, renewal and transformation projects prepared for the historic neighbourhoods of Istanbul. This law, along with the existing laws (Law No. 5216 : metropolitan municipalities; Law No. 5393 municipalities; and Law No. 5449: regional development agencies), allowed municipalities to implement renewal projects in physically deteriorated historic neighborhoods; to declare some neighborhoods as urban renewal areas; expropriate private property; and participate in public-private partnerships (Karaman 2012:10). The Tarlabasi Renewal Project was the first project prepared according to this law. Details about this law and the project are examined in the next chapters.

Having discussed various types of urban policies and laws, I turn to major growth

sectors in Istanbul to give a clear description of the economic change and development there.

6.3.2 The Manufacturing Sector

One of the first attempts to plan for the manufacturing sector in Istanbul was the 1947 master plan prepared by Henri Prost. This plan suggested that Golden Horn area should be opened to industrial development, and from that point on, the Golden Horn area remained an Industrial area until the 1980s. In the 1950s, other parts of the historical peninsula (Eyup, Mecidiyekoy, Topkapi) were added to this industrial development area, while further industrial development continued at the periphery of the city. During these years, there were alcohol, glass, and coal factories by the Bosphorous (Istanbul Territorial Plan Report, 2009).

The increase in manufacturing sector and many new factories triggered rural to urban migration, and because of the lack of low-cost or social housing, *gecekondu* areas started to appear (see Chapter 6). Until the 1980s, the peripheries of both sides of the city (Asian and European) were occupied by many factories that led these areas to become *gecekondu* sites because the workers needed to be close to work (Turkun, 2011).

The decentralization of the manufacturing sector from the Golden Horn area started in the 1980s. With the decentralization of manufacturing from the inner city to the periphery, some environmental rehabilitation projects were begun to repair the damage caused by the factories. From the 1980s to the late the 1990s, textile, steel, and leather industries enlarged their share of the manufacturing sector, and they were mostly located in the periphery of Istanbul or cities (i.e. Kocaeli) near Istanbul. In addition to large manufacturing firms, with increasing rural to urban migration and the lack of low-cost products, sweatshops started to appear all over the city. After the 1990s, with the increasing effects of the changing world economy, the manufacturing sector started to feel the effects of global competition. To overcome this, some encouragement (e.g., bank loans) was provided to increase the numbers of small and middle-sized manufacturing firms (Istanbul Territorial Plan Report, 2009).

Istanbul still has a significant amount of the manufacturing sector in Turkey, and the sector still preserves its importance in the country's economy. However, with increasing numbers of production sites on the periphery of Istanbul, these

establishments started to threaten the environmental safety of the city, as some of them were located in forest areas, dangerously close to the watersheds of the city.

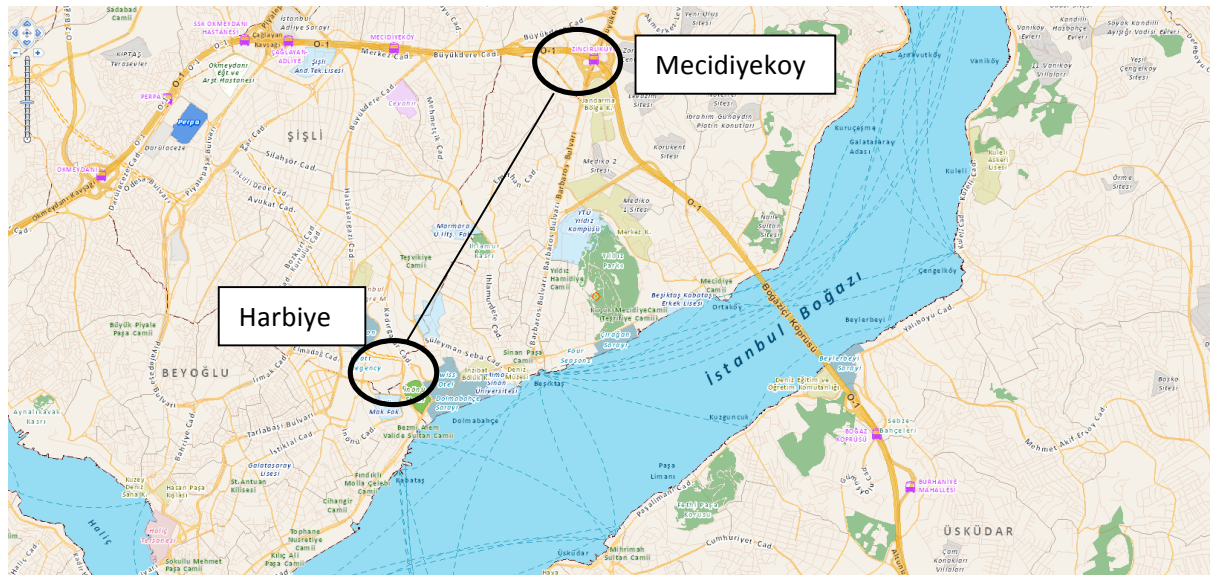
6.3.3 Finance and Business Services

In the 19th century, as a result of the trade agreements with Europe, the transportation system of the city was strengthened with new railway systems and harbours. Galata and Pera became strong trading and finance areas. Most of the banking sector situated itself in Galata. This is why a bridge was constructed between Galata and the CBD (Eminonu) in 1845. In addition, Pera, which is close to Galata, became the entertainment centre of the city, and many people started to move to this district. These improvements led the city to spread even more, and in this period, Tarlabasi district started to improve and become important (Istanbul Territorial Plan Report, 2009).

These two centres, Galata and the other side of the bridge, and the changing life styles enabled by improved transportation and entertainment facilities, continued through the 20th century (Ortayli, 1996). With the fall of Ottoman Empire and foundation of the Turkish Republic in 1923, all the administration and governmental buildings moved to the new capital of Ankara.

Istanbul did not experience much development after the First World War, and it was not until the 1950s that urbanization processes began to change in Istanbul. Even though Istanbul was not the capital, it has always been the economic capital of the country. For that reason, finance and business sectors and manufacturing headquarters preferred to locate themselves in Istanbul (Berköz, 1998). In the 1950s, the commercial and manufacturing sectors were located in Galata (in Beyoğlu district) and in Eminonu (in Fatih district). Between the years 1950 and 1965, Eminonu became the heart of the historical peninsula and the core of the CBD (Ciraci and Kundak, 2000). On the other side of the Golden Horn, Karakoy (in the Beyoğlu district) was a sub-section of CBD with some of the finance sector, and Kabatas (also in Beyoğlu district) where there were business office buildings and administrative centres, acted as an extension of Karakoy. Until 1965, the CBD grew with the population of the city and because of this expansion, previously residential areas became surrounded by and eventually transformed into the CBD, and as a

result, they experienced a change in function. For example, Harbiye (in Sisli district) and Sisli, which used to be residential areas, gained CBD features (e.g., increasing administration and commercial buildings). This transformation continued to spread, and Mecidiyekoy's (in Sisli district) transformation began (See Map 7.6)



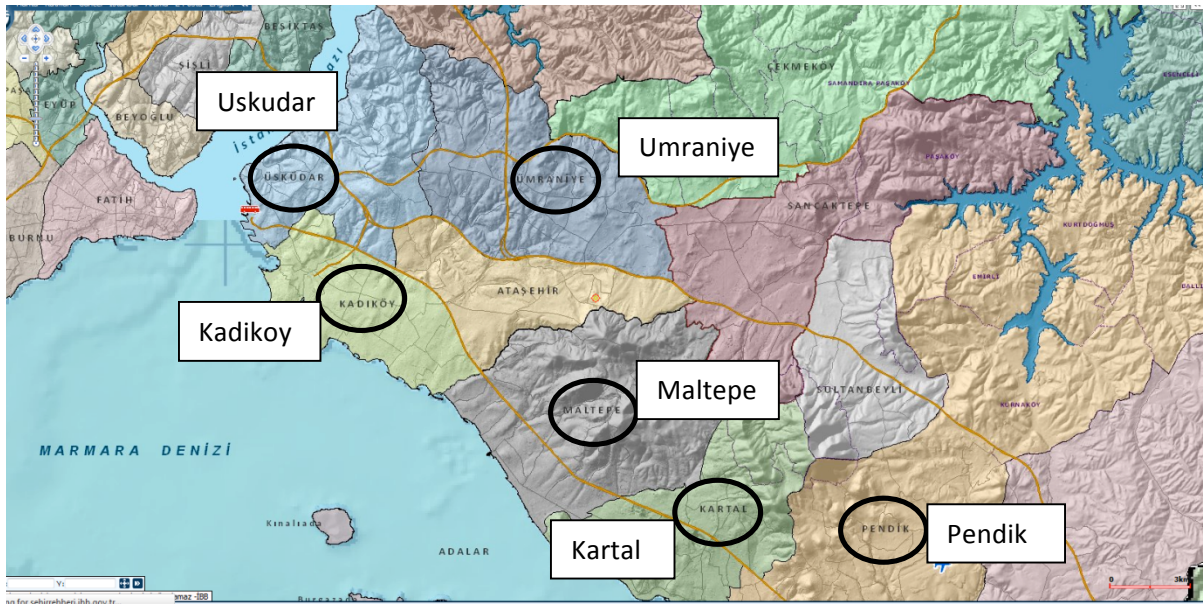
Map 6.6: The connection between Harbiye and Mecidiyekoy Istanbul Metropolitan Municipality, sehirrehberi.ibb.gov.tr, 2015

With the construction of the first Bosphorus Bridge in 1973, the expansion of the CBD continued:

This changed the hierarchy of prestige areas in the urban context, opened new areas up to speculative activities and created a new hierarchy of business centers, decentralization and car ownership increased. As part of city's expansion after the 1970's, new subcenters of employment and commerce started to develop along the highways. Those subcentres arose because the economic, cultural and physical fabric of the old CBD was not compatible with the traffic, parking and space needs of modern office and retail buildings. Sisli and Besiktas developed as office district due to transit roads linked to the Bosphorus Bridge (Ciraci and Kundak 2000:5).

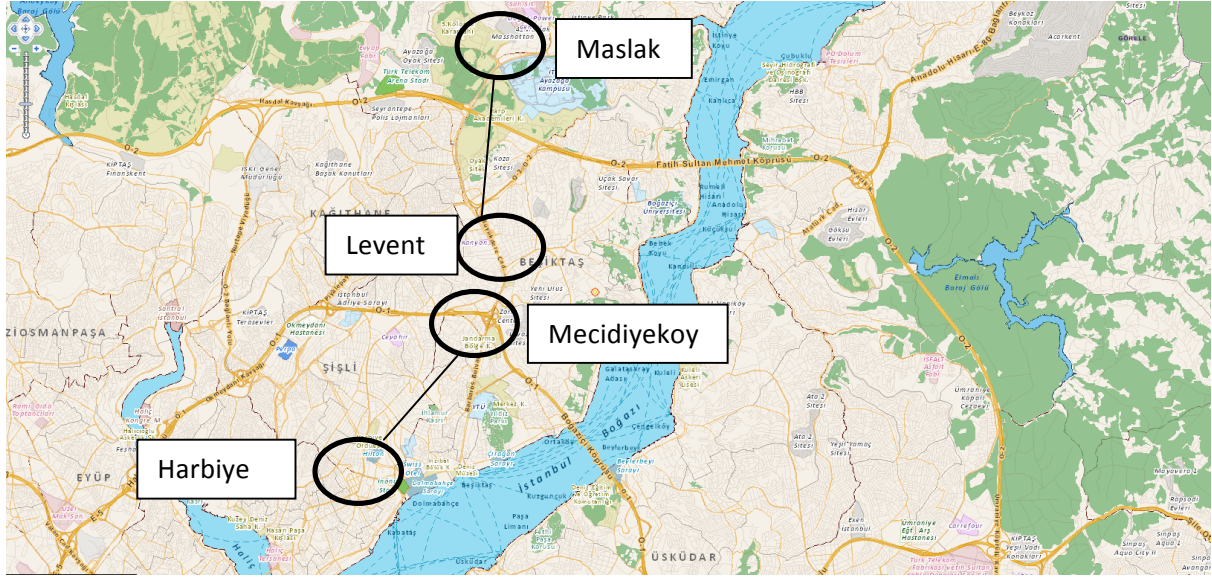
After 1975, CBD functions expanded towards Besiktas, and with the help of Bosphorous Bridge, Kadikoy started to improve and became the centre of the eastern side of Istanbul. Over the last 20 years, the old CBD and the sub-centres became inefficient for the whole of population, and a new CBD started to form in the Levent-Maslak axis (Levent is in Besiktas district, and Maslak is in Sarıyer district)

(See Map 7.8). However, this new CBD developed without efficient planning and infrastructure (e.g., road system, sewage system). On the Asian side, in addition to Kadikoy, Uskudar, Kartal, Maltepe and Pendik also developed as sub-centres. Recently, because of the Istanbul International Finance Centre Project, Umraniye is developing and becoming an important subcentre (Istanbul Territorial Plan Report, 2009).



Map 6.7: The developing District of Istanbul between the 1970s and 1990s, Istanbul Metropolitan Municipality, sehirrehberi.ibb.gov.tr, 2015

According to IMM (2009), 76% of the Turkish finance sector and 92% of the bank headquarters are located in the CBD of Istanbul. In addition, 10% of the FBS sectors have their own research sites in Istanbul. This FBS growth in Istanbul's CBD makes it significantly influential not only for the whole city, but also for the whole Marmara Region. Map 7.8 shows the spread of FBS sectors in Istanbul and the connection between various CBDs.



Map 6.8: Connections between Istanbul's old and new CBDs Istanbul Metropolitan Municipality, sehirrehberi.ibb.gov.tr, 2015

Even though Istanbul is the finance centre of Turkey, according to the report (Istanbul Territorial Plan Report) prepared by IMM (2009), the global competitiveness level of the city is not high. This competitiveness level is a list prepared by the World Economic Forum. To increase this level, making Istanbul a world city, there have been many state-led projects. The most recent and influential of these is the 'İstanbul International Finance Centre Project'. This project was first mentioned in the ninth five year development plan (2007-2013) and became operational in 2010. The State Planning Institution manages projects with the purpose of creating Istanbul as a global finance centre. The master plan and urban design for the project, located on a 690 ha site on the Asian side of Istanbul, was prepared by the Ministry of Environment and Urban Planning. The Finance Centre will contain 560,000 m² of office space; 90.000 m² of shopping area; 60.000 m² of residential area; a conference centre and social amenities (istanbulfinansmerkezi.com, retrieved in 2015).

Having discussed features of FBS in Istanbul and various urban projects that affected this sector, I turn to tourism sector, which is another important growth sector in Istanbul and discuss the effects of state policies regarding this sector as well as the development of tourism.

6.3.4 Tourism

Istanbul, with its significant historical background and diverse cultural and architectural heritage, is an enormously important attraction for local and international tourists. It had been an imperial capital for three empires, and the long and diverse historical heritage gives the city attraction that is the potentially important source of tourist income. The Turkish state wants to use and promote this attractive aspect of the city to further secure Istanbul's place as a world city. In addition to the increasing FBS sectors in the city, there have been tourism related projects to attract more international tourists and increase Istanbul's share of the world tourism market.

Turkish tourism has been coastline oriented, and until the late 1990s there was no policy or strategy to change that. In the seventh five-year development plan (1996-2000), alternative types of tourism, such as urban tourism and heritage tourism, were suggested to attract tourists to other parts of the country rather than just the coastlines (SPO, 1995). Istanbul has been the most promoted by this policy because of its importance in urban heritage and culture tourism. As discussed in Chapter 2, developing countries often promote their big cities for tourism-related reasons when trying to promote them as world cities, and Istanbul follows this pattern, promoting tourism as well as the FBS sectors.

This type of promotion of Istanbul allowed real estate developers to build many consumption-led projects, such as shopping malls and high-standard hotels in the 1990s (Gezici and Kerimoglu, 2010). However, by the early 2000s, Istanbul still was not as important as expected by the authorities when it came to the global tourism market. While Turkey's share was 2.6% of the world tourism market, the share of Istanbul was only 0.6% in 2005 (SPO, 2007). Nevertheless, there had been significant increase in visitor numbers. Between 1990 and 2000, the number of tourists visiting Istanbul increased by 110%, a higher rate of increase in tourist visitors to Turkey as a whole, which was 93% (TURSAB, 2002). In 2004, the number of international tourists visiting Istanbul was 76% percent of the number of tourists visiting Barcelona, 30% of the number for London, and 14% of visitors to Paris (IMP, 2006). The number of tourists visiting Istanbul is still increasing every year, and this increase year by year, illustrated in table 7.3:

Number of Arrivals to Istanbul by years		
years	Istanbul	Share of Turkey (%)
1996	2,006,413	26
2000	2,420,541	23.21
2001	2,517,139	21.66
2002	2,705,848	20.41
2003	3,148,266	22.44
2004	3,473,185	19.83
2005	4, 849,220	22.96
2006	5,346,681	26.98
2007	6,453,598	27.69
2008	7,050,748	26.77

Table 6.3: Number of Arrivals to Istanbul by years (Ministry of Culture and Tourism annual statistics, www.kulturturizm.gov.tr, 2008)

The 2005 master plan for Istanbul, prepared by The Istanbul Metropolitan Planning and Urban Design Centre, included 19 tourism oriented regeneration projects (Gezici and Kerimoglu, 2010;258). These projects are mainly categorized into two types: cultural heritage projects, and flagship projects. Cultural heritage projects are mostly prepared to preserve the historical peninsula of Istanbul in response to UNESCO's threats to remove Istanbul from the World Heritage list. They consist of open museum projects (e.g., Historical Peninsula Museum City), urban regeneration projects and plans such as The Historical Peninsula Heritage Management Plan. Flagship projects are mainly outside the historical areas of Istanbul and focus on creating cultural attraction points like entertainment and convention centres that will attract important events to Istanbul.

Local authorities (e.g., IMM) in Istanbul have started to emphasize the city's historical and cultural heritage in regeneration projects and include it in official reports with the stated goal to ostensibly preserve the city's historical, cultural and natural resources, providing the city with a global status (IMM, 2007).

Therefore, the development of the tourism function could be the most suitable tool for the promotion of both Turkey and Istanbul on the world stage. However, Istanbul lacks strategies for cultural tourism development within the national perspective, while the development and appraisal of the current potential and the role of culture in urban regeneration have to relate to local plans and policies. (Gezici and Kerimoglu 2010: 254)

Istanbul was chosen as the European Capital of Culture in 2010. Many projects and public funds were transferred to tourism. With a law (No. 5706) that was enabled in 2007, an account was set up in national bank for this purpose. According to this law, IMM, Istanbul Chamber of Commerce and Istanbul Chamber of Industry transferred some funds to this account in 2007, 2008 and 2009. In addition to that, some funds from the European Union Commission projects were transferred to this account as well. It is not clear in the law how much these funds were ('Resmi Gazete', 2007). This event was seen as a chance to increase Istanbul's role as a world city, but many of the projects planned for the European Capital of Culture year were not completed by 2010, and the expected increase in Istanbul's share of the global tourism market failed to occur.

This section discussed the tourism sector its spatial effects in Istanbul. Even though many projects use the justification of 'preserving the heritage', in reality, they mostly damage it to benefit capital (see next chapter). Now I discuss the housing market and how it operated specifically in Istanbul.

6.4 The Housing Market

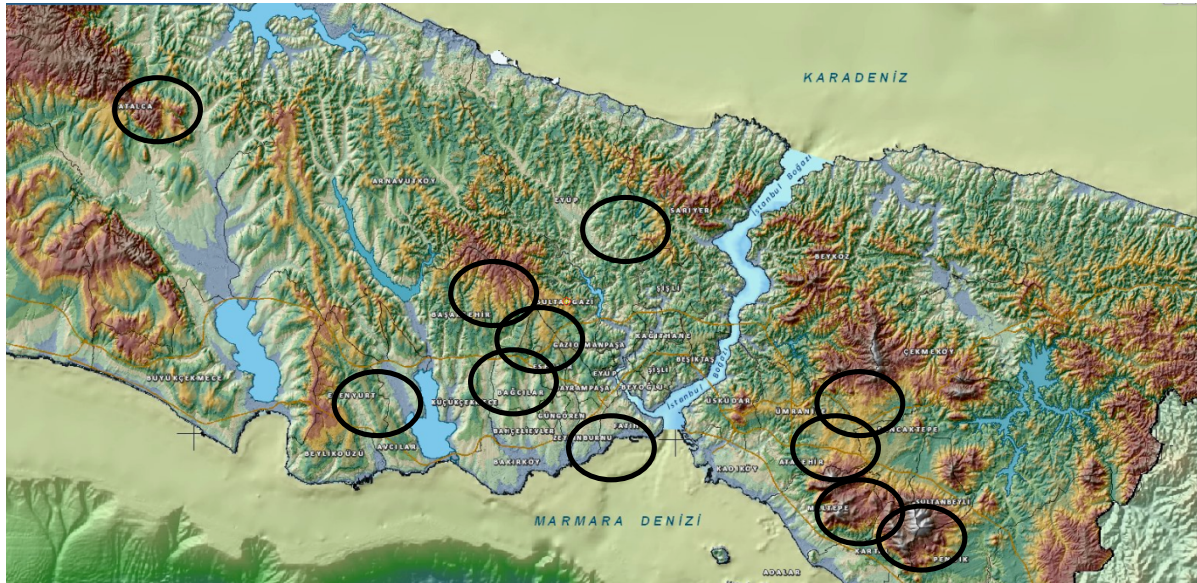
Housing policies and changes in the housing market in Turkey as a whole were examined in the previous chapter (see Chapter 6.6). In this chapter, I examine the details of Istanbul's housing market.

As shown in previous sections, increases in the manufacturing sector in Istanbul since the 1950s contributed to an increase in the numbers of *gecekondus* settlements. In 1951, there were 8,500 *gecekondus* in Istanbul, and by 1957, a whole neighbourhood consisting only of *gecekondus* (26.000 houses) appeared. This neighbourhood, 'Zeytinburnu', was declared as an official district of Istanbul in 1957. Map 7.9 shows the location of Zeytinburnu in the city (Istanbul Territorial Plan Report, 2009).



Map 6.9: Zeytinburnu's Location in Istanbul ("Istanbul location Zeytinburnu" by The Emirr - Own work. Licensed under CC BY 3.0 via Wikimedia Commons http://commons.wikimedia.org/wiki/File:Istanbul_location_Zeytinburnu.svg#mediaviewer/File:Istanbul_location_Zeytinburnu.svg, 2015)

The increase in manufacturing and the increase in rural to urban migration continued in the 1960s: 36% of all internal rural to urban migration in Turkey was directed to Istanbul, but in the 1970s, this share decreased to 22% (Istanbul Territorial Plan Report, 2009). By the 1970s, 40% of Istanbul's population were residents of *gecekondu*s. Map 7.10 shows some of the important *gecekondu* areas that are undergoing regeneration to give an idea of the concentration of *gecekondu* in Istanbul. The circles represent the significant *gecekondu*, but there are many others (Istanbul Territorial Plan Report, 2009).



Map 6.10: Gecekondu areas in Istanbul (Istanbul Metropolitan Municipality, sehirrehberi.ibb.gov.tr, 2015)

Until the mid-1990s, ‘tenure legalization’ was the way that Turkish government dealt with *gecekondu*s.

Up until the mid-1990s, Turkish policymakers relied on ‘tenure legalization’ as the primary strategy for addressing informal settlements. During the early 1980s, a total of five pieces of legislation (numbered 2805, 2981, 3086, 3290 and 3366) regulating *gecekondu*s’ path to legalization were passed. Among these, Law 2981 — passed in 1984 — was the most significant, as it effectively issued an ‘amnesty’ for all *gecekondu*s that were built on state-owned land before 1984. *Gecekondu* ‘owners’ were issued ‘title assignment documents’ (*tapu tahsis belgesi*) (TTBs). The TTB is a document that recognizes the occupant’s right to use the space, entitling the document holder to legal ownership after a ‘cadastral plan’ and a subsequent ‘improvement plan’ (*imar islah plani*) are prepared and approved by the local municipality. It certifies transitional status (Karaman 2012:8)

This approach did not result in adequate regulation of informal housing, but rather, converted *gecekondu*s in low-quality 2-3 storey apartments (see Chapter 6.6). This transformation was mostly initiated by small developers or contractors who would make a deal with the former owner of *gecekondu*. The consequences of this low-quality housing stock were particularly evident after the 1999 earthquake. As a result of the earthquake, thousands of lives were lost because of the poor quality of the existing housing stock, and this event was a turning point for many in urban policy

circles (Karaman, 2012). As noted in the previous chapter, minimizing earthquake risk became a high priority in most urban policies, and even now, many urban regeneration projects such as Tarlabasi Renewal Project use earthquake risk as a justification for large-scale regeneration.

The MHDA has been the main institution responsible for implementing a more earthquake resilient built environment. (The foundation of the MHDA and the legal, financial, and social tools it uses were discussed in the previous chapter (see Chapter 6.6 and 6.7).

