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REPORT ON TURKEY

Political Situation

Basically, the Turkish political system is determined by four principal factors:

(a) Turkey is a parliamentary democracy and, at least until further notice, it can be claimed that the two main political parties, the Justice Party and the Republican People's Party, observe fairly scrupulously the rules of such a system;

(b) some 40 per cent of the population are illiterate;

(c) the majority of the population lives in the rural areas and, in spite of the right to cast their votes in the elections, have hardly any say, directly or indirectly, in public affairs;

(d) the ruling Justice Party has a solid support in the countryside, partly because of the still surviving adverse reactions of the traditional milieu to Ataturk's drastic reforms (which did not include a real land reform), partly - and probably mainly - because of the relentless support of the elements which control not only the economic life but also the social and political activities in the villages.

As a result, the main political parties are rather in a nature of oligarchies composed of competing clans and cliques; in this respect there is some resemblance with Italy. They are deeply divided and to an outsider it is not easy to identify the various groups within each party. For the same reasons, there is quite a lot of corruption among the political leaders, and among their subordinates as well, although there is certainly not more corruption - and in fact maybe less - than in other developing countries.

To some extent, the divisions within the parties make it possible to trade unions to play the role of a powerful pressure group. However, at the same time these divisions are so paralyzing that they embarrass the unions insofar as they hinder the elaboration and adoption of vitally important decisions in the economic, social and trade union field. In Seyfi Demirsoy's opinion this paralyzing effect far outweighs the advantages of being able to play one clique against the other.

The divisions within the ruling Justice Party are particularly confusing. Apparently they are based on a number of criteria so that the competing groups are at the same time overlapping in a number of respects. So far, I have not been able to work this out, although a number of people tried to give me what they considered as a clear picture. My provisional

conclusion is that the Justice Party is, on the one hand, the successor body of the defunct Democratic Party, as everybody says, but that, on the other hand, it is a body in many respects different from the Democratic Party. The first aspect is of course due to the fact that the Party still relies to a large extent on the same pillars in the countryside, and to a lesser extent, in the cities as well. But there is the other aspect: it is now the ruling party in a truly parliamentary democracy, which means that it has to endeavor to keep the Republican Party in a minority position by coping with the problems as they arise, for instance in the economic field, with respect to the unions, collective bargaining, etc. So this may be the basic contribution within the Justice Party which does not coincide with the divisions between left wing, right wing, etc. To put it differently, the effects of the 1960 revolution are undoubtedly there in spite of the remarkable recovery of the old forces of the Democratic Party.

As far as the divisions within the Republican People's Party are concerned, the situation is somewhat clearer. Since the party was left by its right wing, its former center, the so-called Nabel group, has become its new right wing. Although it constitutes only a minority within the party leadership, it is a strong element and exerts its influence within the Parliament. In 1968, they have been able to prevent the new center of the party, represented by the General Secretary, Bulent Ecevit, from making an alliance with the so-called socialist stream within the RPP under the guidance of Muammer Aksoy. Inönü himself had to twist Ecevit's arm in this sense and guarantee the Nabel group not only that it would be represented within the party leadership but also that the Aksoy group would be kept out of the leadership.

The Turkish Labor Party, which has been beset by infighting since its foundation, seems to be in a complete confusion at present. Aybar, who has been ousted as party leader, remains as one of the only two members which the party still has in Parliament after the October 1969 elections. Aybar resigned after a terrible public quarrel with the Boran-Aren group during which they publicly accused each other of being respectively U.S. spies and Soviet agents. His successor, Arslan, who belonged to the same group within the party as Aybar himself, had to resign after a short while as well and was replaced by Shaban Yiltiz, a "trade unionist" who apparently is completely unable to assert his authority as party leader. The clandestine communist organizations which had been pushed out of the Turkish Labor Party after its second congress, are again busy within the Party, with the assistance of a part of the student element. It is, however, difficult to assess their real influence. The invasion of Czechoslovakia has undoubtedly severely jeopardized the Communist Party's capacity to act through non-communist intermediaries.

So at present the RPP is trying very hard to get Türk-İş under its control. Ecevit himself is of course very popular with the trade union movement because it was he who got the two big pro-labor laws enacted in 1963 when he was Minister of Labor: Act N° 274 concerning trade unions and Act N° 275 concerning collective bargaining, strikes and lockouts. He is also very close to Seyfi Demirsoy. But this does not mean that there is at present any real danger of Türk-İş accepting a RPP direction. It would clearly mean a terrible split within Türk-İş because the majority of the members sympathize with the Justice Party. Even the limited RPP attempt at the last Türk-İş convention to change the carefully established balance between the Justice Party and the RPP-oriented leaders within the Türk-İş leadership failed completely: the educational secretary, who was the main target of their attack, got re-elected with a comfortable majority. Moreover, the Justice Party government is now pushing in Parliament legislation which would considerably strengthen the position of Türk-İş in collective bargaining and tend to dislocate DISK and the numerous independent unions.

Theoretically, there would be still another possibility for the RPP to mobilize a major social force which would bring it back to power. That would be its going out and organizing the disinherited village people. As will be mentioned later in this report, this is an objective task that has long been overdue and that will undoubtedly completely change the political power relationships in Turkey when and where it is achieved by somebody. Ecevit seems to be aware of this possibility. In his speech at the Türk-İş convention he said, among other things, that sooner or later Türk-İş will give the example to the Turkish peasants of how to organize themselves and defend their own interests. That is of course the right formula but it is hardly imaginable that the RPP could do the job. First of all, there is an ingrained hostility towards the RPP throughout the Turkish countryside, dating back to Ataturk's reforms. Secondly, İnönü was the man in charge of land reform and was therefore fully responsible for its being a joke. Thirdly, the team which runs the RPP under Ecevit is a group of brilliant and arrogant intellectuals who in their relations with any social group operates on the assumption that they know better than the respective group what it really needs and therefore cannot possibly find a common language with ordinary people; they cannot even find it with the workers, let alone with the farmers.

