The Flow of Progress: The Kayseri Sümerbank Textile Factory and the Politics of Water in 1930s Statist Turkey

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Declaration of Originality

The intellectual content of this thesis, which has been written by me and for which I take full responsibility, is my own, original work, and it has not been previously or concurrently submitted elsewhere for any other examination or degree of higher education. The sources of all paraphrased and quoted materials, concepts, and ideas are fully cited, and the admissible contributions and assistance of others with respect to the conception of the work as well as to linguistic expression are explicitly acknowledged herein.

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Abstract

The Flow of Progress: The Kayseri Sümerbank Textile Factory and the Politics of Water in 1930s Statist Turkey

Ali Sami Seçkin, Master's Candidate at the Atatürk Institute for Modern Turkish History at Boğaziçi University, 2024

Assistant Professor Irmak Ertör, Thesis Advisor

This thesis examines the economic and environmental history of Turkey during the early Republican period (1923-1950), with a focus on the years 1929-1935, marked by the implementation of statist policies and the First Five-Year Industrial Plan (FFYIP). The FFYIP represented a significant shift in Turkey's economic policy, focusing on state-led industrialization to address the challenges of the period. The thesis explores the debates on statism from the highest political elite to the small town of Bünyan, highlighting the impact of state factories on local resources and social dynamics. The case of the Sümerbank Kayseri Textile Factory illustrates the positive effects of state factories on regional development, but also the complexities in the use and sharing of local natural resources, as seen in Bünyan. The thesis studies social actors relevant to the statism debates and Kayseri Sümerbank Textile Factory in a hierarchical structure.

27,000 words

Özet

İlerlemenin Akışı: 1930ların Devletçi Türkiyesi'nde Kayseri Sümerbank Tekstil Fabrikası ve Su Politikaları

Ali Sami Seçkin, Yüksek Lisans Adayı, 2024 Boğaziçi Üniversitesi Atatürk İlkeleri ve İnkılap Tarihi Enstitüsü

Doktor Öğretim Üyesi Irmak Ertör, Tez Danışmanı

Bu tez, erken Cumhuriyet döneminde (1923-1950) Türkiye'nin ekonomik ve çevresel tarihini incelemekte olup, özellikle 1929-1935 yıllarına, yani devletçi politikaların uygulandığı ve Birinci Beş Yıllık Sanayileşme Planı'nın (BBYSP) hayata geçirildiği döneme odaklanmaktadır. BBYSP, Türkiye'nin ekonomi politikasında önemli bir dönüşümü temsil ederek, dönemin zorluklarına yönelik devlet öncülüğünde sanayileşmeye odaklanmıştır. Tez, devletçilik tartışmalarını en yüksek politik elitlerden Bünyan kasabasına kadar geniş bir yelpazede ele almakta ve devlet fabrikalarının yerel kaynaklar ve sosyal dinamikler üzerindeki etkilerini vurgulamaktadır. Sümerbank Kayseri Tekstil Fabrikası örneği, devlet fabrikalarının bölgesel kalkınma üzerindeki olumlu etkilerini, ancak aynı zamanda Bünyan'da görüldüğü üzere yerel doğal kaynakların kullanımı ve paylaşımındaki karmaşıklıkları da göstermektedir. Tez, devletçilik tartışmaları ve Kayseri Sümerbank Tekstil Fabrikası ile ilgili sosyal aktörleri hiyerarşik bir yapıda incelemektedir.

27,000

To my late grandparents

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Abbreviations and Acronyms

AKP	Justice and Development Party
CHP	People's Republican Party
FFYIP	First Five-Year Industrial Plan
SCF	Free Republican Party
TBMM	Grand National Assembly of Turkey
TKP	Turkish Communist Party

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1

Introduction

Most of the economic and environmental studies on the early Republican period in Turkey fall into the first category, in other words, they focus on the economic aspect. Studies on environmental history tend to focus more on the late Ottoman period or the more recent years of modern Turkey. This thesis addresses a mostly unexplored area by examining both the economic and environmental history of the early Republican period, defined as the years between 1923 and 1950. This period can be divided into three phases: the first from the founding of the Republic to the Great Depression (1923-1929), the second from the Great Depression to the start of World War II (1929-1939), and the third from 1939 to the Democratic Party's rise to power in 1950.[1] This thesis primarily examines the first half of the second period, from 1929 to 1935.

One of the major developments during this period was the implementation of statist[2] policies and the First Five-Year Industrial Plan (FFYIP). Under this plan, the state built numerous factories in various provinces of Turkey and connected regions with railway networks. During

[1] Pamuk, Ş. (2014).

[2] I chose the word 'statism' instead of more commonly used 'etatism' This choice is based on 'statism' being directly derived from the English word 'state', (instead of the French one) making it more immediately comprehensible to an English-speaking audience.

these years the government was in search of correct economic policies that would enable industrialization. Economic policies of the first decade of the Republic (1923-1930) were unsuccessful in achieving desired industrialization. An opportunity presented itself when the government secured a loan from the Soviet Union to be used in building factories and a necessity was born out of the impact of the Great Depression. A team of Soviet experts visited various cities in search for suitable factory locations. One of these factories was the Kayseri Sümerbank Textile Factory, the first factory built under the First Five-Year Industrial Plan. During the planning stage of the factory, the people of Bünyan, a district of Kayseri, were concerned when they heard that their water would be used for the factory's needs, leading them to write a letter to the Minister of Public Works at the time. The uniqueness of this study comes from the fact that no one has previously examined this letter and, more broadly, the factories built under the First Five-Year Industrial Plan have not been studied from an environmental history perspective. This thesis aims to fill this research gap and contribute to both environmental history and economic history literature.

The thesis covers the formative years of statism, which are the years from the Great Depression to the start of the implementation of the First Five-Year Industrial Plan, 1929-1935. As the following chapter demonstrates, a wide array of studies focuses on the statist period. This study distinguishes itself by extensively utilizing both primary and secondary sources. The study uses primary sources such as CHP congress records, TBMM records, writings of intellectuals of the period, newspapers, statistics relevant to the period, Industrial Congress records, letters from the period, and academic studies written during the period. Secondary sources include academic studies on the economic history of the period, statism, and environmental history of the time.

If I were to mention the reasons that drove me to write this thesis, the foremost would be my belief that stories, studies, and theses from this period primarily narrate "important people." It intrigued me how ordinary people lived during a time largely documented through the accounts surrounding these important figures, such as founding fathers and great leaders, still in office. My interest was sparked, as I mentioned above, and will be discussed

further in the literature review, by a letter a handful of villagers wrote to a minister.

Therefore, in my thesis, I attempted to organize the stories from the most frequently narrated to the least covered. Naturally, accessing primary sources necessary for analysis became more challenging as the thesis progressed. However, I believe that as the groups under study became smaller, the explanatory power of the accessed primary sources increased. While sources like parliamentary records, internal party debates, and newspaper publications were quite useful for understanding specific groups, letters written by "ordinary people", in this case, the people of Bünyan, proved to be more useful than many reports, statistics, and similar documents about that region.

To put it more clearly, the main question this thesis attempts to answer is how people, considered ordinary during the examined period, reacted to, and were affected by the events of that time. Specifically, it focuses on the people of Bünyan and their reaction to the events, particularly the First Five-Year Industrial Plan. Before answering this question, the relationship of "less ordinary people" to the events was also examined.

The thesis is structured around the discussions of statism in this period, ordered according to the likelihood of influencing or being in control of the government. In other words, the thesis examines the interconnected actors involved in the statist debates in a hierarchical manner. After a brief introduction in Chapter 1 and presenting the Literature Review in Chapter 2, Chapter 3 first discusses the political elite's debates on statism, examining the single party period and government of the time, the CHP's 1931 congress, the discussions in the Turkish Grand National Assembly dominated by CHP but also including independent deputies, and finally the CHP's 1935 congress.

Chapter 3 continues with Section 3.2. which examines the debates of the period's intellectuals on statism. Despite the political will naturally patronizing intellectuals favoring statist policies, some writers opposed or criticized these policies, which will be further examined in this section.

Section 3.3. focuses on the discussions among industrialists, examining the debates at the Industrial Congress of 1930. Even though 1930 was the

beginning of the formulation of statist policies, the concerns and demands of industrialists at the Congress shed light on their views in the following years.

Chapter 4 specifically looks at the Bünyan case, Kayseri, in the context of the First Five-Year Industrial Plan and the foundation of Sümerbank Kayseri Textile Factory. This chapter first discusses the reasons for building the factory in Kayseri, then the social actors involved, especially the people of Bünyan, and finally the transformations in Kayseri and Bünyan in the later years of the factory. This chapter also utilizes Soviet experts' reports which offers valuable information on site selection, operational requirements, raw materials of factories etc. Finally, Chapter 5 concludes the thesis by making a summary of the main points of the thesis and highlighting its contribution to the economic and environmental history of the early Republican period. Additionally, it briefly discusses the implications of the findings and suggests areas for further research.

2

Literature Review

2.1. Studies on the Statism and the Economic History of the Period

There is a substantial amount of research on the development of statism in Turkey, the policies implemented during this period, and their outcomes. However, the most fundamental work for the topics of interest in this thesis was written in 1982 by İlhan Tekeli and Selim İlkin.[3] In their study, Tekeli and İlkin extensively examined the formation process of statism, focusing particularly on the years 1931-1934 when statism was most actively practiced.

In their book, the authors first evaluated the economic developments leading to statism, examining advancements in production, trade, fiscal budget, and monetary policy between 1928 and 1934, and their significance in the journey towards statism. They then discussed interpretations of statism developed during the period covered in this thesis. The views on statism by *Kadro* magazine, Ahmet Hamdi Başar, Ahmet Ağaoğlu, İsmet İnönü, and CHP were included. Differently from İlkin and Tekeli, this thesis also explored anti-statist views of the same period and assessed the debates among intellectuals. While discussing diverging positions in the bureaucracy and the Parliament, the thesis examined views containing criticism or opposition to statism.

[3] Tekeli, İ. İlkin, S. (1982)

Tekeli and İlkin analyzed the formation of statism in their main section under six subheadings. The first part focused on the state's interventions and measures in the agricultural sector. The second part scrutinized the state's intervention in the industrial sector, dedicating significant space to the First Five-Year Industrial Plan, which was evaluated in detail from its inception to implementation. Additionally, state-owned factories that were not included in the plan, and interventions in the private sector industry were examined. Other sections assessed developments in foreign trade, state finances, and monetary policy.

Interestingly, the most significant contribution of Tekeli and İlkin's book to this thesis was a letter they briefly mentioned.[4] The authors used this letter as a source to illustrate reactions to the field inspections related to the industrial plan. This letter became an inspiration and the most important material for the fourth chapter of the thesis.

Korkut Boratav's book, published in 1974, evaluates the most important topics in the field of statism in Turkey through various questions. The book is divided into four sections: 1923-1931, 1932-1939, 1940-1945, and finally 1946 and onwards. The sections of the book are examined under the headings of a general overview of the period, the economic thought and discussions of that time, and economic legislation. Boratav's work is an ideal guide for studies in the field of statism.[5]

Moreover, Ayşe Buğra's book "State and Business in Modern Turkey: A Comparative Study" examines the relationship between the state and businessmen from the late Ottoman period to the neoliberal era in Turkey. A significant part of the book focuses on this relationship during the early Republican period, particularly during the planned economy era. Buğra discusses how the private sector reacted to developments in this period, their expectations from the state, and their reservations. According to Buğra, the primary demand of industrial businessmen during this period was for the state to intervene to ensure economic stability. Secondly, they wanted the areas of state intervention to be clearly defined, allowing them to operate

4 Ibid. p. 160

5 Boratav, K. (1974)

freely in their own fields and continue enjoying their privileges.[6] In addition to the regular sources utilized in this field, Buğra's work is one of the rare studies examining the biographies of Turkey's wealthiest businessmen.

A more specific study on the state-controlled period is by Caroline Arnold (2012). In his article, Arnold examines the social services implemented in state factories between 1930 and 1950, and more broadly, the labor policies of that period. According to Arnold, the policies of this era were not so much about transforming society through state factories, as generally believed, but rather about solving the problem of labor supply in factories and sustaining industrialization. Arnold's study explores the issues faced by workers in various state factories and their cities, their resistances, and the attempted solutions by the factory owners or managers.[7]

In order to understand the extensive story of statism, Faruk Birtek's work (1985) is a very useful source. In his article, Birtek states that statism in Turkey emerged in response to the Great Depression and the existing economic conditions in the country. According to Birtek, the end of statism came from its success. The statist policies that lasted from 1932 to 1946 enabled the emergence of an urban capitalist group dissatisfied with these policies. The relaxation of these policies due to rising urban capitalists, however, led to the rise of rural capitalism.[8]

A comparative analysis of Turkey's economic policies and performance during the interwar period with other countries was provided by Şevket Pamuk (2000). According to Pamuk, countries that implemented interventionist and statist policies during this period performed better. He assessed the policies implemented in Turkey as eclectic, showing how they differed from those in Latin American countries. Pamuk demonstrated that Turkey's economic performance during this period stemmed more from small and medium enterprises which benefited from protective policies, and the agricultural sector, rather than state factories.[9]

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6 Buğra, A. (2017)

7 Arnold, C.E. (2012)

8 Birtek, F. (1985)

9 Pamuk, S. (2000)

An explanation of the general characteristics of the statist period was attempted by William Hale (1980) through answering four questions: the definition of statism, how the principle of statism was adopted and its relationship with other principles of the government, the effects or results of statism, and how other authors evaluated statism period. Hale defined statism by explaining its practices, namely industrial plans. He explained the origin of statism as the economic and political crisis caused by the Great Depression. This section also included debates on the definition of statism during that period. In the effects section, he mentioned the positive impact of statist policies on the economy's recovery. In the final section, he based the differentiation in evaluations of the period on different assumptions authors made about the purposes and outcomes of statism.[10]

In addition to major works written on this period, there are also numerous theses written. Tuna Oran (2009) studied how the Great Depression affected three major cities: İstanbul, Ankara, and İzmir. Oran's thesis covered the pre-crisis period, the measures taken against the crisis, and then narrated the socio-economic structures of the three cities before and after the Republic, and how the depression impacted these cities.[11] Kader Akdağ Sarı (2019) examined the rivalry between İstanbul and Ankara, the old and new capitals, during 1923-1939. In his thesis, Akdağ Sarı described the economic transformations these two cities underwent during this period.[12]

The most comprehensive studies on the Kayseri Sümerbank Textile Factory include the master's and doctoral theses of Burak Asiliskender and the work of Yaşar Semiz and Güngör Toplu (2019). In his master's thesis (2002), Asiliskender evaluated state factories as tools of modernization and studied the architectural identity in relation to the Republic's modernization, specifically at the Kayseri Sümerbank Textile Factory.[13] In his doctoral thesis (2008), Asiliskender examined the transformative effects of the Kayseri Sümerbank Textile Factory and other state factories established later in the

10 Hale, W. (1980)

11 Oran, T. (2009)

12 Akdağ Sarı, K. (2019)

13 Asiliskender, B. (2002)

city.[14] Semiz and Toplu (2019) directly conveyed the history of the factory, the process leading to its investment, its capabilities, production capacity, problems experienced at the factory, and its impact on the region and country.[15] Another study specifically about the factory is conducted by Ali Asgar Eren and Serkan Tuna (2018), who assessed the social facilities at the Kayseri Sümerbank Textile Factory between 1935-1950.[16] Deniz Akpınar (2013) also covers the same years. In his thesis, Akpınar examined Kayseri's economic development, giving significant attention to the investments made in Kayseri during this period, especially the Kayseri Sümerbank Textile Factory.[17] Akpınar (2018) provides the history of the establishment of Kayseri and Vicinity Electricity Company.[18] Burak Kesgin (2013) in his doctoral thesis discussed the position of the Kayseri Sümerbank Textile Factory within the economic policies of the era, narrating events from its establishment to the post-production period in the factory and region.[19]

2.2. Studies on the Environmental History of the Period

Due to environmental history being a relatively new field and other periods offering richer data and topics compared to the early Republican period, environmental history studies covering the early Republican period are quite limited. While this period provides rich sources for other areas of history, environmental historians may find periods like the late Ottoman period, the industrialization of the 60s, the neoliberal period after the 80s, or the post-2000 AKP era more interesting and significant compared to the early Republican era.

However, there are some environmental history studies on the early Republican period as well. The closest study to this thesis, covering topics like development, industrialization, and modernization, is Nuri Tunga Köroğlu's 2005 doctoral thesis "The Environmental History of Land and Water Usage

14 Asiliskender, B. (2008)

15 Semiz, Y. Toplu, G. (2019)

16 Eren, A. A., &, Tuna, S. (2018)

17 Akpınar, D. (2013)

18 Akpınar, D. (2018)

19 Kesgin, B. (2013))

in the Modernity Period of Turkey." In his thesis, Köroğlu examines Turkey's environmental history within the modernization process, divides it into periods, and presents their characteristic features.[20]

According to Köroğlu, the environmental transformation of the modern world is explained by two sets of factors. The first set includes environmental conditions like climate, geography, topography, and ecology, and the second set involves social aspects like production, population, and institutions. Accordingly, he proposes three hypotheses on Turkey's environmental history. The first suggests that Turkey's modernization transformed the environment differently than already modernized Western countries, due to differing environmental and especially social factors. Here he refers to the difference in modernization characteristics of Turkey and the West. The second hypothesis is that the environmental transformation during Turkey's modernization was determined by production, population, and technical institutions. Here, the first two factors determine societal demand, while the third determines supply. The last hypothesis is that as the social characteristics of the modernization project changed, so did its transformative impact on the environment.[21]

Turkey's environmental history during its modernization process was divided into four periods (including late Ottoman era): (i) The Shy Modernity Period, (ii) The Radical Modernity Period, (iii) The Populist Modernity Period, and (iv) The Eroded Modernity Period. The Shy Modernity Period spans from the second half of the 19th century to the foundation of the Republic and is characterized by internal modernization through reform movements and external modernization through the global spread of capitalism. This period's environmental transformation was most influenced by changes in transportation infrastructure, agricultural transformation, and institutional change.[22]

The Radical Modernity Period corresponds to the early Republican period also examined in this thesis. The environmental transformation during this period was shaped by public health campaigns and infrastructure

20 Köroğlu, N.T. (2005)

21 Ibid. p. 91-92

22 Ibid. p. 93

investments. According to Köroğlu, the founding elites of the Republic pursued a more systematic modernization project than the ones in the late Ottoman period. The factors shaping modernization were demographic and economic. Demographic interventions related to public health campaigns and infrastructure investments, especially in water management. Economic factors included transportation infrastructure, agricultural development, urban growth, and industrialization.[23]

Köroğlu analyzes the interventions of this period one by one. He first examines the interventions to solve the malaria problem under public health campaigns, then the institutionalization of water affairs. Following this, he examines agricultural transformation efforts and evaluates practices to increase agricultural productivity. Then, he investigates urban transformation, particularly Ankara's transformation, and concludes by examining changes in railway infrastructure. However, he does not discuss how the First Five-Year Industrial Plan and industrialization of this period transformed the environment.

