A RETROSPECTIVE STUDY ON PUBLIC ENTREPRENEURSHIP IN THE FOUNDING YEARS OF THE REPUBLIC

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Abstract

In its founding years, the Republic of Türkiye aimed to be an economically self-sufficient, productive, and value-creating country, and great efforts were made in public entrepreneurship for this purpose. The primary purpose of this research is to examine Turkish public entrepreneurship from a retrospective perspective. Public entrepreneurship emphasizes the government's role in transforming societies by using entrepreneurial principles on issues such as innovation and the effective delivery of public services. The research aims to examine the success stories of the past and the problems that have survived since then, focusing on understanding the origins and evolution of public entrepreneurship in the founding years of the Republic of Türkiye. Additionally, the research aimed to address public entrepreneurship's potential future impacts and challenges. This retrospective analysis focuses on better understanding the effects of public entrepreneurship on public policy and society's well-being.

Keywords: Public Entrepreneurship, Retrospective research, Innovation efforts, Public Policy, Social Transformation

Jel Codes: L26, L33, L38

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1. INTRODUCTION

Entrepreneurship is a concept that has been used for a long time in both business and economics and expresses creative ability and capital initiative together. Due to its transformative impact on individuals and society, entrepreneurship continues to be the focus of attention of many researchers and institutions. While entrepreneurship in the private sector is often associated with an individual's activities (Bernier & Hafsi, 2007, p.489; Bernier, 2014, p. 254), it refers to state investments in the public sector. The economic system always has an entrepreneurial function, and the entrepreneur serves a central function in the private sector market. Whether entrepreneurship is carried out by the public or private sector, in any case, entrepreneurship can be expressed as a risk-taking function under uncertainty. Although many researchers played a role in forming the idea of entrepreneurship, one of the essential contributions in this regard was made by Adam Smith, one of the pioneers of classical economic theory. French economist Jean Baptiste Say, who is also one of the essential economists, saw entrepreneurship as one of the four primary factors of production (labor, capital, nature, entrepreneur) (Leyden & Link, 2015, p.4; Durukan, 2006, p.28; Akdoğan, 2023, p.20). Say sees the entrepreneur as an essential function of bringing together production factors to produce economic goods and services to meet the needs of society by taking risks.
It involves public institutions or organizations adopting entrepreneurial behaviors and strategies to identify, develop, and implement innovative solutions to public problems and challenges. Public entrepreneurship is a dynamic approach that aims to increase public services and governance's efficiency, effectiveness, and responsiveness. It promotes innovation in the public sector and encourages government agencies to think creatively and seek innovative solutions to address complex social, economic, and environmental problems. Public entrepreneurs identify and address public problems creatively and proactively, not content with maintaining the status quo but seeking new and more effective ways to achieve public goals (Chell & Spence, 2007; Kickert, 2005; Mazzucato, 2013). They may try new policies, programs, or service delivery methods to achieve better results. Public entrepreneurship often involves collaboration between public, private, and nonprofit organizations and academia. This collaborative approach can leverage broader expertise and resources to address complex problems. Public Economic Enterprises (SOEs), established in line with the decisions taken in the founding years of the Republic of Türkiye and economic congresses, are successful examples of non-profit public entrepreneurship.

Public entrepreneurship can emerge from government institutions at various levels. It encourages public employees to take initiative and drive innovation from the bottom up. Public entrepreneurship fosters a more responsive and customer-focused government. It aims to meet citizens' changing needs and demands by adapting and improving government services and policies. Public entrepreneurs often emphasize the importance of data and evidence-based decision-making. They try to measure the impact of their initiatives and adjust based on the results. Public entrepreneurship views the government as a regulator or service provider and a catalyst for positive change and innovation (Osborne & Gaebler, 1992; Steen & Vedung, 2005). It encourages the government to create an enabling environment for innovation. Examples of public entrepreneurship initiatives include open data initiatives, social impact bonds, public-private partnerships, and citizen engagement programs that encourage participation in policymaking. Public entrepreneurship responds to the increasing complexity of public problems and the need for more agile and innovative governance.

The focus of this research is public entrepreneurship, which aims to create more effective and responsive state institutions by applying entrepreneurship principles and practices to the public sector. Public entrepreneurship involves rethinking and innovating policies and regulations to address emerging challenges. Governments may need to create new rules and standards to adapt to innovations in various sectors, such as technology and sustainability.
Since many public entrepreneurship initiatives are not motivated solely by profit, they aim to protect the environment and create social impact. This goal is aligned with the United Nations Sustainable Development Goals. Public and private partnerships are established to collaborate between government agencies and private sector organizations to provide public services and infrastructure or address societal challenges (Hjern & Hull, 1982; Osborne & Gaebler, 1992; O'Reilly et al., 1989; Austin, 2000; Ma & Phillips, 1989). In Türkiye, kits have served essential social and economic functions within the framework of public-private partnerships since their establishment.