So the main hope that remains for the RPP in the next few years is some social explosion that would not be brought about by the RPP itself but would bring it back to power nevertheless. What immediately springs to mind in this context is the student rioting. Having questioned a great number of very

The two-party system, which has survived the period of an election system favoring smaller parties (even under that system the Justice Party and the Republican People's Party together had 83 per cent of the seats in the Parliament), has been further strengthened by the new procedure applied in last year's elections, which has abolished the proportional distribution of the seats according to the residual votes at the national level. The combined share of the two parties in the seats is now 89 per cent, although the combined share in the votes went down from 81 to 74 per cent.

The new procedure has permitted the Justice Party to rely on a comfortable majority in Parliament - 256 seats out of 450 - in spite of the fact that it got only 46.54 per cent of the votes. It has been also beneficial to the Republican Party which not only has been able to increase its number of seats from 87 to 143 in spite of a slight decline in its share of the votes cast (from 28.75 per cent to 27.48 per cent) but also to reduce the parliamentary weight of its former right wing which before the last elections occupied 33 seats and has now only 15 seats.

The results of last October's elections have consolidated Icevit's position. Until the elections there were serious doubts as to whether his "Center-Left" orientation and the departure of the right wing would not result in a severe loss of votes. In fact the loss of votes has been very slight, although the former right wing, which presented itself at the elections as a separate party, got as much as 6.52 per cent of the votes.

On the other hand, in the present situation, the Republican People's Party has hardly any hope to get back to power within the foreseeable future. Icevit's main endeavor has been to weaken the Justice Party by systematically covering its leaders with mud. He has been perfectly successful in doing this - because of the all pervasive corruption, it has not been too difficult - and the prime minister seems to be seriously discredited at present. However, this campaign has neither weakened the overwhelming influence of the Justice Party in the countryside nor brought the Republican People's Party anywhere close to conquering the majority in Parliament; its 27.48 per cent of the votes is a far cry from the Justice Party's 46.54 per cent; so is its parliamentary group of 143 from the Justice Party's 256. It has become increasingly obvious that the only possibility for the RPP to upset the present power relationships would be its conquering some major social group which could bring about a social and political upheaval. For quite some time, İnönü himself toyed with the idea of relying on the rioting students and it took him quite a while to understand that the student movement is no longer what it was in 1960; it was only when he saw that there was no way for the PRR to control the movement - and to provoke with its help a new intervention by the army - that he forcefully condemned the student violence at the end of 1968. It is only to be hoped that he finally understood at the same time that the army, too, is no longer what it was in 1960.

different people - including a couple of Ankara professors who sympathize with the students - I have been invariably told that for all practical purposes it is out of the question that the student movement would reach a stage where it could upset the overall political situation. However, quite obviously, the movement has not yet reached its peak and, on the other hand, this is a field where irrationality plays such a strong role that further developments are all but unpredictable. The other element that could possibly play such a role are the members of the 1960-1961 officers junta who now sit in Parliament for the rest of their lives. Some of them undoubtedly are tempted by the idea of a new military coup and they seem to have some followers within the army. However, as in the case of the students, nobody seems to be able to assess seriously their real possibilities.

Irrespective of the overall political perspectives, the student rioting is an extremely serious development. It has already considerably strengthened the extreme right wing National Action Party which has endeavored to give military drill to young people from 14 years on and to shape its youth organization after the Hitler Jugend. So they have a growing confrontation and clashes between the leftist students and this extreme right wing organization. Both have been solemnly condemned by Türk-İş but one does not see how far this may affect the situation.

The left wing students are now obsessed with the idea of going to the villages to carry out agitation among the peasants and organize them. Since this is the best period of the year to carry out such a campaign in the villages, they are fighting very hard to get the end of year exams postponed until September, so as to be able to leave the towns right away, without waiting for the summer vacation. Nobody has any idea of their possible efficiency in trying this kind of operation. I would say a priori that they will have the same handicap as the people around Ecevit, i.e., the handicap of snobbish intellectuals who cannot find a common language with ordinary people but, at the same time, they have the advantage of a tremendous dedication which they have displayed at every stage and which may arouse some sympathies among people to whom nobody ever spoke seriously about public matters.

Another element of trouble is the racist propaganda of the National Action Party. In a country like Turkey where so many ethnic groups and even races have been mixing with each other for so long, it looks lunatic at the first glance to stir up racist conflicts as a means of developing a political movement. But in fact, it is less appalling than it looks. There is strong resentment between people of different origin, either ethnical or regional, and after all racism does not depend on real racial differences. Another element that is being exploited in this sense is one of the most stupid features of Ataturk's policies, namely his attempt to favor nation-building by insisting on the descendance of the Hittites as the real nucleus of the Turkish nation. The prejudices which he thus created are of course being thoroughly exploited by the National Action Party.

In this whole situation, the political weight of Türk-İş is steadily growing. It has now clearly become the only social organization which really matters in political decision-making. That is what explains the determination of the present government to adopt new legislation which would strengthen Türk-İş and weaken its rivals within the trade union movement.

