

SAMOUPRAVLJANJE U SVETU COUNTRY SURVEYS

ECONOMIC ANALYSIS AND WORKERS'
MANAGEMENT, 4, XLV (1980), 495-520

WORKERS' COMPANIES AND SELF-MANAGEMENT: THE TURKISH EXPERIENCE

Mehmet Nezir UCA*

1. INTRODUCTION

In another paper presented at the First International Conference on the Economics of Self-Management, we pointed out that workers' companies (WOCs) are another assumed subsector of the larger *people's sector* which presumably would be a vehicle for introducing workers' participation and self-management in Turkey.¹⁾ This paper is devoted to the evaluation of the WOCs using the perspective of workers' participation and self-management. The following section will deal with the definition of assumptions related to workers' companies. The other sections are concerned with the economics of migration, the actual development of WOCs and their general evaluation.

Workers' companies are joint stock companies having many shareholders and in which a person's share is limited.²⁾

They have generally been founded by migrant workers employed in Europe.³⁾

* Bogaziçi University, Istanbul, Turkey.

¹⁾ M. N. Uca, "The Meaning of Recent Changes in Turkey: A Road Towards a Self-Managed Society", *Economic Analysis and Workers' Management*, V. XII/3/4, 1978.

²⁾ For longer histories of the WOCs, see:
N. U. Abadan et. al., *Migration and Development*, NUFFIC/IMWOO, Ankara, 1975.

R. Pennix and H. van Renselaar, *A Fortune in Small Change*, NUFFIC/IMWOO/REMPLOD, The Hague, 1978.

H. Sami Güven, *Dış Göç ve İşçi Şirketleri*, TODAIE, Ankara, 1977. (Migration and Workers' Companies)

Ö. Ertuna et. al., *Çok Ortaklı Şirketler* (Companies with Many Shareholders), S. P. O., 1975.

³⁾ There are different definitions of a workers company, of which we can present;

S.P.O. (State Planning Organization). A joint stock company that at the maximum of 10 per cent of its shares, can be owned by a real individual.

DESİYAB (Devlet Sanayi ve İşçi Yatırım Bankası: State Industry and Workers Investment Bank) A company that at the maximum of 5 per cent of its paid capital, is owned by a real individual, and that has at least 250 shareholders.

The idea of workers' companies evolved from dialogues among Turks working or holding different jobs in the factories of Cologne, West Germany. Among them, a group of well-educated engineer-managers (Turkish citizens) were concerned with finding employment for migrant workers on their return to Turkey and also with opportunities to make use of their savings.⁴⁾ At the time, their application to establish WOCs, Submitted to the Ministry of Finance, was not welcomed since the government had other intentions for workers' remittances. The idea eventually gained support from the General Secretary of the State Planning Organization (SPO), Mr. Z. Müezzinoğlu, a former Ambassador to Bonn, the Minister of Finance in the Ecevit Government and an R. P. P. deputy.

In 1965, the first Turkish Workers' Company (Turksam) was formed. Within 4 years, the company was operating a wallpaper and textbook manufacturing concern in Istanbul.

Between the years 1963—1965, the Minister of Labour, B. Ecevit, was impressed by the idea of workers' companies. He saw the concept as an inspiration for the Republican People's Party, which was studying new alternatives for the Turkish society in the mid-sixties.

The first company was followed by many others. However, different segments of the national and international (mainly employing foreign countries) society perceived the movement differently. In the following section, these different perceptions are presented.

2. ASSUMPTIONS RELATED TO WOCs

2.1. Those Related to Turkish Governments

In the early seventies, WOCs were accepted by the Turkish government as an economic reality and were therefore considered candidates for assistance. Except for the short-lived Ecevit government in 1974, governments which were supported by the Justice Party and the Nationalist Salvation Party had two different but complementary concepts of WOCs.

The Justice Party perceived workers' companies as capitalist enterprises with many shareholders, and generally as being similar to other joint stock companies. Joint stock companies were, until then, family business enterprises. They started to sell shares to workers abroad as a result of the discussion concerning the "peoples' sector" and the influx of workers' remittances. Thus, evolved the concept of "opening to the people" (of the privately-owned firms). Private businessmen were seen to maintain control of these companies with workers holding shareholder status. In order to facilitate transactions, a *law of capital markets* was set up for promulgation. However, some strong private

⁴⁾ Especially in the early sixties, the idea of working abroad was very much considered as "temporary", i.e., of 5 to 10 years duration. It will become clearer in our analysis here, though this assumption is very hard to define.

business circles still attempted to block the promulgation of this law, most probably because they controlled some private banks and thought that a major part of workers' savings may go to the stockmarkets instead of the banks. Their position is understandable when one thinks of the opportunities provided to banks through the credit mechanism.

The National Salvation Party perceives WOCs as a means for regional development. The state was considered to assume responsibility for finalizing the establishment of these firms and then transferring them to depositors in the same locality (horizontal etatism). The differentiation among small depositors, workers employed abroad, and small-scale capitalists is not important in this configuration. Shareholders would enjoy benefits from ownership and be able to participate in direct management according to their capital share.⁵⁾

2.2. Those Related to the People's Sector and R. P. P.

The R. P. P. conceived the WOCs as a subsector of the larger people's sector. In this branch of the economy, firms were to be owned and managed by the workers. On their return, shareholding workers would work in these enterprises, thus guaranteeing their participation in decision-making. Moreover, WOCs were also seen as a means by which the egalitarian distribution of wealth and ownership could be secured and economic development stimulated. Through this process, people would acquire more economic power and higher consciousness, thus becoming better equipped to exercise their political rights.

In the R. P. P. programme, WOCs are expected to decentralize investment decisions and thus make use of the people's initiative. In this way, small savings not generally used by citizens will be channelled to accelerate economic development.

Workers' companies were expected to be complemented by other social security organizations, such as the OYAK, İYAK and MEYAK. Of these, the first was the Army Solidarity Institution which was founded in the early sixties. It has a compulsory fund comprising 5 per cent of the salaries of army personnel. Since its formation, it has invested mainly in consumer durables (car assembly), housing, vacation sites and marketing for its members. İYAK and MEYAK are supposed to perform the same functions for blue- and white-collar workers respectively. These three organizations were conceived as undertaking projects which exceed the financial abilities of WOCs, and were also to be worker participatory.

2.3. Those Related to Foreign Countries

Western European countries hosting Turkish workers perceived workers' companies as means for workers to reintegrate in their country of origin. Hence, West Germany, the Netherlands and others, formed organizations to guide WOCs and to make available necessary credits for their development.

⁵⁾ N. Erbakan, *Millî Görüş ve 3ü. Beş Yıllık Plan* (The Nationalist View and the Third Five-Year Plan), Turhan, Ankara, 1973.

The economic recessions of 1967 and 1973 and the social problems stemming from the protracted stay of 'guest-workers' in Europe forced policymakers to decide on the future of migrant workers. By 1970, the West German Ministry of Labour had drafted a policy document suggesting a halt to importation of labourers and encouraging them to return home, and also integrating those who do not return.⁶⁾ The German Labour Ministry considered offering a departure gratuity of D. M. 750—1000, while the Netherlands and France also offered equivalent amounts.

