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**CHAMBERS OF COMMERCE AND INDUSTRY IN THE POLITICAL  
PROCESS IN TURKEY AND THE UNITED KINGDOM WITH  
SPECIAL REFERENCE TO ECONOMIC POLICY: 1960-1970**

**VOLUME II**

**Kemali Saybağlı**

**Ph.D. Thesis,  
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## SECTION TWO: PRESSURE GROUP ACTIVITIES

In this second section of the thesis, the pressure group activities of the organisations will be the focus of attention. Hence, it is the public-good aspect of the activities that will be the main consideration.

The ABCC seeks to act as a pressure group under any Government. Or, it may be dependent for its existence on the more viable local chambers. The case of the Union is somewhat different. Because of the nature of the services it provides, it is liable to government pressure. At times, when it is working with a Government sympathetic to its views it may be very effective as a pressure group. At other times, when a Social Democrat Government is in power, there are two options open to the Union. It can either choose to give in or remain hostile to the Government. In any case, industrial and commercial representation will tend to be in the background. For the first alternative will mean it will have to carry out Government policies rather than influence them. The second alternative on the other hand will in effect decrease the dialogue with the Government to almost nothing.

Chapter Five will concentrate on the role of the two chambers of commerce movements in the political process, with some emphasis on the

mechanisms of contact. In Chapter Six the activities of the organisations in the field of economic policy will be traced. The focus of attention will be regional economic policy in the British case and national economic policy in the Turkish case.

## CHAPTER FIVE: THE POLITICAL PROCESS AND THE CHAMBERS OF COMMERCE AND INDUSTRY

### A. General

The main object of this chapter is to study the pressure group activities of the ABCC and the Union. The main questions are: How do the organisations stand with respect to the major political parties and the Governments? What are the main contact mechanisms utilised in industrial and commercial representation? What are the priorities of the ABCC and the Union in the field of economic policy? Is their main concern with national or regional economic policy issues or a combination of both with differences of emphasis? How do their policy positions relate to the politico-economic environment and to the composition of the organisations.

Historically, the British Chamber of Commerce movement developed during a period of liberal economic policy. Originally there were no organised pressure group activities. Its members saw the ABCC as their London agent rather than as a peak organisation. However, increasing government intervention created the need for a stronger ABCC. Moreover, as the politico-economic environment changed from informal to institutionalised and

formal patterns of interaction, the ABCC as a pressure group substituted formal contacts instead of the informal methods of liaison with the main parts of the political system.

Chambers in Turkey were originally created as a further arm of the bureaucracy. During the one-party period of 1923-50, there was a fusion of the party and the state. Within this context, it was only natural for the members to work through their contacts with the parties. But with the advent of the multi-party system, there arose a need to change the basic mode of contact. As Governments changed, particularly following the 1960 coup d'etat, problems arose for businessmen when the party sympathetic with businessmen was left in opposition. Thus, a trend started at least in some circles of the chamber of commerce and industry movement towards a 'neutral' or a 'non-party-political' approach.

In addition to the political-environment factors, the internal composition and politics of the ABCC and the Union also tend to affect the outlook of the organisations to economic policy issues. The ABCC, as a weak federation of local and regional chambers of commerce, tends to be regionally oriented. The strong unitary organisation of the Union, in contrast, enables this body to concentrate its efforts on central

economic policy issues. The following part of this chapter will be devoted to the discussion, illustration and the elaboration of these latter points.

#### B. Organisations Concerned

Obviously, the membership of an organisation affects its political behaviour, its objectives and how it tries to achieve them. How the membership is organised by the organisation also affects its behaviour. This is illustrated by the cases of the ABCC and the Union.

##### 1. The ABCC

The ABCC is composed of chambers of commerce, which are in turn made up of industrial and commercial firms in their areas. Thus, the ABCC is a federation organised on a geographical basis. A chamber of commerce which wants to affiliate to the ABCC must be an incorporated organisation. Incorporation is granted by the DTI to those chambers of commerce whose "membership is truly representative of the industry and commerce of the district".<sup>1</sup>

The fact that the ABCC wishes to preserve its basic characteristic, which makes it an organisation of local bodies widely representative

<sup>1</sup> ABCC, The Chambers of Commerce Manual, (London: 1958) p. 1



of firms in their areas is illustrated by the arrangement it had with the FBI. According to this arrangement, it was considered logical to link "geographical groups of mixed industries" to a large chamber or the ABCC, while "groups by industry" were viewed to be more suitable for attachment to the FBI. Moreover, the General Purposes Committee of the ABCC unanimously agreed to support a similar arrangement with the CBI. <sup>2</sup>

The predominantly local and regional orientation of the chambers of commerce comes up in every discussion concerning the fundamental organisation and the basic principles pertaining to the functioning of the ABCC. One such occasion was the discussions at the Annual General Meeting of the ABCC in 1965 on the future of the chamber of commerce movement in view of the merger of the main national business organisations in what is now known as the CBI.

The main questions were: (1) how to increase the influence of the chamber of commerce movement, and (2) what to do in response to the emergence of the CBI as a competing pressure group. The only suggestion which envisaged a stronger ABCC came

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<sup>2</sup> ABCC General Purposes Committee Minutes, 4 August 1965.

from the London Chamber. This Chamber recommended the strengthening of the movement: "...our executive should have the power, the authority and the wisdom to make immediate pronouncement in a situation which demands an immediate voice." <sup>3</sup>

Other participants did not share this view. The Bolton Chamber maintained that the ABCC's loss of influence was a result of the emergence of competing pressure groups over the last sixty years. Furthermore, the Bolton Chamber advocated regionalisation with the following justification: "...it is apparent that many decisions which in the past were taken in London will in the future be taken in the provinces." <sup>4</sup> The Luton Chamber related "the great strength" of the chamber of commerce movement to the local organisations as "an assembly of industrialists, bankers and professional men" who are interested in local affairs. Thus, according to this Chamber "It would be foolish of [the chambers] to try to push for a situation in which [the ABCC] had the same voice [with the CBI] in Government negotiations and decisions." <sup>5</sup>

The Wolverhampton Chamber drew attention to

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<sup>3</sup> ABCC, One Hundred and Fifth Annual General Meeting, 16th June 1965, p. 3.

<sup>4</sup> Ibid. p. 4.

<sup>5</sup> Ibid. p. 7

the nature of the chamber of commerce organisation and stressed differences of opinion amongst the chambers: "...we have to be careful what we say, otherwise there will be twenty Chambers of Commerce saying, 'We don't agree with what you said'." <sup>6</sup>

The Huddersfield Chamber emphasised the advantages of the regional framework: "...to have hundreds of Chambers discussing a national problem is not the right way to deal with it." <sup>7</sup>

The Doncaster Chamber rejected a strong ABCC and stressed the importance of the regional organisation as a source of strength. <sup>8</sup> The Glasgow Chamber also emphasised the significance of "local affiliations" of the Chamber as a basis for membership recruitment and said that many of their members are members of the CBI at the same time and if they join the Glasgow Chamber it is because of its local connexions. <sup>9</sup> The Sheffield Chamber too shared a similar view placing the emphasis on the "autonomy and the individuality of the separate Chambers". <sup>10</sup> The Birmingham Chamber argued on similar lines as follows: "...We are not an over centralised monolithic body, we are essentially an organisation geared to the interests

<sup>6</sup> Ibid., p. 10.

<sup>7</sup> Ibid., p. 12.

<sup>8</sup> Ibid., p. 15.

<sup>9</sup> Ibid., p. 15.

<sup>10</sup> Ibid., p. 17.

of local communities and to the regions which we serve and, consequently, I believe that this is where we first of all have to build our strength".<sup>11</sup> The main argument of the Dundee Chamber was that local activities of the chambers were a source of strength.<sup>12</sup> The Belfast Chamber shared similar views but in a regional context.<sup>13</sup>

The Annual General Meeting finally decided to ask the regions to comment on the "role of chambers of commerce in a changing economy".<sup>14</sup> The Regions unanimously agreed that "The success of the movement depends primarily upon the impact that Chambers make locally." Seven Regions suggested that at the national level "The ABCC should not be in competition with but complementary to the [CBI] and remain completely independent." Three Regions recommended a liaison between the ABCC and the CBI "when necessary and on matters of national importance." Moreover, there was unanimous agreement between the Regions on the functions of the ABCC: "Its functions should be geared to positive and direct support of the activities of

<sup>11</sup> Ibid., p. 20.

<sup>12</sup> Ibid., p. 21.

<sup>13</sup> Ibid., p. 23.

<sup>14</sup> ABCC, The Role of Chambers of Commerce in the Changing Economy: Summary of Regional Views, 25 October 1965, p. 1.

the Chamber of Commerce movement." 15

The administrative structure of the ABCC also reflects the geographical basis of the organisation. Both the Council and its successor from 1964, the Assembly of Presidents, have been composed of the delegates of virtually every affiliated chamber. 16 The 1964 reorganisation, which originated in response to the merger envisaged at that time between the main national business organisations, was in a sense a step towards regionalisation, in that the General Purposes Committee was "re-formed on the general basis of the regional pattern" then used by the Government and some other national organisations. 17 The implementation of the Urwick-Orr proposals, in line with the prevailing tendencies of the chamber of commerce movement at that time, carried the regionalisation a step further by merging the Assembly of Presidents and the General Purposes Committee in a regionally composed governing body, the National Council. Finally, the recent reorganisation reemphasized the regional element within the administrative structure of the ABCC by re-instituting a General Purposes Committee

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15 Ibid., p. 2.

16 The Chambers of Commerce Manual, op. cit., p. 22.

17 ABCC, The Future Organisation of the ABCC; Report of the GPC Working Party, G.40-64, p. 2.

based on the Regional Chambers.

The general approach of the ABCC as a pressure group, in turn, is affected by the decentralising effect of its local and regional constituents in membership. Thus, the ABCC is generally more interested in regional policy issues in comparison to national economic policy matters.

The decision of the ABCC not to seek representation in the NEDC should be evaluated with this background in mind. The ABCC had participated in the National Production Advisory Council on Industry (NPACI) since 1952 with one nominee. It was one of the four national business organisations represented. <sup>18</sup> Originally, membership of the NPACI was accepted by the ABCC in view of the fact that "the role of the [NPACI] was to advise Ministers on industrial conditions and general production questions other than wages and conditions of employment." <sup>19</sup>

However, the ABCC was not represented on the NEDC. Instead, the ABCC agreed with the FBI, British Employers Confederation (BEC), National Association of British Manufacturers (NABM) and the independent businessmen members of the NEDC that there should be a formal link between the organisations and the management members of the NEDC including attendance

<sup>18</sup> ABCC Council Minutes, 7 May 1958 .

<sup>19</sup> ABCC Executive Council Minutes, 5 November 1952.

by ABCC representatives also. The arrangement involved meetings of the representatives of the organisations concerned with the independent members of the NEDC. Each organisation was to be entitled to representation by at most four persons in this NEDC Liaison Group. The agreement envisaged meetings "preferably between the NED Council meetings". <sup>20</sup>

When the Labour Party took office in October 1964, they changed the status of the NEDC. The Department of Economic Affairs, set up on 15th October 1964, took over economic planning functions from the NEDC. Although the basic composition of the NEDC was not changed <sup>21</sup> there was a possibility that the ABCC might be able to secure representation. Both the General Purposes Committee and the Assembly of Presidents of the ABCC discussed the issue. The question as put by the ABCC was: "Should the ABCC seek to be represented on the newly formed NEDC?" The members of the General Purposes Committee, with the exception of the North Midlands regional representative, replied negatively. Thus, they accepted the "position as it stood." Justifications

<sup>20</sup> ABCC General Purposes Committee Minutes, 7 November 1962.

<sup>21</sup> Richard Bailey, Managing the British Economy, (London: Hutchinson and Co (Publishers) Ltd., 1968), pp. 23-36.

given for this decision were: (1) it would be inconsistent for the chambers of commerce, which do not traditionally take part in employer-employee relations, to seek representation on a body that will be concerned with incomes policy; and (2) it would be more advantageous for the chamber of commerce movement to stay out and remain "free to commend or condemn". According to the minutes, the second consideration constituted the "over-riding reason". However, another consideration seemed to be the unlikelihood of getting the request accepted. Hence, "it would be quite unwise to make a request for representation which would almost certainly be refused." <sup>22</sup>

The last line of reasoning gives the impression that other considerations may have been a rationalisation of a fait accompli. Moreover, the same Assembly of Presidents which decided against seeking representation at the NEDC, two weeks later, on 16th December 1964 authorised the President to sign the Joint Statement of Intent on Productivity, Prices and Incomes. <sup>23</sup> Nevertheless, had the ABCC, like the CBI, really been interested in national policy issues, they would have at least attempted to secure representation at the NEDC.

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<sup>22</sup> ABCC General Purposes Committee Minutes, 2 December 1964.

<sup>23</sup> ABCC Assembly of Presidents Minutes, 16 December 1964.



Thus, the ABCC's behaviour can still be related to the decentralising influence of the regional and geographical nature of its organisation. The effect of local and regional influences on the ABCC has been illustrated in the account of reorganisation activities in Chapter Four. The question that remains is how the decentralising factors operate at the national level in terms of the ABCC's activities.

Since the ABCC is a weak federation of autonomous chambers and groups of chambers, the organisation has very little knowledge of the individual views of the chambers' members. The ABCC can get in touch with its individual and company membership **only** indirectly and to the extent that chambers permit. When the speed and the quality of information is vital in any effective representation, this puts the ABCC in a disadvantageous position vis-a-vis the Government.

The ABCC started a survey in 1962 among the import-export merchants in relation to a request of the Government for co-operation in obtaining information on economic trends. The Board of Trade was interested in finding out the current conditions and the possible future developments in import-export markets. The idea was to issue a questionnaire three times a year to import export merchants and

produce the results for the use of the Government. It was thought of as a regular survey "...complementary to that undertaken amongst industrialists by the FBI" and "would present a more complete picture to both Government and industry and commerce." <sup>24</sup>

The Birmingham, Bradford, Glasgow, Liverpool, London and Manchester Chambers agreed to cooperate. The first survey was carried out in March 1962. Only 283 out of 1100 firms replied to the first questionnaire. The resulting disappointment at the ABCC led to the suggestion that the procedure should be re-examined for "perhaps the Chambers themselves were not sufficiently involved." <sup>25</sup>

The response to the second questionnaire in August 1962 was better: 443 firms replied. However, the number of respondents fell to 298 by the third survey in December 1962, to 227 by August 1968 and to 175 by December 1970. In percentage terms, whereas the sample of respondents accounted for 8% of exporters and 3.7% of the importers in terms of the proportion of their turnover in the total UK trade in 1962, <sup>26</sup> these figures had decreased to 2.5% and 1%, respectively, by November 1970. <sup>27</sup> By way

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<sup>24</sup> ABCC General Purposes Committee Minutes, 1 February 1961.

<sup>25</sup> ABCC General Purposes Committee Minutes, 7 March 1962.

<sup>26</sup> ABCC Merchanting Trends File, 1966.

<sup>27</sup> ABCC Directors Report No.27, (G.155-70: 29 December 1970)

of comparison, the total number of respondents in the CBI's Industrial Trends Survey was 1380 in October 1966 and 1300 in October 1970. <sup>28</sup>

Publicity is another sphere where the constituent parts of the ABCC do not support the organisation. In 1970, the National Council discussed the possibility of making use of the Universal News Service for ABCC press releases. The cost of subscribing to the UNS was an annual fee of £25 and a further £20 for each time the service was used. It was agreed that the ABCC should try to use the service. <sup>29</sup> However, after the ABCC got in touch with the UNS for their services the President consulted the Honorary Treasurer who thought that the ABCC could not afford the cost, "...and it was apparent that Regions were not prepared to assist". So the UNS's tender was not accepted. <sup>30</sup>

It appears that there is not only an unwillingness to spend money but also a general opposition on the part of the chambers to a strong ABCC. The deficit of the ABCC grew at the beginning of 1970's. A working party appointed to find means of meeting the ABCC's financial needs suggested that income of the ABCC should be provided in the

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<sup>28</sup> CBI Industrial Trends Surveys, No.s 27 and 39.

<sup>29</sup> ABCC National Council Minutes, 7 October 1970.

<sup>30</sup> ABCC National Council Minutes, 2 December 1970.

following proportions: 2/3 from the chambers and 1/3 direct from national companies. <sup>31</sup> The National Council accepted the recommendations. <sup>32</sup> On 13th August 1971, a note was sent to all chambers asking them "...to suggest one or perhaps two names of firms who might be approached. So far-six weeks later-only 24 Chambers had replied; eleven had not suggested any names at all." Upon the suggestion of the National Council, the London Chamber undertook to approach some of the big firms in London. <sup>33</sup> Yet the ABCC had only six direct subscribers by December 1972. The National Council decided that the scheme should be abandoned, the subscribers should be informed and thanked for their support. <sup>34</sup>

Recently, in order to strengthen the ABCC's governmental contacts, chambers were called upon to help with information on their contact with Ministers. <sup>35</sup> The members of the National Council generally agreed that "the main public relations effort" in industrial and commercial representation

<sup>31</sup> ABCC, Report of the Working Party on Chamber of Commerce Subscription Income, G.19-71: 22 February 1971.

<sup>32</sup> ABCC National Council Minutes, 7 April 1971.

<sup>33</sup> ABCC National Council Minutes, 6 October 1971.

<sup>34</sup> ABCC National Council Minutes, 6 December 1972.

<sup>35</sup> ABCC, Birmingham/London Proposals: Implementation Working Party-Outline Work Programme; 1974-1975, G.108-75, p. 2.

"should be mounted by the Chambers, but the President should be encouraged by Chambers to make national statements in a Regional setting." <sup>36</sup>

## 2. The Union

The Union is in a different position. It does not need the mandate of its constituents to the extent the ABCC does. The Union has a legal right to a share of the local chambers' and exchanges' revenue. The powers and authority of its ruling body have legal status. Thus, it is not voluntary contributions but fees which the Union collects from its membership; and it is not authority but consent that the Union seeks from them.

The Law governing the establishment and functioning of the Union contains certain provisions according to which the organisation acquires the potential of becoming a quasi-governmental entity. Article 62 of Law 5590 enumerates the principal duties which are to be discharged by the Union. In this context, one is impressed by the emphasis placed upon the duties that may be assigned by the Government. According to this Article, the Union has the responsibility "to perform any other duties to be assigned under the present Law and to act in an advisory capacity on economic affairs

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<sup>36</sup> ABCC National Council Minutes, 6 March 1974.

as may be requested by the Commissions of the Turkish National Assembly or Ministries" and "to perform such other functions as may be assigned by the Ministry of Economy and Commerce."

Two of the more important functions performed by the Union upon assignment by the Government have been (1) the allocation of the private sector's share of the import quotas to the member chambers and thus to the industrial firms and importers, and (2) the registration and control of the prices of goods imported. These two functions are significant not only because of the quasi-governmental nature of the powers delegated but also because the Union raises substantial sums of revenue in the course of discharging these duties.

A consequence of the Union's being responsible for discharging such quasi-governmental functions is that the national political leadership has an interest in intervening in the affairs of the Union. This tendency may also be encouraged by the weakness of the Union vis-a-vis the Government. Thus, Law No.7060 enacted on 6 January 1958 gave the Government authority to postpone the elections of the governing organs of the Union up to a year. The Government of the day immediately used its

power. It is significant that this intervention took place at the same time that the Union was delegated quasi-governmental powers.

Two years later, after the 1960 coup d'etat which ousted the Democratic Party Government from power, Law No.2 passed on 14 June 1960 abolished all the organs of the chambers and exchanges in Turkey. The fact that Law No.1 abolished the Constitution and dissolved the National Assembly should give an idea about the place of the Union in politics at that time. Thus, the new Government did not see any difference between the Democratic Party, against which the coup was accomplished and the governing bodies of the Union and the local chambers and exchanges. In fact, according to one delegate, about 70% of the delegates to the Union's General Assembly which was held on 23rd May 1960, four days before the coup d'etat, were members of the Democratic Party. This meant that partisans of the Democratic Party were elected to the Union's Board of Directors. Moreover, the same General Assembly had declared not only its support for but its attachment to Mr. Adnan Menderes, the Prime Minister of the Democratic Party Governments of the 1950-60 period. <sup>37</sup> That such behaviour

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<sup>37</sup> Interview, Tarsus, 7 January 1974.

explains why the organs of the Union were abolished following the 1960 coup d'etat is confirmed by a former Secretary General of the Union. 38

Difficulties also arise from the composition of the Union's membership. Four different types of local chambers and exchanges constitute the membership of the Union. There were seven chambers of industry, 114 chambers of commerce and industry, 39 chambers of commerce and 52 commodity exchanges in the membership of the Union on June 1973. Chambers of industry had 55, chambers of commerce and industry 438, chambers of commerce 166 and commodity exchanges had 282 delegates at the 1973 General Assembly of the Union. Thus, chambers of commerce and industry had 47% of the representatives. Together with chambers of commerce, they had 64% of the votes. The commodity exchanges had 30% and chambers of industry 6%. 39

In addition to the functional differentiation and therefore friction among the different sectors of the Union's membership, this unbalanced nature of representation is a further cause of unrest on the part of the chambers of industry. The complaint

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38 Interview, İstanbul, 2 January 1974.

39 Eskişehir Sanayi Odası (Eskişehir Chamber of Industry), Haftalık Haber Bülteni (Weekly News Bulletin), Eskişehir: 11 June 1973.



is that the Union is controlled by commercial and retail interests.