The Türk-İş leadership and Demirsoy personally have developed a considerable skill in exerting pressures on both parties without getting committed to either one. The Türk-İş representatives in Parliament, though divided between the two parties, work as a homogeneous group in all matters directly affecting the interests of labor. Unfortunately, Ecevit, in spite of his intimate friendship with Demirsoy, is in my opinion doing a real disservice to Türk-İş by agitating the general strike issue. The strike legislation, which he devised and got adopted when he was the Minister of Labor, ~~barred the general strike~~. Now he pursues a campaign in favor of a new legislation that would authorize general strike, with the specious argument that the situation was not ripe for such a legislation in 1963 but that it is ripe now. In my opinion, by first barring general strike and now making an issue of it, he creates the danger of a general strike breaking out the day the permissive legislation would be adopted. And, needless to say, a general strike could completely dislocate the whole Türk-İş. I very much suspect that this is what Ecevit is really driving at, in the hope that it would bring Türk-İş under his control and at the same time upset the whole political situation. Unfortunately, he has managed to stir up strong passions around this issue, so that people who tried to cool the heads during the Türk-İş convention were exposed to various reactions of quite a big number of delegates. Still, I trust that Demirsoy's sophisticated and subtle statesmanship will result in some such course of action as would somewhat cool down the passions roused by this issue.

I have not really been able to gather any information of value with respect to the foreign policy of Türk-İş. For this, the length of my visit was not sufficient and the people I met in Erzurum and Ankara were not the kind of people who could provide some real insight. I did discuss this problem with Demirsoy and he was very adamant in stating that neither the growing aspiration to play some role in the Arab world nor the temptation to engage in flirtation with the Russians in connection with the Cyprus problem are strong enough to develop into a real danger to the Turkish commitment within NATO. Nevertheless, it must be emphasized that there is a very strong resentment both among politicians and within the population in connection with Cyprus and one of the very popular formulas seems to be that if it were not for the Americans it would not take the Turkish Army more than two days to defeat Greece on the Greek land.

Economic Problems

There is an undisputable dynamism in the Turkish economy which contrasts with the situation in most other developing countries. Still, quite a few competent people are very skeptical about Turkey's hopes of reaching a self-sustaining growth in the foreseeable future.

It has become commonplace to say that the two big obstacles are the continuous balance of payments deficit and the strong inflation which have characterized Turkish economy for many years. It is easy to draw the conclusion that successive Turkish governments have developed a strongly parasitic attitude which consists in happily tolerating both the balance of payments deficit and the inflation on the assumption that the sources of supply of foreign capital at concessional terms will never dry up. However, it is very likely that all this is quite superficial and that the real obstacles to self sustaining growth are much more serious than that.

As in any other developing country with the only exception of Taiwan, by far the biggest economic drawback consists in the backwardness of agriculture. To some extent, the difficulties are due to objective reasons for which nobody can be blamed, especially the unsolved problem of wheat production on the plateau. While the new Mexican type varieties of wheat have been successfully introduced in the coastal areas where the conditions are appropriate, the problem of rationally raising wheat on the plateau has not been solved either within or without Turkey.

On the other hand, the successive governments are to be blamed for their overall attitude towards agriculture and the peasants which over many years has been one of neglect combined with bribery.

To begin with, there has never been any real will to carry out a continuing land reform which is an absolute necessity, not only from the social point of view but also for strictly economic reasons. As long as the Turkish countryside is dominated by the traditional "agas", who usually possess the lands of 2 or 3 villages and thus dominate between 100 and 300 peasants, a major part of any investment in agriculture turns into a bribe given to these agas without any noticeable improvement of agricultural productivity. Irrigation waters, agricultural credit, fertilizers and even price subsidies are invariably monopolized by the agas and never really reach the bulk of the land workers. As a result, all the money injections into agriculture take the nature of bribes paid by the government to the agas without hardly any economic return. They have thus become the most important single factor of both the balance of payments deficit and of the inflation. It could be said that the governments have continuously preferred to burden the whole national economy with these bribes to any continuing effort to modernize the countryside. It also follows that much more than

sounder monetary and trade policies will be needed to do away with the balance of payments deficit and to curb inflation. At the same time, one cannot see how progress could be initiated in this area without the farmers and land workers getting organized.

This having been said, it cannot be denied that some serious efforts have been made by the government to improve the technical side of the rural production. In this respect the government's record is probably much better than in most developing countries:

For instance, ever since the NATO highway was built, there has been a tremendous effort to build feeder roads - which is being systematically neglected in all developing countries - and thus to overcome the lack of transport facilities which is one of the most formidable obstacles to modernization in agriculture.

There have also been quite successful efforts to help the countryside to replace non-commercial sources of energy (wood and dried dung) by the commercial ones. (The prevailing use of wood has resulted in tremendous deforestation and the erosion of fertile soil as well as in the burning of wood which might otherwise be suitable for industrial products; the use of dried dung for cooking and heating in the central, eastern and south east provinces, which had been denuded of forests, has led to a continuous decline in the fertility of the soil thus starved of nitrogen and of agricultural yields.) The percentage of wood used in total energy consumption has now declined over many years: 36.1% in 1950, 20.8% in 1968. The percentage of dung used as a source of heat fell from 31% in 1950 to 16.7% in 1968. Unfortunately, in absolute figures, the amount of wood used as fuel has still been growing quite noticeably while the amount of dung has been kept almost constant.

There have also been successful efforts to improve productivity in cotton and sugar beet and to devote more funds to such programs as hold out hopes for increased exports: fresh fruit and vegetables, processed foods and meat. (It must be pointed out, however, that there has been a miscalculation with respect to sugar beet: there is already excess production and the hope to export sugar is just foolish.)