2.4. The Presumptions

For the different perceptions of the WOCs to be actualized, the following assumptions should be taken into consideration:

- a. Migration is a temporary phenomenon;
- b. Following their return, workers will work in the WOCs;
- c. Hence, workers will be willing to invest their savings in WOCs;
- d. These enterprises will be worker participatory (as for the capitalists, their hegemony will not be threatened by stocks held by workers), and controlled;
- e. The Turkish government, in cooperation with the West German and other concerned governments, will be able to provide the conditions for the development of the WOCs.

The following section will compare the reality with these assumptions.

3. ECONOMICS OF MIGRATION

3.1. Migrant Workers, Their Savings and Remittances

Turkey was among the last of the southern European countries to export labour to Western and Northern industrialized European countries. Nevertheless, very high increases in rates of export have occurred. The table below presents data on the population of Turkish migrant workers (Figure 1).

FIGURE 1. Population of Turkish Workers Abroad

	1962	1967	1972	1977	1978	1979
Workers Abroad (1000 persons)	20	165	660	711	845	868

Source: S. P. O., *The Fourth Five Year Plan*, p. 18, Ankara, 1978.
From the Ministry of Enterprises.

⁶⁾ See: N. U. Abadan, et al., op. cit., p. 35—36. Also the Times, January 11, 1974 and S. Paine, *Exporting Workers: The Turkish Case*, Cambridge University Press, 1974, p. 23. The Dutch government is said to have offered Hfl. 750.

Of the 868,000 workers abroad, 72.7 per cent are located in West Germany.⁷⁾ The total Turkish population in the Federal Republic of Germany now exceeds 1.1 million, of which 646,000 are male and 495,000 are female. Working are 59.8 per cent and 29.5 per cent of the males and females, respectively. Of this population, 35.9 per cent are under 15 years of age and the rest are between 15—55.

Turkish workers, as other migrant labourers, tend to be employed in jobs which usually require long working hours under disagreeable conditions (e. g., mining), with low stability (e. g., construction) and low pay⁸⁾. These are jobs which usually do not require occupational skills and are not generally sought by the citizens of the host countries.⁹⁾

The Western countries, by importing labourers, intended to fulfill their labour shortages, maintain the planned speed of production, keep wages low (or at least do not let them rise by means of additional labour supply) and hold prices down; because they are able to export, they reach economies of scale which lead to further ease on prices and increase in exports. This serves to increase capital accumulation. In case of depression, they can send these so-called "guest workers" back home.¹⁰⁾

Since they come from different socio-economic structures (e. g., rural Turkey), Turkish workers have different consumption baskets and very high savings rates which, according to conservative estimates, amount to 35 per cent of income. A survey conducted by A. Kudat on Turkish and Yugoslav workers in West Berlin reveals that, on the average, a Turkish worker saves 43 per cent of his/her income in D. M.¹¹⁾ Another study made by the State Planning Organization in 1971 shows that Turkish workers save 57 per cent of their income.¹²⁾ Kudat's study also shows that, on the average, a Turkish worker had 17—25,000 D. M. deposited in German banks. This leads one to estimate that in 1974 Turkish workers had about 15 billion D. M. deposited in banks abroad.¹³⁾ Nevertheless, estimates of total savings range from 6 to 15 billion D. M.¹⁴⁾

⁷⁾ S. P. O., *Fourth Five Year Development Plan*, Ankara, 1977, p. 18—20.

⁸⁾ S. Paine, op. cit., p. 10.

⁹⁾ As we will see in the following section, some of the jobs held by foreign workers are not substitutable because non-foreign workers, despite unemployment, are not willing to take these jobs. See the *Economist*, August 25, 1973.

¹⁰⁾ S. Paine, op. cit., p. 17.

¹¹⁾ A. Kudat, *International Labour Migration: A Description of the Preliminary Findings of the West Berlin Migrant Workers' Survey*, International Institute for Comparative Social Research IIV b, pre-print October, 1974. The amount that is referred to is calculated using figures which appeared on p. 83 and 114.

¹²⁾ S. P. O.'s 1971 survey as mentioned by S. Paine, op. cit., p. 206 and 207.

¹³⁾ If we take 20,000 D. M. per worker and assume 750,000 workers, we find the figure above.

¹⁴⁾ Six billion is presented as a conservative figure by H. V. Renselaar and L. V. Velzen in their "Public and Private Initiatives Aimed At Using External Labour Migration For Development", in: Abadan-Unat et al, op. cit., p. 103.

A comparison of these values with total annual export and import reveals their importance to the Turkish economy which, in spite of the world economic recession since 1973, has aimed at annual growth rates of 7–8 per cent (Figure 2).

FIGURE 2. Migrant workers, remittances and total exports, imports and deficits in the Turkish economy.

Years	1972	1973	1974	1975	1976	1977	1978	1979
Remittances	740	1183	1426	1812	983	982	984	1088.3*
Exports	885	1317	1532	1401	1960	1753	na	na
Imports	1563	2086	3777	4739	5128	5796	na	na
Deficits	678	769	2245	3338	3168	4043	na	na

Source: SPO, *Fourth Five Year Development Plan*, Ankara, 1977, p. 47.

* Ministry of Enterprises, 1979, p. 12.

In millions of U. S. Dollars

na: not available.

Especially in the early seventies, the potential for the successful establishment of WOCs was seen as based on these figures concerning workers' savings abroad. Even the remittances which, according to some calculations, did not exceed 37 per cent of annual savings, almost approached total export revenues in Turkey.¹⁵

Viewed apart from other considerations surrounding the workers' situation, the existence of such savings, indeed, seemed a great potential.

3.2. Permanency and Conditions of Return

As a further step towards understanding the economics of temporary migration ('guest') vs. permanent migration, the attitudes of workers on their return will be discussed. This will provide us with information for the evaluation of WOCs. It has been mentioned that one assumption behind the establishment of WOCs was that the workers would come back to Turkey and, on their return, work in WOCs.

However, it is highly doubtful that migration is temporary. Once the migrant workers get used to higher incomes and a better quality of life — housing, food, clothing and the other rewards of consumer societies — their social identity becomes increasingly divorced from their original countries and the "temporariness" of migration becomes threatened.¹⁶ Information reveals that returnees are few in comparison

¹⁵ From Kudat we understand that the average monthly saving of a Turkish Worker is 648 D.M. If we very conservatively assume this figure to be 600 D.M. and calculate a yearly savings for 750,000 workers, we find 5.4 billion D.M. On the average, 2 billion D.M. of remittances will amount to 37 per cent of the annual savings.

¹⁶ See: W. R. Bohning, "Some Thoughts on Emigration from the Mediterranean Basin", *International Labour Review*, I.L.O. publication, Vol. III, No. 3, March 1975. In this article, the author argues that 37.25 per cent of migratory workers have a permanent character.

with the number of workers abroad (see figure 3) and families increasingly tend to re-unite abroad. This phenomenon has been accepted, to a certain extent, by the host countries, which encourage and plan for integration while, at the same time, taking steps to stop the inflow of newcomers.¹⁷

FIGURE 3. Number of Returnees and Increasing Family Reunions in Europe, *op. cit.*, p. 183 and 190.