2. CONCEPTUAL FRAMEWORK

2.1. Turkish public entrepreneurship and public economic enterprises

An entrepreneur is a coordinator in a business or a modern industrial leader or manager. This refers to the managerial (administrative) role of the entrepreneur. Although many researchers played a role in creating the concept of entrepreneurship, Schumpeter gave this concept its current meaning. Schumpeter (2003) emphasized the innovative role of entrepreneurship and its importance for developing the country's economy. Schumpeter (2003, p.132) defines entrepreneurship as finding and developing a new good or service, new production method, new markets, new supply sources, and new organizational structures. Schumpeter considered entrepreneurship a dynamic process and defined it as people who abandon the old and introduce more effective new ways and methods in a continuous innovation process and claimed that these people are the most important actors of economic growth. In his work titled "Risk, Uncertainty, and Profit," Knight (1921, p.132) focused on uncertainties in the economy and defined the entrepreneur as a person who makes decisions under uncertainty. According to Knight, an entrepreneur is a person who assumes the financial consequences of the risk that an enterprise will turn out worse than expected. Knight emphasized the importance of the entrepreneur's intuition in making decisions under uncertain conditions.

Shane and Venkataraman (2000, p.220) suggested that to be entrepreneurial, one must first have entrepreneurial opportunities. Seizing opportunities is a form of competence that entrepreneurs possess that others do not. Some people see opportunities, while others mostly see risks. The entrepreneur can recognize a profitable opportunity and is willing and innovative to obtain the necessary resources and use them successfully. Entrepreneurship is a process in which individuals evaluate opportunities independently or within an organization, regardless of available resources. Public entrepreneurship applies principles and practices in a public sector or government context. Although public entrepreneurship has progressed based
on the basic entrepreneurship theory, it has a different structure from private entrepreneurship depending on its features (Siverekli, 2008, p.37; Bernier, 2014, p.254). This conceptual explanation of private entrepreneurship helps propose a framework for public entrepreneurship.

Public entrepreneurship refers to enterprises that produce private goods that are market goods and are under the ownership, management, and control of the public sector. Public entrepreneurship is a relatively new concept from classical entrepreneurship. Wagner (1966) and Ostrom (1964) first mentioned the concept of public entrepreneurship (channel: Hayter et al. 2018). Wagner discussed public entrepreneurship based on the motivation of "political interest" and, in this context, evaluated it within the scope of political gain that can be associated with self-serving actions. This view of Wagner is one of the leading views in the literature. Wagner's public entrepreneur operates directly through the government's spending and service mechanisms, thus providing collective benefits for political profit or gain (Hayter et al., 2018). In his research, Ostrom (1964) emphasized that entrepreneurship analyses were limited to the market economy but that public entrepreneurship is as vital as private-sector entrepreneurship. Casson (2003), Holcombe (2002), and Schnellenbach (2007) state that the behavior of the public sector entrepreneur is consistent with the benefit maximization assumption of neoclassical economics, where the benefit is synonymous with political profit (Hayter et al., 2018; Schnellenbach, 2007, p.185; Hayter et al. 2018, p.680; Roberts, 1992, pp.62-63). In this respect, public entrepreneurship is divided into political and political entrepreneurship. While political entrepreneurs introduce political innovations in the process of competing for office, the efforts of policy entrepreneurs are directly aimed at implementing new policies. All these approaches conclude that public entrepreneurship actions are an innovative tool for a purpose.

Based on public entrepreneurship, private goods, and services are produced by the public sector and generally have the qualities the market economy can produce (Siverekli, 2008, p.38; Kearney et al., 2007, p.279). Public entrepreneurship is undertaking activities that initiate change in public institutions, adapt them to the environment, innovate, and reduce risks. In public entrepreneurship, personal goals and objectives are less important than achieving a good result in the public enterprise. In most definitions of public entrepreneurship, it has approximately the same characteristics as entrepreneurship in the market environment. Public entrepreneurship aims to provide social benefits and create value. Public entrepreneurship is the state's creation of value for its citizens, and the primary
motivation of public entrepreneurship is to create social capital or value rather than profit motive (Edwards et al., 2002, p.1546; Morris & Jones, 1999, p.74; Edwards et al., 2002, p.1546; Bernier & Hafsi 2007, s.489). The primary purpose of public entrepreneurship is to provide service to society and create value. The aim is to benefit from the society's initiative through public entrepreneurship. With the establishment of the Republic of Türkiye, Public Economic Enterprises (SOEs) are one of the most successful examples of Turkish public entrepreneurship.

SOEs are enterprises established to produce goods and services, more than half of the financial resources of which are provided by central or local public administrations, or where these administrations are responsible for the operating results and are supervised by them (Hazine ve Maliye Bakanlığı (HMB), 2020, p.3). During the founding years of the Republic of Türkiye, public entrepreneurship activities were primarily carried out through SOEs. SOEs, which have public legal entities, functioned as state-owned enterprises where economic activities were carried out using public resources. Since the political and bureaucratic transformation experienced by each country is different, it is not easy to find a common ground for consensus on the missions of SOEs. SOEs and state-owned enterprises are institutions established and recognized by national laws, with ownership and control at the central government level. SOEs are companies owned by the state or in which the state has shareholder rights (Akdoğan, 2023, p.24; Zhang, 2008; Nie, 2022, p.385). SOEs are established to produce private goods based on the authority granted by law or law, to work according to market conditions in the commercial and industrial field, and to consider social benefit/cost relations.

