German Soft Power in Turkey and the Balkans in the Interwar Era, 1918-1939

Mert Doğukan Perk

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"German Soft Power in Turkey and the Balkans in the Interwar Era, 1918-1939," a thesis prepared by Mert Doğukan Perk in partial fulfillment of the requirements for the degree of Master of Arts from the Atatürk Institute for Modern Turkish History at Boğaziçi University, has been approved on 19 June 2020 by:

THESIS ADVISOR

Professor Aydın Babuna _____
Atatürk Institute for Modern Turkish History
Boğaziçi University

COMMITTEE MEMBERS

Professor Cengiz Kırlı _____
Atatürk Institute for Modern Turkish History
Boğaziçi University

Associate Professor Murat Önsoy _____
Department of International Relations
Hacettepe University

Declaration of Originality

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Abstract

German Soft Power in Turkey and the Balkans in the Interwar Era, 1918-1939

Mert Doğukan Perk, Master's Candidate at the Atatürk Institute
for Modern Turkish History at Boğaziçi University, 2020

Professor Aydın Babuna, Thesis Advisor

This thesis examines German soft power policies in the Balkans and Turkey in the Interwar Era. How certain German non-state actors such as the Messeamt, the Leipzig Trade Fair, chambers of commerce, etc. took the initiative and re-established German economic presence in certain Balkan countries in the mid-1920s in the absence of the Weimar government's support is discussed. How German economic drive in the Balkans gained speed following the proclamation of the New Plan in 1934 and how the Balkans played a decisive role in realizing Hitler's rearmament venture by supplying Germany with various raw materials needed by German war industry are also examined. Similarly, how Turkish-German political, economic, military and cultural relations were re-established and developed in the Weimar period and what kind of changes came out in the bilateral relations and Germany's soft power practices with the emergence of the Nazi rule in Germany are also addressed. Certain German soft power practices such as investments, student exchange programs, supporting the employment of German specialists and academicians in Turkey, arms trade, and using well-established German institutions in Turkey to achieve imperialist aims, etc. are examined in the light of a variety of primary and secondary sources.

46,000 words

Özet

İki Savaş Arası Dönem'de Türkiye ve Balkanlar'da
Alman Yumuşak Gücü, 1918-1939

Mert Doğukan Perk, Yüksek Lisans Adayı, 2020
Boğaziçi Üniversitesi Atatürk İlkeleri ve İnkılap Tarihi Enstitüsü

Profesör Aydın Babuna, Tez Danışmanı

Bu tez İki Savaş Arası Dönem' de Balkanlar ve Türkiye'deki Alman yumuşak güç politikalarını inceler. Messeamt, Leipzig Ticaret Fuarı, ticaret odaları vb. Alman devlet dışı aktörlerinin inisiyatif alarak Weimar Hükümeti'nin desteği olmaksızın 1920'li yılların ortalarında Balkanlar'da Alman ekonomik varlığını nasıl yeniden kurduğu ele alınmaktadır. 1934 yılında Yeni Plan 'ın ilanı sonrasında Alman ekonomik hamlesinin Balkanlar'da nasıl hız kazandığı ve Hitler'in yeniden silahlanma girişiminde Balkanların Almanya'ya silah sanayinde gerekli çeşitli hammaddeleri sağlayarak nasıl belirleyici bir rol oynadığı da incelenmiştir. Aynı şekilde, Türk-Alman politik, ekonomik, askeri ve kültürel ilişkilerinin Weimar Dönemi'nde nasıl yeniden kurulduğu, geliştiği ve Almanya'da Nazi yönetiminin ortaya çıkışıyla hem ikili ilişkilerde hem de Alman yumuşak güç pratiklerinde ne tür değişikliklerin meydana geldiği de ele alınmıştır. Yatırımlar, öğrenci değişim programları, Alman uzman ve akademisyenlerin Türkiye'de isthidamının desteklenmesi, silah ticareti ve Türkiye'deki köklü Alman kurumlarının emperyalist amaçlara ulaşmak için kullanılması gibi belirli Alman yumuşak güç uygulamaları çeşitli birincil ve ikincil kaynaklar ışığında incelenmiştir.

46.000 kelime

To my family
who have always encouraged me
to pursue an academic career

Table of Contents

List of Tables *xii*
Glossary of Non-English Terms *xii*
Abbreviations and Acronyms *xiii*
Acknowledgements *xv*

1 INTRODUCTION 1

2 THEORETICAL FRAMEWORK 7

2.1 Looking at the Literature: Wallerstein's "World-Systems Theory" and the Central Relevance of Foreign Trade, the Concept of "Informal Empire" and its Place in the Discussions of the Nineteenth Century British Informal Empire in Latin America 7
2.2 Joseph Nye's "Soft Power", its Application by Stephen Gross to German-Balkan Countries' Relations in the Interwar Era and Hirschman's "the Supply and Influence Effects of Foreign Trade" 18

3 GERMAN SOFT POWER POLICIES IN THE BALKANS IN THE INTERWAR ERA, 1918-1939 29

3.1 Lying the Foundations of Großwirtschaftsraum: The Re-establishment of Commercial Relations between Germany and the Balkans and the Role of German Private Organizations, 1918-1933 30
3.2 The Emergence of the German "Informal Empire": Schacht's New Plan and The Manifestation of German Economic Hegemony, 1933-39 43

4 TURKISH-GERMAN POLITICAL RELATIONS IN THE INTERWAR PERIOD, 1918-39 55

4.1 Turkish-German Political Relations between 1918 and 1933 55
4.2 Turkish-German Political Relations between 1933 and 1939 63

5 GERMAN SOFT POWER IN TURKEY IN THE CONTEXT OF TURKISH - GERMAN RELATIONS IN THE INTERWAR ERA 75

5.1 The Manifestation of German Soft Power in Turkish-German Cultural Relations: The Weimar Period (1918-1933) 76
5.2 The Manifestation of German Soft Power in Turkish-German Cultural Relations: The NSDAP Period (1933-1939) 87
5.3 The German Army as the Role Model of the Turkish Counterpart and "Civilian" German Officers in the Turkish Army: Turco-German Military Relations in the Weimar Period, 1918-1933 97
5.4 Turkish-German Military Cooperation in the Nazi Period, 1933-1939 101
5.5 German Soft Power in the Turkish Economy and Foreign Trade in the Interwar Years: Turco-German Commercial Relations and Significant German Investments in Turkey, 1918-1933 102
5.6 German Soft Power Reaches its Zenith: Turco-German Economic Relations and the Emergence of German Domination in Turkish Foreign Trade, 1933-1939 114

6 CONCLUSION 131

BIBLIOGRAPHY 135

List of Tables

Table 3.1	German Share in the Balkan Countries' Foreign Trade (%)	47
Table 5.1	The Total Value of Turkish-German Foreign Trade (1924-1932)	110
Table 5.2	Turkish Exports to Germany (1924-1932)	111
Table 5.3	Turkish Imports from Germany (1924-1932)	111
Table 5.4	Turkish Exports to the Main Trading Partners (1923-1929) (According to Turkish Statistics) (%)	113
Table 5.5	Turkish Imports from Major Trading Partners (1923-1929) (According to Turkish Statistics) (%)	113
Table 5.6	Turco-German Overall Trade (1933-1937)	118
Table 5.7	Turkish Exports to Germany (1933-1939)	118
Table 5.8	Turkish Imports from Germany (1933-1939)	118
Table 5.9	Turkish Exports to Main Trading Partners (%)	119
Table 5.10	Turkish Imports from Main Trading Partners (%)	120

Glossary of Non-English Terms

Großwirtschaftsraum	large economic area
Messeamt	trade fair office
Reichswehr	German Armed Forces (1919-1935)
Waffenbrüderschaft	comradeship in arms
Wehrmacht	German Armed Forces (1935-1945)

Abbreviations and Acronyms

ADAP	Akten Zur Deutschen Auswaertigen Politik
BDAK	Der Bund der Asienkämpfer
DTV	Deutsch-Türkische Vereinigung
IMF	International Monetary Fund
IMSWf	Institut für Mittel-und Südosteuropäische Wirtschaftsforschang
LoN	The League of Nations
Messeamt	Central Office of the Leipzig Trade Fair
NATO	North Atlantic Treaty Organization
NSDAP	Nationalsozialistische Deutsche Arbeiterpartei
RM	Reichsmark
PMRA	Republic of Turkey General Directorate of Prime Ministry State Archives Office of Republican Archives
TBMM	Grand National Assembly of Turkey
TDV	Türkisch-Deutschen Vereinigung

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1

Introduction

The Balkans have always been a strategically important geographic region in broad political as well as economic plans of mighty European powers. As an extension of this fact, certain German business circles whose survival depended on finding and opening new markets for exports turned to the area especially from the mid- 1920s onwards to cultivate the broken commercial relations again since the Balkan countries were potential markets for German exports goods i.e. all kinds of machinery and finished-goods and reliable source for German raw material and foodstuffs imports. As a result, the commercial dealings between the two sides were re-established through the intense efforts of a few German non-state organizations and then flourished especially after the 1929 Crisis that had severely reduced overseas trade opportunities and forced countries to form regional trade zones. Hence, the Balkans gradually came to be one of the significant trading partners of Germany.

With the NSDAP[1]'s power seizure in Germany in January 1933, the efforts exerted in the Balkan geography took a new shape as Nazi policymakers considered Balkans the new "Großwirtschaftsraum"[2] of Germany. The German

1 Nationalsozialistische Deutsche Arbeiterpartei.

2 Großwirtschaftsraum: large economic area.

share in the foreign trade of several Balkan countries such as Yugoslavia, Romania, Greece, Bulgaria, and Turkey grew to a very large extent thanks to the bilateral trade agreements and the clearing system engineered by H. Schacht.[3] By 1939, the German share had become the largest in these countries' foreign trade, which enabled Germany to enjoy a monopoly position. In addition to the aggressive foreign trade drive, German policymakers supplemented the German presence in the economic sphere in the Balkans with further direct investments and armament deliveries to further tie these countries strictly to the German side. Furthermore, certain German non-state organizations strove to attract more students from the Balkans to study in Germany in order to turn them into Germanophiles given that these successful pupils would occupy important positions in their own countries in the future. Hence, turning them into admirers of German culture and technology would create further economic opportunities for German businesses and industrial giants. Thus, student exchange programs, one of the main tools of expanding one's soft power upon others, were also benefited to complement German economic dominance with extended cultural influence.

Besides, certain German state and non-state actors strove to justify Germany's increasing economic presence in the Balkans as something very beneficial for the region's economic development. These actors tried to justify the intensified German economic penetration in the area as the only "natural way" of further economic development in the Balkans. All these attempts and tactics of enlarging Germany's soft power capacity in the Balkan geography are to be analyzed in the following chapters of this work to demonstrate how Germany managed to carve out an "informal empire" in the Balkans without making use of coercion but instead benefitting from certain soft power techniques.

3 The Clearing system basically stands for an exchange of goods without spending foreign currency. Instead, purchases made by both sides are accumulated in offset accounts to be liquidated later. (see Dilek Barlas, "Germany's Economic Policy towards the Balkan Countries in the 1930s," *Turkish Review of Balkan Studies*, (1994/95): 138-139; Larry Neal, "The Economics and Finance of Bilateral Clearing Agreements: Germany, 1934-8," *The Economic History Review* 32, no. 3 (August 1979): 391-404.)

Several studies concerning the German informal imperialism in the Balkans have been made. However, the overwhelming majority of studies that focused on this issue mostly analyzed German involvement in Yugoslavia, Romania, and to a lesser extent Bulgaria and Greece. This interdisciplinary diplomatic history thesis, however, also takes the situation in Turkey into consideration to a very large extent. The entire chapter IV is dedicated to the analysis of German soft power implementations in Turkey in the Interwar Era, which constitutes the contribution of this work to the literature. By analyzing German soft power attempts in the fields of culture, military, and economy in the mentioned period, this study aimed at first demonstrating what kind of soft power techniques were deployed by what sort of German actors in Turkey throughout the Interwar Era and then assessing to what extent these attempts achieved their goals.

The thesis consists of five chapters. Following the introduction, the second chapter briefly touches on the general theoretical approaches regarding the role of foreign trade in the division of the world into two different camps that are core and periphery, discussions about the historical examples, validity and further usefulness of the "informal empire" concept, and the definition and application of the term "soft power" that constitutes one of the main tools of analysis in this work. Besides, S. Gross' works' remarkable contribution to the field is also discussed shortly in this part.

The third chapter examines the soft power techniques in the field of culture and economy, which were extensively used by first German non-state actors in the Weimar Period and then continued to be drawn on by the Nazi government after 1933. How certain non-state organizations like the Leipzig Trade Fair, the Leipzig Messeamt, chambers of commerce, Institut für Mittel- und Südosteuropāische Wirtschaftsforschang and Mitteleuropa Institut laid the foundations of German soft power in the Balkans and in what ways some of these actors continued to serve German cause under the Nazi rule shall be discussed in this section. Besides, how Germany's economic involvement in these countries' economies mainly through foreign trade, direct investments, and arms trade played a key role in the emergence of German hegemony in these economies in the 1930s is also addressed here.

The fourth chapter aims to give an overall landscape of Turkish-German political relations throughout the entire Interwar Period because the bilateral political relations constituted the background in which German soft power methods took shape. The entire story of Turkish-German political dealings from the re-foundation of the bilateral political relations to the breakout of the Second World War is told in this chapter to give the audience the overall view of the bilateral political relations between the two countries during the above-mentioned period.

The fifth chapter is completely dedicated to demonstrating how certain practices of soft power were put into practice by German non-state and state actors in the fields of cultural, military, and economic relations between Turkey and Germany. First of all, in what ways certain German non-state organizations like Asienkämpfers attempted to create transnational encounters between the two peoples to intensify the formal relations on the basis of the memory of former comradeship-in-arms called "Waffenbrüderschaft"[4] is discussed as well as the lasting effects of the former soft power policies of the Wilhelmine Germany are shown by making use of the examples of Muhlis Erkmen and Muammer Tuksavul. Moreover, other types of certain soft power techniques involving sending several German academicians and specialists to work at universities and industrial facilities in Turkey, creating and selling pro-German press organs, student exchange programs, and so forth are also discussed.

In the military sphere, the employment of former German military personnel to train the Turkish Army and its subsequent effects on the consolidation of the already strong influence of the German School in the Turkish Army are also examined.

Finally, the largest part of the chapter is dedicated to the development of commercial relations between the two sides, which proved to be the chief channel through which Nazi Germany came to occupy a monopolistic position in Turkish foreign trade in the second half of the 1930s. The development of economic relations was the focal point of bilateral relations between the two

4 Comradeship in arms.

sides throughout the whole Interwar Period. What kind of economic cooperation flourished between the two countries and in what ways Germany under the NSDAP's rule harnessed the clearing way of trade in the establishment of German monopoly on the overall Turkish foreign trade are profoundly discussed in the light of statistical records and related secondary sources. In addition to foreign trade, how German specialists' involvement in the construction of several industrial facilities in Turkey and the growing extent of the arms trade between the two countries throughout the 1930s boosted Germany's soft power in Turkey are examined in this section as well.

2

Theoretical Framework

§ 2.1 Looking at the Literature: Wallerstein's "World-Systems Theory" and the Central Relevance of Foreign Trade, the Concept of "Informal Empire" and its Place in the Discussions of the Nineteenth Century British Informal Empire in Latin America

Before proceeding directly to the detailed analysis of the chief concepts that comprise the backbone of the theoretical aspect of this work, briefly explaining what has been said and put forward in the professional history circles about the concepts of "foreign trade" and "informal empire/informal imperialism", very relevant to this work's theoretical aspect, appears to be of great importance. Foreign trade constitutes an important aspect of Immanuel Wallerstein's "World-Systems Analysis". In his monumental four-volume work called "The Modern World-System", he sets out to explain what happened and changed after the emergence of the single world market economy in the sixteenth century, which changed almost everything on the Earth over time. Wallerstein argues that prior to the sixteenth century, there were "world empires" that had incorporated mini-systems that consisted of a single cultural framework and primitive agricultural activities. Empires like Roman, Egypt, and Chinese were examples of such world empires that reigned in very large regions. These world empires possessed a very limited trade organization in

which long-distance trade was restricted only to luxury goods. The main income of these states derived from taxes paid by large peasant masses engaged in agriculture. The unchanging feature of the agricultural production in such political entities was subsistence. All peasants involved in agricultural production solely aimed to produce the amount of grain that was enough to cover their subsistence and tax strain.[1]

Things changed radically with the emergence of what Wallerstein called "the Triangular Atlantic Economy" in the mid-sixteenth century, which shifted the main purpose of agricultural production and the way the division of labor had been. Now, the main purpose of agricultural production became "producing cash crops to be sold in foreign markets" to maximize the expected profit out of agricultural production. Similarly, the conventional division of labor within the borders of countries slowly gave way to an international division of labor in which Western Europe provided capital and technological know-how, Africa became the main supplier of slave labor that was needed to run large plantations, and the Americas provided physical capital in the form of large arable lands. In other words, the sole aim of producing for the emerging world market and the global division of labor were the distinctive characteristics of the new phenomenon that is what Wallerstein called "the Capitalist Economy." As the new "World System" it had first replaced world empires and later gradually incorporated other indigenous economies around the world.[2] Since its first appearance in the sixteenth century, this world system has been expanding and incorporating local economic systems at the expense of the latter. The emergence of the Industrial Revolution and improvements made in transportation following the discovery of the steam engine further accelerated the growth and expansion of the capitalist world economy, especially in the nineteenth century.[3]

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1 Andrew Jones, "Systemic Thinking: Immanuel Wallerstein," in *Globalization: Key Thinkers*, ed. Andrew Jones (Cambridge: Polity Press, 2010), 23.

2 Jones, *Systemic Thinking*, 21-25; Immanuel Wallerstein, "The Rise and Future Demise of the World Capitalist System: Concepts for Comparative Analysis," *Comparative Studies in Society and History* 16, no. 4 (September 1974): 387–415.

3 Wallerstein, "The Rise and Future Demise," 408.

The process through which different countries have been incorporated into the single capitalist world economy was uneven. Some countries in Western Europe experienced this process of incorporation into the global world economy as core countries by having retained control on a very large proportion of the total cash crop and then industrial production in the world. Peripheral regions in the world such as Latin America, Asia, Africa were mostly great markets for the products of the core countries. In the aftermath of the Industrial Revolution, the core countries focused on producing finished products such as textiles, glassworks, and other kinds of consumer goods that were in demand in the markets of semi-peripheral and peripheral countries. Similarly, the latter now adopted the role of being the main raw material and foodstuffs supplier of core areas around the world, which triggered the commercialization of agriculture in the peripheral areas according to which the agricultural production of peripheral areas was restructured around cash crops. Now, peripheral countries focused on cultivating certain types of cash crops and foodstuffs that were in demand in the global market. Such a commercial relationship between core and periphery was an unequal one that further increased the overall inequalities between core and periphery.[4]

In the light of all the explanations above, Wallerstein's "World-System Theory" appears to be relevant and helpful in building the theoretical aspect of this work because of the fact that he lays a great deal of emphasis on the changing and transformative nature of foreign trade that played a very crucial role in the emergence of the capitalist world system, which almost changed everything from political balances to demography and divided the world into three unequal categories. In other words, even though all aspects of the World System Theory cannot be applied to the case that this thesis addresses, it brings a crucial perspective to the theoretical aspect of this work. Because foreign trade and its wise usage as the main means of establishing influence on both Southeast European and Balkan countries' economies by Germany in the Interwar Era also benefited from the transformative function of foreign trade, which resulted in the emergence of an unequal exchange between Germany

4 Jones, *Systemic Thinking*, 21-25; Wallerstein, "The Rise and Future Demise," 387-415.

and these regions, which eventually brought negative economic and political repercussions for Southeast Europe and the Balkans.

The terms "informal empire" and "informal imperialism" have been two of the most popular subjects of historical discussions among historians since the early 1950s. The concepts were first introduced into historians' inventory by an article called "The Imperialism of Free Trade" written by John Gallagher and Ronald Robinson in 1953. They argued that formal imperialism i.e. annexing by the use of coercion and establishing a direct rule on a territory is not the only way of establishing control over another country's lands.[5] There are subtler, indirect ways, they suggested, of establishing an irrefutable influence on one's economy, culture, and consequently politics. To exemplify the concept, Gallagher and Robinson point out the influential position that the British Empire enjoyed in Latin America in the second half of the nineteenth century, established by the wise British policy of setting up very close and dense commercial relations with certain Latin American countries. The establishment of such intensive economic relations with Latin America finally ended up with such a strong British impact on these countries' economies and politics that some historians called the situation "British Informal Empire in Latin America."[6]

The main means of the British informal imperialism in Latin America at the time were issuing large loans for infrastructural investments such as railway projects, assuming the construction of large railway projects in exchange for commercial concessions, introducing technologically-developed processing facilities that would facilitate processing raw materials and foodstuffs demanded by the European markets, and making investments in periphery's banking sector. Through such methods, the British Empire occupied a very influential position in the economies of peripheral zones in Latin America, notably in Argentina and Uruguay.[7]

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5 John Gallagher and Ronald Robinson, "The Imperialism of Free Trade," *The Economic History Review* 6, no. 1 (1953): 1–15.

6 Ibid., p. 1-15.

7 Peter Winn, "British Informal Empire in Uruguay in the Nineteenth Century." *Past & Present*, no. 73 (November 1976): 116-117; Alan Knight, "Rethinking British Informal Empire in Latin

In the case of Argentina, Alan Knight shows that the British Empire first tried to establish a military control in Buenos Aires in order to secure the trade routes and roads that led to the inner rich plains of the country. The British military intervention of 1806-07, however, failed in the face of strong local resistance and logistical difficulties. Besides, other difficulties such as the high cost of transport due to the distance between these two countries, the strength of subsistence economy and Argentine local merchants and artisans' strikingly powerful resistance against trading with outsiders, and recurrent wars between Argentina and Brazil all prevented the development of significant commercial relations between Britain and Argentina in the first half of the nineteenth century. However, the situation dramatically changed, especially from the 1860s onwards, with the emergence of steam-powered ships that severely reduced the cost of transportation between the two countries. Similarly, the local opposition of indigenous merchants and artisans somehow decreased. The Treaty of Free Navigation had been signed in 1863, which opened Argentina to world trade and it was accompanied by the establishment of the London and River Plate Bank. Finally, the gigantic Great Southern Railway Project was started.[8]

All these investments of remarkable importance led to a huge increase both in the total volume of foreign trade between Argentina and the British Empire and that of British investments in Argentina. Argentine exports grew significantly and so did the British exports. As the recently built railway line had connected more inner lands to the coastal areas in Argentina, more and more British investments flowed into the country. Knight suggests that in 1889, nearly 50 percent of all British overseas investment directly flowed into Argentina.[9] Henry Ferns points out similar statistics regarding the incredible growth of the British investments in Argentina in the second half of the nineteenth century in his article. Ferns claims that the total value of all British in-

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America (Especially Argentina)," in *Informal Empire in Latin America: Culture, Commerce and Capital*, ed. Matthew Brown (Oxford: Blackwell Publishing, 2008), 40-42.

8 Knight, *Rethinking British Informal Empire*, 37-42.

9 Ibid., p. 42.

vestments in Argentina had reached 174m pounds by 1890. Besides investments, the commerce between the two countries reached the apex during the same period.[10]

However, the trade was asymmetrical as a natural consequence of the center-periphery dichotomy. Despite the increasing volume of foreign trade between the countries, Argentina was occupying just a negligible share in the overall British foreign trade whereas Britain had a very significant share in the total Argentine foreign trade, which made the former's economy dependent on the latter.[11] Argentina was now successfully incorporated into the Atlantic Economy as an important raw material and foodstuffs supplier for developed Western countries. Needless to say, Argentina's economic dependency and asymmetrical exchange of goods between the two sides brought about the British influence on the Argentine political affairs as it did in the Uruguayan case since in Latin America, the political and economic interests were so interconnected that one needed to increase its economic influence to protect political interests and vice versa.[12]

In the nineteenth century Uruguay, the establishment of strong British economic and consequent political influence through the means of informal imperialism was thoroughly unveiled by Peter Winn in his work *"British Informal Empire in Uruguay in the Nineteenth Century."*[13] Winn puts forward that from the 1860s onwards, the British Empire gradually incorporated Uruguay into her informal empire in Latin America without establishing direct political control. Similar to what happened in the Argentine case, British policymakers used the techniques of informal imperialism such as supporting local reliable governments and collaborating anglophile Uruguayan elites who could protect the British interests, issuing large loans to be used in further infrastructural works, assuming the construction of railway projects that were

10 Henry S. Ferns, "Britain's Informal Empire in Argentina, 1806-1914," *Past & Present*, no. 4 (November 1953): 60–75.

11 Knight, *Rethinking British Informal Empire*, 45-46.

12 Peter Winn, "British Informal Empire in Uruguay in the Nineteenth Century." *Past & Present*, no. 73 (November 1976): 106.

13 Ibid., p. 100-126.

expected to connect the inner lands to the coastal areas, introducing technologically-developed facilities to facilitate the raw material processing, and investing in banking and insurance sectors. For instance, almost all the railway lines in Uruguay had been constructed and owned by British investors, which gave the British Empire a significant influence over the economy and investments in Uruguay. The long railway lines were designed to easily transport all the raw materials that the inner parts of Uruguay offered to the coastal areas to meet the European market's demand.[14]

By the same token, Liebig's Extract of Meat Company was established in 1865 in Uruguay to facilitate and shorten raw material processing in order to transport more and more processed meat to the European market. Neither railways nor the more efficient techniques of raw-material processing were introduced by the British to increase the living standards of Uruguayan people or create a unified domestic market. On the contrary, the sole aim of British policy was to further incorporate Uruguay, which had rich raw material sources such as cattle, into the world market as a supplier of certain types of raw materials highly demanded by the European markets. Hence, Winn argues, the significant economic impact and presence of Britain in Uruguay in the nineteenth century contributed little to no to the economic development of Uruguay. The nature of the British involvement in the Uruguayan economy was imperialist since the British investments in the country aimed to make the most out of the increasing trade with Uruguay. The British policy in Uruguay seems to have succeeded to a very large extent with the help of the Uruguayan indigenous collaborator merchants and politicians who saw Britain as the sole countermeasure against the possible Argentine and Brazilian political or military intervention and internal disturbances. In addition, they considered the British influence to be the only guarantee of the wealth that they had been making thanks to the growing commercial relations between Uruguay and the British Empire.[15]

Not all historians concerned with the British involvement in Latin America in the nineteenth century consider the overwhelming British economic

14 Ibid., p. 100-126.

15 Ibid., p. 111-126.

and consequent political influence in Latin America to be the ultimate proof of the British informal empire's presence, though. For instance, Andrew Thompson admits the significant growth that happened in the British-Argentine trade and the British impact on the capital formation in Argentina through loans and investments after the 1870s. All these developments, he believes, show that both sides mutually benefitted from the increasing trade activities as well as investments made by the British entrepreneurs in Argentina. Hence, Thompson believed that the phenomenon of the British informal empire in Argentine was a myth.[16]

Similarly, others show a certain degree of hesitation in defining all the British involvement in Latin America, especially in Argentina, as the proof of the British informal empire in the region. For example, despite acknowledging the remarkable British commercial impact and presence in Argentina in the period, Antony Hopkins remarks that he has hesitations about calling such a British influence as an "informal empire" despite accepting the overwhelming British involvement in the Argentine economic affairs.[17] Similarly, David Rock purposefully refrains from using the term "informal empire" in defining the British involvement in Latin America in the nineteenth century. Britain, he argues, enjoyed having the strongest economic influence in the region, notably in Argentina, at the time. However, having the strongest economic influence fell short of establishing the alleged British informal empire since the French and to a lesser extent Italian cultural influence surpassed the British cultural influence in the Argentine case.[18]

By the same token, defining nineteenth-century Latin America as part of the British informal empire becomes impossible if one defines the concept of "informal empire" in the way Matthew Brown does. In a revisionist approach

16 Andrew Thompson, "Informal Empire? An Exploration in the History of Anglo-Argentine Relations, 1810-1914," *Journal of Latin American Studies* 24, no. 2 (May 1992): 419–36.

17 Antony G. Hopkins, "Informal Empire in Argentina: An Alternative View," *Journal of Latin American Studies* 26, no. 2 (May 1994): 469–84.

18 David Rock, "The British in Argentina: From Informal Empire to Postcolonialism," in *Informal Empire in Latin America: Culture, Commerce and Capital*, ed. Matthew Brown (Oxford: Blackwell Publishing, 2008), 49–77.

influenced by post-colonial studies, Brown redefines the pillars of informal empire as capital, commerce, and culture. In the case of the absence of one, the existence of an informal empire becomes impossible. Therefore, calling the British commercial and political influence in Latin America at the time as an exact proof of the British informal empire automatically becomes impossible, according to Brown, since many studies have shown that the British cultural penetration in Latin America was limited.[19]

Discussions on the concept of informal empire do not remain limited to the British involvement in nineteenth-century Latin America. In the nineteenth century, British policymakers sought to turn the Ottoman Empire, Persia, and China into parts of the British Empire through the techniques of informal imperialism mentioned in the previous sections of this chapter.[20] For instance, in return for political and military aid in the face of growing Mehmet Ali Pasha threat in Egypt and Southern Anatolia, Britain convinced the highest-ranking Ottoman bureaucrats to sign the "Baltalimanı Agreement" in 1838, which fixed the Ottoman custom duties at a ridiculously low level, abolished internal customs and state monopolies on certain goods. The agreement resulted in the occupation of the Ottoman market by British imported goods, especially textile products, in the following decades.[21] Meanwhile, Britain tried to obtain further concessions from the Ottoman central administration especially in the railway sector. Upon concessions granted by the central Ottoman administration, British capital, under the strong support of British diplomacy, constructed the famous "İzmir-Aydın Line" in the western Anatolia that connected the coastal areas to the inner parts, where fertile valleys and plains on which the cash crop production was taking place were located.

The main aim of such investments was the quick extraction and transportation of the total cash crop production of the inner parts of western Anatolia to the European markets. All these efforts proved fruitful as Britain gradually

19 Matthew Brown, "Introduction," in *Informal Empire in Latin America: Culture, Commerce and Capital*, ed. Matthew Brown (Oxford: Blackwell Publishing, 2008), 1–22.

20 David Mclean, "Finance and 'Informal Empire' before the First World War," *The Economic History Review* 29, no. 2 (May 1976): 291–305.