There has also been some progress in the use of fertilizers. The total amount of fertilizers used increased from 107.3 thousand tons in 1960 to 153.8 thousand in 1967, i.e., 15 times. However, the area fertilized still represented only 0.04% of the cultivated area in 1967. The import of fertilizers has become an outstanding item in Turkey's import bill: while the overall imports rose by \$79 million from 1967 to 1968, the increase was of \$11 million for fertilizers. Unless fertilizer production can be speedily increased in the coming years, this item will weigh more and more heavily in the import bill.

This kind of technical improvements can of course not outweigh the fundamental structural weaknesses of Turkish agriculture. The problem of feeding the speedily growing population is likely to become dramatic very soon. In 1967, agricultural production rose only by 0.9%, in 1968 by 0.4% and in 1969 it dropped by 4%. The country seems to have already entered into the period of inadequate food production to meet domestic demand. A shortage of cereals in fall 1968 necessitated exceptional imports of grain and edible oils mainly on concessional terms from the United States and some European countries. In 1969 again Turkey imported almost 650 thousand tons of cereals and it may need as much as 1 1/2 million tons in 1970. Import needs of this size are of course unlikely to be covered on concessional terms because such big surpluses may not be available in the Western world. Yet, it is not quite clear whether these import needs really correspond to a shortage of production. All we know is that there is such a shortage as far as the stocks held by the official buying agency are concerned. Since there has been a tremendous amount of speculative activities going on in this field, the shortage may in fact correspond to the stocks held by speculators. But nobody has been able to find out. The impossibility to dispose of speculative operations in the procurement of cereals, in spite of imports on concessional terms - which should give the government a powerful means of knocking out the speculators from the market sphere - is another indication of the tremendous need for thorough going structural reforms in the countryside.

Closely connected with the neglect of the countryside is what could turn out to be the most important mistake in the industrialization policy, namely the neglect of small scale industries and traditional handicrafts. In view of the tremendous amount of unemployment and under-employment, the labor-intensive nature of this sector could help considerably to improve the employment situation and at the same time relieve the pressure exerted on large scale industries and on administration to employ more manpower than they can actually use in an economic way. This is again a feature which Turkey's economic policy shares with most other developing countries. The traditional handicrafts, which in view of the present situation on world markets could become a tremendous export item, are just dying. A great many skills in such fields as artistic metal trades, jewellery, carpet making, etc. have already been lost. Nothing has been done to help vocational training in this field. No assistance has been given by government and public authorities with respect to marketing either. As a result, the scattered producers have hardly any access to markets abroad and even if they had it they would be unable to ensure the supply in quantities and with the regularity required. Yet all that is needed to develop these handicrafts and transform them into a big export item would require a very small outlay of money by the authorities. Unfortunately, the unions seem to be completely uninterested as well. As a result,

whatever efforts have been made in this direction in recent years were due to the initiative of private businessmen - for instance in modernizing production and marketing of traditional carpet bags - which of course means increased exploitation and enslavement of the craftsmen instead of improving their lot. Beyond the traditional handicrafts, there seems to be a tremendous scope for the development of a viable modern small scale industry but this, too, has been neglected by the official economic policy; this failure has probably been to a large extent due to an excessive reliance on foreign capital in industrial development (I shall need more information than I have been able to gather to elaborate on this problem.)

With these qualifications, Turkey has been fairly successful in its industrialization policy. Industrial production has increased by some 50 per cent at constant prices from 1964 to 1968. There has been a remarkable upsurge of activity in the private industrial sector and, what is more important, the profits in the private industrial sector are high in many branches, which favorably contrasts with the state economic enterprises whose profits are either low or non-existent.

This does not mean, however, that Turkish private enterprise is about to become the motor of the country's industrial development. Though very high, private investment is still growing less quickly than private investment. What is more important, the industrial management in the private sector is still far from relying on its own initiatives in expanding production, opening new industries, penetrating the new areas, improving the quality, diversifying, etc. It still looks primarily to the government for guidance and assistance. On the other hand, as much as such guidance and assistance has been available, it has been increasingly directed in recent years towards strengthening the private sector which is now seen as the spearhead for new investment in manufacturing, especially in mechanical engineering, vehicles, chemicals and cement. The State companies are being directed to combine with private capital, both local and foreign, in joint ventures; an outstanding example of such a venture is the Black Sea copper complex.

So the new dynamism of private enterprise in the industrial field has consisted less in attempts to stand on one's own feet than in promptly responding to the incentives devised by the government. Some people tend to underestimate the value of this development and claim that Turkish industrialists are a basically parasitic class which only takes advantage of whatever the government brings to them on a silver plate. But in my view this is the kind of argument that arises wherever the standards existing in industrial countries are being mechanically applied to the behavior of social classes in a developing country. It is much more relevant to judge the attitude and behavior of Turkish industrialists by comparison with other developing countries. And on this background, the Turkish industrialists record is outstanding. In fact there is a tendency among the industrialists in a great many underdeveloped countries to spend rather than invest their profits until such time as their living standards will compare with those of their American counterparts. By contrast, Turkish industrialists

invest very strongly and they respond vigorously to all government-sponsored initiatives which now include loans at low interest rates, tax holidays for approved investments, partial or complete exoneration from payment of customs duties on imports of equipment, priority access to imports. Recently, the actual increases in private productive investment have exceeded the forecasts made in the annual programs. While a few years ago, the main difficulty the government had to face in its endeavor to promote private investment was finding enough valid investment projects, the reverse is now the case. From September 15, 1967 - when the new Department for Investment Encouragement and Implementation began to function - to the end of 1968, private investment projects for a total value of TL. 7.7 billion were submitted and projects for an amount of TL.3.7 billion were approved. In the first quarter of 1969, the corresponding figures were TL. 1.4 billion and TL. 1.3 billion. This comparison shows a marked improvement in project preparation by potential investors. It must of course be recognized that a considerable part of investment in manufacturing has consisted in the establishment of mere assembly plants. However, there has been a steady effort to operate these assembly plants in such a way as to make sure that as many parts as can be supplied by the domestic industry would be eliminated from imports. Though no definite judgement is possible at this stage, without further inquiry, one tends to conclude that the way the assembly plants are being conceived and operated in Turkey, they could quite strongly stimulate the development of domestic manufacturing, rather than become an obstacle to such a development as is quite often happening in many backward countries.