The other two periods Köroğlu discusses are the Populist Modernity Period, starting with the transition to a multi-party system and continuing until the 1980s, and the Eroded Modernity Period, beginning with neo-liberalization and ongoing at least until the thesis was written. In the first period, environmental transformation entered a more destructive phase, heavily influenced by urbanization. Secondary factors include rural-to-urban migration, industrialization towards mass production, and mechanization in agriculture. The Eroded Modernity Period is defined by the waning influence of the modernization project, exploitation of the environment, increased consumption, and growing awareness of environmental issues.[24]

Another study addressing this period is done by Hüseyin Ç. Keskinok (2010). Keskinok demonstrates in this work how the planning mindset of the 1930s shaped urban planning. He examines the transformation of rural and urban areas by industrialization, the approach to urban planning, and the role of state factories in urbanization and industrialization.[25] According to

23 Ibid. p. 111-112

24 Ibid. p. 94

25 Keskinok, H.Ç. (2010)

Keskinok, the priority in urban planning during this period was not economic benefits, but the development of Anatolia, liberating peasants from feudal relations, and comprehensive industrialization. The foundation of urban planning was linked to state-centric policies and the principle of populism.[26]

The article analyzed the industrialization plans of the period and examined the relationship of the established industrial facilities with the city and the countryside. Keskinok studied the site selection criteria for industrial facilities, stating that these locations were determined more by the notion of regional development and social transformation than economic profitability. He pointed out that state factories were not only planned as production tools but also aimed to transform the cities they were in.[27] The same site selection criteria were also analyzed in Section 4.1. In line with what Keskinok suggested this thesis also points out the priority given to development and transformation of regions and country over economic profitability of factories within the site selection criteria.

Another periodization study is Selçuk Dursun's (2017), "The History of Environmental Movements and the Development of Environmental Thought in Turkey, 1850-1980".[28] In this study, Dursun explains environmental thinking through developments in the field of forestry. According to Dursun, it is possible to divide environmental thought in Turkey into three periods. He names the period up to the establishment of the Republic as utilitarian and conservationist. During this time, forests were valued as raw materials necessary for industrialization and were managed and protected through scientific methods.

Dursun defines the second period as nationalist and antiliberal. Although it covers the years of 1923-1980, Dursun mainly focuses on the 1930s and 1940s, not addressing the changes during the multi-party period or the planned economy experience of the 1960s. He compares forestry policies and various writings of the 1930s and 1940s with the forest policies and related writings of Germany and Italy, claiming that the environmental thought of

26 Ibid. p. 173-174

27 Ibid. p. 186

28 Dursun, S. (2017)

the period was nationalist, authoritarian, and almost racist.[29] He states that during this period, the government blamed villagers for deforestation and considered villagers as living in a pre-industrial era.[30]

In a study identifying the periods of environmental thought development, Dursun dedicates only two pages to the post-1960s, the period of most intense development and growth in environmental thought. These years have been examined under the title of privatization, neoliberalism, and the environmental movements.

2.3. Conclusion

For the economic history part of the thesis, the existing literature has been quite rich and guiding, while the environmental history literature has been limited for this period, as mentioned above. There are numerous studies on the debates over statism, the economic structure of the period, the economic policies implemented, and their outcomes, the First Five-Year Industrial Plan, factories built under the plan, etc. The environmental history literature, however, is more limited and covers topics such as urbanization, infrastructure investments, and their impacts.

A subject almost unobserved in both the economic and environmental history studies of this period is industrialization, natural resources, and the relationships with the local population. While there are studies that evaluate the relationship between industrialization and the local population from a developmental perspective, and others that consider industrialization and local resources from an input-output perspective, the people who are already using these local resources have been largely unstudied. This thesis attempts to address this gap in the field.

This thesis situates itself in the fields of both environmental history and economic history. While its positioning in the field of economic history is through the debates on statism, industrialization, development economics,

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29 Ibid. p. 122

30 Here I should mention that Dursun's claims on the nationalist and antiliberal period, I believe, are weakened by not examining the similar attitudes and policies of countries that could be described as more liberal or democratic or that started industrializing later.

microeconomics, industrial economics, its positioning in environmental history is through its examination of the dynamic relationship between humans and the environment through ecology, agriculture, infrastructure-environment relations, and workers.

3

Road to First Five-Year Industrial Plan

3.1. Discussions within the political elite

3.1.1. 1931 CHP Congress

The 1931 Congress carries great importance in statism discussions in Turkey as it was the first time statism was included explicitly in the party program. Although there were previous mentions of statism by the party elites, such as İsmet İnönü's mention of "moderate statism" in his speech at the opening of the Sivas railway line, this was the first time statism was defined, albeit in broad terms, accepted and included in the party program.

In the program, statism is defined as follows.

> While keeping individual work and activity as a basis, it is one of our important principles to keep the state deeply involved, especially in the economic field, in the affairs necessitated by the general and high interests of the nation, in order to bring the nation and the country to prosperity in as little time as possible.[31]

The first thing to notice in this definition is that how shy and vague it is. Keeping individual work as a basis, involving only if it is necessary and

[31] C.H.F. Üçüncü Büyük Kongre Zabıtları, p. 28

keeping it as quick as possible; these are the signals that might soothe the minds of worried private industrialists. However, not specifying how and where the state might intervene keeps possibilities open.[32] With this definition any future intervention can be legitimized, at least from the party's point of view.

During the discussions, an article about Sanayi ve Maadin Bankası sparked a debate between Hasan Vasıf Bey, a deputy from İstanbul, and the Minister of Economy Mustafa Şeref Bey on the role of the Bank and the state. The article was about equipping the Bank with higher capital. Hasan Vasıf Bey was happy with the promise of increasing the capital; claimed that it was the primary cause of successful industrialization in Europe, and lack of it was the cause of Turkey's failure in industrialization. However, he was also skeptical because the Bank uses its sources only to finance its own enterprises. Therefore, increasing the capital of the Bank and creating new enterprises through it would not solve the problem of industrialization; all of these new enterprises, created and controlled by the Bank, would compete against private enterprises and cause a loss. The Bank should only involve in areas where a large amount of capital is needed, he suggests and therefore draws the boundaries of state intervention. "Direct involvement of the state in the economic field as a competitor will cause harm instead of benefit" and "it is the wish of industrialists' to be financed directly," he says.[33] This is open criticism of statism and suggestion of adapting more liberal economic policies. It should also be noted that Hasan Vasıf Bey was a deputy from İstanbul where most of the industrial activity took place. Vasıf Bey's comments show that there was a clear dissatisfaction with the already implemented economic policies and with possible future ones.

In response to Vasıf Bey, Mustafa Şeref Bey claimed that even though the Party adopted statism it does not mean that it would directly be involved in commerce and manufacturing and seeking profits. State would oversee, regulate, investigate and audit, but not operate its own enterprises for profit, he said. Lastly, he mentioned that separating the Bank in two parts, one part

32 Uzun, H. (2017). p. 284-285

33 C.H.F. Üçüncü Büyük Kongre Zabıtları, p. 73-74

for supplying credits and the other part overseeing the state enterprises, would solve the problem that Vasıf Bey was worried about. He also added that private attempts, and enterprises, when left alone, might work against each other. According to him, the state would intervene only to prevent this within the framework that he mentioned.[34]

Overall, the 1931 congress defines what statism is, even though with very broad and vague terms, with a strict emphasis on keeping private activities as the basis. This broadness and vagueness raised some questions about the efficiency, limits, and other specifics of the state's involvement in economic affairs. More questions would be raised in the upcoming years by other members of the party and the parliament. These debates will be covered in the next subsection, 3.1.2.

3.1.2. Great National Assembly

Between 1930 to 1935 there were several discussions pertaining to statism in the Great National Assembly. Discussions on the profitability of state-owned enterprises, changes in the Law for the Encouragement of Industry, the establishment of the Turkish Industry and Credit Bank, State Industry Office, the establishment of Sumerbank, changes in international trade policies, and some other subjects all sparked debates on statism. This subsection will investigate these debates and try to show how the concept of statism evolved and what were the main concerns and critics against it.

The first major discussion was on October 2, 1930, between the Prime Minister İsmet (İnönü) Bey and the opposition leader Ali Fethi (Okyar) Bey. The session starts with İnönü's speech about the new government program. The program touched upon several topics ranging from education to economics, also including public health, public works, railroads, taxes, salaries, etc. He concludes his speech with a request for a vote of confidence. Before the voting starts, opposition leader Fethi Bey takes the floor and begins with a long speech criticizing the new program and the government's overall policies. Several times he mentions the word statism by giving examples of inefficient government monopolies and unjust taxes. An important

[34] C.H.F. Üçüncü Büyük Kongre Zabıtları, p. 74-75

distinction between both leaders' speeches is that while Fethi Bey calls the government's economic policies as statism, İnönü does not use the word statism at all, instead, he calls it national economy. This is a deliberate choice as it would present those who oppose to it as against the nation, against a national economy.[35] Not wanting to fall into this trap Fethi Bey calls out İnönü and says, "it is dishonest to present us to the public as if we are following a non-national economy."[36] At that time all these concepts, statism, national economy, and liberalism, were yet to take a shape and solidified.

A year later after this session, on November 28, 1931, the Minister of Economy Mustafa Şeref Bey gave a long speech about the impact of the Great Depression on the economy and the measures that will be taken. The Great Depression affected almost all sectors but especially the agricultural sector. Crop prices dropped leading to a decrease in export revenue since Turkey at the time was a mostly agrarian country.[37] Deterioration in trade balance led to budget imbalances which required often corrections that had to be passed from the parliament. After addressing such results of the Depression, Şeref Bey presented a series of measures including a salary tax (direct income tax) increase and import quotas for selected goods.[38] These measures would increase the revenue of the government and decrease the need for foreign currency. After the speech, discussions began and it took three days to conclude and pass the law required for the measures. Considering this period was a single-party regime, the length of the discussions shows how significant these measures were. Some members of the parliament discussed the rate of increase believing it was too high. Some others questioned the effectiveness of the trade agreements.

An important and again lengthy speech was given by Sırrı (Bellioğlu) Bey, a deputy from Kocaeli. Sırrı Bey was not a member of the CHP, instead he was one of the twenty independent deputies that were elected in the 1931 elections. After SCF shut itself down, CHP did not nominate candidates for thirty deputies so that independent candidates could apply. Of those thirty

35 İnsel, A. (2005)

36 T.B.M.M. Zabıt Cerideleri. 2 Ekim 1930

37 Pamuk, Ş. (2018)

38 T.B.M.M. Zabıt Cerideleri. 28 Kasım 1931

independent candidates only twenty could get elected. Sırrı Bey started with an appreciation of the good intentions of these measures, however, continued with how application of them might cause disasters. He questioned whether the quota lists would be sufficient enough to cover the needs of the country. He also said that these quotas might also cause profiteering and contraband and asked if there was another solution. He answered his own question and proposed several changes in administration and public employees that would mean a shrinkage of the state. First, he claimed that the size of the administration of the provinces had remained the same since the Ottoman Empire, despite the reduction in the size of these provinces. He also called for an increase in the retirement age of public servants as well as a decrease in their number. Instead of employing so many public servants, particularly specialists whose salaries were much higher, he suggested bringing European specialists for short durations.[39] Although not directly calling it statism, not yet at least, Sırrı Bey criticized the government's measures and instead suggested a shrinkage of the state. This shows that although the level of intervention was lower compared to what it was going to be in the upcoming years, there were open criticisms and liberal alternatives that were being proposed to the government's actions.

Sırrı Bey's crusade against the statist policies perhaps reached its zenith during budget discussions in June 1932. The discussions started with the Minister of Finance Abdulhalik Bey's speech. In his speech the Minister gave an overall picture of the previous year's budget and continued with the proposed changes. The Depression had its toll on taxes which resulted in a smaller budget. After a few questions from other deputies, Sırrı Bey took the floor and began his speech once again starting with congratulating ministries for their work and then later criticizing them for their expansion. After some quick comments on that issue, he said "Now it is time to inspect finance, economy, monopolies, public works, and agriculture front." He argued that since these entities are entangled, they need to be inspected as a whole. Then

39 T.B.M.M. Zabıt Cerideleri. 29 Kasım 1931

he added "I am telling you in advance that I am going to criticize the government's statism principle." [40]

> Our government's principle is populism. It is our greatest right to expect our government to act accordingly to this principle. However, the individual, who is increasingly deprived of his/her rights and initiative, falls into a situation that is incompatible with the government's principle of populism.
>
> Every day, the intervention of the state in commercial and economic transactions is increasing. People's government cannot be statist in this way. Statist people's government... We can put these words, which make up this expression and express two qualities, on paper. But when we bring them side by side in terms of meaning, it is not possible to make any sense of it. [41]

Sırrı Bey elaborated his words and said "our desire to be both individualist and statist is what causes anxiety in economic actions and leads us into anxious paths."[42] The solution to this according to him was the withdrawal of statism into a narrower area. An area in which private attempts cannot be successful, therefore an intervention from the state is necessary. He also believed that "time and events will prove that the government will accept my explanation of statism."[43] He also believed that this mismatch between intention and action in the application of statism was what was causing the suffering in the country. He blamed the politicians who were calling these policies "depression economics" and hiding behind the depression for their failures. Sırrı Bey also claimed that some members of the CHP approached him, fearing their own party, with complaints about their party's economic policies. Sırrı Bey continued his speech with solution proposals to various areas of problems until the session ended.

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40 T.B.M.M. Zabıt Cerideleri. 22 Haziran 1932

41 Ibid.

42 Ibid.

43 Ibid.

The next day, the General Secretary of CHP, Recep (Peker) Bey took the floor and gave a very long speech almost entirely dedicated to Sırrı Bey's speech the day before. He first explained what populism and statism were according to CHP, as they were described in the 1931 Congress. His claim was that Sırrı Bey did not know the meanings of these words; therefore, his criticism of the incompatibility of populism and statism was not valid. However, while defining statism, Recep Bey went beyond the 1931 definition and added,

> But, in our opinion, the things that the State has to do are not limited to this. At the same time, if the state deems it useful and necessary to do the things that a single citizen or a private company can do, from the point of view of the general interest of the country and the nation, if it is beneficial and necessary from the point of care for the country and serving the progress of the country, it will also do these works.[44]

This shows that, at least according to Recep Bey bearing in mind that he was the General Secretary of the party, the definition of statism expanded and now it also included the affairs that private attempts can succeed. Recep Bey's speech went on for a while, mostly accusing Sırrı Bey of criticizing statism while demanding interventions from the government. The essence of the argument between the two was summarized by Sırrı Bey:

> Recep Bey pointed out that the difference between us lies in the determination of the border of statism. Yesterday, I said clearly, I accept statism. But I say that the border of statism should come this far. Recep Bey, they say, no, it should expand even more.[45]

A few days later after the budget discussions, on July 2, a deputy from İzmir, also independent like Sırrı Bey, Halil (Menteşe) Bey criticized the government's trade quota policy during a discussion on a law for handling tea, sugar and coffee imports from a single organization. He claimed that

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44 T.B.M.M. Zabıt Cerideleri. 23 Haziran 1932

45 Ibid.

these quotas went beyond its aim and instead they should be replaced by such tariffs that would increase domestic production. In response to this, the Minister of Economy Mustafa Şeref Bey, claimed that the reason behind Halil Bey's accusations was his liberalism that was nailed to his head. Halil Bey, refusing him being a liberal, presented himself as a follower of the national economy, "protective on the borders, loyal to your principle internally" he added. However, he said that "to be clear, as I see it, CHP exceeded the meaning of statism in its program."[46]

> In the economic field, I am also a statist. But it seems that you are going beyond the limits of your principle and going to intervene without economic necessity. I see danger in that.[47]

The answer to this once again comes from Recep Bey. He says that although he is sure of the good intentions of Halil Bey, he believes that he does not understand the path they are following. To Halil Bey's comment about exceeding the definition of statism in the party program, Recep Bey recites the definition and points out that the involvement of the state is not specified in it. This implies that the vagueness and broadness of the definition were indeed intentional.[48]

In his speech, Halil Bey was also worried that these interventions might lead to collectivism. In response to that, Recep Bey says that "There is no danger of collectivism in Turkey. The notion of collectivism and the notion of property are poles apart. The program of our party speaks clearly about the right to property." This concern of collectivism was not just Halil Bey's but also discussed in the media at that time.[49]

The following day the parliament was discussing a law for establishing new state-owned factories and the State Industry Office. Sırrı Bey immediately took the floor during the discussions and claimed that these new factories would be competing against the private enterprises and citizens. Şeref Bey in response to this claimed that such a thing is out of the question

46 T.B.M.M. Zabıt Cerideleri. 2 Temmuz 1932

47 Ibid.

48 Ibid.

49 Ibid.

because the intention behind this law was to enable the state to intervene in areas where private enterprises cannot succeed. This is interesting because on one hand couple of weeks ago Recep Bey was saying that the role of the state in the matter of statism should expand even more, and on the other hand, the Minister of Economy, Mustafa Şeref Bey once again limited it as it was defined in 1931. This shows that there were different opinions with regards to the limitations of the statism even in the higher echelons of the CHP.

