

# THE FUNDAMENTAL PROBLEMS OF TURKISH CO-OPERATIVES AND PROPOSALS FOR THEIR SOLUTION (\*)

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The purpose of this study is to put forward the current basic problems of Turkish cooperatives, to examine them in the light of their political dimensions rather than engaging in academic discussions and evaluations, and to develop proposals for their solution. The subject is certainly of great importance for Turkey because, although there are tens of thousands of cooperatives with millions of members is Turkey, they have never been able to achieve the economic and social effect expected of them. In my opinion, the reason for this is the fact that some of the fundamental problems of the Turkish cooperative movement remain unsolved.

Before we begin to examine the basic problems which constitute the main subject of this study, I would like to outline in this introduction some general information relevant to significance of this study, showing the level of development presently reached by cooperatives both in the world and in Turkey.

A cooperative is a combination of the economic strength of individuals to accomplish projects which

## ABSTRACT

The co-operative system in Turkey, despite the high number of co-operatives, has never played an adequate economic and social role with respect to the objectives and the functions expected. Some of the reasons of such failure are: financial problems, low organisational and professional level and constraining legislation.

An element of major importance is that, in some cases, the activity performed by co-operatives goes beyond the objectives and the principles peculiar to a co-operative.

## RÉSUMÉ

*Le système coopératif en Turquie, malgré le grand nombre de coopératives, n'a jamais joué un rôle économique et social adéquat par rapport aux objectifs fixés et aux fonctions attendues. Parmi les raisons d'une telle défaillance il faut citer: les problèmes financiers, le faible niveau organisationnel et professionnel et une législation contraignante.*

*La quote-part de marché des coopératives s'élève autour de 40% pour l'achat d'entrants agricoles, 30% pour la commercialisation, 7% pour les exportations et 10% pour l'industrie de transformation. Un élément de grande importance est que, dans certains cas, l'activité déroulée par les coopératives va au-delà des objectifs et des principes qui caractérisent une coopérative.*

they cannot individually, or in which group action would be more successful, in the best possible manner and at cost price<sup>(1)</sup>.

In this connotation, the spread of the cooperative movement has played and continues to play a very important role in the social and economic development of all countries, ever since the second half of the last century.

Cooperatives may be divided into two major groups: agricultural and non-agricultural.

Agricultural cooperatives carry great importance, especially in countries where small agricultural holdings prevail. Since small agricultural holdings prevail in

Turkish agriculture<sup>(2)</sup>, cooperatives are of vital importance. This is because it is only through cooperatives that certain limitations of small farmers can be eliminated<sup>(3)</sup>.

Cooperatives are widely distributed through all countries of the world. The great developments which have been achieved by cooperatives in the world today may be easily shown by certain statistical data to hand. Although it may not be possible to determine the exact number of cooperatives in the world and the number of members, some of the figures given by the International Cooperative Alliance (ICA) are rather meaningful. The number of primary cooperative members of ICA in 1995 was 675,000, from a total of 96 countries, having a total of 753 million individual members<sup>(4)</sup>.

The development of the cooperative movement in Turkey, on the other hand, has progressed in its own peculiar way.

The history of the cooperative movement in Turkey dates back to 1863, with the beginning of Mithat Pasha's experiment in country credit unions (Memleket Sandyk-lary)<sup>(5)</sup>. The country credit union movement, ended in 1888 when today's Ziraat Bank (Agricultural Bank) was founded in its place. From that date on, until the estab-

(\*) This article is a synthesis of a study made by the author and published under the same name in a book (46 pages) by the Friedrich Ebert Foundation in İstanbul in 1997.

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(1) Z.G. Mülayim, 1995. Kooperatifçilik (Co-operation) (Second Edition), Yetkin Publication, Ankara, p. 15.

(2) The Agricultural Census of 1991 showed that holdings of 50 decares (50,000 sqm) or less (2,659,778) holdings constituted 67% of all agricultural holdings. Holdings of less than 100 decares (holdings 3,372,857) made up 85%.

(3) See: Mülayim, *ibid.*, pp. 173-178.

(4) ICA, Review of International Co-operation, 1995 Vol. 88, No 3, p. 118.