The subscriptions of firms and companies to local chambers and exchanges are based on the size of their capital, which is therefore reflected in the incomes of the organisations concerned. In 1966 for instance, average revenue per member was 2,240TL (£75) in the case of chambers of industry. Comparative figures were 258TL (£8) for chambers of commerce and industry and 140TL (£4) for chambers of commerce and 1,010TL (£33) for commodity exchanges. <sup>40</sup>

Underrepresented in terms of their importance, the chambers of industry find the need for a separate organisation. Moreover, even the larger chambers of commerce, chambers of commerce and industry and commodity exchanges prefer to approach the Government Departments directly instead of establishing contacts through the Union. However, medium and smaller chambers and exchanges generally work through the channels of the Union. <sup>41</sup> A former President of the Union confirmed this generalisation by referring to the relatively worse off position

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<sup>40</sup> A Reorganisation Study (An Unpublished Mimeographed Report, Checci and Co.: February 1967, Washington DC) p. 16.

<sup>41</sup> Interview, Ankara, 23 January 1974.

of the small chambers and exchanges in Anatolia in their dealings with the Government in contrast to the larger chambers and exchanges which may have membership and experience to maintain working channels of communication and influence with the Government. Thus, he suggested that one function of the Union is to protect the smaller against the larger members. <sup>42</sup>

The Union therefore finds it difficult to represent industrial and commercial opinion satisfactorily at the national level owing to the heterogenous nature of the composition of its membership on the one hand and the influence of the smaller chambers and exchanges in its organisation on the other hand. The problem is further complicated by the influence of the Government control in the Union's affairs.

#### C. Contacts With Parties

At first glance, the ABCC and the Union each appear to be working particularly through the party which has a more conservative outlook to economic policy matters. Their contacts, however, are not related only to the parties with which they have similar economic tendencies. Essentially, they take care to have friendly relations with the Government of the day as well as with the

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<sup>42</sup> Interview, Istanbul, 27 December 1973.

potential alternative to the Government.

However, this last statement needs a qualification. In the case of the Union, the political party in power has a considerable degree of influence on the elections of the General Assembly. This usually means that there is a strong representation of the ruling party at the Union's Board of Directors, a fact which is resented by many member chambers and the businessmen.

1. The ABCC

ABCC's relations with the Government started with informal personal contacts. Until 1964, when the ABCC was reorganised in response to the efforts on the part of the other national business organisations to unite in a single representative body, the ABCC conducted its contacts through its Honorary Officers. The posts of Honorary Secretary, Honorary Vice Presidents and Honorary Members of the Council constituted the basic channels of communication with the Government or opposition. Individuals who accepted to serve in an honorary capacity secured and maintained the political contacts.

However, a General Purposes Committee Working Party appointed within the context of the 1964 reorganisation advocated that the honorary posts should be discontinued. It pointed out that

Honorary Vice Presidents were Chairmen of the ABCC Committees. Thus it would be possible for the Assembly of Presidents to invite them to the meetings of the Assembly without designating every Chairman of the ABCC Committee an Honorary Vice President. But the real reason for its proposal seemed to be to obtain neutrality which the ABCC wished to establish towards the political parties in its pressure group activities. This motive was very clear in relation to the suggestion about the post of Honorary Secretary: "...the present system is not in keeping with the Association's claim to be a non-party-political organisation." <sup>43</sup>

The significance of the proposed change should be interpreted in the light of the following facts indicating the association of the Honorary Officers with the Conservative Party. In 1960, the Honorary Secretary of the ABCC, Mr. James Ramsden, MP, had been appointed Private Secretary to the Home Secretary. He resigned and Mr. Airey-Neave, Conservative Member of Parliament, who was a former Parliamentary Under Secretary of State, Air Ministry, and a Vice Chairman of the Conservative Party Atomic Sub-Committee at that time replaced him. <sup>44</sup> Two years later, in 1962, the ABCC lost

<sup>43</sup> ABCC, The Future Organisation of the ABCC: Report of the GPC Working Party, G.40-64, p. 2.

<sup>44</sup> ABCC General Purposes Committee Minutes, 1 August 1962.

an Honorary Member of Council, Mr. David Price, MP, when he was appointed Parliamentary Secretary to the Board of Trade. <sup>45</sup>

Nevertheless, the change did not mean that the ABCC would discontinue its political contacts. On the contrary, "contacts with Members of Parliament...would be widened by liaising with members of the House of Lords and the Chairmen and members of the House of Commons back bench Committees" in order to advance the views of the chamber of commerce movement in "Parliamentary circles". <sup>46</sup>

The recommendations of the Working Party were unanimously accepted by the General Purposes Committee <sup>47</sup> and later by the Council. <sup>48</sup> The changes can be interpreted as follows. In the first place, the nature of the ABCC's political contacts were being transformed from an informal to a formal mode of interaction. Secondly, the main points of contact with the political leadership were to be through the Members of Parliament rather

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<sup>45</sup> ABCC Council Minutes, 1 August 1962.

<sup>46</sup> Future Organisation of the ABCC, op.cit., p. 2.

<sup>47</sup> ABCC General Purposes Committee Minutes, 4 March 1962.

<sup>48</sup> ABCC Council Minutes, 8 April 1964.

than through the Executive, which may at least in part explain the relatively ineffective position of the ABCC as a pressure group.

The ABCC still does not have regular contacts with the Government Departments. The current reorganisation initially led to some optimism in this respect, "Our influence with the Civil Servants is already increasing. We have now arranged with Peter Carey (DTI) to have regular discussions on broad lines of DTI/ABCC cooperation and these talks can always be used to provide extensions of our contacts at the same level inside other departments".<sup>49</sup> However, one Director said that the frequency of the ABCC's government contacts depend on the particular subjects that come up and to the ad hoc arrangements.<sup>50</sup> Another Director mentioned "quarterly or so" meetings with the DTI and the Treasury but added that it is "sometimes affected by changes of Government organisation and people in Whitehall".<sup>51</sup>

As to the contacts of the ABCC with Members of Parliament, it was not until 1967 and the

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<sup>49</sup> ABCC, Birmingham/London Proposals: Implementation Working Party Outline Work Programme, op.cit. p. 2.

<sup>50</sup> Interview, London, 21 June 1974.

<sup>51</sup> Interview, London, 20 June 1974.

following years that the ABCC started to enjoy sufficient direct contacts. Nevertheless, according to a report of the ABCC President: "...Opposition Members of Parliament had been using some of the briefs supplied by the Association through the Conservative Research Centre" before 1967. From the point of view of the ABCC, improvement in this respect was obtained by an agreement with a Conservative MP, Mr. John Osborn, enabling appropriate ABCC experts to meet Opposition Shadow Ministers and other Conservative MP's to brief them on views held by industry and commerce. "The frequency of such meetings would depend on the Parliamentary Programme and on the strength of the views held by industry and commerce on various pieces of opposed legislation which would affect them." <sup>52</sup>

The agreement was later carried one step further after a meeting of the ABCC Secretary with Mr. Iain Macleod and Mr. Michael Shaw, "leading two Opposition Spokesman". According to the General Purposes Committee Minutes of 4th December 1968, after a general discussion of such issues as the current economic situation,

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<sup>52</sup> ABCC General Purposes Committee Minutes, 5 July 1967.

individual and corporate tax, regional policies and future prospects, it "had been apparent that leaders of the Opposition held similar views to the Association on a number of matters." Consequently, the agreement has been to arrange periodic meetings to discuss the particular subjects in more detail. The product of the arrangement in principle is that the ABCC should "liaise with the Conservative Research Department and with the Conservative Central Office for the technical aspect of the matter." 53

Obviously, the ABCC found the liaison with the Conservative Party useful as a technique for representing chamber of commerce views. A meeting and discussions with the leader of the Opposition, Mr. Edward Heath, and one of his colleagues, Mr. Iain Macleod, was reported to the National Council as "very useful". The favourable agreement was an acknowledgement by the politicians concerned that "Chambers of Commerce would be consulted by them whether in opposition or in office", provided that they did a good job. 54

After the Conservative Party came to power

53 ABCC General Purposes Committee Minutes, 4 December 1968.

54 ABCC National Council Minutes, 6 August 1969.



in 1970, the Prime Minister confirmed the previous agreement and informed the President of the ABCC that he had asked the Chancellor of the Exchequer to consult the ABCC on taxation policy.<sup>55</sup> This statement was in reply to a letter of the ABCC's President congratulating Mr. Edward Heath on becoming Prime Minister. The letter read as follows: "You will remember that a few months ago you and Mr. Macleod, and other leading Conservative members, had discussions with us about taxation policy and, as we all agreed at that time, these meetings were most helpful and useful." The communication continued with an assurance on the part of the ABCC of its willingness "to cooperate with your Government on this and indeed on any other matters affecting industry and commerce."<sup>56</sup>

One possible interpretation of the above correspondence is that it is a routine exchange of letters between a Prime Minister and a pressure group. The ABCC probably wrote to Labour Prime Ministers upon their entering office. However, there is no report of the exchanges to the governing body of the ABCC. Moreover, the ABCC

<sup>55</sup> ABCC National Council Minutes, 1 July 1970.

<sup>56</sup> ABCC Directors Report No.22, G.62-70, 23 June 1970.

admitted a lack of dialogue with the Labour MP's again in relation to the Finance Bill. The usual pattern of ABCC activities in an attempt to influence the Government taxation policy was as follows: "...the more technical amendments to the Bill were discussed in the first instance with the Board of Inland Revenue, because obviously they were more likely to be accepted if it was possible to convince officials that they were desirable. However, copies of the amendments were also made available to the Conservative MP's. Attempts in the past to work with the Labour Party back-benchers had not proved very successful." 57

Nevertheless, it should also be pointed out that the ABCC did not completely abandon its "non-party-political" approach. Thus, the ABCC President recognised the "importance of public relations with the Government, the Opposition and the civil service" and suggested to the National Council in August 1970 that he should give a private dinner party for "leading members of the Opposition", in which chamber of commerce representatives would

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57 ABCC Assembly of Presidents Minutes, 1 May 1968.

also take part. The National Council agreed to the suggestion.<sup>58</sup> This dinner was not exceptional. For the ABCC President reported in January 1972 that he was giving "a small dinner party for Mr. and Mrs. Harold Wilson." Moreover, according to the same source, dinners has been given in the past for Mr. Michael Noble, Mr. John Davies and Sir Anthony Part.<sup>59</sup>

While the ABCC has formally adopted a "non-party-political approach" in the political process, at the informal level the President and Officers of the ABCC have actually worked with the Conservative MP's and the Party during the period covered by this research. The main reason, of course, is the similarity of the chamber of commerce views with the Conservative outlook on economic policy matters. This feature of its industrial and commercial representation accounts at least in part for the ineffectiveness of the ABCC as a pressure group, where neutrality towards political parties is the ideal form of contacts.

## 2. The Union

Whereas chambers of commerce in Turkey developed

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<sup>58</sup> ABCC National Council Minutes, 5 August 1970.

<sup>59</sup> ABCC National Council Minutes, 5 January 1970.

during the one-party period when there was no distinction between the party and the state, the Union was instituted and grew in significance under the rule of the Democratic Party during the multi-party system. Thus, partly due to the chamber of commerce tradition of contacts with the party and in part as a consequence of the patronage system of the Democratic Party, the chamber of commerce movement identified itself with it. Of course, the friendly attitude of the Democratic Party towards business interests was another contributing factor. As one founder member of the Union and a leading figure of first the Democratic later the Justice Party put it, the Prime Minister of the Democratic Party Governments, Mr. Adnan Menderes "did not appoint his Cabinet without consulting the Union of Chambers."<sup>60</sup>

It is not a mere coincidence, however, that the chambers of commerce should get along well with first the Democratic Party of the 1950-60 period and later the Justice Party which initially built on the support commanded by the former. One member of the chamber of commerce movement frankly pointed out that one should not expect the businessmen

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<sup>60</sup> Interview, İzmir, 22 December 1975.

to support the Republican Peoples Party; and according to the same source, in about 90% of the cities it is the party lists which run for the elections of the chamber of commerce offices. This type of political struggle takes place in small and medium cities rather than in the big cities such as Istanbul, Izmir and to some extent Ankara. In the latter members of the chambers are not directly involved in politics. <sup>61</sup> This suggests that it is natural for the businessmen to be in close association with one of the parties in the political process, whichever may hold views similar with those of industry and commerce. A further implication is that local partnership will be reflected in the national arena, in the General Assembly of the Union.

One exception was the General Assembly of the Union which convened under the provisions of Law No.2 of the 1960 junta to elect new members to the Board of Directors. Since the Democratic Party and its supporters were in trouble, members of the Republican Peoples Party went to Ankara and elected the officers of the Union winning all the seats. Elections were next held in 1963. This

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<sup>61</sup> Interview, Tarsus, 7 January 1974.

time, every party had a fair chance, but the Justice Party secured the majority. <sup>62</sup>

The first formal and more or less regular contacts with the Government by the Union as a pressure group representing business interests began in 1962. According to the former Secretary General of the Union at that time (1961-66), in addition to its contacts with the Government the Union was careful to maintain good relations with every major party represented at the National Assembly. The President and the Secretary General of the Union undertook responsibility for the contacts. Moreover, the same source maintained that, political intervention "was at its minimum until the end of 1965 and even May 1966... Since the country was ruled by coalition Governments, the Union had some independence." The Governments were not in a position to order the Union; at most, they could request. Following the victory of the Justice Party in October 1965, the situation changed. <sup>63</sup>

The relevant point about political intervention is the claim that the Government in power screens

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<sup>62</sup> Ibid.

<sup>63</sup> Interview, Ankara, 23 January 1974.

the elections at the General Assembly of the Union so as to impose its list of candidates for the Board of Directors. This allegation is somewhat controversial, but a substantial majority of past and present leading figures of the chamber of commerce movement as well as some of the staff of the Union told me in confidence that it was practiced. It is impossible to provide substantial evidence to verify the largely informal mechanism of government intervention in the elections of the Union except by the use of the 'reputational method', the only one feasible in the circumstances.

A former delegate of the Union's General Assembly and an industrialist who has served in the Union as a member of the Board of Directors for one term explained the process to me in an interview: "The Union is completely subject to political intervention. The political party in power controls the elections of the Union and gets its nominees elected." The details of the process are as follows: The ruling political party appoints one of its Deputies (an MP) at the time of the elections of the Union to administer the process. He screens the candidates, prepares the final list of candidates and submits it to the

Chairman of his party for approval. In the end, persons acceptable to the Chairman get elected to the Board of Directors of the Union. "It is impossible to prove this process conclusively, but as someone who has been elected, held office and served to the movement; and as a person who has lived through all this, I would say this is my experience." <sup>64</sup> Another former member of the Board of Directors, a Deputy President, later the President of the Union confirmed the fact of political intervention. <sup>65</sup> So did a former Secretary General: "Members of the Board of Directors would always be partisans of political parties." <sup>66</sup> The following is a typical but an extremely outspoken criticism from a Chamber of Industry in contrast to the more or less vague allegations that one normally encounters: "This year, the list of candidates which is said to be prepared by the Justice Party has won the elections for the membership of the Board of Directors of the Union. The only exception was the candidate in the ninth place on the party list." <sup>67</sup>

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<sup>64</sup> Interview, İstanbul, 31 December 1973.

<sup>65</sup> Interview, İstanbul, 28 December 1973.

<sup>66</sup> Interview, İstanbul, 2 January 1974.

<sup>67</sup> Eskişehir Sanayi Odası (Eskişehir Chamber of Industry), Haftalık Haber Bülteni (Weekly News Bulletin), 31 May 1971.



The quasi-governmental functions which the Union performs on behalf of the Government provide much of the incentive for the governing party to influence the outcome of the elections in the Union. A senior member of staff of the Union said, "Any political party which is in power ensures that it gets its candidates elected" to the offices of the Union. The example he gave was what is normally called the Erbakan Phenomenon. <sup>68</sup>

Prof. Necmettin Erbakan was a senior member of staff at the Union. He became Secretary General in 1966 and a member of the Board of Directors in 1968. In 1969, he was ready to run in the elections for the Board of Directors independently with his own list. However, the Justice Party Government under the leadership of Mr. Süleyman Demirel decreed the postponement of the elections of the Union as the Government has authority to do. The Government's justification for the postponement was that the General Assembly of the International Chamber of Commerce was to meet in Istanbul in June, following the elections of the Union by one month. The Government wanted to give a chance to the 1968-69 Board of Directors, who had made the necessary

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<sup>68</sup> Interview, Ankara, 23 January 1974.

preparations for the particular meeting of the International Chamber of Commerce the opportunity to carry out their programme. 69

The Erbakan group disregarded the Decree of the Council of Ministers and went ahead with the elections. The Erbakan group won the seats of the Board of Directors. Prof. Erbakan explained his experience as follows: When Mr. Demirel realised that my list was going to win the elections, he sent his men to change my mind and even resorted to threats. The General Assembly of the Union did not recognise the Government's Decree, challenged it and elected the Board of Directors. 70

The new Board of Directors took the office and started to work at the organisation. In response, the Government withdrew from the Union its quota allocation authority. 71 The Erbakan group was later forced out of office by police action. 72 Elections took place in January of 1970 and the affairs of the Union returned to the normal course again. 73

Thus, the chamber of commerce movement in

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69 Interview, Istanbul, 27 December 1973.

70 Necdet Onur, Erbakan Dosyası (The Erbakan Dossier), (M Yayınları (M Publications): Istanbul, 1974) p.74.

71 Interview, Tarsus, 7 January 1974.

72 The Erbakan Dossier, op.cit., p.71.

73 Interview, Istanbul, 21 December 1973.

Turkey has traditionally been closely associated with the governing party. With the exception of a few years following 1960, the Union has been connected with the Justice Party, the political party with a business oriented approach to economic policy issues. Therefore, the Union is much more closely associated with one party than the ABCC.

#### D. Contacts With Government

##### 1. The ABCC

The ABCC signed the Joint Statement of Intent on Productivity, Prices and Incomes in 1964. However, they have later been only indirectly represented in the National Economic Development Council through the NESDC Liaison Committee. This process has enabled the ABCC to discuss economic policy issues with the management members of the NESDC and seek to adopt a common approach for the NESDC meetings, which suggests that the ABCC has indirectly contributed to the process of national economic planning. In contrast to indirect participation in national economic planning process, the ABCC has been directly involved in Regional Economic Planning Councils. This has essentially been through nomination of businessmen to these Councils from the chamber of commerce movement.

Another focal point of ABCC activity is the preparation of the budget letter, a traditional and more or less routinised function of the organisation. Every year, before the Budget, the ABCC draws up a list of recommendations on the forthcoming Budget in consultation with the member chambers. The ABCC then sends the consolidated views of the chamber of commerce movement to the Chancellor of the Exchequer. Afterwards the ABCC representatives discuss the relevant issues with the senior civil servants of the Board of Inland Revenue.

Inflation was the main theme of the ABCC's 1974 Budget Letter. The ABCC related inflation basically to high rates of public spending "financed by means of a growth of money supply (however measured) which had lost all relation to the rate of growth in productivity". The ABCC suggested that central and local government expenditure should not be in excess of tax revenue, or that any deficit should be financed by open market borrowing without increasing the money supply. <sup>74</sup>

The Department of Trade and Industry and

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<sup>74</sup> ABCC, 114th Annual Report, p. 11.

Customs and Excise are other Ministries with which the ABCC has frequent contacts. The DTI is ABCC's "sponsoring Department". In one of their regular meetings in 1973, among other things, the ABCC's reorganisation was discussed with the DTI. A Deputy Secretary of the DTI "referred to the help which Chambers could give in sustaining the momentum of entry into Europe." It was within this context that the Foreign and Commonwealth Office had seconded one of its officers, Mr. John Heath, to the ABCC "on a specific project, to explore the possibility for improved liaison between the UOTB [British Overseas Trade Board] and Chambers." 75

A report of the ABCC's President in 1966 gave an idea of the degree and extent of the ABCC's overall activities regarding industrial and commercial representation. There had been about 64 panel and committee meetings during 1967 and about 50 memoranda have been prepared as a result of the meetings. "There had been almost 200 meetings held with senior civil servants, and something like 20 formal meetings

75 ABCC, Summary of a Meeting held at the Department of Trade and Industry, G.125-73, 24 October 1973.

with Ministers, with perhaps as many informal meetings." 76

## 2. The Union

According to a senior officer of the Union, the organisation has continuous day-to-day contacts with the Ministries in the form of either meetings or correspondence. The scope of these contacts are so wide as to cover almost every Ministry, and also some of the Government Agencies such as the State Planning Organisation and the State Institute of Statistics. 77 The relations of the Union with the Government Departments are essentially of a routine nature. However, depending on the political party in Government the nature of the Union's contacts tend to change.

The Union had formal and more or less periodic meetings with the Ministries and civil servants between April 1962 and November 1968. Issues discussed at these meetings have varied from the import export system to EEC membership and economic planning. In view of the Union's claim that of the 53 of their requests in 16 such meetings the

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76 ABCC Assembly of Presidents Minutes, 7 February 1968.

77 Interview, Ankara, 23 January 1974.

Government has fulfilled 26, <sup>78</sup> the arrangement must have been of great value for the organisation. However, as from 20th November 1968, the meetings were discontinued, until the next and also the last one held with the new Government after the 12th March 1971 memorandum, on November 1972. The fact that the Union's role in this meeting was negligible is an indication of how the coalition Governments of that period identified the Union with the Justice Party Government deposed by the Military.

The coalition Government formed following the military intervention also withdrew the quota allocation authority of the Union. Moreover, since, June 1971, the Government does not consult the Union during the preparation of the import quotas. The Union is also excluded from the consultation in the industrial field. As one official of the Union put it, "the Government does not even find the need to consult the Union, once it takes the views of the chambers on a particular issue." <sup>79</sup>

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<sup>78</sup> TTO, SO ve TB Birliđi (Union of CC, CI and CET), 20 Kasım 1968 Tarihli Toplantıda İlgili Bakanlara Takdim Olunan Özel Sektörü İlgilendiren Başlıca Konular Hakkında Rapor (A Report on Principal Subjects of Interest for the Private Sector Submitted to the Relevant Ministers in the Meeting on 20th November 1968), (Ankara: 1968) pp.5-9.

