

THE FORMATION OF STATISM AND SINGLE-PARTY RULE
IN TURKEY IN THE EARLY 1930S

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ABSTRACT

THE FORMATION OF STATISM AND SINGLE-PARTY RULE IN TURKEY IN THE EARLY 1930S

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This dissertation has tried to analyze the processes of policy-making and state formation that led to the emergence of the statist single-party rule in an autonomous and neutral state form in the period following the Great Depression in Turkey. It has focused on the underlying social relations and social discontent that emerged as a response to the economic crisis, its suppression, and incorporation through those processes of policy-making.

The study has argued that statism and authoritarian single-party rule in Turkey in the early 1930s were differentiated moments intertwined in the same process of the state's attempt to reorganize social relations for the reproduction of capital and the state, which was a form of those relations itself, in the face of the threat posed by the economic crisis and its repercussions, social discontent. In this process, the state attempted to suspend the barriers by attaining new tasks that materialized in the reorganization of the Republican People's Party (RPP) as a responsive single party and formally embracing statist economic development.

The cultivators emerged as active agents since overcoming the social discontent and establishment of the regime necessitated incorporating cultivators' demands and

complaints in the formulation of new policies for the reorganization of social relations and the RPP, through which single-party rule functioned. On the other hand, tracing the step-by-step formation of statism and single-party rule has revealed the intertwined and interconnected nature of those processes and the emergence of the state as a neutral and autonomous apparatus over society in and through those processes.

Keywords: state formation, policy making, statism, single-party rule, social discontent

ÖZ

1930'LARIN BAŞINDA TÜRKİYEDE DEVLETÇİLİK VE TEK PARTİ YÖNETİMİNİN OLUŞUMU

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Bu çalışma, Türkiye'de Büyük Buhran'ı izleyen dönemde devletçi tek parti yönetiminin özerk ve tarafsız bir devlet biçiminde ortaya çıkmasına yol açan politika oluşturma ve devlet kurma süreçlerini, altta yatan toplumsal ilişkilere, ekonomik krize bir tepki olarak ortaya çıkan toplumsal hoşnutsuzluğa, hoşnutsuzluğun bastırılmasına ve politika oluşturma süreçleri yoluyla içerilmesine odaklanarak analiz etmeye çalışmaktadır.

Tez, 1930'lar Türkiye'sinde devletçilik ve otoriter tek parti yönetiminin, ekonomik kriz ve onun yansıması olan toplumsal hoşnutsuzluğun yarattığı tehdit karşısında devletin, ki o da bu ilişkilerin aldığı bir biçimdir, sermayenin ve devletin kendisinin yeniden üretimi için toplumsal ilişkileri yeniden düzenleme girişimi sürecinde iç içe geçen farklılaşmış anlar olduğunu ileri sürmektedir. Buna göre bu süreçte devlet, Cumhuriyet Halk Partisi'nin (CHP) toplumdan gelen taleplere karşı duyarlı bir tek parti olarak yeniden örgütlenmesi ve devletçi ekonomik kalkınmanın resmen benimsenmesi şeklinde somutlaşan yeni görevler üstlenerek krizi ve engelleri ötelemeye çalıştı.

Toplumsal hoşnutsuzluğu üstesinden gelmek ve rejimin tesisi, toplumsal ilişkilerin yeniden düzenlenmesine yönelik yeni politikaların oluşumunda tarımsal üreticilerin talep ve şikayetlerinin dahil edilmesini gerektirdi. Dolayısıyla tarımsal üreticiler politika yapımında aktif aktörler olarak ortaya çıktılar. Öte yandan, devletçiliğin ve tek parti yönetiminin adım adım oluşumunun izini sürmek, bu süreçlerin iç içe geçmiş ve birbiriyle bağlantılı doğasını ve devletin bu süreçlerde ve bu süreçler aracılığıyla toplum üzerinde tarafsız ve özerk bir aygıt görünümünü edinmesini ortaya koymuştur.

Anahtar Kelimeler: devlet oluşumu, politika yapımı, devletçilik, tek parti yönetimi, toplumsal huzursuzluk

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LIST OF ABBREVIATIONS

AB	: Agricultural Bank
CUP	: Committee of Union and progress
FRP	: Free Republican Party
GNAT	: Grand National Assembly of Turkey
GNP	: Gross National Product
LMLB	: Law on Money Lending Business
MoC	: Ministry of Commerce
PRP	: Progressive Republican Party
RPP	: Republican People's Party
TAS	: Turkish Aircraft Society
TNTA	: Turkish National Trade Organization

CHAPTER 1

INTRODUCTION

In this study, I try to figure out the process of policy formation and state-making that led to the emergence of statist single-party rule as an autonomous and neutral state form coinciding with the separate realms of economic development and state-building in the period following the Great Depression in Turkey, with a focus on the underlying social relations and social discontent emerging as a response to the crisis and its partial resolution and incorporation through policymaking processes.

The newly established Republic, with the background of decade-long wars and based on agricultural exports, was prone to economic crisis in the 1920s. When the Great Depression erupted, Turkey endured an economic downturn since 1926 due to fluctuations in international trade in 1926, drought in successive years of 1927 and 1928, and the monetary crisis of 1929.

In Turkey, the impact of the 1929 crisis was initially felt through the contraction of international trade and the sharp decline in the prices of agricultural products.¹ In the early years of the Turkish Republic, the government promoted the production of agricultural crops for international markets, and, similar to other developing countries, the economy was based on export-oriented agriculture.² When the 1929 crisis struck international trade and hit the prices of agricultural products more than those of industrial goods, the fragile balance between exports and imports in export-

¹ See Jakob B. Madsen, "Agricultural Crises and the International Transmission of the Great Depression," *The Journal of Economic History* 61, no. 2 (2001): 327–65 for the role of fall in agricultural prices in the transmission of the crisis; See Jakob B. Madsen, "Trade Barriers and the Collapse of World Trade During the Great Depression," *Southern Economic Journal* 67, no. 4 (2001): 848–68 for the overall contraction in international trade.

² Çağlar Keyder, *The Definition of a Peripheral Economy: Turkey 1923-1929* (Cambridge: Cambridge University Press, 1981), 35–36.

oriented agricultural economies was destroyed. The gap between exports and imports could be met by capital imports in the world market, but the crisis had already diminished capital movement.³ That is, export-oriented agriculture ceased to be a sustainable economic model for developing countries and, thus, for Turkey. Protectionist policies developed in response to the crisis shaped the world's economic atmosphere. By coincidence, in 1929, the restrictions of the Lausanne Treaty expired, and it became possible for the Turkish Republic to employ protectionist policies, which ensued.

The crisis hit havoc on small agricultural producers in Turkey. Increasing indebtedness and insolvency, heavy tax burden, lack of available agricultural credit, struggle for subsistence, and scarcity of goods turning to struggle for subsistence emerged as repercussions of the crisis in cultivators' lives. Together, they caused growing discontent that became apparent in widespread public support for the Free Republican Party (FRP), which was established in 1930 with the authorization and ratification of Mustafa Kemal. This was a shock to the ruling cadre. The regime has lost its legitimacy. The support for the FRP was suppressed, and the party was closed down in three months. M. Kemal took a journey in Anatolia in order to get in touch with the people and discover the roots of the discontent. The widespread support for the FRP made it clear that the bases of political power started to be shaken by the worsening social and economic conditions.

The complaints and demands of people regarding the regime came to light during the unfolding of the FRP experience. Nevertheless, there was an attempt on the rulers' side to investigate and understand the complaints and demands, among which were M. Kemal's Anatolian journey, the RPP deputies and party inspectors' reports about the social and economic conditions to the party center⁴, besides the RPP collected wish lists in the provincial congresses that would be transmitted to the party center as a preparation for the General Congress of 1931.

³ Korkut Boratav, *Türkiye İktisat Tarihi (1908-2002)* (Ankara: İmge Kitabevi, 2005), 63.

⁴ For further detail about those reports, see Murat Metinsoy, "Fragile Hegemony, Flexible Authoritarianism, and Governing from Below: Politicians' Reports in Early Republican Turkey," *International Journal of Middle East Studies* 43, no. 4 (2011): 699–719.

The ruling cadre was in search of a new formulation that would be responsive to the grassroots demands to restore the order and legitimacy of the regime. There were attempts to formulate a program to guide economic development and establish the authority of the RPP as a single party. With the closure of the FRP and the prevention of the establishment of any other second party, the central premise of the single-party regime emerged. The statist stance that İnönü had declared in political positioning in competition with the FRP was embraced, and in the General Congress, statism was included in the party program as a new principle, along with revolutionism, which was formulated as defending modernizing reforms. In addition, the General Congress was also considered the foundation of single-party rule.⁵ In other words, statism and authoritarian single-party rule converged in response to social discontent. This new formulation attained an autonomous and neutral state form capable of pursuing the interest of the whole society.

1.1. Literature on the Early Republican Era

The early Republican period was mostly studied as a fragment of political history or as a phase of macroeconomic development and mostly ruled out with presuppositions. Political history studies evaluate developments within the dynamics of high politics, so they easily underestimate the material and social bases of these policies in daily life and mostly ignore the agency of ordinary people and lower classes. Historical accounts based on macroeconomic analysis shed light on economic developments and the evolution of the economic landscape with a distance to their contradictory existence in daily life so that they can easily fall into the functionalist understanding of the developments in history. In other words, both analyses, ignoring the actual running of these historical developments in daily life, could not grasp the vitality and complexity of time.

The political history of the early republican period was written first from the perspective of the modernization approach, which regards the modernizing attempts of political elites as the driving force of history within the dichotomy between

⁵ Mete Tunçay, *Türkiye Cumhuriyeti'nde Tek Parti Yönetiminin Kurulması 1923-1931* (Ankara: Yurt Yayınları, 1981).

political elites and society. The political elite of the Ottoman Empire and the Turkish Republic were considered to be leading the society through modernizing reforms in continuity to the level of developed countries on a linear development path.⁶

Being critical of the modernization perspective, studies on Turkey from a statist perspective are also based on the dichotomy between the state and society. Studies based on this perspective have argued for the existence of a strong state that maximizes its own interests and imposes its own agenda as a dictating power over society and individuals in a continuum from the Ottoman Empire to Republican Turkey.⁷ A strong state suppressing civil society and economic development led to the emergence of a weak bourgeoisie, depending on the state.⁸ In this framework, it was argued that the relationship between the state and businessmen in the 1930s was characterized by the uninfluential position of businessmen in the formation of economic policies and the insecurity of the businessmen due to the uncertainty of the extent of state intervention on the private sector, which together attribute supreme power to the state over businessmen.⁹ Again, from this perspective, statism is depicted as a policy aimed at protecting the status and interests of the bureaucratic elite.¹⁰ Bureaucracy identified with the state and was seen as a class that sought its own interests, while the people were considered to be devoid of any pursuit of interest or opposition, contrary to the cases in Latin America or Europe. Therefore, etatism was imposed on “a society that had not yet become a ‘people’ let alone citizens,” with a motivation to “extend the bureaucratic rule” through the coalition of bureaucracy and the industrial bourgeoisie.¹¹ This perspective is problematic both historically and methodologically. The arguments that the state in Turkey has a

⁶ Bernard Lewis, *The Emergence of Modern Turkey* (London: Oxford University Press, 1961); Niyazi Berkes, *The Development of Secularism in Turkey* (Montreal: McGill University Press, 1964).

⁷ Metin Heper, *The State Tradition in Turkey* (Washington: The Eothen Press, 1985).

⁸ Çağlar Keyder, *State and Class in Turkey: A Study in Capitalist Development* (London: Verso, 1987), 107–9; Ayşe Buğra, *Devlet ve İşadamları* (İstanbul: İletişim Yayınları, 1996).

⁹ Buğra, *Devlet ve İşadamları*, 149–50.

¹⁰ Faruk Birtek, “The Rise and Fall of Etatism in Turkey, 1932-1950: The Uncertain Road in the Restructuring of a Semiperipheral Economy,” *Review* 8, no. 3 (1985): 407–38.

¹¹ Keyder, *State and Class in Turkey: A Study in Capitalist Development*.

separate existence over society, substantive characteristics lasting from the Ottoman Empire, and interests that have found their voice in the actions of bureaucrats first and foremost are presuppositions that do not historically reflect reality. Second, methodologically attributing an ontological character to the state places the social relations that constitute the very form of the state in the dark and renders them inaccessible.

Alongside the view that considers statism as a moment of continuity, another perspective based on macroeconomic analysis regards statism as a rupture towards the development of the economy. This perspective mostly shares the understanding that the 1929 world economic crisis created an opportunity to free itself from the world capitalist mechanisms, which generated under development. Detachment from the relations of underdevelopment would enable control of the national economy and trigger its development through control over resource allocation mechanisms.¹²

A more nuanced analysis from the Gramscian perspective would evaluate etatism as a development strategy aimed at constructing a national economy and a hegemonic project that sought the formation of an organic society. This perspective takes into consideration ideological developments within the ruling class that make the emergence of a “historical bloc” and an “integral state,” along with material necessities.¹³ Even though there is a reference to class relations behind the separate appearance of state and society, the analysis does not delve into those relationships and develops an argument on those bases.

The statist policies have been analyzed from various perspectives that share the same problem of taking the state and society as separate entities and economic policy as a tool for the intervention of the state as a separate entity to another separate realm of

¹² Korkut Boratav, “Kemalist Economic Policies and Etatism,” in *Atatürk: Founder of a Modern State* (London: C. Hurst & Company, 1981), 165–90; Korkut Boratav, *Türkiye’de Devletçilik* (Ankara: İmge Kitabevi, 2006); Yahya S. Tezel, *Cumhuriyet Döneminin İktisadi Tarihi (1923-1950)* (İstanbul: Tarih Vakfı Yurt Yayınları, 2001); Keyder, *The Definition of a Peripheral Economy: Turkey 1923-1929*; İlhan Tekeli and Selim İlkin, *1929 Dünya Buhranında Türkiye’nin İktisadi Politika Arayışları* (Ankara: Ortadoğu Teknik Üniversitesi, 1977).

¹³ Galip L. Yalman, *Transition to Neoliberalism: The Case of Turkey in 1980s* (İstanbul: İstanbul Bilgi University Press, 2009), 171–72.

the economy, changing in the scale of rough to more nuanced analyses. Therefore, statism is seen as an economic policy to shape society by the state or ruling class as a suppressive tool, developmental strategy, or hegemonic project. Still, the very process of the formation of statism characterized as such has not been analyzed.

The canonized literature focuses on high politics, presupposes the state and society as separate entities, and economic policy as a tool of state intervention in society, leaving aside social relations constituting those policies and the state itself. Social relations behind any state policy can be revealed through the approach of history from below, using social history sources and tools. History from below approach should be engaged with the political history and history of macro-economic developments to understand the impact of these developments on the lives of ordinary people. In turn, these policies come to being within through daily struggle for sustenance.

Recent social history studies focusing on the statist period bring essential insights and invigoration to the portrayal of the period. They are valuable resources for understanding how the daily lives of ordinary people are affected by political and economic developments, their reactions in subtle and open manners, the channels through which they transmit their demands, and, in turn, how they affect policy outcomes.¹⁴ Nevertheless, in most of those studies, the state is conceived as an

¹⁴ Murat Metinsoy, *İkinci Dünya Savaşı'nda Türkiye: Gündelik Yaşamda Devlet ve Toplum* (İstanbul: Homer Kitabevi, 2007); Esra Sarioğlu, "Reconstructing the Experience of Lower Class Women in Urban Turkey During World War II" (İstanbul, Boğaziçi University, 2004); Yiğit Akın, "The Dynamics of Working-Class Politics in Early Republican Turkey: Language, Identity, and Experience," *International Review of Social History* 54, no. Supplement S17: Ottoman and Republican Turkish Labour History (2009): 115–42; Can Nacar, "Working Class in Turkey During the World War II Period: Between Social Policies and Everyday Experiences," *International Review of Social History* 54, no. Supplement S17: Ottoman and Republican Turkish Labour History (2009): 143–66; Nurşen Gürboğa, "Compulsory Mine Work: The Single-Party Regime and the Zonguldak Coalfield as a Site of Contention, 1940–1947," *International Review of Social History* 54, no. Supplement S17: Ottoman and Republican Turkish Labour History (2009): 115–42; Murat Metinsoy, "Everyday Politics of Ordinary People: Public Opinion, Dissent, and Resistance in Early Republican Turkey 1925-1939" (İstanbul, Boğaziçi University, 2010); Metinsoy, "Fragile Hegemony, Flexible Authoritarianism, and Governing From Below: Politicians' Reports in Early Republican Turkey"; Murat Metinsoy, *The Power of the People* (Cambridge: Cambridge University Press, 2021); Yiğit Akın, "Reconsidering State, Party and Society in Early Republican Turkey: Politics of Petitioning," *International Journal of Middle East Studies* 39, no. 3 (2007): 434–57; Görkem Akgöz, "Petitioning as Industrial Bargaining in a Turkish State Factory: The Changing Nature of Petitioning in Early Republican Turkey," in *On the Road to the Global Labor History: A Festschrift for Marcel van Der Linden*, ed. Karl Heinz Roth (Leiden: Brill, 2017); Görkem Akgöz, *In the Shadow of War and*

external element to the social relations and included in the analysis as a separate actor, keeping the dichotomy between state and society. The state remains a black box to be deciphered. As an exception to this trend, highlighting the active role that lower classes played in the formation of policies with open reactions such as petitioning, protests, direct clashes with the authorities, or more subtle ways such as evading tax payments, abstention from rules, and rural crimes like smuggling and banditry, paves the way for grasping policy-making as an interactive process.¹⁵ In this manner, taking into consideration the change in the policies in response to the reactions from below, the early Republican state was characterized as “flexible authoritarian,” which underlines the dynamic interplay between state and society, breaks the idea of all-powerful state over society, immune to the reactions from below if any occurs since the society in conventional narrative deprived of such capacity, proposes that state was responsive to the grassroots demands and complaints.¹⁶

These analyses portray social demands, reactions, and changes in state policies. The responsiveness of the state is analyzed with changes in state policies within an understanding of action and reaction. Nevertheless, policy-making processes are conflicting and contradictory, entailing ups and downs since they are the forms of contradictory class relations. Despite the valuable contributions, these analyses ignore the contradictory processes of policy formation and state making, the everyday functioning of which brought about neutral and autonomous state form.

In this study, I try to figure out the processes of policy formation and state-making that led to the emergence of statist single-party rule as an autonomous and neutral state form coinciding with the separate realms of economic development and state-building in the period following the Great Depression in Turkey, with a focus on the underlying social relations and social discontent emerging as a response to the crisis and its partial resolution and incorporation through policy-making processes.

Empire: Industrialisation, Nation Building, and Working Class Politics in Turkey (Leiden: Brill, 2024).

¹⁵ Akın, “Reconsidering State, Party and Society in Early Republican Turkey: Politics of Petitioning”; Metinsoy, *The Power of the People*.

¹⁶ Metinsoy, “Fragile Hegemony, Flexible Authoritarianism, and Governing From Below: Politicians’ Reports in Early Republican Turkey”; Metinsoy, *The Power of the People*.

Based on the findings of this study, I propose that statism and authoritarian single-party rule that appeared as separate instances of economic development and state-making in the 1930s Turkey were differentiated moments intertwined in the same process of the state's attempt to reorganize social relations for the reproduction of capital and the state, which was a form of those relations itself, in the face of the threat posed by the economic crisis and its repercussion, social discontent. The state attempted to suspend the barriers by attaining new tasks that materialized in the reorganization of the RPP as a responsive organization and the statist stance in economic development.

The main aim of the study is to understand state-making and policy formation within the context of social relations they are forms of. It can be put as writing a (non)biography of the state based on social history on the one hand and the analysis of contradictory and conflicting processes of policy-making and state formation as everyday practices on the other.

The development of capitalist relations and the supersession of states to capitalist relations have been a major discussion, especially in the field of historical sociology. Nevertheless, it is not possible to engage in this discussion due to the study's limitations. I would instead look at the relationship between politics and economy under the capitalist relations of production in order to specify the theoretical framework through which the formation of the statist single-party rule is analyzed.

The economy and politics appear as separate realms in capitalist relations. Nevertheless, this is an appearance at the surface; the unity behind the separated forms has been presented by various studies that have identified the state with its class character. A significant contribution to this discussion is the argument that the state has always been institutionally separated in class societies. The characteristic of the appearance of the capitalist state is its fetishized form of autonomy as a "neutral administrative tool" within the capitalist relations of production. Autonomy is not an essential characteristic of the state but rather its form of appearance in the class struggle that is inherent in the reproduction of capitalist relations of production. In other words, the very reason for the emergence of the state in general and its

constructive character in social formation is linked to its being an essential aspect of class struggle and the reproduction of class domination. The neutral and autonomous form of the state originates in the class struggle inherent in the reproduction of capitalist relations as a way of identifying the interest of the capitalist class with society or nation as a whole.¹⁷

The state is subordinated to capital in ways that generate its neutral appearance. These mediations tell us how the unity of capitalist relations of production appears in separate forms of the state and society. The representation of the interest of the sections of capital by the state takes place in the ways that are direct and immediate and in the ways that are indirect and more essential. There is a direct influence of the sections of the capitalist class on the state through close relations that result in the state's direct employment of the interests of the sections of capital. However, this relationship is not automatically determined by the logic of capital accumulation; it is shaped by class struggles.

Apart from this direct engagement with the interest of the sections of capital, there are essential and more profound ways in which the subordination of the state to the capital is mediated. First, the existence of the state is reproduced in and through a material basis determined by the process of capital accumulation. "Both its existence as a material force and the forms of its social intervention is subordinated to the need to secure the expanded reproduction of capitalist social relations of production."¹⁸ This is not an external constraint on the state. The reproduction of capitalist relations is the reproduction of the state itself, as the state is a "moment of the reproduction of capital." However, this is not automatically designated by the logic of capital.

Class struggle, which is the central dynamic of social development, is inherent in the contradictory reproduction of capitalist relations of production. Accordingly, the state is a moment of reproduction of capital and a moment of class struggle. It is not a neutral arena but rather the arena of the struggle through which the working class is

¹⁷ Simon Clarke, "State, Class Struggle, and the Reproduction of Capital," in *The State Debate*, ed. Simon Clarke (London: Macmillan Press, 1991), 165–75.

¹⁸ Clarke, 173.

subordinated to the capital. On the other hand, the very form and limits of the state are shaped by class struggles.¹⁹

The dominance of the capitalist class is ensured through the representation of its own interests as the interests of society or the nation as a whole. This representation is not a mere façade in that the material reproduction of society is conditioned by the expanded reproduction of capitalist relations, which determines the nature of the relations between the state and capital as material bases. Even though the threat of the suspension of the material reproduction of social relations in the absence of the social reproduction of class rule led to the identification of material reproduction with social reproduction, there is a constant contradiction between the material reproduction of society and the social reproduction of capitalist relations of production, such as collective production and private appropriation. The class struggle emerges in the cracks created by the contradictions between material and social reproduction that also create barriers to the reproduction of capitalist relations of production. The barriers produced by these contradictions cannot be resolved but are postponed. The state attains the task of overcoming these barriers and securing the reproduction of capitalist relations. The power of the state is determined by the tasks it fulfills.²⁰ That is, the tasks of the state signal the role of the state in organizing social relations, whose limits and content are conditioned by class struggles.

Within the framework of conceptualizing the state as a moment of the reproduction of capitalist relations of production and a form of class struggle, the formation of a statist single-party rule appears as an attempt to suspend the barriers posed by the contradictions of that specific period of world capitalism, the Great Depression, and its repercussions in relation to the local dynamics and outburst of social discontent. On the other hand, the barriers posed by the internal contradictions of capitalism and deferred by the attempts of the state to secure capitalist relations are not external to the state itself. These same barriers pose a threat to the reproduction of the state itself since the state is a form of underlying social relations.

¹⁹ Clarke, 174.

²⁰ Clarke, 175–76.

In order to understand the formation of statist authoritarian single-party rule, we need to break the isolation, and thus the mystification of the state, to analyze its neutral and autonomous appearance within the context of class relations, which it is a form of. Within the light of the theoretical framework presented above, it would be appropriate to claim that economic development through statist industrialization as the reproduction of capital and the single-party rule as the reproduction of state are not different processes but two moments of one and the same contradictory process of the reproduction of capitalist relations under crisis conditions.

During that period, the increasing role of the state appeared as a worldwide phenomenon, while it occurred in Turkey within its own internal logic of processes. The ruling cadre extended the state's tasks with the motivation to overcome barriers posed by the economic crisis and social discontent in Turkey. The state represented and appeared as a neutral and autonomous body that would lead industrialization with the motivation of catching up with modern civilization for the good of the whole society, while the reproduction state was sustained through the establishment of a single-party rule.

I resorted to archival data to understand the social relations of the time, portray cultivators' complaints and demands, and trace policy-making and state formation in 1930s Turkey, starting with the Republican Archives, where I was a stranger without any clues. Since the digital filing system was not user-friendly, it was not possible to obtain meaningful data through keyword searches. I used the documents in Metinsoy's dissertation as an anchor and moved around the files these documents in to reach other relevant documents. In addition, I worked on the physical catalog to examine the logic of categorization again in order to reach other relevant branches of files. Together, they made thousands of pages of first-hand document reading, which was a laborious process that provided the opportunity to immerse in the immediacy of the period from 1929 to 1940. The concepts and categories derived from the archival documents composed a cluster, and I had difficulty making sense of it. Their journey from an Excel sheet to a meaningful web of relations corresponding to the social totality of the time was an arduous process, entailing resorting to the rules of law prevailing at the time and extensive age-old literature on rural economy. It gave

its fruits as an understanding of social relations, which set the background for the portrayal of social and economic conditions in the second chapter.

One of the goals of this study was to include the voices of lower classes in history; accordingly, the cultivators' voices were uncovered in the dissertation. The conditions of the cultivators were the burning problem that marked the time. I visited the GNAT Archives, where I had access to a small number of petitions sent to the assembly. One was remarkable in its portrayal of the functioning of the usury and its disastrous impact. I have translated and quoted the whole petition.

Although the Republican archives had various documents with regard to the policy-making processes, the relationship between the different layers of bureaucracy and ordinary people, such as inspection reports, deputies' reports, and M. Kemal's notes during his journey in Anatolia, a report of an expert accompanying him in this journey,²¹ they did not provide adequate information to track policy-making and state formation. I resort to the parliamentary minutes, *Ayın Tarihi* (official monthly bulletin), *Resmi Gazete*, and minutes of the RPP General Congress, and the daily newspapers *Cumhuriyet*, *Son Posta*, *Yarın* but not in a devouring manner, to track the policy-making process. Memories were also helpful, but among them, Başar's book based on his observations during M. Kemal's journey, which he attained as an expert, was primary.

This study is composed of three substantial chapters besides the introduction and conclusion. Chapter 2 depicts the crisis in 1930s Turkey, especially its impact on agriculture. Chapter 3 starts with the transmission mechanisms of the crisis to Turkey, which evoked a critical analysis of government policies. It moves on to the consequences of the crisis in the lives of cultivators and their reactions. I developed a four-part framework composed of the categories of debt, credit, consumption, and production to examine the transmission mechanisms, consequences of the crisis, complaints, and demands of cultivators in continuity. As one of the primary

²¹ The reports of deputies of their election district or the reports of the inspectors are parallel to the depiction of the crisis in Chapter 2, and the social demands that appeared in those reports were also parallel with the demands raised in Chapter 3. Those documents are not included in the study.

motivations of this study was to reveal the role played by the lower classes in the formation of policies, in Chapter 3, the wish lists of the provincial congresses prepared for the General Congress of the RPP were used as primary resources to put forward the complaints and demands of cultivators. Finally, Chapter 4 is devoted to tracing the formation of statist authoritarian single-party rule as a two-fold process of the reproduction of capital and the state in response to social discontent in 1930, based on the parliamentary minutes, official publications such as *Ayn Tarihi* and *Resmi Gazete*, minutes of the RPP General Congress, and some of the daily newspapers *Cumhuriyet*, *Son Posta*, *Yarın*.

CHAPTER 2

ECONOMIC CRISIS AND ECONOMIC CONDITIONS OF CULTIVATORS

2.1 Introduction

In the mid-1920s, Turkey was an agriculture-based country; agricultural products comprised a substantial part of both gross national output and export goods that had a significant share in the economy. On the other hand, foreign trade provided a considerable amount of consumer goods and almost all industrial products. Moreover, an essential part of necessary credit was based on agricultural exports. That is, the economy was closely linked to and depended on international trade relations; thereby, the downturns in foreign trade had severe repercussions on the economy, which was the case starting in 1926. In conjunction with the downturn in the world prices of agricultural products, the average prices of export goods, which were mainly composed of agricultural goods, fell sharply in 1926 and finalized the positive trend in Turkey's economy from 1923 onwards.²² The average export prices and total export earnings had reached their highest levels in 1925, both in current prices and in dollars. Keeping in mind that fixed prices denote the real value of exports, the apex for export earnings at fixed prices, and thus the peak for the volume of exports, was in 1926. That is, even though the amount of exports rose by 14-15 percent in 1926, export earnings fell slightly due to the sharp fall in prices.²³ However, it is important to note that different datasets exist for the volume of

²² Table Appendix 52 in Tuncer Bulutay, Yahya S. Tezel, and Nuri Yıldırım, *Türkiye Milli Geliri (1923-1948) Tablolar* (Ankara: Ankara Üniversitesi Siyasal Bilgiler Fakültesi Yayınları, 1974); Table 10 in Ticaret Bakanlığı, *T.C. Ticaret Bakanlığı ve 50. Yıl* (Ankara: Ticaret Bakanlığı, 1973), 48.

²³ Table 9.5 in Bulutay, Tezel, and Yıldırım, *Türkiye Milli Geliri (1923-1948) Tablolar*; Table 10 in Ticaret Bakanlığı, *T.C. Ticaret Bakanlığı ve 50. Yıl*, 48; Table II-a in Gülten Kazgan, "Türk Ekonomisinde 1927-1935 Depresyonu, Kapital Birikimi ve Örgütlemeler," in *Atatürk Döneminin Ekonomik ve Toplumsal Tarihiyle İlgili Sorunlar Sempozyumu (14-16 Ocak 1977, İstanbul) Tebliğler-Tartışmalar*, ed. Atilla Aksoy and Mustafa Pirilli (İstanbul: İktisadi ve Ticari İlimler Akademisi, 1977), 239.

exports.²⁴ In contrast to export prices, average import prices soared in 1926. Until then, the volume of imports had been constantly rising. Again, for the first time, both the real and total monetary value of imports fell in a disproportional manner, around 14 and 3 percent, respectively.²⁵ Despite a marginal drop in the total volume of foreign trade -the increase in the volume of imports balanced the decrease in exports - the total monetary value of foreign trade started to fall, which would shrink in 1927.²⁶

In 1926, while the prices of exports were depleted, the average import prices were boosted. Therefore, the international terms of trade turned sharply against agricultural products, that is, approximately 26 percent deterioration. This puts the economy of Turkey and agricultural exporters alike into more disadvantageous positions. In 1927 and 1928, international terms of trade recovered slightly, remaining far from the previous value.²⁷

Turkey's economy affected the general tendencies of world trade, as well as specific protectionist measures. The government of the United States imposed a customs examination on fruits exported from Turkey in 1926. It resulted in a fall in the volume of credit supplied by foreign importers. In addition, exports from the UK's dominions replaced exports from Turkey in the UK, with the advantages of customs duty. That is, Turkey's exports lost markets because of specific conditions as well.²⁸ The considerable amount of credit necessary for international trade was derived from foreign credit sources, mostly foreign companies and banks, due to more favorable conditions compared to domestic credit sources in the early 1920s in Turkey.

²⁴ Table Appendix 52 in Bulutay, Tezel, and Yıldırım, *Türkiye Milli Geliri (1923-1948) Tablolar*; Table II-a in Kazgan, "Türk Ekonomisinde 1927-1935 Depresyonu, Kapital Birikimi ve Örgütlemeler," 239; Table 10 in Ticaret Bakanlığı, *T.C. Ticaret Bakanlığı ve 50. Yıl*, 48.

²⁵ Calculations based on the Table 9.5, Tablo Appendix 52 in Bulutay, Tezel, and Yıldırım, *Türkiye Milli Geliri (1923-1948) Tablolar*; the Table 10 in Ticaret Bakanlığı, *T.C. Ticaret Bakanlığı ve 50. Yıl*.

²⁶ Table 9 in Ticaret Bakanlığı, *T.C. Ticaret Bakanlığı ve 50. Yıl*, 48.

²⁷ Calculations based on the Table II-a in Kazgan, "Türk Ekonomisinde 1927-1935 Depresyonu, Kapital Birikimi ve Örgütlemeler," 239.

²⁸ Oya Köymen Silier, "1920'lerde Türkiye'de Milli Bankacılığın Genel Görünümü," in *Türkiye İktisat Tarihi Semineri, Metinler/Tartışmalar 8-10 Haziran 1973*, ed. Osman Okyar and H. Ünal Nalbantoğlu (Ankara: Hacettepe Üniversitesi Yayınları, 1973), 502.

Importers of agricultural goods supplied credit for extended periods and lower interest rates.²⁹ Tobacco was the main export good, constituting one-third of the exports. It was used as a pledge for foreign trade credit. With the increasing production of tobacco in different parts of the world, tobacco became more accessible, and the prices started to fall. Turkey also lost the dominant position as a tobacco supplier in the world market; accordingly, the volume of tobacco exports, and thus the credits based on the pledge of tobacco diminished. As it was the main source of credit, it resulted in a credit squeeze and appeared as an essential factor in the emergence of the money crisis in Turkey in 1927.³⁰ The budget deficit nearly doubled by 1925-1926 but recovered in the following years.³¹ The Gross National Product (GNP) fell sharply in 1927, at both current and fixed prices.³²

In summary, the volatile economic balance of the early 1920s had been disrupted by world economic dynamics starting in 1926. International developments intermingled with domestic weaknesses had worsened the course of the economy before 1929.³³ In other words, the downturn in the economy started before the Great Depression as a result of both internal weaknesses and international dynamics, mainly through fluctuations in international trade and the volume of foreign trade credit.³⁴

Following the economic downturn, successive droughts occurred in 1927 and 1928, respectively. Droughts had deeply affected agricultural production owing to traditional farming techniques that were cureless in the face of natural events. There was a sharp decrease in agricultural output, especially in cereals. In addition, a large number of peasants leaned on husbandry, and drought also affected the livestock. Thus, a considerable number of cultivators fell below subsistence levels, which manifested in the scarcity of food, hunger, and lack of seeds for the next cultivation.

²⁹ Ravndal, 1926, p. 200 in Köymen Silier, 499.

³⁰ Tekeli and İlkin, *1929 Dünya Buhranında Türkiye'nin İktisadi Politika Arayışları*, 42.

³¹ Şevket Süreyya Aydemir, *Cihan İktisadiyatında Türkiye* (Ankara: Milli İktisat ve Tasarruf Cemiyeti, 1931), 157.

³² Table 8.2.A and 8.2.B in Bulutay, Tezel, and Yıldırım, *Türkiye Milli Geliri (1923-1948) Tabloları*.

³³ Kazgan, "Türk Ekonomisinde 1927-1935 Depresyonu, Kapital Birikimi ve Örgütlemeler," 240-52.

³⁴ Oya Köymen Silier, *Türkiye'de Tarımsal Yapının Gelişimi (1923-1938)* (İstanbul: Boğaziçi Üniversitesi İdari Bilimler Fakültesi Yayınları, 1981), 50, 52.

Şükrü Kaya, the Minister of Interior, made an investigation in Konya, Aksaray, Kırşehir personally and appointed officials for the inquiries in Yozgat, Eskişehir, Afyonkarahisar in 1928. These cities were the ones that were most affected by drought. According to the report submitted by Şükrü Kaya, in those six cities, there were 300 thousand people, at the utmost 50 thousand peasant families that were in strained circumstances and in need of food or seeds. There were 5-10 households faced hunger in each village; they subsisted by work or with their neighbors' assistance. He witnessed that the cultivators mixed wild herbs with flour to increase the amount of food, boiled wild herbs, and mixed them with flour to make a sort of pita. According to Kaya, the idle rumor that in some places cultivators ate wild herbs stemmed from this practice. It was the workers and servants who had to eat wild herbs due to the lack of food because they could not find agricultural work in times of drought; some of them got outside the village to find work and sent some money to their families. Kaya reported that hunger had not claimed the lives; however, if the local administrations had not taken measures, it could have happened. The local branch of the Red Crescent (*Hilali Ahmer*) distributed flour to the poorest cultivators and workers in the villages. It is possible to conclude that there was a serious scarcity in 1927-28 that could have resulted in deaths due to hunger.³⁵

Due to the fall in cereal production, there was a need to import large amounts of cereal in 1927. The government had to spare a considerable portion of its budget for imported cereals. The year 1927 witnessed a fall in production, a lack of money, and deflation.³⁶

The increase in the volume of credit in 1928 diminished the problem of lack of money.³⁷ Merchants located in the ports of Italy had a significant share in the textile exports. Those were mostly non-Muslim merchants forced out of Anatolia and moved to Italy. Through their commercial links, the exports of Turkey were distributed throughout the world. The merchants in Turkey sell goods, especially

³⁵ Şükrü Kaya, "Dahiliye Vekili Şükrü Kaya Beyin 1928 Yılı Konya Kuraklığı Hakkında Başvekalete Verdiği Rapor," in *Nüfus Mes'elesi*, by Leon Rabinowicz (Ankara: İktisat Matbaası, 1930), 349–60.

³⁶ Kazgan, "Türk Ekonomisinde 1927-1935 Depresyonu, Kapital Birikimi ve Örgütlemeler," 242–43.

³⁷ Table III-a in Kazgan, 243.

textiles, to the merchants in Italy who distributed these goods to buyers worldwide. In other words, the export merchants of Turkey could not establish their commercial links yet and used the links of non-Muslim merchants.³⁸ In 1928, the value of the Italian currency rose, and merchants exporting to Italy that had large amounts of loans in the Italian lira could not pay back the debt. In total, the appreciation of Italian lira cost six to seven million Turkish liras. The insolvency led to the bankruptcy of seventy-two firms in 1928.³⁹ There had been seasonal exchange rate fluctuations that had already eroded commercial capital and caused bankruptcy for weaker companies earlier.⁴⁰

2.2. The Year 1929

In 1929, agricultural production increased in cereals and nearly all other products, and the expectations of the government were high at the beginning of the year.⁴¹ Nevertheless, a severe monetary crisis emerged that ended up with the declaration of a moratorium and the rearrangement of the payment of part of the Ottoman debts that were under the liability of Turkey according to the Treaty of Lausanne. This crisis was indirectly related to international dynamics. The constellation of the four events raised foreign currency demand to a level that was beyond the capacity of the economy and resulted in the crisis. First, there was an increase in the amount of imported wheat. Second, merchants imported high amounts of goods before the expected tariff rise in 1929. Those speculative imports remained unsold and later brought about bankruptcies. Third, the government policy of railway nationalization and construction had payment liabilities in the foreign currency. Fourth, in the Treaty of Lausanne, the parties agreed that Turkey would start paying part of the Ottoman debt for which she was responsible in 1929. The payment of the first installment of Ottoman debts raised the need for foreign exchange. The escalated demand for

³⁸ Ahmet Şerif Önay, “Cihan Piyasalarında Rekabet” (Ankara: Milli İktisat ve Tasarruf Cemiyeti Birinci Ziraat Kongresi, 1931).

³⁹ Köymen Silier, “1920’lerde Türkiye’de Milli Bankacılığın Genel Görünümü,” 502.

⁴⁰ Yorğaki Effimianidis, *Cihan İktisad Buhranı Önünde Türkiye, İkinci Kitap* (İstanbul: Kaadçılık ve Matbaacılık Anonim Şirketi, 1936), 176.

⁴¹ Tekeli and İlkin, *1929 Dünya Buhranında Türkiye’nin İktisadi Politika Arayışları*, 76.

foreign exchange that could not be met pulled down the value of Turkish liras starting in May 1929.⁴²

The drop in the value of the Turkish currency and the pilling of unsold speculative imports due to diminishing purchasing power led to economic losses for commercial capital. Five hundred firms went bankrupt, and 600 firms voluntarily liquidated; thus, 1100 commercial firms closed down in 1929.⁴³

In the beginning, the government did not consider the monetary crisis as the predicate of a deeper crisis, but rather the result of speculative imports that increased the demand for foreign exchange excessively, thus pulling down the value of the Turkish currency. Once the government formulated the problem, the solution appeared to take measures to ensure the appreciation and stability of the currency through strict control over foreign exchange and prevent speculation. The government issued two laws in May 1929 and February 1930 and several decrees based on the latter. In this framework, the establishment of a consortium of banks was an important step that would eventually be fulfilled by the foundation of the Central Bank in 1930.⁴⁴ Even though macro analyses of the economic situation changed over time, the policy of a strong currency remained the pillar of monetary policy during the 1930s. In other words, facing the financial crisis, the government invigorated the strong currency policy by issuing laws and decrees that generated the necessary instruments and institutions to ensure control over foreign exchange and capital movements.

In 1929, the government became able to control foreign trade relations through tariff policies with the termination of the clause in the Treaty of Lausanne, which froze the conditions in the 1916 regulations and prohibited changes in certain tariffs. Thus, before the transmission of the Great Depression, the government imposed much

⁴² Kazgan, "Türk Ekonomisinde 1927-1935 Depresyonu, Kapital Birikimi ve Örgütlemeler," 244; Tekeli and İlkin, *1929 Dünya Buhranında Türkiye'nin İktisadi Politika Arayışları*, 80.

⁴³ The Economist, 16 November 1929 in Tekeli and İlkin, *1929 Dünya Buhranında Türkiye'nin İktisadi Politika Arayışları*, 90.

⁴⁴ Tekeli and İlkin, 82, 115–19.

higher tariffs on imports. The 1929 tariffs increased the average rate of protection from approximately 13 percent to 46 percent.⁴⁵ While tariffs on consumer goods and food multiplied, tariffs on raw materials and machinery remained low.⁴⁶ It was a shift towards protectionism in foreign trade that was strengthened with further regulation in 1931 that enabled the government to impose quantity restrictions. In the following years, quantity restrictions, along with bilateral trade agreements, would turn out to be the basis of the functioning of foreign trade.⁴⁷

In short, starting from the second half of 1929, protectionism and import substitution replaced the “open economy.”⁴⁸ With the concern of balance both in budget and trade, the government started to develop instruments and institutions imposing strict control over the areas of foreign exchange and foreign trade that made protectionism and more inward-looking policies possible.

The government did not prefer to ease the impact of the crisis through expansionary monetary and fiscal policy, but rather maintained strict monetary policy, opting for stable money supply and strong currency, which were expressions of cautious economic management.⁴⁹ The establishment of government control over financial markets, including foreign exchange, was a policy for the stability and appreciation of the Turkish liras. There were several laws, regulations, and instruments for this end, and the establishment of the Central Bank, which was a constructive step in the national economy, was already on the agenda and maintained importance by the end of 1929. After these efforts, the Turkish lira appreciated between 1931-1934, which had negative repercussions on exports, especially in the Aegean region.⁵⁰

⁴⁵ Orhan Kurmuş, “1916 ve 1929 Gümrük Tarifeleri Üzerine Bazı Gözlemler,” *METU Studies in Development*, no. 1978 Special Issue (1978): 196.

⁴⁶ Şevket Pamuk, “Intervention During the Great Depression: Another Look at Turkish Experience,” in *The Mediterranean Response to Globalization Before 1950*, ed. Şevket Pamuk and Jeffrey Williamson G. (London and New York: Routledge, 2000), 337.

⁴⁷ Boratav, *Türkiye’de Devletçilik*, 136.

⁴⁸ Boratav, “Kemalist Economic Policies and Etatism,” 167.

⁴⁹ Pamuk, “Intervention During the Great Depression: Another Look at Turkish Experience,” 330; Aslı Odman, “1929 Büyük Buhran Sonrası Meksika’da Populizm ve Türkiye’de Solidarist Devletçilik Karşılaştırması,” in *Türkiye’de Kapitalizmin Gelişimi*, ed. Demet Yılmaz and Ferhat Akyüz (Ankara: Dipnot Yayınevi, 2006).

⁵⁰ Kazgan, “Türk Ekonomisinde 1927-1935 Depresyonu, Kapital Birikimi ve Örgütlemeler,” 248.

The stock market crash on the New York Stock Exchange in October 1929 created public panic not only in the United States, but also in Turkey, as in other parts of the world. In autumn 1929, currency depreciation and an increasing trade deficit prevailed in Turkey. Notwithstanding much higher tariffs on imports through the new protectionist tariff schedule, the imports increased significantly due to the speculative imports and increasing wheat imports.⁵¹ Also, the prices of imports accelerated.⁵² That is, both the monetary and real value of imports boosted.⁵³ On the other hand, the prices of some agricultural products started to fall, but they did not reflect the average agricultural product prices in 1929, which increased slightly.⁵⁴ In parallel, the export prices rose slightly. Both the monetary and real value of exports declined by approximately 11 percent in 1929.⁵⁵ By the end of the year, as the main indicator of the crisis, the trade deficit increased more than twice in Turkish liras and approximately doubled in the dollar, which alarmed the government.⁵⁶

We can identify the problems faced by commercial capital as another channel for the transmission of the crisis. Turkey's economy depended heavily on international trade relations. The fall in the value of the Turkish currency and unsold stocks of imports turned to a burden on the commercial capital and led to numerous bankruptcies. In addition, with the crisis, countries started to employ protectionist policies and withdrew from international trade relations. Parallel to the decline in the total volume

⁵¹ Tekeli and İlkin, *1929 Dünya Buhranında Türkiye'nin İktisadi Politika Arayışları*, 90; Kazgan, "Türk Ekonomisinde 1927-1935 Depresyonu, Kapital Birikimi ve Örgütlemeler," 242.

⁵² Table Appendix 52 in Bulutay, Tezel, and Yıldırım, *Türkiye Milli Geliri (1923-1948) Tabloları*.

⁵³ Table 9.5 in Bulutay, Tezel, and Yıldırım.

⁵⁴ Table Appendix 1-18, Table Appendix 38 in Bulutay, Tezel, and Yıldırım.

⁵⁵ Table Appendix 52, Table 9.5 in Bulutay, Tezel, and Yıldırım. Bulutay et al. is the main reference book providing the series on Turkey's national income from 1923 to 1948 and other statistics for the period. The statistics of the Ministry of Commerce (MoC) contradicts with Bulutay et al. Based on the data provided by the MoC, the average price of exports per ton fell by approximately 16 percent in 1929. In addition, according to the MoC statistics, the amount of exports increased in 1929. Thereby, the argument put forward by Tekeli and İlkin that the amount of exports advanced 40 percent from 1928 to 1931 and that despite the increase in the amount of export in 1929, the export earnings declined can only be derived based on statistics of the MoC (Tekeli and İlkin, *1929 Dünya Buhranında Türkiye'nin İktisadi Politika Arayışları*, pp.88-89, Ticaret Bakanlığı, T.C. Ticaret Bakanlığı ve 50. Yıl, 48). According to Bulutay et al. and Kazgan, the rise in the amount of exports at constant prices between 1928 and 1931 was approximately 10-11 percent (Kazgan, "Türk Ekonomisinde 1927-1935 Depresyonu, Kapital Birikimi ve Örgütlemeler", 242).

⁵⁶ Calculations based on Table 9.5 in Bulutay, Tezel, and Yıldırım; Table 9 in Ticaret Bakanlığı, *T.C. Ticaret Bakanlığı ve 50. Yıl*, 48.

of international trade, the volume of foreign trade also diminished in Turkey.⁵⁷ The sectors associated with international trade were expected to be affected the most by the worldwide downturn. The joint and limited companies made losses in 1930-31, recovered in 1932.⁵⁸ However, the amount of trade in the GNP did not diminish in fixed prices, only in current prices and from 1930 to 1933; starting from 1934, it showed a rising trend.⁵⁹

Turning back to the end of 1929, the government faced a crisis based on the depreciation of the currency and a negative trade balance and employed instruments enabling control over foreign trade and foreign currency. After the outbreak of the Great Depression, the government's perspective on economic problems changed towards the end of 1929. Before, İsmet İnönü, the prime minister of the government, signaled the merchants' speculative imports as the cause of the depreciation of currency, thus characterizing it as a fictitious problem.⁶⁰ In December 1929, parliamentary talk, İsmet İnönü analyzed the current depreciation of the currency, differentiating it from prior years. He identified four causes for the depreciation of the currency in prior years, which were first, wartime deprivation leading to excessive imports in the following peacetime; second, as a result of lack of concern for a balanced budget, high, unbounded demand for imports and consumption; unproductive unfruitful years increasing the need for imports; and fourth, the absence of the notion of national self-sufficiency and high consumption of imports without limitation. In addition, as for the reasons behind the depreciation of the currency in 1929, he first indicated the payment of the first installment of foreign debt; second, speculative imports; and third, the lack of confidence in the national currency leading to a rush to foreign currency to secure savings.⁶¹

⁵⁷ Table 12, Table 14 in Ticaret Bakanlığı, *T.C. Ticaret Bakanlığı ve 50. Yıl*, 50, 52.

⁵⁸ Remzi Saka *Türkiyedeki Sermaye ve Kredi hareketleri*, İstanbul, 1933 and H. Tahsin and R. Saka *Sermayenin Şirketlerdeki Hareketi*, İstanbul, 1928 in Table VI-d Kazgan, "Türk Ekonomisinde 1927-1935 Depresyonu, Kapital Birikimi ve Örgütlemeler," 272.

⁵⁹ Table 8.2.A, Table 8.2.B, Table 8.2.C in Bulutay, Tezel, and Yıldırım, *Türkiye Milli Geliri (1923-1948) Tabloları*.

⁶⁰ "T.B.M.M. Zabıt Ceridesi (The Grand National Assembly Minutes of Proceedings) Term 3, Legislation Year 3, Volume 13, Session 3 (9.11.1929)," n.d., 16-17, GNAT.

⁶¹ "T.B.M.M. Zabıt Ceridesi (The Grand National Assembly Minutes of Proceedings) Term 3, Legislation Year 3, Volume 14, Session 13 (12.12.1929)," n.d., GNAT.

Above all, İnönü declared an economic struggle that would be waged under the maxim of national self-sufficiency to save the economy. According to İnönü, in contrast to the previous era, concerns about national self-sufficiency started to flourish, and the necessary steps within the framework of national self-sufficiency would be taken in the economic struggle that was oriented towards the development of the national economy, increasing national savings, and strengthening the national currency.⁶²

The notion of national self-sufficiency appeared as the general framework of the measures for the appreciation and stability of the currency. It is associated with the concern of diminishing the trade deficit and ensuring a balanced trade account, which opted for a condition in which the total value of imports did not exceed the value of exports. By 1929, the government had achieved the target of a balanced budget and set the goal of a balanced trade account, the implementation of which together considered to be the sign of national self-sufficiency, thus a viable national economy with a strong currency. To diminish the trade deficit, the government planned to downscale the volume of imports through the new protectionist tariff structure. Moreover, there was a need to replace imported goods with domestic goods. In other words, import suppression and promotion of domestic goods consumption appeared as the primary measures of the economic policy for the appreciation of the currency within the framework of the national self-sufficiency.

The government promoted the idea that both government and households should accommodate to circumstances. Consumption should not exceed the production, earnings, or appropriations. Both the government and households should live within the means, in line with the principle of self-sufficiency. In other words, the government propagated the reduction of consumption and financial prudence for government, offices, and households. This included being able to set priorities with the limited means for the sustenance of the population; the government targeted the women specifically with that discourse. Through the reduction in consumption and financial prudence, the government aimed to increase the national savings that would

⁶² “T.B.M.M. Zabıt Ceridesi (12.12.1929).”

be utilized as funds for economic development and strong currency.⁶³ In a short time, the government fostered the establishment of the National Economy and Savings Association (*Milli İktisat ve Tasarruf Cemiyeti*) to develop the idea and behavior of financial prudence and opting in favor of domestic goods.

Reduction in consumption had been an ongoing policy in solving economic difficulties starting from the end of 1926 that witnessed a downturn in the volume of foreign trade; besides, the problem of budget deficit had risen as an essential concern in the setting of the 1920s. After the abolishment of the tithe (*aşar*) in 1925, the government levied new taxes and raised the existing ones, especially on consumer goods of sugar and gasoline.⁶⁴ Accordingly, both the ratio of public revenue and the ratio of gross investment to the GNP increased. Taxation and monopolies over the necessity goods composed the primary sources of the government revenue that were used to cover the budget deficit and pay for public purchases and investments, which were mainly the payment of the Ottoman debts, nationalization, and railway construction, also the public investments of statism in the 1930s. Speaking of the increasing tax burden, after the 1929 crisis, due to the fall in the prices of agricultural products, the relative weight of the taxes multiplied; besides, the government raised the taxes and introduced new ones. Thereby, purchasing power, especially of the cultivators, diminished substantially, so did the consumption from the marketplace, especially the industrial goods and imported goods, some of which were necessity goods like salt, sugar, textiles, gasoline, and matches. After all, the fall in the purchase of the necessities, at the government's disposal, through economic policies, was an important indicator of the socioeconomic conditions that turned to poverty and hunger, especially in bad harvest years. In short, the formation of economic policy around the reduction in mass consumption to increase government funds prevailed from 1926 onwards.⁶⁵

In the parliamentary speech of 1929, İsmet İnönü stated that even though the population had been going through the recovery following long war years; they could

⁶³ "T.B.M.M. Zabıt Ceridesi (12.12.1929)," 31–37.

⁶⁴ Boratav, *Türkiye İktisat Tarihi (1908-2002)*, 54.

⁶⁵ Kazgan, "Türk Ekonomisinde 1927-1935 Depresyonu, Kapital Birikimi ve Örgütlemeler," 251–64.

pay 100 million liras for the railway construction and presented it as the strength of economy and country.⁶⁶ It was actually an open declaration of the extraction of value from the restricted budgets of the ordinary people by the government for the infrastructure investments. With this, the restricted budgets corresponded to the level of subsistence or below subsistence, especially in times of drought. It will be discussed individually later, but as a note, Eskişehir deputy Mehmet Emin [Sazak] mentioned the existence of hunger during a speech on the importance of railways (not being able to convey wheat to those regions in the absence of railways) in 1929, in addition to stating that people ate grass during three-four years of drought.⁶⁷ It was denied by the government. In 1929, Turkey's GNP did not diminish in current prices or real values. The only sector that witnessed a decline was mining. The impact of the Great Depression became evident in 1930 with a fall by around 24 percent of the GNP. This slump continued to deepen until the end of 1933, reaching 45 percent shrinkage from 1929 onwards. Due to the sharp decline in the prices of agricultural products, agriculture became the most affected sector; it fell by 33 percent in current prices in 1930. The decline in the agricultural sector continued through 1934, and the loss of value reached around 61 percent from 1929 onwards. That is, agriculture lost more than half of its value. Other sectors of the economy also suffered a slump at the end of 1933-34, then a recovery period followed.

The drop in the national income stemmed mostly from the fall in the prices. In contrast with the current prices, the GNP did not diminish but instead experienced a steady rise in fixed prices except for the downturn in 1932, possibly stemming from the bad harvest and following recovery in 1933-34.⁶⁸ Agriculture, as the dominant sector determined the total production, which thus followed more or less the same trend with agriculture. That is, even though the agricultural production increased substantially from 1928 to 1931, its monetary value declined. The year 1932 witnessed a bad harvest and decline in agricultural production, then followed the

⁶⁶ "T.B.M.M. Zabıt Ceridesi (9.11.1929)," 17.

⁶⁷ "T.B.M.M. Zabıt Ceridesi (12.12.1929)," 35.

⁶⁸ Tekeli and İlkin, *1929 Dünya Buhranında Türkiye'nin İktisadi Politika Arayışları*, 90-91. Calculations based on the Tables 8.1- 8.3.B in Bulutay, Tezel, and Yıldırım, *Türkiye Milli Geliri (1923-1948) Tabloları*.

recovery period. Again, in fixed prices, for other sectors, there was not a sharp or constant decline either, except for short-term ups and downs in a year or two. The general tendency was growth in a changing scale. The industry was the champion, from 1928 to 1934, the industrial production more than doubled in fixed prices.⁶⁹

2.3. Fall in the Prices of Agricultural Products

The main channel of the transmission of the Great Depression to the agricultural exporting countries was the sharp decline in the prices of agricultural products that brought about downturns in both the external and domestic terms of trade.

As has been discussed, the world prices of agricultural products started to fall faster than industrial products in the second half of the 1920s. After a short period of recovery, the average world agricultural prices shrank by around 50 percent from 1929 to 1932.⁷⁰ In Turkey, the prices of agricultural products followed the same course after the mid 1920s. In 1929, the prices of some agricultural products started to fall. The dramatic decline occurred mostly in the periods between 1930 and 1933-34. The price of agricultural products fell approximately by 66 percent between 1929 and 1933; could not reach the 1929 level until 1942.⁷¹ Cereals declined more than 60 percent, while non-cereal export crops around 50 percent.⁷² It meant the loss of more than half of the value of the agricultural products and the corresponding shrank of cultivators' income.

During the fall in the prices of agricultural products, the prices of industrial products dropped in the world market as well; nevertheless, the fall in the prices of agricultural products was much higher than the fall in the prices of industrial products. It worsened the position of the agricultural exporting countries in world

⁶⁹ Calculations based on the Table 8.2.A, Table 8.2.B, Table 8.2.C in Bulutay, Tezel, and Yıldırım, *Türkiye Milli Geliri (1923-1948) Tablolar*.

⁷⁰ Calculations on the bases of data in the Table 13 in *T.C. Ticaret Bakanlığı ve 50. Yıl, 52*.

⁷¹ Calculations based on the data in the Table Appendix 38 in Bulutay, Tezel, and Yıldırım, *Türkiye Milli Geliri (1923-1948) Tablolar*. For a detailed data on a specific agricultural product, the Tables Appendix 1-18 can be checked.

⁷² Şevket Raşit Hatipoğlu, *Türkiye'de Zirai Buhran* (Ankara: Yüksek Ziraat Enstitüsü, 1936), 52; Pamuk, "Intervention During the Great Depression: Another Look at Turkish Experience," 327-28.

trade through the dramatic turn of the terms of trade against those countries. In Turkey, the average export prices fell more than half from 1929 to 1933, could neither reach 1929 level until 1941 nor its 1925 peak until 1942 - there was a boom between 1941 and 1942. On the other hand, the import prices started to decline from 1930 onwards, but much more moderately. The international terms of trade deteriorated by 44 percent between 1929 and 1934.⁷³ It was a blow to the economic balance of Turkey, the main source of income diminished severely under the price attacks.

During the crisis, the countries turned to the protectionist measures, and the volume of imports shrank. However, the volume of exports increased to a great extent between 1929 and 1933-34, while the exports earnings collapse around 45 percent in Turkish liras, besides, not being that sharp, also dropped in dollars.⁷⁴

The agricultural production in Turkey was prone to the crisis due to the structural problems. Agriculture had been in a downturn from 1926 onwards, shaken by the fall in the prices of agricultural products in 1926, and subsequently by two years of drought in 1927-28. That is to say, the collapse of the agricultural prices during the world economic crisis deepened the already existing problems and triggered the crisis environment in agriculture.

Hatipoğlu argues that the crisis did not start as a general economic crisis but an agricultural crisis in Turkey; since agriculture was the major sector, the agricultural crisis soon turned to a general crisis.⁷⁵ The development of the GNP by sector during the crisis signals the weight of agriculture in the economy. Losing more than its half value between 1929 and 1934, agriculture pulled down the economy. Nonetheless, it is important to note that the agricultural production did not diminish

⁷³ Calculations based on the Table II-a in Kazgan, "Türk Ekonomisinde 1927-1935 Depresyonu, Kapital Birikimi ve Örgütlemeler," 239; the Tablo 10 in Tuncer Bulutay, "Türkiye'nin 1923-1972 Dönemindeki İktisadi Büyümesi Üzerine Düşünceler," *Maliye Araştırma Merkezi Konferansları*, 23, 1974, 201.

⁷⁴ Calculations based on the Table 10, Tale 16 in Ticaret Bakanlığı, *T.C. Ticaret Bakanlığı ve 50. Yıl*, 48,53.

⁷⁵ Hatipoğlu, *Türkiye'de Zirai Buhran*, 30-31, 102.

in fixed prices, slightly fell in 1930 but increased in 1931, except for a dramatic fall in 1932 that was also a bad harvest year. In 1931, the production of some fruits, i.e. olive, nuts, and grapes diminished dramatically, but it recovered in 1932. In 1931, only the production of some fruits fell, production of all other crops, grains, legumes, others like tobacco, cotton, beats, potatoes, and onions, and lastly vegetables increased.⁷⁶ This was possibly because of a shift in crops as a way to cope with the economic crisis. On the other hand, the production of tobacco and cotton fell above 60 percent in 1932 and recovered in the following years.⁷⁷

The fall in the prices of agricultural products started with industrial and cash crops. It created instability in the domestic market, then the prices of cereals started to fall in 1929-30 in general. The decline in the prices of the livestock and animal products went almost in tandem with the fall in the cash crops. The vineyard and orchard crops produced in Turkey were renowned and widely consumed around the world. The prices did not fall immediately but eventually followed the general trend and dropped around 1932-33.⁷⁸

The fall in the prices of industrial crops, like tobacco and cotton, affected the commercialized regions in coastal areas. Besides, it created instability in the domestic market. The fall in the prices of cereals had an impact on the vast majority of the peasantry. According to 1927 statistics, cereals covered around 89.5 percent of all cultivated land, legumes 3.9 percent, and industrial crops 6.6 percent.⁷⁹ It had a disastrous effect specifically in central and eastern Anatolia where cereal cultivation covered 93-98 percent of all cultivated land.⁸⁰

It is important to note that Bulutay et al. and Hatipoğlu examined the price movements based on the import, export prices, or the prices of exchange markets in

⁷⁶ Table 2.21 and Table 2.22 in Bulutay, Tezel, and Yıldırım, *Türkiye Milli Geliri (1923-1948) Tablolar*.

⁷⁷ Calculations based on Table 2.21 and Table 2.22 in Bulutay, Tezel, and Yıldırım.

⁷⁸ Hatipoğlu, *Türkiye'de Zirai Buhran*, 39-52.

⁷⁹ Devlet İstatistik Enstitüsü, *Türkiye'de Toplumsal ve Ekonomik Gelişmenin 50 Yılı* (Ankara: Devlet İstatistik Enstitüsü, 1973), 86; Aydemir, *Cihan İktisadiyatında Türkiye*, 14.

⁸⁰ Hatipoğlu, *Türkiye'de Zirai Buhran*, 43.

İstanbul, Mersin, Samsun, Ankara, and the cities in which agricultural products like tobacco, poppy, cotton, sesame cultivated.⁸¹ The agricultural products were carried by the intermediaries to the exchange markets; they paid much less to the cultivators for the products and sold at higher prices. For export crops, between the cultivator and the export merchant, there were intermediaries, who together extract most of the surplus from the peasantry.⁸² It was one of the important mechanisms of the appropriation of surplus in agriculture, leaving the cultivators mostly at subsistence levels. Consequently, the cultivator got much less money for their produces than the price appeared in the statistics.

The price of tobacco in Samsun market was around 234 piasters per kilo in 1927 and slumped to 131 piasters in 1929 after a recovery in 1930, declined and sold around 98, 78 piasters in 1931 and 1932 respectively. Nevertheless, during the crisis, the peasantry sold the tobacco for 10-20 piasters, much below the exchange market prices.⁸³ In 1914, wheat had been around nine piasters per *okka* (1283 grams), during the crises cultivator could get only three piasters.⁸⁴ Between 1931 and 1933, the cultivator sold one *okka* of wheat for two piasters. In other words, the fall in prices reached 85 percent for producers, which meant that their income virtually vanished. In the same period of 1931-33, cultivators sold wheat for 1.56 per kilo, while the prices were 5-6 liras in İstanbul exchange market and 4 liras in Eskişehir and Ankara exchange markets, which were the basin of the cereal production. The prices, even in the exchange markets that were closest to the cultivation area, were more than doubled the cultivators' prices. There were times during the crisis that the cultivators could not sell their produce at these prices either.⁸⁵ Those were remarkable examples that reveal the extractive role of intermediaries in the process of supply of agricultural products.

⁸¹ Hatipoğlu, 33–35; Tuncer Bulutay, Yahya S. Tezel, and Nuri Yıldırım, *Türkiye Milli Geliri (1923-1948)*, 375 (Ankara: Ankara Üniversitesi Siyasal Bilgiler Fakültesi Yayınları, 1974), 7–32.

⁸² Ahmet Hamdi Başar, *Atatürk'le Üç Ay ve 1930'dan Sonra Türkiye*, 2nd ed. (Ankara: İktisadi ve Ticari İlimler Akademisi Yayınları, 1981), 103.

⁸³ Hatipoğlu, *Türkiye'de Zirai Buhran*, 33,35.

⁸⁴ Effimianidis, *Cihan İktisad Buhranı Önünde Türkiye, İkinci Kitap*, 185.

⁸⁵ Hatipoğlu, *Türkiye'de Zirai Buhran*, 40–42.

Başar conveys that in their journey with M. Kemal at the end of 1930, they witnessed peasants being in dire straits in the Eastern Thrace starting from Kırklareli, except for Alpullu where peasants cultivated sugar beet for the factory with fixed prices. In Kırklareli, the cultivators were in shock due to the unthinkable degree of price fall. There were panic and misery in the villages. On their way from Kırklareli to Edirne, peasants came to the way of their cars, complained together about the price falls, knowing that the government could not prevent the price falls but expected solution for the problems of the heavy tax burden, transportation, maladministration, corruption, and diseases.⁸⁶ That is, the cultivators income eroded, and they had to struggle to afford basic necessities. They asked the government to implement measures to alleviate these conditions.

2.3.1. The Sharp Turn of The Terms of Trade Against Agriculture

Another repercussion of the disproportionate fall in the prices of agricultural and industrial products was the shift in the intersectoral terms of trade against agriculture in the domestic market. In parallel with the fall in prices of agricultural products in the world market, the prices of agricultural products sank low in Turkey. The government employed protectionist policies for the industry by imposing much higher tariffs on imports, especially on consumer goods. Therefore, the prices of industrial consumer goods in domestic market did not fall as much as the world prices, remained higher compared to the world prices.⁸⁷ Accordingly, domestic industrialists could overprice with low cost and high profit margins. In addition, the government's major source of income was indirect taxation based on consumption, including monopoly prices, which also contributed to the high price levels of industrial consumer goods. As the prices of domestic or imported industrial consumer goods did not change much during the crisis, the relative prices of industrial goods, in terms of agricultural products, multiplied. This drastically eroded the purchasing power of cultivators. In other words, due to protectionist policies, the experience was a much more severe shift in domestic terms of trade against agriculture in Turkey.

⁸⁶ Başar, *Atatürk'le Üç Ay ve 1930'dan Sonra Türkiye*, 85.

⁸⁷ Hatipoğlu, *Türkiye'de Zirai Buhran*, 53.

2.3.2. The Decline in the Purchasing Power of Cultivators

Cereals, tobacco, textile industry products, sugar, salt, gasoline, matches, soap, and household goods were the main consumption goods in rural areas. According to the 1936 survey in the central Anatolia, the basin of cereal production, in good harvest years, they did not need to go market for cereals, but they still had to do so for the remaining consumption and production goods. The survey made a distinction mainly between the peasants who earned at most 200 Turkish liras and those who earned between 200 and 1000 liras. They respectively bought 45 and 38 percent of their expenses from the market.⁸⁸ That is, cultivators depended on the market for a considerable part of the consumption and production goods, in contrast to the dominant self-sufficient peasantry narrative.⁸⁹

Along with the repercussions of the turn of the terms of trade against agriculture in general, the boost in the prices of peasants' basic necessities caused major distress in their livelihoods. The extent of the disproportionate fall in the prices of agricultural and industrial goods was graphic and portrayed in the studies of Boratav, Effimiandis, and Hatipoğlu. Taking 1929 prices as a base, Boratav provides a price index, according to which wheat prices fell from 100 to 32 between 1929 and 1931, while industrial goods fell from 100 to 65.⁹⁰ Another price index calculated by Effimianidis was based on 1914 prices and reads that the price of cereals in the mid-1930s fell to 33-35 percent of 1914 prices, while the prices of industrial products did not drop below 90 percent, and for some products, the prices were above the 1914 level in the mid-1930s. He also provided some examples of the boom in relative prices in the form of a barter for the same period. Cultivators could obtain one *arşın* (approximately 68 cm) of printed cotton in return for one okka (1283 grams) of wheat, one okka of sugar in return for 2-2.5 okka wheat, and one okka gasoline in return for one okka of wheat in 1914; in the mid-1930s, cultivators had to give 8-10 kilos of wheat for one *arşın* printed cotton, 16-18 kilos of wheat for one kilo of

⁸⁸ "Birinci Köy ve Ziraat Kalkınma Kongresi Türk Çiftçisinin İstihsal ve Geçinme Vaziyeti" (Başvekalet Matbaası, 1938), 33-36, Table 30-31.

⁸⁹ For a critique of this approach, see (Köymen) Silier, *Türkiye'de Tarımsal Yapının Gelişimi (1923-1938)*.

⁹⁰ Boratav, "Kemalist Economic Policies and Etatism," 173.

sugar, 7-8 kilos of wheat for one kilo of gasoline.⁹¹ In other words, the relative prices of industrial products in terms of agricultural products multiplied by around two decades and destroyed the purchasing power of cultivators.

A detailed study by Hatipoğlu, which was a fundamental reference book, provides the relative prices of industrial necessities, namely sugar, gasoline, and cotton, in terms of agricultural products.