(5) Considering the fact that the first cooperative in the world was in the consumer field and was founded in Rochdale, England on 21 December 1844, it can be seen that the history of the Turkish cooperative movement is quite similar to that of the world cooperative movement.

lishment of the Republic, the Turkish cooperative movement did not show any appreciable development. The cooperative movement, as it is understood today, started in Turkey in the early days of the Republic. The great Turkish leader Mustafa Kemal Atatürk, as in all matters, led the development of the cooperative movement in the country, in terms of both ideology and action. He was constantly involved with the Turkish cooperative movement and on many occasions revealed his views on this subject. He initiated work on the legal procedures necessary for the development of the cooperative movement and even became a member of two cooperatives, one consumer (in 1925) and one agricultural credit (1936), to set an example for his people. In this way, the great leader endeavored to make the state administrators pay serious attention to this matter, as well as creating a positive attitude on the part of the public, and a sense of trust in the cooperatives.

Unfortunately it is not possible to say that Turkey's statesmen following Atatürk attached as much importance or showed the same degree of sensitivity to the cooperative movement as he did.

In fact, especially since 1950, with the increase in importance attached to the private sector, it can be seen that the cooperative movement suffered total neglect for some time.

The inclusion of the cooperative movement in the 1961 Constitution with a special article (Art. 51: "The state shall take measures enabling the development of the cooperative movement") and its incorporation into the subsequent five-year plans, with emphasis on its role in the process of development within the framework of social justice, gave rise to a major increase in the number of various cooperatives<sup>(6)</sup>.

In fact, the number of individual cooperatives in Turkey had risen to 65,000 by 1995 and the total number of members reached 8.6 million.

The increase in the number of cooperatives and their membership in Turkey took place mainly among cooperatives concerned with agricultural credit, agricultural sales, village development, housing and consumption. The actual increase in the number of agricultural credit cooperatives rose from 591 in 1937 to 2518 in 1995, while membership increased from 101,000 to 1,561,209. Agricultural sales cooperatives rose from 15 in 1937 to 414 in 1995 and their membership increased from 19,000 to 694,723.

The number of multi-purpose village development cooperatives, which were started in 1965, was 6,000 in 1975 with agricultural membership of one million; while in 1988, after they were renamed by the Ministry of Agriculture and Rural Affairs "agricultural development cooperatives", their number diminished to 4,454 with membership of 549,583 in 1995.

Housing cooperatives, which began in 1934, increased rapidly after 1950, rising in number to 7,588 in 1973 and

50,320 in 1995. Membership, which totaled 336,000 in 1973 exceeded 2 million in 1995.

The number of consumer cooperatives reached 2,100 in 1995, with a membership of 461,631.

Among the cooperatives showing an increase in numbers during recent years the following may be mentioned: Sugarbeet producers, Irrigation, Tradesman and Guarantee cooperatives. The membership figures for these cooperatives in 1995 were as follows: 1,535,715 in Sugarbeet producers, 148,922 in Irrigation and 1 million in Tradesmen and Guarantee cooperatives.

All these figures show that individual cooperatives in Turkey registered a great increase in numbers. In spite of this, the economic and social objectives expected of the Turkish cooperative movement have not yet been attained.

As we see that, also the market share of the cooperative movement has not reached a considerable level in Turkey. We do not have studies in this regard for non-agricultural cooperatives. For agricultural cooperatives we have some figures such as: The share of the cooperatives is generally under 40% in purchasing of agricultural input<sup>(7)</sup>. Under 30% in marketing and 7% of export sales. The share of cooperatives in the processing of agricultural products is under 10%, and in milk processing only 3%<sup>(8)</sup>.

Another point which must be mentioned concerning the existing cooperatives in Turkey is their level as regards quality. My research shows that the development of the cooperative movement in Turkey has been inadequate in this respect, so much so that many cooperatives cannot even be considered as cooperatives in the true sense. It is not just the name that constitutes cooperative, but rather it is a question of whether or not the principles of cooperatives established by the International Cooperative Alliance are being applied. In the cooperatives of Turkey, some of the principles are being partially applied and some are not even being applied to any degree. In particular the principle of democratic member control of cooperatives is not being applied at all in the agricultural sales cooperatives which are economically very important in Turkey.