<sup>79</sup> Interview, Ankara, 18 January 1974.

Why did the meetings not start until mid-1962 and why were they discontinued after 1968? Their start in 1962 was related to the beginning of planned economic development in that year.

As to why the meetings were discontinued, the two sets of reasons given are vague. Some respondents refer to the attitude of the Government or the Union. A former President of the Union gave two reasons: (1) the attitude of the political party in government, and (2) the inefficiency of the Union's Presidents. In the course of the interview, he elaborated some of these points. "During the last fifteen years, I had contacts with various Ministers and Prime Ministers. They listened to me because I am not a member of any political party" was one of his points. His other criteria for effective industrial and commercial representation was taking to the Government sound and objective views backed by extensive research. <sup>80</sup>

According to another former President of the Union, who held office more recently, the meetings were discontinued because of the "limited time which has been available to such activities on the part of the Government after the 1969 elections

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<sup>80</sup> Interview, Istanbul, 28 December 1973.



owing to the internal problems and difficulties faced by the country together with certain frictions within the Union." <sup>81</sup> A similar explanation is to relate the phenomenon to the inefficiency of the Union on the one hand and to the social problems and repercussions that the Government had to face on the other. <sup>82</sup>

When one takes into consideration the place of the Union in Turkish politics, the following explanation is most satisfactory. Before the 1960 coup d'état there was no friction between the Government and the Union. Members of the Board of Directors were partisans of the administration. Thus, the Union was influential due to its identification with the Government. However, when this balance was upset in 1960 in favour of objective, functionally differentiated criteria in the relations of the Government with industry and commerce, the businessmen attempted to establish a dialogue with the Government through these meetings. After 1968, there was no reason for these meetings. The Justice Party reinstated the patronage system. In fact, after 1965 not only

<sup>81</sup> Interview, Istanbul, 28 December 1973.

<sup>82</sup> Interview, Istanbul, 31 December 1973.

the members of the Board of Directors but also the personnel of the Union started to be involved in politics and were recruited from among the partisans of the Justice Party. 83

This explanation was given by the Secretary General who held office until a few weeks before the 1960 coup d'etat and became Minister of Commerce in August of the same year. The Secretary General who was in charge during the 1961-66 period also thought that the meetings with the Government were discontinued because there was no reason to ask the opinions of a group which had the same views with that of the governing political party, implying the fusion of the Union and the Justice Party. 84

There is evidence to confirm this explanation. Mr. Süleyman Demirel, Prime Minister and leader of the Justice Party, visited the Union towards the end of 1970. Among other things, the Union asked him to revive the joint Government-Private Sector meetings. In his speech, he replied as follows: These meetings had acquired a formal nature. As businessmen, you were under pressure

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83 Interview, İstanbul, 2 January 1974.

84 Interview, Ankara, 23 January 1974.

not to offend the senior civil servants because you were afraid they would create difficulties for you in your dealings with the Government Departments. So let us revive these meetings but with the condition that they shall not be formal in nature. "If there is anything that you would hesitate to discuss in a formal meeting, you can raise it in a meeting such as this. We would see to it that solutions can be found. Our job is to help people who are in trouble." <sup>85</sup>

In the October 1973 elections the Justice Party came second to the Republican Peoples Party led by Mr. Süleyman Demirel. Since the Republican Peoples Party had not won the elections by an overall majority, they had to form a coalition Government. The partner of the Government turned out to be the National Salvation Party led by Prof. Necmettin Erbakan, former Secretary General, member of the Board of Directors and for a short time President of the Union. His official post in Mr. Süleyman Demirel's Government was the Deputy

<sup>85</sup> TTK, SG ve TB Birliği (Union of CC, CI and CBP), 18/11/1970 Tarihinde Birliğimizi Ziyaret Eden Başbakan Sayın Demirel'in Konuşması (The Speech of the Prime Minister Mr. Demirel who visited the Union on 18/11/1970) (Ankara: 1970), p. 10.

Premiership.

Approximately six weeks before the 1974 General Assembly of the Union, the Republican Peoples Party invited its members to unite for the purpose of saving the Union from "the hegemony of a notorious group," thus alluding to the partisans of the Justice Party.<sup>86</sup> The Republican Peoples Party had good reason for its suggestion. The former Secretary General of the Union had been elected to the National Assembly from the Justice Party list. (Later, he was to be the Minister of Finance in a four-party, right-wing coalition led by Mr. S. Demirel.) A few days before the 1974 General Assembly of the Union, some delegates claimed that in spite of the previous General Assembly's decision to the contrary and particularly after the 1973 elections, a considerable number of politicians and their close associates were recruited to senior offices in the Union. Most of these people were former Justice Party Deputies.<sup>87</sup>

Prof. Necmettin Erbakan, the Deputy Prime Minister, was invited to the General Assembly. But many of the delegates showed their dislike

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<sup>86</sup> Cumhuriyet (The Republic), 16 April 1974.

<sup>87</sup> Cumhuriyet (The Republic), 28 May 1974.

of his presence in an uncourteous manner. A prominent daily newspaper, Cumhuriyet (the Republic), in its leader the following day, wrote as follows: Apart from any other consideration such as courtesy and the need of the businessmen for a working dialogue with a democratically elected Social Democrat Government, "the fact that the General Assembly of the Union should turn out to be a platform for demonstration of solidarity for the Justice Party must without doubt disturb some businessmen and business circles."<sup>88</sup>

The reaction of the Government to these developments was to review its relations with the Union. Within this context, it was reported that the Ministry of Commerce was to withdraw authority from the Union to control and register the prices of imports, the only quasi-governmental function that the Union was left with after authority for quota allocation had recently been taken back from the Union, and an important source of revenue as well as influence. The Government cited two grounds for its action: (1) a reorganisation of the import system so as to secure a more effective

<sup>88</sup> Cumhuriyet (The Republic), 31 May 1974

control of inflation, and (2) delegation of authority to the State Economic Enterprises to import goods directly in order to avoid the scarcity prevailing in the market. <sup>89</sup>

First the Cyprus crisis and later the Government crisis which led to the dissolution of the Republican Peoples Party and the National Salvation Party partnership, prevented the planned change of policy from materialising. But, as from 1st November 1974, the authority to print the daily newspaper, The Commercial Registrar, a source of income and prestige for the Union, was withdrawn <sup>90</sup> from the Union. It was estimated that the Commercial Registrar would contribute 500,000TL (£16,666) from its profits to the Union's 1973-74 Budget. The overall 1973-74 income and expenditure account of the newspaper was estimated to be 6,750,000TL (£225,000). <sup>91</sup>

Since the Union does not adopt a neutral approach but tends to work under the patronage

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<sup>89</sup> Cumhuriyet(The Republic), 3 June 1974.

<sup>90</sup> Türkiye İktisat Gazetesi(Turkish Economic Gazette), 31 October 1974.

<sup>91</sup> TFO, SO ve TB Birliği(Union of CC, CI and CET), Faaliyet Raporu-Mali Rapor(Activity Report-Financial Report), (Ankara: 1973), pp. 93,99.

system of a particular party, its influence is reduced to a bare minimum when there is an adverse change of government. Nonetheless, there remain some activities like the relations with the Ministries, the State Planning Organisation and the State Institute of Statistics, based on routine exchange of information.

#### E. Summary

To sum up, a very complex set of variables are involved in pressure group politics. In an attempt to single out some of the more significant variables, one has to consider two factors: (1) the politico-economic environment, and (2) the nature of the organisations taking part in industrial and commercial representation.

As the British political system became more and more institutionalised, formalised, the ABCC had to adopt to the change. Formal and institutionalised contacts with the Conservative Research Department and the Conservative Central Office replaced the informal relations of the organisation with politician friends.

The effects of the change in Turkish politics from a one-party to a multi-party system were not seriously felt within the chamber of commerce

movement until the coup of 1960 took place. The Union then had to adopt a neutral approach towards the political parties. However, when the Justice Party gained power and restored its patronage system, the Union followed the new path until the balance of power was again shaken by the 1971 military intervention. But believing that this was a temporary situation, the Union stuck to its traditional mechanisms of contact and was thus alienated from the political scene.

Within the context of this spoils system, chambers of industry and some of the larger chambers of commerce could manage to portray a neutral image towards the political system. Hence, the Government by-passed the Union and worked with these individual chambers. If the majority of the chambers of commerce and the Union represent the traditional element in Turkish politics, the chambers of industry reflect the results of industrialisation and modernisation.

As to the contact mechanisms of the ABCC and the Union, both of the organisations tend to establish and maintain their political contacts in association with the political party of similar background and tendencies. Then, one may expect that when such a party or parties are in power



the organisation may enjoy a more favourable cooperation and consequently influence.

However, this does not necessarily mean that the business organisations investigated have contacts only with the business oriented political bodies. On the contrary, the available evidence shows that there is a regular, continuous and more or less routinised contact with the Government and its agencies whichever party may be in power. But the nature of the Union's government contacts is subject to fluctuations depending on the political party in government as well as on the relations of the Union with that political party. A further relevant point is the attempt on the part of the organisations, or at least of some sections, to have at least a minimum degree of contacts with the party or parties of opposed tendencies likely to come to power.

The ABCC as a weak, decentralised federation of local and regional chambers had to place more emphasis on regional policy in comparison to national economic policy. In the main, this was related to the centrifugal effects of the dominating local and regional elements. Thus, the ABCC is a 'post office' for the chambers of commerce.

The Union was not limited either in its authority

or finances. Thus, it was as strong organisationally as the ABCC was weak. However, it had other problems. The heterogenous nature of its membership due to sectional frictions was one source of difficulty. Its involvement in party politics was still another disadvantage

CHAPTER SIX: THE ECONOMIC PROCESS AND THE CHAMBERS  
OF COMMERCE AND INDUSTRY

A. General

The subjects of this chapter are the representations made by the ABCC and the Union in the field of economic policy, particularly economic planning. In the main, the ABCC has predominantly been interested in regional rather than national economic policy. The Union's priority has been the reverse. However, both of the organisations have been involved in national and regional planning. The difference is a matter of degree.

1. National Economic Planning

a) The ABCC

National economic planning was a principal consideration of the ABCC in its Annual General Meeting and Conference in 1960. The ABCC believed "that a prime requirement for maintaining national prosperity is to keep inflation at bay" and recognised "that increases in income unrelated to increases in production, lead directly to inflation." Thus, members of the chamber of commerce movement who took part in the Conference agreed to recommend

to the Government to set up a national council for incomes to make suggestions "as to the course incomes of all kinds should follow." The Conference envisaged a national council representing employers, trade unions, consumers, nationalised industries and the Government itself. <sup>1</sup>

During the following years, the main channel of communication of the ABCC with respect to national economic planning was the Liaison Group, later the NEBC Liaison Committee. In 1967, the Committee discussed two papers on planning and agreed that "the approach of the TUC which involved sanctions and of the Little Neddies which depended on industrial enquiries in depth were both unacceptable." The Committee "saw a case for indicative planning, but nevertheless recognised that even with that there would inevitably be a drift toward dirigism." <sup>2</sup>

The issues discussed at the Liaison Group or the NEBC Liaison Committee during the period covered by this research have varied considerably. The main themes of discussion have been incomes policy, inflation, growth and the level of govern-

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<sup>1</sup> ABCC Executive Council Minutes, 1 June 1960.

<sup>2</sup> ABCC General Purposes Committee Minutes, 2 August 1967.

ment spending. The basic line of argument in ABCC on these issues has been for economic growth without inflation by controlling production costs, particularly wages, in order to increase industrial productivity. At certain times and on particular issues, this line of thought has been qualified so as to include reduction in government expenditure and the control of consumption demand to avoid inflationary tendencies.

b) The Union

Whereas economic planning has meant stable economic growth by means of incomes policy for the ABCC, it has been synonymous with economic development for the Union. The envisaged path of development was industrialisation to be accompanied by increased agricultural production. An incomes policy did not have any significant place in this context. As there were no competing national organisations until very recently, the Union's role in economic planning has been more direct both with the Council of Ministers in joint Government-Private Sector Meetings and more informally with the relevant Ministers and the State Planning Organisation.

In principle, the Turkish Development Plans

have been indicative for the private sector but imperative for the State Economic Enterprises. However, the operation of this principle has not been considered to be satisfactory by the Union. Thus, the Union maintained in 1962 that the principle should be stated more explicitly; and it should be explained thoroughly that the Turkish planning is different from that of the totalitarian countries. <sup>3</sup> The Union suggested the formation of a council on economic planning essentially of a similar composition as the one advocated by the ABCC in 1960 for the purpose of consultation. The proposal aimed at creating a technical body composed of the representatives of businessmen, workers and social scientists. <sup>4</sup>

The measures to promote industrialisation have been conceived of by the Union as those Government policies that would encourage the private sector to invest more. These included the maintenance of political stability and security, creation of funds for investment through

<sup>3</sup> TTO, SO ve TB Birliđi (Union of CC, CI and CET), Kalkınma Planı Hakkında Özel Sektörün Görüş ve Dilekleri (The Views and Suggestions of the Private Sector on the Economic Development Plan), (Ankara: 1962), p. v.

<sup>4</sup> Ibid., p. 4.

foreign capital and foreign loans, selective credit and tax policies in order to channel investments to the desired ends, subsidies, cash grants and provision of cheap industrial land, raw materials, energy and credit. <sup>5</sup>

## 2. Regional Economic Policy

### a) The ABCC

The ABCC's attitude on regional policy has been mainly influenced by two opposing tendencies, namely, concern with the negative effects of the Industrial Development Certificate (IDC) controls in the relatively prosperous regions such as the South East and the West Midlands and concern for the needs and aspirations of the development districts such as Scotland. The ABCC's compromise in the early sixties was a distinction between new and established industry: "It was right that efforts should be made to channel new industry to development districts. Extensions to existing plant were another matter." The suggestion was therefore that the established industries should not be subject to IDC controls but new industries should

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<sup>5</sup> TFO, SO ve TB Birliđi (Union of CC, CI and CET), Beş Yıllık Kalkınma Planının Uygulanması ve Hazırlanacak 1965 Yılı Programı Hakkında Özel Sektörün Görüş ve Teklifleri (The Views and Suggestions of the Private Sector on the Implementation of the Five Year Development Plan and for the Preparation of the 1965 Annual Programme), (Ankara: 1964).

be encouraged to move to development areas.<sup>6</sup>

During the late sixties, the regional employment premium, that is, the government subsidy of manufacturing industries located in the development areas through the machinery of the Selective Employment Tax (SET), gave rise to similar conflicts of interest between development and non-development areas. Representatives of the non-development areas were afraid that subsidisation of manufacturing industry in the development areas would negatively affect the competitive position of the manufacturing industry in the prosperous regions.<sup>7</sup>

It is this competition and divergence amongst the members of the ABCC on regional policy that accounts for the main conclusion reached at the 1968 Annual Conference of the organisation. The Conference suggested a more selective approach to regional problems. The main principles of the approach advocated were: (1) concentration on "growth points" instead of development and non-development areas, (2) more government expenditure on infrastructure, and (3) at least a relaxation of IDC controls, for "it had little effect in

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<sup>6</sup> ABCC Home Affairs Committee Minutes, 7 November 1962.

<sup>7</sup> ABCC, Proposed Regional Employment Premium, HA.78-67: 20 April 1967.



getting new industry into areas of high unemployment. The negative effects of IDC, have however been considerable." <sup>8</sup>

b) The Union

While regional economic policy was of primary significance for the ABCC it took second place in the representational activities of the Union. Moreover, since there has not been any attempt in Turkey to restrict economic expansion in certain areas and encourage it in others, as a method of dealing with regional imbalance, the Union did not have the problems the ABCC had arising from regional competition:

The approach of the Union to regional policy has been to advocate infrastructure investment for all regions. There have also been specific proposals to cope with the particular problems of various regions. Measures to encourage mining and animal husbandry in Eastern Anatolia, food processing industry in Mediterranean and Aegean Regions, soil products and animal husbandry in Central Anatolia were some of these. Other proposed measures have included partial or full

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<sup>8</sup> ABCC Annual Conference, June 1968, Industrial Development Policy, MA.120-68 3 July 1968.

exemption from taxes on investments in the less developed regions, provision of cheap raw materials, credits and the like.

## B. Representations With Respect to National Economic Planning

### 1. The ABCC

#### a) Direct Representations

At the initial stages of the national economic development process, the ABCC enjoyed frequent direct contacts with the Government. Thus, towards the end of 1961, the Chancellor of the Exchequer invited the representatives of the four employer organisations, that is the ABCC, the FBI, the BEC and the NABM, to consult them on the formation of a National Economic Development Council. As envisaged by the Chancellor, the Council would consist of members drawn from the trade unions, the management side of the private and nationalised industries and some additional members. It would also include a few Ministers in addition to the Chancellor who was to be the Chairman of the Council. The Council "would be serviced by an 'Office', the director of which would be appointed from outside the civil service, although he would be under the aegis of the Government, and the

members of which would be drawn from the civil service, both sides of industry, the commercial world and elsewhere." The Office would have the initiative to act on its own without instructions from the Council. <sup>9</sup>

The Chancellor had consulted the TUC on this matter. He had asked for the views of the employer organisations and arranged a further meeting with them for this purpose. The President of the ABCC reported the meeting to the General Purposes Committee and asked if they would delegate him power to support the Chancellor's proposals. The Committee unanimously supported the President. <sup>10</sup>

The second meeting of the representatives of the four employer organisations with the Chancellor of the Exchequer and other Ministers to discuss the formation of the NEBC took place in two months time. The employer organisations had reached an agreement among themselves before meeting the Chancellor and decided to recommend the following points. The Council should include the representatives of the employer organisations, trade unions and independent experts under the Chairmanship of the Chancellor. The NEBC should

<sup>9</sup> ABCC General Purposes Committee Minutes, 4 October 1961

<sup>10</sup> Ibid.

be staffed by personnel drawn from the civil service, industry and universities and should be controlled by an entirely independent director. <sup>11</sup>

The following direct contacts of the ABCC with the Government relate to prices and incomes policy. In the meeting with Mr.G.Brown, the First Secretary of State and Minister for Economic Affairs, other Ministers and representatives of the employer organisations, on 26 October 1964, the ABCC discussed the need for an incomes policy. However, none of the employer representatives found the draft statement of intent on productivity, prices and incomes acceptable. Then a short statement of purpose prepared by the employer organisations and the officials of the Minister gave some positive grounds for incomes policy. Thus, it was decided that a further meeting should be held where the employer organisations were to give an indication to the degree to which they were going to give their support to the Government. The employer organisations decided that they were ready to consult their governing bodies "once it was known that the TUC had no strong objections... and later...meet the Ministers." <sup>12</sup> This

<sup>11</sup> ABCC Executive Council Minutes, 1 November 1961.

<sup>12</sup> ABCC General Purposes Committee Minutes, 2 December 1964.

consultation was accomplished and the ABCC, together with the other trade associations and the TUC, signed the Joint Statement of Intent on Productivity, Prices and Incomes on 16th December 1964. <sup>13</sup>

The ABCC was later asked for its comments on the prices and incomes standstill of 1966. The General Purposes Committee of the ABCC decided to issue the following statement: "The ABCC regrets it that the Government have considered it necessary to use their compulsory powers under Part IV of the Act and views with apprehension any widespread use of powers or their retention beyond the period of the temporary period." <sup>14</sup>

According to the minutes of the ABCC, one of the few direct contacts of the organisation with the old NEBC was a meeting of the Deputy President and the Secretary of the ABCC with the Director General of the NEBC. At this meeting, the main points of discussion were "the mechanics of the establishment of the industrial committees", "a preliminary report on the progress of the economy" and a briefing on the current work of the NEB Office. <sup>15</sup> The last recorded direct

<sup>13</sup> Samuel Brittan, Steering the Economy, (Penguin Books; 1971), pp. 226-27.

<sup>14</sup> ABCC General Purposes Committee Minutes, 5 October 1966.

<sup>15</sup> ABCC Council Minutes, 6 November 1963.

contact of the ABCC with the NED Office was a meeting with the Industrial Director of the NED Office about closer contact between the ABCC and the NEDO. However, there was no further reference to this meeting, which took place in November 1963, in the minutes of the ABCC. <sup>16</sup>

In spite of its involvement in the formation of the NEDC, the ABCC was not directly represented on the Council. NPACI had been a direct channel of communications between the Government and the ABCC from 1952, until it was dissolved towards the end of January 1965. But NPACI was not as active as NEDC in terms of providing advice to the Government. Minute books of the ABCC contain only eight references to the NPACI between 1960 and 1965.

In the early sixties, the members of the NPACI agreed that "full employment, maximum exports and the containment of inflation" were important factors of the long term economic policy. <sup>17</sup> Next year, the NPACI discussed regional reports presented to the meeting. The Chancellor had appeared to agree with the TUC

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<sup>16</sup> ABCC General Purposes Committee Minutes, 6 November 1963

<sup>17</sup> ABCC Council Minutes, 1 March 1961.

suggestion that "the economy might be better assisted by directing investment to certain regions rather than to certain industries." <sup>18</sup>

In the mean time a meeting about the NPACI took place among the representatives of the employer organisations. The meeting was devoted to deciding the future of the NPACI in the light of the formation of the NEDC. The representatives of the employer organisations decided that the "NPACI should not conflict with the duties of the NEDC" and "meetings might be less frequent than once a quarter." <sup>19</sup> The third meeting of the NPACI discussed "the question of distribution of industry and the future of the Council." <sup>20</sup>

In the fourth meeting of the NPACI, the Chancellor "had re-emphasised that the UK must increase its exports. HM Government would support general reductions in tariffs through GATT negotiating machinery and were prepared to explore where possible trading links with EFTA, the Commonwealth and the USA." <sup>21</sup> The sixth meeting of the NPACI was on regional development policy where the Government White Papers on the subject

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<sup>18</sup> ABCC Council Minutes, 7 February 1962.