One of the primary consumption goods was sugar for the peasantry. In 1928, cultivators could get 1 kg of sugar for 3.11 kg of wheat or 5.02 kg of barley or 6.45 kg of corn; while in 1931, they could get the same amount of sugar in return for 7.76 kg of wheat, 10.50 kg of barley or 11.41 kg of corns, which means their produce lost more than half of its value.⁹² Besides, peasantry used salt mainly in husbandry, and salt prices dropped slightly and remained mostly stable during the crisis.

Table 1. The Relative Price of Sugar per Kilo in Terms of Wheat, Barley, and Corn

	Wheat (kg)	Barley (kg)	Corns(kg)
1927	3.74	5.96	6.61
1928	3.11	5.02	6.45
1929	3.23	4.93	4.68
1930	4.76	8.36	7.19
1931	7.76	10.50	11.41
1932	7.64	11.57	15.00
1933	6.60	12.04	21.61

Hatipoğlu, p.57

Gasoline was another basic industrial good, peasantry used for lightening before it had been used as fuel for tractors, which became infeasible during the crisis. Before

⁹¹ Effimianidis, *Cihan İktisad Buhranı Önünde Türkiye, İkinci Kitap*, 185.

⁹² Hatipoğlu, *Türkiye'de Zirai Buhran*, 57.

the crisis, the government provided incentives to tractor owners for fuel expenses under the name of “*mevaddı müşteile rusumu tazminatı*” to promote mechanization in agriculture between 1926 and 1930, and it was mostly landowners who had benefited from this practice that was abandoned with the outbreak of the crisis.⁹³ Turkey was not an oil-producing country and imported all the consumed petrol. Despite the fall in gasoline prices in the world market, domestic market prices did not diminish, but rather increased in some regions due to taxes and duties.⁹⁴ In 1928, based on İstanbul market price, for one liter of gasoline, cultivators gave 1.47 kg of wheat or 2.36 kg of barley or 3.04 kg of corn, while in 1931, it was 3.46 kg of wheat or 4.67 kg of barley or 5.08 kg of corn, the corresponding agricultural product around two times of 1928. In 1933, in exchange for a liter of petrol, the peasantry should submit 3.45 kg of wheat or 8.50 kg of barley or 11.33 kg of corn, more than three times of 1928 amounts of barley and corn.⁹⁵

Cotton flannels, raw cotton cloth, and woolen fabric were the main clothing expenses in rural areas. Based on İstanbul market prices, in 1928, in return for good quality cotton flannel, cultivators had to give 2.48 kg of wheat or 3.88 kg of barley or 5 kg of corn, in 1931, it was 6.80 kg of wheat or 9.19 kg of barley or 10 kg of corn; thus, the relative price of petrol in terms of cereals doubled.⁹⁶

The overall situation is that from 1928-29 to 1932-33, the turn against agriculture was 31 percent.⁹⁷ As a striking example, the purchasing power of wheat, one of the most widely cultivated crops, deteriorated by 64 percent from 1928 to 1931.⁹⁸ It seems that there was recovery between 1934 and 1939. Nevertheless, for a decade from 1928-29 to 1938-39, the rate of fall was 19 percent.⁹⁹

⁹³ Hatipoğlu, 15.

⁹⁴ Hatipoğlu, 59.

⁹⁵ Hatipoğlu, 62.

⁹⁶ Hatipoğlu, 63–64.

⁹⁷ Calculations based on the Table 12.5 in Pamuk, “Intervention During the Great Depression: Another Look at Turkish Experience,” 329.

⁹⁸ Calculations on the bases of the Table IV in Kazgan, “Türk Ekonomisinde 1927-1935 Depresyonu, Kapital Birikimi ve Örgütlemeler,” 247.

⁹⁹ Calculations based on the Table 12.5 in Pamuk, “Intervention During the Great Depression: Another Look at Turkish Experience,” 329.

Hatipođlu also reported an excessive increase in the amount of agricultural products required in return for industrial products. Notably, these calculations were based on the market prices of both agricultural and industrial products in cities such as İstanbul and İzmir. As mentioned, cultivators sold their products to intermediaries at much lower prices than city prices. In the same vein, the industrial products became more expensive, getting close to the villages, and in the hands of merchants, the cultivators bought industrial products from merchants in villages and towns on account at higher prices than city prices.¹⁰⁰ That is, the situation was, in fact, much worse for cultivators than presented here.

The prices of industrial products and agricultural products increased in opposite directions in the course between the city and villages, it denoted the opposite moves of income and expanses of the cultivators during the crisis resulting in the deepening gap in their budget, while the size of which resonated with the amount of value extracted from the cultivators, this opposite directional move sustained the extraction and flow of value from cultivators to the commercial and industrial capital, thus from village to city. In other words, the difference of the prices of both agricultural and industrial products in village and city composed the profit margin of the merchants, while the difference between the domestic price and world market prices composed the profit margin for the industrialists; which emerged as a way for the accumulation of capital.¹⁰¹ Between the world prices and domestic prices during the crisis enabled both the government through monopolies and industrialist extract from the agricultural sector.

2.3.3. Reduction in Consumption

Along with the sharp fall in the prices of agricultural products, protectionist policies towards the industry led to a dramatic trade turn against agriculture. The purchasing power of cultivators eroded to a large extent. Cultivators had to reduce their consumption and economize. They did not consume sugar or use gasoline and patched clothing during the crisis.¹⁰²

¹⁰⁰ Hatipođlu, *Türkiye'de Zirai Buhran*, 67.

¹⁰¹ Hatipođlu, 51.

¹⁰² Effimianidis, *Cihan İktisad Buhranı Önünde Türkiye, İkinci Kitab*, 185.

2.4. Insolvency

Between 1929 and 1933, the prices of agricultural products declined approximately by 66 percent, above 60 percent for cereals and around 50 percent for non-cereal crops. The earnings of the cultivators diminished so severely that it was not possible to cover the loans from the previous year, taxes and production and consumption expenses for the coming year, which inevitably resulted in the state of insolvency.¹⁰³ That is to say, Insolvency appeared as the cluster of first consequences in the life of the cultivators.

The yawning gap between incomes and expenses of cultivators rushed them to search for credit. Even before the crisis, the majority of cultivators, if not for the large landowners, had endured the gap between income and expenses, in a word, indebtedness. Small scale agricultural production did not have sufficient capital to cover the consumption and production expenses during the period of agricultural production, which were met on credit. The need for credit, thus permanent indebtedness were intrinsic characteristics of the small-scale agriculture. The yield cash of the harvest was mostly close a thing to cover those debts, after which peasants were mostly left broke and started to meet the needs on credit, that is with the new agricultural period resumed the accumulation of debt. That is, small-scale agriculture was based on credit and the cycle of indebtedness that was in tandem with the cycle of agricultural production, which led to constant indebtedness for cultivators.¹⁰⁴

The sharp fall in agricultural products deepened the existing problems; cultivators could not pay off their debts, and they faced great difficulty in finding sources to start a new cycle of agricultural production. It became impossible to handle the problems in the old way and make a living from agriculture, which characterized the economic collapse and jeopardized the livelihood of cultivators.

It was not possible to diminish production costs because of the nature and techniques of agricultural production in Turkey. Primitive techniques based on the combination

¹⁰³ Boratav, "Kemalist Economic Policies and Etatism," 173.

¹⁰⁴ Korkut Boratav, *Tarımsal Yapılar ve Kapitalizm* (Ankara: Birikim Yayınları, 1981).

of plow and draught animals prevailed. The prices of drought animals fell, but the taxes were very high, so cultivators mostly sold their livestock during the crisis. The prices of agricultural tools and machinery did not fall due to the tariff policy. Chemical fertilizers, pesticides were not widely used; fuel prices increased. It was only workers' wages that diminished during the crisis.

2.5. Burden of Taxes and Fees

Apart from production and consumption expenses, and loans from the previous agricultural production period, peasants were under the heavy burden of taxes and fees levied by central and provincial administrations that they could not meet. The main direct taxes were the land tax, building tax, livestock tax, and road tax for the peasantry. Moreover, there were surtaxes (*kesri munzam, munzam vergi*), taxes and fees based on ad hoc regulations, and the ones levied by municipalities and village headmen, which will be analyzed in the following section.

2.5.1. Main Rural Taxes

2.5.1.1. Land Tax

Starting with the regular taxes, the land tax was the main category for the peasantry. In the Ottoman Empire, there were two kinds of land-related taxes, one is the land value tax, and the other one was *aşar* that is the tithe levied in kind on the agricultural produce.¹⁰⁵

The tithe was the obligation of peasants to leave a certain portion of the produce in kind to the treasury. It was collected through tax farming. Tax farmers bought the right of tax collection from the state by raising the highest bid in the auctions, and in return pushed the peasants hard to extract the costs and gain profit for themselves.¹⁰⁶

¹⁰⁵ Hatipoğlu, *Türkiye'de Zirai Buhran*, 75.

¹⁰⁶ İzzettin Önder, "Cumhuriyet Döneminde Tarım Kesimine Uygulanan Vergi Politikası," in *Türkiye'de Tarımsal Yapılar (1923-2000)*, ed. Şevket Pamuk and Zafer Toprak (Ankara: Yurt Yayınları, 1988), 119.

In the Ottoman Empire, the rate of tithe had varied regionally and in time, ranging from 10 to 20 percent and reaching its peak at 50 percent.¹⁰⁷ Both the rate of tax and the oppression of tax farmers had ruined the lives of the cultivators.

Regarding the land tax, the rate of land tax varied according to the classification of land based on the subjection to the tithe. The percentage of the land tax rate increased if the land was subjected to the tithe; decreased on the contrary.¹⁰⁸ It seems that the determination of the tithe as the classifying criteria stemmed from a concern to differentiate between revenue-generating lands and non-revenue paying lands in order to levy higher rates of tax on higher earnings and lower rates on lower ones. As the primary source of income from land was cultivation, the tithe should have served as an indicator of income.

First the National Assembly, then the Republic inherited the tithe, the land tax, the classification of land according to the subjection to the tithe, and corresponding taxation balance between the tithe and the land tax. Until its abolishment in 1925, *aşar* was collected with a rate of 12.5 percent over agricultural produce through tax farming. Nevertheless, there was not one unitary tax collection system across borders in the early Republic. The tithe on cash crops, especially exports, was collected in ports, docks, roadhouses, and marketplaces in cash. In other words, in the early 1920s, the tithe ceased to be a direct tax on agricultural produce paid in kind, instead turned into a monetary tax on marketable products.¹⁰⁹

The parliamentary passed a law abolishing the tithe in February of 1925. The same law taxed the goods that were brought to the docks, stations, and passed through customs; and multiplied eight times the land tax that had been subject to tithe. Besides, if the bushes and marshland had been recorded as a land, the amount of the land tax over those did not diminish; however, they were not subject to the tithe anymore like any other kind of land.¹¹⁰

¹⁰⁷ Nadir Özbek, "Köylü Aşar Yükünden Kurtuldu," in *Cumhuriyetin 75 Yılı*, ed. Feridun Aksın, vol. 1 (İstanbul: Yapı Kredi Yayınları, 1998), 46.

¹⁰⁸ Cezmi Emiroğlu, *Vasıtasız Vergiler*, Türkiye'de Vergi Sistemi 1 (Ankara: Damga Matbaası, 1932), 31.

¹⁰⁹ Özbek, "Köylü Aşar Yükünden Kurtuldu," 46.

¹¹⁰ "Aşarın İlgasıyla Yerine İkame Edilecek Vergi Hakkında Kanun," 552 § (1925).

The tithe comprised 21.3 percent of the total public revenue before its abolishment in 1924. This was a significant amount that required the government to take precautions. Therefore, while abolishing the tithe, the law increased rural taxes on the other. Furthermore, it created an urge to find sources to compensate for the budget gap. It proceeded through changes in taxation in 1926-27, for example, levying income tax and indirect taxes on consumption and the inclusion of new items under monopolies. As a result, while the direct taxes diminished, indirect taxes increased.¹¹¹

After the abolishment of the tithe, the categorization of lands based on subjection to the tithe, varying land tax rates according to this classification continued to exist. Besides, as has been mentioned with the same law in 1925, the ratio of the land tax for the land that was subject to the tithe multiplied by eight reached 48 per thousand, while the ratio of the land tax for the land that was not subject to the tithe remained stable, 10 per thousand. The taxation was predicated on the value of land that had been registered in 1915-16 (1331). Moreover, swamplands and moorlands were taxed as a different category, with a rate of 4 per thousand.¹¹²

The 1929 Law abolished the implementation of the surtaxes that had been added upon the direct taxes in ratios, incorporated those surtaxes into the direct taxes as ratios, altered the tax rates. It also brought about changes in the assessment and collection of land tax. The classification and taxation of land on the bases of the tithe liability was annulled. The ratio of the land tax increased to 65 per thousand for lands assessed in 1915-16 and became 10 per thousand for lands assessed after that date. The cultivated land, arable land, and non-arable land became subject to the same clause and the same ratio. Moreover, the land that did not yield income but within the borders of municipality became subject to the same ratio of tax as the cultivated land.¹¹³

¹¹¹ Aydemir, *Cihan İktisadiyatında Türkiye*, 160–61.

¹¹² Aşarın İlgasıyla Yerine İkame Edilecek Vergi Hakkında Kanun; Emiroğlu, *Vasitasız Vergiler*, 31.

¹¹³ “Bilavasita Vergilere Munzam Kesirlerin Tevhit ve Nisbetlerin Tadiline Dair Kanun,” 1454 § (1929); Emiroğlu, *Vasitasız Vergiler*, 32.

The abolition of the categorization of land on the basis of tithe and the absence of new differentiation evened out all lands in the country for taxation. The taxation of the lands that were not cultivated or nonarable such as swamplands and moorlands in the same way with the cultivated lands, put extra pressure on the peasantry. It created an unfavorable condition that caused a loss for the non-arable landowners or the ones that did not cultivate the land. Besides, contrary to redistributive taxation, the amount of tax ceased to vary in proportion to income. This regulation remained in force until its reversal in 1931 with the legislation of the first law pertaining to the land tax.¹¹⁴

The land tax was scaled based on the value of the land. Nonetheless, there were serious problems in the value assessment of lands. The Republic administration could not develop a proper system or complete the land registry and cadastre of all lands within the borders. Therefore, there was not a uniform and proper land registry and cadastre across the boards. The value of lands had been assessed at different times, causing diverse, inconsistent assessments. There were problems with the assessment itself as well. It seems that the land values were not assessed accurately; there were widespread complaints about over-assessments and wrong assessments. The Minister of Finance Mustafa Abdülhalik [Randa] put forward clearly in 1931 that lands that had been registered in between 1340 (1924) and 1928 were especially overestimated due to the malfunctioning of cadastral record commissions (*tahrir komisyonları*) and people's representatives (*halk mümessilleri*); therefrom, terminated that way of value assessment.¹¹⁵ If a land put under pledge or changed hands, the value assessment renewed, thereby escalated the value of land and so the amount of tax. Sometimes occurred a huge difference in the assessed value of similar lands, which were even in juxtaposition.¹¹⁶

In the journey at the end of 1930 and the beginning of 1931, Mustafa Kemal and the accompanying group of experts detected the problem of over-assessment in cadastral

¹¹⁴ "Arazi Vergisi Kanunu," 1833 § (1931).

¹¹⁵ "BCA 490-1-0-0/500-2011-1," January 27, 1934, BCA.

¹¹⁶ Hatipoğlu, *Türkiye'de Zirai Buhran*, 75.

surveys. When they arrived Havza district of Samsun, they listened to the complaints about the land registry and cadastre officials assessing the value of the land excessively. Upon investigation in the fiscal directorate of the district (*mahalli mal müdürlüğü*), they discovered that the lands in the district that were worth at most 20 liras per decare (*dönüm*) assessed at 80 liras and the land that were sold at 25 thousand liras assessed at 30 thousand liras.¹¹⁷ It did not hurt only the small peasantry but also large landowners as well. In his report to the RPP in 1931, Tekirdağ deputy Faik wrote that the cadastral record commission assessed land at excessive values. A farm that worth 20 thousand liras was assessed for 130 thousand liras. He asked for the invalidation (*keen len yekün*) of the last cadastre surveys.¹¹⁸

Besides, after the recent transactions, lands were subjected to the renewal of record in land registry and reassessment that accelerated the value of land so the amount of tax. There occurred huge differences in the amount of land tax for the same types of land, under the same conditions in the same neighborhood. The land taxes for the recently transacted lands were 500, sometimes 1000 percent more than the same kind of land registered in the past.¹¹⁹ In the Agriculture Congress convened in 1931, Aydemir presented the expert report on agricultural taxes. He also put forward that there were problems in the assessment of land value; the land registry and cadastre officials overestimated the value of lands and buildings. Peasants abandon their properties, and fertile lands turned to the meadows. The assessed taxes exceeded the rent and earnings from the land or building. In the meanwhile, there was an ongoing fall in the prices of land.¹²⁰

2.5.1.1.1. Building Tax in Rural Areas

Furthermore, buildings in the farmland, including dwellings, stables, and depots, been exempted from the tax with the Building Tax Law enacted on June 14, 1326

¹¹⁷ “BCA 490-1-0-0/34-142-1,” November 17, 1930, BCA.

¹¹⁸ “BCA 490-1-0-0 / 724-477-1,” February 7, 1931, BCA.

¹¹⁹ “BCA 490-1-0-0/34-142-1.”

¹²⁰ Şevket Süreyya Aydemir, “Zirai Vergilerimiz” (Ankara: Milli İktisat ve Tasarruf Cemiyeti Birinci Ziraat Kongresi, 1931), 1922.

(June 27, 1910). This exemption was lifted in 1927, with the effect of the current fiscal year; the buildings in the farmland became subject to the building tax upon their value, which was also over-assessed in the cadastral surveys.¹²¹

The same law had regulated the taxes on the mills. Due to the double tax burden on the mills, namely building tax and income tax, lots of mills were destroyed, for example, in Bilecik.¹²²

With the transmission of the Great Depression through the sharp fall in agricultural prices, agricultural production became virtually unprofitable and unsustainable, resulted in a decline in land prices. However, while the prices of land and agricultural products dropped, the amount of land tax remained stable between 1929 and 1931. With the 1929 regulation, the tax rate, and thus the monetary value, was fixed based on the previously assessed high value of lands. In other words, newly registered lands were overestimated, and the land tax was very high for them. In other words, it corresponded to two successive moves in the budget of peasants, while the regulations on land tax led to an increase in the nominal value of tax based on the land registry and cadastre records and anchored at that rate. The falling prices of agricultural products and land due to crises increased the real value of tax. As a result, the land tax increased to a degree that it overwrote the land rent, which precluded the subsistence, rent payment, or tax payment for the cultivators.

In his book on the journey with M. Kemal at the end of 1930, Başar conveyed an example of the relative and monetary rise in the land tax, in Cumaovası, a village of İzmir where the cultivators leased land for cultivation from large landowners. The land tax for whole lands in the village in total increased from 4 thousand to 24 thousand two years ago with the new land assessment - possibly after the regulation in May 1929. The land tax became 100-120 piasters per decare, while with the fall in agricultural products, the rent for land shrank from five liras to 50-100 piasters.¹²³

¹²¹ “Müsakkafat Vergisi Hakkındaki 14 Haziran 1326 Tarihli Kanunun Dördüncü Maddesinin Sekizinci Fıkrasının Ilgasına Dair Kanun,” 973 § (1927).

¹²² “BCA 30-10/79-522-2,” June 5, 1931, BCA; Aydemir, “Zirai Vergilerimiz.”

¹²³ Başar, *Atatürk’le Üç Ay ve 1930’dan Sonra Türkiye*, 108.

Despite the vanishing incomes, the cultivators' liability to pay a fixed amount of taxes on land and animals persisted. The relative prices of the taxes skyrocketed. Hatipoğlu presents the increasing amount of wheat corresponding to the land tax for three different types of land from 1927 to 1935. It seems that he takes the monetary value of the land tax in 1927 as the constant for the analysis, with the idea that land tax remained stable between 1927 and 1935. Nevertheless, the tax rate changed in 1929 and 1931; thus, it would be more accurate to take into consideration the changes in the relative value of the land tax only between 1929 and 1931 from the analysis of Hatipoğlu.

In this analysis, the price per decare for land Type I was 30 liras, for the Type II 20 liras, and the Type III 10 liras. The table below presents the relative price of the land tax in terms of wheat. The calculation based on wheat prices in İstanbul. Since the prices in villages were much lower, the amount of wheat paying the tax was much higher for the cultivators.¹²⁴

Table 2. The Relative Price of Land Tax in Terms of Wheat (kg), 1929-1931

	Land Type I Wheat kg	Land Type II Wheat kg	Land Type III Wheat kg
1929	2.32	1.48	0.74
1930	3.48	2.32	1.28
1931	6.00	4.00	2.00

Hatipoğlu, p.76.

Compared to the relative prices in 1929, the amount of wheat necessary to pay the land tax was much more than twofold in 1931. The burden of the land tax got excessive for the cultivators. As has been mentioned, the regulation in 1929 reclassified the lands and rescaled the land tax, accordingly, resulted in the acceleration of tax rate to 65 per thousand for the lands registered in 1915-6. That is to say, alongside the rise in the relative value, the monetary value of the land tax

¹²⁴ Hatipoğlu, *Türkiye'de Zirai Buhran*, 76.

increased for the lands registered in 1915-6. Thereby, the relative value of the land tax should have mounted more than represented by Hatipoğlu.

The land prices fall dramatically as well. The price per decare for the land in Adana had been 20-25 liras shrank to 5 liras even 2-3 liras in the crisis. The burden of tax overwrote the value of land and income yielded from the land. During the research Hatipoğlu conducted in Anatolia, he identified that some peasants hand over the use of their land in return for the payments of tax or worse they had to sell their land.¹²⁵

In addition to the sharp fall in the prices of agricultural products, the vanishing of income, the exemption of the agricultural building from tax was abolished, the livestock tax was increased. Hence, the cultivators started to express that they preferred the tithe than the current taxation, which Mustafa Kemal himself also witnessed in his journey.¹²⁶

Another important point is a law reforming the land tax was enacted in 1931. It brought back the classification of lands according to the income they generated, into the land tax regime. The rate of land tax for the lands that did not generate income diminished to half of the tax that was for lands that generate income, i.e., 5 per thousand. The rate remained the same for the lands that were arable and generated income that was 10 per thousand.¹²⁷

2.5.1.2. Livestock Tax

Another tax obligation in rural areas was the livestock tax. In the Ottoman Empire livestock tax had been a monetary tax levied per head on sheep and goat, thus called *ağnam vergisi* mentioning counting. The National Assembly inherited the Ottoman livestock tax. The very first law enacted by the National Assembly following its establishment in April 1920, identified the amount of livestock tax to be same as the Ottoman rate, which had been increased fourfold.¹²⁸ Later, in 1923, it was raised

¹²⁵ Hatipoğlu, 77.

¹²⁶ “BCA 490-1-0-0/34-142-1.”

¹²⁷ Arazi Vergisi Kanunu.

¹²⁸ “Ağnam Resmi Kanunu,” 1 § (1920).

fivefold. After the abolishment of the tithe in 1926, the scope of the livestock tax levied on sheep, hair goats, angora goats, camels, and pigs was extended to include cattle, buffaloes, horses, mules, and donkeys. The amount of the tax was also raised. Besides, if the animals that were exempted from the tax due to young age, were sent to butchers, they became subject to tax on their way in the marketplace or slaughterhouse.¹²⁹

In 1927, the government raised the livestock tax twice through surtaxes, first one the levy of 2.5 and 5 piasters per for animal for special provincial directorate (*idare-i hususiye*), second one was the increase up to 50 percentage as education tax.¹³⁰ The 1929 Law incorporated the surtaxes into the direct taxes they had been added upon and increased the tax rates. The taxes on sheep, goats, donkey doubled, others increased by less than half. Corresponding to 60 piasters for a sheep, 50 piasters for a goat, 230 piasters for a camel, 200 piasters for a buffalo, 125 piasters for a cow, 150 piasters for a horse, 60 piasters for a donkey, 350 piasters for a pig.¹³¹

During the crisis, there was a constant fall in the prices of livestock and animal products like milk, cheese, fleece, mohair; thus, the livestock tax became so heavy, and husbandry unprofitable. At some point in the crisis, the taxes overpassed the value and yields of livestock. For example, the livestock tax for a goat sold at 50 piasters and a sheep whose fleece did not bring more than 50 piasters were 60 piasters.¹³² In early 1931, in Thrace, the price of milk dropped to 6-7 piasters because cheese could only be sold to 6 liras in İstanbul. Including other expenses, the cheesemakers could pay at most six piasters for milk without making a loss. If cheesemakers had not bought the milk, it would have remained unsold. Both cheesemakers and the livestock owners were in loss. Facing economic losses, livestock owners said that they could not pay livestock tax.¹³³

¹²⁹ Hatipoğlu, *Türkiye'de Zirai Buhran*, 77; Emiroğlu, *Vasitasız Vergiler*, 110.

¹³⁰ Emiroğlu, *Vasitasız Vergiler*, 110–11.

¹³¹ Bilavasita Vergilere Munzam Kesirlerin Tevhit ve Nisbetlerin Tadiline Dair Kanun; Hatipoğlu, *Türkiye'de Zirai Buhran*, 78.

¹³² Effimianidis, *Cihan İktisad Buhranı Önünde Türkiye, İkinci Kitap*, 278.

¹³³ Başar, *Atatürk'le Üç Ay ve 1930'dan Sonra Türkiye*, 85–86.

The peasantry had difficulty in paying the livestock tax. To pay the tax liability, peasants had to sell the livestock. In central Anatolia, some livestock owners handed over the livestock in return for the payment of the tax.¹³⁴

In 1931 July, the government enacted a new livestock tax law that became effective in June 1931. It reduced livestock taxes.¹³⁵ However, the reduction did not compensate for the tax burden. In 1932, while the price of a sheep was 200-300 piasters, the tax on a sheep was 50 piasters; while the price of a goat was 100-150 piasters, the tax on a goat was 50 piasters. The taxes for the other kinds of livestock were also excessive in a similar vein.¹³⁶

Along with the amount of the land and livestock taxes, the way taxes collected, abuses of the tax collectors, village headmen and gendarme ruined the life of cultivators. The tax collectors with the headmen and gendarme exerted pressure on the cultivators. They asked for the highest amount of tax possible; sometimes they tried to tax the goods that did not belong to the taxpayer, or on sick animals. Besides, they quickly started debt enforcement process, filed tax lien, expropriated and sold the property.

In 1931, in Thrace, the cultivators asked for the payment of tax for lands that they did not even own, tax collectors sold the cattle, ox for the land tax of land that he did not even own. The peasant wrote petitions several times against the wrongdoing, but it did not work.¹³⁷

In another village in Thrace, the general tax lien turned to pillage, cultivators searched for credit from the usurers in the city, could not find credit even for 5 percent monthly interest. The manager of the Agricultural Bank said that the peasants with two oxen had to sell one of them. When asked about coming years'

¹³⁴ Hatipoğlu, *Türkiye'de Zirai Buhran*, 79.

¹³⁵ "Hayvanlar Vergisi Kanunu," 1839 § (1931).

¹³⁶ Hatipoğlu, *Türkiye'de Zirai Buhran*, 79.

¹³⁷ Başar, *Atatürk'le Üç Ay ve 1930'dan Sonra Türkiye*, 86.

agricultural production, the manager said that it would be 70 percent less than current production.¹³⁸

2.5.1.3. Road Tax

The compulsory work in the Ottoman Empire first introduced with the 1862 regulation (*Memalik-i Mahruse-i Şahane Yollarının Tanzim ve Tesviyesi Hakkında Nizamname*) that subjected the healthy men between 18 and 60 years old to work in the road construction with their draught animals and carts. State officials, teachers, imams, priests, rabies, were exempted from the obligation. The ones who did not want to work could fulfill the obligation by monetary payment or sending a worker to work on their account.¹³⁹ It remained in force until the introduction of the 1869 regulation (*Turuk ve Meabir Hakkındaki Nizamname*) and a complementary ordinance (*Memalik-i Mahruse-i Şahanede Turuk ve Meabirin Suret-i İ'malı ve İdaresine Dair Talimat-ı Umumiye*) which did not change the principles of the 1862 but made minor alterations.¹⁴⁰ For example, the lower age limit for compulsory work was declined from 18 to 16 with the 1869 regulations.¹⁴¹ In addition, although the concept of compulsory work (*amele-i mükellefe*) was first introduced in the 1869 regulations, it denoted the same obligatory practice regulated with the 1862 regulation.¹⁴² Nevertheless, before being put into the practice fully, compulsory work was abolished in 1875, then introduced back in 1879.¹⁴³

¹³⁸ Başar, 86.

¹³⁹ Yakup Akkuş and Kadir Yıldırım, "Dünyada ve Osmanlı'da Zorunlu Çalıştırma: 'Amele-i Mükellefe' Uygulaması ve Tarihsel Gelişimi," *Çalışma ve Toplum* 2, no. 53 (2017): 521–22; Ömer Türkoğlu, "XIX. Yüzyıl Osmanlı Toplumunda Yol Algısı," *Kebikeç*, no. 30 (2010): 108.

¹⁴⁰ Musa Çadırcı, "Tanzimat Döneminde Karayolu Yapımı," *Ankara Üniversitesi Dil ve Tarih-Coğrafya Fakültesi Tarih Bölümü Tarih Araştırmaları Dergisi* 15, no. 26 (1980): 154-155., https://doi.org/10.1501/Tarar_0000000051 Çadırcı analyzed the 1869 regulations; besides, he transcribed and presented the complementary 1869 ordinance that regulated the principles of work for engineers, officials, rangers and road workers as an appendix to his article, pp. 161-167.

¹⁴¹ Enver Ziya Karal, *Osmanlı Tarihi*, vol. VIII (Ankara: Türk Tarih Kurumu, 2007), 461–62.

¹⁴² Footnote 6 in Akkuş and Yıldırım, "Dünyada ve Osmanlı'da Zorunlu Çalıştırma: 'Amele-i Mükellefe' Uygulaması ve Tarihsel Gelişimi," 521.

¹⁴³ Karal, *Osmanlı Tarihi*, VIII:462.

The road obligation could not be put into practice easily; compulsory work created certain resistance either in the form of working slowly or fleeing, and sometimes appeared even as an open resistance to work on roads like in Sinop, Gerze in 1874, and İskodra in 1893.¹⁴⁴ In addition, road fees could not be collected effectively, and there was a huge gap between the accrued road fees and the paid amount.¹⁴⁵ Compulsory work could not be organized effectively either, malpractices, abuses, frauds, and infractions prevailed. After all, road obligation necessitated several amendments and new regulations regarding the implementation and the nature of the obligation. Accordingly, compulsory work and payment in cash had been abolished and reintroduced; sometimes only one of them was accepted as a principle, sometimes both; nevertheless, the problem could not be solved. Finally, in 1910, the compulsory work abolished, road obligation turned to the liability of monetary payment.¹⁴⁶ Akkuş and Yıldırım argue that just then road obligation ceased to be a compulsory public service and turned to tax liability. The 1912 regulation on the road obligation brought back the compulsory work for the ones that could not pay the tax and the ones that refrain from the payment; albeit with the difference that the compulsory workers would get wages, half of which would be appropriated as road fee payment.¹⁴⁷ Moreover, the road obligation was extended from road construction to the destruction of locust and agricultural production in case of need during the wartime. The related regulations were dated 1911, 1913-1914, and 1915.¹⁴⁸

In 1914, a new law on road obligation that invalidated previous regulations (*Tarik Mükellefiyet-i Nakdiyesi Hakkında Kanun-ı Muvakkat*) was enacted.¹⁴⁹ It regulates the road obligation as compulsory work with payment as in the 1912 regulation.

¹⁴⁴ Türkoğlu, “XIX. Yüzyıl Osmanlı Toplumunda Yol Algısı,” 113; Akkuş and Yıldırım, “Dünyada ve Osmanlı’da Zorunlu Çalıştırma: ‘Amele-i Mükellefe’ Uygulaması ve Tarihsel Gelişimi,” 530–31.

¹⁴⁵ Ali Rıza Gönüllü, “Osmanlı Devleti’nin Son Döneminde Yol Vergisi (1866-1921),” *Selçuk Üniversitesi Türkiyat Araştırmaları Dergisi*, no. 30 (2011): 303–7.

¹⁴⁶ Akkuş and Yıldırım, “Dünyada ve Osmanlı’da Zorunlu Çalıştırma: ‘Amele-i Mükellefe’ Uygulaması ve Tarihsel Gelişimi,” 528–32.

¹⁴⁷ Osmanlı Vergi Mevzuatı, 1999, Ankara: Maliya Bakanlığı, p.643 in Akkuş and Yıldırım, 532.

¹⁴⁸ Akkuş and Yıldırım, 523–24.

¹⁴⁹ Gönüllü transcribed this law and presented in his article as an appendix. “Osmanlı Devleti’nin Son Döneminde Yol Vergisi (1866-1921),” 332–33.

Nevertheless, with the onset of World War, the road tax could not be collected.¹⁵⁰ In 1920, two successive regulations amended the rating of the road fee. In January, the road fee increased from 40 piasters to 100 piasters (*Tarik Bedeli Nakdisi*); subsequently, in June 1920, the provinces started to rate road fees in the range from 12 to 120 piasters (*Tarik Mükellefiyeti Nakdiyesi Hakkında*).¹⁵¹

The National Assembly inherited the Road tax. In 1921, despite the objections that stressed the financial incapability of the peasantry within the National Assembly, the law on road obligation that subjected the men between 18-60 ages to pay road fee passed (*Tarik Bedeli Nakdisi Hakkında Kanun*).¹⁵² It was based on the principle of monetary payment but the ones that could not afford the payment were subjected to compulsory work for four days in the roads each year. Nevertheless, the principal was the monetary payment, but it could not be collected during the wartime.¹⁵³

On January 19, 1925, the National Assembly enacted the Road Obligation Law (*Yol Mükellefiyeti Kanunu*), subjecting the men between 18 and 60 years, to work on roads between 6 and 12 days. The road obligation could be fulfilled with the monetary payment, the amount of which was determined by the provincial general council (*vilayet meclisi umumisi*) which could not be less than the average daily wages of the workers in the region for the corresponding workday and collected in accordance with the Law on Collection of Assets (*Tahsili Emval Kanunu*). The village headmen and the council of elders that were responsible for the tax collection got bonus payments in proportion to the rate of collected tax. This practice had been introduced with 1921 law, promising bonus payment that did not exceed 5 percentage to the council of elders that collected 85 percent of the accrued tax. It became a motivation for village headmen and councils of elders to put more pressure

¹⁵⁰ Nuray Özdemir, “Cumhuriyet Döneminde Türkiye’de Yol Vergisi,” *Tarih Araştırmaları Dergisi* 32, no. 53 (2013): 215, https://doi.org/10.1501/Tarar_0000000541.

¹⁵¹ Akkuş and Yıldırım, “Dünyada ve Osmanlı’da Zorunlu Çalıştırma: ‘Amele-i Mükellefe’ Uygulaması ve Tarihsel Gelişimi,” 535–36.

¹⁵² Özdemir, “Cumhuriyet Döneminde Türkiye’de Yol Vergisi,” 216; “Tarik Bedeli Nakdisi Hakkında Kanun,” 102 § (1921).

¹⁵³ Özdemir, “Cumhuriyet Döneminde Türkiye’de Yol Vergisi,” 215–17.

on the peasantry to collect more tax. Furthermore, according to the laws enacted in 1921 and 1925, the gendarme could force the ones that evaded or rejected the compulsory work or that left the worksite without completing the obligation, to work on the roads.¹⁵⁴

The provincial administrations, the provincial councils, village headmen, councils of elders, and the gendarme enjoyed a free hand upon the taxation practices. Not surprisingly, peasants faced abuses and malpractices inflicted by those groups, which aggravated the burden of compulsory work. Accordingly, the gendarmerie, tax collectors, village headmen, and council of elders became at best the fearsome and disliked characters in the eyes of the cultivators.¹⁵⁵

Just after the enactment of the Road Obligation Tax, the tithe was abolished in 1925. The Road tax became one of the principal taxes collected from rural areas. The provincial councils determined the amount of tax, and they were mostly much above the solvency of the cultivators. In the case of not paying the road tax, the sanctions were imprisonment and the general tax lien, according to the Law on Collection of Assets (*Tahsili Emval Kanunu*). Along with the burden of other taxes, the low-income cultivators were pushed to sell their property to pay taxes. Under the economic conditions of 1925, in Antalya, one of the cultivators sold his son for 50 liras, which appeared incredible but real; nevertheless, we do not know how widespread the practice was. Another example was the sale of the mattress that the family had been using, which led to a quarrel between wife and husband ending up with divorce. Again, washtub was also among the possessions sold to pay taxes but also leading to a quarrel between wife and husband.¹⁵⁶ In addition, the 1925 law exempted men with six children from the road tax.¹⁵⁷ Facing the economic hardship, in rural areas having six children became the only way to escape from the tax. Exemption from the tax in case of having six children was a policy of promoting

¹⁵⁴ “Yol Mükellefiyeti Kanunu,” 84 § (1925); Tarik Bedeli Nakdisi Hakkında Kanun.

¹⁵⁵ Özdemir, “Cumhuriyet Döneminde Türkiye’de Yol Vergisi,” 219.

¹⁵⁶ Özdemir, 219–20.

¹⁵⁷ Yol Mükellefiyeti Kanunu.

population increase. Thereby, rapidly increased the number of families having six children in those years.¹⁵⁸

The administrators failed to collect taxes or to use the collected taxes effectively, thus could not make progress or show marked improvement in road construction. In order to overcome the administrative problems, a regulation was made in 1927 (*Devlet ve Vilayet Yollarının Tevhidi Hakkında Kanun*), but it did not work.¹⁵⁹

On June 10, 1929, the parliamentary enacted the Law on Macadam Roads and Bridges (*Şose ve Köprüler Kanunu, No. 1525*) that entail some regulations on the road tax as well.¹⁶⁰ It was before the outbreak of the crisis in the United States. With the 1929 Law, men between 18-60 ages were subjected to road tax. They had to work ten days on the roads or pay eight liras. In addition, the provincial administrations could add two days to the compulsory work or two liras to the monetary payment for the roads that decided to be built in the region, increasing the obligation by 12 days and 10 liras, respectively. The law exempted the poor with proven disabilities, men with five children, students, men under arms as gendarmerie, or soldiers. One difference was that the number of children for exemption decreased from six to five. In the case of desertion from the compulsory work, the obligation was increased by 50 percent in cash and again collected through debt enforcement proceedings in accordance with the Law on Collection of Assets.

Just like the previous regulation, the 1929 law placed a premium for the village headmen and the tax collector in proportion to the success of the tax collection, to increase the amount of collected tax. As it had been, it resulted in tax collectors and village headmen pushing further on cultivators to increase tax collection. They mostly abuse the peasantry and rapidly start the procedures of general lien, confiscate their properties, and sell by auction even the goods that provided the basic

¹⁵⁸ Özdemir, "Cumhuriyet Döneminde Türkiye'de Yol Vergisi," 218.

¹⁵⁹ "Devlet ve Vilâyet Yollarının Tevhidi Hakkında Kanun," 1131 § (1927); Özdemir, "Cumhuriyet Döneminde Türkiye'de Yol Vergisi," 220–21.

¹⁶⁰ "Şose ve Köprüler Kanunu," 1525 § (1929).

necessities like mattresses, quilts, stove. Despite all these efforts, the amount of collected road tax remained low.¹⁶¹

The amount of road fee had been beyond the cultivators' ability to pay already in 1925. In the face of the collapse of the prices of agricultural products, it became impossible to pay the tax. The number of peasants who had to fulfill road obligations through compulsory work in road construction increased.¹⁶²

Even though cultivators were in dire straits especially during the crisis, were not able to pay the taxes, with the regulation in May 1930 (*Yol Mükelleflerinden Alınacak Maarif Vergisi Hakkında Kanun*), provincial administrations became able to levy the education tax within the road tax, through adding 300 piasters more to monetary payment, or 4 days more on the compulsory work.¹⁶³

The government issued a new decree (*Kararname No: 9855*) that regulated debt enforcement proceedings for the collection of unpaid road fees in accordance with the Law on Collection of Assets on September 3, 1930.¹⁶⁴ The 1929 law enjoined the ones that had promised to fulfill the obligation through compulsory work but did not, to pay one and half of the original obligation. This new decree regulated the procedures for the ones that had promised to pay the road fee but did not. The amount to be collected from the ones that did not pay the road fee did not increase with the charge of interest - contrary to the ones that escaped from the compulsory work. They were all linked to the same debt enforcement procedures based on the Law on Collection of Assets.

The new decree prescribed filing the general tax lien on the wages, other incomes, and property for the promised but unpaid road fees. If the amount of income is not

¹⁶¹ Özdemir, "Cumhuriyet Döneminde Türkiye'de Yol Vergisi," 231, 223.

¹⁶² Hatipoğlu, *Türkiye'de Zirai Buhran*, 79.

¹⁶³ "Yol Mükelleflerinden Alınacak Maarif Vergisi Hakkında Kanun," 1618 § (1930).

¹⁶⁴ "1525 Numaralı Şose ve Köprüler Kanunu Mucibince Nakdi Yol Mükelleflerinden Borçlarını Taksit Müddetlerinde Vermeyenler Haklarında Tahsili Emval Kanunu'nun Sureti Tatbikını Gösterir Talimatname" (1930).

enough or did not exist, it ordered to expropriate the property, mostly the dwellings they lived. This was a regulation for the taxpayers all over the country, but being specific, in our case, in rural areas, it occurred as government pushing and chasing the peasantry to pay the taxes and confiscating their property.

In brief, under the economic conditions of the 1930s, it was not possible to pay the road tax for the cultivators. They were forced to compulsory work, which was a real burden. There were always problems with the organization, and officials were mostly very abusive to the peasants. Many escaped from compulsory work; the government and provincial administrations took a hard line with them. As in the 1920s, those who did not fulfill the road obligation faced debt enforcement, confiscation, and imprisonment. Quite a number of people were imprisoned because of the road tax, which signals that it turned to routine practice.¹⁶⁵ For example, in 1931 Kütahya and Kırşehir provincial congresses, it was put forward that due to the overweight of road tax, the prisons were full of citizens who could not pay the tax.¹⁶⁶

The cultivators were hugely unhappy about this practice and raised their complaints. The statements against the heavy tax burden, confiscations, and imprisonment for not paying taxes turned to be the important elements in the propaganda of the Free Republican Party.¹⁶⁷ The complaints and demands of the peasants and the channels through which they were expressed will be discussed in detail in the following chapter. Facing the widespread discontent and complaints about the road tax around the country, in July 1931 a new law enacted reducing the amount of road fee to 4 liras and the compulsory work to 6 days. The provincial administration could add 2 liras raising the tax to 6 liras maximum, one day for each extra lira thus raising the compulsory work to 8 days.¹⁶⁸

¹⁶⁵ Özdemir, "Cumhuriyet Döneminde Türkiye'de Yol Vergisi," 229.

¹⁶⁶ "BCA 30-10/79-522-2."

¹⁶⁷ Cem Emrence, *99 Günlük Muhalefet: Serbest Cumhuriyet Fırkası* (İstanbul: İletişim Yayınları, 2014), 79, 82–83.

¹⁶⁸ "1525 Numaralı Şose ve Köprüler Kanununun Bazı Maddelerinin Tadili Hakkında Kanun," 1882 § (1931).

2.5.2. Other Liabilities

Apart from regular direct taxes, the rural area took the burden of various other taxes and fees that fall into categories of surtaxes, taxes, tax-in-aids, or fees based on ad hoc regulations by the government, and the ones levied by the municipalities and village headmen. These categories overlapped at some points in some regulations, as might be expected but still categorization functions well for making sense of a welter of liabilities and developing an account of the burden on the rural areas.

2.5.2.1 Surtaxes

Surtaxes were added upon the existing taxes with a certain ratio, resulting in increases in the original tax, they came out of both systematic and ad hoc regulations, but mostly for specific needs and expenses. Inherited from the Ottoman Empire, in the early Republican era, the provinces (*vilayet*), and municipalities added surtaxes on the existing taxes of building, land, income, livestock under the name of share to assist public improvement (*menafî iane hissesi*),¹⁶⁹ education tax, and fixed tax (*maktu zam*)¹⁷⁰ within a range determined by the respective regulations.

The 1929 Law incorporated the surtaxes into the taxes (building, land, livestock, income) they had been added upon at the highest rate the provincial administrations could levy and with some rise as transmitted by the Minister of Finance in the National Assembly discussions on the 1929 Law.¹⁷¹ That is to say, while the practice of adding surtax was abolished, the burden did not diminish but rather increased. The

¹⁶⁹ *Menafî iane hissesi* (the share to assist public improvement) which would be termed merely as *iane* in the Early Republican regulations, was a surtax levied as one percent over land tax in order to fund the *menafî sandıkları* (funds for public improvement) in the Ottoman taxation system, the Agricultural Bank as the successor of *menafî sandıkları* took over that practice after its establishment and proceeded it in the early Republican period. The translation of the institution and the specific tax instrument belongs to Quataert. (Articles 4-6 of the Agricultural Bank founding charter dated 27 August 1888 and Yusuf Saim Atasagun, *Türkiye Cumhuriyeti Ziraat Bankası, 1888-1939* (İstanbul, 1939), 7-9, 154 in Quataert, “Dilemma of Development: The Agricultural Bank and Agricultural Reform in Ottoman Turkey, 1888-1908,” 213; Shaw, “The Nineteenth Century Ottoman Tax Reforms and Revenue System,” 432–33.)

¹⁷⁰ Direct translation is fixed increase that stands for surtaxes levied as increases in direct taxes.

¹⁷¹ “T.B.M.M. Zabıt Ceridesi (The Grand National Assembly Minutes of Proceedings) Term 3, Legislation Year 2, Volume 12, Session 66 (18.5.1929),” n.d., 4,15, GNAT.

principal taxes collected with new inflated ratios, the collected amount of taxes was allocated based on proportions defined in the 1929 law, among the province, the special provincial administration (*idarei hususiye*), the Ministry of Education, the municipality, and *iane* that was an abbreviation for *menafi iane hissese* collected by the Agricultural Bank only on land tax.¹⁷²

2.5.2.1.1. Taxes for Education

In order to cover the expenses of education, the government relied on permanent and temporary surtaxes. The main education tax (*maarif vergisi*) was a surtax levied by the provincial general councils, with up to a 25 percent increase in livestock tax and income tax, and up to 50 percentage on land and building taxes. For levying surtax above 30 percentage on the livestock tax and income tax, and above 20 percent on the land and building tax, provincial general councils necessitated the approval of central authorities.¹⁷³

The expenses of the primary schools were expected to be met by the local communities. Accordingly, peasants had the responsibility to meet all expenses of education that included the very building and equipment of primary school in their village, general and miscellaneous expenses during its operation like payment of the wage of teacher, heating, lightening, library, printing, and stationery expenses.

After the abolishment of the surtax, the education tax was not levied separately, but the accrued amount of tax on income, land, building, and livestock transferred to the Ministry of Education. Thus, it did not reduce the burden concerning the payments for education.

2.5.2.2. Taxes and Fees Based on Ad Hoc Regulations

As has been mentioned examining the road tax part, in 1929, a new ad hoc regulation enabled provincial administrations to levy additional 300 piasters on road tax as

¹⁷² Bilavasita Vergilere Munzam Kesirlerin Tevhit ve Nisbetlerin Tadiline Dair Kanun; Yusuf Saim Atasagun, *Türkiye’de Zirai Borçlanma ve Zirai Kredi Politikası* (İstanbul: Kenan Matbaası, 1943), 7–9, 154.

¹⁷³ “Maarif Vergisi Hakkında Kanun,” 1130 § (1927).

education tax, which corresponded to 4 days of compulsory work.¹⁷⁴ The taxes and fees for education were quite burdening, especially after the outbreak of the crisis in Turkey that vanished the income of cultivators who mostly embarked on a quest for subsistence.

2.5.2.3. Tax in Aids

At the time, the tax-in aid collected for the teacher training colleges (*muallim mektepleri*) was still standing. It was introduced with a law in 1926 that obliged provincial administrations to transfer 10 percent of their respective budget to the Ministry of Education to finance the building of 10 new teacher training colleges and their equipment for five years, from the beginning of 1926 to the end of 1930.¹⁷⁵

Before the introduction of the Aircraft tax in 1934 that seek financing the air forces, the tax-in-aids were collected for the Turkish Aircraft Society (*Türk Tayyare Cemiyeti*, TAS) that aimed for the development of aviation in Turkey, providing the equipment and human resource for air forces, and introducing the importance of aviation. It would turn to the Turkish Aeronautical Association (*Türk Hava Kurumu*) in 1935. Nevertheless, financing the needs of military through aids and endowments was not new, it dated back to the beginning of the twentieth century under the Ottoman rule.¹⁷⁶ The TAS convened provincial congresses to create sources of recurring considerable amounts of constant revenues that would be endowments and aid in 1926.¹⁷⁷ Congresses were convened in several cities, including Ordu, İzmir, Trakya, Kırşehir, Samsun, Malatya, Maraş, Bolu, Tokat, Çankırı, Siirt, and Bitlis. The main tenet of the decisions taken in those congresses was roughly to levy regular tax-in-aids on the agricultural products, livestock, and goods sold in the marketplaces

¹⁷⁴ Yol Mükelleflerinden Alınacak Maarif Vergisi Hakkında Kanun.

¹⁷⁵ “Muallim Mekteplerine Muavenet Hakkında Kanun,” 819 § (1926).

¹⁷⁶ Demo Ahmet Aslan, “Tayyare Cemiyeti’nin Propaganda Faaliyetleri ve Tayyare Bayramları,” *Anadolu Üniversitesi Sosyal Bilimler Dergisi* 14, no. 3 (2014): 141–42.

¹⁷⁷ Türk Hava Mecmuası, Issue 1, pp.23-25 in Zeynel Özlü, “Cumhuriyet’in İlk Yıllarında Hava Sahası Güvenliğini Sağlamaya Yönelik Olarak Sivil Toplumun Örgütlenmesi: Türk Tayyare Cemiyeti Kongrelerine Bir Bakış (1926),” *Atatürk Haftası Armağanı Dergisi* 45 (2018): 1–2.

and surtax on the income tax.¹⁷⁸ After all these initiatives, the cultivators had to pay tax-in-aid in kind or cash for the TAS; for example, in Çankırı, the amount of tax-in-aid was 2 percent of all agricultural products and one piaster from each livestock of all kinds in the province, and one egg or two piasters from each person once a year. Moreover, in some cities such as Çankırı, delivering documents, the council of elders in villages or municipalities received fees as aid for the TAS. This practice would develop and expand over time. In 1934, the full range of fees for legal documents along with aircraft stamps (*tayyare pulu*) were issued as a tax-in-aid, and shares taken from various sources were regulated by the Law for Aircraft Tax, which introduced the Aircraft Tax as a separate tax.

2.5.2.4. Taxes and Fees Levied by Municipalities

The municipalities levied taxes and duties for the services they supplied like cleaning and lightening taxes (*tanzifat ve tenvirat resimleri*), octroi/entrance fee (*duhuliyeye resmi*) for the commodities that brought in the municipality for sale, fees from marketplaces, market squares, ports, sale and butcher of animals, and other various fees within their boundaries.¹⁷⁹ Cultivators were also the subject of those taxes. For example, the cleaning tax the lightening tax was compulsory for the ones living in the boundaries of the municipality, regardless of the actual delivery of the service, besides, was collected from the ones that benefit from that service.

Zonguldak Deputy, Rifat Sivişoğlu illustrated the situation regarding taxes for cleaning and lightening with an anecdote dating back to 1924, during the GNA discussion upon the draft law on the amendment of the article of the Law on Municipal Revenues (*Belediye Gelirleri Kanunu*)¹⁸⁰ in 1951. When he was a mayor in 1924, an inspector had visited the municipality and Sivişoğlu had opened discussion on the obligation to pay cleaning taxes within the borders of

¹⁷⁸ Türk Hava Mecmuası, Issue 1-13 in Özlü, 2–20.

¹⁷⁹ “Belediye Vergi ve Resimleri Kanunu,” 423 § (1924).

¹⁸⁰ The Law on Municipal Taxes and Duties (*Belediye Vergi ve Resimleri Kanunu*, 1924) was replaced by the Law on Municipal Revenues (*Belediye Gelirleri Kanunu*) in 1948 that obliged all within the boundaries of municipalities to pay the cleaning and lightening taxes regardless of deliver of and benefit from service.

municipalities regardless of the delivery of or the benefit from that service. He had told that there were two districts, one in a valley between the mountains, split by streams, and the other on the mountainside that he had not been able to send cleaning workers or deliver cleaning services, but it had been ordained by law to collect taxes from those districts. He had found it unjust to compel paying for the service that they had not benefited. Nevertheless, the inspector had insisted on the assessment of those taxes. He said that he had had to obey the law and the orders of the inspector and did so. Listening to his conscience, he had sent a bailiff to those districts but asked them not to find anything to levy execution.¹⁸¹ This anecdote illustrated the fact that the municipalities' authority to levy cleaning tax within the boundaries including "the remote neighborhoods or village-like districts"¹⁸² whose residents were mostly peasants in the 1920s, was not just a written rule remained unimplemented but an actual obligation forced. Even though at that instance the major acted in a conscientious manner, it would be reasonable to assume that in most cases peasants that did not benefit from cleaning service, had to pay the taxes for cleaning just for being within the boundaries of the municipality.

In 1948, the introduction of the Law on Municipal Revenues (*Belediye Gelirleri Kanunu*) ended the ambiguity with clearly obliging all within the boundaries of municipalities to pay the leaning and lightening taxes regardless of delivery of and benefit from service.¹⁸³

Cultivators that brought their products to the marketplaces possibly had to pay duties for a place they occupied and for various scales they used for weighing their products since the Law on Municipal Taxes and Duties (*Belediye Vergi ve Resimleri Kanunu*) levy certain payments for occupying space in the marketplace and for the scales used in the marketplace.¹⁸⁴

¹⁸¹ "T.B.M.M. Zabıt Ceridesi (The Grand National Assembly Minutes of Proceedings) Term 9, Legislation Year 2, Volume 8, Session 86 (6.6.1951)," n.d., 69, GNAT.

¹⁸² "T.B.M.M. Zabıt Ceridesi (6.6.1951)," 69.

¹⁸³ "Belediye Gelirleri Kanunu" (n.d.).

¹⁸⁴ Belediye Vergi ve Resimleri Kanunu.

2.5.2.5. Taxes and Fees Levied in Villages

According to the Village Law, the settlements entailing up to two thousand inhabitants were defined as a village, and subject to the Village Law. However, if there was a municipal organization in a settlement, it was considered town even though it had less than two thousand inhabitants and subject to the municipality law.¹⁸⁵ This included the cases above that unraveled the controversial taxation policies of municipalities. Thereby, rural areas could be subject to two different regulations of municipality law and village law.

According to Village Law, a village is a separate legal entity that could have movable and immovable properties. Villages had compulsory and voluntary (public) works, and withal compulsory and voluntary expenditures. Through this legal framework, peasants made responsible for meeting virtually all needs and requirements in the village, either with direct physical labor or funding. Village headmen were authorized to set peasants to unpaid village works and to levy taxes called *salma* on peasants. If a peasant did not perform the compulsory work or pay the *salma*, they were served with a fine.

The compulsory works of a village were mostly public works of schooling, construction of roads, sanitary that entailed draining puddles to prevent malaria and mosquitos, the supply of potable water in closed systems, separating rooms for humans and barn in houses, building toilets in each house, a common toilet in the village, closed spares for domestic wastewater, building two roads across the village, crossing each other if possible in the middle of the village, building a village square, building room for the council of elders in the village square and next to the room for council of elders, a quest room with a stove and a barn, building a Muslim prayer room (*mescit*), building school in line with the example provided by the directorate of education (*maarif idareleri*). Some of the works were on village's environmental planning, like planting trees by the roads and in the square and, protecting village grove.

¹⁸⁵ "Köy Kanunu," 442 § (1924).

One of the most burdensome categories was road construction. Peasants were responsible for all the work of the road that remains in the village boundaries. It included building, repairing the part of the roads that linked the village to the government center and to the neighbor villages that remain in the boundaries of the village, building bridges over the rivers and hollows, and removing things that prevent the passage through the roads.

They were also responsible for the social aid, plowing collectively the lands of the ones that went into the army or the orphans who did not have anyone to take care of them. Besides, they were collectively responsible for the provision of shops for a blacksmith, grocer, and carter, and retaining shepherd, cattle herder, and village guard serving the village. In addition, the voluntary works like building public bath (*hamam*) too could become compulsory, if more than half of the village population agreed on, and with governor or district governor approved.

Along with the physical labor all those public works necessitated, peasants bore the financial burden of those compulsory works. Besides, villages had to pay for the village headmen, imam, teacher, village guard, shepherd, and cattle herd from their budget. If the village had estates like land and buildings, payment of the taxes and other expenses were the responsibility of the village community as well. Expenses for public works and those payments were categorized as the compulsory expenses in the Village Law.

The villages could have some revenues that were composed of rents from village lands and buildings, income from collectively cultivated lands, some fees like the fee on the animals butchered to be sold (*zebhiye resmi*), on animals sold within the boundaries of village (*ihit sap resmi*), the fee on boats and rafts on stream and river, the fee from quarries, kilns, etc.¹⁸⁶ For most of the villages, those were not enough to finance the public works and to cover monthly payments for village headmen and teachers or others dealing with the village work like village guard, shepherd, and cattle herd. According to the Village Law, when the village headmen needed to raise money, with the order of the council of elders, a tax called salma was levied in kind

¹⁸⁶ Köy Kanunu.

or cash.¹⁸⁷ Peasants had to pay those taxes as they had to work in the sites of village work. If they did not fulfill those liabilities, they were fined and compelled to comply and perform duties, if not persecuted with the execution of the levy.

2.5.2.5.1. Debt Enforcement Proceedings in Villages

The peasants who avoided compulsory work were served with fines ranging from one piaster to 100 piasters with the decision of the council of elders, if not paid, collected through debt enforcement proceedings described in the Village Law that entailed the confiscation and sale of peasants' properties in auctions.¹⁸⁸ In the case of the recurrence of desertion from the compulsory work, the fine was doubled. In addition, the peasants that did not pay *salma* were served with the double of the *salma* that was collected from those peasants through the same procedure of debt enforcement that was implemented for the debtors in arrears as well.

Along with the regular taxes and miscellaneous fees, peasants had to bear the financial burden of all village works – education, sanitary works, roads through the taxes levied by the village headmen. These liabilities were utterly beyond the financial capability of the cultivators who lived on indebtedness even before the economic crisis, but with the crisis, it became impossible to fulfill these taxes, which were mostly enforced with the execution that stripped them of the means of production and lands, even though law forbade their confiscation.

¹⁸⁷ Köy Kanunu.

¹⁸⁸ Article 66 of the Village Law devoted to the debt enforcement proceeding reads that the peasant who did not pay the *salma* or debt was informed by village headmen to make the payment within 21 days. If not paid at the end of 21 days, the record of the council of elders was sent to the government. The governor, district governor or subdistrict governor collected the money in line with debt enforcement proceedings and submitted to the village headmen or council of elders for to be transmitted to the village fund (*köy sandığı*) or creditors.

Levying the execution the order of the goods to be confiscated to cover the debt were the house utensil that was not necessary for the debtor, other movable goods, immovable properties like lands, orchards, and vineyards. Nevertheless, it was not permissible by law to confiscate the goods necessary for the subsistence of the debtor and the family, namely, agricultural tools, a yoke of oxen, land, orchards or vineyards, the residence of the debtor, four years of agricultural products, and real estate whose rent would cover the debt.

In three days starting with the levy of distress, the municipality held the sale of household goods and all kinds of movable goods in town in the presence of council of elders. The ones that cleared the debt or tax in three days could get their goods back. Besides, the auction for the distressed immovable properties was held for 20 days, if the bids were enough, after 10 days of pending, the sale was completed.

Within a wide range of taxes and fees, namely, direct taxes, surtaxes, taxes, and fees based on ad hoc regulations, rural areas were under a chaotic tax regime, which brought about a condition that neither officials nor taxpayers could have a grasp over the tax system. Peasants did not know how much to pay for individual taxes until the various types of tax collectors from diverse institutions came knocking at their doors, they did not know either the total amount of the annual tax burden. That is why in the wish lists of the provincial congresses, the peasants asked for the notice of a list of the taxes they were annually obliged to pay.¹⁸⁹

Additionally, the overall burden of taxes and fees already frustrating for cultivators became unrealizable with the crisis. As one of the main appearances of the crisis, the sharp fall in the prices of agricultural products, leading to a dramatic reduction in the income of cultivators, soared the relative weight of taxes and loans. This was accompanied by a nominal increase in taxes. Due to the widening gap between liabilities and earnings from agriculture, cultivators became unable to make a living through farming. That is to say, cultivators that could barely remain at the subsistence level did not have the capacity to pay those taxes and fees, rising both in nominal and real terms.

The amount of taxes became absurd in comparison to the sharp fall in the value of livestock and lands, the disposal of which occurred to be more economical for peasants than keeping them. Furthermore, as has been discussed, the possessions of the cultivators were often sold in auctions in return for unpaid taxes or, as we will see, the usurers expropriated the lands and other possessions in return for the loans they gave. In sum, the crisis brought about the dispossession of cultivators within mutually inclusive credit and taxation mechanisms.

2.6. Rural Credit

2.6.1. Cultivators' Need for Credit

The cultivators spend their life in a struggle to balance earnings and expenses. Peasant households had to meet the expenses for the production, taxes, and family

¹⁸⁹ “BCA 30-10/79-522-2.”

consumption with the earnings from agricultural production. The majority of the cultivators could not cover their expenses with the harvest income. The cultivators had some amount of money only after the harvest, at the end of each agricultural production cycle, and spent nearly all harvest income for the payment of taxes and debts that they had to borrow within the previous production period. As they ran out of money, they became in need of credit to initiate a new cycle of agricultural production and to meet production and living costs during the production period.¹⁹⁰

In many farms, especially in the Black Sea region, the agricultural produce of a household did not meet their annual food requirements; the families living in those farms could not lean on subsistence economy for the provisioning of households.¹⁹¹

Getting credit in ordinary years for consumption became general practice for those households. Consumption credits were means to cover the clothing expenses and other industrial products alongside the foodstuff. Peasants bought these items from the merchants in towns and cities on account, which was one of the fundamental credit mechanisms of the time and will be analyzed in detail in the coming parts. In a similar vein, peasants got credit for tax payments as well.¹⁹²

The Higher Institute of Agriculture, the Ministry of Economy and the Ministry of Agriculture conducted a village survey that investigated cultivators' conditions of production, patterns of consumption and standard of living in five regions of the country, namely, the Central Anatolia, Central and Eastern coast of Black Sea, Marmara, and Thrace, Aegean, South Anatolia (Mediterranean coast) in 1936. Nevertheless, only the findings of the Central Anatolia are accessible. They were published as two reports for the First Village and Agricultural Development Congress (*Birinci Köy ve Ziraat Kalkınma Kongresi*) held in 1938.¹⁹³

¹⁹⁰ Boratav, *Tarımsal Yapılar ve Kapitalizm*.

¹⁹¹ Atasagun, *Türkiye'de Zirai Borçlanma ve Zirai Kredi Politikası*, 284; Mustafa Eski, *İsmet İnönü'nün Kastamonu Gezileri* (İstanbul: Çağdaş Yayınları, 1995), 28–33, 42–49, 60–74.

¹⁹² Atasagun, *Türkiye'de Zirai Borçlanma ve Zirai Kredi Politikası*, 285.

¹⁹³ “Birinci Köy ve Ziraat Kalkınma Kongresi Orta Anadolu Zirai İşletme Hesapları” (Başvekalet Matbaası, 1938); “Birinci Köy ve Ziraat Kalkınma Kongresi Türk Çiftçisinin İstihsal ve Geçinme Vaziyeti.”

The survey targeted peasantry with low and middle income and divided them into four groups according to their annual income in Central Anatolia. Later, the first two groups that were at the bottom of the rural economy incorporated, the number of groups in the survey reduced to three. The first group of cultivators had around 30 decares of land, cultivated at most 37 decares - additional seven decares were rented lands or lands cultivated with shared cropping - and had at most 200 liras of annual income, and they composed the poorest segment of the peasantry in the Central Anatolia. The second group consisted of the cultivators that had around 60 decares of land, cultivated 67 decares of land, and had the annual income between 200 and 400 liras; while the third group of the peasants had around 100 decares of land, cultivated 100-110 decares of land, and the annual income between 400 and 1000 liras.¹⁹⁴

1935 was a bad harvest year, which was reflected in the findings of the survey; thus, the findings were adjusted to calculate an ordinary year budget. According to the adjusted values of the 1936 survey in Central Anatolia, the first group of the peasants could cover only 50 percent of the subsistence needs from the household production, thus had to purchase the remaining half from the market. Even for the foodstuff, their own agricultural production could meet only 55 percent of the food need; for the remaining 45 percent, they had to resort to the market. The peasants of second and third groups, whose annual income was between 200 and 1000 liras, could sustain more of their subsistence needs themselves, i.e., 52 percent from the farm and 48 percent from the market. They could meet 62 percent of the food consumption and 38 percent of other provisions from the farm.¹⁹⁵ That is to say, with increasing income, the peasants became more self-sufficient within the scale of low and middle-income peasants. Nevertheless, subsistence farming was not an option in the 1930s Central Anatolia; peasants had to resort to the market to meet their basic needs.

1936 survey in the Central Anatolia sheds light on the budgets of cultivators that cultivated up to 100 decares of land. The living and production costs of cultivators

¹⁹⁴ “Birinci Köy ve Ziraat Kalkınma Kongresi Türk Çiftçisinin İstihsal ve Geçinme Vaziyeti,” 18; Table 2 and Table 6 in “Birinci Köy ve Ziraat Kalkınma Kongresi Orta Anadolu Zirai İşletme Hesapları.”

¹⁹⁵ “Birinci Köy ve Ziraat Kalkınma Kongresi Türk Çiftçisinin İstihsal ve Geçinme Vaziyeti,” 35; “Birinci Köy ve Ziraat Kalkınma Kongresi Orta Anadolu Zirai İşletme Hesapları,” 37–38.

in the Central Anatolia were above their earnings from agricultural production.¹⁹⁶ The gap between the income and expenses for the reproduction of their life signaled the need for external sources. In the absence of formal credit supply, the cultivators tried to meet the deficit by getting into debt and engaging in non-agricultural activities. In the years of lousy harvest, when the gap was much more significant, as was the case for the 1935 drought, peasants got more loans, spent from the savings, sold animals that were considered stock and other inventories of the farm, if not the land.¹⁹⁷

In a year of good harvest, the peasants that had at most 100 decares of land could cover, on average, only 63 percent of cash expenses that were the production and living costs with agricultural activities, including husbandry. Some of those expenses were met in kind by the barter of the farm produce. The remaining 37 percent of cash expenses were met with earnings from non-agricultural activities and by going into debt, 21-22 and 16 percent, respectively.¹⁹⁸

As the agricultural income did not meet the basic needs and the reproduction of the conditions of labor, cultivators resorted to the non-agricultural activities like teaching in village schools, working as janitors and laborers, and cart driving.¹⁹⁹ Nevertheless, except for the third group that was the highest income group in the survey - with 400 and 1000 liras of annual income and cultivating around 100 decares of land - the additional incomes coming from non-agricultural activities were not enough to sustain subsistence and reproduction of conditions of production.²⁰⁰ They had to resort to the available credit suppliers and lean on loans. The peasants in the third group had loans as well, but they seemed to make the fixed capital investments like

¹⁹⁶ “Birinci Köy ve Ziraat Kalkınma Kongresi Orta Anadolu Zirai İşletme Hesapları,” 49.

¹⁹⁷ “Birinci Köy ve Ziraat Kalkınma Kongresi Orta Anadolu Zirai İşletme Hesapları,” 47, 53–54 and Table 20.

¹⁹⁸ “Birinci Köy ve Ziraat Kalkınma Kongresi Orta Anadolu Zirai İşletme Hesapları,” 47; “Birinci Köy ve Ziraat Kalkınma Kongresi Türk Çiftçisinin İstihsal ve Geçinme Vaziyeti,” 29–30.

¹⁹⁹ “Birinci Köy ve Ziraat Kalkınma Kongresi Orta Anadolu Zirai İşletme Hesapları,” 32, 52.

²⁰⁰ Table 17 and Table 18 in “Birinci Köy ve Ziraat Kalkınma Kongresi Orta Anadolu Zirai İşletme Hesapları.”

land, building, stock, with the cash from the sale of livestock and loans.²⁰¹ Again, even extra work in non-agricultural sectors did not save the low-income cultivators that had at most 400 liras of annual income from getting into debt for subsistence level consumption and reproduction of the conditions of that consumption.

The gap in the budget of the cultivators signaled the pressing immediate need for credits that would meet production and subsistence needs. Indeed, peasants used four main types of credit that were short term management credits, middle term equipment credits, long term credits, and lastly, consumption and social aid credits.