The MHDA operates either on state-held land or uses acquisition rights to purchase large amounts of land to create new housing stock. In these projects, the MHDA gives the existing inhabitants priority in purchasing a new house in the project area at 'affordable' prices. About 10-40% of the cost of the housing is taken as a deposit by MHDA, and the residents are responsible for paying monthly instalments for the next 15 to 20 years (Karaman, 2012). If residents fail to pay these instalments, ownership is transferred back to MHDA, and the MHDA eventually sells these properties in secondary markets (Cavdar, 2008). This system is the recent way of trying to remove informal settlements, and by doing so, as Karaman (2012) puts it:

MHDA thus simultaneously fulfills two crucial functions. It eradicates squatter settlements through urban renewal projects, and ... enlists overwhelmingly involuntary participants into the mortgage origination market. The evicted residents are offered what are essentially mortgage loans with long maturities for obtaining the houses in the new development (Karaman 2012:8).

Now I move on to the formation of gentrifiers before summarizing the two processes of gentrification in the historical neighbourhoods of Istanbul.

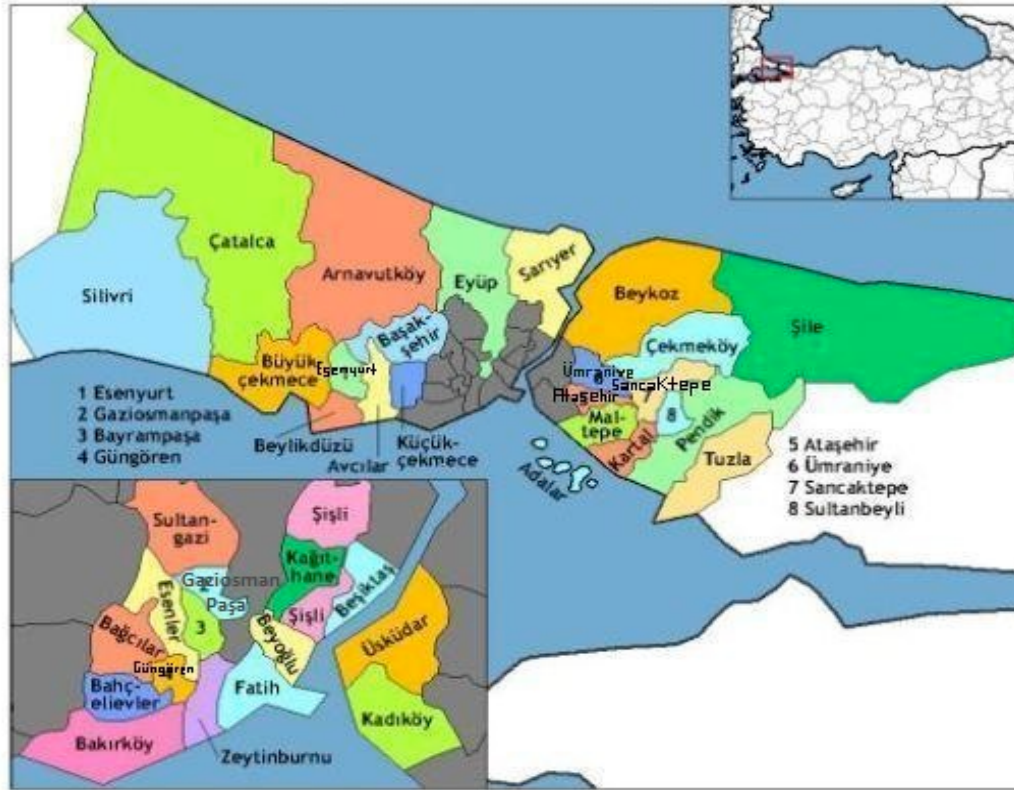
6.5 The Formation of the Potential Gentrifier

As noted earlier, the beginning of the 1980s was a turning point for Turkey. The state-managed market economy was abandoned and a free market economy that allowed import trade mainly took over (Islam, 2006; Keyder, 1999c). Between 1980 and 2001, import and export trade capacities increased by 5 and 10 times respectively, whereas foreign capital inflow increased 28 times (Coskun and Yalcin, 2007:3), resulting in a dramatic rise in the number of foreign companies active in Turkey.

The inhabitants of Istanbul became familiar with the globally changing patterns of consumption, and the economic and cultural changes made it easier to obtain all kinds of consumer services. As a result of the changing economic situation and increases in employment in the finance and business sectors in the CBD, many young professionals started to move back to the city centre and the inner city (Oncu, 1997).

Middle class people looking for an architecturally and historically significant identity in a neighbourhood rediscovered the old settlements with a more cosmopolitan character (Aksoy, 2001). They tried to impose a new character on the value that old settlements already had. In other words, they created another level of identity for the historical neighbourhoods. These young professionals working in one of the sectors in CBD developed after the 1980s became the main actors in the gentrification of inner Istanbul (Coskun and Yalcin, 2007). As discussed earlier (Chapter 3), over the last 20-30 years, gentrifiers have been drawn to these areas by desires to live close to their work and the cultural centre of the city and by the historical importance of the neighbourhoods.

These gentrifying areas are in different locations in Istanbul, but one thing they have in common is that they are all historic settlements. In the Cihangir and Galata cases, their nearness to Beyoglu – the cultural and finance centre of the city – has always been important for gentrifiers in choosing these locations. Small seaside settlements on Bosphorus such as Kuzguncuk and Arnavutkoy are kind of urban focal points with unique characters. Fener, Balat and Ayvansaray are also seaside settlements with significant urban heritage and close to the entertainment centres of Istanbul.



Map 6.11: Historical districts of Istanbul, Istanbul Territorial Plan Report, 2009

Map 6.11 shows the locations of all these historic neighbourhoods in the whole of Istanbul. All of the neighbourhoods are inner city neighbourhoods and located alongside the coastline, which is another factor for their dramatically increasing land value.

Gentrification is a long-term and irregular process. Each settlement has experienced different forms of change. On the other hand, some of the settlements such as Kuzguncuk (the first to experience gentrification in the 1980s), Arnavutkoy, Cihangir and Galata were gentrified through the operations of the housing market without direct state intervention, whereas other settlements such as Tarlabasi, Sulukule, Fener-Balat, and Ayvansaray have been gentrified by state intervention in the decades after the year 2000, when state-led gentrification became more common in Turkey. The reasons for this are discussed later in this chapter.

Now I present a brief historical background for the CBD and the inner city of Istanbul to show how this neighbourhood architecture and historical atmospheres developed.

6.6 Overview of Gentrification

Gentrification in Istanbul started as a classical gentrification process (that is, through the private housing market). However, in the last 10-15 years, state-led gentrification has become much more common. This section introduces a timeline of gentrification in Istanbul, tracing the transformation from classical gentrification to state-led gentrification.

After the 1950s, the population in Istanbul increased dramatically, and lifestyles in Istanbul started to change. The transformation of the CBD reflected the economic transformation that the city was experiencing. Growth in the finance and insurance sectors expanded the CBD, and with the construction of the first bridge on the Bosphorous in the 1970s, the CBD expanded to the north of the city (Dokmeci and Berkoz, 2000). In this expansion, the importance that had been given to transportation was essential. When the distance between home and work places became easily travelled, the settlement in the city spread to the peripheries. Like other developing countries (see Chapter 3), the middle class moved out of the historic city centre, and the centre began to decline and become ‘undesirable’. At the end of the 1970s, the historic city centre lost its prestige and became a place for the poor. But in the 1980s, the middle class started to move back to the city centre and inner city.

In the neighbourhoods that had been experiencing gentrification since the 1980s and that accelerated in the 1990s, some significant political events shaped the process itself, such as the Capital Tax and Istanbul pogrom (see Chapter 6.2). Most of the historic neighbourhoods examined in this chapter used to be inhabited by middle class Turkish citizens of Armenian, Greek and Jewish origins, living in mainly timber or masonry houses that are important examples of residential architecture of the 19th century (Islam, 2006).

The attraction for gentrifiers in these neighbourhoods was and is not entirely locational. The motivation was also about what the place means: memories that belong to this particular place are an important element of gentrification. The appropriate word to describe this aspect of the process is ‘nostalgia’. The neighbourhoods that are gentrified or being gentrified used to be multicultural places

(Islam, 2006; Can, 2013). As happened in other gentrifying neighbourhoods after the 1980s (see Chapter 3), this character of the neighbourhoods fulfilled the professional class desire to create a new cultural identity with their imaginaries of these places (Aksoy 2001). Professionals wanted to define themselves as the people who cherish and realize the multicultural past of Istanbul that has been an element of the national market economies (Oncu 1997).

Since 2000, Istanbul has entered a new era of urban transformation and urban regeneration projects that are followed by gentrification. The regeneration and renewal projects have had negative outcomes for working class residents including job losses, financial difficulties, not being able to adjust to the new neighbourhood, and in some cases, they have come back to the city, but with less money because of the losses they experienced during the urban regeneration projects (Sen, 2011:1-21).

The procedure in ‘regeneration/renewal/transformation’ projects is almost the same all over Turkey (Turkun and Sen, 2009:1-20). First, the local or national state calculates the value both of the dilapidated flats and the recently built ones, either in the same neighbourhood or somewhere else (chosen by the municipality). Next, the owner has to decide whether to sell the flat at the estimated price to the construction company and accept paying the gap between the price of the old and the new property by using bank loans. This system is especially problematic when the decisions about regeneration are given in a top-down manner and the timing of changes is decided by the central and local authorities, without the consent of the inhabitants. In many cases, these changes result in increases in rents, which the current inhabitants are often unable to afford. Therefore, most often, they do not have any alternative than relocating to the periphery of the city, for which they are obliged to repay long-term loans to the banks. The result is usually a loss of jobs, their supporting social relationships, and naturally, their flats, if they are not able to pay the loans to the banks, especially in high unemployment periods. In other words, if they become unemployed and cannot pay the mortgage, they are at risk of losing their new flats as well (Turkun and Sen, 2009).

It is not only the historical neighbourhoods are affected by this kind of gentrification, but also some *gecekondu* areas. With the continuing expansion of Istanbul, some of the *gecekondu* areas became more ‘central’ than they used to be, and land became more valuable. Since these neighbourhoods started as *gecekondu*

areas and the housing stock has never been of good quality, they are not usually gentrified through the private housing market, even though their locations are now considered more desirable than in the past. One example of such a neighbourhood is Basibuyuk. Basibuyuk is located by the highway on the Asian side and has been a *gecekondu* neighbourhood for more than 30 years. This neighbourhood was declared an urban renewal area in 2006 by joint protocol between the municipality and the MHDA (Islam, 2010). As Islam (2010:58-63) describes it:

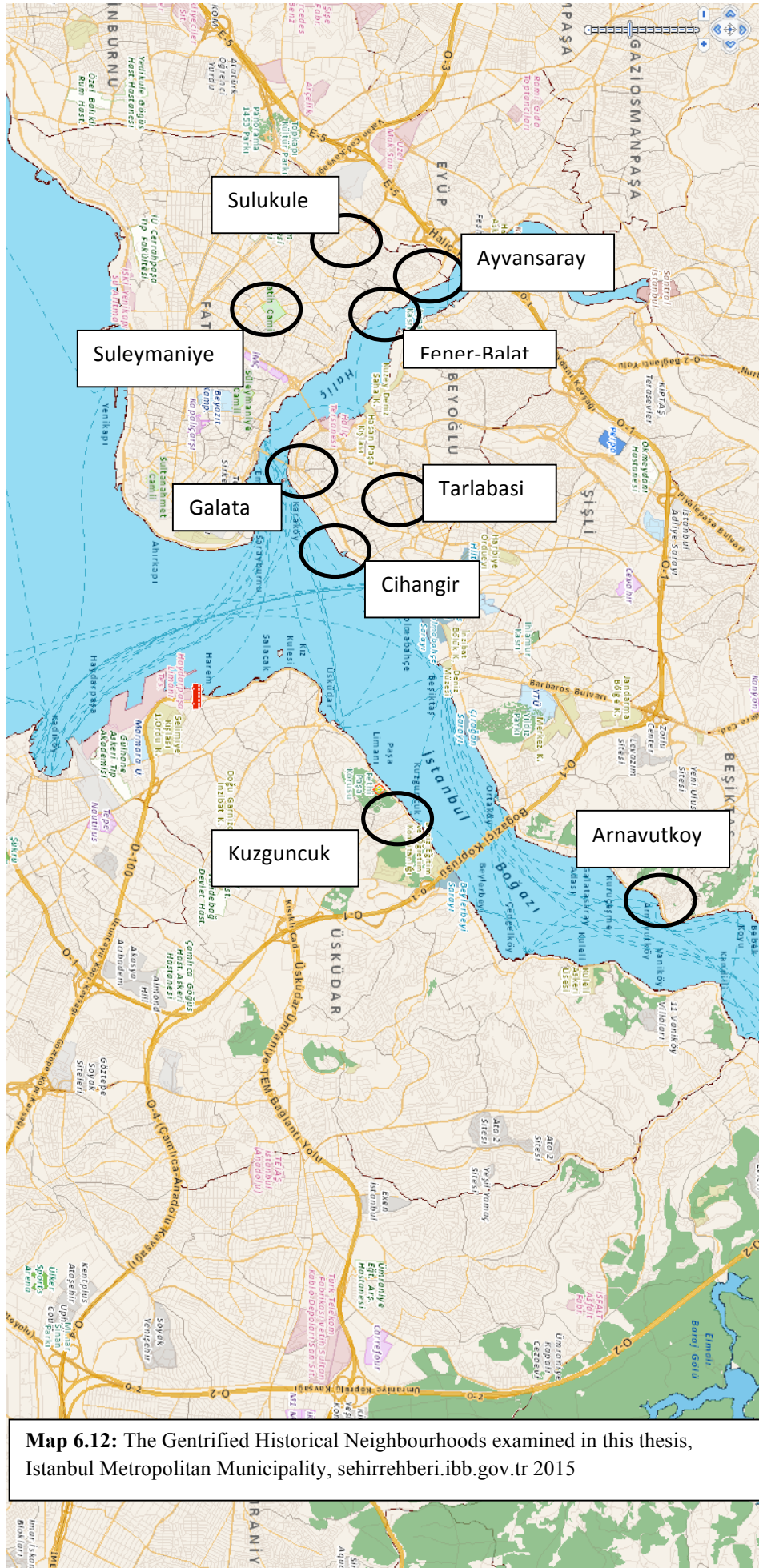
High-rise apartment blocks are now under construction on a former park, and the *gecekondu* residents have been asked to move into the new units and pay the difference between the construction costs of these units and the current value of their existing *gecekondu* houses in instalments over 10 to 15 years. This led to high levels of protests from local residents who did not want to lose their previous gains. However, despite this, the first stage of construction (the high-rise blocks) is almost completed, [but] residents succeeded in keeping the project on hold by refusing to move into the units under these terms.

After this incident, there was a local government election in 2009, and now the neighbourhood is under the jurisdiction of another political party. This means another political party may not blindly follow the urban policies of the government party, and there may be more opportunities for progressive policies. However, the uncertainty about the neighbourhood's future still continues (Islam, 2010).

All these urban regeneration, transformation and renewal projects influenced by the local or the national state serve the purpose of starting a gentrification process in the inner city, and the state hopes to attract larger waves of gentrification to the surrounding areas once these projects are completed. This situation leads to high levels of social segregation in the city.

All the gentrification areas explored in this thesis were led by or created for middle or upper class people. The intention was never to create any social or low-income housing. Two types of gentrification in two different types of neighbourhoods are explored in this thesis: the first type is gentrification of the historic neighbourhoods without state intervention, and the second one is through state-led gentrification. The first ones are areas gentrified during the 1990s: Kuzguncuk, Cihangir, Arnavutkoy and Galata districts. These four districts have been gentrified without state intervention, but after the year 2000, this situation changed, and districts such as

Sulukule, Tarlabasi, Suleymaniye, Fener-Balat, and Ayvansaray have had some kind of state intervention. In particular, Sulukule is an example of state intervention and complete displacement of all the inhabitants. One of the objectives of this research is to explore the reasons behind this change. Among these neighbourhoods, I chose Galata and Tarlabasi as case studies.



Map 6.12: The Gentrified Historical Neighbourhoods examined in this thesis, Istanbul Metropolitan Municipality, sehirrehberi.ibb.gov.tr 2015

6.7 Summary of Market-led Gentrification Patterns

Kuzguncuk, Cihangir, Arnavutkoy and Galata are gentrified through the private housing market. All of these neighbourhoods used to be populated by Armenian, Greek and Jewish originated Ottoman citizens, and they left in the mid-1950s and early 1960s because of political reasons (see Chapter 6) such as the Capital Tax and Istanbul Pogrom. Kuzguncuk is the first example of market-led gentrification in Istanbul and shows the known features of this kind of gentrification (see Chapter 3).

Cihangir is another example of market-led gentrification similar to Kuzguncuk. Cihangir was a place where immigrants from Anatolia, university students and ‘unwanted elements’ such as transvestites and transsexuals were living. Once the Istiklal Street became the center of entertainment again, people who would like to live close to this centre started to be interested in living in Cihangir. In this case, the Beyoglu area and Istiklal Street affected the gentrification process in Cihangir greatly.

Arnavutkoy’s main difference from Kuzguncuk and Cihangir is that the gentrification of Arnavutkoy is generally framed by a young middle class working in finance, advertising or education that can afford to be independent. They have been in search of a residential area reflecting their choices, shaped around a longing for a multi-cultural past (Islam, 2006; Sen, 2005). This change in inhabitants is aligned with the increase in employment in the FBS sector.

Finally, Galata is a district in the historical centre of Istanbul; it is an old Genoese quarter located on the north shore of the Golden Horn. Gentrifiers in Galata were mostly singles or childless couples that were either postponing childrearing or had adult children who already left the family. There were high rates of unmarried couples living together (Islam, 2006). Although the prices today are much higher than in the 1980s, more people, including scholars, journalists and writers, are keen on living in Galata. New cafés and restaurants are opening up, and offices have moved to this area. The restored interiors, the buildings and the care given by the local authorities to the public areas have made the neighbourhood extremely popular among middle and upper class people (Islam, 2006).

Gentrification through the private housing market has not been organized by national or local government bodies, but the process has been supported indirectly

by the state. This support has occurred in improvements in infrastructure (sewerage, road systems), municipal services (rubbish collection, street cleaning) and better safety services (quick police response times). But the state has not been involved in any construction or renovation projects to start the gentrification process in these neighbourhoods. The gentrification process was mostly started by intellectuals and artists (but it has moved on to business professionals) moving into the working class neighbourhoods situated in the inner city.

National regulations to protect natural and historical assets, municipal tourism and culture-led revitalization interventions in the historical centres, initiatives to revitalize the inner city centre, and the provision of infrastructural investments played a crucial role in the formation of the setting for gentrification and hence, the speed and extent of gentrification processes in these neighbourhoods. To exemplify the role of the state in these gentrification instances, the pedestrianization of the main axis Istiklal Road in Beyoglu fueled the gentrification processes in adjacent neighborhoods Cihangir and Galata (Inci, 2003; Islam, 2003; Uzun, 2001).

As shown in previous chapters (see especially Chapter 3), gentrification is a dynamic process and is still continuing in these neighbourhoods. It is an ongoing process that sometimes leads to different types of tension not only between the old residents and new comers, but also between new comers. This is examined in detail in the Galata chapter (Chapter 7).

In Galata and Cihangir, residential gentrification is much more extensive than the other gentrified neighbourhoods. Gentrification developed slowly in Galata and even 15 years after the first signs appeared, most of the neighbourhood still was not fully gentrified. Nevertheless, with improvements in city transportation, Galata continues to experience gentrification. In Cihangir, gentrification was very fast and rapidly created a middle class neighbourhood. Galata and Cihangir are close together, and the difference between their experiences of gentrification is because of the commercial retail area located in Galata. The noise and pollution created by this area meant people were reluctant to buy property in this neighbourhood, and their first choice became Cihangir (Sen, 2005).

Even though Beyoglu district, and especially Istiklal Street, became the centre of entertainment and cultural events for the city after the pedestrianization of the street

in 1990, the first gentrification wave started in the neighbourhoods located by the Bosphorous. Istiklal Street is located close to Galata neighbourhood, and as discussed before, its pedestrianization triggered market-led gentrification for some of the neighbourhoods (i.e. Cihangir, Galata) located close to it. Istiklal Street was physically deteriorated in the 1980s, and the neighbourhood only thrived after it was pedestrianized, making the adjacent historical neighbourhoods more attractive for potential gentrifiers.

Having discussed the gentrification process through the private housing market, I now continue by discussing the summary of state-led gentrification processes and the reason why these have become more common in recent years.

6.8 Summary of State-led Gentrification Patterns

Sulukule, Suleymaniye, Fener-Balat, Ayvansaray and Tarlabasi are being gentrified through state-led gentrification. These neighbourhoods have similar backgrounds to neighbourhoods discussed above, with the exception of Sulukule. Sulukule has been associated with the Romani people for long time. There is some research that says that Romani are from India and settled in this area around 1054 in the Byzantine period (www.mimarizm.com, 2008).

All of these neighbourhoods have been experiencing state-induced urban renewal projects that aim to encourage middle and upper class people to move in to the area while displacing the current working class inhabitants. These projects have been challenged by the inhabitants, NGOs and academics, and as a result, the ones in Sulukule, Fener-Balat, Ayvansaray and Tarlabasi have been cancelled by lawcourts. However, the eviction, demolition and construction process in Sulukule and the eviction and demolition process in Tarlabasi have been completed.

There is significant social transformation taking place in Istanbul. An important part of that transformation is conducted through urban regeneration and renewal projects. There are a number of common features of the regeneration and gentrification taking place. The locations selected for urban renewal and urban regeneration projects have mostly been areas that are physically deteriorated. Most of the investments and urban policies have been about profit and creating new residential areas for the middle and upper class. Many of the housing investments and housing policies are

prepared without including public opinion, with as little information as possible provided to the public. This means urban planning that is supposed to be a tool for the public is becoming a tool for the business sector and financially privileged.

Apart from Sulukule, state-led urban renovation was first directed to the deprived, historic neighbourhoods inhabited by immigrants from all over Turkey, and as discussed in Chapter 3, the realization of the value by the state and developers of these areas after the renovation projects triggered the state-led gentrification processes. Even though in the past gentrification took place through the housing market, more recently, the state started to initiate urban renovation projects, and gentrification was brought about by a state-led process.

Considering all the discussed points, the transformation of Istanbul has been very speculative and unequal (Sakizlioglu, 2007). This speculative urbanization has been mostly shaped by private market dynamics, the ad hoc solutions of various actors with various interests in the city and political balances between various levels of national and local governments, rather than being driven by strategic plans and programs (Turel et al., 2006). In this situation, the state uses state-led gentrification and urban renovation to restructure the city both physically and socially. By sending working class people to the periphery of the city, the state wants to keep the CBD and the inner city of Istanbul for middle and upper class people. This is part of a plan to make Istanbul a world city and increase the importance of FBS sectors in the city (see Chapter 3, 5, and 6). However, the long-term effects of this tactic strategy, such as social polarization, are overlooked.

The state and state agencies have been crucial actors in this transformation and are still supporting the rapid growth of the city and leading the unequal distribution of urban rents among different social classes. The public and private actors (e.g., construction firms, media, municipalities) have no intention of creating social or low-cost housing for the poor or even to compensate their losses during state-led gentrification processes. This is why the displacement process has been so brutal in these neighbourhoods. As Kurtulus (2005: 161-186) puts it clearly, this neoliberal urbanization experience was marked by the transfer of resources from lower to upper classes and from the public to the private sector.

Now I turn to two case studies – Galata and Tarlabasi – to examine the gentrification process in these neighbourhoods in detail in order to bring together the abstract context with local specificity.

