

DEVELOPING CITIES BETWEEN GLOBALIZATION AND LOCALITY: A COMPARATIVE STUDY IN ISTANBUL

1. Introduction: Cities under the Pressure of Globalization and Locality

(This study will not define globalization and locality that is now known by everyone commonly and the processes of their emergence shall not be reviewed. Besides, discussions such as “political ethics”, “colonialism”, and “the new world order” in relation with globalization will not be made. These issues have been kept outside the scope of this study in order to be discussed in a different platform.)

Starting the subject with a brief introduction summarizing the criteria, contents and limits of globalization will help the study to reach its objectives. Within this framework, first of all it should be noted that the basic indicator of globalization is economics. Organized trade relations that cover the whole world and the combination of the national capitals under the control of these relations are actions that are vital for this economic indicator. It is observed that the cities have gone through an intensive decentralization process in 1980's. Spatial spreading and global unification have created a new strategic role for large cities. Thus, a new type of city emerged. This is the global city (**Sassen, 1991**). To summarize, this process can be explained in the following manner. Besides the increase of the importance of cities, financial control and flexible production processes were reduced to some transnational companies and bank institutions that are few in number in certain cities. It was observed that financial affairs and services gained speed rapidly in cities such as London, Paris, Frankfurt, Zurich, Amsterdam, Hong Kong, Sao Paolo and Mexico City. These are the global cities that Sassen mentions.

(Uzunoglu and others, 2000) describe this process in the following manner: The economic development of countries speeded up in relation to the development of industry and trade and the finance need of countries increased with the development of industrialization and trade as well as the broadening of the public sector. Financial markets started to expand in regions where industry and trade is intensive. Hence, cities such as New York, London and Amsterdam have gained importance as local finance centers.

Rapid changes that took place in technology gradually increase the scale of industry and the preferences of international capital for choosing locations leads to new searches in terms of using the space. These searches usually lead to new spatial uses that are independent from planning and new transportation technologies support this use. Hence, intercity balances undergo transformation with a new system. While crowding together is observed in certain places, also an escape is observed from some others. In this process the role of the policies of the state determined mostly externally due to its loss of strength against global capital and sometimes becoming helpless is big. Because, the increased financial liquidity has led to the consequence that many factors effecting economic performance in the national scale is now outside the control of the state.

Sassen (1996) perceives cities as an area necessary for meeting the new demands created by the different economic classes. She emphasizes that the new global cities clearly demonstrate the ever-increasing gap between poverty and wealth.

As a result of these spatial and social transformations, also a depression that is as rapid as global transformation is observed in the cities. **Smith (1992)** who queries the theory of unequal development in capitalist cities suggests that poverty and spatial depression is created consciously. He emphasizes that urban renewal has been transformed into an agent of creating income consciously and the persons from the lower income groups who used to live there before are being excluded from these areas by means of gentrification. Although perceiving urban renewal as a means of exploitation and a source of income is a type of

approach that can be refused from the beginning, the thesis of Smith deems it necessary to approach the matter with a different approach and look for other question marks.

As it is observed, globalization causes extremely significant transformations on the physical-spatial and social structure of the cities. These transformations that started with the flow of capital above nations to the cities changed radically the socio-cultural and physical-spatial notions that usually make cities unique, created new urban areas that developed independently from planning; aggravated differences in social classes; caused social polarizations; and caused both physical and social deteriorations in the city. The situation is not different from economic aspects as well. While the need for labor force increases on one side, bread gets cheaper on the other side and the gap between classes increases. There is a large group that loses against the limited group that wins. Hence, a city having been to deterioration unconsciously or consciously as **Smith (1992)** proposes faces the problem of renovation.

Although the changing world order is affected from the strong effects of globalization, there is a requirement for another concept for being able to express the variables of spatial and social dynamics. This concept is locality.

It is possible to describe locality mostly with the culture, people, history, tradition and heritage that belongs to a "location". **Urry (1996)** expresses that "locality" as a concept makes references to two process groups as social and spatial processes producing an area limited geographically and special social relations that are related to each other. Globalization becomes material with the rapid change in the space and the economic cost of this change that is noticeable in a considerable manner. Most of the time, it is not possible to measure locality with monetary cost. As mentioned before, it can only be measured with the culture, people, history, tradition and heritage of the region that are not always material.

Besides scientists that perceive locality as a factor that slows down the power and speed of globalization, some accept it as an indispensable part of global processes. The concept of locality fills the concept of globalization, push it from the bottom and provide functionality to the global development process. From this point of view, it will be more correct to accept these two concepts as concepts that strengthen and support each other instead of concepts that are opposite to each other. For instance, in the opinion of **Giddens (1994)** local transformation is a part of globalization since it is a part of broadening of social ties in terms of time and context. Also **Tekeli (2001)** disagrees with those who think that local features will disappear in the globalizing world and defends its opposite. He emphasizes that locality did not disappear despite the strong homogenizing mechanisms of modernity, the world of nation-states and Fordist production types that destroy locality for two hundred years and that it had the opportunity to reproduce itself and that these opportunities will broaden further" and therefore puts forward that globalization and localization are processes that are counterparts of each other.

Keskinok (2000) proposes that the center-periphery relation of Wallerstein in the World System is now being replaced by the global-local duality from the perspective of globalization. **Yalçintan (2000)** defines the world cities as the most important stage of the conflicts between global transformations and the relatively stable characteristics of societies. In his opinion cities are going through a multidimensional and rapid process of transformation within the framework of the new roles that globalization assigns to them and that the restructuring process of more stable societies that cannot adapt themselves to the effects of transformation with the speed necessary are the drawbacks on the way of new buildup regime. It should also be added to the determination of Yalçintan that "traditionalism", "traditionality" and "social tolerance" are among the basic reasons why the transformation speed of social characteristics cannot reach the speed of globalization. It is strictly tied to local tradition. Therefore the transformation speed of locality in stable societies is behind the

transformation speed of globalization because it is more difficult and slower for the society to tolerate the transformation. Besides this, it should also be noted that the legal and administrative dynamics that are effective for determining the limits of locality also affect this speed.

Due to the reasons stated above, it can be stated that the cities with strong local identities go through a more difficult process of transformation against the pressure of globalization when compared with other cities. This painful period represents the common and principal problem of cities that try to preserve their essential values and not lose their local identity on one hand and also start to be affected from the irresistible advantages and attraction of globalization on the other. Although globalization and locality are not concepts that are opposite to each other, it is possible to conclude that they are at two different points from the point of what they represent. Glocalism rises as a concept that is a source of hope for cities that are jammed between these two different points and go through a crisis.