In spite of the progress achieved in industry, unprocessed agricultural produce still constitutes the bulk of Turkish exports: out of the total value of exports of \$496 million, unprocessed agricultural produce amounted in 1968 to \$403 million. While there has been some growth in the exports of minerals (from \$15 million in 1964 to \$26 million in 1968), the volume and value of the exports of processed agricultural commodities has been declining (from \$48 million in 1964 to \$29 million in 1968, a particularly bad year in this respect) and the export of "other commodities", which include manufactures, has more or less stagnated (\$37 million in 1964, 44 million in 1965, 52 million in 1966, 42 million in 1967 and 38 million in 1968). This is a tremendous drawback for the whole industrial development since the investment boom entails necessarily, for quite a long period to come, a speedy growth in imports of both equipment and raw materials. Already, out of the total volume of imports representing \$764 million in 1968, basic materials amounted to \$420 million and investment goods to \$294 million and they were the two most speedily growing items. In some sectors of industry it has already become difficult to procure enough imported raw materials. If over the next few years foreign currency earnings cannot be raised significantly and steadily, much of the new investments carried out at present runs the risk of being insufficiently utilized for lack of raw materials.

There has been a growing propaganda campaign according to which Turkey's economy is controlled by private foreign companies. This kind of propaganda has made its impact even in several Türk-İş affiliated unions. As a matter of fact, the total amount of foreign capital operating in Turkey is fairly limited for a country of Turkey's size and stage of development. Although the inflow of capital has been raising recently - in 1968 it increased by nearly 40 per cent - it has remained at a modest level: \$10 million in 1968. Foreign firms that wish to invest in the country have to submit an application to the Department for Investment Encouragement and Implementation. Before this Department's establishment in 1967, the processing of such applications was extremely slow and was carried out in a way that did not guarantee that the project approved would really be profitable to the economy and contribute to its development. Since 1967, the applications have been dealt with much more speed and in a much more expert way. This did not result in any significant increase in the number of applications approved but the amounts involved have risen spectacularly: TL.260 million in 1966, TL. 187 million in 1967, TL. 462 million in 1968 and TL.405 million during the first four months of 1969.

Labor

28. Two fundamental manpower problems are among the most outstanding obstacles to development:

- (a) unemployment and under-employment;
- (b) an acute shortage of skills.

29. As in any underdeveloped country, it is practically impossible to measure the extent of the existing unemployment and under-employment, especially since under-employment involves not only part time ~~unemployment~~ unemployment but also inadequate utilization of great numbers of people at work. Still, a few figures can be mentioned to illustrate the size of the problem. From 1955 to 1965, ~~in~~ 1.6 million new jobs were created while the available manpower (the population in the age group 15-65) increased by 3,3 million. In other words, unemployment grew by no less than 1.7 million. Moreover, the population growth followed the well-known pattern which is now familiar in all developing countries: the age groups under 15 and over 65 grow much faster than the manpower. So the entire population increased by 7.3 million over that period, while the rate of dependency went up from 75 per cent in 1955 to 85 per cent in 1965. This naturally means that ~~the~~ with every year the problem of providing the population with productive employment will grow more difficult. Yet there has been no significant acceleration in the creation of new jobs over the years. From 1955 to 1962 the overall employment increased by slightly over 1 million and from 1962 to 1967 by 1.2 million. In agriculture, the growth is even somewhat slowing down: from 1955 to 1962, employment in agriculture increased by 3 per cent and from 1962 to 1967, by 2.2 per cent. This is tragic since for Turkey, as for all underdeveloped countries in general, abundant manpower is by far the most important asset in any development effort, if only this asset were properly used.

30. The excess of manpower both in the countryside and in the urban areas is not only an enormous social evil but also weighs as a tremendous burden on the whole national economy:

- (a) masses of people who cannot find an occupation in the countryside are flooding the urban centers which as a result are surrounded by quickly growing slums and misery belts;

(b) the overwhelming majority of these newcomers cannot find any productive work in the city, so that completely useless traders, craftsmen and service people proliferate;

(c) public administration and state enterprises are under constant pressure to employ much more people than they actually need - in the state industry the price is low productivity and profitability, in public administration it is the generally very low wages.

30a. Since nobody has yet been able to devise suitable measures to provide productive employment for all the available manpower in any underdeveloped country, Turkish economic policy cannot be singled out for blame. But it cannot be denied that so far the whole problem has been neglected. No effort has been made to create employment in addition to the automatic effects of industrial development. The official attitude is clearly defined in the current development plan (1968-1972) which states bluntly that "efforts to create employment will be treated as a result of the rapid growth of the economy and will not be considered as an independent goal outside the general development". Specifically, there are five areas of outmost importance where the government has failed to take any significant action to take advantage of the asset represented by the abundant manpower and to relieve at the same time the burden of unemployment:

- (a) land reform and agricultural modernization;
- (b) small investment works in the countryside;
- (c) agro-industrial industrialization;
- (d) promotion of small-scale industries and handicrafts;
- (e) training in industrial skills.