21 Şevket Pamuk, *Uneven Centuries: Economic Development of Turkey since 1820* (Princeton: Princeton University Press, 2018), 97-116.

increased her share both in the overall Ottoman foreign trade and in the total foreign investments made in the Ottoman realm especially in the second half of the nineteenth century. However, as David Mclean argues, these efforts were not adequate to turn the Ottoman Empire into a component of the British informal empire. Because other great powers such as France and later Germany had also made gigantic railway, banking, and other types of investments in the Ottoman realm, which created different spheres of influence across the Ottoman Empire. Thus, all these efforts of British policy succeeded only in carving out a British sphere of influence in the empire rather than completely transforming it into a British dominion. The same fate was waiting for British efforts in Persia and China, where the British financial investments of very considerable importance resulted only in the establishment of a British sphere of influence. However, they fell short of bringing these countries into the British informal empire in the face of fierce competition of other great powers.[22]

One of the most daring rivals of Britain in the race of establishing an informal zone of influence in the nineteenth-century Ottoman Empire was Germany. The most remarkable project of German informal imperialism in the lands of Ottomans that was put into practice under the support of German foreign policy and the Deutsche Bank was the famous "Baghdad Railway Project".[23] Since the first railway concession given to German companies in 1888, German capital had established a few railway lines in the central Anatolia that connected hitherto uncultivated areas of inner Anatolia to the Ottoman capital. As a result, agricultural production in these empty but fertile areas developed. By giving concessions such as kilometric guarantees, Ottoman administrators hoped to open uncultivated, remote areas of inner Anatolia to agricultural production through the construction of new railway lines extending into the depths of Anatolia.[24]

As German firms successfully constructed a few railway lines in Anatolia and the first signs of economic development in the areas where the lines had

22 Mclean, "Finance and Informal Empire," 291-305.

23 Stephen Gross, *Export Empire: German Soft Power in Southeastern Europe, 1890-1945* (Cambridge: Cambridge University Press, 2016), 35.

24 İlber Ortaylı, "Osmanlı İmparatorluğu'nda Alman Koridoru (Bağdat Demiryolu)." In *Osmanlı İmparatorluğu'nda Alman Nüfuzu* (İstanbul: Timaş Yayınları, 2008), 124–67.

passed through appeared, further concessions for building a larger railway line called "the Baghdad Railway" was granted to Germans. This project envisaged to extend the railway line that had reached Konya all the way to the Persian Gulf. Aside from the line itself, several German companies made agricultural investments in the vicinity of the railway corridor to increase the efficiency of the agricultural production of these territories. Within a short period, the introduction of new irrigation techniques, modern seeds, and other improvements by German investors showed their worth and certain formerly uncultivated inner parts of Anatolia became fertile agricultural fields whose agricultural output was now being carried to Istanbul through the new railway system.[25]

As İlber Ortaylı puts forward in his work, the main purpose of such a gigantic endeavor was constructing an immense German corridor in the Ottoman realm to draw on the rich agricultural productive capacity of Anatolia, whose raw material and foodstuffs production could easily meet the increasing demand in the German market. To do this, certain German companies introduced modern techniques of agriculture to the lands where the railway had passed through, which appears to have positively influenced the agricultural production of these inner areas of Anatolia. For example, the immense tracts of land were opened to cultivation after the arrival of the Anatolian Railway in the early 1900s, which started to contribute largely to the overall grain production of the Ottoman Empire. By increasing the agricultural production of the empire through the introduction of modern irrigation, better seeds, and opening new lands to cultivation, Germany aimed to turn the Ottoman Empire into an informal colony and reshape her production according to the German market's demands. Furthermore, by extending the German-built railway in Anatolia all the way to the Persian Gulf, Germany aimed at extending her economic and consequent political influence in the Middle East to challenge Britain. This German attempt alarmed British policymakers and British diplomacy. Hence, they started to put more pressure on its Ottoman counterparts to slow down and even prevent the extension of German influence into the

25 Ortaylı, *Osmanlı İmparatorluğu'nda Alman Nüfuzu*, 124–67.

depths of Ottoman lands in the Middle East. In short, Germany strove to establish her own informal empire in the Ottoman realm by making use of specific techniques of informal imperialism, whose most striking example was the daring Baghdad Railway Project.[26]

Despite different views on the terms informal empire and informal imperialism, the large literature shows that the terms are still relevant in today's history-writing. This fact is widely accepted in the professional circles of historians since these two terms demonstrate that coercion and other formal ways of establishing control on a different political entity such as occupation, annexation, etc. are not the only ways of doing that. There are, in fact, subtler and more indirect ways of establishing first an economic and then political control on any political entity, which might even be more cost-efficient and profitable for the side with imperial ambitions. At this point, the relevance of all the discussions about the informal imperialism mentioned above to the subject of this work becomes apparent due to the fact that in the Interwar Era, Weimar Germany, stripped of all the terrifying means of hard power she had once possessed, turned to the techniques of informal imperialism in order to carve out a new area of influence in Southeast Europe and the Balkans and managed to do so. Thus, the terms informal empire and informal imperialism shall be often referred to in the later parts of this work that deals with German involvement in the Balkans and Turkey respectively.

§ 2.2 Joseph Nye's "Soft Power", its Application by Stephen Gross to German-Balkan Countries' Relations in the Interwar Era and Hirschman's "the Supply and Influence Effects of Foreign Trade"

After having taken a concise look at what has been said about the related broader terms and discussions, this section shall focus on the concepts that comprise the bulk of the theoretical aspect of this thesis. The first one of the terms that constitute the theoretical basis of this work is "Soft Power" coined by Joseph Nye in the early 1990s, which first emerged in his book called

26 Ibid., p. 125-67.

"Bound to Lead". Later in 2002, he published a book completely dedicated to the term designated "Soft Power: The Means to Success in World Politics." In this book, Nye elaborated on the definition of soft power and exemplified how it basically works. Nye defines soft power as "the ability to get what you want through attraction rather than coercion or payments."[27] There are three fundamental ways for any political being to achieve desired goals: coercion, payment, or seduction. Coercion basically means the use of military force whereas payment accounts for offering physical or monetary incentives to get the results one wants. Attraction, on the other hand, something different from the others as it mainly rests on one's ability to influence other political beings' decisions thanks to its strong culture and remarkable economic might. Having a strong culture and remarkable economic performance might encourage others to carry out what the country with a stronger culture and economic performance wants them to do. In this case, being affected by the stronger country's superior-looking political values and impressive economic performance, the rulers of countries with less developed economies and cultures might think that following the stronger one might end up with further development in their own countries. Thus, Nye says the power of attraction is one of the most fundamental components of one's soft power since "the intangible attraction that persuades us to go along with others' purposes without being threatened."[28] Furthermore, convincing others that what you want is actually what they want and beneficial for both sides is much more cost-efficient compared to the payment and coercion methods.[29]

Nye suggests that soft power rests on three sources that are culture, political values, and foreign policy. Having a strong and impressive culture is a prerequisite for any soft power policy to develop and affect others. Similarly, the political values and aims must be somehow legitimate in the eyes of others to be believed and embraced. Lastly, the foreign policy of a country plays a very

27 Joseph S. Nye, *Soft Power, the Means to Success in World Politics* (New York: Public Affairs, 2005), X.

28 Nye, *Soft Power*, 7.

29 Joseph S. Nye, *The Powers to Lead* (New York: Oxford University Press, 2008), 30-31.

important role in achieving specific goals by making use of soft power techniques. The foreign policy departments of states must finance and support institutions and international organizations that aim to increase their credibility and persuasiveness in the international sphere.[30] For instance, Nye highly criticizes the Clinton government for cutting the budget of cultural diplomacy by thirty percent in 1993.[31]

After explaining what soft power is and what the main components of it are, Nye moves on to explain what assets and activities of states can be considered part of soft power policies. For instance, commerce is one of the important channels through which countries with a strong economy could derive benefits by developing sophisticated bilateral economic relations with countries with less-developed economies.[32] Similarly, having a strong economy is an important asset of attractiveness in the eyes of others, as Nye points out.[33]

Student exchange programs constitute another example of soft power policies. Both Nye and Brzezinski have shown that the USA has been spending large amounts of money for decades on such programs because these are very efficient tools of promoting the liberal values of the American culture in the eyes of the non-Americans as well as that of exporting these values abroad.[34] Many of the best students around the world have been preferring American universities for their higher education. A large number of such students are expected to occupy very important positions in government, private companies, and other influential business organizations when they return to their own countries. If such individuals become admirers of the United States' liberal values and striking economic performance, which they directly experienced during their studentship period in the USA, they are expected to pursue American-friendly policies when they occupy whatever crucial position in the future. Brzezinski directly draws attention to this fact saying that graduates

30 Nye, *Soft Power*, 10-15.

31 Ibid., p. 142.

32 Ibid., p. 20.

33 Ibid., p. 7-8.

34 Ibid., p. 13.

from American universities can be found in almost every cabinet in almost every continent.[35]

Creating international organizations that arrange and supervise other countries' economic, military, and political activities to a certain extent is also a very effective way of achieving one's aims through soft power. International organizations such as NATO, IMF, World Bank, etc. have enabled the USA to influence others to rearrange economic and foreign policies in the way she prefers. Such respected and prestigious global institutions had enabled the USA to set the rules of the game according to her liberal values and trade system, which further increased the ties between the USA and the rest of the world. Without coercion, the USA manages to indirectly influence the policies of other countries through these institutions, which further strengthen the USA's political position in the world.[36]

Despite the positive outcomes that soft power promises, soft power has one serious limitation that is the high dependence on context. Compared to soft power, hard power policies rely much less on the contextual situation than the former does. Similarly, certain policies of soft power might entail positive and desired results and thus boosts the prestige of a country in the eyes of others in some parts of the world. However, the same practices might also reduce the legitimacy of the same country in a different part of the world. Thus, context-dependency is the most significant disadvantage of soft power.[37]

The term soft power was successfully applied by Stephen Gross to the relations between Germany and the Southeastern European countries in the Interwar Period. In his work "Export Empire," Gross shows that following the considerable loss of hard power capability as a consequence of the restrictions imposed on Germany by the Versailles Treaty, certain German non-state actors adopted soft power policies like establishing chambers of commerce, organizing student exchange programs to attract more students from the region, promoting the age-old Leipzig Trade Fair as the nexus of German-Balkan

35 Zbigniew Brzezinski, "Hegemony of A New Type." In *the Grand Chessboard* (New York: Basic Books, 1997), 25.

36 Ibid., p. 27.

37 Nye, *Soft Power*, 16-17.

trade, where merchants and businessmen from all around the region come together to familiarize with recent German products and find a chance to establish face-to-face contacts with potential customers. Such policies enabled Germany to regain her prestigious position in world politics without having to use coercion.[38]

As Gross pointed out, commerce played a decisive role in Germany's soft power policies. With the cooperation of German minorities living in Yugoslavia and Romania, Germany quickly recaptured her leading position in the foreign trade of these countries. Similarly, German merchants and economists tried hard to convince the ruling elites of the Balkan countries that the only way for such countries to reach a certain economic development level was to engage in intense commercial relations with Germany. Germany as one of the most industrialized countries in the world could buy and consume all the raw material and foodstuffs exports of the Southeast European and Balkan countries in return for supplying them with industrial and agricultural machinery, desperately needed by such countries to further industrialize. As Gross indicates, the attempts of selling an increasing economic cooperation with Germany as the only way of economic development in Southeast Europe and the Balkans were very successful, which increased these two regions' dependence on Germany to a very remarkable extent. In the late 1930s when German soft power reached its zenith in Southeast Europe and the Balkans, the German share in many Balkan and Southeastern European countries' foreign trade was nearly fifty percent on average. What is very striking to see is that the bulk of the achievements of German soft power in these regions was achieved by certain German non-state actors that mostly lacked financial and direct support of the German state. Especially in the early 1920s, most organizations and individuals trying to re-establish strong economic and cultural connections between Germany and Southeast Europe and the Balkans were non-state ones that lacked considerable support from German officials. In the absence of official institutions and direct state support, certain German non-state actors

38 Gross, *Export Empire*.

such as chambers of commerce, Leipzig Trade Fair and other civil organizations led the endeavor and laid the foundations of German soft power in Southeast Europe and the Balkans with the collaboration of German minorities living in the region.[39]

The first of the last two notions that comprise the backbone of this work's theoretical approach is A. Hirschman's "the Supply Effect of Foreign Trade". In "*National Power and the Structure of the Foreign Trade*" Hirschman identifies two significant side-effects of foreign trade that might help countries to achieve their political and economic goals on others. The first one is what he calls "the supply effect of foreign trade". By establishing intense commercial relations with countries that can supply raw materials needed by the arms industry, a country might be able to increase her military production thanks to the constant supply of raw materials used in military industries. Thus, "the foreign trade enhances the potential military force of a country".[40] The only drawback that this effect bears is the risk of the disruption of trade routes. To prevent this, those countries whose industrial production is dependent on raw material imports must either control main overseas routes as the British Empire in the 19th century did or redirect their trade towards neighboring countries in order to prevent the risk of the disruption of trade routes.[41]

Nonetheless, applying the second option as the chief measure relies on the fact that neighboring countries must possess rich raw material resources. Germany in the 1920s and especially 1930s was lucky in this sense. Thanks to the reorientation of German foreign trade from Western markets to the markets of Southeast Europe and the Balkans, where a very large number of raw materials needed by German industries exist, German industry was able to achieve Hitler's gigantic rearmament program to a certain extent. Through such a radical change in the commercial sphere, Germany was first able to keep the flow of significant raw materials into Germany going and then guaranteed the undisrupted flow of raw materials into the heartlands of German industry in times of war. When the war broke out, the British navy quickly laid

39 Ibid., p. 68-291.

40 Albert O. Hirschman, *National Power and the Structure of Foreign Trade* (University of California Press, 1980), 14.

41 Ibid., p. 14.

an extensive blockade on almost every sea trade route that Germany was using. However, the reorientation of foreign trade towards the neighboring regions had helped Germany to reach extremely important raw materials and foodstuffs that the country needed in the time of war, which helped German war effort sustain production and further wage the war.[42] Had German policymakers not readjusted a considerable part of German foreign trade towards the neighboring regions like the Balkans and Southeast Europe in the early 1930s, the British and later American naval blockade in the Second World War would have entailed far-reaching negative consequences for the German war effort.

The last notion that constitutes the theoretical framework of this work is Hirschman's "the influence effect of foreign trade". According to Hirschman, foreign trade is not a mere exchange of goods between two different countries. Rather, it is a very valuable asset for countries with larger economic power to establish relationships of dependence without using coercion. When a country with a larger economy and stronger financial status engages in foreign trade activity with a country with a smaller economy, the relationship between these two always works in favor of the one with bigger economy due to the fact that in such a commercial situation, the share of the former in the total foreign trade of the latter almost always tends to be very high. On the other hand, the share occupied by the smaller country in the total foreign trade of the country with a bigger economy tends to be insignificant. Hence, the larger the volume of the foreign trade between these countries is, the more dependent the country with the smaller economy is on one with the bigger economy.[43]

The only alternative available to smaller states to prevent falling prey to such a pitfall is readjusting their foreign trade towards different countries whose economic situation is more or less equal. However, such a readjustment is a painful process since finding new potential customers for exports takes a long time. Whenever a smaller country with a smaller or less-developed economy decides to readjust her foreign trade, the difficulty of the readjustment

42 Gross, *Export Empire,* 331.

43 Hirschman, *National Power*, 15-34.

period is decided by two factors that are a)the total net gain of the trade deriving from the current trade with the country with a larger economy and b)the length of the process of finding new markets. If an ongoing foreign trade with a bigger country brings a large amount of foreign currency or needed consumer goods and industrial machinery into the economy of a smaller country owing to the excessively high proportion that bigger country holds in the total foreign trade of the smaller country, reducing the bigger country's share in the total trade of the smaller one would be a more difficult process for the smaller country since such a move is highly likely to cause a serious loss of income or shortages in the smaller country's economy. The bigger the volume of the trade between those countries is, the bigger the loss of foreign currency is for the smaller country until the alternative export and import markets are secured. Needless to say, finding alternative markets generally takes serious effort and time depending on smaller countries' geographic location and their relations with other possible markets.[44]

On the other hand, for a richer country, replacing the share of smaller trade partners in foreign trade would be much easier since smaller economies tend to occupy insignificant shares in the total foreign trade of the well-developed economies. To exemplify his argument Hirschman makes use of the foreign trade statistics of Germany in the 1930s. For instance, in the German-Bulgarian trade of 1938, Germany occupies a hegemonic place in the total Bulgarian foreign trade by holding over fifty percent share in both Bulgarian imports and exports. Bulgaria, however, only occupies little more than one percent in the entire German foreign trade. In such circumstances, changing the direction of her foreign trade would have been quite difficult for Bulgaria since Germany was purchasing half of what was being produced in the country. Similarly, Germany was buying half of the entire Bulgarian export products such as foodstuffs and specific raw materials. On the other hand, German policymakers could have stopped the commercial relations with Bulgaria anytime as one percent means almost nothing. As Hirschman tries to clarify by making

44 Ibid., p. 15-25.

use of the German-Bulgarian special case, foreign trade always works in favor of those countries with more developed economies.[45]

The techniques employed by developed countries to sustain the monopoly-like position in the foreign trade of smaller countries are not limited to just establishing commercial ties, though. Such big economies pursue certain policies, Hirschman argues, to strengthen the dependence relations. One of these policies is the threat of stopping trade. For example, whenever a bigger country that occupies a large share in a smaller country's foreign trade feels her national interests in the smaller country threatened, intimidating the smaller one with cutting off all the commercial ties might be very effective for the former in getting the desired outcomes because the immediate stopping of the bilateral commerce is highly likely to cause serious hardships in the economy of the smaller country.[46]

Furthermore, the prevention of industrialization in the periphery is another common method to sustain smaller countries' overdependence on more developed ones. Economically well-developed countries, especially in the 1930s, further encouraged countries without remarkable industrial infrastructure to focus solely on agriculture and the production of agricultural goods and raw materials. The prevention of industrialization in the periphery would keep the markets of peripheral areas open to machinery and finished goods of developed countries. Such export markets were as important as they are now for the well-developed industrial countries' economies at the time.[47] Last but not least, countries with larger economies also benefit from certain minorities and powerful groups living within the borders of peripheral countries. By convincing such groups through both monetary and non-monetary incentives that collaborating with those countries with more developed economies is something very beneficial for both sides, countries with developed economies try to engender both the situation of their investments in peripheral countries and commercial ties with peripheral countries. Such minorities and certain

45 Ibid., p. 30-31.

46 Ibid., p. 26-27.

47 Ibid., p. 36.

powerful groups who have a voice in the decision-making of the small countries can be effective means of sustaining commercial relations.[48] For instance, in the process of re-establishing her remarkable commercial position in Southeast Europe and the Balkans, German non-state actors drew highly on the considerable support of the German minorities living in Yugoslavia and Romania, who considered themselves the natural extension of German merchants in the region, which facilitated German penetration in the local markets of these countries.[49]

In addition, countries with bigger economies also attempt to affect the production process in smaller countries by making direct investments in the resource-extraction sectors of the latter as well as encouraging smaller countries to cultivate certain types of cash crops such as oilseeds, fiber plants, etc.[50] Almost all these tools mentioned were successfully combined and implemented by Germany during the 1920s and 1930s, whose story shall be told in the following chapters.

In this chapter, firstly the broad concepts and arguments concerning the foreign trade and "informal empire/informal imperialism" were briefly discussed. Then the fundamental concepts constituting the theoretical approach of this work such as Nye's "soft power", its adaptation by Stephen Gross to German-Balkan relations in the 1920s and 1930s and Hirschman's concepts of "the supply and influence effects of foreign trade" were explained briefly.

48 Ibid., p. 29.

49 Gross, *Export Empire,* 69-106.

50 Hirschman, *National Power*, 37.

3

German Soft Power Policies in the Balkans in the Inter-war Era, 1918-1939

Immediately after the signing of the Versailles Treaty, Germany found herself in a very stressful situation. The hard power capacity of the state was now lying in ruins, excessive reparation demands imposed by the victors of the First World War was threatening already broken financial balance and political instability was at an alarming level. In order to cover both the annual payments of the excessive reparations and a great number of imports needed to keep German industry producing, Weimar Germany needed to export more and more capital products and finished goods, which necessitated finding new markets and re-establishing the old ones that had become closed to German goods. This chapter shall first dwell on how Weimar Germany re-established the broken commercial relations with the Balkans through certain non-state organizations that helped promote commercial relations between Germany and certain countries in the Balkans such as Yugoslavia, Romania, and Bulgaria. Secondly, How the increasing exchange of goods and the successful implementation of soft power policies by German actors with the help of the world's economic conjuncture in the late 1920s and 1930s enabled Germany to found her "Großwirtschaftsraum" that would later provide the Nazi rule with enough numbers of raw materials and foodstuffs to sustain the re-armament drive shall be examined.

This chapter consists of two subsections. In the first subsection, the re-establishment of commercial ties and opening of the Southeast European and the Balkan markets to German goods with the help of certain private organizations and how the economic conjuncture throughout the 1920s and early 1930s helped Germany to increase her share in the overall foreign trade of these regions shall be evaluated. Besides, certain soft power policies, put into practice mostly by certain German non-state organizations such as the Leipzig Trade Fair, the Leipzig Messeamt and chambers of commerce, will be broken down as these non-state actors and their practices laid the foundations of the "Großwirtschaftsraum" in the second half of the 1920s.

In the second subsection, the emergence of German dominance in the Balkan countries' foreign trade in the 1930s through specific means such as H. Schacht's "New Plan", German direct investments, and later arms trade shall be investigated. In addition, how the increased trade and intensified commercial relations with the countries located in these two regions made Hitler's rearmament programme possible by supplying certain strategically important raw materials that were urgently needed in German war industry shall be broken down to show how vital the ongoing trade with the Balkans was to keep German war industry producing. Finally, the continuation of German soft power policies in the forms of the promotion of the growing trade with Germany, student exchange programs, etc. throughout the 1930s and their contribution to the emergence of the German "Großwirtschaftsraum" in the Balkans will be examined as well.

§ 3.1 Lying the Foundations of Großwirtschaftsraum: The Re-establishment of Commercial Relations between Germany and the Balkans and the Role of German Private Organizations, 1918-1933

A severe economic crisis hit Weimar Germany very hard in the post-Versailles period. Having been stuck between the overwhelming reparations demands and a severe balance-of-payments crisis, Weimar politicians had resorted to

specific inflationary practices such as money-printing, which brought a disastrous hyperinflation period that led to huge financial losses for middle-classes but a complete catastrophe for wage-earners.[1] To service her debts, Germany turned to overseas countries, in particular the USA. Between 1924 and 1929, very large loans were taken from the USA to pay the reparations' annual installments, which formed a huge burden on the already fragile German economy.[2] Taking large loans from the USA, however, was the deliberate policy of G. Stresemann, the German Foreign Minister, who thought that a remarkable increase in the total American capital in Germany would eventually result in the elimination of the reparation payments. What made him think so was the fact that Germany could not simultaneously cover both the repayments of the reparations and that of the loans taken from the USA. To protect the American capital in Germany, Stresemann envisaged that sooner or later the American government would intervene and abolish the reparations. Only after the removal of the reparations burden, Germany could pay the annual installments of the loans issued to the Weimar government throughout the 1920s.[3]

Despite these attempts to temporarily solve Germany's chronic balance-of-payments crisis, the only way of saving Germany from such a problematic economic situation was first getting rid of the reparations and then increasing her exports to a huge extent as pointed out by H. Schacht.[4] One of the most suitable geographical areas for German machinery and finished goods exports was the Balkans with its geographical proximity to Germany. Prior to the outbreak of the First World War, Germany was one of the most significant trading

1 Karl Hardach, *The Political Economy of Germany in the Twentieth Century* (Berkeley: University of California Press, 1980), 19-22; Hjalmar Horace Greeley Schacht, *Confessions of "the Old Wizard."* (Boston: Houghton Mifflin, 1956), 151-162.

2 Hardach, *The Political Economy of Germany,* 23-30; Schacht, *Confessions,* 219.

3 Adam J. Tooze, *The Wages of Destruction: The Making and Breaking of the Nazi Economy* (London: Allen Lane, 2006), 6-7; Albrecht Ritschl, "Dancing on a Volcano: The Economic Recovery and Collapse of Weimar Germany, 1924-33," in *The World Economy and National Economies in the Interwar Slump*, ed. Theo Balderston (New York: Palgrave Macmillan, 2003), 128.

4 Schacht, *Confessions,* 217-230.

partners of Romania, Serbia, Bulgaria, and Greece.[5] Being composed of agrarian economies with rich mineral resources, the Balkans were still looking like a very promising market for German exports at the beginning of the Interwar Era.

Meanwhile, in the Balkans, certain political developments happened that affected the internal economic dynamics of these agrarian countries. The First World War inflicted severe damage in the Balkans in terms of both human and physical capital. Serbia and Romania suffered severe manpower losses and the former's industrial assets were severely reduced by the destruction brought by the War.[6] Besides, the profitable large market of the old Habsburg Empire was now gone, which caused severe economic problems in certain parts of the Balkans that used to take part in the Habsburg domestic trade. The absence of a unified domestic market both in Yugoslavia and Romania owing to the recent annexation of new regions from the fragmented Habsburg Empire made matters even worse. In other words, significant border changes that had happened in the Balkans in the aftermath of the First World War severely influenced the economic situation in the region. Now, long-standing economic connections between different parts of the vast Habsburg Empire were shattered with the emergence of new national frontiers.[7]

Not only the changing frontiers but also the long-standing economic characteristics of the Balkan states are needed to be mentioned here to better understand the conditions prevailing in the Balkans at the time. First of all, the agrarian nature of the Balkan countries' economies persisted. In the 1920s and 1930s, over 70 % of the entire population of Romania and Yugoslavia remained dependent on agricultural activities for their livelihood.[8] Secondly, agricultural production remained mostly primitive due to the lack of modern agricultural knowledge and equipment. Many peasants did not even possess their own plows and modern agricultural machinery such as tractors. These were

5 John R. Lampe and Marvin R. Jackson, *Balkan Economic History, 1550-1950* (Bloomington: Indiana University Press, 1982), 457.

6 Lampe and Jackson, *Balkan Economic History*, 330 and 407.

7 Ibid., p. 348-351 and 403-414.

8 Ibid., p. 334-335.

the luxuries that only the wealthy owners of large estates could afford. The lack of modern agricultural knowledge and that of equipment resulted in low yield in agricultural production.[9] Furthermore, the chronic problem of overpopulation in the Balkan countryside also persisted in the 1920s and 1930s.[10]By the same token, small-holding peasantry prevailed in most of the Balkan countries, which was constantly strengthened by the age-old custom of dividing family plots among sons. In consequence, very large numbers of dwarf holdings continued to emerge across the Balkans. For example, in Yugoslavia, two-thirds of all arable lands were under five hectares in 1931.[11] In addition, another chronic problem of the Balkan peasantry was indebtedness. In Yugoslavia and Romania, for instance, most peasants with small holdings owed significant amounts of money to individual lenders who were providing short-term loans to peasants at very high-interest rates so that peasants with small holdings could cover their taxes and other expenditures.[12] Last but not least, Balkan peasants' overall standard of living was quite low. Most peasants were undernourished, whose diet was mostly composed of maize. Villages were poor and vulnerable to contagious diseases.[13]

Despite German businessmen's interest in resurrecting commercial relations with the Balkans after the war, strict political and economic constraints, shown by S.Gross' recent study, constituted certain obstacles on the way of re-establishing vivid economic relations with the region. First of all, in accordance with the Versailles Treaty, all German investments and shares in certain banks and companies in the Balkans were either confiscated by the Balkan nation-states or taken over by the victorious powers of World War I.[14]

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9 Hugh Seton-Watson, *Eastern Europe between the Wars, 1918-1941* (Cambridge: Cambridge University Press, 1946), 80-90.

10 Seton-Watson, *Eastern Europe between the Wars,* 97-98; Lampe and Jackson, *Balkan Economic History*, 436.

11 Joseph Rothschild, *East Central Europe between the Two World Wars* (Seattle: University of Washington Press, 1974), 270-271 and 291-293; Lampe and Jackson, *Balkan Economic History*, 272; Seton-Watson, *Eastern Europe between the Wars,* 81.

12 Joseph Rothschild, *East Central Europe*, 451-456.

13 Rothschild, *East Central Europe*, 210; Seton-Watson, *Eastern Europe between the Wars,* 92-98.

14 Gross, *Export Empire*, 54.

Similarly, acquiring information about the demands, tastes, and prices in the Southeast European domestic markets became difficult since the organization of German consulates, which used to be the main information-provider of small to medium-sized German producers, had severely shrunk. The number of personnel working at German embassies was severely reduced in line with the lesser amount of funds allocated to German consulates due to economic hardships that Germany was facing. Therefore, receiving information about recent changes and happenings within the local markets of the region's countries became more difficult for German producers and traders of smaller size. As a result, trading with these countries became more difficult for German merchants and companies.[15] Moreover, no German chambers of commerce were set up in the region until the beginning of the 1930s, which also make finding opportunities to meet and negotiate difficult for both sides' merchants and producers.[16]

Thirdly, the recent hyperinflation and overall bad performance of the German economy damaged the prestige and reputation of the German economy in the eyes of others, which also negatively influenced the likelihood of improving the exchange of goods between the two sides. Furthermore, new obstacles emerged in German-Balkan commercial relations due to the differences in the way that law and bureaucracy were functioning in the Balkans. For example, due to the partially corrupt and underpaid Yugoslavian state bureaucracy, most German traders eager to trade with Yugoslavia had to spend extra money on bribes to be allowed to operate and get their judicial problems solved. Similarly, these German traders and businessmen operating in this geography did not enjoy a formal backing by the Weimar government. All in all, under such circumstances, developing trade with Balkan countries looked very difficult. However, the situation was soon to be changed in Germany's favor by the direct involvement of certain German non-state actors and private organizations.[17]

15 Ibid., p. 55-65.

16 Ibid., p. 54-61.

17 Ibid., p. 63-65; Joseph Rothschild, *East Central Europe between the Two World Wars* (Seattle: University of Washington Press, 1974), 235 and 279.