A similar discussion happened a month later during the session for the establishment of the Turkish Industry Credit Bank. What this law accomplishes is that combined with the establishment of the State Industry Office, Sanayi ve Maadin Bankası was effectively divided into two new entities. While the State Industry Office undertakes the state-owned factories, the Turkish Industry Credit Bank oversees the credit needs of the industrial sector. However, the proposed method of financing the new bank worried Hüsnü (Kitapçı) Bey. The method included the annulment of some of the tax exemptions given by the Law for the Encouragement of Industry before its due. Hüsnü Bey worried that this would affect daily business life and would scare the citizens at any future intervention. The Minister of Economy disregarded this, claiming that the bank will do more for industrialization instead of the exemptions.[50]

Although Mustafa Şeref Bey was not worried at the time, this proposition drew the ire of businessmen. On September 8, he requested his resignation from his position and on November 10, Celal (Bayar) Bey was appointed as the new Minister of Economics. As the head of İşbank, Celal Bey had closer ties with the private sector, which helped him to ease some concerns. Perhaps deeming this was not enough, on June 3, 1933, the parliament reverted its removal of exemptions for which Hüsnü Bey would personally thank the new minister Celal Bey. This show of gratitude did not end there. On the same day, while discussing the law for the establishment of Sümerbank, Halil Bey also thanked Celal Bey.[51] Reminding his concerns that he shared a year ago

50 T.B.M.M. Zabıt Cerideleri. 7 Temmuz 1932

51 T.B.M.M. Zabıt Cerideleri. 3 Haziran 1933

on July 2 about the anxiety of the businessmen due to the state's actions in the economy he said:

> After a while, Celal Bey came to the Ministry of Economy. Since he was behind the wheel of a big institution that also affects and regulates the business world, I think he tried to eliminate this anxiety and establish a secure and stable economy in the country, as he was more knowledgeable about this situation.[52]

Halil Bey also said that after his appointment Celal Bey rushed to İstanbul and touched base with members of industry and commerce. It is clear that before the new appointment, there were concerns about the statist policies. Celal Bey's appointment seemed to soothe these concerns.[53]

In short, parliament records show that statism kept changing over the course of the first half of the 1930s. It started as moderate statism, and later tried to expand into a form intended to control and intervene in all areas and finally stopped for a while due to concerns from various economic groups. All of these changes were discussed and criticized by several deputies, mostly independent ones. After Celal Bey's appointment, these criticisms by the deputies decreased substantially, both in size and tone. Some of these independent deputies continued to be a member of the parliament after the 1935 elections. However, Sırrı Bey was not one of them; mostly due to complaints from Recep Bey about Sırrı Bey's constant opposition in the discussions.[54] Statism will reach its final form, at least for this period, in 1935, during the fourth general congress of the CHP.

3.1.3. 1935 CHP[55] Congress

After four years of experience with statism, public speeches given by the statesmen, and feedback from the public, the 1935 Congress presents a newer

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52 Ibid.

53 Ibid.

54 Yılmaz, M. (2007)

55 It should be noted that it was in this congress the name of the party changed to Cumhuriyet Halk Partisi (CHP) from Cumhuriyet Halk Fırkası (CHF). For simplicity, throughout the entire manuscript CHP will be used.

definition of statism. Before the definition, however, Recep Peker declared that the State will adopt party principles as its own principles. While other principles of the party were already principles of the State, for statism this means that in Peker's words "In this case, statism should not remain as a Party attribute, but should take its place among the attributes of the State."[56] He explains the reasoning for this with a short history lecture, describing economic systems and their failures from the feudal system to the liberal economic system. He claims currently failing liberal system will be replaced by statism and not by "the class system".[57] In order to prevent the switch to a class system, strikes and lockouts will be banned, Peker declares. He also adds this statism will be neither like "red marxism" nor like "red liberalism" but it will be right in the middle.

The new definition starts just like the previous one but it is longer. It is as follows:

> While keeping individual work and activity as a basis, it is one of our important principles to keep the state deeply involved, especially in the economic field, in the affairs necessitated by the general and high interests of the nation, in order to bring the nation and the country to prosperity in as little time as possible.
>
> The interest of the State in economic affairs is to encourage private initiatives and to regulate and supervise the actions taken, as well as the actual constructiveness.
>
> The appreciation of which economic affairs the state will actually carry out depends on the general and supreme interests of the nation. If the business that the State actually decides to do is in the hands of a private enterprise, its takeover depends on making a law each time. In this law, the cost caused by the takeover will be compensated by the

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56 CHP Dördüncü Büyük Kurultayı Görüşmeleri Tutulgası. p. 46

57 Peker's words must be evaluated in the context of the political order of the time. Not too long ago, a revolution took place in the north, and the Soviet Union was established. Here, what he means by the class system is a socialist revolution, and he claims that statism will prevent this. Such arguments were also previously made by writers of *Kadro* which will be shown in Section 3.2.

State. Probable profit for the future is not considered in the appraisal of the loss.[58]

This definition was more strict and encompassing than anything discussed before. It directly states that the State will not only construct new factories but it can also regulate and take over the private sector as well. Similar to the 1931 definition rules for limitations are expressed in very broad terms, leaving room for further expansion. During the discussions of this definition, a deputy from Eskişehir, Emin Sazak expressed his concerns over its vagueness, claiming that this will cause even more anxiety than before. He asked for changes to improve its clarity or at least to insert a sentence saying that "The state will announce the limits (of intervention) on such and such date."[59] Peker's answer to this was simply ignoring these concerns, claiming that the definition is very clear. The state is the greatest constructive force, he says, therefore it should not wait for the private sector to try its attempts and work on the remaining areas. Instead, it should work on whatever area is required to be worked on, and the private sector should work on the remaining areas.[60]

Over the course of four years, the definition of statism completely reversed the roles designated for the state and the private sector. This might be caused by the beginning of the realization of the first five-year industrialization plan, giving a confidence boost to the advocates of statism.

3.2. Discussions among the intelligentsia

Discussions about the state's role in the economy were not limited to bureaucrats and politicians. Intellectuals, writing in various outlets such as newspapers and journals, were also discussing whether the state should intervene in the economy, what should be the ideal role of the state, and what should be the boundaries of this intervention. These discussions also expanded and included topics and questions such as "why Turkey never fully industrialized", "why is the West so much richer than the East", "the role of

58 CHP Dördüncü Büyük Kurultayı Görüşmeleri Tutulgası. p. 59

59 CHP Dördüncü Büyük Kurultayı Görüşmeleri Tutulgası. p. 59-60

60 CHP Dördüncü Büyük Kurultayı Görüşmeleri Tutulgası. p. 61

democracy in a nation's wealth", etc. Economic turmoil turned members of intelligentsia looking for causes and solutions of and to the Great Depression. Some thought this was a temporary crisis and nothing needed to be done, some offered relief measures such as tax cuts or floor prices for agricultural produces, and some offered comprehensive changes in economic structure. This section will present various individuals or group of thinkers and writers who published their opinions during this tumultuous time.

We set the scene with *Kadro*. In January 1932, a group of writers named Yakup Kadri (Karaosmanoğlu), Şevket Süreyya (Aydemir), Dr. Vedat Nedim (Tör), Burhan Asaf (Belge), and İsmail Hüsrev (Tökin) issued a magazine called *Kadro* (the cadre). On their first issue, they presented themselves and declared why they were issuing this magazine.

> In short, in today's mysterious course of the world, which is pregnant with a thousand and one kinds of events, in order to keep the revolutionary fervor of our revolutionary generation, which binds its destiny to the destiny of its own revolution, always awake, and in order to always be in control of the seemingly unstoppable enthusiastic flow of our revolution, we are obliged to know, adopt and adopt its principles in the form of definite criteria. This is what *Kadro* is for.[61]

Kadro believed that the revolution was still ongoing and yet it was still lacking an ideology. The formulation of this ideology was an urgent need, and once it is done it would become a beacon, an example for the generation of the revolution. *Kadro* had taken on this task.

Before delving into *Kadro*'s issues it would be useful to know its authors a little bit. Aside from Yakup Kadri, all writers of the *Kadro* were members of the Turkish Communist Party (TKP) until the 1927 communist arrests. With the arrests, all members except Yakup Kadri served some jail time before being pardoned by the general amnesty in 1927. After the amnesty, authors worked for the regime and its revolution. Their communist past kept its

61 Kadro Aylık Fikir Mecmuası. 1932. Sayı: 1. p. 3.

influence on their issues in *Kadro,* especially visible in their use of historical materialism. [62]

The prime ideolog of the magazine was Şevket Süreyya. Although the magazine was owned by Yakup Kadri, it was Şevket Süreyya who wrote almost all of the opening articles. His articles mostly revolved around the formulation of the ideology of the revolution. He was born in 1897, therefore spent most of his childhood and teenage years during the collapse of the Ottoman Empire. During the Great War, he served as a soldier on the Caucasus front. At that time he was influenced by *Turanism* but his time in Azerbaijan introduced him to a new idea, *Bolshevism,* which shaped his thoughts and life for many years.[63] Between the proclamation of the Republic and his release from the prison, Şevket Süreyya spent most of his time for TKP, however, after his release, especially after 1930, he became more in lined with the government's view on politics instead of his former anti-government leftist thinking. This change in ideology helped him to be recognized by the close circle of the government.[64]

Kadro wanted to create a classless and harmonious society and statism was the correct tool to achieve that. Unlike the government's idea of statism, *Kadro* wanted statism to encompass all spheres of life. However, they made sure to note that what they were offering was not indeed socialism. It was a third path, something unique to Turkey.[65]

This self-proclaimed role of formulating an ideology to revolution drew a lot of criticisms ranging from other authors to members of the parliament. This section will present some of these criticisms and varying opinions on statism.

3.2.1. Şevket Süreyya vs. Hüseyin Cahit

Hüseyin Cahit (Yalçın), who published two newspapers (*Tanin* and *Renin)* before *Kadro* was out, published a magazine called *Fikir Hareketleri* in August 1933. On its first issue, Hüseyin Cahit expressed his satisfaction on

62 Sunar, L. (2004). p. 514.

63 Ertan, T.F. (2010). p. 25.

64 Ibid p. 34.

65 Ibid p. 41.

existence of various magazines, discussing ideas and ideologies, of which *Kadro* was included. Right after giving a short introduction to who *Kadro* is he began his criticisims.[66] He first questions Şevket Süreyya's confidence, saying that "I don't know Şevket Süreyya Bey's situation, but there is such a certainty in his words and judgments that one gets the feeling that if his opinions are not accepted, the revolution will be disrespected and opposed".[67] *Kadro*'s self-proclaimed role of formulating the ideology certainly disturbs Hüseyin Cahit. He then questions the term "endless revolution" and adds that this was Trotsky's idea.[68] Although he did not add much, this small reference to Trotsky was also a reminder of Şevket Süreyya's communist past. He lastly examines the claim of the uniqueness of the revolution, and says just like ours, every revolution was a result of its past and present, therefore it is not a unique situation for Turkey.[69]

Şevket Süreyya's and therefore *Kadro*'s response to Hüseyin Cahit came eight months after in May 1934. In an article called "We are the Heirs of Europe, Not Its Admirers"[70], Şevket Süreyya congratulates Hüseyin Cahit's return to print media and then begins explaining himself. He claims that the pre-war order of the world was over, and Europe was not the old Europe that had politic and economic hegemony over the rest of the world. Countries that had to submit to Europe's intellectual domination were in a struggle against that now. He says this struggle was between revolutionaries of the former colonies and their former masters. Then he adds this struggle was also between these revolutionaries and their fellow countrymen, old intellectuals who accepted Europe's superiority over every field as truth.[71]

In the same article, Şevket Süreyya reminds Hüseyin Cahit's another article titled "Admiration of Europe". He explains how his view of Europe, "a brutal system of political and economic exploitation", differs from Hüseyin Cahit's, and then adds "we are only admirers of Europe's technique and

66 Ibid p. 56.

67 Ibid p. 57.

68 Ibid p. 58.

69 Ibid p. 59.

70 Kadro Aylık Fikir Mecmuası. 1934. Sayı: 29. p. 43.

71 Ibid p. 44.

scientific method, or rather, not admirers, but heirs!"[72] This method was historical materialism.[73] In the same article that Hüseyin Cahit wrote, he points out *Kadro*'s use of historical materialism, Şevket Süreyya quotes. Süreyya believes that by doing so because this method was also used by communists Hüseyin Cahit tries to present *Kadro* as communist.[74]

In the following months, these discussions got more heated and became more personal. The two sides started to directly name each other either as communist, socialist or liberal. Both claimed to be neither. Both accused the other of being eclectic. While Hüseyin Cahit continued to criticize Şevket Süreyya's self-proclaimed role of creator of the new ideology, Şevket Süreyya continued to accuse Hüseyin Cahit of preserving old and outdated ideas of Europe. In one article, Şevket Süreyya reminded Hüseyin Cahit's old job at Düyun-u Umumiye and questioned his integrity about opposing capitulations and anti-imperialism.[75] A few months after this article *Kadro* shut itself down therefore these discussions came to an end. These discussions showed a clash between the older generation who favored more liberal economic ideas and the younger generation who was in search of a new spirit, a new ideology. A similar clash happened between another older and liberal intellectual, Ahmet Ağaoğlu, and *Kadro*.

3.2.2. Ahmet Ağaoğlu vs. Kadro

Ahmet Ağaoğlu was one of the leading intellectuals of the early Republic. He was well known for his writings on nationalism, liberalism, democracy, and freedom. Özavcı considers him as one of the pioneers of Turkish nationalism along with Ziya Gökalp and Yusuf Akçura.[76] In 1932, Ağaoğlu published several articles in *Cumhuriyet* newspaper in response to *Kadro* and *İnkilap ve Kadro* (Revolution and Cadre), a book written by Şevket Süreyya

72 Ibid p. 45.

73 Historical materialism here is a literal translation of *tarihi maddiyetçilik*. In the same article Süreyya wrote he claims that use of historical materialism is just a mere adaptation of technique of Europe, rather endorsing the connotated ideolog of socialism.

74 Ibid p. 46.

75 Kadro Aylık Fikir Mecmuası. 1934. Sayı: 33. p. 41.

76 Özavci, H.O. (2015)

that includes most of his writings in the prior issues of *Kadro.* Later Ağaoğlu brought together all of these newspaper articles in a book titled *Devlet ve Fert* in 1933 (The State and the Individual). These articles include both criticisms of *Kadro* and Ağaoğlu's own ideas.

Ağaoğlu has criticized *Kadro* for several reasons. His initial criticism was about the style and dogmatic tone. First, he expressed his happiness for *Kadro* being published, believing that they will bring fresh air to intellectual discussions in the country. However, he quickly states his disappointment because he found *Kadro*'s claims and tone as dogmatic, prophetic, baseless, and lacking evidence. He was disturbed by *Kadro's* claim of formulating the ideology of the revolution. This article was titled *Kadrocular* meaning "Kadroists"[77]. In the following article, titled *İnkılabımızın İdeolojisi* (Ideology of our Revolution), he criticizes *Kadro*'s view of the Turkish revolution. In this article, he wrote:

> In other words, it means that it is the Kadroists who today represent the will and interest of the revolution. Is it possible not to admire the humility and modesty of those who have the courage to embrace the revolution in this way and monopolize it?[78]

Ağaoğlu, who actively participated in the making of the new Republic both as an intellectual, a lawmaker, and a member of the parliament, was clearly perplexed by *Kadro*'s goal. He reiterates his statement about the dogmatic tone and calls *Kadro*'s views as "Kadro Religion".[79]

In the same article, Ağaoğlu also argues that *Kadro*'s analysis of the Turkish revolution was from a narrow perspective and solely focused on the economy. *Kadro,* according to Ağaoğlu, ties the Turkish revolution to the rest of the world through the Great Depression. According to Şevket Süreyya, wrote Ağaoğlu, "the Great Depression led all humanity to a struggle for economic liberation…The Turkish Revolution is a part of this struggle".[80] Ağaoğlu accepts this economic side of the view but finds it incomplete. He

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77 Ağaoğlu, A. (1933). p. 11-14

78 Ibid. p. 15.

79 Ibid. p. 16.

80 Idib. p. 17.

claims that important steps of the revolution were already taken before the Depression, such as the abolition of the monarchy and the caliphate, the founding of the Republic, the Lausanne treaty, and changes in religion and family laws. He attributes this narrow view to *Kadro*'s Marxist and historical materialistic perspective.[81] Similar to Hüseyin Cahit, Ağaoğlu too points out *Kadro*'s Marxist past. He does this for two reasons. First, as a liberal thinker, Ağaoğlu found Marxist methodology lacking. Second, Marxist ideology was not favored by the government, therefore, pointing out *Kadro*'s Marxist past, was a way of political discrediting.