<sup>19</sup> ABCC General Purposes Committee Minutes, 7 March 1962.

<sup>20</sup> ABCC Council Minutes, 1 August 1962.

<sup>21</sup> ABCC General Purposes Committee Minutes, 6 February 1963.

matter were explained to the meeting. According to the exposition, the objects of the Government were:

- 1) to have a more even spread of economic activity;
- 2) to maintain the individual characteristic of the regions involved;
- 3) to improve the quality of life for the country as a whole."

The employer representatives welcomed the Government policy and the TUC representatives were largely in agreement. <sup>22</sup> The sixth meeting of the NPACI discussed reports from all Regional Boards. <sup>23</sup> The final meeting decided to dissolve the Council. <sup>24</sup>

b) Liaison with the NEDC

The NEDC Liaison Group was founded by the employer organisations to formulate a common policy and to represent it at the NEDC on behalf of business and commerce. The Group met at the beginning of 1963 to discuss "the vital question of a national incomes policy." Members of the NEDC Liaison Group thought that "the Unions would ultimately come to accept some sort of incomes policy but this would probably involve an increased share

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<sup>22</sup> ABCC Council Minutes, 5 February 1964.

<sup>23</sup> ABCC Council Minutes, 6 May 1964.

<sup>24</sup> ABCC General Purposes Committee Minutes, 3 February 1965.



of profits for labour-this might involve doing something about big spectacular capital gains." The second question was what should the "appropriate mechanism" be for getting information from industry for the purpose of planning and should this involve the Trade Unions? It was finally agreed that neither the employer nor the labour organisations were "adapted for getting information from industry for the purpose of planning in the future." <sup>25</sup>

The method of consultation in planning was the next issue taken up in the NEDC Liaison Group in May 1963. The Group agreed that the French system of consultation was not applicable to the UK. The NEDC should extend its consultations with the trade associations. On problems common to all industries such as manpower, investment, redundancy and balance of payments, it should use the NEDC Liaison Group "as it was representative of national employers and trade organisations." <sup>26</sup>

The NEDC Liaison Group devoted its meeting in January 1964 to a proposal by the management members of the NEDC on incomes policy. The suggestion was that the profits tax should be linked to the rate of profits. If profits rose

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<sup>25</sup> ABCC Council Minutes, 6 February 1963.

<sup>26</sup> ABCC General Purposes Committee Minutes, 1 May 1963.

faster than earnings the tax should increase and vice versa. The justification of the proposal was psychological rather than economic: "the time had come when a gesture should be made by employers to the TUC members of the NEDC. It would have the psychological advantage of showing a willingness on the part of the management to make concessions in an attempt to arrive at an incomes policy."<sup>27</sup> There was some scepticism among the members of the NEDC Liaison Group about the logical and economic basis of comparing general profit levels with that of earnings, which involved comparing different things. It was also unfair in two respects. Firstly, firms which had lower profit rates in comparison to the general profit level would suffer. Secondly, those who were doing well would be punished for their efficiency and hard work. Yet, the proposal was welcomed in view of its psychological benefits.<sup>28</sup>

Thus, the employers found the principle of reciprocity useful. They recognised that control over profits in some circumstances "was a pre-requisite to acceptance by the Unions of a policy

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<sup>27</sup> ABCC Council Minutes, 8 January 1964.

<sup>28</sup> ABCC General Purposes Committee Minutes, 8 January 1964.

for restraint in wage demands." Since a better alternative was not suggested by any one else, members of the NEDC Liaison Group agreed to support the proposal of the management members of the NEDC. <sup>29</sup>

In a subsequent meeting of the NEDC Liaison Group in April 1965, the members agreed that the NEDC should "concentrate on expansion rather than restriction" and "lay more emphasis on "increased productivity." <sup>30</sup> A survey of investment in machine tools and an economic development plan prepared by the DEA were the two main items of the following NEDC Liaison Group meeting. Members of the Group rejected both of the documents, the survey for "misleading" conclusions and the plan for being "inappropriate". <sup>31</sup>

Movement in prices and incomes was the principal issue of the NEDC Liaison Committee which met in the summer of 1965. Members of the Committee drew attention to the fact that in the present year, whereas prices had gone up by 5.6% the weekly wage earnings had increased by 8%. Thus, "the first and foremost requirement was to

<sup>29</sup> Ibid.

<sup>30</sup> ABCC General Purposes Committee Minutes, 8 April 1964.

<sup>31</sup> ABCC General Purposes Committee Minutes, 3 March 1965.

increase productivity." At the same time, there were criticisms of the way BEA approached the question of prices. Members of the Committee advocated a "reasonable man approach" instead. In conclusion, the Committee had "been concerned with the necessity to have liquidity of labour, with the danger of investment decreasing and with the necessity for deflationary action." <sup>32</sup>

The NEDC Liaison Committee later agreed with the FBI Economic Policy Committee on the essential need for reducing the rate of increase in public spending so as to eliminate the frustrating effects of the squeeze on the private sector and to influence foreign opinion in favour of Britain. <sup>33</sup>

Investment incentives occupied the major place in the next meeting of the NEDC Liaison Committee in October 1965. Members of the Committee did not support cash grants but thought that tax credits, that is, offsetting a certain proportion of the cost of an eligible asset against tax bills were more attractive. The Committee found the existing investment incentives "very good" and recommended that these should not be scrapped in favour of

<sup>32</sup> ABCC General Purposes Committee Minutes, 2 June 1965.

<sup>33</sup> ABCC General Purposes Committee Minutes, 4 August 1965.

other schemes before a clinical analysis had been made." <sup>34</sup>

Towards the end of 1965, the members of the NEDC Liaison Committee felt that both management and TUC members of the NEDC had "been largely commenting on determined Government action." To avoid this, and to secure more positive contribution by the employer representatives to the work of the NEDC, the CBI proposed to prepare a paper on the role of the management members of the NEDC. The CBI also undertook to coordinate employer representations on planning by keeping track of agendas and minutes of the Little Neddies and by keeping in "very close contact with trade associations." The third item was a discussion of a CBI survey on investment incentives. The survey had clearly shown that investment allowances should be restored to their previous level, that is, to the level before the changes were brought about by the Finance Act of 1966. Survey results also showed that most of the respondents preferred free depreciation to any other incentive. Finally, the Committee emphasised that "a house-owning society was to be desired both politically and economically." <sup>35</sup>

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<sup>34</sup> ABCC General Purposes Committee Minutes, 6 October 1965.

<sup>35</sup> ABCC General Purposes Committee Minutes, 1 December 1965.

In a subsequent meeting of the NEDC Liaison Committee, at the beginning of 1966, several of the members thought that "falling profit margins discouraged investment, that consumer spending was rising even faster with the result of swelling home demand, increasing imports and frustrating exports." <sup>36</sup> The members of the NEDC Liaison Committee followed these points in the next meeting. Thus, according to the members of the Committee, the squeeze had not been effective for incomes had gone up and savings down and "the lack of productivity was the key to the problem." The Committee also drew attention to the "dangers of using the construction industry as an economic regulator and resisted the implication that many thousands of small concerns should be encouraged to reform themselves into a smaller number of units." Finally, the Committee discussed a progress report by the Department of Economic Affairs (DEA) on regional planning. There were two main criticisms: (1) members of the Regional Planning Councils were not allowed to consult their national organisations, that is, the ABCC and the CBI on grounds of secrecy, and (2) the

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<sup>36</sup> ABCC General Purposes Committee Minutes, 5 January 1966.

Committee did not support the redelineation of the development areas in the context of investment incentives nor did they support the White Paper on regional policy. 37

Collective bargaining linked to increases in productivity continued to be a main theme of the NEDC Liaison Committee in 1966. Members of the Committee pointed out that productivity had increased by only 1% while prices had increased by 3½% and wages by 9%. A policy of selective deflation by means of increases in purchase tax gained general support amongst the members of the Committee. 38

NED Office asked the views of the employer organisations on their reaction to a reduction in corporation tax and the introduction of a value added tax. In the light of the possibility of a closer association with the EEC, the NEDC Liaison Committee members thought that there was a "need to harmonise fiscal arrangements of the UK with that of the EEC." 39

Although the NEDC Liaison Committee had advised the Government to take deflationary action, when

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37 ABCC General Purposes Committee Minutes, 2 March 1966.

38 ABCC General Purposes Committee Minutes, 6 April 1966.

39 ABCC General Purposes Committee Minutes, 14 June 1966.

the Government did so on 20 July 1966, the members of the Committee found the measures excessive. The basic question as put by the Committee was, "how could the economy be reflatd without creating further problems?". There were complaints that the Government did not appreciate that "efficiently earned profits...could only be obtained by reducing costs and increasing turnover." The close companies would be in particular difficulty in terms of finance. "The meeting as a whole agreed that industry and commerce, to say the least, were sceptical of the future, and there was evidence of this in the reduction of investment expenditure... It would be advantageous if industry could be encouraged." <sup>40</sup>

A subsequent meeting of the NEDC Liaison Committee in January 1967 was also devoted to criticising the Government for further increases in taxation and government expenditure. According to the Chancellor, industry and commerce in the UK was not overtaxed in comparison to other countries. As to the increase of 5% in government spending, the Chancellor could not see any expenditure which could be reduced. "Moreover, he was not prepared

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<sup>40</sup> ABCC General Purposes Committee Minutes, 2 November 1966.



to use the NEDC as a forum for discussing aspects of policy which might feature in a Budget Speech and Finance Bill." <sup>41</sup>

The NEDC Liaison Committee discussed a different issue in its second meeting in 1967, on 4th April: regional policy. The members of the Committee welcomed Government's preliminary plans for distributing £100 million a year to regions of high unemployment on a differential basis through the machinery of SET. There were three reasons for optimism on the part of the NEDC members. In the first place, this showed that the Government was prepared to discuss policy with the NEDC at its initial stage. Secondly, the Government would probably be able to raise this sum without additional taxation. Finally, the Government had indicated that they were prepared to ensure continuity in the administration of the scheme. <sup>42</sup> With respect to the method of economic planning, the members of the NEDC Liaison Committee agreed in a following meeting to support indicative planning which did not involve extensive industrial enquiries or sanctions. <sup>43</sup>

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<sup>41</sup> ABCC General Purposes Committee Minutes, 4 January 1967.

<sup>42</sup> ABCC General Purposes Committee Minutes, 5 April 1967.

<sup>43</sup> ABCC General Purposes Committee Minutes, 2 August 1967.

The level of public expenditure came up again at the NEDC Liaison Committee meeting on January 1968. Members of the Committee agreed to recommend a reduction in both Government expenditure and home demand in order to support the devaluation of the pound which had taken place on 18th November 1967. <sup>44</sup> The meeting of the Committee in March 1968 was also devoted to the same subject. Again, members agreed that "pressure should continue to be exerted on the Government to reduce public expenditure." Representatives of the ABCC and the CBI agreed that reinstatement of the investment grants would produce some economy in government expenditure. For one thing, the grant system, in addition to its unpopularity among industry and commerce, cost the Government about £2 million a year in extra personnel costs. <sup>45</sup>

The need to reduce public expenditure continued to be the major issue in the NEDC Liaison Committee meetings of 1968. There was agreement that "the management members would once again urge

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<sup>44</sup> ABCC General Purposes Committee Minutes, 3 January 1968.

<sup>45</sup> ABCC General Purposes Committee Minutes, 6 March 1968.

the need for genuine cuts in Civil Service establishment". Nevertheless, the Committee congratulated the Chancellor for his "determined efforts to cut back on consumption." The Committee also welcomed the fact that "there had been no general increase in direct taxes" as a result of strong ABCC and CBI representations on the matter. <sup>46</sup>

The optimism of the NEDC Liaison Committee did not last. In its meeting, in April 1968, the Committee concentrated on the gloomy conditions for the business world unless labour co-operated on prices and incomes. However, the members of the Committee agreed not to raise this point at the NEDC meeting. <sup>47</sup>

In October 1968, the ABCC and the CBI representatives at the NEDC Liaison Committee could not agree on a common policy for the NEDC meeting for the first time. The point of issue related to small firms. The CBI did not believe that the Government was hostile to small firms and suggested that a commission should be appointed to investigate the issue. The ABCC

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<sup>46</sup> ABCC General Purposes Committee Minutes, 3 April 1968.

<sup>47</sup> ABCC General Purposes Committee Minutes, 1 May 1968.

thought that this was incorrect: "...since the debate on the 1965 Finance Bill, in which a Minister had said it was about time the small firms were broken up, the owners of small businesses had been suspicious of Government intentions." So the ABCC recommended that the order of priorities of the CBI suggestion should be changed: "...instead of a study being commissioned in the first place, as the paper suggested, the Government should declare its support for the small firm, amend various provisions in the fiscal system and under company Law."<sup>48</sup>

Both the ABCC and the CBI saw the introduction of the Value Added Tax within the context of "the long term objectives from direct to indirect taxation" and were in favour of such a change. The TUC were advocating a "wealth tax" instead. The ABCC supported the CBI in the following argument: "...a tax on capital would be self defeating and certainly would not damp down consumption demand." Finally, the NEDC Liaison Committee agreed to support the VAT but decided that it should not be a flat rate tax.<sup>49</sup>

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<sup>48</sup> ABCC General Purposes Committee Minutes, 2 October 1968

<sup>49</sup> ABCC General Purposes Committee Minutes, 6 November 1968

At the end of 1968, the NEDC Liaison Committee discussed a document on economic planning prepared by the DEA. The members of the Committee agreed on the following points as a common policy at the NEDC meeting:

- (1) Public expenditure plans should be based on a low rate of growth of national income but could be increased if the rate of economic growth turned out to be more than the forecasts;
- (2) The document did not sufficiently acknowledge the significance of productive investment for economic growth;
- (3) The Government should be pressed to encourage productive investment "and their refusal to maintain the 1968 rate of investment grants in 1969 should be again criticised";
- (4) The targets of the document regarding government expenditure on roads were low by international standards. 50

The NEDC Liaison Committee welcomed the increase in the interest rates from 7% to 8% on 28 February 1969. They thought a higher bank rates would support the existing credit squeeze

<sup>50</sup> ABCC General Purposes Committee Minutes, 8 January 1969.

and "help to restrict consumer spending." Another item related to a report by the CBI on their meeting with the TUC representatives. The TUC representatives had mentioned the fact that "it would be very difficult to persuade unions not to press for pay increases." However, the CBI representatives had pointed out to the TUC that in real terms profits had risen less than wages in the last fifteen years but the TUC had not accepted this. 51

Prices and incomes policy continued to occupy an important place in the meetings of the NEDC Liaison Committee in 1969. The CBI's view was that both prices and incomes controls should be discontinued when the legislation expired. However, the President and the Director General of the CBI argued that "it was not good tactics to say so, because then employers would be accused by politicians of undermining Government policy". Nevertheless, the Committee still agreed that industry was not ready to support the Government prices and incomes policy in its present form, in which the Government was not relaxing its control over prices while easing

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51 ABCC General Purposes Committee Minutes, 5 March 1969.

its control over incomes.<sup>52</sup>

At a later meeting, held in June 1969, the NEDC Liaison Committee discussed commercial policy. Members of the Committee criticised the Government for using a very high proportion of the country's resources for non-productive purposes and added that "the fiscal system acted as a disincentive both to increased investment and to increased exports." A majority of the members of the Committee wanted to see "positive measures to increase exports" and in order to solve the balance of payments problem advocated "a 200%-300% prior deposit payment on imports".<sup>53</sup>

The members of the NEDC Liaison Committee did not support the Government policy on mergers in their meeting in August 1969. They disliked the Government suggestion that a Minister and civil servants "should be in a position to judge as to the desirability of a merger." This was interpreted as the first step of the Government for further intervention in industrial and commercial affairs. Members of the Committee decided that the management members of the NEDC

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<sup>52</sup> ABCC, NEDC Liaison Committee: Report of a Meeting held on Tuesday 6th May 1969

<sup>53</sup> ABCC, NEDC Liaison Committee: Report of a Meeting held on Tuesday 3rd June 1969

should "ask for more time to give to the subject much closer examination" in the NEDC meeting.<sup>54</sup>

The following meeting of the NEDC Liaison Committee in November 1969 was on the role of monetary policy in the British Economy.

Members of the Committee agreed to suggest to the Government in the next meeting of the NEDC the "desirability of selective relaxation of controls on lending industry", for the representatives of the employers considered the Government's control of domestic credit expansion to have achieved the desired ends.<sup>55</sup>

At the beginning of 1970, members of the NEDC Liaison Committee discussed economic growth. Members of the Committee were sceptical about the envisaged rate of growth of over 3% per annum. They thought this might have a serious adverse effect on the balance of payments unless the productive potential of the economy grew at the same rate. The Committee agreed that "...it was essential that the competitive advantage gained from devaluation should not be reduced by inflationary increases or by over heating of the economy

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<sup>54</sup> ABCC, NEDC Liaison Committee: Report of a Meeting held on 5th August 1969

<sup>55</sup> ABCC, NEDC Liaison Committee: Report of a Meeting held on 4th November 1969



arising through demand being allowed to grow too quickly." This was a precaution against a possible pressure by the TUC on Government " to allow demand to rise at a much faster rate than at present."<sup>56</sup>

The meeting of the NEDC Liaison Committee in April of 1970 was devoted to a discussion of two papers, one on profits and investment and the other on investment and balance of payments. As regards investments, the recommendations of the Committee to the management members of the NEDC was as follows:

- (1) in the long term, an increase in the level of investments would help the balance of payments problem and contribute for a faster growth of the economy;
- (2) investment should initially be financed from the extra resources of the balance of payments surplus;
- (3) the Government is responsible for the low level of investment in the past; and
- (4) the Government should be pressed to ease monetary restraints, reduce Corporation Tax and accelerate the payment of investment grants in order to encourage investments.<sup>57</sup>

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<sup>56</sup> ABCC, NEDC Liaison Committee: Report of a Meeting held on 3rd Feb. 1970

<sup>57</sup> ABCC, NEDC Liaison Committee: Report of a Meeting held on 6th April 1970 pp. 1-2

Recommendations of the NEDC Liaison Committee to the management members of the NEDC on the balance of payments problem included "(a) the importance of investment in determining long term competitiveness, (b) the importance of profitability of exporting in determining export performance, (c) the importance of limiting industrial costs, (d) the importance of reasonable freedom for overseas investment for the UK's future balance of payments strength" as the main points of any policy measures.<sup>58</sup>

In its meeting of the NEDC Liaison Committee, in May 1970 the employer representatives suggested that the budget recommendations of the management should be re-emphasised. Thus, unless the rate of the Corporation Tax was reduced, import deposits were removed and rising production costs, particularly of wages, were eliminated "manufacturers would shake out surplus labour and unemployment would increase."<sup>59</sup>

The same subject was taken up in the following meeting of the NEDC Liaison Committee when there was general agreement on the need to control

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<sup>58</sup> Ibid., p.3

<sup>59</sup> ABCC, NEDC Liaison Committee: Note of a Meeting held on 5th May 1970

"cost inflation". The CBI representatives suggested that management representatives should repeat their point on the need to increase demand through investment in the next NEDC meeting, but measures should be taken to avoid "demand inflation". The CBI recommended that their previous suggestion of easing the controls on bank lending should be withdrawn because of the recent increase in money supply. The CBI advocated "inter alia, stimulation of demand in line with production potential by measures directed towards investment rather than consumption." The ABCC supported the CBI in its recommendation for a cut in Corporation Tax.<sup>60</sup>

The last meeting of the NEDC Liaison Committee in 1970 took place in November. Members of the Committee discussed the level of Government expenditure and investment incentives. It was decided that the management members should press for a reduction of government expenditure. The Committee welcomed the abolition of SET and the reduction of the Corporation Tax but wanted to make the point that "the reduction in the overall investment incentives would be likely to intensify the present trend to reduced investment."<sup>61</sup>

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<sup>60</sup> ABCC, NEDC Liaison Committee: Note of a Meeting held on 16th October 1970

<sup>61</sup> ABCC, NEDC Liaison Committee: Note of a Meeting held on 2nd November 1970

This account of the ABCC's participation in national economic policy suggests that the organisation was not involved in national economic planning to any important extent, apart for its initial role in the creation of the NEDC and signing the joint Letter of Intent on Productivity, Prices and Incomes. However, the ABCC attempted to overcome the disadvantage through its participation in the NEDC Liaison Committee.

Through the Committee, the employer organisations were able normally to agree on a common policy for the NEDC meetings where the management members of the Council were to defend and advocate the interests of industry and commerce against that of the TUC. Yet, the contribution of the ABCC to the discussions at the NEDC Liaison Committee tended to be minimal. The ABCC did not contribute a paper on any major subject, but simply took part in the discussions, generally supporting the BEC, FBI and NABM, later the CBI.

## 2) The Union

The Union contributed to the national economic development process in Turkey at two levels. In the Joint Government-Private Sector meetings it contributed to policy-making. Contacts with the State Planning Organisation, the government agency

responsible to the Office of the Prime Minister for preparing and administering the Five Year Development Plans, constituted the routine relations of the Union with the Government with respect to the administration of policy.

(a) Joint Government-Private Sector Meetings

In Turkey, Development Plans are very comprehensive, that is to say, they cover every aspect of economic development. On social aspects of development, this includes population, employment, education, housing, etc. On economic aspects of development the main sections of the plan are those on the public sector, money and credit, agriculture, manufacturing, energy, mining, tourism, and international economic relations. Every issue raised in the development plans involves describing the problem, setting out targets and then proposing measures to achieve them. Formally, the Government is committed to legislation and economic policy measures for the realisation of the socio-economic targets.