Having known the suitable market opportunities for German exports in the Balkans, those German businessmen based in German territories like Saxony, where livelihood depends largely on export opportunities, took the initiative to change the overall picture in Germany's favor. Thus, the age-old Leipzig Trade Fair became one of the most significant means for Germany to intensify her commercial relations with the Balkans. To turn the fair into a meeting point for merchants from Germany and all around the Balkans, "the Leipzig Messeamt" (Central Office of the Leipzig Trade Fair) embarked on certain activities to promote the fair as the new nexus of German-Balkan trade and attract more and more visitors from the region.[18] In the absence of the direct financial and political support of the Weimar government, the Messeamt was exclusively funded by the business circles of Saxony and the Leipzig Chamber of Commerce from 1924 on since exports were the chief source of wealth for this region. the Messeamt executives opened an office in Belgrade in 1926 to collect information about the Yugoslavian domestic market, inform German producers and merchants of what type of goods was demanded, and help German companies participate in the commercial life of the country. This was necessary because German embassies in the Balkans could no longer afford a sufficient number of personnel to collect information about the local markets. Hence, the non-state actor Messeamt, established by the businessmen of Saxony, took the initiative. By the same token, the Messeamt's Belgrade office initiated a considerable advertisement campaign for German goods through posters, radio advertisements, and brochures in order to increase the Yugoslavian people's overall demand for German export products.[19]

Besides, the German advertisement efforts in the Balkans also sought to promote the Leipzig Trade Fair as the nexus of the Balkan commerce, where the Yugoslavian businessmen could see the latest German machinery and finished products as well as find the opportunity to come together with German businessmen to sell raw materials and foodstuffs that were being produced in Yugoslavia.[20] The Messeamt's efforts seem to have worked as the number of Yugoslavian attendants in the Leipzig Trade Fairs that took place throughout

18 Gross, *Export* Empire, 73-74.

19 Ibid., p. 74-87.

20 Ibid., p. 79-89.

the 1920s increased gradually. Such an increase positively reflected on German-Yugoslavian trade. The total value of German exports to Yugoslavia increased more than six times between 1924 and 1930 and that of German imports from the same country also went up significantly.[21]

Similar developments took place in Romania during the same years as well. A significant number of German minority living in the Transylvanian district, who saw themselves as German merchants' natural representatives in Romania, eased Germany's access to the Romanian domestic market. The members of this German community tried to improve German-Romanian trade believing that the agricultural machinery imports from Germany would increase the overall agricultural production of Romania. Besides, they also believed that playing a leading role in this trade would definitely increase their own wealth. Thus, the German minority in Romania became one of the most crucial means for Germany to intensify commercial relations with Romania.[22] In 1929, for example, with the initiative of certain Romanians and Transylvanian Germans, a German-Romanian chamber of commerce was founded in Bucharest in 1929, which would later be followed by another one in Berlin. In the absence of direct financial and political support of the German state, these chambers of commerce played a very active role in information-collecting about the demands, opportunities, and recent changes in the domestic Romanian market. The collected information was being shared with German companies and merchants.[23]

In the same way, the Messeamt, through its agents and networks, also made extensive advertisement campaigns in the forms of brochures, radio advertisements, etc. to draw more and more Romanian merchants and businessmen to the Leipzig Fair. By visiting the fair, these merchants and businessmen could see the latest German capital and finished goods and find customers for Romanian export goods. As Gross analyzed in his work, the Messeamt and chambers of commerce's intense efforts appear to have worked because the

21 Ibid., p. 89-91.

22 Ibid., p. 94-102.

23 Ibid., p. 99-101.

number of Romanian attendants increased and so did the volume of German-Romanian trade.[24]

In short, in the absence of the financial and political support of the Weimar government, German non-state organizations such as the Leipzig Trade Fair, the Messeamt and chambers of commerce played a significant role, as Gross' detailed study points out, in laying the foundations of German soft power in the Balkans. The Leipzig Trade fair became a meeting point for German, Yugoslavian and Romanian businessmen and merchants, where they could establish a face-to-face contact to discuss new business opportunities. Furthermore, the fair served the German economy by displaying brand-new German industrial and agricultural machinery to visitors, which contributed to German exports in tough economic times. Furthermore, the Messeamt organization also played a key role in promoting German exports to the Balkan countries by establishing first an office in Belgrade then a vast network of agents through which the latest changes and developments within the domestic markets of the Balkan countries were carefully observed and conveyed to German firms. Specific advertisement campaigns were also organized, which drew more and more participants from the region to the Leipzig Trade Fair in the 1920s. By the same token, the chambers of commerce in Bucharest and Berlin facilitated German-Romanian trade by constantly providing economic information regarding the Romanian domestic market and arranging advertising campaigns for the promotion of the Leipzig Trade Fair and German export goods.[25]

All these private organizations tried to convince the Romanian and Yugoslavian merchants and businessmen that "what Germany wants is actually what Romanian and Yugoslavian businessmen want." This can be summarized as the motto of soft power as explained by J. Nye.[26] By doing so, German involvement in the Romanian and Yugoslavian markets was attempted to be justified as something economically beneficial for both sides on the grounds that the Balkan countries also increased their export incomes by exporting very

24 Ibid., p. 96-97.

25 Ibid., p. 82-06.

26 Ibid., p. 102; Nye, *Soft Power,* 5-7.

large numbers of raw materials and foodstuffs to Germany in the second half of the 1920s. As a result of all these endeavors, the German share in both the foreign trade of Yugoslavia and Romania grew significantly. By the beginning of the 1930s, Germany had become the two countries' main trade partner.[27]

In the development of German-Balkan trade, the minorities of German origin living in the Balkans seem to have played a considerable role.[28] The significant contribution of the German minorities living in Yugoslavia and Romania to the re-establishment of German-Balkan commercial relations might have stemmed from the fact that the Yugoslavian and Romanian governments had embarked on certain discriminatory implementations aiming at breaking the economic power of minorities living within the borders Romania and Yugoslavia. The post-war peace agreements' arrangements resulted in the annexation of certain former Habsburg lands to Yugoslavia and Romania. These territories were hosting a significant number of minorities including Germans. In post-war Romania, roughly 745,000 ethnic Germans were living within the borders of the country in 1931, who mainly concentrated in Transylvania. Similarly, about 500,000 ethnic Germans constituted a minority of remarkable size in Yugoslavia, who concentrated in Bačka, Banat, and to a lesser extent in Croatia.[29] To achieve national homogeneity within the recently annexed territories, the Yugoslavian and Romanian governments put certain discriminatory policies in practice that aimed to assimilate the minorities.[30] First of all, the minorities living within the borders of Romania and Yugoslavia were considered unreliable foreigners by the nationalist ruling elites of Yugoslavia and Romania.[31] Such a discriminatory approach manifested itself in certain discriminatory implementations that targeted at the minorities. For example, Yugoslav citizens of German and Hungarian origin were excluded from voting in the November 1920 elections.[32]

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27 Gross, *Export Empire,* 103-06.

28 Ibid., p. 102-03.

29 Seton-Watson, *Eastern Europe between the Wars*, 284-287.

30 Ibid., p. 275-276.

31 Barbara Jelavich, *History of the Balkans* Vol. 2. (New York: Cambridge University Press, 1983), 136; Rothschild, *East Central Europe*, 288.

32 Jelavich, *History of the Balkans*, 150.

In addition, both in Yugoslavia and Romania, the tax burden was unevenly distributed among recently acquired lands where minorities were living and the territories where Serbians and Romanians constituted the majority. The bulk of the tax burden was deliberately placed on the former with a view to breaking the economic strength of these "dangerous minorities" as well as compensating for the financial destruction of the First World War. Enhancing the economic situation of less-developed parts of the country at the expense of the minorities' prosperity was also aimed.[33]

One of the most discriminatory applications adopted by the nationalist ruling cadres of Yugoslavia and Romania can be seen in the land reforms put into practice by these countries' governments after the end of the First World War. During the land reform process in the recently-annexed territories where non-Serbian and Romanian minorities constituted the majority, the properties of the minorities including Germans were unevenly expropriated and redistributed among Serbian and Romanian peasants who had been brought into these territories.[34] Hence, along with the material gains that stemmed from the intensified trade with Germany, such discriminatory implementations of the ethnic majorities controlling the government circles in Yugoslavia and Romania appear to have played a decisive role in convincing the German minorities living in Romania and Yugoslavia to further promote the commercial relations with Germany. By doing so, they might have hoped to both increase their wealth and receive Germany's political support to protect their regional autonomy.

Establishing intense commercial relations and occupying a remarkable place in certain Balkan countries' foreign trade were not enough to completely dominate the economies of these countries. Since many German business circles genuinely believed that economics and culture are interconnected, establishing the German cultural influence on the peoples of the region was a necessity to further the overall German influence in the Balkans. In other words,

33 Joseph Rothschild, *East Central Europe*, 236, 274 and 287.

34 Jelavich, *History of the Balkans,* 162; Rothschild, *East Central Europe*, 290; Seton-Watson, *Eastern Europe between the Wars,* 77-79.

increasing German cultural influence was thought of as an efficient instrument in creating more business opportunities.[35] Specific German private organizations took the lead in furthering German cultural influence in the Balkans by establishing certain non-state organizations in the late 1920s with a view to cultivating the cultural relations as well as publishing regularly about the conditions in the Balkan markets. The first institute was established, not surprisingly, in Leipzig in 1928. The organization was called "Institut für Mittel-und Südosteuropäische Wirtschaftsforschang (IMSWf)". According to S. Gross' comprehensive study, the institute published works on Romania, Yugoslavia, Bulgaria, Turkey, and other Balkan countries in which the economic characteristics of these Balkan countries such as the rates of investments, economic growth, employment, etc. were thoroughly assessed to see how Germany could benefit from such economies. Knowing how these economies work, what the strong and weak points of them are, what kind of goods or machinery they demand was of utmost importance in determining Germany's economic approach to these countries. IMSWf's publications tried to fill in the gap in this sphere.[36]

IMSWf was soon followed by "Mitteleuropa Institut" in 1929. The articles written by academicians in the Balkan countries regarding the economic situation of the region were regularly translated into German and published in the organization's media organ i.e. Mitteleuropäische Pressespiegel, which was being distributed to companies, industrial institutions, and the German Foreign Office. Furthermore, the organization's networks in the Balkans held lectures about German culture, technology, and products to influence locals. In addition, the institute also aided German merchants and big companies in their quest for finding reliable agents as well as in advertising campaigns being done with a view to increasing Germany's exports. One of the most significant aspects of the organization, however, was the significance it bestowed to the "student exchange programs". Knowing that current students would occupy significant offices in the future, drawing more and more students from the

35 Gross, *Export Empire*, 110.

36 Ibid., p. 133-135.

Balkans to study in Germany became one of the principal purposes of the institute. Nonetheless, owing to a severe lack of financial support, efforts to bring more foreign students to Germany remained at insignificant levels until the next decade.[37]

Certain German business circles and policymakers -especially during the Nazi regime- claimed that the only way for the Balkans of reaching a higher level of economic prosperity lies in further cooperation with the German economy since the Balkans and Germany were "complementing" each other economically.[38] This attempt of selling Germany as the developer of a backward region was just another reflection of one of the most basic techniques of soft power that is convincing the other side "to want the outcomes that you want."[39]

The emergence of the Great Depression and its long-lasting economic effects played a significant role in the establishment of the German informal empire, which was to emerge in the mid-1930s. Following the crisis, the USA stopped providing capital to other countries, which meant that the opportunity of taking more loans from the USA came to an end and so did the Stresemann's cooperation with the USA.[40] Now, German policymakers had to turn their gazes elsewhere as even the champions of free-trade such as the USA and Britain had raised the tariffs and withdrawn behind them, which brought significant falls in the overall German-American and German-British trade.[41] In addition to the overwhelming reparation payments and the huge credit debts that Germany owed to the USA, Germany faced a severe decline in her exports as the overall foreign trade across the world had severely shrunk due to the Great Depression. The decline in German exports immediately

37 Ibid., p. 127-133.

38 Ibid., p. 137.

39 Joseph S. Nye, "Public Diplomacy and Soft Power," *The Annals of the American Academy of Political and Social Science* 616 (March 2008): 94–109.

40 Hardach, *The Political Economy of Germany,* 39-41; Balderston, *Dancing on a Volcano,* 131.

41 Tooze, *The Wages of Destruction,* 23-33; Schacht, *Confessions,* 287; Lampe and Jackson, *Balkan Economic History,* 457.

brought a decline in raw material imports. Without enough raw material imports and the lack of wide markets to sell German goods, the overall industrial production in Germany remarkably regressed. As a consequence, unemployment in Germany skyrocketed and reached 30.8 percent in 1932.[42]

However, even worse happened to the Balkan states. Following the radical price falls in agricultural foodstuffs and raw materials together with the severe decrease in the total volume of foreign trade across the world with the Great Slump,[43] already problematic Balkan economies entered a period of crisis. Since agricultural products were their primary export commodities, a severe reduction of export incomes hit these economies very hard. All Balkan countries immediately started to look for new market opportunities for their export goods in order to earn sufficient amounts of foreign currency. These countries had to earn a certain amount of foreign currency to cover their imports and pay their loans' installments.[44] The Depression also hit already poor Balkan peasantry. The burden of indebtedness and that of taxes increased, standards of living further deteriorated.[45] Peasants now needed to produce more to compensate for the severe price reductions in agricultural products. Germany, the closest economy to the Balkans that could import the entire agricultural production surplus of the Balkan countries, would become the biggest customer of these countries' exports as well as the most important machinery and finished goods supplier of the Balkans. In other words, by shattering the economic interconnectedness of all countries, the Great Slump created very suitable conditions for German economic dominance in the Balkans.[46]

Having seen that no further capital was on the way from the USA and large markets were now being shut down to German export products, Germany turned to the Balkans. Firstly, bilateral treaties were concluded with Hungary

42 Hardach, *The Political Economy of Germany,* 39-41.

43 Pamuk, *Uneven* Centuries, 173-174; Schacht, *Confessions,* 301-303.

44 Gross, *Export Empire,* 159-161; Barlas, "Germany's Economic Policy," 135–45.

45 Seton-Watson, *Eastern Europe between the Wars,* 82-84.

46 Jelavich, *History of the Balkans,* 216; Barlas, "Germany's Economic Policy," 135-136; Mark Mitnitzky, "Germany's Trade Monopoly in Eastern Europe." *Social Research* 6, no. 1 (February 1939): 36; Hardach, *The Political Economy of Germany,* 74.

and Romania in 1931 to give the mutual trade a stronger basis.[47] Moreover, the Brüning government in Germany attempted to achieve a customs union with Austria since the latter occupies a significant role in the foreign trade of the Balkans. These early attempts to penetrate more the economic vita of the region failed for certain reasons. Nonetheless, these attempts are important in the sense that Germany was now slowly reorienting her trade towards the Balkans in the face of the deteriorating terms of trade with Western markets.[48] Thus, as stated by Lampe and Jackson, the drive to intensify the commercial relations with Southeastern Europe was not initiated by Hitler. Instead, the Brüning government made the first official attempts to reorient German trade to the region on a larger scale.[49]

§ 3.2 The Emergence of the German "Informal Empire": Schacht's New Plan and the Manifestation of German Economic Hegemony, 1933-39

Hitler's seizure of power in Germany in January 1933 ushered a new era that was to have severe repercussions for the Balkan economies. Believing that Germany was in a life-and-death fight against the Britain-led world system, Hitler challenged the entire global political order and opened a new era of rearmament of an unprecedented scale to get the German people ready for the ultimate fight.[50] However, economic problems were hanging over the German economy like Damocles' sword. Unemployment was at the height, a severe balance-of-payments crisis was present and more importantly, Germany lacked sufficient foreign currency reserves to cover the number of imports necessary for the armament drive.[51] Besides, obtaining more capital from overseas countries was no longer possible and the Western European and Northern American markets were now being protected behind the high tariff

47 Gross, *Export Empire,* 167-169; Barlas, *Germany's Economic Policy,* 137.

48 Gross, *Export Empire,* 167-177.

49 Lampe and Jackson, *Balkan Economic History*, 457.

50 Tooze, *The Wages of Destruction,* XXIV and 38.

51 Ibid., p. 48-51; Schacht, *Confessions,* 276-277.

walls. Such developments were accompanied by the devaluation of first the British pound in 1931 and later that of the American dollar in 1933. These devaluations made German export products further uncompetitive in Western markets.[52] As a consequence, Germany, under the Reichsbank's new president Hjalmar Schacht's guidance, embarked on a new programme that aimed to orient a significant part of her foreign trade to the Balkans. This move was the most significant one that enabled Germany, despite ridiculously low foreign exchange reserves and recurrent financial crises, to sustain the rearmament drive that eventually bestowed Germany the greatest armed force in 1939, which made the quick conquests of Poland and France possible.[53]

With the Nazi's power takeover, the entire German economy was quickly transformed into a "regulated war economy" in which the state imposed a total control on the overall imports, exports, and foreign currency exchanges.[54] Trusting his abilities, Hitler reappointed German economist H. Schacht first as the head of the Reichsbank in March 1933 and then as the minister of economics in August 1934. Schacht was to play a key role in the intensification of the economic relations with the Balkans as well as the emergence of the German informal empire in the same region, which would enable Germany to pursue a very aggressive rearmament program. On 14 June 1934, Germany unilaterally declared a moratorium that suspended every international debt payments that Germany was required to make. By doing so, the strained German economy could now transfer more resources to the armament project. From August 1934 onwards, twenty-five supervisory agencies were established to allocate the limited amount of foreign currency that Germany possessed among German companies according to the state's priorities. The majority of the limited foreign exchange reserves were now being allocated to the German firms that were involved in the rearmament programme since the rearmament

52 Tooze, *The Wages of Destruction* 50-51.

53 Tooze, *The Wages of Destruction*, 93-94; Stephen Gross, "Selling Germany in South-Eastern Europe: Economic Uncertainty, Commercial Information and the Leipzig Trade Fair 1920-40," *Contemporary European History* 21, no. 1 (February 2012): 38–39.

54 Arthur Schweitzer, "The Role of Foreign Trade in the Nazi War Economy," *Journal of Political Economy* 51, no. 4 (August 1943): 322–37; Hardach, *The Political Economy of Germany,* 64.

was the top priority of the Nazi regime. Similarly, the allocation of raw materials was directly done by the related state apparatus in which the top priority was bestowed to German arms producers. All in all, the Nazi rule established a strict monopoly on foreign currency reserves, imports, and exports to make sure that the lion's share of the limited foreign exchange reserves and raw materials was flowing into the rearmament effort.[55]

In September 1934, Schacht declared his famous "New Plan" that was to reorient a considerable part of German foreign trade towards the Balkans and Latin America. The implementation of the New Plan would entail a serious rupture from Western European and Northern American markets. Owing to the chronic sufferance from a severe balance-of-payments crisis and alarmingly low levels of foreign exchange reserves in Germany in 1934, Schacht aimed to increase Germany's exchange of goods with the Balkans and Latin America on the basis of the clearing system. Through the clearing system that depended on the bilateral trade agreements with Germany's trade partners, Germany aimed to secure the constant flow of raw materials and foodstuffs that German industry and population needed. The payment of these purchases was not to be made in foreign currency, though. Instead, the value of German purchases was to be accumulated in offset accounts at Reichsbank. To liquidate these balances, Germany's trade partner countries needed to make purchases from German companies.[56]

The clearing system gave the strained German economy the capacity to sustain the flow of great numbers of raw materials and foodstuffs needed to keep the factories running and the population fed while prevented Germany's alarmingly low level of foreign exchange reserves from reaching zero. A very large part of German foreign trade came to be done this way in the 1930s. As A. Tooze remarked in his related work, the New Plan and its achievements were remarkable given that Germany managed to sustain her trade and kept the required raw materials flowing in the country with ridiculously low levels

55 Schacht, *Confessions,* 301-303; Schweitzer, "The Role of Foreign Trade, 323-334"; Tooze, *The Wages of Destruction*, 90-91.

56 Barlas, "Germany's Economic Policy," 138-139; Neal, "The Economics and Finance," 391-404.

of foreign exchange reserves that were not even sufficient to cover Germany's one week of imports.[57]

Germany's interest in the Balkans for finding new trade partners was welcomed by many countries in the region for some reason. First of all, Countries like Yugoslavia, Romania, Bulgaria, Turkey and so on found very profitable and necessary to increase the trade with Germany in the 1930s because following the Great Depression, many Balkan countries faced a severe decline in their exports; consequently, they experienced a huge reduction in their foreign currency incomes. These countries were in the immediate need of increasing their agricultural raw material exports. Germany, one of the greatest economies of Europe, could easily purchase and consume the entire agricultural surplus of the Balkan Peninsula. Therefore, Germany was looking like an ideal trade partner for many Balkan countries.[58]

Secondly, in accordance with Schacht's New Plan, such countries could import the required agricultural and industrial machinery as well as finished goods from Germany without being required to pay with foreign currency. Instead, the imports would directly be covered by raw material and foodstuffs exports to Germany on the basis of the clearing system. Such a barter trade looked quite profitable for these agrarian countries that lacked adequate foreign currency reserves.[59]

Finally, to eliminate any kind of external competition in the Balkans, Germany was offering above-market prices for the Balkan countries' export goods and raw materials, which also made trading with Germany an attractive and profitable business.[60] In the end, all these alleged profits and advantages of trading with Germany played a key role in the emergence of the German "Großwirtschaftsraum" in the Balkans in the 1930s. By buying as much as possible from these countries, German share increased even more and reached as

57 Tooze, *The Wages of Destruction*, 93-94.

58 Seton-Watson, *Eastern Europe between the Wars,*383-384; Jelavich, *History of the Balkans,* 216.

59 Barlas, "Germany's Economic Policy," 139-142; Mitnitzky, "Germany's Trade Monopoly in Eastern Europe," 36; Hardach, *The Political Economy of Germany,* 74.

60 Barlas, "Germany's Economic Policy," 139; Allan G. B. Fischer, "The German Trade Drive in Southeastern Europe," *Royal Institute of International Affairs 1931-39* 18, no. 2 (1939): 158; Gross, *Export Empire,* 187-92.

high as 67 percent in the foreign trade of some of the main trading partners of Germany in the Balkans in the second half of the 1930s as shown by the table 2.1 below. In other words, Germany had managed to obtain a "monopolistic position" in the foreign trades of several Balkan countries by the end of the 1930s. As Gross pointed out, in 1938 Romania and Yugoslavia had imported 58 and 48 percent of their machinery, 43 and 68 percent of their vehicles from Germany respectively. Similarly, German chemical products accounted for 66 percent of the total Romanian chemical imports in the same year.[61] This was the natural result of what Hirschman formulated as "the influence effect", according to which a country with a larger economy tries to increase her share as much as possible in the foreign trade of her trade partners with smaller economies to make them economically dependent.[62]

Table 3.1 German Share in the Balkan Countries' Foreign Trade (%)

Countries	1932	1934	1936	1937	1938	1939
Yugoslavian imports	17.9	14.2	26.8	32.7	32.6	47.6
Yugoslavian exports	11.3	15.5	23.7	21.7	35.9	31.8
Romanian imports	24.5	15.5	36.1	28.7	36.6	39.2
Romanian exports	12.4	16.6	17.8	18.9	26.5	32.3
Bulgarian imports	25.9	40.1	61.6	58.6	52.0	65.5
Bulgarian exports	26.0	42.7	47.9	43.1	58.9	67.8
Turkish imports	23.3	36.0	48.0	44.0	48.0	51.0
Turkish exports	13.5	40.0	52.0	39.0	44.0	37.0

SOURCE Milward, "Reichsmark Bloc", 404. (Quoted from Gross, *Export Empire*, 219.); Koçak, *Türk-Alman İlişkileri*, 92-93 and 242-243.

The Nazi government's attempts to tie the Balkans tighter to the Nazi economy as part of the Nazi informal empire added new tools to its inventory in the second half of the 1930s. In June 1936, a new and much more comprehensive rearmament plan drafted, which envisaged the creation of a gigantic German army to be composed of 102 divisions including several tank divisions and a frightening air force to which Goering hoped to bestow nearly 20.000 brand-

61 Gross, *Export Empire,* 215-216.

62 Hirschman, *National Power*, 15-26.

new warplanes.[63] This was too much for the fragile German economy, as Schacht argued, and would put a severe extra burden on the entire economy. Such an incredible plan was accompanied by another high-flying project called the "Four Year Plan." The Four Year Plan aimed to make Germany a self-sufficient country in certain strategically important raw materials such as oil and rubber. For the establishment of specific facilities that would enable Germany to reach autarky, a very large number of investments were needed, which also put an extra burden on the already fragile economy of the country.[64]

These gigantic projects, especially the former to a greater extent, had required a severe increase in the overall flow of raw materials into Germany, which pushed German policymakers to extract more and more raw materials from the Balkans. To do so, in addition to her monopolistic position, Germany increased her direct foreign investments in the Balkans in the second half of the 1930s, notably in the sectors of mining and oil. By gaining a certain degree of control in the resource-extraction process in several Balkan countries through certain implementations such as opening new mines, improving the existing mines with advanced German machinery and knowledge, Germany aimed at increasing the number of raw materials flowing from the Balkans into Germany.[65] In Yugoslavia, for example, an agreement was concluded with the Yugoslavian government for the establishment of the 9m RM worth Zenica Steelworks. The agreement envisaged that Krupp was to deliver the necessary machinery and equipment to run the facility in return for further deliveries of raw materials to Germany. The construction was completed by Krupp between the years of 1936 and 1937.[66] In addition, Germany's taking over the remarkable

63 Tooze, *The Wages of Destruction*, 211-220.

64 Ibid., p. 222-239.

65 György Ránki, "Surmounting the Economic Crisis in South-East Europe in the 1930s," *Acta Historica Adademiae Scientiarum Hungaricae* 27, no. 3/4 (1981): 499–523; Gavriil Preda, "German Foreign Policy towards the Romanian Oil during 1938-1940," *International Journal of Social Science and Humanity* 3, no. 3 (May 2013): 326–29.

66 Gross, *Export Empire,* 214 and 273; Rothschild, *East Central Europe*, 56; Lampe and Johnson, *Balkan Economic History*, 517.

Austrian and Czechoslovakian investments in Yugoslavia -especially in the cement and sugar sectors- following the Anschluss and the annexation of Czechoslovakia in 1939 also played a crucial role in the increase of the overall share of German investments in Yugoslavia.[67]

Besides, German firms also bought several mining firms to ensure the constant flow of iron, copper, and antimony sources into Germany.[68] For example, two new mining sites opened in Yugoslavia by a German consortium in the second half of the 1930s. These sites started to supply Germany with antimony ores, which had previously been imported from remote areas. In consequence, antimony ores started to be imported from Yugoslavia in very large amounts.[69] Hence, these investments in Yugoslavia provided Germany with a closer source of strategically important antimony. In the 1930s, Yugoslavia was supplying Germany with strategically crucial raw materials such as bauxite, antimony, chrome, copper, and timber.[70] By the same token, Germany signed a very crucial trade treaty with Romania on 23 March 1939 that enabled German firms to get involved in the Romanian oil industry to better exploit the large oil reserves in the country. With the agreement, Germany secured significant control on the Romanian oil reserves, which had a priceless importance to keep the German Army operable.[71] As a consequence, by 1939, German capital investments had accounted for 18%, 25%, and 13.4% of the entire foreign capital investments in Yugoslavia, Hungary, and Bulgaria respectively.[72]

Aside from tangible direct investments, German policymakers also tried to influence Balkan countries' production patterns to make them produce raw materials needed by Germany. The most striking example of such a policy was the cultivation of soybeans in Romania and Bulgaria. A firm called "Soja AG" was founded to encourage the cultivation of soybeans in these two countries. From 1934 on, it started the process of soybean cultivation in these two countries. Within five years, the amount of soybean cultivation skyrocketed and

67 Lampe and Jackson, *Balkan Economic History*, 517.

68 Ránki, "Surmounting the Economic Crisis," 511.

69 Gross, *Export Empire,* 280.

70 Rothschild, *East Central Europe*, 268.

71 Preda, "German Foreign Policy," 326-329.

72 Ránki, "Surmounting the Economic Crisis," 521.

almost the entire production was being purchased by Germany. By encouraging the Balkan countries to cultivate cash crops needed by the German market, German policy first achieved creating production zones nearby that would feed German industry during a war without the risk of interruption. Second, by introducing such cash crops into certain Balkan countries' production patterns, which were not being demanded in other markets, German policymakers further tied these economies to German foreign trade. In case of an interruption of trade with Germany, it would be very difficult to find alternative markets for these crops. Hence, the ruling elites of such countries would have to think twice before considering limiting or breaking off commercial relations with Germany.[73]

Another means that entered the inventory of Nazi politicians in the second half of the 1930s to strengthen the economic dependence of the Balkans on Germany was arm deliveries as shown by the related studies of György Ránki and Christian Leitz.[74] Despite the risk that the weapons and military material that Germany was selling to the Balkan countries could be used against herself due to the obscure political stance of some Balkan countries, German policymakers accepted the risk and kept making large numbers of weapons and military material deliveries to certain Balkan states. From 1935 onwards, Germany supplied Bulgaria, Hungary, Romania, Yugoslavia, and Turkey with large deliveries of military materials and weapons. These deliveries enabled Germany to balance her trade deficit in the trade with the Balkan countries so that she could purchase even greater numbers of raw materials needed to cover the requirements of the new armament plan.[75] Germany even accepted to export her brand-new warplanes to Romania in return for further deliveries of oil despite the obscure political stance of Romania. Because oil was of vital im-

73 Gross, *Export Empire,* 274-275; Hirschman, *National Power*, 37; Seton-Watson, *Eastern Europe between the Wars,* 89.

74 Ránki, "Surmounting the Economic Crisis," 512-514; Christian Leitz, "Arms as Levers: Matériel and Raw Materials in Germany's Trade with Romania in the 1930s," *The International History Review* 19, no. 2 (May 1997): 312–32.