Years:	1966	1967	1968	1969	1970	1971	1972
Number of Returnees (1000 workers)	5.6	17.8	3.5	4.1	5.7	4.6	—
Married workers with families in Turkey (%)	—	88	87	86	—	76	—
Married workers with families abroad	—	12	11	14	—	22	—
No reply	—	1	1	1	—	2	—

Source: S. Paine, *Exporting Workers and The Turkish Case*, Cambridge University Press, 1974, p. 183.

The majority of those who have returned have done so in spite of their willingness to stay; of those who have returned, the majority have expressed the desire to migrate back (Figure 4). According to the 1971 S. P. O. survey, 73 per cent of the returned workers want to go back, 24 per cent have decided to stay, and 3 per cent do not know if they want

FIGURE 4. Percentage distribution of Turkish migrants, by reasons given for their return to Turkey.

	Per cent
Family reasons	44*
Enough savings to return	18
Find a better job at home	7
Lack of adaptability	11
Invest savings to produce income	1
Advance career	2
Unemployed	3
Chance to own home	1
Other	21
Military Service	1
Passport	3
Illness/Unhappy	6

Source: SPO Survey 1971, Cited in S. Paine, *Exporting Workers*, p. 208.

* adds up to more than 100 because some have given more than one reason.

¹⁷ See: P. Schulz, "Turks and Yugoslavs: Guests or New Berliners?" *International Migration*, Volume XIII, 1975, p. 53–59.

to stay permanently or go back. Figure 4 shows that 75 per cent of the reasons for return are "negative", i. e., non-intended returns. Only 22 per cent have cited positive reasons for their return. Similar situations are described by other surveys.¹⁸⁾

Of those who expressed the desire to migrate back to Western Europe, 89 per cent said that their income at home was insufficient, 21 per cent were dissatisfied with the social life in Turkey, 13 per cent were unable to find work, and 20 per cent were not satisfied with the type of work they found in Turkey.¹⁹⁾

3.3. Workers on Their Return

Another very relevant factor for understanding WOCs in Turkey concerns the attitude of the returnees. We have mentioned in the previous section that the majority of the returnees came home for reasons beyond their control and did not feel happy on their return. Of those who returned permanently, the types of economic activities they have become involved in is shown in Figure 5.

From Figure 5 it seems that only 17 per cent of the returning workers have desired to be employees and 50 per cent have aspired to attain employer status. The majority of the returnees are "failure" returnees; on their return, 41 per cent of them became wage earners, 47 per cent became self-employed, and only 2 per cent became employers. Other studies support this finding. Soral and Tekeli, interpreting the SPO Survey of 1975, suggest that since only 27 per cent of the total migratory workers were industrial labourers and 56 per cent were self-employed before their departure from Turkey, their working in a more advanced capitalist country, surrounded by values consistent with capitalism, would not necessarily result in their consciousness raising as workers with more socialistic aspirations. Following this background information, we can proceed to an analysis of the Workers' Companies.

4. DEVELOPMENT OF THE WORKERS' COMPANIES

In this section we will present a portfolio of workers' investments and analyze the development of WOCs. In this respect: the motivation for forming and investing in a WOC; areas of involvement (sectoral distribution); total investment and employment created. Management within these WOCs will be highlighted.

¹⁸⁾ A. Kudat, op. cit., refers to delaying decisions to go home permanently. R. Penninx and L. V. Velzen, 'Migratory Labour: Boğazlıyan District', N. U. Abadan, et al., op. cit. Chapter 5., try to answer whether return is provisional or final; 50 per cent of the respondents have certainly wanted to migrate back to Western Europe.

¹⁹⁾ SPO's Survey of 1971, as cited by S. Paine, op. cit., p. 211.

FIGURE 5. Percentage distribution of Turkish migrant workers, by their desired and actual employment status on return.

	Total %	Desired Status		Actual Status		Before Departure %		
		Total %	Urban %	Rural %	Total %		Urban %	Rural %
Unemployed	x	x	x	x	7	3	12	4
Employee (unspecified)	13	20	20	3	1	1	0	1
Wage earner	x	x	x	x	41	65	8	39
Family worker	x	x	x	x	0	0	1	0
Partner/Sharecropper	x	x	x	x	1	1	3	1
Official/White collar	4	6	6	1	x	x	x	x
Self-employed	x	x	x	x	47	27	73	56
Employer	50	51	51	49	2	2	3	1
Other	31	21	21	44	x	x	x	x
No reply	3	3	3	3	1	2	0	0

Source: SPO Survey 1971, as cited by S. Paine, *Exporting Workers*, p. 209.
 Note : x means that the category was not included as an option in the survey questionnaire.
 Totals may not add up to 100 because of rounding off.

4.1. Workers' Investments in General

In the previous section it has been shown that a very small portion of the migrant workers return to Turkey and, of these, a smaller fraction desires to work as a worker. The manner in which they invest their savings indicates that not many are interested in worker-controlled enterprises. According to Kudat's survey in 1974, consisting of 1,049 workers, only 4.8 per cent actually bought shares in workers' companies or cooperatives (see Figure 6 below). For these returning workers, the highest investment priorities are buying a house, purchasing land, depositing in a German bank and/or in a Turkish bank, etc. Very few have purchased shares in magnitude.²⁰⁾

In fact, surveys conducted which dealt with the reasons for departure from Turkey have found that 75 per cent and 81 per cent of the workers, respectively, have done so in order to earn higher income, to overcome financial difficulties and to save up money for the future.²¹⁾ In their investment plans, one then expects them to behave accordingly.

FIGURE 6. Recalled Allocation of Total Savings Since Arrival in the Federal Republic of Germany

Categories	Percentage	Mean Amount allocated in D.M.
Bank in home country	37.6*	10,523.9
Furniture/Appliances	41.8	3,710.0
Investments (of different sorts)	7.0	13,339.7
Tools/Equipment	2.6	9,162.9
Automobile	15.7	5,606.1
House	47.7	24,443.2
German bank	41.0	7,183.5
Purchase of land	34.5	14,450.2
Shares	4.6	4,718.8

Source: A. Kudat, *International Labour Migration: A Description of the Preliminary Findings of the West Berlin Migrant Worker Survey*, International Institute for Comparative Social Research, Berlin 1974.

* More than one answer. Hence, total exceeds 100 per cent.

Investing in a house or land, even for speculative reasons, can be more profitable than the purchase of shares. A study by the SPO has shown that land prices in Ankara have increased between 24 per cent and 65.3 per cent annually. With increasing inflation and devaluation of the Turkish Lira, the difference between the black-market and the official rate of exchange prior to the 300 per cent devaluations in the years 1978 and 1979 was above 70 per cent²²⁾ Therefore, migrant workers started remitting less and less (see Figure 2) and put their savings mainly

²⁰⁾ A. Kudat, op. cit., p. 119.

²¹⁾ A. Aker, *İşçi Göçü*, Sander, Istanbul, 1972.

into land or housing, which tend to keep their real values over time. On their return, at least one-third of them invest in self-employing ventures.²³⁾

4.2. Investing in WOCs

We have pointed out in the section above that only a small segment of migrant workers (4.6 per cent) subscribes to workers' companies and co-operatives. The SPO Survey in 1971 has revealed intended vs. actual membership in WOCs and village Development Cooperatives VDCs (Figure 7).