In conclusion, if a general evaluation of the development of the Turkish cooperative movements is to be made, my judgment is unfortunately not favorable.

From my studies and investigations over the years, I conclude that the real reason for the failure of the Turkish cooperative movement, in spite of its substantial numerical growth, to play a successful role in the social

<sup>(6)</sup> In contrast to the 1961 Constitution, the cooperative movement was given a cautious place in the 1982 Constitution.

<sup>(7)</sup> G. Özdemir, Z.G. Mülayim, Y.H. Ynan, 1992 "Türk Tarımında Girdi Kullanımında Kooperatiflerin Payı", Kooperatif Dünyası, No. 257, August.

<sup>(8)</sup> G. Karaaslan and Z.G. Mülayim, 1993 "Türkiye'de Tarımsal Ürünlerin Pazarlanmasında Kooperatiflerin Payı", Kooperatif Dünyası, No. 268, July.

and economic development of the country, is the fact that some of the basic problems of the cooperative movement in Turkey still remain unsolved today.

I have determined that these fundamental problems are finance, higher level organizational structure, training and research, legislation and auditing.

In the following parts, each of these problems will be examined separately and various solutions will be put forward for each one.

#### FINANCE

The question of finance is one of the major problems of Turkish cooperatives. This is because the existing cooperatives in Turkey, which number thousands, have difficulty in meeting their financial requirements, whether in terms of net assets or with respect of credit possibilities.

Net assets of cooperatives are seriously inadequate because of the following factors:

- a - low payment commitments of members,
- b - non payment in full of even these low amounts by members, and
- c - the limited nature of the factors encouraging cooperatives to accumulate capital.

Credit possibilities of cooperatives are inadequate because of the following factors:

- a - Cooperatives do not have a special institution to support them with sufficient credit and thus provide their financial needs, and
- b - Cooperatives may not accept deposits using their own financial institutions as intermediaries.

Because of the fact that credits granted to the cooperatives are subject to stringent conditions and follow commercial procedures, in most cases even the insufficient credit allocated to the cooperatives never reaches them. In addition, credits granted to cooperatives are short term, while the interest rates are so high as to endanger their profits.

Because of the investments which they need to make, the cooperatives and their higher level organizations need at least as much if not more capital and credit than the intermediaries, usurers and industrialists with whom they have to compete.

Furthermore, the defective credit system existing in Turkey favors the private sector rather than the cooperatives.

In Turkey today, the banks are making it extremely difficult for cooperatives to obtain credit, whereas they are actually competing with each other to give credit to middlemen, usurers and industrialists who are conducting activities in the name of the private sector. Even the

state owned banks are joining in this competition, giving profitability as an excuse. For this reason, the cooperatives, which in any case fall far short of meeting all the needs of the producers, failed to eliminate the practice of usury, which takes place under several guises.

The first solution to the cooperatives problem of finance that comes to mind is to increase membership shares. But, since cooperative members are generally small scale producers and consumers, even if the legal limit for membership shares were to be raised<sup>(\*)</sup> it should not be expected that such shares would in fact be greatly increased. In my opinion, the question of finance and credit for the cooperatives in Turkey can be solved only by the establishment of a Cooperative Bank. Any other action taken is destined to prove inadequate to solve the problem. While the idea of setting up a cooperative bank in Turkey has been discussed for years, unfortunately no serious steps have been taken towards its realization. Studies and debates on the subject continue to this day. In my view, a cooperative bank established in Turkey must certainly be able to receive deposits. Together with the money to be deposited in the bank by the cooperatives, as well as that of individuals, it should be possible to accumulate deposits totalling trillions of liras. In particular, it would be helpful if the agricultural credit cooperatives, which are spread throughout the country and number more than 2,500, were included in the cooperative bank system, with the bank being based on these cooperatives. In this way the opportunity would be created to receive deposits from all over the country, right down to village level. A cooperative bank, in addition to arranging credit for its member cooperatives and their higher level organizations, may also offer technical services to the cooperatives, as do investment banks.

In addition to low interest loans to be provided by the state, either directly or, preferably, through the cooperative bank, state assistance in the form of donations may also play a role in the financing of investments by cooperatives.