Short term management credit was used for the expanses made in one production cycle for expendable production items like seeds, items for farm animals' care, and workers' wages. Middle term equipment credits were the second type and used for the purchase of animals and production tools and machines. They lasted longer than one production cycle and were inventory stock of the farm. The third type was long term credits that were used for the development of agricultural production such as land reclamation, making land more productive, and for the purchase of land. The fourth type of credit was composed of consumption and social aid credits composed. While the consumption credits met the daily or more specific consumption needs of the household like food, salt, sugar, textiles, gasoline, expenses for weddings, the social aid credits met the necessities like staples of the peasants and farm animals that could arise in the years of famine due to drought or other natural disasters.²⁰²

Atasagun estimated the required agricultural credit in the early 1940s, which would provide some insights for the 1930s. As shown in the table, the total credit need was about 180 million, and consumption and social aid credits composed around 28 percent of the total credit need. It was quite a significant amount and revealed that cultivators could not meet the subsistence needs without getting into debt.²⁰³

²⁰¹ "Birinci Köy ve Ziraat Kalkınma Kongresi Türk Çiftçisinin İstihsal ve Geçinme Vaziyeti," 54 and Table 20.

²⁰² Atasagun, *Türkiye'de Zirai Borçlanma ve Zirai Kredi Politikası*, 284.

²⁰³ Atasagun, 287.

Table 3. Types and Necessary Amounts of Agricultural Credit

Type of credit	Amount of Need
Short term management credits	100.000.000
Middle term equipment credits	18.000.000
Long term credits for making land more productive	6.000.000
Long term credits for land purchase	6.000.000
	130.000.000
Consumption and social aid credits	50.000.000
Total amount	180.000.000

Atasagun, p.287

Regarding the need for agricultural credit, the Higher Institute of Agriculture (*Yüksek Ziraat Enstitüsü*, the Institute)²⁰⁴ conveyed a survey in the villages of five agricultural zones, namely Thrace, Marmara, Aegean, Mediterranean-south Anatolia, central Anatolia, Blacksea. Among those five zones, only the findings of the central Anatolia were published for the First Village and Agricultural Development Congress (*Birinci Köy ve Ziraat Kalkınma Kongresi*) conveyed in 1938.²⁰⁵ According to the findings in the central Anatolia, the cultivators needed credit for the items listed below:

purchase of seeds; costs of caring for animals and agricultural products; payment of workers' wages; purchase of agricultural instruments and

²⁰⁴ *Ankara Yüksek Ziraat Okulu* (Ankara Higher School of Agriculture) was established in 1930 and turned to *Yüksek Ziraat Enstitüsü* (the Higher Institute of Agriculture) in 1933, then to the Ankara University Agricultural Faculty in the 1940s (<http://agri.ankara.edu.tr/en/about-us/>).

²⁰⁵ It was a significant source of information that would reveal the conditions of the peasantry almost all over the country in 1930s. I tried to find out the documents of the survey in other regions. The findings of the survey had been gathered at the Minister of Economy at the time. Nevertheless, in the state archives, there was not any documents related to the survey. Then, I applied to the Ankara University Agricultural Faculty, which the Institute transformed to, and talked to the librarians, officers in the general document center, academics; unfortunately, they did not have any idea of the survey and related documents. The officer in the department of Agricultural Economy said that they had sent many documents of the 1930s to the SEKA for recycling, which the head of the department denied. Nevertheless, neither the staff nor the academics have heard of the survey before. Eventually, I could not access the documents, hope that those documents are in the state archives among unclassified documents and one day will come to light.

machines; expenses of orchard and vineyards; purchase of animals; purchase of land; purchase of several consumption goods; wedding expenses; fun, alcohol, gamble; purchase of household goods such as gramophone, payment of tax debt, payment of debts stemming from purchases on account, payments of debts to private persons²⁰⁶

The purchase of the most of the basic necessities, other consumption needs, expendable items in agricultural production, agricultural tools and machines, and purchases for the development of agriculture necessitated credit that fell into the categories specified by Atasagun as short, middle, and long term, along with consumption and social aid credits. Nevertheless, the need for credit for the payments of debts based on unpaid taxes, purchases on account, and loans from private persons appears as distinct from the acknowledged credit needs. Revealing that, first, the tax obligations were so much beyond the solvency of the cultivators that they could not fulfill the tax obligations without getting into debt, and second that cultivators were in need of loans to pay off the accrued debts, which signals to the fact that they were trapped in the cycle of indebtedness, which was also exacerbated with the heavy burden of taxes.

The cultivators could barely scratch out a living, the need for an external source of credit was intrinsic to the reproduction. Nevertheless, they did not have access to reliable institutional credit sources, in the absence of which they had to resort to the credit with usury interest rates.

According to Hatipoğlu, the cultivators had lived on debt paid off and renewed each year before the crisis. Nevertheless, the crisis made it impossible for the peasants to pay back the debt with high interests; that is, the cycle of debt could not be maintained anymore.²⁰⁷ It seems clear that the cultivators had lived in a permanent indebtedness before the crisis, possibly most of the peasants could not clear their debt annually, outstanding debt accumulated over the years.

Concerning the intensity of the accrued debt before the crisis, Ravndal put forwards that in rural Turkey of the early 1920s,

²⁰⁶ Atasagun, *Türkiye'de Zirai Borçlanma ve Zirai Kredi Politikası*, 240.

²⁰⁷ Hatipoğlu, *Türkiye'de Zirai Buhran*, 89–90.

“The peasant frequently does not produce enough grain to support himself throughout the year and, in case of drought or crop failure for other causes, needs material assistance in order to avoid starvation. Almost invariably at the beginning of the sowing season he lacks the necessary seeds and implements for the cultivation of the land. In every case he has recourse to the squire of the neighborhood, to whom he mortgages his land or his prospective crop at usurious rates of interest, generally around 35 or 40 per cent. The result is that being rarely able to pay, he loses all semblance of an independent status and becomes a laborer on the land of his wealthy neighbor”.²⁰⁸

Although it is not sufficient to conclude about the peasants’ solvency, the testimony of Ravndal exerts that the cultivators were not self-sufficient but rather earned below subsistence level and necessitated external credit in the early 1920s too. Furthermore, the excessive rates of interest did not allow them to pay off their debts, and they were pulled in indebtedness and dispossession in the hands of the creditors, i.e., well of peasants, large landowners.

In the following sections, the nature of the credit used by the cultivators, its repayment, and the credit mechanisms are elaborated, which in turn will enable a clearer understanding of the actual relations of credit that led to the indebtedness of the cultivators.

Boratav elaborates on the way indebtedness became an integral part of the cultivators’ life. He suggests that the transition from a closed economy to the market-oriented production and corresponding division of labor between the village and city, and agriculture and industry brought about the conditions for the expropriation of the agricultural surplus by commercial capital and money capital.²⁰⁹ As the small peasants produced for the market, they had to procure the factors of production and the items for family consumption from the market. The only source for these expenses was the harvest income, which needed to gain stability in terms of volume of harvest and agricultural prices to finance annual production and

²⁰⁸ G. Bie Ravndal, *Turkey Commercial and Industrial Handbook*, Department of Commerce Bureau of Foreign and Domestic Commerce Trade Promotion Series 28 (Washington: U.S. Government Printing Office, 1926), 87.

²⁰⁹ Boratav, *Tarımsal Yapılar ve Kapitalizm*, 34–35.

consumption expenses. In other words, neither the volume of production nor the price levels should change against the cultivators.²¹⁰

Agricultural production of Turkey in the 1920s and 1930s was mostly based on primitive techniques with low productivity and vulnerable to rainfall variability and natural hazards. It was not possible to stabilize the volume of production. Secondly, the prices of agricultural products fluctuate wildly, and there was not a protection mechanism that would keep domestic agricultural prices stable. Hence, the economic balance of agricultural production was very fragile.

The economic balance was disrupted frequently against the cultivators who necessitated credit for the production expenses, the family consumption, and tax payments. In the absence of institutional credit resources and mechanisms, the only available credit resource was the usury capital that appeared to be an occasional external factor infiltrated to the agricultural economy just for once, at the beginning. However, in due course, it turned out to be a constant item in the budget, which posed chronic payment difficulty. Thereby, indebtedness became a necessary and indispensable part of small commodity production. In other words, petty commodity production for the market was accompanied necessarily by the commercial and usury capital that were the main expropriators of the surplus. Accordingly, the surplus expropriated from the cultivators appeared as profit and interest at the end of its journey from the cultivators' hands to the merchants' and usurers'.²¹¹

The concluding point that indebtedness was an indispensable characteristic of small peasant production is profound in coming to terms with the expropriation process in agricultural production. Nevertheless, I have some reservations about the assumption of a balance between peasants' income and expenditures in a closed rural economy. There is a discussion and accompanying literature on self-sufficient peasantry and natural economy. Even though it is tempting to delve into this, it remains beyond the limits of this dissertation. However, as a note, I think it does not seem reasonable to

²¹⁰ Boratav, 36–37.

²¹¹ Boratav, 37–38.

assume that there had been a point of balance in the peasants' budget before the market relations penetrated the closed economy, since both taxation and class relations in the village expropriated surplus and prevented possible balance. On the other hand, with primitive agricultural techniques, cultivators could have limited income that would most probably barely cover the expenses.

Returning to the subject matter, before the crisis stroke the rural economy, the majority of the peasantry had leaned on debt for initiating a new cycle of agricultural production that would provide for the living costs of the households and payment of the taxes. The indebtedness had been an integral part of agricultural production, while the mechanism of credit had constituted the channel for the appropriation of surplus as described by Boratav.

2.6.2. Institutional Credit

The institutional credit sources were the Agricultural Bank, national banks, and local small banks in the early 1930s. The national banks did not have a cultivator-oriented policy, and local banks were at the margins of credit supply.

2.6.2.1. Agricultural Bank

One might expect that the Agricultural Bank (AB) provided cultivators the necessary amount of credit. Nevertheless, it fell short in meeting those expectations in various aspects, namely, high-interest rates, short maturity periods, inadequate amount of credit, and burdensome procedures. Cultivators found the interest rates of the AB very high that reached 12 percent, including the 3 percent bank commission.²¹² Besides, the maturity periods were short; they could not pay back the debt in the anticipated period. The AB had very limited reserves confined to cultivators' credit needs; therefore, not every cultivator that applied to the AB could get credit. That is to say, the cultivators either could not get any loan or could get only a small portion of what they needed. As a dramatic example, the AB distributed cotton clothes produced in a state factory to the cultivators who asked for credit in Adana.²¹³

²¹² Hatipoğlu, *Türkiye'de Ziraî Buhran*, 73.

²¹³ Gürbüz Tüfekçi, ed., *Atatürk Seyahat Notları (1930-1931)* (İstanbul: Kaynak Yayınları, 1998), 55, 100.

Moreover, applying for credit cost too much time, rigor, and expenses for the peasantry. They could get credit with joint and severe liability, which necessitated to convince several people to be guarantors, including the village headmen and the council of elders. The branches were in city centers or at best in towns; so that they had to travel to apply and fulfill the complex procedures of the bank that might not be completed in a day. It was such a costly endeavor for the peasants that it was much more trouble than its worth.

Considering all the energy, time, and money required, the uncertainty in getting credit or inadequacy of the amount of loan, and harsh repayment conditions, the AB did not stand as a viable and reliable option of credit supply for the peasantry. Furthermore, it had been widely criticized first for giving credit to the merchants rather than peasants; second, for becoming a channel for usury capital since some of the merchants who got credit from the AB gave that credit out to the peasants with usury rates. Then the AB, as an institution of the government, strengthened the credit relations based on the usury. The rice factory manager in Maraş reported that practice, along with the adverse circumstances created by lack of institutional credit. Nihat, the manager of the rice factory in Maraş, who prepared the report on rice in the First Agriculture Congress (*Birinci Ziraat Kongresi*) in 1931, argues that peasants in Maraş had to resort to the usurers since there were not many banks. Consequently, they got credit with very high-interest rates from the usurers, to which they had to give a big part of their earnings. On the other hand, even though the AB had a branch in Maraş, it did not give credit to the peasants. To put it more precisely, since the establishment of the factory, in six years, the AB gave loans to the rice producers only twice, and the loans were also much below the necessary amount. Besides, the bureaucratic procedures were daunting. Last but not least, while the peasants could hardly ever get loans from the AB, merchant-usurers got easily with 18-24 percent interest rates and lent back to the peasantry with the double interests.²¹⁴ That is to say, through the intermingling of government credit channels and usury capital, the considerable part of the value created by the peasants was appropriated by the merchant-usurers.

²¹⁴ Nihat, "The Report on Rice" (Milli İktisat ve Tasarruf Cemiyeti Birinci Ziraat Kongresi, 1931), 848.

2.6.2.2. National and Local Banks

The national banks and local banks were the institutional private credit sources of the time. The national banks did not have agriculture-oriented policies and allotted a limited amount of credit for agriculture, while the local banks' volume of credit was already too narrow. In addition, the banks mostly did not prefer to give credit to the ordinary peasants. Therefore, private banks supplied a small part of agricultural credit in general and a much smaller portion of the cultivators' credit needs. As expressed, both in the Preamble on Money Lending Business, Halkbank and Halk Funds (the preamble, now on)²¹⁵ and by the Minister of Economy and the former Isbank President Celal Bayar in a parliamentary talk, it was the ones who needed small amounts of credit that faced problems in meeting their credit needs, not the ones who asked for large amounts of credits. After all the negative experiences mentioned above, cultivators in need of small amounts of credit possibly refrained from approaching banks that necessitated much more rigor and time to introduce themselves to get credit compared to those asking for large amounts of credit and had wealth, business, investments, and relationships that introduced them at a glance.²¹⁶ Besides, it was ambiguous if they could get the credit after all the effort they put in. They mostly could not get any loans at all or not enough amount. Thereby, apart from a very limited number of credit institutions, the cultivators alongside the craftsmen, small traders, and officers could not resort to the banks - private credit institutions.

²¹⁵ The government submitted two draft laws with one preamble for both of them on May 30, 1933, namely, the Law on Money Lending Business (the LMLB, now on, *Ödünç Para Verme İşleri Kanunu*), the Law on Halkbank and Halk Funds (*Halk Bankası ve Halk Sandıkları Kanunu*), and the Preamble of the Draft Laws on Money Lending Business, Halkbank and Halk Funds (*Ödünç verme işleri, halk bankası ve halk sandıkları kanun lâyihası esbabı mucibesi*, the preamble, now on). Two parliamentary committees, one being the joint committee of justice and economy, and the other being the budget committee, reviewed and made amendments on those government bills. The joint committee adjusted the temporary articles (*muvakkat madde*) in the Draft Law on Money Lending Business as a separate law with the title of the Law Regarding the Sale of Estates for Debt and Collision (*Borç için Gayri Menkul Satışına ve Muvazaaya Dair Kanun*) (Appendix to TBMM Zabıt Ceridesi, 08.06.1933). The revised drafts came to the floor for the parliamentary debate on June 8, 1933. This process left behind important documents, the preamble, draft laws, reports submitted by two parliamentary committees, and lastly, the proceedings of the parliamentary discussions on the government bills that shed light on the credit conditions and the consequences of the prevalent credit relations which I will refer widely.

²¹⁶ Appendix to "T.B.M.M. Zabıt Ceridesi (The Grand National Assembly Minutes of Proceedings) Term 4, Legislation Year 4, Volume 16, Session 2 (8.6.1933)," 1933, GNAT; "T.B.M.M. Zabıt Ceridesi (8.6.1933)," 98.

Still, there were a small number of peasants who could get credit from the banks. Nevertheless, more importantly, the private persons from whom peasants had to resort to borrowing money or goods, took credit from those banks and lent to the peasants with higher interest rates. Thus, the interest rates of the credit taken from the private persons had to be higher than formal credit institutions, for money lenders to profiteer. This process was also mentioned in a parliamentary talk.²¹⁷ In that sense, the interest rates of banks set the limit above which cultivators could borrow; therefore, even though they were in the margins of credit supply for the cultivators, it is still important to investigate the conditions of credit in private banks.

During the discussions on the LMLB Draft, Bayar put forward that bank credit had varying aspects. First, national banks had different rates in big cities and provinces. In big cities intense competition among banks pulled down the interest rates to the range between 7.5 and 12 percent, and the average interest rate was around 8.5-9 percent, whereas, same banks issued much higher interest rates in other cities and provinces when not challenged with the competition. For example, in Central Anatolia, the national banks' interest rates rose to 15 and 22 percent, and mostly 18 percent.²¹⁸

Second, the local small banks as another credit source, especially in the provinces and cities apart from İstanbul, Ankara, and İzmir, issued very high interest rates, in line with national banks. In the Preamble, it was reported that the private banks' interest rates reached 38 percent both in cities and provinces except for İstanbul, İzmir, Ankara, where intense competition pulled down the interest rates. Giving loans with a 38 percent interest rate was so generalized and accepted that loans only above that rate considered usury.²¹⁹

The budget committee that reviewed and made amendments on the LMLB Draft assented the revised draft that tolerated the interest rates up to 25 percent with certain

²¹⁷ "T.B.M.M. Zabıt Ceridesi (8.6.1933)," 93.

²¹⁸ "T.B.M.M. Zabıt Ceridesi (8.6.1933)," 97.

²¹⁹ Appendix to "T.B.M.M. Zabıt Ceridesi (8.6.1933)."

sanctions and definitely prohibited the above rates. However, the committee felt the need to indicate that the tolerated interest rates in the revised draft were still much above the acceptable rates. Nevertheless, they had to accept them since the usurers and some institutions with small capital operating under the name of bank, which indeed considered unqualified, performed transactions with higher rates than mentioned in the revised draft.²²⁰ It signals that the prevailing interest rates were above 25 percent.

In parliamentary discussions on the revised law, Bayar as the Minister of Economy, put forwards that the interest rates of local small banks were between 18 and 38 percentage and commented that if a man gave that much interest, he could expect only for the bailiff's submission of the bankruptcy order. Besides, there was not any business that could surmount such high interest rates neither in times of crisis nor in normal times.²²¹

That is to say, neither the Agricultural Bank nor other banks met the cultivators' credit needs. When they could get credit, it was with very high interest rates that they could not repay the loan. That is, the cultivators could not lean on the formal credit institutions for credit supply.

2.6.3. Arbitrary Private Credit

The primary credit source available for the cultivators was non-institutional, arbitrary, which included the ones that got loan from the institutional sources than lent it back to the cultivators with higher interest rates. Non-institutional private lending with usury rates operated through specific credit mechanisms that were relevant mostly for all regions, but also shaped by the regions' specificities. More precisely, production relations, land tenure, crop type, and agricultural techniques formed the credit relations that emerged as an amalgam of different mechanisms showing specific characteristics.

²²⁰ Appendix to "T.B.M.M. Zabıt Ceridesi (8.6.1933)."

²²¹ "T.B.M.M. Zabıt Ceridesi (8.6.1933)," 97.

Credit mechanisms were based on informal relationships that generally did not leave behind written records or could not be found directly in official documents. Therefore, it is difficult to detect the actual interest rates. Nevertheless, tracing the reports and parliamentary discussions and with some simple calculations, some information on credit mechanism and usury rates came to the surface.

According to the credit commission's report in the Agriculture Congress held in 1931, the interest rate of private credits fluctuated between 3-12 percent monthly, and 36-150 percent annually but in general within the range of 50-80 percent.²²² It means that if one borrowed 100 liras, then had to give back 180 liras. It was a very high rate. Moreover, in the preamble of the LMLB Draft, it was noted that the monthly interest rates of usury credit were between 5-10 percent monthly. This corresponded to annual rates between 60-120 percent.²²³ The revised LMLB draft indirectly permitted issuing interest rates above 12 percent up to 25 percent in return for cash fine that increased proportionally, while prohibiting the rates above 25 percent. During the parliamentary discussions over the revised draft, deputies criticized the government for overlooking the interest rates from 12 to 25 percent and getting a share from the usury rates through fines.

Raif [Karadeniz] was in the joint committee that reviewed the bill before it came to the floor for debate; thus had responsibility for the revised draft. He stated that even though the Usury Regulation (*Murabaha Nizamnamesi*), which was then-current regulation, inherited from the Ottoman Empire, had restricted the interest rate to 9 percent, the usurers continued to give loans with 100 percent interest. Moreover, in response to the criticism raised against the indirect permission for the interest rates above 12 percent, he argued that even though we decided that 12 percent as a reasonable limit, we knew that no one would give credit at that rate. Covertly, secretly, high interest would prevail.²²⁴

²²² The Commission on Credit, "The Report of the Commission on Credit" (Ankara: Milli İktisat ve Tasarruf Cemiyeti Birinci Ziraat Kongresi, 1931), 2464.

²²³ Appendix to "T.B.M.M. Zabıt Ceridesi (8.6.1933)" When the interest rates that were presented in the Agriculture Congress examined, it can be seen that they were simple interest, not compound interest. Thus, I converted the monthly interest rate that was put forward in the preamble to the simple annual interest rate. If it were compound interests, the annual interest rate would be between 80-214 percent.

²²⁴ "T.B.M.M. Zabıt Ceridesi (8.6.1933)."

This discussion reveals that the average interest rates were much higher than 12 percent. In fact, the revised law set the actual limit on 25 percent, the average interest rates should have been higher than 25 percent, tried to be drawn back to 25 percent.

As has been mentioned, the deputy in the parliamentary committee reviewing the draft pointed out the interest rates of 100 percent that “devastate the ones in need of credit by exploiting their need of credit.” Other deputies mentioned interest rates ranging from 30 to 50, even from 100 to 500 percent, and defined the situation as “robing the people like devious brigands.”²²⁵ Some other deputies described the situation as robbery, brigandage as well.²²⁶

The depictions of the deputies were no surprise since the usury had become a widespread problem and denounced as an illegitimate act in several channels and platforms with the creative language games. In the 1931 Agriculture Congress, the cotton committee’ report put forward that small-scale peasantry could get only half of the required credit from the Agricultural Bank, and for the rest, they “had to submit to the usurer who destroyed families like an owl.”²²⁷

Furthermore, the process of enactment of the LMLB says much about the policymaking. even though deputies criticized the government for legitimizing usury, getting share from the usury through fines, the bill enacted without major change with a concern of not disturbing credit supply.

2.6.4. Credit Mechanisms

The high-interest credit operated through several mechanisms in the rural economy that were marked by the merging of commercial and usury capital; besides, it was mostly the landowners who hold that capital and utilized in commerce and usury.²²⁸

²²⁵ “T.B.M.M. Zabıt Ceridesi (8.6.1933),” 93–94.

²²⁶ “T.B.M.M. Zabıt Ceridesi (8.6.1933),” 95–99.

²²⁷ The Commission on Cotton, “The Report of the Committee on Cotton” (Ankara: Milli İktisat ve Tasarruf Cemiyeti Birinci Ziraat Kongresi, 1931), 694“... bir baykuş gibi ocakları söndüren murabahacıya boyun eğmek mecburiyetinde kalmaktadır”.

²²⁸ Köymen Silier, *Türkiye’de Tarımsal Yapının Gelişimi (1923-1938)*, 74, 94, 100.

The prevalent credit mechanisms can be identified in six categories, which were also the mechanisms of surplus appropriation. It is important to note that those mechanisms did not stand alone in isolation but rather intermingled and operated together in most cases. Below the table presenting the categorization:

Table 4. The credit mechanisms as forms of surplus appropriation

The economic relation	Creditor	The form of loan	The form of debt payment/ The form of agricultural surplus
Usury	Usurer Merchant Landowner	Money	Money
Dependency on landowners + Dependency on merchants	Landowner Merchant	Good	Money or Crop
Time bargain/ Advance payment	Merchant Intermediaries Tobacco Monopoly Administration	Money	Crop
Harvest credit	Shopkeeper Merchant	Good	Crop > Money
Sharecropping	Landowner	Land+ Good + Money	Crop
Debt bondage	Landowner	Good	Labour (forced labor)

Adopted and developed on the bases of Rudra, 1975, p.1053 and Boratav, 1981, p. 39, Table VI a.

2.6.4.1. Usury

The first mechanism was “collateral loan,” “cash loan,” or “money to money”, in which both the loan and payment were cash. Even though there had been people or institutions that supplied credit without interest or low-interest rates, they were on the margins.²²⁹ It was usury that composed the main bulk of this type of credit.

The peasants in need of cash resorted to the landowner, merchant, usurer, or to the persons that mostly incorporated those different facets together in themselves. The usurers were mainly located in towns and cities and lent upon pawn with the usury

²²⁹ Atasagun, *Türkiye’de Zirai Borçlanma ve Zirai Kredi Politikası*, 159.

rates. The usurers issued a bill that securitized loans with excessive interests. Peasants pledged gold, silver, jewelry, land in return for the cash. They gave loans to be paid back in 1-3 months with a minimum of three, a maximum of ten, and an average of five percent monthly interests.²³⁰ The monthly interest rate was between 5-12 percent in Tire, 5 percent in Aydın, and the annual interest rates were between 30 and 120 percent in Konya.²³¹ The total amount to be paid back multiplied the original loan. Being so much above the payable amount, so urgent and essential, should be the need for the cash that peasants agreed on the deal.

If the loan could not be paid in time with the accrued interest, the usurer delayed the debt payment in return for an increase in the interest or the principal loan. In one case, the usurer asked for 5000 liras in return for the renewal of the bill standing for 500 liras.²³² Those usury relations caught the cultivators in the dangerous debt trap where they have no choice but to resort back to what may be termed “extortive” borrowing.

As transmitted by Çanakkale deputy Ziya [Gevher] in the parliamentary discussion, people suffered a lot from the usury. The usurers withdrew cash with 100 percent interest, besides bought the peasants’ products and possessions with half the price; thereby, the interest rate rose to 500 percent.²³³

In general, peasants could not clear the debt with such interests. The process mostly ended up with the seizure of the collateral, the movable and immovable all possessions of the peasantry. That is, the usurer credit had been the main channel in the process of dispossession of the peasantry. Tökin gave vivid examples of the appropriation of peasants’ possessions. In Armutlu (a district of Bursa), where the annual interest rates were between 100-600 percent, the usurers confiscated the

²³⁰ Fazıl, “Zirai Kredi” (Ankara: Milli İktisat ve Tasarruf Cemiyeti Birinci Ziraat Kongresi, 1931), 2450–52.

²³¹ İsmail Hüsrev Tökin, *Türkiye’de Köy İktisadiyatı* (İstanbul: İletişim Yayınları, 1990), 146.

²³² “Zirai Kredi,” 2452; Tökin, *Türkiye’de Köy İktisadiyatı*, 146.

²³³ “T.B.M.M. Zabıt Ceridesi (8.6.1933),” 98.

vineyards, orchards, farms that worth hundreds of thousands of liras. In Ordu, where the monthly interest rate was between 3 and 7, the usurers appropriated the debtors' estate. In Giresun, most of the cultivators could not repay their debt to the usurers who thereupon seized the hazelnut groves of cultivators. Cultivators became the sharecroppers or agricultural workers in the groves once belonged to them.²³⁴

If the cultivator was in desperate straits and had weak financial solvency, the terms of borrowing became much harsher. In Adana, usurers asked for an unconditional transfer of the property to lend loans. They bypassed the practice of issuing bills as collateral, linked procedures, and directly attained the property.²³⁵

It was tough to close an account with such an interest rate. However, even the cultivators succeeded in clearing the debt, the usurers might not close the account. They used terms like "katmerleme," "katlama," "kıvırma," "hendek atlatma" for the direct deceptions. "Hendek atlatma," or "hendekleme" which is possibly the shorter version, and which means in direct translation, to jump over a ditch, actually refers to the practice of not handing over the bill for the pledge, even though the debt was paid, furthermore taking legal action for the foreclosure of the borrowers' property.²³⁶ Another saying for one of the practices of usury was "bükmeçilik," which literally means bending. When peasants could not pay back their debt, the same deal would be renewed, compounded at the rates of the previous year, hence the bending. For example, when a peasant took 100 lira loan that would be paid back in the harvest and could not pay the debt, the creditor suggested assuming that the debt was paid in return for 200 kilos of wheat, then resold by the creditor to the peasant. Accordingly, the peasant became indebted to the creditor again. In this manner, the debt increased from 100 liras to 300-400 liras. The debtor who only thinks of escaping from the creditor's grasp had to accept the suggestion.²³⁷ The same deal was renewed, compounded, the insolvency recurred the following year, increasing incrementally.

²³⁴ Tökin, *Türkiye'de Köy İktisadiyatı*, 147.

²³⁵ Tökin, 147.

²³⁶ Tökin, 147.

²³⁷ Atasagun, *Türkiye'de Zirai Borçlanma ve Zirai Kredi Politikası*, 170-71.

Formal credit institutions became part of the process. The AB and other national banks did not give loans to the cultivators but made loans at reasonable interest rates to the merchants who lent that credit at usury rates to the cultivators.²³⁸

After the establishment of the Agricultural Cooperatives in 1929, the usurers and intermediary merchants were involved in the administrative body of the cooperatives and predictably made the capital of the managerial positions. They gave credit to the cultivators that owed themselves in order to guarantee the repayment. From the viewpoint of the cultivators, they got loans from the administrators of the Agricultural Cooperatives whom they had owed and submitted the credit back as debt payment.²³⁹ In this process, the Agricultural Cooperatives operated as a channel through which the value created by the peasants were transferred to the merchant-usurers that also grasped the managerial positions in the cooperatives.

Despite the fact that the 1933 law and prior to it, the Usury Regulation (*Murabaha Nizamnamesi*) penalized giving loans at high interest rates, usurers found ways to bypass the restrictions and lent at usury rates. For example, according to the 1936 survey in the Central Anatolia, the usurers gave 50 liras of a loan with a bill equivalent of 75 liras, including an interest in the amount of the original loan. These operations were kept secret, thus not easily detected in the surveys or through the examination of account books.²⁴⁰

2.6.4.2. Dependency on the Landowner or Merchant

The second mechanism was based on the dependency on the landowner or merchant for access to the productive resources and consumption goods that is input and output markets. The transaction type was “goods to crop or cash.” Large landowners of the villages could have a monopoly over access to the markets of consumption

²³⁸ The Commission on Credit, “The Report of the Commission on Credit,” 2472; Tökin, *Türkiye’de Köy İktisadiyatı*, 151; Cumhuriyet October 15, 1928 in Köymen Silier, *Türkiye’de Tarımsal Yapının Gelişimi (1923-1938)*, 59; “The Report on Rice,” 848.

²³⁹ Tökin, *Türkiye’de Köy İktisadiyatı*, 150; Atasagun, *Türkiye’de Zirai Borçlanma ve Zirai Kredi Politikası*, 383.

²⁴⁰ “Birinci Köy ve Ziraat Kalkınma Kongresi Orta Anadolu Zirai İşletme Hesapları,” 50.

goods or production inputs. When cultivators ran out of stock for their subsistence needs, like wheat within a year, they had to resort to landowners.²⁴¹ Besides, holding the monopoly over productive resources, large landowners lent seeds with very high prices to the peasantry. It was 3-5 piasters above the market prices of cereals per okka in the early 1930s. In harvest season, peasants paid their loan in cash with high prices or in-kind with one and half times of the original loan.²⁴²

The merchants or intermediaries sold consumption goods or production inputs to the peasants. If it was the only available channel for peasants to reach these goods, it could create similar dependency.²⁴³ The intermediaries hold control over a village. Usually, the intermediary-merchants made an agreement not to challenge each other and shared the control of villages. For example, in Ordu, each intermediary exerted control over the trade of hazelnut in a particular village, on his own. The specific intermediary-merchant bought the crops each year, and the cultivators sold their products specifically to this merchant since they knew him. Nevertheless, they did not know the market and thought they could not deal with this unknown environment. Thereby, the merchants appeared as doing a favor. Accordingly, when peasants were in need, they resorted to this particular merchant.²⁴⁴ His dominance over the trade of produce extended to the other areas of life, from credit relations to other matters related to town and city. In other words, the merchants had established both material and nonmaterial dominance over the cultivators, who in turn became dependent on the merchant.

It seems obvious that this relation of dependency dictated the rules that cultivators could not challenge. Through trade, and in many cases under the guise of help, the merchants absorbed most of the surplus created in the village. They could be solely merchant or both the large landowner and merchant.

²⁴¹ Ashok Rudra, "Loans as a Part of Agrarian Relations: Some Results of a Preliminary Survey in West Bengal," *Economic and Political Weekly* 10, no. 28 (1975): 1049–53.

²⁴² "Zirai Kredi," 2450–51.

²⁴³ Boratav, *Tarımsal Yapılar ve Kapitalizm*, 39.

²⁴⁴ Tökin, *Türkiye'de Köy İktisadiyatı*, 148.

2.6.4.3. Advance Payment

The third mechanism was “money to crop,” “time bargain,” “advance payment”. It was a dominant practice inherited from the Ottoman period, then was called “*selem*.” Merchants, intermediaries gave loans to the peasant through making some early payment for the crop before its harvest. That is, this was a contract to sell future goods. It seemed to be a loan without interest at first glance, but it was not. Cultivators had to sell their produce to the merchant that paid in advance. Merchant mostly underpriced the crop and charged disguised interest over the loan through paying less than the market price for the produce.²⁴⁵ The price difference was 30-40 percent. Without setting the price, advance payment stood with 5 percent monthly interest, all together, the interest rate rose to 40-50 percent in time bargains.²⁴⁶ Besides, cultivators generally paid for the expenses for storage and transportation in advance payments.²⁴⁷

When the merchants came to collect the crops in the harvest time, they generally discarded and discounted a considerable portion of the product. They apparently pulled down the prices of crops. The discard and discount at tobacco purchases were mostly at a rate of 20-25 percent.²⁴⁸

The matter of advance payment appeared in the parliamentary discussions as well. During the parliamentary deliberations on the revised Draft of Law on Money Lending Business (LMLB) in 1933, Kütahya deputy Memet conveyed that merchants offered the half the price of the product in cash to the cultivators that were in need of money a year before the harvest and grabbed the produce in the harvest time much below its worth. He illustrated that they got the agricultural product that worth 40 piasters only for 20 piasters. Stating that peasants suffered most from this

²⁴⁵ Tökin, 149.

²⁴⁶ “Zirai Kredi,” 2451.

²⁴⁷ Tökin, *Türkiye’de Köy İktisadiyatı*, 149.

²⁴⁸ Tökin, 149.

practice, he questioned if they should be considered usurer.²⁴⁹ In this example, again, the advance payment operated as a credit mechanism through which the merchants expropriated the value created by the cultivators.

Merchants or private companies made time bargains and advance payment generally for cash crops. Accordingly, in tobacco regions, it was a widespread practice. In Aydın, intermediaries made advance payments for future crops. The national and foreign companies and intermediaries functioned in the same manner, the experts of those companies opted for the minimum price, the experts tried to reduce the prices as much as possible both directly and indirectly through the practices of discard and discount in the name of quality control.²⁵⁰

The Tobacco Monopoly Administration that controlled the tobacco production and trade also bought tobacco from the cultivators with advance payment. It was not exempted from the problems of lowering the prices through the practices of discard and discount.

Along with underpricing directly, the experts of the monopoly administration chose an indirect route as well. They gave reasonable prices at the beginning, upon that offer, cultivators made deals with the monopoly administration. The Administration made advance payment through which it gained the preemptive right for the product that virtually bonded the cultivators to sell their products to the monopoly administration. In the harvest time, the experts of the Administration arrived at the field to check the quality of tobacco. They discarded and discounted important portion of the product, thus reduced the prices of the products.²⁵¹ Furthermore, after the Administration cultivators made a deal with the Administration and got advance, they could not sell the crops to another merchant that would offer higher prices, even if they repaid the advance.²⁵²

²⁴⁹ “T.B.M.M. Zabıt Ceridesi (8.6.1933),” 101.

²⁵⁰ Tökin, *Türkiye’de Köy İktisadiyatı*, 148, 150.

²⁵¹ The wish lists of the provincial congresses held in 1931 are full of the similar complaints, see the complaints raised in Bursa, Kocaeli, İzmir, İstanbul, Aydın, Manisa. “BCA 490-1-0-0/500-2011-1” They are also presented in the following chapter. .

²⁵² The Tobacco Committee Report in Milli İktisat ve Tasarruf Cemiyeti, *1931 Birinci Ziraat Kongresi İhtisas Raporları*, vol. 1 (Ankara: Milli İktisat ve Tasarruf Cemiyeti, 1931), 134.

The Administration paid advance to the peasantry; in this way, they gained the preemptive right for the product. 1938 dated Law no 3437 regulated that relationship. If the cultivators sold their products to another merchant, they had to pay back the advance with 5 percent interest rate administration, not compensation. If the crop was destroyed or damaged without personal fault, then the loan was deferred to the next year without interest. The advance payment was in the guarantee of the joint and several liabilities of the members of the council of elders.²⁵³

As tobacco production and trade were under the control of the government, cultivators had to make an application to cultivate tobacco legally. According to the Tobacco Monopoly Law dated 1930, after the application of peasants within a period fixed by the monopoly administration, the amount of tobacco to be produced was assessed and recorded in a document called the tobacco cultivation control book (*tütün ziraati kontrol cüzdanı*) which functioned both as a license to cultivate tobacco and a record of liability to be fulfilled by the peasant. It was the council of elders in villages and committees elected by the municipal councils (*belediye meclisi*) in the towns and cities that assessed the amount to be produced. The monopoly administration examined and approved the assessment.²⁵⁴ Although the tobacco monopoly law prescribed the assessment procedure as such, in the narratives and documents of the period, it was the officials of the monopoly administration that made the estimations.

Fundamentally the procedure put cultivators under the liability of carrying and submitting the assessed amount of tobacco to the depots of the monopoly administration in a fixed time. For example, it was May 31 for Trabzon and July 31 for Samsun. If not, it was considered as smuggling. Upon its delivery to the depots, the officials of the monopoly administration weighed the tobacco to control if it matched the assessed and recorded amount in the control book. If it was less than the recorded amount, it was the responsibility of the peasant. More than a 5 percent loss was considered contraband. For each kilo, the fine was 2,5 liras. If not paid, it was

²⁵³ Atasagun, *Türkiye’de Zirai Borçlanma ve Zirai Kredi Politikası*, 152.

²⁵⁴ “Tütün İhisarı Kanunu,” 1701 § (1930).

collected through levying execution. If this was not possible, the cash fine turned to imprisonment for a day for every three liras.²⁵⁵ At the time, the tobacco prices in central markets fell roughly from 70 to 35 piasters. In 1933 it turned 30 piasters,²⁵⁶ keeping in mind that in the villages, the prices got much lower; besides, both the tobacco monopoly administration and private companies gave the lowest price possible. It was quite a high fine for the cultivators.

This procedure that was based on the obligation of transfer and delivery of all produced tobacco in a fixed time, which was referred to as *deranbar usulü*, the method of collection in the depots, proved troublesome for the cultivators, as revealed in the documents. There was not a web of depots easily accessible for the cultivators, the depots were located mostly in city centers or towns, and they had to carry the tobacco in carts to the depots and waited for days in a queue in front of the depots.

In the parliamentary discussion on the Tobacco Monopoly Law, İstanbul deputy Hüseyin while defending the interests of tobacco merchants asserted that the Monopoly Administration did not have qualified depots to store all tobacco produced in the country thus they could not meet the needs of neither cultivators nor the merchants He continued his speech with uttering the problems cultivators faced under the obligation of delivering all cultivated tobacco in a fixed date:

“We all know, we all see in our election districts, I have witnessed this. Near the end of the monopoly depot period [for the collection of the tobacco], peasant loads all tobacco into carts, harness oxen to the cart, to preserve tobacco, under the sun with the woman and children, wait for days in front of the depots of the Monopoly Administration. The tobacco occurs to have more wastage under the sun than the original wastage [that is than it would normally have]. In this respect, in order to escape from legal proceedings, cultivators with a bucket of water destroy his crop that was his annual subsistence. He falls back upon that only to escape from legal proceedings”.²⁵⁷

²⁵⁵ Tütün İnhisarı Kanunu.

²⁵⁶ Bulutay, Tezel, and Yıldırım, *Türkiye Milli Geliri (1923-1948) Tabloları*.

²⁵⁷ “T.B.M.M. Zabıt Ceridesi (The Grand National Assembly Minutes of Proceedings) Term 3, Legislation Year 3, Volume 20, Session 73 (9.6.1930),” n.d., 141, GNAT.

After the burdensome obligation of delivery and loss of tobacco crop came the procedure of weighing that raised so many complaints as well. In many cities, it was asserted that the experts weigh less than the actual amount; some argue that the scales were broken.²⁵⁸ In the end, the cultivators could not get the money they were promised. The transfer and delivery of the products were the constituting and closing phases of the deal between the cultivators and the monopoly administration based on advance payment, in which the losses of cultivators occurred; thus, the extraction of value emerged as the experts diminished the amount and value of the product on the one hand, and the process of collection in depots created burden and expenses for the cultivator.

The obligation of the collection in the depots did not mean that the monopoly administration would buy the product. The tobacco submitted to depots could wait for two years, but after six months, the cultivators had to pay rent as well.²⁵⁹

Although the Tobacco Monopoly Law reads that the monopoly administration had to establish depots that would store tobacco in good condition, and it was responsible for the wasted tobacco due to the poor conditions of storage.²⁶⁰ In actual fact, as put forward by İstanbul deputy Hüseyin, in the same speech referred above, the existing depots composed of solely two walls and a roof over were not competent for tobacco storage. He stated that the cultivators and merchants need technically qualified (*fenni*) depots that could store tobacco properly, that would not dry or dampen the tobacco more than necessary, but the construction of those depots would have cost for millions.²⁶¹ Thereby, the monopoly administration stored tobacco in those substandard depots in which the tobaccos mostly decayed waiting.²⁶² There was not any sign that the monopoly administration took responsibility for the decayed tobacco. That is, the labor spent on the tobacco went for nothing, and the cultivators lost the source of annual subsistence.

²⁵⁸ “BCA 490-1-0-0/500-2011-1.”

²⁵⁹ Tütün İnhisarı Kanunu.

²⁶⁰ Tütün İnhisarı Kanunu.

²⁶¹ “T.B.M.M. Zabıt Ceridesi (9.6.1930),” 141.

²⁶² “BCA 490-1-0-0/500-2011-1.”

Taking into account all procedures, it was clear that the monopoly administration functioned as a significant party in the process of surplus extraction from the cultivators through trade and credit.

2.6.4.4. Harvest Credit

The fourth mechanism was “loan in kind,” “goods to money,” “goods to crop,” or more specifically, “harvest credit.” Harvest credit was based on the commercial relationship between shopkeepers in town and cities and peasants that were mostly in more closed areas.

The shopkeepers in towns and cities had commercial relations with particular villages; thus, they had villages and peasants linked to them. Peasants bought goods on account from the same shopkeeper to whom accustomed to in years. For a new shopkeeper, the peasant would be stranger; thus, quite likely would ask for payment in cash, not sell on account. In fact, the shopkeepers had a deal sharing out the villages and knew each other’s customers. Stealing others’ customers was not a major pattern among shopkeepers.

The peasants purchased consumption goods like dry goods from the shopkeeper in the village on account within a year. They promised to pay the total amount generally in crops in the harvest time. The shopkeepers/merchants unilaterally determined the conditions and maturity of the sale and also the price of the peasants’ crops they bought. The merchants priced the consumption goods three-four times the market price.²⁶³ In turn, when the indebted peasants wanted to cover their debt with the agricultural product, the merchants bought the indebted cultivators’ crop much below the market price. In the price gap between the purchase and sale of merchants laid the usury interests.

According to 1936 survey findings, an article cost a lira paid in cash, but when sold on account, it rose to 150 piasters with a 50 percent interest rate. The cash price was also above the market price, as could be seen in the compulsory wheat and barley

²⁶³ Tökin, *Türkiye’de Köy İktisadiyatı*, 147–48.

purchase of peasants in the 1935 drought in Central Anatolia. The merchants sold the products much above the market prices, with 50 to 100 percent interest rates. For example, one kilo of wheat whose market price was 4 liras sold at 7 liras. Including the pull-down in the prices of cultivators' crops, the interest rate became out of sight.²⁶⁴

The report of the Law Committee in the Agricultural Congress conveyed in 1931 portrayed the situation. Peasants procured food and animal feed from the secondary markets with very high prices in the winter and paid off in kind several times more than the original loan in the harvest. For example, many peasants could not pay a sack of flour taken in winter, with three-four sacks of wheat in the harvest. Those peasants transferred all new crops to the debt payment just after the harvest; hence nothing left to the peasants for the upcoming agricultural season. They had to take on debt for the subsistence of the family, could not recover from debt.²⁶⁵

According to Kıray, the cultivators mostly did not know the price of what they bought; moreover, it was considered rude to ask the cost of the goods or make a bargain on the price. Besides, cultivators wanted to believe that they had supportive relations. The tradesman behaved as if they were making good to the peasants, supporting them with magnanimity in their difficult times. As if giving the goods then without money - but to be paid in the future - was giving them free gratuitously. The tradesmen filled the account in a notebook with special marks that only he could understand, with a free hand, without any supervision; thus, determined the amount of the credit, interest rate, maturity, etc. arbitrarily. Generally, peasants did not have a grasp of the account book; tradesmen informed peasants seldom, if ever, about their loans. Therefore, the peasants learned the surprising sum of debt in the harvest time.²⁶⁶

²⁶⁴ "Birinci Köy ve Ziraat Kalkınma Kongresi Orta Anadolu Zirai İşletme Hesapları," 50–51.

²⁶⁵ The report of Law Committee in "Birinci Ziraat Kongresi 1931: İhtisas Raporları: 2" (Milli İktisat ve Tasarruf Cemiyeti, 1931), 2479.

²⁶⁶ Mübaccel Kıray, "Değerler, Toplumsal Tabakalaşma ve Gelişme," in *Toplumsal Yapı Toplumsal Değişme* (İstanbul: Bağlam Yayıncılık, 1999), 108–9.

The portrayal of Kıray may sound naïve, but according to the reports of the 1936 survey in Central Anatolia, peasants could not grasp the computation of bank interests. They could notice only the increase of the amount of loans.²⁶⁷ On the other hand, we learn about another current practice, far from innumeracy, the cultivators developed an indirect method to access cash, making use of the price gap in the procedure of purchasing on account. During the parliamentary discussions, Bolu deputy Şükrü conveyed a prevalent practice in his district. The person in need of cash went to the shopkeeper who was also the usurer and bought, for example, salt whose market value 12 piasters per okka for 18 piasters to be paid in three months. In other words, he had to give 6 piasters more for each okka three months later. Just after the purchase, the buyer who was in need of money sold the salt for 12 piasters per okka in order to obtain cash. Ones worked for the shopkeeper/usurer bought the salt, brought back to the shop. In appearance, it was a salt sale, a contract, but it was actually usury. It was a prevailing method that occurred very often. In this way, the annual interest rate reached 100 percent. He questioned why the government bill on money lending did not entail that practice.²⁶⁸

Purchase on account as a credit mechanism always functioned against the peasantry but had been an indispensable part of their life already before the crisis. The exchange was never made in equal terms since the very existence of merchants became meaningless then. The loans were beyond the solvency of the peasantry. Under these conditions of the credit, it is not surprising that the debts could not be cleared and mostly transferred to the next year. The debts were accumulated in the account book of merchants. It was a binding and oppressive power over the peasants. As such, it was one of the main mechanisms of surplus transfer from the cultivators, as put forward by Boratav.

2.6.4.5. Sharecropping

The fifth credit mechanism was sharecropping. It appeared in the conditions that the cultivators were deprived of the instruments and objects of agricultural production in

²⁶⁷ “Birinci Köy ve Ziraat Kalkınma Kongresi Orta Anadolu Zirai İşletme Hesapları,” 50.

²⁶⁸ “T.B.M.M. Zabıt Ceridesi (8.6.1933),” 100.

a varying scale - indeed land, but it could be other production inputs like agricultural machinery, tools, livestock, seeds, etc.; thus, they usually could not provide for the households with the means of production they possessed. They had to resort to the landowners that had control over the access to these productive resources. The deal between the cultivators and the landowner was based on the written or non-written traditional contract, which promised cultivators the access to the land and other missing production means so that cultivators started to work on the landowners land and utilize his/her productive resources in return for a portion of the crop the cultivators produced. The composition of production varied but remained in the lines that the sharecroppers provided the labor, while the landowner provided the land and the rest of the necessary productive resources provided by either of them.²⁶⁹ The landowners demanded payment in kind after the harvest for the rent of land and other production inputs lent.²⁷⁰

While the tenant cultivators as direct producers were deprived of productive resources thus could not make a living for the household, the landowners owned excess resources that necessitated extra labor power to operate. Through the share contract, under the guise of exchange between crop and productive resources, the landowners gained indirect access to the labor.

The landowners appropriated the essential part of the surplus labor as rent for land and interest for lending production inputs in the form of surplus product, which means sharecropping was “a particular method of surplus appropriation.”²⁷¹ Tökin identified sharecropping as a “loan in return for labor.” Though it was still the crops in this mechanism paying for the loan, it has innate truth in it, as it was the surplus labor that transformed into the surplus product.

The ratio of surplus appropriated by the landowners varies in relation to their strength vis-a-vis the sharecroppers, which substantially stemmed from the degree of

²⁶⁹ Steven N. S. Cheung, “Private Property Rights and Sharecropping,” *Journal of Political Economy* 76, no. 6 (1968): 1107.

²⁷⁰ Karl Marx, *Capital*, vol. III (London: Penguin Books in association with New Left Review, 1991), 939; R Pearce, “Sharecropping: Towards a Marxist View,” in *Sharecropping and Sharecroppers*, ed. Terence Byres J. (London: Frank Cass, 1983), 51.

²⁷¹ Pearce, “Sharecropping: Towards a Marxist View,” 52.

their active control over the access to the productive resources (means of production) or mere possession of these resources.²⁷² The strength of the landowners was directly related to the proportion of capital landowners had in production, their control over the production process, and appropriation of surplus. The sharecropping relations of highly powerful landowners came close to the relations of employing agricultural workers. Conversely, but along the same lines, the increasing amount of control over the means of production led cultivators to provide an increasing amount of capital; thereby, they had more control over the production process, and they hold a bigger part of the surplus as the owner of the capital along with the labor.²⁷³ Along those lines, surplus appropriation varied.

2.6.4.6. Debt Bondage

The sixth mechanism was “debt bondage.” The landowner gave crop to the peasants, i.e., farmers, farm servants, and casual laborers in the Indian case. Peasants worked on landowners’ farms and paid back the debt through directly working on the lands of the landowner. In India, this practice entailed “Loan Account kept in terms of number of days of work to be done by laborer without payment,” and wage rates were calculated below the market price.²⁷⁴ It is not clear how widespread this practice was in Turkey in the 1930s. We may formulate it as a loan in kind. It resembles sharecropping, but in that context, the debt was paid through direct labor, not through crop as in sharecropping. In the reports of the Agriculture Congress, there is a categorization distinct from sharecropping. Landowners provided seed and other expenses to the peasants, and peasants worked on the landowners’ land, paid back the loan in cash or kind.²⁷⁵ It is not clear why it was not seen as sharecropping practice. One possibility is that there were details omitted in the report, and this curtailed the distinction of the practice. The second possibility was that it was actually sharecropping but miscategorized. In our scheme, concerning the control

²⁷² Pearce, 52–56.

²⁷³ Marx, *Capital*, III:939.

²⁷⁴ Rudra, “Loans as a Part of Agrarian Relations: Some Results of a Preliminary Survey in West Bengal,” 1053.

²⁷⁵ “Zirai Kredi,” 2451.

over the productive resources, this relationship corresponds to the lowest point that direct producer had only labor in hand.

As an overall picture, there were six types of credit mechanisms prevailing already before the crisis. They flourished in the gap between the institutional sources of credit and the actual amount of credit the cultivators needed and created the debt cycle cultivators trapped. Thus, growing indebtedness became an integral part of agricultural production. In other words, the cultivators could make a living from agriculture on the bases of that constant indebtedness as noted by Boratav.

Through these credit mechanisms, the usury capital and merchant capital appropriated the agricultural surplus. Also, there was the share of the large landowners over the surplus as the holder of a quite important part of the usury and merchant capital besides control over some productive resources and staple products. The functioning of agriculture, especially for the cultivators, was quite fragile and vulnerable to the crisis.

2.6.5. Rural Credit During the Crisis

As the crisis stroke and the income of cultivators vanished, the need for credit accelerated, but there were no credible credit sources available for cultivators. With increasing demand for credit and simultaneous depreciation of solvency, the conditions for obtaining credit became much more severe than before. That is, the crisis in the absence of any barriers, such as supportive government policies, pushed cultivators further into the indebtedness and credit cycle. They would be able to get out mostly through dispossession if they could. Sometimes, even if they sold everything they possessed, they could not pay off. The other side of dispossession was accumulation in the hands of the creditors, that is, usurers, merchants, and large landowners.

2.7. Conclusion

After portraying the changing economic conditions in Turkey and the impact of the Great Depression in broader macroeconomic terms as a background, the chapter

dwelled on four channels through which the crisis was transmitted to the lives of cultivators.

First, the sharp fall in world agricultural product prices was the primary channel through which the crisis was transmitted to Turkey, striking first the agricultural exporters and peasants. The fall was so spectacular that the cultivators' income vanished during the crisis.

Along with the sharp fall in prices, other factors that increased the prices of industrial products resulted in the turn of the terms of trade against agriculture, being much more drastic in rural areas. Firstly, the government policy of protectionism over the industry conduced the prices of industrial goods to remain above world levels. Besides, most of the necessities were under monopoly and sold at higher prices, which functioned as indirect taxation, in addition to the increasing indirect taxes on consumption goods. The direct and indirect taxation also increased the prices of industrial goods.²⁷⁶ Moreover, intermediaries bought the agricultural produce from the peasants cheap and sold at higher prices in cities, while selling industrial goods at higher prices to the peasants. Thereby, the prices of agricultural products, hence the cultivators' earnings were much lower, whereas the prices of industrial goods so the expenses were much higher, especially in closed areas. The overall effect was the dramatic fall in the relative prices of agricultural products, which functioned as the primary that transmitted the crisis in cultivators' lives. The spectacular value lost by the cultivators due to the price volatility stemming from intersectoral terms of trade and the differentiation between city and village was transferred to the industrial and commercial capital, respectively.

Furthermore, the treasury absorbed a considerable part of the value created in rural areas through the protectionist policies, monopoly prices, and indirect taxation system, which were policies that also direct the absorption and movement of value among sectors in general.

²⁷⁶ The increase in the prices of consumption goods through monopoly pricing and taxation was actually the result of the government policy that sought rise in savings through the reduction of consumption, which is analysed as the second channel the crisis transmitted in the lives of the cultivators. Still, the increase in the prices of industrial products stemming from those policies took an active role in the sharp fall of the relative prices of agricultural products.

The second transmission mechanism was the policy of increasing government savings by reducing consumption, which prevailed from 1926 onwards, including the crisis period. After the abolishment of the tithe, which was a relief for the rural economy and a loss for the government budget, to recover the gap in the budget, the government increased taxes on consumption goods and expanded the range of monopolies over necessity goods that enabled monopoly pricing, which functioned as indirect taxation. With the crisis, access to industrial goods turned much more challenging for the cultivators, and the consumption of necessities diminished severely. The government policy of increasing saving through reduction of consumption turned to be a significant mechanism the crisis transmitted in the lives of cultivators as it deprived them of necessities.

The third transmission mechanism was taxation of the cultivators. The abolishment of the tithe was a significant development. However, as has been analyzed in detail, the rural taxation increased and expanded afterward. With the incredible fall in the prices of agricultural products, the relative costs of taxes skyrocketed. While the livestock and land prices slumped, the amount of taxes became so absurd that led to the sale of the means of production to pay taxes, but sometimes could not even cover the taxes. During the crisis, the cultivators expressed that even the tithe was better than the current taxes. The second and third mechanisms led to the transfer of wealth from the cultivators to the government budget.

The fourth transmission mechanism was the prevalent credit mechanisms in agricultural production. Even though the need for credit was inherent to agricultural production, the cultivators did not have access to reliable credit sources. They had to resort to the noninstitutional arbitrary credit sources that gave loans with usury rates. Accordingly, permanent indebtedness had been an integral part of small-scale agricultural production before the crisis. Those credit mechanisms were substantially interlaced with commercial relations, namely, the sale of the agricultural products, purchase of consumption goods, and inputs for agricultural production. The merchants, landowners, and usurers appropriated most of the agricultural surplus through those credit mechanisms. Besides, landowners' exclusionary control over productive sources was the first and primary foundation of surplus appropriation in

agricultural production. In other words, the cultivators lived in permanent indebtedness even before the crisis; nevertheless, with the crisis, it was deepened as the need for credit increased, the solvency decreased, and the conditions of getting loans became much severe. The credit relations ended up mostly by the dispossession of the peasants. That is to say, the credit mechanisms turned to be another mechanism the crisis was transmitted in the lives of cultivators.

Overall, the cultivators lost control over their budget in the crisis. It became impossible for cultivators to pay the accumulated debts and taxes. Indebtedness and insolvency were mostly followed by dispossession. Besides, as their purchasing power was destroyed, they struggled to afford basic necessities, mostly falling below the subsistence level. In addition, they could not reproduce the condition of agricultural production that provided for their subsistence, and sustaining livelihood became a matter of concern.

CHAPTER 3

CULTIVATORS' REACTION: COMPLAINTS AND DEMANDS

3.1. Introduction

The Great Depression transmitted to the lives of cultivators on the first hand through the fall in the prices of agricultural products, followed by a massive fall in the relative prices of agricultural products due to government policies of protectionism and indirect taxation over essential consumption goods, the increased burden of direct taxes and fees, and lastly, the credit mechanisms that trapped peasants in cycles of indebtedness.

Pushing the cultivators into dire straits, the crisis amplified the discontent growing for some time among cultivators who struggled to survive and enhance their living conditions under significantly deteriorating conditions. They began to raise complaints and demands in every available channel.

The Free Republican Party (FRP), which was established with the order of M. Kemal, became one of the channels through which discontent flowed. The original plan for the establishment of the FRP as a second party was to create a tool of free criticism, control (*murakabe*), and discussion that would not violate the principle of the secular republic, which would be limited to parliamentary opposition. The intention was to restrict political criticism and opposition to the activities carried out by the opposition party within the parliamentary sphere. In other words, opposition activities would not expand/involve mass politics, large scale organizing, and graphic activities, which could lead to agitation, fight among people, and public disorder.²⁷⁷ Nevertheless, it did not go as planned, what the ruling cadre evaded happened.

²⁷⁷ Hasan Rıza Soyak, *Atatürk'ten Hatıralar*, vol. 2 (Ankara: Yapı ve Kredi Bankası, 1973), 408–11.

Taking the economic crisis and formulating ways to overcome the crisis at the center of its program²⁷⁸ and making its *raison detra*²⁷⁹, the FRP was regarded as the savior by people.²⁸⁰ Just after the establishment of the party, the FRP organized a tour in the Western Anatolia, including the provinces of İzmir, Aydın, Manisa, and Balıkesir and some towns and villages on the trainway station. It was welcomed with great enthusiasm that was expanded to the mass mobilization of public meetings, welcoming ceremonies, and workers' strikes. The public speeches of Fethi Okyar likewise turned to big mass meetings and demonstrations in many places. That is to say, the tour became an arena the discontent, which was expressed on a massive scale, both in those meetings through slogans and in direct contact with Okyar. The cultivators expressed their complaints and demands mostly on financial difficulties such as the sharp fall in prices, insolvency, and high prices of consumption goods.²⁸¹

The zealous support party gained, the enthusiasm and determination of the masses in their support was a shock to the ruling cadres. The program of the FRP emphasized overcoming the economic crisis and promised the reduction of the heavy tax burden, abolition of usury, and easy supply of agricultural credit with low interest rates.²⁸² Besides, the control of the monopolies over necessity goods had been part of the FRP propaganda, which appeared in Fethi Okyar's speeches. These policies were so much appealing to the peasants that the party gained massive support among peasants.

In the municipality elections held in November just after its establishment, the FRP gained success in many municipalities, despite the unfair electoral atmosphere

²⁷⁸ The program was published in the newspapers on August 13, 1930. See "Serbest Cumhuriyet Fırkası Programı" (Vakit, August 13, 1930).

²⁷⁹ Fethi (Okyar), in his letter to M. Kemal, expressing the need for the establishment of a second party, which was along with the reply of M. Kemal, actually the procedural document of mutual agreement on the establishment of a new party, pointed the economic crisis as the main problem, argued that the government's economic policies deepened the crisis and criticized the heavy tax burden, the large scale state investments-expenses pursued through high taxation, the lack of protection for the national economy or incentives for domestic production as due fact diminishing exports. For the very process of the reciprocal writing of letters on the same table and the letters themselves, see Soyak, *Atatürk'ten Hatıralar*. Vol. 2., 413–15.

²⁸⁰ Emrence, *99 Günlük Muhalefet: Serbest Cumhuriyet Fırkası*, 89.

²⁸¹ Emrence, 93–121.

²⁸² "Serbest Cumhuriyet Fırkası Programı."

marked with difficulties posed by administrative staff, police, and gendarme, and violent conflicts with the proponents of the FRP, as was the case in the Aegean tour of the party.

Considering the state of affairs threatening to the regime, M. Kemal took side with the RPP, and the founders of the FRP closed the party. Nevertheless, the experience of the second party laid bare the discontent in public. The ruling cadres needed to find a way to cope with the discontent. Accordingly, just after the closure of the party, M. Kemal went for a journey in Anatolia to examine the conditions of discontent and determine the necessary measures that would handle the problems and restore the support for the regime. The experts and staff of different ministries accompanied him on that journey.

The notes of M. Kemal from this trip and Başar's book are the sources that transmitted what they witnessed in the journey, which included both the conditions and a series of interactions between the top of the ruling cadre and the ordinary people, but also the local rulers, landowners, industrialists, etc.²⁸³ In the following parts, among all, the conditions in rural areas, and complaints and demands transmitted by the peasants, as recorded in those sources, will be references that would shed light on the period, primarily through the eyes of the peasants.

Along with a journey in Anatolia, the ruling cadres also decided to hold the general party congress. In preparation for that general congress, the provincial party organizations held congresses in cities and towns, where the wish lists were formed, then submitted to the party center for the general congress in 1931. Those wish lists were another primary source reflecting the demands and complaints of the cultivators in the period.

Writing petition persisted as an essential channel in transmitting the demands for the ordinary people. Writing petitions to the Grand National Assembly was an attempt of ordinary people to reach the center of legislation and governance, where they could

²⁸³ "BCA 490-1-0-0/1454-34-3," 1934, BCA; "BCA 490-1-0-0/34-142-1"; "BCA 490-1/34-143-2," February 28, 1931, BCA; Tüfekçi, *Atatürk Seyahat Notları (1930-1931)*; Başar, *Atatürk'le Üç Ay ve 1930'dan Sonra Türkiye*.

not solve the problem within burdensome and nonresponsive layers of bureaucracy and judiciary. The petitions submitted by the individuals to the Assembly were conveyed to the Petitions Commission that examined the demands and complaints expressed in the petitions.

According to the internal law of the Assembly, the commission could ask questions to the government about the decisions or practices mentioned in the petitions and get access to the relevant documents. If the commission found fault in the practice of administration or the government, they could revoke that practice, make a subjective decision to take new executive action in the name of the Assembly. In some cases, the commission could cancel the decisions that were in accordance with law, regulations, etc., and could pose new practices that were contrary to the objective rules.

From the legal point of view, as an organ of the Assembly, the Petitions Commission transcended the realm of legislation. It entailed the power of jurisdiction and execution arbitrarily, furthermore, could establish practices contrary to the law. The procedure and the ensuing practices of the petitions commission are criticized for being against the rule of law and separation of power; as revoking an administrative practice was a judicial act, while introducing new proceeding was an act of execution, letting alone posing unlawful practices.²⁸⁴

With arbitrary and unchecked power described by Onar, the Commission might have responded to the applications and complaints asserted in the petitions much quicker than any other administrative and judicial channel, leaving alone the problematic nature of the decision-making procedure and the decisions themselves. It might have prompted the idea and practice of finding solutions and getting answers through petitioning to the Assembly.

Only the limited number of the original petitions sent to the Assembly is accessible in the archives of the Assembly. However, the annual books of the Assembly

²⁸⁴ Siddık Sami Onar, *İdare Hukukunun Umumi Esasları*, vol. II (İstanbul: İsmail Akgün Matbaası, 1966), 727–28.

entailed the summaries of many but not all petitions. For example, some of the manuscripts did not have summaries in the annuals. If the petition was summarized in the annuals, it could be traced. On any account, the manuscript petitions and their summaries in the books are essential sources that reflect the complaints and demands raising from below in that period.

Based on the aforementioned sources, to wit, notes on M. Kemal’s journey, the RPP provincial congresses’ wish lists, and the petitions to the Assembly, this chapter is devoted to the cultivators’ reaction to the rapidly deteriorating economic conditions due to the crisis, the drivers of discontent as the consequences of the crisis and complaints of the cultivators mostly overlap withal to the demands. They are presented within an analytical framework composed of four parts that are oriented around the main themes of debt, credit, production, and consumption, which signal to the fundamental manifestations of the economic crisis in the lives of cultivators that were indebtedness and insolvency, dispossession, fall in consumption turning to struggle for subsistence, and livelihood distress.

Table 5. Manifestation of the Crisis in Cultivators Life in a Four-Part Framework

	Consequences/Complaints	The main manifestations
Debt	Diminished earnings Loans above cultivators’ solvency	Indebtedness Insolvency
Credit	Urgent need for credit (to finance taxes, loans, consumption needs, production inputs) Lack of credit Unmet credit need Problems with the institutional credit sources Problems with usurers, intermediaries Debt enforcement proceedings	Lack of credit, Credit crunch Expropriation, Dispossession (&capital accumulation)

Table 5. (continued)

Consumption	Decline in cultivators' purchasing power Difficulty of earning livelihood	Fall in consumption Struggle for subsistence
Production	Agriculture ceased to be means of livelihood Unable to produce the conditions of agricultural production Difficulty in maintaining farming	Livelihood distress Income diversification Abandon farming

3.2. Channels the Crisis Transmitted

The previous chapter portrayed four main channels that transmitted the crisis; in other words, absorbed the value created in agriculture and shaped the reality of cultivators in the crisis. Firstly, while the prices of agricultural products dropped off, the prices of industrial goods abided high due to the protectionist policies, monopoly pricing and indirect taxation on consumer goods. The intermediaries between the village and cities sharpened the fall in the relative prices of agricultural products since they bought at low prices and sold at high. As a result, all factors together led to the aggressive turn of terms of trade against agricultural products, vanished the income of the cultivators, and functioned as a channel for intersectoral transfer of value from agriculture to industry, commerce, and the treasury. The second and third channels were the policy of increasing government savings by reducing mass consumption and tax policy that created a heavy burden. They were also the mechanisms of the indirect and direct absorption of value from the agricultural sector to the treasury.

Fourth, the credit mechanisms and constant indebtedness cultivators had been pushed in, functioned as mechanisms of surplus appropriation through usury rates, early sales, manipulated prices, etc. The intermediaries that bought the agricultural products cheaper and sold industrial products or basic necessities at higher prices

were mostly credit suppliers that made advance payments or sold necessities to be paid in the harvest to the peasants, as portrayed in the previous chapter. Mainly merging the commercial and financial capital, those actors became an integral part of agricultural production as the only available source of credit. Nevertheless, the capital that turned to agricultural credit had been mostly accumulated by the appropriation of value from cultivators through the same credit mechanisms. Thus, the arbitrary credit suppliers were integral part of agricultural production with the role of both the usurpers of value and suppliers of credit. Those conditions of credit withal became much more severe during the crisis that it damaged the agricultural production, especially small-scale production.

Through those mechanisms emerged the repercussions of the crisis in cultivators' lives as a cluster of consequences, which together formed the patterns of insolvency, indebtedness, dispossession, the struggle for subsistence, and livelihood distress that were the fundamental manifestations of the crisis. In the following part, I mention those patterns, manifestations within the framework composed around the themes of debt, credit, consumption, and production, through which the complaints and demands are presented, so that they can be associated better.

3.3. Main Manifestations

3.3.1. Indebtedness and Insolvency

In Turkey, small scale agriculture was based on credit and indebtedness, meaning that it could be maintained by the influx of external credit that covered the expenses during the agricultural season up to the harvest time. In times of drought, lousy harvest, or fall in the prices of agricultural products, the payment of loans and taxes became impossible. Starting in 1926, the cultivators had gone through economic difficulty. The squeeze in the agricultural goods market in 1926 and the downturn in the prices of agricultural products affected export-oriented agricultural producers most. In the following years of 1927-1928, cultivators went through two years of drought. Accordingly, both the producers of export-oriented goods and more stable products like wheat had accumulated loans which they expected to cover with the

earnings from the 1929 harvest. Nevertheless, the dramatic downturn in the prices of agricultural products that did not even cover the expenses of production was a shock for peasants.

The delicate balance of the cultivators' budget based on indebtedness was severely disrupted. While the fall in prices diminished earnings even to one fourth, the expenses inflated with the repayment of accumulated loans at usury rates, increasing burden of taxes and fees, and much higher relative prices of industrial goods necessary for consumption and production. That is, the expenses were so far above the solvency of cultivators that it turned to generalized insolvency and growing indebtedness.

The dramatic fall in prices and the governments' protectionist policies exacerbated already existing financial problems in rural areas, which were the dominance of arbitrary credit mechanisms based on usury, the direct and indirect tax policy in rural areas bringing heavy burden, falling trend in rural consumption due to government's policy of increasing savings through the reduction of consumption. Thus, emerged the widespread insolvency and growing indebtedness.

As the cultivators sold the agricultural products for a mere song, they were left broke, in other words, the cycle of agricultural production was disrupted in the process of the realization of value. Cultivators were stripped of the capability to clear the accumulated loans with usury rates, current taxes, or tax arrears of previous years. They were deprived of the sources to start a new cycle of agricultural production that would provide subsistence. That is to say, trapped in debt, they could not reproduce the conditions of life or meet the basic necessities from the market.