Ağaoğlu also found *Kadro* anti-democratic. In his article *Kadrocular ve Demokrasi* (Kadroists and Democracy), he provided Şevket Süreyya's definition of democracy from his book *İnkılap ve Kadro:*

> Kadro and Revolution describe democracy as follows: "Democracy in contemporary science is a reasonable social order that allows the harmonious and modest development of all abilities within the society".[82]

Ağaoğlu, although agreeing with this definition, still considered *Kadro* anti-democratic. He wrote:

> It is known that democracy is built on the basis of individual freedom, which opens unhindered and smooth areas for the development of all kinds of abilities. Kadroists, however, do not favor individual freedom.[83]

Ağaoğlu's reasoning for this assumption was based on Şevket Süreyya's book in which he wrote, Ağaoğlu quotes:

> It is ideal not to give the individual a freedom that separates him from society, but to give rights to the nation in the world and to give job and duty to the individual within this free nation.[84]

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81 Idib. p. 18.

82 Idib. p. 23.

83 Idib. p. 24.

84 Ibid. p. 24.

Ağaoğlu blamed Şevket Süreyya for word playing and wrote that the freedom of the individual was inseparable from the nation. He elaborated his thoughts with a short history of humankind, explaining how different stages of society from tribes to today thrived because of individual freedom. Because of individual freedom, he wrote, the nations of the West thrived and enriched themselves while the nations of the East, such as the Ottoman Empire and Mughal Empire became either dependent or directly conquered and colonized. He blamed Kadroists for deliberately overlooking these facts and accused them of imposing an extreme statist ideology instead of applying an objective analysis.[85]

Ağaoğlu also questions *Kadro*'s idea of statism. He accepted that a state by nature is statist but what is more important is the borders of statism. He believed that historically individual effort was the engine of progress, and the more nations progressed the more responsibility fell on the state. These responsibilities were born from the contrasts and clashes occurred due to increasing complexity. After the Great War, new responsibilities of states led to four different versions of statism: liberal or democratic statism, communism, socialism, and fascism. Ağaoğlu then asks, "which of these four versions of statism does *Kadro* prefer?"[86]

> You know, the Kadroists were neither communists, socialists nor fascists! Indeed, they are not fascists because they do not talk about the relations between religion and the state, the relations between the nation and the ruler.
>
> But they also validate the fascist method because they authorize the entity they call the state to regulate and control all national activities.
>
> The cadres are not communists and socialists because they do not deny the principle of property.

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85 Ibid. p. 26-30

86 Ibid. p. 30-33, 38, 44-46.

> But they are fervent supporters of communist and socialist methods because, like communists, they are convinced that the state is capable of removing social contradictions forever. Because the method they recommend consists of the method of making economic developments by the state and adopting it by the state, as recommended by communists and socialists.[87]

Ağaoğlu here questions the originality of *Kadro*'s ideology. *Kadro* since its first issue always claimed that the Turkish revolution and its elements were unique to Turkey. Although Ağaoğlu agreed with that claim to some extent, he refused *Kadro*'s interpretation. *Kadro*, as seen by Ağaoğlu, was trying to redefine the Turkish revolution with dogmatic claims and baseless definitions to impose a statist ideology.

After all of this, Şevket Süreyya wrote a series of replies, nine in total, in *Cumhuriyet* between December 11 and 27, 1932. With these replies, the debate escalated and became more personal. However, nothing was agreed upon. Şevket Süreyya once again explained his and *Kadro*'s views but this time he also accused Ağaoğlu being a champion of outdated 18th and 19th-century ideas. He mentioned Ağaoğlu's old age several times with a small note attached saying that his purpose was not to discuss age.

Ağaoğlu's reply was more direct and personal. His article in *Cumhuriyet* titled "Reply to reply" repeated his previous criticisms such as being dogmatic, prophetic, anti-democratic, etc. However, he also seemed to be annoyed or disturbed by the mention of his age. He wrote "my ideas might have become obsolete, but my age is not the proof for that." With the start of this age debate Ağaoğlu began to call Şevket Süreyya in his article "our young friend" and "our young writer". Names and adjectives did not end there, he also called him "our Prophet" due to his dogmatic style. [88] Another that angered Ağaoğlu greatly was Şevket Süreyya's mention of his Free Republican Party (*Serbest Cumhuriyet Fırkası*) years. Ağaoğlu was one of the founders of the short-lived Free Party and he believed that by mentioning this Şevket

87 Ibid. p. 48.

88 Ibid. p. 67-68.

Süreyya wanted to show to readers that Ağaoğlu was against the revolution, statism, and Kemalism. Ağaoğlu's answer to this was:

> I joined the Free Party as a revolutionary, democrat, liberal statist and Kemalist... Until the establishment of the Free Party, I believed the Republican People's Party was a completely liberal, democratic and as statist as I was. Therefore, nothing has changed in me. I would like to add that I did not join the Revolutionary Party[89] by passing through the corridors of the revolutionary court and even today I believe the statism of the Republican People's Party is much closer to my understanding of statism than that of *Kadro*.[90]

While maintaining his ideas, Ağaoğlu also reminds Şevket Süreyya his years in prison and his late admission to the ranks of the revolution.

In his last article titled "Last word" Ağaoğlu gave a short summary of the discussion between him and Şevket Süreyya and *Kadro*. At least on the surface, neither side was able to change or influence each other's ideas. After all of accusations, debates, and insults, Ağaoğlu considered all of this as a waste of time. He wrote:

> From all this I realized that the man who stood in front of me was just a man with no knowledge, a braggart. I am really sorry that I was deceived and engaged with such a person for weeks and kept the general public busy.[91]

3.2.3. Kooperatif (The Cooperative)

Another intellectual who had his mark in the discussion revolving around statism, the Great Depression, Turkish Revolution, etc. in the 1930s was Ahmet Hamdi (Başar). As described by Yalçın Küçük, Ahmet Hamdi "was a man of struggle but he was always incompatible with the cause he was fighting for. He could not go further than being a small swordsman for big causes and

89 Here Ağaoğlu was referring to the CHP as the Revolutionary Party.

90 Ibid. p. 82.

91 Ibid. p. 104.

a big swordsman for small causes."[92] In the 1930s, he was the manager of İstanbul Port. In 1930 during a political debate between CHP and the Free Party about monopolies he was called to Dolmabahçe Palace by Atatürk and İsmet İnönü to present his opinion on port monopolies. Two months after that he got invited to Atatürk's 3-months nationwide trip.[93] After this trip he wrote a report which later turned into a book called *İktisadi Devletçilik* (Economic Statism). However, despite the attention he drew and his works, he never became a leading figure of his time.

In 1932, Ahmet Hamdi published a periodical magazine called *Kooperatif* (The Cooperative). He himself wrote most of the articles published in the magazine alongside Cemil Besim. His articles were mostly about, as expected, cooperativism, the Great Depression, statism, planning, money and gold, price policy, agriculture policy, and wheat.[94] From time to time he had quarrels with other writers such as Nizamettin Ali Sav, İbrahim Fazıl Pelin, Hüseyin Cahit Yalçın, and *Turkish Cooperativism Society*, *Kadro* and, Ahmet Ağaoğlu.[95] From an ideological perspective, he was very close to the view of *Kadro.* He too was in favor of planning, statism, and industrialization. His point of departure, however, according to Küçük was:

> Ahmet Hamdi was not against capitalism. On the contrary… He was much closer to capitalism than the Kadroists. This is one of the bases of the debate between them. He was only against the free exchange.[96]

Ahmet Hamdi suggested a planned economy, a statist policy that focuses on agriculture supported by industry. In his book *İktisadi Devletçilik* he explains his views and his difference from the *Kadro* as:

> Kadro defended the cause of industrialization; they believed it was necessary to prevent European countries from exploiting us, an open

92 Varlık, B. (1982). p. 4.

93 Ibid. p. 5-7.

94 Ibid. p. 29-37.

95 Ibid. p. 37-38

96 Ibid. p. 10.

> market, through industry. Kadro wanted an autarchy. I, on the other hand, was against putting forward the case in this way. I was in favor of a plan based on agriculture and some industry, instead of a plan solely based on industry.[97]

In July 1932, he wrote an article about Şevket Süreyya's article titled "About the Concept of Plan" in *Kadro.* He found Şevket Süreyya's article short, lacking, and verbose, yet he hoped he would improve and explain himself better in the future. This slight condescending or rather patronizing tone will persist in his other articles. In September, İsmail Hüsrev from *Kadro* issued an answer in place of Şevket Süreyya. Ahmet Hamdi found this answer inadequate as it was merely reiterating Şevket Süreyya's views and wrote:

> İsmail Hüsrev Bey is a talented and valuable young man…and we expect brilliant articles from him, (but he) leaves the floor to his friends. Şevket Süreyya Bey would have better clarified the issue by defending his article and ideas himself.[98]

Ahmet Hamdi, just like Ağaoğlu, patronized his opponent by calling him a young author. While Ağaoğlu's case showed parallelism between older and newer ideas, in Ahmet Hamdi's case it was different as both sides were more or less aligned. In his response, İsmail Hüsrev claimed that their ideas about planning were original and first expressed by them. Ahmet Hamdi, as it was the case with other ideologues and intellectuals of that time, like Ağaoğlu, was uncomfortable with this claim. He begged an explanation of this claim of originality.

> We think there are some young people writing in Kadro who are enthusiastic and talented. Can they explain what these original things are that they say they have discovered in the field of ideas?[99]

Although Ahmet Hamdi called Kadroists young he was at the same age as Şevket Süreyya and was just five years older than İsmail Hüsrev. Perhaps he

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97 Ibid. p. 12.

98 Ibid. p. 106.

99 Ibid.

called them young because it was done by others, or he believed he was more experienced and informed on the subject, or maybe he was just calling them young for their age.

Ahmet Hamdi also briefly participated in the debate between Ahmet Ağaoğlu and Şevkey Süreyya and *Kadro*. In December 1932, during the height of the debate, Ahmet Hamdi wrote an article, summarizing the debate and criticizing Ağaoğlu's ideas. He called Ağaoğlu "a member of the classical school" and said, "…he believes that history cannot be analyzed and constructed through the lens of economic events or materialism."[100] Just as Şevket Süreyya did at that time he also reminded Ağaoğlu his Free Party past. About his ideas about democracy and economic wealth, Ahmet Hamdi wrote "It is understood that these were the sources of the ideas that Ağaoğlu put forward in the Free Party programs."[101] Ağaoğlu, who wrote a brief answer to Ahmet Hamdi's article, claimed Ahmet Hamdi was trying to repudiate his thesis by showing his link to the Free Party and its ideas, which were rejected by the government.[102] Ağaoğlu's accusation was probably right because at that time both the Free Party and its ideas were still considered as rejected and disapproved. Ağaoğlu found it natural of him to stand against him since his ideas were similar to those of *Kadro*'s.[103]

Ahmet Hamdi thought Ağaoğlu was stuck in the past. In another article, he wrote, "if Ağaoğlu's articles were translated and given to a Westerner, he would think he was being shown a historical document from the 19th-century press."[104] He believed Ağaoğlu's ideas were outdated and had no place in his time. In the same article, he also wrote,

> In our opinion, before arguing with those who are convinced that it is possible and necessary to keep the nineteenth century alive in Turkey, and whose knowledge even depends on the conditions of this (Western) civilization, it is necessary to establish the ideology of the

100 Ibid. p. 133.

101 Ibid.

102 Ağaoğlu, A. (1933). p. 105

103 Ibid.

104 Varlık, B. (1982). p. 148.

> revolution, and to create a new way of seeing and practicing that is in accordance with the course of history and the course of the revolution.[105]

Ahmet Hamdi prolifically contributed to discussions in the 1930s with his periodical magazine *Kooperatif*. In some areas, he presented unique ideas but despite that, he was mostly shadowed by the well-known *Kadro*.

3.3. Discussions among the industrialists

In this section, I will try to explore how the private sector reacted or responded to the statist policies developed and to the plan in the first half of the 30s. However, the private sector as a definition covers a large group of economic activities and it needs to be further specified. I will mostly investigate private industrialists and merchants who operated in İstanbul. I chose this group for two reasons. First, statist policies enacted during this period such as the rise of tariffs or trade quotas had a direct impact on these business groups. The industrialization plan itself was in direct competition with the private sector industrialists or at least it was seen as such for a while. Second, most of these businesses that need to be discussed here were located at İstanbul for historical reasons.

In this section, first, I will give detailed business statistics of the period to set the scene. I will briefly answer some questions such as: (i) what the industrialization level of the country was, (ii) in which areas industrial facilities were located, (iii) what kind of industrial facilities existed, and (iv) what the total value of industry and commerce in the country's total economic output was, among others. Then I will try to identify the reactions, expectations, and concerns of this group during this period. Here, the most important source that I will use is the records of the first Industrial Congress held in 1930.

I will first present the Industrial Census of 1932. Although there were earlier censuses, the 1932 census is the best starting year because it is late enough to show most of the existing development but earlier than most of the

105 Ibid.

discussions on statism. Also, it should be noted that these industrial censuses only cover establishments benefiting from the Law for the Encouragement of Industry.

According to the 1932 census, there were 1,473 establishments in the country. Of these 507, i.e. 34%, were located in İstanbul, 181, in other words, 12%, were in İzmir, 116, i.e. 8%, were in Bursa, and 102, i.e. 7%, were in Balıkesir. These four provinces alone hosted 62% of all industrial establishments. All of them were in the West of the capital which only had 30 establishments, 2%, that year.[106] This regional disparity was a contributing factor in the site selection of the industries in the FFYIP. The large concentration of establishments in İstanbul makes analyzing the attitude of the group easier. However, it should be noted that industrialists in İstanbul probably had different concerns or desires compared to industrialists in other provinces. I will try to explain what kind of differences there could be after sharing sectoral statistics as well.

The largest sector in 1932 was agriculture, domestic animal husbandry, and hunting products, covering 651 establishments, i.e. 44%, of all 1,473 establishments. This sector was followed by textile industries which had 351 establishments, i.e. 24%. Agricultural establishments being the largest makes sense as the country was mostly agrarian. The relative share of all sectors in the following two years remained almost the same. What is more important here is the geographical distribution of these sectors. İstanbul, which had 34% of all establishments, had 61% of all textile establishments in 1932.[107] This is a very large concentration of a single sector. Considering half of the plan's budget was reserved for the textile industry[108], this concentration became even more important as the plan had the potential of affecting these industrialists the most.

As the previous capital, it makes sense for İstanbul to have such a concentration of textile industries. The capital was the center of commerce, especially for the textile industry, and was in the center of a large population

106 Başvekalet İstatistik Umum Müdürlüğü. (1933). Teşviki Sanayi Kanunundan İstifade Eden Müesseselerin 1932 Senesi Faaliyeti. Devlet Matbaası. İstanbul.

107 Ibid.

108 Yücel, F. (2014). p. 27.

basin. All these, however, made the industrialists in İstanbul different from the many other provinces of the country. While a textile workshop owner in İstanbul may not want the state as a competitor to itself, a landowner in the Adana region who is producing and processing cotton would welcome a large textile factory by the state as they can sell their product as an input to that factory. Merchants who were dealing with imports and exports and were mostly based in İstanbul as it was the largest port city may not want tariffs to rise but any industrialists in any province would welcome this wall of protection. What I mean by all of these, is while İstanbul was an important place to examine its industrialists' and merchants' opinions on the statist policies of the period, these opinions should not be used to extrapolate country-level analysis.

After this remark, now we can try to see what industrialists wanted first. The reports of the 1930 Industrial Congress will help to understand the demands and complaints of the industrialists of that period. The Congress was organized by the National Society of Economy and Savings and held in Ankara between 22-30 April. The Congress aimed to determine the problems experienced by the industry and industrialists and the requirements for the development of the national industry. The members of the Congress were regional representatives from the Chambers of Industry and Commerce of various provinces, representatives of different industries, academics, and government officials. All these groups drafted specific reports to present at the Congress. There were 9 items on the agenda: 1) raw materials, 2) capital and credit, 3) taxes, 4) the Law for the Encouragement of Industry and its practice, 5) standardization, 6) rationalization, 7) representation of industrialists in chambers of commerce and industry, 8) industrial education, and 9) shipping tariffs. Each subgroup of industrialists, such as cloth producers or mill owners, had to prepare their reports based on this agenda. In addition to the reports prepared by these groups, there were regional reports from Bursa, Eskişehir, Edremit, Ayvalık, Uşak, Isparta, Elaziz, Kastamonu, Denizli, Balıkesir, Ankara, Gazi Antep, Kütahya, and İzmir. Lastly, there were reports prepared by the general committee of the Congress. Two of the members of this council were Dr. Vedat Nedim (Tör) and Şevket

Süreyya (Aydemir) who would later found the *Kadro.* Topics of the reports prepared by them were in line with the agenda of the Congress.[109]

In the second session of the Congress, a member of the general committee, Alaettin Bey, expressed his concerns over the functioning of the Congress, the bureaucracy, specifically about the committees. During his speech, he asked two questions that according to him required clarification:

> First of all, what do we mean when we say national industry? What do we understand from this? The nature of these two questions should be clarified. According to my understanding, national industry means concentrating state aid in a few industrial branches according to the capability of the country and by participating in the international division of labor. Otherwise, it does not mean making everything that comes out from all over the world and satisfies the needs of civilized people within the country.[110]

Just right at the beginning of the Congress (the first session was reserved for the speeches of the Minister of Economy and general secretary of the National Society of Economy and Savings, Rahmi Bey) someone demanded clarification regarding the meaning of national economy. On the very first day of the Congress, an industrialist was asking for some clarity: what is national industry, and what is the role of the state when we mean national industry? He tried to answer his own questions:

> For instance, it is surely not correct to nationalize (domestically produce) any commodity from Patagonia, costing fifty cents to do so, while it costs ten cents (to import) in the Turkish market. First of all, trying to produce that commodity in the country requires state protection. For protection, the state will either have to give a subsidy or raise the tariff. In this situation, the state will suffer from a financial loss. Then, trying to make people buy the commodity that comes from Patagonia for ten cents at fifty cents means reducing the exchange

109 Milli İktisat ve Tasarruf Cemiyeti. (1930). 1930 Sanayi Kongresi Raporlar Zabıtlar.

110 Ibid. p. 723.

> power of the farmer's wheat. This method is an attempt to establish an industry in the country by forcibly fighting against nature.[111]

Alaettin Bey, makes his point clearer. He does not want state protection. He believes it is fighting against the nature (nature of the market, economy) and therefore will result in a loss of purchasing power. However, at this point, he differs from the other members of the Congress. As will be seen in the following pages, among the general wishes of the Congress members is the implementation of protectionist policies. Perhaps Alaettin Bey was worried that protectionist policies might eventually lead to direct state intervention.