CHAPTER 7: THE GALATA STORY

7.1 Introduction

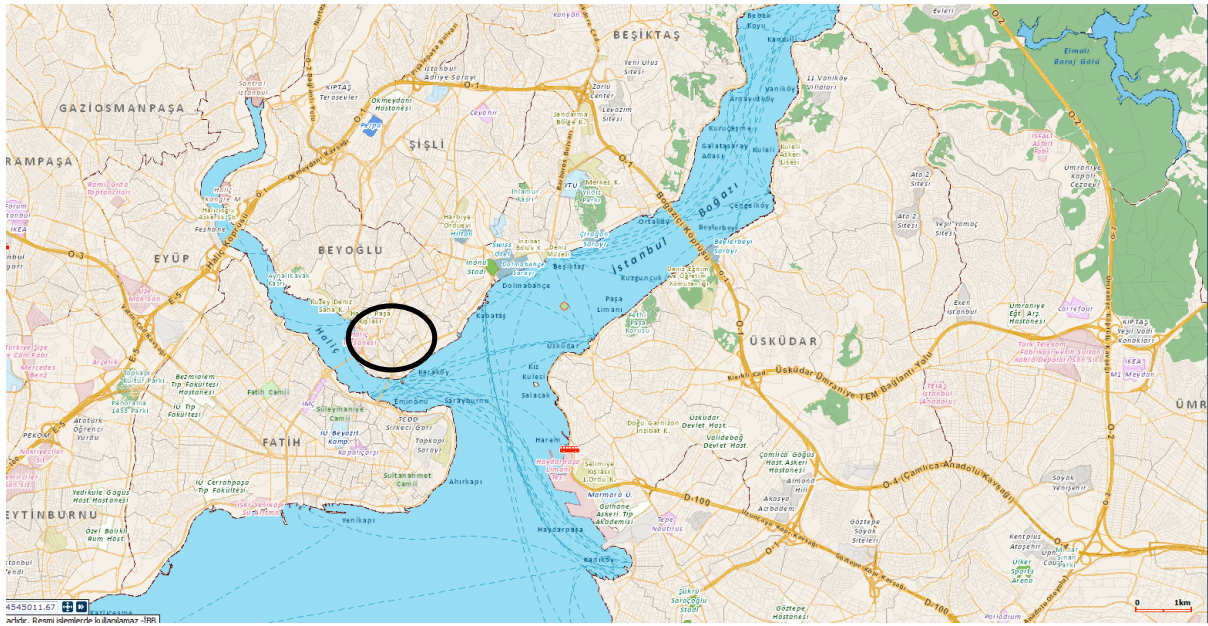
Galata is a strong example of market-led gentrification, and indeed, it received two waves of gentrification, sometimes referred to as super gentrification (see Chapter 2). It shows kinds of tensions between old and new inhabitants and certain antagonisms between different groups of gentrifiers. Although Galata falls into the category of market-led gentrification as we will see, municipality has had a considerable role.

What I am analysing in this chapter are different point of views of the same process, and my aim is to tease out the closest version of the truth. This chapter analyses the interviews and documents collected during fieldwork in the Galata neighbourhood. I discuss the thoughts and problems of new and old inhabitants and how gentrification affected the social dynamics in the neighbourhood.

This chapter starts with an overview of the gentrification processes in Galata since the 1980s, and this is a non-controversial account of easily verifiable facts. Following that I respectively analyse the interviews I conducted in the neighbourhood with the inhabitants and the ones with academics. After the analysis of the interviews, I move on to reconstructing the story of gentrification in Galata with regard to document analysis and interviews. Lastly, I present a conclusion for the whole of the analysis of this case.

7.2 An overview of Galata as a Case Study

As discussed in previous chapters (see Chapter 6 and 8), from the 19th century Ottoman era to the 1950s, Galata had been a middle class neighbourhood. The population of Galata mostly consisted of Turkish citizens of Armenian, Greek and Jewish origins. These groups were the merchant class in the Ottoman Empire, but with the founding of the Turkish Republic in 1923, they started to be suppressed. Between the Armenian Genocide in 1915 and the Cyprus invasion in 1974, many political events led them to leave the country (see Chapter 6).



Map 7.1: Location of Galata, Istanbul Metropolitan Municipality, sehirrehberi.ibb.gov.tr, 2015

Since then, some neighbourhoods in the historical part of Istanbul have become working class because after the departure of the minorities, Galata and other historical neighbourhoods were abandoned, and housing became very cheap. Many of the immigrants from Anatolia purchased flats and formed another identity in the neighbourhood. However, the historical buildings were not well maintained because of the complicated and time-consuming bureaucracy of the conservation law that requiring legal and architectural assistance that poor residents were not able to afford. But this enabled them to change the interiors of these buildings to suit their own needs for small ground floor workshops and storage areas (Belge, 2002).

However, in the late 1980s, some historical neighbourhoods caught the attention of middle-class intellectuals, and they started to buy and renovate houses in these neighbourhoods. This started a process of gentrification, and with the change of inhabitants, local governments started to provide better services in these areas, and the number of hotels, cafes, designer shops, and art galleries increased dramatically. Houses and apartments in these areas were renovated, but there have been some examples of bad restoration, and not all listed buildings have been renovated with respect to their original form. Socio-economically, even though many years passed until all the old inhabitants had moved away, eventually, most of them sold their

properties and moved to another area. Galata is a very good example of this process (Bektas, 1999).

The historical neighbourhood of Galata has been experiencing gentrification through the private housing market with no direct state intervention since the 1990s (See Chapter 8). Galata experienced gentrification quite slowly, triggered by the pedestrianization of Istiklal Street that was run down until the 1990s. After the rehabilitation of this street, the area started to become more and more popular and well-used by middle class people, and land prices in Galata started to increase. Following this, there was an urban preservation plan for the Galata Tower and the surrounding area, prepared by the Ministry of Tourism and Culture. The reason Galata is not included in the urban preservation plan for Beyoglu, the Municipality responsible for the area, is that in the Turkish planning system, Galata is designated one of the tourist areas that are planned by the Ministry of Culture and Tourism. A blank area was left on the Beyoglu plan covering the Galata district. As stated by many interviewees during the interviews, the latest development plan (2009) prepared by the Ministry made many inhabitants (mostly first wave gentrifiers) unhappy because of the decision to allow construction on every vacant site. They were concerned that this decision would harm the original built form of the area. Considering the changes Galata is experiencing, another interviewee stated that:

I mean these changes had positive and negative effects, of course. The positive side is: Buildings are being renovated, streets are livelier. Because, before, there were buildings next to ours that looked like a complete ruin, and now it has become these really luxurious flats that value around 1-2 million dollars. The negative side is: There is a new 1/1000 master plan prepared by the Ministry, and they opened every single empty lot to development, like the area was not crowded enough. These planning decisions are not made to conserve the historical texture of the neighbourhood. Galata is becoming more and more like a construction site rather than a heritage site, and it makes it really hard to live in here (Translated by the author) (interview with Galata gentifier; 16, January, 2013).

The spatial analysis below (Map 9.1) is taken from the official report of the Galata Tower and the surrounding area master plan (2009) and shows the vacant space in the lots in Galata. White lots are 100% fully built, and dark red lots are 100% vacant. The yellow colour shows 5-39% vacant land in the lots; the orange colour

shows 40-59% empty lots, and finally, the red colour shows 60-99% empty lots. It is clear from the map that most of Galata is built up, and there is little space for further development. Despite this, the same plan also proposes many new development areas for Galata (The Galata Tower and the Surrounding Area Master Plan Report approved 2009:95).



Map 7.2: Galata Neighbourhood, The Galata Tower and the Surrounding Area Master Plan Report, approved 2009:95

There are several reasons why the study of Galata can make an important contribution to the gentrification literature. First, Galata is a neighbourhood where there are various types of tension, and here the tension among gentrifiers themselves is examined in detail rather than the more usual examination of the tensions between old and new inhabitants. Galata is a fairly unusual case because tensions among gentrifiers is affecting the neighbourhood. Galata shows many features of the phenomenon of ‘super gentrification’ – what I present as the fifth stage of classic gentrification (see Chapter 3 and examined later in the current Chapter). Second, the gentrification of heritage-listed residential areas has not been a major focus of gentrification literature. The role of the historic fabric and the tension created around it is discussed in this chapter. Third, this neighbourhood partly transferred into an entertainment centre, and the literature is not concerned that much about places partly turned into entertainment centres.

The interviews conducted in Galata are examined later in this chapter, but here I would like to give an overview of the people I interviewed and the reasons for choosing them. I interviewed 18 people in the neighbourhood. They include inhabitants who have been in Galata since before the 1950s; inhabitants who arrived in the 1960s and the more recent gentrifiers. The first group has experience of the minorities who left the neighbourhood for political reasons and ethnically Turkish people who started living in Galata before the 1950s. The second group represents immigrants from Anatolia who moved to the area after the minorities left; and the gentrifiers include first wave gentrifiers who moved to Tarlabasi in the late 1980s and the early 1990s and second wave gentrifiers who moved to the area in the last 7 years.

The reason I chose these groups of people are to gain perspectives on the area from several different points of view. In addition to the old and new inhabitants of Galata, I interviewed four academics who have researched this area. All of them carried out their research in the first stage of gentrification and had intensive knowledge about the first wave gentrifiers, the Anatolians, and how the gentrification process developed in the area during the 1990s. Two of them had an intention to do a follow-up study to examine the changes and the current process of gentrification in Galata. These interviews gave me first-hand information about the early stages of the gentrification process in order to make connections with the current form of

gentrification in the neighbourhood. All the interviews were conducted in the first half of the year 2013.

It is possible to detect many types of tension between the current inhabitants of the area. There is a slight tension between the old inhabitants and the foreigners (expatriates in Istanbul) who moved to area recently. Even though they get along, Anatolians think that the foreigners are corrupting their neighbourhood culture, but at the same time, they are grateful for their presence in the area because the Municipality is providing better services since they moved in.

There is also another type of tension amongst new inhabitants. People who cherish the historical heritage of the area are not pleased about those who moved in only because the area is popular, and they see them as harming the historical heritage of the area. In addition, another tension is between first wave gentrifiers and the Municipality. Because the latest development plan encourages development of every vacant lot, some inhabitants think this plan will harm the historical heritage. A further tension is between those who have lived in the area for generations and the rest of the inhabitants. The oldest inhabitants think none of the people are suited to live in Galata since they do not know how to maintain the area or understand its real historical value. Finally, there is the resentment felt by people (mostly minorities) who moved out of the area but still work there and feel they have been unjustly and needlessly exiled from their area.

Now I turn to analysing these types of tensions within the interviews conducted.

7.3 Neighbourhood Interviews

Eighteen interviews were conducted in this area with three categories of people: 1. people who have moved out of the area; 2. current tenants; 3. current owner-occupiers.

Three broad topic areas were covered corresponding to the experiences of each group:

- Attitudes of people who left
- Tensions experienced by old inhabitants
- Tensions experienced by new inhabitants

These topics are summarized from all of the questions asked to all of the interviewees. Galata has had inhabitants with various origins, and to make it easier to understand, Table 8.1 below shows the backgrounds of different groups of people, the period in which they were in the majority in Galata and when and why they left the neighbourhood. The Table includes the number of interviews with people from these backgrounds.

Groups of People in Galata		
Inhabitants from before the 1950s		Number of Interviews
Inhabitants who have been in the area for generations (mostly Turkish ethnicity)	They are still residing in the area	2
Inhabitants who were displaced (Armenian, Greek, Jewish origins)	They mostly left in the late 1950 because of political pressures	3
Inhabitants from between the 1960s – late 1980s		
Immigrants from central and eastern Anatolia (Turkish, Kurdish) and Roma	Many of them left in the 1990s when the area started to gentrify. As owner-occupiers, they were able to sell their houses for a profit. Tenants moved away because rents started to become too expensive for them to afford.	5
Gentrifiers since the 1990s		
First wave gentrifiers from the early 1990s	They are still residing in the area	8
Second wave gentrifiers, since 2008	They are still residing in the area	N/A

Table 7.1: Groups of People in Galata

7.3.1 Attitudes of People Who Left

Three interviews were conducted with people who left the area. Of the people who moved out, some left because of political pressures and others left because they did not like the immigrants from Anatolia or the Romani and also because they had now lost almost all of their old neighbours and connections. When asked if he misses living in Galata, one interviewee (the Turkish citizen of Jewish origin) stated that:

No, no! We ran from Galata (because of the Istanbul Pogrom), and I am surprised that anyone would like to come back Galata. However, now, people are very satisfied with living in here, since it has been renewed, restored and many intellectuals are living here now. I really

do not understand why they like this place so much. There is an Italian girl living on Tatar Street, and she tells me she is in love with this street. I asked why you like it so much. I do not understand how this is possible. (Translated by the author) (13, January, 2013).

When asked what kind of problems they experienced while they were living in Galata, one interviewee (Jewish originated Turkish citizen) stated that:

The only problem we encountered was the Istanbul Pogrom, and it was a really big problem for us. I can remember it quite clearly. It affected me very deeply. They plundered my father's shop, and that should not have happened, but it did. We turned off the lights and were looking through the windows of our house, and we had this iron gate in front of our apartments. I remember our gatekeeper had to stay put in front of the door so that no one can come in. After this incident, the migration from Galata began. People were feeling agitated and scared. Some moved to France, and some moved to Israel. For example, I had two aunts, and one of them was of Greek origins . She moved to Canada. (Translated by the author) (21, January, 2013).

Romanis who used to live in Galata were mostly tenants and left years ago because of the increasing rents, so I was not able to interview anyone about their situation.

Most of them not only left Galata, but also Turkey altogether, although a few are still left in other parts of Istanbul. When asked why they had left, the two people I interviewed both said that they lost all their connections to the neighbourhood, everyone left and they were not able to get along with the people who came from Anatolia. When asked if they would like to live in Galata right now, their answer was "No" because Galata would never be the same as it was, and they would never have their old neighborhoods back. So even though now the people from Anatolia whom they did not like have mostly left, they are not pleased with the new inhabitants either. They do not miss Galata as it is in the present, but they miss how it was 40-50 years ago. These people I interviewed mostly feel resentment when they think about Galata.

7.3.2 Tensions Experienced by Old Inhabitants

Seven interviews were conducted with the old inhabitants. This section analyzes the problems and tension between old and new inhabitants, and the next sub-section is

an analysis of the tension between different groups of gentrifiers. First, I discuss the interviews with people who have been living in the area for generations (before the 1950s).

In the opinion of one of the interviewees (an inhabitant residing in Galata for generations):

Galata is a very cosmopolitan place and that is Galata's main feature. There are people from all nationalities such as Greeks, Armenians, Jews, and we grew up here together. However, now there has been some [other kind of migration [talking about gentrifiers] into Galata and there are people, even though they are college educated, they do not know how to use toilet. They do not take out their garbage properly, and they pollute the streets. This is not even about lack of education because these people are well-educated, or they think they are. It is very ugly; when I was a kid no one was able to scream in the streets, but now people are screaming at nights, throwing their garbage into the street. Then we have to warn them about how to behave, and they do not take that well, either. Overall, they do not respect the neighbourhood they are living in like the older inhabitants. This place was not like this in the past and we had respect and common courtesy, but now people are pretending like they are some big shot before finishing their school [university education] and not showing respect to anything at all. (Translated by the author) (02, February, 2013).

Anatolians talked about several changes Galata has experienced in the last 20-30 years. Whereas they are sometimes unhappy and concerned about the social changes, they are happy with the physical changes. The Municipal services in the neighbourhood have been better compared to the past, and Anatolians think this is because of the arrival of the gentrifiers. On the other hand, there is some antagonism between the old inhabitants and the foreigners who have recently moved to the area. Antagonism here refers to a strong feeling of dislike and acting upon this feeling, such as confronting the other party if there is a face-to-face meeting. The Anatolians I interviewed do think the foreigners are corrupting their neighbourhood culture and neighbourly relations have been 'lost', but at the same time, they are grateful for them being in the area because the Municipality is working better since foreigners (in addition to the gentrifiers) moved in. Many of the people I interviewed were concerned that the area has been becoming increasingly expensive, and if it continues like this, they will not be able to afford living here. In Galata, concerns

about high prices usually refer to living expenses because most of the Anatolians who are still living in the area are owner-occupiers and are not worried about rising rents. There are almost no working class tenants living in the area. Their concerns do not include displacement because of high rents.

Although the Anatolian respondents seem pleased with the current version of the neighbourhood, they do not socialize with the new inhabitants and do not have any interactions with them besides seeing them around. The old inhabitants are just pleased with the effect that the new inhabitants create rather than having them as friends or neighbours.

When one interviewee (migrated to Galata in the seventies from Anatolia) was asked about what she thought about the changes Galata has been experiencing, she replied:

In the past (in the 1970s and 1980s), this place was like a dumpster and now, it is much cleaner. The Municipality is actually picking up the garbage, cleaning the streets now, and there are many tourists around the area, so Galata became much better. I am very happy with this change; my only concern is that there is too much noise now because of all the cars and tourists. (Anatolian, migrated to Galata in 1970s) (Translated by the author) (29, January, 2013).

To summarize: one kind of tension demonstrated here is the antagonism towards and indirect conflict with first and second wave gentrifiers and Anatolians by old inhabitants. I interviewed people who have been living in the neighbourhood for generations. Indirect conflict refers to a state of dislike towards a group of people, but no confrontation. These inhabitants are not happy about any kind of social or physical changes that Galata has experienced. They are not happy about the immigrants from Anatolia and think that they do not 'fit' in the area. On the other hand, they are not happy about the gentrifiers either and think gentrifiers do not know how to appreciate the historical heritage and take care of the houses or the historic environment as they should. Some of them see the gentrifiers as people who just have money, but no respect for the historical heritage and the people in the neighbourhood. Indirect conflict plays out in the form of complaining to authority about the disliked group of people. People I interviewed stated that they openly share their opinions about the other groups of people in the neighbourhood in any platform possible.

The other type is anomie from the Anatolians I spoke to towards the rest of the neighbourhood. Anomie refers to a state of indifference where no social conflict exists. It is a social condition one group of people has towards another (Gerber and Macionis, 2010). While they seem happy with the physical and service improvements to the neighbourhood, they do not socialize with or are indifferent to the gentrifiers.

7.3.3 Tensions Experienced by Gentrifiers

Eight interviews were conducted with the gentrifiers. All of the problems mentioned in this section are expressed by first wave gentrifiers because they are the only group of gentrifiers I had the chance to interview. The second wave gentrifiers I was able to contact did not want to participate in the study without giving a specific reason. First wave gentrifiers have a strong sense of place and take the whole phenomenon of old Istanbul seriously. This is what led them to buy and renovate their own houses and at the same time create an imaginary. They value the history of Galata and do not connect well with other groups of people who do not show the same kind of appreciation. According to the first wave gentrifiers, the second wave of gentrifiers did not share this sense of place and they mostly moved to this neighbourhood because it is popular, central and close to the entertainment centres of the city.

The first wave gentrifiers I interviewed had several ideas about the neighbourhood. They are pleased to live in such an historical and central area, but are not happy about the second wave gentrifiers who moved to the area in the last seven years. Some of the interviewees think that not all new inhabitants understand or care about the value of the houses and the historical heritage they live in. In their opinion, some upper middle class or upper class people only move there because the area is popular and it shows some kind of social status to live in Galata. They agree with the old inhabitants about this matter, even though they do not mix with them. Some of the gentrifiers also stated their discomfort towards Anatolians:

My personal opinion is that, some of the old buildings are not maintained properly and naturally this creates pollution around the neighbourhood. Behind my flat, there is a mountain of garbage and I think, old inhabitants of Galata [she is referring to Anatolians] refuse to clean this mess. I mean, I am against gentrification but at the same time, people who come here [gentrifiers] are making this place

[Galata] better and more beautiful. (Translated by the author) (02, February, 2013).

When asked how he would compare the present with before the 1950s, one interviewee stated that:

I mean, of course I do not have such Utopian ideas, but there is the fact that I have been living in this house for four years now and all of the people who used to live here when I first moved in are gone now. We were not neighborly or anything, but there were more people from Anatolia. Now, there are people (mostly males) aged between 25-35, living alone, probably educated abroad or people aged between 35-40, upper class, too lazy to rent a holiday place outside Istanbul. [meaning even though they can afford to have a holiday place in the south which is the most common, they just stay in Istanbul only because they can] The latter come and rent a place for 2000 dollars a month, and then they are partying all the time. Then I have to call the police at 2 a.m. in the morning because they are making too much noise. I cannot blame them really; I know that they have no idea about how to be a decent neighbour because all these people grew up in gated communities. You know the neighbourhood next to us: Tophane? It is a very conservative place, and these people just do not fit in with those people in Tophane, creating tension. I am sure you heard about the exhibition incident [this is explained in the conclusion]. For instance, when I first moved here, there were many Romani people and now they are all gone. I was coming home at night and every day they (Roma) had some sort of entertainment. They were colouring and decorating the street and celebrating all sorts of things. However, they always finished their celebration 11:30 p.m., and they were sitting outside until 3-4 a.m. in the morning during the summers. It was like a natural safety for the neighbourhood. Now, people here are drinking and partying until the morning, and I cannot take it after some time. Also, they are not clean or anything. We used to have garbage on the streets in Migros (Turkish version of Tesco) bags, and now we have garbage on the street in Dolce & Gabbana bags, but people are still throwing garbage in the street. (Translated by the author) (10, February, 2013).

As mentioned in the previous section, the first wave gentrifiers I interviewed are unhappy with the decisions of the Municipality, such as allowing many places to become hotels, cafes, art galleries or designer shops. All of the eight people I interviewed said that it was only to make more profit in the area, and with the increase in these retail areas, Galata was losing its original features. One gentrifier stated his discomfort about the change in Galata:

I can say this since I have been living here for such a long time [11 years]; until 2008 this was an expected change [further levels of gentrification]. It was a classical process. First the bohemians arrived then their friends arrived and after that, some foreign citizens started to live here. However, after 2008, some companies and therefore capitalism discovered this place, and the process started to be managed by actors such as international real estate companies and the Municipality. The Municipality had some plans to turn specific streets into fashion and art streets. (Translated by the author) (05, February, 2013).

Tension amongst gentrifiers is partly affected by external factors, such as speculators and big real estate companies. People (second wave gentrifiers) who came to the neighbourhood by buying property from these real estate companies have not been welcomed because they were accused of coming to Galata for the wrong reasons. According to some of the first wave gentrifiers, they did not renovate their own houses or care about the heritage of the environment at all; they came to live in Galata only because it is popular and close to entertainment amenities.

7.4 Academics

Four interviews were conducted with the academics chosen from several who have studied Galata. They all agree that the gentrification process in Galata was slower than other neighbourhoods gentrified through the housing market, and that is one of the reasons the neighbourhood is still experiencing gentrification. The issues discussed with academic respondents included changes that the neighbourhood is facing, displacement, reaction of the old inhabitants, thoughts on gentrifiers, and various tension between these different groups of people. I analyse these issues later in the chapter.

When asked about gentrification and displacement processes in the area, the academics suggested a classic gentrification process that took place. The process started with middle class people buying and renovating their houses, and one of the reasons to prefer Galata was that in the 1990s, it was cheaper than other gentrified areas (e.g., Cihangir), but with same kind of features and close to the centre. The process seemed to take place without government intervention, but there were some indirect interventions that old inhabitants, especially experienced.

When asked about the gentrification and displacement process in Galata, one of the academic respondents replied that:

With the renewal and pedestrianization of Istiklal Street and this area becoming the entertainment centre of Istanbul, the gentrification process started in the 1990s reached Galata in the mid-1990s. First, Cihangir started to experience gentrification very intensely, and only after that, Galata started to experience bits of that gentrification process. However, even though the gentrification process started very slowly in Galata, in the 2000s, gentrification process accelerated. One reason for that, the high fashion industry started buying and renting shops and fashion designing studios in Galata. This had a big effect for Galata. I had a chance to have chat with the first gentrifiers of that area, and they were saying they cannot recognize the people recently moving in, and they surely are not happy with them. Besides that, there is also the issue of shops around the Galata Tower. Since there are no regulations about the entertainment businesses there, they are open until 2-3 a.m. in the morning, and people who are actually living there are not happy with that either. I mean it also makes sense. Think about it. If I was younger, I would go to the place around Galata Tower as well. It is basically free to sit there, and there are grocery stores where I can buy drinks with no regulations. Now the municipality closed down that area and they are going to make some landscape arrangements and try to prevent people from gathering in that area. I do not know what is going to happen this summer. On the other hand, the gentrifiers are also complaining because there are no public toilets around the area, so people just go to any free space around the tower and I do agree that this is disgusting. (Translated by the author) (15, February, 2013).

In terms of displacement, the academics did not find that there had been much eviction in the area. Only one of the interviewees talked about harassment by an owner-occupier (harassing the tenant to leave the premises, creating false accusations) to evict his/her tenant from the flat for the sake of profit. Apart from this, the displacement process was mostly people selling their houses for large profits and moving somewhere else to avoid the increasing living expenses in the area. According to one interviewee, owner-occupiers continue to think about selling their houses and moving to another place that suits their lifestyle better (according to them). When asked about the changes that Galata has been experiencing, one interviewee stated that:

The process there became very visible after the year 1995. I studied that place on 2005, and I criticised the gentrification process that has been going on in the area. What I experienced there was social mix.

There is still social mix on some level. Think of an apartment: on the top floor there is an Italian musician; the floor below that there is middle class person who is a teacher in a private school; the floor below that there is a working class family from the east of Anatolia; and finally the floor below that there is a Roma family. This situation was possible then. When you start talking to gentrifiers, first they were praising this social mix in the area; however, as the conversation progresses, they start complaining about the very situation they were praising before. They say things such as: “These people are ignorant anyway, they do not know how to do anything, they break things and all To be honest, I did not have one good interview when it came to people from different social classes and cultures living together. Everyone was spying on each other, or there was this silent desire by new inhabitants to make the old inhabitants leave the neighbourhood. The old inhabitants were not leaving because they had hopes that state will make some kind of arrangement here and make the neighbourhood better. I also interviewed many businesses and asked them why they do not invest in this area more. They said they were expecting a much higher level of gentrification, and they were unhappy since that did not happen. Hotels were not complaining that much then, but now, when I walk around the area, I see these new developments, constructed for international tourists. I guess they have a different network of clients. They were quite luxurious. (Translated by the author) (8, February, 2013).