The first law to regulate public enterprises in Türkiye, other than the establishment laws, is Law No. 3460, dated 1938. This law defines SOEs as "economic entities established by giving all their capital to the state." Today, SOEs operate by the Decree-Law No. 233, which came into force in 1984. According to this decree numbered 233, SOEs are defined as "consisting of State Economic Enterprises (SECs) and Public Economic Enterprises (PPPs) established by the state or another public institution to engage in economic activities, whose entire capital belongs to the state or other public institutions." Accordingly, SOEs is the common name of SECs and PPPs.

Although the establishment of SOEs in Türkiye dates to the Ottoman Empire, the establishment of SOEs in the modern sense occurred during the Republic period. However, it is known that there were SOE-like organizations in the Ottoman Empire. Established in the
19th century, Beykoz Equipment Military Factory in the leather industry, Feshane Factory and Izmit Factory in wool weaving, Fevaidi Osmaniye in maritime operations, Zeytinburnu Factory in cotton weaving, Hereke Factory in velvet and silk weaving, Ereğli Zonguldak Coal Basin, İnceköy Glass Facilities and Porcelain Factory Ottoman It exemplifies the public enterprises established in the state (Erol & Aslan, 2017, p.43; Aktan 1992, pp.128-129; Kepenek, 1993, pp.18-19). Some of them continued their activities after the establishment of the Republic of Türkiye. However, the establishment and expansion of SOEs in their current sense occurred during the Republic period. The Republic inherited an economy based on agriculture from the Ottoman Empire. The people were uneducated, and the infrastructure was inadequate. The non-agricultural sector was controlled by non-Muslims (Altıparmak, 1998, p.68). With the establishment of the Republic, a vast gap occurred in the trade and industry areas outside Istanbul as non-Muslims left the country. A significant development that shapes the economic policy of the Republic, which was established under these conditions, is the İzmir Economic Congress.

Difficulties such as the limited resources of the Turkish economy and the state at the beginning of 1923, the remaining debts of the Ottoman Empire, and the customs tariffs that continued until 1928 required the state to act cautiously and not take on burdens it could not bear in economic policies. Following a liberal policy has been an efficient solution. However, due to the lack of capital and knowledge until 1927, the expected breakthroughs in private enterprise did not occur (Eşkinat & Need 1992, p.37; Taş, 1995, p.19). The existence of a worldview that holds the state responsible for the country's general situation and social welfare has made the development of private enterprise in Türkiye difficult. Another vital phenomenon during this period was the passage of the Industry Incentive Law in 1927 to protect and support the private sector. With this law, all de facto and legal monopolies on a regional and national scale were opened to capital circles that longed to invest. This law, which aims to support and encourage private enterprise in the most general terms, reflects the economic approach followed by the State (Övgün, 2009, p.25; Sadık, 1976, p.118). This law failed because of the lack of capital accumulation and skilled workforce.

2.2. Searching for models in public entrepreneurship at İzmir Economics Congress

Apart from the military and bureaucrat class, one thousand one hundred thirty-five representatives, including farmers, merchants, industrialists, and workers, attended the İzmir Economic Congress, held between 17 February and 4 March 1923. A "Misak-ı İktisadi" decision, which determined the direction of the economic policy to be implemented, came out
of the congress, which bore the stamp of the trade group, which was under the influence of the farmers' group and especially the Istanbul merchants. Accordingly, he envisaged a protectionist and nationalist economic policy based on private enterprise and wanted the state to protect private enterprise (Eşkinat & Need 1992; Koçtürk & Gölalan, 2010, p. 50). The economic policies implemented after the establishment of the Republic were carried out within this liberal thought system. The abolition of tithe tax, the establishment of private property law for real estate, the establishment of Business Bank in 1924 to provide commercial loans and the Industry and Mining Bank in 1925 to provide industrial loans, and the enactment of the Industrial Incentive Law in 1927. These were essential examples of how decisions were put into practice.

Although the economy of 1923-1932 was called a liberal economy, the interventions of the state in the economy, which can be considered statist, drew attention in this period. Various expropriation activities, especially railways, and the state's monopolization of the production and import of items such as salt, sugar, alcohol, and matches in order to generate income for the treasury are concrete examples of these interventions (Yıldız, 1985, p. 118). The great economic crisis in the United States in 1929 was felt almost worldwide, and liberal economic policies became questionable. During this period, excess supply and lack of demand, especially in agricultural products, brought the export of agricultural products to a halt. Türkiye, whose share of agricultural products in foreign sales is more than 80 percent, has been economically affected by this situation (Yücel, 2017, p. 92). The impact of the global crisis on Türkiye caused exports to decrease significantly and imports to increase. During this period, Türkiye tried to create an economic policy to prevent imports to close the foreign trade deficit.