Another debate occurred in the fourth session of the Congress. The discussion that began after the report on the representation of industrialists in the Chambers of Commerce and Industry was read, helps to understand the demands of two intertwined but differently demanding groups of this era. The report, prepared by the general committee, acknowledged the representation issue of industrialists but proposed not to separate the Chambers of Commerce and Industry, and even suggested merging them with previously separated agricultural chambers.

> In this regard, we would like to mention that along with the idea of splitting the chambers of commerce and industry into two, there is a completely opposing idea of merging them under the title of 'economic chambers', along with the agricultural chambers. It's also defended that in these two economic chambers, every economic profession and branch should be strongly represented, and above these diverse professional branches, there should be an economic chamber council composed of all professions.[112]

The report also stated that in most countries, chambers of commerce and industry are found together, and there are no conflicting interests between these two groups, hence, no obstacle to working together. After stating all this, the report acknowledged that the representation of industrialists in the chambers was a problem and made suggestions for it.

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111 Ibid. p. 724

112 Ibid. p. 491

> Our commission has paid more attention to this point. Our industrialists complain that they are not adequately represented in the chambers. Indeed, in the council of the İstanbul Chamber of Commerce and Industry, which consists of thirty members, industrialists have been represented by only 5 members so far. This ratio of representation has been more or less the same in the chambers of major industrial centers such as İzmir and Adana.
>
> Our commission has concluded that industrialists should be more strongly represented in the chambers, especially in industrial centers such as İstanbul, İzmir, and Adana.[113]

After the report was read, the first person to speak argued that the report did nothing but praise the Chambers of Commerce and suggested that its conclusion should be revised and accepted. Then, a person who attended the Congress as an observer from the İstanbul Chamber of Commerce and Industry spoke up. Vehbi Bey, who began by stating he didn't want to be the defender of the chamber, pointed out that the report praised the chambers and that the reason for this praise would be evident upon examining what these chambers had accomplished in the last fifty years.

> They said the report about the chambers is of a praising nature. Yes, it is, because if the half-century work of the Chambers of Commerce and Industry is examined, one can see the beneficial services they have provided.[114]

Vehbi Bey also believed that the Congress would not lead to the creation of an independent chamber of industry and added that the current bylaws allowed for the representation of industrialists in the chambers. However, he questioned how the other 15 members should be allocated to different professions and merchants if 15 of the chamber's 30 members were allocated to industrialists. This question led to further debate when an industrialist questioned why traders of different professions should be considered

113 Ibid. p. 492

114 Ibid. p. 763

separately while all industrialists are evaluated together. During the ongoing discussion about how and to what extent industrialists and merchants should be represented, someone pointed out that until now, industrialists had to act according to the wishes of the merchants:

> Until now, industrialists have accepted whatever the merchants said. We, as industrialists equipped with equal commercial knowledge, want to form half of the chamber, not more, and try to see how well the interests of industrialists are defended.[115]

This comment, supported by other industrialists, shows that they felt their demands were not sufficiently met in the chambers of commerce and industry. Immediately following this comment, another industrialist, Atıf Bey, added that merchants did not understand production and that industrialists would not make decisions against the country's benefit just to oppose the wishes of the merchants.[116]

> Mr. Vehbi says that merchants can't come together because they are insurers, etc. Are we, as industrialists, supposed to raise our hands together, without considering the country's interest, in votes, whether we are textile manufacturers or biscuit makers? If they accept this, it is the same bias against industry as it is in commerce.
>
> Indeed, without understanding production, merchants constantly bring goods from Europe and elsewhere, bringing them to this state.

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115 Ibid. p. 765

116 I'd like to briefly explain who is referred to by industrialists and merchants, and the differences between them. Beyond the obvious, where industrialists are involved in the manufacturing sector and produce goods, and merchants deal with importing and exporting goods, industrialists represent the weakest part of the economy during this period. In an economy largely based on agriculture at this time, products that could not be produced domestically, especially consumer goods, were imported through merchants in port cities who thus made a profit. Industrialists, who produced these consumer goods for the domestic market, were in a direct conflict of interest with merchants. However, it should not be forgotten that industrialists also engaged in import and export activities (primarily imports) during this period, but the products they imported were raw materials or intermediates, different from the consumer goods imported by merchants.

> The people of industry will never follow a stubborn idea and will always consider the entire country's interest. If they think that industrialists will gather to make a decision just to oppose the merchants' wishes, they are greatly mistaken.[117]

Nazmi Nuri Bey, who spoke first on the matter, once again took the floor to emphasize that conditions had changed, noting that there was now a developing industry in the country and that industrialists no longer wanted to remain under the influence of the Chamber of Commerce.

All these statements indicate that industrialists had different demands from those of the merchants but were unable to communicate these demands in the Chambers of Commerce and Industry. A concrete example of this is found in the report on woolen textiles. The report mentioned that the government asked the Chamber of Commerce and Industry for a study on customs tariffs. According to the report, the Chamber consulted hundreds of merchants and examined customs tariffs in Europe and America. However, the recommendations submitted to the government were flawed. Indeed, the tariffs proposed by the Chamber, as mentioned in the report, were one-tenth of those applied by Greece.

> The commission did not act correctly here. There is a vast difference between the commercial and industrial conditions of America, France, Belgium, and our country's industry and trade. Therefore, the commission should have primarily examined the tariffs in neighboring countries. However, we have been requesting the chamber of commerce for over six months, and it has been impossible to find the Romanian, Bulgarian, and Greek customs tariffs in the chamber's library, let alone obtain a copy. The commission indeed consulted the opinion of the merchants, and we had never heard of them consulting anyone from the industrial sector![118]

A heated debate ensued after the reading of the capital and credit report, prepared by the general committee. The report essentially stated that there

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117 Ibid.

118 Ibid. p. 87

was no credit problem in the industry, that advanced and rational industries did not struggle to find credit, and that the existing industrial capital was being used inefficiently. This report, coming after the industrialists had repeatedly raised the issue of insufficient credit, was met with criticism from them. The report was defended by Şevket Süreyya and Dr. Vedat Nedim, both known for their views on statism, and their points in the report were consistent with what they would later write in the *Kadro* magazine.

During the debates, it was evident that the committee members contributing to the report were not in agreement. Alaettin Bey, who had reservations about protectionist policies, was among the reporters but mentioned at the beginning of the discussions that he had some disagreements with Şevket Süreyya on certain issues. A common view in the debates was that the report failed to offer a solution beyond describing the current situation. One of the participants criticized the report's approach to the credit issue:

> Our committee examining the credit issue is completely undermining our country's industry. It implies that our industry today is not worthy of credit. There's no basis for how such a bank should be established for granting credit.[119]

Alaettin Bey, a member of the general committee that prepared the report, agreed with this criticism:

> I share the thoughts of my gentleman friend. I did not agree with the reporter on the committee. Indeed, there is no positive idea in the report. It does not say what we should do. Many problems have been identified, but the Congress cannot make a positive proposal.[120]

Despite all this, Vedat Nedim and Şevket Süreyya continued to defend their views in the report. Vedat Nedim took the debate a step further, asserting that there was no credit problem, but rather, the issue was the creditworthiness of industrialists:

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119 Ibid. p. 817

120 Ibid.

> The essence of the credit issue in the industry is our industrialists' creditworthiness. It is imperative for our industrialists to understand this. If some of our industrialists cannot find credit today, they should look at their own faults. Advanced, rational industries can find credit in Turkey today. This is a bitter truth that you must accept.[121]

Şevket Süreyya, on the other hand, stated that while preparing the report, they anticipated the reactions but emphasized that they were economists who knew the industry and its movements, not industrialists themselves, and that they considered the Turkish economy as a whole:

> Gentlemen, we came here with our report, anticipating the objections we would face... Nonetheless, we stand by our opinion. Just as you are industrialists, we are economists who understand and follow industrial movements... When we compiled this report, we formulated our opinions by considering the Turkish economy as a whole.[122]

This debate between the two groups, intellectuals, and industrialists, reflects their different perspectives on the issues. For the intellectuals, the primary concern is the national economy as a whole. To them, there was no significant difference between one industrialist and another, or between two industrial enterprises in terms of importance. What matters was to determine which enterprise was the best for the national economy. The conditions that made an enterprise the best for the national economy would later be elaborated on by this duo in the *Kadro* magazine. On the other hand, for industrialists, the issue was about themselves. Of course, the industrialists at the Congress expressed their views not just for the best of their enterprises, but for the best of the industry and industrialists in the country. However, the difference in perspectives, as seen, became apparent during the session where the report was discussed.

Perhaps one of the most interesting discussions at the Congress occurred towards the end when the third clause of the mining industry report was read.

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121 Ibid. p. 818

122 Ibid. p. 821

All the reports presented at the Congress made various demands. While these were mostly about lowering taxes, increasing customs tariffs, and increasing credit opportunities for industry, or proposals for research to assess various issues, the mining industry report demanded a solution to the issue of government factories and enterprises receiving budgetary allocations from the state entering into unfair competition with the private sector industry.

> The government factories established at different times to be examples for the establishment of industry in our country, or those belonging to entities receiving allocations from the state budget, hinder the progress of our private industry and create unequal competition under unfair conditions. Hence, the abolition of such factories and the allocation of the several million appropriations given each year from the government budget to various private industry sectors and the allocation of such abolished factories to the related private industry is proposed.[123]

This demand is quite assertive, not only highlighting the problem but also offering a solution. The problem is the lack of development in the private sector industry, caused by unfair competition with enterprises operated or supported by the state. The proposed solution is the abolition of these enterprises, allocating their facilities and financial support to the private sector. The presence of state officials at the Congress, who might have been disturbed by such a bold and direct request, prompted the chairman of the Congress to immediately try to clarify the situation after the demand was read. He stated that the abolition of these facilities was out of the question and that those who prepared the report forgot the statute of the Industrial Bank to which these enterprises belong.

> The gentleman probably does not remember well the principles in the statute of the Industrial Bank. When the Industrial Bank was established, there was a clause in its main statute: Many institutions have been transferred from the government to this bank. These cannot be closed; they are large institutions that have come into existence

123 Ibid. p. 473

with large sums of money. They were the only institutions that could meet the needs of the country. Closing them means not responding to the needs of this country. The law says that such factories will gradually become joint-stock companies and will be separated from the bank to operate independently like private enterprises.

Like other factories, the bank works for the development of all general industry, but when it says we want to transfer this factory to the public, it must be profitable so that capital can be invested in it. Otherwise, if factories operate in a primitive and bad manner, no one will buy their products, and a great wealth of the country will be wasted. To avoid this, the Industrial Bank is temporarily working on the development of factories. The government itself is not in the idea of building factories. The law is clear in this regard. Therefore, the issue of abolition cannot be discussed.[124]

This was a very political response, the chairman tried to reassure government officials by explaining the reasons for these factories' existence and stating their abolition was not on the table, and also tried to reassure industrialists by indicating that the government itself was not interested in directly building factories. Following this, Vasfi Bey, who prepared the report, tried to clarify the situation, stating that the problem was general and that state enterprises were doing even the smallest tasks themselves. Vasfi Bey referred to these enterprises as parasites and argued that the government should benefit from the private sector instead of relying on, for example, state-run military and gunpowder factories. However, the chairman of the Congress defended these factories again, stating that discussing military industry at the Congress was a bit too much and requested to limit the examples and express the issue differently.

Vasfi Bey, trying to clarify the topic again, said, "Sir, generally speaking, we did not say to give us steel factories; there are some idle machines that we are thinking of utilizing. I know very well that there are idle plans that cost (28,000) gold liras." This way, he shifted the issue to the state's inefficient use

124 Ibid. p. 826

of resources. Şevket Süreyya, trying to summarize what Vasfi Bey said, and remarked: "They want to request that the work that small industries can do should not be done (by the state) as much as possible." Following this, Vasfi Bey brought up another issue, mentioning his plans to produce postage stamps, but he had to abandon the idea due to an order stating that it would be done by the state.[125]

These examples show that some industrialists face problems due to the state's direct role in the industry. Issues like competing with state factories or certain private initiatives being hindered by the state. As a result of these discussions, a clause was proposed to be added to the Congress recommendations stating "the tasks subject to the small industry's engagement should not be carried out by state institutions." One person objected, saying that state factories are necessary in every field for the national economy. Vasfi Bey countered, stating that there would be no issue if these enterprises operated under the same conditions as private sector enterprises. The proposed recommendation, however, was not accepted following all these discussions.[126]

In conclusion, the records of the 1930 Industrial Congress have been quite beneficial in showing the status, demands, and problems of the industrialists of the period, and have also provided significant clues as to how this group would react to the increasingly statist policies in the coming years. The Congress demonstrated that the industrialists generally demanded protectionist policies but did not want direct interventions and involvement of the state in the industry, avoiding competition with the state.

3.4. Conclusion

This chapter includes discussions on statism by groups that have been part of the government or have had closer relations with the government before moving on to the perspectives of/ debates among the people of Bünyan. These groups are, in order, the CHP, members of parliament, intellectuals, and industrialists.

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125 Ibid. p. 828

126 Ibid.

The views of administrators and members of parliament on statism have been extensively examined. Critiques towards statism are relatively less studied but still thoroughly investigated. The discussions among intellectuals of the period have been similarly debated. Tekeli and İlkin (1982) detailed the statism philosophies of some of these intellectuals. Fırat (2007) has conveyed what the debates between the *Kadro*, *Kooperatif*, and *Fikir Hareketleri* magazines meant for the press of the period.[127] This chapter investigates not only the discussions and what the actors understood by statism but also what kinds of critiques were directed towards statism.

Studies on the demands of the period's private sector industry and industrialists are relatively limited. The lack of an open and active communication channel between the private sector and the public sector reduces the resources on this topic. The 1930 Industrial Congress records used in this chapter are a frequently used source in studies on this subject, where, differently, the views and demands of industrialists regarding state intervention are examined in detail. It has been shown that industrialists are not against state intervention; they desire protective policies and incentives but do not want to compete with the state, and they want the limits of state intervention to be clearly defined.

127 Fırat, A.H. (2007)

4

First Five-Year Industrial Plan in Practice: A Case of Bünyan, Kayseri

4.1. Location and site selection criteria of industrial facilities

During the preparation process of the first plan, the issue of what kind of factories to establish and where these factories should be established were two debated issues that affected each other. The production needs and objectives were determined by what is imported and what can be produced domestically, where it should be established also affected what can be produced domestically via conditions such as availability of raw materials, labor force, etc. This section will first present the location selection criteria of factories across the country, and then it will delve into one specific factory located in Kayseri, Sümerbank Textile Factory. I will try to answer questions such as: (i) why this factory was located in Kayseri, (ii) what were the site selection criteria within Kayseri, (iii) what were the economic/industrial relationships revolved around the construction of the factory, (iv) who were the social actors involved, and (v) how all of these relations between social actors and the environment shaped and affected each other.

4.1.1. Across the country

As part of the plan, several industries were selected to be established domestically. These were, as stated in the report of the Ministry of Economy textiles, hemp, iron and steel, coal and semicoke, copper, sulfur, cellulose and paper, ceramics, chemicals industry, and sponge.[128] The primary selection criteria for these industries were if the required raw materials were domestically available. The Ministry's report states:

> Industries whose main raw materials are or can be supplied in our country are the main characteristic of this five-year program. Cotton for the cloth weaving industry is available in the country. Fine varieties will be grown in the country. Ore and coal for the iron industry are available in the country. Coal will be used today, ore will be used tomorrow, if not today, in the event of a war. The wood pulp we need for the paper industry and the trees that yield cellulose are abundantly available in our country. We will use wood pulp and cellulose immediately. In the rope and sack industry, we will use the country's hemp, for sulfur we will use the country's ore, for sulfuric acid production we will use the country's sulfur, in chlorine and lye industries we will use the country's salt, in glass industry we will use the country's sand and marble.[129]

The report states the industries and the required raw materials to be used. However, not every industry that satisfies the condition entered the plan. There were two other conditions as well. The first one was that the industry to be established had to serve to country's interests. "The needs of our own country have been taken as the basis for the design of the program and the size of the industry to be established."[130] The needs of the country is a vague term and needs explanation. First, the plan was drafted during a foreign exchange crisis due to the Great Depression. Foreign exchange reserves were

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128 T.C. Ekonomi Bakanlığı Neşriyatı. (1933). Sınai Tesisat ve İşletme ve Vekalet Teşkilatına İlaveler Hakkında Raportlar.

129 Ibid. p. 9-10

130 Ibid. p. 9

limited, and the country had to import many basic consumption goods. One goal of the plan was to cut these imports and substitute them with domestically produced goods. Second, some industries deemed strategically important such as coal, iron, and steel. Not only these goods were (and still are) intermediate goods used in many other industries but they were also crucial for a potential war. With a fresh memory of the decades of war, self-sufficiency on such items was highly desired. The other condition to enter the plan was that selected industries could not be established by the private sector. "Industries that cannot be established by private enterprises are included in this program and it is thought that they will be established as enterprises of the State or national institutions."[131] To sum up, industries were selected via three conditions. First, the required raw materials had to be available within the country. Second, they should serve the needs of the country economically (substituting imports) and strategically (serving the defense industry), and third, they should not be the ones that could be established by the private sector.