During the years 1970-80, successful experiments took place in the area of investments by village development cooperatives. Therefore it is essential that sufficient funds be allocated from the state budget for this purpose, and that the cooperative bank must be instrumental in the utilization of this fund.

The cooperatives movement in Turkey will achieve managerial independence and be in a position to fulfill the economic duties expected of it only when it has its own independent financial body, that is when it is possession of a Cooperative Bank in which total control rests with democratic cooperatives and their higher level organizations.

#### HIGHER LEVEL ORGANIZATIONAL STRUCTURE

Another major problem of Turkish cooperatives is that

(\*) Just as the maximum partnership share of 30,000 lira established by the Cooperatives Law No. 1163 dated 1969 (article 19) was increased in 1988 to a maximum of 10 million lira, with Law No. 3476. One US Dollar = 225,000 Turkish Liras (Feb. 1998).

of the higher level organizational structure. The fact that our cooperatives have not yet completed their higher level organizational structure, that is, their horizontal and vertical integration, may be identified as an important factor preventing the development of Turkish cooperatives<sup>(10)</sup>.

In order for the cooperative movement to be able to develop in every way, and to be able to solve the problems awaiting solution, as expected of it, the individual cooperatives need a higher organizational structure within a federal system. Only when its higher structure has been completed will the cooperative movement be in a position to compete with large companies, middlemen, industrialist and usurers, and only then will it be able to play a significant role in both foreign trade and the process of industrialization.

The establishment of higher level organizational structure of cooperatives, which started in 1969 with the Cooperative Law no. 1163, is still in the developmental stage in Turkey. Up to now, only various regional and some central unions have been able to be formed.

Central unions of democratic cooperatives such as Köy-Koop (The Central Union of Village Cooperatives/ and Tarko (Central Union of Agricultural Sales Cooperatives) which were set up after 1969, showed major advances, but unfortunately were dissolved following 1980 military coup.

Türk-Koop, the Central Union of Agricultural Credit Cooperatives, which was established in 1977 according to a special law and developed under the control of the state, is the only remaining central union dedicated to agriculture. In the sphere of non-agricultural cooperatives there are three central unions in existence, formed in accordance with Law no. 1163: the Central Union of Tradesmen and Artisans Guarantee Cooperatives and two Central Unions of Housing Cooperatives.

Neither can it be said that the state has carried out its duties in connection with the formation of a higher level organizational structure for cooperatives in Turkey. Not only has the state failed to support the higher level organizations in the required manner, but in most cases it has actually raised obstacles. This is the reason why the higher level organizations have progressed slowly. Unfortunately, the state, especially since the 12 September 1980 coup, has been concerned about the power of the cooperatives higher level organizations. Instead of allowing them to gain more power, the state itself requested the dissolution of the democratic central unions such as Köy-Koop, and Tarko, which had been set up and developed with great effort.

In my view, in order for the cooperative movement in Turkey to be able to develop and keep in line with cooperatives worldwide, to be able to compete with the big middlemen and usurers, to play an effective role in foreign trade and industrialization, and furthermore, to be in a position to be integrated into the cooperative

movement of the European Union, it is necessary that independent and democratic higher level organizations of the cooperatives be established in the near future. The state should give every assistance to the cooperative movement in setting up an effective higher level organizational structure; it should give material help in order to quickly make up for the time lost since 1980. But, at this stage it is apparent that the lost time cannot be made up under the conservative rightist government's policy which favors large holding companies and monopolies. In spite of this, I wish to make it clear that the first step which has been taken is for those Köy-Koop regional unions that are still in existence to set up immediately a new and independent Köy-Koop Central Union in place of the dissolved Köy-Koop Central Union. A certain distance has already been covered in this respect. So, very recently, in 1996, seven Köy-Koop regional unions prepared a new statute for the establishment of a new Central Union and applied to the Ministry of Agriculture and Rural Affairs. But unfortunately no positive reply has yet been obtained.

Also, the Tarko (Agricultural Sales Cooperatives Central Union), which was dissolved after 1980; should be established again. On the other hand, the efforts to establish a Central Union for consumer cooperatives gave good results and the establishment of a Central Union of Consumer Cooperatives was realized in Ankara on October 1994.