3.3.2. Lack of Credit and Dispossession

The generalized indebtedness and insolvency, in turn, created an urgent need for credit, which was not available for cultivators even before the crisis. As the crisis hit the financial situation, the economy was stroke by lack of money, and the government followed a strict monetary policy that did not ease the problem either.²⁸⁵

²⁸⁵ Pamuk, "Intervention During the Great Depression: Another Look at Turkish Experience."

However, cultivators were under the pressure of the institutional and non-institutional creditors whom they were indebted and tax collectors for the unpaid taxes.

Despite the urgent growing need for credit, the institutional credit channels could not supply the necessary credit. As the main institutional channel for rural credit, the Agricultural Bank fell short of the expectations. As a dramatic example, the AB distributed cotton clothes produced in Adana factory to the cultivators who asked for credit.²⁸⁶ It was mainly usury credit that cultivators had to resort to, which had already pulled them in a trap of debt with inflated interest rates, which got exacerbated with the crisis.

In the face of the lack of available credit to cover the loans, the indebtedness was followed by debt enforcement proceedings and ended up with the widespread seizure of cultivators' estates and assets, which were mostly means of subsistence and production, i.e., lands, agricultural tools, agricultural products, livestock, household utensils. The period was marked by a vast amount of property changing hands, leading to the dispossession of cultivators on the one hand and accumulation of capital on the other hand. It was merely the embodiment of the process of primitive accumulation.

The private creditors, the usurers were leading the dispossession of cultivators, but other credit institutions like the Agricultural Bank (AB) and tax collectors did not lag behind. As reported in several sources, the AB, which emerged as the bank of peasants, expropriated the agricultural products and yoke of oxen that should be regarded unseizable. The essential goods necessary for subsistence and production were considered as properties not to be seized since the seizure of them stripped the cultivators from means of subsistence and production. Unmechanized small scale agriculture leaned on the power of oxen for plowing, which was mostly the only belongings that cultivators benefited from in farming, thus considered as a vital means in agricultural production. Thereby, the seizure of oxen by the AB created

²⁸⁶ Tüfekçi, *Atatürk Seyahat Notları (1930-1931)*, 55,100.

discontent among peasants.²⁸⁷ Moreover, the AB got agricultural produce as a pledge; thus, as the loans were not paid back, the crop remained in the depots. The loans could not be paid at such a scale that in some cities, the depots were full of grains collected as pawns from cultivators and accumulated in the depots by 1931.²⁸⁸ Considering that the AB was a formal institution and supplied only small amount of available agricultural credit, it was the usury capital that dominated the credit market, which pushed the expropriation much further. Peasants sold their livestock, means of production, and lastly, their lands. However, following the sharp fall in the prices of agricultural products, the prices of land and livestock also slumped by. The deterioration in the value of those commodities was so severe that the sale of land, livestock, and other means did not cover the debts accumulated with usury rates.²⁸⁹

3.3.3. Struggle for Subsistence

Starting from 1926, the economic policies led peasants to diminish the consumption. Besides, during the 1927-28 drought, the cultivators barely had agricultural earnings, which meant a stroke in purchasing power and accumulated debts and outstanding taxes. The 1929 crisis articulated on an ongoing trend of fall in purchasing power. As has been mentioned before, with the fall in the prices of agricultural products in tandem with world prices, the earnings from agriculture vanished. Nevertheless, due to the protectionist policies, the prices of industrial products, including the necessities for consumption and production, abided high above world prices. Besides, necessity goods like salt, sugar, gas, and tobacco were sold with monopoly prices and taxes on them, increasing their relative prices further. All together resulted in a much more negative turn against agricultural products and withering away of cultivators' purchasing power. That is to say, the crisis aggravated the ongoing process of fall in rural consumption, mostly stemming from government policies on monopoly prices, indirect taxation, and protectionism. This process deprived cultivators of basic necessities to the extent that consumption fell below subsistence

²⁸⁷ "BCA 30-10/79-522-2"; "BCA 490-1-0-0/500-2009-1," August 3, 1933, BCA.

²⁸⁸ Fadıl Hakkı Sur, *Zirai Kredi* (İstanbul: Türkiye Matbaası, 1933), 51–52.

²⁸⁹ "BCA 490-1-0-0/500-2011-1."

levels. In addition, the restrictions on the right to benefit from forests and the introduction of new fees and taxes on the usufruct of forest were also major factors diminishing the consumption of cultivators since they benefited from forests both for personal consumption and production.²⁹⁰

3.3.4. Livelihood Distress

As a result of the crisis, agricultural production turned out not yielding enough for subsistence. Cultivators could neither make a living through farming nor produce the conditions for agricultural production either. They could not meet the expenses to start cultivation. Some lost their lands or other means of production due to the appropriation by the debtors or tax collectors; thus, they had to resort to the other means of subsistence to earn a livelihood.

Before or along with delving into other means of livelihood, peasants practiced the strategy of shifting crops in their own farms and preferred to cultivate more basic products like wheat to cope with price volatility and subsequent livelihood distress. In İzmir RPP provincial congress, the restriction of tobacco cultivation and the distribution of wheat seeds to the cultivators that could not sell the tobacco yield were among the demands.²⁹¹ It seems that quite a few cultivators could not sell their tobacco harvest, thus deprived of a source of subsistence. They needed assistance for the subsistence and the expenses of agricultural production. Besides, since the tobacco crop remained unsold, the peasants asked for wheat seeds for those tobacco cultivators, which denoted to the shift in the agricultural product from cash crop to staples that would enable the subsistence of the peasant family. Shifting crop was not restricted with that case, but rather a widespread pattern, strategy of the cultivators in the face of the crisis; thereby, the gross wheat production increased during the crisis.

3.3.4.1. Income Diversification

Looking for other sources for making livelihood was not novel to the crisis. Agricultural production barely provided subsistence for the small landowners at the

²⁹⁰ “BCA 30-10/79-522-2.”

²⁹¹ “BCA 490-1-0-0/500-2011-1.”

time; thereby, cultivators had to delve into diverse activities to make a living, such as utilizing means of production like carts and draft animals of their farm to carry goods and people between village and towns or cities.

Sharecropping had been the widespread practice before the crisis, apart from farming in their own land, cultivators worked as a sharecropper in large landowners' farms. Nevertheless, with the crisis, the increasing number of peasants worked as a sharecropper. As has been discussed in the previous chapter, sharecroppers mostly had some amount of land that did not yield sufficient enough to earn a livelihood. Thereby, compared to the agricultural workers, who mainly were landless peasants, the sharecroppers were usually better off peasants. Sharecropping was like a layer between the agricultural workers and the small peasants considered self-sufficient in the literature but appeared to be not so in many cases. With the crisis, small peasants increasingly fell in the net of sharecropping. It mostly allowed them to remain in their village.²⁹² On the other hand, as the number of peasants in need of additional sources increased, sharecropping ceased to be an answer. Hence, some of the cultivators had to stop farming and abandon their lands.

Before the crisis, some cultivators already started to migrate to work in construction or mining sites or in the service sector in the cities for short periods that agricultural production had left free. For example, the cultivators in the Black Sea region could not make a living from solely farming due to narrow lands; thus, migrated to work in mining sites or cities for short periods.²⁹³ Similarly, the cultivators in Central Anatolia could not make a living only from agricultural production either.

On the other hand, it is not surprising that if the peasant had the chance, they would prefer to stay in their village. Nevertheless, the crisis deteriorated the rural livelihood conditions; agriculture opted out as a means for making a living for most of the cultivators, they had to resort to other means of subsistence even if it necessitated

²⁹² Elif Akçetin, "Anatolian Peasants in the Great Depression 1919-1933," *New Perspectives on Turkey*, no. 23 (2000): 89.

²⁹³ Eski, *İsmet İnönü'nün Kastamonu Gezileri*, 28-33, 42-49, 60-74.

migration. Thereby, the number of peasants migrating to earn a livelihood increased sharply.

3.3.4.2. Proletarianization

Peasants migrated to work in production sides like railway construction and mining sites in an increasing number after the crisis. The diaries of the workers and the reports of inspectors, state officials, deputies reveal that peasants mostly had the idea of turning back home to their village after earning some money, and they mostly did so. In that period, high turnover was a matter of concern for the business owners and the governors. They complained about the peasant-workers for escaping from the work side after working for a short time. Some peasants migrated to the cities to find work for both the short and long term. They worked mostly in the service sector as porters, cleaners in the offices.

After the crisis, due to the expropriation of lands or not having enough yield, cultivators also worked in large farms as agricultural workers. If these farms were not in their own village, they had to migrate to work in those and earn a living. The internal migration of seasonal agricultural workers was not novel. Before the crisis, the seasonal agricultural workers had migrated to the large farms of the Adana region from Eastern Anatolia. Nevertheless, with the crisis, many more cultivators from different places migrated to the areas of large farms as agricultural workers.

That is to say, as the cultivators could not make a living from farming, they had to diversify the sources of income through short term works in times spared from agriculture. Still, as the crisis hit harder, to the extent that the cultivator lost the means of production and land or could not afford the expenses of the agricultural production, the process of semi-proletarianization and proletarianization for the peasants was triggered mainly in the agriculture, mining, construction, and service sector.

As an increasing number of peasants migrated to the cities, they could not easily find work; most of them remained unemployed. At the time, İstanbul already had the

problem of unemployment. It could not absorb the influx of peasants stripped of means of subsistence.

The economic crisis and subsequent consequences deteriorated the conditions of living vastly in rural areas. Facing the risk of the collapse of livelihood, cultivators developed strategies to provide for themselves and families and improve the living standards from shifting crops to the income diversification in the farm, off the farm, and lastly, nonfarm that is nonagricultural.²⁹⁴

3.4. Peasants' Complaints and Demands

I have portrayed the consequences of the crisis and the strategies developed by cultivators to cope with livelihood distress. With this background in mind, the focus turns to the complaints and demands of the peasants as they were transmitted in the archive documents and some books in the following part. As has been mentioned, the resources were the records of Mustafa Kemal's journey in the state archive, Başar's book on the journey, the RPP provincial congresses' wish lists, and the petitions sent to the Grand National Assembly.

The local organizations of the RPP in 38 cities held congresses and submitted reports in preparation for the General Congress of the RPP. Nevertheless, the wish lists emerged in the provincial party congresses had drawbacks in expressing the genuine reactions of the peasants. Those congresses were held after the collective and individual expressions of the discontent in the several occasions of the FRP and the containment of the discontent by force and subsequently forced self-closure of the FRP. For the cultivators, therefore, the wish lists were expressions of encounter with the political authority at the uneven ground. As the provincial party congresses were succeeding the containment of widespread discontent after its individual and collective expressions. In addition, the extent of the cultivators' participation, thus, presentation is also questionable. Thereby, the wish lists can provide only a fragment of the problems and demands.

²⁹⁴ Frank Ellis, "Household Strategies and Rural Livelihood Diversification," *The Journal of Development Studies* 35, no. 1 (1998): 5.

The primary documents transmitting the complaints and demands raised in the RPP provincial congresses and recorded in the wish lists were the correspondences between the RPP and the relevant ministries, namely the Ministry of Finance, the Ministry of Economy, and the documents prepared following the provincial congresses within the RPP.²⁹⁵

3.4.1. Insolvency

In the provincial congresses, cultivators declared their insolvency due to the spectacular fall in prices of agricultural products and recent drought in last years, concerning the loans owed to the Agricultural Bank. In Çorum, it was stated that due to the fall in the prices of cereals to one fifth, peasants became poor. In a similar vein, in Torbalı province of İzmir, Çatalca province of İstanbul, and Bilecik, it was stated that due to the fall in prices with the economic crises, peasants could not pay their loans to the Agricultural Bank.²⁹⁶ While in Konya, both the fall in the prices of agricultural products and ongoing drought emphasized. In Kırşehir, Denizli, and Kayseri and Manisa, the drought of last years was put forward as the main reason that destroyed peasants' ability to clear the accumulated debts. The demands were the cancellation of debts, the postponement of the loans, and restructuring of the debt payment by the Agricultural Bank.²⁹⁷ In the congresses of Giresun, Malkara district of Tekirdağ, and Yozgat, the postponement of loan payment was raised along with the provinces mentioned above. At the same time, in Konya, the demand was the forgiveness of debts for the impoverished peasants.²⁹⁸ It is important to remember that the difficulty in payment of debts was not restricted to the debts owed to the Agricultural Bank but a general problem of the insolvency of the cultivators, who were under the pressure of tax collectors, the Agricultural Bank, and other banks, and also usurers.

²⁹⁵ “BCA 490-1-0-0/500-2011-1” Vilayet kongrelerinden Maliye Vekaleti'ne arz olunan dileklere gelen cevaplar. “BCA 490-1-0-0/500-2008-1,” August 3, 1933, BCA Vilayet kongrelerinden İktisat Vekaleti'ne gelen dilek ve temennilerin cevaplarının Genel Sekreterliğe gönderildiği.

²⁹⁶ “BCA 490-1-0-0/500-2008-1.”

²⁹⁷ For Kırşehir, Denizli, and Kayseri see “BCA 490-1-0-0/500-2008-1”; For Manisa, see “BCA 30-10/79-522-2.”

²⁹⁸ For Giresun, Tekirdağ and Malkara, see “BCA 30-10/79-522-2”; for Konya, see “BCA 490-1-0-0/500-2008-1.”

In most cases, the insolvency was followed by the debt enforcement proceedings and the seizure of cultivators’ properties, thus dispossession. The cultivators lost animals, means of production, and lands; but could not cover the loans since the prices of land, livestock fell sharply in parallel with the fall in the agricultural products.

The focus of this part is the cultivators’ grievances and demands regarding the insolvency, which was one of the primary manifestations of the crisis and appeared around the theme of debt. Below is the table reminding the framework.

Table 6. Complaints and Demands Regarding Debt

The main manifestation	Transmission mechanism	Consequences/ Complaints	Demands
Insolvency & Indebtedness (=> need for credit)	Fall in (relative) prices of agricultural products	Diminished earnings	
	Heavy burden of taxes and fees	Loans above cultivators’ solvency (see credit category)	Cancellation/ forgiveness of debts, the postponement of the loans, and restructuring of the debt payment by the Agricultural Bank Abolition of some taxes Reduction of taxes Amelioration of the way taxes were levied and collected Demands about the collection of taxes
	Loans		See credit

I analyze the complaints and demands of the cultivators regarding the insolvency based on the primary components of the expenses in the cultivators’ budget that were taxes, various fees, and loans. Although the consumption and production expenditures had a considerable part in the expenses, they will not be dealt within the

context of insolvency but rather in the upcoming parts regarding consumption and production. The increase in the consumption and production expenses was related to the increasing relative prices of industrial goods, which destroyed the purchasing power and capability to initiate agricultural production.

The direct taxes on land, buildings, livestock, and the road tax, the miscellaneous fees stemming from ad hoc regulations, most of which were levied as surtax (*kesri munzam*), and lastly, the fees and taxes charged by provincial administrations and village headmen were the direct burdens on the peasantry. In addition, the government levied indirect consumption taxes on necessity goods, which will be taken into account in the consumption part. Having laid out a detailed analysis of those liabilities in the previous chapter, the focus of this chapter is the complaints and demands of the peasantry after a few reminders.

In the provincial congresses of the RPP held in 1931, the massive tax burden emerged as the burning question in general and weighed in the wish lists. Overwhelmed by taxes and other levies, peasants raised their complaints and demands whenever they could reach authorities, so in the provincial congresses, the wish lists were full of those demands.

A general analysis of the situation came from Afyonkarahisar congress in 1931, arguing that “the taxes are too heavy. The prices of agricultural products declined sharply, as follows opium from 45 to 15, wheat from 7 to 3 and others to the one third. Due to this, it is necessary to diminish the taxes”. Similarly, in Koçhisar district of Aksaray and in Konya, the participants of the congresses mentioned the fall in the prices and heavy tax burden and demanded the disburden. In İzmir congress, the demand was to postpone and make installments on the previous years’ outstanding taxes.²⁹⁹

Along with the general discontent about the heavy burden of taxes, the cultivators expressed their complaints about the specific taxes, fees, aids that composed the burden and raised demands for recovery of those taxes and other kinds of levies.

²⁹⁹ “BCA 490-1-0-0/500-2011-1.”

Accordingly, in the following part, portraying complaints and demands concerning specific taxes and fees, the issue of the heavy tax burden in the eyes of the cultivators will be elaborated.

3.4.1.1. Direct Taxes

For the small-scale peasants, the major direct taxes were taxes on land, buildings, livestock, and road tax.

3.4.1.1.1. Land Tax

The land tax was one of the most significant taxes in the budget of the cultivators. I have explained the historical development of the land tax in the previous chapter. The excessive weight of the tax was highly linked with the problem of the overassessment of the value of lands and buildings in the cadastral surveys, which in turn escalated the amount of land tax and building tax. Thereby, I will handle the building tax and land tax together with regard to the over-assessed values in the records of the land registry and cadastre. From most of the cities rose the complaints of overassessment and demand for the reassessment of lands and buildings.³⁰⁰ The overassessments went so far beyond that, for example, in Ankara, lands were assessed even ten times greater than their value.

The overassessments of buildings brought about the liability of the excessive amount of taxes, which cultivators could not afford to pay, accordingly turned destructive in their lives. The reduction of the taxes, therefore, was a burning demand for cultivators. Since they considered that the reduction would be possible through the amendment of the value of lands and buildings through the remaking of the cadastral surveys, in many places, they demanded the reassessment of the value of lands and buildings, also the suspension of taxation on the bases of the over-assessed land values.³⁰¹

³⁰⁰ Adana, Afyonkarahisar, Aksaray, Ankara, Bilecik, Denizli, Mersin, Zonguldak, İzmir, Bursa, Çanakkale Edirne, İçel, Kayseri, Kocaeli, Kütahya, Samsun, Manisa, Tekirdağ were villages that raised the amendment of the land values and complaint about the unbearable amount of land tax.

³⁰¹ “BCA 490-1-0-0/500-2011-1.”

Notwithstanding the reduction of the building taxes through the renewal of cadastral surveys, the peasants demanded the restoration of old exemptions from the building tax like the exemption of dwellings, stables, depots in farmlands and vineyards.³⁰²

As a more specific concern, mills were subjected to both income tax and building tax, which could not be met by the millers. As it became an unprofitable pursuit, many mills were abandoned and fell into ruin. Peasants could not grind wheat in mills. Furthermore, bread was an essential source of subsistence, especially for the working class in urban areas. The taxation on mills might have increased bread prices even though the price of the wheat dropped dramatically. Accordingly, the reduction of the tax burden and removal of the income tax obligation on the mills were the demands raised in the RPP congresses in many cities.³⁰³

Levying taxes on the uncultivated lands, and also the non-arable lands such as swamplands and moorlands was also another factor increasing the tax burden. It was a widely shared concern of peasants who demanded the exemption of the uncultivated lands and non-arable lands from taxation.³⁰⁴

3.4.1.1.2. Livestock Tax

The livestock tax was another expense item that absorbed a substantial amount of peasants' earnings. As has been discussed, with the crisis, the price of the animals and animal products dropped. The amount of tax had had an increasing tendency up to the crisis. With the falling prices, therefore, the amount of livestock tax exceeded the affordable levels. It had been clearly asserted in the Trabzon provincial congress's wish lists. The peasants from Trabzon argued that the livestock tax was half of the yield from the animal without even taking into account the perished animals, hence far beyond the proportion. Besides, in the Ankara provincial congress, it was asserted that husbandry was a principal source of livelihood in

³⁰² "BCA 490-1-0-0/500-2011-1."

³⁰³ "BCA 490-1-0-0/500-2011-1."

³⁰⁴ "BCA 490-1-0-0/500-2011-1."

central Anatolia. However, due to the tax burden, peasants preferred to get rid of the livestock rather than paying the tax. Nevertheless, it was not restricted to Ankara. With the crisis, holding livestock turned virtually from a source of benefit to a burden in general. Since it was not a lucrative business anymore, peasants that had livestock started to dispose of mostly by butchering or selling to butchers. Accordingly, the supply surpassed the demand for the livestock and pulled down the prices. In that period, the prices of meat fell. The consumption of salt diminished which was basically used in husbandry.³⁰⁵ Those two developments were mostly associated with increasing meat supply, butchering of animals due to unaffordable taxation. In Ankara and Çankırı provincial congress again, it was reckoned that angora goats and the sector of angora goat husbandry would cease due to butchering of animals with the diminishing returns of the industry. In Ankara, the price of mohair fell from 200 piasters to 50 piasters by 1931. The concerns for the sufficient stock and the future of the husbandry were not restricted to angora goat, but rather alarming for the whole country.³⁰⁶

Diminishing the amount of livestock tax was expectedly widespread demand. Besides, peasants expected a considerable amount of reduction. For instance, in Muğla, it was asked to be diminished to half. Moreover, the peasants asked for the tax exemptions. They asked for the exemption of animals that were the only means of subsistence like draught animals, a yoke of oxen, cow, and buffalo, besides, in some places, exemption of small livestock such as sheep and goats, not exceeding five in number.³⁰⁷ Moreover, peasants asked for the exemption of young animals that were not yielding for the owner, ranging from the ones at the age of one to the ones below three. They also asked for the exemption of the animals that were not used in agriculture but kept, for example, for breeding such as breeding cows and bulls. Another demand was the collection of taxes in the months/periods when peasants had cash.

³⁰⁵ Kazgan, “Türk Ekonomisinde 1927-1935 Depresyonu, Kapital Birikimi ve Örgütlemeler.”

³⁰⁶ “BCA 490-1-0-0/500-2011-1.”

³⁰⁷ “BCA 490-1-0-0/500-2008-1.”

3.4.1.1.3. Road Tax

Road tax was burdensome for the peasants, especially after the fall in the prices of agricultural products. Cultivators generally did not have any cash left for the payment of the road fee, but after the stroke of the crisis, their income vanished, an increasing number of people had to fulfill the road obligation through compulsory work. Since they could not pay the road fee, they were compelled to the compulsory work that was a toil combined with maltreatment. Accordingly, fleeing from compulsory work was widespread. The regulations were not easy on that, sentencing the deserters with imprisonment. As pointed out in the wish list sent by the provincial congress in Kütahya and Kırşehir that the road tax was so heavy that citizens were filling prisons, deprived of freedom because of not paying the tax.³⁰⁸

The wish lists of the provincial congresses were full of demands and complaints about the road tax. The demands can be categorized around the themes of the amount of tax, additional payments to the ministries of education and public work, compulsory work, the malpractices of tax collectors, and penal sanctions, asking for the measures within the scale from the amendment to abolition. I will focus on the demands that were most likely raised by the cultivators with respect to their socio-economic conditions in the wish lists, even though they were not clear about the subjects of the demands. If not explicitly mentioned, the primary source of evidence is the document that entails the demands raised in the provincial congresses related to the Ministry of Finance and responses to those demands by the Ministry.³⁰⁹

The amount of the road tax was undoubtedly high for the cultivators, as we can see from the consequences they faced in the crisis. At first sight, there were demands for the abatement of the road fee to 5 liras in the provincial congresses of Isparta, Kastamonu, and Tokat, and 8 liras in the Çanakkale congress. Additionally, in the wish list of Bursa congress, it was argued to be reduced due to low labor wages.³¹⁰

The logic was that the road fee was taken from those who did not do the compulsory

³⁰⁸ “BCA 30-10/79-522-2.”

³⁰⁹ “BCA 490-1-0-0/500-2011-1” Vilayet kongrelerinden Maliye Vekaleti’ne arz olunan dileklere gelen cevaplar.

³¹⁰ “BCA 30-10/79-522-2.”

work and paid an amount corresponding to the wage for that work. The expectation was that due to low labor wages, the corresponding amount for the workdays in road construction should have been lower. Those demands did not necessarily come from the cultivators but possibly included them. On the other hand, as discussed in the section on the insolvency of the cultivators during the crisis, cultivators could not cover even the reproduction expenses; hence had to work to fulfill the road obligation. Therefore, the demand for reducing the road fee in correlation with the fall in the wages possibly did not come from the cultivators.

The abatement of road tax as a broad demand without specific price suggestion was raised in Çorum and Edirne congresses. Also, road tax was a flat tax; people with different economic power paid the same amount of tax. It was asserted in the Trabzon congress that the road tax assessment was not right; both a fisher and a bank owner paid the same amount. It was suggested to be divided into at least three categories. In other words, it was asked to be progressive taxation that increased with increasing wealth in the provincial congresses of Aydın, Çorum, and Bursa.³¹¹

Over and above, the Ministry of Public Works got half of the total collected road tax in a province, while the Ministry of Education got 10 percent of the provincial administrations' revenues that partially corresponded to the road tax and levied share on road tax as surtax. It increased the weight of tax and disturbed the peasants. In the congresses of Bolu, Antalya, Amasya, Tekirdağ, Muğla, Çankırı or Mersin, it was requested that the shares of ministries abolished and ceded to the provinces for public works.³¹²

The cultivators of Bilecik demanded the collection of the road fee in the harvest months from July to October in installments. Besides, peasants in İstanbul also asked for the collection of road fees in four installments. Finally, as a more clear-cut demand, the abolition of road fees was risen in the Edirne congress.

³¹¹ For demands raised in Bursa congress, see "BCA 30-10/79-522-2"; For demands raised in the provincial congresses of Aydın and Çorum, see "BCA 490-1-0-0/500-2011-1."

³¹² For demands raised in the Çankırı and Mersin congresses "BCA 490-1-0-0/500-2011-1"; For the demands in the provincial congresses of Bolu, Antalya, and Amasya, Tekirdağ, Muğla, see "BCA 30-10/79-522-2."

Compulsory work, which was an obligation for the ones that could not pay the road fee, was a big problem and a major source of discontent among the local population. The heavy working conditions, abuses, pressures, malpractices of the officers that aggravated the conditions, besides, punitive measures of fines and imprisonment were the main lines of grievances. The Congresses' wish lists were full of complaints and demands on the same lines.

Regarding the conditions of compulsory work, the distance of the construction site, transportation to the site, problems with accommodation facility, lack of food, duration of compulsory work, the daily hours of work were the main concerns. The officers engaged in many malpractices of sending peasants to further places for work, increasing the duration and daily hour of the compulsory work that became the routine functioning of the road obligation fulfillment. Thereby, the demands were shortening compulsory work time, not obliging peasants to work more than 7-8 hours or more than the law obliged as appeared in the wish lists of the Samsun and Çankırı provincial congresses.³¹³ In Eskişehir congresses, it was stated that officials compelled peasants to work 20-30 days and demand the prohibition of that practice.

The distance of the construction sites to their residence was another vital concern since the officer made peasants work in far off places. Both they and their families became miserable, as stated in the wish list of Bursa congresses. In Kocaeli, the demand was not to send peasants to the worksites in remote areas, while in Kırklareli, the locations further than 30 km, peasants requested not to be sent for compulsory work. Lastly, in Bursa, the demand was to fulfill compulsory work obligations in their own localities.³¹⁴ Additionally, there was also demand for the timing of the call for the compulsory work. In the Kocaeli congress, it was reported that even though the General Assembly of the Ottoman Empire specified the season, road workers be called for the compulsory work within the context of the road obligation. The road workers were called and sent to the construction sites at times other than the designated period, and the ones who did not attend that untimely call were punished. In 1929 law, the only qualification for the time span of the

³¹³ "BCA 490-1-0-0/500-2008-1."

³¹⁴ "BCA 30-10/79-522-2."

compulsory work was it being more than five months to make all workers work. In Aksaray congress, it was demanded that the call for the compulsory work be after September that was quite likely the end of the harvest period.

The most radical demand for the burdensome road obligation was its abolition. In Çankırı, Çorum, and Konya congresses, it was put forward that the compulsory work should be abolished, and peasants should not be forced to work in the road construction.³¹⁵ Besides, in Erzincan congress, it was suggested that the road obligation be fulfilled with the monetary payment.

Concerning the penalties imposed in such a controversial issue, there were demands for the remission of the penalties for the ones that did not pay the tax, demands to pay the penalty by working on the roads, not to make people work in remote places while paying the sentence in the congresses of Giresun, İçel, Kastamonu.³¹⁶ Even though we cannot see any demands or complaints concerning the imprisonment for the road tax, it was a real concern for the peasants, as discussed previously, while analyzing the consequences of the crisis.

3.4.1.1.4. Road Tax Collection

Being most evident in the road tax, the way taxes were collected was a crucial problem and point of objection. The practice of compulsory work was especially problematic, reflected in the complaints raised in the provincial congresses. Officials forced peasants to work longer hours, more days, and in remote places. It also occurred that officials collected and carried peasants to the work sites, peasants waited for a long time, then send back due to the lack of need. In the conditions of 1930s Turkey, transportation and accommodation were uncomfortable practices in general. It is easy to guess that the trouble was aggravated when it was the transportation and lodging for compulsory road workers whose comfort was not a matter of concern for the state officials.

³¹⁵ For the provincial congress of Çankırı, see “BCA 30-10/79-522-2.”

³¹⁶ For the demands in the İçel congress, see “BCA 490-1-0-0/500-2011-1”; For the demands in the congresses of Giresun and Kastamonu, see “BCA 30-10/79-522-2.”

Tax collection procedure promised the tax collectors and sometimes village headmen and the councils of elders extra money for the higher amounts they collected. They pushed the peasants so much to gain an advantage in that process. The sale of livestock and household utensils like pots, pans, and mattresses were also widespread.

3.4.1.2. Miscellaneous Fees Based on Ad Hoc Regulations

The government could make ad hoc regulations for the finance of specific matters, levying miscellaneous fees for the peasantry like the tax-in aid for the teacher training colleges or the tax for the Aviation Society.

Financing education had been a confusing and complicated matter; the central tenet seems to be the evasion from allocating resource from the central budget and transfer the burden to the provincial administrations and villages through various regulations, including additional taxation over regular taxes, tax-in-aids based on ad hoc regulations, routine village taxation procedures.

In rural areas, peasants carried the burden of financing education. The complaints about the burden of various forms of taxes and fees for education could be seen in the wish lists of provincial congresses. In 1931 Kırşehir provincial congress, the education tax was asked to be diminished to a reasonable rate. In İcel congress, it was demanded not to collect 10 percent tax-in-aid taken for teachers training colleges from provincial administrations' revenues and additional taxes for education any longer. Additional taxation based on the ratio (*münzam vergi*) was abolished in 1929; still, it seems to be implemented in 1931. The fees collected from village headmen for financing education will be dealt with below in the section of the village liabilities.

3.4.1.3. Taxes and Fees Levied by the Municipalities and in Villages

Along with the regular and taxes and miscellaneous fees based on government's ad hoc regulations, cultivators had to bear other liabilities imposed by the local

governments like municipalities and village headmen with the council of elders. If the cultivators lived within the boundaries of a municipality, they were responsible of the fees and duties levied by the municipality; and if in a village that was governed by the Village Law, they were responsible for the taxes imposed by the village headmen and council of elders for the needs and requirements of the villages. Peasants living in the borders of the municipalities had to pay for the fees and taxes that were supposed to be in return for the service, but they could not always get that service. Cleaning and lightening tax appeared to be the most contesting issue in that sense. It was for sure that the cleaning tax was collected in the districts that were not cleaned by the municipality. In the provincial congress of Denizli, it was demanded that cleaning and lightening taxes not collected from the poor.³¹⁷

The burden of taxes and other liabilities was overwhelming and beyond the solvency of the peasants who expressed their grievances and put forward their demands whenever it was possible. For example, within a file of reports from the RPP provincial organizations, in the inspection report on the provincial organization of RPP and the respective provincial congress in Kastamonu in 1931, it was conveyed that peasants used the phrase “*salgın*” for the liabilities other than taxes.

Footnote: The word “*salgın*” seems to come from the root of levy (*salmak*). The taxes levied by the village headmen were called *salma*. In that instance, it was replaced with the word *salgın*, which also has the meaning of epidemic and outbreak that resonates with the context. Nevertheless, I will prefer to translate it as a levy as it is not for sure that peasants used the word metaphorically.

Expressing the discontent, peasants in Kastamonu in 1931 reported the existence of “*salgın*,” which referred to the payments made to animal burglars, and payments for fire rangers, teachers, and telephone. The first one was the burglary levy (*sirkat salgını*) that referred to the cases that the livestock of peasant was stolen, and thefts claimed to find them in return for an amount of money, then submitted the animals back to the owner. This amount was mostly above the price of the animals. The

³¹⁷ “BCA 490-1-0-0/500-2011-1.”

second was the fire levy (*yangın salgını*). In forestlands, especially in summer, forest rangers were retained to protect forests from fire, and peasants were made to pay the salary of forest rangers. The third was the telephone levy (*telefon salgını*) that was the payment for the expenses of installation, repair, etc. of the telephones in villages. Peasants were made to pay those expenses. The fourth one was the teacher levy (*katip salgını*). According to the Village Law, peasants paid the salary of the teachers. Along with those, peasants had to pay for the salary of village headmen and imam.³¹⁸

In the wish lists of the provincial congresses, we met the demands concerning the payments of the salary of forest rangers. The peasants in Bolu argued that the status of the forest rangers and collection of money from the villages for the payment of their salary was misconduct, thus unlawful (*gayrikanuni*). They demanded the employment of rangers that would be paid from the state budget (*umumi muvazene*) and freeing the peasants from that responsibility.³¹⁹ The peasants of Bursa stated that the salaries of the forest rangers were high for the poor villages and the peasants. Along with the peasants of Denizli, they demanded the Forest Administration (*Orman İdaresi*) pay for the salaries.³²⁰ Bilecik peasants asked to abolish payment for forest rangers in villages that did not have forestland, while in Konya and Çankırı, peasants considered the forest rangers of no use and demanded their abolishment. In Çankırı same argument posed for the teachers as well. The peasants saw village teachers of no use.³²¹

As has been mentioned, peasants covered all education expenses in the villages, from building a school to paying the wage of a village teacher, which was utterly an overwhelming burden. The peasants in Amasya expressed their grievances and demands in the village congress, incurring the expenses of the building schools in villages that were beyond their solvency they could not pay for years. They asked

³¹⁸ “BCA 490-1-0-0/79-293-2,” January 29, 1931, BCA.

³¹⁹ “BCA 490-1-0-0/500-2011-1.”

³²⁰ “BCA 490-1-0-0/500-2008-1.”

³²¹ “BCA 490-1-0-0/500-2008-1.”

not to build big and good school buildings anymore but rather ones compatible with the solvency of the peasantry and number of students. Besides, they stated that they did not have revenues that could meet the increasing educational needs. If the policy of having a school in each village continued, this expense would increase. They demanded the establishment of boarding schools for the peasants. Moreover, they asked the miscellaneous expenses of the village schools not to be collected from the peasants but met by government budget (*resmi bütçe*).³²²

Tax-in-aids were levied by the Turkish Aircraft Societies (TAS) in municipalities through the provincial congresses in 1926. In rural areas, it was imposed on livestock or agricultural product in kind or cash. Facing indebtedness and economic crisis, it was an extra burden on the cultivators that could not be met.

The complaints of the peasants about the aid were echoed in the provincial congresses of 1931. In İzmir congress, it was asserted that the cultivators were harassed by the aids collected apart from the taxes. They demanded the aids to be abolished definitely. Another demand in İzmir congress was not levying aircraft aid and transaction tax (*muamele vergisi*) on tobacco bought by the tobacco company.³²³ It is not clear if they meant a specific company; if so, which company. It was phrased just as tobacco company. In Samsun congress, it was stated that peasants were in dire straits, the tax-in-aid for the TAS on agricultural products amounted to 30.000 liras. They demanded the aid to be levied on only tobacco, excluding grains and corn. In Yozgat, they wanted tax collectors not to put so much pressure for the payment of the aid.³²⁴ In Çorum, the abuse was on the agenda; peasants asked for the preclusion of misconduct in collecting the aid. It was accompanied by the demand of confining the aid to one source³²⁵, not sure but possibly asking for levying aid on a single item, be it agricultural products or livestock but not on all.

³²² “BCA 30-10/79-522-2.”

³²³ “BCA 490-1-0-0/500-2011-1.”

³²⁴ For Samsun and Yozgat, “BCA 30-10/79-520-5,” April 12, 1931.

³²⁵ It was expressed in Turkish as following, “ianenin tek bir mahrece hasrı” “BCA 30-10/79-520-5.”

3.4.1.4. Accumulated Loans

Along with all those complicated liabilities of taxes and fees stemming from central and local government bodies ranging in its regularity, loans that cultivators owed to the public and private institutions, private persons, and mostly to the usurers were the main elements that absorbed the available money in cultivators' pocket, destroyed the budget of cultivators, drove them into indebtedness with excessive interest rates.

As discussed in the previous chapter, the need for credit and indebtedness was the characteristic of small-scale agricultural production. The institutional channels, such as the Agricultural Bank, other banks, and the Tobacco Monopoly Administration that supplied credit in the form of advance payment, could not meet the rural credit need. In the absence of sufficient institutional credit channels, it was mostly private persons that supplied the rural credit in usury rates through various mechanisms.

With the sharp fall in the prices of agricultural products in crisis, vanishing of the income, cultivators lost the ability to clear those loans along with other outgoings in the budget. In other words, the crisis led to the insolvency of cultivators, which was the expression of exacerbation of the already existing financial difficulties mostly based on credit mechanisms. This part has been dedicated to the complaints and demands in relation to the elements that unbalanced the budget of cultivators and created the problem of indebtedness and insolvency, initially the heavy burden of taxes and miscellaneous fees. Loans were also the definitive item in the budget, thus, for the issue of insolvency. Nevertheless, as is seen, it is barely impossible to discuss the agricultural loans without entering in a discussion about the agricultural credit.

Debt and credit are like two sides of the same coin; they were highly linked and hard to distinguish. The experience of loans correlates with the experience with credit. In this respect, the complaints and demands about the indebtedness or accumulated loans mostly unfold as complaints and demands about credit issues. For this reason, as the focus of the following part, the problems of credit relations is accompanied by the problem of accumulated loans.

3.4.2. Complaints and Demands About Rural Credit

The problems posed by the credit relations, composed the second main pattern of consequences in cultivators' lives. In the previous chapter, the credit mechanisms are analyzed, and usury was classified as a fundamental channel of credit supply in cash in the absence of sufficient institutional credit channels. Even though minor in volume, the Agricultural Bank was a main institutional channel in rural credit supply; also, it was so harsh in collecting loans. As the unfolding reality, in the face of insolvency, the creditors, whether institutional or noninstitutional seized the cultivators' properties, hence emerged the dispossession of cultivators as one of the main manifestations of the crisis. I analyze the cultivators' complaints and demand concerning the prevalent credit relations within the framework that holds credit as one of the main four themes, the credit mechanisms as the channel the crisis transmitted and dispossession as one of the main manifestations of the crisis.

Table 7. Complaints and Demands Regarding Credit

The main manifestation	Transmission mechanism	Consequences	Demands
Dispossession (&capital accumulation)	Arbitrary credit mechanisms with usury interest rates Intermediaries	Indebtedness	Abolition of usury Postponement of loans
	Problems with/ Insufficiency of institutional credit channels Agricultural Bank Agricultural Cooperatives Tobacco Monopoly Administration, private banks	Urgent need for credit (to finance taxes, loans, consumption needs, production inputs) Lack of credit	Amendment of institutional credit sources Demand for a sufficient amount of credit with low-interest rates, long duration (increase the capital of the AB) Restructuring of the debt payment by the AB Forgiveness of debts (AB)
			Establishment of institutional sources for rural credit Demand for local bank branches Establishment of cooperatives

3.4.2.1. Formal Credit Sources

The institutional credit sources, to wit private banks, and especially the Agricultural Bank, with their minor share in rural credit, did not promise favorable terms either. While the amount of credit was so limited, the interests were high, and the loans were short term, the collection of loans were severe, unpaid debts were collected through forced executions.

Considering the terms of banks in Afyon congress in 1931, it was stated that the interest rates were exorbitant. The banks did not give credit to the peasants in times of need, but they sold the draught animals used in plowing at half price for the unpaid debts in the harvest time. They also indicated that the village bank established by the province in Afyon was so beneficial. They requested the examination of the state of affairs and development of legislation in line with that positive example.³²⁶

3.4.2.1.1. Agricultural Bank

The Agricultural Bank also dunned peasantry for payment and insisted on the collection of debts so rigorously that the officers of the AB also confiscated peasants' properties, be it oxen, agricultural products, and land. In the provincial congress of Fatsa district of Niğde in 1931, the participants condemned the AB for "forgetting the origins of its capital and the founding purpose." As "draught animals and cows that were only means of production, were sold out for the outstanding debts."³²⁷ It is important to note that the AB that took over the role of meeting rural credit needs, especially of the small peasantry and promoting agricultural production, turned to an institution that expropriated the cultivators' means of production and agricultural products; thus, destroying the agricultural production.

The collection of unpaid loans carried out by the private banks, and the AB was severe and mostly led to the seizure of the land, means of production, and

³²⁶ "BCA 490-1-0-0/500-2008-1."

³²⁷ "BCA 490-1-0-0/500-2008-1."

agricultural produce. The dispossession process created discontent that was reflected in the petitions and wish lists. On the other hand, they demanded regulations that would enable the provision of the necessary amount of rural credit in favorable terms.

3.4.2.2. Usury

The problem of the usurers that trapped the peasants in a vicious cycle of debt and expropriated their property was such a burning question that echoed in every corner, parliament, press, congresses, petitions, etc. I will transmit the complaints and demands of cultivators concerning the loans both to the institutional and non-institutional credit sources.

A letter from Manisa to the National Assembly dated April 29, 1930, reveals the conditions posed by the usurers; the letter actually speaks for itself; I, thus, prefer to transmit the letter itself. Footnote: the grammatical mistakes existing in the original text were not corrected.

“Our city Manisa has now started to go through the actual economic crisis. Our supreme government should seek the bandits in the land/country, not in the mountains; it should not forget the profiteering usurers (*muhtekir faizciler*) who fill the homeland with black smoke (memleketi siyah dumanlara koyan), who never hesitate to destroy the families (hanümanlar söndürmekte), who want to establish a house of happiness (saadet yuvası) on the ruins of the wreck of the poor nation/people. I consider a national obligation to submit the names of some. Since “Kolaylık yurdu,” “Haşım zade Tevfik,” “Saddler Hüseyin,” “Muhtaf Mehmet,” “Woodsmen Maksut,” “The Captain of the Gendarmerie Mr. İrfan” (jandarma alayı mülaki yüzbaşı İrfan Beyler) and the people alike lending upon pledge and mortgage with excessive interest rates such as 65 and 120 percent, the orchards that were like the apple of one’s eyes, the vintage that was the sole wealth of the homeland, four-five months later in the harvest of which, the profiteers get the loan payments, to confiscate the pledged goods, below their annual yields, they made them sold in the auction through levying compulsory execution. Some were sold at giveaway prices; therefore, the families were destroyed (hanümanlar söndürülmektedir). Many of the unfortunate who have their properties taken away and forced to the streets cannot speak out. Those that raised complaints could not make their voices heard. God forbid, those circumstances might engender deep trouble. It is time for our supreme government and judiciary to intervene in the profiteers with an iron claw, the

order of delaying these sorts of auctions for a reasonable time until the reaping of crops would save those aggrieved from the debacle they were subjected. Save the motherland from the darkness for God's sake, Pasha Highness.³²⁸

The writer of the letter is unknown. With the self-definition of a patriot, the suppliant who did not seem to be a victim, but an observer of the atrocity denounced the cunning activities of usurers motivated with the intention of acquiring more and more property that ended with the appropriation of the orchards and other properties of the cultivators by the usurers; consequently, the cultivators were stripped of means of subsistence and pushed in misery. We understand that cruel appropriation and dispossession were not rare incidences but rather the conditions defining the period; furthermore, the pieces of evidence portrayed in the previous chapter reveal that it was not restricted to Manisa.

In provincial congress in Gelibolu district of Çanakkale, it was asserted that the interest rate was 60 percent. They demanded the government to combat and take legal measures to prevent the profiteering of Jews. It seems that the main creditors were Jews in Gelibolu, Çanakkale, but it is crucial to keep in mind that profiteering and usury were not peculiar to Jews. Furthermore, the participants in the provincial congress asked for a fight with the usury at the local level via the establishment of cooperatives.³²⁹

In Kars, it was demanded that the government prohibit the profiteering usury and increase the capital of the Agricultural Bank.³³⁰ While in Emet district of Kütahya, the wish was to be freed from 100 percent interest with the opening of the Agricultural Bank.³³¹ In the provincial congress of Niğde, participants of the provincial congresses denounced the conditions of credit, high interest rates, and usurers.

³²⁸ "TBMM Arşivi Evrak Kalemi No:4735, Kutu: D3K7, 1930 Dilekçe Muh. 3. Dönem Dosya No: 1/4," April 29, 1930, TBMM.

³²⁹ "BCA 490-1-0-0/500-2008-1."

³³⁰ "BCA 490-1-0-0/500-2008-1."

³³¹ "BCA 30-10/79-522-2."

“wealth is primarily confined to banks, except that the remaining wealth issue loan at 100 percent interest. While the discounts made by banks for merchant bonds have reached 30 percent, bank fees for bills and bonds reached 50 percent. It is ruthlessness; under these conditions, the development of the economy is not possible”.

It continued with the condemning the Agricultural Bank, then peasants asked for its reformation, and also opening of a branch of Isbank.

During 1932-33, the RPP held another sequence of provincial congresses. In Giresun congresses, the seizure of cultivators’ properties by the usurers posed as a long-standing problem. In the wish list, it was stated that cultivators had long complained that some creditors had commenced execution for the collection of the absolute amount of debts that could not be paid in a lump at the time, by this way, had made the property of cultivators tendered to themselves at giveaway prices. Furthermore, the participants of the congress claimed that the way things were going, the agricultural producer had to migrate from the villages. To prevent the unfolding of the projection and protect the producer, they indicated the importance of urgently taking measures.³³²

Those demands again pinpoint that the lack of rural credit via institutional credit mechanisms made cultivators resort to the usurers who pulled them in the debt cycle through extortionate rates of interest and confiscated their properties at the end. Consequently, after putting forward the problems with the usurers as credit suppliers, cultivators asked for the establishment of new safe credit channels.

3.4.2.3. Advance Payment

One of the leading credit mechanisms was advance payment through which the cultivators sold the future products and got some amount of advance beforehand that bounded the cultivators to the buyer and prevented them from making a deal with another merchant. The advance was, in fact, the loan cultivators got. Even though there was not an open interest, the merchants extracted value through first

³³² “BCA 490-1-0-0/500-2011-1.”

underpricing that reached 50 percent in the contract time, and second discounting and discarding of the produce at a ratio of 20-25 percent in the time of actual transaction. In the provincial congress of İzmir in 1931, the demand was to prevent companies from discarding at excessive rates and to enact a law that would prohibit the sale of tobacco before September and nullify the tobacco sales before September.³³³

3.4.2.3.1. Tobacco Monopoly Administration

The Tobacco Monopoly Administration, as a public enterprise, provided credit through advance payments and identified with the problem of underpricing, the excessive rates of discount and discard, and the tendency to dominate the market through manipulative actions.

In the Bursa congress of 1931, the central tenets of the problems with the monopoly administration and its weight articulated clearly. It was argued that

“the monopoly administration impeding the farmers, binding the peasants with advance payment, purchasing only a small portion of the quality agricultural product and leaving the rest, competing with farmers in tobacco sale (tütün satışında rençberlerle rekabet etmesi) reduced the tobacco crop that had been increased up to 11 million kilograms by [the cultivators of] the province to 2.5 million and brought about bankruptcies”.

They argued that “*it loosened and damaged the citizens’ bonds of affection towards the government*” (hükmete karşı vatandaşların muhabbet bağları). They demanded the abandonment of *deranbar usulü* - directly translating, the method of collection in the depots- which was the obligation of delivery of all cultivated tobacco in the monopoly administrations’ depots in a fixed time. If it was not possible, then they asked for a regulation on scales, but the demand is not very clear. Moreover, they demanded the advance (earnest money, *pey akçesi*) that was paid by the Monopoly Administration to be deposited into the Agricultural Bank and lent by the bank as a credit to themselves. It was possibly a demand to prevent the bonding that the

³³³ “BCA 490-1-0-0/500-2011-1.”

Monopoly Administration posed through advance payment upon the cultivators that inhibited the sale of tobacco to the merchants.

In a similar vein, in the Bilecik congress of 1931, it was underlined that the primary income of the province had been tobacco crop. Nevertheless, the Monopoly Administration propagandized to repel merchants to buy tobacco crops cheaper.³³⁴ They asserted that the propaganda of the Monopoly Administration that repelled the merchants conducted to great damage. While the tobacco crop was 508 thousand kilograms in 1926, it dropped to 50 thousand kilograms. They demanded that the quality tobacco be immediately sold after arriving at the depots of the Monopoly Administration so that the peasants were not made to pay the depot rent for ages. They asked for the distribution of quality seeds to the farmers, the guidance of technicians (*fen memuru*) and demanded that officials of the monopoly administration (*kontrol memuru*) considered the interests of the cultivators on a par with the interests of the Monopoly Administration.³³⁵

In the Gebze district of Kocaeli, it was asserted that the district that had produced one million kilos tobacco that had been worth eight hundred thousand liras, could at the present produce only 100 kilos of tobacco. Those were the main factors leading to the economic crisis. They demanded scrutinizing the reasons behind the sharp fall in tobacco production and assurance of its redevelopment.³³⁶

In the provincial congresses of Bursa and Bilecik, the dramatic decrease in the yield of tobacco was attributed to the destructive practices, thus functioning of the Monopoly Administration. It is also important to remember that with the increase in the amount of tobacco supplied to the international tobacco market and increasing competition, the dominance of Turkey in the market started to be challenged from 1926 onwards. In addition, 1927-1928 were the years of drought that did not enable good harvest in general. While the tobacco harvest was not affected in 1927, in 1928, both production per decares and total tobacco production diminished, the latter being

³³⁴ “BCA 490-1-0-0/500-2008-1.”

³³⁵ “BCA 490-1-0-0/500-2011-1.”

³³⁶ “BCA 490-1-0-0/500-2011-1.”

much severely around 38 percent.³³⁷ Moreover, the prices of tobacco fluctuated, starting with a fall in 1928, followed by a recovery in 1929 and 1930, then again, a sharp fall by half in 1931. In a parliamentary discussion on tobacco monopoly law, Gümüşhane deputy Hasan Fehmi introduced details on the fluctuating prices of tobacco. He argued that capital in the national market was not enough to purchase all cultivated tobacco at once. Due to the lack of capital, the price of tobacco that was worth 100 piasters fluctuated between 50 and 150 piasters within a year, in line with the foreign demand, the domestic price rises. Especially in times of stagnant market, with the emergence of rival commodities, the price of tobacco fell to 50 piasters. Then he gave the vivid examples: “we remember the instances that one year ago, In Bursa, the price of tobacco per kilo dropped to 20 piasters, in Adapazarı a cart of tobacco was purchased with one Turkish banknote.” With that input, the frustration regarding the tobacco prices in provincial congresses became more comprehensible. Getting back to the main point, tobacco producers gone through difficult times.³³⁸ Even though the monopoly administration seems to have a fundamental role, it was not the sole reason behind the dramatic fall in the tobacco yield and tobacco prices.

The fact that the Monopoly Administration experts underpriced the tobacco crop that was the primary income of the cultivators had a ruinous impact on the lives of the cultivators and emerged as one of the main problems in the wish lists. The sale of the tobacco for domestic consumption was under the monopoly of the Monopoly Administration, and the merchants could buy tobacco only to export or to transmit to another export merchant.³³⁹ That is to say, peasants could sell tobacco to the export merchants and the Monopoly Administration. However, as referred above and stated in Bilecik congress, the Monopoly Administration made propaganda to repel the merchants and bought tobacco cheaper.

In the provincial congress of Trabzon, the problem of falling prices due to the underselling of tobacco by the Monopoly Administration in foreign markets became

³³⁷ Calculation is based on the data provided by Bulutay et. al. on tobacco. (Bulutay et al. Tablolar, Tablo Ek.10)

³³⁸ “T.B.M.M. Zabıt Ceridesi (The Grand National Assembly Minutes of Proceedings) Term 3, Legislation Year 3, Volume 20, Session 72 (8.6.1930),” n.d., 105, GNAT.

³³⁹ Tütün İhisarı Kanunu.

one of the main topics. It was stated that the amount of tobacco yield was 1.5 million kilograms. Each decares yielded 86 kilograms of tobacco. The aggregate sale price had been 68 piasters, at the time, it was 60 piasters. That is, each decares yielded 58.5 liras, while the expenses were 50 liras, and the profit was 8.50 liras per decare. The Monopoly Administration selling tobacco with unbeatable prices in foreign markets turned it unrivaled, leading to a fall in prices in general. Tobacco farmers suffered a significant loss. They demanded the reorientation of the Monopoly Administration.³⁴⁰ In other words, the demand was the reorientation of policies and practices in favor of the tobacco cultivators. In Erbaa, province of Tokat, it was demanded that the Monopoly Administration restrict the purchase of tobacco to the domestic production and dispense with the purchase for exportation.³⁴¹ Even though it is not stated, the demand for the abandoning of the Monopoly Administration of the tobacco export possibly stemmed from the same reason of undercutting by the Administration.

Turning back to the problem of underpricing of tobacco by the experts of the Monopoly Administration, it found a voice in the provincial congresses of Kocaeli, İzmir, and İstanbul, along with the cities mentioned above. In Kocaeli, it was demanded that the Monopoly Administration price the products at their worth and provide convenience to people, rather than posing difficulties. In the congress of İstanbul, the participants demanded that the real worth of tobacco be taken into account during purchases. In İzmir, it was stated that the experts who appraised the crop behaved unjustly towards the people. They asked for its preclusion and demanded proper appraisals; besides, requested the monopoly administration be in favor of the farmers during the sales.³⁴²

3.4.2.3.2. The Problem of Discount and Discard

Discount and discard were the problems tobacco cultivators faced in the phase of supplying crop in time bargains with the private companies and merchants; and the

³⁴⁰ “BCA 490-1-0-0/500-2011-1.”

³⁴¹ “BCA 490-1-0-0/500-2011-1.”

³⁴² “BCA 490-1-0-0/500-2011-1.”

Monopoly Administration did not constitute an exception either. When the Monopoly Administration experts came to deliver tobacco crops, they discard a significant portion as a waste product, which was expected not to be bought; nevertheless, the experts mostly bought them but at much lower prices. Moreover, they also lowered the previously quoted price arguing that the tobacco crop was low quality, which was a discount on the total amount paid.

In Aydin congress, it was stated that “*the Monopoly Administration destroyed farmers seriously by discarding 40 percent of the tobacco, for which it quoted a certain price beforehand*”. They asked for its outlawing and asked for the settlement of disputes by the chamber of commerce as arbiter. The problem of discarding by the Monopoly Administration experts was protested in Bursa as quoted above and in Manisa, where the participants asked for measures that would recover the losses of the tobacco cultivators stemming from the discount and discard.³⁴³

In the phase of submitting tobacco to the depots, the officials of the Monopoly Administration weighed tobacco to see if they matched the amount in the record book that was the liability of the cultivators. In the congresses of Bursa and Tokat, it was mentioned that the weighing of tobacco was not lawful, and its correction was demanded.³⁴⁴ The problem was that officials weighed the products wrong, less than the actual amount.

The arbitrary attitudes of experts and officials in pricing, weighing, and delivery appeared as instances that depreciated the conditions of cultivators deeply. Aggrieved by the policies and attitudes, cultivators were frustrated and developed strong discontent towards the Monopoly Administration in general and the experts in specific. They resorted to institutions like the Chamber of Agriculture and Commerce and demanded them to take part in their relationships with the experts.

³⁴³ The demand for recuperation of losses stemming from the discard and discount appeared within the group of demands regarding the Monopoly Administration. Thereby, even though the Monopoly Administration was not openly expressed in that specific demand, due to the contact it appeared, it was most probably the Monopoly Administration that was referred to.

³⁴⁴ “BCA 490-1-0-0/500-2011-1.”

In Niksar province of Tokat, the participants of the provincial congress demanded the protection of the tobacco farmers from the arbitrariness of the experts and the Monopoly Administration. Furthermore, in some provinces, the growing discontent led to the disputes between the cultivators and the experts of Monopoly Administration; the cultivators demanded the settlement of the dispute by committees. In Bolu, they asked for three persons assigned from the chamber of agriculture and chamber of commerce, in Aydın demanded the chamber of commerce to act as an arbiter. Lastly, in the provincial congress of İçel, it was requested that the delivery and pricing of tobacco in the depots of the Monopoly Administration be in the presence of the members of the Chamber of Commerce, Chamber of Agriculture in order to solve the problem of underpricing by the experts.³⁴⁵

The Finance Minister Abdulhalik [Renda], responding to the demands in the wish lists that were related to the Ministry of Finance, directed to the secretary of the RPP, stated that the demand for the establishment of committees for the appraisal of the tobacco purchased by the Monopoly Administration raised in İçel, Aydın, and Kocaeli.³⁴⁶ Nevertheless, I could not see those demands in Kocaeli wish lists.

3.4.2.3.3. Method of Collecting Crops in Depots (Deranbar Usulü)

The procedure based on the obligatory collection of all harvest tobacco in the depots of the monopoly administration in the fixed period was called *deranbar usulü* and was a source of trouble for cultivators, as analyzed in the previous chapter. The depots of the Monopoly Administration were limited in number and mostly far from the villages, which posed the burden of transportation of tobacco to those far-out depots, waiting for days in front of them for submission. The assessed tobacco was the liability upon the peasant, which carried the risk of not being able to submit the assessed amount, which would be considered contraband and subjected to the legal proceedings. Besides, the weighing by the experts in the depots after the delivery

³⁴⁵ “BCA 490-1-0-0/500-2011-1.”

³⁴⁶ “BCA 490-1-0-0/500-2011-1.”

was an accompanying problem. Furthermore, the Monopoly Administration did not necessarily purchase the tobacco submitted to the depots; the tobacco, therefore, waited in the depots until their sale, while the cultivators had to pay rent for the depots after the six months of the submission of the tobacco, which emerged as another financial burden.

In İstanbul and Bursa congresses, the modification of the method of collecting crops in depots and, more radically, its abandonment was demanded, respectively. In İstanbul congress, in the case of not making changes on the method of collecting in depots, the demand was the execution of the compulsory conditions defined in the law. The participants possibly refer to the responsibility of the monopoly administration to build depots that could store tobacco in good condition as they followingly asked for the construction of modern and technically qualified depots.³⁴⁷ The demand for the construction of technically qualified depots was raised also in the congresses of Kocaeli, Tekirdağ, and İzmir along with İstanbul.³⁴⁸ The demand for technically qualified depots had facets. First, keeping in mind the trouble of delivering tobacco to the depots, the cultivators wanted a depot in a close range. Also, it is possible that increased in number, they would be less crowded, and cultivators would not need to wait by its door for days, and that would diminish the possibility of increased product wastage waiting under the sun, as well. Second, in spite of the fact that cultivators were obliged to submit tobacco in the substandard depots, the Monopoly Administration did not have to purchase them all. Thereby, until their sale, the tobacco waited in substandard depots, where a quite amount decayed, which was possibly another factor that urged cultivators to demand the building of qualified depots.

Considering the fact that the tobacco was the principal income of the cultivators and also a demanding work, its decay was a significant loss for the cultivators and causing a lot of frustration. In the congress of Tokat, how the produce of cultivators left to decay depicted.

³⁴⁷ “BCA 490-1-0-0/500-2011-1”; Tütün İnhisarı Kanunu.

³⁴⁸ “BCA 490-1-0-0/500-2011-1.”

“the province was tobacco producer, the current monopoly administration neglected the interests of people. 2.5 million kilos of tobacco were decaying in the technically unqualified depots of the monopoly administration. If the administration found a way to sell those crops, the province would have yielded one million liras”.

Faced the troubles emanated from the functioning and policies of the Monopoly Administration, in the congresses of Aydın, Bursa, Edirne, Uluborlu district of Isparta, and İçel, raised the demand for the abolishment of the monopoly system and adoption of the banderole system that would repeal the control of the government over the tobacco production and market. It is not clear whose demand it was, it might be the demand of tobacco merchants, the tobacco cultivators, or both. At the time, as the monopoly of the Administration over markets did not serve the interests of the tobacco merchants, they favored the abolishment of the monopoly system and adoption of the banderole system, which could be traced in the parliamentary discussions as well.³⁴⁹ However, it could also be the demand of cultivators that would prefer to escape from the toll created by the monopoly administration. While it was a demand that leaned towards pushing away the government and its apparatuses as much as possible, on the other hand, and quite contrary, in the congresses of Samsun and İzmir, cultivators demanded the government support and specifically the support of the Monopoly Administration.

In the congress of Samsun, it was asserted that “there is a crisis in Samsun where the only trade was tobacco sale and export.” They demanded “quick support by the monopoly administration and urgent government measures”. Besides, they specifically asked the government to give money with the condition of cultivating tobacco. In İzmir congress, the demand was government support through the supply of credit by the monopoly administration to the cultivators. Another form of demand for government support was asking for the purchase of tobacco by the Monopoly Administration that emerged in the congresses of Bilecik, Sinop, İzmir, and Manisa.³⁵⁰

³⁴⁹ “T.B.M.M. Zabıt Ceridesi (8.6.1930),” 103–18.

³⁵⁰ “BCA 490-1-0-0/500-2011-1.”

The Monopoly Administration appeared in this part as another source of credit for cultivators through making advance payments along with the merchants and private companies. Nevertheless, the complaints and demands about the Monopoly Administration overweighed in the wish lists of the party congresses. It might be the case due to the perception that having much more control over the Administration, for its being a public enterprise, the party could effectually make changes. Beyond doubt, the disproportionate representation of the troubles caused by the Monopoly Administration did not correlate with the reality and should not obscure the role played by the private companies and merchants, which caused so much loss.

The advance payment as a credit mechanism was not solely consisted of the instance of advance payment; but included pricing, delivery, control of the products, storage, and sometimes some specific procedures during production, which were also the instances of conflict over the appropriation of value. That is why all those processes were taken into account concerning the Monopoly Administration.

The cultivators had series of complaints in the procedures of the Monopoly Administration, to wit, the assessment of production, binding peasant through advance payment, cutting the prices through discount and discard, the obligation of the collection of tobacco in depots. As in each of those phases, the value extracted in different forms, the demands and complaints sought the containment of the appropriation of value. Finally, the assessment as for the whole process in its entirety bifurcated, while on the one hand emerged the demands for the abolishment of the monopoly, the weight was composed by the merchants. On the other hand, in a quite contrary manner, the demands were raised for the widening of the role of the monopoly administration as a credit supplier.

The indispensable need for credit to finance the agricultural production, lack of reliable credit channels, and long-lasting demand for credit supply emerge as concluding remarks at the end of the analysis. Having said that, the gap between the need for credit and its supply widened with the crisis, which exacerbated the conditions of credit further.

3.4.2.4. Need for Credit

In between the counter moves of the income and expenses, widened the deficit and increased the need for credit. As has been put forward in the previous chapter, interest rates were very high and loans accumulated fast. The more urgent the need, the more fragile the debtors' condition, and the higher were the interest rates. In other words, the insolvency created an urgent need for credit, which accelerated already existing credit needs and aggravated the problem of lack of rural credit during the crisis.

In the Kocaeli congress of 1931, it was stated that the economic crisis stemmed from the lack of credit; withal, the contribution of the AB was too little.³⁵¹ In the Edirne congress, participants claimed that due to the lack of credit, a Turkish large landowner (ağa) turned to a shepherd of a non-Turkish, and they appealed government to redress the conditions.³⁵² While the usury was not exclusive to non-Turkish citizens, the categorization was along the lines of nationality, which marks the weight of nationalism at the time.

3.4.2.4.1. Demands For the Expansion of Rural Credit

Afterall, it became apparent that the need for credit, lack of credit, and demand for the supply of credit were the defining characteristics of the rural economy at the time. Cultivators asked for expansion of credit fundamentally through the AB, besides cooperatives and private banks.

The AB was considered to be the resort that should be activated to fulfill the promised function, namely promoting the agricultural production and supporting the cultivators. In that respect, the demands concerning the AB raised heavily in each provincial congress, to wit, increasing the capital of the AB, increasing the amount of credit available to the peasants, issuing long term loans with low interest rates,

³⁵¹ "BCA 490-1-0-0/500-2008-1."

³⁵² "BCA 490-1-0-0/500-2011-1"; "BCA 490-1-0-0/500-2008-1."

extending the terms of the existing loans, confining bank credits to the peasants, and opening branches in localities.

Confining the AB's financial support solely to the cultivators was a widely shared concern which stemmed from the fact that the AB gave credit mostly to the merchants, to the detriment of cultivators. The complaints about merchants dominating the available credit supplies came from Bursa, İstanbul, Gaziantep, and Denizli congresses. In the Kars congress, on the contrary, participants demanded the AB to give credit to the merchants. It might be related to the fact that Kars was mainly engaged in animal husbandry and its trade.

The cultivators also asked for the establishment of the agricultural cooperatives as a source of credit in İzmir, Kütahya, İstanbul, and Denizli.³⁵³ In Çanakkale, peasants specifically stated that they wanted the establishment of the cooperatives to fight with the usurers.³⁵⁴ In Giresun and İzmir, the demand was the financial assistance to the cooperatives by the AB³⁵⁵, which was the routine procedure, so they actually sought for the additional assistance to reinforce the cooperatives. In Buldan district of Denizli, it was asserted that "in places where cooperatives existed, the Agricultural Bank did not support the peasants. The peasants could not benefit but rather got damaged".³⁵⁶

Along with the demand for credit supply by the AB and Agricultural cooperatives, the Isbank and the Emlak Bank were considered sources of credit in the provincial congresses, hence raising the demands for the opening of local branches of Isbank and Emlak Bank.

Demands for an opening of a local branch of Isbank were raised in Malatya, Fethiye district of Muğla, Fatsa district of Niğde, Dikili district İzmir and lastly in

³⁵³ For İzmir and Kütahya, see "BCA 490-1-0-0/500-2011-1"; For İstanbul and Denizli, see "BCA 490-1-0-0/500-2008-1."

³⁵⁴ "BCA 490-1-0-0/500-2008-1."

³⁵⁵ "BCA 490-1-0-0/500-2008-1."

³⁵⁶ "BCA 490-1-0-0/500-2008-1."

Cebelibereket, where it was reasoned with a cause of saving the farmers from the tyranny of the Ottoman Bank.³⁵⁷ In addition, the provinces demanded the opening of a local branch of Emlak Bank were Bursa, Edirne, Kocaeli, Giresun, Muğla, and Menemen district of İzmir.³⁵⁸ In İstanbul, the demand was the supply of credit by Emlak Bank to the ordinary people based on their estates.³⁵⁹ Moreover, the demand for the opening of a local branch was raised to support specifically the small business owners in Çankırı, and it was farmers in Yalova.³⁶⁰

3.4.3. Fall in Consumption

As the prices of agricultural products fell dramatically, the prices of industrial goods remained high compared to the world prices due to the protectionist policies that levied high custom duties over imports, which in turn enabled both overpricing of domestic goods and over taxation on consumer goods. Additionally, the monopoly administration either having control over the production or trade of necessity goods or leased out that rights to private companies created freehand in increasing prices under uncompetitive market conditions. That is to say, government policies brought much severe turn of intersectoral terms of trade against agriculture in Turkey compared to the world average. As the relative prices of necessity goods skyrocketed, it turned barely impossible for cultivators to meet the basic necessities which emerged as a matter of subsistence.

I analyze the cultivators' complaints and demands regarding the fall in consumption and the struggle for subsistence as one of the primary manifestations of the crisis within a framework that regard consumption as one of the four main themes, the government policies of indirect taxes, monopoly pricing, and protectionism main channels concerning the fall in cultivators' purchasing power along with the dramatic fall in the prices of agricultural products, as can be seen in the table below.

³⁵⁷ "BCA 490-1-0-0/500-2009-1."

³⁵⁸ "BCA 490-1-0-0/500-2011-1."

³⁵⁹ "BCA 490-1-0-0/500-2011-1."

³⁶⁰ For Çankırı, see "BCA 490-1-0-0/500-2011-1"; for Yalova, see "BCA 490-1-0-0/500-2008-1."