75 Leitz, "Arms as Levers," 317.

portance for German war industry and Wehrmacht. In other words, arms deliveries to Romania were used as a means to obtain strategically-significant oil resource.[76] By the same token, large armament deliveries to these countries were considered to be another tool of Germany for establishing a political influence on these countries. As their armies were equipped with German material, they would remain dependent on Germany in terms of technical expertise and obtaining spare parts.[77] Thus, such contracts were acceptable for the German side as they opened new channels through which Germany could exert economic and political influence on these countries.[78]

Certain private organizations such as the Leipzig Trade Fair, the Messeamt, and chambers of commerce, which had previously played a crucial role in the re-establishment of commercial relations between Germany and the Balkans, continued to serve German cause in the 1930s as well. The German-Romanian Chambers of Commerce in Bucharest and Berlin kept serving Germany's financial interests by aiding German firms in finding local partners to sell machinery and finished goods in the Romanian domestic market and keeping German business circles informed about the latest changes in prices, tastes, and conditions in the local Balkan markets. More importantly, the Leipzig Trade Fair remained in the 1930s as the center of the trade between Germany and her Balkan partners. The fair kept drawing more and more businessmen and company representatives from the region and bestowed them the chance of displaying the indigenous export products of their own countries. Similarly, German companies, regardless of their size, were given opportunities to display the latest capital and finished goods to visitors during the fair. This seems to have played a key role in the increase of German machinery and finished goods exports to the Balkan countries. Furthermore, the fair was a face-to-face meeting point for businessmen and commercial representatives

76 Leitz, "Arms as Levers," 330; Preda, "German Foreign Policy," 328.

77 Hirscman, *National Power*, 38.

78 Leitz, "Arms as Levers," 330-332; Ránki, "Surmounting the Economic Crisis," 512; Cemil Koçak, *Türkiye'de Milli Şef Dönemi (1938-1945)* Vol. 1. (İstanbul: İletişim Yayınları, 2015), 405-408.

on both sides to create new business opportunities as well as find new customers or suppliers. Moreover, the Messeamt's advertisement campaigns lasted in the 1930s and its agents continued to operate in certain Balkan markets with a view to supplying German business and industrial circles with the necessary information regarding what was going on in the Balkan markets.[79]

With the NSDAP's seizure of power, certain non-state institutes obtained sufficient funds to embark on a new student exchange program that aimed to bring more students from the Balkan countries to Germany. The primary purpose of such attempts was to turn these students into Germanophiles and convince them that the natural way of economic development in the Balkans lies in a more intensified cooperation with Germany.[80] The pioneer organization in these programs throughout the 1930s was "Mitteleuropãische Institut" whose representatives in Romania and Yugoslavia organized lectures about the advanced German technology and its products. More importantly, it organized the most comprehensive student exchange program that took place in those years. Having financially been backed up by the Nazi Party thanks to its certain members' connections to the NSDAP, the institute enabled a considerable number of pupils of economics, engineering, medicine, and agriculture from Romania and Yugoslavia to study and do an internship in Germany.[81] From the point of view of the German policy, the purpose of financing and supporting these programs was to convince these students, expected to be the future's politicians and high-ranking executives in their own countries, that the only way of achieving natural economic development in the region was close cooperation with Germany, as the economies of Germany and the Balkans were complementing each other. In other words, such exchange programs were a channel for convincing those students that further economic cooperation with Germany was the only natural way of achieving economic prosperity in the Balkans.[82] In addition, a new institute for Southeastern Europe studies was opened within the University of Leipzig in 1936 as part of

79 Gross, *Export Empire,* 205-213.

80 Ibid., p. 245-248.

81 Ibid., p. 231-234.

82 Ibid., p. 245-248.

which summer school programs were initiated to yield the pupils from the Balkan countries the chance of short-term study in Germany.[83]

This chapter shortly examined how Germany projected her soft power in the Balkans throughout the 1920s and 1930s. In the 1920s, despite a very disadvantageous situation, Germany managed to re-establish her commercial presence in the economic life of the Balkans through the dense efforts of German non-state actors such as the Messeamt, the Leipzig Trade Fair and chambers of commerce, etc. As a consequence, by the end of the 1920s, Germany had become one of the main trade partners of several Balkan countries.

The emergence of a great economic crisis in 1929 and the following economic conjuncture as well as the Nazi Party's rearmament project's ever-increasing raw material demands steered a considerable part of German foreign trade towards the Balkans. By making use of the clearing system envisaged by Schacht's New Plan, Germany managed to occupy a monopolistic position in the overall foreign trades of important Balkan countries such as Yugoslavia, Romania, Greece, Bulgaria, and Turkey. This monopolistic position helped Germany satisfy the increasing raw material demand in her domestic market despite severe problems such as chronic balance-of-payments crises and low foreign currency reserves throughout the 1930s. This corresponds directly to Hirschman's "supply effect of foreign trade" since importing very large numbers of strategically important raw materials such as bauxite, chromium, copper, oil, etc. from the Balkans enabled Germany to equip one of the largest armies of the time.[84] By the same token, as a result of Germany's establishment of a monopolistic position in the foreign trades of these smaller Balkan countries, a kind of economic dependence relation between Germany and these countries also emerged, which corresponds to Hirschman's "the influence effect".[85]

From the beginning of the second half of the 1930s, Germany further tightened her economic domination in the area by investing in raw material extraction and processing sectors and exporting a large number of armaments, which engendered German influence in the Balkans and Southeastern Europe.

83 Ibid., p. 235.

84 Hirschman, *National Power*, 14.

85 Ibid., p. 15-38.

Shortly, projecting Germany's soft power in the Balkans was mostly done through foreign trade. However, the non-state actors mentioned above also played a significant role in the emergence of German soft power in the region by carrying out certain tasks such as informing German business circles about recent changes and developments in the Balkan markets, organizing detailed and effective advertising campaigns to promote German exports, intermediating between German and the Balkan business circles to solve problems, and creating new business opportunities through organizations like the Leipzig Trade Fair and so on. And with the availability of enough funding, certain German private organizations arranged student exchange programs in the 1930s to justify Germany's presence in the Balkans as a "peaceful" movement, aiming to develop the region. Similarly, the exchange programs also aimed to turn the pupils who attended these programs into Germanophiles in order to create more cooperation opportunities with the Balkan countries when these students become the future leaders of their own countries.

4

Turkish-German Political Relations in the Interwar Period, 1918-39

Before proceeding to the implementation of German soft power techniques in Turkey, this chapter investigates the establishment and development of bilateral political relations between the two countries to give a picture of the political background of events. After shortly touching on the status of Turkish-German relations from the signing of the Armistice of Mudros to the re-establishment of diplomatic relations, the entire political relations between the two countries in the Interwar Period shall be examined up to the breakout of the World War II.

§ 4.1 Turkish-German Political Relations between 1918 and 1933

The Turkish-German alliance had come to an end a few days before the Armistice of Mudros was signed. Having heard that the Ottomans were ready to sign the treaty, the German ambassador in Istanbul left the city. Soon after his departure, most Germans staying in the Ottoman Empire gradually left the country as well. By the summer of 1919, almost all Germans in the Ottoman realm, whose numbers were estimated at around 14,000 in total, had evacuated the country in accordance with the ceasefire agreement. Besides, all political relations between the Ottoman Empire and Germany were to be ceased.

The diplomatic representation of Germany in Istanbul was taken over by the Swedish embassy from November 1918 onwards.[1]

The Versailles Treaty supplemented what the Mudros had initiated. This time, the Entente powers intended to make sure that all the longstanding German political, cultural, and economic influence in what left of the Ottoman Empire were eliminated. As part of this mindset, German assets in Anatolia were confiscated by the Entente powers and people of German nationality were banned from stepping on the Turkish soil. Similarly, Anatolian ports were closed to German merchant vessels. In her book, Sabine Mangold-Will puts forward that all these precautions were taken to prevent Germany from being as influential in the post-war Ottoman Empire as she had been prior to the First World War.[2] These measures, however, seem to have fallen short of completely ceasing at least the "unofficial" contact between certain Unionists in Germany and their colleagues in Anatolia. The inner circle of Unionists escaped to Germany and established headquarters in Berlin and Munich to keep in touch with both those Unionist in different European countries and especially those in Anatolia. The latter was staying there with the hope of initiating a resistance against the Greek military occupation in Anatolia.[3] Nonetheless, in the field of official relations, Turkish-German political, cultural, military, and economic affairs came to an end thanks highly to the related articles of the Mudros and Versailles treaties in the period of the Turkish War of Independence. The new Weimar government was completely preoccupied with the internal turmoil and the questions of reparations and territorial integrity at the time while the government in Ankara was fighting for survival. Despite the overall feeling of sympathy in the German public towards the Turkish struggle of independence, the official organs of the German state always refrained from expressing it in order not to arise suspicions in the Entente.[4]

The first official undertaking came from the Turkish side in re-establishing formal relations. In 1922, the Ankara government in Anatolia asked Berlin to

1 Sabine Mangold-Will, *Begrenzte Freundschaft: Deutschland und Die Türkei, 1918-1933* (Göttingen: Wallstein Verlag, 2013), 31-37.

2 Ibid., p. 38-39.

3 Ibid., p. 41-46.

4 Ibid., p. 86.

allow the foundation of the Turkish official news agency in Munich to easily keep the world informed about the developments occurring in Anatolia. The German side accepted the offer. Thus, the Ankara government was de facto recognized by Germany as the sole representative of Anatolia, which can be considered an important step on the way of establishing formal relations. The choice of Munich was also important in the sense that Munich was one of the centers where pro-Ankara Turks in Germany concentrated.[5]

Despite the importance of the establishment of the Turkish official news agency, the most concrete attempt was made by the German side to re-establish the official bilateral relations between the two countries. Towards the end of the Lausanne talks in which Germany had no right to attend officially, the German government sent an undercover representative, Dr.Schmidt-Dumont, to Lausanne in order to meet İnönü and initiate the negotiations on the possibility of founding political relations again. Dr. Schmidt and the German diplomats with him defended the fact that Germany did not have any imperial ambitions in the East but intended to establish peaceful political and commercial relations with new Turkey on an equal basis, as the two countries could give each other a lot in the fields of culture and economy. Hence, Turkey should re-establish and intensify economic relations with Germany in order to easily prosper in the economic field. İnönü only agreed to re-establish bilateral diplomatic relations and remarked that "I hope relations between the two countries will be established soon on an equal basis".[6]

With the emergence of new Turkey as an independent state following the signing of the Lausanne Treaty on 24 July 1923, no formal obstacles left to re-initiate Turco-German political relations. On 3 March 1924, the Treaty of Friendship Agreement was signed by both sides. The treaty envisaged the opening of official embassies in both sides' capitals. This meant the resumption of official diplomatic relations between the two countries for the first time since the Mudros Treaty. Besides, the friendship treaty also foresaw the conclusion of a separate trade treaty to promote commercial relations. In accordance with the re-establishment of the diplomatic relations, Rudolf Nadolny

5 Ibid., p. 59-63.

6 Ibid., p. 104-115.

was appointed as the first German ambassador in Turkey. He was to remain at this office till September 1933.[7] Soon after his appointment, Nadolny first traveled to Istanbul and had the old German Embassy in Tarabya repaired. Nadolny accepted the Turkish request of moving the German embassy to Ankara, which completely pleased Atatürk and İnönü because Britain and France had previously rejected moving their embassies to Ankara due to its lack of basic infrastructural facilities. Although Nadolny confirms that Ankara in 1924 was far from being an ideal place to live especially for diplomats, accepting the Turkish offer of moving the embassy to the new capital was a politically important gesture in the eyes of the new Turkish ruling elite.[8]

Kemalettin Sami, a former soldier and war hero of the Turkish War of Independence, was selected as the first Turkish ambassador in Berlin. He remained at his office until his death in April 1934. During his service, Kemalettin always worked for improving Turco-German cooperation, especially in the economic field, believing that the former comradeship in arms called "Waffenbrüderschaft" in the First World War had created a strong sense of friendship between the two nations, which should be continued in the form of close cooperation between Turkey and Germany in the economic, cultural, and military spheres.[9]

To give the recently resurrected Turkish-German trade a formal basis, Turkish-German Trade Agreement was concluded on 12 January 1927 in Ankara. The agreement was to remain in force for 2 years unless one of the sides cancels it. The importance of this treaty derives from the fact that German-Turkish trade was now given an official basis.[10]

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7 Ibid., p. 123-128; Cemil Koçak, *Türk-Alman İlişkileri (1923-1939)* (Ankara: Türk Tarih Kurumu Yayınları, 2013), 9-12.

8 Mangold-Will, *Begrenzte Freundschaft*, 353-354; Koçak, *Türk-Alman İlişkileri,* 10-12; Cemil Koçak, "Türkiye'de Yaşamış Asker, Diplomat Ve Bilimadamı Almanların Türkiye'ye İlişkin Düşünceleri ve Yazdıkları Üzerine Bazı Notlar: Anılar Ve Diplomatik Raporlar," in *Geçmiş Ayrıntıda Saklıdır* (İstanbul: Timaş, 2012), 192–201.

9 Mangold-Will, *Begrenzte Freundschaft*, 211-213.

10 Koçak, *Türk-Alman İlişkileri,* 84-86.

In spite of the positive developments mentioned above, improving the political relations with Turkey was not one of the primary concerns on the German Foreign Ministry's agenda in the 1920s. The recently founded Weimar Republic was trying to solve the question of reparations and territorial integrity issues with the Entente and was determined not to make a move that might have alienated the Entente against German demands. The founding father of this policy was Gustav Stresemann who served as Weimar Germany's foreign minister until his death in 1929. Having lost almost all the hard power after the Versailles Treaty, Germany, argued Stresemann, must now pursue a compromising policy towards the Entente powers to get Versailles revised through careful negotiations and diplomacy. As part of this policy, Stresemann's Germany avoided making any kind of political commitment to Turkey beyond a friendship agreement as Turkish- Entente relations were severely tense due to the Mosul and Ottoman Debts' Questions in the first half of the 1920s.[11]

For Germany, the most important area of bilateral relations with Turkey was the economic one.[12] Turkey was not only a promising market for export-dependent German industry but also a vast country that needed a very large amount of foreign capital and technological know-how to establish her infrastructure and industrial base. Thus, in Stresemann's vision, Turkey would be a nice economic partner for German businesses and industry, but nothing more than that. Even the friendship treaty was concluded by the German side as a result of German business circles' constant complaints to Stresemann. These German business circles expressed that German commercial interests were being harmed in Turkey in the absence of official diplomatic relations between the two countries. Such a politically reluctant approach towards Turkey persisted in the rest of Stresemann's era. Germany did not go beyond concluding a treaty of friendship in her political relations with Turkey throughout the 1920s.[13]

11 Mangold-Will, *Begrenzte Freundschaft*, 133-177.

12 Ibid., p. 135-139; Koçak, *Türk-Alman İlişkileri,* 55-56.

13 Mangold-Will, *Begrenzte Freundschaft*, 167.

By the same token, Turkey did not attribute any special position to Germany in her overall foreign policy neither.[14] The young Kemalist cadres, who had become the ruling elite of new Turkey, always interpreted the former Ottoman-German alliance in the First World War as a grave mistake, which finally led to the destruction of the Ottoman Empire.[15] This approach even made its way into Turkish school textbooks in which the Turco-German "Waffenbrüderschaft" was formulated as an exploitation of the Ottoman manpower for protecting specific German interests in the Orient.[16] Besides, the Turco-German Friendship Treaty was just part of the overall Turkish policy of establishing friendly and equal relations with other states in the world since the golden rule of Turkish foreign policy till the mid-1930s, as Atatürk, T. Rüştü Aras and İnönü pointed out, was establishing mutual and peaceful relations with other countries and taking part in collective security pacts and organizations such as the Briand-Kellog Pact, the Balkan Pact and the League of Nations.[17] In one of his speeches delivered on the occasion of the opening of the Turkish National Assembly, Atatürk himself pointed out that Turkish foreign policy completely depended on the idea of peace and solving any kind of disputes with other states through peaceful means is the most suitable way for Turkish interests.[18]

Like Germany, the Turkish priority in Turco-German relations was the development of economic cooperation, as Germany was a gigantic market for the foodstuffs and raw materials that Turkey could export.[19] Considering that Turkey had constantly experienced budget deficit between 1923 and 1929 due mostly to the temporary regime of low customs that had been laid down at the Lausanne Conference, exporting more to Germany might have looked a nice

14 Ibid., p. 148-151.

15 Ibid., p. 148-151.

16 Sezen Kılıç, *Türk-Alman İlişkileri Ve Türkiye'deki Alman Okulları (1852'den 1945'e Kadar)* (Ankara: Atatürk Araştırma Merkezi, 2005), 169.

17 Tevfik Rüştü Aras, *Atatürk'ün Dış Politikası* (Istanbul: Kaynak Yayınları, 2010), 31 and 71; İsmet İnönü, *İnönü'nün Söylev Ve Demeçleri I*. Vol. 1. (Istanbul: Milli Eğitim Basımevi, 1946), 62 and 154.

18 TBMM Zabıt Ceridesi, Devre: III, Cilt: 13, İçtima Senesi: 3, 1 November 1929, 2-4.

19 Mangold-Will, *Begrenzte Freundschaft*, 210-13; Koçak, *Türk-Alman İlişkileri,* 87.

opportunity to shrink the budget deficit.[20] Besides, Germany could provide Turkey with technological know-how, specialists as well as monetary capital in the form of short-term loans for the construction of Turkey's indigenous industrial facilities and new domestic railway lines.[21]

Turco-German political relations remained quite stable from the beginning to the end of the Weimar Republic in January 1933. In the early 1920s, The German Foreign Office strictly declared that Weimar Germany had no political ambitions in the Orient. German policymakers, in line with Stresemann's principles, welcomed Turkey's participation in the Briand-Kellog Pact in January 1929 and sympathized with Turkey's desire to possess a permanent seat in the League of Nations but refrained from showing direct support for the membership of Turkey in order not to harm German-British relations.[22]

However, Stresemann's policy of complete cooperation with the former Entente powers and the reluctance of showing direct support to Turkey in the international arena faded away after Stresemann's death in 1929. Now, the new German Foreign Minister J. Curtius started to openly support Turkey's membership to the LoN.[23] Well aware of the fact that the LoN was indeed an organization, whose decisions were heavily influenced by Britain and France's preferences, new German policymakers tried to bring more neutral members into the LoN to change the balance of voters against the British-French bloc. If Turkey was accepted into the organization thanks to German support, Turkish politicians would definitely take this into consideration when voting in the LoN' s assembly.[24] Similar support was shown to Turkey when the Briand Plan, which foresaw closer economic cooperation with the former Entente members, appeared on Europe's horizon in late 1929. German foreign policy re-

20 "Yıllara Göre Dış Ticaret İstatistikleri." Türkiye İstatistik Kurumu, n.d. http://www.tuik.gov.tr/PreIstatistikTablo.do?istab_id=621.

21 *Hamburgischer Correspondent,* 05.03.1924; *Frankfurter Zeitung,* 06.06.1924 (see S. Eriş Ülger, *Alman Basınında Atatürk Ve Türkiye Cumhuriyeti (1910-1944)* (Ankara: TBMM Basımevi, 1995), 187-190.)

22 Mangold-Will, *Begrenzte Freundschaft*, 222-223.

23 The League of Nations.

24 Mangold-Will, *Begrenzte Freundschaft*, 224-225.

garded the plan as a French attempt to prevent Germany from getting the Versailles Treaty revised. As a countermeasure, the new German Foreign Minister Curtius openly supported incorporating Turkey and the Soviet Union in this new endeavor.[25] This support shown by the German side in both cases was the most visible example of the shift in German foreign policy. As Mangold-Will highlights, Germany, for the first time since the First World War, politically supported Turkey in international politics. Germany's aim in supporting Turkey's involvement both in the LoN and the Briand Plan was to use Turkey's membership as a counterbalance to the former Entente bloc with which Germany was negotiating to solve the problems of reparations and German territorial integrity. Turkey was still occupying a minor place in the overall German foreign policy, but using the issue of her membership might have been useful against Britain and France. So, pragmatic concerns in German foreign policy explains why such an alteration happened.[26]

The same pragmatist approach can also be seen on the Turkish side as exemplified by different approaches adopted by the Turkish media in the face of two different incidents. In the Cumhuriyet newspaper's issue dated 13.07.1929, Abidin Daver interpreted the rumors of Germany's intention of handing over Greece's warship order made prior to the First World War. Daver argued in his column that such a delivery could not be made in accordance with the Versailles Agreement since it banned Germany from delivering military materials to different countries. He continued by saying that if such a delivery happens, Turkey would not hesitate to make required attempts to prevent such a delivery. The issue was important for Turkey in the sense that such a delivery could change the balance of naval power in the Aegean Sea in Greece's favor. As a result, Cumhuriyet newspaper, one of the closest press organs to the single-party government, adopted a distanced rhetoric against Germany.[27]

Interestingly enough, a completely opposite approach was present in another article published in the same newspaper. In response to the R. Nadolny' s speech, broadcasted by a German radio in which he praised the new Turkish government and her successful Westernization program, the Cumhuriyet

25 Ibid., p. 233.

26 Ibid., p. 232-233.

27 *Cumhuriyet,* 13.07.1929.

newspaper's editor-in-chief Yunus Nadi thanked the German ambassador in his column and expressed that the Turks are always proud of having been allied to such a great nation like Germany, whom Nadi considered to be the best example of progress in the world, in the previous world war no matter what the result was. Nadi also expressed his gratefulness to Nadolny for introducing new Turkey to the German people as it was.[28]

In another column, Nadi had already explained what caused the difference between these two divergent approaches to Germany. Nadi clearly stated that Turkey has no traditional friendship with any country including Germany. The governing political conditions of the time were the only determinant of the friends of the Turkish Republic. Hence, Germany was not enjoying a special place in the minds of Turkish policymakers at the time. Only Turkish national interests were determining Turkey's approach to Germany and other countries.[29]

§ 4.2 Turkish-German Political Relations between 1933 and 1939

The NSDAP's seizure of political power in Germany in January 1933 entailed severe changes in the overall foreign policy of Germany. Stresemann's policy of revisioning the Versailles Treaty through diplomatic efforts and mutual negotiations was now completely out of question. Believing only in the problem-solving capability of hard power techniques, Hitler embarked on the programme of rearming the entire German Army beyond the Versailles' restrictions to solve the problem of Versailles by reshaping the borders in Europe in Germany's favor. To do this, Germany, from 1933 onwards, embarked on an aggressive revisionist diplomacy to first get rid of the strict restrictions imposed by Versailles, and then to retake the possession of lost territories such as Sudetenland, Memel, Western Poland and so forth where a remarkable number of German minorities was living. Finally, when the new German Army was strong enough, Hitler would pursue his version of the nineteenth-

28 *Cumhuriyet*, 06.12.1930.

29 *Cumhuriyet*, 28.07.1929.

century "Drang nach Osten" policy to carve out a "Lebensraum" for Germany in the East.[30]

Turkey, on the other hand, kept following a peaceful foreign policy throughout the 1920s and 1930s. Unlike Germany's revisionist approach, Turkey remained anti-revisionist and intended to sustain the status quo, established by Lausanne, aside from her minor demands in the issues of the remilitarization of the Straits and the Hatay Question.[31] Even during the negotiations held to address these demands put forward by Turkey, Turkish policymakers always respected the decisions of the LoN and tried to obtain their demands through mutual negotiations within the limits of international law.[32] Unlike Turkey, German foreign policy under Hitler tried to solve disputes through fait accompli and coercion if needed.

In the first half of the 1930s, Turkish-German diplomatic and political relations can be said to have been unproblematic as there were no significant problems between these two countries. Turkish politicians and media even sympathized with German demands about the revision of the Versailles Treaty since the Turks had already gone through a very similar struggle against the Sevres Treaty.[33] For example, Yunus Nadi stated in his column in the Cumhuriyet newspaper dated 02.12.1933 that as the Turks who struggled against the unfair Sevres Treaty, they appreciate Germany's struggle against the Versailles Treaty's overwhelming restrictions on Germany.[34] By the same token, In another column, Nadi remarked on the occasion of Germany's remilitarization of Ruhr that there is nothing strange about the militarization of one's own territories, but what is worrisome is that now the German government has been used to get its demands through fait accompli.[35] In the same way, the Anschluss event was also interpreted by Y.Nadi as an expected and normal

30 Tooze, *The Wages of Destruction,* 38.

31 William Hale, *Turkish Foreign Policy, 1774-2000* (London: Frank Cass, 2000), 57-58; Koçak, *Türk-Alman İlişkileri*, 97.

32 Aras, *Atatürk'ün Dış Politikası*, 149; Koçak, *Türk-Alman İlişkileri,* 97.

33 Koçak, *Türk-Alman İlişkileri,* 108-111.

34 *Cumhuriyet*, 02.12.1933.

35 *Cumhuriyet*, 12.03.1936.

development given that Austria was incapable of surviving alone economically. He also emphasized the impossibility of keeping the two peoples separated, who share the same language, culture, and racial connections.[36] Similarly, In interpreting the annexation of Sudetenland, Falih Rıfkı remarked that a big nation like Germany could not remain silent while the German minority in the region were suffering under the Czechoslovakian sovereignty.[37]

Meanwhile, in the Mediterranean region, Italy became the most significant potential threat to Turkey's safety concerns. Mussolini's famous speech delivered on 18 March 1934 stressed Asia and Africa as the historical regions of Italian expansion, which raised severe suspicions in Turkey. Although Mussolini later clarified that he did not imply Turkey as she was considered a European country, his speech, Hazal Papuççular claims, marked a rupture point in the Turco-Italian relations.[38] The speech was soon followed by the Italian Army's fortification activities in the Dodecanese Islands from 1934 onwards. Turkey became suspicious about a possible Italian onslaught on her Western and Southwestern coasts.[39] The beginning of the Italian-Abyssinian war in October 1935 took Turkey's suspicions to the next level.[40] The war was received plenty of interest from the Turkish media and was generally considered to be the first step of Mussolini's imperialist policy of making the Mediterranean Sea "Mare Nostrum" again.[41] Following the Italian annexation of Abyssinia, the Turkish National Assembly agreed to join the LoN' s economic sanctions against Italy despite the likelihood of a considerable economic loss owing to the fact that Italy was occupying a remarkable share in the total Turkish foreign trade.[42] As a result of all these developments, the Italian aggression even-

36 *Cumhuriyet*, 14.03.1938.

37 *Ulus,* 01.10.1938.

38 Hazal Papuççular, "Turkish-Italian Relations in the Interwar Period," (Master's thesis, Boğaziçi University, 2009), 120.

39 Ibid., p. 126.

40 Ibid., p. 132.

41 *Cumhuriyet*, 01.10.1935-28.10.1935; *Tan*, 04.10.1935-30.11.1935.

42 TBMM Zabıt Ceridesi, Devre: V, Cilt: 6, İçtima Senesi: 1, 13 November 1935, 51-56; Papuççular, "Turkish-Italian Relations," 136.

tually drove Turkey into Britain's side to protect the status quo in the Mediterranean region as argued by Hans Kroll. The Italian aggression in Abyssinia also caused tension in Turco-German relations since Hitler backed up the Italian aggression in the Mediterranean.[43]

Having been threatened by the potential Italian onslaught, the Turkish Foreign Ministry delivered a note to the countries that had signed the Lausanne Treaty demanding that certain amendments must be made concerning the status of the Straits. Following the negotiations, the Montreux Convention was signed on 20 July 1936 that enabled Turkey to militarize the Straits region. The considerable British support to Turkish demand for remilitarizing the zone played a decisive role in the conclusion of the convention in Turkey's favor, which enhanced the bilateral relations between the two countries.[44] On the other hand, Italy protested the agreement and the German Foreign Minister Konstantin von Neurath remarked that the agreement was an unfriendly move against Germany.[45] Nonetheless, the German Foreign Ministry avoided adopting a much more negative stance against Montreux upon Hitler's order.[46] In a report written by Friedrich von Keller, the German ambassador in Ankara, on the consequences of the Montreux Convention, he drew attention to the fact that the Italian aggression in the Mediterranean was driving Turkey to the British side. Now, Turkey could receive military assistance from Britain to secure her position in the region whenever she feels threatened by Italy.[47] On

43 Hans Kroll, *Lebenserinnerungen Eines Botschafters* (Köln: Kiepenheuer & Witsch, 1967), 90-91; İlhan Uzel and Ömer Kürkçüoğlu, "Relations with Britain," in *Turkish Foreign Policy, 1919-2006 Facts and Analyses with Documents*, ed. Baskın Oran (Salt Lake City: The University of Utah Press, 2010), 162.

44 Dilek Barlas and Seçkin Barış Gülmez, "Turkish–British Relations in the 1930s: from Ambivalence to Partnership." *Middle Eastern Studies*, May 3, 2018, 8; Papuççular, "Turkish-Italian Relations," 139-140.

45 Koçak, *Türk-Alman İlişkileri*, 115.

46 *ADAP*, Serie C: 1933-1936 Band V, 2, (26 Mai bis 31. Oktober 1936), Göttingen, 1967, 743-744. (1638/390 175)

47 *ADAP*, Serie C: 1933-1936 Band V, 2, (26 Mai bis 31. Oktober 1936), Göttingen, 1967, 776-781. (1594/384 325-34)

the other hand, The conclusion of the Montreux Convention was very welcomed by the Turkish press and politicians. The agreement was considered to be a significant accomplishment of Turkish diplomacy that removed one of the most significant concessions given at Lausanne.[48] Later on 7 July 1938, in a meeting with N. Menemencioğlu, the German Minister of Foreign Affairs Ribbentrop demanded the signing of a bilateral agreement between Germany and Turkey regarding the Straits, whose content was to be the same as Montreux's. This offer was turned down by Menemencioğlu on the grounds that without getting the permission of the countries that signed the Montreux Convention, Turkey could not conclude any treaty concerning the Straits.[49]

Following the breakout of the Spanish Civil War, Italian submarines started patrolling the Mediterranean Sea and torpedoing neutral countries' vessels that were carrying supplies and war materials to the Republican side. To re-establish security in the region, the Nyon Conference came together to discuss the necessary steps to be taken. Turkey also attended the conference and agreed to comply with the conference's precautions including military assistance against such submarine activity. Turkey's active participation in the measures of the Nyon Conference demonstrates that the Turco-British rapprochement intensified in the face of the rising Italian threat.[50]

As has been mentioned, aside from minor disagreements and Germany's support for the Italian aggression in the Mediterranean region, Turco-German relations remained stable and friendly. However, this situation would soon be changed by three important occurrences that resulted in a complete rupture in the bilateral relations between Turkey and Germany and the entry of Turkey into the British-French bloc. The first event was the annexation of Czechoslovakia on 15 March 1939, which raised new question marks in Turkish policymakers' minds about German foreign policy. Until that day, Germany legitimized her foreign policy by claiming that the ultimate objective of German

48 İnönü, *İnönü'nün Söylev Ve Demeçleri*, 298-299; *Cumhuriyet*, 22.07.1937 and 27.07.1936.

49 Koçak, *Türk-Alman İlişkileri*, 121-122.

50 TBMM Zabıt Ceridesi, Devre: V, Cilt: 19, İçtima Senesi: 2, 2 June 1937, 37-38; TBMM Zabıt Ceridesi, Devre: V, Cilt: 19, İçtima Senesi: 2, 9 June 1937, 153-160; Papuççular, "Turkish-Italian Relations," 145-146; Kroll, *Lebenserinnerungen*, 100.

foreign policy was to unite all Germans under one flag to set up "Großdeutschland". However, in the aftermath of the annexation of Czechoslovakia, Germany started to redefine her foreign policy with new terms like "Neue Ordnung" and "Lebensraum." Obviously, these were quite relative terms and their limits were obscure.[51] Hence, as H.Kroll pointed out in his memoirs, in a meeting that took place soon after the annexation of Czechoslovakia, N. Menemencioğlu, the Secretary-General of the Turkish Foreign Ministry, asked Kroll what Lebensraum means and what the limits of it are. Despite Kroll's efforts to convince Menemencioğlu that Germany had no imperial interests, Kroll failed to persuade him since the terms like Lebensraum and Neue Ordnung were themselves far from being justifiable.[52]

Such a severe act of aggression displayed by Germany also had a broad repercussion in the Turkish press. Y. Nadi from the Cumhuriyet newspaper, for instance, differentiated the annexation of Czechoslovakia from that of Austria. He argued that the annexation of the former demonstrates the German ambitions of territorial expansion and warned the world that a new world war looks inevitable.[53] Similarly, Journalist Zekeriya Sertel interpreted the incident as another fait accompli of Hitler's government and warned other Balkan countries that the next would be Romania in Hitler's to invade list.[54] Similarly, Asım Us interpreted the annexation of Czechoslovakia by Germany as an imperialist move aiming at reshaping Europe's borders according to the Axis' will.[55] In short, the annexation of Czechoslovakia was the first of a chain of events that led to the severe deterioration of bilateral political relations between Turkey and Germany.

