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Author(s): Michael M. Finefrock

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Laissez-Faire, The 1923 Izmir Economic Congress and early Turkish Developmental Policy in Political Perspective

Michael M. Finefrock

In 1933 at the height of the world economic depression, the new state of Turkey, a republic then barely ten years old, became the very first of what we now call 'Third World' nations to undertake a planned economy. A doctrinal foundation for state planning had been laid two years before with the official adoption of *devletçilik* or *étatisme* (statism), which called for artificial stimulation of the economy through government intervention. Thereby the Turks were able to sustain a dramatic economic upturn until the eve of World War II. The inception of Turkey's first Industrial Five-Year Plan has since been viewed by Turkish economists and others¹ as having signalled an important change in policy, a radical departure from the liberal doctrines supposedly followed during the preceding decade. Yet this interpretation is based in part upon a faulty premise: that, during the first ten years of the Republic, the government in Ankara adhered to specifically *laissez-faire* economic policies that had been spelled out early in 1923 by a national economic congress held at Izmir (or Smyrna), during the interval between the two sessions of the Lausanne Peace Conference.²

Even at first glance, the circumstances of the Izmir Economic Congress made it quite unlikely that such a gathering could define policy to the satisfaction of any government. Nearly a thousand delegates had been selected to represent their respective occupational groups, and were so divided for purposes of discussion while at the congress. President Mustafa Kemal (Atatürk) departed immediately after giving the opening address and left the running of the congress entirely in the hands of General Kâzım Karabekir,³ a notorious ultraconservative soon to become one of his most ardent political rivals. Under Karabekir's leadership the congress approved a document called the Economic Pact, that would never be heard of again. The plenary sessions of the congress were dominated by a mere handful of delegates, only one of whom would play a role of any significance in the subsequent formulation of Turkish economic developmental policy.

Nevertheless, numerous authors have labelled the congress 'a landmark in Turkish history', which 'laid down the principles of Turkey's economic policy', and 'established the guidelines for state and private sector activity during the first years of the Republic',⁴ prior to the official adoption of *étatisme* in 1931. Where supported, such claims that the congress had major historical significance have been buttressed only by vague references to the Economic Pact. But, when evaluated on the basis of available primary source material instead of the generalizations of other secondary studies, the congress appears to have been far more important as a source of politically exploitable slogans than as a watershed of economic policy.

I

On 1 December 1922, an initially small group of Istanbul businessmen met to establish the Turkish National Trade Association (*Milli Türk Ticaret Birliği*). They intended to hold an economic congress at Istanbul as soon as possible, primarily for the purpose of discussing import-export problems. A public announcement of their ideas in the Istanbul newspapers immediately elicited a telegram from the Minister of Economics, Mahmud Esat (Bozkurt).⁵ Therein he urged the businessmen to cancel their own plans, since the government too had been considering the idea of convening an economic congress at Izmir but on a much broader scale, and asked that they send their delegates there instead.⁶

For over three years the city of Izmir on the Aegean coast had been the quintessential symbol of the national struggle. Mustafa Kemal had even insisted for a time that it be made the site for peace negotiations with the Allied Powers. Nearly two-thirds destroyed in a catastrophic fire, and surrounded by a countryside completely devastated during the recently-concluded Greco-Turkish War, the city undoubtedly would have a very stimulating effect upon the patriotism of delegates arriving from the hinterland of Asia Minor. Moreover, as the result of fire and war, Izmir was then the only wholly Turkish city of any size or significance in the country, since multiracial Istanbul remained under military occupation by the Allies.

To whatever degree government thinking had already crystallized on the topic of an economic congress, news of the Istanbul trade association's intentions in a similar vein had certainly impelled the government to act with dispatch. By the second week of January, they publicly announced that an economic congress would indeed be convened at Izmir in barely a month's time. Details provided in the press included a statement that the 'national conference' would 'be presided over by Mustafa Kemal'. Every electoral district would select a maximum of eight delegates, choosing one representative each for banking, business, industry, labor and handicrafts, and three for agriculture. If no members of an occupational grouping were present in the community, no representative would be chosen. The selection would be made by a committee composed of members of the municipal council and the local chambers of commerce, handicrafts and agriculture, presided over by the highest local civil official. The congress would last a week, would make decisions with respect to the economic organization of the country and draw up a statement of recommended national economic goals that would receive prompt attention by both the government and the Grand National Assembly. The government would not pay the travel expenses of delegates, but adequate lodging would be guaranteed to all those who were not of independent means.⁷

The selection of the delegates on the basis of occupational representation (*mesleki temsil*) by no means implied an attempt to inject the concept of class struggle into Turkish politics, though it probably did reflect a belief in Ankara that some deference had to be given to the economic theories of Ziya Gökalp.⁸ Actually, the congress offered an excellent opportunity for a practical demonstration of Mustafa Kemal's political theory of populism (*halkçılık*) as a union of all classes. In discussing the philosophical basis of the

Peoples Party (*Halk Fırkası*) he was then organizing,⁹ Mustafa Kemal had stated that ‘the purpose of a populist political organization is not the realization of the interests of one class to the detriment of another. Rather it is to mobilize the entire nation, called People, by including all classes in common and united action toward genuine prosperity, the common objective of all.’¹⁰ He would emphasize this theme again in his opening address to the economic congress. Perhaps the most significant aspect of the preliminary published details of the congress had been the heavy weighting in favor of agricultural delegates, albeit only those who could afford to make the trip.