The most important step to be taken in the formation of a higher level organizational structure for Turkish cooperatives was to establish a "National Cooperative Union of Turkey", as foreseen in article 77 of Law no. 1163.

In fact, seven cooperative unions and central unions did come together and establish the "National Cooperative Union of Turkey" (Türkiye Milli Kooperatifler Birliği) in Ankara on 30 December 1991.

In my opinion, the National Cooperative Union of Turkey (Türkiye-Koop) which is established in 1991 will make a great contribution to the Turkish cooperative movement in matters such as training, auditing, finance, publications, research and the determination of policy. With the National Union the voice of Turkish cooperatives will reach the public more effectively. Following the formation of a National Union the Turkish cooperative movement will carry out its international relations through this body. The National Union will help those cooperatives without higher level organizational structures to complete these and in every way

<sup>(10)</sup> This was also the conclusion reached in the research document submitted by this author as his professorship thesis on the absence of a federative organizational structure above the level of individual units, in Turkish agricultural cooperatives, as being the main factor inhibiting the transformation into a true movement and the effective development of cooperatives in Turkey. (See: Z.G. Mülayim, 1970 Türkiye'de Tarım Kooperatiflerinin Federatif Örgütlenmesi ve Başlıca Sorunları Üzerine Bir Araştırma (professorship thesis), A.U. Ziraat Fakültesi Publication: 463, Ankara 1970, p. 80).

will provide leadership for Turkish cooperative movement.

As for today, it is accepted that the National Cooperative Union of Turkey is not effective in these regards. But I have no doubt that the National Union (Türkiye-Koop) in the future will be effective in various ways. The National Cooperative Union of Turkey should immediately become a member of the International Cooperative Alliance and thus represent the entire Turkish cooperative movement in the international platform.

#### TRAINING AND RESEARCH

Training about cooperatives is also extremely important for a developing nation such as Turkey, yet such education has never been given the necessary importance. In fact, knowingly or unknowingly, cooperative training has been totally neglected. Leaving aside western countries, even in many Asian and African countries there are cooperative schools offering training in cooperatives, while in Turkey no such school has been opened. In Turkey's various trade schools and faculties, the general topic of cooperatives is either non-existent or covered in a few hours in some departments.

As for widespread education of members and non-members at national level, this is not being undertaken at all. Therefore, the question of cooperative training, one of the most important fundamental problems of Turkish cooperative movement today, is still waiting for a solution.

One of the main steps to be taken in order to solve the problem of cooperative training in Turkey is the opening of cooperative training schools by the state or by the higher level cooperative organizations. These schools must train professional cooperative administrators (managers, accountants, marketing experts, etc.) for the thousands of cooperatives which already exist in Turkey and which are to be formed, as well as for their higher level organizations.

In various trade schools and relevant faculties, courses on cooperatives should be given a special place. In this way, different cooperative administrators must be trained and at the same time people working in various professions in the country and also having some connection with the cooperatives for one reason or another must be taught about the cooperative movement and trained to accept it.

Furthermore, cooperatives should be given extensive time on television and radio as well as in public educational programs, and the principles and practices of cooperatives should be taught on a nationwide scale to everyone, including members of cooperatives, in order that they may learn to accept them. It is most important to make use of television in particular for this purpose. Today television is undoubtedly the most effective widespread educational medium in Turkey. The granting of cooperatives will have a primary role in the

spread of cooperatives and their acceptance in Turkey. In general, classes on the cooperative movement should be included in the curricula of all schools, from primary school to university. Future generations should learn about cooperatives and be taught to accept them.

Education about cooperatives in Turkey should not be expected only from the state; together with the state's educational efforts, the higher level cooperative organizations already in existence and those to be formed should provide cooperative training on a nationwide scale, to both members and non-members. The higher level cooperative organizations must also put into practice training programs (courses, seminars, conferences, etc.) aimed at cooperative elected representatives, managers and employees. These organizations must be given sufficient means to fulfill their training obligations.