The most striking point among all the matters explained so far is the fact that the formation, change and transformation of cities has been based on the principle of the dominance of capital more than the urban development experiences lived so far and the effectiveness of planning. However the wrong and handicapped nature of this approach is felt strongly as the cities preferred by the capital develop in an unfair manner while the rest get poorer gradually and social inequalities increase and lead to urban distortions. Due to the reasons cited above, it will be possible to perceive the cities once again with their unique identities, plan them and make them develop in a balanced manner if planning becomes effective once again as a supervising and directing power, starts functioning independently from capital and the administrators of cities abandon marketing their cities to capital. Otherwise, the cities that develop today rapidly and in an uncontrolled manner only by prioritizing capital only will find themselves in urban distortions tomorrow that cannot be prevented.

2. Istanbul, Globalization and Space

As it is known, Istanbul is among one of the cities of the world that develops very rapidly. It has a complex structure that incorporates many dynamics in itself since it's a large metropolitan city. Besides these, its history dates back to very ancient times and incorporates in itself the traces of numerous cultures. As a result of a tradition that comes from the past and its geographical advantages, the service function has always been a function that determines the basic characteristic of the city. The process that will be tried to be summarized here briefly is the story of the transformation of Istanbul from a service city to a regional finance and service center.

It is doubtless that Istanbul did not move from the past until date with the same acceleration in development. One of the important breaking points of Istanbul is the declaration of the Republic in 1920 and the other breaking point is the process of rapid urbanization and migration that started in 1950's. After this process that continued until 1970's, Istanbul underwent significant transformations in terms of urbanization and housing. Transformations were not limited with them. Social structure on one side as well as economic structure was also subject to significant and sharp transformations. According to **Keyder (2000)** who describes Istanbul as a world metropolis before 1980 the global role of Istanbul among civilizations before was kept in the background because of the difficulties caused by national development. The opening up of Turkey to global flows as of that time was felt most in Istanbul with the intensification of people, commodities, money and symbols. The period from 1970 to 1980 is the period when durable consumer goods were produced for Istanbul as for the whole country in general and Fordist production type was adopted. This production type invited industrial areas in and outside the city and the new and large shopping centers where these industrial products are sold. Hence, as a result of Fordist production types, while the old city center remained the same, sub-centers at various regions of the city were

established. It is observed that the Central Business District (CBD) of the finance sector where administrative units are separated from other centers and residential areas (**Yakar, 2000**).

It is observed that the old city center and especially wholesale trading was preserved in the Historical Peninsula, but along with this, the city was now transformed into a structure with more than one center. Eminonu, Beyoglu, Taksim, Karakoy, Galata, Sisli, Besiktas and Bakirkoy on the Western Coast and Kadikoy and Uskudar on the Eastern Coast developed as centers with 2nd and 3rd degree importance. According to the Regulatory Plan Report of the Istanbul Metropolitan Municipality dated 1995, the unit prices of lands went through a transformation from 1989 to 1994. The region of Levent-Maslak was among the areas that were affected with level 1 from the increases. The residential areas located on the Buyukdere axis, the ease of transportation caused by the 2nd Bosphorus Bridge, and the shift of Central Business Areas to this region can be cited among the basic reasons for this increase of value (**The Regulatory Plan of the Metropolitan Municipality of Istanbul, IBB, 1995**). On the other hand, the value of areas in Eminonu, Beyoglu and Besiktas decreased as they were affected with level 1-3.

Following this period, which is the years of preparation – just as a seed begins sprouting, Istanbul has been on the verge of another breaking point with the glut of globalization that started in 1980's. It is the era when new social, economic and spatial transformations are triggered. It is possible to classify this transformation in the manner stated below when an assessment for the past is made at the end of 1980's.

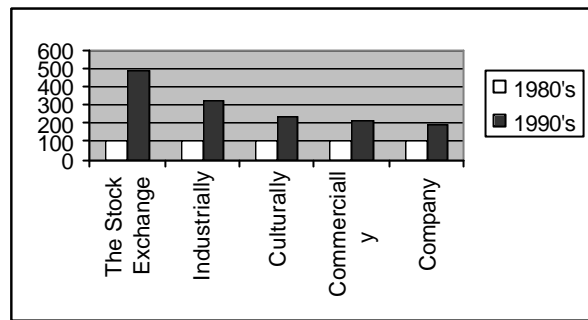
- *In the social meaning:* Beginning of transformations in social classes in relation with the changes in the value of lands and areas, the creation of the “newly rich” class, the emergence of the gap between classes, and the establishment of a very crowded “citizens with rural background”, a sharp increase in crime rates, the adoption of new life styles and values.
- *In the economic meaning:* The entry of many different products and foreign capital, which was not present before, to the country and especially to Istanbul with free market economy and the direction of the domestic investors to Istanbul as well, the appearance of markets for the products that enter the city, attributing a “unique” meaning for Istanbul in the country as a whole, the lack of another city in the region where it is located or in the country that can compete with Istanbul, the rapid implementation of the privatization policies.
- *In the technological meaning:* Use of new communication technologies, the starting of use of computers and the Internet in business life, increase in the circulation of information and ease of access to information, developments in transportation opportunities.
- *In the spatial meaning:* The gradual vanishing of cultural heritage, increase of illegal housing, increase in the effect of capitalist operations in housing and the rise of large construction companies in connection with it, the rise of the housing sector as the most profitable sector, **Keyder (2000 b)**, the rapid increase in the number of business centers, the need for spaces that will present the variety of the products and services and beginning of preparations, on the other hand, sales of public areas to the private sector and the investor companies, rapid disappearance of recreation areas, locations, the increasing need for open spaces, growth in the scales of industrial units, changes in the preferences of determining locations and the changes that took place in place of business-residence relations based on this - **Akin (2000)** expresses that we come across these facts as the tendencies of functional expertise, crowding and dispersion.

The spatial reflections of the transformations lived is striking in 1990's. It is observed that much bigger companies and holdings take place in the economy of Istanbul when compared

with 1980's and that these companies and holdings conduct business abroad with international business networks and that also an economic movement from outside towards the city was observed as well, which resulted in the flow of investment funds to the city. It is possible to say that the economy gained acceleration with dual directions, both from domestic to abroad and from abroad to domestic at the same time.