Table 8. Complaints and Demands Regarding Consumption

The main manifestation	Transmission mechanism	Consequences/ Complaints	Demands
Struggle for subsistence	Dramatic fall in relative prices of agricultural products Taxation and monopoly prices on necessity goods (sugar, salt, tobacco)	High relative prices of necessity goods & industrial goods Decline in purchasing power	Cheapening of necessity goods under monopoly Abolishing monopolies Diminish /abolish taxes on necessity goods (indirect taxation)
	Taxation on commons, forestry	Restriction of the right to benefit from commons	Diminish or abolish tax on forest products (used both for consumption and production)
	Tariffs on industrial goods (protectionism)	Difficulty in earning livelihood	
	Gov policy of increasing savings with diminishing consumption		

In the provincial congress of Eskişehir conveyed in 1932-33, the problem was articulated as such:

“In the hometown, the [agricultural] products blindly (*göz kamaştırıcı bir şekilde*) cheapened. A peasant sells an okka of wheat for six piasters, an egg for a piaster, while purchasing salt for 11 piasters and gas for 30 piasters. In the times that the labor of worker cheapened that much, the fact that the peasants buy the industrial products with high prices generates great life hardship.”³⁶¹

Accordingly, diminishing the prices of salt and gas hence making them commensurate with the prices of agricultural products, was the demand raised in Eskişehir congress in 1932-33. The demands for cheapening of necessity goods, i.e.,

³⁶¹ “BCA 490-1-0-0/500-2011-1.”

salt, sugar, fuel, matches, appeared in varying combinations, sometimes two-three items, sometimes all, in the provincial congresses of 1931 in Amasya, Çanakkale, Edirne, Kars, Eskişehir, Denizli, and Aydın.³⁶² In Burdur, the demand was the abolishment of monopoly over gas and sugar. Moreover, the cheapening of tobacco and peasant cigarettes appeared separately in various congresses of Amasya, Eskişehir, Kütahya, Manisa, Tekirdağ, Bilecik, Denizli, Kırklareli, Çanakkale, and Kastamonu. Since disproportionate prices of necessity goods remained a burning problem, the reduction of prices appeared as a widespread demand in the provincial congress series held in 1932-33. It was raised in Bolu, Kastamonu, Manisa, Niğde, Ordu, Samsun, Tekirdağ, Zonguldak, Eskişehir, Aydın, and Siirt.³⁶³

The reduction of taxes on the necessity goods, to wit, consumption taxes, customs duty, octroi (*duhuliye resmi, oktruva vergisi*)³⁶⁴ and, turnover tax (*muamele vergisi*)³⁶⁵ was again a widespread concern. In the Amasya congress, it was demanded that the customs duty on luxury goods increased, while decreased on the necessity goods of gas, fuel, and sugar. In Gümüşhacıköy district of Amasya, they demanded the reduction of specifically customs duty, octroi, and domestic turnover tax, which inclined to generate progressive effects and relief for the peasants as it would diminish the money paid for the necessities. The Ministry of Finance rejected that demand on the grounds that it would harm the state budget.³⁶⁶ In the Bursa congress, a similar demand inclined to progressive taxation raised. It was the abolition of the turnover tax, reduction in other taxes, but increasing the taxes on

³⁶² “BCA 490-1-0-0/500-2011-1”; for Aydın, see “BCA 490-1-0-0/500-2008-1.”

³⁶³ “BCA 490-1-0-0/500-2011-1.”

³⁶⁴ Oktruva vergisi was a tax levied on goods brought into cities or towns by the local governments. It was also called “duhuliye resmi” and “bac” in the Ottoman Empire. It was a way that local authorities generated revenue. It was abolished in 1933 with the introduction of ten percent share over customs duty for municipalities. (Pakalın, M. Z. Osmanlı Tarih Deyimleri ve Terimleri Sözlüğü Vol I, pp.480,483, Vol II, 724-725).

³⁶⁵ Muamele vergisi was a turnover tax levied on the commodity for each sale and turnover. It was introduced as one of the general consumption taxes, after the abolishment of the tithe. In 1927, it was reformed; the collection of tax in each sale was abandoned and started to be levied only once, besides some exemptions were introduced. It was amended again in 1931. (Emiroğlu, Türkiye’de Vergi Sistemi İkinci Cilt, 107-108).

³⁶⁶ “BCA 490-1-0-0/500-2011-1.”

luxury goods like silk goods. In a similar vein, it was demanded that octroi over the imported necessity like grain be abolished.³⁶⁷

Again, the demand to diminish the taxes on necessity goods was raised in varying combinations of sugar, salt, gas and fuel, and tobacco in Amasya, Burdur, Çorum, Edirne, İçel, Havza district of Samsun, Tekirdağ, and Denizli. Along with Amasya and Bursa, in the congresses of Denizli, Eskişehir, and Kütahya, the octroi was specifically demanded to be abolished, especially on the necessity goods.³⁶⁸

In the 1932-33 provincial congress series, the demand for reducing the taxes on necessity goods was raised in Bolu, Edirne, Zonguldak, Sivas, and Denizli, where it took the form of abolition of the taxes on necessity goods. A vivid explanation for the importance of reducing the taxes came from Bolu congress. It was stated that in villages burning firewood for lightening caused numerous fires and unfortunate consequences every year. To generalize and spread the gas usage to villages, reducing the tax on gas was demanded.³⁶⁹

The turnover tax was a matter of concern since it increased the prices for the consumers, engendered extra burden for cultivators and merchants. The demand for its abolition was raised in Amasya, Denizli, Sinop, Kastamonu, and Manisa. The exemption of the tobacco produce and specifically ones purchased by tobacco companies, withal, the olive crop and factories processed olive from the turnover tax, was raised in the congresses of Muğla and İzmir. While in Aydın congress, domestic goods were asked to be exempted from the turnover tax, it was notably the demand for the exemption of export goods from the turnover tax that dominated the provincial congresses, as raised in Antalya, Aydın, İçel, Tekirdağ, Mersin.³⁷⁰ The demand for the exemption of export goods from the turnover tax seems to be more a demand of export merchants and companies or peasants that exported their produce

³⁶⁷ “BCA 490-1-0-0/500-2011-1.”

³⁶⁸ For Denizli, “BCA 490-1-0-0/500-2011-1”; for Kütahya and Eskişehir “BCA 30-10/79-522-2.”

³⁶⁹ “BCA 490-1-0-0/500-2011-1.”

³⁷⁰ “BCA 490-1-0-0/500-2011-1.”

themselves, which could be large landowners or better of peasants. In total, in 25 provinces, concerns for turnover tax were on agenda Amasya, Artvin, Antalya, Aydın, Burdur, Bursa, Çanakkale, Erzurum, Kars, Eskişehir, İçel, Kastamonu, Kütahya, Manisa, Muğla, Samsun, Sinop, Tekirdağ, Adana, Aksaray, Afyonkarahisar, Denizli, Konya, Mersin, and İzmir.³⁷¹

Cheapening of necessity goods through reducing prices, which were mostly monopoly prices, lowering taxes, and more radically abolishing monopolies appeared as the main demands that opted for reversing the trend of serious fall in the purchasing power and severe reduction in the rural consumption that fell below subsistence levels in some provinces.

3.4.4. Demands Concerning Production

3.4.4.1. Agricultural Production

As the crisis hit agriculture through a dramatic fall in prices, at first sight, agricultural production did not diminish but instead increased from 1930 to 1931, then declined severely in 1932. It could be explained with a tendency to produce more to compensate for the fall in the prices. Nonetheless, it is well known that cultivators could not clear the accumulated loans and unpaid taxes, which created severe pressure and started the process of appropriation of means of production, i.e., agricultural tools, oxen, and land, to collect the loans and taxes, which would destroy the small-scale agricultural production. On the other hand, being heavily indebted and deprived of agricultural credit that was a must to finance a new cycle of agricultural production, cultivators might have still forced to initiate new agricultural production to redress economic conditions through producing more. Another dynamic behind the increase in agricultural production might be that as sharecropping became much widespread practice for the cultivators who could not cultivate their own lands or could not yield enough from farming, it might have increased the total volume of agricultural production.

³⁷¹ Cumhuriyet Halk Fırkası, “1931 Senesi Büyük Kongresine Takdim Edilmek Üzere Hazırlanan Cumhuriyet Halk Fırkası Vilayet Kongreleri Temenniyatı Hülasası” (Hakimiyeti Milliye Matbaası, 1931), 23, GNAT.

As the agricultural production ceased to be means of livelihood, and cultivators could not produce the conditions of farming, they raised their grievances and demands concerning livelihood distress, which emerged as one of the main manifestations of the crisis concerning production, along with the pattern of income diversification used as a strategy by cultivators to cope with it. In this part, I analyze cultivators' complaints and demands concerning the livelihood distress within the framework that has already been used throughout the chapter to figure out the developments and cultivators' responses in the areas of debt, credit, and consumption. The table below figures the consequences, main manifestations, and demands, this time regarding production.

Table 9. Complaints and Demands Regarding Production

The main manifestation	Transmission mechanism	Consequences/ Complaints	Demands
Livelihood distress	Dramatic fall in the relative prices of agricultural products Government's tax policy Diminished earnings increased expenses Protectionism Credit mechanisms leading to the unrealizable debt & dispossession / Usury	Agriculture ceased to be a means of livelihood Shifting agricultural products from cash crops to staples Income diversification: increase in sharecropping, seasonal migration, semi-proletarianization (big farms, railway, mining cites, cities) Unemployment	Government support: provision of inputs, tools for agricultural production taking measures to improve agricultural production like fighting with harvest mice and locusts the establishment of seed improvement stations (tohum ıslah istasyonları) Guidance of technicians Reduction in the prices of production inputs (salt) Land distribution
		Unable to produce the conditions of agricultural production Difficulty in maintaining farming Abandon agricultural production	Agro-industrialization, raw material supply for industries (vertical integration) Import substitution industrialization Establishment of factories Demand for new industries: fisheries, mining, viticulture, winemaking, sericulture

Reviewing the demands about the production activity that would sustain a living, demand for government support for agricultural production appeared in all provincial congresses. The first reaction of the cultivators was to be able to make a living through agriculture; accordingly, they demanded active government support that would return the value transferred from agriculture back to the agriculture and villages. The most striking and challenging being the distribution of land; the demands were the distribution of agricultural inputs like seeds, agricultural tools and machines, taking measures to improve agricultural production like fighting with harvest mice and locusts, the establishment of the seed improvement stations (*tohum ıslah istasyonları*), and guidance of technicians for the improvement of production.

The distribution of land to the cultivators who did not have land or had less than enough was a widespread demand in the provincial congress that raised in Amasya, Aydın, Çanakkale, Eskişehir, Isparta, Kocaeli, Sivas, Muğla, Trabzon, Cebelibereket, Denizli, Kars, many villages of İzmir and İstanbul, and Bolu. Along with the distribution of lands, there were demands for allocations of vineyards and olive groves in İzmir. Moreover, the pastures were widely asked to be left villages that did not have pastures for grazing the livestock.

It seems essential to transmit the demands in the wish lists that brought about detailed explanations revealing the conditions. Accordingly, in Aydın congress of 1931, it was stated that “the villages were surrounded by privately owned large landed estates in Söke province. The peasants in between those farms did not have an inch of land”. They demanded the confiscation of the available large landed estates (*münasip çiftlik*) and distribution to the peasants, withal the conveyance of pastures to the villages that did not have a pasture for grazing.³⁷² In Torbalı district of İzmir, it was stated that there were farmers deprived of land for ages, and ones that sold large farms at low prices. They demanded the purchase of those farms and their distribution to the landless peasants. They specifically requested the purchase of the farm that belonged to a Russian citizen and on sale, and its distribution to the peasants in Hortona and Kuşçuburun, who were already renters in that farm. In a

³⁷² “BCA 490-1-0-0/500-2011-1.”

similar vein, in the 1932-33 provincial congress, in Bursa, it was put forward that in the subdistrict of Dağkadi composed of more than 200 households, and only 100 of them owned lands while the remaining half had to rent land to make a living. The treasury owned 1500 decares of land between Dağkadi and Telhisar, which was asked to be distributed to the peasants in return for the appraised value.

It had been the case that the landless peasants or the ones that did not have enough land cultivated the vacant lands. After some time, they inclined to claim the ownership, especially if they had converted swamps to arable land or cultivated for long years. In Bursa and Bilecik, peasants demanded the conveyance of the property of the lands that had been cultivated for ten years without dispute.³⁷³ The development of vineyards was also in that classification. In Kemalpaşa district of İzmir, “it was stated that peasant planted vineyards, half of which had been promised to them while the other half would have belonged to the government. They asked for the assurance of the vineyards.”³⁷⁴

The cultivation of vacant land was not always a smooth process; the peasant faced troubles posed by the local authorities. One example reflected in Darıca district of Kocaeli, poor peasants sowed barley on the abandoned lands (*emvali metruke*) that were plowed to destroy locusts. The Fiscal Directorate (*Mal Müdürlüğü*) imposed a fine of 15000 liras that was above their solvency. There was also a mention of a premium from the head of the government worth 1500 liras, but it is not clear. After all, they asked the renouncement of that practice since the peasants were too poor.³⁷⁵ As this example reveals, abandoned or vacant lands and landless peasants did not match easily or automatically; it was through the social relations these factors configured. Contrary to the suppositions of the demographic analysis of the period that dismissed the land problem in the countryside, based on the premises of abundance of lands and low population, the peasant could not freely cultivate and appropriate the vacant lands. They were mostly deprived of the sufficient amount of land that they could subsist on.

³⁷³ “BCA 490-1-0-0/500-2011-1.”

³⁷⁴ “BCA 490-1-0-0/500-2011-1.”

³⁷⁵ “BCA 490-1-0-0/500-2011-1.”

Concerning the pastures, it was not only the allocation that was asked for; the exemption of the pastures from enclosure was also on the peasants' agenda. In Bolu congress, it was stated that forestry and agriculture were the only means of livelihood, and they demanded the exemption of the pastures from the enclosure, which peasant had disposed of and benefited from of old. Their exemption from the enclosure would save many villages from misery and migration due to the loss of livelihood.³⁷⁶

The demand for the distribution of land as a broader category for all diverse demands of distribution of lands, pastures, vineyards, and orchards presented above signaled to the magnitude of the problem in accessing to the sufficient amount of land to make a living. Along with the land, other means of productions, agricultural tools and machines, and production inputs were also lacking, therefore nearly in every provincial congress, the provision of farming tools and machines and seeds were raised.

As revealed in the previous chapter, before the crisis, production inputs had been mostly in the hands of the dominant merchants or large landowners in the villages, who sold them at high prices to be paid in the harvest time. Destroying the harvest income, the crisis deprived cultivators of sources to obtain production inputs, even seeds; that is to say, the crisis deepened the problem of access to the production inputs.

Agricultural production was mostly carried out with primitive techniques based on ard plough (scratch plough, *saban*) which was "ox drawn metal-tipped stick" that furrow the land with pushing and piling the soil on both sides rather than turning the soil upside down that could be carried out through mouldboard plow (*pulluk*) which increased the productivity of the soil bringing the nutrition above.³⁷⁷ Accordingly,

³⁷⁶ "BCA 490-1-0-0/500-2008-1."

³⁷⁷ "The Story of the Plough," *National Museums Scotland* (blog), accessed May 25, 2020, <https://www.nms.ac.uk/explore-our-collections/stories/science-and-technology/ploughs/>; For definition, Ravndal, *Turkey Commercial and Industrial Handbook*, 86; For the concepts and the evolution of plough, see Rattan Lal, D. C. Reicosky, and J. D. Hanson, "Evolution of the Plow over 10,000 Years and the Rationale for No-till Farming," *Soil and Tillage Research* 93, no. 1 (2007): 2–3.

the replacement of ards with mouldboard plow was a prevalent concern for the development of agriculture. The oxcart (*kağni*) was also demanded to be replaced with carts. It had been the concern even before the establishment of the Republic. In 1922, Kütahya deputy Cemil submitted a bill that suggested the prohibition of peasants' use of ox carts due to the damage to the agriculture and obliged peasants to use carts as substitutes with specific government support. Even though the prevalence of the ox carts was considered to be a problem, the bill was rejected in the parliamentary discussions since it would put cultivators to expense and create an extra burden.³⁷⁸ In Denizli congress, the demand was to distribute plow and carts free of charge to replace ards and ox carts. In Afyonkarahisar congress, it was demanded that the governors established workshops in prisons to produce carts and improve the ards. Another demand was the distribution of the thresher machine that appeared in Kütahya, Samsun, and Sivas, where the demand for the distribution of tractor was also raised.³⁷⁹ Moreover, the demands for the distribution of the means of production and land were accompanied by the development of techniques and materials used in agriculture. In many provinces, the guidance of technicians (*fen memuru*), the establishment of seed improvement stations, and nurseries were demanded.³⁸⁰

In conclusion, the demands ranging from distribution of lands, means of production, production inputs and the development of agricultural technique expressed the desire to maintain making a living from farming with the government taking part in and providing support.

It was a call for returning the value abstracted from agriculture back, but it was not limited to farming. There were also the demands for the development of fishery, sericulture, viniculture, and the forestry, which was actually asking for the

³⁷⁸ Cengiz Çetintaş, *TBMM Tutanaklarında Birinci Dönem Kütahya Milletvekilleri (23 Nisan 1920 / 21 Nisan 1923)*, 2017, 398–400, <https://books.google.com.tr/books?id=nEvCDwAAQBAJ&printsec=frontcover#v=onepage&q&f=false>.

³⁷⁹ “BCA 490-1-0-0/500-2008-1.”

³⁸⁰ “BCA 490-1-0-0/500-2008-1.”

development of agriculture in broad terms. As the peasants were stripped of means of making a living, they sought support on existent industries like sericulture and fishery, and asked for the removal of the restrictions on the right to benefit from forests.

3.4.4.2. Government Involvement Beyond Agriculture

Moving beyond the agriculture, the government was asked to involve in and launch new activities like working out the mines that would generate employment. To have a better understanding of the demands for mining from the eyes of peasant, we may refer to the account of İnönü's trip to Kastamonu in 1938, where the cultivable lands were narrow and not so fertile that as the head of the party, Fethi Mağara stated the peasant could yield 3-4 months of food need from cultivating their land.³⁸¹ They leaned on mostly lumbering for subsistence, but the use of forests was also restrained. Accordingly, they looked for other industries to meet their needs and make a living; some worked as temporary workers in İstanbul, İzmir, and Ankara or in the mines of Zonguldak. Accordingly, they asked for the running of mines and construction of railroads in their region that would generate employment; thus, they could earn money.³⁸² As is seen, the motive behind the appeal to the government to involve in mining and workout the mines was generating employment that would provide subsistence for the cultivators who could not subsist on agriculture.

3.4.4.3. Establishment of Factories

In various provinces, appeared the demand for the establishment of new factories and improvement or nationalization of the existent factories that did or would mostly process the crops cultivated in the province and around. The cultivators whose products sold for a song or remained unsold due to diminished demands in international markets were the actors that raised that demand.

The hope was that agricultural processing industries would absorb the agricultural produce as a stable market with more or less stable prices and trigger the agricultural

³⁸¹ Eski, *İsmet İnönü'nün Kastamonu Gezileri*, 71.

³⁸² Eski, 21–23, 61–62.

production so that peasants would not worry about the fluctuations in prices and the available markets and reach a more stable income and better of economic conditions. Additionally, it would create new channels to make a living, generating employment. In the congresses of Amasya, Aydın, Rize, Niğde, Tokat, Konya, which were fruit growing provinces, the request was to establish distilleries and/or spirit factories. In İzmir, it was demanded that the Spirit and Alcoholic Beverages Monopoly (*İsporto ve Müskirat İnhisarı*) set up a wine factory and purchase the grapes and figs on time and increase the prices in favor of the cultivators. In a similar vein, in the İstanbul congress, it was demanded that the monopoly administration establish a tobacco manufacturing plant that would enable the unemployed to find work.³⁸³

In the Mersin congress, it was demanded that the national banks run the spinning and weaving mill. In Aydın congress, the request was to establish a new spinning mill, and it was the weaving mills in Kayseri and Denizli where automatic loom, warp machine, etc. were also particularly demanded. Besides, in the Denizli congress, the establishment of a paper mill was also raised. In Kastamonu, where the greater part of the hemp produced, the demand was establishing a hemp factory. In İzmir congress, the requests were to develop hemp farming and establish a sack and twine factory that would produce twine, rope, sack, and canvas.³⁸⁴

In the vegetable growing and exporting provinces like Aydın, Antalya, and İzmir, the canning factories were on the wish lists. The demands were establishing a canning factory in Aydın, nationalizing the existent canning factory or launching a new one in Antalya, and reviving the existing canning factory in İzmir.³⁸⁵ In Antalya, the development of the sericulture was a significant concern, which brought about the demands for the establishment of a silk factory and the protection of industry through restrictions on imported silk goods.³⁸⁶ In the 1932-33 provincial congress series, establishing a silk mill was also a demand raised in Bilecik.³⁸⁷

³⁸³ “BCA 490-1-0-0/500-2011-1.”

³⁸⁴ “BCA 490-1-0-0/500-2008-1.”

³⁸⁵ “BCA 490-1-0-0/500-2008-1.”

³⁸⁶ “BCA 490-1-0-0/500-2008-1.”

³⁸⁷ “BCA 490-1-0-0/500-2011-1.”

Not being directly related to the cultivators, but possibly related to ones dealing with animal husbandry, there were demands regarding the tanneries, which were establishing a tannery in Tokat and capital transfer to the existent tannery In Isparta.³⁸⁸

The development of carpet business was also on the agenda of the congresses, the demands were promoting carpet business in Niğde, launching establishing a paint shop and a pattern shop in Kırşehir, launching a carpet workshop in prison in Çanakkale.³⁸⁹ They might not be the demands directly of the cultivators but seems important to note as the demands opting for statist industrialization raised in the congresses.

3.4.4.4. Protectionism

Along with the development of the silk industry, it is significant that protectionist policies were advocated in Bursa. After 1929, with the lifting of restrictions posed by the Lausanne Treaty, the foreign trade was shaped by the protectionist tariff policies. Still, in Manisa congress, it was suggested that tariff policy, in general, be based on levying higher duties on the foreign goods that were similar to the ones produced domestically and lower duties on the ones that could not be produced domestically, besides implementing that policy for lumbering and carpet business in particular.³⁹⁰ In Sivrihisar district of Eskişehir, a more radical protectionist policy was suggested to recover from the crisis, which was the prohibition of the import goods produced in the country.³⁹¹ Those demands that advocated increasing protectionism and replacing import goods with ones that would be produced domestically adumbrated and paved the way for the articulation of the import substitution industrialization as a viable economic policy.

³⁸⁸ “BCA 490-1-0-0/500-2008-1.”

³⁸⁹ For Kırşehir and Niğde, see “BCA 490-1-0-0/500-2008-1”; for Çanakkale, see “BCA 30-10/79-522-2.”

³⁹⁰ “BCA 490-1-0-0/500-2011-1”; for carpet business, see “BCA 490-1-0-0/500-2008-1.”

³⁹¹ “BCA 490-1-0-0/500-2008-1.”

As an overall look at the demands with regard to production as a means of living, being hit by the fall in prices, diminished demand in foreign markets, agricultural products were sold either at a much low price or remained unsold. As the agriculture ceased to be means of livelihood, under the pressure of the accumulated loans and debts, peasants demanded direct government support for agriculture, farming in particular with the demands for distribution of land, means of production and production inputs, and support for the improvement of agricultural resources like seeds, and fiddler and the agricultural techniques but also in agriculture in a broader sense including fishery, forestry, etc.,

Along with the government support for agricultural production, cultivators demanded the establishment of primary materials processing industries like distilleries and spirit factories, spinning and weaving mills, hemp factories, silk mills, and canning factories that would function as a stable market for the agricultural products, enabling regular income so better of economic conditions and that would generate employment in the provinces. There were also demands for government support to a wide range of industries such as carpet business, and tanneries. It was also demanded that those industries be protected through tariff policies so that domestic goods replace the imports. It is not difficult to see that the demands towards protectionism and industrialization started to be formed at the grassroots and pointed the way for a shift towards the import substitution.

All in all, the peasants considering that it would redress the economic conditions, raised the demands for the government involvement in the economy in the forms of government support and industrial investment. On the other hand, they asked for the protection of goods produced domestically in that regime, which together sketched a new economic policy.

CHAPTER 4

FORMATION OF STATIST AUTHORITARIAN SINGLE-PARTY RULE

The 1929 crisis and the consequent economic policies wreaked havoc on the agricultural sector and cultivators' living standards in Turkey, which was followed by a dispossession process. This brought about widespread discontent that became apparent with the emergence of the Free Republican Party (FRP) in 1930. The ruling cadre responded with brutal repression of the widespread support for the FRP in public meetings and the municipal elections. Ultimately the FRP was closed, and the single-party regime was reinstalled after a three-month interval.

While the establishment of the authoritarian single-party rule has been often analyzed as a top-down imposition of a regime, the development of statism has been discussed as a well-considered decision by the ruling cadre in the literature. Even though the mutually reinforcing impact of statism and the authoritarian single-party regime has been mentioned, the interaction between these two lines of policymaking has not come to the focus and thus has not been thoroughly examined. To gain a comprehensive understanding of the development of these policies, it is necessary to resort to the relevant literature and historical documents. Hence, this chapter involves a literature review on the origins of statism and single-party rule, as well as the archival research for process tracing the adoption of these policies.

By presenting a literature review that provides background information, I argue that statism and single-party rule had existed as tendencies before their official adoption. Statism, on one hand, can be traced back to the state-led economic developmentalism of the Committee of Union and Progress (CUP), which was inherited by the new regime with a diminished form mainly due to the restrictions posed by the Treaty of Lausanne. On the other hand, single-party rule had been part of the repertoire since the CUP regime from 1913 to 1918, and it became prevalent after the enactment of

Law on the Maintenance of Order (*Takrir-i Sükun Kanunu*) in 1925, in the Republican period. Two lines originating from the past, statism and single-party rule, converged, and interwoven. Strengthening each other has shaped this era.

4.1. Origins of the Single-Party Rule

As has been widely discussed, the single-party rule can be traced back to the late Ottoman period. Besides, the oscillations between political liberalism and authoritarianism in the Ottoman and Turkish political history have already been pointed in the literature. Rustow conceptualizes the process as “a rhythm of diastole and systole, of expansion and contraction”. In his periodization from 1865 to 1961, he identifies various phases following one after another in a cycle.³⁹² I will focus on the relevant part of this periodization until 1945.

I. a) 1865-78, b) 1878-1908, II. a) 1908-13, b) 1913-18, III. a) 1918-23, b) 1923-45

Weiker’s periodization overlaps with that of Rustow:

“Four periods when a parliament had been part of the machinery of Turkish (or Ottoman) government, there had been more than one group contesting for power in it: (I) the first Ottoman constitutional period and parliament of 1876-77; (2) the period from the Young Turk revolution of 1908 to the suppression of opposition by the Committee of Union and Progress in 1913; (3) the years 1918-19 when various groups vainly attempted to operate parliamentary government from Istanbul; (4) the Republican government's experiences with the 1st and 2nd Groups of the Defense of Rights Society in 1922-3 and the Progressive Republican Party in 1924-5.”³⁹³

These studies provide a periodization that captures the recurring process of a transition to political liberalism followed by the opposite move towards authoritarianism. Drawing inspiration from Rustow’s analysis, I define the oscillation between political opening and authoritarianism as a cycle as but with their differences in their beginnings and endings.

³⁹² Dankwart A. Rustow, “The Development of Parties in Turkey,” in *Political Parties and Political Development*, ed. Joseph La Palombara and Myron Weiner (Princeton: Princeton University Press, 1969), 112–13.

³⁹³ Walter F. Weiker, *Political Tutelage and Democracy in Turkey: The Free Party and Its Aftermath* (Leiden: E. J. Brill, 1973), 35.

4.1.2. Oscillation between Political Opening and Authoritarianism

The oscillation between political liberalism and authoritarianism can be identified in three cycles as follows:

I. a) 1876-78, b) 1878-1908, II. a) 1908-13, b) 1913-18, III. a) 1918-25, b) 1925-45

The transition toward political liberalism in the first cycle can be traced back to the enactment of the first constitution of the Ottoman Empire (*Kanun-i Esasi*), which marked the First Constitutional Era from 1876 to 1878. It was the first time a constitution placed restrictions on the power of the Sultan, and a parliament was established. However, Rustow includes the preceding decade-long struggle of the Young Ottomans that led to the enactment of the first constitution in the period. I prefer to identify the period with the actual limitation of political power by the Constitution and separation of powers between the Sultan and the parliament. This phase came to an end when Abdülhamid suspended the Ottoman parliament and the Constitution in 1878, after being in effect for a little more than a year. Consequently, the authoritarian phase of the first cycle commenced with Abdülhamid restoring his absolutist rule, suppressing opposition harshly and maintaining his reign for approximately thirty years until the 1908 Revolution.

The second cycle began with the introduction of political liberalism with the 1908 Revolution. In 1908, the Committee of Union and Progress (CUP) compelled Abdülhamid to reinstate the constitution and the parliament, ushering in the Second Constitutional Era. The political liberalism of the constitutional era embraced the liberty of the press and freedom of organization, creating a conducive environment for the emergence of political organizations and parties. The number of active political parties and associations proliferated.³⁹⁴ Throughout the Second Constitutional Era, three elections were held in 1908, 1912, and 1914 and lively political discussion was maintained until 1912 within and outside the parliament. Moreover, this period witnessed the social classes starting to step into history as classes and develop autonomous class politics and political subjectivity. The

³⁹⁴ Tarık Zafer Tunaya, *Türkiye’de Siyasi Partiler (1859-1952)* (İstanbul: Doğan Kardeş Yayınları, 1952), 176–392.

peasants' protests and working-class strike wave in 1908 were striking incidences of the era.³⁹⁵

The main premises of the CUP were political reforms and the pursuit of complete freedom. However, by eliminating opposition in time, the CUP managed to seize power in 1913.³⁹⁶ This marked the beginning of the CUP's single-party rule and the onset of an authoritarian phase of the second cycle, which persisted until the end of World War I in 1918. The outbreak of the Balkan wars in 1912 and the rise of nationalism acted as the catalysts in the shift towards an authoritarian rule. Moreover, soon after seizing power, the CUP entered World War I alongside Germany. With the effect of war, the CUP monopolized political power, and the regime became characterized by the integration of the party and the state. As the war ended with the defeat of the Allied powers, including the Ottoman Empire, the CUP's authoritarian one party-rule ceased.

The Mudros Armistice Treaty marked the beginning of a new era from 1918 to 1923, mainly comprising the third cycle of political opening that lasted until 1925. After the end of World War with the defeat of the Allied powers including the Ottoman Empire in 1918, the CUP disbanded itself, and its prominent leaders fled abroad. This led to a power vacuum, accompanied by the rise of various of political parties and groups, and a surge in political activity in both İstanbul and Anatolia. This phase was characterized by political diversity and dispersion/decentralization of political power. During this period, several significant incidents took place, including the national liberation struggle, the emergence of the Society for the Defense of Rights of Anatolia and Rumelia, the establishment of the National Assembly, proclamation of the Republic. At the same time, a significant political struggle unfolded within the national assembly between the First Group and the Second Group in the first term of the assembly in 1922-23. This was followed by a struggle between the Republican People's Party (RPP) and the Progressive Republican Party (PRP) in the second term in 1924-25.

³⁹⁵ Ateş Uslu and E. Attila Aytekin, "Burjuva Devriminin ve Savaşın Belirsiz Sınırlarında," in *Osmanlı'dan Günümüze Türkiye'de Siyasal Hayat* (İstanbul: Yordam Kitap, 2015), 91.

³⁹⁶ Tarık Zafer Tunaya, *Türkiye'de Siyasi Partiler 1859-1952* (İstanbul: Doğan Kardeş Yayınları, 1952), 179-81.

Following the Sheikh Said Rebellion, the Law on the Maintenance of Order was enacted in 1925, which opened the authoritarian phase of the third cycle that lasted until 1945. Throughout this period, political opposition was severely repressed, the PRP was closed. Except for the short-lived Free Republican Party, the Republican People's Party ruled the country as the one and only political party in the country.

The closure of the FRP and return to the single-party rule occurred within the framework of recurring cycles of oscillation between democratic opening and authoritarianism. In the first cycle, Abdülhamid's absolute monarchy emerged as an authoritarian rule. This was followed the CUP's single-party rule in the second cycle. Subsequently, the RPP's single-party rule established in 1925 and continued until the establishment of the FRP in 1930. In other words, single-party rule had been a recurring tendency from 1913 onwards, albeit discontinuities. Accordingly, when the popular discontent became apparent with the experience of the FRP in 1931, the regime consolidated itself back into the single-party rule, hand in hand with statism in economy.

After presenting the historical context of single-party rule, we can now delve into the origins of statism, which I define as the other strand that merged with one party rule in response to the popular discontent.

4.2. Statism

The emergence of the FRP as the opposition party stirred the political atmosphere, as the party started to raise criticisms of the ongoing policies led by the RPP. The objections were predominantly about the existing economic policies, and the party program was mainly composed of promises that were alternatives to the current policies. The railway policy of the RPP was one of the prominent issues addressed. The FRP propagated that the government put so much burden on people to build railways. The heavy tax burden destroyed the living conditions of people utterly. The cost of railway construction was so much to be borne solely by one generation. The government should have looked for foreign loans to cover the expenses rather than public revenues. Those criticisms and the corresponding promises were expressed in

the program as diminishing the taxes, being careful about the use of public revenue and not imposing an extensive burden on one generation, enabling foreign capital investment, supporting the individual enterprise, and embarking on enterprises that were necessary for the Republic but beyond the capacity of individuals.³⁹⁷

In the opening of Sivas railways, İnönü responded to those criticisms. He remarked,

“the nation-state established in Ankara recognized that even after the peace, the only force that it could immediately benefit in the realms of economy and politics, was the parts of the country connected through maritime lines and railways. The connected parts were only one-third of the country. The nation-state felt obliged to find a solution to materially unite all parts of the country around a cause as the first, urgent, and inevitable duty. Thus, the first government of the Grand National Assembly under the presidency of M. Kemal declared the extension of railways from Ankara to Yahşihan -a town in Kırklareli that borders on the east of Ankara- in its program.”³⁹⁸

Dating back the railway policy to the establishment of the nation-state, he insisted on the necessity of the railways being “nondeferrable concerns of national existence, national unity, national defense, protection of national liberty.”³⁹⁹ Then, he argues that if the issue was a national requisite that could not be postponed, it was not possible to find a foreign creditor. Therefore, he puts forward that the government had to meet the cost of those projects with the public purse; hence, each generation had to bear at least that much to improve and reach the goal of a high-level, civilized, and advanced country.⁴⁰⁰

Eventually, he stated that both people and government economic policy had been statist. It was the first time statism was announced as the government policy. It was also an assertion, serving to build a position in the political competition with the FRP, but not limited to that as we will explore. İnönü justified statism with reference to popular appeal to the state for problems and needs:

³⁹⁷ “Serbest Cumhuriyet Fırkası Programı.”

³⁹⁸ “Ayn Tarihi Vol. 22-23 Issue 75-78” (Hariciye Vekaleti Matbuat Umumi Müdürlüğü, September 1930), 6530–31, Milli Kütüphane.

³⁹⁹ “Ayn Tarihi Vol. 22-23 Issue 75-78,” 6532.

⁴⁰⁰ “Ayn Tarihi Vol. 22-23 Issue 75-78,” 6532–39.

“The theory of liberalism is something hard to be grasped in this country. We are truly moderate statist regarding the economy. It was the country’s necessity and nation’s innate propensity that led us towards that direction... Everyone and everywhere seek a remedy in the treasury. A blacked-out city, a city with a wretched harbor, or an unemployed held the government to account. We fell wide of the mark as moderate statist since we could not catch up with people’s tendencies, demands. Nevertheless, is abandoning statism totally and counting on capitalists for all benedictions a way that people can make sense of?”⁴⁰¹

It is important to note that contrary to the interpretations in the literature, he did not define his own perspective or the contemporary or future economic policy as statist but the economic policy of the nation-state since its establishment and people’s innate propensity as statist. First, tracing back the statist policies to the emergence of the nation-state, he defined the constructive economic policy as statist matching the constituent politics of establishing national sovereignty and independence. Secondly, he pointed the poor conditions and necessities, people’s tendency to rely on the state to work out the problems. He underlined the responsibility of the state to make the country prosperous. Thereby, on the one hand, he linked statism with the national existence and independence; on the other hand, with the country’s development. He identified the government’s constructive and developmental economic policy for seven years since its establishment as statist retrospectively. For İnönü, statism was not a new perspective to be adopted but the dominant two facet “mindset” that had been proceeding in the new Republic. For example, he stated that “The fiscal policy carried out for seven years is an accomplishment that defended and supported the national existence against the unthinkable natural and political difficulties.”⁴⁰² He added, “we endeavor to turn Turkey into a strong country, to establish her power and stability, leaving no room to doubt. The railways opened up today, are the product of such a mindset.”⁴⁰³

Putting a finer point on it, he addressed the dual character of statism again in the 1933 article. He defined statism as a tool of both defense and development:

⁴⁰¹ “Ayn Tarihi Vol. 22-23 Issue 75-78,” 6541.

⁴⁰² “Ayn Tarihi Vol. 22-23 Issue 75-78,” 6545.

⁴⁰³ “Ayn Tarihi Vol. 22-23 Issue 75-78,” 6546.

“Statism came into prominence first of all as a means of defense. In order to build a strong state that would redress centuries’ negligence, ameliorate unjust destruction, withstand harsh conditions of the new times, it was necessary first to save the state from factors that would undermine it in the economy. That is to say; we were obliged to deem statism a means of defense to follow the developmental path, and thus a point of determination [akimet], a basis”⁴⁰⁴.

He stated that now most of the nation-states are trying to defend and save their economy with government measures, which revealed that the statist policy had been right. In addition, he remarked,

“we reckon statism as a productive and constructive way for development, for the establishment of a new order. That is to say; we consider statism not only from a conservative point of view limited to defense but also a constructive and effective means for an expansionary policy like progress and development.”⁴⁰⁵

Returning to his speech in Sivas, other points he addressed with regard to the state intervention in economy were protectionism and an economic policy that can be identified as early import substitution industrialization. He mentions the cheapening of bread through the protection of wheat with tariffs, and he argues the validity of protectionism on specific goods, besides announced the decision to protect the weaving industry. He states, “exporting the goods at the price of grass and buying weaved fabric or shirt at a fabulous price is a scrape we are trying to get out of... We endeavor to save shirt as we did bread.”⁴⁰⁶

He also explained the stance towards private capital was not to avoidance. He argued that capital comes in a destitute and weak region to seize while coming in a powerful region that established national existence and national stability, with reasonable conditions. They aim to make the country strong.⁴⁰⁷

With the identification of the RPP’s economic policies as the practices of moderate statism, statism turned to a defining principle for the RPP policies which also became

⁴⁰⁴ İsmet İnönü, “Firkamızın Devletçilik Vasfı,” *Kadro*, no. 22 (1933): 4.

⁴⁰⁵ İnönü, 5.

⁴⁰⁶ “Aydın Tarihi Vol. 22-23 Issue 75-78,” 6543.

⁴⁰⁷ “Aydın Tarihi Vol. 22-23 Issue 75-78,” 6545–46.

functional in the scene of political rivalry between the RPP and the FRP, which was presented as a rivalry between statism and liberalism by both parties.

In line with İnönü's argument, I argue that statism had been already operating but not identified tendency that shaped the economic policy, nevertheless not since the establishment of the Republic, but rather from the shift of CUP's economic policies in 1912 onwards. On the other hand, theoretically, discussions on statism seems to be introduced in Empire with the influence of German case and the arguments of List.⁴⁰⁸

4.2.1. Dating Back to the CUP Regime

Considering the implemented economic policies and following the trajectory proposed by Toprak, we can see that statism dated back to the rule of the Committee of Union and Progress (CUP), which came to power after the 1908 Revolution that opened the Second Constitutional Era in the Ottoman Empire.

In the first part of the constitutional era between 1908-1912, the governments applied liberal economic policies along with political liberalism based on Ottomanism, which were, in fact, the continuation of the *Tanzimat*. Political liberalism did not include the voices of working class, on the contrary, the suppression of the working class, banning strikes prepared the environment for the functioning of liberal economy and politics.

According to Toprak, liberal economic policies and the liberal economic atmosphere were in the advantage of the non-Muslim merchants and capital holders, while the Muslim traders and artisans (*esnaf*) were in a disadvantaged position. The survival of labor-intense work of crafts was based on cooperation in the old guild system. In line with the tenets of the liberal economy, guilds were abolished in 1910, while the number of the chambers of commerce, which populated mostly by non-Muslims and had sought for the removal of the impediments to the market functioning constituted by the guilds, increased in the whole country.⁴⁰⁹

⁴⁰⁸ Zafer Toprak, *Milli İktisat Milli Burjuvazi* (İstanbul: Tarih Vakfı Yurt Yayınları, 1995), 10–22.

⁴⁰⁹ Zafer Toprak, "From Liberalism to Solidarism: The Ottoman Economic Mind in the Age of the Nation State (1820-1920)," in *Studies in Ottoman Social and Economic Life*, ed. Raul Motika, Christoph Herzog, and Michael Ursinus (Heidelberg: Heidelberg Orientverlag, 1999), 171–90.

The outbreak of the Balkan Wars, driven by the nationalist movements in the Balkans taking the offensive to establish separate nation-states in the Ottoman territory, annihilated the ideology of Ottomanism. The first reaction was a public backlash, the 1913-14 Muslim boycott of non-Muslim merchants and shopkeepers. Along with the negation of non-Muslim commercial activity came the urge for Muslims to deal with commercial and industrial activities, which brought about 500 hundred new shops owned by Muslims in a short period of time and aimed to replace the non-Muslim counterparts. During the boycott, distributed the leaflets called Muslims not to shop from non-Muslims but the Muslim counterparts, and the lists of shops owned by Muslims, including those new 500 hundred shops. That is to say, the Balkan Wars put an end to the attempt of uniting all Ottoman citizens regardless of nationality and religion.⁴¹⁰ On the other hand, nationalism was widely disseminated. National consciousness was strengthened and followed by the idea of economic independence.⁴¹¹

Taking advantage of defeats in the first Balkan wars, fueling public indignation, the CUP made the Babıali coup in 1912 and got complete control of the state until the end of World War I. It was also the end of the liberal political atmosphere. The Balkan Wars was a watershed not only for political liberalism but also economic liberalism. After a period of hesitation, the CUP decided to implement an economic policy that favored the Muslims and Turks in the economy, focusing on Anatolia.

After the trade guilds were abolished, in need of corporative relations to survive, the traditional tradesman established new trade societies from 1910 onwards. In time they gained corporate characteristics, and in 1914 The Muslim Merchants Society (*Müslüman Tüccar Cemiyeti*) was founded, constituting opposition to the Dersaadet Chamber of Commerce dominated by non-Muslim tradesmen. The National Turkish Commerce Union (*Milli Türk Ticaret Birliği*) which started to function in 1922, was the successor of The Muslim Merchants Society and led the nationalization of trade chambers.⁴¹²

⁴¹⁰ Toprak, *Milli İktisat Milli Burjuvazi*, 4–5.

⁴¹¹ Toprak, 110–11.

⁴¹² Toprak, 111.

In 1915, the CUP government found a central organization called the Society of Tradesmen (*Eснаflar Cemiyeti*) that gathered all tradesmen's societies under its roof. In a short period of time, Muslim artisans and tradesmen got under the control of the CUP government.⁴¹³ Muslims were advocated to engage in commerce and compete with non-Muslim actors in the economy. The Turkish Hearts were one of the main channels the propaganda was carried out. The Law for the Promotion of Industry enacted in 1913 ensured the legal framework for state provisions for the national bourgeoisie. The social circle around the CUP's clubs in the provinces were the ones that would establish and carry out the economic initiatives, i.e., joint-stock companies, cooperatives, and banks, especially in World War I.⁴¹⁴

With the outbreak of World War I, the CUP started to implement a "national economy" (*milli iktisat*) program, which was also called "state economy" (*devlet iktisadiyatı*) and had been propagated for a while, along with the creation of Ottoman-Muslim nation.⁴¹⁵ The government directly intervened in many aspects of the economy and established new institutions/organs to undertake those tasks. As will be roughly defined below, considering all those activities, statism became the dominant policy.

The CUP took advantage of the outbreak of World War and took control of the foreign trade policy. They unilaterally abolished the capitulations, which benefited European countries and the non-Muslim counterparts in the Empire but posed unfavorable conditions for the Muslim population and set restrictions on the Ottoman governments' economic control, and thus considered a burden both by the governments and the Muslim population. Therefore, the abolishment of the capitulations was a remarkable step in the construction of the national economy, on which the early Republican government also took a firm line during the negotiations in the Lausanne Treaty. In addition, after abolishing the capitulations, by 1929, the

⁴¹³ Toprak, 4–5.

⁴¹⁴ Toprak, "From Liberalism to Solidarism: The Ottoman Economic Mind in the Age of the Nation State (1820-1920)," 15.

⁴¹⁵ Erik Jan Zürcher, *The Young Turk Legacy and Nation Building: From the Ottoman Empire to Atatürk's Turkey* (London: I. B. Tauris, 2010), 70–71.

government also had a free hand on customs and put new custom tariffs into effect to protect the domestic industries and local products.

The war severely limited the Empire's relations with the outside world and, most importantly, isolated her from the sources of import, i.e., Rumania and Ukraine; on the other hand, it created an excessive demand for goods, mainly for necessities. Accordingly, under the leadership of Kara Kemal (Saçlı Kemal), the government established Special Trade Organization (*Heyet-i Mahsuse-i Ticariye*) to control the domestic trade of necessities, besides installed an allocation mechanism carried out by the CUP local clubs in the provinces and the CUP trade guilds in İstanbul. This monopolistic commercial network based on the CUP monopoly over railways brought about massive profit for the Muslim traders and large landowners, especially those with close relations/political connections with the CUP and the Unionist functionaries themselves.⁴¹⁶

The CUP established national joint-stock companies, including the National Produce Company, (*Milli Mahsulat Şirketi*), the National Weighers' Company (*Milli İthalat Kantariye Şirketi*), The National Bakers' Company (*Milli Ekmekçi Anonim Şirketi*), and the National Cloth Company. Half of these companies' capital came from the profits gained by the government through the monopoly over necessities, while the other half was met by Kara Kemal drawing the tradesmen and shopkeepers in those enterprises by selling companies' shares. He also worked for the collaboration among those joint-stock companies. As the network among those companies got stronger in time and the owners became prosperous, the capital holders and notables in the provinces seized the opportunity and founded companies. The number of joint-stock companies founded during the war outnumbered any number heretofore.⁴¹⁷

The government also launched national banks, which were The National Credit Bank (*İtibar-ı Milli Bankası*), The General Bank (*Bank-ı Umumi*), The National Bank of Economy (*Milli İktisat Bankası*). The CUP encouraged local notables and the CUP

⁴¹⁶ Toprak, *Milli İktisat Milli Burjuvazi*, 6; Zürcher, *The Young Turk Legacy and Nation Building: From the Ottoman Empire to Atatürk's Turkey*, 219–20.

⁴¹⁷ Toprak, *Milli İktisat Milli Burjuvazi*, 113–17.

circles in the provinces to initiate national bank's local branches or local banks.⁴¹⁸ In addition, the local CUP organizations organized the cultivators in sales and credit cooperatives, especially in the Western part, to combat non-Muslim merchants and companies. Apart from the sales cooperatives, consumption cooperatives were also established in İstanbul and the provinces under the control of the Unionists.⁴¹⁹ Furthermore, during the war, the government also nationalized and seized the strategic enterprises owned by the Allied Powers, bought, and expropriated ports, some railways, and docks owned by foreign companies.⁴²⁰

Muslim entrepreneurs flourishing enormously during the war, eliminated and replaced the non-Muslim dominance in the economy. The CUP government actively prepared the conditions for developing the national bourgeois through direct involvement in economics as an actor, indirect condoning of the Muslim entrepreneurs, but also through economic and legal disincentives against the non-Muslims, which came to the apex with the blood and iron policy.

Behind the massive capital accumulation in the hands of Muslim entrepreneurs during World War I, laid the war profiteering, speculation, hoarding, black market, which the CUP government condoned when the Muslim entrepreneurs carried it out. In addition, while the war profits were transferred to the state through taxation in other countries, the CUP financed the war to a great extent through printing money, which created inflation. Therefore, on the one hand, emerged the war profiteers (*harp zengini*) that hold the war profits; on the other hand, the majority of the population suffered from the scarcity of necessities and the inflated prices.⁴²¹

The national economy program launched by the CUP entailed the notions of the development of Muslim native bourgeois, substituting the non-Muslim entrepreneurs. As the focus of the national economy program was the political

⁴¹⁸ Toprak, 6.

⁴¹⁹ Toprak, 127–28, 134–35.

⁴²⁰ Toprak, 68.

⁴²¹ Toprak, 24, 113, 152–54.

establishment of the nation and saving the state, the Young Turks did not abstain from using extra-economic power both in the form of law-making and direct use of force against the non-Muslim community.

Following the Muslim Boycott supported by the CUP came the discriminatory, discouraging practices and regulations for non-Muslim entrepreneurs, such as obligations of using Turkish in their administration and including Turks in their boards. Besides both the government and more “the Unionist ‘secret army’, the Special Organization (*Teşkilat-i Mahsusa*)” intimidated them in several ways.⁴²²

After the first Balkan war leading to the Ottoman Empire’s loss of virtually all land in Europe, the Muslim population in the Balkans was expelled to Anatolia. Within the pretext of settlement of the Muslim refugees, the CUP expelled forcibly 150.000 Greeks from Western Anatolia and Thrace in 1914. Along with the Greeks, Armenians also emigrated, leaving their business. The unionist regime continued to menace the remnants of expulsion. In May 1915, the CUP started the deportation of the Armenian population to Syria, which brought about the death of millions of Armenians. While it was organized by the CUP officials, the Special Organization made the wholesale killings.⁴²³ Along with the expulsions, the properties, companies, capital owned by the non-Muslim population were transferred to the Muslim entrepreneurs and functionaries in the Unionist circle.

Accordingly, at the end of the war, through the direct intervention of the CUP, not only economic measures but violent persecutions, the national composition in economic sectors drastically changed, the national bourgeois gained dominance.

In a nutshell, the economic policies of the CUP had transformed from economic liberalism to neo-mercantilism and statism from 1908 to 1918. Even though the Balkan Wars were the first trigger to the change, it was during World War I that the CUP government immersed in the statist economic policies. They directly controlled

⁴²² Zürcher, *The Young Turk Legacy and Nation Building: From the Ottoman Empire to Atatürk’s Turkey*, 220.

⁴²³ Zürcher, 71, 220–21.

the foreign trade and mainly the domestic trade through a virtually monopolistic network led by the state organization, which was also an earner; established joint-stock companies owned by the state in half share and led the establishment of cooperatives. It was the first-time statist economic policies, then called “state economics” (*devlet iktisadiyatı*), were implemented to constitute the national economy in the Ottoman Empire, thus the forerunner of “the prototype of Republican statism” that was also emerged within the paradigm of neo-mercantilism.⁴²⁴

4.2.2 World War I

The ideal of national economy was overshadowed by the military loss in World War I, and occupations, which was followed by the national struggle, in the period between 1918 and 1922. Nevertheless, the cadres carried out the independence war was shaped within World War I. It was the members of the CUP who mostly organized the Society for the Defense of Rights of Anatolia and Rumelia in provinces.⁴²⁵ That is to say, the cadres of national struggle were composed of the unionists, who after the establishment of the Republic remained in the ruling cadre with the exception of the members of central party organ (*merkezi umumi azası*) and the ex-deputies.⁴²⁶ The nationalism, populism, and statism developed by the CUP during the Constitutional era, persisted as main principles in the early Republican era.⁴²⁷

On the other hand, during national struggle, the attempts towards the establishment of national economy continued. For example, Başar sites that during his work in the National Defense Group (*Milli Müdafaa Grubu*) during the war of independence, he

⁴²⁴ Zafer Toprak, “Nationalism and Economics in the Young Turk Era,” in *Industrialisation, Communication et Rapports Sociaux*, ed. Jacques Thobie and Salgur Kañçal (Paris: Varia Turcica XX, Harmattan, 1994), 8–9; Toprak, “From Liberalism to Solidarism: The Ottoman Economic Mind in the Age of the Nation State (1820-1920),” 21.

⁴²⁵ Zürcher, *The Young Turk Legacy and Nation Building: From the Ottoman Empire to Atatürk's Turkey*, 221.

⁴²⁶ Tunçay, *Türkiye Cumhuriyeti'nde Tek Parti Yönetiminin Kurulması 1923-1931*, 164.

⁴²⁷ Zürcher, *The Young Turk Legacy and Nation Building: From the Ottoman Empire to Atatürk's Turkey*, 150.

was in close contact with the merchants and businessmen in the organization, with the goal of establishing an association just after the victory of the national struggle. Before the actual takeover of İstanbul to the National Government (*Milli Hükümet*) on 1 November 1922, they established a preparative organization called “Economic Intelligence and Publication Center of Turkey” (*Türkiye İktisadi İstihbarat ve Neşriyat Merkezi*), which was a joint-stock company composed by around ten merchants. It started to function in June 1922. On the pretext of publishing the Turkish Trade Directory (*Türk Ticaret Salnamesi*), they entered in all shops in İstanbul, which enabled them to detect the number of non-Muslim merchants and Turkish-Muslim ones. At the end of two-three months of intelligence work, they gathered the necessary information to portray the national composition of İstanbul economy in Turkish Trade Directory, which revealed that the economy was virtually run by the non-Turks. At the time, for the nationalists like Başar, it was considered that the victory in the independence war needed to be accompanied by the victory in the nationalization of economy that will be gained through war in the economy- to reach full independence, to exist as a nation.⁴²⁸

According to the Turkish Trade Directory, the number of Turkish merchants both in export and import did not exceed four percent, three percent in brokerage. The total work in the port was carried out by the non-Turkish population in the languages of Romaic, Italian, and French. The stock exchange and foreign exchange market (*esham ve kambiyo borsası*) were overwhelmingly composed of non-Turkish profiteers in the ratio of 95 percentage. The Turks had run only two banks (*İtibar-ı Milli Bankası, Adapazarı İslam Ticaret Bankası*). None of the insurance companies belonged to the Turks, nor the Turks were employed in those companies above the status of janitor. 15 percent of wholesalers for internal market and 25 percent of semi-wholesalers and retailers were Turks. This account was based on of the numbers of merchants, regarding volume of business, the percentage composed by the Turkish merchants could fell below 10 percent. In addition, the services like water, gas, electric, telephone, trams, tunnels besides the monopolies the railways,

⁴²⁸ Ahmet Hamdi Başar, *Ahmet Hamdi Başar'ın Hatıraları “Gazi Bana Çok Kızmış,”* ed. Murat Koraltürk, vol. 1 (İstanbul: İstanbul Bilgi Üniversitesi Yayınları, 2007), 129–30.

mining, tobacco monopoly were run by the concessionary foreign companies.⁴²⁹ Nevertheless, it is important to note that this survey was restricted to İstanbul.

Towards the goal of establishing national economy, The Turkish National Trade Association (the TNTA, *Milli Türk Ticaret Birliği*) was founded upon an open call of a meeting in the office of The Economy Journal of Turkey and Economic Intelligence and Publication Company (*Türkiye İktisat Mecmuası ve İktisadi İstihbarat ve Neşriyat Şirketi*) in December 1922. On the same day, the founding members preparing and submitting the regulation and declaration to the government, the association started to function. In fact, one year ago, the Muslim Tradesmen Society (*İslam Tüccar Derneği*) was established as a prior but unsatisfactory attempt to gather Muslim and Turkish tradesmen.

The Turkish National Trade Association, as formulated in its regulations, aimed at the dominance of Turkish tradesmen in the economy under the control and protection of the state.⁴³⁰ What expected from the tradesmen is to be the proponent of liberalism, being in favor of the minimal state intervention in the economy. Nevertheless, in this case we witness the demand for state intervention for economic development. Following the TNTA, founded the sister associations whose work was coordinated towards the same goal of establishing national of economy: İstanbul Tradesmen Association (*İstanbul Esnaf Birliği*) and the General Workers Association of Turkey (*Türkiye Umum Amele Birliği*). Başar argues that the government not having an accurate economic policy at the time, the efforts of those organizations turned in vain.⁴³¹

The TNTA founded with the goal of Turkish tradesmen dominance in retail and wholesale trade besides both import and exports, which necessitated the state support and involvement. They asked state to enable the Turkish tradesmen establish companies, trusts and consortium besides to give concessions to those companies in import and export. In other words, since the Turkish tradesmen believe that

⁴²⁹ Başar, 1:129–30.

⁴³⁰ Başar, 1:132.

⁴³¹ Başar, 1:132–37.

economic nationalization was only possible through state intervention, they were in favor of state intervention and demanded state to actively participate the economy.⁴³²

Just after founding the association, they planned to convey a nationwide economic congress which would gather all Turkish import and export tradesmen, the company managers, bankers, and economists. When the newspapers announced the upcoming congress, the association received a telegram from the minister of economy Mahmut Esat informing that the ministry was also planning a nation-wide economic congress in İzmir and asking for the cancellation of the congress and participation to the congress that would be held in İzmir.⁴³³ It was unknown if the government had really planned a congress but it was sure that at least the Trade Association's decision to make nationwide economic congress pushed them convey a nationwide economic congress as soon as possible.⁴³⁴ On the other hand, the TNTA acknowledged the demand and started to prepare for the economic congress that would be held by the government in İzmir.

Before the Economic Congress, the TNTA gathered its members, formed commissions, and made two preparative congresses in the office of the TNTA. In addition, the Workers Association also prepared for the Congress. Having analyzed and discussed various issues beforehand, both the tradesmen' and workers' associations formulated their ideas on economic policy and composed lists of demands that were published as pamphlet to be distributed in the congress.⁴³⁵

4.2.3. The Economic Congress of Turkey

The trajectory of the TNTA's development has brought the Economic Congress of Turkey, which is widely known as İzmir Economic Congress, to the fore,

⁴³² Başar, 1:137.

⁴³³ Başar, 1:137.

⁴³⁴ Michael M. Finefrock, "Laissez- Faire, the 1923 Izmir Economic Congress and Early Turkish Developmental Policy in Political Perspective," *Middle Eastern Studies* 17, no. 3 (1981): 376.

⁴³⁵ A. Gündüz Ökçün, *Türkiye İktisat Kongresi 1923 İzmir* (Ankara: Sermaye Piyasası Kurulu, 1997), 117–30, 135–38.

nevertheless it was in itself a significant development that gathered delegates from different parts of the country to discuss the economic policies. Moreover, the economic congress is considered to be the hallmark in the formation of the Early Republican economic policy in the literature. It is accepted that the economic principles that were accepted in the Economic congress, mostly shaped the economic polices until the 1929 crisis.⁴³⁶ In parallel, the periodization of economic policies up to the 1929 crisis as “liberal”, based on the principles emanated from the Economic Congress within the framework of the restrictions posed by Lausanne, and from 1931 onwards as “statist” with official adaptation of statism is generally accepted⁴³⁷ and turned to a model explaining the economic history of Turkey.

The portrayal of the change in economic policy nearly as a shift between contrasts, from liberalism to statism, is quite a strong argument which falls into the scope of any study dealing with statism in Turkey. In the following part, I analyze the Economic Congress of Turkey, based on the documents collected by Ökçün⁴³⁸, along with the memoirs of Ahmed Hamdi Başar, who was the founding member and the deputy of the TNAT in the congress, besides, worked as a script in the congress.⁴³⁹ Unfortunately, the minutes of the Congress are not accessible. According to Finefrock, the minutes of the congress, were published and appeared in various libraries, then seem to be mysteriously disappeared from all.⁴⁴⁰ Ökçün also states that he could not access the minutes despite all efforts.⁴⁴¹

⁴³⁶ Boratav, *Türkiye İktisat Tarihi (1908-2002)*, 46.

⁴³⁷ Boratav, “Kemalist Economic Policies and Etatism,” 167; Z. Y. Hershlag, *Turkey The Challenge of Growth* (Leiden: Brill, 1968), vii.

⁴³⁸ When Ökçün started to work on economic congress of Turkey, he transcribed the official booklet of the congress titled the Economic Principles (*Ekonomik Esaslarımız*), which includes the Economic Pact (*Misak-ı İktisadi*) and the Economic Principles (*İktisat Esaslarımız*) of four occupational groups’, (i.e., the farmers, tradesmen, industrialists, and workers). It was written in Ottoman Turkish, but not available in Latin alphabet until Ökçün published them in 1968, as an article titled “1923 Yılında İzmir’de Toplanan Türkiye İktisat Kongresinde Kabul Edilen Esaslar” with an introduction. He later published his comprehensive book on the congress which contains several documents, news, and commentaries on the Congress.

⁴³⁹ Ökçün, *Türkiye İktisat Kongresi 1923 İzmir*; Başar, *Ahmet Hamdi Başar’ın Hatıraları “Gazi Bana Çok Kızmış.”*

⁴⁴⁰ Finefrock, “Laissez- Faire, the 1923 Izmir Economic Congress and Early Turkish Developmental Policy in Political Perspective,” 387, endnote 6.

⁴⁴¹ Ökçün, *Türkiye İktisat Kongresi 1923 İzmir*, ix.

In the first week of January, the government declared that ministry of economy was going to prepare a substantial economic program regarding the road to follow for country's economic development. Before the preparation of the program, the Ministry of Economy found it appropriate to convey a national economic congress, namely the Economic Congress of Turkey that would gather whole economic agents of the country in İzmir, in February.⁴⁴²

In following days, the government made some clarifications on the congress organization. Maximum eight delegates from every electoral district would be selected based on occupancy, with the principle of one for each of the following occupational groups: banking, business, industry, labor, and handicrafts; and three for agriculture.⁴⁴³ Even though not outspoken, the way of organization apparently carried the characteristics of the solidarist understanding.⁴⁴⁴ Besides, the delegates would be selected by a committee formed by members of the municipal council and the local chambers of commerce, handicrafts, and agriculture and led by the highest local civil official. In addition, the government would not cover the travel expenses but would arrange delegates' accommodations.⁴⁴⁵

Regarding the participation to the congress, outright emerges some concerns. How the delegates were selected itself is an important question that would give hints about the ones excluded as well. On the other hand, the fact that the poor transportation conditions would worsen in the winter, possibly became much more expensive and would restrict the participation from remote regions of the country.⁴⁴⁶ Besides, the transportation not being met by the government, since at the time most of the population, specifically workers and farmers, could not afford transportation expenses, would prevent their appearance in the congress. It was suggested that the

⁴⁴² Ökçün, 1.

⁴⁴³ Finefrock, "Laissez- Faire, the 1923 Izmir Economic Congress and Early Turkish Developmental Policy in Political Perspective," 376.

⁴⁴⁴ Başar, *Ahmet Hamdi Başar'ın Hatıraları "Gazi Bana Çok Kızmış,"* 1:140, 144.

⁴⁴⁵ Ökçün, *Türkiye İktisat Kongresi 1923 İzmir*, 2; Finefrock, "Laissez- Faire, the 1923 Izmir Economic Congress and Early Turkish Developmental Policy in Political Perspective," 376.

⁴⁴⁶ Mehmet Asım Us, *Vakit*, 17.01.1923 in, Ökçün, *Türkiye İktisat Kongresi 1923 İzmir*, 27.

workers' organizations should collect money for the participation of the workers' delegates from İstanbul.⁴⁴⁷ In some places, the delegates collected money for transportation expenses from the community. This endeavor turned to fraud in certain places.

Before the government decided to convey an economic congress, in early December M. Kemal had been in a journey in Anatolia, in this journey announced that he wanted to form a new party, more precisely to transform the Defense of Rights Group in the first assembly to the People's Party.⁴⁴⁸ M. Kemal and his circle formed the Group for the Defense of Rights of Anatolia and Rumelia in May 1921 in the first assembly, aiming to inherit the legacy of the Society for the Defense of Rights of Anatolia and Rumelia. This triggered the formation of the Second Group for the Defense of Rights, composed of the opponents of M. Kemal.

Creating a party program that would gain support from different classes was one of the urgent tasks before the upcoming elections. Like the journey, the economic congress would provide great opportunity for such an endeavor. In his newspaper article, Ahmed Cevdet [Oran] states that the İzmir Economic Congress would prepare quite substantial principles for the newly establishing People's Party's economic program, besides he hoped and wished that the People's Party could benefit from the economic principles of the Economic Congress.⁴⁴⁹

As transmitted by Finefrock based on archive documents, contemporary foreign observers considered that the strong link between the economic congress and the preparations for the new party was apparent. The original plan was to hold the congress in early February under the presidency of M. Kemal, so that M. Kemal could acquaint himself with the demands of different sections of society, absorb them in its election campaign, which would bring about popular support in election and on the other hand M. Kemal would have chance to present his perspective and

⁴⁴⁷ Şefik Hüsni Aydınlık 10.02.1923, 333-335 in Ökçün, 38–39.

⁴⁴⁸ *Atatürk'ün Söylev ve Demeçleri I-III* (Ankara: Türk Tarih Kurumu Basımevi, 1989), 132.

⁴⁴⁹ İkdâm, 15.02.1923, p.1 in Ökçün, *Türkiye İktisat Kongresi 1923 İzmir*, 299.

promises to the delegates from various towns and villages, who would spread M. Kemal's message upon their return to hometown.⁴⁵⁰ Nevertheless, the breakdown of the Lausanne Conference changed the course of events. M. Kemal had to deal with the international problems, thereby after giving an introductory speech, he had to leave the congress, relinquishing the presidency to congress to Kazım Karabekir.⁴⁵¹

At the time the opposition in the assembly, the Second Group, believed that the circle of M. Kemal that conveyed the congress. They were against conveying the economic congress in İzmir. Along with minor points, main concerns of opposition were centered on any shift in the locus of the decision making. First, they argued that appointing many ministers in the congress would interrupt the functioning of the assembly. Second, they apprehended the shift of the policy making process from the assembly to the economic congress. Ali Şükrü, scrutinized nature of the congress, trying to reveal and eliminate the threat of bypassing the assembly, and giving economic congress authority to make decisions on the national economic policy that would come to into force. over which M. Kemal would have upper hand.

The leader of the Second group Ali Şükrü submitted an oral question, regarding the Economic Congress, which led to discussions in the parliament. In his parliamentary question, he stated that the organization of the Economic Congress was news to him that he read in the newspapers. He asked how the decision to convene the Economic congress was taken, whether it was the initiative of the ministry of economy or the decision of the council of ministers. He also wanted to learn the agenda of the congress. In addition, he put forward his concerns regarding the shift in the locus of decision-making processes and possible bypass of the parliament. He stated that as many deputies be elected as the participants of the Congress, the assembly would lose the majority to take decisions, which would be stoppage of the activity of the assembly for three-four days in the midst of heated parliamentary discussions. He questioned whether it was a right thing to do.⁴⁵²

⁴⁵⁰ Finefrock, "Laissez- Faire, the 1923 İzmir Economic Congress and Early Turkish Developmental Policy in Political Perspective," 384–85.

⁴⁵¹ Finefrock, 385.

⁴⁵² Ökçün, *Türkiye İktisat Kongresi 1923 İzmir*, 10.

During the parliamentary discussions, he also questioned the nature of the congress, referring to the minister of economy stating on the one hand that the congress had an advisory character; on the other hand, that the congress would decide on the work to be done. He criticized the involvement of government to conveying congress, the exception was the Mussolini's attempt to convey an economic congress, which was an economic chamber of deputies, was refuted harshly and about to fail. Firstly, he argued that the private congresses, gatherings of different occupational groups, and political congresses should convey but the governments did not intervene in or lead those congresses since they absolutely had private character. Secondly, the private congresses did not and could not have the authority to make decisions on the issues that the deputies should decide. They met on consultative basis and their decisions were merely wishes. It was only national assembly that was authorized to make general decisions concerning whole country in line with public interest, thus also for the economic policy. He questioned if the congress made decisions, whether those decisions would be accepted.⁴⁵³

In response to Ali Şükrü, the economy minister Mahmut Esat referred to the congress held in Hungary fifty-sixty years ago to formulate economic policies for the economic development.⁴⁵⁴ Nevertheless, he did not give a clear answer regarding the nature of the congress. On the one hand, he argued that the congress would not be advisory on the other hand he states that the participants would meet and form collaborations to deal with the economic tasks and they would transmit the ones beyond their capacity more precisely beyond the capacity of private initiatives, to the government and the National Assembly as requests.⁴⁵⁵

In order to clarify the aim and the nature of the congress, the economy minister made statements to the press and issued a circular that were printed in newspapers respectively on January 9 and 14, and on February 25. Briefly conveying the main points considering the expectancy from the congress, he argued that the ministry wanted to convey the congress to get in touch with the country's economic classes

⁴⁵³ T.B.M.M. Zabıt Ceridesi Vol. 27, 05.02.1339, 173-184 in Ökçün, 10, 15-16.

⁴⁵⁴ Ökçün, 22.

⁴⁵⁵ Ökçün, 19-22.

and learn their needs and demands, especially after the big war that had given havoc to them. In addition, he put forward that they wanted different economic actors to get to know each other and develop relations. He stated that the groups based on occupancy would be formed in the congress and they would discuss mainly their needs and demands, the measures for the country's economic development, the necessary economic organizations, and unions for the economic life of the country and the results of those discussions would be formulated as a note that would be submitted to the National Assembly. This note would also carry the economic undertakings that could be carried out by private initiative, they would contribute to the application of those undertakings.

In the planning of the congress, it was also decided that the congress would declare that the new administration established in Turkey was an economic state thereby the farmers and workers of Turkey should have supported the government. In the following years, the economic congresses would convey each year and the economic issues of the country and the necessary measures to be taken would be discussed.

The economy minister also formulated a model for the functioning of the economy. He argues that after learning the demands and needs of different classes, they want them to form the unions and associations of farmers, tradesmen, workers, and industrialist. Those unions and associations would be headed by an administrative body, which would transmit the needs and demands of different classes to the government. The government would make them to actualize the economic attempts that could be carried by private initiatives with support. He stated that they considered this organization half of life. Even though those last claims did not realize it is important to see the economic model in the economy minister's apprehension.⁴⁵⁶

After those discussions and clarifications, the Economic Congress was held between February 17 to March 4, in İzmir, with the participation of delegates that could make their way, in between the intervals of the Lausanne Peace Conference. M. Kemal made the opening speech of the congress, underlined the conference's goal to formulate the ways and policies for the economic development. He argued that

⁴⁵⁶ Ökçün, 2-8.

coming from different classes (*halk sınıfları*) and being their representative, the delegates knew the country's conditions, necessities, and the nation's sorrow and goals much better. The inputs and measures that would be declared the necessity by the delegates would be regarded as declared by the people themselves, thus accurate.⁴⁵⁷

In line with the consensus, he argued that the thing that is directly related with the nation's life was the nation's economy, besides, for Turkey coming to her own, to the deserved level of strength, the economy needed to be prioritized since this was the era of economy (*ekonomi devri*).