Within this context, almost every socio-economic issue can be related to national economic planning in terms of the guide lines set out in the development plan. Thus, every single subject

that the Government discussed with the representatives of the private sector in the Joint Government-Private Sector meetings of 1962-68 period can be related to the development plan and consequently to the national economic planning process, that is, to the preparation as well as to the implementation of the plan.

(1) Requests of the Private Sector Which  
Have Been Accepted and Acted Upon by  
the Government

Of the 53 requests of the Union, the Government accepted 26. These 26 requests were:

- 1) Respective positions of the public and private sectors in the mixed economy; the privileges of the State Economic Enterprises should be discontinued so that full competition on equal terms and in market conditions can be realized;
- 2) Intensive policy measures required for the development of the less developed regions;
- 3) Improvement of the nature of the Turkish commercial representation abroad;
- 4) Promotion of mining exports;
- 5) Improvement of port services through the elimination of differences of practice in various ports;
- 6) Extension of the period of export credits;

- 7) Provision of long term credit facilities, customs and excise and tax exemptions on refrigerated trucks and trailers;
- 8) Promotion of exports of fresh vegetables and fruits;
- 9) A reduction of interest and rediscount rates on industrial and export credits;
- 10) Promotion of ship building industry;
- 11) Exports of firms which have their parent companies abroad should be taxed ad valorem and costs of export credits should be decreased;
- 12) An improvement in the tax rebate system so that differences between domestic and foreign prices should cease to exist;
- 13) An institution for the purpose of providing cheap medium and long term credits to industry should be founded;
- 14) Requests of the Union relating to a draft bill on tax changes in order to promote exports;
- 15) An institution for the purpose of providing medium and long term credits with low interest rates to mining industry should be founded;
- 16) Improvement in the marking of Turkish industrial products;

- 17) Establishment of industrial districts and provision of security of location to the existing industry;
- 18) Elimination of Law No. 474 on customs and excise formalities;
- 19) Establishment of a Mining Bank;
- 20) Pension funds established by banks and insurance companies should not be subject to the provisions of the Law on Social Insurance;
- 21) Requests of the Union relating to the draft law on collective bargaining, strikes and lock-out;
- 22) Requests of the Union relating to the the draft law on social insurances;
- 23) Requests of the Union on the Labour Law;
- 24) The Government should withdraw the draft law concerning training of the labour force;
- 25) Readjustment of the installments in the payment of the income tax; and finally,
- 26) Investment allowances should be increased from 20% to 30% on investments within the context of national economic development plans, from 30% to 45% on investments within the framework of the regional planning policy and to 60% on



agricultural investments. <sup>62</sup>

(ii) Requests of the Private Sector Which Have  
Not Been Accepted by the Government

By the end of 1968, the Government had not  
accepted 27 requests of the Union. These  
included the following:

- 1) As far as possible, government agencies should  
not directly import goods from abroad;
- 2) Exports should not be subject to price  
registration and controls;
- 3) European Convention on International Arbitration  
should be taken to the Turkish Grand National  
Assembly for approval;
- 4) Ports should be modernised;
- 5) Foreign loans should not be restricted only to  
those which do not impose conditions as to the  
country in which they can be used;
- 6) Legislation should be amended so that the  
Research Centre for the Propotion of Export  
could be more efficiently organised;
- 7) Policy measures suggested by the Union for the  
promotion of hazel nut exports should be  
adopted;

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<sup>62</sup> TTO, SO ve TB Birliđi (Union of CC, CI and CET),  
20 Kasım 1968 tarihli toplantıda ilgili  
Bakanlara Takdim Olunan Özel Sektörü  
İlgilendiren Başlıca Konular Hakkında Rapor  
(A Report on Principal Subjects of Interest  
for the Private Sector Submitted to the Relevant  
Ministers in the Meeting on 20th November  
1968), (Ankara: 1968), pp. 5-6

- 8) Policies concerning the production, purchase and sale and exports of agricultural products should be in line with the conditions in international markets;
- 9) Those goods which have been put on the free lists should not be subject to permits;
- 10) The kinds and quantities of fertilisers not produced in Turkey should be freely imported;
- 11) Cultivation of Burley and Virginia type tobacco should be introduced to the Marmara Region;
- 12) In order to encourage exports of industrial products, foreign currency at the rate of 30% of their export value should automatically allocated to the exporters;
- 13) Depreciation allowances and corporation income tax exemptions should be granted for a period of ten years to those industrialists and firms which export their produce;
- 14) Fertilisers and chemicals should be made available to the farmers in sufficient quantities and on favourable conditions;
- 15) Provision and conditions of agricultural credits should be improved;
- 16) Cheap and permanent sources of energy should be provided for industry;

- 17) The State Economic Enterprises should not be subsidised by the Government since subsidisation distorts competition and adversely affects the private sector;
- 18) The Government should take all necessary measures to promote animal husbandry;
- 19) The declaration of wealth system should be replaced by a more acceptable scheme;
- 20) The Government should consult the Union on draft bills that affect the private sector.

Finally, seven requests of the Union on various Laws and draft bills were not accepted by the Government.<sup>63</sup>

b) National Economic Planning

(1) The First Five Year Development Plan  
(1963-1967)

One of the basic requests of the Union to the Government on national economic planning was that the private sector should be consulted on the First Five Year Development Plan before it took its final form.<sup>64</sup> The Government consulted the

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<sup>63</sup> Ibid., pp. 6-9

<sup>64</sup> TTO, SO ve TB Birliđi (The Union of CC, CI and CET), 16 Temmuz 1962 Tarihli Toplantıda İlgili Bakanlara Takdim Olunan Özel Sektörü İlgilendiren Başlıca Konular Hakkında Rapor ( A Report on Principal Subjects of Interest for the Private Sector Submitted to the Relevant Ministers in the Meeting on 16th July 1962), (Ankara: 1962), p. 8

Union. However, when the Plan was published, in the Official Gazette, on 3rd December 1962, the Union realised that none of the points they had raised had been taken into account.<sup>65</sup>

Although the Union's views on the plan were ineffective, it is nevertheless informative to indicate what their requests were. The issues were nothing new for the Government. The Union had mentioned them at a previous meeting with the Government<sup>66</sup> but when the officials of the Union read the Development Plan, they raised the same points again in a more detailed manner in the form of a report.<sup>67</sup>

In the main, there were five group of requests:

- 1) A committee should be formed of the representatives of the private sector and the Government to work out a basis of cooperation and arbitrate disputes that may arise;

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65 TTO, SO ve TB Birliđi (Union of CC, CI and CET), İlgili Bakanlarla Özel Sektör Temsilcileri Arasında Yapılan Toplantıların Bilançosu (A Balance Sheet of the Meetings Between Relevant Ministers and the Representatives of the Private Sector), (Ankara:1963), p. 9

66 A Report on Principal Subjects of Interest for the Private Sector Submitted to the Relevant Ministers in the Meeting on 16th July 1962, op.cit., p. 11

67 TTO, SO ve TB Birliđi (Union of CC, CI and CET), Kalkınma Planı Hakkında Özel Sektörün Görüş ve Mutalaaları (The View and Opinion of the Private Sector on the Development Plan), (Ankara: 1962)

- 2) The contribution of the private sector to the preparation of the annual implementation programs should be on the basis of active participation rather than on the basis of providing information;
- 3) Government rules and regulations which act as bottlenecks from the point of view of economic activity should be eliminated;
- 4) The private sector should be entitled to import on credit goods and commodities which are within the context of the Development Plan and facilities should be provided to encourage this type of importing; and,
- 5) Since investments form one of the basic elements of the Development Plan, investment allocations to the private sector in the import quotas should be increased.<sup>68</sup>

The Union also wanted to reinforce the status of the private sector within the context of the Development Plan: "Most important of all, in order to encourage the private sector to invest more and to help in the way of foreign aid which would come from our western allies, it should clearly be expressed that private enterprise is recognised

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68 Ibid., pp. XXII-XXIII

to be the basic element of our economic development efforts. In addition, Turkey's membership of the EEC seems to have been ignored. If we are going to join the EEC, investments on the one hand and existing industry on the other hand should be examined from that perspective."<sup>69</sup>

(ii) The Second Five Year Development Plan  
(1968-1972)

At the beginning of 1965, the coalition Government of Mr. İ. İnönü, leader of the Republican People's Party at that time, resigned when the Budget Bill of the 1965-66 financial year was rejected by the National Assembly. Mr.S. Demirel, leader of the Justice Party, was instrumental in forming a new coalition Government. In October of the same year, general elections were held. The Justice Party won the elections and Mr.S. Demirel led the Governments until 12th March, 1971. Thus, the Second Five Year Development Plan was prepared and to a great extent implemented under a Justice Party Government, that is, under very favourable political conditions for the Union.

This is very well indicated in the following remark after a Joint Government-Private Sector

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<sup>69</sup> Ibid., p. XXIII

Meeting in July 1965. "The President of the Union ...thanked the present Government for its understanding and helpful attitude toward the private sector...He was gratified to see an atmosphere of security created by the Government for the activities of the private sector, and very happy to observe a complete agreement in opinion between the private sector and the Government.."70

Within this context, the Union participated in a meeting which was held at the State Planning Organisation at the beginning of 1966 on the strategy and targets of the economic development. Its representatives criticised the basic approach of the Second Five Year Development Plan and promised to forward the written views of the Union at a later date.<sup>71</sup> Together with the representatives of other business groups and workers' organisations the Union was represented at three more meetings on the fundamentals of the Second Five Year Development Plan.<sup>72</sup>

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70 Union of CC,CI and CET, Turkish Economic Review, Vol. vi, No.s 4 and 5, July-August 1965.

71 TTO, SO ve TB Birliđi (Union of CC,CI and CET), 19/2/1966 Tarihli Birlik İdare Heyeti Toplantısında Başkan Sirri Enver Batur Tarafından Verilen Beyanat (The Speech of the President, Sirri Enver Batur, at the Board of Directors Meeting of 19 February 1966), (Ankara:1966)

72 Union of CC,CI and CET, Turkish Economic Review, Vol. VIII, No.s 6 and 7, September-October 1967

Neither the minutes of the above meetings nor any detailed information on the issues discussed at these meetings are available. The Union did not publish any critical notes regarding the Second Five Year Development Plan as they had done in the case of the First Five Year Development Plan. But generally, the Union gave a very warm reception to the Second Five Year Development Plan. In fact, the principles of the Second Five Year Development Plan were so favourable from the point of view of the Union that they could not have done anything else but praise the document. This could be seen as an evidence of the high degree of fusion between the Justice Party and the Union.

Now, let us take a closer look at the fundamental principles of the Second Five Year Development Plan as seen by the Union. It can be summarised in one sentence. At last, the Government realised the merits of the points raised by the Union on the role of the private sector in economic development and decided to create the necessary environment for the promotion of private enterprise.<sup>73</sup>

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<sup>73</sup> TTO, SO ve TB Birliđi (Union of CC, CI and CET), İkinci Beş Yıllık Plan Döneminde Özel Teşebbüs (Private Sector During the Second Five Year Plan Period), (Ankara: 1967), p.4



The new economic policy contained the following principles:

- 1) The Second Five Year Development Plan will be indicative for the private sector, will support it and develop individual private initiative;
- 2) Government will invest particularly in public goods, such as infrastructure, education, health, etc.;
- 3) During the second five year development period, the main government economic policy in the long run will be to leave the control of the manufacturing industries to the private sector by limiting expansion of the State Economic Enterprises and by joint investments with the private sector if the latter is not willing to invest on its own;
- 4) Competitive market prices will be the basis of economic decisions;
- 5) When both the public and private sectors operate in the same field of activity, the Government will provide for equality of opportunity and will not discriminate against private enterprise.<sup>74</sup>

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<sup>74</sup> Ibid., p. 3

Under the Second Five Year Development Plan the scope of government help to the private sector was extended by some new policy measures. At the same time, government aid to encourage private enterprise increased in absolute terms. Law No. 933 on the Implementation of the Fundamentals of the Second Five Year Development Plan was the basic instrument for the encouragement of the private sector.<sup>75</sup>

Article 1 of Law 933 authorised the Government to set up funds in the general and annexed budgets as a source of loans for the use of private enterprise in accordance with the economic strategy and targets of the development plan. Article 2 of the Law authorised the Government to grant investment allowances of up to 80% and partial or full exemptions from import taxes and duties on investment goods within the context of the development plan. Article 3 of the Law empowered the Government to establish special funds to encourage exports and Article 4 gave the Govern-

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<sup>75</sup> Union of CC, CE and CET, Law No. 933 Concerning the Implementation of the Fundamentals of the Second Five Year Plan, (Ankara: December 1967)

ment authority to set up an Investment and Export Promotion and Encouragement Bureau to coordinate the overall scheme. The Law was so flexible as to give the Council of Ministers an absolute authority to determine the conditions and the terms of encouragement measures by a Decree instead of legislation. This new feature caused a lot of controversy.

The 1968 Annual Programme formulated to implement the Second Five Year Development Plan was the first official document which put into effect the new measures for the promotion of private enterprise. The 1968 Annual Programme increased medium term credit facilities, introduced lower interest rates and favourable repayment arrangements for certain types of credits, introduced favourable mortgage facilities, lower discount rates on credits for industrialists and exporters, provided foreign loans for the use of the private sector and set up funds for the encouragement of the private sector. Funds created to promote private enterprise had amounted to 881,2 million TL (£29 million) between 1963 and 1967 (that is an average of £6 million a year). This, became 545 million TL (£18 million) in 1969.<sup>76</sup>

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<sup>76</sup> TC Başbakanlık Devlet Planlama Teşkilatı (The State Planning Organisation), 1968 Yılı Programı (1968 Annual Programme), (Ankara: Aralık 1968) pp. 105-108 , 114-121

The 1968 Annual Programme provided for investment allowances, tax exemptions and rebates, exemptions from import duties, financial incentives, etc. Financial incentives were greatest for investment in underdeveloped regions. The 1968 Annual Programme encouraged the private sector to embark on big economic projects through special measures. Technical aid was another policy for the promotion of the private enterprise.<sup>77</sup> Again, between 1963 and 1967, during the five years, 189 investment allowance applications were granted. The comparable figure for the first year of the Second Five Year Development Plan alone was 132. Under the 1968 Annual Programme 25 firms enjoyed exemptions on import taxes for the first time. The 1969 Annual Programme planned to increase the amount of funds for the encouragement of private sector.<sup>78</sup>

However, on application by the Republican People's Party, the Constitutional Court cancelled certain provisions of Law 933 as from 26th September 1969. Following the decision of the

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<sup>77</sup> Ibid., pp. 108-113

<sup>78</sup> TTB, SO ve TB Birliđi (Union of CC, CI and CET) 1969 Yılı Programı: İkinci Beş Yıl, 1968-1972: Özel Sektörün Tesvihi Politikası (1969 Annual Programme: Second Five Year, 1968-1972: Policy Measures for the Encouragement of the Private Sector), (Ankara: 1969) pp. 22, 25-27.

Constitutional Court, the Council of Ministers lost their authority under Law 933 in the following fields:

- 1) to subsidise the private sector from the State Budget,
- 2) to set up funds for the encouragement of the private sector,
- 3) to reduce taxes up to 80% on certain investments, and
- 4) to accord tariff facilities or exemption from imports on investment goods.<sup>79</sup>

C) Contacts with the State Planning Organisation

The relations of the Union with the State Planning Organisation (SPO) did not directly involve policy. Essentially, the Union provided information to the SPO in the preparation of the development plans and annual programmes. This was accomplished by means of Ad Hoc Committees established for the purpose. In 1961, the Union participated in 16 such committees.<sup>80</sup> By 1962, the number of committees

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<sup>79</sup> Union of CC, CI and CET, Turkish Economic Review, Vol. X, No.s 8 and 9, November-December 1969

<sup>80</sup> TTO, SO ve TB Birliği (Union of CC, CI and CET), İdare Heyeti Kararları (Decisions of the Board of Directors), 20-21 November 1961

in which the Union had participated had increased to 21.<sup>81</sup> Within the context of providing information to the SPO on investment plans of the private sector during 1963-1967, the staff of the Union visited 13 cities, interviewed directors of 167 firms and came up with 126 new investment or extension projects.<sup>82</sup>

Another medium of communications with the SPO was the participation of the Union in Planning Advisory Committee. The Committee was composed of 38 representatives from the business community, the labour force and the universities. The Committee met in September 1962 and discussed the report of the Union on the Development Plan.<sup>83</sup>

Yet the basic mode of interaction with the SPO was through representation at the Ad Hoc Committees set up on various sections of commerce and industry. These numbered 67 in the preparation of the Second Five Year Development Plan with 350 representatives from the private sector, 280 from

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<sup>81</sup> TTO, SO ve TB Birliđi (Union of CC, CI and CET) Sanayi Dairesi Faaliyet Raporu (Activity Report of the Department of Industry) (Ankara: 1963), p. 24

<sup>82</sup> TTO, SO ve TB Birliđi (Union of CC, CI and CET) Faaliyet Raporu-Mali Rapor (Activity Report-Financial Report), (Ankara: 1962)

<sup>83</sup> Union of CC, CI and CET, Turkish Economic Review, Vol III, No. 7, October 1962

professional organisations and the universities. <sup>84</sup>

But the Union participated in only six Ad Hoc Committees to aid with information in the preparation of the Third Five Year Development Plan(1973-1977). <sup>85</sup> This is explained by the unfavourable political environment of the period following the 1971 military intervention. Since the Union was identified with the deposed Justice Party, its prestige had decreased to a great extent.

### C. Regional Economic Policy

#### 1. The ABCC

##### (a) Policy Making Level

One of the few ABCC contacts on regional economic policy was a joint representation with the CBI, in a meeting at the Department of Economic Affairs, toward the end of 1968. The meeting was based on a CBI paper and covered (1) the control of location by means of industrial development certificates, (2) financial incentives,

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<sup>84</sup> Union of CC,CI and CET, Turkish Economic Review, Vol.5, No.12-Vol.6 No.1, March- April 1965

<sup>85</sup> TTO,SO ve TB Birliđi(Union of CC,CI and CET), Faaliyet Raporu-Mali Rapor(Activity Report-Financial Report), (Ankara: 1971)

(3) manpower training, (4) infrastructure questions, (5) the idea of "growth centres" and (6) the establishment of regional information centres.<sup>86</sup>

The President of the CBI started with a broad generalisation on the regional policy measures of the Government: "...there was a feeling in industry and commerce that there was overmuch concentration on the direct relief of unemployment rather than securing reduction in unemployment as a result of pursuing policies which were economically right...expenditure on regional policies should be looked at as an investment rather than in terms of recurrent expenditure". He also offered to expand on this point together with his colleagues from the ABCC.<sup>87</sup>

Next, an ABCC representative from the Birmingham Chamber, Mr. Bond Williams, commented on Industrial Development Certificate procedure. His basic point was that many small firms did not plan to expand because they thought that they

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<sup>86</sup> ABCC, Note on a Meeting of the Department of Economic Affairs to Discuss Regional Development and Distribution of Industry Policy, HA 215-68: 5 November 1968

<sup>87</sup> Ibid., p. 2



had no chance of getting an IDC. The Minister of Economic Affairs, in reply, said that the 1967-68 figures on which the argument of Mr. Bond Williams was based did not reflect the current situation; once the economy started to expand it would be difficult to control the "over heating" in the Midlands and South East; and finally, he pointed out that "what was in a particular firm's interest was not necessarily in the national interest". However, the ABCC and the CBI representatives argued that " it was notoriously difficult to analyse public interest except in terms of the sum of private benefits." They also emphasised that although South East and West Midlands were better off in percentage terms of unemployment, numerically there were more people unemployed in these regions than in the development areas.<sup>88</sup>

On the financial incentives of Government regional economic policy, the main points of discussion related to "the unpopularity of SET, the lack of support for the Regional Employment Premium and the fact that wide sections of industry and commerce preferred the profit related system of investment allowances to the investment grant system...as a possible means of providing

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<sup>88</sup> Ibid., p. 2

greater selectivity in the distribution of aid."<sup>89</sup> Virtually the only measure the ABCC and the CBI advocated for the development areas was suitable infrastructure investment to increase their attractiveness.

The concept of growth points was the next issue of discussion. Employer representatives argued for identification of growth points within the context of regional aid by taking into consideration the long term development policies of the firms. The Minister was not sympathetic with the idea but agreed to accept further suggestions on the subject.<sup>90</sup>

Since the discussions were based on a CBI paper, that organisation had the initiative at the meeting. Moreover, the meeting had been arranged by the CBI and the ABCC had participated with the approval of the former: "To sum up, it was clear from the preliminary meeting that the CBI welcomed ABCC participation and it was clear that there was no divergence of views between the two sides."<sup>91</sup>

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<sup>89</sup> Ibid., pp. 2-3

<sup>90</sup> Ibid., pp. 3-4

<sup>91</sup> Ibid., p. 4

The relatively passive stand of the ABCC in relation to the issue is a result of the differing approaches of the regions to regional economic policy measures. Discussions at the ABCC National Council on the Hunt Committee on Intermediate Areas clearly showed the centrifugal effects of the conflicts of interest among regions on ABCC policy-making. The ABCC did not give evidence to the Hunt Committee for "regions did not necessarily hold similar views." However, before the publication of the Hunt Committee Report, the governing body of the ABCC decided that the ABCC "should, if at all possible, put forward a view on behalf of the whole movement, even if it contained differing recommendations and comments." The Birmingham Chamber offered to prepare a paper on the subject. This was accepted and the National Council decided to appoint a working party to express the views of the Regions and to make recommendations. 92

The paper that the Birmingham Chamber prepared strongly criticised the Government's regional policy. The main criticism was: "Its carrot of financial inducements for firms to move

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92 ABCC National Council Minutes, 5 March 1969

to Development Areas has not been effective; and its stick of Industrial Development Certificate controls is causing hardship without securing movement." The paper was against SET, Regional Employment Premium and Industrial Development Certificate controls, and advocated differential rates of Corporation Tax, relief from local authority rates for a specific period and free depreciation.<sup>93</sup>

The working party did not meet to consider the Birmingham paper until they had an opportunity to study the Hunt Committee Report. At the first meeting of the working party "there was a divergence of views as had been anticipated." However, since the ABCC wanted to produce a constructive paper on the subject, the meeting was to reconvene in a month.<sup>94</sup>

In the mean time, when the Government announced its policy in relation to the Hunt Committee's recommendations the President of the ABCC issued the following press statement: "We

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<sup>93</sup> Birmingham Chamber of Commerce and Industry, Regional Development and Distribution of Industry Policy, 27 March 1969, pp. 1-4.