The second event that further strained political relations between Turkey and Germany was the German-Romanian Trade Agreement, signed after Germany's ultimatum-like pressure on the Romanian government. Hans Kroll stated that the agreement enabled Germany to exploit Romania's rich natural

51 Koçak, *Türk-Alman İlişkileri*, 132-134.

52 Kroll, *Lebenserinnerungen*, 106-107.

53 *Cumhuriyet,* 20.03.1939 and 21.03.1939.

54 *Tan*, 16.03.1939 and 19.03.1939.

55 *Vakit,* 16.03.1939.

resources, the most crucial of which was oil. The agreement was regarded as a "colonization contract" by Turkish officials. During a meeting, N. Menemencioğlu even asked Kroll whether Germany had the intention of concluding such a treaty with Turkey too. Kroll explicitly mentions this agreement in his memoirs as the second incident that further strained bilateral relations with Turkey.[56] The agreement also drew Turkish Media's attention. Burhan Belge from the Ulus newspaper interpreted the agreement as an "economic Anschluss" that applies all conditions of the production of the German domestic market to the Romanian one.[57]

The last and the most decisive political phenomenon that brought a complete rupture in Turco-German political relations and decisively drove Turkey into the Allies' side was the invasion of Albania by Italy in April 1939. Italy had always been a constant source of concern for Turkey, which also contributed to the progressive rapprochement between Turkey and Britain in the face of the common Italian hazard in the Mediterranean region. However, this time Italian imperialism directly stepped on the Turkish security zone by invading Albania. Because İnönü and other highest-ranking Turkish policymakers always considered the Balkans part of the Turkish security zone.[58] Now, Italy gained a new and strong bridgehead in the Balkans, which could be used as a stepping-stone for further military operations in the area as Kroll predicted. Despite the invasion's surprising effect on Germans, Germany implied her approval of the invasion of Albania by signing the Pact of Steel with Italy just a month after the invasion of Albania had taken place. More importantly, Italy not only annexed Albania but also transformed it into a military stronghold by bringing around 20 divisions and heavy artillery brigades there.[59] In the issue of the Cumhuriyet newspaper dated 20.06.1939, why Italy brought close to 120,000 soldiers into such a tiny country like Albania was asked and the

56 Kroll, *Lebenserinnerungen*, 106-107; Koçak, *Türk-Alman İlişkileri*, 134; Koçak, *Türkiye'de Milli Şef Dönemi*, 240-241.

57 *Ulus,* 25.03.1939.

58 İnönü, *İnönü'nün Söylev Ve Demeçleri*, 136.

59 Kroll, *Lebenserinnerungen*, 107-112; Franz von Papen, *Memoirs.* Translated by Brian Connell. (London: Andre Deutsch, 1952), 444-447; Koçak, *Türk-Alman İlişkileri*, 138-152.

newspaper itself replied that the only reasonable explanation for such a high concentration of troops in a small country was due to getting ready for another assault in the region.[60] In a sharper way, Ahmet Şükrü Esmer from the Ulus newspaper considered German and Italian claims based on the policy of Lebensraum to be the brand-new expression of the Axis imperialism, which is indeed an egoism that ignores others' right to life.[61]

By the same token, Franz von Papen, sent to Turkey as the new German ambassador in April 1939, remarks in his memoirs that the annexation of Albania and the deployment of more Italian troops than necessary there entailed a severe rupture in the Turkish conventional policy of neutrality.[62] Similarly, Kroll shares the same view with Papen and claims in his memoirs that the annexation of Albania put an end to Turkey's neutrality and pushed her onto the British' side.[63] In a telegram sent to Berlin from Ankara dated 3.05.1939, Papen clearly expressed that the annexation of Albania by Italy and stationing a very large number of Italian troops in such a tiny country were fast pushing Turkey into an alliance with Britain.[64] As a countermeasure, Papen suggested Ribbentrop put pressure on the Italian Foreign Ministry for reducing the number of Italian troops staying in Albania. Papen also recommended Ribbentrop to convince Italy of ceding a few strategically unimportant islands in the Dodecanese islands to Turkey as a sign of the Italian state's goodwill. Yet, Ribbentrop completely ignored such suggestions as the continuation of the German-Italian alliance was a much more important issue.[65]

To protect the national interests of Turkey, the İnönü government entered negotiations with Britain to form a defensive alliance against a possible Italian or combined Italian-German onslaught. The negotiations resulted in the Joint

60 *Cumhuriyet*, 20.06.1939.

61 *Ulus,* 02.05.1939.

62 Papen, *Memoirs*, 444-447.

63 Kroll, *Lebenserinnerungen*, 107-109.

64 *ADAP*, Serie D: 1937-1945 Band VI, (März bis August 1939), Göttingen, 1956, 338-339. (1625/388685-86)

65 Papen, *Memoirs*, 446-448.

Anglo-Turkish Declaration on 12 May 1939 by which Britain agreed to aid Turkey in every possible means in case of aggression directed to Turkey. In return, Turkey guaranteed to provide aid in every possible means to Britain in case of an attack that leads to a war in the Mediterranean region.[66] A similar joint declaration was also signed with France on 23 June 1939 right after the Hatay Question had been solved through mutual negotiations. On the occasion of the joint declaration, several deputies in the Grand National Assembly spoke about the necessity of such a security measure. In the session that took place on 12 May 1939, Prime Minister R. Saydam told deputies that the sole purpose of the declaration is the protection of peace. He also highlighted that the negotiations with Britain immediately started following the risk of war had reached the Balkans, which directly implied the recent Italian aggression in the Balkans as the chief reason of the declaration.[67] A. Fethi Okyar also made a short speech in the same session stating that the invasion of Czechoslovakia, the commercial treaty that Germany imposed on Romania, and finally the occupation of Albania by Italy set Turkey in motion to undertake such a declaration with Britain.[68] By the same token, the Turkish media regarded the declaration as a necessary step in protecting Turkish national interests. For instance, Nadir Nadi from the Cumhuriyet newspaper stated that Turkey always sympathized with the German intention of correcting the unfair implications of the Versailles Treaty. But that was not enough for German politicians who wanted more for Germany. Therefore, they started to follow an imperialist policy that completely undermined the legitimacy of German foreign policy.[69] In another column, Nadi expressed that the recent developments in the Balkans forced Turkey to conclude an alliance with Britain.[70] The same attitude was visible in Z. Sertel' s column dated 14.05.1939 in which he emphasized the fact that Turkey could no longer stay neutral in the face of the growing Italian threat.[71]

66 Hale, *Turkish Foreign Policy*, 66; Uzel and Kürkçüoğlu, *Turkish Foreign Policy*, 165.

67 TBMM Zabıt Ceridesi, Devre: VI, Cilt: 2, İçtima Senesi: F, 12 May 1939, 67-69.

68 TBMM Zabıt Ceridesi, Devre: VI, Cilt: 2, İçtima Senesi: F, 12 May 1939, 70.

69 *Cumhuriyet*, 21.05.1939.

70 *Cumhuriyet*, 15.05.1939.

71 *Tan*, 14.05.1939.

In the aftermath of the declaration of Anglo-Turkish and French-Turkish Joint Declarations, von Papen was instructed by the German Foreign Office to use every means at his disposal to prevent these declarations from turning into an alliance treaty. Papen had a meeting with İnönü even before the promulgation of the joint declaration with Britain. Despite von Papen's efforts in the meeting, İnönü self-confidently stated that the invasion of Albania and stationing so many Italian divisions there were provocative enough. Hence, he said Turkey would remain committed to the policy of staying on Britain's side.[72] Similarly, Kroll also intensified his efforts to convince Turkish highest-ranking officials. In an unofficial meeting with N. Menemencioğlu that took place on 19 May 1919, Kroll tried to convince him of the fact that Germany had no imperial aspirations in Turkey and just intended to see an independent Turkey in the region as the guarantee of peace in the Balkans. Menemencioğlu replied that Turkish policymakers sympathized with Germany's struggle against Versailles and even did so in the face of the annexation of Sudetenland. However, the adoption of obscure and expansionist ideas like Lebensraum and the occupation of Czechoslovakia as a result, the commercial treaty imposed on Romania, and finally the invasion of Albania forced Turkey to ally with Britain.[73]

Germany's attempts to avert a highly likely alliance agreement between Turkey and allies would not remain limited to Papen or Kroll's efforts, however. Upon the realization of the joint declaration, Hitler and Ribbentrop suspended the deliveries of military material to Turkey in May 1939. As a countermeasure, the Turkish side threatened Germany with stopping chrome deliveries, which is of utmost importance for the German military industry.[74] Von Papen argued that the degree of the suspension of the war material deliveries to Turkey should be adjusted appropriately. For example, in his telegrams sent to Berlin on 13 and 14 August 1936, von Papen warned the German Foreign Ministry to deliver the submarine engines to Turkey, where two submarines that were purchased by Turkey from Germany were being built by German engineers. President İnönü was expected to attend the ceremony of these

72 Papen, *Memoirs,* 446-447; Koçak, *Türk-Alman İlişkileri*, 146-147.

73 Kroll, *Lebenserinnerungen*, 112-113.

74 Koçak, *Türkiye'de Milli Şef Dönemi*, 414-434.

submarines' launch. Thus, the shipment of these engines must be completed before the date of the launching ceremony. Otherwise, severe political damage would be inflicted on Turco-German relations.[75] Despite von Papen's warnings, the submarine engines were not delivered and İnönü did not attend the launch ceremony.[76]

Von Papen and Kroll's remarkable efforts and the combination of political and economic pressures did not yield the desired result on the German side. The Tripartite Treaty of Alliance between Turkey, Britain, and France was signed on 19 October 1939 by which Britain and France guaranteed to aid Turkey in every sense in case of an attack directed against her. In exchange, Turkey assured to help Britain and France in case of an attack that entails a war in the Mediterranean area. Britain and France also agreed to issue a credit for Turkey so that the military needs of the country could be met.[77] The treaty was ratified by the Turkish Grand National Assembly and the Turkish deputy A. Muzaffer Göker remarked that the agreement was not going to harm Turkey's relations with any other country. He also said that the invasion of Albania by Italy and Germany's de facto approval for the Italian aggression played a decisive role in the emergence of this alliance.[78] The signing of the agreement was regarded by the Turkish press as the right move for the protection of peace in the Mediterranean region.[79]

This chapter attempted to draw a larger picture of political relations between Turkey and Germany in the Interwar Period. Within the first subperiod of the Interwar era, both countries emphasized the economic sphere as the most important aspect of bilateral relations. However, the Weimar government meticulously refrained from making any political commitments to Turkey as a result of Stresemann's policy of zero problems with Britain and France. From 1933 onwards, political relations between Turkey and Germany

75 *ADAP*, Serie D: 1937-1945 Band VII, (9. August bis 3 September 1939), Göttingen, 1956, 41-42. (96/107941-42); *ADAP*, Serie D: 1937-1945 Band VII, (9. August bis 3 September 1939), Göttingen, 1956, 49. (2950/576544)

76 Koçak, *Türk-Alman İlişkileri*, 198.

77 Hale, *Turkish Foreign Policy*, 69; Uzel and Kürkçüoğlu, *Turkish Foreign Policy*, 165.

78 TBMM Zabıt Ceridesi, Devre: VI, Cilt: 6, İçtima Senesi: 1, 8 November 1939, 20-21.

79 *Cumhuriyet*, 20.10.1939; *Tan*, 21.10.1939 and 22.10.1939.

remained stable and far from problematic at least until the emergence of the Italian threat in the Mediterranean region. Germany's constant support for the Italian aggression started to be considered a worrying development by Turkish foreign policymakers. The annexation of Czechoslovakia, the trade treaty imposed on Romania by Germany in 1939, and finally the annexation of Albania by the Italians in April 1939 played a key role in the radical change of Turkish foreign policy. These developments completely alienated Turkish-German relations and played a decisive role in Turkey's joining on the Allies' side. To avert Turkey from siding with the British bloc, Germany exerted severe diplomatic efforts as well as carried out the deterrent strategy of suspending arms deliveries in the summer of 1939. However, these attempts fell short of diverting Turkey from its path. As a result, the ultimate aim of German policy i.e. making Turkey part of the Axis bloc failed.

5

German Soft Power in Turkey in the Context of Turkish - German Relations in the Interwar Era

Germany and various German business circles' interests in the Balkans during the Interwar Era were not exclusively limited to Yugoslavia, Romania, and Bulgaria. Turkey was also one of the countries that were at the target of German soft power policies. This chapter examines how Turkish-German cultural, military, and economic relations were re-established in the Interwar Period and developed as time went by. Besides, certain soft power policies that were put into practice by German non-state and state actors in cultural, military and economic relations with Turkey, shall be thoroughly investigated in the light of archival and non-archival materials from both sides.

Chapter V comprises six subsections. In the first two subsections, Turco-German cultural relations and how Germany used certain soft power techniques such as the admission of Turkish students to German Universities, sending a wide variety of German specialists to Turkey, attempting to influence the Turkish public opinion through press and other certain organizations, etc. shall be examined. In the third and fourth subsections, how Turkish-German military affairs developed and what soft power techniques were executed in the field of military relations between Turkey and Germany during the Interwar Era will be discussed. In the fifth and sixth subsections, Turkish-German economic relations in the Interwar Period, which formed the

most important channel by which Germany tried to establish a serious economic and political influence on Turkey, shall be investigated. Similarly, the execution of specific soft power policies by Germany in Turkish-German commercial relations and their consequences shall also be taken into consideration in this section. The development of cultural, military, and economic relations and certain soft power policies pursued in these spheres are examined on the basis of two subperiods that are between 1918-1933 and between 1933-1939. The reason why this periodization is made lies in the fact that with the NSDAP's seizure of power in Germany in 1933, things started to change both in Turkish-German relations and the soft power policies of Germany.

§ 5.1 The Manifestation of German Soft Power in Turkish-German Cultural Relations: The Weimar Period (1918-1933)

Following the re-establishment of the official diplomatic relations, Turkish-German cooperation in the cultural sphere started to develop as well. However, Weimar Germany's new policymakers decided not to be interested in the Orient other than developing economic relations with the region in order not to provoke Britain, which severely undermined the possibility of pursuing a state-sponsored cultural propaganda policy in Turkey in the Weimar Period. Rather, the task of developing Turco-German cultural relations and cooperation was left to non-state actors.[1] Nonetheless, Weimar Germany had a considerable advantage. The advantage that Weimar Germany had was the strong legacy of the "Deutsch-Türkishe Vereinigung" (DTV) organization. Mangold-Will and Mustafa Gencer' s detailed studies show that having been established in February 1914 with the strong financial support of Wilhelm II 's government as part of the aggressive "Weltpolitik" policy, the organization aimed at arranging large numbers of students and craftsmen transfers from Turkey to Germany. The Turkish students were given the chance of receiving their high education at the very prestigious German universities while the Turkish craftsmen were given the opportunity to further their occupational knowledge in the most developed workshops in Germany. Unlike the Weimar Period, The

1 Mangold-Will, *Begrenzte Freundschaft*, 87-95, 133-146 and 426.

organization was directly sponsored by the German Foreign Ministry and was entrusted with arranging student transfers from Turkey to Germany in addition to its other activities such as establishing libraries, translating significant German classics into Turkish, providing scholarship opportunities to Turkish students wishing to study in Germany, arranging language courses for Ottoman subjects and financially supporting German educational and medical institutions in the Ottoman territories.[2] Because "in order to tie the minds and hearts of Ottoman people to us (Germany), we need to export our cultural assets. Every Ottoman citizen who speaks our language, reads German books, receives treatment in German hospitals will be a friend of the German culture and customer of German goods," as Ernst Jäckh stated.[3] The main aim of student transfer programs from the Ottoman Empire to Germany was to enable the most successful students in the Ottoman Empire to study in Germany as a result of which these students were expected to turn into Germanophiles. Since the best students of the time were expected to occupy important political, economic, and civilian positions in the empire in the future, making them Germanophiles through student transfer programs would enable Germany to increase her cooperation with the Ottoman Empire in both economic and political areas as well as derive economic and political benefits.[4]

To complement the activities of the DTV, another association was established by the German initiative. On 3 October 1915, the "Turkish-German Association" (Türkisch-Deutschen Vereinigung) was founded upon Ernst Jäckh's suggestion. The official aim of the organization was to successfully supplement the activities of the DTV in the Ottoman lands, as argued by Mustafa Gencer.[5] The ostensible purpose of the foundation of such an association

2 Mangold-Will, *Begrenzte Freundschaft*, 253-260; Mustafa Gencer, *Jöntürk Modernizmi ve "Alman Ruhu."* (İstanbul: İletişim Yayınları, 2003), 223-252.

3 Gencer, *Jöntürk Modernizmi ve "Alman Ruhu."*, 230.

4 Mangold-Will, *Begrenzte Freundschaft*, 291; Gencer, *Jöntürk Modernizmi ve "Alman Ruhu."*, 223-252; Ulrich Trumpener, "Germany and the End of the Ottoman Empire," in *The Great Powers and the End of the Ottoman Empire*, ed. Marian Kent (Taylor & Francis e-Library, 2005), 115.

5 Gencer, *Jöntürk Modernizmi ve "Alman Ruhu."*, 252-253.

was advertised as the preservation of intensive cultural relations and the introduction of the two peoples to each other through cultural activities.[6] Among the tasks of the TDV, the most striking one was the duty of selecting those Ottoman students and apprentices who would be sent to Germany. To carry out this assignment, a special sub-commission within the body of the TDV was established called "the Student Commission." It was to be directly responsible for selecting the Ottoman students and apprentices who were to be sent to Germany for higher education and vocational training.[7]

As part of the DTV's student transfer programs, the number of young Turkish students and craftsmen who received education or done an apprenticeship in Germany had reached 1.500 by August 1918.[8] A remarkable number of the Turks who were to occupy very significant positions as soldiers, politicians, or civilian servants in the new Turkish Republic had already received higher education in Germany, which further enhanced the possibility of cooperation with Germany in cultural, political, and especially economic fields. The seeds of one of the most significant methods of expanding German soft power in Turkey were planted by the DTV, but their fruit would be collected by the Weimar Republic in the Interwar Era. Following the end of the war, the DTV was fell from the new Weimar government's grace, and the financial support that the organization had been receiving from the German Foreign Office ended. Despite the revival of the organization in 1925, the DTV would no longer receive any financial and political support from the German government, which would prevent it from implementing student transfer programs and other kinds of cultural activities, needed to increase German cultural influence in Turkey.[9] However, despite the DTV's lack of activity after the First World War, an important part of the Turkish students, who studied at German universities with the support of the DTV's student transfer programs before and during the First World War, would occupy very important governmental

6 Ibid., p. 254.

7 Ibid., p. 256.

8 Mangold-Will, *Begrenzte Freundschaft*, 253-257.

9 Mangold-Will, *Begrenzte Freundschaft*, 257-268.

and civilian offices in Turkey in the Interwar Era. Those Turks who had received their higher education in Germany prior to the end of the First World War might have contributed to the development of Turkish-German cultural and commercial relations by turning to Germany as the main technology and scientific knowledge supplier of Turkey.[10]

The most significant example of such a situation was Muhlis Erkmen, who served as the minister of agriculture in the 1930s in Turkey, and his insistence on benefiting from German specialists in the establishment of the Higher Agricultural Institute in Ankara.[11] Modernizing the Turkish agriculture was one of the main concerns of a big significance on Turkish politicians' agenda in the late 1920s. Its necessity was also approved by a German specialist called Gustav Oldenburg. in his report sent to the Turkish Ministry of Agriculture, he pointed out that an agricultural university was needed to modernize the agricultural techniques in Turkey.[12] The Turkish Minister of Agriculture Muhlis Erkmen, who had studied agriculture in Bonn, Germany in the course of the First World War[13], got in touch with the famous German professor Friedrich Falke, the head of the agriculture department at the University of Leipzig at the time, and asked him to assume the task of establishing a modern agricultural higher education institute in Ankara. Erkmen was clearly convinced during his studentship days in Germany that Germany was one of, if not the most, the leading countries in the world as far as science is concerned. That is to say, Erkmen was already persuaded about the alleged superiority of Germany in the areas of technology and certain branches of science due to the successful German soft power policy of bringing successful students of the Ottoman Empire into Germany so that they could further their studies in certain branches, which mostly resulted in the transformation of those students into Germanophiles. A similar transformation appears to have happened in Erkmen, too. Hence, Erkmen's sympathy for Germany was now affecting his

10 Ibid., p. 503-504.

11 Ibid., p. 395-413.

12 Ibid., p. 398.

13 Erkmen might have benefited from the DTV's student transfer programs to study in Germany.

choice of Falke as the person responsible for the re-establishment of the agricultural institute. There is no doubt that had Erkmen studied somewhere else, he might not have preferred Falke for that position.[14]

With Erkmen's support, the Agricultural Institute became the most significant work of German scientists in Turkey in the Interwar Era. This was not the result of a deliberate policy of Weimar Germany or the following National Socialist rule, but that of "…the combination of a targeted modernization policy of Turkey and a personal decision by the responsible minister who was, as Falke wrote, " a warm friend of Germany,"…" as stated by Mangold-Will.[15] "Without the individual commitment of the new Minister of Agriculture (Erkmen), …" Mangold-Will continues, "neither Falke nor any other German experts could have enforced his German plans (regarding the institution), and maybe even a German would not have been involved."[16]

With Erkmen's support, Falke, who had been given wide authorities with respect to the entire institute as stated by Erkmen's speech in the assembly,[17] re-institutionalized the entire institute based on the German model. During the talks in the Grand National Assembly concerning the establishment of the institute, Erkmen clearly stated that the overwhelming majority of the professors were brought from Germany.[18] In the period between 1933 and 1938, up to 30 German professors and assistant professors worked at the institute.[19] The German academic staff working at the institute were allowed to give lectures in German, which further encouraged those Turkish students attending those classes to learn German.[20] Shortly, a very basic student transfer program, part of the German Empire's soft power policies implemented during the First World War, appears to have continued to play a significant role in the enlargement of German soft power in Turkey during the Interwar Period.

14 Mangold-Will, *Begrenzte Freundschaft*, 403.

15 Ibid., p. 404.

16 Ibid., p. 403-404.

17 TBMM Zabıt Ceridesi, Devre: IV, Cilt: 15, İçtima Senesi: 2, 21 May 1933, 264.

18 TBMM Zabıt Ceridesi, Devre: IV, Cilt: 16, İçtima Senesi: 2, 10 June 1933, 136.

19 Koçak, *Türk-Alman İlişkileri*, 41.

20 Mangold-Will, *Begrenzte Freundschaft*, 408-409; Johannes Glasneck, *Türkiye'de Faşist Alman Propagandası.* Translated by Arif Gelen. (Ankara: Onur Yayınları, n.d), 39.

Another example of the persistence of the DTV's student transfer program's longstanding effect in Turkey was Muammer Tuksavul. Having received his higher education in Germany during the First World War with the aid of the DTV, Muammer decided to stay in Germany after the war and also studied chemistry there in the early Weimar years. After returning to Turkey, Muammer became a famous chemical engineer who was involved in certain significant projects in the Turkish chemical sector. According to him, the genuine teachers of the Turks in Europe were Germans in the process of Westernization.[21] As a result of residing in Germany for several years, his views were highly influenced by his experience. In short, the legacy of the student exchange program implemented by the DTV throughout the First World War seems to have kept giving fruitful results for German soft power in Turkey even in the Interwar Era.

With the disappearance of the DTV, a new non-state actor, "Der Bund der Asienkämpfer" (The Association of Asian Fighters "BDAK"), appeared to have assumed the task of promoting Turkish-German relations in the cultural area. The Association was founded in February 1919 by former members of the German "Asian Corps", composed of former German military personnel who had fought in the Ottoman Empire and the Balkans during the First World War. Despite the main aim of bringing together the former members of Asian Corps and providing them opportunities of reunion, the association became the chief non-state actor within the German lands, which intended to sustain close relations with the old Turkish comrades on the basis of the former "Waffenbrüderschaft" that had allegedly formed an inseparable connection between the two nations.[22] Besides former members of the Asian Corps, the organization also had many civilian members from the German upper-middle-class together with members from Reichswehr. The most crucial activity of the association was the regular organization of lectures on Ottoman history and geography, held 2-3 times every year. Mangold-Will argues that during these events, former German soldiers who had served in the Ottoman Army came

21 Mangold-Will, *Begrenzte Freundschaft*, 292.

22 Ibid., p. 269-77.

together to discuss common memoirs and recall the Ottoman Empire that had become a second home for most former German soldiers.[23]

The most striking thing that was mostly missing in BDAK's occasions was the participation of the Turkish element. The attendance of the Turks was exceptionally low in the events organized by BDAK and its branches, which diminished the chance of establishing closer and better relations with the former comrades-in-arms.[24] To overcome this challenge, BDAK's managers tried to make use of the sports encounters that occasionally happened in the form of football matches between Turkish and German teams to develop Turco-German relations on the basis of the former "Waffenbrüderschaft".[25]

As Mangold-Will's detailed study points out, the Turkish football team Galatasaray traveled to Germany in 1921 to play against the German football clubs Der Bremen Fußballverein "Werder", Rheingaumeister Köln and Der Hamburger Sport-Verein. BDAK's local branches took advantage of the situation and organized receptions and dance events before and after the football matches. Galatasaray's players, executives, and the BDAK's members participated in these receptions and events. Through such events, the BDAK provided its members with the chance of establishing face-to-face contacts with the former comrades-in-arms with whom Germans had fought together in the First World War. By the same token, these events were promoted by the BDAK's executives as the signs of Germany's so-called intention to establish closer relations with new Turkey. That is to say, BDAK struggled to turn these sports encounters into political ones and tried to politicize the overall atmosphere of these encounters with the intention of re-forming close relations between Germany and Turkey.[26] During the social events before and after the football games, the BDAK's members' speeches focused on the strong comradeship-in-arms that had manifested itself in history and Germans' desire to continue this kind of comradeship-in-arms in accordance with new political

23 Ibid., p. 274-77.

24 Ibid., p. 280 and 284.

25 Ibid., p. 281.

26 Ibid., p. 281-285.

conditions.[27] Similar efforts were also made when another Turkish club came to Germany to play football matches against certain German clubs in 1926.[28]

The BDAK's similar efforts seem to have continued even in the early 1930s. In a column in the Cumhuriyet newspaper dated 12 June 1930, an anonymous writer dwells on an incredibly warm and exaggerated welcome to which Galatasaray's players and club authorities were exposed by indigenous Germans when Galatasaray traveled to Frankfurt in June 1930 to play against Eintracht Frankfurt football team. The anonymous author surprised to see how hospitable the locals were, who even cheered for the Turkish team and went crazy when they scored. An exaggerated interest shown by the German side for just an exhibition match and the German audience's too friendly attitude towards the Turkish team seems to point out that somehow BDAK interfered with this event to turn a simple sports encounter into a manifestation of Turco-German friendship.[29] The most important indicator of the likelihood of the BDAK's involvement, as reported by another reporter, was that before the football match, a feast was organized in honor of Galatasaray. During the feast, intimate speeches were delivered on Turco-German friendship and, most importantly, "… Turco-German Friendship and comradeship-in-arms in the course of the First World War were passionately recalled".[30] These statements of the journalists who witnessed the event convinced me that the feast and the exaggerated reactions of the crowd during the football match were deliberately organized by the local branch of the BDAK to politicize otherwise a simple sports encounter.

Such efforts and undertakings fell short of remarkably influencing Turco-German relations in the Interwar Period, though. Mangold-Will claims that the events organized by the local branches of the BDAK almost always lacked the Turks' participation and were not able to go beyond creating "accidental social encounters" between the two sides.[31] Similarly, the attempts to create a closer Turkish-German friendship based on "Waffenbrüderschaft" failed since

27 Ibid., p. 419-422.

28 Ibid., p. 426-427.

29 *Cumhuriyet*, 12 June 1931.

30 *Cumhuriyet*, 12 June 1930.

31 Mangold-Will, *Begrenzte Freundschaft*, 283-285.

the term meant nothing for Turkish policymakers who had adopted a strict sense of realism in steering young Turkey's diplomacy. For the Turkish side, the term Waffenbrüderschaft was occasionally used especially by Kemaleddin Sami and the Turkish media to demonstrate Turkey's friendly and non-hostile feelings towards Germany, but it meant nothing more than that.

Aside from the DTV's student transfer program's still influential legacy, large numbers of Turkish students were sent to Germany by the Turkish government throughout the Interwar Era.[32] A remarkable number of Turkish students sent abroad for educational purposes were sent to Germany to study and specialize in areas such as medicine, forestry, agriculture, law, aircraft engineering, veterinary, history, and physical education.[33] On one occasion, K. Sami stated this fact by saying that for more than half a century Turkish youth has been studying in Germany.[34] Along with students, a remarkable number of Turkish civil servants and military officers were also sent to Germany to further their occupational practice through new internship opportunities.[35] The bulk of those Turkish students sent abroad for educational purposes were sent to either France or Germany. Because Germany was largely considered to be one of the chief representatives of Western science and technology. Therefore, the Turkish students during their stay there could learn and practice the latest techniques and developments both in natural and social sciences. This consensus about the privileged position of Germany as the center of science and technology seems to have reflected on the Turkish press as well. For example, in one of his columns, the Cumhuriyet newspaper's journalist M. Nermi regards Germany as a significant realm of the Western culture, whose culture and science must be carefully examined. Nermi continues by stating

32 Koçak gives the number of Turkish students receiving education in Germany as 137 in the summer of 1932 while Mangold-Will estimates it around 200 by 1933. (see Koçak, *Türk-Alman İlişkileri*, 43; Mangold-Will, *Begrenzte Freundschaft*, 291.)

33 *Cumhuriyet*, 19.03.1929; 05.08.1929; 08.09.1929; 04.01.1931; 23.02.1931; 02.03.1931; Mangold-Will, *Begrenzte Freundschaft*, 291.

34 *Cumhuriyet*, 17.05.1933.