The fact that Celal Bayar, the General Manager of Business Bank, was appointed instead of the Minister of Economy, Mustafa Şeref Bey, upon the instructions and request of Mustafa Kemal himself in the autumn of 1932, is essential in terms of reflecting Atatürk's preference in economic policies. In this period, the scarcity of investors made it necessary for the state to be in economic life, and the statist economic model had to be adopted. The Prime Minister of Atatürk's time, İsmet İnönü, clearly stated that Atatürk prioritized private enterprise and was in favor of a liberal economy. While the principle of statism was adopted in this period, it was stated that private enterprise in industry would be supported, but due to the sensitivity of the current situation, the leadership in development would be in Public Economic Enterprises
In this respect, the statism understanding of the period carries the understanding of a capitalist state rather than a socialist statism.

With statism practices, the First Five-Year Development Plans began to be implemented between 1933 and 1938 (Boratav, 2007). This is a period when the establishment of SOEs gained momentum. While the share of public enterprises in industrial enterprises was 2.1 percent in 1932, this rate increased to 9.7 percent in 1939. Apart from the global economic crisis, this increase was also due to the easing of the debt burden assumed from the Ottoman Empire by the Treaty of Lausanne and the ability of the State to allocate more resources to this field (Kuntbay, 1981, p.16; Arslantürk, 2022, p.94; Yıldız, 1985, p.118). During this period, with the economic support and loans from the Soviet Union, it made significant investments in the areas it needed, and 12 large Table 1 SOEs were established (Eren & Şimşek, 2022, p.344). These SOEs are shown in Table 1.

<table>
<thead>
<tr>
<th>Year</th>
<th>Public Economic Enterprises</th>
<th>Purpose of Establishment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1933</td>
<td>Sumerbank</td>
<td>Supporting the industrial sector</td>
</tr>
<tr>
<td>1933</td>
<td>People's Bank</td>
<td>Meeting the loan needs of small businesses</td>
</tr>
<tr>
<td>1933</td>
<td>Airlines State Enterprise Administration (Expropriation)</td>
<td>Enabling and improving air transportation</td>
</tr>
<tr>
<td>1933</td>
<td>Maritime Lines Management Directorate (Expropriation)</td>
<td>Developing and supporting maritime trade and maritime transportation</td>
</tr>
<tr>
<td>1935</td>
<td>Eytam Bank</td>
<td>Supporting the mining and energy sector</td>
</tr>
<tr>
<td>1935</td>
<td>Mineral Technical Exploration Institute</td>
<td>Uncovering the precious metal reserves in the country</td>
</tr>
<tr>
<td>1935</td>
<td>Electrical Works Survey Administration ((Expropriation)</td>
<td>Producing and distributing electricity</td>
</tr>
<tr>
<td>1937</td>
<td>Republic of Türkiye Ziraat Bank (Expropriation)</td>
<td>Supporting the agricultural sector</td>
</tr>
<tr>
<td>1937</td>
<td>State Agricultural Enterprises</td>
<td>Establishing and supporting agricultural</td>
</tr>
</tbody>
</table>
While the rate of increase of national income was 2.3% in 1929-1934, it increased almost three times to 6.5% in 1935-1939. Industrial production increased by 80% in 1938 compared to 1929 (Yıldız 1985, p. 118). Again, the Gross National Product (GNP), which was approximately 5.4 billion TL at the beginning of this period, reached 8.5 billion TL, showing an increase of 60 percent at the end. While per capita income was 371 TL at the beginning of the period, it increased by 35 percent to 502 TL at the end of the period, according to fixed prices. While the agricultural sector revenue, which has the largest share in national income, was 2.5 billion TL at the beginning of the period, it reached 3.8 billion TL at the end, with an increase of 52 percent. Türkiye, which imported wheat in the early 1930s, became a wheat exporter at the end of the period (Yücel, 2017, p.144). In the same period, the increase in large industrial enterprises reached 152% in the industry (Yıldız 1985, p. 118). Large quantities of industrial products imported from abroad have begun to be produced in the country. As a result, the added value created in the industry increased by 223 percent during the period, and the production value increased by 388 percent to 1.2 billion TL. In this way, the industrial sector's share in GNP increased to 14 percent. (Yücel, 2017, p.146).

1940-1945, the second period of statist policies, was when the war economy dominated the country. These years, during which the Second World War occurred, were a period of economic stagnation. Although the state played an active role in the economy, the industrialization process entered a period of stagnation as most of the state budget was allocated to defense expenditures. While the share of the public sector in industry increased until the Second World War, this trend was reversed with the war, and the question share was 25.7% in 1939 and decreased to 24.1% in 1945. The "National Protection Law," which was enacted in this period and formed the basis of some essential developments for SOEs, determined the basic features of the economic policy of the war years (Övgün 2009, p.29; Yıldız, 1985, pp. 120-121). In this early period of the Republic, when the private sector could not make a sufficient contribution to the country's economy due to the private sector not having enough knowledge, capital, and equipment and low entrepreneurial ability, important
SOEs such as Oil Office, Bank of Provinces, Tobacco, Tobacco Products, Salt and Alcohol Enterprises, and Turkish Agricultural Equipment Institution were established.