Since the industries have been selected, the other important issue, their location selection, can be discussed. The report briefly presents the general criteria for location selection.

> The first and most important condition for the success of an industry, which is not subject to the nature of its aims and objectives, is its establishment in accordance with rational and economic principles. The establishment of the industry, its successful operation, and finally its ability to compete, free from special patronage and care, is only possible if it finds a suitable place for itself according to the nature and characteristics of its subject matter. The location of a factory is the place where the energy, coal, water and labor required for its operation can be procured in the easiest, best and cheapest way, and where it is possible to transport and ship its raw materials and finished products with the least expense, burden and sacrifice.[132]

131 Ibid. p. 10.

132 Ibid. p. 17.

First, the report emphasizes the importance of location selection of a factory. Its success is "only possible if it finds a suitable place". Then the report expands on what it means by suitable. It must be located where energy, via coal or water, and labor are abundant and cheap, and raw materials and final goods are able to transport easily. But these are only the economic considerations.

> It is well known that economic considerations are not the sole determinant of the location of industrial enterprises and that, to the extent that economic conditions are important, other strong reasons are also influential. There can be no doubt that it is necessary to respect the considerations on the grounds that the national industry in our country should be able to respond not only to economic needs but also to the delicate situations that our high interests may require and that it should be formed accordingly.[133]

Again, it is vaguely presented but the report suggests other possible factors, besides the economic ones, for location selection. These could be social/developmental, related to security, or political. Social/developmental factors are already presented in the report.

> The idea of establishing industry domestically is correct not only from this point of view, but also from the point of view of gradually creating and establishing a balance in our economic activities throughout the country, that is to say, from the point of view of benefiting our backward neighborhoods and people in terms of earnings and prosperity from our new initiatives.[134]

Now it is visible that another goal of the plan was to offer a chance for development to relatively underdeveloped regions of the country. Although this may look like it is contradicting with some of the other conditions such as proximity to markets and cheap logistics, infrastructure investments made in recent years, mainly railroads, allowed the state to penetrate these

133 Ibid. p. 18.

134 Ibid.

underdeveloped regions. Another note is that none of these conditions were on a binary scale but rather they had weights that influenced the decision-making process.

Security reasons were more visible in specific sectors such as the iron industry. The iron industry section in the report starts with brief summaries of previous studies conducted. One of these studies, done by Professor Granigg in 1925, advises establishing an iron industry even if the required raw materials, coal, and iron ore, were not available. Later, the Soviet experts accepted establishing an iron industry in principle and only studied where this industry should be established in the most economical way.[135] In the same section, the report answers several questions regarding the iron industry. One of these was: "where should the iron industry be established in an economical way?". While the first sentence explains economic conditions the rest of the answer was:

> However, it is also important that this location should be defensible. Based on these considerations, the idea of establishing our iron industry in the Ereğli region and at some distance from the coast comes to mind.[136]

What this is saying is although these economic conditions make the most sense national security interests should be noted. And it was noted since the industry was established in Ereğli, around 60 kilometers inland. Tekeli and İlkin, while agreeing on national security as location selection criteria, claim this was also used as a veto power by Celal Bayar.[137]

Political conditions are somewhat less clear. On August 12, Soviet experts arrived in Turkey for local inspections. On August 14, *Cumhuriyet* reported this on the cover page. During their 2 months long trip, experts were greeted with great interest everywhere they went. Tekeli and İlkin claim this was largely "due to the local administrators who wanted the planned factories to be established in their regions."[138] For example, they show a report prepared

135 Ibid. p. 46.

136 Ibid. p. 47.

137 Tekeli, İ. İlkin, S. (1982). p. 191.

138 Ibid. p. 159-160.

by the Kütahya Chamber of Industry and Commerce stating Kütahya's advantages against its neighbors in locating a factory. In another case, people from Bünyan, a district of Kayseri, protested the rumors of establishing a factory in Kayseri city center while drawing water from Bünyan.[139] I will study this last example in greater detail in the following sections.

Location selection criteria for factories were also studied by contemporary experts and academics. Ahmet Ali Özeken for example, a business economist from İstanbul University, wrote a paper in 1942 titled "The Problem of Industrial Plant Locations and the Plant Location Case in Turkey's Industrial Development". He discussed several studies of others on the subject as well as his findings on specific Turkish factories. On general conditions for factory locations, he agrees with what is commonly accepted and also presented in the report of the plan:

> In this respect, industrial undertakings should generally be located where raw materials, coal, water, electricity or other energy sources and, finally, laborers are readily and cheaply available in the required quality. On the other hand, in the case of the location of the plant, it is necessary to take into account the release activities of each industrial enterprise, which ends with the delivery of its products to the consumers or to the distribution institutions. In this respect, the ideal industrial plant location, which will again be determined and expressed in a theoretical way, must be close to the places of release and have cheap transportation facilities in addition to the points mentioned above.[140]

Another example was Mimar (Architect) Naci Cemal. In 1935 he wrote an article in a journal called *Arkitekt*, titled "Land Selection in Factory Construction". In what is a two-page article he lists eight items to be considered for factory selection. These were proximity to raw materials, land value, energy, taxes and customs duties, availability of water, availability of

139 Ibid.

140 Özeken, A.A. (1942). p. 345.

labor, the existence of related or similar industries, and proximity to the city center.[141]

In conclusion, the locations of the industries were selected via several conditions. First, they need to make economic sense, meaning the location should provide easy access to raw materials, labor, and energy. It should also be close to markets. Second, the factory should be located in a place that was relatively underdeveloped. Third, for some industries, location should be defensible in the case of war. In addition to these factors, there were political actors who were trying to influence the decision-making process such as members of trade and industry chambers or inhabitants of a city whose resources were going to be used. In the next subsection, I will discuss the case of Bünyan and the factory in Kayseri.

4.1.2. Within Kayseri

Of all the factories in the plan, Kayseri Sümerbank Textile Factory was the first one to be constructed. As the first accomplishment of the First Five Year Industrial Plan, it was widely covered in the newspapers. On 21 May 1934, the day after the groundbreaking ceremony, *Cumhuriyet* ran a headline on the first page calling the achievement as a "new victory in the economic war."[142] *Akşam*, although on the second page, called the factory "a monument of Turkish-Soviet friendship" quoting İsmet İnönü's speech.[143] As important as it is, the questions of why this factory was built in Kayseri and where in Kayseri specifically, need to be answered before moving on to relationships between social actors and environment and how they affected each other.

Soviet experts' reports gave great details regarding the possible locations of factories in each industry. Under each industry they studied, there was a list of possible cities with their pros and cons, statistics, and general information. For Kayseri, these include specifics of geographical location, mountains and water resources, climate, and geologic and hydrogeologic information. While the report devotes a single paragraph to the each of first three items, it leaves four and a half pages for the last one, mostly discussing

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141 Mimar Naci Cemal. (1935). p. 85

142 Cumhuriyet. 21 May 1934. *İktisat savaşında yeni bir zafer*

143 Akşam. 21 May 1934. *Kayseri fabrikasının temel atma resmi dün yapıldı*

the availability of water.[144] Water was crucial for several reasons. First, the planned factory was going to employ thousands of workers, hence it would mean direct water consumption. Second, textile industries were (still are) water-intensive. Even after agricultural uses water was still used in dyeing and washing which were repeatedly done during the production process. Third, energy... The factory was going to use a significant amount of energy, and Kayseri had several rivers and springs for electricity production. One of them, in Bünyan, already had an electricity generation plant operated by a private company called Kayseri and Vicinity Electricity Turkish Incorporation. In the remainder of the report, experts present their findings on sources of energy, the matter of construction, water supply and the sewerage of the site, supply of energy, and construction goods.

While the Soviet experts' report was more on the technical side there were other reasons as well for selecting Kayseri. Özeken lists three items for considerations that led to the selection of the plant location. The first one, which he notes as a "meta-economic factor", was the matter of security. The role of national security concerns over factory location selections was noted before. Even though there were coastal cities with significant cotton production such as Adana, the matter of security led to the selection of an inland province. The second one was:

> The aim was to provide a new means of livelihood for the people in Kayseri and the surrounding area who were struggling in the carpet industry. In fact, it was thought that the people who had been working in the carpet industry would be an excellent source of labor for the cotton industry. Therefore, the availability of a local, cheap and highly skilled labor force was also a factor in the choice of Kayseri (reconciliation of labor-oriented plant location considerations with local development considerations).[145]

Although the availability of labor was noted before, Özeken also draws attention to its quality as well as to developmental considerations. The last

144 Tekeli, İ. İlkin, S. (1982). p. E173-E176

145 Özeken, A.A. (1942). p. 366.

consideration he noted was Kayseri's connection to the railroad network which he noted as an "economic factor".

While the decision on Kayseri was settled with the considerations presented above there was also the matter of site location within Kayseri which needs to be discussed here as well. Soviet experts' report identifies three sites. Site number 1 was close to the railroad and city, however, away from the water resources. Underground water was close to the surface and therefore easily accessible. Site number 2 was noted as a better option. It was in close vicinity of a stream, closer to the city, and the ground was sound and solid for construction. Site number 3 was similar to site number 1, away from above-ground water resources with access to underground water. However, it was 3 kilometers away from the railroad station. Eventually, the experts' conclusion was that the suitability of Kayseri for a textile factory depends on the results of analyses on the availability of underground water resources. Even though site number 2 was listed as a better option than site number 1, the factory was constructed on the latter. Site number 2 could not be used because of the municipality's concern over the use of water resources. Details of this and every other social actor's involvement in the factory's construction story will be explained in the next section.

4.2. Identifying the social actors

Now that the location selection criteria are defined, and the reasons for the selection of Kayseri has been explained above, it is time to define the social actors revolving around the factory. Some of these actors are already mentioned in the previous chapters, however, not in much detail. It would be helpful to mention all of them again and explain their aims, ambitions, goals, complaints, and concerns among others.

The social actor that was in every stage of the plan, preparation, and application, is, naturally, the government. The government officials were the ones who drafted, directed, shaped, and changed the plan. Indirectly, I have already explained some of their aims but here I will try to profile the governmental actors in the context of the plan.

The issue of industrialization and how to achieve it was a topic that was always on the agenda of the Republic. However, the issue became more

important as 1929 approached. Although initially, the government's aim was to create a strong private sector-led economy, after 1929 it switched over to more interventionist policies. Pamuk claims that this was partly due to suboptimal results of existing policies, partly due to being able to raise tariffs again, and partly because of the experiences of the ruling cadre.

> In the 1920s, the new regime envisaged an urban economy led by the private sector. Industrialization and the creation of a Muslim-Turkish private sector were viewed as key ingredients of national economic development. However, the private sector was weak and consisted mostly of small and medium-sized enterprises. While tariffs on imports remained low until 1929, the basic approach of economic policy was limited interventionism aimed at strengthening the private sector. The Law for the Encouragement of Industry adopted by the parliament in 1927 provided assistance and various incentives to industrial enterprises in food processing, textiles, construction materials, and elsewhere. The government was also concerned that the world could be dragged into another war. To avoid once more experiencing the severe shortages of World War I, the aim was to create a more self-sufficient economy. The three "whites"—flour, sugar, and cloth—became the focus of economic policies.[146]

Some of these new economic policies, or at least its spirit, were later embodied as the FFYIP. The plan document also states its *raison d'être* right on the first couple of pages. The document starts with a brief economic history of the world and Turkey. It divides the last century into three stages: pre-industrial, industrial, and current stage; and it depicts Turkey as a semi-periphery country, producing raw materials to feed Western industries. This situation, however, the plan states, has made Turkey vulnerable to the vicissitudes of the global economy. Combined with a lack of capital accumulation, lack of technical skills, and disorganization, the national economy was considered dysfunctional. It also includes this situation is desirable for industrial economies as they would prefer to keep non-

146 Pamuk, Ş. (2018). p. 171

industrialized countries as they were and dominate their markets. In reference to this, the authors state that "this truth is our most important driver in order to establish the industry we need without wasting time".[147]

Although this has been stated as the main reason why there was a need for a plan, the authors add other supporting reasons as well. These are, the lack of foreign exchange due to the Great Depression, creating new and more profitable business fields for Turkish workers and farmers because of decreasing prices of raw materials, and lastly, the possibility of supplying required technical installations with favorable prices.[148]

The main aim was to rapidly industrialize. The reason was to become independent and self-sufficient. The method was the statism, therefore, the plan. The plan, all of it, represents what the government wants to achieve and how it wants to achieve it. This applies to the factory at Kayseri as well. The way it operated, built, and administrated, what it produced, by whom, and for whom, all of these were decided by the government. Hence, it is fair to say that the government was one of the key actors revolved around the Kayseri Sümerbank Textile Factory.

Another actor involved in the debate regarding the Kayseri Sümerbank Textile Factory was the Kayseri Municipality. The elected authority, although this was during the single party era, assumed to represent the interests of the local people. However, the interests of the local people do not necessarily align with the interests of every actor involved. The interests of residents can clash. This was the case in Kayseri when the factory was about to be built. When the Soviet experts were looking for a site area for the factory, as I mentioned above, they were considering three sites. Although site number 2 was the best among three options, the Municipality objected due to water resource concerns.

> The proposed site was accepted as good and in accordance with basic construction requirements. But later it became clear that the Municipality would not allow the use of the stream water, although

147 T.C. Ekonomi Bakanlığı Neşriyatı. Sınai Tesisat ve İşletme ve Vekalet Teşkilatına İlaveler Hakkında Raportlar. (1933). p. 5-7

148 Ibid. p.7

> there was no objection from the city representatives when this site was selected. Now the municipality is worried that if some of the water is taken for the *Kombinat*, there will be no water to irrigate the fields. This has fundamentally changed the situation. There are no other reliable sources of water supply. Collecting ground water and constructing installations such as diversion towers to limit water consumption are supplementary measures and cannot fundamentally solve the need for water.[149]

From the Soviet experts' report, it is clear that the Municipality objects to the use of water in the discussed site (site number 2) because it is worried that "there will be no water to irrigate the fields". It is not clear which body of the Municipality or which members expressed this concern. The report also shows that "there was no objection from the city representatives when this site was selected." These representatives, although it is not certain, were probably members of Chamber of Commerce of Kayseri. On 25 March 1933, *Cumhuriyet* wrote "in a meeting held at the Kayseri Chamber of Commerce, it was decided that the land needed for a cotton cloth weaving factory to be built in Kayseri would be given to the government on a free-of-charge basis, and the decision was notified to the Prime Minister and the Ministry of Economy."[150] Different classes in the city preferred different uses of resources. The merchants did not have much problem with the factory using the water. Farmers on the other hand, assuming the concerns of the Municipality were genuine, would be left with no water. Here, the Municipality makes a decision, which favors one class to another, by using its right on resources of the city. Kayseri was not different from the rest of Turkey in being an agrarian economy. Therefore, it makes economic sense for the Municipality to protect the interests of farmers, who were the largest constituent of the labor force.

The municipality's control over water can be seen in another example. In 1928, a company called Kayseri and Vicinity Electricity Turkish Incorporation was established to satisfy the energy needs of the small military factory and the residents of the city. Its founders were diverse: merchants of

149 Tekeli, İ. İlkin, S. (1982). p. E182

150 Cumhuriyet. 25.03.1933.

various commodities such as carpets, leather, iron, livestock, etc., merchants from İstanbul, two deputies from Kayseri, and the Kayseri Municipality, represented by the Mayor Ibrahim Safa.[151] This company, with its headquarters in Kayseri, was generating electricity by using Sarımsaklı Falls in Bünyan, a small town in Kayseri located 40 kilometers away from the city center. The existence of this facility had a great impact on the establishment of Sümerbank Textile Factory in Kayseri. In their report, when discussing the situation of energy in Kayseri, experts considered this facility as the main source of electricity for the factory. However, it was not enough. The water used for electricity generation was shared by farmers in Bünyan and the Bünyan Yarn Factory. While discussing how to increase the electricity generation capacity of the facility, the experts wrote:

> Since there is no need for this much power, part of the water is used to irrigate the fields above the electricity factory. The other part goes to the newly established yarn factory in that area. Finally, some of it is drained outside the channel in order to regulate the amount of water. In this way, only 600 liters of water reach the electricity plant per second.
>
> Energy possibilities: The described hydroelectric power plant can be enlarged slightly with the following solutions. 1 - To eliminate the swamp situation next to the springs and 2 - To regulate the irrigation in the water channel (from the springs to the electricity factory).[152]

151 Akpınar, D. (2018) p. 372-373

152 Tekeli, İ. İlkin, S. (1982). p. E179

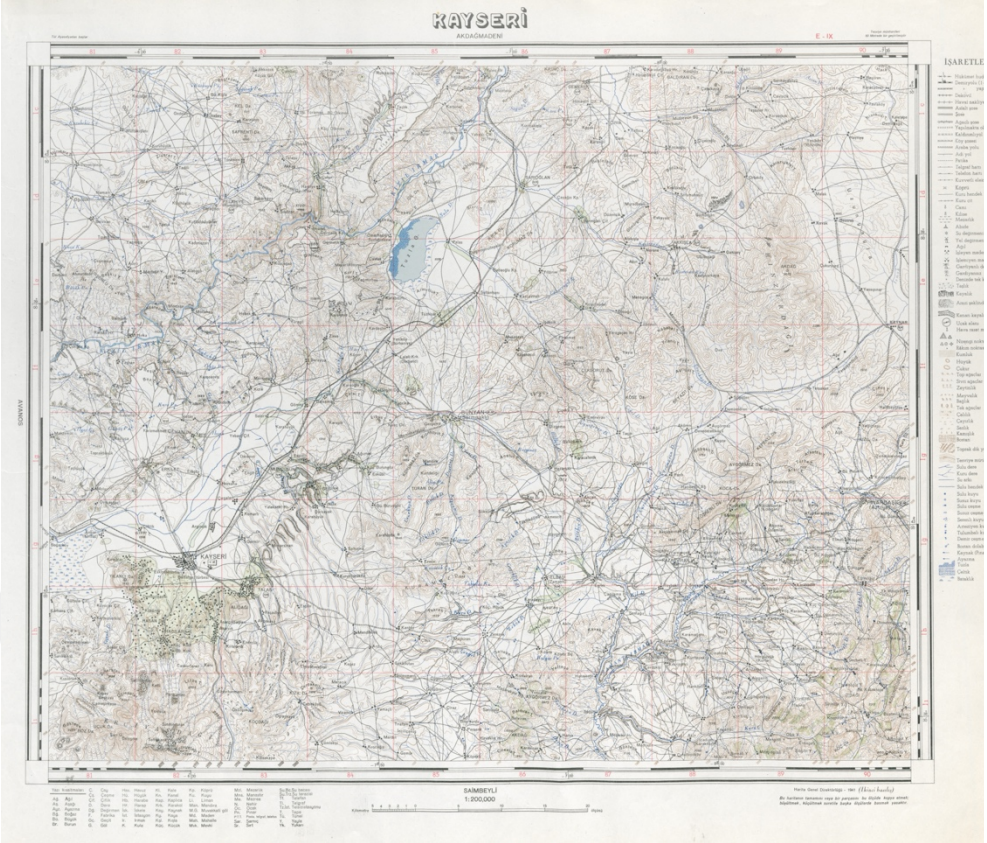


Figure 4.1 A map of Kayseri (bottom left) and vicinity areas including Bünyan (centered). SOURCE: *Haritalar Umum Müdürlüğü* (1948).