She added some things about the housing market in the area at the beginning of gentrification:

Besides this fake social mix [the interviewee does not think that there is any social mix in the area], people who have been living there since the 1970s are mostly from the east of Anatolia, and they turned into this real estate agent [interviewee meant that inhabitants started only think about the profit they can make from their properties] once the land prices started to increase. They had illogical demands for their property, and they were asking four times what the flat was actually worth. I cannot blame them because the prices had gone up so fast they tried to benefit from that. They also had this very illogical reasoning: “My neighbour sold his house for four, so I will be asking four for my house as well. Why would I not?” People started thinking about how much they can get from the sale of their house because gentrification creates this incredible speculation in the housing market. I do think this speculation itself created some kind of degeneration. (Translated by the author) (08, February, 2013).

There is one forced eviction story that was mentioned during the interviews:

Lastly, I have never seen any forced eviction in the area; however, I only heard about one incident. There was a family from Mardin (a city in the south-east of Turkey), and I still remember the face of the man who told me this, he was so proud of himself. He basically threw them out of the flat. He said, and I quote: “If we have not gotten rid of them then, they were going to stay there forever, and these people are from Mardin, so they were going to do these petty jobs like selling mussels and turn this place into a marginalized or rural area.” He thought what he did was basically a charity work for the real inhabitants of Galata. (Translated by the author) (16, February, 2013).

This section analysed the interviews conducted with academics on the topic of gentrification processes of Galata. Academics I interviewed who studied Galata agree on process of market-led gentrification in Galata and how I operated in the last 30 years or so. Now I turn to summarizing all of the interviews conducted and construct the story of Galata from different points of view.

7.5 Reconstructing the Story

In this chapter, I have examined many stories about the same process, and since I am a critical realist, I believe there is a single truth of what happened that is seen differently by different groups of people. Being highly a political process gentrification has different viewpoints on it, and I, being a critical realist, analysed one single process and will construct the closest version of the story to the truth possible from the evidence that I presented above.

In Galata, it is clear from the statements of the Anatolians I interviewed that the local government ignored the working class people in the neighbourhood by not providing them with adequate municipal services. However, my respondents did not realize that, and instead, they felt grateful when the first wave gentrifiers arrived because that is when the Municipality started to provide better services. This is one reason why my Anatolian respondents felt no antagonism towards the gentrifiers. However, this is not true for all the working class people from Anatolia who moved to the surrounding neighbourhood. As stated by one of the academics, the inhabitants of an adjacent neighbourhood called Tophane were very unhappy about the gentrifiers’ ‘way of living’. The conflict was so great that people from Tophane raided one of the exhibition openings and beat up some of the participants. This was

an important incident in the media and showed the extent of the conflict between two groups of people.

Even though there was this one incident from Tophane's inhabitants, the first wave gentrifiers in Galata I spoke to did not show any signs of tension with Anatolians. Gentrifiers who were aware of the old inhabitants of Galata when they first moved in and were looking for (or claiming to look for) some form of social mix did not express antagonism towards Anatolians at the start of the interview, but did not talk about wanting to socialise with them either. However, after four or five questions, some respondents started to complain about how dirty or crowded the flats are and claimed that the flats are mostly inhabited by the Anatolians. It is also important to add that many of the Anatolians sold their property and moved out of the area and the ones who stayed are a small number compared to the gentrifiers. In other words, there are not many Anatolians left to complain about and the tension between first wave gentrifiers and Anatolians decreased compared to the past (Sen, 2005).

In summary, this empirical research reviewed various types of tension in a gentrified area to demonstrate the effects of the process of gentrification. As seen in this section, according to the first wave gentrifiers, second wave gentrifiers demonstrate anomie towards the first wave gentrifiers. the first wave gentrifiers stated that, they are indifferent to them, and they do not share any opinion or socialize with them in any way. The first wave gentrifiers openly show antagonism and in some cases, indirect conflict (e.g., calling the police) towards second wave gentrifiers, and they do not think second wave gentrifiers should be living in Galata. The first wave gentrifiers show anomie toward the old inhabitants. In addition, gentrification still continues to create new types of tension (e.g., tension between different groups of gentrifiers). Even though there were not many forced evictions, it is possible to detect many kinds of tension between the current inhabitants of the area.

7.6 Conclusion: Analysis and Interpretation

Classical gentrification has been an important phenomenon in Istanbul, and what underlies it is some of the same processes that have been observed in the global North. The main elements such as rise of the FBS, transformation of the economy, the rise in the numbers of professional workers and the culture and taste of these

professionals are things that have been observed in many cities in the world and cities in the global North, but which are also observable in Istanbul, although there are some differences. For example, Istanbul is only now developing to become a world city, and while there is classical gentrification, Istanbul is also experiencing massive urban regeneration and transformation projects often seen in the global South. All of these processes indicate that even though Istanbul is a city in a developing country and in the global South, the urban and gentrification theories from the global North are applicable, and they are also important to understand the underlying reasons for both type of gentrification. However, at the same time, it is necessary to add new set of cities from different parts of the world with different political and social elements to enrich the theorization of both types of gentrification.

In this section, I analyze and interpret this story deeper and look at four points: tensions in Galata, relationships between old and new inhabitants, indirect state involvement and social justice, and the social relations gentrification sets up.

The first point is that tensions in gentrified areas are not limited to those between old and new inhabitants. Gentrification is a process that creates many levels of tension between different groups and between groups of gentrifiers as well: these are anomie, antagonism, and indirect conflict. People who moved to the district because of its history, architectural beauty and narrow streets that remind them of Istanbul in the 19th century and who like to enjoy exhibitions in nicely-restored buildings that used to belong to the Levantines do not want other middle class people moving in only because the district is popular and ‘trendy’. This is an interesting kind of tension that is not commonly emphasized in the literature on gentrification. The first wave of gentrifiers’ complaints are mostly directed towards second wave gentrifiers for not being part of this kind of community.

Galata’s current identity has many traces from its Ottoman past, and these traces are what attracted middle class people there in the first place; more recently, the area is being transformed into something different. Even though the houses are still historical, there are no neighbourhood traditions such as social gatherings, celebrating weddings and special days together. Instead, there are gatherings in bistro cafés or in art galleries. Most of the shops (electricians, carpenter shops, lathe operator shops) that used to be located in Galata have moved away. Gentrification is

not only bringing different inhabitants to the area, but also changing its previous identity and culture. Gentrifiers' consumption habits affected the identity in the neighbourhood greatly. Currently, most of the retail areas in the neighbourhood are designed to attract professionals (the second wave gentrifiers).

The second point relates to the details of the relationship between old inhabitants and gentrifiers. Recently opened art galleries, cafés, restaurants have certainly made the district much more popular and improved the demand for housing in the district, but old inhabitants are not in the market for designer clothes or vintage bags. This makes them feel excluded and not part of the neighbourhood anymore, which creates tensions between the old and new inhabitants. I found little evidence of social mixing between the old and new inhabitants. Even though Galata has been gentrified since the early 1990s and most of the Anatolians left the neighbourhood because of gentrification, those remaining did not have social interactions with any of the gentrifiers. In the case of Galata, it is clear that it is not only old and new inhabitants who do not mix, but also first and second wave gentrifiers do not mix either.

The third point I found is that although this is not state-led gentrification and it has been led by the private housing market, the local municipality played a significant role in promoting the gentrification of the area. In Galata, this happened with planning permissions in favour of construction firms, making it easier for them to build new apartments on heritage sites that do not necessarily fit in the neighbourhood or allowing second-rate renovation practices. This involvement of the state also includes providing better municipal services (picking up garbage, cleaning the neighbourhood) once the area is gentrified and controlling the permissions for the sale of alcohol in cafés and restaurants, which has direct effect to the entertainment sector in Galata. This contributes partly to the tensions between gentrifiers. On the one hand, some first wave gentrifiers demand better restoration and urban conservation projects, while on the other hand, second wave gentrifiers demand more hotels, cafés, bistros and overall, more development in the neighbourhood.

Gentrification is a process that can generally improve a neighbourhood's physical condition and its place in the private market, but in doing so, does not really take the current inhabitants into account. Gentrifiers create this imaginary sense of neighbourhood and neighbourhood relations that actually help satisfy new

consumption habits of the middle class. The Galata case demonstrates that gentrification continues to be a dynamic process, in the course of which the existing tensions between old and new inhabitants continue, while other kinds of tensions are added to the area, creating a neighbourhood with many identities that do not blend well.

I now turn to the Tarlabasi case to examine the brutal state-led gentrification process that has been taking place in the area since 2008.

*“What we do in Tarlabasi is not only urban regeneration,
we are healing a poisoned princess”*
Ahmet Misbah Demircan, Mayor of Beyoglu, 17 August 2012, Star Newspaper

CHAPTER 8: THE TARLABASI STORY

8.1 Introduction

Tarlabasi is an important example of state-led gentrification. There is a huge contrast between Galata and Tarlabasi when it comes to processes of gentrification, even though they are closely located and have a similar historical background. Tarlabasi has been experiencing a brutal displacement process, and being a quite political project, there are even more different points of views compared to Galata explained and analysed in this chapter. While analysing these different and frequently contradictory different points of view and stories about the same process, I tease out the closest version to the truth.

In this chapter, I first discuss the overview of the gentrification processes of Tarlabasi since the early 2000s and following this, I examine the earthquake risk in Tarlabasi because it is one of the justifications used by the authorities for the Tarlabasi Renewal Project. As I will argue, this is an excuse rather than a reason for implementing the renewal project. Following this, I analyse Law 5366, which has allowed the acquisitions and demolitions to take place to give a better explanation of the legal processes relating to the redevelopment project. I then move on to examine the five interviews I conducted with the officers of Beyoglu Municipality, the MHDA and Gap Insaat to present the story from the authorities’ point of view and hear their justifications. I wanted to know their reactions to some of the things that have been said or written by NGOs, journalists, the inhabitants of Tarlabasi and academics in opposition to the project.

This is followed by the 15 neighbourhood interviews I conducted around but not in the project area of Tarlabasi. The reason I was not able to interview anyone from the project area is that all of those who were evicted and displaced who I was able to track down refused to talk to me because of the reaction (e.g., being harassed further by the police force or the local government) they might face from the local or

national state. I interviewed people living in neighbourhoods around the project area to learn their experiences about state-led gentrification and their concerns about the future. In addition, I interviewed four academics who were interested and conducted research in the area and the gentrification process in order to gain insights from their interpretations. I interviewed five people from various NGOs who worked in or were interested in the area to understand their influence on the process and the tools they used oppose the project. These NGOs include the Tarlabasi Platform, the Tarlabasi Association of Owner-Occupiers and Tenants, and The Chamber of Architects. I conclude this chapter with my interpretation of the story and some reflections on the socio-political effects of the project in the area with regards to state-led gentrification processes.

8.2 The Overview for Tarlabasi as a Case Study

Tarlabasi is a historical neighbourhood located in Beyoglu district, Istanbul (see Map 9.1). It is five-minute walk away from Istiklal Street and has a similar historical heritage and background to Galata. Tarlabasi, too, started in the 19th century as a middle class neighbourhood populated by Ottoman citizens of Armenian and Greek origins. Its population was affected by the political events surrounding the introduction of the Capital Law and the Istanbul pogrom (See Chapter 6), and like Galata, immigrants from Anatolia bought these architecturally significant properties for very cheap prices, and the municipal services started to deteriorate. However, unlike Galata, Tarlabasi did not experience gentrification through the private housing market, even though it is equally close to entertainment and cultural centres and has the similar historical heritage.

There are several reasons for this. First, Tarlabasi Boulevard was widened during the pedestrianization of Istiklal Street, and Tarlabasi became isolated from the rest of the neighbourhood, cutting off Tarlabasi's connection to the entertainment and cultural centre of the city (Islam, 2006). Following this development, the local government demolished many historical buildings and forced the people living on the main street to move away from the neighbourhood, hastening the physical deterioration of the area (Islam, 2006; Dincer et al., 2008).

Second, in the 1990s, Tarlabasi received a different kind of rural to urban migration.

As has been explained in previous chapters, Kurdish people who were affected by military activity in the east of Turkey were forced to leave their home lands and were left without any means of financial support. These people started to move to the Tarlabasi neighbourhood because the rent was very cheap and the area was very central. With the arrival of this poor and marginalized population, the Municipality and the police force ignored the area almost altogether. This led to further physical deterioration of the area (Islam, 2010).

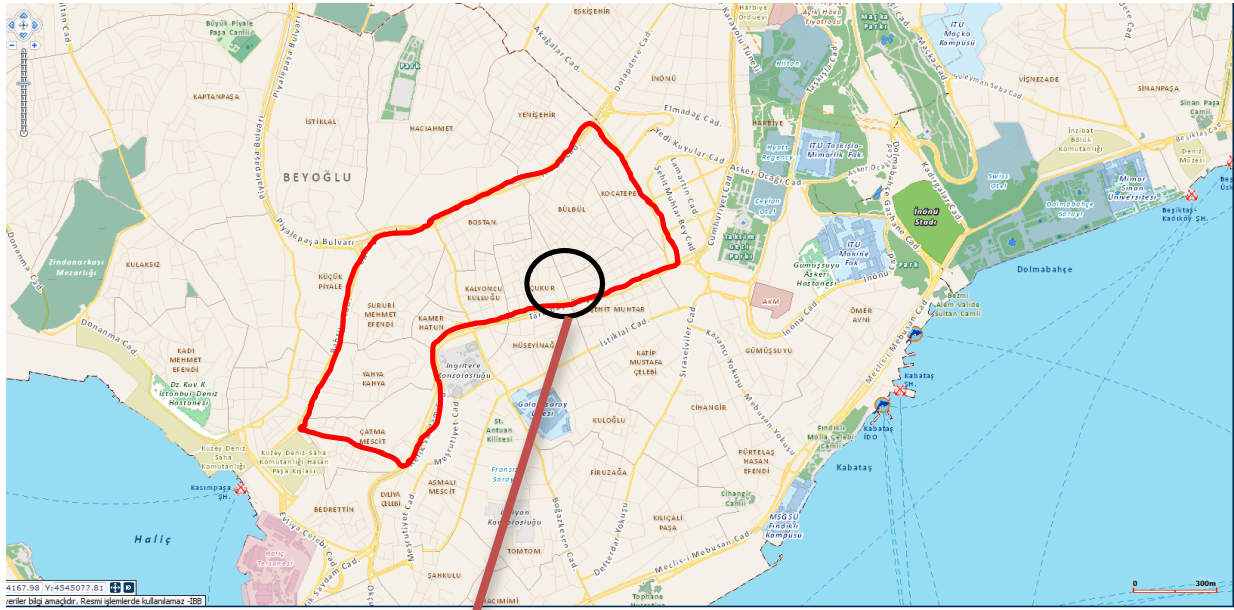


Map 8.1: Tarlabasi's connection with Istiklal Street, Istanbul Metropolitan Municipality City Guide, sehirrehberi.ibb.gov.tr, 2015

By the 2000s, Tarlabasi became a neighbourhood populated by the most disadvantaged segments of the population, including Kurdish people from the southeast, Romani, foreign and immigrants as well as a gay and transsexual community. In this district, people either work in the service sector in the tourist areas nearby for very low wages or as street vendors selling food produced in small workshops in the district (Turkun and Sen, 2009).

According to Law 5366 enacted on 5 July, 2005, which enables regeneration in historic areas, nine lots in Tarlabasi were declared as “urban renewal” areas on the 20 February, 2006. It was intended to convert the buildings into hotels, shopping spaces and residences. This initial stimulus was expected to trigger a complete

physical change and gentrification in the area (Turkun and Sen, 2009; Turkun, 2011). On 16 March, 2007, Beyoglu Municipality put the preliminary project for Tarlabasi renewal area up for tender. In the tender, the Municipality demanded that the work be completed in two and half years from the day both parties signed the contract. On 17April, 2007, Gap Insaat (a construction company) won the tender. The preliminary project prepared by Gap Insaat proposed the demolition and reconstruction of all historical buildings in the renewal area (The Chamber of Architects 40th report, 2008-2010).



Map 8.2: Tarlabasi neighbourhood (Istanbul Metropolitan Municipality City Guide, sehirrehberi.ibb.gov.tr, 2015)



Map 8.3: Tarlabasi Renewal Project (Istanbul Metropolitan Municipality, www.ibb.gov.tr, 2015)

Map 8.2 above shows the whole neighbourhood of Tarlabasi, and Map 9.3 is the Tarlabasi renewal area. This area consists of nine blocks and 278 (20.000 m²) lots. In the renewal area, all the buildings in the project area are to be demolished, even though 70% of the housing stock is made up of listed buildings, and their facades will be rebuilt as in the originals. The interior of the buildings will change

completely to fit the needs of the new users. Courtyards will be created by decreasing the depth of the buildings. To provide a 'safe' environment for the new users, access to the buildings will be located towards the interior courtyards. Parking garages will be built under the buildings (Dincer et al., 2008).

There are some models that show the proposed future Tarlabasi. Image 9.1 shows a street in current Tarbalasi, while Image 9.2 is taken from a Project leaflet, depicting the proposed future of Tarlabasi, a future that has nothing to do with Tarlabasi now.

Photo 8.1:
Picture of
Tarlabasi as it is
now
,[http://kamilpas
ha.com/?p=258](http://kamilpas
ha.com/?p=258)
5 , retrieved in
2015



Photo 8.2: Models for
Tarlabasi Renewal
Project ,Gap Insaat
project leaflet, 2013

This project was heavily criticized by the Chamber of Architects, academics and NGOs are interested in the area. Nevertheless, on 30 September, 2007, the project was accepted by the Urban Renewal Commission working under the authority of the Ministry of Culture and Tourism – in other words, the national state. The Chamber of Architects requested a copy of the project from the company for their own observation, but even though the construction company claimed that they prepared this project with the participation of the public in an open and transparent way, they did not send a copy of the project documents to the Chamber (The Chamber of Architects 40th report, 2008-2010).

The Chamber of Architects filed a lawsuit against the project and against Law 5366 on 22 April, 2008. During the lawsuit, an expert report, written by academics from Istanbul Technical University who were appointed by the local government that supported the decision to carry out demolitions in the area and which antagonized the inhabitants of Tarlabasi was handed to the court. This report is examined in detail later in the chapter. The Chamber objected to the report and requested that the court should order a new report to be written by more objective academics, but on 16 June, 2010, the law court decided the case in favour of Gap Insaat without responding to the requests of the Chamber. On 28 August, 2010, the demolition in Tarlabasi officially started. When the demolition started, not all of the inhabitants had left the area. The eviction process took place between 2008 and 2012, and the start of demolitions was used to intimidate the inhabitants who were reluctant to leave or sell their property to the construction firm (Chamber of Architects, 2008).

During this time, an acquisition process operated for the owner-occupiers, but there were no arrangements for tenants. Owner-occupiers were able to purchase a flat in one of the housing developments of the MHDA located on the periphery of Istanbul. This process is examined later in the chapter. People living in the area, faced with pressures from the local Municipality and the construction company to sell their property at very low prices under the threat of expropriation, set up a neighbourhood association of house owners and tenants to defend their rights. In the district, owners in particular are aware of the high rent potential of their properties, while the prices offered by the construction company are very low. They prefer to improve their places and receive the rent increases themselves. On the other hand, the project aimed to convert the area completely to be used by the richest segments of the population and tourists to achieve the highest returns, so the construction company did not want to compromise on these terms. Under these conditions, the inhabitants of the district, having been exposed to unjust treatment and pressure, developed oppositional tactics towards the current urban regeneration attempts (Chamber of Architects, 2008; Dincer et al., 2008).

In addition to the attempts by the Chamber of Architects to oppose the redevelopment, there have been many individual lawsuits filed against the project and the acquisition process by the owner-occupiers in Tarlabasi. These lawsuits were mostly decided in favour of Gap Insaat. However, in 2014, the Council of State

decided the acquisition process has not been in the best interest of the public and cancelled the acquisitions made by the Municipality throughout the project. At the moment, the future of Tarlabasi Renewal Project is unclear.

8.3 Earthquake Risk in Tarlabasi

One of the major justifications for the project used by Municipality and the construction firm is the earthquake risk in Istanbul and the fact that Tarlabasi's housing stock is not sound enough (see Chapter 8). In this section, I examine this assertion, according to data gathered from official documents and reports.

Some of the important earthquakes that affected Istanbul in the 20th century are (Istanbul Territorial Plan, 2009):

- 9 August 1912 Saros-Marmara Earthquake (Magnitude: 7.4),
- 4 January 1935 Marmara Earthquake (Magnitude: 6.2),
- 18 March 1953 Gonen-Yenice Earthquake (Magnitude: 7.2),
- 18 June 1953 Edirne Earthquake (Magnitude: 5.2),
- 18 September 1963 Yalova Earthquake (Magnitude: 6.4),
- 6 October 1964 Manyas Earthquake (Magnitude: 6.9),
- 23 August 1965 Saros Earthquake (Magnitude: 5.9),
- 22 July 1967 Mudurnu-Sakarya Earthquake (Magnitude: 7.1),
- 27 March 1975 Saros Earthquake (Magnitude: 6.6),
- 17 August 1999 Kocaeli Earthquake (Magnitude: 7.8)

According to this historical record, it is clear that any development should be planned carefully. However, this does not mean demolishing every historical building and reconstructing them. Even keeping the façade and renovating the interior of the historical buildings is a better option than what was proposed, because historical heritage is an important part of Tarlabasi and losing that would be against public interest (Beyoglu Heritage Site Urban Conservation Master Plan Report, 2009).

During and before the Tarlabasi Renewal project, it was emphasized that the project was about the earthquake risks faced by Istanbul and Tarlabasi. In addition, there had been instances of the historical buildings 'collapsing on their own' and creating danger for the inhabitants. For example, a historical building collapsed May, 2002

trapping two children in the ruins of the building (Cumhuriyet, 2002). However, this building was actually located next to another building that collapsed couple of months before the one mentioned reported. This means that before the project, there was not any attention towards Tarlabasi from any of the authorities. In other words, the neglect from the local government led to the current risks that the building stock in Tarlabasi carry, and they used something they created to justify the demolition.

According to report by Japan International Cooperation Agency (JICA) (2002), there are 45 small districts in Beyoglu, and they spread across 889 hectares of land. The population is around 234,964, and the number of persons per hectare is 9 (person/building). In other words, there are many parts of Beyoglu or indeed Istanbul that need rehabilitation in terms of earthquake risk. For that reason, focusing only a specific part of Tarlabasi and demolishing the historical fabric based on this reason rather making the existing buildings earthquake safe is unconvincing. This shows that there should be some policies and rehabilitation projects in the area (not only Tarlabasi, but the whole of Beyoglu). However, even though the project presented itself as a necessity to mitigate earthquake risk, it is not rehabilitating the area, but demolishing it. As seen in the official reports (Istanbul Territorial Plan Report, 2009; 9th Development Plan, 2007-2013), the importance of Tarlabasi's heritage is seen to be extremely important, and many of these reports argue complete demolition is not a way of urban preservation. However, in the end, the authorities chose to ignore their own reports and decided in favour of complete demolition.

Earthquake risk as a justification for the Tarlabasi Renewal Project is unpersuasive. Now I turn to examine the legal act that the project is based upon to further discuss the preparation process of the project.

8.4 The Legal Context for the Project and The Role of National Government

The law for the project is Law No. 5366, which states that:

The object of this Act is by reconstruction and restoration in line with the progress of the area of zones which are registered and declared as SIT (Conservation) areas by boards of conservation of cultural and natural assets which have been worn down and tending to lose their characteristics, by metropolitan municipalities, district and first level municipalities within the boundaries of metropolitan municipalities, provincial and district municipalities and municipalities with

populations over 50,000 and outside the scopes of authority of such municipalities by provincial special administrations, formation of residence, commerce, cultural, tourism and social facility areas in such zones, taking of measures against the risks of natural disasters and restoration and conservation of and use by living in historical and cultural immovable assets. This Act covers the terms and procedures relating to the determination of the restoration areas to be created in line with the foregoing objects, setting of technical infrastructure and construction standards, formation of drawings and on application, organization, management, supervision, participation and use thereof. (inuraistanbul2009.files.wordpress.com/2009/06/law-5366-1.pdf)

In other words, the object of this act to maintain the listed cultural and natural assets that are run down without the time-consuming bureaucracy for the purpose of commerce, tourism and social facility. There are some rumors that the law was especially enabled for Tarlabasi, but it became the law that has been used for almost all the urban renewal projects in Turkey. Even though the law aims to conserve historic areas, it is usually used to justify the declaration of historic areas as renewal areas and implementing renewal projects that have little to do with the actual architectural character of the area itself.