The intended membership in a WOC is 7 per cent, 4 per cent for a Village Development Cooperative, and in either of them it is 21 per

FIGURE 7. Percentage distribution of returned Turkish migrant workers, by actual and intended membership in joint stock company or co-operative, S. P. O. survey, 1971.

	Planned membership			Actual membership		
	Total %	Urban %	Rural %	Total %	Urban %	Rural %
Joint stock company only	7	9	5	3	4	1
Co-operative only	4	2	5	6	5	8
Not specified	21	19	24	2	3	1
(At least one)	(32)	(30)	(34)	(11)	(12)	(10)
No reply/None	68	70	66	89	88	90

Source: S. Paine, *Exporting Workers*, p. 210.

cent. The actual membership, however, is 3 per cent for WOCs, 6 per cent for VDCs and 2 per cent for either. Thus, 89 per cent of the returned workers remain out of WOCs and/or VDCs.

4.3. Motivations for WOCs and Subscribing to Their Shares

S. Güven has surveyed the conditions which led to the emergence of WOCs and the motivations behind subscribing to a WOC.²⁴⁾ His sample consisted of both worker-entrepreneurs and shareholding workers. The results are presented in Figures 8 and 9 below.

²²⁾ This fact is emphasized in R. V. Renselaar and R. Penninx, op. cit. It is normal, especially if one thinks of the very harsh conditions migrant workers face during their work abroad.

²³⁾ S. Paine, op. cit., p. 118.

²⁴⁾ S. Güven, op. cit., p. 149-150.

FIGURE 8. Conditions which caused emergence of WOCs

	Distribution Percentage
Desire to contribute to Turkey's industrialization, benefit from the blessing of development, and not to remain silent to economic events	74.2
Employment on their return	18.6
To guarantee children's future	4.6
To make use of savings	2.5
No answer	1.1

Source: S. Güven, *Diş Göç ve İşçi Şirketleri*, p. 149.

In Figure 8 we see that a great majority of worker-entrepreneurs have been motivated by idealistic reasons to lead a workers' company. However, another group of researchers argues that these reasons are superficial ones which eventually lose their impact for workers.²⁹⁾ Renselaar and Penninx, who interviewed a number of workers and entrepreneurs, explain a scenario in which an important person (s) from the workers' region comes to Europe and convenes a meeting. This person appeals to the workers' emotions in trying to convince them of the necessity of building a factory back home. Workers, "not as a result of rational, considered deliberation but far more often, of an immediate reaction to a particular scene in which there is only a limited choice of rôles", hence decide to buy shares. Regional chauvinism is also very strong in this process, i. e., the desire to "do good" for the town one has originated from, and to see a *smoking chimney* on their return.

Those who want to be assured of employment comprise 18.6 per cent. When final plans are made, though, this desire becomes weaker and weaker. In figure 9 we see that for workers-shareholders, employment plays a smaller role, i. e., 13.9 per cent. As research has proven, workers on their ultimate return prefer self-employment to a wage-earning job. Only failure returnees (who presumably are unable to buy shares in these companies) tend to become wage earners. However, they, too, think that a job in a WOC will not generate enough income for them.

It seems that the weak role economic motives play for workers' subscribing to workers' companies is a potential for self-management in these enterprises. After a careful analysis, though, one sees that the "charity psychology" soon vanishes. Workers lose their interest and do not follow up either on their promises nor their control. It can also be argued that once they have contributed their shares, they become satisfied and do not care much about the operations of these companies.

²⁹⁾ R. Penninx and H. V. Renselaar, op. cit., p. 25 and 230.

FIGURE 9. WOC's ultimate goals according to worker-shareholders

Ultimate Goals	Percent*
To disperse freedom of entrepreneurship to the people	24.5
To support industry with small savings of the workers	18.6
To change the traditional production structure of the backward and rural regions	10.5
To provide partners with jobs	13.9
To make high value added	8.1
To make high profits	6.9
To produce with local resources and technologies	5.9
Unknown or no answer	11.7

Source: S. Güven, *Diş Göç ve İşçi Şirketleri*, p. 150.

* Sample of 86 workers.

As we shall see below, WOCs' economic performance cannot be considered successful. This fact is due, to a large extent, to the "charity" characteristics of the WOCs. They realize their planned investment and produce depending on the characteristics of their leadership. We shall deal with this performance and the way their ultimate goals effect their operation in the sections below.

4.4. Development of the Workers' Companies

4.4.1 General Introduction

We have mentioned that the first workers' company, *Turksan*, was founded in 1965, and started operating a business in 1969. *Turksan* was followed by other WOCs. Since the subject interests many groups (namely, the Turkish government, planning organizations, banks, employment office, Ministry of Enterprises, universities and especially foreign governments which host thousands of Turkish workers), we can cite eight investigations (excluding ours) which give a clear account of the development of the Workers' Companies.

Three of these studies were carried out by ISOPLAN (Institut für Entwicklungsforschung und Sozialplanung GmbH-Institute for Development Research and Social Planning Ltd.), which was assigned to do research on WOCs by the German Ministry of Economic Co-operation. In 1973, ISOPLAN was able to name 23 workers' companies which were started by migrant workers who also own more than half of the

capital stock. The second research defined the stages these firms were undergoing. In 1975, the previous investigations by ISOPLAN were updated and information on 56 WOCs was presented. Of these, 33 had completed the project preparation stage while 13 were still in the planning stage and 10 in the pre-planning stage.^{26), 27), 28)}

The State Planning Organization conducted a survey which revealed information on 64 workers' companies. Of these, 11 were in various stages of production, 8 in experimental production, 36 in stages of construction and machine installation, and 9 were still in the planning stage.²⁹⁾ In the Turkish Workers and Employment Institute, S. Şenel conducted a survey which included 164 companies, 94 of which were in the production stage and 72 in the planning stage as of 1975.³⁰⁾

S. Güven of TODAI (Institute of Public Administration, Turkey and the Middle East) wrote his doctoral dissertation on Workers' Companies. He mainly dealt with the motivations for organizing workers' companies. He compared the way workers and worker-entrepreneurs visualized their companies, and also attempted to define their class positions on return to Turkey. Güven worked on 66 companies, all of which he had contacted in 1977. Of these, 14 were in the production stage, 5 in the full-stop stage (and have accepted failure), while the other 47 were still in the planning and investment stages.

The REMPLD (Reintegration of Emigrant Manpower and the Promotion of Local Opportunities for Development, a project sponsored by the Netherlands' Ministry of Development Co-operation and carried out by IMWOO/NUFFIC) group (R. Penninx and H. V. Renselaar) analyzed the reintegrative character of WOCs and VDCs. Their sample of WOCs included 24 firms in the production stage, 18 in the investment stage, and 19 in the project planning phases.

The most recent research was conducted by the Ministry of Enterprises. The Ministry contacted about 450 firms, of which 248 have responded.³¹⁾ In the Ministry of Enterprises (MEN) research, it is shown that 110,201 migrant workers were involved in buying shares.

²⁶⁾ Ibid., p. 125-126.

²⁷⁾ Publications concerning these three investigations are as follows:

ISOPLAN, *Türkische Arbeitergesellschaften in der B. R. D., Struktur und Aktivierungsmöglichkeiten* (Turkish Workers Companies in the Federal Republic of Germany, Their Structure, Achievements and Possibilities for Mobilization), Saarbrücken/Bonn, 1973.