When the numerical indicators triggered by the process of globalization in Istanbul are reviewed, important findings are obtained. One of these indicators is the development that took place in the Istanbul Stock Exchange – ISE. The increase in year 1999 is 385.4% when compared with 1986 according to the data of the State Statistics Institute. Also an increase in the ratio of 112% was observed from 1988 to 1999 in the number of companies registered to the Chamber of Commerce. When the periods of 1970-1979 and 1990-2000 in Istanbul are compared, it strikes attention that commercial structures increased by 96% while industrial structures increased by 221% and cultural structures increased by 135%. The developments between 1980's and 1990's are given roughly in Graphic 1.

The number of facilities that have Touristic Enterprising Licenses in Istanbul is 22 and there are 16 5 star hotels among the Facilities that have Touristic Investment Licenses in Istanbul as of year 2000. The beginning of housing after the sale of public and private lands to national or international investor companies, has also determined the construction type for Istanbul in 1990's. A texture incorporating in itself skyscrapers, office blocks, giant shopping centers, five



Graphic 1. Developments in Istanbul in 1980's and 1990's (Source: DIE, 2002)

star hotels, constructions for fairs, exhibitions and congresses that started to rise in all parts of the city one after another give the sense of a foreign material injected, which is quite new and unusual for Istanbul. From now on a new texture is dominant in Istanbul, which came along with globalization and was created by the international goods and capital buildup.

However, it is interesting that while all these developments take place in Istanbul with the effects of globalization, some regions of the city seem as if they were not effected from at all from these developments. These areas are generally old and traditional centers that generally have the features of cultural heritage. These regions that are indispensable parts of the city proceed with their local functions in a manner that is completely independent and broken off from these giant and dazzling developments that take place in the city. Certainly this condition of not being affected has a very significant reason. Conservation of cultural heritage is an obligation of the state and the individuals given by the Constitution and the laws. The legal status is not suitable for a physical change. Therefore global-spatial transformations are reflected back when they approach these areas. However, globalization is a concept that seeks wide areas for itself and has the tendency to spread horizontally and vertically. Therefore, it prefers to stay away from traditional business areas that will lead to legal difficulties and chooses places for itself in the newer regions of the city.

There are also efforts to reconstruct Istanbul as a “regional finance and service center” against this transformation. It is pointed out that a strategic approach foreseeing planned and significant structural changes is needed in order to reach this goal. A study conducted by the Istanbul Chamber of Commerce (**A Report on a Regional Center for Finance and Services: Istanbul, 2000**) foresees that the functions of the city need to be collected in four basic regions for the development of the city as a finance and service center:

- a- *Northwestern Area of Istanbul*: A region with the centers of international and regional finance and service companies/institutions offering service in the market.
- b- *Southern Area of Istanbul*: A region with national and international trade sectors and service sectors oriented to Turkey (the inner areas of the districts along the two shores of the Istanbul Strait.)
- c- *Northwestern Istanbul*: A region offering services in the fields of history, culture, nature, entertainment, tourism, shopping, fashion, education, congress-exhibition (old town – Historical Peninsula, Beyoglu Taksim Area)
- d- Small and medium size industrial areas and small industrial sites around the city.

This foreseeing is also in compliance with the way the Chamber of Urban Planners approach the city and the development potential of the city is also generally in parallel with this. However, the functional regions of Istanbul cannot be separated from each other by lines. Neither its geography nor its culture or legal status permits this. Istanbul is a city where all these regions can live together and in a manner integrated with each other.

The districts of Eminonu, Beyoglu, Besiktas and Sisli are located in MIA. However, their characteristics are different from each other in a clear manner. The region of Eminonu is classified as a historical MIA region. The Beyoglu-Galata region that was established in the 19th century is also a MIA sub-region that has a historical past. The region of Besiktas has the characteristics of a local and rooted MIA sub-region with its traditional labor force and also displays its global potential with its connections to Sisli and Maslak. It is defined with a dual structure because of these features. The axes of Levent-Maslak on the other hand has the characteristics of a MIA that went through a rapid development in 1990's representing global Istanbul, which is defined as the prestigious region of Istanbul.

At this point, I would like to express the question that I want to discuss. How can we integrate global and local with each other? I will try to seek an answer to this question by analyzing the Taksim-Levent-Maslak axis representing global Istanbul and the Eminonu region that represents local Istanbul and then making observations on the distortion area of Persembe Pazari. While proceeding with this, I would like to consolidate the matter by mentioning the London and Canary Warf example as well.

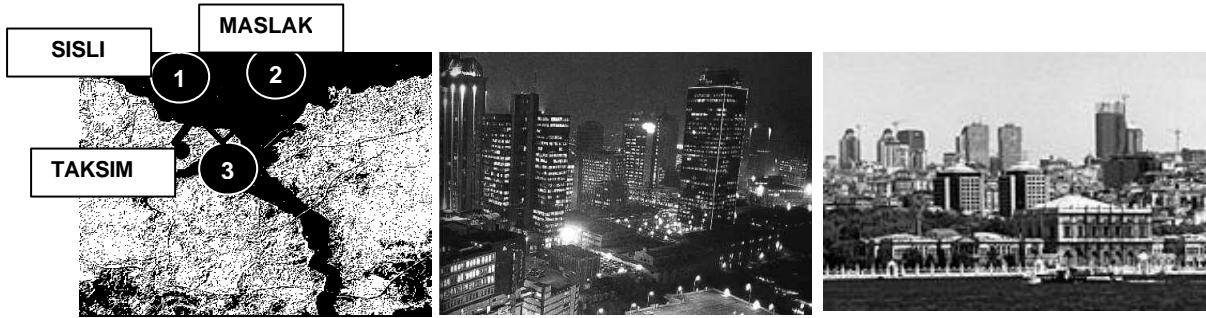
3. A Comparative Study in Istanbul: Taksim-Levent-Maslak Axis, The Eminonu Region and Persembe Pazari Hardware Area

Castells (1997), states that new spatial types and processes need to be researched if we accept that the society is in structural transformation. This is the aim of this study. Istanbul, that is accepted today as a universal city is undergoing a structural transformation. We have to blend this transformation with global opportunities and local values within the framework of social tolerance limits; adopt it as a "rise" that develops in favor of the city and the citizen and utilize it well; it is a well-known fact that there is no remedy other than using the advantages of local dynamics for a sustainable globalization. Another point that needs to be remembered is that global and local dynamics have plural and two-way relation ties and that it should be noted that this tie has a dynamic structure.