The project document titled "Strengthening of National Cooperative Organizations in Turkey and Central Asian Republics Through HRD Under Coopnet" prepared by Hüseyin Polat (ILO Program Coordinator) in May 1994 (Ankara) describes a quite a serious project to be realized in collaboration between ILO and the National Cooperative Union of Turkey. However, until now this very important project has not been put into operation. At this point I would like to mention the importance of research, in connection with training. Cooperative training which is not based on research is destined to remain superficial as well as useless and inconsistent in most cases. Therefore, unbiased research into the Turkish cooperative movement must be undertaken, especially within the framework of the universities. Furthermore, cooperative research institutes should be established, affiliated either to universities or the higher level cooperative organizations (central unions or the National Union). The various problems of Turkish cooperatives and their solutions must be investigated at these institutes in an impartial and scientific manner.

#### LEGISLATION

Another important problem for the Turkish cooperative movement is that of legislation; and the real problem with regard to cooperative laws is democratization.

First of all, I would like to point out that the existing laws governing cooperatives in Turkey today are inadequate, complex and largely undemocratic. This is the reason why in Turkey reference is often made to the democratic cooperative movement. The democratic cooperative movement essentially means the application in full of the principle of democratic control on the part of the cooperatives.

The existing agricultural credit and agricultural sales cooperatives in Turkey, which were founded and are administered in accordance with the two special laws which cover state controlled cooperatives, were far from being democratic. These laws are: Agricultural Credit Cooperatives and their Unions Law) no. 1581,



dated 1972 and law no. 3186, dated 1985, for the agricultural sales cooperatives.

These agricultural credit and agricultural sales cooperatives, which occupy an important place in the economy of the country with a total membership more than 2 million, have in any case been under state control since 1935, in accordance with the special laws.

But this state control was strongly criticized since 1960. The criticism concerning the agricultural credit and agricultural sales cooperatives laws for many years is be-

ginning to give positive results recently. Indeed, with a government decree no. 553 in 1995, very important changes were made in agricultural credit law no. 1581. So, with these changes, agricultural credit cooperatives and their regional unions and Central Union gained democratic structure. Also, to change the state control structure of agricultural sales cooperatives, a draft law was prepared and proposed to the Parliament but has not yet passed the General Assembly. Another special law, no. 1196 dated 1969, was prepared for the tobacco cooperatives: (Tobacco Sales Cooperatives Law), but it was never really put into effect.

On the other hand, in accordance with the 1969 Cooperatives Law no. 1163, all agricultural and non-agricultural cooperatives in Turkey (consumer, housing, village development, irrigation, tradesmen guarantee, etc.) with the exception of agricultural credit and sales, and tobacco cooperatives, have been set up and are operated in a comparatively more independent and democratic manner.

From the point of view of the policy of the Turkish cooperative movement, all these various laws provide for many different types of cooperatives and create great confusion. As a matter of fact, because of the various laws, we can see two different types of cooperatives developing in Turkey, "state controlled" and "democratic".

In my view, all cooperatives should be democratic and there should not be several different cooperative laws as there are today.

Consequently, my proposal is that all the agricultural and non-agricultural cooperatives in Turkey should be set up and run in accordance with a single democratic law. To achieve this the Cooperatives Law no. 1163 should be revised to cover the entire Turkish cooperative movement, taking as its base the contemporary and democratic principles of cooperatives.

At the same time, the new law should provide for a single ministry to provide the cooperatives with all the services that are presently supplied by various ministries

and state establishments under an assortment of laws. In fact, I wish to state here that I see great merit in the possibility of establishing an independent Ministry of Cooperatives for these purposes.

#### AUDITING

Another issue which is closely related to the development of the Turkish cooperative movement is the problem of auditing the cooperatives. As far as I have been able to determine, effective auditing is unfortunately not being carried out in the Turkish cooperative movement, although, effective auditing is the greatest security for the cooperative members.

In order to achieve this, the first priority is for the state to assume its legal duty with respect to the auditing and inspection of cooperatives. In principle, the legal inspection duty has already been assigned to the state by Cooperatives Law no. 1163.

In accordance with the Cooperative Law, the state has, without doubt, the legal right and duty to inspect the cooperatives. But, however, I would like to state clearly here that the state should never interfere with the administration of individual cooperatives and their higher level organizations for the sake of achieving effective legal inspection of them. In my opinion, in Turkey, it will be sufficient to train the elected members of the cooperative auditing boards in order to give them an awareness of self-auditing methods, on the one hand, and on the other hand to provide the ministries concerned, which are empowered by the existing law to carry out inspection on behalf of the state, with an adequate number of inspectors.