<sup>94</sup> ABCC National Council Minutes, 2 April 1969.

deplore the Minister's rejection of the recommendations that Industrial Development Certificate control should be relaxed. The small firms in particular welcomed this recommendation." <sup>95</sup>

The Hunt Committee had recommended a move towards the creation of growth zones in areas which had the greatest potential for growth. These growth zones were to receive priority in government aid. The second major recommendation of the Hunt Committee was that the limit of exemption from Industrial Development Certificates should be raised to 10,000 sq.ft. in all regions. The working party met at the beginning of May to discuss the Birmingham paper. According to the minutes, originally Scotland did not have any criticisms of the contents of the Hunt Committee Report; Yorkshire accepted the Report; South Wales generally accepted the Report but declined to put forward a regional view. Later, Yorkshire qualified its previous view by maintaining that, in addition to extending selective government aid to growth points in intermediate areas, it should be made available to similar points in

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<sup>95</sup> ABCC Secretary's Report No.9, G.59-69, 29 April 1969.

existing development areas. South West strongly recommended that the Government should take all measures beforehand "where it was known that an employment problem could arise in the future."

The Midlands argued against the Industrial Development Certificate controls. <sup>96</sup>

Finally, the working party seemed to agree on two main points: "(1) With regard to the IDC controls it was felt that all regions might agree that controls should be reserved primarily for firms working to establish themselves for the first time within a particular area" and (2) "the long term aim should be to devise the kinds of financial inducements in development areas which would encourage more firms to move voluntarily to there." At the end of the meeting, the working party agreed to prepare a paper criticising the Government's reaction to the Hunt Committee recommendations. <sup>97</sup>

However, several important comments were later made on the minutes of the meeting. The Scottish representative challenged the minutes

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<sup>96</sup> ABCC, Regional Development and Distribution of Industry: Minutes of a Meeting of Regional Representatives and Secretaries held at the ABCC on 7th May 1969.

<sup>97</sup> Ibid.

relating to their views on the Hunt Committee Report: "It was not stated that there were no criticisms on the Hunt Committee Report but we did not propose to make any at this time (Since the Government have already announced the rejection of the recommendations to which we might otherwise have had to object). Secondly, "the point of view expressed by Mr. Oakley (and not for the first time and in this meeting only) was that it was idle to imagine that any paper which incorporates serious criticisms of the industrial location policy can be accepted by Chambers from those parts of the country which are scheduled as Development Areas and as the latter include almost half the country, this means a very substantial part of the Chamber movement." Thirdly, "the suggestion was that the Birmingham Chamber should prepare a paper incorporating their ideas of ways in which Development Area Policy might be improved but avoiding any controversial issues which would cause a division." <sup>98</sup>

The Birmingham Chamber submitted its paper, "Regional Policy and the Hunt Report", containing minor modifications from its first form, for the

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<sup>98</sup> Ibid., comments on the minutes.

approval of the National Council. One of the modifications was deletion of the original subtitle, "Prepared by the Birmingham Chamber of Commerce." The second change was an addition of a paragraph which recommended that a committee should be established to review regional policy. The National Council accepted the paper subject to reservations by some members and forwarded it to the Department of Economic Affairs in the form of an ABCC Memorandum.<sup>99</sup> The ABCC also issued a press release criticising the Government for rejecting the recommendations of the Hunt Committee. The press release included a copy of the ABCC Memorandum to the Secretary of State for Economic Affairs.<sup>100</sup>

In addition, the President of the ABCC arranged a meeting with Mr. Heath and Mr. Macleod to discuss with them chamber of commerce views on regional policy. What the National Council failed to do was to modify the memorandum in the light of the reservations put forward particularly by the Scottish Chambers, in spite of an agreement

<sup>99</sup> ABCC, Regional Policy and the Hunt Report, May 1969.

<sup>100</sup> ABCC Press Release, Regional Development: Chambers of Commerce Critise the lack of Coherent, Forward Looking Policy, July 1969.



to this effect. The reservation of Scotland related to "serious criticisms" by the Birmingham Chamber of the existing Government regional policy, particularly on Regional Employment Premium and Selective Employment Tax. This would not be acceptable to those chambers which are situated in development areas. 101

The Secretary of State for Economic Affairs, in his reply to the President of the ABCC said that he would be glad to discuss the subject with ABCC representatives. However, he did not agree with the ABCC in relation to the Government reaction to the Hunt Committee Report. "Above all, the Government have greatly increased infrastructure in recent years...I made it quite plain on 24th April that we agree with the Hunt Committee that industry in the intermediate areas should be encouraged particularly in places which have real scope for growth...Further, the Government did not 'summarily reject' the Hunt Committee views on the Industrial Development Certificate control." The Minister's letter ended with a note. According to this, the Minister made his letter available to the press just as the ABCC had done. 102

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101 ABCC National Council Minutes, 4 June 1969.

102 Correspondence from the Secretary of State for Economic Affairs to the President of the ABCC, 8 July 1969.

ABCC officers and chamber representatives from "black", "white" and "grey areas" represented the chamber of commerce movement at the meeting with the DEA. ABCC representative from the West Midlands advocated an overall review of the Government regional policy. Furthermore, "undoubtedly the rejection of the modest proposal to raise the exemption limit for IDC control to 10,000 square feet had given great offence in the Midlands..." Small firms suffered most from the Industrial Development Certificate controls. A representative from an intermediate area argued that Industrial Development Certificate controls for small companies in the Midlands did not have anything to do with the development of industry in another area. A representative from Scotland said: "Scottish Chambers on the whole had nothing against the Hunt Committee's views on IDC policy".<sup>103</sup>

The Minister maintained that regional policy was a whole and it was difficult to isolate various parts and quantify them accurately in terms of their effects as policy measures.

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<sup>103</sup> ABCC, Regional Policy and the Hunt Report: Note of a meeting between representatives of the ABCC and DEA on 23rd July 1969, HA.132-69: 5 August 1969, pp. 1-2

"Different firms attached different weights to different factors. There was no doubt, however, that, taken as a whole, the package was working. The meeting ended without any agreement between the Minister and the ABCC representatives apart from a final reiteration by both sides of their arguments in very broad terms.<sup>104</sup>

In the light of the discussions above, it should not be difficult to understand why it has been very difficult for the ABCC to represent the views of the member chambers to the Government at the national level. Regional competition tended to be a barrier to a generally agreed ABCC policy. Naturally, regions and sometimes individual chambers have tended to make direct representations to the Government when basic principles of regional policy were concerned.

b) Policy Administration Level

When the Government decided to replace Regional Planning Boards for Industry by the Regional Planning Councils (RPC) the ABCC was one of the employer organisations which the Department of Economic Affairs (DEA) consulted. The Deputy Secretary of the DEA wrote to the ABCC and asked if they would agree to meet with

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<sup>104</sup> Ibid., pp. 2-3

him to discuss the composition and the functioning of the RPC's. Afterwards, this was to be followed by a meeting with the Minister himself.<sup>105</sup>

The ABCC Secretary, together with the representatives of the BEC, FBI and NABM, met the Deputy Secretary of the DEA. RPC's were to consist of 24 people and an independent Chairman. Employers and trade unions were to share one third of the Councils' members. The other employer organisations agreed to share on the Councils equally with the ABCC, employer representation.

The ABCC Secretary wrote to the Regional Secretaries asking for the names of "four possibles" for each region by 11th January 1965.<sup>106</sup> Under the original agreement first the FBI later the NABM assumed the responsibility of coordinating nomination of representatives on behalf of the employer organisations. The first list of nominees was sent to the DEA on 15th January 1965.<sup>107</sup>

When the CBI was formed it assumed the role

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105 Correspondence from the Deputy Secretary of the DEA to the Secretary of the ABCC, 14 December 1964

106 ABCC Circular, Regional Economic Planning, G.212-64; 30 December 1964

107 Correspondence from the Director General of the FBI to the Deputy Secretary of the DEA, 15 January 1965

of the FBI in this process. The Government announced the formation of the first five RPC's: Scotland, Wales, Northern, Northwestern and West Midlands. In the Northern and Northwestern regions the ABCC and the CBI had two representatives each. The ABCC had only one nominee in the West Midlands and had not been involved in the nominations for Scotland and Wales.<sup>108</sup>

From the end of 1967, the ABCC started to send its list separately instead of submitting joint nominations with the CBI. This reflected competition between the respective organisations for more representation on the RPC's. The following quotation taken from a letter of the ABCC Secretary sent to both the CBI and the DEA illustrates the point: "When the Regional Economic Planning Councils were first formed, it was agreed that the CBI and ourselves should each have two nominees on each Council...I am therefore surprised to see that in your letter of 15th March you have been in contact with individuals whose names were not even submitted to DEA at the joint meeting..."<sup>109</sup>

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<sup>108</sup> ABCC General Purposes Committee, Minutes, 3 March 1965

<sup>109</sup> Correspondence from the Secretary of the ABCC to the Economic Directorate of the CBI, 18 March 1968

The position of the ABCC in terms of representation on the RPC's did not change to any great extent in the following years. At the beginning of 1974, the ABCC on the whole had one representative on each Council. The only exception was the North West Region with three representatives. 110

## 2. The Union

The Union was only interested in regional economic planning to the extent that it was related to national economic development policy. At their first meeting with the Government as representatives of the private sector, officials of the Union had raised regional planning as one of the issues. In reply, the Prime Minister has said that businessmen would be granted certain facilities including tax exemptions provided that they invested in the less developed regions. 111

Following the above meeting, the Union criticised the regional development policy of the

110 ABCC, 114th Annual Report, p.23

111 TTO, SO ve TB Birliđi (Union of CC, CI and CET), 16 Nisan 1962 Tarihli Toplantıda İlgili Bakanlara Takdim Olunan Özel Sektörü İlgilendiren Başlıca Konular Hakkında Rapor (A Report on Principal Subjects of Interest for the Private Sector Submitted to the Relevant Ministers in the Meeting on 16th April 1962), (Ankara: 1962)

First Five Year Development Plan. Officers of the Union could not see how the objective of channelling the resources to the growth points so as to achieve maximum efficiency in terms of productivity would be reconciled with the principle of balanced growth between different regions.<sup>112</sup>

As referred earlier, the Union was content and quite happy with the Second Five Year Development Plan, particularly with the tax exemptions and investment allowances for investments in less developed regions. Apart from this general approach to the issue, the Union participated in the preparation of an "Eastern Holding Project".

The project aimed at the development of Eastern Anatolia, the least developed region of Turkey. The agreement was that initially a parent company with a capital of 100 million TL (£3.3 million) would be set up. This holding company was to be a joint venture of the private sector and the state and would "set up factories in the eastern provinces in the textile, food processing, mineral and mining sectors...The Government will provide all the facilities for the Eastern Holding. All infrastructural

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<sup>112</sup> The Views and Opinions of the Private Sector on the Development Plan, op.cit., p.xiv

investment will be made by the State, foreign loans will be provided and the machinery and equipment will be imported tax free." The Government would also ensure through subsidies that the company should make profits and export its produce. <sup>113</sup>

Except for occasional meetings arranged with the regional groups of chambers and exchanges, the Union took no active interest in regional policy. At these meetings participants discussed local problems and recommended solutions. The Union publicised the recommendations and probably utilised them in its representational activities. However, these were neither regular nor specifically on regional policy.

#### D. Summary

One dominant theme of the thesis is the effect of the environmental factors on the organisations concerned. Together with the nature and composition of the organisations, issues as determined by the politico-economic environment tend to shape the general politics and procedures of industrial representation. Thus, whereas economic growth without inflation was what the

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<sup>113</sup> Union of CC, CI and CET, Turkish Economic Review, Vol xi No.s 2-3, May-June 1970



ABCC understood was involved in national economic policy, the Union emphasised economic development, that is, investment for industrialisation and government aid for more investment.

Being a regionalised organisation, the ABCC was more interested in regional economic policy than in national economic policy. Again, because it was a federation of local chambers, the ABCC was subject to opposing and competing influences originating from the needs of the less developed regions for more government aid as against the negative effects of the Government's control of economic expansion in the better off regions. The conflicting nature of this basic conflict of interest acted as a brake on the ABCC. Hence, the ABCC was pushed to an inactive status even though theoretically regional policy was its principal preoccupation.

The Union both gained and suffered from its identification with the Justice Party. When this particular party was in power it enjoyed favourable conditions as a pressure group informally affiliated to the ruling party. Thus, economic policy measures of the Justice Party in general and the Second Five Year Development Plan in particular were in accord with its wishes. However, its position was double-edged.

A change of government, leaving the friendly political party in opposition, affects the Union badly.

In Turkey, a trade union movement politically strong and united enough to balance the Union's place in Turkish politics, particularly when the Justice Party is in Government, does not yet exist. The Loyalties of the labour force in Turkey are rather diffused, and in some cases identified with the Justice Party. Thus, other political parties and the intellectuals emerge as the only balancing force. Within this context, the Constitutional Court assumes the role of the adjudicator as was shown in the case of the provisions and the implementation of Law No.933.

In contrast, the trade union movement in Britain is powerful enough to look after its own affairs. This may explain the more stable nature of British politics. It may also account for the relatively more institutionalised and regular nature of pressure group politics. It is true that the ABCC is closely associated with the Conservative Party, but this in no way affects at least to the extent it does the Union, its regular contacts with the Government whichever political party may be in power.

As to the relations between different business organisations in political representation, it is generally characterised by cooperation. The ABCC, BEC, FBI and the NABM cooperated and coordinated their representation through the Liaison Group. Later the NEDC Liaison Committee took the place of the former. There was only one instance of disagreement amongst the members of the Committee and it related to the details of policy rather than principles. Nomination of representatives to the Regional Planning Councils was another source of competition between the ABCC and the CBI, but this again was not as important as the NEDC Liaison Committee agreements on economic planning.

There have been more differences of views within the chamber of commerce movement than between the ABCC and the CBI as wholes. The Chambers tend to compete on the basis of geographical differences whereas the ABCC and the CBI tend to cooperate on the basis of the functional interests of industry and commerce generally as against those of the trade unions.

## CONCLUSION:

At the end of Chapter One I set forth my theses as follows:

- (1) Changes in the politico-economic environment tend to be reflected in the composition and activities of the groups functioning within that particular political system. In Britain and Turkey, the changes have reduced considerably the original differences in the chamber of commerce movements.
- (2) Selective incentives or coercion is required to produce widespread active support of a business organisation by its potential individual membership; and the weaker effective government contacts the more significant are the selective incentives or coercion.
- (3) Options of "exit" and "voice" are inversely related but a rational cost benefit calculation more than "loyalty keeps exit at bay and activates voice" when that option is possible.

The first of these three theses has been referred to again in Chapter Two, where I showed

that there was a trend towards convergence in the organisation, functioning and activities of the British and the Turkish Chambers of Commerce, and in Chapter Five, where I showed that both the British and the Turkish Chambers of Commerce, as pressure groups, tend to be associated with business oriented political parties but neutrality towards the political system is the ideal mode of contact. I followed up the thesis in Chapter Six with reference to the actual interaction of chambers of commerce with their governments on economic policy issues. What was said in those sections sustains the thesis.

As to the first part of the second thesis, derived from Olson, that selective incentives or coercion is required to produce widespread active support of a business organisation by its potential individual membership, the account of membership of the ABCC in Chapter Three showed the importance of selective incentives in membership when Form K Scheme increased membership from 27,600 in 1914 to 46,008 by 1922. It is impossible to demonstrate that membership of the Union would have been much less without the coercion of the legal requirement for membership,

but the failure to maintain the Organisation for Cooperation of Chambers of Industry to represent industrial interests indicates that in Turkey, too, bodies producing public goods without either selective incentives or coercion find it difficult to maintain membership. While the Union made concessions, it did not give equal status of actual representation to chambers of industry, for which the latter claimed there was a need. Therefore, for representational reasons the Organisation for Cooperation of Chambers of Industry was still required. But the chambers of industry were unwilling to pay the costs of a formal organisation to provide separate representation. Instead, they established an informal organisation, which for all practical purposes meant a return to the informal meetings held before the formal organisation had been created.

However, some elements of membership support can not fully be accounted for by selective incentives or coercion: some members of the ABCC, like London, Birmingham and Glasgow Chambers, support the organisation regardless of selective incentives. There exists an inertia, or in Hirschman's terms "loyalty", that works against leaving the ABCC. There is residual belonging

because of the public good produced. The less the public good given the less will be the membership. This was shown in Chapter Four: in Britain with reference to the resignations from the ABCC in 1967 and in Turkey in the establishment of the chambers of industry, later the Organisation for Cooperation of Chambers of Industry and the Association of Turkish Businessmen and Industrialists.

Whereas Olson can not explain this aspect of membership support, traditional pressure group theory can on the basis of common interests, goals and values; or Hirschman can in terms of loyalty. This is like the problem of voting in rational choice theory.<sup>1</sup> Not only does Olson's theory not explain why some continue to participate but also it does not account for some failures to participate. For example, Olson can not explain why a Chamber like the Westminster Chamber, or the Cambridge Chamber, should not belong to the ABCC although they can benefit from the ABCC's selective incentives by joining. Olson's theory is about tendencies rather than an either-or situation.

Testing "exit" and "voice" in a voluntary

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<sup>1</sup> See Brian Barry, Sociologists, Economists and Democracy, (London: Collier-Macmillan Ltd., 1970)

organisation needs more than one example. So Hirschman's theory is confirmed by this study only as a working hypothesis. The countervailing forces complicate the matter. First, there is a demand for a stronger, more effective ABCC. As Olson puts it, large chambers, or in Hirschman's terms loyal members, such as London will have more incentive to contribute to a stronger ABCC. On the other hand, when the London Chamber attempts to strengthen the ABCC, regional and provincial chambers resist the centralisation this implies. Therefore, there are two countervailing forces as to whether the London or the regional and provincial chambers should control the ABCC.

The question of cost is still another complication. Cost bears much more heavily for the smaller chambers.

Thus, it is impossible to draw any simple conclusion. However, when the London Chamber threatened to "exit", the ABCC gave more "voice" so London withdrew its exit. This suggests that "voice" is inversely related to "exit", for the London Chamber did not continue to "exit" when it got "voice".

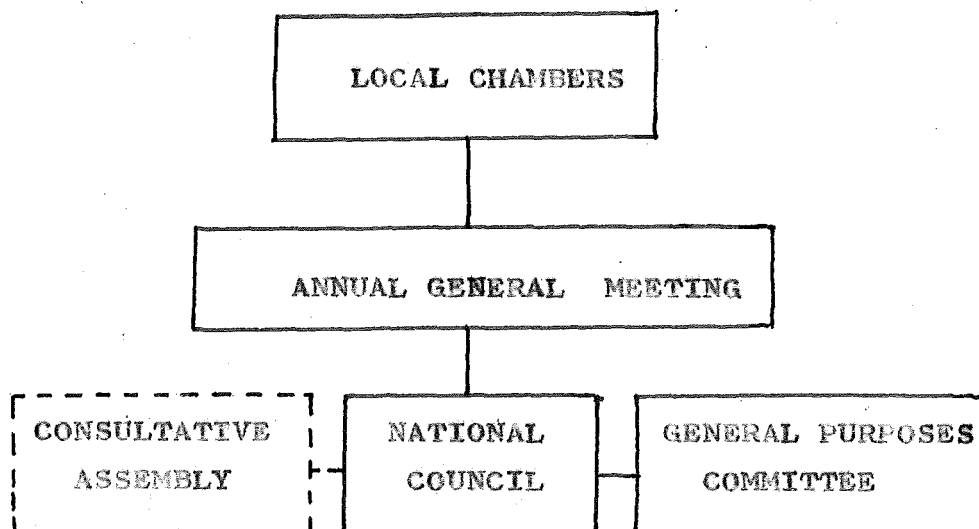


However, the notions of "exit", "voice" and "loyalty" are not clear cut. It is a matter of degree. In the real world of degrees of support, one has not only "exit" and "voice" but "limited exit" and degrees of "voice" as well. In the Turkish case, there was no choice of "exit", for chambers are required to be members of the Union. The relation between "limited exit" and "voice" illustrated that in the absence of "voice" the alternative course of action is "limited exit". There is, again, an inverse relationship between "voice" and "limited exit".