The reason for choosing the first two of the three regions mentioned in the beginning of the study is that the first one of these represents global Istanbul while the second one represents local Istanbul. In short, Persembe Pazari Hardware Area that is the third region will be investigated after these two examples that will be defined briefly. Suggestions will be developed as to how this region that is distorted area can be integrated into the network of global and local relations network during the process of regeneration.

3.1. Global Istanbul:Taksim-Levent-Maslak Axis

This axis that is between the boundaries of Sisli and Besiktas districts has become the representative of global Istanbul with the transformation it went through at the end of 1980's. Sisli (ranks first) and (Besiktas ranks 20th) among these districts among 50 districts that produced 46.5% of national income in Turkey according to the statistics of 1996. When the number of service sector business places according to the statistics of 1992 is reviewed, Sisli with 6.9% and Besiktas with 2.6% were determined as districts that were in the Central Business Districts –CBD-zone. The region where international capital is more intensive in spatial and economic areas both in the city in general and on the West (Photograph 1,2). Today, the mentioned axis does not reach out in a linear form. Two more important lines in Sisli-Besiktas and Levent-Besiktas directions came up in the beginning of the 2000's (Schedule 1) .

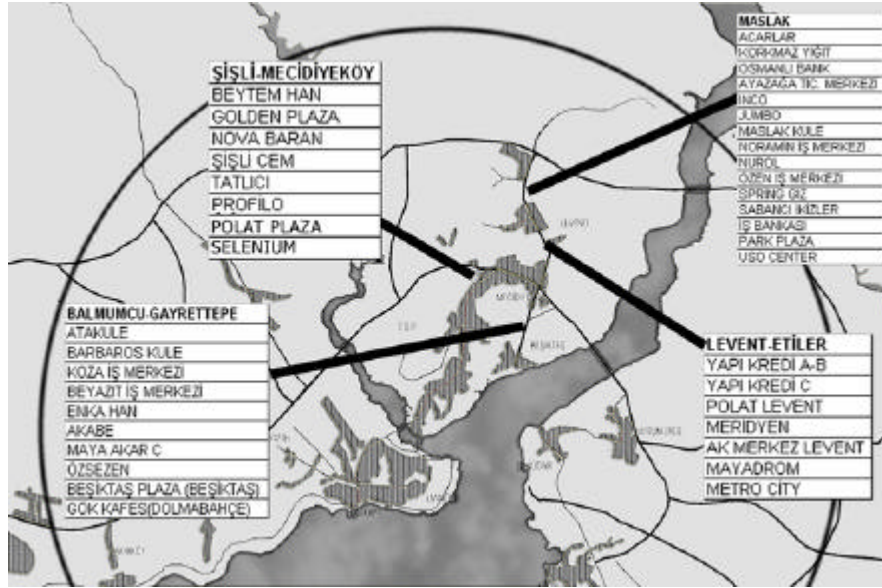


Schedule 1: The route followed by spatial transformation after 1990

Photograph 1: A View from the Levent-Maslak Region

Photograph 2: Five Star Hotels in the Taksim Region

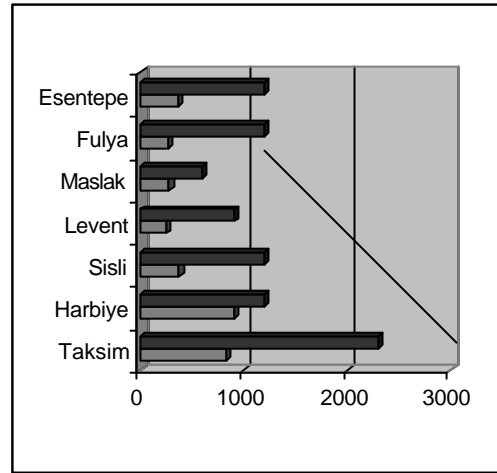
The process of the extension and development of these lines in time is also the regeneration process of urban space. Although some of the plazas were built on empty and broad areas, some other corroded and destroyed the constructions that were present before. Hence, a regeneration process on space was in question. International capital proceed with their global functions in plazas on these three main lines with different areas of expertise such as banks, large insurance and construction companies, holdings, giant business and shopping centers. The region with its population exceeding 600 thousand during the day is also one of the important culture-recreation-amusement centers of the city. When the functional distribution of the plazas in the region are considered, it is observed that there are mainly hotels in the Taksim region, business and shopping centers between Sisli-Levent, banks-hotels and business centers between Levent-Maslak, hotels on the Levent-Besiktas line and again business centers on the Sisli-Besiktas line (Schedule 2).



Schedule 2. Plazas located in the Business Area

The prices of lands are quite high in the region. There is an evident decrease as one goes from Taksim to Maslak. However, it is striking that the prices on the “Balmumcu” or “Esentepe” line in the direction of Levent-Besiktas and the line called “Fulya” in the Sisli-Besiktas direction are a little higher than main arteries. Graphic 2 display the average prices in the region and the axis where the plazas are located according to the land unit prices of year 2002.

However, it is not possible to conclude that the plazas take into consideration local values during the regeneration process of the space. Global capital has done its best to consume urban space in its favor in the Levent-Maslak region as in Istanbul as a whole.



Graphic 2. Year 2002 unit prices of lands in the Taksim-Maslak Region (m2/000-TRL) (Source: DIE, 2002)

Notwithstanding the foregoing, one cannot say that the decision of settlement in the Maslak region is false. Maslak, with its empty and untouched areas and high topography is a correct choice. The most important problem here is the existence of an intensive plaza crowd as a result of the investments made without calculating the capital and business potential. However, the lines that move ahead in the direction of Levent-Balmumcu and Sisli-Fulya are “local” and live more within each other. Urban space that is first consumed and then regenerated is also local space. Relations and scale became smaller and more complex. There is a transition from the concept of above nations to national or even below nations. These are areas where dynamics that are different and have a complex structure such as legal restrictions, social conflicts, social layers, traditionalism, customs, and choices with public weight are present. Transportation networks are small and complex especially in the Sisli- Fulya line and the infrastructure is weak. Even the topography has changed. A group of “plazas” within one of the parts of the city that developed illegally and in an unhealthy manner is observed in the open areas that gradually approach the sea level. Certainly, global investments not only affect the region that they choose. Also severe transformations are caused in their close environment. A global investment made to the areas where locality is dominant mostly has the same effect as a medicine applied in a dose that the body cannot

tolerate. Therefore in these areas, the pains of globalization are larger when compared with the others.