ISOPLAN, *Türkische Arbeitergesellschaften, Band II, Evaluierung von Betriebsgründungen in der Türkei* (Turkish Workers Companies, Part II, Evaluation of Enterprises They Have Founded in Turkey), Saarbrücken/Bonn, 1973.

ISOPLAN, *Türkische Arbeitergesellschaften, Band II, 2 Revidierte Anlage* (Turkish Workers Companies, Part II, 2nd Revised Edition), Saarbrücken/Bonn, 1975.

²⁸⁾ Ö. Ertuna, et al., op. cit.

²⁹⁾ Ibid., p. 35-36.

³⁰⁾ S. Şenel, *Yurt Dışında Çalışan İşçilerin Kurdukları Şirketler ve İşçi Halk Şirketleri* (Companies Founded by Workers Abroad and Worker's People's Enterprises), General Directorate of Work and Employment, Ankara, 1977.

³¹⁾ İşletmeler Bakanlığı, *Halk Girişimleri Anket Sonuçları*, (Results of the Questionnaire on Peoples Enterprises), Ankara, 1979.

4.4.2 A Set of Definitions

Three slightly different types of companies have evolved in which migrant workers have participated. The differences in definitions partially derive from the diverse motivations of the interested parties.

a. A *Migrant Workers Company* is a joint stock company wherein more than 50 per cent of the shareholders are migrant workers and which;

a.a. joins at least 100 shareholders with all shares registered by names, allowing one individual or legal person to acquire a maximum of 10 per cent of the capital; or

a.b. joins at least 250 shareholders with all shares registered by names, allowing one individual or legal person to acquire a maximum of 5 per cent of the capital; or

a.c. joins at least 300 shareholders, of which the founding partners can acquire a maximum of 5 per cent of the capital and the rest 2 per cent, and of which at least 80 per cent of all shares are registered by names; or

a.d. issues no preferred stock.

b. A *Peoples Enterprise* is a joint stock company of which more than 50 per cent of shares are sold to persons living in Turkey, and has the characteristics of a.a., a.b., a.c., and a.d. mentioned above.

c. An *Open (to the people) Company* is a joint stock company which joins at least one hundred individuals but does not obey the above requirements in a.a. — a.d.³²⁾

Some of the *open companies* were founded as *migrant WOCs* but eventually had to sell their shares to private entrepreneurs and/or banks, and thus lost their *migrant WOC* feature. *Open companies* are increasing in number and capitalization while the other 2 types seem to be declining.

4.4.3 WOCs and Distribution of Shareholders

According to the definitions given above, the MEN's research has identified 54 migrant WOCs, 56 people's enterprises and 113 open companies.³³⁾ Of the last group, 11 were initially founded as migrant WOCs or People's Enterprises, but in due course changed their structure.

All the typologies above have sold some shares to legal persons. These are public institutes (a State Economic Enterprise, a National Bank, Municipal Authority, etc.) or private banks or companies. Participation of legal persons, evident from the above definitions, are minimum in migrant WOCs and maximum in open companies (Figure 10).

³²⁾ Ibid., pp. 14-15, Similar definitions were also given to the REMPLD group. In the REMPLD project, WOCs were grouped according to the place of initiative, e.g., in Turkey or Europe.

³³⁾ Ibid., p. 27.

If we assume that about 10 per cent of the migrants have bought shares from more than one company, then the number that is given in Figure 10 approaches one hundred thousand, which amounts to 11.5 per cent of the total migratory labour.

On the average, WOCs have more than 1,000 shareholders. In the appendix (Figure 16), a table is given summarizing WOCs according to size, as defined by five different studies.³⁴⁾ Those who have shown special interest in the concept of democratization of the workplace have particularly welcomed "ownership by many". A careful look, however, reveals that the smaller the shareholder, the less interested the worker tends to be in the affairs of the company. When shareholders who are employed abroad own an enterprise in Turkey, and their subscription partially has a 'charity' character, it then becomes very easy for small groups of entrepreneurs to manoeuvre (and often manipulate) the operations of the entire enterprise.³⁵⁾

4.4.4 Employment Creation

It was previously mentioned that migrant workers who return to Turkey are small in proportion to those who remain in Europe (Figure 3). It was also mentioned that the majority of these returnees are usually "failure" returnees who desire to go back to Europe (Figure 4). A very small segment of those residing in Turkey want to take a wage earning job. Moreover, a very small segment of migrant shareholders were given a chance to work in WOCs. However, if all these reasons did not exist, from the capacity of employment it would seem that the jobs created are very few compared to the total number of migrant workers, migrant shareholding workers, returning workers and number of shareholders who live in Turkey.

According to recent figures, if operated at full capacity, all 223 WOCs including open joint stock companies, will employ 42,067 persons.³⁶⁾ This is less than one-sixth of the total shareholders and about 42 per cent of the shareholding migrant workers (Figure 10).

In *Migrant Workers Companies* (companies in which the majority of the shares are controlled by migrant workers), the total number of jobs to be created is 6,649. This figure is less than one-eighth of the number of migrant workers who own shares in these companies (Figure 11).

³⁴⁾ In fact, according to Güven, op. cit., p. 164, 36 per cent of the shareholders have bought shares in other WOCs or VDCs. This figure seems exceptional because the sample includes only entrepreneurial workers who might have subscribed to another WOC or VDC for solidarity reasons, or might have led more than one WOC, which is the case for some WOCs. The more realistic figure applicable to all migrant workers should not exceed 10 per cent.

³⁵⁾ Detailed case studies are presented in R. Penninx et. al., op. cit., in which shareholders do not hear about the operation of their company (or if they do, it is by accident or only when they visit home). See Chapter 6.1 of *A Fortune In Small Change*.

³⁶⁾ Ministry of Enterprises, op. cit., p. 82.

FIGURE 10. Distribution of Shareholders in WOCs

	Number		Migrant Shareholder		Local Citizens		Legal Persons		Total		Shareholder Average
	Number	Share	Number	Share	Number	Share	Number	Number	Number	%	
Migrant WOCs	54	50,71	14,606	10,13	40		70,544		28		1306
People's Enterprises	56	10,79	48,398	33,54	81		61,445		24		1097
Open Company	113	37,50	81,266	56,33	293		122,891		48		1087
Total	223	100,00	144,270	100,00			254,880		100		

Source: Ministry of Enterprises İşçi Şirketleri Anket Sonuçları, Ankara, 1979, p. 29.

FIGURE 11. Total Number of Jobs to be Created in Full Capacity

		Employment	Average Per Enterp.
Migrant Workers Companies	(54)	6,649	123
Peoples Enterprises	(56)	9,993	178
Open Joint Stock Companies	(113)	25,425	225
		42,067	188

Source: Ministry of Enterprises.