Leaving the CUP's national economy policy out of account, he argues that the nation had not dealt with the economy in the previous centuries under the Ottoman rule; thus, it had not lived as a nation or had a national period or history. He stated that both the state and people lacked will and control over economy, accordingly, defined the Ottoman Empire as a colony and the people as captives. He concluded that with the outbreak of the national struggle, they acted as a nation and initiated the era of people (*halk devresi*).⁴⁵⁸

He argues that for the full independence, national sovereignty needed to be coupled with economic sovereignty. The realization of the national sovereignty, more accurately the high hopes stemming from it, leaned on the power of the economy. Military and political victories necessitated economic victory for their accomplishments to be permanent. Thus, economic sovereignty needed to be accomplished and strengthened. He argued that people's era was expressed with economic era that would enrich and relieve the nation.⁴⁵⁹

He asked the delegates of the congress to identify the measures, considering the necessities of the country, capabilities of the nation, and the powerful economic

⁴⁵⁷ Ökçün, 204.

⁴⁵⁸ Ökçün, 208–9.

⁴⁵⁹ Ökçün, 210.

organization existing in the world via exchanging ideas. He ensured that the national assembly and the government were totally in favor of progress and reforms regarding the nation's affairs. Therefore, the measures that the delegates would ascertain as beneficial would be eagerly taken into consideration. He expected that the application of those measures brought about development and glory.⁴⁶⁰

M. Kemal put his position on the foreign capital clearly. He expressed that they did not neglect foreign capital. On the condition of compliance with Turkey's laws, they would welcome the foreign capital, he even called foreign capital to work with the labor in Turkey, which would benefit both parties. However, he insisted that the state and the government would not act as the gendarmerie of foreign capital as it had been in the Ottoman Empire, nor Turkey would be a captive country again. He argued that the postponement of the Lausanne Peace Conference was related with the economics. Despite powerful military victory, economic reasons and concerns prohibit to reach the terms of peace. After gaining economic sovereignty, country would settle on strong bases and start to develop, then it would not be possible to shake it.⁴⁶¹

He stated that "economics was everything. All needed to live, to be happy, for human existence. It was agriculture, trade, labor, everything". Concerning Turkey, he argues that to cultivate large and fertile lands, there was a need to cover scarcity of labor with scientific tools. In addition, he remarked that the country needed to be networked with railways and macadamized roads that enabled driving automobiles. As they were the vehicles of the west and the world, it was not possible to compete with donkeys, oxcarts, and natural roads. He continued his speech touching on the economic sectors. He put forward that since Turkey was an agricultural country, and most of the people were farmers and animal herders, she could become strongest and competitive in agriculture. Nevertheless, it was also necessary to build up and expand the industry, if the industry was ignored, then the country would again turn to tributary to the foreign states in industry. In addition, he mentioned the importance of

⁴⁶⁰ Ökçün, 211.

⁴⁶¹ Ökçün, 211-12.

trade with stressing its role in the circulation of agricultural products and manufactures; and turning them to wealth. Thus, the foreigners' domination in trade would result in them not being able utilize the wealth of country. All being said, he acknowledged that to fulfill all those tasks were not easy; and he put forward that it required all nation work in unity and harmony, in accordance with a thorough program that truly corresponded to the country's necessities. After then he proposed the congress to pinpoint the most important principles. He repeated that "it is necessary to determine a through program and make all nation work in harmony".⁴⁶² It became clear that the idea of economic program existed since 1923 in the new country.

He proceeded with the relationship between the economic program and the state formation. He asserted that all the principles of the new state and the new government should have been derived from the economic program because all was immanent in it, referring to his arguments and its comprehensive character in relation to life. Therefore, he argued that they needed to inculcate and teach manners, give knowledge and wisdom to the progeny so that they became productive, effective, active, a practical limb of society in the fields of trade, agriculture, manufacture, and their activity-areas. Just like the programme of the ministry of education, the programs to be conceived for different state branches could not refrain from leaning on the economic program.⁴⁶³

Here the lines between state and economy got quite blurred. All branches of the state were opted to be contingent upon the economic program. The political agenda of saving the nation and the state intact not only brought about the principal of national economy but also prioritized the economy as founding principle from which the state formation was expected to be emanated. In contrast to the acknowledged characterization of the period as liberal, understanding and policy formulations were explicitly far away from the liberal understanding of the relationship between state and economy that are clearly demarcated from each other. Instead, it resembles more

⁴⁶² Ökçün, 213.

⁴⁶³ Ökçün, 213.

of statism in a sense of developmentalist state that leads and regulates the economy towards the common goals like full independence, economic sovereignty, development, and catching up in continuity with the CUP's economic understanding. As M. Kemal continued his speech, statism lined up with the denial of the existence of class struggle in society in line with a solidarist understanding. He stated, "our peoples' interests differentiated from each other. Not as a class, but rather it was composed of classes whose existence and product of work were necessary to the other."⁴⁶⁴ He concluded that Farmers, manufacturers (*sanatkar*), tradesmen, and workers could not be opponent to each other, they need each other. Then arrived nationalism which became the inevitable part of politicians' speeches at the time. He asserted that in the existent factories and in the factories that they wished to be more, their own workers, meaning Turkish workers, should work. They should work as prosperous and contented. All those classes should also be rich and experience the genuine pleasures of life so that they could find might and power to work. He claimed that it was necessary not to conceive of the political form that would accrue from the gathering around the program and that had the characteristics of national pact of labor (*say misaki millisi*) for whole people, as an ordinary party. He stated that he has firm and outright belief that such a political form that could emerge after the peace would succeed with nation's determination and faith, besides unity and solidarity supporting each other just as before.⁴⁶⁵

Behind the smooth transition from state and government policy to the party formation in his speech laid M. Kemal's contemporary concern of establishing a party. Main motive for transforming to a party was to gain unchallenged control over the assembly, which he lacked at the time. Even though his circle, the Defense of Right Group, hold the majority, the opposition was active. With the formation of party, he would acquire an organization that he could lead, enter the elections, and gain the control of the second assembly to the full.⁴⁶⁶ Apparently, there was not clear distinction between the state and the future party, which signals to the future

⁴⁶⁴ Ökçün, 213.

⁴⁶⁵ Ökçün, 214.

⁴⁶⁶ Zürcher, *The Young Turk Legacy and Nation Building: From the Ottoman Empire to Atatürk's Turkey*, 251.

exclusion of challenging and opposing factors, and voices that would involve in the process of policy making. On the other hand, the emphasis on the lack of classes was a dominant theme, in his journey in Eskişehir and İzmit just before the congress on, 15-17 January 1923, he argued that large landowners and capitalist were so small in numbers that the improvement of peasants living standards did not have to be to the detriment of the landlords. On the other hand, the total number of industrial workers did not exceed twenty thousand, which was not either enough to form a base for political party, Thereby, the new party would address the society as a whole on the bases of harmony in contrast to class struggle.⁴⁶⁷

He declared that the Economic Congress of Turkey was so significant in the history. He drew comparison between the Economic Congress and Erzurum Congress. Just as the Erzurum Congress had accomplished introducing first founding steps and principles and turned to the most momentous memory in the national history; the Economic Congress would succeed in inferring and posing the founding stones and principles that would bring about procuring the country's life and real liberation, then it would gain reputation and form one of the most substantial memories.⁴⁶⁸

Following M. Kemal, economy minister Mahmut Esat made a speech. In line with M. Kemal, he stated, "What I understand from national sovereignty was national economic sovereignty. If not, national sovereignty turns to be a mirage."⁴⁶⁹ He continued with the definition of economic policy in Turkey:

"We [Turkey] do not belong any schools of economy, neither the school of laissez faire laissez passer, nor the socialist, communist, etatist or protectionist. We also have a new school of thought that is suitable with New Turkey's new economic significance. I term it "New Turkey Economic School" (*Yeni Türkiye İktisat Mektebi*). Even though we do not belong to any of those schools, we would not disregard to utilize them based on the country's needs. New Turkey should follow mixed economic system. Economic enterprise should be undertaken partly by state and partly by private enterprise. For example, major credit institution and industrial

⁴⁶⁷ Arı, Gazi Mustafa Kemal Atatürk'ün 1923 Eskişehir-İzmit Konuşmaları, 118ff in Zürcher, 340.

⁴⁶⁸ Ökçün, *Türkiye İktisat Kongresi 1923 İzmir*, 214.

⁴⁶⁹ Ökçün, 218.

enterprise, state would conduct. The country's economic condition necessitates it.”⁴⁷⁰

In an interview following the Economic congress, he clearly stated, “In our case, patronage and intervention of the state in big economic enterprises and for example, credit, industry, agriculture, labour and trade affairs is essential and definite (kati). Turkey has to deal with the credit issue first and foremost”.⁴⁷¹ Speaking of which, he gave great importance to the establishment of the credit institutions, he made a speech particularly dealing with the issue in the congress. Back to the subject, he continued his speech indicating that in some cases, economy would follow the nationalization method in some other cases economic enterprises would be left to individual enterprise.⁴⁷²

In parallel with M. Kemal, he denied the existence of classes in Turkey:

“As it was yesterday, a crystallized matter of class does not exist in our country, merchant, farmer, industrialist, working class, in summary, all economic agents are directly the captive and servants of foreign capital. All those economic status groups need to unite and organize”.

On the other hand, again in line with M. Kemal's position, he asserted that the foreign capital that did not seek privileges and be subject to the laws and regulations of the country would be welcomed.⁴⁷³

He argued that the high interests of economy's should lead the state's policy, so that “genuine national Turkish people's state” be established. Turkey has never had such a rule of people's state, thus, such a national era.⁴⁷⁴ He listed the six suggestions for urgent measures that were the occupational organizations, credit institution, industrial age, waging economic struggle all together, self-sufficiency, increasing and regulating production besides generating balance between import and export.

⁴⁷⁰ Ökçün, 219.

⁴⁷¹ Ökçün, 279.

⁴⁷² Ökçün, 219.

⁴⁷³ Ökçün, 220.

⁴⁷⁴ Ökçün, 220.

Moreover, he argued that individual enterprises were destined to be crushed and become futile in the face of the organized foreign economic world. We need to generate every kind of company and give weight specifically to the cooperatives that reflect country's need.⁴⁷⁵

Even though he argued that the Principles of Turkish economy was not statist, what he described as "New Turkey Economic School" was a form of statism. It formulated a developmentalist state that would guide the economy and actively participate the economy. On the other hand, the principles and policies would be derived from the economic actors's interests, which were in anyway did not form classes or clashing interests, thus which were harmonious and led to the economic development. Nevertheless, this formulation was neither new nor unique to Turkey.

In specific, the measures suggested by the economy minister were a collection of the themes widely accepted at the time. He underlined the weakness of the capital, the fragility of the individual enterprises and put forward the need to form companies especially cooperatives. He also stated that the big industrial and credit institutions would be the work of state and argued for working towards economic development with the active state participation and under state guidance and protection.

Regarding the Economy Minister's speech, Ahmet Muhiddin wrote in a daily newspaper, *Akşam* that the old state was gendarme state (*zabıta devlet*), which was restricted with establishing justice, securing public order, preparation for war. When the new state emerged, it started to deal with the army and education in a centralized manner, which necessitated a new financial policy. He argued that after the unsuccessful attempt of economic policy formation similar to the Western mercantilism in the reign of Selim III, it was at the end of the constitutional monarchy that national economic polices started to be formed, thus emerged the idea of "national Turkish economy" in the Turkish nation's apprehension.⁴⁷⁶

It was stated that the economic plan produced by congress would be the functioning principles of the new economic state (*iktisat devleti*). Muhiddin argued that they

⁴⁷⁵ Ökçün, 221–22.

⁴⁷⁶ Ökçün, 232.

welcomed the afterwits. 8 years ago, he was not allowed to write about these ideas. He transmits the minister of economy's statement that state would not refrain from being an entrepreneur, it would carry out industrial enterprises. He mentions that in a very close time, when the state forgot its role of regulating economic life, it was widely accepted that the government should not intervene in the economy. The saying that "state cannot be a producer" had become the part of economic program. He expressed his contentment for the current situation: "At the end we got rid of those ideas".⁴⁷⁷

The crucial point is the periodization in his analysis. He depicts the Ottoman rule as "gendarme-nightwatchmen state" with the exception of the period towards the end of the constitutional monarchy, the CUP rule that introduced the idea of national economy and national economic policies. According to Muhiddin, national economic policy making, i.e., economic state (*iktisat devleti*) re-emerged with the emergence of the new state after the war of independence.

This periodization is quite parallel to the one that I suggested above following Toprak, that is the active involvement of the state in economy, thus a form of statism appeared at the end of the CUP government and continued in the early periods of the New Republic. On the other hand, the economy minister used the similar concepts and made similar periodization with the exception of ignoring the CUP attempts to form national economy with direct state involvement.

In his speech in the Congress, the economy minister used the concepts of "business state" (*iş devleti*) and "gendarme-nightwatchmen state" to define the first period of the Ottoman Empire from its foundation to the transfer of the caliphate. He argued that in that period the state was partially economic state and partially nightwatchmen state.⁴⁷⁸ Later in an interview on the Economic Congress, and the economy in general, he used same categories for defining the shift in recent period. He argued that "...first of all we need to reconsider our state policy. Our current government

⁴⁷⁷ 234.

⁴⁷⁸ İktisat Esaslarımız, 67-76 in Ökçün, 215.

system, which has been going on since Tanzimat has never been able to express the spirit and needs of our country, our people and our history. The state of Turkey should have been a business state (iş devleti). Nevertheless, it could not go beyond being a gendarme state. This system could not notably revive our economy. Old liberal economic system was a fatal disaster for the national economy of Turkey including Tanzimat and Constitutional periods.”⁴⁷⁹

Returning the congress, after the last speech by Kazım Karabekir, who hold the presidency of the congress, the congress started to function. 1135 delegates coming from different villages were present.⁴⁸⁰ They were divided to four occupational groups: agriculture, trade, industry, workers. The most crowded group was the farmers and the delegates from İstanbul were the most prepared group. Backed by that preparation, they turned to “the center that governs the Congress”, in other words ad hoc steering committee.⁴⁸¹

Each occupational group formulated their demands and present it as a list to the congress. The congress discussed the demands in general meetings and the accepted demands turned to the respective group’s economic principles. In fact, various demands from different occupational groups were unanimously accepted. Some of them were the construction of railroads that would be the main economic transportation network covering whole country, establishment of factories close to the domestic raw materials’ cultivation areas, in some cases including growing specific products like sugar beets and establishment of sugar factories, others were founding sack factory in the areas of hemp farming, and agricultural tools factory, establishment of trade bank with large capital, nationalization of the exchange offices and the stock exchanges, protection through tariffs, which would enable the development of national and domestic industry and the sale of domestic goods, the raw materials, dissolving monopolies, incentives for industry like extending the

⁴⁷⁹ Ökçün, 278.

⁴⁸⁰ It is the official number appeared in the presentation of the Economic Pact. Ökçün, 323.

⁴⁸¹ Başar, *Ahmet Hamdi Başar’ın Hatıraları “Gazi Bana Çok Kızmış,”* 1:139; Finefrock, “Laissez- Faire, the 1923 Izmir Economic Congress and Early Turkish Developmental Policy in Political Perspective,” 377.

validity period of the Law for the Promotion of Industry 25 years after its expiration in 5 years, recognizing the right to establish trade unions, enforcement of eight hour work day.⁴⁸²

On the other hand, despite all the rhetoric of lack of classes in Turkey, matters of dispute rose among the classes. In the case of disagreement over a demand, each groups' position was noted in parenthesis next to this article, but it was for the demands that gained majority at the end, if a demand was rejected in the general meeting it does not appear in the lists of economic principles. Thereby, even though the underlying causes were not clear, the notes in the lists of economic principles reveal the clashing class interests. For example, the abolition of tithe was a matter of dispute between farmers and tradesmen. Supported by the industrialists and working class, farmers demand to abolish the tithe was accepted in the congress, then it would be abolished in 1926.⁴⁸³ Despite the farmers' opposition, granting the rights of mechanics and workers coming to the villages and the obligation of making mutual contracts were accepted as the economic principle in the list of farmers' group with the acceptance of all other groups. The demand for the establishment of industry bank was refuted by workers group but accepted by all others. The workers demanded that capitalists and firms secure the life of the workers that became disabled on duty, it was a demand for workers' compensation, but it was rejected by all other groups but upon the insistence of the workers it was enlisted as an economic principle.

Considering four groups' demand lists, accepted in the congress, they were not in any way close to liberalism. Only the demand for the abolishment of monopolies can be considered within the framework of liberalism, which was not implemented. The tradesmen occurred to be the most liberal sector in the congress and in the country, besides İstanbul tradesmen turned to the ad hoc steering committee and dominated the congress. Nevertheless, rather than demanding less state involvement, they tried

⁴⁸² Ökçün, *Türkiye İktisat Kongresi 1923 İzmir*, 330–62.

⁴⁸³ For the trademen's perspective, see Başar, *Ahmet Hamdi Başar'ın Hatıraları "Gazi Bana Çok Kızmış,"* 1:147.

to push state to take active role in the economy as an economic actor, to guide and lead the economy, and specifically give them active support like incentives.⁴⁸⁴

At the end, the congress was supposed to come up with a comprehensive economic plan that would guide the economic development, rhetorically said the national liberation war in economy. However, the Congress could not formulate a strategy or a plan. According to Başar, the delegates transmitted the economic conditions and hardship they faced in their villages, nonetheless ended up with the conclusion that the nation was not ready for such an economic endeavor- formulating an economic plan.⁴⁸⁵

In conclusionary session, Karabekir made a speech, which he formulated as the Economic Pact (*Misak-i İktisadi*).⁴⁸⁶ Nevertheless, the Pact did not have tangible economic policy or strategies but rather general principles. He addressed the importance of promoting friendship with other nations, not being against the foreign capital that operated in the country within the framework of her law and language, being proponent of working freely and against monopolies, different economic sectors (*sanat*), occupations, classes (*zümre*) working in collaboration, families in educating pupils in line with the principles of economic pact. It continues with the premises like the nation would produce everything that was possible with its own labor. It would also eliminate the weight of imports which absorbed the nation's wealth. In his closing speech, he pointed that the lack of protection for our own manufacture and its being not organized in companies but remaining as individual endeavors depilated the industry. In addition, he conveyed the dramatic fall in the number of workers in different sectors of industry from the outbreak of World War I, which also reflected the fall in the production that led to the increasing demand for the imported consumption goods.⁴⁸⁷ That is to say, he argued that those principles

⁴⁸⁴ Finefrock, "Laissez- Faire, the 1923 Izmir Economic Congress and Early Turkish Developmental Policy in Political Perspective," 382.

⁴⁸⁵ Başar, *Ahmet Hamdi Başar'ın Hatıraları "Gazi Bana Çok Kızmış,"* 1:140, 144.

⁴⁸⁶ Ökçün, *Türkiye İktisat Kongresi 1923 İzmir*, 224-225. It was translated by Finefrock in English. See, Appendix A, in Finefrock, p.389.

⁴⁸⁷ Ökçün, 273-75.

would enable to increase the domestic production that would replace the imported goods, thus keep the amount lost in imports.

The Economic Pact was not in any way close to an economic program that would lead the country's policies. The economy minister was not pleased with the program, in an interview after the economic congress, he declared that he could read the Economic Pact after it was printed, published, and distributed. He hoped in coming years, an economic program in the strict sense, would come about in the upcoming congresses.⁴⁸⁸ The contemporary international observers had similar apprehension, as presented by Finefrock, in the British Foreign Office Report, the Economic Pact was described as "more a manual for Boy Scouts than an economic program".⁴⁸⁹

The Economic Pact was severely criticized in the press, stressing that the so-called Economic pact was much more like a moral pact, since it was mostly composed of simple moral advice. Upon the Suphi Nuri's criticism in the newspaper *İleri*, which stated that İzmir Congress could not comprehend or determine an economic policy,⁴⁹⁰ the executives of the Economic Congress needed to respond.

The Minutes Committee (*Mazbata Encümeni*) published a statement, directly answering back to *İleri*, informing that the Economic Pact was not the final product of the congress. The Minutes Committee, composed of thirteen members, three delegates from each occupational group, had been assigned by the congress to sort out and publish the decisions of the Congress, under the title of "The Economic Principles" (*İktisat Esaslarımız*). The Economic Principles included the economic principles of four occupational group, along with Karabekir's Economic Pact. Moreover, the Committee defined the Economic Principles as a "national bill prepared to be submitted to the government", while the Economic Pact as a "testament given by the delegates for people to have themselves equipped in the economic world" in the statement.⁴⁹¹

⁴⁸⁸ Ökçün, 278.

⁴⁸⁹ FO 371, 9114 No. 3791, 3 April 1923, Roberts (Commercial Secretary Constantinople) to Lord Curzon, 72 in Finefrock, "Laissez- Faire, the 1923 İzmir Economic Congress and Early Turkish Developmental Policy in Political Perspective," 381.

⁴⁹⁰ Ökçün, *Türkiye İktisat Kongresi 1923 İzmir*, 309.

⁴⁹¹ *Hakimiyet-i Milliye*, March 1923, 11, 3 in Ökçün, 311.

To sum up, the economic congress could not produce an economic program. The Economic Pact was not a qualified document to be taken into account in any economic policy making process. Nevertheless, the economic principles prepared by the occupational groups of farmers, tradesmen, workers were important in many respects. They asked state to take active role in the economy such as providing economic resources, creating suitable conditions for economic interactions in terms of legal framework, institutional structure like banks, cooperatives, etc., and the infrastructure, like railways and roads, besides acting as an economic actor itself, establishing factories and other economic enterprises. Those economic principles were openly in line with the state-led development perspective, which also shaped the late Ottoman statist economic practices. That is to say, the economic principles posed in the congress were in continuity with the National Economy understanding of the late Ottoman period.⁴⁹² According to Toprak, the seeds of statist policies were sown in the Congress.⁴⁹³ In other words, the Economic Congress of Turkey brought forth the statist understanding for the development of national economy, which was highly linked to the independent existence of the nation state.

The Economic Principles was submitted to the presidency of the Grand National Assembly and to the head of the government as a report revealing the economic needs.⁴⁹⁴ It seems that the government started to take into consideration the decisions taken in the Economic Congress as reported in a news dated March 18.⁴⁹⁵ Nevertheless, as expected at the time, the GNAT decided to hold elections for the renewal of the parliament in early April, less than a month following the Economic Congress.

After the decision to hold an election passed in the assembly, M. Kemal as the leader of the Defense of Rights Group promulgated the election manifesto, the Nine Principles (*Dokuz Umde*) on April, 8.⁴⁹⁶ The Manifesto announced that the Defense

⁴⁹² Boratav, *Türkiye İktisat Tarihi (1908-2002)*, 46.

⁴⁹³ Zafer Toprak, *Atatürk: Kurucu Felsefenin Evrimi* (İş Bankası Kültür Yayınları, 2020), 183.

⁴⁹⁴ Ökçün, *Türkiye İktisat Kongresi 1923 İzmir*, 323–64.

⁴⁹⁵ Ökçün, 319.

⁴⁹⁶ Tunçay, *Türkiye Cumhuriyeti'nde Tek Parti Yönetiminin Kurulması 1923-1931*, 51; “Seçim Hakkında Beyanname” in Mustafa Kemal Atatürk, *Atatürk'ün Tamim, Telgraf ve Beyannameleri*, ed.

of Rights Group was transforming to the People's Party after election, whose program would be prepared later, but for the time being the Group was entering the election on the bases of the Nine Principles, which was derived from urgent necessities, experts' work and the resolutions of the Economic Congress.

Considering the impact of the Economic Congress, specifically, the fifth principle that was devoted to economic affairs stands out, which was a selection from the Economic Principles but predominantly the principles of the farmers, tradesmen, and the industrialists. Thereby, the Economic Principles posed in the Economic Congress was effective in the policy formation mainly as being the source for M. Kemal's election manifesto, the Nine Principles.⁴⁹⁷ The election was carried out under the control of the Defense of Rights Group, which hence predominantly composed the new parliament.⁴⁹⁸ The Nine Principles based on the Economic Principles of the Congress turned the guidelines in policy formation.

The link between formation of M. Kemal's party and the Economic Congress became apparent with the declaration of the Nine Principles, this link between the politics and economy would prevail and strengthen in 1930s, in the form of single-party rule and statist industrialization.

Although Finefrock argues that the importance of the Economic Congress did not lay in its pivotal role in economic policy making, it had rather a political significance as being source for the Nine Principles⁴⁹⁹, the Economic Principles with its state-led development perspective shaped the economic policy within the limitations of the restrictions posed by the Lausanne Treaty until 1930.⁵⁰⁰ Nevertheless it is important

Nimet Arsan, vol. IV (Ankara: Türk İnkılap Tarihi Enstitüsü, 1964), 488–90; Finefrock translated whole text to English and published as an appendix to his article. Finefrock, "Laissez- Faire, the 1923 Izmir Economic Congress and Early Turkish Developmental Policy in Political Perspective," 390–92.

⁴⁹⁷ Tezel, *Cumhuriyet Döneminin İktisadi Tarihi (1923-1950)*, 152; Bilsay Kuruç, *Mustafa Kemal Döneminde Ekonomi* (İstanbul: Bilgi Üniversitesi Yayınları, 2012), 250–52.

⁴⁹⁸ Tunçay, *Türkiye Cumhuriyeti'nde Tek Parti Yönetiminin Kurulması 1923-1931*, 55–57.

⁴⁹⁹ Finefrock, "Laissez- Faire, the 1923 Izmir Economic Congress and Early Turkish Developmental Policy in Political Perspective," 386.

⁵⁰⁰ Boratav, *Türkiye İktisat Tarihi (1908-2002)*, 46.

to note that just like the Nine Principles incorporated the miniscule of the workers' demands, the economic policy makers between 1923 and 1929 neglected the workers' demands and wellbeing in return for the expectation of fast economic development, high capital accumulation.⁵⁰¹ In addition, despite all the rhetoric over the peasantry, the living and the working conditions of the small and medium sized peasants and agricultural workers depleted due to increase in the consumption taxes and monopoly prices, as has been reported in the previous chapters.

Economic congress set the tone for the economic policy between 1923 and 1929, and the government participated in economic activity in many respects, such as constructing railways, founding monopolies, establishing state factories, nationalizing the railways, cabotage. In addition, the tithe was abolished, and the Law for the Promotion of Industry was revalidated.⁵⁰² In those years, Turkey implemented statist policies and turned out to be one of the first third world countries that implemented the imports substitution industrialization strategy in sugar factories. Nevertheless, for the import substitution to define the whole economy, we need to wait for the implementation of the first five years plan.

Başar celebrated statism as an actualized system in an article dated May 1925:

“The most remarkable path the government followed in economic affairs is etatism. Etatism, which seemed like a strange idea a few years ago, turned to a system that achieved success in practice. The state is expanding its duties towards the field of economy and business at every turn... We faced a lot to be done in the country. We could not postpone our immediate affairs, waiting for the end of capitalists' hesitation phase. At a pinch, we had to embroil the state in the realms of economy and business.”⁵⁰³

He elaborated the details of the statist policies:

“Since the government understood that it was not possible to rapidly develop the industry at intended quality in the country with the Law for the Promotion

⁵⁰¹ Tezel, *Cumhuriyet Döneminin İktisadi Tarihi (1923-1950)*, 152; Zürcher, *The Young Turk Legacy and Nation Building: From the Ottoman Empire to Atatürk's Turkey*, 150.

⁵⁰² Boratav, *Türkiye İktisat Tarihi (1908-2002)*, 46–48.

⁵⁰³ Ahmet Hamdi Başar, “Yeni Kanunlar Münasebetiyle,” in *Türkiye'de Sermaye Birikimi Sorununa Tarihsel Perspektiften Bir Bakış ve Ahmed Hamdi Başar'dan Seçmeler* (Ankara: Sermaye Piyasası Kurulu, 1997), 83–84 .

of Industry (*Teşvik-i Sanayi Kanunu*) and the customs protections, it accepted the principle of the state's involvement actually in the industrial field and immediately started the practice. The government, on the one hand, will participate as a shareholder in some industrial companies; on the other hand, it will also establish institutions for new industrial installations. The decision to install the cotton, sugar, and steel mill enterprises and operate the factories belonging to the government by the government, not renting out, is in the way of this [principle]. Another important work done in this field is the establishment of a large-capital bank for industry and mining by the government.”⁵⁰⁴

By 1925, the regime started to be defined as statist, which was an accurate definition considering the developments in economic policy. In this manner, noting Başar’s analysis revealing the state’s active role in industrialization, and the statist policies, Koraltürk indicates that generally accepted periodization is mistaken and should be reevaluated.⁵⁰⁵

As the analysis revealed the state-led developmentalism and the statist economic policy prevailed from the CUP’s the “National Economy” to the early Republican economic practices aiming at “economic independence” through the establishment of an “economic state”. This continuity refutes the dominant definition of the period between 1923-1929 as liberal and thus also the dominant periodization of the early Republican economy.

I argue that statism being one river coming from the late Ottoman period conflated with the river of authoritarian one party-rule dominated the politics after the repression of Sheikh-Said Rebellion in 1925, except for the FRP experience, in the face of the popular discontent that raised under the conditions of the economic crisis and became apparent with the emergence of the FRP.

Meeting popular demands and necessities being initially one of the main concerns to stabilize and maintain political power, the statism and the single-party rule developed in tandem, as confluent tendencies mutually strengthened each other and formed the

⁵⁰⁴ Başar, 84.

⁵⁰⁵ Murat Koraltürk, “İstanbul Ticaret ve Sanayi Odası’ndaki Mesaisi ve Ahmet Hamdi Başar,” in *Türkiye’de Sermaye Birikimi Sorununa Tarihsel Perspektiften Bir Bakış ve Ahmed Hamdi Başar’dan Seçmeler* (İstanbul: Sermaye Piyasası Kurulu, 1997), 8–9.

regime. Within this theoretical and historical background, I explore the development of statist single-party rule step-by-step through process tracing, mainly based on the literature, parliamentary minutes, and, lastly, to a lesser extent, newspapers, referring to them on some specific points.

4.3. Formation of Statism and Authoritarian Single Party Rule in Early 1930s

4.3.1. Unfolding of the FRP Experience

Following İnönü's speech formulating the government's economic policies as moderate statist, the FRP decided to organize a tour in the Western Anatolia, including İzmir, Manisa, Aydın, and Balıkesir and their provinces along the railway lines. It was the first encounter of the FRP with the public, where Okyar, as the party leader, expressed his criticism of the government and introduced the newly established party to the masses.⁵⁰⁶

When the FRP group approached the İzmir port, thousands of people were waiting for the arrival of the group, especially Okyar. He was welcomed as a savior with great enthusiasm. Peasants from several villages came to the city center, and workers arrived in the meeting place in groups, specifically tobacco, fig factory workers, and dockers. He invited the crowd to his public speech the next day and asked them to disperse.⁵⁰⁷

The next day, on September 5, the RPP also organized a public meeting, and the atmosphere was quite tense and antagonized. Large gatherings of FRP demonstrators marched towards the meeting place where Okyar was scheduled to deliver a public speech. On their way, they headed towards the RPP office; when they arrived, they started to stone the building and continued on to the office of Anadolu newspaper, where they stoned, too. The RPP officials were already hostile to the FRP supporters. In the last instance, upon stoning the building Anadolu newspaper, the police fired

⁵⁰⁶ Emrence, *99 Günlük Muhalefet: Serbest Cumhuriyet Fırkası*, 93.

⁵⁰⁷ Emrence, 94; Weiker, *Political Tutelage and Democracy in Turkey: The Free Party and Its Aftermath*, 88.

into the FRP demonstrators, which eventually led to the death of a youngster named Necati in İzmir. Carrying the dead body of the boy, the crowd returned to Okyar's hotel, where the father of Necati presented his son to Okyar, stating that "he is a martyr to the cause of freedom, save us."⁵⁰⁸ Okyar asked them to take the child to the hospital and disperse, warning the crowd that claiming rights would be possible only through legal channels.⁵⁰⁹ The following day, on September 6, around five thousand workers went on strike to support his cause against the existing economic conditions. İzmir public meeting was held on September 7, with an enthusiastic crowd of thousands of people from various classes.⁵¹⁰ Okyar made his speech criticizing the government's economic policies regarding financing railway construction, the heavy tax burden, monopolies, and the conditions of refugees from Greece. He defined the FRP as an economically liberal party and emphasized the distinction between the realm of individual enterprises, which was defined by the individuals' capacity, and government responsibilities, which were depicted mainly as clearing the obstacles lying in the way of individuals' development, within the context of liberalism. Besides, he underlined that they would not permit any state intervention that would hinder the development of individual enterprises.⁵¹¹

Okyar's speech in İzmir was met with great enthusiasm and thrill, which marked the peak of the Western Anatolia tour. Although it was the largest crowd, he was met with similar enthusiasm everywhere they headed in the tour, in Manisa, Aydın, Balıkesir, and the provinces on the railway lines, which itself revealed the widespread discontent and vehemence of which was striking both for the ruling cadre and the FRP politicians. In addition, from its beginning to the end, the tour provided a plane to air grievances and chides, as analyzed in the previous chapter.

It seems that M. Kemal's position towards the FRP changed during the course of the incidents in İzmir. The RPP officials, including the İzmir governor, the heads of the

⁵⁰⁸ Fethi Okyar, *Üç Devirde Bir Adam*, ed. Cemal Kutay (İstanbul: Tercüman Yayınları, 1980), 499.

⁵⁰⁹ Emrence, *99 Günlük Muhalefet: Serbest Cumhuriyet Fırkası*, 96–99; Weiker, *Political Tutelage and Democracy in Turkey: The Free Party and Its Aftermath*, 89–90.

⁵¹⁰ Emrence, *99 Günlük Muhalefet: Serbest Cumhuriyet Fırkası*, 99–101.

⁵¹¹ "Fethi Beyin Nutku," *Cumhuriyet Gazetesi*, September 8, 1930.

gendarme and police, and even the Minister of Justice, worked together to put obstacles to Okyar's tour starting before the departure of the FRP leadership to İzmir and tried to prevent public speeches and public meetings from taking place. In the evening, when the FRP group arrived at İzmir, the governor Kazım [Dirik] demanded Okyar to cancel his speech with the alleged concern of public order. Being able to overcome the governor's prohibition on his use of telegram, Okyar wired M. Kemal, giving a rundown.⁵¹² M. Kemal sent Okyar a telegraph, the copy of which was also sent to Prime Minister İnönü, the Minister of Interior, and İzmir governor, encouraging him and insisting on making his public speech.⁵¹³ After the incidents of the stoning and killing of a youngster by police fire on September 5, telegrams were sent between Mahmut Esat and İsmet the following day. The governor Kazım [Dirik] sent a telegram to İnönü, while Okyar wired M. Kemal on September 7. Telegram traffic ended up with the decision to delay Okyar's public speech. Nevertheless, Weiker argues that upon silence and calmness that prevailed in the city after the incidents, M. Kemal was inclined toward Okyar's delivery of speech.⁵¹⁴

After the public rage towards the regime became apparent in demonstrations and clashes, M. Kemal started to pay much more attention and tried to grasp the details of Okyar's tour and the İzmir incident. He asked the president of the Assembly and his ally Kazım (Özalp) to investigate the İzmir incidents on the ground. Moreover, he started to follow many more newspapers, including local ones, in addition to gathering information from government officials across the country on local FRP leaders. Weiker notes that detailed information on 850 FRP leaders from 29 provinces was reported to M. Kemal.⁵¹⁵

Along with the input from those reports and newspapers, it seems that the RPP cadre, especially İnönü and his circle, put pressure on M. Kemal to take side with the RPP regarding the İzmir incidents, the stoning of the RPP office, and Anadolu. After he

⁵¹² Okyar, *Üç Devirde Bir Adam*, 498–99; Weiker, *Political Tutelage and Democracy in Turkey: The Free Party and Its Aftermath*, 88–89.

⁵¹³ Okyar, *Üç Devirde Bir Adam*, 499; Ahmet Ağaoğlu, *Serbest Fırka Hatıraları* (İstanbul: Nebioğlu Yayınevi, 1949), 55.

⁵¹⁴ Weiker, *Political Tutelage and Democracy in Turkey: The Free Party and Its Aftermath*, 90–91.

⁵¹⁵ Atatürk Arşivi Dosya 2 in Weiker, 92.

decided to abandon the impartial position between the RPP and the FRP, stand for the RPP. He dictated to Yunus Nadi an open letter to himself that would be published in Cumhuriyet newspaper, serving as the base for M. Kemal to declare his new position to the public.⁵¹⁶ In his response to Yunus Nadi's letter, M. Kemal announced, "I am the general chief of the RPP... I have a historic bond with the RPP. There is no reason or necessity to resolve that bond, and there could not be." In addition, he condemned the attacks on the RPP office and the office of Anadolu newspaper, regretted the death of a youngster, and ensured that assaulters and agitators could not evade the law.⁵¹⁷

The editors of pro-FRP newspapers were arrested. Zeynel Besim, the editor of Hizmet, Bedri İlhan, the manager of Hizmet, Behzat Arif, Yeni Asır reporter, Abdullah Abidin, Yeni Asır manager, Sırrı, Halkın Sesi editor and Ömer Fuat, Halkın Sesi manager in İzmir besides Selim Ragıp [Emeç], Son Posta editor in İstanbul were arrested and charged with insulting the legal personality of the government and the assembly and agitating the public. Son Posta editor was charged with reprinting offending news.⁵¹⁸ Nevertheless, the arrests of the journalists functioned against the government since the trial turned into an arena where the FRP's criticisms of the government were substantially raised. Almost all convictions were reversed by the Appeals Court in February after the termination of the FRP. The newspaper Anadolu was also brought to court for slandering the FRP proponents, thus inducing the uproar in İzmir and deliberately misconducting Fethi's speech on the Kurdish rebellion. Anadolu was convicted at the time, and the conviction was reversed in spring.⁵¹⁹

Weiker argues that the armful intervention in the İzmir incidents and the trial of journalists brought about the resignation of Mahmut Esat Bozkurt.⁵²⁰ Nevertheless,

⁵¹⁶ Yunus Nadi, "Açık Mektup: Reiscumhur Gazi M. Kemal Hz.Ne," *Cumhuriyet Gazetesi*, September 9, 1930; Okyar, *Üç Devirde Bir Adam*, 502.

⁵¹⁷ Mustafa Kemal Atatürk, "Gazi Hz.Nin Nadi Beye Cevabı," *Cumhuriyet Gazetesi*, September 10, 1930.

⁵¹⁸ "Mesul Müdürümüz Tevkif Edildi," *Son Posta*, September 15, 1930; "İzmirli Arkadaşlarımız Da Dün Tevkif Edildiler," *Son Posta*, September 15, 1930.

⁵¹⁹ Weiker, *Political Tutelage and Democracy in Turkey: The Free Party and Its Aftermath*, 98–99.

⁵²⁰ Weiker, 99.

in his speech in Ödemiş, he argued that “the master of our country is the Turks. Non-Turkish population deserves working as a maid and slavery” and drew reactions that he had to give an account of his speech.⁵²¹ The replacement of Mahmut Esat Bozkurt started to be discussed in the press upon that speech.⁵²²

The government had been fighting against the depreciation of the Turkish lira and trying to protect its value by increasing public savings and production. Nevertheless, it began to over-appreciate and necessitated interruption. The government, considering the situation over its capability, sent a note to M. Kemal requesting him to convoke the assembly, which was in summer recess, for the deliberation of over-appreciation and making necessary legislative regulations that would increase the government’s capacity to regulate the money market and stabilize the Turkish liras. Accordingly, upon M. Kemal’s summons, the assembly was convened on September 22. In this session, İnönü made a short speech and sent the draft law to the parliamentary committees.⁵²³ The discussion on that specific topic was postponed to another day. The draft law and the committee reports came to the floor for discussion on September 25.

At this extra-ordinary meeting on September 25, elected in the by-election for Gümüşhane, Okyar was registered as the deputy of Gümüşhane. It was the first time that the RPP and the FRP appeared in the assembly as two competing political parties and held a discussion. It was also the first time that Okyar raised criticisms as the FRP leader in the parliament. He targeted the government’s economic and fiscal policies. Before, Müller had come to Turkey as an economic advisor, had examined the economy, and had submitted a report. Nevertheless, the report was closed to public access and thus was not accessible to the FRP deputies either. During his campaign and in his first speech, Okyar and other FRP deputies mentioned the report, demanded access to it, and used it as a reference for their criticisms of the RPP’s subsequent economic policies. Returning to the extraordinary meeting, even

⁵²¹ “Mahmut Esat Bey Tavzih Ediyor,” *Son Posta*, September 22, 1930.

⁵²² “İsmet Paşa Kabinesi Değişiyor,” *Son Posta*, September 22, 1930.

⁵²³ “T.B.M.M. Zabıt Ceridesi (The Grand National Assembly Minutes of Proceedings) Term 3, Legislation Year 3, Volume 21, Session 81 (22.09.1930),” n.d., GNAT.

though Okyar criticized the shortsightedness of the government for ignoring the annual rise in the amount of sterling during the agricultural export season following the harvest period and the draft law providing a temporary solution, he voted in favor of the draft law with other FRP deputies.⁵²⁴ Thereby, the law that authorized the government to issue money with gold cover to purchase foreign currency in order to stabilize the Turkish liras passed unanimously.⁵²⁵

4.3.2. Call for an Extraordinary Public Meeting

There was a correspondence between the RPP center and local organizations following the establishment of the FRP, which was at first distrustful and skeptical, focusing on gathering surveillance, became much concerned with the departure of the RPP members to the FRP, and turned alarming after the İzmir incident.

Widespread dissatisfaction from the party triggered the top party cadre to make ameliorations in the party. The general executive board of the RPP started to hold regular meetings to formulate reforms in the party statute (*nizamname*), with the aim of strengthening the party. Following the change in the cabinet, the party would go through restructuring, which reportedly aimed to resolve economic problems.⁵²⁶ After the first extraordinary meeting of the parliament on September 23, the RPP parliamentary group started to hold a series of meetings every day for long hours, which had a busy agenda concerning recent economic, political, and social developments and eventually would bring about the restructuring of the party organization. On the first day, İnönü gave an account of the government's policies and activities during the parliamentary recess, analyzed political disputes between the RPP and the FRP, and responded to the criticisms raised against the RPP.⁵²⁷

⁵²⁴ The draft law was titled "1715 numara ve 2/VI/1930 Tarihli Kanuna Müzeyyel 1/743 Numaralı Kanun Layihası" but voted as "Türk Parasının Kıymetini Koruma Kanunu" in the assembly yet published in Resmi Gazete as "1715 numara ve 2/VI/1930 tarihli Kanuna Müzeyyel Kanun".

⁵²⁵ "T.B.M.M. Zabıt Ceridesi (The Grand National Assembly Minutes of Proceedings) Term 3, Legislation Year 3, Volume 21, Session 82 (25.09.1930)," n.d., GNAT; "1715 Numara ve 2/VI/1930 Tarihli Kanuna Müzeyyel Kanun," 1726 § (1930).

⁵²⁶ "Halk Fırkası Grubu Bugün Toplanıyor," *Cumhuriyet Gazetesi*, September 23, 1930.

⁵²⁷ "Halk Fırkası Grubu Bugün Toplanıyor."

Moreover, stating that they faced many criticisms and complaints, he urged the deputies to speak out on current issues, asserting that the party statute would be amended accordingly.⁵²⁸ According to the official report in *Ayın Tarihi*, the deputies had “open” and “broad” discussions on current issues in these conventions.⁵²⁹ On the second day, the deputies who had just returned from their election districts transmitted their observations, criticisms, and complaints raised against the party, which were centered around the abuses of party inspectors and trustees (*mutemet*), the government’s negligence of the party, problems with taxes, and obstacles to the freedom of the press. Those criticisms and observations set the agenda and were discussed by deputies of some length.

Among the interventions of deputies during the discussions, two seemed significant concerning their impact on other deputies. Vasıf [Hüseyin Vasıf Çınar], the deputy of İzmir, defended the freedom of the press and argued that the misuse of the freedom of the press could be fought only with the freedom of the press itself; thereby, he positioned against the limitation to the freedom of the press. Those arguments were approved in the parliamentary group. Furthermore, he described the recent incidents in the FRP gatherings as “the manifestation of the discontent,”⁵³⁰ which was quite parallel with the explanation brought forth by Okyar, pointing to the economic and financial policies of the government and the local RPP organizations as the driving forces for the intense interest in the FRP, due to economic and financial distress.⁵³¹ In addition, Sinop deputy Yusuf Kemal [Tengirşenk] made an explanation on liberalism and statism, which aroused the interest of deputies, as reported by newspapers. Nevertheless, the full text of the speech is not accessible, at least not in the newspapers. After his speech on liberalism, Yusuf Kemal also demanded İnönü to give an account of the rumors that the government would resign⁵³², which signals

⁵²⁸ “Dünkü Fırka İçtimai,” *Cumhuriyet Gazetesi*, September 25, 1930.

⁵²⁹ “B. M. Meclisinin Fevkalade İçtima Üzerine Dahili Siyasi Vaziyet,” *Ayın Tarihi* 23–24, no. 79–81 (December 1930): 6644.

⁵³⁰ “Dünkü Fırka İçtimai.”

⁵³¹ “T.B.M.M. Zabıt Ceridesi (The Grand National Assembly Minutes of Proceedings) Term 3, Legislation Year 3, Volume 21, Session 84 (2.10.1930),” n.d., 37, GNAT.

⁵³² “Dünkü Fırka İçtimai.”

that it had not been discussed in the party group before. The finance minister gave an account of the financial developments the government dealt with during the summer recess and the draft laws proposed; deputies deliberated on those issues.⁵³³

In the prolonged party group meeting, discussions on the restructuring of the party organization and amendment of the party statute continued. İnönü, leading the reform in the party, argued that all detected flaws of the organization would cease with the strengthening of the organization, which was a matter of change in the mentality.⁵³⁴ Eventually, on September 27, İnönü's proposal to restructure the party organization, thus the amendment in the party statute, possibly drafted in the aforementioned general executive committee meetings, was unanimously accepted.

The party statute was redressed in three ways. First, deputies would not function as party inspectors. The designated inspection committees were abolished. The members of the general executive committee would carry out inspections if necessary. Second, trusteeship (*mutemetlik*), which drew reactions due to the condescending and patronizing attitude people faced, besides corruption and abuses that trustees were involved in, was abolished. That service would be officiated by the head of the local executive committee in each locality. The local executive committees would run local party organizations (*parti şubeleri*). The head of the executive committee, elected by the executive committee, would be the representative of the party in that locality. Only for cities like İzmir and İstanbul would the party center appoint a salaried secretary (*katip*). Third, the number of members of the general executive committee (*umum idare heyeti*) increased from nine to 40, which would later be called the Committee of Forty (*Kırklar Heyeti*). The executive committee would have six office branches, namely press, intelligence, organization, national and social associations, propaganda, and conference.⁵³⁵ Furthermore, it would lead the restructuring of the party organization.⁵³⁶

⁵³³ "B. M. Meclisinin Fevkalade İçtima Üzerine Dahili Siyasi Vaziyet."

⁵³⁴ "H. Fırkasında Yeni Teşkilat," *Cumhuriyet Gazetesi*, September 28, 1930.

⁵³⁵ "H. Fırkasında Yeni Teşkilat."

⁵³⁶ Hilmi Uran, *Hatıralarım* (Ankara: Ayyıldız Matbaası, 1959), 229–30.

The members of the executive board, the Committee of Forty, were freely elected in the party group. They are identified with their future surnames and constituencies and lined up with the votes they received in the following list:⁵³⁷ Ali [Çetinkaya] (Afyon) with 200 votes, Ali Şuuri [Şuuri Hoşafçı] (Balıkesir) 160, Hakkı Tarık [Us](Giresun) 150, Hilmi [Mustafa Hilmi Uran] (Adana) 142, Rasih [Mehmet Rasih Kaplan] (Antalya) 135, Dr. Mustafa [Elvan Cantekin] (Çorum) 120, Hamdullah Suphi [Tanrıöver] (İstanbul) 117, Saffet 114 - the deputies with same forename were Reşit Saffet [Atabinen] (Kocaeli), Ahmet Saffet [Ahmet Okkay/Okay/Ohkay]⁵³⁸ (Elaziz) and lastly Mustafa Saffet [İspir](Elaziz) who died in 1929.⁵³⁹ The headshot in Cumhuriyet resembles more to Saffet [Arıkan] (Erzincan). Naci Paşa [Abdüllatif Naci Eldeniz] (Cebelibereket) 110, Vasıf [Hüseyin Vasıf Çınar] (İzmir) 108, Nafi Atuf [Kansu] (Erzurum) 108, Esat [Ahmet Esat Uras] 94/95 (Amasya), Zeki Mesut [Mustafa Zeki Mesut Alsan] (Edirne) 92, Recep [Mehmet Recep Peker] (Kütahya) 91, Cemil [Mehmet Cemil Uybadın] (Tekirdağ) 91, Besim Atalay [Ahmet Besim Atalay] (Aksaray) 90, Hacım [Muhittin Çarıklı] (Giresun) 90, Aziz [Akyürek] (Erzurum) 82, Ahmet Hilmi [Kalaç] (Kayseri) 81, Hasan [Hüsni Saka] (Trabzon) 79, Asım [Mehmet Asım Us] (Artvin) 76, Abdülmuttalip

⁵³⁷ I could not access the complete list of the Committee of Forty, so I tried to regenerate the list because, first, it would show prominent figures in the RPP at the time, including ministers. Second, we know that the Committee of Forty was determining in shaping the policies towards the FRP. Thus, I checked the list of deputies elected in the Committee of Forty in three national newspapers, namely Cumhuriyet, Son Posta, and Milliyet. They do not precisely match; even worse, in Cumhuriyet, two lists on the same page, the list of deputies with their headshots and the list with the number of votes received do not match either. More precisely, as far as I could identify, Cumhuriyet published two photos for Necip Ali [Küçükaka], but none for Ragıp [Ahmet Ragıp Özdemiroğlu]. In addition, Hacım Muhittin Çarıklı appeared in one list as Hacım in another list as Muhittin. Thankfully, all those lists from different newspapers mostly overlap, enabling the creation of almost a list.

At that time, surnames did not exist. The lists were composed of forenames and, for some of them, titles and constituencies that only sometimes signal to a single person. I tried to cross-check the names, titles, constituencies, and headshots with two more sources published by the assembly, The National Assembly Catalog and short biographies of the deputies in the third term of the assembly. (TBMM Albümü, 2010; Öztürk, 1997) They provide forenames and future surnames, which helped as many of the members of the Committee of Forty as possible.

The number of votes differed for a few deputies in Cumhuriyet and Son Posta, and for those cases, they were mentioned, respectively. Additionally, some explanations were provided for the hesitations. Nevertheless, it is important to note that I have yet to check all possible sources; the memoirs of the deputies can also be reviewed.

⁵³⁸ *TBMM Albümü: 1920-2010*, vol. 1: 1920-1950 (Ankara: TBMM Basın ve Halkla İlişkiler Müdürlüğü, 2010), 146, 176; Kazım Öztürk, *Türk Parlamento Tarihi: TBMM III. Dönem (1927-1931)*, vol. III (Ankara: TBMM Vakfı Yayınları, 1997), 233.

⁵³⁹ Öztürk, *Türk Parlamento Tarihi: TBMM III. Dönem (1927-1931)*, III:232.

[Öker] (Malatya) 75, Kılınç Ali [Ali Kılıç] 75, Halil [Türkmen] (Zonguldak) 75, Avni [Mehmet Avni Doğan] (Yozgat) 74, - the headshot for the forename Avni in Cumhuriyet resembles Hüseyin Avni Zalimler (Cebelibereket), and Hüseyin Avni Aktulga was also in the assembly but since Mehmet Avni Doğan mentions being in Kırklar Heyeti, in his memoirs.⁵⁴⁰ Besides, Milliyet identified the constituency as Yozgat; the elected member was undoubtedly Mehmet Avni Doğan. Ruşen Eşref [Mehmet Ruşen Ünaydın] (Afyon) 73, Hasan Fehmi [Tümerkan] (Kastamonu) 72, Ali Nazmi [Özügür] (Muğla) 72, Celal [Mahmut Celalettin Bayar] (İzmir) 70, Sabri [Mehmet Sabri Toprak] (Manisa and Cebelibereket) 68, İrfan Ferit [Ahmet İrfan Alpaya] (Mardin) 67/97, - possibly typo in Son Posta because both enlisted from most voted to least voted. Faik [M. Faik Öztırak] (Tekirdağ) 67, Necip Ali [Küçükaka] (Denizli) 64/76, -two headshots with the forename Necip Ali in Cumhuriyet. Ali [Ali Rıza Zırh] (Rize) 66/65, Mahmut [Soydan] (Siirt) 63/64, Şemsettin [Mehmet Şemsettin Günaltay] (Sivas) 63, Ata [Ataullah Atay] (Niğde) 60, Refik [Bekir Refik Koraltan] (Konya) 60, Dr. Kemal [Mehmet Kusun] (Adana) 60/59, Ragıp [Ahmet Ragıp Özdemiroğlu] (Zonguldak) 59, - he does not appear in the list with headshots in Cumhuriyet.⁵⁴¹

In fact, nominating candidates for the executive board was suggested, but İnönü refused. Only Memduh Şevket [Esandal], the previous Tahran ambassador, was incorporated into the Committee of Forty afterward.⁵⁴² According to Başar, the last one heard, Memduh Şevket and himself were nominated as the candidates to the committee by M. Kemal. However, once Başar was put to the vote, upon some

⁵⁴⁰ Avni Doğan, *Kurtuluş Kuruluş ve Sonrası* (İstanbul: Dünya Yayınları, 1964).

⁵⁴¹ Reserve members were Faik [Mehmet Faik Kaltakkıran] (Edirne) 59, Mazhar Müfit [Ahmet Mazhar Kansu] (Denizli) 58, Abdülhalik [Mustafa Abdülhalik Renda] 58, Ali Rıza 57, Mustafa Şeref [Özkan] (Burdur) 55, Hasan Hayri [Tan] (Edirne) 54, Hüseyin [Kavalalı] (İstanbul) 52, Dr. Halit Mazhar [Karakaya] (Kayseri) 52, Dr. Fuat [Umay] (Kırklareli) 52, Refet (Edirne) 51, According to the Assembly Album, the deputies with the forename Refet or Rafet were [Hasan Rafet Canitez] (Bursa), İshak Refet [İshak Işıtman] (Diyarbakir), Refet [Mehmet Refet Ülgen] (Urfa), Dr. Refet (Topçuoğlu) (Urfa), but their constituency were not Edirne. Doctors mentioned with their title, so he was not Dr. Refet (Topçuoğlu)

Alongside the overlapping parts in the lists of Cumhuriyet, Son Posta, and Milliyet, not matching names were Celalettin in Son Posta, who can be Rasim Celalettin [Öztekin] (Bilecik), Hasan (Gümüşhane), who could be Hasan Fehmi [Hasan Ataç], Salahaddin (Kocaeli) who could be Mehmet Selahattin Orer [Yargı] in Milliyet.

⁵⁴² “H. Fırkasında Yeni Teşkilat.”

grumbling, the head of that convention, Afyon deputy Ali [Çetinkaya], whom he never got along with, declared that it was rejected. He argues that even though he was not elected, as the newspapers published the candidate list, he appeared as a member of the Committee of Forty.⁵⁴³ Indeed, in *Milliyet*, it was reported that Memduh Şevket and Başar were mentioned to be included in the Committee from outside the cabinet.⁵⁴⁴

The new general executive committee would start functioning immediately, discuss important issues, and make decisions, especially those concerning workers and working times (*mesai*).⁵⁴⁵ According to Ağaoğlu, although there seemed to be changes in party functioning and new decisions emerged from discussions in the Committee of Forty, the practical result was sending deputies with travel allowances to conduct investigations in their election districts.⁵⁴⁶ Başar also despised the Committee of Forty, arguing that it did not last 40 days.⁵⁴⁷

Along with the changes in party organization, the General Secretary of the RPP Saffet [Arıkan] was replaced by Recep Peker, known for his authoritarian tendencies and sympathy for fascist parties.⁵⁴⁸ This change also marked a shift in party rule.⁵⁴⁹

4.3.4. Resignation of İnönü Government and Establishment of New İnönü Government

The İnönü government decided to resign at unity, and in the letter of resignation, İnönü stated the withdrawal of ministers, the outburst of criticisms of the government

⁵⁴³ Başar, *Ahmet Hamdi Başar'ın Hatıraları* "Gazi Bana Çok Kızmış," 1:284.

⁵⁴⁴ "Fırka Grubunun Dünkü İçtimaina İsmet Paşa Da Geldi," *Milliyet Gazetesi*, September 28, 1930.

⁵⁴⁵ "H. Fırkasında Yeni Teşkilat."

⁵⁴⁶ Ağaoğlu, *Serbest Fırka Hatıraları*, 107–8.

⁵⁴⁷ Başar, *Ahmet Hamdi Başar'ın Hatıraları* "Gazi Bana Çok Kızmış," 1:284.

⁵⁴⁸ Ahmet Yıldız, "Recep Peker," in *Kemalizm*, vol. 2, *Modern Türkiye'de Siyasi Düşünce* (İstanbul: İletişim Yayınları, 2009), 58–63.

⁵⁴⁹ "H. Fırkasında Yeni Teşkilat."

policies and its functioning with the emergence of the new party as the reasons for resignation.⁵⁵⁰ In addition, he argued that they wanted the president to have a free hand in forming the new government.⁵⁵¹ Even though it appeared as a withdrawal in political terms, it was only formally so. It was anticipated that İnönü would be tasked with forming a new government before resignation.⁵⁵² Therefore, it seems that through resignation, İnönü sought to restore trust and tighten relations within the party and the government. In addition, it was announced that the current government would resign after the extraordinary meeting on financial regulation, which was under its responsibility, and it did so. Nevertheless, the successive events of the call for an extraordinary meeting, the resignation of the İnönü government, and the formation of a new government by İnönü appear to be moves to reassure the position of İnönü and the new government.

Following the emergency meeting, the İnönü government resigned, and as expected, İnönü was appointed to form a new government. Upon İnönü's reluctance and M. Kemal's insistence, İnönü formed the government, or it was how the story was transmitted. M. Kemal declared that if İnönü had not accepted the task, he himself had to form the government with a quiet catching expression of "Either me or İsmet Paşa," which was actually a hand given to İnönü and irrefutably served to restore trust in İnönü.

On September 27, Saturday, İnönü first presented the cabinet to the party group and then to the assembly. The cabinet was refreshed with the introduction of four new deputies. Yusuf Kemal [Tengirşenk](Sinop) was appointed to the Ministry of Justice (*Adliye Vekaleti*), Esat [Mehmet Esat Sagay] (Bursa) to the Ministry of Education (*Maarif Vekaleti*), Zekai [Aziz Zekai Apaydın] (Diyarbakır) to the Ministry of Public Works (*Nafia Vekaleti*), Mustafa Şeref [Özkan] (Burdur) to the Ministry of Economy (*İktisat Vekaleti*). The Ministries of Agriculture and Commerce (*Ziraat ve Ticaret Vekaletleri*) was transformed into the Ministry of Economy in 1928 in the previous

⁵⁵⁰ "T.B.M.M. Zabıt Ceridesi (25.09.1930)."

⁵⁵¹ "Fırkada Neler Konuşuldu?," *Cumhuriyet Gazetesi*, September 24, 1930; Yunus Nadi, "Yeni Kabinenin Siması," *Cumhuriyet Gazetesi*, September 28, 1930.

⁵⁵² "Kabinede Yapılacak Tadilat," *Cumhuriyet Gazetesi*, September 23, 1930.

government's term. İnönü kept the rest of his previous ministerial team intact. Mustafa Abdülhalik [Mustafa Abdulhalik Renda] (Çankırı) was reappointed to the Ministry of National Defense (*Milli Müdafaa Vekaleti*), Şükrü Kaya [Mehmet Şükrü Kaya] (Muğla) to the Ministry of the Interior, Dr. Tevfik Rüştü [Ahmet Tevfik Rüştü Aras] (İzmir) to the Ministry of Foreign Affairs, Saraçoğlu Şükrü [Mehmet Şükrü Saraçoğlu/Saracoğlu] (İzmir) to the Ministry of Finance, Dr. Refik [İbrahim Refik Saydam] (İstanbul) to the Ministry of Public Health and Social Assistance (*Sihhat ve İctimai Muavenet Vekaleti*).⁵⁵³ The government program was not submitted to the assembly in this session, but within a week, on October 2.⁵⁵⁴

When İnönü presented the new cabinet to the party group on Saturday morning on December 27, he also suggested that the government program that would be prepared by the cabinet be deliberated by the party group in the following three weekdays, before its presentation in the assembly.⁵⁵⁵ In the following days, the new cabinet held meetings to prepare the program in line with the outcomes of ongoing party group meetings on current issues that drew public reactions and were criticized by the FRP, such as taxes, monopolies, railways, the Agricultural Bank, the Bankruptcy and Enforcement Law, press, and abuses. In parallel, as expressed in newspapers, the expectation or hear-about was the RPP coming up with a declaration that would entail the government's ongoing policy and solutions to the current issues.⁵⁵⁶

The new government program was presented first in the party group, and the official publications presented the discussions on the new program and its unanimous approval as the “*definitive concurrence of the government and party views on the program.*”⁵⁵⁷ I would instead formulate it as the government program had to come closer to the people's needs and demands, which were transmitted through the

⁵⁵³ “T.B.M.M. Zabıt Ceridesi (The Grand National Assembly Minutes of Proceedings) Term 3, Legislation Year 3, Volume 21, Session 83 (27.09.1930),” n.d., GNAT.

⁵⁵⁴ “T.B.M.M. Zabıt Ceridesi (2.10.1930).”

⁵⁵⁵ “H. Fırkasında Yeni Teşkilat.”

⁵⁵⁶ “Yeni Kabine Perşembeye Programını Okuyacak,” *Milliyet Gazetesi*, September 28, 1930; “Program Hazırlığı,” *Cumhuriyet Gazetesi*, September 28, 1930.

⁵⁵⁷ “B. M. Meclisinin Fevkalade İctima Üzerine Dahili Siyasi Vaziyet.”

deputies in party group meetings due to the pressure presented mainly in the FRP activities but also in deputies' encounters with people in general or in their election districts. The government was moving towards the party that had to embody grassroots demands.

İnönü presented the program in the assembly on October 2. The new program and the discussion over the program between the RPP and the FRP in the assembly were highly anticipated events. The economic policy would be defined in the light of the statism after its declaration in Sivas as "moderate statism" and, more importantly, after the emergence of strong public reaction against the RPP rule and economic crisis.

In his presentation, İnönü stated that the course they had followed in the economy for years and would continue to follow was "the system of national economy," thus emphasizing that there would be no change in the general lines of the government's economic policy. As discussed before, he dated back the government's current policies to the ages. Along with the general lines, he promised to develop measures to overcome problems in agricultural production, enact the Labour Law, and improve workers' conditions. Moreover, he defined the government's monetary policy as following the longstanding monetary principles of increasing savings with a balanced budget, amending and refining taxes, protecting the value of Turkish currency, and proceeding to resolve the Ottoman debt problem. Regarding the current issues, the government promised to improve the administration of dock monopolies, but certainly not dissolving the dock companies (*Milli Tahvil ve Tahliye Şirketleri*), improving the regulations on public officials' wages to increase the benefits, amend the debt enforcement and bankruptcy law, but not return to the practices of imprisonment for private debt or abolishing proceedings without judgment, reducing the debt burden of small peasants including incoming refugees from Greece for the lands distributed by the government by way of debt (*hükümet tarafından borçlanma yoluyla dağıtılan topraklar*), and last but not least adjusting various types of taxes including land tax, building tax, income tax, livestock tax, inheritance and succession tax (*veraset ve intikal vergisi*) and turnover tax.⁵⁵⁸

⁵⁵⁸ "T.B.M.M. Zabıt Ceridesi (2.10.1930)," 35,58.

In this session, the new economy minister Mustafa Şeref [Özkan] tried to define statism, which he used interchangeably with the national economy.⁵⁵⁹ He contrasted statism with the anarchy in liberalism, emerging with the lack of state control and eventually leading to exploitation; he defined the government's understanding of statism as the state coordinating individual economic activities but not replacing them. In that understanding, the state removes the obstacles to private activities, harmonizes them, and prevents the detrimental ones. For him,

“each individual is part of the whole, complementary to the other economic activities... [The state] would always and completely hold the “dominant points” [of the economy] and thus could protect the private activities carried out by the individuals of the country.”⁵⁶⁰

This irrefutably unclear and simplistic definition was the first official attempt to define statism after its announcement in Sivas. On the other hand, in this meeting, İnönü contrasted national economy and liberalism as mutually exclusive policies, asserting that the government followed the national economy, which was certainly not against the inflow of foreign capital to the country. İnönü tried to corner Okyar in many ways, one of which was asking him to make it clear if he was against the national economy.⁵⁶¹

Fethi [Okyar] marked that the real agitators in the nation, which the official publications had tried to find out in the FRP activities, were the government's financial and economic policies, the discontent of which gathered many around the FRP. According to Okyar, The RPP's local organizations created discomfort in the public, and the RPP found a way out by changing ministers and forming a new government. He emphasized that the government changed its program regarding taxes after the FRP's criticisms of the heavy tax burden, which was accused of not being true. In addition, he criticized the unfair practices led by local officials, police, and gendarme in the municipality elections.⁵⁶²

⁵⁵⁹ “T.B.M.M. Zabıt Ceridesi (2.10.1930),” 44–46.

⁵⁶⁰ “T.B.M.M. Zabıt Ceridesi (2.10.1930),” 45–46.

⁵⁶¹ “T.B.M.M. Zabıt Ceridesi (2.10.1930),” 59.

⁵⁶² “T.B.M.M. Zabıt Ceridesi (2.10.1930),” 39.

The impact of the RPP in the formation of a new government program was refuted by the finance minister Saraçoğlu, Sivas deputy Remzi, and Besim Atalay. They commonly argued that the amendment of taxes was a long-lasting policy pursued by the government and rejected the impact of the FRP.⁵⁶³

The parliamentary held a vote of confidence for the new government at the end of that meeting. While the FRP deputies did not give a confidence vote, the remaining 261 votes were enough to form a government.⁵⁶⁴ In addition, the 1931 budget proposal had been prepared on the basis of the 1930 financial year and presented on 29 September.⁵⁶⁵ A new draft law for the reparations of the 1930 financial budget came to the floor at that parliamentary meeting on October 2, and it was accepted without any discussion with unanimity.⁵⁶⁶

Regarding the impact of the FRP, the popular discontent channeled to the FRP was formative in many respects. After the warning signs of the widespread appeal to the FRP's public activities, the RPP started reorganizing the party structure to become more receptive to the grassroots demands, which would bring about change in the party statute. The transformation of the general executive committee to the Committee of the Forty, the establishment of bureaus to directly deal with various public affairs and grassroots demands and complaints, the abolishment of the practice of specialized party inspectors, the abolishment of the trustees that had created serious grievances were the steps in the restructuring of the RPP organization to regain its strength in the grassroots.

In the face of widespread discontent, the cabinet had to resign. It was renewed with the replacement of four key ministers. Working with the RPP party group, the new cabinet produced a new program. The central tenet of ongoing government policies,

⁵⁶³ "T.B.M.M. Zabıt Ceridesi (2.10.1930)," 41–42, 64–65.

⁵⁶⁴ "T.B.M.M. Zabıt Ceridesi (2.10.1930)," 69.

⁵⁶⁵ "BCA 30-10/132-945-2," n.d.

⁵⁶⁶ "T.B.M.M. Zabıt Ceridesi (2.10.1930)," 72. It was published in the official newspaper (*Resmî Gazete*) on 18.10.1930.

which revolved around the notion of the national economy and was newly conceptualized as statism, was kept intact and developed. On the other hand, the complaints regarding the heavy tax burden arising around the country, complaints about monopolies, and problems in agricultural production were mentioned in the program to be resolved along with the promises of improving workers' conditions and enacting the Labour Law.

4.3.5. Municipal Elections

The municipal elections started at the beginning of October, which was the scene of grave irregularities. It was marked by the severe interruption of the state officers from the highest local administrative authorities, governors to the official armed forces, which was led by order of the Ministry of Interior, Şükrü Kaya himself, who sent instructions on the lines of making the RPP win the municipal elections, no matter what the cost to the governors.⁵⁶⁷ Those officials abused their power, used bureaucratic mechanisms to prevent the FRP proponents from voting, and suppressed them with armed forces if they opposed those abuses, infractions, and unlawful practices.

Emrence argues that the irregularities followed a general strategy,⁵⁶⁸ which can be defined as various uses of bureaucratic mechanisms in a way that made the RPP win. Intrigues were set through bureaucratic mechanisms to prevent the FRP proponents from voting. The FRP voters' names were removed from the voters' lists; thus, those who came to vote were declined due to the absence of their names. Again, the FRP proponents and mostly the refugees who were the FRP proponents were rejected with the reason of the absence or non-validity of their identity cards. Moreover, in big cities where the political struggle was much more fierce when the FRP appeared to gain quite an amount of votes, the officials intervened by diminishing the number of ballot boxes or the daily number of voters through armed forces intimidating the

⁵⁶⁷ Ağaoğlu, *Serbest Fırka Hatıraları*, 78; “Burhanettin Onat’ın Serbest Fırka Anıları”, in Naskali ed. Celal Bayar’ın Arşivinden Serbest Fırka Anıları, 32 in Eyüp Öz, *Serbest Cumhuriyet Fırkası ve Muhallif Ege* (İstanbul: İletişim Yayınları, 2019), 173.