The neglect of agriculture and the avoidance of the necessary reforms in the countryside, as dealt with in the preceding section of this report, have of course a very strong adverse effect on the employment situation in the villages. No serious intensification of agriculture can be expected as long as the benefit of such things as improved transport, irrigation water, fertilizer, credit, etc. are not made available to all those who work the land. A side effect of this situation is an alarming waste of certain natural resources. For instance, in the Erzurum region, which has unique deposits in the world of a valuable material for jewellery and other artistic crafts - black amber - the government has purposely avoided doing anything to improve the extraction of this stone because any rationalization would deprive many peasants of work; yet, as carried out by these peasants, the extraction results in a tremendous waste while the deposits are limited.

To my knowledge there has been no serious attempt in Turkey to use foreign aid for the financing of scattered, decentralized small investment works throughout the countryside (removing stones from the fields, minor irrigation projects, planting of trees, training in skills, etc.) that have proved very effective in several countries both as a means of improving agricultural productivity with little capital investment and of providing employment for the rural unemployed or under-employed and helping them to take the first step towards social promotion. Without having really seen the villages, one has immediately the impression that there is tremendous scope for improving the kind of techniques and tools currently used both in agricultural production and in transport, which of course offers another tremendously promising opening for widely scattered small investment activities.

In a country at Turkey's stage of development, the fact that over 80 per cent of exports consist in unprocessed agricultural commodities and that the share of this item has been even growing over the years (75 per cent in 1964, 77 per cent in 1961 and 81 per cent in 1968) clearly indicate that there has been a major misconception in the industrialization policies. As in most developing countries, what is currently being called agro-industrial industrialization, i.e., the promotion of industries closely linked to agricultural production both by their location and their raw materials, is one of the easiest means of setting the whole process of industrial development in motion. Yet only recently, after much more sophisticated and difficult industries had been built up, has there been some serious effort to develop such productions as canned food and lumber. And even now, when considerable efforts are being made to exploit Turkey's natural advantages for the production of citrus fruits, one does not see major projects for the development of fruit juice production in spite of the fact that around the Mediterranean there is a very intense competition in the production and export of fresh citrus fruit and a late-comer like Turkey has much better prospects in the market for fruit juices.

The way in which traditional handicrafts and the possibilities of developing modern small-scale industries have been neglected has been extensively dealt with in the preceding section of this report.

Training in industrial skills would not only help to create employment but would also remove the other major obstacles to development in Turkey, namely, the acute shortage of skilled labor. In most sectors of the national economy, and especially in most non-agricultural sectors, skilled manpower is actively demanded by employers while the offer remains catastrophically inadequate, with the result that wage differentials between skilled and unskilled jobs are undoubtedly widening and, at the same time, there is an undoubtedly high wear and tear of valuable equipment and materials. The existing facilities for training skilled workers are basically inadequate and neither the government nor the unions seem to be paying any serious attention to this drawback. In spite of a protracted boom in the construction industry, no attempts have been made to my knowledge to imitate the Israeli system (now imitated in a number of developing countries) to use the building sites as training grounds for all kind of skills easily transferrable to industry. The apparent lack of interest among trade union leaders is surprising. It may be due to the fact that the persistent shortage of skilled workers has made it easier to obtain better wages; however, I had no opportunity to check whether this is the real reason.

Wages in Turkey are quite high if one takes into account the degree of development reached by the country. Moreover they have been increasing strongly and steadily over the years. In fact, according to the official statistics (which of course can only be taken as more or less rough estimates) the average wage of all people covered by social insurance has increased.

by somewhat less than 75 per cent from 1962 to 1968, while the cost of living increased by 35.3 per cent in Ankara and by 46.4 per cent in Istanbul during the same period.

This situation is quite surprising in view of the tremendous unemployment which exists in the country and is bound to bring quite a heavy pressure to bear on the wages. Undoubtedly, as already mentioned, the shortage of skilled labor has played an important role in offsetting the effects of this pressure. This can be checked by contrast when one looks at the situation in the civil service where no industrial skills are required: as pointed out before, all government departments are heavily over-staffed and the salaries are low and stagnant.

Another factor that has undoubtedly played a very favorable role is collective bargaining which has remarkably spread since the adoption of the 1963 legislation. From the beginning of the new system in 1963 to the end of 1967, no less than 3,634 collective agreements have been signed, both in the public sector and in private enterprise. The public sector seems to have been more active in this respect. Although strikes are not very frequent, most of the contracts result from really hard bargaining: during the period referred to only some 40 per cent of them were concluded in less than a month; the rest varied between a month and 6 months, while 6.2 per cent were negotiated during more than 6 months. The validity of most contracts varies between 1 and 2 years. The contracts themselves seem to be very comprehensive, covering not only wages but practically all the conditions. It goes without saying that in such a new system of collective bargaining, and a system so heavily relying on legislation, there are still many shortcomings. One consists in very defective mediation, conciliation and arbitration procedures, combined with the absence of coherent jurisprudence; according to what I was told, the Labor Division of AID, which has a special man for this activity, is extending valuable assistance to build up more viable and practical procedures. Another major weakness is the confusion between industry-wide and plant-level bargaining. There are situations where within the same industry there is an industry-wide contract signed by one organization and company contracts signed by rival organizations. There are also cases where after the industry-wide contract has been signed by a union, a local of the same union insists on opening entirely new negotiations with a company, claiming that the workers of that company have not gained anything through the industry-wide contract. This creates a very dangerous tendency among the national leaders to centralize the whole of collective bargaining at the national level and do away with company or plant bargaining altogether. This aspect will be dealt with later in this report. In spite of all its weaknesses, Turkish collective bargaining has been a fantastic success and has thoroughly changed the whole situation of the workers.