35 TBMM Zabıt Ceridesi, Devre: III, Cilt: 14, İçtima Senesi: 3, 26 December 1929, 6; TBMM Zabıt Ceridesi, Devre: III, Cilt: 14, İçtima Senesi: 3, 26 December 1929, 6; PMRA, Kararlar Daire Başkanlığı, 30-18-1-2 / 26 - 19 – 1; *Cumhuriyet*, 29.04.1935.

that the European civilization is not exclusively composed of the French culture.[36]

By the same token, Yunus Nadi remarked in his columns in the Cumhuriyet newspaper that Germany was a significant country and her achievements could be a role model for others and Turkey. Besides, he also stated that Turkey could genuinely benefit more from German science and technology on the road of progress.[37]

In the same way, Falih Rıfkı Atay defined the German nation as superior to other European nations in science and other areas between 1815 and 1914.[38] These statements demonstrate why the Turkish government preferred to send students and officials to Germany. These students were welcomed since their presence gave Germany the chance of convincing these young people of the alleged superiority of German science and technology. As a consequence, they were expected to turn into the admirers of German culture. This would be fruitful in the near future when the students or officials who had studied or done an internship in Germany started to occupy significant offices in Turkey. Their admiration for Germany might have led to the creation of further economic and political cooperation opportunities between Turkey and Germany.[39]

The most striking non-state Turkish organization that publicly campaigned for the intensification of cultural relations with Germany in the Interwar Era was "The League of Turks who Studied in Germany". Having been established by those Turks who had received higher education in Germany in the Interwar Era, the organization intended to sustain a constant contact between the former Turkish students who had received education in Germany as well as mediate between the Turkish students wishing to study in Germany and German educational institutions. By doing so, the association hoped to contribute to the cultivation of well-educated and qualified Turkish youths, expected to play a key role in the overall enhancement of Turkey. Mangold-

36 *Cumhuriyet*, 20.07.1930.

37 *Cumhuriyet*, 18.10.1929 and 31.08.1929.

38 *Ulus*, 02.10.1938.

39 Mangold-Will, *Begrenzte Freundschaft*, 289-291.

Will argues that this organization attempted to promote German culture, especially by creating a library that was exclusively composed of German books and magazines. The organization and its efforts were warmly welcomed by the German Foreign Office since the association's efforts might have been beneficial for strengthening Germany's cultural influence in Turkey.[40]

The foundation of the first German newspaper in Turkey is also worth mentioning here with respect to the efforts of increasing German soft power in Turkey. The first German ambassador in Turkey, Rudolf Nadolny, personally campaigned for the establishment of a German newspaper. As a consequence, "die Türkische Post" was founded and the first issue was published on 17 May 1926. Despite the newspaper's semi-official status, the German ambassador's main aim concerning the newspaper was to possess an effective tool in order to influence the Turkish public opinion. From the beginning, the newspaper was directly financed by the German embassy in Ankara and the Deutsche Bank. Besides, Nadolny also sent small amounts of monetary incentives to certain Turkish newspapers with the intention of persuading them to adopt a more Germany-friendly approach when considering political and economic issues with Germany.[41]

Last but not least, German specialists such as lecturers, engineers, and technicians were frequently employed by certain state institutions in Turkey, which shows that German engineering and scientists were highly respected and trusted in Turkey. Several German professors were employed as lecturers at Turkish universities. As mentioned earlier in this work, the most striking example of the concentration of German academic staff in Turkey was the Higher Agricultural Institute in Ankara.[42] Similarly, a certain number of German engineers and technicians found job opportunities at Turkish government institutes such as the General Directorate of Maps, the Ministry of Forestry, the Ministry of Health, the General Directorate of Military Factories, the

40 Ibid., p. 344-345.

41 Ibid., p. 207-209; Koçak, *Türk-Alman İlişkileri*, 48.

42 PMRA, Kararlar Daire Başkanlığı, 30-18-1-2 / 40 - 76 – 5.

General Directorate of Post and Telegraph, etc.[43] A famous example of Germans who worked for the Turkish Government was German architect Professor Hermann Jansen. Jansen's plan for Ankara's reconstruction was adopted by the Ankara government in order to rebuild Ankara as the capital city of the young Turkish Republic. His efforts and works to make Ankara a more modern and attractive city had highly been appreciated by the Turkish press, which contributed to the overall prestige of German science and architecture in Turkey.[44]

§ 5.2 The Manifestation of German Soft Power in Turkish-German Cultural Relations: The NSDAP Period (1933-1939)

Contrary to the Weimar Government's reluctance in following a state-sponsored cultural policy in Turkey, the German government under the Nazi Party's domination embarked on a much more aggressive and effective cultural policy in Turkey. By doing so, the new NSDAP government expected to increase the overall German soft power capacity in Turkey. The new understanding that had come to power in Germany expected German cultural propaganda to further increase German economic influence in Turkey, which would eventually turn into political influence. To make sure that every available tool of increasing Germany's cultural influence and thus soft power in Turkey was properly used in realizing Germany's new revisionist ambitions, the Nazi government started to take over independent German non-state actors in Turkey such as the German High School, die Türkische Post newspaper, Teutonia and so on and gradually attempted to turn these into effective propagandists of the Nazi ideology.[45]

43 TBMM Zabıt Ceridesi, Devre: III, Cilt: 19, İçtima Senesi: 3, 17 May 1930, 188; PMRA, Kararlar Daire Başkanlığı, 30-18-1-2 / 9 - 17 - 9; Koçak, *Türk-Alman İlişkileri*, 38-41.

44 Koçak, *Türk-Alman İlişkileri*, 44; *Cumhuriyet,* 31.05.1929 and 07.11.1931.

45 Glasneck, *Türkiye'de Faşist Alman Propagandası*, 20-46; Kılıç, *Türk-Alman İlişkileri*, 160-168; Koçak, *Türk-Alman İlişkileri,* 48 and 177-179.

A necessity of pursuing a more active and state-backed cultural policy in Turkey was clearly stated in a very important memorandum called "Population Zone Policy-Cultural Policy," written by Dr. Kurt Köhler, Professor Olaf Krükmann, and Dr. Wilhelm Eilers.[46] These scholars argued that those Yugoslavians, Bulgarians, Turks, and Egyptians who studied at German Universities or at least learned the German language are the cheap propagandists of German culture, books, goods, and schools. There are certain conventional ways of enhancing German cultural propaganda, these scholars claimed, such as opening new German schools and language courses abroad, helping German educational institutes and publishing newspapers, etc. However, there are also better ways of increasing the overall German cultural influence in the Balkans and Turkey like selling canonical books of German literature below-market prices, organizing scholarship programs to attract more students to Germany and organizing tours for the youths of the Balkan and the Middle Eastern countries through which the young generations of these regions could see Germany. All these exclusive methods suggested for pursuing a better cultural policy in Turkey had been ignored by previous Weimar politicians, the writers of the memorandum sorrowfully stressed. The German scientists also drew attention to one of the never-changing justifications of financing expensive student exchange programs by expressing that those foreign students who were now studying in Germany would occupy very significant offices in their own countries in the near future. Hence, German universities and the German Foreign Ministry ought to be more interested in these countries and increase their studies related to these areas.[47]

Almost all these abovementioned suggestions would be put into practice by the German Ministry of Propaganda and its formal associates in Turkey in a more aggressive and determined manner under J. Goebbels' leadership from January 1933 onwards. The entire German cultural policy started to be managed by the three centers i.e. Goebbels' Ministry of Propaganda, the German Foreign Ministry, and the NSDAP's "Auslandorganisation." The latter was the Nazi Party's abroad organization established with a view to spreading the Nazi

46 Kılıç, *Türk-Alman İlişkileri*, 162-167.

47 Ibid., p. 162-167.

ideology abroad, notably in the Near East and the Balkans.[48] These three either directly assumed German non-state actors' role or completely subjugated them to the official cultural policy of the Nazi rule in order to pursue a much more active and unified German cultural policy in Turkey.[49]

One of the significant means of the new aggressive German cultural policy in Turkey was German printed press organs. According to Glasneck's comprehensive study, "Signal" magazine, directly controlled by Goebbels' Ministry of Propaganda, was being published and sold in Turkey in four different languages that were German, French, English, and Turkish to reach a wider audience.[50] Furthermore, die Türkische Post, the daily German newspaper being published in İstanbul from 1926 onwards, was turned into a Nazi propagandist with the appointment of a zealous Nazi, Heinz Mundhenke, as the new editorial director.[51] Furthermore, German newspapers close to the Nazism ideology such as "Völkischer Beobachter" and "Deutsche Allgemeine Zeitung" were freely being sold in Istanbul by German bookstores, which drew Tan's journalist Zekeriya Sertel's attention. In his column in the Tan newspaper dated 09.06.1938, Sertel considered these foreign bookstores to be the center of foreign propaganda through which foreign propaganda was spreading via foreign newspapers and magazines. Therefore, he urged the Turkish government to take severe precautions against such dangerous propaganda activities.[52]

The second tool that was available at Germany's disposal for pursuing a more effective cultural policy in Turkey was the Germans employed by the Turkish government or companies. The new cultural policy under the NSDAP's guidance aimed to benefit from the very high reputation of German culture and science in Turkey in achieving the expansionist aspirations of the Nazi regime.[53] The first group of Germans employed by Turkish institutions was academicians. German academicians were increasingly employed from

48 Glasneck, *Türkiye'de Faşist Alman Propagandası*, 177.

49 Ibid., p. 20-46.

50 Ibid., p. 18-20.

51 Ibid., p. 20-21.

52 *Tan*, 09.06.1938.

53 Glasneck, *Türkiye'de Faşist Alman Propagandası*, 30-32.

the early 1930s onwards as the single-party government had initiated a remarkable reform programme in education. The most striking example of the concentration of German academicians in Turkey to an unprecedented extent continued to be the Higher Agricultural Institute in Ankara, established and dominated by German academic personnel from the beginning of 1933 to 1939. Between 1933 and 1939, a total of 30 German academicians had worked at the Agricultural Institute.[54] As a result of such German influence, all the educational materials needed for the classes taught at the university were bought from Germany as shown by the related Turkish archival materials.[55] Such a development was a crystal-clear example of how cultural influence could yield economic benefits by creating new export opportunities for a country with a prestigious culture. Besides, a few successful Turkish students, studying at the agricultural institute in Ankara, and at least one Turkish academician were sent to Germany to do short-time examinations at certain German universities.[56] More importantly, a significant number of Turkish students who had graduated from the Higher Agricultural İnstitute in Ankara were sent to Germany to further their education at the Ph.D. level.[57] Therefore, German academicians' domination in the agricultural institute also provided Germany with more opportunities for turning more Turkish students and academicians into Germanophiles.[58]

Following the restructure of the Istanbul University in 1933, a remarkable number of German professors from 1933 onwards were employed here as well.[59] German professors were employed in the faculties of law, medicine,

54 Koçak, *Türk-Alman İlişkileri*, 40-42; Glasneck, *Türkiye'de Faşist Alman Propagandası*, 37-39.

55 PMRA, Kararlar Daire Başkanlığı, 30-18-1-2 / 38 - 57 – 9; PMRA, Kararlar Daire Başkanlığı, 30-18-1-2 / 53 - 26 - 2.

56 PMRA, Kararlar Daire Başkanlığı, 30-18-1-2 / 47 - 57 – 15; PMRA, Kararlar Daire Başkanlığı, 30-18-1-2 / 62 - 16 - 4.

57 *Tan*, 05.05.1935.

58 Glasneck, *Türkiye'de Faşist Alman Propagandası*, 40.

59 Glasneck's study gives the total number of German scientists working at the Istanbul University as 30 in May 1934. (see Glasneck, *Türkiye'de Faşist Alman Propagandası*, 37-39.); Kılıç, *Türk-Alman İlişkileri*, 160.

economy, archeology, and western literatures at the İstanbul University between 1933 and 1939. Their contracts' length was limited for up to ten years by the Turkish National Assembly's legislation.[60] The issue of the Cumhuriyet newspaper dated 06.08.1933 shares the news of the agreement signed with German and Swiss professors who had accepted to work at the Istanbul University. The newspaper states that their numbers were expected to exceed thirty. The most striking part of the news was the statement regarding the nationalities of these professors: all these academicians were of either German or Swiss origin, which exemplifies the prevailing status of German academicians at the İstanbul University.[61] Not surprisingly, a purchase of certain medical equipment, needed by the hospitals affiliated with the Istanbul University Medicine Faculty, took place.[62] Again, cultural influence created an economic opportunity for German exporters. The Young Turkish Republic also benefited a lot from German academicians in the establishment of the medicine faculty within the body of the Ankara University. In May 1935, a total of five German medicine professors agreed to come to Turkey and work at the Ankara University.[63]

As a result of the employment of German academic personnel in large numbers, many university students studying at Turkish universities decided to learn German as the main foreign language since German lecturers at Turkish universities were delivering lectures in German. These lectures were being simultaneously translated into Turkish by translators during classes so that Turkish students could understand. Given the unpleasant nature of such a situation, understanding why most Turkish students preferred to learn German becomes easier. This development must have pleased Nazi policymakers given that as more Turkish students learn German, the scope of the Nazi propaganda

60 *Cumhuriyet,* 04.08.1933, 06.08.1933, 15.08.1933, 22.10.1933, 26.03.1934; TBMM Zabıt Ceridesi, Devre: IV, Cilt: 21, İçtima Senesi: 3, 5 April 1934, 13.

61 *Cumhuriyet*, 06.08.1933.

62 *Cumhuriyet*, 01.10.1934.

63 *Cumhuriyet*, 10.05.1935.

would reach a larger audience in Turkey. Besides, knowing German would definitely make learning the German culture for the Turks easier.[64]

The second group of Germans employed by the Turkish government was German specialists and engineers who provided technical assistance in the construction of railways, industrial facilities, power-plants in Turkey, and offered various services to certain Turkish ministries according to their specializations between 1933 and 1939.[65] Turkish state institutions e.g. the Ministry of Economy and Education, the General Directorate of State Railways, etc. regularly employed German specialists with short-term contracts in this period.[66] These German employees seem to have played a significant role in convincing the Turkish side to import more materials and equipment from Germany. For example, the General Directorate of State Railways, in which a few German specialists were working, made a railway material order of 16m TL worth from the Krupp Consortium.[67] Once again, the employment of Germans in Turkey paved the way for increased economic cooperation between Turkey and Germany. In the same way, a certain number of German engineers and technical personnel were involved in the establishment of factories, power-plants, and other kinds of industrial and infrastructural projects in Turkey throughout the 1930s, whose economic details shall be discussed in the last part of this chapter. According to a Turkish archival document, the total number of Germans staying in Turkey on the eve of the breakout of the Second World War was 1678. The majority of those Germans staying in Turkey concentrated mostly in Istanbul, Ankara, and İzmir.[68]

The German state's departments in charge of the execution of German propaganda activities abroad welcomed and sought to increase the employment of German academicians, specialists and engineers in Turkey with the

64 Glasneck, *Türkiye'de Faşist Alman Propagandası*, 39-40.

65 Ibid., p. 75; Koçak, *Türk-Alman İlişkileri*, 176.

66 *Cumhuriyet*, 12.02.1935; Glasneck, *Türkiye'de Faşist Alman Propagandası*, 75; PMRA, Kararlar Daire Başkanlığı, 30-18-1-2 / 63 - 30 – 15.

67 *Cumhuriyet*, 14.04.1938.

68 PMRA, Kararlar Daire Başkanlığı, 30-10-0-0 / 206 - 407 – 8.

intention of using Germany's very good reputation in the scientific and technological matters to intensify Turco-German cultural and thus economic relations. By intensifying the cultural and economic relations between the two countries, the German government anticipated to eventually enjoy a certain level of political influence in the Turkish realm.[69]

Aside from encouraging the employment of German specialists and academicians in Turkey, German cultural policy in Turkey also supported the Turkish state's desire of sending more students to Germany for educational purposes. Young Turkey attached the utmost importance to dispatching the best students of the country abroad for furthering their education throughout the 1920s and 1930s. At the beginning of the 1930s, Germany became the most preferred destination for those Turkish students studying abroad for a variety of reasons.[70] First of all, receiving higher education in Germany was more cost-effective than many other countries, which proved to be a vital determinant in the Turkish government's decision of sending the majority of students to Germany.[71] Secondly, Germany was being respected in Turkey as one of the most significant centers of technology and science. In other words, the popularity of Germany in the scientific and technological matters appears to have also been decisive in sending large numbers of Turkish students to Germany.[72]

Thanks to such advantages, Germany became the leading country in 1930 in terms of the total number of Turkish students studying abroad. Now, the majority of Turkish students sent abroad were studying in Germany. The German lead in this area persisted throughout the 1930s.[73] Certain governmental institutions including the Turkish Armed Forces, the General Directorate of Maps, the General Directorate of State Railways, the Ministries of Education, Forestry, Economy and Culture, etc. kept sending several successful Turkish

69 Glasneck, *Türkiye'de Faşist Alman Propagandası*, 36-44.

70 In 1939, 80% of the Turkish students receiving education abroad was studying in Germany. (see Glasneck, *Türkiye'de Faşist Alman Propagandası*, 40.)

71 *Ulus,* 03.06.1937 and 11.06.1938.

72 Mangold-Will, *Begrenzte Freundschaft*, 298, 292 and 403. (examples of Muhlis Erkmen and Muammer Tuksavul.); Cumhuriyet, 18.10.1929, 20.07.1930 and 17.05.1933; *Ulus*, 02.10.1938.

73 *Ulus*, 09.11.1938.

students to Germany so that these students could further their education at undergraduate or higher levels in a wide variety of branches such as forestry, mechanical, civil, electrical and marine engineering, law, archeology, aviation, architecture, cartography, and so on.[74] According to an estimation of the Türkische Post newspaper, the total number of Turkish students studying in Germany was 158 as of March 1937.[75] In 1939, eighty percent of the entire Turkish students receiving education abroad was studying at German Universities.[76] The reason why the official German cultural policy supported drawing more and more Turkish students into Germany was obvious: by giving the chance of furthering their studies in Germany, the official German policy aimed to turn these students into German sympathizers during their stay in the country. So, German policymakers hoped to benefit politically and economically when these students become the holders of significant positions in Turkey given that those who had studied in Germany were expected to sustain the cooperation with the country, where they had received a high-quality education and experienced positive things.[77]

Besides, a significant number of Turkish craftsmen, engineers, workers, judges, and prosecutors were also sent to Germany to further their occupational knowledge there throughout the 1930s with the financial backing up of Turkish state institutions such as the General Directorate of Military Factories and State Railways, the Ministry of Justice, and Denizbank.[78]

The National Socialist propaganda not only intended to have an impact on Turkish students but also on Turkish teachers who automatically enjoys an important degree of authority on students. For example, the German Teachers' Association in Germany invited Turkish teachers to Germany for a trip in

74 TBMM Zabıt Ceridesi, Devre: IV, Cilt: 16, İçtima Senesi: 2, 5 June 1933, 7; TBMM Zabıt Ceridesi, Devre: V, Cilt: 29, İçtima Senesi: 4, 26 January 1939, 2-3; TBMM Zabıt Ceridesi, Devre: VI, Cilt: 2, İçtima Senesi: F, 22 May 1939, 51; TBMM Zabıt Ceridesi, Devre: V, Cilt: 18, İçtima Senesi: 2, 31 May 1937, 429; *Cumhuriyet*, 06.02.1936, 08.08.1936, 09.01.1937, 17.04.1938; *Tan*, 05.05.1935; *Ulus,* 08.08.1937, 30.10.1938; *Kurun*, 06.12.1938, 31.10.1938.

75 *Cumhuriyet*, 26.03.1937.

76 Glasneck, *Türkiye'de Faşist Alman Propagandası*, 40.

77 Ibid., p. 40; Kılıç, *Türk-Alman İlişkileri,* 162-167.

78 *Ulus,* 25.07.1939, 16.05.1938, 29.01.1939, 02.10.1937 and 06.01.1939.

the summer of 1931. The important cultural and industrial areas of Germany would be visited during the trip. The offer was pleasantly accepted by the Turkish side and 69 Turkish teachers left Turkey for the trip and reached Germany on 11 July 1931.[79] During the trip, the Turkish teachers' group encountered a very warm welcome shown by the German side on every occasion. For instance, on one occasion, Germans stressed how happy they were to finally meet "Atatürk's children".[80] During the official reception ceremony held in the Frankfurt Municipality, the Mayor of Frankfurt praised the "Waffenbrüderschaft" and Atatürk's revolution.[81] All these hints seem to point out that the event is highly likely to have been organized by the German Ministry of Propaganda to convince the Turkish teachers that new Turkey was being appreciated and the Turks were being considered a friendly nation in Germany. Besides, the members of the German Teachers' Association also took their Turkish counterparts to museums, factories, and other monumental works throughout the trip, which can also be read as the intention of turning these Turkish teachers into the fans of German art, culture, and scientific advancement. if the Turkish teachers, who took part in the trip, could be convinced of the alleged superiority of the German race in scientific and technological subjects, they were expected to automatically turn into the propagandists of German might, which would also influence their students' attitude towards Germany.

The final instrument to which German cultural propaganda resorted in pursuing a more effective cultural policy in Turkey was German institutions and associations in Turkey. German associations in İstanbul such as "Teutonia", "Alemannia" and "Deutscher Ausflugsverein" were started to be controlled by the individuals close to the NSDAP. As a result, the autonomous structure of Teutonia, a rooted association whose establishment goes back to the Ottoman times, came to an end. Teutonia became a center of Nazi meetings and organizations in Istanbul during which the Nazi symbols and uniforms were worn although the usage of such symbols of foreign ideologies was

79 *Tan*, 05.06.1936, 27.07.1936, 29.07.1936 and 27.08.1936.

80 *Tan*, 27.07.1936.

81 *Tan*, 29.07.1936.

forbidden in Turkey at the time. The practice of holding such meetings and ceremonies were later stopped to avert the closure of the Teutonia Association.[82]

A similar fate was waiting for the German High School in İstanbul, which was re-opened by R. Nadolny in 1924. Following the NSDAP's takeover of the political power in Germany, the school's managerial board and academic staff were filled with Nazis. Glasneck states that out of the twenty German teachers working at the school, eighteen of them were the members of the Nazi Party. Given that throughout the 1920s and 1930s a remarkable number of Turkish students were studying there, the German High School in İstanbul looked like a promising tool for introducing the National Socialist ideology to the Turkish upper-middle-class' youth.[83] However, certain juridical limitations would prove this expectation wrong. Following the Lausanne Treaty and certain amendments in the Turkish education system, all foreign schools were now subjected to the Turkish regulations that required the use of Turkish as the main language of education in certain courses such as Turkish, literature, geography, and sociology. Moreover, foreign schools were forbidden to campaign for any kind of religious or political ideology. Such restrictions on foreign schools severely limited the chance of using the German High School as an instrument of German National Socialist propaganda. Hence, most of the time the Nazi propaganda in the German school in Istanbul remained limited to the conferences organized by the members of the Nazi Party during semester holidays.[84]

82 Glasneck, *Türkiye'de Faşist Alman Propagandası*, 45-46; Koçak, *Türk-Alman İlişkileri*, 177-179.

83 Kılıç, *Türk-Alman İlişkileri*, 167-173.

84 Ibid., p. 146-173; Glasneck, *Türkiye'de Faşist Alman Propagandası*, 32-36.

§ 5.3 The German Army as the Role Model of the Turkish Counterpart and "Civilian" German Officers in the Turkish Army: Turco-German Military Relations in the Weimar Period, 1918-1933

Germans and the German Army enjoyed incredibly strong influence on the Ottoman Army prior to the end of the First World War. Several German military missions sent by Kaiser's Germany to the Ottoman Empire at the end of the 19th century and especially in the 1900s created very strong German influence on the entire organization of the Ottoman Army. Especially the military mission sent to the Ottoman Empire under the command of Colmar von der Goltz between 1885 and 1895 played a decisive role in the establishment of the Prussian military tradition as the prevailing military culture in the Ottoman Army. Thanks largely to Goltz's efforts, the Prussian military culture became a dominant one in the Ottoman Army. Besides, large military orders were made by the Ottoman Army from the foremost German companies such as Krupp, Loewe, and Mauser. German influence in the Turkish Army was taken to the next level with the arrival of the official German military mission under Liman von Sanders in December 1913. This time, the German officers and generals who were part of the military mission were given very large powers in the Ottoman Army. Most importantly, they were bestowed the right of commanding Ottoman troops. Consequently, many Ottoman corps were commanded by German officers throughout the First World War, which irritated the young, nationalist officer cadres of the Empire.[85]

Following the establishment of the Turkish Republic, the Turkish chief-of-staff intended to employ foreign military specialists to modernize and reorganize the Turkish Army in line with the latest developments in military science. Meanwhile in Germany, a large number of officers who used to be part of the Kaiser's immense army lost their jobs in line with the restrictions imposed by Versailles, which reduced the entire German Army to a much smaller

85 Kılıç, *Türk-Alman İlişkileri*, 16-21; Ortaylı, *Osmanlı İmparatorluğu'nda Alman Nüfuzu*, 101-120.

one. Thus, those who had lost their works in the German Army started to look elsewhere for employment opportunities.[86] Turkish executives took advantage of the situation and the three former German officers named Wilhelm von Klewitz, von Mossow, and von Massenbach were employed at the War Academy in İstanbul in 1925.[87] Upon Klewitz's death in 1928, General Robert Bührmann came to Istanbul and assumed his position at the Turkish War Academy.[88]

These former officers were "civilians" in the Turkish soil, who were bearing no military ranks and having no formal connection to Reichswehr. They were teaching certain types of courses at the War Academy, infantry, and artillery schools in İstanbul.[89] Another group of retired German officers also arrived in İstanbul, which made the number of retired German officers working in the Turkish Army in 1927 five in total.[90] Klewitz and others were not alone, though. Four French officers were also working at the Turkish War Academy at that time, which shows Turkish top-ranking military officers' desire to balance German influence in the Turkish Army by employing military specialists from other countries.[91] In addition, former German officers were also employed at the Turkish Naval Academy, which delighted Nadolny because even in the Ottoman times, Ottoman naval personnel were exclusively being trained by British specialists. Now, German personnel also took the lead in this branch, which positively contributed to German influence on the Turkish military cadres.[92]

However, compared to the previous German missions in the Ottoman times, these German officers only had limited influence on the entire Turkish Army for some reason. First of all, these were "civilian personnel" bearing no military titles and having no official affiliation with an official German military

86 Gerhard Grüßhaber, *The "German Spirit" in the Ottoman and Turkish Army, 1908-1938* (De Gruyter Oldenbourg, 2018), 199-202.

87 Mangold-Will, *Begrenzte Freundschaft*, 367-368.

88 Grüßhaber, *The German Spirit*, 211.

89 Grüßhaber, *The German Spirit*, 207-239; Mangold-Will, *Begrenzte Freundschaft*, 367-370.

90 Koçak, *Türk-Alman İlişkileri*, 46.

91 Ibid., p. 46; Grüßhaber, *The German Spirit*, 207.

92 Mangold-Will, *Begrenzte Freundschaft*, 371.

mission, unlike their counterparts back in the Ottoman times.[93] Secondly, to minimize such foreign personnel's influence on the army in the long run, the Turkish government laid down that the employed foreign staff's contracts could not be longer than three years.[94] Furthermore, all the employed foreign military personnel were just advisors who retained no administrative authority on the Turkish Army. All the employed foreign staff was subject to Turkish superiors who had the right of supervising the activities of the former. Such precautions were meticulously taken by the Turkish chief-of-staff in order to prevent the foreign military specialists from enjoying a high degree of control on Turkish forces.[95]

Aside from the employment of certain former German officers at Turkish military schools, a few Turkish officers and Turkish students were sent to Germany for further military training and internship in the German Army. For instance, seven Turkish students were sent, by the attempt of the Turkish Ministry of Defense, to Germany for receiving further technical education in the summer of 1924.[96] Two more Turkish officers seem to have been sent to Germany for military training in 1929.[97] Later in the spring of 1932, another five Turkish officers were sent to Germany for receiving education upon the Turkish government's request.[98]

The admiration for the Prussian military tradition and the German Army seems to have continued in the ranks of the Turkish Army in the Interwar Period, as B. Grüßhaber's study suggests. The majority of the officer generations within the Turkish Army continued to respect Germans who had trained them and fought with them during the First World War.[99] As a result, the German Military School and the German Army remained to be the main role model of the Turkish Army during the Interwar Era.[100] Thus, the promotion

93 *Grüßhaber, The German Spirit,* 208 and 239; Mangold-Will, *Begrenzte Freundschaft*, 367-368.

94 TBMM Zabıt Ceridesi, Devre: V, Cilt: 5, İçtima Senesi: F, 14 October 1935, 78; Mangold-Will, *Begrenzte Freundschaft*, 372-373.

95 Mangold-Will, *Begrenzte Freundschaft*, 372-373.

96 Koçak, *Türk-Alman İlişkileri*, 47.

97 TBMM Zabıt Ceridesi, Devre: III, Cilt: 14, İçtima Senesi: 3, 26 December 1929, 6.

98 PMRA, Kararlar Daire Başkanlığı, 30-18-1-2 / 26 - 19 – 1.

99 *Grüßhaber, The German Spirit,* 234.

100 Mangold-Will, *Begrenzte Freundschaft*, 369-371.

of the "Waffenbrüderschaft" seems to have created the intended impact only on Turkish officer cadres who considered the former comradeship-in-arms something valuable and binding for the two nations. A nice example of that might be K. Sami Pasha who took courses from German lecturers at the war academy in the Ottoman times and fought under a German commander in the First World War. As a zealous believer of the exclusive nature of the former Waffenbrüderschaft, Sami stated that Turkish soldiers had learned a lot from their German teachers and made good use of it during the Turkish War of Independence.[101] By the same token, even İsmet İnönü, who considered the alliance with Germany in the First World War to be a grave mistake that brought the end of the empire, admitted the influence of German military tradition on the Turkish Army by saying that "we learned the military profession from our German teachers at the war academy. But we learned it so well that we came to the same level as them."[102]

In short, the Prussian tradition and German Army remained as the main role model for the Turkish Army throughout the 1920s, 1930s, and even 1940s. The Turkish Army benefitted from retired German officers as "civil" advisors and lecturers. As Mangold-Will argues, such former German military staff's involvement in the training of the Turkish Army contributed to the sustainment of German influence on the Turkish Army. It also contributed to boosting the prestige of the German Armed Forces in the world.[103] This was the reason why the employment of such former military personnel in Turkey was welcomed by Weimar politicians as long as these ex-officers refrained from showing up in political incidents.[104]

101 Ibid., p. 211-212.

102 İsmet İnönü, *İsmet İnönü Hatıralar*. Vol. 2. (Ankara: Bilgi Yayınevi, 2006), 220.

