



To the Public of The Republic of Turkey,

March 29, 2020

Proposal of State – Entrepreneur – Citizen Collaboration in the Fight against the Economic and Social Impact of COVID-19

We heartily wish success to the healthcare professionals who are fighting against the COVID-19 with full efforts and patience, and power of endurance to the citizens who have been affected by the recent measures.

We need to find original, fair and rational solutions in the struggle against the problems induced by the COVID-19, to reinforce social solidarity and a sense of justice by putting our limited means into use in a manner embracing all segments affected by the pandemic, and to protect the weakest and most vulnerable segment of society.

It is also a requirement to build a new social consensus that reinforces social solidarity with original solutions for us to attain a better place in the new world, and a social order that will never be the same after the COVID-19.

The State must rapidly put the measures required for the protection of employees' jobs and maintenance of production into practice in the first instance without any delay, and must secure a production volume that meets the country's own needs, at a minimum. This is because the initial duty of the state is to ensure justice, namely, fair sharing of costs, challenges, liabilities, production and benefits.

Secondly, the State must prepare the society in order to make a rapid post-crisis economic recovery that will compensate for losses, and come to the forefront in international competition. Turning the present crisis environment into an opportunity, and gaining international competitive power is possible, and we have everything we need in order to achieve this goal. To achieve this goal, however, it is necessary to ensure collaboration by gathering the powerful and the weak, the rich and the poor, the entrepreneurs, inventors, innovators and investors, producers and consumers, together in a spirit of solidarity.

Tenets and short-sighted, shallow and stereotypical arguments, such as the transfer of ownership of production units from public to private, or from private to public, should be avoided while seeking a solution for the problems caused by the COVID-19. We should seek original solutions by benefitting from both approaches. We should build a model that combines the entrepreneurial spirit of the private sector with the State's prestige, and which eliminates the problems of unwieldiness and inefficiency, which are commonly observed in the public sector, as well as the common weaknesses of the private sector, such as informality, selfishness, lack of corporate governance, lack of economies of scale, and undercapitalization. We should keep in mind that a great majority of the undertakings in Turkey are family-owned small- and medium-sized enterprises. We should bring international competitiveness to enterprises and increase production volume and quality. We should also pay regard to fair sharing of the cake by eliminating problems, such as conventional income disparity, while enlarging the cake.

We should build an original cooperation model that brings the State and private sector together by making use of the available vast experiences in order to turn the current challenges into advantages.

In order to attain a better position in the period after the COVID-19, we can build up an authentic model based on the models, such as the revenue sharing business model, developed by the Housing Development Administration of the Republic of Turkey (TOKİ) with contractors, the Public-Private Partnership – Cooperation model, which is also known as the PPP, the University – Industry Cooperation model, as well as the experiences gained thus far. In the referred to models, the State provides entrepreneurial ability to entrepreneurs by allocating values, such as public power, real estate and technology, etc., or encourages entrepreneurship. The difference in the current situation is that the COVID-19 has caused financial problems that are preventing enterprises from maintaining their production activities and employing workers and financial resources necessary for the creation of demand and, as well, production and employment have become vital but are now unavailable. In other words, the need for financing appears to be a social problem that begs urgent attention.

Our State organization is responsible for meeting this critical financing need. The State must urgently create the needed financial recourses by using every swift and adequate means, such as borrowing, imposing new taxes, and printing unbacked money, if necessary. However, the financing to be provided should be made available, not via traditional means, such as providing loans to enterprises, but through proper solutions that fit the aforementioned purposes.

In conformity with the aim of eliminating the impacts of the COVID-19, our State may consider the following priorities and methods:

- Giving support to **enterprises that provide high employment and added value** at an amount to cover the costs of the measures to be taken to accommodate themselves with the emerging conditions, and to be able to maintain production, in the form of purchasing shares for resale in the future or long-term bonds;
- Giving support to **enterprises that have been productive and profitable, but find themselves in a bind because of the virus**, in a manner which will enable them to transform, meanwhile maintaining their production and employment ability through a new shareholding and management organization, and in the form of purchasing equities and loans at an amount covering working capital needs, as well;
- Giving support to **employees who have lost their jobs and who do not have any social security**, in the form of providing commodity or monetary micro-loans, at an amount sufficient to make production to meet their own needs, to establish small-size enterprises, and by way of supporting cooperatives and collaborations.

It is also essential to provide the following support to enterprises for them to become more dynamic and competitive in the period after the COVID-19, and to cope with unexpected situations:

- The State must participate in the management of the enterprises to which it provides funds via share purchases or long-term bonds, through the agency of professional executives to audit the proper use of the provided support, on the one hand, as well as to give professional corporate governance support to enterprises to evolve into prospering businesses.
- While the State gives support to enterprises for good governance and sound decisions on the one hand, it must also audit whether the provided support is properly used for maintaining production and employment.
- Apart from these purposes, the State must not interfere in the enterprises' activities, and must avoid any action that may unfavourably affect entrepreneurship. The state agents who participate in management must be elected from professionals specialised in their fields, not from public officials, and they must be appointed by the relevant enterprises.

Financing should encourage Employee Share Ownership in Their Enterprises and State financing should easily be terminated after the Crisis:

Enterprise owners should be able to terminate the financing and related support provided by the State by paying the fair value of the stock certificates, paying the value of bonds before their maturity date. Employee share ownership should be encouraged, and

employees should be enabled to own shares in enterprises by taking over the financing support provided by the State.

Efficiency of such comprehensive measures and achieving the aimed results depend on the decent and fair implementation thereof. Efficient and swift resolution of emerging problems is required, both to ensure good practices, and to avoid any injustices arising from malpractices.

To that effect, efficient operation, accountability, independency and impartiality of judicial organs should be trusted without any doubt. Regardless of how little our production and the cake to be shared is, a judicial system satisfying the referred to conditions shall ensure the fair sharing of obligations and interests, and make society stronger by serving as the solid foundation of justice. A society knitted together with the solid foundation of justice shall produce better and more than others. Unfair distribution of limited resources shall severely and seriously damage society's belief in justice and social solidarity.

The new world will be completely different after the COVID-19, but this "new world" shall be built by us with the ideas and solutions that are developed with different approaches during this difficult period.

With the ideal "Justice is the foundation of the state," measures that will bring social justice must be taken, distribution of income must be balanced, measures must be taken to enable every member of society to get a fair share in proportion to his contribution to production, and necessary arrangements must be made to that effect.

In the first place, we must spread wealth to a wider segment of the society, encourage entrepreneurship, and we must also increase society's power and capacity of endurance in similar circumstances.

We must develop ideas and original solutions to transform our world into a better place and to occupy a better position in the evolving new world.

For this goal to be achieved, our highly-experienced and wise elders, economists and opinion leaders should consider building a new social agreement that may ensure a more advanced and fairer social order, and which will bring society further along to a more prosperous position, and they should lead and guide society by developing ideas.

Our State should pave the way for different ideas by ensuring information richness, freedom of thought and expression, as well as an environment of justice.

Respectfully announced to the public.