Türkiye began to follow pro-Western policies in the Cold War, which started with the Truman Doctrine after the Second World War. The liberal economic model was preferred to benefit from Marshall's aid, which was the development policy of post-war Europe (Eren & Şimşek, 2022, p.344). In the 1950s, the country transitioned from a single-party regime to a multi-party democracy. The Democratic Party government that came to power in the elections initially supported liberal economic policies and encouraged private entrepreneurship. This period was the Democratic Party period, and the Democratic Party followed a successful economic policy from 1950 to the beginning of 1955. However, it was a period in which economic problems and poverty were experienced between 1955 and 1960 when state interventionism began, and different policies were implemented (Yücel, 2017, p.201; Ceylan, 2000, p.19). In line with the recommendations of foreign powers, the current government, which set out with liberal policies focused on agriculture and envisaged narrowing down state management and bringing the private sector to the fore, has seen that private entrepreneurs are insufficient for development.

While the status of many public economic enterprises was rearranged in the 1950-1960 period, some annexed budget administrations were transformed into public economic enterprises. Many new public economic enterprises operating in various fields were established (Taş, 1995, p. 28). Some important SOEs established in this period are Meat and Fish Institution General Directorate, Maritime Bank Turkish Joint Stock Company, Turkish Cement Industry Turkish Joint Stock Company, Depreciation and Credit Fund, Nitrogen Industry Turkish Joint Stock Company, Turkish Petroleum Joint Stock Company, Foundational Bank of Türkiye, State Supply Office, General Directorate of Turkish Pulp and Paper Mills, State Airports Authority (Övgün, 2009, p.68). However, the fact that some of these SOEs were outside the control of the state created significant problems, especially leading to the waste of public resources. The most criticized aspects of SOEs are their unplanned work in production and distribution and their unplanned increase in personnel and wages.

2.3. Planned economy period in the Turkish economy

In 1961, a new constitution was accepted in the country, and a planned development period began. The First Five-Year Development Plan (1963-1967) was prepared and implemented
during this period, and the mixed economy model was adopted in the plan. Accordingly, private enterprise will be supported, and the state will continue its investments through SOEs in areas where private enterprise is insufficient and in strategic areas. It can be said that the Soviet Union's granting of unconditional loans in 1960 impacted the adoption of the planned economy model. Thanks to these loans, Türkiye started to implement a five-year mixed development plan (Övgün, 2009, p.80; Yıldız 1985, p.123). According to the plan, pricing will be made according to market conditions if the private sector and SOEs operate in a particular area. However, prices below costs may be determined through SOEs for financial reasons or when required by the public interest. It is seen that SOEs of this period took on the task of regulating the market.

During the planned period, special attention was paid to SOEs, local and foreign research groups carried out studies on how to make SOEs more efficient and profitable, and the legal structure was changed entirely. Within the framework of planned development, the State established the State Economic Enterprises Regulatory Commission to reorganize SOEs. This commission aimed to create equity by increasing efficiency and profitability in SOEs. SOEs' status, organization, and control structures were regulated by Law No. 440 on State Economic Enterprises, Establishments, and Subsidiaries, enacted in 1964. In Law No. 3460, While it was envisaged that the entire capital would be given by the state, in Law No. 440, Enterprises in which more than half of their capital belongs to the state or IDT, alone or jointly, and whose establishment laws state that they are subject to this Law are defined as SOEs (Özmen, 1987, p.7; Altunbağ & Türkoğlu 2015, p.35). However, the new government in 1965 adopted the view that emphasis should be given to private enterprise in development and "Among the State Economic Enterprises, starting from those that did not need to be under state control, these were gradually opened to the ownership of the public in the form of holdings."

The Second Five-Year Development Plan (1968-1972) reflects the economic understanding of the current government of the period. The plan includes provisions such as encouraging mixed companies and leaving the driving role in the manufacturing industry to the private sector (Yılmaz, 1985, p.123). However, these developments were not enough to prevent the share of SOEs from increasing proportionally in the investments made by the public. In the First Plan period, 34.8 percent of the total public investments and in the Second Plan period, 43.3 percent were realized through Public Economic Enterprises (Devlet et al. (DPT)1973, p. 48). This was the reorganization period in which directional efforts were concentrated rather than numerical development in SOEs. The important SOEs established in this period are the
Tourism Bank, Turkish Dairy Industry Institution, State Investment Bank, Turkish Electricity Authority, Tea Institution, Zinc Lead Metal Industry, Karadeniz Copper Enterprises and Machine Tools Industry Corporation, Türkiye Engine Industry Corporation, Türkiye Electronic Industry and Trade Corporation, and Turkish Electricity Industry Corporation, which will later be known as "industry organizations." organizations such as. One of the most important reasons for the change in discourse that started with the second development plan and was seen more clearly in other plans is the developments in Turkish-US relations.