⁵⁶⁸ Emrence, *99 Günlük Muhalefet: Serbest Cumhuriyet Fırkası*, 177.

voters. As a result, those strategies brought about large crowds gathering around voting places, waiting to vote but could not. Last but not least, the elections were canceled or postponed if the FRP appeared to win despite all those irregularities. Besides, vote fraud in favor of the RPP was widespread.⁵⁶⁹

In addition to those irregularities, the armed forces played an active role in suppressing the FRP proponents. In some places, police and gendarme directly intervened with the voters, and hundreds of people were arrested, including the prominent FRP leaders of the locality. In Ödemiş, the peasants who had celebrated the visit of the FRP leader with enthusiasm were arrested before the elections to prevent them from going to the poll. In Antalya, thousands who could not vote gathered in the city center and protested the malpractices. There were clashes between the protesters and police and gendarme. Soldiers opened fire on the crowd. Quite a few were injured, and many were taken into custody.⁵⁷⁰

Along with all those practices of the abuse of power, The RPP also used defaming propaganda against the FRP to erode its legitimacy and create fear of the party. The RPP members announced whenever possible that the FRP was full of the reactionary, illiterate masses against the Republican regime and ongoing reforms, full of non-Muslims whose old ambitions on Turkey were still alive, and full of leftists and communists.⁵⁷¹ This tactic was not confined to the election process; it was used to attack the FRP until its abolishment.

The election was carried out for 502 municipalities. The FRP entered the elections in 37 cities, excluding the Kurdish-populated cities in Eastern Turkey. Despite bureaucratic irregularities and abuse of power, the FRP won the elections in 40 localities, two of which were cities: Samsun and İçel.⁵⁷² The prominent victory was in Samsun, where the officials and armed forces remained within the borders law,

⁵⁶⁹ Emrence, 177–79.

⁵⁷⁰ Emrence, 179–80.

⁵⁷¹ Emrence, 172.

⁵⁷² Emrence, 183–84; Öz, *Serbest Cumhuriyet Fırkası ve Muhalif Ege*, 190–91.

and the elections were carried out lawfully. The FRP arose triumphant in many other crucial centers.⁵⁷³

M. Kemal's evaluation of the municipal elections was generally revealed in the literature with reference to one of his servants, Soyak's anecdote. One day during the elections, M. Kemal asked Soyak which party was winning, and he affirmed that the RPP was winning. M. Kemal laughed and responded, "No, sir, it is not like that at all! Let me tell you which party is winning. The winner is the Administration Party, kid! So, the gendarmerie, police, subdistrict governor, district governor, and the governors... You should know that."⁵⁷⁴

After the municipal elections were completed in October, on November 1, in the opening of the parliament, M. Kemal mentioned the municipal elections and argued that political development was only possible by forestalling the emergence of hostility among citizens, which could be sustained through whole nation holding negative view towards the insincere elements that had secret agenda and the parties avoiding the activities of those. Besides, he warned for the cautious use of the freedom of the press. Last but not least, based on experience in municipal elections, he underlined the importance of the inviolability and security of citizens' votes and pointed to the development of legislative and administrative measures besides sound and well-directed party policies in order to ensure vote inviolability and security.⁵⁷⁵

It is obvious that M. Kemal tried to develop an impartial attitude. His speech was perceived as against the irregularities and abuses led by the RPP and, as such, welcomed by the FRP, but it enraged the leading figures in the RPP. Ağaoğlu

⁵⁷³ Walter F. Weiker, *Political Tutelage and Democracy in Turkey: The Free Party and Its Aftermath* (Leiden: E. J. Brill, 1973), 115; Cem Emrence, *99. Günlük Muhalefet: Serbest Cumhuriyet Fırkası* (İstanbul: İletişim Yayınları, 2014), 183–84. Localities where the FRP won the elections were İzmir (Bergama, Kınık, Seferihisar, Şirince, Urla, Buca, Bademiye, Armutlu, Dikili, Kuşadası, Menemen, Atça, Serefhisar, Karantina), Aydın (Söke, Karapınar, Nazilli, Umurlu, Bozdoğan, Çine, Yenipazar, Sultanhisar, Germencik), Manisa (Gördes), Balıkesir (Bandırma, Susurluk), Kırklareli (Vize), Tekirdağ (Keşan), Işleburgaz (Üsküp), Malkara, Pınarhisar (Kırklareli), İstanbul (Catalca, Burgaz, Maltepe), Çanakkale (Biga), Samsun city, Amasya (Merzifon), Silifke (İçel), Osmaniye (Cebelibereket), Boğaç.

⁵⁷⁴ Soyak, *Atatürk'ten Hatıralar*, 2:436.

⁵⁷⁵ "T.B.M.M. Zabıt Ceridesi (The Grand National Assembly Minutes of Proceedings) Term 3, Legislation Year 4, Volume 22, Session 1 (1.11.1930)," n.d., 3, GNAT.

mentions Recep Peker and Falih Rıfki and conveys an anecdote with M. Kemal telling him that some friends were dissatisfied.⁵⁷⁶

In order to resolve the tension between the RPP and the FRP, M. Kemal developed a solution that would allow the two parties to form a national bloc headed by M. Kemal himself. He told Okyar his suggestion but asked him to keep it a secret for a while. Nevertheless, in a few days, it was reported in *Milliyet* that as the decision to have an opposition party was permanent, the FRP would endure and develop, but the infiltration of the harmful and reactionist elements needed to be eliminated. In this manner, two parties would form a national bloc, besides in the upcoming elections, the deputy list of both parties would be reviewed by M. Kemal, which would prevent the infiltration of non-Republican elements.⁵⁷⁷ That is to say, M. Kemal would determine both parties' candidates for the upcoming general election.⁵⁷⁸

Two days later, M. Kemal paid a visit to Okyar and said he dropped the idea of forming a national bloc. Ağaoğlu conveys in his memoirs that upon questioning by Okyar, he made an explanation that the Committee of Forty did not accept the idea of forming a national bloc besides Fevzi [Çakmak] stated that he was taking the position of a commander leaving his army.⁵⁷⁹ On the other hand, in Okyar's memoirs, it is quoted from M. Kemal that İnönü seemed to be convinced at the beginning. However, others, especially Kazım [Özalp] did not consider it possible.⁵⁸⁰ According to Ağaoğlu, at the time, Nuri [Conker] did not believe and implied to M. Kemal that the explanation was not valid. Ağaoğlu himself also did not believe and refuted that explanation.⁵⁸¹

⁵⁷⁶ Ağaoğlu, *Serbest Fırka Hatıraları*, 85–86.

⁵⁷⁷ “Gazi Mustafa Kemal Türkiyesi ve Cumhuriyet: Herşeyin Fevkinde..,” *Milliyet Gazetesi*, November 6, 1930.

⁵⁷⁸ Ağaoğlu, *Serbest Fırka Hatıraları*, 89–90.

⁵⁷⁹ Ağaoğlu, 90.

⁵⁸⁰ Okyar, *Üç Devirde Bir Adam*, 522; Osman Okyar and Mehmet Seyitdanlıoğlu, eds., *Fethi Okyar'ın Anıları: Atatürk, Okyar ve Çok Partili Türkiye* (Ankara: Türkiye İş Bankası Kültür Yayınları, 1997), 156–57.

⁵⁸¹ Ağaoğlu, *Serbest Fırka Hatıraları*, 90–91.

In the same meeting, M. Kemal not only dropped the idea of forming a national bloc but also argued that he had to take a position as the leader of the RPP and struggle against the FRP. Okyar could not fight against M. Kemal. According to Okyar, M. Kemal's impartiality was the prerequisite for his political activity as an opposition leader. He could not envisage to oppose M. Kemal under any circumstances. The first and foremost promise or guarantee that M. Kemal had given to convince Okyar was that he would remain at an equal distance to both parties. When the formation of the FRP was on the agenda, M. Kemal made an analogy to describe the political atmosphere he opted for. He would be like a father to both parties; when the tension heightened between the parties, the leaders would meet in the presence of M. Kemal, resolve the issue, and leave reconciled in peace.

Losing the ground for the existence of the opposition, Okyar suggested the closure of the FRP, and M. Kemal firmly rejected it. He insisted that they would struggle against each other. After some discussion on the issue, by November 13, there was a consent on the closure of the FRP.⁵⁸²

Okyar conveyed the board of the FRP the next day after the meeting with M. Kemal, on November 14, transmitted the summary of his meeting with M. Kemal and stated that “in this situation, there is no other choice but to disperse. I set all my friends free, but I will continue to oppose by myself”. Then Ağaoğlu and Naki said that they were in that together. In addition, it was settled that this decision would be announced one day later after the parliamentary meeting gathered to discuss the censure motion raised by Okyar. As transmitted by Ağaoğlu, in despair and mourning, they left the meeting.⁵⁸³

Okyar had initiated a censure motion against the Ministry of Interior concerning the intrigues and irregularities in the municipal elections. The censure motion came to the floor on November 15. M. Kemal was also present in his loge to follow the

⁵⁸² Ağaoğlu, 92; Okyar and Seyitdanlıoğlu, *Fethi Okyar'ın Anıları: Atatürk, Okyar ve Çok Partili Türkiye*, 156–59.

⁵⁸³ Ağaoğlu, *Serbest Fırka Hatıraları*, 94; Okyar and Seyitdanlıoğlu, *Fethi Okyar'ın Anıları: Atatürk, Okyar ve Çok Partili Türkiye*, 159.

parliamentary session. Okyar made a speech revealing irregularities and intrigues during the elections based on documents sent from the FRP voters and the FRP local organizations, most of which were also filed cases. In response, the RPP deputies made speeches accusing the FRP of inducing anarchy with provocation and not being able to control the party grassroots, which resulted in the infiltration of non-republican, anti-secular elements, reactionary forces, and communists. That is to say, rather than discussing the irregularities and intrigues led by the officials, the RPP deputies, including the Minister of Interior, counterattacked and accused the FRP of the scenes in the elections. Against the blow of accusations backed by the power of the overwhelming majority of the RPP, Okyar defended the FRP and his reputation since the accusations came to the point of discrediting Okyar personally with reference to concluding the Armistice of Mudros. Okyar found himself trying to make explanations for the accusations on his own against the RPP deputies whose number exceeded two hundred. Ten FRP deputies appear in the voting list in the parliamentary minutes. However, Ađaođlu argues that only he and Nuri [Conker] were present among the FRP deputies⁵⁸⁴. All in all, only Okyar made a speech among the FRP deputies at that parliamentary meeting.⁵⁸⁵

After the parliamentary session, it was declared that the existence of an opposition party was not possible, and the FRP was to be closed. On Saturday, November 16, the text of the public statement for the party's termination was brought to M. Kemal for review. He was accompanied by İnönü and some others from the RPP leadership. M. Kemal questioned the words of his “insistence” and “encouragement” for the establishment of the FRP; “insistence” was removed, but “encouragement” remained. There was also discussion on the phrase “it is impossible to establish an opposition party in the emergent situation.” M. Kemal questioned what the emergent situation meant, and Okyar explained that it was abandoning the idea of a national bloc and emerging as the leader of the RPP to fight with the RPP; after some discussion, this phrase also remained.⁵⁸⁶ On November 17, the FRP was terminated.

⁵⁸⁴ Ađaođlu, *Serbest Fırka Hatıraları*, 97.

⁵⁸⁵ “T.B.M.M. Zabıt Ceridesi (The Grand National Assembly Minutes of Proceedings) Term 3, Legislation Year 4, Volume 22, Session 5 (15.11.1930),” n.d.

⁵⁸⁶ Ađaođlu, *Serbest Fırka Hatıraları*, 105–6; Okyar and Seyitdanlıođlu, *Fethi Okyar'ın Anıları: Atatürk, Okyar ve Çok Partili Türkiye*, 159.

4.3.6. Anatolian Trip of M. Kemal

The day after the termination of the FRP, M. Kemal set forth on an Anatolian trip with a team of experts from the ministries, besides Tehran ambassador Memduh Şevket and Ahmet Hamdi [Başar] as M. Kemal's private counselors.⁵⁸⁷ The trip had been organized beforehand, and the goal was to examine and handle the dynamics behind the widespread social discontent against the RPP government which found expression in the FRP experience.⁵⁸⁸ At the end of the journey, M. Kemal would come out with a report that would depict the problems, put forth solutions, and function as a road map for the economic and financial changes that would lead to a move forward into a new era. The expectations from the journey and the subsequent report were very high.

The journey was composed of two parts; the first journey was launched out in the Central Anatolia basin, directed to the Black Sea region, then to İstanbul, the Thrace, Bursa, and lasting back in Ankara between November 17 to January 6; the second part again from Ankara to the Aegean region, the coast of the Mediterranean region then to Malatya, Adana, Konya, Afyon and back in Ankara and lasted from January 26 to March 4.⁵⁸⁹

With the closure of the FRP, which defended more of a liberal order in economy and politics, the regime turned to a single-party rule, and in the economy, it needed to come to terms with the crisis and popular discontent. In addition, on the one hand, the declaration of statism remained valid as the economic policy of the RPP; on the other, it was expected that a program or policy suggestions would be derived from the investigation and examinations during M. Kemal's journey.

The closure of the FRP was consequently a hot topic, which also remained a concern for M. Kemal. He denied his promises of being impartial and underlined his position

⁵⁸⁷ Başar, *Atatürk'le Üç Ay ve 1930'dan Sonra Türkiye*, 16.

⁵⁸⁸ Başar, 21.

⁵⁸⁹ For the details of the journey, see Başar, 1981, *Aydın Tarihi* vol 23-24 Issue 79-81, pp. 6824-6831; *Aydın Tarihi* vol 24, issue 82-83 pp.7052-7073, *Aydın Tarihi* vol 25, issue 84-85, pp. 7279-7294.

as the chief of the RPP several times during the journey. He defended that the conditions were not suitable for establishing the second party. At the beginning of the journey, on their way from Ankara to Sivas, M. Kemal asked, “Did we do well in closing the Free Party?” to a group composed of Şükrü [Kaya], Recep [Peker], Reşit Galip, Memduh Şevket, the General Secretary Saffet [Arıkan] and Ahmet Hamdi [Başar]. The group agreed that it was well done.⁵⁹⁰ Nevertheless, he started similar conversations about why the FRP was established and closed everywhere.⁵⁹¹

M. Kemal arrived in Trabzon on 29 November and visited the RPP office. In his meeting with the party members, reminding the opposition groups and parties’ activities and aftermath, M. Kemal argued that rather than the discussion of ideas, the clash of simple sentiments was prevalent in the name of opposition since the First National Assembly. Therefore, the RPP had to attain new tasks as the revolutionary party.

“We have to work more actively every day, as if many parties were competing with us, to spread our ideas among the masses of people and to carry them to villages. At every moment, we have to be in a condition to be able to pay the price before history, to give an account before the world. Being that much sensitive in our thoughts and activities, we eliminate the drawbacks of a political party that does not have political dissidents”.⁵⁹²

He also added that it was necessary to leave aside private interests and collaborate to realize society’s common interests.⁵⁹³

As the single-party rule turned vital for the maintenance of the regime and the RPP, it was time for the ruling cadre and M. Kemal to justify and form a new identification around the party and present that new situation as the common good.

⁵⁹⁰ Başar, *Atatürk’le Üç Ay ve 1930’dan Sonra Türkiye*, 27.

⁵⁹¹ Başar, 28–29.

⁵⁹² “Ayn Tarihi Vol. 23-24 Issue 79-81” (Hariciye Vekaleti Matbuat Umumi Müdürlüğü, December 1930), 6829, Milli Kütüphane.

⁵⁹³ “Ayn Tarihi Vol. 23-24 Issue 79-81,” 6829.

In December, within ten days, first the minister of economy M. Şeref [Özkan], then İnönü made speeches on economy and statism. In the opening of the High Economy Council (*Ali İktisat Meclisi*), the economy minister M. Şeref stated

“Citizens who opposed the intervention of the state in the past now always demand the intervention and protection of the state in both specific issues and general principles that can engender a system.”⁵⁹⁴

He argued that the tasks of the state extended,

“Today, a state must be equipped with economic components (*iktisadi uzuv*) in order to be considered full-fledged... The distinctive feature of the state is authority, but today, the scope of authority is getting narrower... It is replaced with the principle of ‘working together in unison.’ Especially Collaboratien Ekonomik (economic collaboration) ... shows aptitude for being the defining characteristic of the state. In fact, the gendarme state has become an economist state (*iktisatçı devlet*) today. Today, the state is called the economic state (*iktisat devleti*).”⁵⁹⁵

Özkan also commented on the meaning of the economy: “Economy is the foundation on which the conditions of the material, spiritual and ethical progress of a country based. Economy is not only a means for the satisfaction of the material needs”.⁵⁹⁶

İnönü made a speech on economics in the Week of Savings and Domestic Goods (*Tasaruf ve Yerli Mallar Haftası*) on December 13. He argued that in order to close the deficit in the balance of payment (*tediye muvazenesi*), which was assumed to be around 3 million sterling, there was a need to get used to the national livelihood style (*milli maişet tarzı*) and work hard for years.⁵⁹⁷ Besides, according to İnönü, it was not enough to restrict the imports and replace them with domestic goods. For national economic development and advancement, the country needed to obtain more from abroad. It was, thus, necessary to increase the capacity to import and export. In this regard, he stated:

⁵⁹⁴ “Aydın Tarihi Vol. 23-24 Issue 79-81,” 6832.

⁵⁹⁵ “Aydın Tarihi Vol. 23-24 Issue 79-81,” 6832–33.

⁵⁹⁶ “Aydın Tarihi Vol. 23-24 Issue 79-81,” 6838.

⁵⁹⁷ “Aydın Tarihi Vol. 23-24 Issue 79-81,” 6836–37.

“The real factor is in the national economy, national organization ... In the struggle towards building a national economy, the major and fundamental instrument requisite for economic equipment (*iktisadi tehzizat*) is national capital... National capital should be procured by people’s savings in the country... The National Economy and Savings Society (*Milli Ekonomi ve Tasarruf Cemiyeti*) should educate how small savings turn into national capital”⁵⁹⁸.

With regard to the burning question of state involvement in the economy, his speech was as follows:

“.... Active economic development necessitates many governmentalist (*hükümetçi*) and nationalist (*milletçi*) organizations and social measures. The intervention of the government and national organizations in every aspect of the economy seems to be indispensable. Nations were constantly organizing in the realms of defense, production, and sales... We follow the principle that the government must fulfill its duty through its auxiliary intervention and organizing the national economy in every field”⁵⁹⁹.

He ended his speech with a description of the ideal functioning of the economy, which is in line with the envisagement of an organic society based on a division of labor, free from clashing interests.

“The government and people’s organizations should function as the parts of a single economic entity. Our goal and politics are to try to achieve such harmony”⁶⁰⁰.

İnönü underlined the constructive role of the state in the economy. He, accordingly, clearly stated that the government would follow the statist economic policy for the common good, which would be achieved by reaching common goals, such as economic development of the national economy by turning the instruments of savings into national capital and national economic organizations. He presented the statist economic policy as serving the common good.

⁵⁹⁸ “Ayn Tarihi Vol. 23-24 Issue 79-81,” 6837–38.

⁵⁹⁹ “Ayn Tarihi Vol. 23-24 Issue 79-81,” 6838.

⁶⁰⁰ “Ayn Tarihi Vol. 23-24 Issue 79-81,” 6838.

The finance minister Şükrü [Saraçoğlu] resigned due to ongoing health problems. The Minister of National Defense Mustafa Abdülhalik was appointed finance minister on December 22.⁶⁰¹ Then, the Minister of Public Works Zekai [Apaydın] was appointed the Minister of National Defense. Adana deputy Hilmi [Uran] was appointed the Minister of Public Works.⁶⁰²

4.3.7. Menemen Incident

A group that was indoctrinated by Derviş Memed revolted against the regime under his leadership in Menemen district on December 23, 1930. Derviş Mehmed declared that he was Mahdi - the religious leader - and would restore the rule of Islam, the Sharia. Walking in the town, they called the villagers to participate in their struggle against the state, and around one hundred people joined them. They gathered in the town center in front of the government office and recited dhikr (*zikir*). The gendarme tried to disperse the crowd but were not successful. Around one hundred spectators were applauding. Mustafa Fehmi Kubilay was entrusted with disbanding the crowd. Kubilay and his squad came to the town. Kubilay decided to intervene on its own despite being unarmed. Upon Kubilay's solitary call to surrender, Derviş Mehmed shot him in the leg and cut his head in front of the mosque. He put Kubilay's head over a green flag and presented it to the applauding crowd. The uprising could be suppressed with the support of reinforcements in a few hours. Three people from the group, including Derviş Mehmed, besides two village guards, Hasan and Şevki died during the uproar.⁶⁰³

The ruling cadre addressed the Menemen incident as a national security issue involving the whole country and utilized it to put an end to the ongoing web of religious orders. On December 28, the interior minister Şükrü Kaya and the army

⁶⁰¹ "Maliye Vekili İstifa Etti," *Cumhuriyet Gazetesi*, December 23, 1930; "İsmet Pş. Yarın Geliyor," *Cumhuriyet Gazetesi*, December 24, 1930.

⁶⁰² "Ayn Tarihi Vol. 24 Issue 82-83" (Hariciye Vekaleti Matbuat Umumi Müdürlüğü, February 1931), 7079, Milli Kütüphane.

⁶⁰³ Umut Azak, "A Reaction to Authoritarian Modernization in Turkey: The Menemen Incident and the Creation and Contestation of a Myth, 1930–31," in *The State and the Subaltern*, ed. Touraj Atabaki (London: I. B. Tauris, 2007), 149–52.

inspector Fahrettin [Altay] came to Menemen to conduct an official inquiry.⁶⁰⁴ On December 31, the government proclaimed martial law in Menemen district and the central districts of Manisa and Balıkesir for one month starting from January 1.⁶⁰⁵ The court-martial was established, and the investigations carried out by the court-martial went much beyond Menemen. The Public Prosecutors' Office (*Cumhuriyet Savcılığı*) sent an order to all local attorneys in the country, asking them to make an inquiry on the existent religious orders or convents (*dergah*) in their districts. Thereby, many people allegedly in relation to religious orders or convents from various districts, including Kayseri, Adana, İzmit, Yozgat, Konya, İzmir, and İstanbul were taken to the court-martial in Menemen upon the local investigations.⁶⁰⁶ The court martial made trial for the defendants and sentenced many people to death and imprisonment. The court martial sentenced 37 people to death and 41 to imprisonment, then six death sentences were turned to imprisonment due to their age. The Judicial Committee suggested turning two death sentences to imprisonment, and another one sentenced to death died in the meanwhile.⁶⁰⁷ The Assembly unanimously approved the death sentence of 28 people.⁶⁰⁸

The hanging of 28 men was a bold move that was propagated as the response of the regime to what it defined as the counter-revolutionaries and reactionaries. In fact, the ruling cadre utilized the court-martial related to the local incident in Menemen to purge religious orders that had maintained their activity despite the 1925 ban all over the country. This decisive onslaught and almost complete eradication of the religious orders strengthened the regime defined with the cultural reforms and brought about total ideological dominance and control over the public arena against the dissidents

⁶⁰⁴ Azak, 152.

⁶⁰⁵ "T.B.M.M. Zabıt Ceridesi (The Grand National Assembly Minutes of Proceedings) Term 3, Legislation Year 4, Volume 24, Session 17 (1.1.1931)," n.d., 2, GNAT.

⁶⁰⁶ Azak, "A Reaction to Authoritarian Modernization in Turkey: The Menemen Incident and the Creation and Contestation of a Myth, 1930–31," 153–54.

⁶⁰⁷ The Prime Ministry Bill No. 3/564 and Judiciary Committee Report regarding the death sentences of 37 persons who inflicted the Menemen incident and attempted to violate the constitution by force in "T.B.M.M. Zabıt Ceridesi (The Grand National Assembly Minutes of Proceedings) Term 3, Legislation Year 4, Volume 25, Session 25 (2.2.1931)," n.d., 1–4, 90–92, GNAT.

⁶⁰⁸ "T.B.M.M. Zabıt Ceridesi (2.2.1931)."

of cultural reforms. On the other hand, the public support for Dervis Mehmet's group or unresponsiveness towards their brutal acts laid bare the social discontent against the regime again. There was an attempt to link this uproar with the FRP. Ağaoğlu was accused in the assembly of the affinity of the community in the region to the FRP⁶⁰⁹, but there was no evidence at all. Nevertheless, it was sure that Western Anatolia was one of the most deeply affected places by the crisis, and the FRP gained massive support in the Aegean region in general. Moreover, in Menemen, the FRP won the municipal election.⁶¹⁰ That is to say, the region had already developed discontent against the regime due to the economic crisis, and it provided a responsive ground for the movements against the regime. Therefore, while it was openly a purge against the religious dissidents, it was also the suppression of underlying economic disaffection. Taking advantage of the Menemen Incident to strengthen the regime, that goes without saying, was a remarkable step in establishing the authoritarian single-party rule.⁶¹¹

4.3.8. M. Kemal's second part of the journey

M. Kemal, with the accompanying group, started the second part of the journey in Anatolia after a short break at the end of January. During the journey, they covered the Aegean region and cities on the Mediterranean coast then turned to Malatya and concluded with the investigations in the internal Anatolia. The journey lasted till the beginning of March.⁶¹²

After his arrival in İzmir, he participated in the RPP İzmir Congress in the evening and stayed until midnight.⁶¹³ He made a speech in the congress touching upon both

⁶⁰⁹ "T.B.M.M. Zabıt Ceridesi (1.1.1931)," 9.

⁶¹⁰ Tunçay, *Türkiye Cumhuriyeti'nde Tek Parti Yönetiminin Kurulması 1923-1931*, 115.

⁶¹¹ For further details about the regime's use of Kubilay's "martyrdom" as an ideological tool, see Azak, 2007, 154-156.

⁶¹² For further details about the journey, see "Aydın Tarihi Vol. 24 Issue 82-83," 7063-73; "Aydın Tarihi Vol. 25 Issue 84-85" (Hariciye Vekaleti Matbuat Umumi Müdürlüğü, April 1931), 7279-94; Başar, *Atatürk'le Üç Ay ve 1930'dan Sonra Türkiye*.

⁶¹³ "Aydın Tarihi Vol. 24 Issue 82-83," 7064.

statism and single-party rule, which also revealed how the development of those policies was intermingled. It was the first time he made a speech on statism, following İnönü and Özkan. He stated that

“While the program our party followed is a totally democratic populist program from one aspect, it is statist from an economic point of view ... The natural tendency of our people is statist that they see right in themselves to demand all kinds of needs from the state. In this regard, there is complete congruence between the nature of our people and our party program”.⁶¹⁴

As the statism was aligned with the nature of the people, the party’s adoption of the statist policies turned out to be justifiable, legitimate, and valid at the ideological level. On the other hand, the single-party rule was legitimized by attributing the RPP a status above classes, which was also inclusive of all classes and interests. M. Kemal argues that political parties had specific and limited purposes; however, the RPP did not have limited purposes, “*it is an organization that aims to ensure the interests of the people of every class in a way that is equal, without contradicting the other.*”⁶¹⁵ As the party positioned itself above and beyond class conflicts, it gained a transcendent character so that it could treat all classes just and fairly, create harmony between the classes, and not let the infringement of rights, thus providing the common good for all. In other words, it was a moment when not only a neutral but also a common good provider state was established in the form of the party. The lines between the political party and the state faded as the party overtook the role of the state at the ideological level by attributing a neutral, all-inclusive, common good provider character, which indicated the characteristic of the single-party rule that was in construction.

After he visited the Agricultural Bank in İzmir and got information about the existing cooperatives from the peasants, M. Kemal dropped a visit to the İzmir Chamber of Commerce and made a speech in favor of the establishment of cooperatives.⁶¹⁶

⁶¹⁴ Mustafa Kemal Atatürk, “Gazi Hazretlerinin Mühim Nutukları,” *Ayn Tarihi* 24, no. 82–83 (January 28, 1931): 7067.

⁶¹⁵ Atatürk, 7069.

⁶¹⁶ “Ayn Tarihi Vol. 24 Issue 82-83,” 7071–73.

On February 18 came the news of the restructuring of the RPP central organ, according to which the central organ would be strengthened, and various branches would be constituted. Besides, the RPP deputies would be assigned to each branch. In fact, those were expected developments announced beforehand, in September 1930. In addition, it had also been announced that the party would turn to the people's association (*halk teşekkülü*) as it would detect people's needs. Here, a newly emerging theme was the role of the party acting in the name of the government and guiding the government in its affairs. The vision was that the party turned into an arena where the demands and complaints were expressed and collected at the grassroots; thus, as an actor informed by people, it would transmit those demands and complaints to the government and lead the government in policy-making. In other words, the party would function in between the people and the government. Trying to reformulate the relationship among the people, party, and government was again an attempt to provide a suitable ground for the functioning of the single-party rule. The news continues with the RPP preparing a new party statute, which was already known to the public and returned to the agenda again. In this regard, the European parties' statutes were translated and would be examined. Besides, it informs that the organization committee would gather and evaluate the reports after the festive.⁶¹⁷

In his visit to the RPP's Konya branch on February 28, he made a speech on the relationship between the citizens and the RPP. He argued that they did not envisage the citizens outside of the party cadre. There could be some who could not grasp the cause of the party; nevertheless, it was the responsibility of the party organization, the Turkish Hearts, which was a branch of the party, and teachers who should work with youngsters to explain the national and political duties. He emphasized that they would like to see all youngsters with the right to vote above 18 as party members, while those below that age should be considered prospective members and prepared as such. It was necessary to elucidate the high ideals and the principles of the program to the citizens.⁶¹⁸ Here appears the ideal of absorbing all the citizens in the

⁶¹⁷ "C.H.F. Merkezde Yeni Teşkilat Yapılacak," *Cumhuriyet Gazetesi*, February 19, 1931.

⁶¹⁸ "Ayn Tarihi Vol. 25 Issue 84-85," 7292.

party, which is not a political party among others but one and the only state party that sought the establishment of the regime. In the ideal of the ruling cadre, no space was left exempt from the party ideology; all cultural, ideological, and political areas were assimilated so that a strong popular base would be generated.

4.3.9. The renewal of the parliamentary elections

The second part of the journey was concluded with his arrival to Ankara on March 4th. After the separate meetings with İnönü, the president of the assembly Kazım [Özalp] and the president of the general staff Müşür Fevzi, M. Kemal visited the RPP center and held a meeting with the General Secretary of the RPP, the general executive committee (*umumi idare heyeti*), the party group executive committee (*fırka grubu idare heyeti*), he demanded the renewal of the parliamentary elections immediately. In addition, M. Kemal had written a letter dated March 3 to the RPP parliamentary group asking for the renewal of the parliamentary election for the reasons below:

“Our party is in a position to prove the confidence and trust of the nation in the face of the most doubtful and hesitant eyes. Once for this, moreover, in order to understand the degree of affiliation and consensus of the nation in the measures the party found suitable for implementation in the upcoming years”.⁶¹⁹

On March 4th, the RPP parliamentary group hold a meeting. M. Kemal’s letter was read and discussed. The party group unanimously accepted the proposal and decided to submit it to the assembly for deliberation. It was assumed that the assembly would function until the conclusion of the new election, through which around 70 deputies would remain out of the parliament.⁶²⁰ The national assembly summoned on March 5, the proposal was accepted unanimously, and it was clarified that until the new assembly convened, the existing assembly would continue its duty with all rights and authority.⁶²¹

⁶¹⁹ “Ayın Tarihi Vol. 25 Issue 84-85,” 7295.

⁶²⁰ “Ayın Tarihi Vol. 25 Issue 84-85,” 7294–96; “Fırka Grubunun Dünkü İçtimarı,” *Cumhuriyet Gazetesi*, March 5, 1931.

4.3.10. The Turkish Hearts

The Turkish Hearts were popular and widespread local organizations around the country defending Turkism and originated in the Second Constitutional Era. They had a periodical called *Türk Yurdu*, which dated back to 1910.⁶²²

In mid-March, the newspapers, to the surprise of many, announced that the Turkish Hearts would cease to be a separate organization. They would be transformed into the cultural organizations of the RPP. It was also argued that, in fact, they had functioned as such for the last two years, but the existence of two different organizations prevented effective functioning.⁶²³ In addition, the buildings and lands owned by the Turkish Hearts would also be transferred to the RPP. The Congress of the Turkish Hearts would be gathered before the General Congress of the RPP and would decide on that direction.⁶²⁴ The decisions of the congress, thus the future of Turkish Hearts, had already been determined before the Congress, as the members of the organization were kept out of the picture.⁶²⁵ That is to say, gathering a congress was procedural rather than decisive. A widespread organization was to be closed with the decision of the ruling cadre.

In the *Cumhuriyet* newspaper, the voice of the RPP, the news announcing the Turkish Hearts being abolished also marked that youth organizations like the fascist organization, with branches all over the country, would be established.⁶²⁶ Later, it

⁶²¹ “T.B.M.M. Zabıt Ceridesi (The Grand National Assembly Minutes of Proceedings) Term 3, Legislation Year 4, Volume 26, Session 32 (05.03.1931),” n.d., GNAT.

⁶²² Tunaya, *Türkiye’de Siyasi Partiler (1859-1952)*, 378–82; For a detailed analysis of Türk Ocakları, see Füsün Üstel, *İmparatorluktan Ulus-Devlete Türk Milliyetçiliği: Türk Ocakları (1912-1931)* (İstanbul: İletişim Yayınları, 2004).

⁶²³ “Türk Ocakları Fırkanın Hars Müessesesi Halinde Idare Olunacak,” *Milliyet Gazetesi*, March 17, 1931.

⁶²⁴ “Türkocağı,” *Cumhuriyet Gazetesi*, March 18, 1931.

⁶²⁵ Üstel, *İmparatorluktan Ulus-Devlete Türk Milliyetçiliği: Türk Ocakları (1912-1931)*, 369.

⁶²⁶ “Türk Ocakları infisah ediyor,” *Cumhuriyet Gazetesi*, March 20, 1931.

was denied, and the aim of the party was defined as dealing with the youth and guiding them in their intellectual and political education.⁶²⁷

On March 20, the Turkish Hearts General Committee of Ankara (*Ankara Türk Ocakları Heyeti Umumiyesi*), in communication with İstanbul Turkish Hearths, decided that a general extraordinary meeting would be conveyed in the first week of March and the process of devolving the Turkish Hearts would be decided in that congress.⁶²⁸

M. Kemal held a meeting with the head of the central committee of the Turkish Hearts (*Türk Ocakları Merkez Heyeti Reisi*) Hamdullah Suphi [Tanrıöver], considering the Turkish Heart's devolving to the RPP on March 23. M. Kemal's explanation was also published in the newspapers. He stated,

“There are some periods in the history of the nations when in order to achieve certain goals, it is necessary to gather all the material and moral forces and guide them in the same direction... All nationalist and republican forces must gather in one place for the safety of the country and revolution from the internal and external threats... I have found it appropriate that the Turkish hearts... work with my party... as a fully unified body. This decision is an expression of my trust and confidence in the national institution [the Turkish Hearts]. The same kind of forces should unite towards a common cause”.⁶²⁹

In fact, during his journey, M. Kemal had visited Turkish Hearths, applauded their activities, and advised the teachers in Konya to work with youth in the Turkish Hearts, besides the teachers in Balıkesir who sought to establish a teachers' association not to do so but to work in the Turkish Hearts, in the same manner guided the youngsters who established the Youth Association (*Gençler Birliği*) to unite with the Turkish Hearts, with same reason of uniting forces.⁶³⁰

⁶²⁷ “Faşist Teşkilatı Yapılacağı Doğru Değil,” *Cumhuriyet Gazetesi*, March 22, 1931.

⁶²⁸ “Kurultaya Hazırlık,” *Cumhuriyet Gazetesi*, March 21, 1931.

⁶²⁹ “Gazi Hz.Nin Beyanatları Türk Ocakları H. Fırkası Ile Niçin Birleşiyor?,” *Cumhuriyet Gazetesi*, March 25, 1931.

⁶³⁰ “Aydın Tarihi Vol. 25 Issue 84-85,” 7292, 7285, 7287.

Even though M. Kemal seemed to praise the separate organizational existence of the Turkish Hearths; he considered this organization a center of opposition, as noted by Hasan Ferit Cansever, a member of the Turkish Hearts.⁶³¹ It was mainly because the Turkish Hearths had had a close relationship with the FRP. Second, they had developed political positions opposing the RPP rule.⁶³²

Considering the close relationship between the Turkish Hearths and the FRP, some of the Turkish Hearth members were founding members of the FRP, like Ahmet Ağaoğlu, Mehmet Emin Yurdakul, Reşit Galip.⁶³³ In addition, the members of some of the Turkish Hearths' branches, especially in İzmir and İstanbul, had a close relationship with the FRP,⁶³⁴ while in Anatolia, the social bases of the Turkish Hearths and the FRP were highly linked. Later, in September 1930, it was prohibited for members of the Turkish Hearths to be a member of a political party.⁶³⁵

Apart from the FRP, the Turkish Hearths was highly politicized. Firstly, they had been established around Turkism initially in the late Ottoman period; even though restricted in the early Republican era, its support for Turkism beyond the borders of the nation state was conceived as a threat by the USSR, with whom the regime had built good relations.⁶³⁶ Second, Hamdullah Suphi, as the head of the Turkish Hearts, manifested several political engagements. In his speech in November 1930, he openly praised Mussolini and the fascist youth organizations. He urged the young to defend the national symbols against the ones that disrespect them with their writings and paintings, not wait for the gendarme, police, and courts. While guiding youth to use fascist methods beyond the framework of the regime, he also considered himself

⁶³¹ Mustafa Baydar, *Hamdullah Suphi Tanrıöver ve Anıları* (İstanbul: Menteş Kitabevi, 1968), 71–72; Tunçay, *Türkiye Cumhuriyeti'nde Tek Parti Yönetiminin Kurulması 1923-1931*, 296.

⁶³² Çetin Yetkin, *Türkiye'de Tek Parti Yönetimi 1930-1945* (İstanbul: Altın Kitaplar Yayınevi, 1983), 54–55; Üstel, *İmparatorluktan Ulus-Devlete Türk Milliyetçiliği: Türk Ocakları (1912-1931)*, 339.

⁶³³ Yetkin, *Türkiye'de Tek Parti Yönetimi 1930-1945*, 55.

⁶³⁴ Üstel, *İmparatorluktan Ulus-Devlete Türk Milliyetçiliği: Türk Ocakları (1912-1931)*, 339–48.

⁶³⁵ Yetkin, *Türkiye'de Tek Parti Yönetimi 1930-1945*, 55.

⁶³⁶ Baydar, *Hamdullah Suphi Tanrıöver ve Anıları*, 70–71; Yetkin, *Türkiye'de Tek Parti Yönetimi 1930-1945*, 58.

an alternative authority and a leader.⁶³⁷ Thirdly, in his speeches, he supported the development of grassroots organizations free from government restrictions or interventions, criticized spreading fear to sustain order, creating a blind alliance and slave mentality, and advocated rulers to prefer an order stemming from reasoning, thought, faith, and morals.⁶³⁸ In a nutshell, he was against the oppressive practices of the regime but also had fascist ideas like having armed youth under his control. Lastly, the Turkish Hearths also posed an obstacle for the regime in practice. The RPP officers considered them gaining so much power; some denoted that the RPP could not organize in places where the Hearths were organized.⁶³⁹ In addition, Uluğ İğdemir, the principal secretary of the Turkish Hearths, argued that as the Turkish Hearths Bandırma branch attempted to nominate its own candidate for the 1930 Municipal elections and made a list against the RPP, it was counteracted by the RPP and turned to a heightened issue which also paved the way for its closure.⁶⁴⁰

The regime could not tolerate the independent existence of the Turkish Hearths, conceived as a center of political opposition.⁶⁴¹ On April 10, the Turkish Hearths organized an extraordinary congress, which decided that the Turkish hearts be dissolved and devolved to the RPP with all their rights and obligations.⁶⁴²

It was a significant step in the formation of the single-party rule as the party aimed to have control over all organizations. The single-party rule sought a political environment that did not enable any authentic political existence but itself. Thus, with the Turkish Hearths being absorbed by the RPP, the process of sweeping away grassroots organizations started. Then, People's Houses (*Halkevleri*) would emerge as the RPP's cultural, ideological, and political organization within the society at the

⁶³⁷ Yetkin, *Türkiye'de Tek Parti Yönetimi 1930-1945*, 59–60.

⁶³⁸ Üstel, *İmparatorluktan Ulus-Devlete Türk Milliyetçiliği: Türk Ocakları (1912-1931)*, 342,348.

⁶³⁹ Baydar, *Hamdullah Suphi Tanrıöver ve Anıları*, 72; Yetkin, *Türkiye'de Tek Parti Yönetimi 1930-1945*, 56–57.

⁶⁴⁰ Baydar, *Hamdullah Suphi Tanrıöver ve Anıları*, 73.

⁶⁴¹ Tunçay, *Türkiye Cumhuriyeti'nde Tek Parti Yönetiminin Kurulması 1923-1931*, 298.

⁶⁴² "Aydın Tarihi Vol. 25 Issue 84-85," 7312–13; "Tarihi Karar," *Cumhuriyet Gazetesi*, April 11, 1931.

grassroots level. The attempts of dissolving and devolving to the RPP were not restricted to the Turkish Hearts, the Freemason Society (*Mason Cemiyeti*), the Turkish Press Society (*Türk Matbuat Cemiyeti*), the Turkish Reserve Officers Society (*Türk İhtiyat Zabıtları Cemiyeti*), the Turkish Women Association (*Türk Kadınlar Birliği*) repealed themselves in time.⁶⁴³ Only Turkish Hearths was incorporated into the RPP in the 1931 General Congress.⁶⁴⁴

4.3.11. Parliamentary Elections and M. Kemal's Declaration to the People

On March 26, the Assembly was prorogued until the new deputies assembled after the parliamentary elections at the beginning of May.⁶⁴⁵ Thus, the National Assembly did not function for more than a month.

The first round of the parliamentary elections was carried out between 8-19 April 1931. On April 20, M. Kemal had written a declaration for the second round of the elections.

In his declaration, he stated that “the steady and obvious characteristics of the RPP were republicanism, nationalism, populism, statism, secularism and revolutionism.”⁶⁴⁶ Therefore, before the party congress, M. Kemal expanded the party principles, including statism and revolutionism, which were later formally formulated in the congress. That is to say, the decision concerning the party principles had already been made before the party members discussed and accepted it. In that sense, the Congress was again not decisive but procedural.

⁶⁴³ Yetkin, *Türkiye’de Tek Parti Yönetimi 1930-1945*, 53–63; Zafer Toprak, “1935 İstanbul Uluslararası ‘Feminizm Kongresi’ ve Barış,” *Düşün*, no. 24 (1986): 24–29; Esat Öz, *Türkiye’de Tek Parti Yönetimi ve Siyasal Katılım (1923-1945)* (Ankara: Gündoğan Yayınları, 1992), 195; Yaprak Zihnioğlu, *Kadınsız İnkılap: Nezihe Muhiddin, Kadınlar Halk Fırkası, Kadın Birliği* (İstanbul: Metis Yayınları, 2003), 257–58.

⁶⁴⁴ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931)” (İstanbul: Devlet Matbaası, 1931), 279–80.

⁶⁴⁵ “T.B.M.M. Zabıt Ceridesi (The Grand National Assembly Minutes of Proceedings) Term 3, Legislation Year 4, Volume 26, Session 39 (26.3.1931),” n.d., 125, GNAT.

⁶⁴⁶ Mustafa Kemal Atatürk, “Reisicumhur Hazretlerinin Millete Beyannamesi” (Aydın Tarihi Vol. 25 Issue 86, April 20, 1931), 7561.

In his declaration to the people, M. Kemal defined statism as “predicating on the individual efforts and attempts, to make the state actually involved and active in the affairs that nation’s general and supreme interests required, especially in the economic realm, in order to prosper the nation and develop the country as soon as possible.”⁶⁴⁷

In addition, he argued with respect to populism that “it is one of our fundamental principles to consider the people of the Republic of Turkey as a community that is not composed of separate classes but the one divided into various occupational groups based on the division of labor for individual and social life.”⁶⁴⁸

He also put forward that the functioning of each of those occupational groups was necessary for the well-being of others and the general community. Accordingly, he formulated that “the aim of our party with this principle is to ensure social order and solidarity, instead of class struggle and to establish harmony among the interests in a way that does not contradict each other.”⁶⁴⁹

In the following pages, he asserted that the RPP would function to improve the well-being of all occupational groups. Based on observations in his trips and reports, he included the main demands of the peasants, artisans, shopkeepers, working class, self-employed, large landowners, prominent merchants, big factory owners, and state officials, besides paying court to the army members. He advocated the processing of material wealth of the country, voiced the goal of the development of industry, including factories and weaving looms, put forward the task of facilitating exports, and emphasized the development of quality standards of exports. He also mentioned that the party gave importance to the industry credit.⁶⁵⁰

Despite the RPP being the only party remaining in the political system, those were the promises of the RPP to the people in the elections to gain popular support. The

⁶⁴⁷ Atatürk, 7561.

⁶⁴⁸ Atatürk, 7561.

⁶⁴⁹ Atatürk, 7561.

⁶⁵⁰ Atatürk, 7561–63.

principles of statism and populism provide nothing new; nevertheless, it became clear that those principles would be the central tenets of the regime and the upcoming governments. On the other hand, the emphasis on achieving the common good through state-led development and the possibility of the common good that could override class interests itself were significant moments of capitalist state formation, which would be the main story in the following decades through which the capitalist relations would function, the surplus would be appropriated, and the appropriated value would be transferred among sectors in the era of statism.

The second round of the indirect parliamentary elections was finalized on April 25.

4.3.12. M. Kemal's Reports

M. Kemal prepared a report based on his observations during the three-month journey in Anatolia and submitted it in two parts: the first part on March 19, after the end of the whole journey at the beginning of March,⁶⁵¹ and the second part on April 26.⁶⁵² The second part of the report was submitted to the prime ministry and distributed to the relevant ministries. The report was highly awaited by the public. In *Cumhuriyet*, it was reported that the practice of the government would be shaped based on M. Kemal's report through the General Congress of the RPP, the deliberation of the draft laws in the assembly.⁶⁵³

M. Kemal's report had been mentioned first by Weiker;⁶⁵⁴ nevertheless, following Weiker's reference, Tekeli and İlkin could not access the document.⁶⁵⁵ It was later discovered by Gürbüz Tüfekçi among the documents in M. Kemal's library in *Müze Köşk* and *Anıtkabir* and published as a book.⁶⁵⁶ In my research in the Republican

⁶⁵¹ "Gazi Hz. Tetkiklerine Ait İlk Raporu Hazırladılar," *Milliyet Gazetesi*, March 20, 1931.

⁶⁵² "Gazi Hz. Nin Büyük Raporları," *Cumhuriyet Gazetesi*, April 27, 1931.

⁶⁵³ "Gazi Hz. nin Büyük Raporları," *Cumhuriyet Gazetesi*, April 27, 1931.

⁶⁵⁴ Weiker, *Political Tutelage and Democracy in Turkey: The Free Party and Its Aftermath*, 156.

⁶⁵⁵ Tekeli and İlkin, *1929 Dünya Buhranında Türkiye'nin İktisadi Politika Arayışları*, 205.

⁶⁵⁶ Tüfekçi, *Atatürk Seyahat Notları (1930-1931)*, 12.

Archives, I came across two documents. One was titled Ali Cenani's Journey Report, which dealt with the first part of the journey. It was typewritten and entailed handwritten notes, redacting the text, eliminating some parts, adding new parts, and organizing it. Nevertheless, the redaction kept the main text intact.⁶⁵⁷ The second one was titled M. Kemal's Journey Notes.⁶⁵⁸ It was actually the typewritten version of the redacted report. It also includes the wires sent by M. Kemal during the first part of the journey.

At the end of the journey, M. Kemal and the retinue stayed in Konya and worked on the report. In his wire to İnönü on February 26, M. Kemal informs that working together with the inspectors in Konya at the end of the journey, they formulated the basis of the report. The inspectors returned to Ankara before M. Kemal. They would put those formulations in writing and submit them to İnönü. Besides, they could submit their notes to the respective ministries and start to work on them. He notified İnönü that it would be necessary to get in touch with the inspectors a few times. Besides, completing the task would take around a week after his arrival in Ankara.⁶⁵⁹ It seems that based on the deliberations in Konya, Ali Cenani had written the first report on the first part of the journey, and then M. Kemal redacted it. In addition, the second part of the report did not exist in the Republican Archives; there were only some handwritings that would turn into the report.⁶⁶⁰ Thus, the book composed of M. Kemal's reports edited by Tüfekçi is the reference for the second part of the report.

Concerning the observations during the journey, M. Kemal and the retinue faced severe economic conditions in the country, especially the conditions of the cultivators. Cultivators' demands were mainly turned to the policy suggestions in the report. I would analyze the suggestions put forward by the report in relation to the cultivators' demands and also its statist tone.

⁶⁵⁷ "BCA 490-1-0-0/1454-34-3."

⁶⁵⁸ "BCA 490-1-0-0/34-142-1."

⁶⁵⁹ "BCA 490-1/34-143-2."

⁶⁶⁰ "BCA 490-1/34-143-2."

In the report titled M. Kemal's Journey Notes, which reviews the national budget, M. Kemal argued that it was not possible to overcome the problem of a tight budget with a greater reduction in expenses. The state affairs had been stuck in that tightness and needed to be set in motion to gain popular support. He stated, "*With the single-party rule, government power, awaiting advice (intizar vesayası), and promising-looking suggestions, it can be possible to win a couple of years, for example, one assembly term more.*"⁶⁶¹ Accordingly, M. Kemal suggested that it was necessary to be active in the realms of health, social assistance, education, public works, exploitation of underground sources and forests, and economic activities, which would bring about material development and actual outcomes in people's lives so that people feel themselves within a process of development.⁶⁶²

M. Kemal listed six suggestions, the first one being about the single-party rule. He argued for establishing unshakable government authority and raised the need to enact a protection law. The second point was about the tax regulations that would eliminate the rightful complaints. The third and the fourth points were on the necessary developments in education, health, and social assistance, respectively. The fifth point was public works, which was dominated by the construction of the railroads and its finance. He clearly stated that "*we must continue the construction of railways perseveringly.*" However, he suggested reducing the annual budget spared for railway construction in order to diminish the weight on daily lives, which was paying less in the initial years and more in the latter years. Lastly, the sixth point was devoted to the national economy (*milli iktisat*) stance. M. Kemal argued that all state affairs, law enforcement, making regulations, and taking measures should be carried out from the perspective of the national economy.⁶⁶³

He also mentioned the issues of credit, exploitation of natural resources, textiles, foreign trade, saving, foreign loans, and lastly, the formation of the main program. Under the title of credit, he argues that it was urgent to deal with agriculture and

⁶⁶¹ The term was "*fırka birliği*", when directly translated, it means "party unity" but I think it was used in the meaning of "single-party rule".

⁶⁶² Tüfekçi, *Atatürk Seyahat Notları (1930-1931)*, 113–14.

⁶⁶³ Tüfekçi, 115–16.

industrial credits. He also underlined the urgency of constructing textile factories that would meet the needs of factories and people for thread and coarse.⁶⁶⁴

Under the title of the main program, he suggested the formation of a twelve-year, three-parliamentary terms work plan. The speed of the main program should be tuned to the level at which people could feel the developments. The fiscal year 1931 was suggested as the preparation year.⁶⁶⁵

The future directions offered by M. Kemal promised the establishment of a single-party regime protected from threats through a protection law and employment of state-led economic development based on a main program hand in hand. However, those guidelines provided only a general framework upon which the economic program still needed to be formulated. The report was described by Başar, who had once been supposed to write the economic program but then lost his chance, much more like a collection of problems and short-term solutions. It did not have the characteristics of an economic program.⁶⁶⁶ Being aware of that fact, M. Kemal denoted the need to prepare an economic program that would lead to economic development.⁶⁶⁷

The suggestions in the report sought popular support for the regime, passivation of the opposition, and re-establishment of the legitimacy of the regime. When we review M. Kemal's suggestions with respect to their stance towards cultivators' demands, it appears that the demands that were directly related to the state, like taxes and or the ones concerning public/government institutions such as the Agricultural Bank and the Tobacco Monopoly Administration, were mostly integrated within his suggestions.

Firstly, cultivators' demands seeking relief from indebtedness and insolvency, namely the reduction of taxes, abolishing some taxes like the building tax or

⁶⁶⁴ Tüfekçi, 116–18.

⁶⁶⁵ Tüfekçi, 119–20.

⁶⁶⁶ Başar, *Atatürk'le Üç Ay ve 1930'dan Sonra Türkiye*, 122.

⁶⁶⁷ Tüfekçi, *Atatürk Seyahat Notları (1930-1931)*.

wasteland tax, amelioration of the ways the taxes were collected and levied, second the demands opted to resolve the problems of lack of credit and dispossession, such as amendment of the institutional credit sources like the AB and the Tobacco Monopoly Administration, demand for a sufficient amount of credit with low-interest rates and long durations, at the same time also separately lowering the interest rates or extension of the terms of existent agricultural loans, the establishment of local bank branches and cooperatives, besides abolition of usury were entailed in the suggestions.⁶⁶⁸

Based on the successful experience of cooperatives in İzmir, he suggested the formation of production and sales cooperatives in the region and later in the country. Cooperatives were considered the optimal solution for financing agriculture in the medium term. In the short term, the transfer of capital to the AB was regarded as the only solution to the lack of credit in agriculture. The AB also supported the establishment of the cooperatives, and it was supposed to turn into the bank of cooperatives in the middle term.⁶⁶⁹

On the other hand, he also suggested the formation of a rural home industry along with sufficient agricultural lands for the development of peasants' self-reliance. He posed that having enough land to produce their food and access to looms, orchards, and vineyards to produce their essential needs like textiles, shoes and sugar, cultivators would not need to go to the market for their basic necessities.⁶⁷⁰ It would keep them, so the country immune to the economic crisis. Thereby, the AB should provide credits for equipment and land (*tesis kredisi*) and circulating capital for the establishment of the rural home industry. This source would not be used by individual cultivators but rather nurseries, orchards, and seed and breed improvement stations. Mouldboard plough and loom factories would be established, and the products would be provided with long-term credits. It was made explicit that those

⁶⁶⁸ Tüfekçi, 97–101.

⁶⁶⁹ Tüfekçi, 107–10.

⁶⁷⁰ Tüfekçi, 99–100, 105.

were not short-term plans; instead, they could be carried out through detailed programs and long, laborious work.⁶⁷¹

Suggesting the formation of a rural home industry for cultivators' necessities, M. Kemal did not integrate the cultivators' third category of demands in their struggle for subsistence, which included cheapening necessity goods under monopoly and diminishing the indirect taxes for necessities.

The fourth category of cultivators' demands were the ones opted to solve the livelihood distress, such as government support for agriculture and husbandry, provision of agricultural tools and inputs, reduction in the prices of production inputs like salt, pest control, the establishment of seed improvement stations, agro-industrialization. M. Kemal witnessed the conditions of agriculture in the crisis and recognized the need for state support, he integrated most of the demands raised by the cultivators.

In addition, M. Kemal acknowledged that the main weight of indirect taxes fell upon the peasantry,⁶⁷² while the industrialists were exempted from many financial obligations and gained incentives with the Law for the Promotion of Industry. It was only the internal turnover tax that the industrialists were weighed. On that basis, he rejected the abolition of the turnover tax and stated that the protection of industry should be accompanied by the protection of husbandry and suggested tuning the amount of livestock tax with the prices of animal products, the abolition of taxes on the yoke of oxen, or reduce by half the amount of taxes on domesticated animals.⁶⁷³

It was apparent in the whole text that he and his team take the regulation on taxes seriously. The first report, according to its very introduction, was supposed to be submitted at the end of the first part of the journey in January 1931, with the urge to convey the suggestions on taxes, which had been examined and deliberated by the inspectors from different ministries participated in the journey, to the government

⁶⁷¹ Tüfekçi, 99–100.

⁶⁷² Tüfekçi, 37.

⁶⁷³ Tüfekçi, 33–34.

that was in the process of preparing the draft laws for tax regulation.⁶⁷⁴ Nevertheless, it was submitted on March 19, after the end of whole journey at the beginning of March. Furthermore, that delay overlapped with M. Kemal's wire to İnönü at the end of February. The document had redacted and before the redaction, he had noted that the journey report had entailed suggestions on taxes that depended on the examination of the draft laws (*tadil layihaları*) and the inspections in the second part of the journey. He had underlined that the draft law on livestock tax had not been delivered to them. Then those parts regarding taxes were under erasure in the redaction of the document, on the other hand, which was clearly transmitted was that he thought it was not necessary to rush the bill on tax regulations through the assembly. Considering also the phrases "as you know" and "we would talk on the issue thoroughly in Ankara" that were eliminated in reduction, a change occurred in the conditions and possibly there were other emerging factors that resolved the urgency for making tax regulation in the eyes of the ruling cadre.⁶⁷⁵

To sum up, he developed positions favoring the cultivators to a large extent, nevertheless, the necessary actions to be taken within the so-called program remained undetermined. Thereby, the following steps would be shaped by the dynamics of class relations in time. For example, the emphasis on strengthening available agricultural credit sources, or the establishment of nationwide agricultural cooperatives would merge into the background, while the tax regulations to ease the cultivators' economic conditions would be carried out in 1931 summer.

4.3.13. General Congress of the Republican People's Party in 1931

The RPP General Congress was held between 10 and 18 May 1931 in Ankara. M. Kemal delivered the opening speech, reminding that the first party congress was the Sivas Congress in 1919.⁶⁷⁶

⁶⁷⁴ "BCA 490-1-0-0/1454-34-3"; "BCA 490-1-0-0/34-142-1."

⁶⁷⁵ "BCA 490-1/34-143-2."

⁶⁷⁶ "CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931)," 1.

It was followed by the Declaration of the Party Chairmanship in the Opening of the RPP's Third Congress (*CHF III Üçüncü Büyük Kongresinin Açılmasında Umumi Riyasetin Beyannamesi*) (the Declaration of the Chairmanship), which was delivered by İnönü as the vice president of the party under the titles of domestic politics, international politics, education, social and health policy, lastly economy and public works. Along with the assessment of economy and developments in public works, balance of trade, self-sufficiency, promotion of national industry and consumption of domestic goods, credit institutions, cooperatives, promotion of national saving, railway construction, marine transportation, establishment of a central bank, protecting the value of Turkish liras, protectionism through tariffs, fiscal policies and fiscal reform were the main issues touched upon. The declaration did not mention the world economic crisis and the crisis in Turkey, nevertheless, argued against the contempt raising against the taxes.⁶⁷⁷

The congress functioned through the work of three committees, namely the Statute and Program Committee (*Nizamname ve Program Encümeni*), the Bills Committee (*Layihâ Encümeni*) and the Account Committee (*Hesap Encümeni*). They were formed via election by the deputies in the Congress. The committees discussed the relevant issues and came up with reports to be deliberated by all participants of the Congress. The process brought about the development of decisions including change in the party program and statute, decisions about demands and complaints in the wish lists. In addition, the party deputies that were not elected to those committees could participate the committee sessions. Cabinet members were supposed to be at the service of the committees. They could be called out for any matter and asked for information and details.⁶⁷⁸

After the election of the committees, the party chairmanship submitted the documents that would be analyzed in the committees. Among them were the wish lists of provincial congresses that had been held across the country and transmitted to the party center; the responses of relevant ministries to the wishes, a summary and

⁶⁷⁷ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 9–10.

⁶⁷⁸ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 11.

categorization of those demands under twenty-three items and a table identifying those demand categories with the cities. Those documents were transmitted to the Bills committee to be reviewed.⁶⁷⁹ Besides, the summary of the provincial congress wish lists were delivered all deputies in the Congress.⁶⁸⁰ The wish lists of provincial congresses are the documents that I have used in Chapter 3 to analyze the cultivators' demands and complaints.⁶⁸¹

The Bills Committee was elected to examine the wish lists. The committee analyzed the demands raised in the provincial congresses, the replies given by the ministries, with the attendance of ministers. Besides, the motions that would be raised by the deputies during the General Congress were transmitted to the Bills committee for to be reviewed. Among all those demands and suggestions, some had administrative character, and some were related to the budget. They were left to the extent of fiscal capacity of the budget that would later be enacted in the assembly. The outcome of the committee work was discussed in the General Congress and transmitted to the General Secretariat of the RPP to be followed by ministries and the assembly and conveyed to the cities and the report of the committee were deliberated, just like the demands in the provincial congresses' wish lists.⁶⁸²

The congress gave a two-day break for committees to work. The course of the congress after that break was the discussion of the committee reports namely the report prepared by the account committee, the draft party program revised by the program and statute committee, the report prepared by the Bills committee on the wish lists and the responses from ministries and the draft statute revised by the statute and program committee. Even though there were instances of heated discussions, at the end they were accepted unanimously.

⁶⁷⁹ "CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931)," 18-19.5/18/2024 10:32:00 AM

⁶⁸⁰ Cumhuriyet Halk Fırkası, "CHF Vilayet Kongreleri Temenniyatı Hülasası."

⁶⁸¹ The wish lists of fifty-three cities were available. Gümüşhane and Van had held their congresses lately, their wish lists had not arrived at the general congress. The party organization did not make congresses in Muş and Siirt. The RPP did not have party organizations in Beyazıt, Diyarbakır, Elazığ, Hakkari, Mardin, and Urfa. the remaining fifty-three cities had hold congresses and transmitted the wish lists. The party center analyzed these demands, conferred the relevant ministries (CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931), 18).

⁶⁸² "CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931)," 108.

The draft party program and the statute had been prepared by the party council, examined by the members of the government and General Chairmanship Council of the Party (*Umumi Reislik Divanı*). The draft party program was delivered to all participants of the Congress.⁶⁸³ The statute and program committee formed in the congress analyzed and accepted the program with some editing of the text and some additions to the parts of education, economy, finance, and judiciary. The revised draft program and was submitted for the deliberation and approval of the General Congresses. After deliberations and minor changes, the party program was accepted.⁶⁸⁴ The same process was followed for the statute as well, that is the draft was deliberated and accepted in the Congress.⁶⁸⁵

The review of the wish lists from the provincial congress was one of the main tenets in the Congress. I have used the wish lists in Chapter 3 to identify the demands and complaints of the cultivators, and in this Chapter, I note the responses given by the ministries and other relevant official institutions to the demands raised by the cultivators, besides the conclusions of the Congress. Following the thread coming from below in the form of wish lists, started to be weaved into policies or principles in the Congress and the succeeding step of policy making in the government, I would reveal the character of the decisions made in relation to those demands.

Regarding the main problem of insolvency and indebtedness, the cultivators complained about the diminished earnings, loans above their solvency and demanded the abolition of some taxes, reduction of the taxes, and the amelioration of the ways taxes were levied and collected. In the Declaration of the Party Chairmanship, it was stated that aiming to resolve the grievance against the taxes, the financial reforms would continue.⁶⁸⁶ In addition, the article quoted below was accepted unanimously and included in the party program:

⁶⁸³ “1931 Senesi Büyük Kongresine Takdim Edilmek Üzere Hazırlanan Cumhuriyet Halk Fırkası Program Projesi” (Hakimiyeti Milliye Matbaası, 1931), GNAT.

⁶⁸⁴ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 24–89.

⁶⁸⁵ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 227–79.

⁶⁸⁶ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 10.

“trying to make net income the basis of tax assessment as much as possible, the improvement of the existing tax regulation in a practical and functional way with the approach of reducing the tax burden to the level that does not go beyond solvency will be continued”⁶⁸⁷

Finance Minister Abdülhalik [Renda] made explanation in response to the demands for the reduction of taxes in the wish lists. He stated that the assembly was already in the legislation process for the reduction of the livestock tax and land tax.⁶⁸⁸

The Bills Committee formulated the amelioration of the road tax in response to the demands in the wish lists, in the meetings attended also by the Prime Minister İnönü and the Public Works Minister Hilmi [Uran]. In the wish lists, the demands regarding the road tax were roughly the reduction of the tax, the reduction or the abolition of the compulsory work, not making the workers work in remote regions, the return of the 50 percent share of ministries to the provinces. the Bills Committee suggested the reduction of the ministries share to 15 percent, reduction of the road tax to six liras and leaving general council (*vilayet meclisi umumisi*) a room to add on the road tax up to two liras, besides, the equation of eight days work to six liras and ten days work to eight liras.⁶⁸⁹ This suggestion was discussed; other motions were also raised. Nevertheless, at the end of the discussion, the formulation of the Bills committee was accepted.⁶⁹⁰ It is clearly seen that the demands raised by the cultivators were taken into consideration and resulted in at least a refinement of the road tax in the Congress, and reduction of the land tax and livestock tax in the assembly and the government.

Facing indebtedness, urgent need for credit to finance taxes, loans, consumption needs and production inputs but the lack of credit, the cultivators demanded the amendment of credit institutions, especially the Agricultural Bank (AB). They asked for sufficient amount of credit with low-interest rates and long duration, thereby

⁶⁸⁷ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 78.

⁶⁸⁸ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 120–22.

⁶⁸⁹ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 147.

⁶⁹⁰ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 147–57.

increasing the capital of the AB. They requested the AB to restructure the debt payment and forgive some debts. Another group of demand was the establishment of new safe credit channels, establishment of local bank branches of other banks, and lastly establishment of cooperatives.

The declaration of the Party Chairmanship in the opening of the Congress touched upon the credit problem, promised to develop credit institutions, mentioned the actualized developments like national banks and credit cooperatives. In declaration, the Party Chairmanship declared that the struggle against high interest rates would be waged by increasing the AB's active capital and accelerating the number of cooperatives.

In the draft party program presented by the Statute and Program Committee, Article 2 in the third part under economy title was read as "*ensuring convenient access to inexpensive credit was the main goal*"⁶⁹¹ and Article 4 as "*equipping the cultivators with economic institutions like credit and production cooperatives and advancing and improving those institutions are the goal.*"⁶⁹² In addition, the Agricultural Bank was conceived as the central organ for agricultural credit supply.

"The necessary measures will be taken to put the Agricultural Bank, which is the main institution of the agricultural credit, under legal ownership and inspection and to concentrate its activities rather in agricultural realm. Increasing the bank's capital to a level that could procure the development of agricultural activities will be our fundamental subject matter of our work".
p.38

This article was followed by a heated discussion on cultivators' severe conditions due to the dramatic fall in the prices of agricultural products, especially cereal and wheat. Some deputies sought for government support to ease cultivators' hardship and incorporation of it as a principle in the party program. In addition, the amelioration of the Agricultural Bank to support cultivators and agricultural production was also discussed.

⁶⁹¹ "CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931)," 37.

⁶⁹² "CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931)," 38.

The dramatic fall in agricultural products prices and its drastic effect on the cultivators' living standards and conditions of agricultural productions had been the main agenda of the country. It became apparent with the FRP and scrutinized by M. Kemal and accompanying team in their Anatolian tour. The provincial wish lists also reflected the grievances and demand for the recovery. Thereby, it was not surprising that the fundamental discussion occurred on that very issue. In parallel, with the same reason, the dissertation is centered around this theme. I will deal with the discussion on the Agricultural Bank first under the title of credit then the role of government in the improvement of the cultivators' conditions and agricultural development will be discussed under the title of production.

Throughout the discussion the deputies raised suggestions on the amelioration of the Agricultural Bank. In opposition to the formulation of concentrating the Agricultural Bank's activities rather in agricultural realm in the Article 4, many deputies advocated the devotion of agricultural banks activities exclusively to the cultivators excluding the merchants. On the other hand, certain deputies considered the AB's lending to the merchants was beneficial practice for the economy in general.⁶⁹³ Some deputies proposed the reduction of the AB's interest rates,⁶⁹⁴ while others claimed that the interest rates were not high.⁶⁹⁵ Nevertheless, the Article 4 was voted and went through without any change.⁶⁹⁶

The Bills Committee also worked on the demands about the AB in the wish lists. In response to those demands and complaints, the general manager of the AB made an explanation. The general manager stated that the bank capital had been increasing gradually with the annual collection of the shares to assist public improvement (*menafi hissesi*) that were 6 percent of the land tax. He stated that it would be possible to open branches only for the places where the expenses could be covered. Moreover, the bank recently opted for establishing cooperatives in the absence of

⁶⁹³ "CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931)," 221–22.

⁶⁹⁴ "CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931)," 48.

⁶⁹⁵ "CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931)," 58.

⁶⁹⁶ "CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931)," 72.

branches. The interest rates were not high; it was not possible to lower the interest rates or to extend the duration.⁶⁹⁷

Nevertheless, after the discussion, the Bills Committee decided the reduction of the AB's interest rates. Other demands were left to the Bank's decision.⁶⁹⁸ It was an important step, even though the Agricultural Bank refuted the cultivators' demand for lower interest rates who were in the grip of usurers and in urgent need for cheap credit, the committee pushed the AB to lower the interest rates. On the other hand, it did not take position on other demands or suggestions like longer durations or the devotion of the AB's activity to the agricultural credit excluding the merchants. The Bill Committee's report on the Agricultural Bank and other banks was accepted by the delegates.⁶⁹⁹

Regarding the demand for opening of local branches of other banks, the Emlak Bank and İsbank managements gave responses. Upon the demand for opening the Emlak Bank branches in Çankırı, Giresun, Muğla, Yalova, Menemen, Tarsus, the Emlak Bank General Council decided that there would not be any new branches except Ankara, İstanbul, İzmir, and Samsun. İşbank General Director and İzmir Deputy Celal stated that the branches had been opened in Malatya and Fatsa. It was necessary to make a detailed investigation before opening branches in Fethiye and Cebelibereket. there was no need for a branch in Dikili. The bank would not open a branch in Osmaneli due to the lack of transactions.⁷⁰⁰

The cultivators facing sharp decline in purchasing power struggled for subsistence and raised demands for cheapening of necessity goods under monopoly and reduction in the taxes on forest products. Nevertheless, even though the difficulty in earning livelihood was touched upon, there was not an attempt to reduce the indirect taxes on the necessary goods under monopoly.