Still another factor in the favorable development of wages has of course been the strength of the trade union movement. Türk-İş is really a unique organization in the whole under-developed part of the world. Ever since the 1963 legislation

was enacted, the growth in membership has been phenomenal. For instance, in a single year, from 1964 to 1965, the increase amounted to some 42,000. By the end of 1966, Türk-İş claimed to have 641,115 members. In spite of the fact that the membership of the unions which left Türk-İş and founded DISK in 1967 was 85,349, Türk-İş membership kept growing vigorously. At present, Türk-İş claims to have over 800,000 members. Some explanation is needed with respect to these figures. The financial report submitted to the Erzurum convention showed that Türk-İş was getting membership dues from some 500,000 people only. Some people are inclined to draw the conclusion that this is the real membership figure. Though the membership claimed by Türk-İş is very likely to be somewhat overstated, such a conclusion is wrong. Over the years Türk-İş has been suffering from inadequate collection of its own share of the dues paid by the members. Most locals and most national federations have been paying to Türk-İş for less than their real membership. The problem is so serious that currently there are even attempts to get a new legislation enacted whereby the check-off system would imply the obligation for the employer not only to collect membership dues but also to divide them between, respective shares of Türk-İş; the union concerned and/or the local. Therefore a more realistic assessment of the actual membership of Türk-İş would in my opinion be somewhere between 700,000 and 750,000.

The most important single factor in this phenomenal growth in membership has been the collective bargaining system. According to the 1963 legislation, the workers who are not union members must pay a "solidarity contribution" to the union to be able to benefit from the agreement. However, even for this a special written permission of the union concerned is required. And it has been the prevailing practice of Türk-İş not to give such a written authorization. So there has been a real pressure on the workers in the plants covered by contracts to join the unions.

However, the strength of Türk-İş is equally due to the outstanding quality of the leadership. Practically all the present leaders got into their present positions the hard way, starting from the shop-floor, and many of them were employed in plants where working conditions and wages were extremely hard. So the present leadership to a large extent represents the best possible team of the most gifted people who have emerged in the Turkish working class.

Last but not least, the strength of Türk-İş is due to the tendency of the average Turkish worker to take his affairs in his own hands whenever he feels he is not being treated equitably, be it by his employers, be it by the leaders of his own union. There is a widespread opinion according to which Turkish workers, because they tended to be conservative in their political views, are not militant. This is a fallacy. They can be extremely tough whenever they feel that they have to fight and after all the whole story of the labor movement before the 1960 revolution is a proof. Though strikes are infrequent, they tend to be very long and tough. Between the adoption of the 1963 legislation and the end of 1967, only 180 strikes occurred in Turkey - this figure corresponds to some 5 per cent of the total number of the collective contracts signed during the same period - but the average length of a strike was 30 days.

Türk-İş has for several years been struggling with some fundamental organizational problems. The drive initiated by the leadership to transform the existing federations of locals into extremely centralized so-called national unions has not made much progress. While the organizational form proposed would certainly be more efficient in industry-wide collective bargaining and would also help to eliminate some of the conflict between industry-wide and plant-level bargaining, I am not sure that the lack of progress in this direction is to be regretted. In my opinion, the whole concept of "national unions" has been too closely imitating the present German structure. The centralization desired is in my view excessive for Türk-İş. Among other things it entirely abolishes the locals and replaces them with mere branch offices. Also, the kind of centralization which they have in mind for collective bargaining could be dangerous.

As far as DISK is concerned, its development is another illustration of the real strength of Türk-İş. As already mentioned, the unions that split from Türk-İş in 1967 to establish DISK counted 85,349 members. At present, the most realistic assessment of DISK membership would be somewhere between 20,000 and 30,000. (According to Türk-İş, it is only some 4,000 but that is certainly an understatement.) There is of course a very wide margin of likely error in any assessment of the DISK membership because DISK has been carefully concealing all relevant information. Even the information about the industries and the plants where it has any members has been kept secret. In any event, there is no doubt that DISK lost a considerable part of the membership of the unions that initially split from Türk-İş.

A new legislation is now being worked out in Parliament which tends to eliminate both DISK and the various independent unions altogether. According to the provisions already approved in the Parliament's commission, plant-level bargaining would be either entirely abolished or strictly subordinated to industry-wide bargaining and the status of the exclusive bargaining agent at all levels would be given to the union that can show that its membership represents 35 per cent of all those employed in the industry. Türk-İş tried even to obtain a further lowering of the percentage required (25 or 30 per cent). But even with a 35 per cent level, DISK and the independent unions would be eliminated from all collective bargaining in most industries, if not all. This has been a major move by the Justice Party to please Türk-İş and all the Türk-İş leaders, irrespective of their individual party affiliations are indeed very pleased. However, in my opinion this legislation may create quite a dangerous situation in the labor movement, especially in two respects:

(a) While ever since the foundation of DISK at the beginning of 1967 Türk-İş has been very successful in gradually reducing the influence and the membership of DISK, this drastic

way of eliminating DISK at once may create extremely explosive situations and conflicts in which, in spite of its overall strength, Türk-İş could suffer some severe defeats. The strength of DISK has been increasingly concentrated in specific plants and their membership in these plants is very militant. So one does not see how such locals would accept to be eliminated from collective bargaining by a simple legislative stratagem. They are bound to put up a fierce fight, and in spite of all legislation they may be in a position to win in specific cases. Even if one takes into account the decline of the Turkish Labor Party, which still is the real master of DISK, the very fact that the TLP is still represented in Parliament means that the DISK unions cannot be simply stifled. The possibilities offered even by a small representation in Parliament have been demonstrated during my visit to Turkey when Aybar single handedly obtained the repeal of the whole labor law (Act n° 931 of August 12, 1967) by the Constitutional Court by claiming that the parliamentary commission which had examined the labor bill before its adoption had not been composed in conformity with the standing orders. The decision to repeal the law will go into effect in six months, i.e., on November 12, 1970. Naturally in the process, the government will be under pressure to improve a certain number of the provisions of the repealed law. And if it yields to these pressure, as it is likely to do, the Turkish Labor Party will be able to claim that all the improvements have been obtained thanks to its action. So one should not underestimate the amount of nuisance which the Turkish Labor Party and DISK can still do in spite of their decline.