The Third Five-Year Development Plan (1973-1977) was written emphasizing SOEs. State management is essential in strategic sectors such as oil, rubber, and mines. By 1979, SOEs produced almost all of the country's steel, alcohol, beverages, tobacco, and oil production, more than 50% of cement, fertilizer, sugar, paper, and printing materials, 32% of national manufacturing, and 36% of employment. It accomplishes this. However, in recent years, SOEs have had to carry out their activities with heavy borrowing and public transfers (Mikail & Aslan, 2017, pp.44-45).

SOEs have become more criticized with the fourth plan. The fourth plan underlines that the functions of creating resources and providing new technology for SOEs in the previous development plans were not fulfilled. The plan also stated that SOEs had insufficient capital, incompetent managers were employed in these organizations, and that SOEs were constantly exposed to political interventions. (Övgün, 2009, p.42). The increasing investment role of SOEs in the economy has caused these organizations to turn to debt to finance investments, thus deteriorating the capital-debt relationship and balance in SOEs. On the one hand, the duties of SOEs have increased disproportionately with their resources, and these organizations have taken on new debt obligations; on the other hand, due to political reasons, SOEs have become instruments of employment policy (Yıldız, 1985, p.124; Övgün, 2009, p.115). However, in this period, SOEs successfully fulfilled their investment duties.

Since the 1980s, the globalizing world and understanding neoliberalism have influenced the world. The Washington Consensus imposed demands on developing countries to "remove regulations on domestic markets, privatize state enterprises, and open their economies to foreign trade and finance" (Lapavitsas, 2005, p.38). The impact of these impositions on Türkiye was seen in the January 24 Decisions taken in 1980. With the January 24 Decisions, the mixed economy model was abandoned in the country. A transition to a free-market economy was envisaged, and according to the imposition, the state's share in the market would be reduced, and the share of the private sector would be increased (Karluk, 1994, p.23).
The first break in the direction of neo-liberal policies in SOEs was made with Decree-Law No. 60, issued in 1983. Thus, a dual distinction has been made in the public sector regarding the public services provided to realize public and social benefits. Some public services were left to the functioning of the market mechanism in the public sector, while the public mechanism continued to be used in some public services. The second break in the transformation process experienced in SOEs after 1980 was realized with "privatization." The first regulation in the legislation on privatization was made with the "Law on the Promotion of Savings and Acceleration of Public Investments" numbered 2983, enacted in 1984 (Köroğlu, 2012, p.458). With Decree-Law No. 233 issued in the same year (1984), SOEs and their subsidiaries were redefined and listed, and SOEs were divided into two "State Economic Enterprises" and "Public Economic Enterprises." With the Decree Law No. 233, the privatization process started in SOEs. The first institution to be criticized was Sümerbank Iğdır Cotton Weaving Facility in 1985 (Demirbaş & Türkoğlu, 2002, p.259).

The policy adopted regarding SOEs in the Fifth Five-Year Development Plan (1985-1989) parallels the above-mentioned legal regulations. The plan emphasizes that SOEs will be managed according to the principles of efficiency and profitability, public investments will be made in strategic areas such as energy, materials, and communication, and investments in areas where the private sector is sufficient will be left to private entrepreneurship. Another regulation foreseen in this plan was to ensure the transfer of enterprises affiliated with SOEs to the public by selling their shares (İncekara, 1989, p.156). Another significant development that was emphasized to me was that Central Bank resources would not meet the financial deficit of SOEs. Despite the plans for self-criticism of SOEs in the Fifth Five-Year Development Plan, self-criticism was slowed down due to political and social reasons. The breaking point in the privatization of SOEs was Law No. 3291, dated 1986 (Köroğlu, 2012, p.460). The legal infrastructure of privatization in SOEs was established by the "Law on the Regulation of Privatization Practices and Amendments to Certain Laws and Decree Laws," numbered 4046, enacted in 1994.

With the law no. 4046, privatization of SOEs accelerated. While the total amount of self-criticism between 1985 and 1989 was 4.5 billion dollars, it reached 7.5 billion as of March 5, 2002. In the 2002-2009 period, the State earned 34.5 billion dollars in revenue from privatization (Demirbaş & Türkoğlu, 2002, pp.259-260; Eren & Şimşek 2022, p. 353). With the Decree Law No. 233 issued during this period, improvements were made in the cost, administrative, and employment structures of SOEs. The policy of reducing the number of
personnel in SOEs has been followed to rationalize employment, replace the idle workforce with qualified personnel, improve the personnel profile, and make them competitive. In this context, with the Financing Decrees published every year, the personnel of SOEs, which was 650,000 as of 1990, was reduced to 153,000 after the second half of 2011. As a result of the reforms, SOEs made a loss of 0.1 billion TL in 2000, while a profit of 9 billion was made in 2010 (HMB, 2011, p. 263; Oktay et al., 2021, p.87). 2013-2015, SOE policy (HMB, 2012, pp.271-272) was based on "business administration by international norms and standards." The influence of these policies also shaped the employment of SOE personnel. In 2017, the shares of SOEs such as Eti Maden İşletmeleri, Turkish Petroleum Corporation, and Tea Enterprises were transferred to the Turkish Wealth Fund (HMB, 2022).