The fundamental approach of this law is to move all the socio-economic problems in the central city to the periphery of the city, which will have the effect of increasing the land value and the number of investments in the city centre (Islam 2006, 2010). This approach has some problematic points:

- It opens the way to changes to historic buildings that are not compatible with urban conservation policies.
- Tenants and owner-occupier living in these neighbourhoods will be displaced without policies for compensation of their loss.

As noted in Section 10.2, in 1986, there was an earlier project in Tarlabasi. The Tarlabasi Boulevard was extended by the demolition of the buildings facing the Boulevard, which led to the physical deterioration of the rest of the neighbourhood because Tarlabasi was cut off from Istiklal Street with a wide boulevard. After that, not much was done to rehabilitate Tarlabasi. After this law that was enabled in 2005, to rehabilitate this area, there were proposals of small renewal projects in the neighbourhood, but they did not have the purpose of rehabilitating the area, and they were not implemented (Islam; 2006, 2010).

Seventy one per cent of the inhabitants of Tarlabasi are tenants, and although the law does not say anything about the displacement of tenants, the project foresees the displacement of all these tenants. The inhabitants of Tarlabasi are already marginalised by society and experience various disadvantages. There is no real concern about the tenants in the law or in the contract of the renewal project. The tender for project was won by Gap Insaat in 2005, and according to the contract they signed with the municipality, the construction company (with municipality) would lead the negotiation process for buying up the land from the owner-occupiers and landlords. In addition, if owner-occupiers insists on getting a flat from the project, they would have to pay large amounts of money because according to the agreement with the municipality, the construction firm was to own 58% of the built area, and the owners and owner-occupiers would have had 42%, so after this decision went public there were many lawsuits. It turned out that the company was calculating the price of the land without the building on it. The reason they presented was that all of the built environment would be demolished. That meant if owner-occupiers have a 100 m² land, after the project, they can only get a property – in exchange of their land – of 42 m², but the smallest flat will be 80 m². This means owner-occupiers have to pay extra money and they cannot purchase a flat by selling their land to the company because the company was calculating the price of the land below market value, claiming that at the moment, Tarlabasi was deteriorated. However, the company was selling the flats at prices starting from 5000 to 7000 dollars per m², claiming once the project will be finished, the area will be much more valuable. This means an owner-occupier cannot purchase a flat from the Project without getting into debt for around 600,000 to 700,000 Turkish Liras (around £140,000). Many thought this was an utterly unfair decision. However, the law court enabled a verdict for Urgent Acquisition, which made many owners decide to sell their property to the construction firm because they were afraid that they did not have the power to fight against the state (The Chamber of Architects, 2008).

The firm was exempted from all forms of taxation by the law itself, even providing that should the firm decide to bring in construction equipment from abroad, they would be exempt from customs duty (The Chamber of Architects, 2008).

Law No. 5366 was enabled in 2005, and it was an attempt to put an end to all the complicated bureaucratic arrangements created by previous urban conservation laws. However, the real purpose of the law was made clear by the Mayor of Beyoglu (Misbah Demircan) (Radikal Newspaper, 5, July, 2005) :

When I first started my duty, I had a conversation with our Prime Minister (Recep Tayyip Erdogan). He said to me: “You have to do something about Tarlabasi. Tarlabasi is one of your most important jobs.” He was right. Tarlabasi is really one of the most important issues of Beyoglu, but we have some legal obstacles ahead of us for any kind of intervention to this neighbourhood. When I told our Prime Minister about these obstacles he told me: “You prepare the law and bring it to me.” A commission which I am also personally involved in worked on this law for about a year... . In the end we prepared the law and it passed through the Parliament, and now we have the opportunity to renew Tarlabasi (Translated by the author).

The mayor continued his statement by saying everyone living there is now very fortunate because of this law and because of this renewal project. However, he continued that everybody has to give up some land to the private construction firm to fulfil the agreement (The Chamber of Architects, 2008).

This law gives advantages to private firms who win tenders related to projects proposed under it. These advantages are the kinds of tax exemptions and discounts outlined above, and free beneficiaries from having to deal with the bureaucracy of the current conservation laws. The fact that the Tarlabasi renewal project is carried out by a private construction firm indicates that it is an arrangement to attract private investors to the historic city centre, rather than encouraging inhabitants to renovate their own property. According to the law, it should be encouraged for owner-occupiers and landlords to renovate their own property, and as examined later on in this chapter, some of the owner-occupiers applied to the municipality to renovate their buildings, but were rejected without a solid reason.

When asked about Law 5366, one of the interviewees from The Chamber of Architects (40th report, 2008-2010) explained that:

It has always been rumoured that 5366 was prepared for Tarlabasi. That is why people sometimes call it the “Talabasi Law,” and I do agree with that. Tarlabasi is one of the first neighbourhoods declared as a renewal area. The first application of the Law 5366 was in Sulukule; however, Tarlabasi is the first neighbourhood that has a

urban regeneration project. So, first this Tarlabasi project was a matter of discussion, then they [the state] established urban renewal councils. To be honest, the establishment of these urban renewal councils was also kind of weird. Because, that means there are two councils for the same neighbourhoods. I mean, there was a council that was responsible for Beyoglu (Tarlabasi is in Beyoglu district.), so that meant there were two councils for Tarlabasi that are doing the same thing.

Another thing about this law was that before 5366, there were (and still are) very strict preservation laws (e.g. Law 2863), and because of these laws, people couldn't do anything with their historic properties, and now there is this new law that even allows many historic buildings to be demolished. There is also the controversial expert report that says all of the buildings should be demolished, even though the experts admit that they did not actually go inside the neighbourhood. And when you look at the project, they have to demolish all the buildings because there are some big constructions proposed with only one function such as a shopping mall. Lastly, it would be good to state that all the planning permissions were based on the preliminary architectural project, not the final one. It is even scandalous to think that a governmental organization can give all the permissions to demolish so many historical buildings based on an unfinished project (Translated by the author).

This section discussed the legal base the renewal project uses and examined how local government interpreted the law. In the next section, the interviews that were conducted in the district are examined. First, I discuss the interviews with government officials and the construction company. Then I move on to the neighbourhood interviews. This is followed by the interviews with academics and NGOs, and finally, I finish the chapter with a discussion of all the interviews.

8.5 Interviews with the Authorities and Contrary Evidence to Their Claim

Five interviews were conducted with government officials in the Beyoglu Municipality and the MHDA and with representatives of the construction firm. In this section, I do not only use the interviews conducted with the interviews, but also other accounts from other agencies such as NGOs. Interviews were structured around the following topics:

1. Crime and Demonization of the Inhabitants of Tarlabasi
2. The Transparency of the Project

3. Using minorities as a justification
4. Interactions with the inhabitants
5. Preserving the heritage

8.5.1 Crime and Demonization of the Inhabitants of Tarlabasi

In the interviews with officials from the Municipality, the MHDA and representatives of the construction firm, one common point was expressed by all the interviewees: the criminality of the inhabitants of Tarlabasi. This was usually brought up in reference to the fact that some of the residents of the neighbourhood were there without paying rent. These inhabitants were often portrayed as ‘invaders’, and this was used to justify the project since, it was claimed, these residents did not have the right to live there in the first place. These kinds of statements ignored the fact that most of the people living in the neighbourhood were Kurdish people who had been forced to migrate to Tarlabasi because of the military conflict in the east of Turkey. At the same time, the state was both condemning people for losing their land and hometowns and exiling them for a second time. The sense of racism against Kurdish people was strong in all of the interviews. One of the interviewees stated:

I mean, people who are living there are different from people who would like to live there because most of the current inhabitants are invaders. People who were not able to live in that neighbourhood because of the crime and social deterioration left that area, and other people came to these flats and invaded them illegally. They broke down the doors of the houses and broke inside the apartment and just started living there (Translated by the author) (government official, 10 March 2013)

The crime rate in the neighbourhood is a justification that is used to manipulate public opinion. Denigrating people as drug dealers, sex workers, and thieves and conditions the public reaction to the project. Thus, public opinion is formed in such a way that the injustices that inhabitants have experienced during the project have been ignored.

One of the interviewees from the NGOs explained the way officials behaved in the neighbourhood:

I remember when the expert team from the Municipality visited the neighbourhood; all the inhabitants took a shower, hung the projects on the walls and tried to talk to this expert team. However, they could not make the team understand their demands or concerns. The inhabitants faced such options. For example, the owners were forced sell their property to the Municipality without any tenants. Can you imagine living with your neighbour as neighbours for years and years, and suddenly, you have to evict them? (Translated by the author) (18 February 2013)

Crime was used as an excuse to demonize inhabitants of Tarlabasi and as a social cleansing tool to make the project operate smoothly with the least resistance from the public possible. It has always been assumed that Tarlabasi has one of the highest crime rates in Istanbul. But according to research that examined the crime rate in Tarlabasi (Unlu et al., 2005), while the rate was high on the main roads, it was much lower in the backstreets (Unlu et al., 2005), apparently reflecting the solidarity between the inhabitants of the neighbourhood.

In day-to-day interactions, and with the contribution of the women living in Tarlabasi, the backstreets of the neighbourhood were a safe environment. A form of unspoken social communication created this solidarity between the inhabitants and within the neighbourhood. All the balconies, oriel windows, door steps, apartment entrances are not simply places where social interaction happens, but also where social control of the neighbourhood begins (Unlu et al., 2000).

In addition, the crime rate before the evacuations by the project area was a consequence of poverty, lack of municipal services and being ignored by the Municipality (The Chamber of Architects' report, 2008-2010). It has been stated in the interviews by the inhabitants and the NGOs that the crime rate increased dramatically after the evictions from the project area due to lack of adequate policing, even though there is a police station situated close to the neighbourhood.

One of the promises of the project is to eliminate crime from the area, but since the current residents are presented as the main reason for the high crime rate, their evictions are justified. During the interviews, when the government officials and construction firm interviewees were asked what should be done about the crime rate, the main answer was that after the project was completed and new people started moving in, the crime rate would automatically decrease. This answer is based on the

assumption that the inhabitants of Tarlabasi are the reason for the high crime rate and implies that there are only criminals living in the area:

Actually, when the project will complete and new owners will move into the area, the crime rate will drop by itself. What I think is that some of the owner-occupiers will move in, and I heard some of the flats will be sold dollar weighted. So this will mean a change in the profile of the inhabitants of the projects area. In that case, people who are living in the surrounding area will have to change to not be isolated or they will have to move out. (Translated by the author) (government official, 10 March 2013)

In case of Tarlabasi, the aim of the state is to create a profitable neighbourhood for upper class people and evict the people they do not want to the periphery of the city, thereby creating a more homogenous middle or upper class social and physical environment in the city centre. One of the interviewees from the state stated:

It is even in its name, right? Gentrification, so we are gentrifying the area, we are making it more noble. How this can be a bad thing? (Translated by the author) (Interviews with the authorities, 04 April 2013)

8.5.2 The Transparency of the Project

During the interviews with officials of Municipality, the MHDA and the construction firm, some of the interviewees offered opinions that contradicted the official documents I had collected during fieldwork. In addition, some of the respondents' answers contradicted those of other respondents. For example, some said that there had been some negative news in the press about the renewal project, while others denied any such news. False statements were made, such as denying that lawsuits were still going on against the project; in fact, none of the interviewees admitted the existence of any continuing lawsuits against the project. However, when presented with a document and a reference, some of the interviewees did admit that lawsuits were still going on about the acquisition process of the project. These statements lead me to think that the improper aspects of the project are kept hidden unless one has proof.

This does not accord with the 'transparent policy' of the project that is being advertised everywhere in the media. Some of this news include: "Tarlabasi will be a rose garden in three years. Tarlabasi is a poisoned princess and we are healing her.

Tarlabasi will be a safe place.” (see 11 May, 2012, Sabah; 16 June, 2012, Haberturk; 3 July, 2012, Sabah; 17 August, 2012, Star; 26 August, 2012, Vatan; 31 December 2012, Yeni Safak). The state used the mainstream media and intimidation to influence public opinion about the inhabitants of Tarlabasi, and this is an example of the JDP’s increasingly authoritarian governance practises affecting mainstream media (see Chapter 6). One interviewee stated that:

The information that the construction company and the municipality is spreading is wrong. [the information is that they reached an agreement and amended the losses of the inhabitants fully] Because you know, the company has the national state supporting them and when they say anything negative about the inhabitants, the police force or the municipal police force is sent to the neighbourhood for patrolling. If I had the same negotiation options that the construction company has had, I would love to negotiate the hell out of everyone. I mean I am sure I can convince everyone. (Translated by the author) (Interviews in NGOs, 5 March 2013)

Under the JDP, many big media organizations were sold to the supporters of the government (e.g., family members of the MPs) or were intimidated by the state with threats to harm their reputation and censorship. It is commonplace that lawsuits are filed against many journalists who say anything slightly against the government. This authoritarian system was in practice during the Tarlabasi Renewal Project, and many media organizations were in favour of the project or simply ignored the injustice happening in the neighbourhood. In addition, inhabitants facing the injustices of the Project were too afraid to speak up precisely because of this system and lack of financial and legal support.

According to legal documents and meeting reports collected from the Chamber of Architects, there were many meetings in urban renewal councils about the Tarlabasi Urban Renewal area. These councils are a part of the Tourism and Culture Ministry and are connected to the national state. During these meetings, even though many council members criticised the Tarlabasi Urban Renewal Project, in the end, the project was approved by majority of votes on 30 November in 2007 (The Chamber of Architects 40th Report, 2008-2010). One interviewee from the NGOs who attended the meeting said:

I was an observer member of the urban renewal council at the time, so I was able to follow the process. All of the mechanism, ethics and

function of these councils were changed..... But the thing that surprised me the most was the reaction from some academics. Because, they legitimized the whole project by demonizing the people who were living there. They kept saying that there is an important architectural heritage in the area, but the people who were living there such as transvestites, Kurds, Romanis, and their social status were deteriorating the area. I felt like if they were able to kill all the inhabitants, only then they would be able to renovate the area. I remember like yesterday there was a financial advisor in the meeting who were very much interested in cultural heritage who said: “You say that this place is filled with crime, but there is a police station right next to it. Why have not no one done anything until now?”. That person was one of the few who opposed the process. I still remember how uncomfortable I felt. (Translated by the author) (interviews from the NGOs, 15 March 2013).

In addition, these contradictions are not limited to local plans or isolated incidents. They can be spotted in many official plans and reports. Well-prepared seemingly acceptable technical plans and projects on paper can lead to something completely controversial in practice, and this is how JDP governs.

As shown in Chapter 6, since the 1960s, Turkey has had five year development plans that deal with the economic and social development of the country and seek to reduce inequality between regions. The ninth development plan (2007-2013), prepared by the Development Ministry (2007: 81-85), has this to say about historic neighbourhoods:

- The effect of urban development process on cultural and historical heritage should be reduced to maintain sustainable conservation.
- Local and individual ownership should be encouraged for urban conservation.
- The legislation for urban preservation should be simplified, and the associations that are interested in urban preservation should work to EU standards.

The project does not conform to these points in the sense that clearly the effect of urban development in the project is obvious, and existing local ownership is overridden during the project because the Municipality did not give the inhabitants the choice of renovating their own houses.

Another governmental report (Istanbul Territorial Plan Report, 2009) makes points about urban regeneration and renewal processes:

Urban renewal and regeneration are necessary concepts for a city to redefine itself. However, in our cities these concepts are usually used to increase the development rights and to destroy the current urban texture and constructing them from the beginning. The main purpose of urban regeneration and urban renewal should be rehabilitation and revival of the neighbourhoods. (p. i)

“Rehabilitation and revival of the neighbourhoods are modest processes that require keeping the inhabitants in their current places. In order to transform physically deteriorated areas, the negative conditions in the neighbourhoods should be repaired and the problems such as inadequate infrastructure, insufficient car parking should be included for a sustainable urban texture.” (p.i)

“During most of the urban renewal projects, local governments used private construction firms and they did not really do anything financially besides maintaining the infrastructure. However, since rehabilitation is a much more social term, the local governments should start doing more about the neighbourhoods socially and financially. One way could be bank credits could be given to every landlord who wants to renovate their own properties.” (p.ii)

The Tarlabasi project does not appear to be carried out in accordance with these aims either. In Turkey, one needs to be sceptical about national plans. Some public statements made by government officials also contradict the statements above.

8.5.3 Using minorities as a justification

Another point used to justify the project by the officials of the Municipality and the construction firm who I interviewed was that the project claims it will give houses back to the real owners, meaning the minorities who left more than 50 years ago. As discussed in previous chapters (see Chapter 6 and 7), Ottoman Greek, Armenian and Jewish minorities lived in Tarlabasi until the 1960s, but left the neighbourhood under political pressure. Few of them maintained their houses in Tarlabasi after they moved abroad, and most did not come back. To say that houses will be returned to their rightful owners is a misleading statement. When the interviewees were asked if they had managed to locate any of the owners or convince them to come back and live in Tarlabasi, it emerged that they were not referring to the ones who left long ago, but to a very small percentage of the minorities who still reside in Tarlabasi. In fact, most of these properties do not belong to individuals; rather, they belong to an association founded by Armenian or Greek minorities currently living in Istanbul. So

for this small group, it is true that the minorities who were living or had a property in the project area agreed to sell and to participate in the urban renewal project. When asked how they managed to track down the people who left because of political events in the 1950s and 1960s, one interviewee stated that:

Now we reached an agreement with some individuals, but mostly with associations. In Tarlabasi, there are three important associations for minorities, and they had some properties in the area..... When the project started, we immediately reached an agreement with these associations, and they all purchased a property from the new development. These associations anyways were not getting any rent from any of their properties in Tarlabasi because these were mostly invaded by other people. [she refers to Kurdish minorities] Now with the project, we changed this situation for them and provided them with profit from their properties. (Translated by the author) (interviews in the construction company, 01 April 2013).

In addition, the attitudes evident in these answers indicate that according to the local and national state, there are ‘bad’ and ‘good’ minorities. In this case, the Kurdish population in Tarlabasi are ‘bad’ minorities that cause trouble and increase crime rates, whereas Turkish citizens of Greek or Armenian origins are ‘good’ minorities and are needed back in the central city. This is another example of the social segregation that JDP is encouraging.

8.5.4 Interactions with the Inhabitants

According to the interviewees, informational meetings were held in the neighbourhood, during which the residents (owners, owner-occupiers and some tenants) were provided with information about the project. Subsequent meetings were negotiations about the prices that the Municipality and the construction firm were prepared to pay the owners and owner-occupiers for their houses. According to the interviewees, these meetings were arranged in a peaceful environment, and they did everything they could to make the conditions better for the inhabitants. During the interviews, the officials from the Municipality claimed that they provided some options for tenants:

- Rent help for a year

- Not charging working class tenants rent for two years so that they could save their money to move out of the neighbourhood

In return, the Municipality and the construction firm wanted the tenants to evacuate the flats without causing problems. However, interviews with residents of the neighbourhood did not confirm this information, and it was also denied in interviews with people from NGOs and the academics. There is no actual proof that all of the tenants in the project area received this kind of help from the Municipality or from the construction firm. The company did not provide me with such records and none of the inhabitants I interviewed confirmed this.

In addition, according to the Tarlabasi Owner-occupiers and Tenants Association, the Urgent Acquisition verdict, issued by the state in the early stages of the project, was used as a threat to force them to participate in the project:

The relevant firm and the Municipality used Urgent Acquisition as a threat during all the negotiation meetings. For that reason, it was not actually a negotiation process to begin with. They told us: ‘we already have the Urgent Acquisition verdict and if you do not sell your property to us, we can just use it. (Translated by the author) (interviews with the NGOs, 20 March 2013)

On the other hand, the Urgent Acquisition verdict was never used because, by law, it is forbidden for a Municipality to sell the properties to a private firm if it uses the verdict. It is only used as a threat. The same interviewee from the Association stated:

When you look through the Agreement that the construction firm prepared for the landlords, it is clear most of our rights are being disregarded. According to the 17th Article of the agreement, the landlord must deliver his/her property empty and free of furniture. This article clearly encourages conflict between the tenants and the landlords.

Besides this, a five-storey building owner is offered only one storey from the project area. According to this, even though now it seems the owner can have 20% of the new building and if the building is constructed as an eight-storey building the percentage of the owner becomes 12%. The value of our land is not considered with the value of our buildings

Last but not least, it came to our attention that one of the tenants who was paying 100 TL (Turkish Liras) rent for his shop received an official warning that said his rent had become 500 TL, right after the construction firm purchased the building his shop was situated in. This means a 500% rise. This disproves the construction firm’s

statement claiming they give out rent help to the tenants. In addition to that, the information meetings were not held with all the landlords. Out of 439 landlords, only 239 attended a meeting. (Translated by the author) (interviews with the NGOs, 20 March 2013)

This section summarized the way that authorities communicated and interacted with the inhabitants of the project area. I discussed the section from different point of views and presented different stories. Now I turn to other contradictory accounts I gathered from the interviews I conducted.

8.5.5 Preserving the Heritage

The project team claimed that they would preserve the historical heritage in Tarlabasi. It is stated in a leaflet for the project that:

Working with a project team that specializes in physical renovation, we launched a project aimed at conservation and preservation of historical heritage as its main objective. (Gap Insaat, Tarlabasi Urban Renewal Project leaflet, 2013:32)

First, the expert report about the project area clearly states that all the buildings in the area should be demolished, and there is no building sound or worthy enough to preserve, even though there were 210 listed buildings.

Second, the plans for the project show clearly that the proposed buildings have little in common with the current buildings. In addition, the plan proposes several storeys of car parking under every building and 9 apartment-blocks that have nothing to do with the original architectural fabric of the neighbourhood.

In the end, even though the project offers preservation of the neighbourhood, in practice, there is no evidence of this.

Photos 8.3 – 8.9 below show Tarlabasi as it is currently and what it will become once the project is finished.

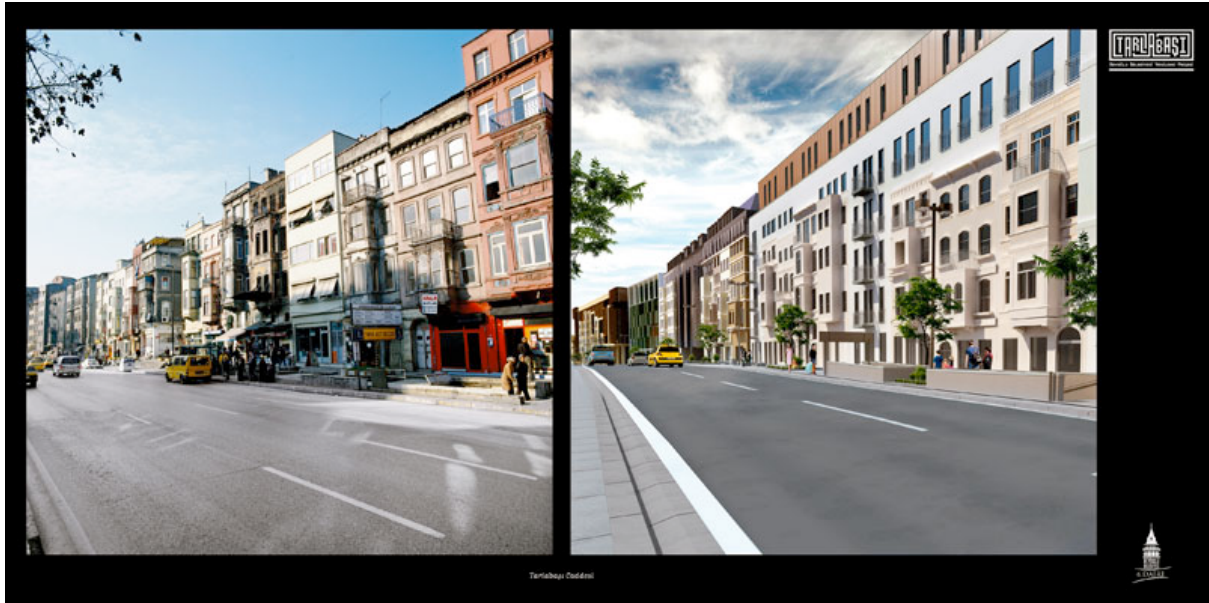


Photo 8.3: Comparison between current and projected Tarlabasi, Tarlabasi Bouluvard, Tarlabasi Urban Renewal Project Leaflet, prepared by Gap Insaat, 2013



Photo 8.4: Comparison between current and projected Tarlabasi, Tarlabasi Boulevard Tarlabasi Urban Renewal Project Leaflet, prepared by Gap Insaat, 2013



Photo 8.5: Comparison between current and project Tarlabasi, Sakiz Agaci Street, Tarlabasi Urban Renewal Project Leaflet, prepared by Gap Insaat, 2013



Photo 8.6: Comparison between current and project Tarlabasi, Ficici Abdi Street, Tarlabasi Urban Renewal Project Leaflet, prepared by Gap Insaat, 2013



Photo 8.7: Comparison between current and project Tarlabasi, Halepli Bekir Street, Tarlabasi Urban Renewal Project Leaflet, prepared by Gap Insaat, 2013



Photo 8.8: Comparison between current and project Tarlabasi, Eski cesme Street, Tarlabasi Urban Renewal Project Leaflet, prepared by Gap Insaat, 2013



Photo 8.9: Comparison between current and project Tarlabasi, Tarlabasi Boulevard, Tarlabasi Urban Renewal Project Leaflet, prepared by Gap Insaat, 2013

As can be seen from these images, the proposals for new Tarlabasi are not only historically unsympathetic or incorrect, but also depict a life style where there are only luxurious apartment building with cafes and bistros and young professionals walking its streets.