Here again, we see a water resource that was used by farmers and thought to be useful for the Sümerbank Textile Factory. Here too the Municipality controls the water, this time not only by the virtue of being the Municipality and its right to use and allocate the resources but also by being a shareholder of the electricity company that was operating on the water.[153] The Municipality's, therefore the mayor's, dual roles as a shareholder of the electricity plant and as an advocate for local farmers presented a clear conflict of interests, as the plant relied on the same water source used by the farmers. The Sümerbank Textile Factory was not the only entity with an interest in implementing the Soviet experts' recommendations. By increasing the plant's

153 Kayseri and Vicinity Electricity Turkish Incorporation and the hydroelectric power plant on the Sarımsaklı Falls is still in operation today. It is the oldest hydroelectric plant in operation in Turkey.

capacity and supplying more power, the electricity company's shareholders, among them merchants and the Municipality, would gain more profit. However, the Municipality may have thought that it was in the public interest, despite the loss of farmers, to provide energy to a wider segment of the population by producing more electricity. Whatever the reason was, which could be a combination of all these factors, the suggestions of the Soviet experts were implemented. To put it short, the Municipality was one of the main actors involved in the establishment and operation of the Sümerbank Textile Factory due to its dominance over the use of resources in the region.

The last "actor" that I will discuss is the people of Bünyan and Kayseri. Even though I called this large group as one social actor, in fact, the members of this group did not have much capacity to act on what was going on in Bünyan and Kayseri. They were more affected than influenced. However, it is still necessary to detail this social actor and discuss what were the different aims and concerns of its different constituents.

I will start with the people of Kayseri, the city center where the factory was going to be built. During its planning process, the factory aimed to employ hundreds of workers. In his speech during the groundbreaking ceremony, İsmet İnönü declared there would be 1,500 workers in the factory once it was finished.[154] To put this number into perspective, there were 46 thousand people living in the central district of Kayseri in 1935. Combined with nearby villages there were 115 thousand people living in Kayseri at the time. Of this 46 thousand 28 thousand were between ages 15-65, and of this 28 thousand 15 thousand were males.[155] When the factory first began its operations there were 400 female workers out of approximately 3,000.[156], meaning a large portion of workers were male. A promise of 1,500 new jobs in Kayseri meant a promise of jobs for 10% of all males in the central district. Assuming the same age and sex distribution for the nearby villages the figure becomes around 4%. However, it should also be noted that a portion of the people were already employed. Out of 24 thousand men living in the central district 10 thousand were either unemployed or had an unknown profession. Since these

154 Akşam. 21 May 1934.

155 Turkstat. (1935). 1935 General Census Province of Kayseri.

156 Semiz, Y. Toplu, G. (2019). p. 46

figures cover the entire male population, it would be fair to subtract those whose ages were below 15 and above 65, which was 9.3 thousand from the unemployed 10 thousand. This would leave us with around 700 unemployed males living in the central district. The promised number was twice this figure. Of course, there were some shifts from working in one job to working at the factory, but the significance of this promise remains. The factory, the State, İsmet İnönü, promised jobs for almost everyone. The expected impact of the factory was not limited to direct employment. The factory was going to need raw materials for construction, which Soviet experts believed could be supplied locally.[157] It needed cotton for textile production, and food for feeding workers, which could also be supplied, to some extent, within Kayseri. Those newly employed workers were going to have their salaries, which they would spend on goods and services in Kayseri. Combining all of these factors, i.e. the news of a factory, a large factory, was going to be build in their city, probably had a significant impact, a positive impact, on the perception of the people of Kayseri.

The same case may not be true for the people of Bünyan, however. When the news that a new factory would be built in Kayseri reached Bünyan, some people were worried and disappointed. They were especially upset about their rivers, which were planned to be used for the factory's electricity.[158] As previously discussed, Soviet experts were planning to implement several measures to increase electricity generation capacity, one of which was regulating the irrigation of farmlands. To express their concerns, they wrote a letter signed by several village headmen, to the Minister of Public Works, Hilmi Bey. The letter starts with a list of site selection criteria of the Soviet experts. The list includes: force (meaning energy production capacity), transportation, agricultural raw materials, safety, available labor force, climate, coal, and being a transit center. Following this, the letter describes Bünyan. First, it mentions its rivers and falls, and claims that there are no other force in Turkey similar to this. Then it describes its location and proximity to the major railroads. The letter claims that the city was very safe,

157 Tekeli, İ. İlkin, S. (1982). p. E188-E199

158 Tekeli, İ. İlkin, S. (1982). p. 160

and supports this claim with the existence of the military factory. Then it describes the population and economy of Bünyan, a city of 45 thousand (38 thousand including all villages according to the 1935 census), an agricultural city with cheap raw materials and cheap available (unemployed) labor. It also adds that these unemployed people travel to Adana every year and sacrifice their lives, because there are no jobs in Bünyan.[159]

159 Ibid. p. E85-E86

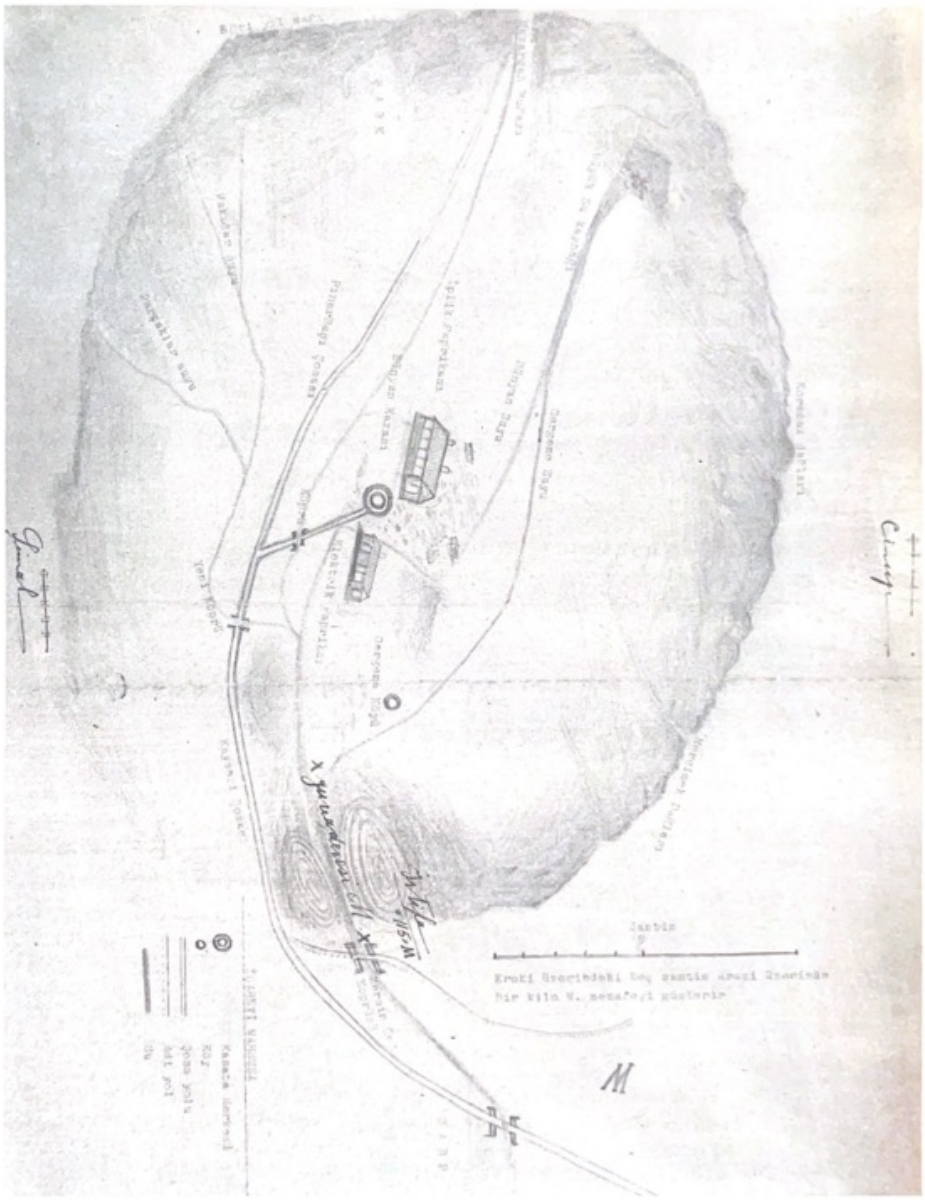


Figure 4.2 A sketch of Bünyan included to the letter showing rivers, existing power plant, roads etc. SOURCE: *Tekeli ve İlkin* (1982).

Then it goes on to describe Bünyan, highlighting the city's health conditions, pleasant weather, delicious water, cheap land, and cheap construction materials. It also highlights the city's proximity to coal mines

and available experienced labor force who used to work in more than 2,000 domestic textile looms but shrank to 200 because of the Depression.[160]

Then, the authors finally mention what was their concern:

> Bünyan is the most suitable place among Sivas, Maraş, Adana and Kayseri. In view of these economic considerations and reasonable and rational reasons, the applications made by the municipal council representing our city for the establishment of at least one of the national industrial enterprises to be established in Bünyan have not yielded any results and we have only been informed that one of these factories is envisaged to be built in Kayseri. However, we guarantee that if a million Liras are to be spent on the land, building and other construction of this factory to be built in Kayseri, we guarantee that it will be built in Bünyan at a fractional price. In particular, the power of the factory to be built in Kayseri will be purchased from the electricity factory in Bünyan for a fee, which will be thousands of Liras. However, if it were in Bünyan, the factory would operate with Bünyan's water free of charge and no money would be paid. We have been informed that a power of 1,500 horsepower is being sought for the operation of this factory, and that our water will be sold to the company and the power of this electricity factory will be increased and the power of the new factory will be supplied from here, and that fifty thousand acres of land, vineyards and gardens on the route of the water will be supplied with water through water meters. In this case, it is an obvious fact that our lands, vineyards and gardens, which are our only source of salary, will not be irrigated as before and we will not be able to get crops and consequently, we will be miserable.[161]

The people of Bünyan were worried that their water would be taken, and they would not be able to irrigate their farmlands. As a compensation for that, they asked for the factory to be built in their town, Bünyan. They were disturbed that their water would be used by a company, even a private

160 Ibid. p. E86

161 Ibid. p. E86

company. If it were state owned enterprise, it would at least somewhat make sense as they probably believed the state's, therefore its enterprises' too, primary objective was the welfare of its citizens. However, they were worried about the installations of water meters, therefore paying for the water which they probably had used for free always. They were worried about not being able to grow enough crops to make their living.

> In this case, we are extremely aggrieved to entrust our water to a company. In fact, the people of Kayseri have always encroached upon our interests, usurped our rights, and made us victims and distressed. If our water is forcibly taken and the water of the land is restricted, we are already compelled to settle in another neighborhood because the provision of our sustenance will no longer be possible here. However, our government, which has made it its motto to increase production capacity and ensure the prosperity of the country, will undoubtedly not allow this. We cannot entrust our waters to a company that aims to increase the power of their own electric factories and thus obtain significant benefits, in any way. Because if our waters are taken, there will be no rightful life left for us here. Bünyan is a town without a trade route, without a source of income, and sustains its livelihood through agriculture. If our water is taken, we are all condemned to death.[162]

The people of Bünyan were also angry with the people of Kayseri. They believed that the people of Kayseri were usurping their rights. They were angry with the private company, which was also run by merchants of Kayseri and the Kayseri Municipality. They did not want the private company to make profits by taking their water forcibly. They believed that such an act of injustice, would not be allowed by the government, whose primary goal was to ensure the prosperity of the country. Their only source of livelihood was agriculture and if that was to be taken, they would be condemned to death.

> We are absolutely against a few people benefiting from the existing factory, while there is another place that would provide the power of the planned factory and would not harm the irrigation of our land.

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[162] Ibid. p. E87

> You would appreciate that it would be unacceptable to take away our public waters for the benefit of a company.[163]

Throughout the letter, the people of Bünyan repeatedly expressed their concern over a private company making profit by using their water. They even suggested alternative locations that they believed, based on previous studies conducted for electricity plant and yarn factory, would still supply enough power and wouldn't harm their irrigation.

It is really contrasting that the same news would mean so much different for the same people living in two cities only 40 kilometers apart. Both cities had concerns over their water resources but while people in Kayseri were protected by the Municipality, the people of Bünyan were not. The same Municipality, which was also a shareholder of the electricity company operating in Bünyan, decided to use the water in Bünyan, for the benefit of two entities: the private electricity company and people in Kayseri. In the next section, I will explain the aftermath of the factory, what happened in Bünyan, and how the Sümerbank Textile Factory transformed the city and region.

4.3. The aftermath

4.3.1. The first workers

While there are plenty of sources that explore the impact of the Sümerbank Textile Factory on Turkish economy and Kayseri, there are not much that explore its impact on Bünyan. The factory, naturally, transformed the city mainly through employment. However, the effects on employment could go as far as those workers could travel. In this chapter I will present several snapshots of Kayseri and Bünyan at various times, that would highlight the impact of the factory to those who were living in both cities.

Although the official opening ceremony of the factory was held on 16 September 1935 it began its operations some time before that. Between the groundbreaking ceremony and opening ceremony, a German journalist and author Lilo Linke, travelled several cities in Turkey, including Kayseri, and

163 Ibid.

wrote her observations of the Sümerbank Textile Factory. Her notes present a unique opportunity to see Kayseri at the birth of the factory.

On the first morning of her arrival Linke had a chance to see workers flocking to the factory.

> Two thousand building workers were slowly streaming in to start work, peasants in the first stage of transformation. Bay Ziya had told me that there was no better chance for social studies than watching these men arriving for their working day. I dressed hastily and rushed out… Most of the workers looked wild and uncouth, with faces burnt by the sun and clothes torn by age and hard work, but at the same time they showed a strangely timid expression. Peasants and casual workers, hitherto living without any regular order, sleeping in hovels or, during the summer months, out in the open with nothing but their soiled quilts to cover them, half animals in their dumbness and ignorance-such were the men who were slowly to be turned into a self-conscious working-class, forbidden at the same time to become class-conscious. Would the experiment succeed?
>
> I stood there watching them and talking to an engineer who on Bay Fazil's orders was busy taking photographs. He was less than thirty years of age- everybody connected with the factory seemed to be young.
>
> "You cannot imagine," he said, focusing his camera on a group of men pushing past, " what efforts it has cost to get them used to some discipline. In the beginning they were like a herd of stampeding animals."[164]

From Linke's notes we can see that the workers were without discipline, education or order. Their living conditions were poor and they probably never worked at a place this size before. Bay Fazıl, as she wrote was the director of the factory. According to her notes he was an engineer, fought in

164 Linke, L. (1937). p. 303

the Balkan Wars as an irregular at the age of 13 and fought in the Great War too.

> After the war he belonged to the small group which advocated Turkey's rapid industrialization, to make her at last independent of the foreign capitalist powers. The group was laughed at and opposed by those who considered Turkey not yet ready and for more than one reason incapable of such a step and therefore wanted the governmental activities concentrated on the development of Turkey's agricultural resources. Yet Bay Fazil and his friends stuck to their ideas and with the Kemalists' rise to power saw them rapidly gaining ground.[165]

In addition to the being the director, Bay Fazıl was also ideologically invested in the factory. He believed that the factory and others like that were key to achieve total independence. His beliefs affect his attitude towards to workers as well since success of the factory was dependent on the skills of the workers.

At the beginning the director had a lot to work on. Workers were out of discipline. From Linke's notes when the director arrived in March morning and evening controls of two thousand workers were taking two hours each. Check-clocks were installed but it didn't help because "only a few of the knew how to read and write." Stealing was another problem and workers had to be searched every evening.