After the constitutional referendum held in 2017, the Presidential system was introduced. With Decree-Law No. 703 issued in 2018, it was determined that the President, the sole executive body in the new system, could establish SOEs. The President could determine the prices of goods and services produced by the organizations, and these organizations could be appointed by the President in their fields (Gözler & Kaplan, 2018, pp.121-123). In 2018, "it was decided to establish a subsidiary named "Turkish-Sudanese International Agriculture and Livestock Joint Stock Company," 80% of which belongs to the General Directorate of Agricultural Enterprises and 20% to the organization authorized to represent the Sudanese side" (HMB, 2022). Presidential Circular No. 8, issued in 2019, stated that SOEs could open companies abroad. Thus, it is aimed for SOEs to operate on an international scale. It is emphasized that public economic enterprises and their subsidiaries will carry out their activities according to efficiency, profitability, and market conditions in the General Investment and Financing Program for 2022 (Kamu Economic Enterprises, 2021). SOEs operating within the scope of Decree-Law No. 233 in Türkiye as of 2023 are shown in Table 1.

Table 2. SOEs Within The Scope of Decree-Law No. 233

<table>
<thead>
<tr>
<th>Public Economic Enterprises</th>
<th>Status</th>
<th>Public Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Devlet Malzeme Ofisi Genel Müdürlüğü (General Directorate of State Supply Office)</td>
<td>SECs</td>
<td>100%</td>
</tr>
<tr>
<td>2 Türkiye Taşkömürü Kurumu (Turkish Hard Coal Corporation)</td>
<td>SECs</td>
<td>100%</td>
</tr>
<tr>
<td>3 Türkiye Kömür İşletmeleri Kurumu Genel Müdürlüğü (General Directorate of Turkish Coal Enterprises Institution)</td>
<td>SECs</td>
<td>100%</td>
</tr>
<tr>
<td>No.</td>
<td>Şirket Adı</td>
<td>Şirket Şifresi</td>
</tr>
<tr>
<td>-----</td>
<td>------------</td>
<td>---------------</td>
</tr>
<tr>
<td>4</td>
<td>Eti Maden İşletmeleri Genel Müdürlüğü (General Directorate of Eti Mining Operations*)</td>
<td>SECs</td>
</tr>
<tr>
<td>5</td>
<td>Elektrik Üretim Anonim Şirketi (Electricity Generation Joint Stock Company)</td>
<td>SECs</td>
</tr>
<tr>
<td>6</td>
<td>Türkiye Elektrik İletim A.Ş. (Turkish Electricity Transmission Corporation)</td>
<td>SECs</td>
</tr>
<tr>
<td>7</td>
<td>Türkiye Elektrik Dağıtım A.Ş. (Turkish Electricity Distribution Corporation)</td>
<td>SECs</td>
</tr>
<tr>
<td>8</td>
<td>Türkiye Elektromekanik Sanayi A.Ş. (Türkiye Electromechanic Industry Corporation)</td>
<td>SECs</td>
</tr>
<tr>
<td>9</td>
<td>Türkiye Petrolleri Anonim Ortaklığı (Turkish Petroleum Corporation)*</td>
<td>SECs</td>
</tr>
<tr>
<td>10</td>
<td>Boru Hatları ile Petrol Taşıma A.Ş (Petroleum Pipeline Corporation)*</td>
<td>SECs</td>
</tr>
<tr>
<td>11</td>
<td>Toprak Mahsulleri Ofisi (Turkish Grain Board)</td>
<td>SECs</td>
</tr>
<tr>
<td>12</td>
<td>Tarım İşletmeleri Genel Müdürlüğü (General Directorate of Agricultural Enterprises)</td>
<td>SECs</td>
</tr>
<tr>
<td>12.1</td>
<td>Türk Sudan Uluslararası Tarım ve Hayvancılık Anonim Şirketi (Turkish-Sudan International Agriculture and Livestock Joint Stock Company)</td>
<td>SECs</td>
</tr>
<tr>
<td>13</td>
<td>Et ve Süt Kurumu Genel Müdürlüğü (General Directory of Meat and Milk Board)</td>
<td>SECs</td>
</tr>
<tr>
<td>14</td>
<td>Çay İşletmeleri Genel Müdürlüğü (General Directorate of Tea Enterprises)*</td>
<td>SECs</td>
</tr>
<tr>
<td>15</td>
<td>T.C. Devlet Demiryolları İşletmesi Genel Müdürlüğü (T.R. General Directorate of State Railways).</td>
<td>SECs</td>
</tr>
<tr>
<td>15.1</td>
<td>Türkiye Cumhuriyeti Devlet Demiryolları Taşımacılık A.Ş. (Republic of Türkiye State Railways Transportation Inc.)</td>
<td>SECs</td>
</tr>
<tr>
<td>16</td>
<td>(Türkiye Raylı Sistem Araçları Sanayii Anonim Şirketi (Türkiye Rail System Vehicles Industry Joint Stock Company)</td>
<td>SECs</td>
</tr>
<tr>
<td>17</td>
<td>Türkiye Şeker Fabrikaları A.Ş. (Türkiye Sugar Factories Company)*</td>
<td>SECs</td>
</tr>
<tr>
<td>18</td>
<td>Devlet Hava Meydanları İşletmesi Genel Müdürlüğü (General Directorate of State Airports Authority)</td>
<td>PPPs</td>
</tr>
<tr>
<td>19</td>
<td>Kıyı Emniyeti Genel Müdürlüğü (General Directorate of Coastal Safety)</td>
<td>PPPs</td>
</tr>
</tbody>
</table>

* Kaynak: HMB, 2023
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(*) Although they were transferred to the Türkiye Wealth Fund (TVF), they were counted among the economic state enterprises due to their continued subjection to Decree-Law No. 233.