8.6 Neighbourhood Interviews

In Tarlabasi, 15 interviews were conducted with people living in the vicinity of the project neighbourhood. The project area itself was empty, and people who had lived there had all been displaced. For that reason, interviews were conducted with people living next to the project area. In this area, 80% of the residents are tenants. Many of the tenants I approached to interview refused to participate to the research because they were afraid that their name or identity would be exposed.

But 15 people agreed to participate, and they raised similar topics. These briefly were:

1. The behaviour of the police
2. The process of eviction
3. The possible future effects of the Tarlabasi Renewal Project
4. The increasing crime rate

These problems are explored in the next sections of the study to give insight about the effects of the project on the living conditions in the surrounding neighbourhood.

8.6.1 The Behaviour of the Police

The inhabitants were afraid of the police force that has been operating in the neighbourhood. Their complaints were that the police force was not working for them, but against them. One of the interviewees stated that:

I was in jail for 16 months for a crime that I did not commit. After these 16 months, I was found innocent, but no one can give me back the time I spent inside, and all this happened just because one police officer thought that I did something wrong. They do not care about people who live here. They just take it for granted that we are all criminals. (Translated by the author) (interviews with the inhabitants, 03 March 2013)

In addition, some of the inhabitants complained that police took part in the evictions of people who used to live in the project area. In some cases, police used force to evict people from their homes or harassed them by patrolling the neighbourhood and searching people in a way that the inhabitants described as offensive. Respondents added that the police had not given residents a chance to defend themselves before they were searched or taken to the police station, and this often happened without the police producing a search warrant.

8.6.2 The Process of Eviction

Residents interviewed said that they had not had an information meeting with the Municipality or any other organization before the project started. The only information they had came from rumors they heard. Some of the inhabitants with relatives who had been evicted from the project area stated that the Municipality had paid under market value for the houses, and the amount people received was not enough to start another life anywhere in Istanbul:

My sister was living in the project area, which is empty now. She had a flat, and a shop under the flat. They gave her only 70.000 TL (Turkish Liras) (£17420) for both of them. Considering how much they are going to sell those apartments for, it is really unfair. (Translated by the author) (interviews with the inhabitants, 01 March 2013)

In addition, no provisions were made for the tenants living in the area. One of the former tenants stated that:

We were living in the project area. One day, we received news saying that they are gonna demolish all these buildings, and we have to leave in a week. We barely found another flat close to the neighbourhood, but I do not know what we could have done if we have not found this place. (Translated by the author) (interviews with the inhabitants, 01 March 2013)

When asked if they received any kind of help from the Municipality, the reply was:

We received 500 TL (£124) from the Municipality, but nothing else. (Translated by the author) (interviews with the inhabitants, 01 March 2013)

Another reply was:

There was a forced eviction that I heard about. I do not know the lady personally, but there was this old lady, and they (people from Municipality or the police force) came to her house when she was in the hospital and threw away all her stuff like her bed, her duvet on the street. So, these things happened. (Translated by the author) (interviews with the inhabitants, 01 March 2013)

The prices mentioned in the quotations are considerably below market value. The firm's opening price for a flat in the project area is \$289,000 (US dollars) and the minimum price for an office is \$503.000 (www.emlakkulisi.com, retrieved on April 2015).

8.6.3 Possible Future Effects of the Tarlabası Renewal Project

Residents interviewed were asked if they thought the project would affect them in any way. They answered that they thought that eventually they would be evicted, one way or another. Most of the people stated that the area would be more expensive and richer when new people moved in to the project. They said it would be a good thing because the maintenance of the neighbourhood would be improved as a result of the change of the inhabitants' profile, but they felt that in the end, they would have to move out because they would not be wanted in the neighbourhood.

The possibility of keeping current inhabitants in their homes in the neighbourhood

seemed like a utopian dream to these residents. They were aware that they would not be wanted in the area once the renovation was complete, and they did not have any hope that they would be able to stay.

Some of the inhabitants were angry about this situation. They said that it was not fair to displace them from their own neighbourhood only for the sake of other people's profit. They were also angry at their neighbourhood being called a crime area and pointed out that they were not all criminals.

Other interviewees accepted the fact that they were not wanted, and they did not even imagine the project could have been carried out differently. In other words, they never thought the project could have proposed they stay in the neighbourhood after renovation. When asked how Tarlabasi will look like in the future, one of the interviewees stated that:

As far as we saw from the project, this area will be for the posh, rich people with a lot of hotels and everything. It is very hard for people like us. All the people we know live in Tarlabasi, and we certainly do not have any business connections. To be honest, we do not want to leave Tarlabasi, but it seems we might be forced to leave. For that reason, we are even more afraid now since the demolition has begun, and we really do not know what to do or where to go at this point. (Translated by the author) (interviews with the inhabitants, 03 March, 2013)

8.6.4 Increasing Crime Rate

One of the justifications of the project presented by some academics and Municipality was the elimination of the crime in the neighbourhood. The problematic part of this justification is that it categorizes everyone in the area as criminal and leads to the conclusion that the only solution is to remove them all.

However, during the interviews in the area, people said that the crime rate is increasing because of the demolition of buildings and the empty buildings left after the eviction of people from the project area. Criminals such as drug dealers use the empty buildings, and the police do not do much about it. In addition, people fight on the streets during the night, and these fights increased with the implementation of evictions and demolitions for the project. Most of the inhabitants are trying to ignore these fights, but are bothered by the increase. When asked if they consulted with the police, the answers were either the police did not do anything to stop the

disturbances or residents did not call the police because they did not trust them to be helpful.

About the issue, one of the interviewees stated that:

I was very surprised about some of the academics' reaction towards the project. Now, all these people from the Municipality and construction firm based the legitimacy of this project on social reasons, and I found that very offensive. I remember very vividly, in a meeting, even though there is important architectural heritage in the area, the whole defense of the project was about people living there. They said: 'There are organized crime gangs, prostitution, drug dealers, and transvestites there'. They entirely based their argument on the poverty and the social status of the inhabitants. I felt very uneasy about that. I also remember in the same meeting there was an advisor who cared a lot about the historical heritage and he/she said: "If this place was so full of crime and considering that there is big police station in the neighbourhood, why no one did anything about it until now?" However, many people, including some sections of the public was saying that they cannot go there or visit there because of the crime rate. Therefore, they thought it was good that there is a project for the area. This strategy of demonizing the inhabitants was also used in Sulukule. (Translated by the author) (interviews with the inhabitants, 10 March 2013) [See Chapter 8]

8.7 Academics

Four interviews were conducted with academics who were working or had worked in Tarlabasi. Some of the issues that were discussed during the interviews covered:

1. The behaviour of the Municipality and the construction firm
2. The possible future effects of Tarlabasi Renewal Project
3. The actions of the NGOs

8.7.1 The Behaviour of the Municipality and the Construction Firm

The academic respondents felt that the Municipality stood by the construction company responsible for constructing the new development. The Municipality did not put in place any policies to soften the process of displacement and clearly never had any plans to keep current inhabitants in their homes.

In the acquisition process, not only did the Municipality buy the flats from the owners below housing market value, but no survey of residents' opinions or information meeting for the current inhabitants were arranged by the Municipality.

There was only one survey about the current inhabitants, and that was performed by the construction company independent from the Municipality, with the aim of justifying the social consequences of the project rather than creating policies for the residents being evicted.

When asked about the behavior of the Municipality during the project, one of the interviewees stated that:

The Municipality is without any doubt with the construction firm. Even during the negotiation process, the Municipality invited owner-occupiers to informatory meetings, but the negotiation itself took place in the office of the construction firm. The Municipality behaved like it is the construction firm and not like an entity for the public. I think they neglected their duties during this project. (Translated by the author) (interviews with the academics, 20 March 2013)

8.7.2 Possible Future Effects of Tarlabasi Renewal Project

When the academic respondents were asked about the future effects of the project and whether it was going to create a wave of gentrification or not, there were several answers. A common answer was that the Tarlabasi project would start a classic gentrification process in the nearby districts, and it would also influence how subsequent renewal projects in the area and elsewhere were carried out. Classic gentrification would occur because middle class people will buy and renovate houses in areas surrounding the project, once the area was seen as safe and fashionable.

Other answers talked about new renewal projects in other parts of Tarlabasi following the same logic of the current project. This would involve a same kind of displacement and unfair treatment that inhabitants of the project area received.

At the moment, in addition to Tarlabasi Renewal Projects, there are a number of renewal projects both in and outside the historical parts of Istanbul. Considering this wave of projects, one of the respondents commented that he thought that “these projects would fail miserably, and this failure could even lead to an economic crisis” [a collapse of the whole Turkish property sector could cause a national crisis]. But even though it seems obvious that a developing country like Turkey would be unlikely to find enough middle or upper class buyers for further projects, it seems that Tarlabasi is not the last of these urban renewal waves.

When it comes to support for people evicted from their homes by such projects (not only Tarlabasi), the interviewees all said that there would be no future policies to deal with displacement, evictions would continue, and current inhabitants would not be able to stay in the area.

8.7.3 The Actions of the NGOs

According to the academics, there were too few NGOs involved in the project, and not enough was being done to raise public awareness. However, unlike other renewal projects, Tarlabasi organized its own association in the neighbourhood, and this Association tried to organize the whole neighbourhood to defend their rights. Even though it was successful to some extent in that people reacted to the project, the Association was not able to stop the evictions from the project area. It was hard for any NGO to stand against such a project so strongly supported by the state.

Nevertheless, some lawsuits were filed by the Chamber of Architects against the project. However, these lawsuits were decided in the favor of the Municipality, after which there was not much the Chamber of Architects could do.

The academic respondents also felt that academia had not done enough to prevent this project. Even though there were some attempts by NGOs and academics to oppose it, these had not been enough to change the course of the project, and more could have been done.

When asked about the actions of the NGOs during the project process, one of the interviewees stated that the NGOs

... did point out some very important issues in the area. At least they exposed the unjust, sometimes illegal practices during the process. They tried to expose the forced evictions as much as possible. However, the NGOs are so naïve compared to the state, and that is also what happened in Tarlabasi. They did report much unfairness, but they were not able to stop it. On the other hand, by nature (at least in Turkey) it is very hard for an NGO to stop such a project by itself' (Translated by the author) (interviews with NGOs 16 March 2013)

Another interviewee replied to the same question with:

The NGOs had limited interaction with Tarlabasi. The Tarlabasi Association of Owner-Occupiers and Tenants firstly started off only

for the owner-occupiers, and when they realized that they had to include the tenants as well, it was a little bit too late. There was another attempt to establish another association called “Tarlabasi Initiative”, but activists could not get along and everyone was talking about something else, so nothing came out of that. One opposition party [the Peace and Democracy Party, known to represent the Kurdish population in the Parliament] tried to some things, but they only included the Kurdish population, so that did not work as well. However, what the Municipality did was to force the construction firm to do a report about the social-economic status of the neighbourhood, and there are some people that we call “the negotiators”. They hired these people to prepare a report and [make the project] seem better in the public eye, but I never heard of anything done after the report. I guess I would have heard of if anything would have come out of that. (Translated by the author) (interviews with NGOs, 08 March 2013)

This section discussed accounts of academics who studied the area to show the contradiction between them and the authorities and how the national and local government disregarded the professional opinions of intellectuals. Now I turn to the interviews with NGOs.

8.8 NGOs

Five interviews were conducted in three different NGOs interested in the Tarlabasi Renewal Project: the Tarlabasi Platform; the Chamber of Architects; and the Tarlabasi Association of Owner-Occupiers and Tenants. The interviews discussed:

1. Communication and interaction with the state
2. Communication and interaction with the inhabitants

8.8.1 Communication and Interaction with the State

The NGOs had some interaction with the Municipality and the construction firm. These interactions were mostly information meetings, which the Municipality and the construction firm always attended together. According to the NGO respondents, these meetings did not actually have any specific results. The demands from the NGOs (such as better policies for the tenants, prices closer to the current housing market) were not met. There were around six to seven meetings between the NGOs,

the Municipality and the company, but since there had been no positive outcomes from so many meetings, some of the NGOs filed lawsuits against the project. However, most of these lawsuits have ended in favor of the project.

According to interviewees, the Municipality never intended to make conditions better for the current inhabitants. Instead, they acted like a private firm aiming only to maximize their profits by attracting a wealthy population to the neighbourhood. It became clear that the meetings or other interactions they had with the Municipality or the construction firm were not going to change anything in the project.

The (so-called) ‘expert report’ (see Section 10.3) for Tarlabasi claimed that all the buildings in the area should be demolished, even though there were 210 listed buildings. The Chamber of Architects filed a lawsuit against this expert report for Tarlabasi Renewal Project, arguing that the report was far from being professional, and it was unable to respond to the problems about the neighbourhood. The Chamber demanded a new report to be prepared, but the court found in favour of the report, and it was accepted as valid. According to the Chamber, this decision was not based on convincing scientific, professional or legal grounds. In addition, the report states that the academic expert authors did not go into the neighbourhood because they thought they would get a hostile reaction from the inhabitants. The decision to demolish the whole area was based solely on external visual assessment from outside the neighbourhood. Nevertheless, the court accepted this as scientific evidence while discarding all the Chamber’s evidence and arguments against the project. This is an example of general patterns where the courts favored the government against the evidence.

About their interaction with the state, one of the NGO respondents stated that:

They have nothing to say to the public or to our NGO because of all the illegal things they have done. The Mayor [of Beyoglu] himself told me [possibly in February 2008]: “What do you want from me? I have the Prime Minister [Recep Tayyip Erdogan] and the President [Abdullah Gul] supporting me. This project will happen the way I want it to happen!”. Therefore, we left the meeting. (Translated by the author) (interviews with NGOs, 25 March 2013)

8.8.2 Communication and Interaction with the Inhabitants

The NGOs had meetings and interactions with the people in the neighbourhood. The

meetings were mostly about the residents' options and information about the current Renewal Law (5366). Even though in these meetings residents expressed strong opposition to the project, they did not have the power to fight against a project supported by the state.

The NGOs failed to offer options for the inhabitants to give them some power to give their opposition to the state some effect. In addition, the interviewees acknowledged that they also failed to give sufficient legal assistance to the residents and failed to organize people to form orchestrated resistance in the neighbourhood. As a result, most of the owners and owner-occupiers agreed to the project, and the tenants had no choice but to leave their houses without compensation.

When asked what could have been done to avoid displacement, one of the interviewees stated that:

Many things could have happened; however, our problem as an NGO, legally, there is not much we can do. For example, if there was free legal counselling [advice] for the inhabitants of Tarlabasi, this project could have changed and the displacement would not have been so brutal. The [proper] acquisition process should have been followed [instead of threatening people with Urgent Acquisition], and this was not done so well by the NGOs. Tenants' rights were violated, and almost no charges were made for those violations. The police force behaved in an illegal way from time to time. For example, there was a lawsuit going on filed by a tenant, and while it was still going on, the tenant had to leave his/her house because police forced them to. Those lawsuits were not followed very well by the NGOs. Besides that, we found out about some disastrous decisions [removing the title of some listed building in the neighbourhood] by Preservation Council, and these decisions could have been avoided if we had followed the process. [because they are the ones who filed the lawsuit, and he also means making better arguments for the proper processes to be followed by the court] Some international petitions or lawsuits could have been prepared, but that did not happen either. Therefore, I cannot say that the NGOs did everything possible to stop or change this project. (Translated by the author) (interviews with NGOs, 08 March 2013)

Before the conclusion of this chapter with a discussion of the main points of the interviews, it is necessary to reconstruct the story of the Tarlabasi Renewal Project from beginning to the end.

8.9 Whose View is Correct?

In this Chapter, I have examined many stories from various points of view. Since I am a critical realist, I believe there is a single truth of what happened, but it is seen differently by different groups of people. There are many views concerning gentrification as politicized process, but as a critical realist I analysed one single process and will construct the closest version of the story that one can get to the truth from the evidence that I presented above.

In Tarlabasi, the construction firm, the MHDA and the Municipality tell one story and the inhabitants, academics and the NGOs tell an entirely different story. The Tarlabasi Renewal Project is a highly controversial project, but one that attempts to speak to a particular social class and even to a particular ethnicity. In order to do that, the state and the firm portray a neighbourhood whose residents are almost entirely criminals and who are responsible for the physical and social deterioration of the area. It is impossible to rehabilitate this neighbourhood unless these people are completely removed. To justify these statements, the state and the firm manipulated prejudices against the Kurdish and Roma ethnicities, so that it was simple racism that led some sections of the public to ignore the injustice happening in Tarlabasi. With the help of mainstream media, this attitude toward Tarlabasi became widespread, and not many people felt the need to investigate the details of the process of state-led gentrification in the area. In addition, the state had the judicial system on its side. With the unsubstantiated 'expert report', biased court orders and one-sided media coverage, the local government and the construction firm were able to make the project appear to operate in a transparent way. As mentioned in earlier sections (10.5 and 10.6), even though there were reports recommending compensation for the residents' losses and for the preservation of cultural heritage, the reality was different.

The story told by the inhabitants, the NGOs and academics represents the reality of the state-led gentrification process in Tarlabasi. The Tarlabasi Renewal Project used the police force as a source of intimidation and a tool for the displacement process; forced owner-occupiers to sell their properties much below market value; demolished architecturally-significant buildings to reconstruct bad copies, with offices, upmarket consumption areas, cafes and bistros; and created a gated community inside a working class neighbourhood with the hopes of transforming the

whole neighbourhood into an upper class area. These are the aims and the reality of Tarlabasi Renewal Project. In Tarlabasi, the gentrification process is state-led. There was no intention to keep the current inhabitants in their homes or even give them a proper chance to stay in the area after the project. The prices paid to the former owners were below market value, and there were no plans for the tenants. Insufficient time was given for the tenants to find alternative accommodation (only one week in some cases). The historic buildings have been demolished, and the new buildings have nothing to do with the old ones. The 'expert report' that made it possible for listed buildings to be demolished was legally challenged on the grounds of inadequate research and lack of knowledge of the area, but this challenge failed. The Tarlabasi Renewal Project proposes residential, tourist and office areas for the neighbourhood. Even though there is no definite information, according to the Chamber of Architects, there were between 4700 and 6350 people in the area before the start of the project. The new proposed population is 1900, which means that the eviction of the whole population of the project area was assumed in the beginning of the project. In addition to that, there are many statements in newspapers by officials in the municipality and the construction firm that say there would not be displacement (i.e. 11 May, 2012, Sabah; 3 July, 2012, Sabah; 17 August, 2012, Star; 26 August, 2012, Vatan; 31 December 2012, Yeni Safak).

In addition to these points, the MHDA gave people who used to live in the Tarlabasi project area priority in buying a house in one of the affordable housing sites on the periphery of Istanbul. One hundred and fifty six people decided to buy a house on the periphery with 4000 Turkish Liras (around £1000) advance payment and an arrangement to pay the rest in instalments. But Tarlabasi is a working class area, so most of the inhabitants do not make enough money to buy a house, even in the affordable housing sites and even with payment by instalments. Even though there may be some people who could afford that, since the location of the houses is so far from the central city, they would face great difficulties in getting to work in the city centre; some housing areas are almost a two and a half hour bus journey from the city centre.

Considering the statements above, it is clear that state did not have the role of mediator between the inhabitants of the neighbourhood and the construction firm in

this project and did not do much to protect the working class inhabitants. Rather, it behaved as a private firm trying to make the most profit out of the project.

The interviewees from the local government, MHDA and the construction firm were asked about state's role after the project, but there was not a clear answer. However, it is said by the interviewees in the Municipality that Municipality is not thinking of conducting another project for the same neighbourhood. The authorities believe that the project will initiate the gentrification of the whole of Tarlabasi and maybe also in the surrounding neighbourhoods. During the project, the state's role was to make the construction firm's job as easy as possible as can be seen by the fact that some of the Municipality's officers have their own offices in the construction firm's sales office for the project. In addition, the Municipality made its first priority the eviction of the residents so the construction of the project could start sooner.

There are two reasons why I reject the story of the authorities and believe the story of the NGOs, inhabitants and academics. There is not any contradicting evidence for the story of the inhabitants, and their claims are backed up with the evidence they present. On the other hand, authorities tend to change their stories slightly when presented with a document, which makes them inconsistent. Second, there is the issue of 'researcher bias'. My political opinions are more aligned with the academics and NGOs I interviewed, but nonetheless, there is no evidence that they were presenting an unreliable story of Tarlabasi. To analyze this story deeper, I turn to the conclusion of this section.

8.10 Conclusion: Analysis and Interpretation

In this concluding section I go somewhat deeper to interpret the story I have told. To be able to do this, I ask four questions: Where does the state stand in this process?, Why didn't Tarlabasi become gentrified like Galata?, How were the inhabitants of Tarlabasi portrayed? And was that the only way for Tarlabasi?

First, the state profited by renovating and selling historic areas to middle and upper class people. One reason for this increase in state intervention is that the state increasingly acts like private companies; local governments are in competition with other local governments, and they behave like private firms in a neo-liberal economy to create investment potentials and make profits to support more private projects.

The construction sector is the easiest and most profitable sector in which to create investments. Socially, the reason for this increase in state intervention and for projects like Tarlabasi to become more common, rather than classical gentrification examples like Galata, is that gentrification following urban renovation is a very effective way not only to create property for the professionals, but also to change the class-cultural nature of inner Istanbul.

Second, the conditions that led Galata to become gentrified (central location, having a multicultural history, historic houses) were also present in Tarlabasi, but the state needed to speed up the process in order to accelerate and increase the finance and business services in Istanbul. In addition to that, most JDP politics depend on economic stability and development (see Chapter 6), and they present many plans and programmes to put Turkey in the top ten economies of the world by the 2023 (the 100th anniversary of the foundation of the Republic) and for that reason they need to speed up these processes. In a neo-liberal system, local governments and the national state see the advantages of gentrification, and instead of waiting for ten or twenty years for a neighbourhood to become gentrified, they step in to make it happen with urban renovation and regeneration projects. In this sense, while Galata shows the previous form of gentrification and its social effects, Tarlabasi is the new form of gentrification (mostly in developing countries) with more extensive and harsh effects.

Third, there is another reason why Tarlabasi did not experience classical gentrification. The common opinion is that Tarlabasi is so rundown and the inhabitants are so 'undesirable', it is not possible for a middle class household to live there. It is a fact that the inhabitants of Tarlabasi were marginalized, being mostly Romani and Kurdish immigrants. However, it is also a fact that the former (and some current) inhabitants of Galata were also Roma and some Kurdish immigrants from Anatolia. This might mean the bad publicity about how unsafe, poor, dirty, undesirable Tarlabasi is led middle class people to stay away from this neighbourhood. This played a significant role for stopping gentrification, but also provided the state with ammunition for this renewal project. It is also a fact that public amenities in the area are in poor repair, but this was also the situation in Galata 20-30 years ago, and this did not stop middle class people from moving into the area. This comparison indicates the extent of manipulation of public opinion to

demonize the people of Tarlabasi.

Villifying the inhabitants of Tarlabasi led the neighbourhood to become more run down, and it made it easy for local government to step in and prepare a state-led urban renovation project 'for the sake' of the inhabitants.

Demonizing the inhabitants can also mean the state can evict residents more easily and without public resistance. Once the urban renewal project is implemented and all the current inhabitants are displaced, it becomes possible to present a tension-free gentrified area to the new comers. Thus, classic gentrification that offers peaceable social mixing and glorious buildings representing the history of a place is becoming a different concept under state-led gentrification. The kind of segregation brought about by these projects will cause problems in the future because the local state not only deepened the differences between social classes by displacing all the poor inhabitants, but also created feelings of resentment among working class residents in reaction to exaggerated accusations of criminality and degradation.