In the 1975 survey by the SPO, it was discovered that only 0.31 per cent of the capital in the firms observed was owned by individuals working within these companies. Therefore, if we exclude the managers and entrepreneurs who hold positions in WOCs, and who are both employee and shareholder, the number of plain blue-collar workers owning shares is very small.³⁷⁾ S. Güven's research shows that, in 33 companies employing workers, 16 are characterized by the existence of 0—10 per cent of workers with shares, 10 have 81—100 per cent workers who own shares, and seven have 11—80 per cent workers who are shareholders.³⁸⁾

According to Şenel's research, of the 5,296 jobs that were provided, only 349 (6.6 per cent) were filled by workers who have work experience outside Turkey. Of course, some of the positions which have been mentioned could be managerial. If one puts together the SPO results on capital distribution with the number of shareholding workers in WOCs, it therefore seems that even if all workers had shares, in a statute of joint stock company, (where in one share not one person has the right to one vote), the workers' influence is negligible.

More reasons can be explained which strengthen this finding. One may still think that workers on their return will join workers' companies. Some workers' companies recognize special privileges, mainly priority in employment, to migrant workers on their return. Companies who have done this comprise a minority.

³⁷⁾ Ö. Ertuna, et. al., op. cit., p. 90.

³⁸⁾ S. Güven, op. cit., p. 239.

FIGURE 12. Distribution of Workers' Companies According to Special Rights given to Shareholders.

	S. Güven	SPO	Ministry of Enterprises
Special rights	36 (37.8)	19 (29.7)	91 (54.2)
Profit privileges	12 (12.3)		46 (27.4)
Voting and board membership	12 (12.3)		45 (26.8)
Employment priority	6 (6.1)		
Buying shares	6 (6.1)		
No special rights	62 (63.3)	45 (70.3)	96 (57.1)
Total	98	64	187

Sources: S. Güven, p. 254; SPO 1975 p. 109; Ministry of Enterprises, 1979, p. 41.

Except employment priority, which is recognized (6.1 per cent), the other special privileges usually given to founding shareholders are not conducive to more equal participation.

It is therefore evident that there is no matching between workers who own shares and workers who are employed in these companies. This matching also does not seem to be forthcoming. From the workers' participation and self-management point of view, WOCs do not seem to provide leverage. Conventional industrial relations, the conflict between capital and labour, the isolation between the profiteering employer (even if the worker is abroad) and a wage earning employee, seem to maintain themselves as in other capitalist enterprises.

As early as 1974, when few WOCs were in operation, a strike occurred in a working company.³⁹⁾ Among the 55 companies whose by-laws we analyzed, not even one firm has managed to institute a system of workers' participation. Given the present conditions, workers' participation does not seem feasible since those who own capital are different from those who work. Capital-labour ratios are far beyond what a worker can save and invest in Turkey. Those workers who are employed abroad, although they feel discriminated against and bitter towards their particular working environment, think in capitalist terms when they think of their own businesses back home. S. Güven's thesis attempts to define a "class" position for shareholding migrant workers. He comes to the conclusion that, on their return, migrant workers do not play the *proletariat* role any longer. In fact, considering the environment and system of values which surround them, their taking a different attitude would be surprising.

Although those who attempt to recruit migrant workers to invest in WOCs refer to the *people's sector*, for the obvious reason that migrant workers who are sympathetic to the R. P. P. most likely will subscribe, in the implementation stage they do not attempt to exercise

³⁹⁾ N. Abadan, Unat et. al., op. cit., p. 122.

FIGURE 13. Sectorial Distribution of Workers' Companies according to Five Investigations.

	SPO-75	SENEL	REMPLD	GUVEN	MEH-1979
Agriculture	—	1 (0.6)	2 (3.3)	—	1 (0.4)
Energy	—	1 (0.6)	—	—	—
Mining	—	1 (0.6)	—	—	5 (2.2)
Manufacturing	15 (23.4)*	59 (36.9)	13 (21.3)	10 (15.4)	67 (30.0)
Food and Beverages	10 (18.7)	19 (11.9)	3 (4.9)	5 (7.7)	27 (12.1)
Textile and Weaving	8 (12.5)	—	3 (4.9)	5 (7.7)	5 (2.2)
Apparels	3 (4.6)	11 (6.9)	5 (8.2)	3 (4.6)	16 (7.2)
Cattle Feed	1 (1.6)	2 (1.2)	4 (6.6)	—	2 (0.9)
Forest (Wooden) Products	1 (1.6)	7 (4.4)	5 (8.2)	6 (9.2)	13 (5.8)
Paper and Paper Products	1 (1.6)	1 (0.6)	—	—	1 (0.4)
Leather and Leather Prod.	1 (1.6)	5 (3.1)	2 (3.3)	2 (3.1)	10 (4.5)
Plastics	3 (4.6)	1 (0.6)	—	2 (3.1)	—
Chemicals	—	1 (0.6)	—	2 (3.1)	—
Fertilizers	—	21 (13.1)	—	2 (3.1)	2 (0.9)
Construction Materials (incl. pottery, china and earthenware)	9 (14.1)	5 (3.1)	3 (4.9)	1 (1.5)	1 (0.4)
Glass and Glass Products	1 (1.6)	7 (4.4)	11 (18.0)	4 (6.2)	5 (2.2)
Fabricated Metals	5 (7.9)	1 (0.6)	—	3 (4.6)	10 (4.5)
Iron and Steel	—	4 (2.5)	1 (1.6)	3 (4.6)	6 (2.7)
Electrical and Electronics	2 (3.1)	6 (3.8)	—	6 (9.2)	5 (2.2)
Machinery	2 (3.1)	3 (1.9)	6 (9.8)	12 (18.5)	36 (16.1)
Construction	2 (3.1)	5 (3.1)	3 (4.9)	—	15 (6.7)
Services (or others)	1 (1.6)	160	61	65	223
TOTAL	64	160	61	65	223

Sources: SPO-Çok Ortaklı Şirketler, p. 29.; SenelYurt Dışında Çalışan İşçilerin Kurdukları Şirketler, p. 5.; R. Pennix et al., (REMPLD) A Fortune In A Small Change, p. 156.; Guven-Diş Göç ve İşçi Şirketleri, p. 232.; Ministry of Enterprise, p. 54.

* Not classified in the original

* Percent in paranthesis; total may not add up to one hundred due to rounding off.

workers' participation and self-management. Bir-Emek, İş, Poris and Setaş were among the exceptions in our analysis of 55 companies which required that all workers buy shares and hence participate in the general assembly (of the joint stock company) according to the number of shares they owned. Of course, many workers' companies have limited maximum amounts of shares that may be acquired by a single individual. If shares are so small that shareholders, after subscription, do not participate in general meetings, this serves to the benefit of the managers (who can manipulate the enterprise). We shall see below that this is also one of the reasons which led to the economic failure of the WOCs and resulted in the transfer of shares into the hands of banks and private individuals.

4.4.5 Sectorial Distribution, Technology Selection and the Structure of Capital

In this section we shall see that WOCs have generally invested in the traditional sectors — i. e., traditional for the Turkish economy. However, despite the fact that they are involved in the traditional sectors, the technologies which have been used are capital-intensive. Until the severe economic crisis started in 1977, the government encouraged the importation of these technologies. The capital structure of the WOCs, i. e., the organization of capital and control, is shifting from migrant workers to legal persons, banks and entrepreneurs.

In Figure 13, we summarize the findings of all five surveys that were conducted in the last 5 years. Food and beverages is the sector that WOCs have largely invested in and about 30 per cent of the WOCs are involved in it. This is followed by construction and construction-related manufacturing goods, which totals to more than 20 per cent. Textiles and weaving is the third. The fourth and the fifth are wood manufacturers and leather and leather products. These 5 sectors account for about 85 per cent of the investments of the WOCs.