In Table 1, only the State Airports Authority and the General Directorate of Coastal Safety have the status of PPE, and the other undertakings have the status of IDT. While the State share is 100% in all SOEs, the State share is 80% only in the Turkish-Sudanese International Agriculture and Livestock Joint Stock Company. Although some SOEs were transferred to the wealth fund, they were accepted as SOEs due to their structure. On the other hand, Sümer Holding Company, Turkish Maritime Enterprises Company, Ankara Natural Electricity Production and Trade Company and Doğusan Pipe Industry and Trade Company Organizations that can be considered SOEs such as SOEs are not included in this table because they are within the scope of privatization (HMB, 2023).

CONCLUSION

State economic enterprises (SOEs) have played essential roles in Türkiye's economic development. Although their contributions vary depending on the specific enterprises, the country's economic system, and government policies, state-owned enterprises have significantly contributed to their economy thanks to their ability to generate income. State-owned enterprises have contributed significantly to generating revenue for the state through various means, including sales of goods and services, profits, dividends, and taxes. Those revenues can finance public infrastructure, social programs, and other government initiatives. In addition, SOEs have significantly contributed to reducing unemployment by providing employment opportunities for a significant part of the workforce. Many public institutions have served essential functions in critical infrastructure sectors such as energy, transportation, and telecommunications. They have significantly invested in constructing and maintaining the infrastructure necessary for economic development. In some cases, public institutions have contributed to market regulation by intervening in markets to stabilize prices and ensure the availability of essential goods and services. In Türkiye, SOEs have provided excellent services in rural development by encouraging economic activities, especially in less developed regions or rural areas. These businesses have provided jobs, infrastructure, and services stimulating local economies.

It is important to note that the effectiveness of SOE economic enterprises can vary greatly depending on the country's governance, management, and regulatory framework. SOEs, one of the critical institutions of public entrepreneurship in the Republic of Türkiye, played essential roles in economic and social development and the development of the country's
economy, which was underdeveloped due to the inadequacy of private enterprise in the first years of the Republic. SOEs, which provide social benefits by producing the goods and services needed by society, have also played a leading role in developing the industry, agriculture, and service sectors. SOEs, which contribute significantly to the country's socio-economic development, have suffered losses over time due to incorrect policies, such as increasing the number of personnel and selling goods at a loss. The populist policies implemented by the governments of the period caused SOEs to be used for purposes other than their intended purposes. Conjunctural developments and political preferences originating from outside and within the country have caused changes in the number and status of SOEs. Although developments and political preferences caused fluctuations in the transformation and development of SOEs over the years, SOEs increasingly maintained their importance in the country's economy from the 1920s to the 1980s.

The neoliberalism movement that has affected the world since the 1980s and the ideological concerns it created prevented SOEs from receiving sufficient state support despite their success in the country's economy. Many SOEs were privatized, with the government's wrong policies being blamed on SOEs. The main reason for including SOEs within the scope of privatization is that SOEs show lower performance than private entrepreneurs. However, since SOEs only made a loss for five years and a profit for fifteen years between 1960 and 1980, it can be said that this claim is not a solid basis for self-criticism of SOEs (Övgün, 2009, p.117) because it is known that private entrepreneurs often make losses. In addition, because SOEs have strategic and social roles (such as selling SOE goods below market prices and creating employment for unemployment) other than their economic roles, it can be said that this claim is not defensible.

The 2008 world economic crisis and the 2019 Covid-19 pandemic have shown that the statist approach to the economy (statist capitalism) and public entrepreneurship as a tool of it still have an essential place in the country and world economies (Büyükkarabacak, 2021). As an essential tool of public entrepreneurship, SOEs have either been reformed, restructured, or privatized within the scope of the role assigned in this process. As a matter of fact, according to World Bank data, SOEs are among the largest companies in the world and have a potentially critical role in economic growth and development. The value of SOE assets worldwide increased from approximately 13 trillion dollars in 2000 to 45 trillion dollars in 2018, accounting for approximately half of the global global GDP (World Bank (WB), 2020). In this context, it is a necessity for the country's economy to ensure that SOEs, as public
enterprises, are subjected to reform initiatives before being privatized and that they carry out their activities in a way that can compete with the market with an up-to-date and contemporary management approach, free from the influence of political and political guidance, in line with the understanding of transparency and accountability. Poor management, corruption, and inefficiency may undermine the positive contributions of these organizations, but they do not diminish the importance of SOEs in developing the country's economy.

KAYNAKÇA


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