The fourth point is that this speculative urbanization is mostly shaped by private housing market dynamics: the *ad hoc* solutions of various actors with different intentions in the city, by shifting political balances between various levels of national and local government, rather than being the result of strategic plans and programs (Turel et al., 2006). Given this, the state and its agencies have been crucial actors in this transformation, leading the enormous urban growth of the city and exacerbating the unequal distribution of urban rents among different social classes. This neoliberal urbanization experience is marked by the transfer of resources from lower to upper classes and from public to private sector (Kurtulus, 2005: 161-186). In Tarlabasi's case, the state used legal mechanisms (Law 5366, Urgent Acquisition verdict, establishing urban renewal councils), the media (demonizing the inhabitants), tax exemptions for the construction firm, and the police force for some evictions. Legal mechanisms helped the state and local government to prepare and implement the project with a minimum of complications and helped bypass strict urban conservation laws (Law 2863). The media was used to reduce negative public reaction as much as possible, so that those who might have reacted against the project chose not to because of the bad publicity against the inhabitants. A part of the society chose to look away believing that the inhabitants are not 'worthy' of their support, because of this bad publicity and demonization.

This situation leads to two problems: (i) the expansion of the geography of gentrified neighbourhoods, gated communities, and prestigious business centres puts pressure on untransformed neighbourhoods around them; and (ii) this type of development increases the consequent risks of social exclusion of the working class, social explosion, civil unrest, conflicts, and inequality across urban space.

Was that the only way for Tarlabasi? National governments have enough resources and are able to influence public opinion to create a rehabilitation project that serves the inhabitants of the area, enables them to stay in their homes and solves many social and physical problems of the neighbourhood in the long-term. For the Tarlabasi district, a more sensitive rehabilitation project could have been economically and physically feasible, but it is being implemented in the way that it is by the demands of business and middle class people rather than working class people. In Tarlabasi, free legal advice could have been provided for the residents, and maybe this alone could have led to a better project for the current inhabitants. Wider publicity and media coverage about the illegal implications and the discriminative nature of the project was necessary. An alternative for this project is discussed in the conclusion.

CHAPTER 9: CONCLUSION: BIG THEMES AND ISSUES

9.1 Introduction

The thesis has shown that processes and effects of state-led gentrification are different from market-led gentrification. For that reason, the approach of the thesis and its application is discussed, then the differences and similarities between not only two types of gentrification, but also the two types of localities (global North vs. global South) are discussed with regard to world city theory to answer the following: why state-led gentrification replaced market-led in some locations (particularly in Global south) and how and why the outcomes for middle and working class inhabitants differ. This is followed by a summary of how social spatial segregation is exacerbated as a consequence of gentrification and how the abstract discussions were presented with regard to historical environment of a developing country's world city. Next, the complex and contested notions of neo-liberalism and the neo-liberal city are discussed, showing how these complex processes operate in Istanbul. One of the primary aims of this thesis has been to develop alternative strategies to the urban renewal projects in Istanbul, and possible urban policies for this case specifically are discussed in the sixth section. Finally, possible future directions of research and dissemination are discussed in the last two sections.

9.2 The Critical Realist Approach: Linking Different Spatial Scales and Levels of Abstraction

This section reflects on the research and analyses carried out for this thesis. As a critical realist, I started my analysis with the abstractions and went on to concrete case studies, and in this sense, the analysis of this research starts with and is not separate from theory and continues throughout to the Conclusion. From this perspective, it is necessary to have a deeper understanding of the changes that Turkey and Istanbul have been and are going through to understand the gentrification processes in specific neighbourhoods. I present the two case studies as 'emergent properties': they are complicated entities that are created by collective abstractions. I do not reference this chapter because I already referenced the

information I used in detail in previous chapters. This section is all about using the method and bringing out critical realist approach.

A critical realist approach makes it possible to understand the abstractions and the historical backgrounds of concrete cases and allows the researcher to develop analyses that are suitable not only for one particular instance, but also for other cities and neighbourhoods experiencing the effects of similar abstractions and processes.

The effects of the changing world economy and gentrification processes differ from one case to another, and it is not surprising that the state-led and market-led gentrification in historical Istanbul is different from other developing countries' world cities. The kinds of urban policies proposed in this research may or may not be compatible with another world city facing similar processes, and therefore, it will not be scientific to claim that these policies can be generalized. This shows the shortcomings of relying only on empirical approach when taken as a generalization. A large number of geographers and urbanists have looked for these empirical generalizations instead of investigating the deep and historical processes going on behind the concrete case studies,

What we learnt from abstractions such as world city theory and processes of gentrification is how they are connected and how the economic conditions related to the emergence of world cities can result in gentrification. However, these abstractions take different forms from one locality to another in different socio-political relations, and these forms are visible in concrete case analysis of a specific place in a specific time that is unique to that case. This is why these forms cannot be generalized; however, the analysis of the emergence and effects of these forms can be generalized as a framework.

I used these abstractions and the connection between them to analyse two concrete cases in historical Istanbul. I examined middle-range processes such as the historical and economic development of Turkey and Istanbul in order to link a deep understanding of abstract processes with the changing social, economic and political situation in Turkey and Istanbul over time. This helped me to provide a thorough analysis of the historic neighbourhoods of Istanbul that have been experiencing gentrification. All of these abstract processes and changing situations collectively create concrete cases, and in this thesis, the cases of Tarlabasi and Galata were

examined in depth, and the alternative urban and social policies suggested for Galata and Tarlabasi were derived from this analysis. The results of empirical studies and policies derived from them cannot be simplistically generalized, but a critical realist framework provides tools for the analysis of particular cases (in other localities) in relation to general overarching processes.

Now I turn to explain the ways in which I applied this approach all throughout the thesis.

9.3 Application of Critical Realist Approach

I start the analysis with two global abstract processes, namely world city theory and gentrification. In the last few decades, some cities in mostly developed countries emerged as control centres of the global economy, driven by the growing FBS sectors in the city centres of large cities. World cities have been considered to form a hierarchy with three cities at the top: London, New York and Tokyo. This hierarchy has been defined as alpha, beta and gamma cities. Alpha cities and most beta cities are in developed countries, but there are some developing country world cities as well. Developing countries' world cities are not as influential as those in developed countries when it comes to the world economy, and precisely for that reason c developing countries feel the need to actively promote their world cities as finance and business centres to attract foreign and local investment and to catch up with developed countries economically.

Encouraging gentrification processes in the inner city leads to a transformation of residential areas into middle and upper class places and provides young professionals with housing areas close to their work places in the finance and business sectors located in the central city. Young professionals' consumer preferences are different from other middle class people living in the suburbs. Many of them prefer to stay childless, and at times, sustain single lives, and for these reasons, their interests are different from the rest of the middle class. These lifestyle preferences include being closer to cultural and entertainment facilities in the city centre; these professionals also usually have a taste for historical heritage. With their diverse urban population and wide selection of cultural amenities, the centres and

inner areas of world cities present themselves as appropriate choices for intellectuals and artists, and they were followed to sustain this kind of lifestyle.

There have been two types of gentrification processes in historic urban environments – classic gentrification and state-led gentrification – and both are relevant to world city theory. Classical gentrification is related to the expansion of the FBS sectors, especially in world cities, and the increase in employment in these sectors led to increases in upmarket consumption areas in the inner city and city centre and the demand for inner city middle class housing in the urban area of large cities spatially and socially. Initially, gentrification in large cities took place through the private housing market with no direct state involvement, which resulted in social replacement and displacement in some previously working class inner city neighbourhoods. Social replacement refers to the process in which working class owner-occupiers in a neighbourhood sell their properties and move elsewhere because they can make financial gains, but sometimes also because they feel the loss of previous neighbour relations. They are not forcefully evicted; rather, they are replaced by middle class owners as the result of market transactions. Displacement, on the other hand, refers to forced eviction of mostly tenant working class inhabitants from a gentrifying area. This displacement can be the result of landlord harassment or not being able to meet rising rents and cost of living because of gentrification.

Even though classic gentrification still takes place in many places around the world, in the 1980s, another type of gentrification appeared that was state-led. This process is closely related to world city theory as it is used as a tool – mostly in developing countries – to restructure the city and increase FBS sectors in the city centre. States that realize the ‘advantages’ of gentrification but do not want to wait a decade for a neighbourhood to be transformed initiate this process themselves. State-led gentrification is a much more brutal process than market-led, which mostly results in total displacement of the working class. With urban renovation and regeneration projects in the central city, local and national states not only push the poor to the periphery, but also create middle or upper class neighbourhoods with upmarket consumption areas that can attract many local or foreign investors and tourists to the city.

The emergence of world cities and gentrification are global processes; however, the way they operate is specific. Turkey is specific in the following aspects: economic development, historical and political background, and housing markets. Turkey is a NIC, and this means it is substantially industrialized, but it does not have as much FBS sector as one can see in a MDC. Therefore, the Turkish state and Turkish businesses wanted to accelerate the economic development through urban development and regeneration projects. This is a feature of Turkey that makes it specific. I continue the analysis with the social, economic and political development of Turkey since the 1950s. I do not regard the development of these aspects as separate, but they are distinct; economic change and development in Turkey led to social and cultural changes. The Republic of Turkey started as an agricultural country, but after the 1950s, the manufacturing sector increased dramatically, and this led to an increase in rural to urban migration. The Turkish government consistently favoured the development of business to increase manufacturing. The production sites of these manufacturing firms were located in and around big cities, and rural to urban migration was initially encouraged because they needed the cheap labour force. However, in Turkey, the bourgeoisie were never concerned with the needs of working class people, and this was visible in housing policies. Because of the lack of social or affordable housing, people who migrated from various parts of Turkey to Istanbul had to create their own solutions for this problem, which were 'gecekondu's'. *Gecekondu's* are illegal housing built on state-owned land that the local and national state ignored until the 1980s as a way of to avoid creating adequate social and affordable housing policies.

From the 1980s, a new, largely neo-liberal, economic policy developed, particularly in relation to housing. The most important institution that has carried out these housing policies was the MHDA, in spite of the fact that its foundation purpose was to create affordable housing. The MHDA started as a governmental institution to create affordable housing stock; however, the kind of 'affordable housing' they created was almost exclusively for housing ownership with 'affordable' instalments, and they did not create any rental property for social housing purposes. In addition, their 'affordable housing' scheme was too expensive for the poor, and only a small proportion of relatively better off working class and middle class people were able to afford it.

After the 2001 economic crisis in Turkey, the economic recovery programme mainly consisted of neo-liberal strategies, such as increasing privatization and reducing regulations relating to foreign investors entering the Turkish market. The current ruling party in Turkey (JDP) is a good example of this. Their politics aimed to increase the FBS sectors, especially in Istanbul, and to build massive harbours and ports in the important cities of Turkey, at the expense of losing cultural heritage, with the sole purpose of encouraging foreign investment, while further repressing the unions, leftist organizations and any kind of protest that might develop against their policies – including protests against state-led gentrification (e.g., Gezi Park Protests).

Istanbul is specific compared to other world cities. Istanbul as a city was completely dominated by industry until 1980s, and this is not the case for other world cities located in MDCs. In addition to that, Istanbul is specific because of MHDA. MHDA and the way it operates are specific to Turkey and Istanbul. At the same time, Istanbul shows the effects of global concepts, and these are visible in the development of Istanbul, economically and politically. In this sense, Istanbul is a collection of the discussed abstractions and historical, economic and political background of Turkey while being specific, which makes it an ‘emergent property’. Istanbul shows many similar features with the changing global economy since the 1970s. The increase of the FBS, media, design and tourism sectors in the CBD and decentralization of the manufacturing sectors from the city centre to the periphery are common features of other world cities around the globe as well as Istanbul.

Since the 1980s, Istanbul has emerged as a world city, and this has been driven by the Turkish bourgeoisie and the state. The FBS sectors increased dramatically while the manufacturing sector was decentralized to the periphery of Istanbul. As the major city of Turkey, Istanbul was more affected by these changes than any other city in the country. Intellectuals, artists and young professionals started to move to central city looking for a neighbourhood that was not only closer to all cultural amenities, but also had architectural and historical significance to show their difference from the rest of the middle class. In the 1990s, some historical neighbourhoods caught the attention of middle-class intellectuals, and they started to buy and renovate houses in these neighbourhoods because they were attracted to the diverse cultural industry in the city. Because of the increase in employment in the

FBS, the changing preferences of young professionals and local governments' encouragement of gentrification by providing better municipal services, the processes of gentrification in Istanbul are centred in historical neighbourhoods. The number of hotels, cafes, designer shops, art galleries in them has increased dramatically. Even though many years passed until the old inhabitants moved away, eventually, many of the original residents sold their properties and moved to another area. This shows how processes of market-led gentrification operated in Istanbul.

Istanbul has the most valuable land in Turkey, and currently the MHDA is the biggest land speculator in the city. It is leading the process of making Istanbul a 'world city'. Most of the urban renewal and urban regeneration projects in the city have some direct or indirect links to the MHDA, and the MHDA is able to sell public land to any urban renewal project. The intention to turn Istanbul into a world city and integrate the city into the global economy with foreign urban investment gives some insight into motives behind most of the urban renovation and regeneration projects. From the point of view of the state, displacing the working class residents currently living in the central city is the fastest way to reach the economic goal that is set in several government reports, which is to put Istanbul in the top world cities and Turkey in the top ten economies in the world. Market-led gentrification is a rather slow process, and it may never happen if the area is not attractive to individual members of the middle class.

The effects of these global processes are specific to Turkey and they create specific results in specific cities. Istanbul is a specific example and the spatial consequences of market-led and state-led gentrification in Istanbul are specific to this city. That is why, as I stated throughout the thesis, Istanbul is an 'emergent property' of all the abstractions that were discussed.

This section has demonstrated how critical realism underlies what I have done. It has shown that abstract categories can be deployed for analysis of specific cases. It also shows how the specificity of these cases can be melted into those abstractions and how they are present in all these specific cases. I now turn to theoretical and political questions and possible alternatives to the current processes of gentrification in Istanbul.

9.4 Global South vs. Global North or Can We Learn from Each other?

We have seen there are two quite different types of gentrification: the first one is classic gentrification (gentrification through the private housing market or market-led gentrification), and the second is state-led gentrification. These processes rely on different state policies and have outcomes that have profoundly different effects on working class people.

Market-led processes started in the 1960s, mostly in large cities of developed countries, and it was a process in which middle class gentrifiers bought and renovated inner city residential properties in working class neighbourhoods. Market-led gentrification is a phenomenon that is mostly examined and researched in developed country cities. However, in this thesis, I have used a case study – Galata – from the developing world and showed how the Anglo-American concept can be used as a main framework for examining other parts of the world. As Islam and Sakizoglu (2015) argue, scholars interested in gentrification in Turkey have long used the Anglo-American concept as a main tool. This is because the market-led (in other words classical) gentrification examples in Turkey show the ‘main symptoms’ of the processes of gentrification in Northern America and Western Europe. For that reason, I have chose to use the same concept as a theoretical framework as well, and I do think this is appropriate, even if other players and processes (e.g., further indirect state intervention with planning permissions) come into play that one may not usually see in developed world.

Changes in the world economy have underpinned the states’ desires to promote their large cities with the intention of increasing FBS sectors in city centres and to accelerate their economic growth by supporting the construction sector. These conditions have led to the emergence of another type of gentrification – state-led gentrification. Unlike market-led gentrification, the urban changes that prepare the environment for state-led gentrification are not solely driven by the private sector or changes in consumer preferences: they embody government policy (Weber, 2002; Moulaert, 2000). On the other hand, state-led gentrification has been on the rise since the 2000s not only in Istanbul, but also in many other developing country cities, and even though this thesis does not deal with informal urban settlements (e.g., *gecekondu*s) and the gentrification processes happening in them, there is an urgent need to integrate this new, complicated and highly political urban process

into the conceptualization of gentrification to create a better intellectual understanding of world-wide gentrification. In this thesis, I focused on processes of state-led gentrification in the historical environment of Istanbul. This kind of gentrification is a good example of the brutal consequences of the rise of secondary circuit of the capital – especially the real estate sector. As mentioned before, developing world needs to catch up with the developed world economically, and that is one of the reasons why the real estate sector's rise has been particularly visible in the global South. Urban regeneration and renewal projects started to have different meanings and consequences than in the developed countries, and this transformation that is usually followed by the total displacement of working class people and state-led gentrification process has shown the need to integrate concepts of authoritarian state and power to the Anglo-American gentrification concept. With this thesis, I aim to contribute to the expansion of the understanding of gentrification concept with a set of case studies that are outside the scope of what Lees et al. (2015: 2) call 'usual suspects'. I think it is necessary to merge the 'southern and northern' gentrification, instead of 'unlearning' the northern one in order to create another conceptualization of gentrification. A specific concept that integrates the power relations between state and capital with significant importance given on resistance against gentrification is needed. It is also necessary to learn and understand the resistance against gentrification from the global South, as it seems that it is where the most barbaric implementations of state-led gentrification and the most promising resistance against gentrification movements tend to happen. As Roy (2009:825) puts it:

These theoretical positions have been produced in the context of the Euro-American urban experience. This is not to say that this analysis is not applicable to the cities of the global South. Indeed, it is highly relevant. The argument is less about transnational relevance and more about the scope and range of the analysis.

There is a clear theoretical link between the changing global economy and the investment in gentrifying areas. This link exists for both processes of gentrification; however, for state-led gentrification, this urban and economic change is facilitated by the state. In other words, like market-led gentrification, spatial changes in the housing market can be partially explained by changes in the global economy, but in

addition, the state is an important actor in leading this urban and economic change in order to secure its place in the hierarchy of global economy through refashioning the urban environment for higher income groups (Webb, 2010).

When it comes to resisting gentrification, it is harder to organize a resistance against market-led gentrification than state-led gentrification. Because in state-led gentrification, since almost all of the inhabitants who are to be displaced are treated more or less the same and the process takes less than market-led gentrification (which makes the effects of it quickly visible), it is easier for inhabitants to organize collectively and create a resistance against the process. Also, in state-led gentrification, the state has the most important role, and it is easier to recognize the unjust treatment and organize against it since it is one important actor, but in market-led gentrification, there are many private developers, individual gentrifiers or landlords that may treat the inhabitants in an unjust way, and there is not any one important actor that all the inhabitants can resist.

9.5 Social Spatial Segregation

In a gentrification process that results in some or total displacement of the working class inhabitants, these residents are mostly pushed to the periphery; however, they still have most of their work and social connection in the inner city and the city centre (Kesteloot, 2005). This creates many problems for these groups in the long term, such as further deepening of social and income polarization. When the urban 'regeneration' and 'renovation' projects are completed in the form that they were proposed, there will be 'bubbles' of social classes in the city where no class interacts with another. 'Bubbles' refers to working class people not only losing the chance to socialize and have time in the central city, but also losing their jobs in the area and all connection with it. It is not merely that the middle class benefits from this process and it also leads to increased segregation of well-being, where working class people are not able to access the amenities and jobs that will provide them with satisfactory standards of living and health.

This can lead to further demonization of the poor by increasing the economic gap between middle and working class people and increasing in what Butler (2005) calls the 'urban other'. I find this relative well-being, the contrast or the relationship

between these two parts of the city, immoral. In addition, with the increasing contrast between the well-being of working and middle class people, the demonization of the working class and the social conflict between different social classes increases as well. This segregation can lead to a middle class with a false sense of superiority over the working class and an excluded working class with no trust in the state or authorities.

Tarlabasi, in particular, is a good example for this situation not only because of the total forced eviction of the current inhabitants, but also, the Project is planned in a way that new inhabitants will not need to interact with the rest of the neighbourhood. In other words, the Project is proposing a kind of gated community in the middle of Tarlabasi with tunnels connecting to the courtyards and the entrance of the Project area. This is a specific type of exclusion for working class that means that they cannot even walk in the streets of the Project. This is a statement of disrespect and it is a form of insult towards the inhabitants of Tarlabasi.

9.6 In What Sense is this Neo-liberalism?

Neo-liberalism is the dominant ideology of Western and many other states in the last 40 years, which argues for a diminishing role for the state. The period of relative economic stagnation since the 1970s, and relatively low profits compared to the 1950s and 1960s led governments to adopt neo-liberal policies in attempts to revive their economies. Neo-liberalism is based on the ideas of classical economic liberalism, which argues that under the right circumstances – all else held equal – a free market will regulate itself. Since then, neo-liberalism has been a widely used term in many disciplines in sometimes ambiguous ways or in an all-encompassing meaning. This may cause confusion in the scholarship. As Ferguson (2009:171) puts it:

When the term “neoliberalism” is used as imprecisely as it is in many texts, one is tempted to pencil one’s objections in the margins as one might in reading a student essay: “What do you mean by ‘neoliberalism’ here? Do you mean the liberalization of trade policies? Then say so! Do you mean techniques of government that work through the creation of responsabilized citizen-subjects? Then say that! The two don’t necessarily go together. Say what you mean, and don’t presume that they are all united in some giant package called ‘neoliberalism’.”

Since the 1980s in Turkey and in the gentrification of Istanbul in particular, the state has played an enormous role. This brings into question whether we can simply say that Turkey is neo-liberal and Istanbul a neo-liberal city. Hackworth (2000) argues that 'neo-liberal policies' have enormous effects on urban environments and a 'neo-liberal city' shows the spatial effects of neo-liberalism as a result of the encouragement of 'free market' policies in the urban environment. Gentrification is one aspect of this neo-liberal city, and with the exception of the level of state intervention, state-led gentrification processes embody many features of neo-liberalism, one of which is the attack on working class people to increase profits. Hackworth (2000) continues to add that neo-liberal ideas extend to the social and political spheres in general, and the neo-liberal city is a combination of the effects of neoliberal public and private policies in social life. However, only talking about the neo-liberal city is too simple, and it misses some important points in relation to capital and state. It implies capital does not need state, but in fact, it does. Capital benefits from many state induced urban regeneration projects, state spending, regulations, and intervention, and these are not normally consistent with neo-liberalism. An important reason why capital needs the state in urban areas is that the free market has enormous difficulty dealing with the built environment. Dealing with capitalist land is very complicated because of the property laws, and it is difficult for private market to invest in it without any state regulation or intervention. For example, not many developers want to be the first to invest in an unknown or devalued property market, and without state investment, many urban areas would be unregenerated. In addition, the built environment has many limitations – such as urban conservation laws, planning permissions – and these lead the private sector to actively deal with state. It is also about the contradictory position of the state vis a vis the demand of different sectors of capital, different interests of society, and in relation to having to appear democratic.

For these reasons, unlike the free market vision, the state, particularly in developing countries, has an important and active role in regulating the market and the social life. Istanbul has been greatly affected by the financialization of the economy and exhibits many features of a neo-liberal economy with an increase in the FBS sectors in the city centre, decentralization of manufacturing, and deregulation for facilitation

of the flow of capital. However, increasing state intervention in Turkey and the increase in the numbers of state-promoted urban renovation and regeneration projects shows that the market is far from having the freedom to regulate itself. In Turkey, the state regulates the market in a way that benefits capital rather than the poor. The changes in the historic urban environment of Istanbul are good examples of that.

Since Turkey is economically behind compared to developed countries, dealing with the built environment, property and urban conservation laws is a big obstacle to economic development because fast economic development, most of the time, means damaging the poor, the environment and the historical and cultural heritage. Even though current urban regeneration and renewal projects are very brutal towards the working class, the economic development they bring is still not enough for sections of capital in certain times and places. That is one of the reasons capital has needed state intervention in the urban areas of Istanbul.

Since 2000, Istanbul has been experiencing many changes in urban layout due to the increasing number of urban renewal and urban regeneration projects. The most important legal tool used in this re-arrangement is the Law on the Protection of Deteriorated Historic and Cultural Heritage through Renewal and Re-use (Law No. 5366). This Law provided the authorities with new legal tools that helped them accelerate regeneration and renewal processes in the historic environment, with the effect of resulting gentrification. All the urban renewal and regeneration projects prepared for the historic neighbourhoods are based on this Law, which allows the state and private companies to legally bypass urban conservation laws and create urban renewal projects in which they can demolish even entire historic environments. With this, the national and local state proceeded to work in collaboration with private companies to transform the historic centre of Istanbul into middle or upper class areas in the hope that this state-led gentrification process would inspire market-led gentrification processes in the surrounding neighbourhoods. However, the negative consequences of this kind of urban re-arrangement, such as the complete displacement of the poor from the central city and the increasing social spatial segregation of society, are ignored by the state. The working class and poor inhabitants are pushed to the periphery of the city with fewer

financial and social resources than they used to have and with limited access to the jobs in the central city.

In summary, Turkey is a mainly neo-liberal country with Istanbul as its major finance centre; however, the state has become too involved, and because of the high-levels of state intervention and the nature of this intervention as described above, it is not a free market economy.

9.7 An Alternative Policy for the Inner Working City Class Neighbourhoods of Istanbul

The acquisition process during the Tarlabasi Renewal Project has been cancelled by the law court, and this may lead to the cancellation of the whole Renewal Project. Even though it has been cancelled, the future of Tarlabasi is still unclear. However, this cancellation opens up an opportunity for the consideration of alternatives, so it is well worth discussing.