103 Mangold-Will, *Begrenzte Freundschaft*, 374.

104 Ibid., p. 374.

§ 5.4 Turkish-German Military Cooperation in the Nazi Period, 1933-1939

The military cooperation between Turkey and Germany continued in this period as well. New German officers such as the retired German general Hilmar Ritter von Mittelberger continued to have been employed. Von Mittelberger started working at the War Academy in Istanbul in February 1933 and remained there till the breakout of the Second World War. During his stay, von Mittelberger wrote several textbooks on the military issues, which were translated into Turkish and used extensively in the training of the Turkish Army even after his departure.[105]

Besides, the use of the direct translations of German books being used at German war academies could be observed in this period. The most striking example of the use of German military literature in the Turkish War Academy was the "Wrong!/Right!" military manuals. The manuals show soldiers what to do and what not to do on the battlefield with visual illustrations. As Grüßhaber's study demonstrates, even the speech balloons in the illustrations in the military manuals were not changed in its Turkish translation, only the explanations under the pictures were translated into Turkish so that cadets could understand the content of the manuals.[106] In the whole Interwar Period, 36 former German officers in total taught at the Turkish War Academy.[107] Despite such developments, the employment of non-German foreign military specialists along with Germans was deliberately sustained in order to counterbalance the existence of German specialists at the War Academy.[108]

The dispatch of Turkish cadets to Germany for educational purposes continued in this period at an increasing pace. More Turkish cadets sent to Germany to either receive further education in certain branches such as engineering and medicine or to do an internship in the German Army. For instance, a

105 PMRA, Kararlar Daire Başkanlığı, 30-18-1-2 / 32 - 72 – 1; *Grüßhaber, The German Spirit,* 212-223.

106 *Grüßhaber, The German Spirit,* 217-223.

107 Ibid., p. 207.

108 Ibid., p. 216.

Turkish Grand Assembly record demonstrates that an allowance of 20.000 TL was put into the budget of the 1937 financial year for covering the expenditures of 30 students to be sent to Germany by the Turkish Ministry of Defense for studying engineering.[109] Besides, a certain number of Turkish officers were also receiving military training within the German Army. According to the German ambassador von Keller's report dated 17 May 1938, Turkish executives asked their German counterparts for permission in order to increase the number of Turkish officers receiving military training in the German Army. However, such a demand was not considered acceptable by the top-ranking officials in the German Army at the time. Keller suggested that the offer must be accepted owing to the fact that Turkish military circles were highly respecting the German Army and its military achievements. Thus, this request must be taken into consideration not only from the military point of view but also from the political point of view. Keller mentioned that Hans Rohde, the German military attaché in Ankara, also suggested adopting a more positive approach to the Turks' request.[110] Keller and Rohde's recommendations seem to have changed German policymakers' minds since Wehrmacht finally accepted the Turkish side's application for sending more soldiers to receive training in the German Army.[111]

§ 5.5 German Soft Power in the Turkish Economy and Foreign Trade in the Interwar Years: Turco-German Commercial Relations and Significant German Investments in Turkey, 1918-1933

The most significant area of cooperation between the two countries was the economic one for both sides as demonstrated by Nadolny and Kemaleddin

109 TBMM Zabıt Ceridesi, Devre: V, Cilt: 23, İçtima Senesi: 3, 30 March 1938, 116-27.

110 *ADAP*, Serie D: 1937-1945 Band V, (Juni 1937 – März 1939), Göttingen, 1953, 606-607. (2789/547354-356)

111 Glasneck, *Türkiye'de Faşist Alman Propagandası*, 45-46; Koçak, *Türk-Alman İlişkileri*, 188.

Sami's statements on different occasions.[112] Even before the beginning of the Turkish War of Independence in Anatolia, certain organs of the German printed press considered that Anatolia might be an important supplier of certain types of raw materials needed by German industry in the future. In its issue dated 3 April 1918, the "Das Junge Europa" newspaper pointed out that if the necessary steps are taken to increase the efficiency of cotton production in Anatolia, the region might become the main raw cotton supplier of German textile industry in the near future. The newspaper concluded the analysis by stating: "we need Turkey, and she needs us, maybe more than we do."[113]

A similar evaluation was also made by another German newspaper called Vossische Zeitung. The newspaper suggested that if Turkey could be a reliable supplier of agricultural raw materials, strong mutual economic relations would be established between the two sides. Turkey could export large numbers of foodstuffs and agricultural raw materials to Germany. In return, Germany could dispatch a great number of finished products to Turkey.[114] Similar assessments followed when the Turkish Republic was established after the Turkish national struggle. This time, the German press started to dwell on the fact that the new Kemalist ruling cadres of the country had no intention of granting economic privileges or signing any kind of commercial treaty that might hurt the economic independence of Turkey. Hence, the entire German economic policy in Turkey must be redesigned according to new prevailing conditions. This disadvantage, however, was balanced by a few advantages that Germans enjoyed: the Turks were highly likely to apply to German firms for cooperation in the construction of new railways that were needed to unify the country's vast territories. Similarly, German firms had large numbers of specialists and employees that were familiar with the conditions in Turkey since most German firms had undertaken large-scale railway construction projects back in the Ottoman times.[115]

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112 Koçak, *Türk-Alman İlişkileri*, 55; Mangold-Will, *Begrenzte Freundschaft*, 210-213; *Cumhuriyet*, 14.05.1929.

113 Ülger, *Alman Basınında*, 85-88.

114 Ibid., p. 90. (*Vossische Zeitung*, 9 January 1918.)

115 Ülger, *Alman Basınında*, 185-190. (*Berliner Tageblatt*, 05.03.1924; *Hamburgischer Correspondent*, 05.03.1924; *Frankfurter Zeitung*, 06.06.1924)

The intensified economic cooperation between Turkey and Germany in the first part of the Interwar Period (1918-1933) crystallized notably in the two spheres of activity that were German investments in Turkey and Germany's existence in Turkish foreign trade as one of the main trade partners. A considerable amount of German capital flowed into Turkey during this period in the form of medium to large-scale investments. Certain Turkish joint-stock companies operating in the sectors of cement production, electricity and coal gas generation, mining, construction, and commerce possessed German capital.[116] Besides, other types of investments were also made in Turkey by certain German firms. For instance, Malatya Hydroelectric Power Plant was constructed by Siemens through the establishment of "Siemens Electric Turkish Limited Company" in 1928. Aside from this facility, the generators that had been produced by German companies such as Siemens, AEG, and Bergmann were widely used in the power plants constructed in Anatolia in years between 1910 and 1932. Thus, Y. Şekerci and T. Örmecioğlu argue that certain German companies like Siemens, whose generators were widely being used in many power plants in Turkey, played a key role in the electrification of Turkey.[117] Likewise, a few German investors also founded a small number of Turkish limited companies by using a hundred percent German capital.[118]

The most significant German investments on Turkish soil at the time were large-scale railway projects. One of the most significant matters in the Kemalist ruling elite cadres' agenda throughout the 1920s and 1930s was the establishment of large-scale railway lines across the country in order to unite the remote parts of Turkey as well as establish a consolidated domestic market for the further economic development of the country.[119] Since recently founded

116 Koçak, *Türk-Alman İlişkileri*, 56-58.

117 Hilal Tuğba Örmecioğlu and Yaren Şekerci, "Siemens Elektrik Türk Şirketi Tarafından Erken Cumhuriyet Dönemi'nde Kurulan Bir Fabrika: Malatya Hidroelektrik Santrali," in *Türk-Alman İlişkilerine Farklı Disiplinlerden Bakış*, ed. Mehmet Altunkaya and Kemal Demir (Konya: Palet Yayınları, 2019), 211–22.

118 Koçak, *Türk-Alman İlişkileri*, 57-58.

119 İnönü, *Hatıralarım,* 264; Tezel, Yahya S. *Cumhuriyet Döneminin İktisadi Tarihi (1923-1950)* (İstanbul: Türkiye İş Bankası Kültür Yayınları, 2015), 151-153; Pamuk, *Uneven Centuries*, 178.

Turkey lacked the necessary specialists and technological know-how to complete such daring railway projects, Turkish politicians turned abroad seeking for cooperation with foreign companies. Not surprisingly, one of the first countries that they turned to was Germany. In the first part of the Interwar Period, German capital assumed two crucial railway projects in Turkey. The first one was the 325 km long "Kayseri-Ulukışla Railway Line." It was accompanied by a second line designated "Kütahya-Balıkesir Railway Line". The latter was planned to be built in order to facilitate the dispatch of chromium ores extracted in Kütahya mines. The construction work of both projects was taken up by the German firm "Julius Berger Tiefbau".[120] In return, a 120m Reichsmark worth loan agreement was concluded on June 15th, 1927 between Turkey and the Deutsche Bank. The Weimar government financially gave the guarantee for which the Deutsche Bank had asked as the prerequisite of issuing the loan.[121]

Alongside the first loan agreement concluded between Turkey and Germany with respect to the railway projects mentioned, the second loan of 50m Reichsmark worth was issued to Turkey in exchange for Turkey's railway-related purchases from German companies. These orders comprised railway materials such as locomotives, cars, workshops, etc. The loan agreement was signed by both sides on 6 August 1930.[122] Both the abovementioned railway investments and credit agreements were considered by German authorities to be great economic accomplishments since the two together made Germany the main railway-related material supplier of Turkey.[123] Needless to say, the tense political relations between Turkey and the British-French bloc prevented German investments in Turkey from facing a severe external challenge. The absence of British and French capital-holders' desire to make further economic investments in Turkey due to the tense political relations can be said to have given German capital a considerable advantage in Turkey. In the absence

120 Koçak, *Türk-Alman İlişkileri*, 58-62.

121 Ibid., p. 58-59.

122 Ibid., p. 59-60.

123 Ibid., p. 60-61.

of British and French competition, German capital in Turkey enjoyed the advantage of comfortably investing in the Turkish economy without being subjected to a severe external competition throughout the 1920s.[124]

One of the most striking examples of the large-scale German investments in Turkey during this period was Kayseri Aircraft Factory Project. Having foreseen the fact that aerial technologies would be of vital significance in the near future, the single-party government decided to set up an indigenous aircraft industry. An agreement was concluded on 15 August 1925 between the prestigious German firm "Junkers" and the Turkish government on the establishment of the Kayseri Aircraft Factory. According to the schedule laid down in the agreement, facilities such as hangars, depots, housings, electricity plants, workshops, etc. were to be built. The factory was supposed to be capable of providing repair services by the autumn of 1926. The construction works of the project were awarded to another German Company that is "Philipp Holzmann und Co." However, the construction of the entire complex soon ran into severe financial difficulties, as Junkers was having serious financial hardships. Due to these economic difficulties, Junkers was on the eve of bankruptcy.[125] Concerning the ongoing situation, V. Moltke, an undersecretary working at the German Embassy in Ankara, wrote a report in which he stated that the possible bankruptcy on the Junker's side and the consequent interruption of the Kayseri Aircraft Factory's construction would lead to severe negative repercussions on the entire Turco-German economic relationships as well as damage the international economic and political reputation of both German firms and Germany. Therefore, the prevention of Junkers' bankruptcy would be a very good move to make if possible.[126]

124 Ibid., p. 56.

125 Ibid., p. 66-69.

126 *ADAP*, Serie B: 1925-1933 Band III, (Dezember 1925 bis Dezember 1926), Göttingen, 1968, 281. (K150/K 016 166-167.)

A similar report was also sent to the German Foreign Ministry by Nadolny who also suggested the prevention of Junkers' bankruptcy and the continuation of the project.[127] To protect the interests of German investors and the economic prestige of Germany in Turkey, the German Foreign Office had intervened and made the Deutsche Orient Bank issue a 2m Reichsmark credit that enabled Junkers to complete the construction of the aircraft factory.[128] Consequently, the factory was opened with a splendid ceremony in which the Turkish Minister of Defense and other high-ranking Turkish officers participated.[129]

The direct intervention of the German government in the two abovementioned cases demonstrates the striking fact that the Weimar government gave German investments in Turkey a considerable significance. Because Stresemann believed that such investments and achievements of German companies were, in the end, contributing to the overall prestige of Germany. Besides, the Turkish market is a promising one for German companies in terms of future investments and sales opportunities. That's why the Weimar government, which had always remained loyal to the policy of non-involvement in Turkish political matters in order not to provoke the British-French bloc, directly intervened and bestowed an official guarantee for the 1927 credit agreement signed between Turkey and the Deutsche Bank and provided a loan for Junkers in the second case.[130]

As mentioned before, the second area where an increasing Turkish-German economic cooperation is observed was foreign trade. Turkey was potentially a big market for almost all German consumer goods and machinery that German companies were offering. In return, Turkey could provide Germany with certain types of raw materials and foodstuffs that had high demand in the German market and industry.[131]

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127 Koçak, *Türk-Alman İlişkileri*, 70-71.

128 Ibid., p. 71; Mangold-Will, *Begrenzte Freundschaft*, 382.

129 Koçak, *Türk-Alman İlişkileri*, 72.

130 Mangold-Will, *Begrenzte Freundschaft*, 138-139 and 383-384; (for further information regarding Stresemann's interesting policy, see Tooze, *The Wages of Destruction*, 1-5.)

131 Koçak, *Türk-Alman İlişkileri*, 86-87.

Following the re-establishment of political relations in 1924, the trade between Turkey and Germany now started to take place officially. In order to put the trade going on between the two states on a stronger base, a new trade agreement was made on 25 March 1926, which was the first trade treaty between the two countries. Later, a new and more extensive trade agreement was signed in Ankara on 12 January 1927. The agreement would remain in effect for two years; however, unless none of the sides cancel, it would remain in force after the initial 2 years period was over. Cemil Koçak argues that these two trade agreements were a necessity to organize and conduct the bilateral foreign trade on a regular and safe basis and to attract more investors from Germany. Turkish press praised the latest agreement and emphasized the fact that the treaty was signed between equal sides.[132] Having witnessed the difficulties deriving from the semi-colonial status of the Ottoman Empire, both the Turkish government and people were quite meticulous about the diplomatic and economic independence of the country. Hence, the Turkish press' emphasis on the equality of both sides ought to be interpreted accordingly.

The Turkish side was satisfied with the last agreement and decided to unilaterally extend it to the date of 3 February 1930. In December 1929, the authorized representatives of the two countries gathered and negotiations started for a new and more extensive trade agreement. The negotiations lasted longer than expected, but a new trade agreement was finally signed on 27 May 1930, according to which the agreement would last 2 years and stay in force unless none of the sides abolish. Both countries possessed the right of canceling the agreement at any time.[133]

In addition to the establishment of an official basis for mutual commercial relations through the abovementioned formal agreements, a Turkish non-state actor, the Turkish Chamber of Commerce in Berlin, also positively contributed to the intensification of the mutual trade between the two countries. It was founded right after the conclusion of the Turco-German Trade Agreement in 1927. The Turkish ambassador in Berlin, K. Sami, pioneered the establish-

132 Ibid., p. 84-86.

133 Ibid., p. 86.

ment of the organization with a view to increasing the volume of Turkish exports to Germany. To achieve this, the embassy was offering a variety of services. For example, it was publishing a monthly magazine named "Türkische Wirtschaft" to inform German importers about the latest Turkish export goods as well as provide information for German merchants and industrialists about the latest developments in the Turkish economy.[134] Similarly, as reflected on the Turkish printed press, the Turkish Chamber of Commerce in Berlin was also helping those German traders interested in the Turkish market by providing commercial instructions.[135] In addition, the chamber was attending many German economic fairs on behalf of Turkey in the 1930s. During these occasions, the Turkish Chamber of Commerce in Berlin prepared the official Turkish booth at which the main Turkish export products were being displayed.[136] According to a column in the Kurun newspaper dated 26.01.1937, these efforts of introducing Turkish export products in fairs organized in Germany seem to have positively affected Turco-German trade.[137]

Following giving the overall view of how the basis of Turco-German commercial relations was established, the rest of this part shall directly deal with the statistical data of Turco-German foreign trade in order to draw a more elaborated picture of the phenomenon. First of all, there is a big pitfall waiting for current as well as prospective researchers interested in Turkish-German relations, that is the discrepancy between the official trade statistics of German and Turkish archives. Both archives tell completely different stories about Turco-German foreign trade that occurred between 1923 and 1932. In order to make a healthy and trustworthy comparison, both sides' statistics shall be addressed comparatively.[138]

According to the German statistics, the average value of the Turco-German trade between 1924 and 1930 was around 130m RM other than the exceptional years of 1924 and 1930. According to the Turkish statistics, however, the

134 Mangold-Will, *Begrenzte Freundschaft*, 306.

135 *Cumhuriyet*, 01.09.1929.

136 *Ulus,* 25.01.1938; *Kurun*, 23.09.1937, 21.05.1938; *Cumhuriyet,* 04.06.1937.

137 *Kurun,* 26.01.1937.

138 Koçak, *Türk-Alman İlişkileri*, 87-88.

total value of the trade between the two countries in the same period fluctuated between 94m and 125m RM. German statistics demonstrate that the foreign trade between the two sides followed a regular pattern whereas deducing the same idea was almost impossible according to the data that Turkish official sources offer, which shows that the overall value of the total trade severely fluctuated. What both statistical records show in common is that the total trade volume shrank between 1929 and 1932 as a result of the worldwide negative effects of the Great Depression.[139]

Table 5.1 The Total Value of Turkish-German Foreign Trade (1924-1932)

Years	According to German Statistics (Million RM)	According to Turkish Statistics (Million RM)
1924	108,9	94,0
1925	134,3	125,1
1926	130,1	123,8
1927	130,5	97,4
1928	137,9	114,3
1929	148,1	118,4
1930	117,3	93,6
1931	100,0	81,0
1932	71,1	67,4

SOURCE Koçak, Türk-Alman İlişkileri, 89.

As far as the total value of exports and imports is concerned, the discrepancy between the two different sources persists. According to the German official records, the total value of Turkey's exports to Germany between 1924 and 1930 fluctuated slightly, but it always showed an increasing tendency except for 1926. On the other hand, Turkish statistics indicate that in the same period, the total value of Turkish exports to Germany severely fluctuated. Nonetheless, both sides' statistics show the same trend of a remarkable decrease in the value of total Turkish exports to Germany from 1930 onwards due to the Great Depression's negative impacts on world trade.[140] When it comes to the total

139 Ibid., p. 89.

140 Ibid., p. 91.

value of Turkish imports from Germany, the statistics of both sides demonstrate different figures. However, the same trend of a stable increase in the total value of goods imported from Germany to Turkey continued to persist. Similarly, this stable increase stopped in 1930 and from 1930 onwards severely dropped to a level as low as 31m RM.[141]

Table 5.2 Turkish Exports to Germany (1924-1932)

Years	According to German Statistics (Million RM)	According to Turkish Statistics (Million RM)
1924	59.6	51.6
1925	69.1	62.9
1926	54.7	52.4
1927	63.0	32.0
1928	72.0	47.1
1929	75.6	40.8
1930	69.0	39.4
1931	52.6	27.0
1932	40.1	27.4

SOURCE Koçak, Türk-Alman İlişkileri, 90.

Table 5.3 Turkish Imports from Germany (1924-1932)

Years	According to German Statistics (Million RM)	According to Turkish Statistics (Million RM)
1924	49.2	42.4
1925	65.2	62.2
1926	75.4	71.4
1927	67.5	65.4
1928	65.9	67.2
1929	72.5	77.6
1930	48.3	54.2
1931	47.4	54.0
1932	31.0	40.0

SOURCE Koçak, Türk-Alman İlişkileri, 91.

141 Ibid., p. 92.

Compared with the shares that other major trading partners of Turkey occupied in the total Turkish foreign trade, the German share was modest until 1933. Throughout the 1920s, Germany was among the main trading partners of Turkey but never occupied the first rank among other countries trading with Turkey. Most of the time, Germany occupied the second rank in the total Turkish exports by percentage.[142] When the effects of the Great Depression started to be felt, the German share in the total Turkish exports immediately went down but quickly recovered in 1932. Nonetheless, in the total Turkish imports, Germany drew a more successful picture and held a substantial amount of market share and even managed to increase her share during the stressful years between 1929 and 1932. The German share in the total Turkish imports always increased from 1923 onwards and reached 23,3 percent in 1932. However, the comparison between the share of Germany and that of others in Turkish foreign trade throughout the abovementioned period indicates that the shares held by the main trading partners of Turkey in Turkish foreign trade were not too different from each other. Thus, calling the German share dominant is impossible. The differences between the percentages held by the major trading partners of Turkey were not too big. So, at least until 1933, calling the share that Germany had occupied in Turkish foreign trade hegemonic or dominant would be a fatal mistake. Germany was just one of the major trading partners of the young Turkish Republic, whose share in Turkish foreign trade was slightly bigger or lower than other main trading partners.[143]

142 Koçak, *Türk-Alman İlişkileri,* 93.

143 See Table 5.4 and 5.5.

Table 5.4 Turkish Exports to the Main Trading Partners (1923-1929) (According to Turkish Statistics) (%)

Countries	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932
Germany	9.1	12.93	14.40	12.64	9.28	12.76	13.26	13.10	10.72	13.54
France	12.41	11.82	12.49	12.15	10.69	10.63	12.64	12.19	9.55	7.72
İtaly	17.95	21.96	26.13	27.76	23.37	18.22	21.81	21.14	24.16	16.15
the UK	18.61	14.65	8.94	11.43	10.63	10.12	9.63	8.93	8.93	9.84
Austria	0.01	-	0.03	0.08	0.34	0.81	0.55	-	-	-
the USSR	2.05	1.26	2.54	2.81	3.93	3.71	3.49	5.06	3.68	5.37
Czechoslovakia	-	0.03	0.01	0.02	3.51	4.14	2.35	-	-	-
the USA	7.97	10.32	13.24	12.74	15.52	15.90	9.91	11.76	9.97	11.93

SOURCE Koçak, Türk-Alman İlişkileri, 92.

Table 5.5 Turkish Imports from Major Trading Partners (1923-1929) (According to Turkish Statistics) (%)

Countries	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932
Germany	6,37	9,87	11,36	13,78	14,19	14,18	15,28	18.56	21.36	23.34
France	9,14	9,45	10,78	13,67	13,80	13,05	10,41	10.50	10.10	8.36
İtaly	19,58	21,17	17,99	15,81	12,32	11,82	12,50	13.82	14.57	12.88
the UK	17,31	17,70	15,66	14,10	13,60	12,29	12,23	11.21	11.34	12.37
Austria	0,89	1,07	1,53	2,05	2,89	2,39	2,21	-	-	-
the USSR	2,10	3,29	2,53	3,64	3,26	5,40	6,43	7.9	5.72	6.91
Czechoslovakia	1,30	3,15	4,22	7,02	6,48	6,08	6,03	-	-	-
the USA	7,64	5,88	8,11	3,48	3,86	4,55	6,69	6.09	4.12	2.64

SOURCE Koçak, Türk-Alman İlişkileri, 93-94.

Another interesting fact the statistics tell us is that the share of Turkey in the total foreign trade of Germany was completely negligible. Neither in German imports nor exports, Turkey occupied a crucial percentage in the total German foreign trade,[144] which gave Germany a big advantage over Turkey since whenever two countries engage in bilateral trade, the one with a bigger economy gains advantage and more freedom of movement. Because it always tends to occupy a disproportionately bigger share in the foreign trade of the one with

144 Koçak, *Türk-Alman İlişkileri*, 95.

a smaller economy. On the other hand, the country with a smaller economy tends to hold a very insignificant share in the foreign trade of the country with a larger economy. As a result, Germany could easily have given up trading with Turkey and reoriented her trade towards a different country whereas doing the same would have been way harder for Turkey. Since Germany was occupying a remarkable share in the total Turkish foreign trade, finding alternative markets for non-standardized and mostly below-average quality raw materials and foodstuffs that Turkey was producing would definitely take a long time. The longer the quest for alternative markets was, the more it would hurt the economy.[145]

§ 5.6 German Soft Power Reaches its Zenith: Turco-German Economic Relations and the Emergence of German Domination in Turkish Foreign Trade, 1933-1939

The unexpected Great Depression hit Turkey very hard. As a result of the severe loss of value that reached as high as 60% in the prices of various agricultural products, Turkey's main source of foreign currency was deeply shaken.[146] Besides, due to the emergence of such a global crisis, the overall foreign trade in the world declined to a large extent, which also hit Turkish exports.[147]

The single-party government immediately took precautions. First of all, on the occasion of the expiration of the transitionary period in August 1929, which had previously been laid down in the Treaty of Lausanne and guaranteed the temporary continuation of low custom duties in Turkey for a short period, a new protective customs tariff was started to be implemented through

145 See Hirschman, *National Power*, 15-25.

146 Pamuk, *Uneven Centuries*, 173-174; Tezel, *Cumhuriyet Döneminin İktisadi Tarihi*, 286.

147 TBMM Zabıt Ceridesi, Devre: IV, Cilt: 1, İçtima Senesi: F, 9 May 1931, 22; TBMM Zabıt Ceridesi, Devre: IV, Cilt: 3, İçtima Senesi: F, 16 July 1931, 151-152; TBMM Zabıt Ceridesi, Devre: IV, Cilt: 4, İçtima Senesi: 1, 28 November 1931, 35-46.

which those consumer goods that could be produced domestically were subjected to very high customs in order to reduce the amount of foreign currency leaving the Country.[148]

Secondly, the single-party government put certain physical restrictions on foreign trade in the form of quotas from November 1931 onwards. Through the implementation of quotas in Turkish foreign trade, the number of other countries' exports to Turkey was re-arranged according to the number of Turkish export goods that those countries were buying.[149] The more those countries import from Turkey, the more they would be allowed to export to Turkey in order to reduce the foreign trade deficit that Turkey had been experiencing since 1923. This approach was formulated by İ. İnönü and Celal Bayar's speeches during the first half of the 1930s. İnönü clearly assured the public that the value of Turkish imports would not exceed that of exports.[150] Similarly, C. Bayar stated that: " as I mentioned previously, our foreign trade policy is buying goods of those countries that are buying our goods". Besides, importing certain consumer goods like foodstuffs, alcohol, perfume, and textiles was completely forbidden.[151]

Last but not least, the overall Turkish foreign trade was reshaped on the basis of bilateral trade agreements and the clearing system. Due to the alarmingly low level of foreign exchange reserves in Turkey, Turkish politicians adopted the clearing system that basically provided the exchange of goods between two sides without using any kind of foreign currency.[152] C. Bayar justified the clearing system by remarking that during these very tough times, the execution of quotas and clearing system enabled needed goods to enter the country in larger numbers, which replenished stocks, eventually lowered the consumer goods' prices in the domestic market as well as resurrected the credit of foreign trade in Turkey.[153]

148 Tezel, *Cumhuriyet Döneminin İktisadi Tarihi*, 192-195; Pamuk, *Uneven Centuries*, 174.

149 Tezel, *Cumhuriyet Döneminin İktisadi Tarihi*, 205-206; Pamuk, *Uneven Centuries*, 187.

150 İnönü, *İnönü'nün Söylev Ve Demeçleri*, 205-206.

151 Bayar, Celal. *Celal Bayar Diyor Ki (1920-1950)* (İstanbul: İstanbul Tan Matbaası, 1951), 57-58.

152 Tezel, *Cumhuriyet Döneminin İktisadi Tarihi*, 207.

153 Bayar, *Celal Bayar Diyor Ki*, 58.

Despite these precautions, the only way of saving Turkey from the difficult situation created by the Great Depression was increasing her overall production capacity. Making Turkey an industrialized country had long been one of the biggest ambitions of the Kemalist cadres, whose necessity was once shown by the negative effects of the Great Slump.[154] The only way out was being able to domestically produce at least certain imported popular consumer goods such as sugar, textiles, etc. for which a very large amount of foreign currency was being spent. Therefore, like other periphery countries around the world that had been incorporated into the world trade as raw material suppliers back in the 19th century, the single-party government embarked on a remarkable program of import-substituting industrialization that aimed at the establishment of several consumer goods' industries such as sugar, textile, glassworks as well as mining, cement, iron and steel industries. Owing to the inability of the private sector whose entire accumulation fell short of embarking on such a daring enterprise, the state itself assumed the role of entrepreneurship. First Sümerbank in 1933 and a year later Etibank were founded. Sümerbank was entrusted with founding and running factories and facilities in the abovementioned sectors on the Turkish government's behalf while Etibank's task was doing the same in the mining sector.[155]

The biggest problem lying ahead of Turkish policymakers with respect to achieving the dream of making Turkey an industrialized country was how to cover all the extensive and very expensive industrial machinery imports, needed to establish well-equipped factories, with the extremely limited foreign currency reserves that Turkey had. At this point, the offer of new Germany under the Nazi party's rule seemed very profitable. Germany was now showing her intention of purchasing Turkish raw materials and foodstuffs in very large numbers and in exchange offered Turkey delivering industrial and agricultural machinery and finished goods that would enable Turkey to equip her factories.[156] Besides, the German side was ready to pay above-market prices

154 Tezel, *Cumhuriyet Döneminin İktisadi Tarihi*, 181-185.

155 Pamuk, *Uneven Centuries*, 176-179; Tezel, *Cumhuriyet Döneminin İktisadi Tarihi*, 352-365; Boratav, *Türkiye İktisat Tarihi*, 63-79.

156 Tezel, *Cumhuriyet Döneminin İktisadi Tarihi*, 134-135 and 207.

for Turkish export products.[157] The commerce between the two sides would be conducted on a bilateral basis through the clearing system, which required no exchange of foreign currency. Acquiring industrial machinery and finished goods without using any kind of foreign currency looked very profitable for Turkey given that the foreign exchange reserves in Turkey had almost always been low since the establishment of the country.[158] Hence, the bilateral trade between the two sides flourished to an unprecedented extent throughout the 1930s as shall be broken down below.

Official trade statistics of both sides continue to contradict each other in the 1930s as well.[159] But the pattern of a stable increase in the total trade value between Germany and Turkey can easily be seen in the two separate data sets offered by the Turkish and German sides. Despite different values, both sides' statistics show a stable increase in the total value of the trade between Germany and Turkey in the 1930s. By the same token, both the German and Turkish official statistics demonstrate that Turkish exports to Germany had an increasing trend throughout the 1930s even though the values that both sides give are different from each other. Similarly, Turkish imports from Germany continuously rose in the same period according to both sides' official statistics.[160]

157 Ibid., p. 210; Glasneck, *Türkiye'de Faşist Alman Propagandası*, 65.

158 Koçak, *Türk-Alman İlişkileri*, 200-201; Tezel, *Cumhuriyet Döneminin İktisadi Tarihi*, 258-260; Cemil Koçak, "Almanya'nın Yayılmacı Dış Politikasının Bir Parçası Olarak Türk-Alman İktisadi İlişkileri (1933-1939)," in *Geçmişiniz İtinayla Temizlenir* (İstanbul: İletişim Yayınları, 2011), 303-305; Glasneck, *Türkiye'de Faşist Alman Propagandası*, 65.