3.2. Local Istanbul: Eminonu Region

The Eminonu region representing local Istanbul has always been the heart of the city for trade, the production and trade of traditional handcrafts throughout the history. It is the most important center of Istanbul for retail sales and wholesales of textile and leather products, furnishing products, food products, jeweler, wickerwork and wooden products, carpets-rugs (Schedule 3).

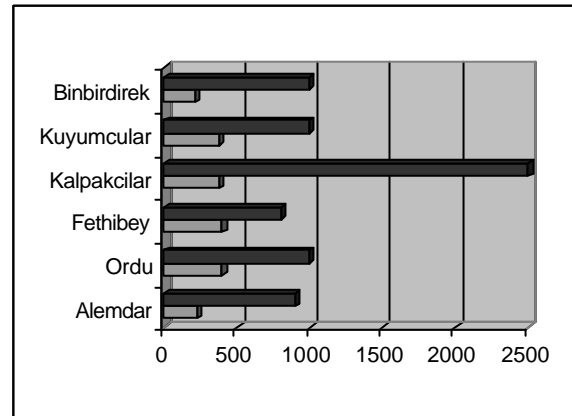
According to the statistics of year 1996, it ranks 12th among the 50 districts that produces 46.5% of national income in Turkey. When the number of service sector places of businesses is analyzed according to the statistics of 1992, Eminonu ranks first with a value of 11.9% among the districts that are regarded as CBD. Trade covers 16.8% of the area of 503.5 hectares while residences + trade covers 3.9%, 1.6% tourism + trade, 1.6% tourism, 0.8% residences + tourism, 1.4% manufacturing, 0.5% residences + manufacturing, 4.2% trade + manufacturing and 0.9% storage (IBB, 2002).



Schedule 3: The Spatial Status of Trade and Manufacturing in the Eminonu Region

Thus, 31.7% of the area comprises of functions displaying the local economic character of the region. Besides this, cultural functions also have a share of 5.9% because of constructions such as museums present in the region. It is expected that the two universities, which chose their locations in the Eminonu region shall cause changes in the distribution of functions and local balances in the region.

Especially banks, offices, insurance companies, the Chamber of Commerce, hotels and restaurants chose places for themselves in this region because of the commercial identity of the region. Eminonu is also the center of the gold and foreign currency markets. The unit values of lands and constructions are at par with the region of plazas and the ratio of constructions on lands is close to 100% (Graphic 3). The lands in the area are usually very small with low construction quality due to the historical texture in the region and the stock of unhealthy buildings is quite high. Only 18.5% of the constructions is in good condition (IBB, 2002).



Graphic 3. Unit Value of Lands in the Eminonu Region for 2002 Unit prices of (m2/000-TRL) (Source: DIE, 2002)

Along with this, there is an economic commotion with high speed and dynamism in the region. The stock of empty constructions is limited. As it can be understood from the graphic as well-, the unit prices per square meter in the area is around 1 billion TRL. It is observed that the prices increase up to 2,500,000, TRL in the Kalpakcilar Street. It is quite striking that this value is quite higher than the values of the Maslak region around 600 million, where plazas exist in an intensive manner and it is believed that they represent global Istanbul.

However, it is generally believed that very sharp price increases are observed in the areas where global capital becomes intensive and that these areas are differentiated from other regions of the city as a result of this increase. Perhaps, it is necessary to scrutinize this belief that global investments always make the urban spaces that they are located at “the most expensive” and make it “more special; it is obvious that there are other factors affecting these variables.

One of the main reasons why global capital did not direct itself to the Eminonu Region is the fact that the area was broken into many pieces and the presence of divided parcels and the texture of proprietorship. This texture is not appropriate for large investments. Also the announcement of the Historical Peninsula as a registered area as a whole in 1995 was not attractive for the global investments that prefer to form the urban space as it wishes. Also the Conservation Plan of Historical Peninsula – that was cancelled later- should also be accepted as an important operation that hindered the global investments, which had just started to spread. Another important point is that when global investments started to become intensive in the Maslak region, these areas were empty and untouched. The prices of lands were much lower. However, the value of lands in Eminonu, which was the center of trade historically, was already high. Finally, the Maslak-Levent-Sisli axes were the high regions of the city. Therefore, their topography was convenient for high buildings (Schedule 4).

The Basic Reasons Why Global Investments did not come to the Eminonu Region
The structure of proprietorship composed of many pieces and parcels
The announcement of the area as a registered area
The fact that the prices of lands have always been high
The intensity of saturated structures, the nonexistence of empty areas
The presence of potential, attractive and suitable new development areas in the city

Schedule 4. The principal reasons why global investments are not present in the Eminönü Region

The production of office spaces with international standards in the region today is quite higher than the existing demand. The ratio of empty office spaces is 56.4% in Maslak, 20% on the Sisli-Besiktas axis and 4% in the Levent-Zincirlikuyu Region.

3.3 Integrating the Global and the Local: A Comparative Analyse Between Istanbul - Persembe Pazari Hardware Area /London Docklands- Canary Wharf

3.3.1 The Description of the Persembe Pazari Hardware Area with its General Characteristics

Persembe Pazari Hardware Area is located inside the boundaries of the Beyoglu district. First, Beyoglu will be introduced briefly in order to provide clues about the potential of the area. Among 50 districts that produce 46.5% of national income in Turkey, Beyoglu ranks 9th. The district is also one of the first three districts that are classified as CBD on the Western coast according to the number of service sector places of business by 6.9%. There are 26 thousand places of business in the district according to the data retrieved from the head official of Beyoglu. The headquarters of many companies and a 141 bank branches are located in the area. The population of Beyoglu is changes between 500,000 and 1,000,000 during the day. The former slaughterhouse region of Haskoy-Sutluce that lies right beside Persembe Pazari has undergone a big transformation during the last years. The projects of the Metropolitan Municipality and one of the important industrialists of the country have significant shares in this transformation. The transformation of a construction that remained from the Ottoman Era to an industrial history museum by this industrialist has triggered the

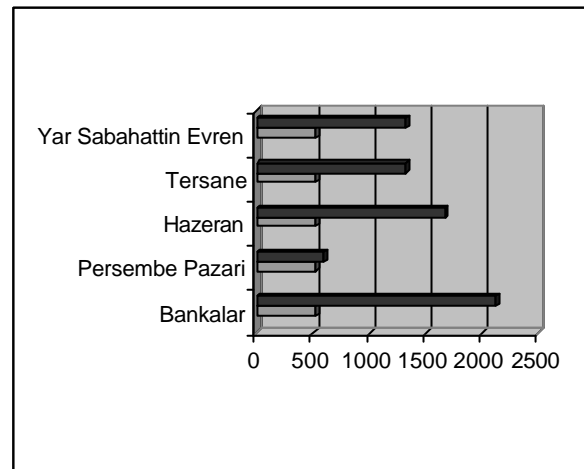
projects directed to this area. The Metropolitan Municipality proceeds with the coastal organizations and the infrastructure works intensively.