Figure 14 shows, according to our findings, the technologies of 38/45 WOCs with their countries of origin.

FIGURE 14. Technologies Used in WOCs, with Countries of Origin

Turkey	7 (15.6)
W. Germany	26 (57.8)
Holland	5 (11.1)
U. S. A.	2 (4.4)
Other Foreign	5 (11.1)
Sample: 45	45

Source: Interviews.
Percentages in parenthesis.

Our calculations show that 84.4 per cent of the WOCs have imported technologies. The main exporter is West Germany. In fact, an average of 1 billion D. M. have been fed back into Germany for the purchase of capital goods.⁴⁰ This is another reason why West Germany has supported the formation of workers' companies in Turkey.

In his research, Şenel has dealt with the question of Turkish vs. foreign technologies. He found that in the project planning phase, 21/126 firms who already knew what technologies they were to use have chosen Turkish made capital goods while the remaining 83.3 per cent have opted for imported technologies.⁴¹ The very recent survey of the MEN has shown that 78/223 (35 per cent) of WOCs have benefited from external technologies in terms of technical aid, license and know-how.^{42, 43}

The State Planning Organization and Ministry of Industry and Technology seem not to consider employment as a priority but are more interested in the "modernity" of technology rather than its origin. Certificates of encouragement are given more for modern technologies than for the number of jobs to be created. The capital labour ratios presented below give a clearer view of the situation.

FIGURE 15. Investment per Worker in Workers' Companies

	Employment	Investment (T.L.)	Investment per Worker
Migrant Workers' Companies	6,649	4,773,600	717,945
People's Enterprises Open Joint Stock Co.	9,993	10,461,400	1,046,872
	25,425	29,631,600	1,165,450
	42,067	44,866,600	1,066,551

Source: Ministry of Enterprises, p. 84.

On the average, more than one million TL (or, in 1978 prices, \$ 29,626) is needed to create one job in these companies. The capital intensities seem to apply more to open joint stock companies, which migrant workers have recently tended to subscribe to rather than to the so-called migrant workers' companies. These capital intensities are comparable to those in state or private enterprises. Obviously, companies do not aim to employ either small-saving owners or returning migrants, and so they do not provide leverage for workers' participation by means of shares owned by the employed workers in Turkey.

⁴⁰ R. Penninx, et al., op. cit., p. 381.

⁴¹ S. Şenel op. cit., p. 25.

⁴² Ministry of Enterprises, op. cit., p. 56.

⁴³ S. Güven's survey (op. cit., p. 163) tends to show that 67.3 per cent of worker-founders believe in using national technologies despite the superiority of foreign technologies. This desire seems to be *wishful thinking* when contrasted with the realities of WOCs.

The SPO and REMPLD surveys reveal a tendency by firms that are initiated by migrant workers to be taken over by businessmen and local industrialists because of lack of capital and managerial ability.⁴⁴ Through this process, the *migrant worker* characteristics of WOCs becomes weak. In fact, in the REMPLD project 41/64 WOCs initially belonged to migrants while the rest were initiated in the home country. The most recent survey shows that, among a sample of 223 WOCs (of which records could be provided), only 54 were migrant workers' companies while 56 were regional WOCs with the rest (113) being joint stock companies which had sold some shares to migrant workers and small savers but were nevertheless controlled by their founding shareholders. The fact of increasing participation by legal persons and private individuals leads to the conclusion that, aside from having little chance of being managed by the workers employed in them, these firms are becoming less and less managed by *migrant workers* and, in this sense, are losing their *workers'* characteristics.

Eleven companies which were included in the MEN survey were previously founded by migrant workers but are now open joint stock companies. Since the distribution of capital in the companies is reflected in the structure of management, it is useful to give some information on this. According to the most recent study (i. e., the MEN survey), public and private legal persons own 21.7 per cent of the total capital in WOCs.⁴⁵ This participation is higher in joint stock companies than in migrant WOCs or people's enterprises.

In all WOCs, total Registered Capital is 20,613,400 TL. Of this amount, 4,473,978, (22%) is owned by legal persons. Once they have acquired shares in WOCs, banks provide them with middle and long-range credits.⁴⁶ Of the 223 WOCs, 141 have received 6,161,222 TL of local bank credits and about 75,000 U. S. dollars worth of foreign capital.⁴⁷

4.5 Special Encouraging Factors Provided to the WOCs

A detailed description of the support that is given to WOCs by different public, private and foreign organizations is provided by the REMPLD report. This section summarizes the help provided by different institutions.

Depending on the sector (priority defined by the development plans) and the region (developed or backward) of investment, enterprises who apply in the pre-investment period to the Ministry of Industries may be given a *certificate of encouragement*. If a WOC applies for an *encouragement certificate*, it may receive additional subsidies over other forms of organizations since Turkish policymakers have recognized the need to grant additional support to workers' companies.

⁴⁴ Ö. Ertuna, et. al., op. cit., p. 163-164. R. Penninx op. cit., p. 135-136.

⁴⁵ Ministry of Enterprises, op. cit., p. 33.

⁴⁶ Ibid., p. 33, 66 and 71.

⁴⁷ Ibid., p. 71.

Depending on the sector, the region and the enterprise, encouragement certificates can provide support amounting to millions of TL, for example exemption from customs duties (which are normally as high as 100 per cent of the value) for the importation of capital goods which cannot be found in Turkey, and medium-term credits with as much as 11.5 per cent interest subsidy (i. e., 6 per cent nominal interest). The almost non-existence of a credit market for medium-term loans makes this latter incentive attractive, especially when considered within the framework of the credit market. The credit provided may cover the difference between planned investment and total capital. Furthermore, investment allowances, deduction of a certain value of the realized investment by tax deductions, special foreign loans, investment quotas and export promotion measures are other benefits which can be provided by a certificate of encouragement.

DESIYAB (State Industry and Workers Investment Bank) was founded in 1975, primarily to guide investments in workers' companies and facilitate means of benefitting from savings accumulated abroad or locally by small savers.

Regional funds, given to or provided by local administration, sometimes to encourage development of priority regions, were also made available to workers' companies.

In recent years, a private bank, Türkiye Sinai Kalkınma Bankası (Turkish Industrial Development Bank), has formed special units to help workers' companies. Its role is to act as intermediary between international organizations such as the International Finance Corporation (I. F. C.), the Agency for International Development (A. I. D.), the European Investment Bank (E. I. B.) and the International Development Association (I. D. A.). This bank aims at strengthening the position of private entrepreneurs.

According to the negotiations concerning reintegration of Turkish workers, the West German government has agreed to a provisional three million D. M. loan to be given to WOCs. As has been previously mentioned, the ISOPLAN was assigned to promote projects concerning reintegration, and among these were the workers' companies.⁴⁸⁾ The German government has encouraged the formation of two organizations, the V. T. A. (Verband Türkischer Arbeitnehmersgesellschaften: The Federation of Turkish Workers Companies) and the Halk-İş (Halk ve İşçi Şirketleri İşverenleri Sendikası: The Trade Union of Workers' Companies Employers), the former in Germany and the latter in Turkey, to represent workers' companies in public and to support their rights. It has also supported "managerial training" for workers who want to set up WOCs in Turkey. Over a period of five years, about one hundred

⁴⁸⁾ The above-mentioned 3 million D. M. fund, which required the same amount of contribution by the Turkish government, was neither successful nor operational. The Turkish government somehow did not complete the procedures which would enable WOCs to benefit from this credit line.

workers have attended courses.⁴⁹⁾ On the other hand, the Dutch government, by means of the REMPLOD project, set up a fund amounting to 7 million guilders to lend to WOCs and VDCs.