(b) The other, and in the longer run more important, danger implied in the new legislation is in an excessive centralization of collective bargaining. Although industry-wide contracts have proved quite efficient in State-owned industry, one suspects that the elimination of local bargaining could remove quite a bit of dynamism from the whole collective bargaining system in the private sector and would most certainly prevent Türk-İş from ever penetrating into the so far unorganizable small-scale industry. Moreover, this trend in collective bargaining is the more dangerous since the Türk-İş leadership has shown an unmistakable tendency to excessive centralization in the organizational setup (as already mentioned) and since they have repeatedly displayed undue severity towards rank-and-file militancy (in this respect, they have followed much more the example of the DGB and of Swedish LO than that of American Labor).

44. In spite of the phenomenal growth in the strength and the influence of Türk-İş, there is still considerable scope for further expansion. Three lines of action are particularly to be recommended:

- (a) involvement in vocational training;
- (b) organizing the countryside;
- (c) cooperation in the modernization of the traditional handicrafts and of the cottage industry.

45. The fact that the grave shortage of skilled labor has been favorable to steady growth in wages does certainly not mean that the unions should be satisfied with his situation. The shortage of industrial

skills has been one of the main obstacles to economic development for so long that something will have to be done about it by somebody. If the unions do not take the necessary initiative and thus get in a position to have an important say in devising and training the vocational training schemes, somebody else is bound to do it, with the important difference that any major promotion of vocational training without the participation of the unions would necessarily be designed in such a way as to assign priority exactly to those skills where the wage increases have been most favored by the shortage. If, on the other hand, the unions take the initiative, they could see to it that major efforts be made with respect to those sectors and those skills where maximum benefit could be obtained for the entire national economy. One would need more information to elaborate. But a few examples spring to mind anyway. One such area is represented by the growing crowds of slum-dwellers constituted by people pouring from the countryside to major urban areas. It is practically out of the question to provide them with any productive employment unless they acquire at least some degree of industrial skills. At the same time the vocational training given to these slum dwellers would relieve the tremendous pressure their presence exerts on governmental departments to step up their already alarming overstaffing which keeps all the salaries of the civil service down. For this category of the population, vocational training could be combined with labor exchange services, so that the union's involvement in this field would also increase their influence in the labor market. (I have been promised some documentation concerning these slum dwellers.) Another promising area can be found where traditional handicrafts, the cottage industry and small scale industries are concerned. In this sphere of course the unions endeavor to promote vocational training, in order both to renew the partly lost traditional skills and to develop new ones, would of course have to be combined with their involvement in a more general policy of promotion and modernization of these productions.

As far as the problem of organizing the countryside is concerned, Türk-İş has long been prevented from doing anything in this field by prohibitive legislation. But now it already has an agricultural workers' union which of course for the time being has affected only a small fraction of the village population because it could only organize the workers of the State farms. Once adopted, the new agricultural Act, which has been before the Parliament for some time now, will hopefully expand considerably the sphere in which Türk-İş is permitted to do an organizing job. However, the problem of organizing the countryside goes far beyond the landless agricultural laborers. The large mass of farmers is as exploited and oppressed as the agricultural laborers, and in fact it constitutes the bulk of the population of the country. So whatever Türk-İş has done so far and what it may be able to do by its own means after the adoption of the agricultural Act, has mainly the value of an experiment that will enable them to acquire the necessary stock of know-how in an entirely new field of activity. But the real job will have to be done differently (and if Türk-İş does not do the job somebody else will, and it could be anybody from the communists to the extreme right wing forces).

At this stage and with the amount of information I have been able to gather during the short say, it is impossible to start even thinking about such fundamental questions as the choice between organizing a farmers' association within the framework of Türk-İş (as in Vietnam) and providing the necessary assistance to the establishment of a farmers' association that would be merely allied to Türk-İş (as the campesinos' organizations in some Latin American countries and comparable organizations in the Philippines and Indonesia). In any event, Türk-İş is in an excellent position to try because in their overwhelming majority Turkish workers still have very close ties with the villages from which they came and a great many of them return to the villages when they retire. This is of course a tremendous potential source on which they can draw to find suitable organizers. Secondly, because of the fact that Türk-İş is not really committed to the Republican People's Party and that indeed the majority of its membership are close to the Justice Party, there would be no a priori political obstacle for them in the countryside.

The third suggested line of action, in the field of handicrafts, cottage industry and small-scale industry, is closely linked to the problem of organizing the countryside. On the one hand, development of such industrial skills as are needed in the villages is part and parcel of any drive aiming at organizing the farmers. On the other hand, unless one can rely on a farmers' association, it is hardly possible to really penetrate the area of cottage industries and traditional handicrafts which are so desperately scattered. In any event, any effort in this field could only bear fruit if Türk-İş decided to take the necessary initiatives to bring all these areas of production on a sound economic basis, which of course is mainly a job for the government and the local administration but which is likely to be neglected for many more years to come unless the initiative comes from the unions. What is needed is efficient assistance in vocational training, in the supply of cheap credit and in marketing.

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