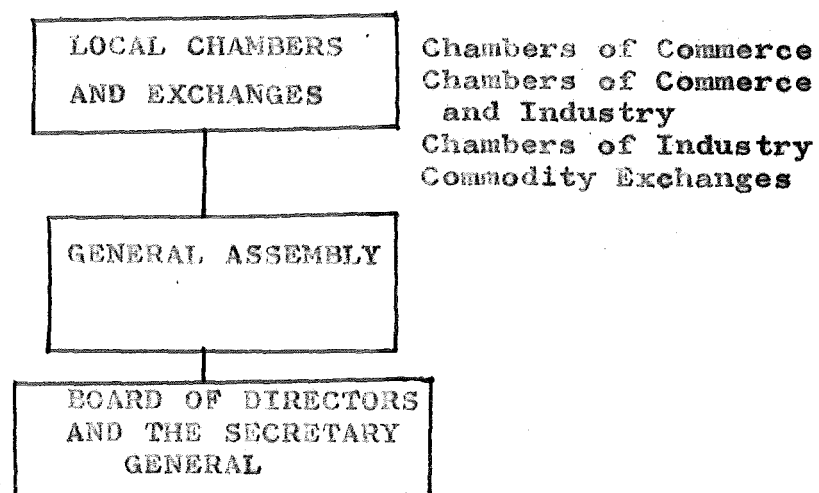
APPENDIX I

a) Governing Bodies

i) The ABCC



ii) The UNION



**b) Administrative Organisation**

**1) The ABCC**

**Centre:**

Director General  
ABCC Secretary  
2 Private Secretaries

**Divisions:**

International

Legal and  
Parliamentary

**Staff:**

Overseas Director  
Assistant Director  
2 Research Assistants  
2 Private Secretaries

Director  
Private Secretary

**Functions:**

1. EEC Conference  
Permanente
2. EEC Technical  
Committee
3. Overseas Trade  
Policy, GATT etc.
4. BOTB Liaison
5. Relations: ICC, FCC,  
Overseas British Chambers
6. Facilitation: Trade  
Procedure, Documentation

1. Company Law
2. Taxation
3. Industrial  
Property
4. Monopolies and  
Restrictive  
Practices
5. Maritime and  
Commercial Law

Source: ABCC, The UK Chambers of Commerce: Development

**Home and  
Economic Affairs**

**Chambers Service**

**Director**  
**1 Assistant Director**  
**(Economist)**  
**1 Private Secretary**

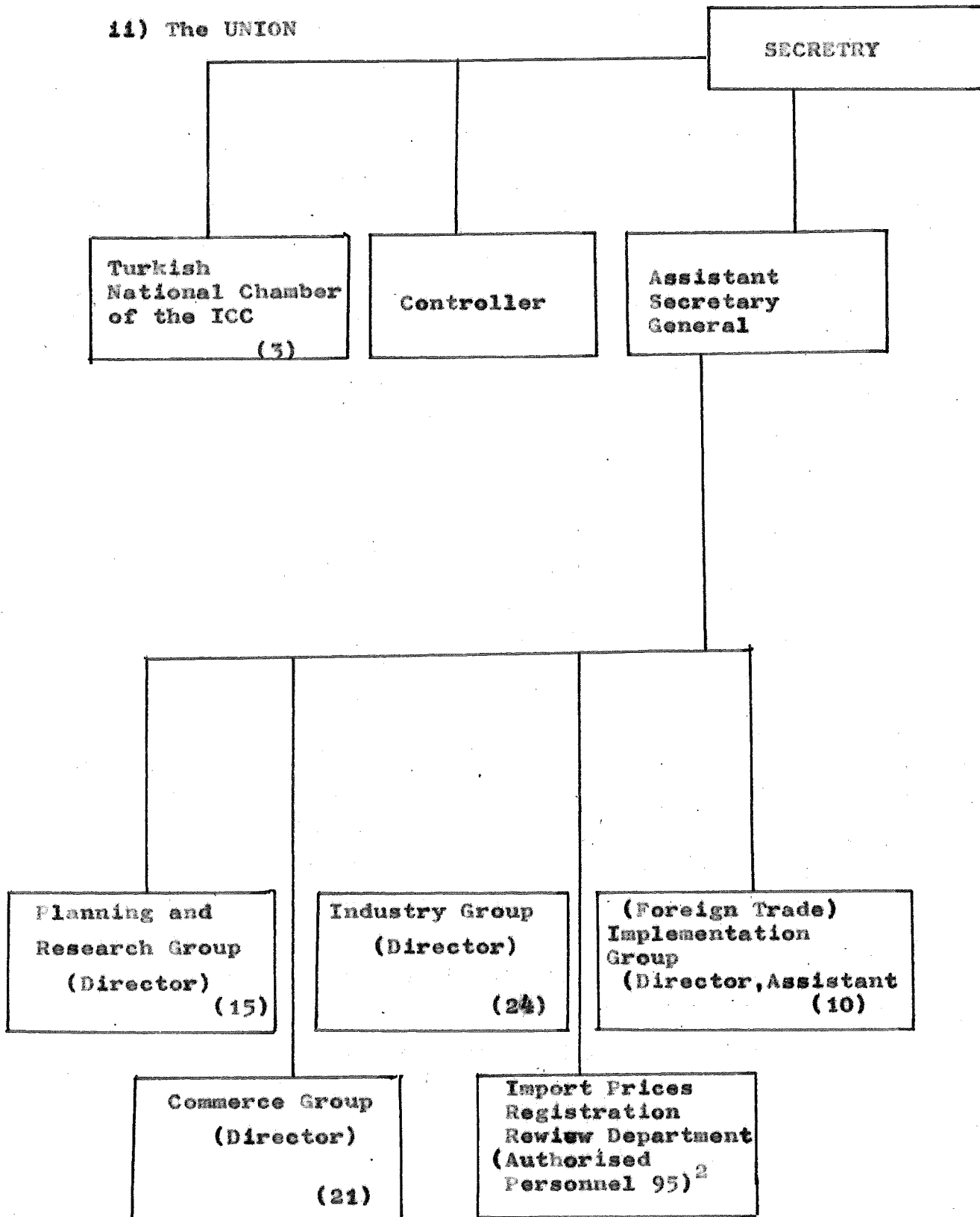
**Monitored by**  
**Regional**  
**Secretaries**

- 1. Economic and Industrial Policy**
- 2. Regional Development and Environment**
- 3. Transport Policy, Air, road, rail, and sea ports.**
- 4. Energy**
- 5. Education**

- 1. Intercommunication between Chambers**
- 2. Regional Development Fund**
- 3. Marketing and Membership Recruitment and Assistance.**

**in the Seventies**

11) The UNION



Source: General Job Descriptions Pertaining to the Duties and Services of the Union, (Ankara 1972)

<sup>1</sup>Figures in parantheses denote number of personnel

GENERAL

Private  
Secretary

Secretariat  
(3)<sup>1</sup>

Consultants  
(3)

Personnel  
Office

(4)

Accounts  
Office

(10)

News Centre and  
Translation  
Office

(3)

Administration  
Group  
(Director)

(95)

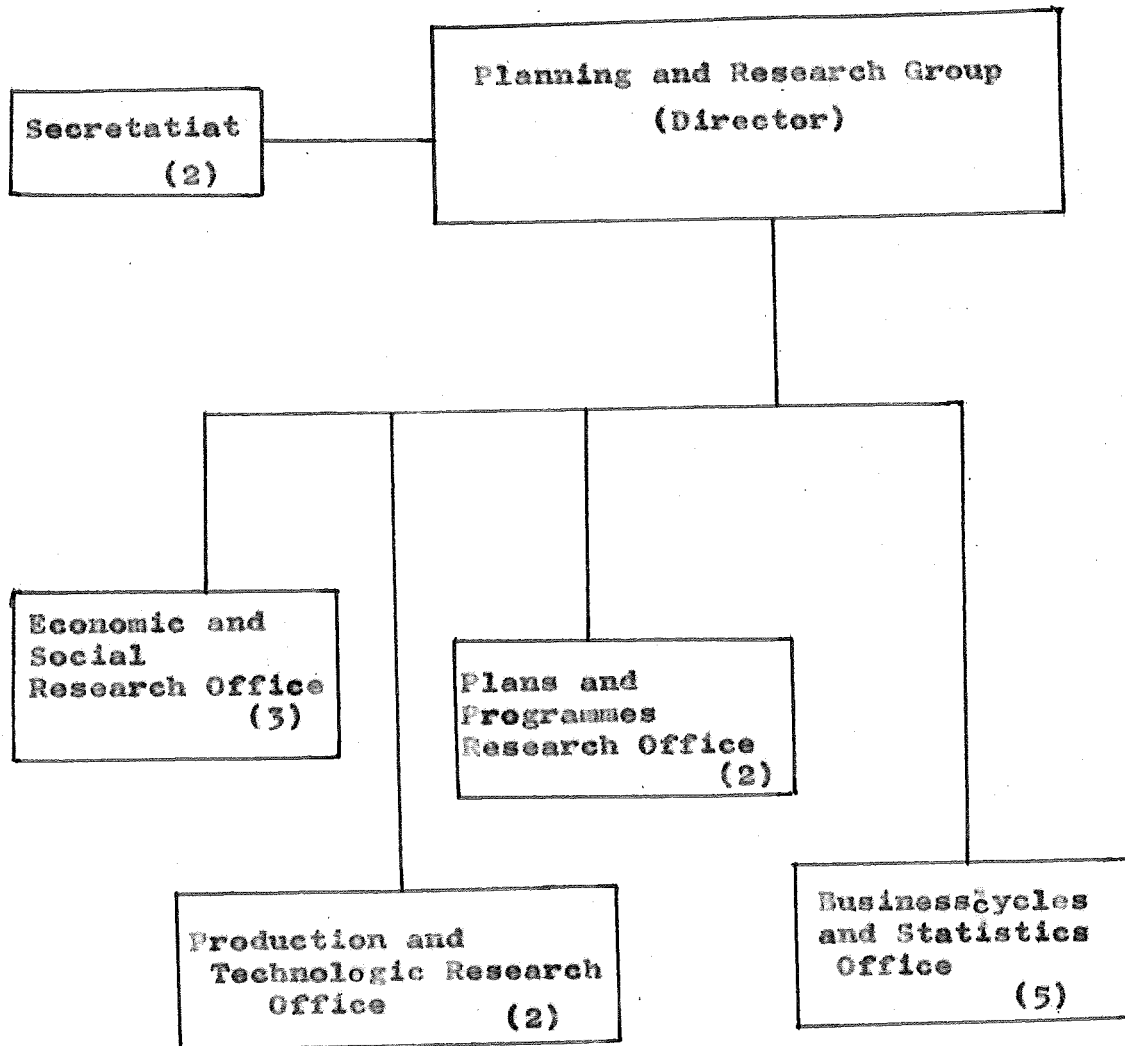
Library

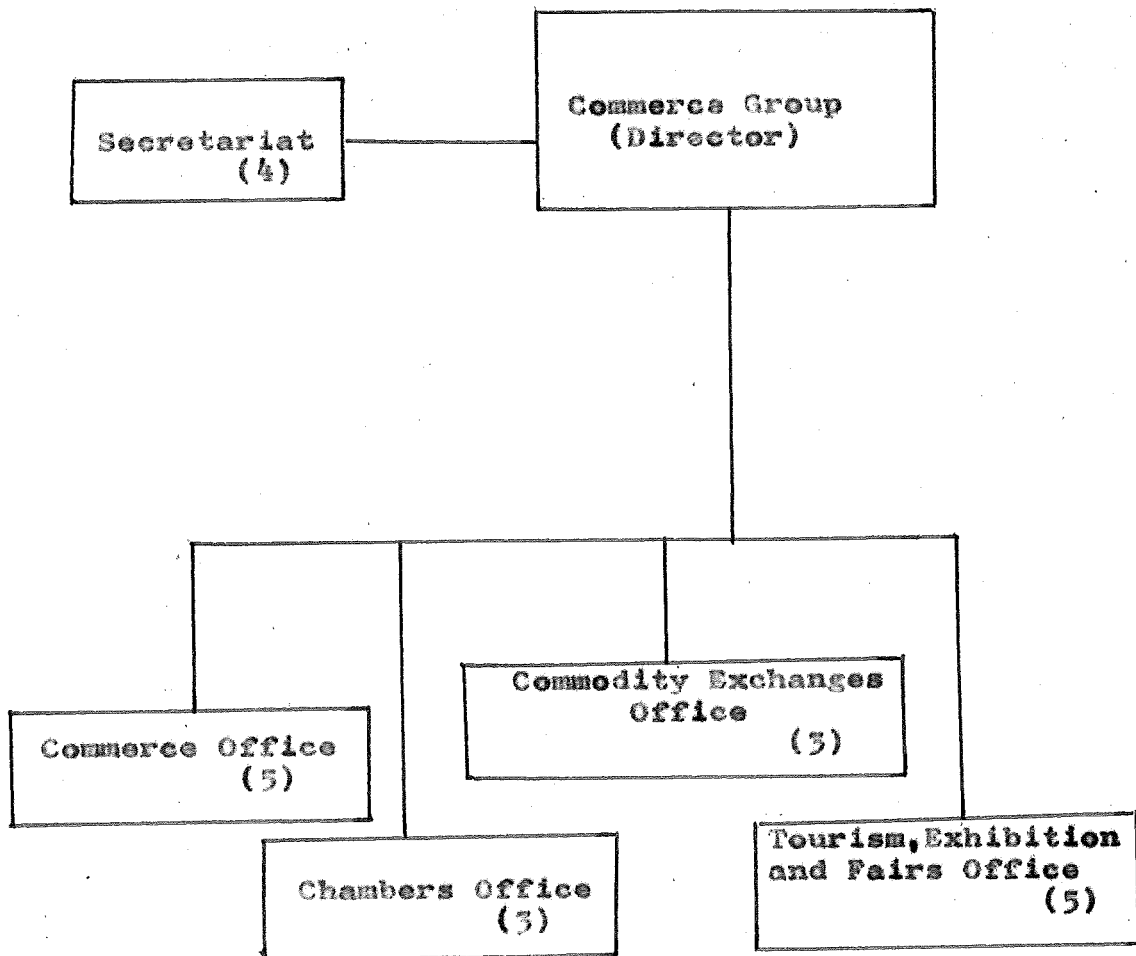
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Foreign Relations  
Office

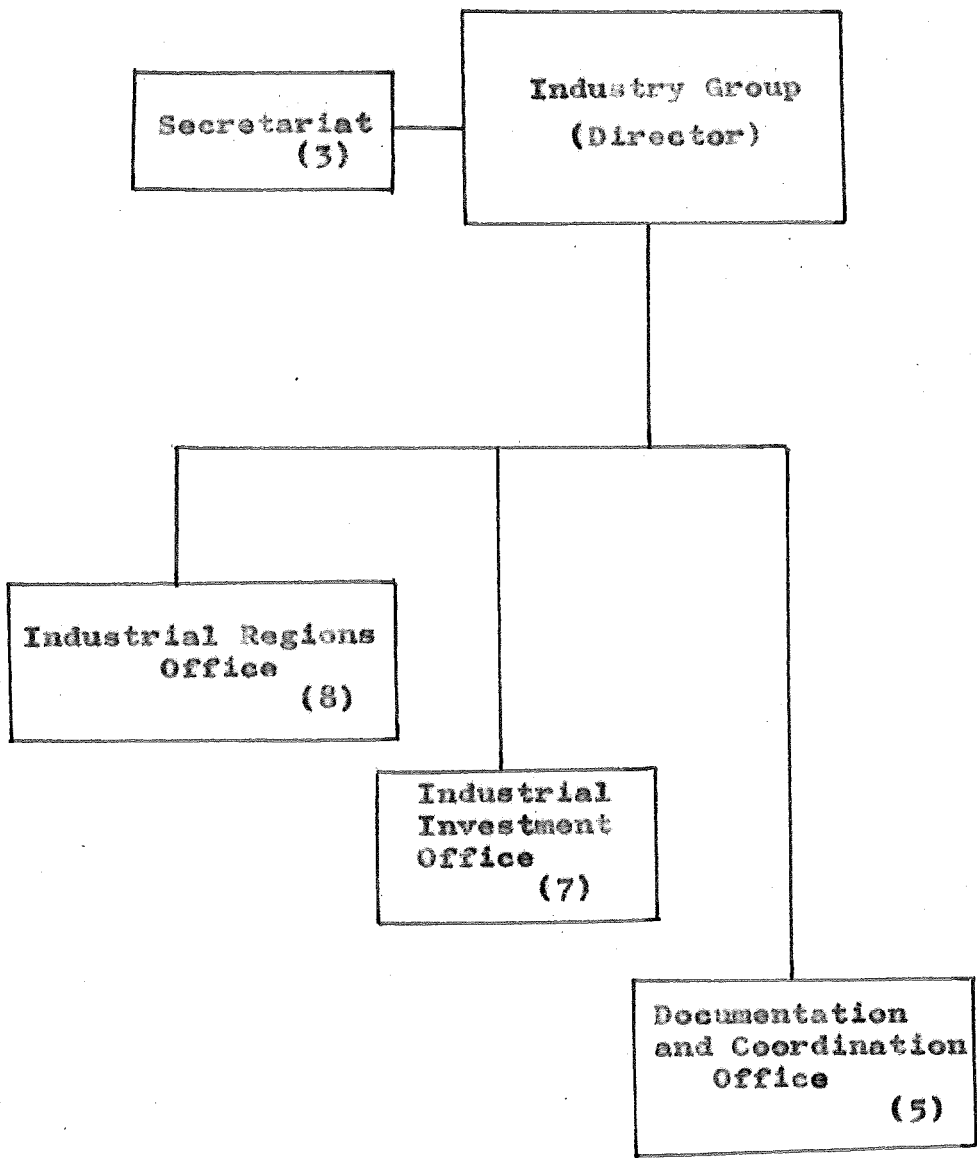
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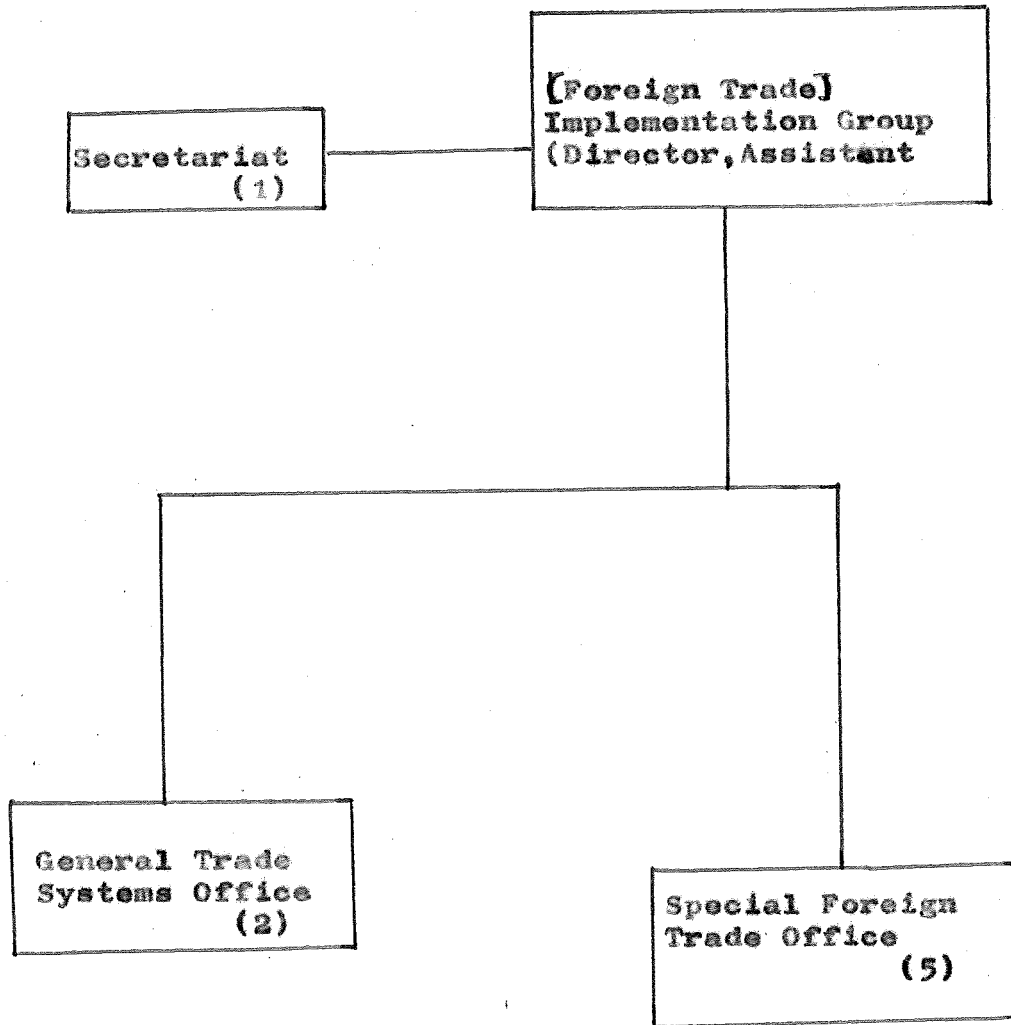
<sup>2</sup>A Reorganisation Study, 1967., p.168;but the personnel were increased to 195 from May 1971 when the Department's authority was extended to cover control of imports.