During the interviews I conducted, academics and people in NGOs stated their suggestion about alternative solutions for Tarlabasi. The academics and NGOs presented different aspects from what is being done. I also present something that fits their perspective:

- Policies about displacement process should be drawn up, rather than solely eviction;
- Social housing should be built for people living in the project area;
- There should not be a specific project, but rather there should be physical rehabilitation of the neighbourhood and social policies to tackle the poverty in the area;
- A project should be created with the inhabitants for the renovation of the area, rather it being run by a private construction firm. During any possible renovation process the Municipality should provide rent support for tenants.
- Houses should be properly renovated with respect to their original form rather than demolishing the whole area and building it again;
- Social policies (such as policies for poverty, rent assistance, educational support, tackling the crime rate, providing better infrastructure) should be drawn up to improve residents' situation in the neighbourhood.

In this section, I present two main aims for at least one possible alternative; historical preservation, giving housing rights to the working class inhabitants of the neighbourhood. First, developing a historical preservation programme in accordance with the planning decisions and urban conservation laws with regard to population densities is a main target. The second is to keep the poor inhabitants in their homes and meet their housing needs. The main housing suggestion for the neighbourhood is to create social rented housing because owner-occupied housing schemes with low rate mortgages and monthly instalments are not feasible for the poor population of Tarlabasi.

To achieve this alternative policy, I suggest the immediate cancellation of the Project, reconstructing the demolished buildings with respect to their original form and providing social housing to all the displaced people that would allow them to live somewhere in or close to the central city, rather than pushing them to the periphery. But this strategy needs to consider tenure in Tarlabasi. The Project solely encourages owner-occupation rather than creating possibilities for rental property. Due to the high tenancy rate in the area, it is important to begin by building social rented housing, but this could be complemented by a model focusing on owning a house depending on the owner-occupier rate in the neighbourhood. Depending on the demand from the inhabitants for the owner-occupation model, the sale of the properties should respect the income levels of the inhabitants, that is, creating the possibility of buying the property through flexible and affordable instalments. If owner-occupiers choose to sell their property, they should be required to give the state first option of buying the dwelling in order to retain it in the social housing stock. In the case of a sale, the state should be able to buy the property from an owner-occupier for its market price before rehabilitation because in this alternative, the state is the main investor in the rehabilitation project. In the social housing model, the rent should be regulated according to the income level of the residents, with rent subsidies granted where needed.

I suggest the development of cultural and tourist amenities should be encouraged. For tourist-oriented developments, residents of Tarlabasi should be given priority in employment since these places would be state-owned the profit would go directly to state.

An alternative project has not been proposed for Tarlabasi. While an alternative project was prepared by 60 academics in the case of Sulukule (see Chapter 8), it was never even discussed by the authorities. In this alternative project for Sulukule, the types and sizes of dwellings were rearranged. In the actual Project, there were 620 flats, and 20 of the locals were able to afford a flat in the project area. The MHDA signed contracts with 577 people in total to purchase a flat. The alternative project, in contrast, proposed six flat types (60, 70, 80, 85, 90 and 135 m²) for the people that MHDA came to an agreement with, and these flats were located on a land area of 44,615 m² (a total of 577 houses). In addition to that, three other types of flats (only for social housing) (25, 40 and 60 m²) were proposed, located on a land area of 13,275 m² (a total of 577 plus 335 houses). The alternative project proposed enough residential area for 3,728 people. This meant increasing the number of people who would be benefitting from social housing. Another benefit of the alternative project was that the current Sulukule project costs 154 million TL (around £40 million) and covers 90,000 m², but the alternative proposal, prepared with the purpose of keeping current inhabitants in their places, had an estimated cost of 83 million TL (around £22 million) (Sulukule Platform, 2009).

This is further evidence that it was not the costs that prevented the state from implementing these alternative projects, but because the state aimed to restructure the areas not only physically, but also socially – without the poor. The Tarlabasi renewal land area is 20,000 m², and the current project cost is 500 million TL (around £125 million) with luxurious office areas and shopping malls and residential areas amounting to the whole of the proposed built environment (Gap Insaat, 2012). Increasing the number of flats designated for residential use – as in the alternative Sulukule Project – with well-restored buildings, instead of demolishing and re-building, would cost less than this amount. In the case of Sulukule, it was cheaper and even though an alternative project for Tarlabasi has not been calculated or analysed, there is no reason to think that Tarlabasi will be different. The cost is also high because of all the upmarket consumption areas and the target clients' list the current Tarlabasi Project is proposing. An alternative rehabilitation project that did not target upper class people would cost less than the current regeneration project and at the same time, preserve the heritage and thus increase the tourist importance of the area. Finally, the MHDA has housing ownership schemes on the

periphery of Istanbul, where an eligible person (eligibility requirements are set by the MHDA) can buy a house for monthly instalments of 500 - 600 TL (£120- £150). In Tarlabasi, few people could commit to such long term instalments, as currently, rent prices in the neighbourhood are around 300 - 600 TL (£70 - £150). If social housing was constructed in Tarlabasi to rent to the inhabitants, it would be feasible for the MHDA to charge them around the same rents instead of the housing repayment instalments.

This kind of project takes many years and requires a strong political will, but many municipalities that are re-elected every five years choose to do short-term projects that are not for the benefit of whole urban population, but to attract investments to their locality and thus increase their electoral standings. For that reason, neighbourhoods like Tarlabasi with the most disadvantaged segments of the population are frequently ignored since improving the social environment in these places is not a good advertisement for the municipalities at election time. Because the results are not immediately visible and it takes more than five years to see the positive effects of such social programmes. Because of this, these rehabilitation projects should have the support and help of the national state. Local municipalities do not have big enough budgets or strong enough authority to make them happen. Creating social housing in the area is crucial for this alternative to succeed. In Turkey, the MHDA, therefore, the organization responsible for creating social and affordable housing, should be responsible for the construction of these forms of alternative project.

It is true that rehabilitation alone cannot solve all the problems of the neighbourhood; the ability of inhabitants to pay affordable rents depends on their incomes, so also that needs attention. For that reason, it is also necessary to develop solutions involving the local and national authorities and NGOs, to decrease the poverty rate in the neighbourhood. It can be concluded that the rehabilitation of Tarlabasi for the working class residents is economically and socially feasible, but the political will to initiate such a process is not there. A rehabilitation project with the inhabitants that improves not only the physical and historic environment, but also the lives of those who are having financial and social difficulties due to unemployment, underemployment and to some extent demonization by the rest of society, is suggested for Tarlabasi. I suggest that before any physical renovation

processes are planned, social policies to decrease the poverty rate and the crime rate, and to provide free legal counselling and education are needed in the area.

The Tarlabasi Project and some other urban renovation projects in historical areas (Sulukule and Fener-Balata) have been cancelled by the court, but the future of these neighbourhoods is still unclear. However, since the Gezi Park protests, strongly anti-demolition grass-root movements give hope for more progressive types of rehabilitation in Istanbul. Recently, there have been general elections in Turkey (7 June, 2015) that resulted in JDP losing its majority in the Parliament. At the time of writing, it is not clear how the new government going to be formed, but whatever happens, the existence of these movements against state-led projects is important and can affect the outcomes of big, controversial urban projects in major cities such as Istanbul. It is possible that projects such as the Tarlabasi Renewal Project and others examined in this thesis may not be completed.

An additional potential consideration is that Tarlabasi has been under consideration to be designated a World Heritage Buffer Zone (World Heritage Papers UNESCO, 2008). This proposal could be pushed forward to get funding from international bodies such as UNESCO or the EU.

9.8 Future Research Directions

The framework for the analysis I used in this research for gentrified areas in historical parts of developing large cities is not commonly used in Turkey or in the gentrification literature. I hope that others will use this framework in the future for similar international research. On the basis of the above discussion, I suggest that a gentrified area should be analysed with the changing economic, social political processes in the last 60-70 years, instead of narrowly examining only the housing market.

One of my academic aims is to help organize workshops or conferences about the research topic to share knowledge with scholar with similar interests. The consequences of gentrification in historic environments of developing countries is a matter that has not been examined enough and for that reason, studies focusing on this topics and people who are studying this topic should be encouraged to work together with workshops focusing on this. Using the analytical framework I am

proposing in this thesis, I plan to conduct further research about state-led gentrification and its consequences that provide research results with an understanding of deeper processes, along with the historical background.

9.9 Dissemination

The dissemination of this research will be through publications, conferences and workshops. I have already published one paper (Can, 2013) and submitted another one. In the first paper, I compared the state-led and market-led gentrification in Istanbul through the cases of Tarlabasi and Galata. In the second, I discussed the super gentrification concept and tension between different groups of gentrifiers in the case of Galata. I plan to write more papers after the completion of my PhD, examining the state-led gentrification and social exclusion in Tarlabasi with particular attention provided to social inequality and political power.

As a condition of my scholarship, I have been allocated to do academic work in Istanbul. I have a place in Istanbul Civilization University, and I will have considerable autonomy in what I do. Using the knowledge and analysis I developed in this thesis, I want to be involved in policy making, in particular, working with existing inhabitants for better developments. When there will be an opportunity for alternative and progressive policies to be heard, I want to contribute to that with all the knowledge gained from my current and future studies. This way, my research will also be an example for the other developing countries that are going through similar processes.

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APPENDIXES

Appendix A: The Interview Questions

For Officers in the Municipality

Tarlabasi

1. Can you summarize the urban renewal project in Tarlabasi?
2. What kind of responsibilities does the municipality has for the inhabitants of the neighbourhood?
3. What the project has done in the neighbourhood?
4. What the project is aiming to accomplish in the neighbourhood?
5. What do you think about the socio-economic situation of Tarlabasi?
6. How do you think the housing market in Tarlabasi will be affected?
7. How can you compare the current inhabitants and the potential future inhabitants of the neighbourhood?
8. What kind of informative meetings did the municipality arrange for the Project?
9. What kind of policies did the municipality follow to sort out the problems (drug problems, crime rates) in the neighbourhood?
10. What kind of collaboration was made between the municipality and NGOs?
11. Do you think the current inhabitants would be able to stay in Tarlabasi after the completion of the Project? Why?
12. What do you think about the gentrification process in Tarlabasi?
13. In your professional opinion, what can be done to avoid displacement in this area?
14. If I tell you the aim of this research is to explore how the current inhabitants might be enabled to stay, how would you achieve this goal?

Galata

1. What do you think about the gentrification process in Galata?
2. How do you think Galata changed throughout the years?
3. Are there any future projects considering Galata?

For People in the Construction Firm

Tarlabasi

1. Can you summarize the urban renewal project in Tarlabasi?
2. What kind of responsibilities does your company has for the inhabitants of the neighbourhood?
3. What the project has done in the neighbourhood?
4. What the project is aiming to accomplish in the neighbourhood?
5. In your opinion, what will happen to housing market in the neighbourhood?
6. What is the compensation for the current inhabitants of the neighbourhood?
7. How easy have your dealings been with residents of Tarlabasi?
8. What difficulties have occurred to you during the project? What has been the role of inhabitants?
9. In your idea, what kind of changes will happen in the inhabitants profile of Tarlabasi?
10. Are you thinking about taking responsibility of construction of any other urban regeneration projects? Which ones?
11. What do you think about the potential inhabitant profile after the Project?
12. What do you think about the gentrification process in Tarlabasi?
13. Do you think the Project will cause any kind of displacement? Why?
14. In your professional opinion, what can be done to avoid displacement in this area?
15. If I tell you the aim of this research is to explore how the current inhabitants might be enabled to stay, how would you achieve this goal?

For Officers in the MHDA

Tarlabasi

1. Can you summarize the urban renewal project in Tarlabasi?
2. What kind of responsibilities does the MHDA has for the inhabitants of the neighbourhood?
3. What the project has done in the neighbourhood?
4. What the project is aiming to accomplish in the neighbourhood?
5. What do you think about the socio-economic situation of Tarlabasi?
6. How do you think the housing market in Tarlabasi will be affected?
7. How can you compare the current inhabitants and the potential future inhabitants of the neighbourhood?
8. What do you think about the socio-economic situation of Tarlabasi?

9. What kind of a collaboration was between NGOs, Chambers and MHDA?
10. What kind of collaboration was between NGOs, Chambers and MHDA?
11. What kind of informative meetings did MHDA arrange for the Project?
12. In your idea, what kind of changes will happen in the inhabitants profile of Tarlabasi?
13. What do you think about the potential inhabitant profile after the Project?
14. What do you think about the gentrification process in Tarlabasi?
15. Do you think the Project will cause any kind of displacement? Why?
16. In your professional opinion, what can be done to avoid displacement in this area?
17. If I tell you the aim of this research is to explore how the current inhabitants might be enabled to stay, how would you achieve this goal?

For the Inhabitants of Galata (Owner-Occupiers)

Information about the interviewee

Name of the interviewee:

Age of the interviewee:

Where the interviewee is from:

Number of family members the interviewee has:

Education of the interviewee:

Marital status of the interviewee:

Ethnicity of the interviewee:

First language of the interviewee:

Current job of the interviewee:

Whereabouts of the current job of the interviewee:

Current jobs of the family members:

Whereabouts of the current jobs of the family members:

1. How long have you been living in your present house and in Galata?
2. Do you have family or friends living in Galata?
3. Are you a tenant or the owner?

4. How did you find this house?
5. How much do you think the house you were living in is worth?
6. Why did you choose to live in Galata?

Information about the previous owner-occupier

1. Do you know who lived before you in the residence?
2. When you moved into this house did the previous owners were still living in the house?
3. Do you know the jobs of the previous owners?
4. Do you know where did the previous owners move to?

Information about the building

1. What kind of repairments did you do after you moved in?
2. Are there any problems in the buildings that are impossible to deal with?
3. When did you buy this house?
4. What kind of resources did you use while purchasing this house? (inheritance, bank credit, cash...)
5. Do you have any other houses in this district?
6. Are you thinking about selling this house? If you are, for how much?
7. If you wanted to rent out this house, for how much would you rent it out?
8. If you sell this house where would you like to live? Why?
9. (if the interviewee lived in the area 10 years or more) What do you think about the changes that your neighbourhood faced?

Information about the neighbourhood

1. Are you thinking about moving away?
2. Where would you like to move to?
3. Did you have any troubles with your neighbours? If you did, can you describe them?
4. Are you happy to live here and why?
5. What kind of problems did you have while you have been living here?
6. Who deals with the problems of the district? (municipality, NGOs, shop owners)
7. What kind of neighbourhood do you think this neighbourhood will become?
8. What are the main problems of Galata?
9. Where do you go for the problems that you face in the neighbourhood?
10. What do you think makes Galata special?

11. Do you have anything else to add to the interview?

For the Inhabitants of Galata (Tenants)

Information about the interviewee

Name of the interviewee:

Age of the interviewee:

Where the interviewee is from:

Number of family members the interviewee has:

Education of the interviewee:

Marital status of the interviewee:

Ethnicity of the interviewee:

First language of the interviewee:

Current job of the interviewee:

Whereabouts of the current job of the interviewee:

Current jobs of the family members:

Whereabouts of the current jobs of the family members:

1. How long have you been living in your present house and in Galata?
2. Do you have family or friends living in Galata?
3. Are you a tenant or the owner?
4. How did you find this house?
5. What is the price you are paying every month?
6. How much do you think the house you were living in is worth?
7. Why did you choose Galata?

Information about landlord

1. Has your landlord ever spoken of selling the house?
2. What is your landlord's current job?
3. Where does your landlord live?

Information about the previous tenant

1. Do you know who lived before you in the residence?

2. When you moved into this house did the previous tenants were still living in the house?
3. Do you know the jobs of the previous tenants?
4. Do you know where did the previous tenants move to?
5. Problems of the building
6. What kind of repairments did you do after you moved in?
7. Are there any problems in the buildings that are impossible to deal with?
8. Information about the neighbourhood
9. (if the interviewee lived in the area 10 years or more) What do you think about the changes that your neighbourhood faced?
10. Are you thinking about moving away?
11. Where would you like to move to?
12. Did you have any troubles with your neighbours? If you did can you describe them?
13. Are you happy to live here and why?
14. What kind of problems did you have while you are living here?
15. Who deals with the problems of the district? (municipality, NGOs, shop owners)
16. What kind of neighbourhood do you think this neighbourhood will become?
17. What are the main problems of Galata?
18. Where do you go for the problems that you face in the neighbourhood?
19. What do you think makes Galata special?
20. Do you have anything else to add to the interview?

For Galata Displacees

Information about the interviewee and household

Name of the interviewee:

Age of the interviewee:

Where the interviewee is from:

Number of family members the interviewee has:

Education of the interviewee:

Marital status of the interviewee:

Ethnicity of the interviewee:

First language of the interviewee:

Current job of the interviewee:

Whereabouts of the current job of the interviewee:

Current jobs of the family members:

Whereabouts of the current jobs of the family members:

Reasons of moving away from Galata?

1. What was your job when you were living in Galata?
2. Do you any family or friends still living in Galata?
3. Why did you move to your current neighbourhood?

Information about present accommodation

4. How long does it take for you to get to your work place?
5. Are you a tenant or the owner?
6. How did you find this house?
7. How long have you been living in this neighbourhood?
8. How do you feel about the district you are living in right now?
9. Do you miss your previous neighbourhood?

Present problems

10. Are there any problems in the buildings that are impossible to deal with?
11. Did you have any troubles with your neighbours? If you did can you describe them?
12. What kind of problems did you have while you are living here?
13. Who deals with the problems of the district? (municipality, NGOs, shop owners)
14. What kind of neighbourhood do you think this neighbourhood will become?
15. Are you considering yourself as a victim of gentrification? Why?
16. Do you have anything else to add to the interview?

For the Inhabitants of Tarlabasi (Owner-Occupiers)

Information about the interviewee

Name of the interviewee:

Age of the interviewee:

Where the interviewee is from:

Number of family members the interviewee has:

Education of the interviewee:

Marital status of the interviewee:

Ethnicity of the interviewee:

First language of the interviewee:

Current job of the interviewee:

Whereabouts of the current job of the interviewee:

Current jobs of the family members:

Whereabouts of the current jobs of the family members:

1. How long have you been living in your present house and in Tarlabasi?
2. Are you a tenant or the owner?
3. How did you find this house?
4. Why did you choose Tarlabasi?

Information about the previous owner-occupier

5. Do you know who lived before you in the residence?
6. When you moved into this house did the previous owners were still living in the house?
7. Do you know where did the previous owners move to?
8. How much do you think the house you were living in is worth?
9. Do you know the jobs of the previous owners?

Information about the building

10. What kind of repairments did you do after you moved in?
11. Are there any problems in the buildings that are impossible to deal with?
12. When did you buy this house?
13. What kind of resources did you use while purchasing this house?
(inheritance, bank credit, cash...)
14. Do you have any other houses in this district?
15. Are you thinking about selling this house? If you are, for how much?

16. If you wanted to rent out this house, for how much would you rent it out?

17. If you sell this house where would you like to live? Why?

Information about the neighbourhood

18. (if the interviewee lived in the area 10 years or more) What do you think about the changes that your neighbourhood faced?

19. Are you thinking about moving away?

20. Where would you like to move to?

21. What kind of changes did Tarlabasi have during the years?

22. Did you have any troubles with your neighbours? If you did can you describe them?

23. Are you happy to live here and why?

24. What kind of problems did you have while you have been living here?

25. Who deals with the problems of the district? (municipality, NGOs, shop owners)

26. What kind of neighbourhood do you think this neighbourhood will become?

27. What are the main problems of Tarlabasi?

28. What do you think makes Tarlabasi special?

29. Do you have family or friends living in Tarlabasi?

30. Where did you hear the Tarlabasi renewal project?

31. What kind of meetings would you expect from the institutions? (municipality, NGOs.. etc)

32. What do you think about the renewal project? Why?

33. Do you have anything else to add to the interview?

For the Inhabitants of Tarlabasi (Tenants)

Information about the interviewee

Name of the interviewee:

Age of the interviewee:

Where the interviewee is from:

Number of family members the interviewee has:

Education of the interviewee:

Marital status of the interviewee:

Ethnicity of the interviewee:

First language of the interviewee:

Current job of the interviewee:

Whereabouts of the current job of the interviewee:

Current jobs of the family members:

Whereabouts of the current jobs of the family members:

1. How long have you been living in your present house and in Tarlabasi?
2. Do you have family or friends living in Tarlabasi?
3. Are you a tenant or the owner?
4. How did you find this house?
5. Why did you choose Tarlabasi?
6. What is the price you are paying every month?

Information about landlord

7. Has your landlord ever spoken of selling the house?
8. What is your landlord's current job?
9. Where does your landlord live?

Information about the previous tenant

10. Do you know who lived before you in the residence?
11. When you moved into this house did the previous tenants were still living in the house?
12. Do you know where did the previous tenants move to?
13. How much do you think the house you were living in is worth?
14. Do you know the jobs of the previous tenants?

Problems of the building

15. What kind of repairments did you do after you moved in?
16. Are there any problems in the buildings that are impossible to deal with?

Information about the neighbourhood

17. (if the interviewee lived in the area 10 years or more) What do you think about the changes that your neighbourhood faced?
18. Are you thinking about moving away?

19. Where would you like to move to?
20. What kind of changes did Tarlabasi have during the years?
21. Did you have any troubles with your neighbours? If you did can you describe them?
22. Are you happy to live here and why?
23. What kind of problems did you have while you are living here?
24. What kind of neighbourhood do you think this neighbourhood will become?
25. What are the main problems of Tarlabasi?
26. Where do you apply for the problems that you face in the neighbourhood? (municipality, NGOs, shop owners)
27. What do you think makes Tarlabasi special?
28. Where did you hear the Tarlabasi urban renewal project?
29. What kind of meetings would you expect from the institutions? (such as NGOs, municipality..etc.)
30. What do you think about the renewal project? Why?
31. Do you have anything else to add to the interview?

For Tarlabasi Displacesss

Information about the interviewee and household

Name of the interviewee:

Age of the interviewee:

Where the interviewee is from:

Number of family members the interviewee has:

Education of the interviewee:

Marital status of the interviewee:

Ethnicity of the interviewee:

First language of the interviewee:

Current job of the interviewee:

Whereabouts of the current job of the interviewee:

Current jobs of the family members:

Whereabouts of the current jobs of the family members:

Reasons of moving away from Tarlabasi?

1. What was your job when you were living in Tarlabasi?
2. Do you any family or friends still living in Tarlabasi?
3. Why did you move to your current neighbourhood?

Information about present accommodation

4. How long does it take for you to get to your work place?
5. Are you a tenant or the owner?
6. How did you find this house?
7. How long have you been living here?
8. How do you feel about the district you are living in right now?
9. Do you miss your previous neighbourhood?

Present problems

10. Are there any problems in the buildings that are impossible to deal with?
11. Did you have any troubles with your neighbours? If you did can you describe them?
12. What kind of problems did you have while you are living here?
13. Who deals with the problems of the district? (municipality, NGOs, shop owners)
14. What kind of neighbourhood do you think this neighbourhood will become?
15. Are you considering yourself as a victim of gentrification? Why?
16. What do you think about the renewal project? Why?
17. Did the municipality or the state provide you with good life conditions?
What do you think about this?
18. What do you think makes Tarlabasi special?
19. Do you have anything else to add to the interview?

For the People in NGOs

Tarlabasi

1. Can you summarize the urban renewal project in Tarlabasi?
2. What are the advantages and the disadvantages of the project?
3. What do you think about the socio-economic situation of Tarlabasi?

4. How can you compare the current inhabitants and the potential future inhabitants of the neighbourhood?
5. How do you think the housing market in Tarlabasi will be affected?
6. Do you think the current inhabitants would be able to stay in Tarlabasi after the completion of the Project? Why?
7. What do you think about the gentrification process in Tarlabasi?
8. Was there any collaboration between NGOs and the municipality? What kind of collaboration was it?
9. What kind of meetings were arranged in the neighbourhood during and about the Project?
10. In your professional opinion, what can be done to avoid displacement in this area?
11. If I tell you the aim of this research is to explore how the current inhabitants might be enabled to stay, how would you achieve this goal?

Galata

How do you think Galata changed throughout the years?

What do you think about the displacement in Galata?

How can you describe the gentrification process in Galata?

For Academics

Tarlabasi

1. Can you summarize the urban renewal project in Tarlabasi?
2. What the project has done in the neighbourhood?
3. What do you think about the socio-economic situation of Tarlabasi?
4. How do you think the housing market in Tarlabasi will be affected?
5. Do you think the current inhabitants would be able to stay in Tarlabasi after the completion of the Project? Why?
6. What do you think about the gentrification process in Tarlabasi?
7. What do you think about the attitude of the municipality during the Project?
8. What do you think about the NGOs work in the area?
9. How much displacement have there been in Tarlabasi?
10. According to your professional opinion, what kind of a project should have been implemented in the neighbourhood?

11. In your professional opinion, what can be done to avoid displacement in this area?
12. If I tell you the aim of this research is to explore how the current inhabitants might be enabled to stay, how would you achieve this goal?

Galata

1. How do you think Galata changed throughout the years?
2. What do you think about the displacement in Galata?
3. How can you describe the gentrification process in Galata?