5. EVALUATION OF THE WOCs

Considering the expectations (assumptions) that the WOCs initially raised, one can say that they have completely failed. All parties concerned had high hopes pinned on the workers' companies. The Turkish government expected them to be vehicles of development for backward regions in Turkey and mechanisms by which foreign exchange could flow into the country. It associated the investment of savings by migrant workers with altruism. It overestimated the potential for return and expected jobs for workers, despite the worsening economic and social conditions.

About one-tenth of the workers altruistically bought shares in workers' companies, but this constituted a very small portion of their shares. They preferred investing in what they considered to be economically more rational, according to the new image they had of themselves in the Turkish society.

The total and partly registered capitalization of all 223 WOCs amounts to 11,115,357 TL and 8,708,417 TL respectively. Of the registered capital, 37 per cent is owned by legal persons. The migrant workers constitute only 43.3 per cent of real individual shareholders. If one assumes that all real persons have acquired equal shares (an assumption which overestimates the migrant workers' share), then the migrants' shares in total capital is reduced to 27 per cent. This portion of the total capital will amount to 322,533 thousand TL at 1978 prices. In U. S. dollars (1978 exchange rate/\$ = 36 TL), this makes 8.9 million U. S. dollars, which is about 0.8 per cent of what the migrant workers remitted in the first half of 1979.⁵⁰⁾ This phenomenon is confirmed by the authoritative study on WOCs called "A Fortune in Small Change".⁵¹⁾

If all investments were directed to relatively backward regions in Turkey, it would stimulate regional development, another hope held by the Turkish government. However, recent studies prove that, although some WOCs have invested in villages or small backward regions, 70 per cent of total WOC investments have been realized in the relatively industrialized and developed regions of Turkey.

It is true that ownership is spread throughout WOCs, but what does this prove in terms of workplace democracy? Since there is clearly a distinction between the employed and the owners who have access to

⁴⁹⁾ R. Renninx et. al., op. cit., p. 116. These one hundred persons made their way back to Germany. The training programmes were conducted by the Union of Employers in Turkey. This upset Turk-İş, which thought that it was not the best way of training workers.

⁵⁰⁾ Figures from MEN, 1979.

⁵¹⁾ R. Penninx and H. V. Renselaar's *A Fortune in Small Change*, op. cit.

the decision-making, not much can be expected in this area. A review of the statutes show that *not* one single WOC has institutionalized *employed workers'* participation beyond their share in capital. In fact, management and control, through the stages that have been described, have slipped away from the hands of the migrant workers and have provided leverage to groups of businessmen or innovative managers who could not mobilize as many resources and receive as much help provided by different national and international organizations were it not for the enterprises' WOC status.

A realistic picture of WOCs must first be drawn if workers' participation and self-management are to be introduced through WOCs, among State Enterprises and Co-operatives. Our analysis of their present structure and conditions reveals that they do not provide a potential for workers' participation. The very acute problem that they face is lack of credit to remedy this; policymakers, as a condition for granting loans, can stipulate that the money lent will be used by employed workers to buy shares and enable them to participate in the decision-making process. This may change the situation to a certain extent. Otherwise, WOCs only serve to maintain the overall dominant traditional system of private enterprise.

FIGURE 16. Distribution of WOCs according to Number of Shareholders

APPENDIX — 7

Number of Shareholders	S. P. O.		REMPLOD		SENEL		GUVEN		M. E. N.	
	Number	%	Number	%	Number	%	Number	%	Number	%
100 and less	8	12.5	8	12.5	23	15.0	9	15.8		
101 — 500	18	28.1	14	21.9	46	30.3	14	24.6	89	39.9
501 — 1000	13	20.3	14	21.9	34	22.4	8	14.0	55	24.7
1001 — 1500	11	17.2	8	12.5	21	13.8	8	14.0		
1501 — 2000	3	4.7	3	4.7	8	5.3	4	7.0	40	17.9
2001 — 2500	3	4.7	2	3.1	5	3.3	—	—		
2500 and more	8	12.5	8	12.5	15	9.9	4	7.0	34	15.3
Unknown	—	—	7	10.9	—	—	10	17.6	5	2.2
Total	64	100.0	64	100.0	152	100.0	57	100.0	223	100.0

Sources: Calculated from S. P. O. *Çok Ortaklı Şirketler*, p. 38.; Penninx et al., *A fortune In Small Change*, p. 138—140; Şenel, *Yurt Dışında Çalışan İşçilerin Kurdukları Şirketler*, p. 23; Güven, *Dış Göç ve İşçi Şirketleri*, p. 81; Ministry of Enterprises, *Anket Sonuçları*, p. 31.

Received: 6. 10. 1980.

Revised: 20. 10. 1980.

THE SECOND INTERNATIONAL CONFERENCE ON THE ECONOMICS OF WORKERS' SELF-MANAGEMENT

(July 16—19, 1980. Boğaziçi University, Istanbul)

At the founding meeting of the International Association for the Economics of Self-Management, held in Dubrovnik in 1978, it was decided that the Second Conference would be held in Istanbul. The Conference was organized by the Vice-President of the Association, Murat Sertel, and his colleagues at Boğaziçi University. The conference was attended by 80 participants from 17 countries. In its three sections, 36 papers were presented. In addition, three Honour Lectures were given by B. Horvat, P. Kleindorfer and K. Bulutoğlu. The financing of the Conference was made possible by funds from the Dutch Institute of Social Studies, the Hague, the West German International Institute of Management, Berlin, a private bank, a foundation and Social-Democrat trade unions in Turkey.

It was decided that the next conference would be held in Mexico City, in September 1982, in collaboration with the International Sociological Association and C. I. C. R. A., Paris. Since the IAFES-Third Conference, the Congress of Sociologists and the Third World Conference on Participation and Workers' Management will be held at the same place and time, the participants will be able to attend a large variety of meetings and meet most of the economists, sociologists and others active in the field.

As the terms of office of several Council members have expired, the following persons were elected as new Council members: Marios Nikolidakos (Greece), Paul Kleindorfer (U.S.A.), Frank Stephen (U.K.), and Ivan Maksimović (Yugoslavia). Santiago Roca was elected Vice-President and in this capacity he will organize the Mexico City Conference. Branko Horvat was elected Founding President of the Association. The nominations for membership by the Council were accepted, and the new list of the Association's members is to be found at the back of the Journal. The Secretariat of the Association was entrusted to the Yugoslav affiliate.

The proceedings of the Conference are described below.

Section 1: THEORY OF THE LABOUR-MANAGED ECONOMY

1. Estrin's paper "The Theory of the Self-Managed Firm Reconsidered", was located directly in the Ward-Vanek tradition. It studies the long-run