Persembe Pazari located by the Golden Horn and almost opposite to Eminonu is located at a very central point of the city and constitutes one of the main trade centers of Istanbul with its commercial identity in the past and today (Schedule 6).

The share of the effects and interactions of the region of shipyards right beside the region, Eminonu, Salipazari, Galata and Haskoy-Sutluce regions is great in the establishment of this unique identity of the region. The area was in a large decline physically in the 1990's. The problems of transportation, parking place and infrastructure are at significant levels. The Metropolitan Municipality of the Region knocked down some buildings with an urban clearance implementation and forced the tradesmen in this area to move to a modern organized market named PERPA.

However, only a small part of the tradesmen moved and the rest insisted in remaining where they are. As a result, the area is still in decline physically because of the ruins of the knocking down and the constructions that are evacuated. Transportation and infrastructure problems continue. On the other hand, the local economic structure is still as active as before. Actually, this consequence is an indicator of the fact that the implementation was not successful and that the problems increase. The mistake of the aim of the implementation lies at the basis of this story of failure. Because the aim was to remove traditional trade in the area and establish cultural sites and areas open to the public by benefiting from the advantages of being on the coast. However, the contemporary urban renewal and rehabilitation implementations foresee not to make any concessions from unique identities while regenerating decline areas. The Metropolitan Municipality of today also has a similar urban design project prepared for the region and there is no doubt that this project will also cause the area to be rejected and not adopted by the citizen.

Causing a complete functional transformation in an area that has always lived along with a function of trade is wrong in terms of urban renewal planning and in principle; it will also cause the area to suffer more decline and destroy the "patina" of the region. The area with the lowest value of land among the main axes in the close surroundings is Persembe Pazari (Graphic 4). According to the (IBB Regulatory Plan Report,1995) Persembe Pazari is among the areas that are effected by 3rd degree from the decreases in the value of lands. The basic reason for this is the decline physical condition of the area.



Graphic 4: 2002 Unit price values for areas in the Persembe Pazari Region (m2/000-TRL) (Source: DIE 2002)

The feeling of being abandoned and given up has been reflected in all the physical appearance of the area.

On the other hand, it is striking that today; this value competes with the values in the Maslak prestige region today. There are significant similarities with Eminonu when the matter is approached from this point. This similarity results from the established and rooted power of traditional local economy. Perhaps it is difficult to talk about the competition of the local with the power of the global capital. However, these regions, with their local economic power, can still become an alternative to areas where global economy has been settled with the value of their areas, economic potentials, labor force, active supply and demand and the attraction of being at the traditional center of the city.

3.3.2. The Regeneration Process in London Docklands, Canary Wharf and Global Dynamics

The development of Canary Wharf that is the most important financial center of the London dockland will be discussed under this heading. Determinations will be made about what the region gained from the regeneration process with the effect of local and global factors and suggestion will be developed for the Persembe Pazari. The water coast functional area of Canary Wharf just like Persembe Pazari, its displaying local characteristics before the regeneration process, the metropolitan feature of London that it is located at just like Istanbul and that it is also a city living with its local-global dynamics makes it appropriate to make such a comparison.

However, it is first desired to make determinations about the London dockland in general before mentioning Canary Wharf. More than half a million people became redundant in the period from 1961 to 1971 in the sectors that London docklands were directly related to. Besides this, the establishment of the container system has provided profits for better equipped harbors that implement a new working method in relation to this and has been effective in their development. While these developments proceeded in other harbors, the old dock area gradually became more and more undistinguished and lost its former attractiveness. At the end of 1960's the Port of London Authority decided to close the old small docks with the justification that the old small docks have lost their liveliness. This closing continued until the Royal Docks that is the last dock area quit the cargo business (**DETR, 1998**). The reasons that make it necessary for the docks to be reformed can be briefly summarized in the manner given below:

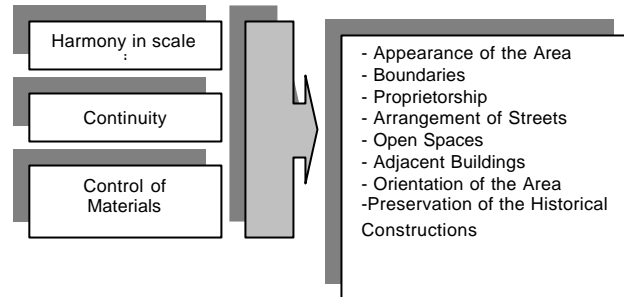
- a- The area underwent large business losses in a very short time during the period when the docks were closed. It was recorded that more than 12,000 redundancies took place from 1978 until 1983.
- b- A large number of lands were claimed by public units that neither had the money nor the funds for redevelopment; a few number of lands remained in the hands of private companies.
- c- The degree of abandonment in the dock areas is quite serious. Thus, the cost of development is quite high and indefinite. The attractiveness of the area for the investors decreases.
- d- The old local infrastructure is not sufficient for development. The weak infrastructure of the dock areas with the remaining parts of London and the country bring along the requirement of additional costs.
- e- The market is not strong enough to provide the environmental improvement to bring the dock areas to their former appearance.
- f- There are big gaps in the area that hinder the activation of the market. For instance, since there are almost no constructions of private proprietorship, for many years the investors do not have an opinion about what the potential gain of the new constructions will be and therefore the risk seems great to the investor and is deterrent for him.