> During the past months they carried away everything that could be moved- nails, and pieces of wire, and parts of machinery which were not of the slightest use to them, odd tools, and empty sacks. Apparently, the men from Kayseri had given the lead. They were notorious all over the country for their cleverness and cunning in business, and it seemed to be one of their principles to help themselves to as much as they could.[166]

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165 Ibid. p. 302

166 Ibid. p. 304

These controls, disciplining must have tired the workers as they rioted constantly during the spring. “In the spring there had not been a single day without a riot.”[167] To solve this issue some workers were fired without getting paid, which the engineer who implemented the solution believed it was a better deterrent than any corporal punishment since the workers were so used to any kicks or blows.[168]

Despite all of these the director had a vision for these workers. He personally made workers exercise, even formed a football team. The factory were going to have all sorts of sports complexes according to director. “Our workers will then be able to swim, and play football, and tennis, and we'll have horses and a proper riding-school, and also an up-to-date ground for light athletics. And the swimming-pool will be close to the exit-gates so that they may feel tempted to have a dip before they go home.”[169] However, for the director these exercises were not just for benefit of workers’ physical conditions. He believed that the workers, especially the young ones, will become free and rid of traditions once they were able to wear their sports uniforms publicly. He wanted more than disciplining or educating the workers, he wanted to transform them.

> Perhaps you think it foolish to play football in this hot town. You are right. But I don't want it really for the sake of the sport. They'll be forced to wear shorts and show their naked knees, and that's what matters to me. Once they dare to appear in public like that, they've broken away from tradition and are free. That boy came to me last week and said: "My whole family makes fun of me and scolds me. But I won't give in.” That's a fellow to my liking. I'm sure he'll be good at his work as well.[170]

There were women working at the factory too which the director aimed at transforming. His problem was, however, women living in the Kayseri and the region were much conservative and they were not keen on working aside

167 Ibid.

168 Ibid. p. 305

169 Ibid. p. 306

170 Ibid. p. 307

with men. The director's solution to this was to employ girls while they were really young and transform them before they too become conservative as the others. His transformation attempts were not just for the minds of the girls however. He hired forewomen from Russia, offered proper meals and set a doctor for their health.

> A factory of this kind needed a great number of women workers. But the women in Kayseri and the villages nearby belonged to the most conservative in the whole country and were shocked at the very idea of working side by side with men though they were living in dire poverty and could well do with a few piastres. It was, therefore, best to get hold of the girls while they were too young to be spoilt by their mothers, and the director had already enlisted the first six or ten and was keeping them in a kind of kindergarten. I saw three of them playing around in one of the new sheds. They were a little older than twelve, but very small for their age, frail and pathetic, like half-starved mice.
>
> "You should have seen their homes," the director said as we walked slowly around. Dirty hovels where they had neither air nor light and worked from morning to night. Here they'll be properly looked after. I'll get two forewomen from Russia to train and mother them. They'll have decent meals, the sports grounds as a playing-field, clean dresses and a doctor to watch over their health. You won't be able to recognize them two years hence.[171]

Similar to the arguments repeated at the time, such as views of *Kadro,* the director too wanted to create a somewhat classless society in order to develop. He argued that this was possible because there were not any more powerful entrepreneurs than the state itself in Turkey and if the state owned all these factories and if the workers could take ownership of the place they were working, and they could because the factories were owned by the state, therefore, the public, the nation could advance.

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171 Ibid. p. 312

> "What I want more than anything else," said Bay Fazıl whilst we were having a hasty breakfast in the canteen, is a real comradeship, the feeling that we are all one family from the director down to the last apprentice. It ought to be possible since here in Turkey the State is the most important entrepreneur. The few existing capitalists don't really matter, and in any case, they, too, are controlled by the State. If we take care from the outset not to create an exploited proletariat, if we make our workers feel that this factory belongs to the state and, therefore, to themselves, and if we really keep all the doors open to them to advance -why shouldn't we succeed?[172]

According to Linke, the first workers of the factory were peasants without education, order or discipline. However, they were managed by an ambitious director who wanted to transform them into his idea of proper workers, equal among themselves, healthy, and educated. By doing so he wanted to transform his country too, into an independent and advanced one.

4.3.2. The other workers

While the expectations and ambitions were high for the first workers of the factory, it is not clear how much of these were realized in the following years. A letter written in 1941 by a spouse of a factory worker may shed light on this. This couple, Burhan and Nuriye İnel, were victims of the 1939 Erzincan Earthquake. Following the earthquake, they moved to Kayseri either willingly or because Burhan İnel was offered a job at the factory. He was working in the warehouse of the factory, however, he applied for a higher-paying role within the factory. His application although received and approved was not put in motion for months, which let his wife, Nuriye İnel, to secretly write a letter to Mevhibe İnönü, the wife of İsmet İnönü.

> The entire family has been enduring these painful moments with hope for months, relying on the bright promises of the factory. In fact, it has been repeatedly promised that my husband's applications would always be met with great assistance, and these promises have filled us

[172] Ibid. p. 307-308

> with hope. Unfortunately, these bright promises have not saved us from eating the leftover crumbs of food my husband shamefully brings back from the factory in front of the workers. This must be the reward for the great promises the factory has instilled in us. The salary given to my husband amounts to only twenty-seven liras, which might be considered a harmless amount for a well-functioning family. However, for a desperate family like us, deprived of everything, in a time when everything is becoming exorbitantly expensive, this amount is not enough to make ends meet, let alone stave off hunger.[173]

The İnel family was in vulnerable position. Victims of an earthquake, without a sufficient income, living through inflation caused by economic hardships of World War 2. Burhan İnel was promised to have a better paying job within the factory however these promises were unfulfilled. 27 liras which Nuriye İnel claims "might be normal amount for a well-functioning family" were not enough for them.

Although the İnel family's case was extreme they might not be completely alone in their situation. During its operation until 1941 on average 75% of workers left the factory. After near 10 years of operation salaries were increased by 8 times however, because of the inflation workers were not satisfied with these increases.[174]

As Semiz and Toplu (2019) put, another problem that was going on at the factory was about the management. Long after the days of the director Fazıl, a worker wrote a letter to the Minister of Economy in 1939. Mismanagement might be another explanatory factor for the factory's high level of turnover.

> The Sümerbank factories are in a very pitiable state. Mismanagement, immorality, and oppression have reached such a level that the managers of the Nazilli, Ereğli, and Kayseri factories have been forced to resign. Those who can find work outside for lower

173 Cumhurbaşkanlığı İsmet İnönü Arşivi. No: 498494

174 Semiz, Y. Toplu, G. (2019). p. 49

wages are slowly trying to save themselves. Because in the factories that are like the managers' estates, only their men can thrive.[175]

4.3.3. Bünyan

It is not clear what happened to people in Bünyan after their irrigation water was taken and the factory began its operations. However, Reşat İzbırak's 1949 article explores Bünyan at the time it was written and some time before.

> The significant role of the Pınarbaşı spring, which meets much of the needs of Bünyan and Gergeme, in the establishment and development of the town is indeed great. However, there are also other important factors that have contributed to the gathering of around 6000 population here and the determination of this area as the largest settlement in the vicinity. Among these, the fertile lands of Bünyan's immediate surroundings, the presence of sporadic fertile fields and rich pastures in the distant surroundings, the ease of obtaining travertine rocks for building and settlement, the favorable defensible position of this place in ancient times, the landforms allowing roads to extend in various directions in the best possible way in this area, and the passing of the Kayseri-Pınarbaşı main road from here can be mentioned.[176]

İzbırak describes Bünyan as a town whose establishment and development owe much to the Pınarbaşı spring. It was this spring that allowed irrigation and farming in the town. He details the agricultural structure of the town:

> In the irrigable areas of these fertile lands (places along the Pınarbaşı water, near the town in lower Bünyan, close to waterfalls), there stretch rich and abundant orchards, as well as vegetable gardens. In the non-irrigable areas, fields of crops take their place. Thus, Bünyan, being situated amidst fertile and quite extensive areas

175 Ibid. p. 50

176 İzbırak, R. (1949). p. 401

> suitable for cultivation, has had ample opportunities for development.[177]

İzbırak's notes on Bünyan show that the spring was the key factor to the town's development. The town, which was largest in the vicinity according to İzbırak, was able to reach that population because of the spring. İzbırak also shows that crops produced varied by whether the fields were irrigated or not. Economic implications of irrigation make why Bünyanites were concerned about their water clearer. Cereal products grown in non-irrigated fields are easier and cheaper to grow compared to fruits and vegetables which cannot be grown without ample source of water. This naturally makes the latter more valuable than the former.

Before the economic changes in the region and the town, İzbırak believed that Bünyan's population had reached its limit. However, after these changes, the military factory in Bünyan, electricity company and the hydropower plant, Sümerbank Kayseri Textile Factory and, Sümerbank Bünyan Woolen Textile Factory which was a public-private partnership enterprise built in 1927 with the Law for the Encouragement of Industry, Bünyan transformed and was able to host more population even higher in the future.

> When reviewing Bünyan's growth and development, it is important to emphasize how much population this town and its surroundings can accommodate. Before the factories were established, the town had gathered a population of around 4000, and it is worth considering that under the conditions of that time, it may have even been moving towards becoming even more populous…It appears that, during this period, the surplus population of Bünyan town felt the necessity to migrate to villages or other places. However, with the establishment and development of factories, this situation changed, and the population found more opportunities for increase than before. After the town gained access to electricity generated internally, living conditions also changed. As mentioned above, especially if the main road passes through the town's market square,

177 Ibid. p. 402

> and if a tourist organization is established, Bünyan's population could increase even more rapidly in a short period of time. In the future, this population could reach 8,000 to 10,000.[178]

Lastly, İzbırak describes Bünyan's economic structure and the changes it went through recently. Based on his notes there were three factors that impacted the town's economic structure most; the spring, electricity and, the factories. All three of these were in relationship with others. Agriculture and animal husbandry although were important they were only at the sustenance level. As the water left for irrigation decreased orchards and vegetable gardens turned into croplands. Even crops grown in those lands were only enough for Bünyan too. Animal husbandry, which was mainly done with sheep, was more lucrative than agriculture. The local woolen textile factory was the largest buyer in the town.

> The people of Bünyan sustain their livelihood through a combination of vegetable farming, crop cultivation, and livestock breeding, depending on the location. Apart from a small amount of beans and potatoes sent to the Kayseri market, vegetable farming only meets the needs of the townspeople. Vegetable gardens in Bünyan and the nearby Gergeme are primarily located along the Sarmısaklı stream downstream.
>
> Except for the southeastern edge, which is far from water, the entire surrounding area of the town is surrounded by fruit and especially vegetable gardens. However, vegetable and fruit gardens, which used to occupy more space than today up until 20 years ago, gradually shrank and gave way to crop fields after the factory took a significant portion of the water…On the other hand, they make a good profit (around 10-12 thousand kilograms per year) by selling their wool to the weaving factory within the town.[179]

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178 Ibid. p. 407

179 Ibid. p. 407-408

The spring was a source of power before electricity. The town had a lot of water mills but because of the power plant and the factory in Kayseri, water level in the spring had decreased which caused the mills to lose their importance. However, the electricity generated by the spring allowed Bünyan and Kayseri to have industrial centers.

> When reviewing Bünyan's economy as a whole, it should be noted that the presence of a large energy source (exceeding 1000 horsepower) in the form of water power has had an impact on the town's livelihood from ancient times, and today it accommodates a modern factory. Indeed, milling, operated by the waterfalls, must be the oldest craft to emerge within the town…Row after row of mills, nestled in the carved places of the waterfalls and buried among the greenery, have, on one hand, diminished in importance over time due to the competition from the mills of Ağırans, located a few kilometers to the west, and, on the other hand, due to the fact that the water was being used by the electricity power plant and weaving factory in the early days, which led to a reduction in the amount of water available to operate the mills.[180]

Overall, İzbırak's notes show that developments occurred between 1927-1935, which are electricity plant, the local textile factory and most importantly Sümerbank Textile Factory at Kayseri, had major impact on Bünyan. Once was an agricultural city, owed whatever it had to the springs it has, slowly turned into more industrial one, grew beyond what was deemed its potential. This growth was not limited to Bünyan as its resources, mainly the power generated by the spring, allowed Kayseri to grow as well. All these developments without doubt resulted in a net positive for Bünyan and Kayseri on average but this was not clear to people of Bünyan when they heard the rumors that their water might be taken.

180 Ibid. p. 409

4.3.4. 5 years after

Lastly, I will briefly mention population statistics for Bünyan and Kayseri 5 years after the factory to further understand the changes these places went through. When the factory first began its operations there were 46 thousand people living in the Kayseri city center of which 24 thousand were male. In the nearby villages these numbers were 69 and 32 thousand. After 5 years the population in the city center increased to 52.5 thousand of which 27 thousand were male. The same figures with the nearby districts and villages included became 75.4 and 36.5 thousand.[181] While population in the city center and in the nearby villages increased by 13.6% and 9.9%, male population in both places increased by 14.1% and 13.3%. Faster increase of male population may be partially attributed to the migration. During the same time period population of the whole country increased 10.3%, including the annexation of Hatay, which is lower than Kayseri's increase. Compared to the nearby provinces, both total and male population Kayseri is higher than its neighbors except Sivas. Table below shows total and male population changes of city centers of Kayseri and nearby provinces including nearby villages between 1935 and 1940.[182] [183]

[181] Population statistics for any district or city includes two figures. First one is for the city center or district center itself and the other larger figure includes nearby districts and villages under the same administrative unit.

[182] Turkstat. 1935 General Census Province of Kayseri. 1935

[183] Turkstat. 1940-1941 Stastical Yearbook. 1941

Table 4.1: Populations of Kayseri and nearby provinces, 1935-1940, number and % change

Provinces	Male population		Total population		% change 1935-1940	
	1935	1940	1935	1940	Males	Total
Kayseri	56,153	63,812	114,781	127,875	13.6%	11.4%
Maraş	42950	45,398	84,233	88,025	5.7%	4.5%
Niğde	32,331	36,313	65,621	72,397	12.3%	10.3%
Adana	69,461	72,735	130,471	138,873	4.7%	6.4%
Sivas	34,027	41,052	67,492	78,737	20.6%	16.7%
Yozgat	41,045	42,174	82,295	85,001	2.8%	3.3%
Türkiye	7,936,770	8,898,912	16,158,018	17,820,950	12.1%	10.3%

SOURCE Turkstat (1941).

From the table it can be seen that nearby provinces around Kayseri with notable example of Sivas, experienced much slower rates of population increase both compared Kayseri and national average. While Sivas's much higher increase can be attributed to the railway the other provinces' lower increases may be attributed to the migration.

In Bünyan, the situation is slightly different, however. The total population in the town center increased by 9.4% and became 4,302 people, in the nearby districts and villages however, the population increased by 12.2% and became 42 thousand.[184] The male population in the town center however increased slower than the total population which meant that the share of males in the town center decreased. This too may be attributed to migration. In terms of absolute numbers, assuming the 1940 Bünyan town center had the same male-to-female proportion as in 1935, it would just have around 40 more males than 1940. But since there are no detailed domestic migration statistics it is not clear how many people migrated, if they did, from Bünyan to Kayseri. However, it would be fair to assume some domestic migration given the size of the factory.

184 Ibid.

4.4. Conclusion

This final chapter has closely examined the process of the establishment of Kayseri Sümerbank Textile Factory and the role of Bünyan and its people during that time. Initially, the factory location selection criteria under the FFYIP were thoroughly analyzed first for the entire country and then for Kayseri. It has been shown that criteria such as proximity to resources like raw materials, energy, and labor, infrastructure and transportation convenience, and security were considered in factory location selections nationwide.

Subsequently, the factors considered in the selection of a factory location within Kayseri, particularly the impact of natural resources, especially water, on location selection, were demonstrated. Following this, actors located around the factory were detailed, and their relationships with the factory were examined. This section specifically showed the difficulties the Bünyan community would face in having their water taken for the factory's energy needs, in their own words. Finally, the events that occurred in central Kayseri and Bünyan immediately after the factory's construction were analyzed. Initially, the living conditions of the factory's first workers, life standards before the factory, and the difficulties experienced by workers in the following years were shown, followed by an examination of the transformation experienced by Bünyan and Kayseri with statistics.

5

Conclusion

This thesis has evaluated the statist years and the First Five-Year Industrial Plan from an economic and environmental history perspective. Specifically, it has examined the debates on statism from the highest political elite in administration to the small town of Bünyan and its people, showing how these discussions reached even the simplest peasants and how state factories affected the use and sharing of local resources.

Initially, the thesis demonstrated how the definition of statism by the ruling power changed over time, the criticisms it received within the party, and how it was more criticized in the National Assembly than any other principle over the years. Like in the Assembly, the intellectuals of the period also intensely debated the principle of statism. The intellectuals' understanding of statism was positioned on both sides of a spectrum centered on the ruling power's definition of statism. However, these discussions diminished after the ruling power clarified the principle of statism and made it a state principle.

Moreover, the demands of private sector industrialists operating during these years have been identified. It was found that industrialists were not against state intervention but rather requested protectionist policies. However, their most significant demand regarding statism was the determination of the state's intervention limits.

Lastly, the influence of state factories on their respective areas was examined specifically in the contexts of Kayseri and Bünyan. Despite the clear positive effects of the Sümerbank Kayseri Textile Factory on the region's development, the decisions on the use and sharing of local natural resources had various effects on certain social groups as shown in Section 4.3, and it was shown that the discussions on statism during this period reached down to the people of a town, as demonstrated through the case of Bünyan.

The environmental history of industrialization in the early Republican period is still a relatively unexplored field. Research could be conducted on how other factories built under the First Five-Year Industrial Plan affected their regions from an environmental history perspective, whether there were differences in the use and sharing of natural resources between factories, and the competition among local actors in factory site selection and natural resource use.

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