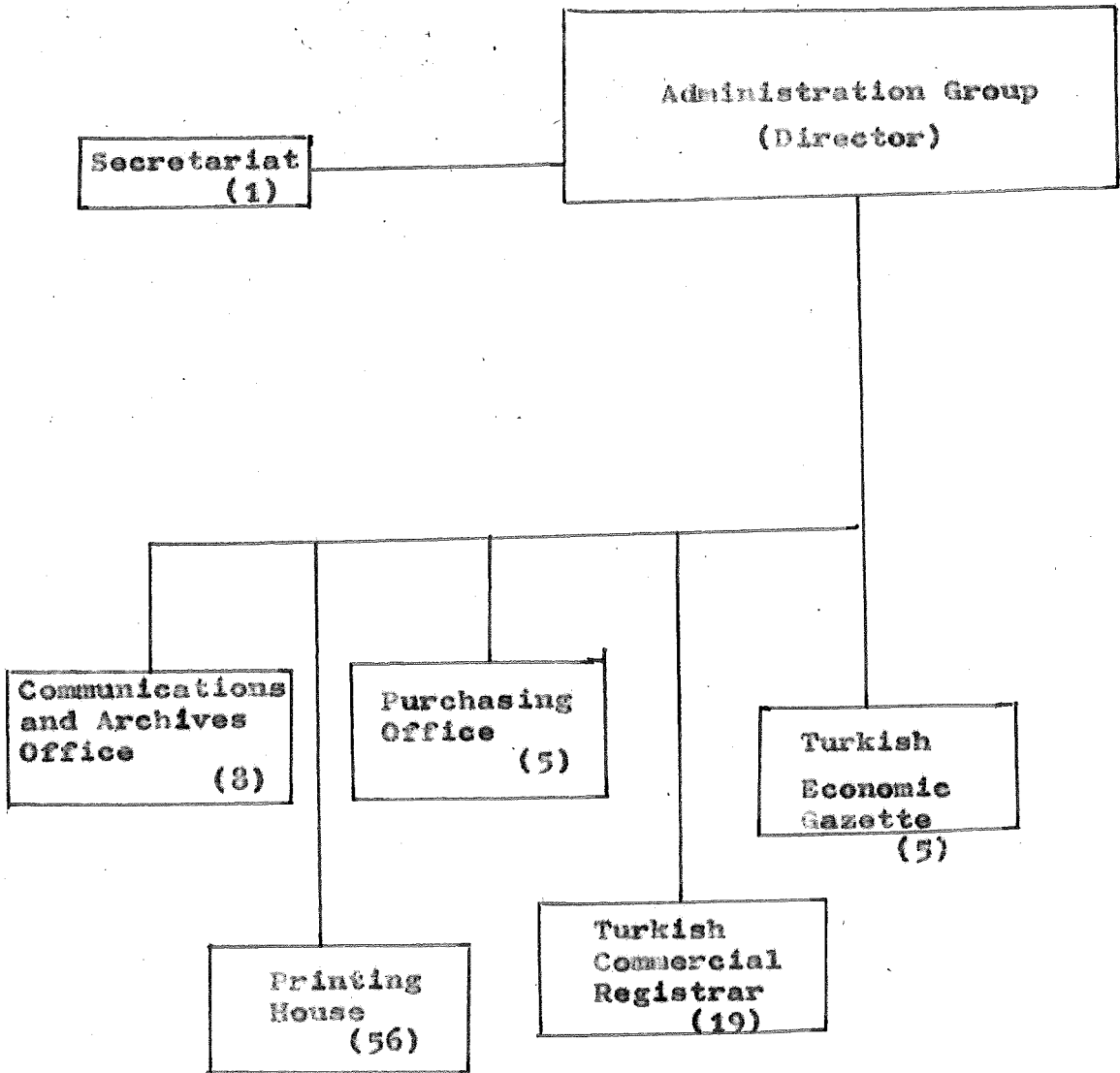












APPENDIX II

a) The ABCC Budget

	1959-60	1961-62 <sup>2</sup>	1962-63 <sup>2</sup>
<b>Income</b>	<u>32,780<sup>1</sup></u>	<u>31,331</u>	<u>31,710</u>
Subscriptions and Donations	25,220	28,500	28,600
Papers supplied	980	1,250	800
Subscriptions to Parliamentary Bulletin	3,360	10	800
Royalties	1	20	10
Investment Income Annuities Deposit (Gross)	1,383	1,551	1,500
Rents Receivable	1,533		
Commercial Apprenticeship Service Fees			
Excess of Income over Expenditure		485	1,211
<b>Expenditure</b>	<u>32,788</u>	<u>30,846</u>	<u>30,449</u>
Staff Salaries, Pensions, etc.	14,987	19,318	18,251
Expenses of Premises and Office Equipment	6,185	1,492	1,342
Office Publications and Meeting Expenses	9,286	7,576	8,131
Subscriptions	1,389	2,460	2,775
Provisions for doubtful debts. excess of income over expenditure	931		
Subscriptions to British Chambers in Europe			
Excess of Expenditure over Income			

<sup>1</sup> rounded off figures

<sup>2</sup> estimates

1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71
<u>32,672</u>	<u>32,453</u>	<u>32,814</u>	<u>31,779</u>	<u>49,979</u>	<u>54,002</u>	<u>48,062</u>	<u>47,176</u>
28,763	28,639	28,523	28,678	47,603	46,431	44,523	42,655
684	709	1,247					
1,377	948	641	1,142	486	455	240	1,348
7	2		5	5			
1,792	2,085	2,392	1,840	1,876	2,323	2,647	2,555
49		11	114		78	87	3
					625	565	660
2,013		440				1,873	
<u>30,357</u>	<u>34,832</u>	<u>32,374</u>	<u>36,288</u>	<u>51,567</u>	<u>54,002</u>	<u>46,189</u>	<u>53,826</u>
18,020	19,243	20,370	22,047	23,872	24,662	25,135	28,301
1,857	1,494	1,419	2,763	9,464	9,402	10,070	12,725
8,086	10,275	9,523	8,874	10,896	12,643	10,273	11,529
2,694	2,980	3,062	2,604	2,835	2,848	711	1,211
				4,500	4,447		
	2,379		4,509	1,597			6,650

b) The Union Budget.<sup>1</sup> (14 Turkish Lira is the equivalent of

	1959-60	1960-61
<b>Income</b>		
<b>Subscriptions</b>		
(a) current years	2,499,525.66	2,977,160.91
(b) previous years	89,293.06	124,640.11
Liquidation Account	10,587.44	8,841.19
<b>Securities</b>		
Dividends	25,355.10	43,475.60
Interest	25,631.41	53,008.40
<b>Fairs</b>		
Import Price Registration & Review Department	500,000.00	500,000.00
<b>Private Sector Quota</b>		
Allocation Department (Implementation Department as of 1962)	500,000.00	500,000.00
<b>Turkish Commercial Records</b>		
Gazette	350,000.00	500,000.00
Miscellaneous	35,919.23	12,666.62
<b>Total</b>	<u>4,036,291.90</u>	<u>4,719,792.83</u>
<b>Total Expenditure</b>	<u>2,784,604.77</u>	<u>2,993,497.74</u>
<b>Excess of Income over   Expenditure</b>	<b>1,251,687.13</b>	<b>1,726,295.09</b>

<sup>1</sup> actual income and expenditure account between 1st June and 30th April.

811 between 1959-1969 the exchange rate was 9 to 1)

	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70
	3,227,230.61	3,467,383.32	3,717,711.11	3,649,190.25	4,658,716.41	4,598,574.06	5,783,247.71	6,736,861.35	6,942,460.08
	234,717.89	189,672.13	124,582.89	201,494.59	691,933.33	714,927.81	1,225,536.43	792,530.99	537,320.45
	240,000.00	237,480.00	191,580.00	191,580.00	190,680.00				
	37,791.25	31,721.00	112,991.00	113,591.00	115,166.00	175,381.33	163,134.00	162,562.00	243,210.00
	118,251.98	151,544.64	197,804.67	77,261.39	153,626.73	75,601.42	80,358.97	42,254.15	37,374.12
		226,160.96	228,453.60	184,353.80	289,054.61	163,640.00	342,786.43	313,093.20	469,524.72
	600,000.00	775,000.00	800,000.00	503,804.43	500,000.00	800,000.00	1,500,000.00	900,000.00	750,000.00
	600,000.00	123,000.00	900,000.00	3,000,000.00	2,122,000.00	2,750,000.00	2,592,000.00	2,313,000.00	1,951,047.33
	600,000.00		600,000.00	352,300.00	310,000.00			440,000.00	950,000.00
	11,789.81	5,699.76	21,086.52	13,590.44	17,433.39	30,540.00	8,234.00	251,768.13	63,272.23
	<u>3,666,781.54</u>	<u>3,189,661.83</u>	<u>6,894,209.74</u>	<u>8,287,365.90</u>	<u>8,848,612.47</u>	<u>9,308,638.80</u>	<u>11,597,288.29</u>	<u>11,957,069.82</u>	<u>11,944,109.13</u>
	<u>3,972,238.40</u>	<u>5,140,296.30</u>	<u>6,318,640.92</u>	<u>7,540,002.18</u>	<u>7,387,699.17</u>	<u>7,882,383.82</u>	<u>9,869,733.76</u>	<u>11,102,184.81</u>	<u>11,727,191.29</u>
	1,694,543.14	49,363.53	57,360.82	947,363.73	1,450,913.30	1,426,254.38	1,727,554.53	854,883.01	216,907.86

	1959-60	1960-61
<b>Expenditure</b>		
<b>Personnel</b>	1,332,037.65	1,275,010.21
<b>General Assembly &amp; Board of Directors<sup>1</sup></b>	51,441.78	89,701.40
<b>Travel Expenses</b>		
<b>Administration</b>	1,113,280.17	342,246.42
<b>Exhibitions, Fairs &amp; Conferences</b>	130,577.47	122,679.82
<b>Publications</b>	13,896.15	191,454.67
<b>Subventions &amp; Subscriptions</b>	100,000.00	214,863.67
<b>Union's Contribution to the Services of the Industry Department</b>		
<b>Instalments of and Interest on Loans</b>		
<b>Fixed Assets(Invest.)</b>	33,361.55	57,541.55
<b>Building, Expenses</b>		1,250,000.00
<b>Information Committee Reserve Fund</b>		
<b>Expenses on Services</b>		700,000.00
<b>Performed under AID aid</b>		
<b>New Services</b>	10,010.00	
<b>Total</b>	2,784,604.77	2,993,497.74

<sup>1</sup> Includes copyright and translation expenses until 1963-64.





APPENDIX III

a) Record of Affiliation to the ABCC (Unless specified otherwise chambers are still members of the ABCC)

<u>(i)</u> <u>Years</u>	<u>(ii)</u> <u>Chambers</u>	<u>(iii)</u> <u>Year of formation</u>	<u>(iv)</u> <u>Notes</u>
1860	Belfast	1783 or 1796	Northern Ireland as from 1966
	Birmingham	1813	
	Bradford	1851	
	Bristol	1823	Resigned in 1967
	Hull	1837	
	Leeds	1850	
	Sheffield	1857	
	Southampton	1851	
	Wolverhampton	1856	
1861	Dewsbury	1861	
	North Staffs.	1852	
1862	Dundee	1835	
	Halifax and District	1862	
	Kendal	1857	
	Huddersfield	1853	
	Nottingham	1860	Resigned in 1967
1863	Goole	1862	
1864	Batley and Birstall	1856	Merged with Huddersfield in 1974

	South of Scotland	1860	
1865	Derby and Derbyshire	1864	
1866	Falmouth	1866	Not given in 1947 list or afterwards
	Cardiff	1866	
	Macclesfield	1865	Not given in 1922 list or afterwards
1867	Plymouth	1815	
	Stockton	?	Not given in 1947 list or afterwards
	Exeter	1867	
1868	Gloucester	1859	Resigned in 1967
	Middlesbrough	1863 or 1868	
	Morley	?	Not given in 1922 list or afterwards
1869	Newcastle-upon Tyne and Gateshead	1815	Not given in 1960 list of afterwards (see Tyneside)
	Dublin	1873	Not given in 1947 list or afterwards
	Teesside	1869	Not given in 1914 list
1870	Aberdeen	1853	

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Source: Membership lists of 1914, 1922, 1947 and  
1960-74 and Executive Council Minutes:  
August 1876-December 1953

1871	Jersey	1768	
1872	Limerick	1872	Not given in 1947 list or afterwards
1873	Worcester	1839	
	Heckmondike	1873	Not given in 1947 list or afterwards
1874	Swansea	1846	
	Greenock	1813	
1875	Tyneside	1815	Tyne and Weir as of 1969; Not given in 1914 list; Mention of Newcastle and Tyne in 1922 list, Newcastle upon-Tyne and Gateshead in 1947 list
1877	Cleckheaton	1877	Not given in 1947 list or afterwards
1878	Spen Valley	1878	Merged with Huddersfield in 1968; Not given in 1914 list
	Luton, Dunstable and District	1877	
	Kidderminster	1878	
1879	Portsmouth	1879	
	Sunderland	1879	Merged with Tyneside in 1969
	Warrington	1876	
1881	Leicester and County	1860	
	Walsall and District	1881	
1882	Barnsley and District	1881	

	Hartlepoons	1875	Resigned in 1964; according to 1914 list formed in 1869 and joined the same year
	London	1881	
1883	Gt. Grimsby	1883	
1884	Barrow-in-Furness	1883	Not given in 1960 list and afterwards
	Cork	1883	Not given in 1922 list and afterwards
	Oldham and District	1882	
	Dudley and District	1833 or 1883	
	Ipswich	1884	
	Newport(Mon)	1884	
1885	Londonderry	1885	Not given in 1947 list or afterwards
	Osset	1885	Merged with Wakefield in 1973
1888	Bolton and District	1887	
	Keighley	?	Not given in 1922 list or afterwards
1889	Blackburn and District	1887	
	Lincoln	1889	
	Llanelly	?	Not given in 1947 list or afterwards
1890	Yeadon	1890	Not given in 1922 list or afterwards

1891	Dover	1870	Not given in 1960 list or afterwards
	Wakefield	1864	
1893	Edinburgh	1875	
	Stroud	1889	Not given in 1947 list or afterwards
	West Ham	?	Not given in 1914 list or afterwards
1894	Croydon	1894	Not given in 1960 list or afterwards; reaffiliated in 1974
1895	Salt(Norwich)	1858	Not given in 1947 list or afterwards
1896	Bury and District	1895	
	Norwich	1895	
	York	1896	Not given in 1922 list and thereafter
	Fowey(Cornwall)		Not given in 1914 list or afterwards
1897	Leith	1840	
	Lancaster and District	1897	
1898	Manchester	1794	
1900	Chesterfield	1899	
	Liverpool	1850	Resigned in 1967, reaffiliated in 1970 Merseyside as from 1973
1901	Dunfermline	?	Not given in 1914 list or afterwards

	Mirfield	?	Not given in 1914 list or afterwards
	Oban	?	" " " " " "
	Trowbridge	1901	Resigned in 1969
1902	Arbroath	1902	Not given in 1947 list or afterwards
	Fleetwood	?	Not given in 1914 list or afterwards
	Bath	1902	Resigned in 1967
	Burnley and District	1902	Resigned in 1970
	Cheltenham	1902	Not given in 1922 list or afterwards
1903	Coventry	1903	
	Penzance	?	Not given in 1914 list or afterwards
	Torquay	?	" " " " " "
1905	Brighouse	1904	Not given in 1922 list or afterwards
	Colchester	?	Not given in 1914 list or afterwards
	Erith	?	" " " " "
1907	Taunton	?	Not given in 1914 list or afterwards
1908	Camborne	?	" " " " "
	Uxbridge	?	" " " " "
1909	Rotterdam and District	1909	
	Frimley and District	?	" " " " "

	Woolwich	1899	Not given in 1960 list or afterwards
1910	Glasgow	1873	
1911	Port Talbot	1907	
	Isle of Wight	1910	
1912	Barnstable and District	1911	Resigned in 1965
	Bridgwater	1911	Resigned in 1967
1913	Aldershot and District	1909	Not given in 1960 list or afterwards
	Birkenhead	1911	Resigned in 1971
	Brighton and Hove	1913	Not given in 1960 list, reaffiliated in 1962
1914	Reading	1903	
	Letchworth	1913	Not given in 1947 list or afterwards
1916	Gt. Yarmouth	1901	
1917	Northampton and County	1917	
	Preston and District	1916	
	Stratford on Avon	1916	Not given in 1960 list or afterwards
	St. Alban's and District	?	Not given in 1922 list or afterwards



1918	Mansfield	1917	Not given in 1960 list or afterwards
	Bishops-Strotford	?	Not given in 1922 list or afterwards
	Hitchin	?	" " " " "
	Cambridge	?	Not given in 1914 lists; not affiliated
1919	Winchester	1919	Not given in 1960 list or afterwards
	Newry	?	Not given in 1922 list or afterwards
	Hereford	?	Not given in 1947 list or afterwards
1920	Nuneaton	?	Not given in 1922 list or afterwards
1921	Chester and North Wales	1921	
1922	Widness	1922	
	Coleraine	?	Not given in 1914 or 1947 list
	Nowton Abbot	?	" " " "
1923	Newark	1923	
1924	Lowestoft	1923	
1926	Kircaldy	1825	
	Runcorn and District	1925	Resigned in 1970
	Uckfield	?	Not given in 1947 list or afterwards

1928	Aylesbury and District	1926	Not given in 1960 list or afterwards
	Alton and District	?	Not given in 1947 list or afterwards
	Stockport	1928	Resigned in 1970
1929	Welwyn Garden City	1929	Mid-Hertz as from 1969
1930	Isle of Wight	?	Reaffiliated; first joined in 1909
	Maidstone	1930	Not listed in 1960 or afterwards
	Rugby	1908	
	Willesden	1928	Not given in 1960 list or afterwards
1931	Boston and District	1930	Resigned in 1970
1934	Carlisle	1934	First affiliated in 1909 but not mentioned afterwards
1935	St. Austell District	1935	Not given in 1960 list or afterwards
	High Wycombe	?	" " " " "
	Peterhead	?	Not given in 1947 list or afterwards
1936	Wigan and District	1936	First affiliated in 1884 but not mentioned afterwards

1937	Shetland	?	Not listed in 1960 and afterwards, re-affiliated in 1973
1938	Burton-upon-Trent	1938	
1940	Neath, Briton Ferry and District	1876	
1941	Perthshire	1941	
	Doncaster	1941	
1949	Slough	1949	
1951	Bootle and District	1946	Resigned in 1967
1952	Poole and District	1949	Poole, Bournemouth and District as from 1964
1954	The Forth Valley	1952	
1957	Isle of Man	?	
1958	Rochdale and District	1948	
	Ayr	1949	
1960	Grantham	1960	Resigned in 1973
1961	Westbury	1959	Resigned in 1974
1964	Newhaven and District	?	
1966	North Lindsay	?	

1967	Westminster	1947	Resigned in 1970
1969	Inverness	?	Affiliated in 1899 but not mentioned Afterwards
1971	Paisley	?	
1973	Telford	?	

b) Turkish Chambers of Commerce and Industry and  
Chambers of Industry by year of formation

i) Chambers of Commerce and Industry

<u>Years</u>	<u>Chambers</u>	
1870	İnebolu	
1879	Tarsus	
1882	İstanbul	
1884	Trabzon	
	Muğla	(2)
1885	İzmir	
1886	Antalya	
	Mersin	(2)
1889	Balıkesir	
	Bursa	(2)
1892	Kastamonu	
1894	Adana	
1895	Eskişehir	
1896	Sivas	
1898	Giresun	
	Gaziantep	(2)
1901	Fethiye	
1903	Bafra	
1905	İsparta	
1906	Bartın	

Source: The Union

1907	Samsun	
1908	Manisa	
	Silifke	
	Sivas	(3)
1910	Afyon	
1911	Çorum	
1913	İzmit	
1914	Odemiş	
1915	Bayburt	
1919	Zonguldak	
1920	Edirne	
	Elazığ	(2)
1921	Milas	
1922	Ceyhan	
	Erzurum	
	Gelibolu	
	Kars	
	Kırklareli	
	Kilis	
	Konya	(7)
1923	Aksaray(Niğde)	
	Artvin	
	Burhaniye	
	Çanakkale	
	Çankırı	
	Rize	
	Tire	
	Yozgat	(8)
1924	Adapazarı	
	Nazilli	
	Uzunköprü	(3)
1925	Ağrı	
	Ardahan	
	Bergama	
	Dinar	

	Dörtyol	
	Edremit	
	Ereğli(Konya)	
	İnegöl	
	Lüleburgaz	
	Kayseri	
	Malatya	
	Menemen	
	Ordu	
	Osmaniye	
	Tekirdağ	
	Turgutlu	
	Urfa	
	Uşak	
	Ünye	(19)
1926	Akhisar	
	Ankara	
	Aydın	
	Bandırma	
	Bayındır	
	Burdur	
	Denizli	
	Kütahya	
	Mardin	
	Nevşehir	(10)
1927	Akşehir	
	Amasya	
	Babadağ	
	Gümüşhane	
	Maraş	(5)
1928	Diyarbakır	
	Ayvalık	(2)
1929	Erzincan	
1936	İğdır	
1938	Buldan	

1939	Antakya	
	İskenderun	(2)
1949	Karaman	
	Merzifon	
	Tosya	(3)
1950	Zile	
1953	Siverek	
1954	Karabük	
1956	Kırıkhan	
1958	Çorlu	
	Keşan	
	Niğde	(3)
1959	Bolu	
	Düzce	(2)
1960	Demirci	
1961	Siirt	
	Gönen	(2)
1962	Bolvadin	
	Niksar	
	Nizip	
	Van	(4)
1963	Kırıkkale	
	Salihli	(2)
1964	Emirdağ	
1965	Anamur	
	Erdek	(2)
1966	Bucak	
	Pasinler	
	Polatlı	
	Soma	
	Turhal	(5)
1967	Batman	
	Sandıklı	
	Yenişehir(Bursa)	(3)

1968	Akçakoca	
	Bor	
	Çay	
	Erdemli	
	İlgın	
	Malkara	
	Safranbolu	(7)
1969	Bitlis	
	Borçka	
	Çumra	
	Develi	
	Hayrabolu	
	Hopa	
	Karakallı	
	Sarayköy	
	Sinop	
	Sungurlu	
	Seydişehir	
	Taşköprü	
	Ürgüp	
	Yalova	
	Yerköy	(15)
1971	Arhavi	
	Boyabat	
	Gümüşhacıköy	
	Kaman	
	Hakkari	
	Karacabey	
	Şerefli Köçhisar	
	Tavşanlı	(8)
1972	Tatvan	
1973	Akyazı	
	Alaşehir	
	Biga	
	Karapınar	



Mucur  
Söke  
Suluova  
Terme

(8)

ii) Chambers of Industry

<u>Years</u>	<u>Chambers</u>
1952	Istanbul İzmir
1954	Ege Bölgesi (Aegean Region Chamber of Industry which included the İzmir Chamber and had branches at Aydın, Balıkesir, Denizli, Manisa, Milas, Ayvalık and Edremit)
1963	Ankara
1966	Adana
1967	Kayseri
1968	Eskişehir
1973	Denizli

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