It should be kept in mind that having the cooperatives audited by their higher level cooperative organizations and by a Cooperative Bank would be the most effective way to solve the problem of auditing without interfering with democratic structure of the cooperatives.

For this purpose, the establishment of either an auditing committee attached to the National Cooperative Union of Turkey or, as in Germany, cooperative auditing unions, which would provide a more systematic and independent auditing system for primary and the higher level organizations of cooperatives in Turkey, may be—and in my opinion definitely must be—considered.

#### CONCLUSION AND EVALUATION

As a result of this study, we may make the following conclusions and evaluations:



1 - In spite of more than a century of history and experience, the state of development of the Turkish cooperative movement today is mainly numerical; it is inadequate in terms of status and effectiveness. As a whole, the Turkish cooperative movement has failed to fulfill its expected functions in connection with the social and economic development as well as the industrialization and democratization of the country.

2 - The reason for this is that the five fundamental problems of the Turkish cooperative movement, which we have identified as finance, higher level organizational structure, training, legislation and auditing, have not yet been solved.

3 - These fundamental problems, as identified and discussed in this study, are not basically new. Work has been carried out for many years towards the solution of these problems. However, because conservative rightist political power ever since 1950 has favored the private sector based on large capital investment, solutions to these fundamental problems of the cooperative movement have been put off.

4 - In spite of this, it appears that the experience gained over many years and the discussion of these fundamental problems at various meetings held in recent years have finally convinced the people involved in the cooperative movement and a significant group of politicians that these must surely be solved.

5 - However, in spite of some positive steps (e.g. the establishment of the National Cooperative Union of Turkey (1991) and the Central Union of Consumer Cooperatives (1994) and the democratization of agricultural credit cooperatives (1995)), it cannot be said that enough efforts are being made in Turkey towards the

solution of these problems. Especially, it can be seen that the solution of the problems is not being tackled as a complete entity, whereas, the problems of the Turkish cooperative movement are closely interrelated and the policies of the cooperative movement towards their solution must be geared to this.

6 - As a matter of fact, the policies of the cooperative movement for solving its fundamental problems should include the establishment of a cooperative bank, the completion of the higher level organizational structures, the establishment of research and educational institutions for cooperatives, the passing of a single new Cooperative Law which would provide for a democratic cooperative movement.

7 - Having applied in 1987 to the European Union for full membership and entered European Customs Union on 1 January 1996, Turkey must now solve these problems from the point of view of integration and conformity with the EU, where democratic cooperatives predominate.

8 - There is no doubt that, in spite of the multi-faceted nature of the solution to all the fundamental problems of Turkish cooperative movement, this is basically a political matter. This is why it is impossible to deny the connection between the nature of the prevailing rightist political power today and the unresolved state of these problems.

9 - The solution of the fundamental problems of the Turkish cooperative movement cannot and should not be expected from today's political powers that be, which favor the big middleman, users, holding companies and monopolies. On the contrary, the political power of today has a tendency to hinder as much as possible all the positive developments of the cooperative movement in Turkey.

10 - Under these circumstances, in order for the fundamental problems of the Turkish cooperative movement to be solved, the rightist political parties in power must be changed, by elections, and a social democrat political party which favors low income consumers and small producers, as well as a democratic people's cooperative movement, must be returned to power.

11 - Until such time as a political party favouring a democratic cooperative movement comes into power, concerted action must be taken by the labor unions, which make up the largest section of low income consumers, together with the social democrat political parties (such as Republican People's Party (CHP) and Democratic Left Party (DSP) favouring a democratic people's cooperative movement, the local authorities, and the existing democratic higher level organizations of cooperatives.

12 - As a general conclusion, I wish to state that the five fundamental problems (finance, higher level organizational structure, training and research, legislation and auditing) examined in this study should be solved with-

out delay, along the lines proposed here; and thus the Turkish cooperative movement should undertake the duties expected of it in respect of the struggle against the system of intermediaries and users, in both domestic and foreign sales and purchases and industrialization, as well as in the entire social and economic development and democratization of the country; it must assume its rightful and important place as the third sector, alongside the public and private sectors in Turkey. ●

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