⁶⁹⁷ "CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931)," 220–21.

⁶⁹⁸ "CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931)," 221.

⁶⁹⁹ "CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931)," 227.

⁷⁰⁰ "CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931)," 227.

With the fall in the prices of agricultural products, the cultivators fell into indebtedness, and many lost their animals and lands. The agricultural production ceased to be means of livelihood. The conditions and outburst of discontent are portrayed in the previous chapters. The repercussions of the economic crisis were widespread and deep for the cultivators. It was a fundamental problem at the time and turned to a central theme during the discussion in the Congress.

Upon the discussion on the Article 4 in the economy part of the program, the delegates suggested that the conditions of the cultivators and the necessary measures for recovery should be included in the program. Nevertheless, the others refuted this suggestion for those conditions being temporal while the party program needed to include permanent principles.⁷⁰¹ Some delegates asked for the inclusions of a principle declaring the protection of the cultivators, development of agriculture but it was refuted. They suggested government looking after the balance between the production costs and price of cereals and to deal with the repercussions of the downfall in the prices. More specifically the delegates came up with different forms of government support that could be offered to alleviate the conditions for the cultivators. They were mainly giving premiums, subsidies or extra relief to the cultivators, government purchase of agricultural export products with reasonable prices, taking measures to distribute the loss that agricultural producers faced, to the consumers in general, protection of agricultural products through tariffs even prohibition of the export of wheat and alike, free transportation of cereals on the trains of the State Railways, government control over agricultural production, restriction of certain products to certain areas.⁷⁰²

Kütahya deputy and the RPP General Secretariat Recep [Peker] was against the inclusion of government support to the cultivators as a statement in the program, to refute a change in the Article 4 within that direction, he proposed to formulate the amendment motions as wishes and transfer them to the Bills Committee, besides proposed to put the Article 4 verbatim to the vote.⁷⁰³ İzmir deputy Vasıf who

⁷⁰¹ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 38–72.

⁷⁰² “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 38–72.

⁷⁰³ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 55, 66, 71.

suggested government support in the form of subsidies or premiums insisted on the transfer of amendment motions to the Program and Statute Committee to be able to have an impact over the content of the program.⁷⁰⁴ Therefore, it was a moment of a political struggle because the transfer of motions to the Bills Committee was a way to exclude those suggestions from the process of program and statute making. The motion of Peker was voted and accepted. Accordingly, the motions were transmitted to the Bills Committee to be discussed as wishes just like the demands and complaints in the wish lists. In addition, the article on agricultural production was voted and went through verbatim.⁷⁰⁵

As has been mentioned the Bills Committee prepared a report on the provincial wish lists and the responses of the ministries to them. This report was read and discussed in the congress and put to vote at the end. The cultivators asked for government support and the wish lists were full of different forms of supports cultivators sought for like provision of inputs, tools for agricultural production. During the discussion over that report, some deputies advocated the government support to the cultivators, namely the government purchase of the remnant products, provision of agricultural tools like mouldboard plough (*pulluk*) at cheaper prices, establishment of agricultural stations and institutes for the development of technique of farming and husbandry both for protection from illnesses and advancement.⁷⁰⁶

Land distribution, one of the most controversial issues, came on the agenda in the congress. The demand for the distribution of land was raised in various provincial congresses. In addition, in the General Congress Denizli Deputy Ali Rıza made a motion asking for the distribution of large national estates (*emlakı milliye*) according to the Due Law (*Borçlanma Kanunu*).⁷⁰⁷ The finance minister Abdülhalik [Renda] argued that the state-owned lands were distributed to peasants in exchange for the designated price. It was a principle for the state not to keep lands that could

⁷⁰⁴ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 68.

⁷⁰⁵ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 72.

⁷⁰⁶ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 170–91.

⁷⁰⁷ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 192.

generate revenue. On the other hand, he stated that the expropriation of private land for distribution was related to the budget constraints, fiscal capacity.⁷⁰⁸

Agricultural raw material production was on the agenda with its role in the economic growth. The draft program entailed concerns regarding raw material producers. In Article 5, part 3, it was stated that “small and big industry will attain protection which will be in accordance with the interests of raw material producers”. Kocaeli deputy A. Asım raised a motion that suggested the addition of the expression that “improvement and production of especially raw materials would be promoted and protected” to the Article 5.⁷⁰⁹ For him, it was expected that the industry whose raw material was produced in the country would flourish more. Nevertheless, the Article 5 passed with only grammatical correction, without a change in content.⁷¹⁰

Kocaeli deputy Asım tried to clarify his point of view in the discussion on the Bill Committee report. He posited that the development of industry was highly linked to the development of raw material production. He gave the examples of cotton growing, mulberry tree growing, and wool growing. He did not mean to put effort only to raw material production, but rather a parallel development.⁷¹¹ He opted for domestic goods manufactured in big factories using domestic raw materials, which was a popular ideal at the time.⁷¹² It was an example of vertical integration strategy coupled with the agro-industrial development which apparently refer to the processing of agricultural raw materials to industrial or semi-industrial products. This strategy, not being conceptualized yet, was shared as an ideal widely at the time.

On the other hand, he argued that it was not possible to produce only from domestic raw materials. Many industries used imports as input. Thereby, according to him, it

⁷⁰⁸ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 121.

⁷⁰⁹ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 71.

⁷¹⁰ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 76.

⁷¹¹ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 172.

⁷¹² “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 192.

would not be beneficial to rush for domestic material use without taking into consideration the range of domestic raw material production in the country.⁷¹³ He argued that he was in favor of the protection of industry, but again opted for parallel protection for the raw material production, which together would lead to the economic growth.⁷¹⁴ He instilled a discussion on the character of protectionism and argued that “protectionism is making sacrifices today to gain in the future. Nevertheless, if it becomes permanent, if protectionism is only depended on to patriotism, nationalism (*hamiyeti milliye, hamiyati vataniye*) like in the Second Constitutional era, it will be ceased.”⁷¹⁵ On the other hand İstanbul deputy Sadeddin warned that industrial production was not only composed of raw materials and shed light on the other components.⁷¹⁶

4.3.13.1. Statist Policies

In the wish lists there were numerous demands for the establishment of a factory that would process the agricultural goods produced in the region. Tobacco, textile factories, hemp and twine factories, canning factories. In discussions of the Bills Committee report on the wish lists various deputies raised motions for establishment of factories like spirit factory for the regions of viniculture, textile factory for processing cotton, twine factory for hemp or regeneration of an old cotton factory by the state. The demand for establishment of a factory accompanied by the demand replacing the imported goods with the domestic ones.⁷¹⁷ This can be seen as the seeds of import substitution industrialization.

On the other hand, there was also opposition to the establishment of state-owned factories. Erzurum deputy Necip Asım refuted the demand of the establishment of hemp factory by the state in Kastamonu. He argued that those enterprises should

⁷¹³ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 171–72.

⁷¹⁴ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 188–89.

⁷¹⁵ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 189.

⁷¹⁶ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 185.

⁷¹⁷ “BCA 490-1-0-0/500-2011-1.”

have been established by the people themselves. The government should not be the sole address for every issue.⁷¹⁸ That is to say, he took a stand against the establishment of a factory by the state, and he expected this demand be actualized by the initiative of the people themselves. It is important to identify the opposition at the time since the statism has not been clearly formulized yet embraced yet.

4.3.13.2. Import Substitution

At the time the consumption and production of domestic goods had been promoted with the ideal of replacing the import goods. During the discussion on the Bills Committee report, İstanbul deputy Sadeddin, advocated the promotion of the consumption of domestic industrial goods for the industrial development. He gave a motion and suggested making domestic products obligatory for the ones that got salary and wages from the state. He predicted that facing increasing demand the manufacturers would open new factories. In other words, he opted for development of industry increasing production of domestic goods through increasing demand for domestic products. He gave the example of Bulgaria making such a law that imposed the obligation of domestic clothes for the state officials and benefited from it, witnessing the development of textile industry.⁷¹⁹ Aydın deputy Tahsin also referred the positive consequences of the law legislated in Bulgaria, and suggested taking a similar measure.⁷²⁰

Another motion was raised by Bilecik deputies Hayreddin, Hilmi, and Hakkı, and Yozgat deputy A. Hamdi. They argued that for the development of national industrial enterprises, it was necessary to create demand for domestic products and signaled the fact that it had been discussed a lot but could not be achieved. They suggested that when a disadvantaged, aggrieved person appeared before the one that had superior position, they should be paid tribute as much as they wore domestic goods. They

⁷¹⁸ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 196.

⁷¹⁹ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 159.

⁷²⁰ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 192.

believed it would give an impetus to inclination towards domestic goods; thus, offered this attitude to be a principle for the party.⁷²¹

The understanding in those cases was increasing the demand for domestic goods in forced or encouraging manner, thus replacing import goods with the domestic ones for the development of industry. All these emphasis on the consumption of domestic goods appears to be the primitive version of import substitution industrialization.

Industrial development being considered a goal for quite a while, it was also mentioned in the Declaration of the Party Chairmanship, as might be expected. It was stated that the party had opted for “consistent and powerful impact on the development of national industry”, the developments in sericulture and silk industry were put forward as considerable achievements in the meantime. In addition, the policy of increasing the demand for national products through state apparatus itself and the National Economy and Savings Society was underlined.⁷²²

In the Congress, the statism and revolutionism were accepted as party principles, along with the previous our principles of republicanism, nationalism, populism, secularism.⁷²³ Statism was defined as

“Although considering private work and activity a basic idea, it is one of our main principles to interest the state actively in matters where the general and vital interests of the nation are in question, especially in the economic field, in order to lead the nation and the country to property in as short time as possible”.

In the economy part, it was apparent that the state would involve in all aspects of the economy, like credit, agriculture, trade, industry, public works, natural resources through monitoring, regulating, improving, promoting, protecting, generating proper conditions and alike.⁷²⁴ However, these notions appeared more like vague definitions the content of which was not clear and would be shaped within the process of class conflict.

⁷²¹ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 219.

⁷²² “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 9.

⁷²³ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 30.

⁷²⁴ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 31–78.

The position of the party with regard to the statist industrialization was not yet clear either. In the discussion on the Article 5 of economic part which suggested the provision of capital to the Bank for Industry and Mining, İstanbul deputy Hasan Vasıf questioned if this measure would be beneficial for the development of the entire industry in the country. He argued that the Bank was beneficial only for the factories owned by itself, not interested in the rest of factories or the industrial sector in general. On the contrary, it inflicted damage upon it.⁷²⁵

He argued that involving in the smallest industrial enterprises like shoemaking, the bank turned to be a rival manufacturer in competition with craftsmen. It had also the extra advantage of being exempted from taxes and damaged the small manufacturers financially. He gave the example of the detrimental effects of the competition with Beykoz Shoe Factory for small shoemaker. Thus, he suggested that rather than having its own industrial enterprises, and getting into competition with manufacturers, which was detrimental to them; the bank should finance the manufacturers. He argued that through financing manufacturers, state would still be actively dealing with the realm of economy. In addition, industrial enterprises that necessitated huge capital could be handled by the bank but not the smallest industrial enterprises.⁷²⁶

He was afraid that if more capital was transferred to the Bank, then that functioning would continue to damage the small craftsmen or small manufacturer financially which was against the goal of protecting the industry. He declared that the manufacturers' demand was use of the capital that would be transferred to the bank for financing the small manufacturers.⁷²⁷ From this point of view, state activity in economy was limited to the promotion of private producers, and establishment of enterprises that necessitated too large-scale capital investment which could not be handled by private initiative.

Economy Minister Mustafa Şeref responded to the concerns of Hasan Vasıf, he stated that the Article 5 did not enunciate the establishment of new factories under

⁷²⁵ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 73.

⁷²⁶ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 74.

⁷²⁷ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 74.

the administration of the Bank. Besides, the regulations of the Bank opted for turning the existing factories under its administration to private enterprises as soon as possible. Following this principle, in two years, those factories would turn to private enterprises.⁷²⁸ He also reported in response to the demands in the wish lists that they consider the amelioration of the Bank which would implicate the separation of the enterprises from the bank.⁷²⁹ In other words, the government did not consider maintaining the industrial enterprises under its administration, it was not then clear if it would establish the new factories either. Nevertheless, it was apparent that they did not want to damage private enterprises. In addition, the economy minister defined in a way that eased the concerns on behalf of the private sector.

“Statism does not mean to enter in commercial or industrial activity itself and earn make profit. Statism organizes, inspects, protects, examines; if necessary, administrates itself as public service. ... predicating upon private enterprise, statism administrates as publics service without concern for profit, opting for common interests [where private enterprises fell short].”⁷³⁰

Another definition of statism was put forward by the Eskişehir deputy Emin. He argued that the economic program was sufficient, but the problem was in its application. He suggested to take into consideration various factors to improve the implementation of the program. These were the domestic goods and economic resources in the country, changing economic trends in the world, the state expenditures under those new conditions and adjustment of it, the international agreements between states. He thought that the state needed to take action in all those realms. In his words, “the intervention of state in all affairs became a requisite.”⁷³¹

He suggested formation of an economic council or regeneration of the High Economy Council (*Ali İktisat Meclisi*) into an association composed of experts, producers of the domestic products, scientist, powerful people that could consult the

⁷²⁸ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 75.

⁷²⁹ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 158.

⁷³⁰ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 75.

⁷³¹ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 164.

foreign experts, guide the national assembly in economic affairs and lead to the path that would be followed in those hard times.⁷³² In addition, the economic council would identify the rate of taxes, necessary food, and clothing in each village. He argued that statism suggested those activities.⁷³³ At another point in his speech, he also claimed that statism required state to protect the interests of all classes.⁷³⁴ All those responsibilities of the state in statism were related with the idea of the state as omnipotent that could control, organize, and lead the economy in the most efficient way, besides protect the interests of all classes.

Here we witnessed reformulation of statism in the 1931 Congress as a principle of the party. On the other hand, this congress also an important step in the formation of the single-party rule. In the party program, the unity of power was underlined:

“The form of administration (*idare şekli*) of the Turkish nation is our current state form (*devlet şekli*), which is based on the unity of power. the national assembly functions in the name of the nation. The president and the government come out of the assembly. Sovereignty is one and unconditionally belongs to the nation.”⁷³⁵

In addition, the task of the party was defined as “to establish and operate a government authority that will not be shaken by any event or influence, which protects all the results of the revolution, the full safety of the citizens, and the national order and discipline with internal and judicial organizations and law.”⁷³⁶

In other words, the distance between the party and the government was destroyed, which would at the end turned the RPP the party state, and the regime single-party rule. The understanding of the party generating a program embodying the principles the governments would follow in the new era was itself the transfer of power to the party itself. The party program was considered to articulate the policies that would

⁷³² “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 164.

⁷³³ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 165.

⁷³⁴ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 165.

⁷³⁵ “CHF Nizamnamesi ve Programı” (TBMM Matbaası, 1931), Part Two, Article 3.

⁷³⁶ “CHF Nizamnamesi ve Programı,” Part Seven, Article 1.

meet the needs of the nation and country and the measures to be taken.⁷³⁷ It was also argued that the Congress should discuss and formulate the main tenets and guidelines for policies, and also submit an advisory motion to the government.⁷³⁸ On the other hand, the decisions taken in the Congress was seen as directives to the governments and the party assembly group.⁷³⁹ One delegate considered directives the main principles and rules, implementation of which belonged to the governments, signaled the importance of not interrupting the realm of execution.⁷⁴⁰ Even though the program was not clear and detailed, it depicted the field political play that would take place.

Lastly, the General Executive Committee (*Umum İdare Heyeti*), a permanent delegation that would conduct the party affairs from the center for four years, was elected. The number of members had been increased to forty-five, but with the new statute, it was diminished to fourteen.⁷⁴¹ The General Chairmanship Council (*Umumi Reislik Divanı*) nominated the candidates for the General Executive Committee, which was a top-down approach, strengthening the position of the party center. Besides, Urfa deputy Ali Saip suggested open voting via raising hands (*reyi işari*), and it was accepted unanimously,⁷⁴² which was a clear sign of rising authoritarianism within the party.

The members elected to the General Executive Committee were Recep [Mehmet Recep Peker] (Kütahya), Saffet [Arıkan] (Erzincan), Abdülmuttalip [Öker] (Malatya), Reşit Galip (Aydın), Hakkı Tarık [Us] (Giresun), Dr. Cemal (Antalya), Esat [Ahmet Esat Uras] (Amasya), Hasan Cemil (Bolu), Memduh Şevket (Elazığ), Muhlis (Kütahya), Dr. Fikri (Erzurum), Mustafa Fevzi (Manisa), Hasan Reşit (Muş), Kazım Hüsnü (Konya). Among them, only Recep [Peker], Saffet

⁷³⁷ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 24.

⁷³⁸ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 51.

⁷³⁹ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 68.

⁷⁴⁰ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 74.

⁷⁴¹ “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 248.

⁷⁴² “CHF Üçüncü Büyük Kongre Zabıtları (10-18 Mayıs 1931),” 285.

[Arıkan], Abdülmuttalip [Öker], Hakkı Tarık [Us], Esat [Ahmet Esat Uras] had been in the Committee of Forty, the previous General Executive Committee.

In sum, Congress came out with a new program and a statute that sought reorganization of the RPP towards a more responsive and authoritarian party on the one hand and active involvement of the government in economic development. Those would provide the basis for the establishment of an authoritarian single-party regime.

CHAPTER 5

CONCLUSION

When the Great Depression was transmitted to Turkey, the economy was in dire straits because of the severe impact of fluctuations in international trade, such as the squeezing of foreign trade credits, on its fragile structure since 1926. That is to say, the economic downturn started before the Great Depression, due to fluctuations in international trade around 1926, which was followed by successive years of drought, from 1927 to 1928. Then, by mid-1929, the monetary crisis marked by the depreciation of the Turkish currency hit economic conditions, doubling the trade deficit. It pushed the government to adopt a strict monetary policy, opting for a stable money supply and strong currency. Therefore, when the Great Depression broke out in the autumn of 1929, currency depreciation and an increasing trade deficit prevailed in Turkey due to the monetary crisis. The government had already started taking measures that would enable strict control over foreign exchange and capital movements, which rendered protectionism and more inward-looking policies. By the end of the year, the trade deficit skyrocketed, escalating more than twice in Turkish liras and almost doubling in dollars.

With the outbreak of the Great Depression, the “stance” of the government shifted from considering the monetary crisis as a temporary deviation from an ongoing positive trend to waging an “economic struggle” under the maxim of “national self-sufficiency.” The goal was to increase the national savings that would be utilized as funds for economic development and to strengthen national currency through import suppression, promotion of domestic goods consumption, and financial prudence for the government, offices, and households. This policy of opting to reduce mass consumption to increase national savings persisted from 1926 onwards.

The Great Depression had a profound effect on the economy beginning in 1930 through a sharp decline in the prices of agricultural products, which wreaked havoc on Turkey's agricultural sector. Agricultural prices fell around 66 percent between 1929 and 1933, severely destroying cultivators' incomes. The crisis was transmitted to agriculture and into the cultivators' lives through four main intersecting mechanisms: (1) a much sharper fall in relative prices of agricultural products in Turkey compared to the worldwide fall in agricultural prices—due to high industrial product pricing stemming from the government policies of protectionism on domestic industrial products, monopoly pricing, and indirect taxation on consumer goods, in addition to the share of commercial intermediaries between the village and cities who bought at low prices but sold at high prices; (2) government policy of increasing savings through the reduction of consumption: indirect taxes and monopoly prices; (3) government direct tax policy on cultivators; and (4) prevalent agricultural credit mechanisms.

Through those mechanisms emerged the repercussions of the crisis in cultivators' lives as a cluster of consequences, which formed the patterns of insolvency and indebtedness, lack of credit, dispossession, the struggle for subsistence, and livelihood distress overlapping with the categories of debt, credit, consumption, and production.

First and foremost, the sharp fall in the relative prices of agricultural products severely disrupted the fragile balance of the cultivators' budget based on indebtedness. While the fall in prices diminished earnings to one-fourth, the expenses inflated with the repayment of accumulated loans at usury rates, increasing the burden of taxes and fees and much higher relative prices of industrial goods necessary for consumption and production. In addition, merchants bought agricultural products at low prices from cultivators, but sold industrial goods or necessities at high prices, adding to the price gap between agricultural products and industrial goods. The relationship between merchants and cultivators entailed several aspects, including the credit mechanisms analyzed in the second chapter. After all, with the contribution of all these factors, the expenses were so far above the solvency of cultivators that they turned to generalized insolvency and growing indebtedness.

Generalized indebtedness and insolvency fueled by the need to finance loans, taxes, and basic consumption goods brought about an urgent need for credit. Nevertheless, the crisis period was characterized by a lack of money, exacerbated by the strict monetary policy followed by the government, resulting in the tightening of the already limited credit supply. Therefore, as a second cluster in the lives of cultivators, the credit crunch annulling the possibility of redemption of loans and accrued taxes with new credits mainly led to dispossession. The institutional and non-institutional creditors and tax collectors invoked debt enforcement proceedings, which resulted in the confiscation of cultivators' estates and assets. In that process, the indebted cultivators were stripped of their property, which was mostly a means of subsistence and production, that is, lands, agricultural tools, agricultural products, livestock, and household utensils. While it was a widespread dispossession process for the cultivators, on the other hand, it created capital accumulation through primitive accumulation.

Thirdly, the struggle for subsistence was another manifestation of the crisis. Beginning in 1926, economic policies led the peasants to reduce their consumption. During the 1927-28 drought, the cultivators barely had agricultural earnings, which meant a stroke in purchasing power, accumulated debts, and outstanding taxes. The 1929 crisis articulated on the ongoing trend of declining purchasing power. The protectionist policies for industry and monopoly pricing of the necessity goods (salt, sugar, gas, and tobacco) with taxes on them sharpened the fall in the relative prices of agricultural products. All rolled into one, the ongoing process of the depreciation of the cultivators' purchasing power was exacerbated, and the cultivators had to diminish consumption to a bare minimum and struggle to reach necessities, mostly falling below the subsistence level.

With the sharp fall in the prices of agricultural products, agricultural production ceased to be a means of subsistence. The earnings from agriculture were not enough, either for necessities or production costs, to start a new cycle of agricultural production, which led to a search for alternatives to the prevalent mode of livelihood. Cultivators developed strategies to provide for themselves and their families. Shifting crops was one of the strategies cultivators leaned on, and shifting from cash

crops to cereals was a widespread strategy, as seen in annual production volumes. In addition, sharecropping was another strategy on which cultivators increasingly leaned. Cultivators who could not earn a livelihood on their farms resorted to sharecropping before the crisis; nevertheless, with diminishing agricultural income during the crisis, it turned out to be a more common practice. Besides, semi-proletarianization and proletarianization emerged as other appearances of income diversification. The cultivators had to diversify income first through short-term work spared from agricultural production in the mining, construction, or service sector; as the conditions of agricultural production depreciated more, they had to leave their village and migrate to cities or large agricultural lands and become workers, and the possibility of returning to their village and producing in their farm ceased. On the other hand, not all cultivators who migrated to cities could find work in cities, and unemployment turned out to be a significant problem. Overall, with its repercussions and strategies to overcome it, livelihood distress was one of the main manifestations of the economic crisis.

All those conditions emerging as clusters in cultivators' lives created discontent among cultivators, who then started to raise their objections and demands whenever possible. Taking the economic crisis as a central theme in their propaganda, the Free Republican Party (FRP) turned to a channel in which discontent flowed and became apparent. The widespread support for the FRP gained in general meetings and elections was a surprise to the ruling cadre, and in return, the discontent was wildly suppressed. Upon M. Kemal taking the side of the RPP, the founders of the FRP closed the party. The FRP experience brought out social discontent that the ruling cadre had to deal with beyond suppression. In other words, as it became apparent that the regime could not be maintained as it was, the period was marked by quests for a new chapter, including the restructuring of the RPP, the search for a new program that would lead to economic development, and the formation of a single-party rule that would unfold as the conflation of single-party rule and statism.

After the closure of the FRP, M. Kemal embarked on a three-month journey in Anatolia to investigate the reasons behind the social discontent, formulated an economic program that would address the problems people faced and lead the

country towards economic development, defend the closure of the FRP, and advocate the single-party rule of the RPP. Altogether, the motivation was to find ways to reformulate the role of the state and the party, besides reorganizing social relations for the reproduction of capital and the state in order to gain legitimacy and restore the regime.

The RPP's General Party Congress was scheduled to be held in May 1931. Provincial congresses started to be held to prepare for the general Congress, except for the eastern part of Turkey, where the RPP could not establish local party organizations. In provincial congresses, wish lists composed of the demands and complaints of the locals were submitted to the party center for the upcoming General Congress. The wish lists from most provinces enabled us to portray a broad picture of the conditions, complaints, and demands of people from various social backgrounds in the country.

In addition, the relevant ministries made explanations on issues, and the general Congress made resolutions on them that would guide the government in policy-making. Thereby, the wish lists provide an opportunity to designate the demands and complaints coming from below and how and to what extent they were taken into consideration in the policy-making process of the ruling cadre. In the specific case of 1930, the social discontent was apparent and irrefutable; in that moment of the heightened contradictions, the demands and complaints had to be taken into account to control and subsume the opposition. This instance provides an opportunity to observe how the contradictory social relations could reproduce in a form that contained the opposition.

The cultivators' complaints and demands came into focus, and they were addressed in the study within a framework composed of four parts based on the themes of debt, credit, consumption, and production, which was also utilized in analyzing the manifestations of the crisis in the lives of the cultivators, corresponding to the indebtedness and insolvency, dispossession, struggle for subsistence, and livelihood distress. The primary sources were the notes on M. Kemal's journey, Başar's book

(Atatürk'le Üç Ay ve 1930'dan sonra Türkiye), the RPP Provincial congresses' wish lists and petitions to the Grand National Assembly.

Cultivators' demands concerning indebtedness and those related to credit need overlapped in many ways. In general terms, the demands on debt and credit can be listed together as follows: the forgiveness of debts, the postponement of loans, restructuring of the debt payment by the Agricultural Bank, abolition of some taxes, reduction of the tax burden in general, amelioration of the ways taxes were levied and collected, abolition of usury, postponement of loans, amendment of institutional credit sources such as the AB and Tobacco Monopoly Administration, demand for a sufficient amount of credit with low-interest rates, long duration, increasing the capital of the AB, establishment of safe institutional sources for rural credit such as local bank branches, and agricultural cooperatives.

As the purchasing power of cultivators diminished during the crisis, they struggled to meet essential needs and maintain their subsistence. The fall in consumption was an ongoing trend, but with the crisis, it deepened. The cultivators had varying demands with regard to consumption and subsistence, which can be identified in general terms as follows: cheapening of necessity goods under monopoly, including the elimination of monopoly pricing; more radically abolishing monopolies; diminishing and/or abolishing taxes on necessity goods that are indirect taxation; and forest products that were used both for consumption and production.

Agricultural production ceased as a means of livelihood for small-scale peasants with a severe fall in the prices of agricultural production under crisis conditions. Concerning livelihood distress, cultivators had demands that would enable and improve farming. They demanded government support for providing inputs and tools for agricultural production. They asked for measures to improve agricultural production, such as fighting with harvested mice and locusts. The establishment of seed improvement stations and guidance of technicians were other demands that focused on the improvement of techniques and materials used in agriculture. They also demanded a reduction in the prices of production inputs such as salt for

husbandry. Land distribution to cultivators was also raised in many provinces during this period.

Along with the demands concerning farming, they had broad demands regarding agriculture, such as the development of fisheries, sericulture, viniculture, and foresting. I have argued that it was a call for the return of value to agriculture and villages.

The government was also asked to be directly involved in the industrial activities. The cultivators raised demands for establishing primary processing industries, such as distilleries and spirit factories, spinning and weaving mills, and canning factories that would be consistent outlets for their produce and insulate them from price fluctuations and other instabilities of market conditions.

Thereby, they can be considered as indirect demands about farming that would increase the demand for agricultural products and restore the prices of agricultural products. On the other hand, the government's direct involvement in the establishment of industries would create employment in those villages, which was another motive, and it can be seen in the demand for the government to carry out extractive activities like working out mines. That is, there was a social expectation from the government to be actively involved in the economy, such as creating work sites and outlets for agricultural produce.

The establishment of factories and the flourishing of new industries, thus the production of national goods, was accompanied by the demand for protectionism that would create the appropriate conditions for the survival and flourishing of national industries. In parallel, replacing imported goods with domestic goods was also among the suggestions, and in fact, it was an early formulation of import substitution industrialization.

There were also demands for government support for industries like carpet business and tanneries, especially with protectionism via tariffs. Even though they were

probably not cultivators' demands, they reflected the grassroots demand for flourishing industries through protectionism.

In other words, it was mostly assumed that the state would solve the problem with investments in agriculture and industry, bringing back value directly or indirectly in agriculture in specific and rural economies in general. In that sense, those demands regarding production were in parallel with those regarding debts, including the reduction of rural taxes and those asking for an increase in available rural credit.

There was a social expectation from the government to intervene in the existing economic conditions and improve them in different ways, from supporting farming and existing industries to directly establishing factories. Here, statist industrialization appeared as a grassroots demand accompanied by protectionism; that is, the upcoming formulation of economic policy had its roots in the social demands, which were also informed by previous statist industrialization activities like sugar factories or the ones in the Ottoman times. Unearthing cultivators' demands revealed that social dynamics, and thus the demands and suggestions raised below, influenced the formation of economic policies.

Returning to developments in the ruling cadre, the political discontent for the RPP and the regime that became apparent with the emergence of the FRP pushed the top-party cadre to formulate an amelioration process. In September 1930, the RPP parliamentary group started to hold regular meetings and discussed recent developments and the criticisms and complaints raised against the RPP, which mainly were related to party inspectors and trustees (*mutemet*), the government's negligence of the party, problems with taxes, and obstacles to the freedom of the press. Restructuring the RPP's party organization and amendment of the party statute were set as goals in those meetings. The number of members of the general executive increased from nine to 40, and the committee was called *Kırklar Heyeti* (Fortys Committee). The executive committee, that is *Kırklar Heyeti*, was planned to have branches dealing with the press, intelligence, organization, national and social associations (*milli ve içtimai teşekküller*), propaganda, and conference, and lead the restructuring of party organization. The general executive committee was elected at the end of September and started to function. Another significant development within

the RPP was that Recep Peker, known to have authoritarian tendencies, became the general secretary.

In response to the heightened criticism of the government and economic policies, the İnönü government, which had been functioning since November 1927 for three years, resigned. İnönü was appointed to form a government. At that time, it was just a move to reassure trust in the government. The cabinet was renovated with the inclusion of four new deputies. With its pivotal role in shaping economic policies, Mustafa Şeref Özkan replaced Şakir Kesebir and became the new economy minister. The new government program was shaped by the concern of redressing grassroots grievances. The economic policy was formulated under the banner of statism, with emphasis on the “national economy system.” Considering the rural economy, the promise was to reduce the debt burden of small peasants, including refugees from Greece, and tax regulation. In addition, problems in the monopolies, improvement of workers’ conditions, and enactment of the Labour Law were adopted in the program. The municipal elections were held in October 1930 and marked by irregularities and abuses carried out by officials, the gendarme, and police in favor of the RPP. Public reactions in the form of meetings against irregularities were brutally suppressed. After the Minister of Justice received a vote of confidence concerning the events during the elections, the FRP was shut down on November 16, 1930.

Another repercussion of the outburst of grassroots grievances was M. Kemal’s decision to go on a journey in Anatolia to examine the problems underlying public unrest, develop a program that could redress grievances, recover economic conditions, and guide economic development. In addition, he attempted to legitimize the emergent single-party rule with the closure of the FRP during his journey. He started the journey one day after the closure of the RPP, accompanied by a group of experts. They got in touch with people, the administration at the locality, the RPP organizations, public institutions, and the notables of the province.

After M. Kemal returned from the journey, he demanded renewal of the parliamentary election, which was accepted unanimously in the assembly and initiated the process of indirect elections. M. Kemal made a declaration to the people

for the second tour of elections, stating that the characteristics of the RPP were republicanism, nationalism, populism, statism, secularism, and revolutionism. That is, he comprehended statism and revolutionism as party principles before the General Congress in his declaration to the people within the context of elections. In addition, he defined statism as the state actively involved in the economy for the nation's general interest, for the prosperity of the nation and the development of the country. In other words, it became clear that the state would attain new tasks through the strategy of state-led developmentalism.

M. Kemal returned from the second part of the journey and submitted his report to the assembly at the end of April. The report was based on the analysis of the observations in the journey with a team of experts and considered setting forth the principles for the new road taken. He argues for the active involvement of the state for positive change in people's lives; on the contrary, only a few years could the regime sustain itself. He proposed the establishment of single-party rule for unshakable government authority and state-led economic development following a program. He underlined the need to formulate a twelve-year program guiding economic development. In other words, he proposed guidelines for state-making that would attain new tasks to overcome the crisis and gain consent. Besides, the cultivators' demands, such as diminishing the tax burden, provision of agricultural credit including the establishment of cooperatives, state support for agricultural production, and establishment of raw material processing industries, were mostly incorporated in this report, except for those related to basic consumption goods, cheapening of monopoly goods, and diminishing indirect taxes. Instead, he suggested the formation of rural home industries, enabling peasants' self-reliance. On the other hand, those suggestions were merely guidelines and not actual policies to be implemented. The actual policies would be shaped by the unfolding of class relations.

The General Congress of the RPP, conveyed in May 1931, was a moment of crystallization in the process of state-making and policy formation. It attained the role of setting the character of the regime, besides producing a program that would guide upcoming governments. It was also a reorganization of the RPP, abolishing the

trustees and establishing branches so that the tension between the party and the people would be resolved. The party became much more responsive to the complaints and demands of the public and capable of integrating them into the regime. Accordingly, the General Congress revised the party statute and produced a program that laid the basis for the establishment of single-party rule and employment of state-led economic development. Statism and revolutionism, announced beforehand as the characteristics of the RPP by M. Kemal, were defined as new party principles. In addition, the idea that all state affairs being carried out within the framework of the national economy was introduced by M. Kemal in his report was included in the program.

The wish lists conveyed by the provincial congresses were analyzed and reorganized based on the demands and submitted to the members of the General Congress as a report. The discussion of the wish lists coming from provincial congresses was one of the constituent elements of the Congress. The relevant ministries and institutions provided explanations, and the deputies had discussions on complaints and demands from the public. During the deliberations on the draft party program, the burning question of the conditions of the small peasantry was the issue over which the most heated debate occurred.

The cultivators' demands for diminishing the tax burden along with the amendment of tax collection were considered and incorporated into the program. In addition, the program included the demand for the provision of a sufficient amount of rural credit with low-interest rates, the amelioration of the Agricultural Bank, increasing its capital, and the establishment of credit cooperatives. The demand for support for agricultural production was a matter of heated discussion among deputies and was not included in the party program. Only vague propositions on support for husbandry, fishery, and sponge fishing appeared in the program. The cultivators' demands for the establishment of factories processing locally produced agricultural goods were acknowledged and formulated in the program as "the protection of small and big industries in line with the interests of the raw material producers." Protectionism, a policy suggestion in the wish lists, was also included in the party program. At that time, agro-industrialization was considered a viable strategy for

economic development; nevertheless, in the program, it was not clear whether the state would be actively involved in industrialization. On the other hand, the demand for state involvement in the extraction of natural resources was added to the program. Based on this review, I have argued that the complaints and demands of cultivators were formative in the creation of the party program and statute.

In this study, I have tried to analyze the process of policy formation and state-making that led to the emergence of the statist single-party rule as an autonomous and neutral state form coinciding with the separate realms of economic development and state-building in the period following the Great Depression in Turkey, with a focus on the underlying social relations and social discontent emerging as a response to the crisis and its partial resolution and incorporation through those processes of policy making. I have argued that statism and authoritarian single-party rule that appeared as separate instances of economic development and state-making in the 1930s Turkey were differentiated moments intertwined in the same process of the state's attempt to reorganize social relations for the reproduction of capital and the state, which was a form of those relations itself, in the face of the threat posed by the economic crisis and its repercussion, the social discontent. The state attempted to suspend the barriers by attaining new tasks that materialized in the reorganization of the RPP as a responsive organization and the statist stance in economic development.

Cultivators emerged as active agents since overcoming the social discontent and establishment of the regime necessitated incorporating cultivators' demands and complaints in the formulation of new policies for the reorganization of social relations and the Republican People's Party, through which single-party rule functioned. On the other hand, tracing the step-by-step formation of statism as an economic policy and single-party rule as state-making revealed the intertwined and interconnected nature of those processes and the reemergence of the state as a neutral and autonomous apparatus over society.

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APPENDICES

A. CURRICULUM VITAE

PERSONAL INFORMATION

Surname, Name: Erkurt, Beyhan

Nationality:

Date and Place of Birth:

Phone:

Email:

EDUCATION

Degree	Institution	Year of Graduation
MS	METU Political Science and Public Administration	2013
BS	METU International Relations	2009
High School	Muğla Anatolian High School	2001

WORK EXPERIENCE

Year	Institution	Enrollment
2010-2011	Bartın University	Research Assistant
2011-2018	METU Political Science and Public Administration	Research Assistant
2018-Present	Bartın University	Research Assistant

B. TURKISH SUMMARY / TÜRKÇE ÖZET

Turkish summary must be 3000-4000 words long for Master Thesis, 5000-7000 words long for PhD Dissertations Conclusion

Büyük Buhran Türkiye'yi etkisi altına aldığında, Türkiye ekonomisi uluslararası ticaretteki dalgalanmaların ekonominin kırılgan yapısı üzerindeki etkileri nedeniyle 1926'dan beri ekonomik gerileme döneminden geçiyordu. Başka bir deyişle, ekonomik gerileme, Büyük Burhan'dan önce, 1926 civarında uluslararası ticaretteki dalgalanmalar nedeniyle başlamış, bunu 1927, 1928 yıllarında birbirini eden takip kuraklık yılları izlemiştir. Ardından, 1929 ortalarında, Türk parasının değer kaybetmesiyle belirginleşen parasal kriz gerçekleşti ve ticaret açığını iki katına çıkardı. Bu durum hükümeti, istikrarlı bir para arzı ve güçlü bir para birimi hedefleri doğrultusunda sıkı bir para politikası benimsemeye itti. Bu nedenle, 1929 sonbaharında Büyük Buhran patlak verdiğinde, parasal kriz nedeniyle Türkiye'de paranın değer kaybı ve artan bir ticaret açığı hüküm sürüyordu. Hükümet, döviz ve sermaye hareketleri üzerinde sıkı kontrol sağlayacak önlemler almaya başlamış, bu da korumacılığı ve daha içe dönük politikaları beraberinde getirmişti. Yıl sonuna gelindiğinde ticaret açığı hızla artarak Türk lirası cinsinden iki kattan fazla yükselmiş, dolar cinsinden ise neredeyse iki katına çıkmıştı.

Büyük Burhan'ın patlak vermesiyle birlikte hükümetin duruşu, para krizini süregelen olumlu bir eğilimden geçici bir sapma olarak görmekten, "ulusal kendi kendine yeterlilik" düsturu altında bir "ekonomik mücadele" yürütmeye doğru kaymıştır. Amaç, ekonomik kalkınma için fon olarak kullanılacak ulusal tasarrufları artırmak ve ithalatın bastırılması, yerli mal tüketiminin teşvik edilmesi ve hükümet, ofisler ve hane halkları için mali ihtiyatlılık yoluyla ulusal parayı güçlendirmektir. Ulusal tasarrufları artırmak için kitlesel tüketimi azaltmayı tercih eden bu politika 1926'dan itibaren devam etti.

Büyük Buhran, 1930 yılından itibaren tarım ürünleri fiyatlarındaki sert düşüşle ekonomiyi derinden etkilemiş ve Türkiye'nin tarım sektörüne büyük zarar vermiştir.

Tarımsal fiyatlar 1929 ve 1933 yılları arasında yaklaşık yüzde 66 oranında düşerek üreticilerin gelirlerini ciddi şekilde tahrip etmiştir. Kriz, tarıma ve tarımla uğraşanların yaşamlarına birbiriyle kesişen dört ana mekanizma aracılığıyla yansdı: (1) Türkiye'de tarımsal ürünlerin göreceli fiyatlarında, tarımsal fiyatlardaki dünya çapındaki düşüşe kıyasla çok daha sert bir düşüş - hükümetin yerli sanayi ürünlerine yönelik korumacılık, tekelleri fiyatlandırma ve tüketim malları üzerindeki dolaylı vergilendirme politikalarından kaynaklanan yüksek sanayi ürünü fiyatlandırmasının yanı sıra köy ile kent arasında düşük fiyattan alıp yüksek fiyattan satan ticari araçların payı nedeniyle; (2) hükümetin tüketimi azaltarak tasarrufları artırma politikası: dolaylı vergiler ve tekel fiyatları; (3) hükümetin tarımsal üreticilere yönelik doğrudan vergi politikası; ve (4) yaygın tarımsal kredi mekanizmaları.

Bu mekanizmalar aracılığıyla krizin ekicilerin hayatındaki yansımaları, borç, kredi, tüketim ve üretim kategorileriyle örtüşen iflas ve borçluluk, kredisizlik, mülksüzleşme, geçim mücadelesi ve geçim sıkıntısı örüntülerini oluşturan bir sonuçlar kümesi olarak ortaya çıktı.

Her şeyden önce, tarımsal ürünlerin nispi fiyatlarındaki sert düşüş, tarımsal üreticilerin borçlanmaya dayalı kırılabilir bütçe dengesini ciddi şekilde bozdu. Fiyatlardaki düşüş kazançları dörtte bir düşürürken, biriken borçların fahiş faizler ile geri ödenmesi harcamaları şişirmiş, vergi ve harç yükü artmış, tüketim ve üretim için gerekli sanayi mallarının nispi fiyatları çok yükselmiştir. Buna ek olarak, tüccarlar tarımsal ürünleri yetiştiricilerden düşük fiyatlarla satın alırken, sanayi mallarını veya ihtiyaç maddelerini yüksek fiyatlarla satarak tarımsal ürünler ile sanayi malları arasındaki fiyat farkını daha da artırmıştır. Tüccarlar ve yetiştiriciler arasındaki ilişki, ikinci bölümde analiz edilen kredi mekanizmaları da dahil olmak üzere çeşitli yönler içeriyordu. Sonuçta, tüm bu faktörlerin katkısıyla, harcamalar tarımsal üreticilerin ödeme gücünün o kadar üzerindeydi ki genelleşmiş bir ödeme aczi ve gittikçe artan borçluluğa sebep oldu.

Krediler, vergiler ve temel tüketim mallarının finansmanı ihtiyacından kaynaklanan genelleşmiş ödeme aczi ve borçluluk, acil kredi ihtiyacını beraberinde getirmiştir. Bununla birlikte, kriz döneminde, hükümetin izlediği sıkı para politikası para darlığı

yarattı ki bu da zaten sınırlı olan kredi arzının daha da sıkılaşmasına neden oldu. Bu nedenle, kredilerin ve tahakkuk eden vergilerin yeni kredilerle geri ödenmesi olasılığını ortadan kaldıran ve müsadere ve el koymalar ile sonuçlanan kredi sıkışıklığı tarımsal üreticilerin hayatında krizin etkisinin görüldüğü ikinci örüntü oldu. Kurumsal ve kurumsal olmayan alacaklılar ve vergi tahsildarları, ekicilerin mülklerine ve varlıklarına el konulmasıyla sonuçlanan icra işlemlerine başvurmuştur. Bu süreçte, borçlu ekicilerin çoğunlukla geçim ve üretim aracı olan toprakları, tarım aletleri, tarım ürünleri, hayvanları ve ev eşyaları ellerinden alındı. Bu, ekiciler için yaygın bir el koyma ve mülksüzleştirme süreci olurken, diğer yanda ilkel birikim yoluyla sermaye birikimi yarattı.

Üçüncü olarak, geçim mücadelesi krizin bir başka tezahürüydü. 1926'dan itibaren uygulanan ekonomik politikalar köylülerin tüketimlerini azaltmalarına yol açtı. 1927-28 kuraklığı sırasında, tarımla uğraşanlar tarımsal kazançlarını zar zor elde edebildiler; bu da satın alma gücünün düşmesi, birikmiş borçlar ve ödenmemiş vergiler anlamına geliyordu. 1929 krizi, satın alma gücünde süregelen düşüş eğilimine eklenildi. Sanayiye yönelik korumacı politikalar ve ihtiyaç mallarının (tuz, şeker, gaz ve tütün) tekeli fiyatlandırılması, tarımsal ürünlerin görece fiyatlarındaki düşüşü keskinleştirdi. Hepsi bir araya geldiğinde, tarım üreticilerinin satın alma gücünde süregiden değer kaybı süreci daha da şiddetlendi ve tarım üreticileri tüketimi en aza indirmek ve çoğunlukla geçimlik düzeyin altına düşen ihtiyaçlara ulaşmak için mücadele etmek zorunda kaldılar.

Tarımsal ürün fiyatlarındaki sert düşüşle birlikte, tarımsal üretim bir geçim aracı olmaktan çıkmıştır. Tarımdan elde edilen kazanç, ne yeni bir tarımsal üretim döngüsü başlatmak için ne ihtiyaçlar ne de üretim maliyetleri için yeterli olmamış, bu da yaygın geçim biçimine alternatif arayışına yol açmıştır. Tarımsal üreticiler kendilerinin ve ailelerinin geçimini sağlamak için stratejiler geliştirmiştir. Ekilen tarımsal ürünü değiştirme, köylülerim başvurduğu stratejilerden biriydi ve yıllık üretim hacimlerinde de görüldüğü gibi, piyasa için üretilen tarımsal ürünlerden tahıllara geçiş yaygın bir stratejiydi. Buna ek olarak, ortakçılık da köylülerin giderek daha fazla başvurduğu bir başka stratejiydi. Kriz öncesinde çiftliklerinde geçimlerini sağlayamayan üreticiler ortakçılığa başvururken, kriz döneminde tarımsal gelirin

azalmasıyla birlikte bu daha yaygın bir uygulamaya dönüşmüştür. Ayrıca kısmi işçileşme ve işçileşme de gelir çeşitlendirmesinin diğer görünümleri olarak ortaya çıkmıştır. Köylüler önce madencilik, inşaat ya da hizmet sektöründe tarımsal üretimden arta kalan kısa süreli işlerde çalışarak gelir çeşitlendirmesi yapmak zorunda kalmış, tarımsal üretim koşulları daha da kötüleştikçe köylerini terk ederek kentlere ya da büyük tarım arazilerine göç etmek ve işçileşmek zorunda kalmış, köylerine dönüp tarlalarında üretim yapma olasılıkları ortadan kalkmıştır. Öte yandan, kentlere göç eden tüm tarım işçileri kentlerde iş bulamamış ve işsizlik önemli bir sorun haline gelmiştir. Sonuç olarak, geçim sıkıntısı, yansımaları ve üstesinden gelme stratejileri ile birlikte krizin tarımsal üreticilerin hayatındaki ana tezahürlerinden bir olmuştur.

Köylülerin hayatında öbekler halinde ortaya çıkan tüm bu koşullar, hoşnutsuzluk yarattı ve her fırsatta itirazlarını ve taleplerini dile getirmeye başladılar. Propagandalarında ekonomik krizi ana tema olarak alan Serbest Cumhuriyet Fırkası (SCF), hoşnutsuzluğun aktığı ve belirginleştiği bir mecraya dönüştü. Genel kurullarda ve seçimlerde SCF'ye verilen yaygın destek yönetici kadro için sürpriz oldu ve karşılığında hoşnutsuzluk şiddetle bastırıldı. M. Kemal'in CHP'nin yanında yer alması üzerine SCF kurucuları partiyi kapattı. SCF deneyimi, yönetici kadronun bastırmanın ötesinde baş etmek zorunda olduğu toplumsal hoşnutsuzluğu ortaya çıkardı. Başka bir deyişle, rejimin bu haliyle sürdürülemeyeceğinin anlaşılmasıyla birlikte, döneme yeni arayışlar damgasını vurdu: CHP'nin yeniden yapılandırılması, ekonomik kalkınmayı sağlayacak yeni bir program arayışı ve devletçilik ile iç içe geçmiş bir tek parti yönetiminin oluşturulması.

SCF'nin kapatılmasından sonra M. Kemal, toplumsal hoşnutsuzluğun nedenlerini araştırmak, halkın karşılaştığı sorunları çözecek ve ülkeyi ekonomik kalkınmaya götürecek bir ekonomik program oluşturmak, bunun yanı sıra SCF'nin kapatılmasını savunmak ve CHP'nin tek parti iktidarını savunmak için üç aylık bir Anadolu gezisine çıktı. Burada tekrar meşruiyet kazanmak ve rejimi restore etmek, sermaye ve devletin yeniden üretimi için toplumsal ilişkileri yeniden düzenlemek üzere devletin ve partinin rolünü yeniden tanımlamak amacıyla hareket ediliyordu.

CHP'nin Genel Parti Kongresi'nin Mayıs 1931'de yapılması planlanıyordu. CHP'nin yerel parti örgütlerini kuramadığı Türkiye'nin doğusu dışında, genel kongreye hazırlık amacıyla il kongreleri yapılmaya başlandı. İl kongrelerinde, yaklaşan Genel Kongre için yerellerden halkın talep ve şikâyetlerinden oluşan dilek listeleri parti merkezine sunuldu. İllerin çoğundan gelen dilek listeleri, ülkedeki farklı toplumsal kesimlerden insanların durumları, şikâyetleri ve talepleri hakkında geniş bir resim çizmemizi sağladı.

Ayrıca, ilgili bakanlıklar konulara ilişkin açıklamalar yapmış ve genel kongrede hükümete politika yapımında yol gösterecek kararlar almıştır. Böylece dilek listeleri, aşağıdan gelen talep ve şikâyetlerin, yönetici kadronun politika oluşturma sürecinde nasıl ve ne ölçüde dikkate alındığını belirleme fırsatı sunar. 1930'daki özel durumda, açık ve reddedilemez bir toplumsal hoşnutsuzluk vardı. Toplumsal çelişkilerin arttığı bu anlarda, muhalefeti kontrol etmek ve bastırmak için talep ve şikâyetlerin dikkate alınması gerekiyordu. Bu örnek, çelişkili toplumsal ilişkilerin muhalefeti kontrol altına alacak bir biçimde nasıl yeniden üretilebileceğini gözlemlemek için bir fırsat sunmaktadır.

Köylülerin şikâyet ve talepleri, bu çalışmada borç, kredi, tüketim ve üretim temalarına dayalı dört bölümden oluşan bir çerçevede ele alınmış, krizin köylülerin hayatındaki tezahürleri olan borçluluk ve ödeme güçlüğü, mülksüzleşme, geçim mücadelesi ve geçim sıkıntısının analizinde de kullanılmıştır. Birincil kaynaklar M. Kemal'in gezi notları, Başar'ın gezi notlarından kalem aldığı kitabı, Atatürk'le Üç Ay ve 1930'dan sonra Türkiye, CHP İl kongrelerinin dilek listeleri ve Büyük Millet Meclisi'ne verilen dilekçelerdir.

Üreticilerin borçlanma ile ilgili talepleri ile kredi ihtiyacı ile ilgili talepleri birçok yönden örtüşmektedir. Genel anlamda borç ve krediye ilişkin talepler aşağıdaki gibi sıralanabilir: Borçların affedilmesi, kredilerin ertelenmesi, Ziraat Bankası'nın borç ödemelerinin yeniden yapılandırılması, bazı vergilerin kaldırılması, genel olarak vergi yükünün azaltılması, vergilerin alınma ve toplanma biçimlerinin iyileştirilmesi, tefeciliğin kaldırılması, kredilerin ertelenmesi, Ziraat Bankası ve Tütün Tekel İdaresi gibi kurumsal kredi kaynaklarının değiştirilmesi, düşük faizli, uzun vadeli, yeterli

miktarda kredi talebi, AB'nin sermayesinin artırılması, yerel banka şubeleri ve tarımsal kooperatifler gibi kırsal kredi için güvenli kurumsal kaynakların oluşturulması.

Kriz sırasında tarımsal üreticilerin satın alma gücü azaldıkça, temel ihtiyaçlarını karşılamak ve geçimlerini sürdürmek için mücadele ettiler. Tüketimdeki düşüş süregelen bir eğilimdi, ancak krizle birlikte daha da derinleşti. Köylülerin tüketim ve geçim konusunda farklı talepleri vardı ve bunlar genel hatlarıyla şu şekilde tanımlanabilir: tekel fiyatlandırmasının kaldırılması da dahil olmak üzere tekel altındaki ihtiyaç mallarının ucuzlatılması; daha radikal bir talep olarak tekellerin kaldırılması; dolaylı vergilendirme olan ihtiyaç malları üzerindeki vergilerin azaltılması ve/veya kaldırılması ve hem tüketim hem de üretim için kullanılan orman ürünleri hakkında yeniden bir düzenleme yapılması.

Kriz koşullarında tarımsal üretim fiyatlarında yaşanan ciddi düşüşle birlikte tarımsal üretim küçük ölçekli köylüler için bir geçim kaynağı olmaktan çıkmıştır. Geçim sıkıntısıyla ilgili olarak, çiftçilerin çiftçiliği mümkün kılacak ve geliştirecek talepleri vardı. Tarımsal üretim için girdi ve araçların sağlanmasında devlet desteği talep ettiler. Hasat fareleri ve çekirgelerle mücadele gibi tarımsal üretimi geliştirecek önlemler istediler. Tohum ıslah istasyonlarının kurulması ve teknisyenlerin yönlendirilmesi, tarımda kullanılan teknik ve malzemelerin geliştirilmesine odaklanan diğer taleplerdi. Ayrıca hayvancılık için tuz gibi üretim girdilerinin fiyatlarında indirim talep ettiler. Bu dönemde birçok ilde yeterli toprağı olmayan köylülere toprak dağıtımı da gündeme geldi.

Çiftçilikle ilgili taleplerin yanı sıra balıkçılığın, ipekböcekçiliğinin, bağcılığın ve ormancılığın geliştirilmesi gibi tarımla ilgili geniş talepleri vardı. Bunun tarıma ve köylere değer kazandırılması için bir çağrı olduğunu ileri sürmüştüm.

Hükümetin sanayi faaliyetlerine doğrudan müdahil olması da isteniyordu. Tarımsal üreticiler, ürünleri için sürekli satış noktaları olacak ve kendilerini fiyat dalgalanmalarından ve piyasa koşullarının diğer istikrarsızlıklarından izole edecek içki ve ispirto fabrikaları, iplik ve dokuma fabrikaları ve konserve fabrikaları gibi

birincil tarımsal ürün işleme sanayilerinin kurulmasına yönelik taleplerini dile getirdiler.

Dolayısıyla, tarımsal ürünlere olan talebi artıracak ve tarımsal ürünlerin fiyatlarını eski haline getirecek tarımla ilgili dolaylı talepler olarak düşünülebilir. Öte yandan, hükümetin sanayilerin kurulmasına doğrudan müdahil olması bu köylerde istihdam yaratacaktır ki bu da sanayi kurulmasını talep etmelerinin gerekçelerinden biridir ve hükümetin madenleri işletmesi ve maden çıkarma faaliyetlerinde bulunmasına yönelik talepte de görülebilir. Yani, hükümetten ekonomide aktif olarak yer alması, örneğin tarımsal ürünler için iş sahaları ve satış noktaları yaratması yönünde toplumsal bir beklenti vardı.

Fabrikaların kurulması ve yeni sanayilerin gelişmesine, dolayısıyla ulusal malların üretilmesine, ulusal sanayilerin yaşaması ve gelişmesi için uygun koşulları yaratacak korumacılık talebi eşlik etti. Buna paralel olarak ithal malların yerli mallarla değiştirilmesi de öneriler arasındaydı ve aslında ithal ikameci sanayileşmenin erken bir ifadesiydi.

Ayrıca, halıcılık ve tabakhaneler gibi endüstriler için, özellikle gümrük tarifeleri yoluyla korumacılık ile devlet desteği talepleri de vardı. Bunlar muhtemelen köylülerin talepleri değildi fakat, korumacılık yoluyla gelişen sanayilere yönelik tabandan gelen talebi yansıtıyordu.

Başka bir deyişle, çoğunlukla devletin tarım ve sanayi yatırımlarıyla sorunu çözeceği, özelde tarıma, genelde kırsal ekonomilere doğrudan ya da dolaylı olarak değer kazandıracığı varsayıyordu. Bu anlamda, üretime ilişkin talepler, kırsal vergilerin azaltılması ve mevcut kırsal kredilerin artırılması gibi borçlara ilişkin taleplerle paralellik gösteriyordu.

Hükümetten mevcut ekonomik koşullara müdahale etmesi ve tarımı ve mevcut sanayileri desteklemekten doğrudan fabrikalar kurmaya kadar farklı şekillerde iyileştirmesi yönünde toplumsal bir beklenti vardı. Burada devletçi sanayileşme, korumacılığın eşlik ettiği tabandan gelen bir talep olarak ortaya çıktı; yani, ekonomi

politikasının gelecekteki formülasyonunun kökleri, şeker fabrikaları veya Osmanlı dönemindeki gibi önceki devletçi sanayileşme faaliyetlerinden de haberdar olan toplumsal taleplere dayanıyordu. Köylülerin taleplerinin ortaya çıkarılması, toplumsal dinamiklerin ve dolayısıyla öncesine dile getirilen talep ve önerilerin ekonomi politikalarının oluşumunu etkilediğini ortaya koymuştur.

Yönetici kadrodaki gelişmelere dönecek olursak, SCF'nin ortaya çıkışıyla birlikte belirginleşen CHP'ye ve rejime yönelik siyasi hoşnutsuzluk, parti üst kadrosunu partiyi yeniden düzenleme süreci içerisine itmiştir. Eylül 1930'da CHP meclis grubu düzenli toplantılar yapmaya başladı ve son gelişmeleri ve CHP'ye yöneltilen eleştiriler ve şikayetleri tartıştı; bunlar çoğunlukla parti müfettişleri ve mutemetleri, hükümetin partiyi ihmal etmesi, vergilerle ilgili sorunlar ve basın özgürlüğünün önündeki engellerle ilgiliydi. Bu toplantılarda CHP'nin parti teşkilatının yeniden yapılandırılması ve parti tüzüğünün değiştirilmesi hedef olarak belirlendi. Genel yürütmenin üye sayısı dokuzdan 40'a çıkarıldı ve komiteye Kırklar Heyeti adı verildi. İcra komitesinin, yani Kırklar Heyeti'nin basın, istihbarat, teşkilat, milli ve içtimai teşekküller, propaganda ve konferans şubelerinin olması ve parti teşkilatının yeniden yapılandırılmasına öncülük etmesi planlanmıştır. Eylül ayı sonunda genel icra komitesi seçildi ve çalışmaya başladı. CHP içindeki bir diğer önemli gelişme de otoriter eğilimleriyle bilinen Recep Peker'in genel sekreter olmasıydı.

Hükümete ve ekonomi politikalarına yönelik eleştirilerin artması üzerine, Kasım 1927'den beri üç yıldır görevde olan İnönü hükümeti istifa etti. İnönü yeniden hükümeti kurmakla görevlendirildi. Bu sadece hükümete olan güveni tazelemeye yönelik bir hamleydi. Kabine dört yeni milletvekilinin katılımıyla yenilendi. Ekonomi politikalarının şekillendirilmesinde önemli bir role sahip olan Mustafa Şeref Özkan, Şakir Kesebir'in yerine yeni ekonomi bakanı oldu.

Yeni hükümet programı, tabanın şikayetlerini giderme kaygısıyla şekillendirildi. Ekonomi politikası, "milli iktisat" vurgusuyla devletçilik bayrağı altında tanımlandı. Kırsal ekonomi göz önüne alındığında, Yunanistan'dan muhacirler de dahil olmak üzere küçük köylülerin borç yükünün azaltılması ve vergi düzenlemesi vaat ediliyordu. Ayrıca tekellerdeki sorunlar, işçilerin koşullarının iyileştirilmesi ve İş Kanunu'nun çıkarılması da programda benimsenmişti.

Ekim 1930'da yapılan belediye seçimlerine memurlar, jandarma ve polis tarafından CHP lehine yapılan usulsüzlükler ve suiistimaller damgasını vurdu. Usulsüzlüklere karşı mitingler şeklinde ortaya çıkan halk tepkileri acımasızca bastırıldı. Adalet Bakanı'nın seçimler sırasında yaşanan olaylarla ilgili olarak güvenoyu almasının ardından SCF 16 Kasım 1930'da kapatıldı.

Tabandan gelen şikayetlerin patlak vermesi, M. Kemal'in halkın huzursuzluğunun altında yatan sorunları incelemek, mağduriyetleri giderecek bir program geliştirmek, ekonomik koşulları iyileştirmek ve ekonomik kalkınmayı yönlendirmek için Anadolu'da bir yolculuğa çıkma kararı alması oldu. Ayrıca, yolculuğu sırasında SCF'nin kapatılmasıyla ortaya çıkan tek parti yönetimini meşrulaştırmaya çalışmıştır. Yolculuğa CHP'nin kapatılmasından bir gün sonra bir grup uzman eşliğinde başladı. Halkla, yereldeki yönetimle, CHP örgütleriyle, kamu kurumlarıyla ve ilin ileri gelenleriyle temasa geçti.

M. Kemal seyahatten döndükten sonra meclis seçimlerinin yenilenmesini talep etti ve bu talep mecliste oybirliğiyle kabul edilerek iki aşamalı seçim süreci başlatıldı. M. Kemal ikinci tur seçimler için halka bir beyanname vererek CHP'nin prensiplerinin cumhuriyetçilik, milliyetçilik, halkçılık, devletçilik, laiklik ve devrimcilik olduğunu belirtti. Yani Genel Kongre öncesinde, seçimler bağlamında halka verdiği beyannameye devletçilik ve devrimciliği parti ilkeleri olarak kavramıştır. Ayrıca devletçiliği, ulusun genel çıkarı, ulusun refahı ve ülkenin kalkınması için devletin ekonomide aktif olarak yer alması olarak tanımlamıştır. Başka bir deyişle, devlet öncülüğünde kalkınma stratejisi ile devletin yeni görevler üstleneceği açıkça ortaya çıkmıştır.

M. Kemal yolculuğun ikinci bölümünü de tamamlamasının ardından Nisan sonunda raporunu meclise sundu. Rapor, uzmanlardan oluşan bir ekiple çıkılan yolculuktaki gözlemlerin analizine dayanıyor ve gidilecek yeni yolun ilkelerini ortaya koymayı hedefliyordu. M. Kemal raporda insanların yaşamlarında olumlu değişimlerin gerçekleşmesi için devletin aktif olarak müdahil olması gerektiğini; aksi takdirde rejimin sadece birkaç yıl kendini sürdürebileceğini belirtiyordu. Sarsılmaz hükümet otoritesi için tek parti yönetiminin kurulmasını ve bir program çerçevesinde devlet

öncülüğünde ekonomik kalkınmanın sağlanmasını öneriyordu. Ekonomik kalkınmaya rehberlik edecek on iki yıllık bir programın belirlenmesi gerektiğinin altını çiziyordu. Başka bir deyişle, krizin üstesinden gelmek ve rıza kazanmak için yeni görevler edinecek devleti oluşturmak üzere genel ilkeler önerdi. Ayrıca, tarımsal üreticilerin vergi yükünün azaltılması, kooperatiflerin kurulması da dahil olmak üzere tarımsal kredi sağlanması, tarımsal üretime devlet desteği ve hammadde işleme sanayilerinin kurulması gibi talepleri, çoğunlukla bu raporda yer aldı. Temel tüketim malları, tekel mallarının ucuzlatılması ve dolaylı vergilerin azaltılması gibi tüketim kategorisindeki talepler rapora dahil edilmedi. Bunlar yerine, köylülerin kendi kendilerine yetebilmelerini sağlayacak kırsal ev sanayilerinin kurulmasını önerdi. Öte yandan, bu öneriler sadece yol gösterici nitelikteydi ve birebir uygulanacak politikalar değildi. Zira uygulanacak politikalar sınıf ilişkilerinin içerisinde şekillenecekti.

Mayıs 1931'de toplanan CHP Genel Kongresi, devlet kurma ve politika oluşturma sürecinde bir kristalleşme anıydı. Gelecek hükümetlere rehberlik edecek bir program üretmenin yanı sıra rejimin karakterini belirleme rolünü de üstlendi. Bu aynı zamanda CHP'nin yeniden örgütlenmesi, kayyumların kaldırılması ve parti ile halk arasındaki gerilimin çözülmesi için şubelerin kurulması anlamına geliyordu. Parti, halkın şikayet ve taleplerine çok daha duyarlı ve onları rejime entegre edebilecek bir hale getirilmeye çalışıldı. Bu doğrultuda, Genel Kongre parti tüzüğünü yeniledi ve tek parti yönetiminin kurulmasına ve devlet öncülüğünde ekonomik kalkınmanın sağlanmasına zemin hazırlayan bir program hazırladı. Daha önce M. Kemal tarafından CHP'nin özellikleri olarak ilan edilen devletçilik ve devrimcilik yeni parti ilkeleri olarak tanımlandı. Ayrıca M. Kemal'in raporunda ortaya koyduğu tüm devlet işlerinin milli iktisat çerçevesinde yürütülmesi fikri de programda yer aldı.

İl kongreleri tarafından iletilen dilek listeleri analiz edilerek bir rapor halinde Genel Kongre üyelerine sunulmuştur. İl kongrelerinden gelen dilek listelerinin tartışılması Kongre'nin kurucu unsurlarından biri olmuştur. İlgili bakanlık ve kurumlar açıklamalarda bulunmuş, milletvekilleri halktan gelen şikayet ve talepler üzerine tartışmalar yürütmüştür. Parti program taslağının görüşülmesi sırasında, küçük köylülüğün yakıcı durumu üzerinde en hararetli tartışmaların yaşandığı konu oldu.

Üreticilerin vergi yükünün azaltılması ve vergi tahsilatının düzenlenmesi yönündeki talepleri dikkate alınmış ve programa dahil edilmiştir. Ayrıca, düşük faizli ve yeterli miktarda kırsal kredi sağlanması, Ziraat Bankası'nın ıslah edilmesi, sermayesinin artırılması ve kredi kooperatiflerinin kurulması talepleri de programda yer almıştır. Tarımsal üretimin desteklenmesi talebi milletvekilleri arasında hararetli bir tartışma konusu olmuş ve parti programına dahil edilmemiştir. Programda sadece hayvancılık, balıkçılık ve süngerciliğin desteklenmesine ilişkin muğlak öneriler yer almıştır. Köylülerin kendi ürettikleri tarımsal ürünleri işleyen fabrikaların kurulmasına yönelik talepleri kabul edildi ve programda "hammadde üreticilerinin çıkarları doğrultusunda küçük ve büyük sanayilerin korunması" şeklinde ifade edildi. Dilek listelerinde yer alan bir politika önerisi olan korumacılık, parti programında da yer aldı. O dönemde tarımsal sanayileşme ekonomik kalkınma için uygulanabilir bir strateji olarak görülüyordu; ancak programda devletin sanayileşmeye aktif olarak katılıp katılmayacağı açık değildi. Öte yandan, doğal kaynakların çıkarılmasında devlet müdahalesi talebi programa eklenmiştir. Bu incelemeye dayanarak, tarımsal üreticilerin talep ve şikayetlerinin CHP'nin parti programı ve tüzüğüne yeniden oluşturulmasında biçimlendirici olduğunu ileri sürülmüştür.

Bu çalışmada, Türkiye'de Büyük Burhan'ı takip eden dönemde özerk ve tarafsız bir devlet formu olarak devletçi tek parti yönetiminin ortaya çıkmasına yol açan politika oluşturma ve devlet kurma süreçleri, krize bir yanıt olarak ortaya çıkan temel toplumsal ilişkilere ve toplumsal hoşnutsuzluğa ve bu hoşnutsuzluğun politika oluşturma süreçleri aracılığıyla kısmi olarak çözülmesine ve içerilmesine odaklanılarak analiz edilmiştir.

1930'lar Türkiye'sinde devletçilik ve otoriter tek parti yönetiminin, ekonomik kriz ve onun yansıması olan toplumsal hoşnutsuzluğun yarattığı tehdit karşısında devletin, ki o da bu ilişkilerin aldığı bir biçimdir, sermayenin ve devletin kendisinin yeniden üretimi için toplumsal ilişkileri yeniden düzenleme girişimi sürecinde iç içe geçen farklılaşmış anlar olduğunu ileri sürmektedir. Buna göre bu süreçte devlet, CHP'nin toplumdan gelen taleplere karşı duyarlı bir tek parti olarak yeniden örgütlenmesi ve devletçi ekonomik kalkınmanın resmen benimsenmesi şeklinde somutlaşan yeni görevler üstlenerek krizi ve engelleri ötelemeye çalıştı.

Toplumsal hoşnutsuzluğu üstesinden gelmek ve rejimin tesisi, toplumsal ilişkilerin yeniden düzenlenmesine yönelik yeni politikaların oluşumunda tarımsal üreticilerin talep ve şikayetlerinin dahil edilmesini gerektirdi. Dolayısıyla tarımsal üreticiler politika yapımında aktif aktörler olarak ortaya çıktılar. Öte yandan, devletçiliğin ve tek parti yönetiminin adım adım oluşumunun izini sürmek, bu süreçlerin iç içe geçmiş ve birbiriyle bağlantılı doğasını ve devletin bu süreçlerde ve bu süreçler aracılığıyla toplum üzerinde tarafsız ve özerk bir aygıt görünümü edinmesini ortaya koymuştur.

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