Hence, the London Docklands Development Corporation (LDDC) was founded as per the Local Government Planning and Land Act dated 1980. The corporation that aims the reformation of the dock areas in terms of physical, social and economic areas has for main targets:

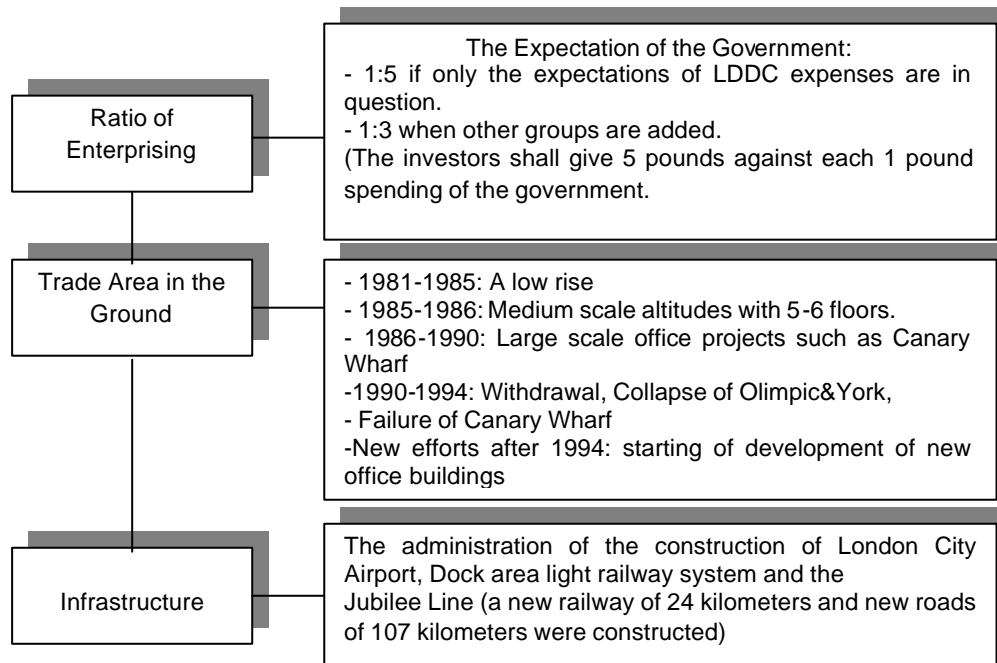
- a- To return the land and the constructions to their previous effective use,
- b- To encourage industry and trade,
- c- To provide comfortable residences and social comfort,
- d- To create an attractive environment.

The corporation was granted with authorities for the control of development. While planning authorities are used along with the local government, the authorities about transportation and the infrastructure of roads was shared among the Transportation Department, London Transport Office and local governments (**DETR, 1998**). It has the authority for compulsory purchase order in order to speed up the cleaning process of the area. It has efforts to encourage the investors. The area is an “Area of Enterprise”; investors do not pay tax. It is known that the persons having organized the Canary Wharf Region earned 200 million pounds from this tax exemption.

As mentioned before, a market that the private sector would invest readily was not present in the dock areas. Therefore, the basic tendency of LDDC was to create a market there and to try drawing new investments to the area. Another purpose of LDDC as seen in Schedule 5 is to create areas that are in harmony with each other, definable and show variety. (**LDDC, 1997**). There are three basic criterion in measuring the process of regeneration in the area (Schedule 6) :

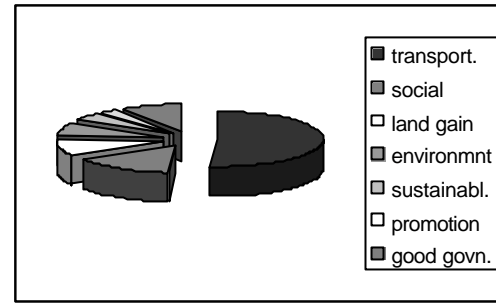
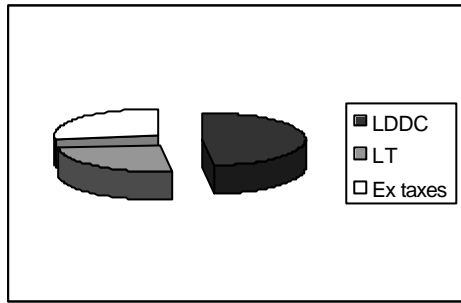


Schedule 5. Principles and Factors Taken Into Consideration at LDDC During Implementations (Source: LDDC, 1997)



Schedule 6. Physical Regeneration Criteria of LDDC (Source: LDDC, 1997)

The share of public capital in the decrease of failures that the market faced in the dock areas is striking. The distribution of the cost that was observed following the finalization of the projects is given in Schedule 7 and the biggest share belongs to LDDC. The most important share was allocated to transportation and secondly to social subjects among the expenses of LDDC (Schedule 8).



Schedule 7: Distribution of Total Costs at the End of Projects

Schedule 8: Distribution of LDDC Expenses in Total Cost

(Source: LDDC, 1997)

The regeneration expenses of the private sector in the docks are more than twice the expenses of the public sector. On the other hand, each spending of 1 million pounds until 1998 had a return of 23,000 extra jobs, 8,500 m2 office space, 7.8 residential units and many additional minor contributions. These contributions will be much more evident at the last point.

It is possible to say that LDDC provided large scale economic, social and environmental benefits. Ten thousands new buildings were constructed in the area. The balance between public sector and private sector proprietorship changed rapidly since most them are owned privately. The diversity of residence for rent increased, employment tripled, the number of companies was multiplied by five and the new residential stock reached a level that could settle an additional population of 45,000 to the area. Besides these, although the effect of LDDC on local economy was low, it provides a high number of office settlements to the center of London with 23,000 jobs it created and it has the tendency to become a more expert financial center (DETR, 1998). According to the reports of DETR, the increase in the level of employment was three times and the increase in the number of companies was five times. The regeneration process of Canary Wharf will be mentioned after this general information.

Today Canary Wharf is a major business centre, covering an area of 86 acres some three miles to the east of the Bank of England in the City of London. The offices at Canary Wharf have been built to the highest standards set in a landscaped estate providing a relaxing and healthy environment for office workers and visitors. According to the data of year 2000, the daily population of Canary Wharf is over 41.000, which is expected to increase to approximately 55.000 in 2002 and to exceed 90.000 when the estate shall be built fully. It is expected to be completed by the end of 2005. It is mentioned that Canary Wharf is more than just a tower: the development to date comprises of thirteen office buildings, a retail center, conference and banqueting center, two Docklands Light Railway stations, a Jubilee Line Station, car parks and approximately 20 acres of landscaped open spaces (CW, Fact File, 2000).