159 Koçak, *Türk-Alman İlişkileri*, 240.

160 Ibid., p. 240-242.

Table 5.6 Turco-German Overall Trade (1933-1937)

Years	According to German Statistics (Million RM)	According to Turkish Statistics (Million RM)
1933	74.2	74.7
1934	118.4	127.1
1935	160.7	147.7
1936	197.9	201.4
1937	208.9	197.1

SOURCE Koçak, Türk-Alman İlişkileri, 240.

Table 5.7 Turkish Exports to Germany (1933-1939)

Years	According to German Statistics (Million RM)	According to Turkish Statistics (Million RM)
1933	37.9	18.2
1934	67.5	34.4
1935	93.4	39.2
1936	118.5	60.0
1937	97.8	50.4
1938	116.0	-
1939	122.16	-

SOURCE Koçak, Türk-Alman İlişkileri, 240.

Table 5.8 Turkish Imports from Germany (1933-1939)

Years	According to German Statistics (Million RM)	According to Turkish Statistics (Million RM)
1933	36.3	19.0
1934	50.9	29.3
1935	67.3	35.5
1936	79.4	41.7
1937	111.1	48.2
1938	151.4	-
1939	151.4	-

SOURCE Koçak, Türk-Alman İlişkileri, 241.

Things get more interesting and self-explanatory when one looks at the comparison between the share of Germany and that of other major trading partners in the total Turkish imports and exports throughout the 1930s. In the total Turkish exports, Germany was always the leading country among the main trading partners of Turkey. Especially from 1934 onwards, the share that Germany held in the total Turkish exports was incomparably higher than that of the other countries trading with Turkey.[161] At the lowest point, Germany was purchasing 40% of the entire Turkish exports. In 1936, Germany was purchasing slightly more than half of the entire Turkish exports. Following the Turco-British rapprochement and alliance in the late 1930s, the German share slightly dropped but always remained over 37% even in 1939 when the Turco-British alliance officially came into being. Shortly, the average percentage that Germany held in the total Turkish exports between 1932 and 1939 was roughly %40 percent, which is incredibly high.[162]

Table 5.9 Turkish Exports to Main Trading Partners (%)

Countries	1933	1934	1935	1936	1937	1938	1939
Germany	20	40	43	52	39	44	37
France	6	3	3	3	4	3	4
İtaly	13	11	10	4	5	10	10
the UK	9	6	5	5	7	3	6
the USSR	5	4	4	3	5	4	3
the USA	10	10	10	11	14	12	14

SOURCE Koçak, Türk-Alman İlişkileri, 242.

When it comes to the German share in the total Turkish imports, the situation is the same and similarly striking. From 1933 to 1939, Germany kept her first rank in the total Turkish imports and her share never dropped below 27 percent. From 1935 onwards, however, the average German share reached 43 percent and fluctuated between 48 and 44 percent in the following three years.

161 Koçak, *Türk-Alman İlişkileri*, 243-244.

162 See Table 5.9.

Eventually, it reached a record level of 51 percent in 1939. The closest competitor to Germany in the total Turkish imports was the USA, whose share mostly remained around 10 percent. German share was again incomparably higher than the closest competitor.[163]

Table 5.10 Turkish Imports from Main Trading Partners (%)

Countries	1933	1934	1935	1936	1937	1938	1939
Germany	27	36	43	48	44	48	51
France	7	7	5	3	1	1	2
Italy	11	9	6	2	5	5	8
the UK	13	10	10	7	6	11	6
the USSR	5	5	5	5	6	4	3
the USA	3	4	7	10	15	10	10

SOURCE Koçak, Türk-Alman İlişkileri, 243.

The establishment of such incredibly high proportions in the entire Turkish foreign trade was part of German soft power policy regarding the Balkans. As part of H. Schacht's "New Plan", intensifying commercial relations with Turkey became an important tool in finally exerting political influence on the country. In other words, the German economic dominance in Turkey was established to first incorporate her into Germany's informal empire in the Balkans and then finally make her part of the Axis bloc.[164] Thus, foreign trade was used by Germans as an instrument of soft power to eventually exert a considerable political influence on Turkey.[165] Throughout the 1930s, Germany was buying as many raw materials and foodstuffs that Turkey was offering as possible to hold as the highest share in Turkish foreign trade as possible.[166] As a result, Turkey had to buy a wide variety of capital and consumer goods in large

163 Koçak, *Türk-Alman İlişkileri*, 243-244. (See Table 5.10)

164 Glasneck, *Türkiye'de Faşist Alman Propagandası*, 48-49 and 63-64.

165 In his memoirs, Kroll honestly remarks that the British-German economic rivalry in Turkey was, in its essence, a political struggle. Therefore, the eventual aim of Germany's remarkable involvement in Turkish foreign trade throughout the 1930s was turning her economic influence on Turkey into a political one. (see Kroll, *Lebenserinnerungen*, 94-95; Koçak, *Türkiye'de Milli Şef Dönemi*, 424-425.)

166 *Cumhuriyet*, 15.12.1939; Tezel, *Cumhuriyet Döneminin İktisadi Tarihi*, 210-211.

numbers from Germany to collect Turkish holdings that had accumulated at the Reichsbank clearing accounts. The bigger Germany's share in the whole Turkish imports and exports was, the less likely Turkey would be able to find alternative markets to decrease the German hegemony in Turkish foreign trade. Similarly, paying above-market prices for Turkish export agricultural goods and foodstuffs was a smoke-screen to bind Turkish foreign trade to Germany to a larger extent. By paying above-market prices for Turkish export raw materials and goods, German policy entailed the overvaluation of Turkish export materials, which severely damaged the likelihood of finding alternative markets for these materials. Therefore, German hegemony on Turkish exports strengthened. Non-standardized, below-average-quality and overvalued Turkish export items could not be competitive enough in the world market.[167]

Thus, the trade between Turkey and Germany based on the clearing system can easily be said to have served German political interests in Turkey by binding large parts of Turkish foreign trade to Germany. The prevailing German existence in Turkish foreign trade during the 1930s was considered by Turkish economic historians like Y. Tezel and K. Boratav to be an "economic hegemony." According to Tezel, such an overdependence on a single country in foreign trade did not even occur during Ottoman times.[168]

The risk of overdependence on Germany in foreign trade did not go unnoticed, however. Some individuals both in the Turkish assembly and media raised their concerns about the possible negative consequences of such an overdependence, especially in the political sphere. For instance, the Turkish deputy Hüsnü Kitapçı criticized Turkish-German trade's excessive growth and stated that Turkey was also paying above-market prices for imported German goods.[169] More significantly, in another session of the Great Assembly dated 23.05.1938, the Turkish deputy Halil Menteşe asked whether getting rid of the clearing system and basing foreign trade on foreign currency exchange again was possible in Turkish foreign trade at least in foreign trade with countries other than Germany.[170] That is to say, the desire of switching to a free-

167 Glasneck, *Türkiye'de Faşist Alman Propagandası*, 65; *Cumhuriyet*, 19.03.1936; *Tan*, 01.10.1936.

168 Tezel, *Cumhuriyet Döneminin İktisadi Tarihi*, 211-212; Boratav, *Türkiye İktisat Tarihi*, 73-74.

169 TBMM Zabıt Ceridesi, Devre: V, Cilt: 18, İçtima Senesi: 2, 24 May 1937, 185.

170 TBMM Zabıt Ceridesi, Devre: V, Cilt: 25, İçtima Senesi: 3, 23 May 1938, 130.

trade regime started to be felt among Turkish deputies as opposed to the clearing system that had brought about the overdependence on Germany. As a response to Menteşe's question, the Turkish Minister of Economy, Şakir Kesebir, took the floor and delivered a comprehensive speech. Kesebir drew attention to the fact that the application of the clearing system in Turkish foreign trade was born out of the foreign currency crisis that had taken place in the World's economic conjuncture. As part of the world economy, Turkey had to adopt the clearing system as the main method of foreign trade from the beginning of the 1930s onwards. Kesebir believed that during the very stressful years in the aftermath of the Great Slump, the clearing system enabled Turkey to import vital materials needed for the development of the country. Besides, Kesebir said that the yearly increase in the number of Turkish goods exported to those countries with which Turkish foreign trade was being done on the clearing basis was a nice example of how beneficial the sustainment of the clearing system was for the development of Turkish exports. The Turkish Minister of Economy finished his words by saying: "We are currently not in a position to consider switching to a free-trade regime".[171]

A very similar occurrence took place when the Turkish Deputy Halil Menteşe raised his concerns again. He told other deputies that in line with the changing stance of Turkish foreign policy, switching to a free-trade regime in Turkish foreign trade now became a necessity.[172] As a response, the Turkish Trade Minister Cezmi Erçin explained that the ideal way of trading for Turkey was, of course, a normal trade in which goods and services are paid by foreign currency. However, Erçin continued, as far as the current situation of the world's economic conjuncture was concerned, switching to a normal trade regime in the overall Turkish foreign trade was impossible. Despite the existence of normal commercial relations with certain countries the foremost of which was the USA, Erçin told the deputies that the continuation of the clearing system in the bilateral trade relations with certain countries like Germany was a necessity given that the world economic conjuncture was still requiring this.[173]

171 TBMM Zabıt Ceridesi, Devre: V, Cilt: 25, İçtima Senesi: 3, 27 May 1938, 241.

172 TBMM Zabıt Ceridesi, Devre: VI, Cilt: 2, İçtima Senesi: F, 27 May 1939, 333.

173 TBMM Zabıt Ceridesi, Devre: VI, Cilt: 2, İçtima Senesi: F, 27 May 1939, 337-338.

The increase in Turkish exports that Kesebir mentioned and the sustainment of the clearing system was more beneficial for German soft power's interests in Turkey than the economic development of Turkey. However, the ongoing industrialization and railway projects in Turkey together with the significantly rising expenditures of the Turkish Army in the face of a war threat in Europe were already taking a large chunk of Turkey's already limited financial capacity. Therefore, Turkey continued to implement the clearing system in her foreign trade to sustain the flow of imports that those projects required. Had Turkey switched to a normal trade regime, Turco-German foreign trade would most probably have ceased as the German side had no intention of using foreign currency in the trade with Turkey. Such an occurrence would have caused severe difficulties or even a complete halt in the abovementioned attempts in the Turkish infrastructure, industry, and Army.[174]

The greatest opposition to Germany's hegemony in Turkish foreign trade came from Tan's attention-taking journalist Zekeriya Sertel at the end of the 1930s. In 1938, Sertel wrote several columns in the Tan newspaper about the imperialist aspirations of Germany in Southeast Europe and the Balkans. Sertel accurately stated that by making use of effective cultural and political propaganda alongside with holding exceptionally high shares in the foreign trade of the Balkan countries, notably Yugoslavia, Bulgaria and Romania, Germany was trying to carve out an informal empire in Southeastern Europe and the Balkans, which would provide German industry with a variety of raw materials of vital importance.[175] Southeast Europe and the Balkans were remarkably important in the sense that even in case of a war, the uninterrupted flow of raw materials into Germany could be sustained thanks to the geographical proximity between these regions and Germany.[176] In one of his columns, Sertel

174 Without clearing system, Turkey would have definitely had a very hard time covering all the required imports of capital goods and materials required by the ongoing railway and industrialization projects given that the trade deficit was already getting bigger due to the increasing expenditures in the army. (see Tezel, *Cumhuriyet Döneminin İktisadi Tarihi*, 258-260.)

175 *Tan*, 27.06.1938.

176 *Tan*, 01.12.1938.

pointed out the fact that the reason why Germany was so interested in expanding the German share in Turkish foreign trade was Germany's intention of establishing a German monopoly on Turkish foreign trade. Such a monopoly would definitely bind Turkey to Germany first economically and then politically.[177] Sertel continued to write similar columns in Tan throughout 1939 to warn the Turkish public.[178] Reminding the Turkish public of the dangerous German aspirations in the Balkans, Sertel urged Turkish politicians to change the "metropolis-satellite-like" trade relations going on between Turkey and Germany and put it on a more equal basis.[179] Sertel's repetitive warnings and right assessments regarding Germany's real targets in the Balkans exemplify that Germany's efforts to include Turkey into the Großwirtschaftsraum did not go unnoticed.

Like Sertel, another Turkish journalist Ahmet Emin Yalman drew attention to the problematic sides of Turkish-German commercial relations in his columns written in January 1937 in the Tan newspaper. Yalman stated that the German policy of paying above-market prices for Turkish export goods caused the loss of alternative export markets for Turkey, which gradually made Turkish exports dependent on German purchases. Besides, Turkey was also paying above-market prices for German goods that were entering the country through the clearing system. More importantly, Yalman argued that Germany was selling Turkish export products that were being imported from Turkey through the clearing system to other countries in return for foreign currency. Thus, the amount of foreign currency that was supposed to make its way into the Turkish treasury was going to Germany.[180]

In addition to Yalman, Asım Us from the Kurun newspaper also claimed that certain German companies in Germany were selling Turkish export goods, notably tobacco, that had been imported from Turkey through the clearing system to the USA in exchange for foreign currency. Thus, Turkey was losing both the American market for her export goods and the possible foreign

177 *Tan*, 16.12.1938 and 16.08.1939.

178 *Tan*, 21.03.1939, 19.04.1939, 22.05.1939, 16.08.1939.

179 *Tan*, 22.05.1939.

180 *Tan,* 20.01.1937 and 24.01.1937.

currency income. The foreign currency that would have gone to the Turkish Treasury was going to the German Treasury. That is why Us highlighted that being highly dependent on a single country in any export item in foreign trade is disadvantageous.[181]

Aside from the attempts to establish a monopolistic position in Turkish foreign trade, the involvement of German capital goods together with the involvement of German specialists in the establishment of certain industrial facilities in Turkey in the 1930s formed Germany's second main method of enhancing German soft power in Turkey. As mentioned above, Germany became Turkey's one of the foremost industrial-machinery suppliers throughout the 1930s thanks to the remarkable development of bilateral trade between the two countries. In bilateral trade between Germany and Turkey, Germany was providing industrial and agricultural machinery in return for Turkish raw materials, the most important of which was by far chromium ore.[182] Alongside chromium and other raw materials, Germany was also buying a variety of cash crops and foodstuffs such as tobacco, grape, fig, cotton, mohair, wheat, and so on from Turkey.[183] Since Germany was one of the main industrial machinery suppliers of Turkey, a remarkable number of industrial facilities established in Turkey between 1933 and 1939 possessed German machinery. In the constructions of Zonguldak Coal Factory, İstanbul, Trakya, and Sivas Sugar Factories, İzmit Paper and Chlorine Factories, Nazilli Fabric, Sivas Cement and Malatya Cotton Factories, German industrial machinery was extensively used as shown by Turkish archival records and the newspapers of the time.[184] In addition, the construction work of the Gölcük Naval Base was awarded to a German Consortium. The construction cost of the project was estimated to be

181 *Kurun,* 01.03.1937 and 01.09.1937.

182 Murat Önsoy, "The World War Two Allied Economic Warfare: The Case of Turkish Chrome Sales," (PhD diss., Friedrich–Alexander University Erlangen–Nürnberg, 2009), 74-77; *Ulus,* 23.03.1939.

183 Koçak, *Türk-Alman İlişkileri*, 87; *Tan*, 07.01.1939, 17.05.1936, 21.04.1936, 16.04.1936, 09.02.1937, 21.09.1937, 10.11.1938; *Cumhuriyet*, 11.06.1939, 27.03.1936, 23.11.1936; *Ulus,* 11.05.1938; *Kurun,* 16.02.1937 and 03.08.1937.

184 *Cumhuriyet*, 16.08.1933, 05.10.1934, 10.04.1935, 07.02.1939; PMRA, Kararlar Daire Başkanlığı, 30-18-1-2 / 39 - 66 – 14; *Kurun,* 20.07.1937; *Ulus,* 31.01.1937, 19.01.1938 and 19.02.1938.

about 30m RM.[185] Similarly, in the construction processes of a certain number of these industrial ventures, German engineers and technical personnel were also involved.[186]

In addition to contributing to the establishment of certain industrial facilities in Turkey, Germany continued to be the foremost railway-related material supplier of Turkey in this period as stated by one of the executives working at the Turkish Chamber of Commerce in Berlin.[187] For example, an agreement was signed with the Krupp consortium on 3 May 1933 for the delivery of 22m RM worth Railway materials involving locomotives, cars, and construction components to be used in the Sivas-Erzurum Railway line.[188] These components, cars, and locomotives were excluded from the quota restrictions.[189] The total value of Railway-related materials and locomotives that Germany exported to Turkey went up from 3.932.00 RM in 1925 to 8.620.000 RM in 1938.[190]

In the same way, the overwhelming majority of the new Turkish commercial fleet consisted of the German-made ships that had been bought by the Turkish government. A total of thirteen vessels was ordered by the Turkish government from Krupp in 1937. Later, the number was increased to seventeen vessels.[191] The Turkish government seems to have had talks with some British firms as well to make purchases; however, the British companies demanded payments in foreign currency. Instead, Germany enabled Turkey to cover the cost of the ships ordered from Krupp by using the accumulated Turkish credit at the Reichsbank. Once again, the clearing agreement between Turkey and Germany enabled German firms to prevail in one more sector in Turkey.[192]

185 Koçak, *Türk-Alman İlişkileri*, 191.

186 PMRA, Kararlar Daire Başkanlığı, 30-18-1-2 / 56 - 59 – 6; PMRA, Kararlar Daire Başkanlığı, 30-18-1-2 / 87 - 54 – 7; *Cumhuriyet*, 05.10.1934, 10.04.1935.

187 *Cumhuriyet*, 17.03.1933.

188 Koçak, *Türk-Alman İlişkileri*, 203.

189 PMRA, Kararlar Daire Başkanlığı, 30-18-1-2 / 41 - 82 – 8.

190 Koçak, *Türk-Alman İlişkileri*, 203.

191 *Cumhuriyet*, 18.02.1937 and 06.11.1938.

192 *Cumhuriyet*, 13.08.1936; *Tan*, 09.11.1938.

All of these were pleasant developments for German foreign policymakers. Such developments were the signs of German soft power's increasing effectiveness in Turkey. Because Turkey, where a certain proportion of industrial facilities and railways built in the 1920s and 1930s were established with German industrial materials and German expertise, would have to depend more on Germany in terms of obtaining spare parts and technical support.[193]

The last instrument by which Germany attempted to increase the effectiveness of German soft power in the Turkish economy was the large-scale arms trade between the two especially in the last years of the 1930s. As the overall tension in international politics reached very high levels, the Turkish government accelerated the efforts of strengthening the Turkish Army just in case. Therefore, the orders of military materials from the prestigious German armament producers, notably from Krupp, escalated.[194] For example, in 1938, Turkey ordered eight Heinkel-He 111 medium bombers, several spare parts for Turkish warplanes, and eighteen 50mm anti-tank guns, whose costs would be covered by the clearing balance of Turkey at the Reichsbank.[195] More importantly, Turkey bought four submarines from Krupp, two of which were to be built at Krupp's dockyard in Germany while the other two were to be constructed by German specialists in Istanbul.[196] In addition to these orders, Turkey also purchased several other kinds of arms from Germany including sixty Messerschmidt bf-109 fighter planes, twelve torpedoes, twelve 21cm guns, etc.[197] The German Foreign Office wholeheartedly upheld the increase in Turkey's armament purchases from German firms. Because, as Glasneck states, German policymakers were well aware of the fact that the Turkish Army, being trained by former German Officers at the War Academy in İstanbul and equipped by German armament producers, would be more dependent on

193 Glasneck, *Türkiye'de Faşist Alman Propagandası,* 70.

194 *ADAP*, Serie D: 1937-1945 Band V, (Juni 1937 – März 1939), Göttingen, 1953, 598-599. (395/212602-603)

195 PMRA, Kararlar Daire Başkanlığı, 30-18-1-2 / 85 - 92 – 3; PMRA, Kararlar Daire Başkanlığı, 30-18-1-2 / 85 - 93 – 7; PMRA, Kararlar Daire Başkanlığı, 30-18-1-2 / 82 - 21 – 13.

196 *Cumhuriyet*, 26.01.1937.

197 Koçak, *Türkiye'de Milli Şef Dönemi*, 410-414; Glasneck, *Türkiye'de Faşist Alman Propagandası*, 72-74.

Germany.[198] Upon the Joint Anglo-Turkish Declaration in May 1939, arms deliveries from Germany to Turkey was suspended as a tool of intimidation employed by Germany to prevent Turkey from joining the Allies. In other words, Germany used the arms trade as a tool of intimidation to exert influence on the political decisions of Turkish policymakers.[199]

Chapter V tried to explain the manifestation and development of German soft power techniques in the context of Turkish-German cultural, military, and economic relations. In the cultural sphere, the living legacy of the DTV's student transfer programs kept giving fruitful results in Germany's favor in the Interwar Era. Similarly, non-state organizations like Asienkämpfers attempted to re-establish closer political relations with Turkey on the basis of the past Waffenbrüderschaft. Nonetheless, these efforts fell short of their high-flying aims and just created accidental social encounters between the two sides.[200] Moreover, Germany in the 1920s became one of the most popular destinations of those Turkish students sent abroad by the Turkish state. Besides, several German academicians and specialists continued to serve in Turkey in this period, which kept boosting Germany's high reputation in scientific and technological matters in the eyes of the Turks. With the emergence of the Nazi government, German cultural propaganda in Turkey gained a new spirit. Pro-Nazi journals and newspapers started to be sold in Turkey. In addition, the NSDAP directly supported the employment of more and more German academicians and specialists in Turkey with the intention of benefiting from Germany's high reputation in scientific and technological matters in realizing the expansionist ambitions of Nazi Germany. Large numbers of German professors were employed in the highest educational institutions of Turkey such as the Higher Agricultural Institute in Ankara, Istanbul and to a lesser extent Ankara Universities. The employment of these German academicians in Turkey opened new export opportunities for German firms as well as promoted German language as the most popular foreign language among university stu-

198 Glasneck, *Türkiye'de Faşist Alman Propagandası*, 72-73; Koçak, *Türkiye'de Milli Şef Dönemi*, 405-408.

199 Koçak, *Türkiye'de Milli Şef Dönemi*, 408.

200 Mangold-Will, *Begrenzte Freundschaft*, 283-285.

dents in Turkey. By the same token, Germany became the most popular destination of Turkish students studying abroad in the 1930s. The Nazi government in Germany continuously supported drawing more and more students from Turkey to Germany. The aim of such support shown by Nazi policymakers was to turn many of these Turkish students into Germanophiles, which would eventually increase German influence in Turkey when these students become the holders of significant civilian, military and political offices in the future. Lastly, non-state German organizations such as Teutonia, German High School in Istanbul, etc. were brought under the direct control of the Nazi Regime and were tried to be turned into the National Socialist ideology's propagandists. However, their efforts to spread the National Socialist propaganda in Turkey remained limited due to certain constraints.

In the sphere of military relations, several former German officers who had lost their jobs in Germany were employed in the Turkish Army as teachers and gave courses at the War and Naval Academies, infantry, and artillery schools in Istanbul. These former officers' powers were strictly limited by Turkish authorities to prevent the Germans from enjoying a high degree of influence on the Turkish Army. Furthermore, some Turkish cadets and officers were sent to Germany to further receive training or technical education within the German Army in the Interwar Era.

The most important channel through which Germany exerted serious influence in Turkey was the economic one. In the first subperiod in the Interwar Era (1918-1933), the large-scale German investments in Turkey concentrated in the railway and to a lesser extent aviation sectors as discussed in this chapter. Despite Stresemann's strict commitment to keeping the bilateral relations with Turkey depoliticized, the German government politically intervened whenever the crucial German investments in Turkey faced economic difficulties in order to protect the reputation of Germany and that of gigantic German firms. Such an intervention was necessary to keep the Turkish market open for further German investments. With the NSDAP's coming to power, the entire political structure in Germany had changed, and a new aggressive trade policy was started to be pursued to make Turkey part of the German informal empire in the Balkans, called Großwirtschaftsraum. With the help of the world's economic conjuncture following the Great Slump, Germany had come

to occupy a hegemonic share in the overall Turkish foreign trade through the clearing system, which enabled Germany to incorporate Turkey into her Großwirtschaftsraum in the mid-1930s.

This hegemony did not go unnoticed, however. Certain Turkish deputies and journalists questioned such an overdependence and warned the government to take precautions against it. Moreover, the Nazi government also further encouraged the employment of German technical experts and specialists in Turkey. Besides, the use of German capital goods in the establishment of a variety of installations in Turkey was also supported by German policymakers. This support derived from the fact that the involvement of German expertise and capital goods in the foundation of a certain number of Turkish facilities would guarantee further Turkish dependence on Germany in terms of spare parts and technical expertise. Last but not least, Germany had become one of the biggest military material suppliers of Turkey by the end of the 1930s, which also created an important channel for exerting an influence on Turkey's one of the vital institutions i.e. the Turkish Army.

6

Conclusion

By 1939, most of the Balkans including Turkey had become part of Germany's "Großwirtschaftsraum" and was supplying Germany with gigantic numbers of raw materials required by Hitler's armament efforts. The seeds of German soft power in the Balkans planted by certain German non-state organizations in the mid-1920s. However, German soft power reached its maturity under the NSDAP's rule thanks mostly to the H. Schacht's "New Plan" that had enabled Germany to occupy very large shares in the foreign trade of the Balkan countries. Germany's increasing presence in the Balkan foreign trade was tried to be justified by propagating the intensive economic cooperation with Germany as the natural way of economic prosperity in the Balkans. Similarly, the economic conjuncture after the 1929 crisis also facilitated Germany's economic penetration in the Balkan geography. Certain German non-state organizations discussed in the related chapters of this work mostly continued to contribute to the purpose of strengthening German soft power in the region through means such as student transfer programs, large advertisement campaigns, information-collection services, and so on throughout the 1930s. Thanks to the gradual transformation of the Balkans into a German economic zone, Nazi policymakers managed to sustain the flow of very large numbers of raw materials into Germany throughout the mid and late-1930s,

which significantly contributed to the establishment of Wehrmacht as one of the mightiest armies of Europe.[1]

Thanks largely to the monopoly-like position of Germany in Turkish foreign trade in the 1930s and to a lesser extent complementary methods employed in the cultural and military areas by first German non-state actors and later Nazi policymakers, German soft power became significantly prevailing in Turkey during the mid to late-1930s, which resulted in the incorporation of Turkey into the German Großwirtscaftsraum. However, despite all the attempts examined above, the ultimate aim of German soft power policies in Turkey i.e. making Turkey part of the Axis alliance failed since Turkish policymakers and diplomats had recognized the danger of being overly dependent on Germany in economic terms. In addition, the rising Italian and German aggression alienated the Turkish side and finally pushed her onto the British side. Turkish politicians finally allied with Britain and France by signing the Treaty of Tripartite Alliance in October 1939. Thus, the ultimate purpose of bringing Turkey into Germany's political orbit failed. In other words, the political influence that Germans had gained by 1939 was counterbalanced by the successful political maneuver made by Turkish politicians, which ended up with an alliance with the British-French bloc.

Being unable to draw Turkey into her side decisively did not mean that all the German ventures in Turkey were a complete failure, however. Thanks to specific soft power policies aimed at increasing Germany's influence in Turkey's culture, military, and economy, the German side benefited a lot in different terms. First, the incorporation of Turkey into the German large economic zone called "Großwirtschaftsraum" enabled Germany to import significant raw materials required by Hitler's armament program. The most important resource Germany imported from Turkey was chromium that is one of the most crucial minerals used in the war industry. Given that Turkey met the fifty-two and sixty percent of Germany's entire chromium imports in 1938 and 1939 respectively, how beneficial it was for the German side in terms of the rearmament programme becomes obvious.[2] This is exactly what Hirschman

1 Gross, *Selling Germany in South-Eastern Europe,* 38-39; Gross, *Export Empire,* 23 and 191.

2 Koçak, *Türkiye'de Milli Şef Dönemi*, 430.

conceptualizes as "the supply effect of foreign trade" according to which Germany managed to obtain one of the most-required natural sources needed to increase her military capacity through foreign trade.[3]

Second, the efforts of enlarging Germany's soft power in Turkey enabled many German non-state actors to get financial rewards. Throughout the 1920s and 1930s, for example, those state or non-state Turkish institutes in which German specialists or academicians were working opened new economic opportunities for German exporters. Certain Turkish universities that employed German academicians purchased course materials from Germany. By the same token, Turkish state institutions that employed German specialists made related purchases from German firms. In other words, these German academicians and specialists created new economic opportunities in Turkey for German firms. Similarly, German academicians in Turkey exerted serious efforts to make the German School the role model of higher education in Turkey and they appear to have succeeded to a remarkable extent.

Third, the overdependence on Germany in foreign trade throughout the 1930s entailed severe economic inconsistencies between Turkey and Britain when the alliance between the two was formed. Since Germany was still holding a very high share in the overall Turkish foreign trade, enhancing commercial relations between Turkey and Britain in order to give the alliance an economic basis would be a very difficult process. As Kroll argues in his memoirs, the economies of Turkey and Britain were incompatible. Britain was importing high-quality raw materials from her colonies at cheap prices and had no interest in purchasing Turkish raw materials and foodstuffs that were expensive, mostly non-standardized and lower-quality.[4] Besides, as explained in the related chapter, Germany's paying above-market prices for Turkish raw materials through the clearing system caused the overvaluation of Turkish raw materials and foodstuffs, which was now making the intention of establishing closer economic relations between Turkey and Britain even harder. Because the British side did not want to pay above-market prices for these Turkish goods.

3 Hirscman, *National Power*, 14.

4 Kroll, *Lebenserinnerungen*, 95.

Finally, the considerable amount of German involvement in the construction of railways and industrial facilities in Turkey in the 1920s and 1930s forced Turkey to keep in contact with Germany after 1939 despite her alliance with the archenemy of Germany i.e. Britain. Because Turkey continued to be dependent on specific German companies for obtaining technical support and spare parts regarding the railway and industrial installations in which German-made materials and machinery had been used. Germany sustained her leadership in providing Turkey with the required railway-related materials as well as supplied Turkey with large numbers of capital goods that were used in a certain number of Turkish factories throughout the 1920s and 1930s. Hence, the sustainment of the bilateral relations with Germany became a necessity for Turkey despite the alliance concluded with Britain.[5]

5 As Glasneck argues, the continuation of the Turkish economic dependency on Germany played a decisive role in the prevention of the Turco-British alliance from working as intended. (see Glasneck, *Türkiye'de Faşist Alman Propagandası*, 10.)

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- PMRA: Republic of Turkey General Directorate of Prime Ministry State Archives Office of Republican Archives *(Türkiye Cumhuriyeti Başbakanlık Devlet Arşivleri Genel Müdürlüğü Cumhuriyet Arşivleri Daire Başkanlığı)*

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