The important companies of global capital have settled in the area since 1991 and most of them rented places even before the constructions were completed. HSBC, Morgan Stanley, Lehman Brothers, Bank of New York, Citibank, The Northern Trust Company, Clifford Chance, Canada Place, Jubilee Place and many others chose there. Since December 1995, the occupancy of the Company's existing properties at Canary Wharf has increased from 72 % to 100 % and rates have increased substantially.

The Canary Wharf estate is maintained by Canary Wharf Management Limited, a subsidiary of the development company, Canary Wharf Group plc. Canary Wharf Group plc. Works closely with local boroughs and other agencies on a wide range of regeneration and

community activities. It has also initiated a construction apprentice program for local young people between 18-21, in partnership with construction companies working on Canary Wharf and other local contractors. Continuing its commitment to provide high quality sustainable employment, Canary Wharf also offers apprenticeships with our security team for people in the age group of 19-22 who wish to make a full time career in Security and training to professional level for graduates holding construction based degrees approved by the professional institutions. Canary Wharf Group works closely with local businesses through the Local Business Liaison Office, which was set up in 1997 to forge relationships between developers, contractors, procurement managers and local businesses with the aim of placing contracts with local companies. This has helped in the placing of over 195 million pound of contracts with local companies in between 1996-2000.

There are a few important hints that need to be drawn from this general information and should be evaluated as reference:

- Canary Wharf is a place selected to be the target of global investments.
- The private sector and the public sector worked in cooperation in order to reach this goal.
- The area is considerably important for London that is similar to Istanbul in terms of local and global values.
- The metro that comes until right in front of the area plays a significant role in establishing the relations.
- The advantage of being located by the sea has been used correctly. The importance of regular boat trips is important for the establishment of relations with various regions.
- The ease created by transportation opportunities draws the local and foreign visitors to the area. In this way, the area that is a global finance center on one side is also a center of attraction for local and small scale activities on the other side.
- On one side, Canary Wharf Group has drawn global investors and capital in the area and on the other side it benefits from the opportunities of local labor force and proves that it has taken local conditions into consideration by working in cooperation with local institutions and administrators.
- The regeneration process in the area caused an important increase of labor force and intensification of finance in the scale of London.

3.3.3. Regeneration Process of Persembè Pazari Hardware Area

Before starting the regeneration process of Persembè Pazari, some comparisons will be made with the dock areas and the Canary Wharf region. These comparisons may establish a reference for the determination of the form of the regeneration process.

- Persembè Pazari is a place of dilapidation just like the old dock areas.
- The area is being used totally for retail trade functions. The dock areas were also used for industrial functions in their former state.
- Persembè Pazari is a waterfront function area. So are the dock areas.
- The distortion of the dock areas in 1970's has led to a significant loss of labor force. The date of the similar loss in the Persembè Pazari is a little bit later, in the 1980's.
- While the dock areas were areas with strong relations with the external world due to their functions, Persembè Pazari does not have such an advantage. However, it has been a place frequently visited by merchants that came to Istanbul since the past.
- Canary Wharf rose as a global financial center, an area of prestige in a traditional region of London like the dock areas. Persembè Pazari also has the opportunity for this chance in a traditional area and on a smaller scale.

Today, the timing is right for the regeneration process of Persembè Pazari. However, there are some preliminary conditions for this chance to materialize in Persembè Pazari:

- Local governments should see the potential and advantages of the area clearly.
- A long term strategic plan should be made for the identity and future mission of the area.
- Regeneration should be obtained by inviting global capital to the area on one side and strengthening the local-traditional identity of the area on the other side.
- This should be achieved by acting with the strength gained by being a rooted, settled, central and classical part of Istanbul rather than competing with the global parts of Istanbul. In other words, Persembе Pazari should be regenerated by creating its unique fashion.
- On the other hand, the capital organized in the global scale has to be bound to the local during its functioning in the lower scale. **Ercan (2000)**, explains this in the following manner: "There is no doubt that the preference of establishing sub-contracting relations by giant companies operating on a worldwide scale has a special contribution in the formation of the chain of relations between the global one and the local one. International sub-contracting relations that develop in an unequal manner has not only caused the establishment of an enormous global chain in terms of production and circulation but has also caused the localities added to this chain to become evident. " Then, Persembе Pazari will be able to become a part of the global business world with its local values and a chain of correct relations.
- There is a stock of large amount of empty, abandoned buildings in the area. They and the ones that are currently operational should be gained function and rehabilitated with a contemporary perception. Making the area attractive and encouraging for the investor and provision of guarantees in terms of profit expectations are directly related with the problem of regaining function. These buildings, some of which are registered, should provide variety in a manner that will strengthen this identity. The unique function of the area is related with a product named "hardware" which does not sound well at first look. Therefore, the first target to be determined should be to transform "hardware" into an attractive and pleasant object first of all for the investor and then for those to be settled there as well as for the visitors of the region. As mentioned previously, a comprehensive transformation action of the public and the private sector goes on just beside Persembе Pazari. The former slaughterhouse areas are removed. The industrial museum complex opened in the area, the waterfront organization of the public sector and implementations such as Miniaturk located further aside, which was opened in year 2003 where unique miniature copies of the Turkish architectural heritage is displayed, modify the social and economic balances in the area. Therefore, an arrangement should be made by also taking these implementations as a model. Industrial museums where hardware products are introduced, their usage forms are displayed in a manner that will also catch the attention of children; office structures, meeting, fare and exhibition halls, restaurants, cinemas, "hardware" statues to be scattered around the park areas by the coast, a well organized traffic and parking places within the organization chart of the global capital in the lower scale shall immediately transform the area to an important link of both global and also local socioeconomic chain of relations.

4. Finally....

There is a need to consider regeneration within a system where public functions are constituted once again and with long term opinions instead of a plain logic of project formation in order to be able to talk about a regeneration that will integrate global and local socioeconomic relations. This system should be based on evaluating the opportunities of global development required by the contemporary period that should not be denied on one hand and on emphasizing special and local forces and see to it that global formations are

assimilated and absorbed by these powers on the other hand. Local political authorities should strengthen themselves further with public sector-private sector partnerships. Politicians and universities should make efforts to create an environment of communication in cooperation with vocational chambers and other nongovernmental organizations in a manner that will allow the opportunity of representation for different public welfare opinions. Finally, physical-spatial grounds that will provide the provision of a certain balance for global and local socioeconomic relations by producing strategic city plans should be prepared. The goals briefly mentioned here will prepare us to a more contemporary world with the slogan of "sustainable global development on local ground".

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