In Istanbul the trade association, all the cadres of which would participate in the congress, held meetings in late January to draft an outline of points for discussion (see below). At the same time, the Turkish General Workers Association (*Türkiye Umum Amele Birliği*) and Artisans Association (*Türkiye Umum Esnaf Birliği*) held their own preparatory discussions. Early in February, some 50 delegates from the three organizations left by ship for the Anatolian port of Bandırma. From there under very uncomfortable conditions they proceeded slowly by train to Izmir, where they were lodged in private homes. Other delegates made their way into the city as best they could in mid-winter. According to the memoirs of the Russian Ambassador, S. I. Aralov, only delegates from the western and coastal provinces actually were able to reach Izmir for the congress.¹¹ But instead of the traditional red fez of Ottoman times, they all wore, after the fashion set by Mustafa Kemal, the symbolic black kalpak of the nationalist cause.

No governmental direction for the further organization of the congress seems to have been attempted. An *ad hoc* steering committee finally had to be organized by some of the more influential of the Istanbul delegates, all of whom were lodged in the Izmir suburb of Bornova. When the question arose of whom to nominate as president of the congress, Ahmed Hamdi (Başar), secretary-general of the Istanbul trade association, at once proposed the name of General Kâzım Karabekir whom he very much respected as a national leader. His choice won the support of the entire group. Karabekir, still nominally commander of the Eastern Front, had just arrived in Izmir for the opening of the congress in which he would participate as delegate of the industrialists of Mağnisa. When approached by the *ad hoc* steering committee, he was completely taken aback by their offer and could only reply that he would have to ask Mustafa Kemal’s permission. The following day he agreed to accept the nomination.

II

On Saturday, 17 February 1923, the Izmir Economic Congress convened on the second floor of a fig-packing warehouse owned by Hills Brothers, Inc., of New York. A representative of the U.S. High Commissioner and the American vice consul in Izmir, along with the senior U.S. naval officer in port and several American businessmen, were treated as honored guests and conducted to their seats by Boy Scouts and gendarmes. Also present as observers were the British vice-consul and the ambassadors of Russia and the Azerbaijan S.S.R. The total number of delegates attending has been vari-

ously reported as anywhere from 500 to 1,535 (with some 3,000 spectators in the latter case). Considering the probable space limitations of the hall, the figures of somewhat over 800 official delegates (provided by Ahmed Hamdi Başar) and an estimated (by the British vice-consul) total attendance of 2,000 seem reasonable. In a balcony on one side of the hall sat some 200 Turkish women, all unveiled, who commented freely during the course of the speeches. The hall had been specially decorated for the occasion, and outside there was a display of native Turkish products, including dried fruit, leather items and Istanbul cloth. An airplane stall provided a scale model and other visual displays to emphasize the need for quick development of Turkish air power, although without any indication of production costs for the items exhibited.¹²

At 10 a.m. Mustafa Kemal entered the hall in civilian attire and formally opened the congress with a prepared speech that lasted about an hour and a half. He began by indicating in only the most general terms the necessity for an economic rebuilding of Turkey. Appealing to the delegates as representatives of the people, he developed his political theme of populism to its ultimate limit with the maxim, 'vox populi, vox dei (*halkın sesi, hakkın sesidir*)'.

In a protracted sketch of Ottoman history he criticized the policy of the Sultans: in their ambitious dream of conquest they had neglected to assimilate the vanquished populations, and had left them to constitute an economic force with a separate identity. In order to cajole these subject populations, the Ottomans had lavished privileges on them of the same sort accorded to foreigners in the form of extraterritorial immunities, to which the Occidentals had given the humiliating (to the Turks) name of 'Capitulations'. This had produced an antagonism between the conquerors and the conquered or, as Mustafa Kemal put it, between the saber and the plow; and as always in history, the plow had prevailed.

He next criticized the Ottoman practice of negotiating foreign loans which had led inexorably toward bankruptcy. Kemal stated that the Turkish nation, firm in its defense of the National Pact (*Misakı Milli*),¹³ had saved the country from the dissolution it faced at the end of World War I; yet the nation still had enemies and, in order for her to struggle against them, it would be necessary to arm economically just as she had armed militarily. With an allusion to the peace talks that had just been suspended at Lausanne, he indicated that Europe was apparently unable to comprehend that they were dealing with a new and different Turkey.¹⁴

The Minister of Economics, Mahmud Esat, then delivered a speech couched in similarly vague, though rather more forceful terms. The delegates were again given more a lesson in history than a recommendation for the proper course of their deliberations. He suggested virtually without explanation the terms 'credit', 'import and export', 'selfsufficiency', 'collectivization', and 'industrialization' as concepts appropriate for discussion by the congress. Even his allusion to the status of the Chester Concession¹⁵ then being negotiated was no more specific than his implied threat to use the army if the Allied Powers failed to pursue constructive peace negotiations. The only theme clearly stated in the speech of Mahmud Esat was one picked up again later in the defense of *étatisme*: that the new Turkey did not

present a framework adaptable to any existing economic system, whether capitalism, socialism or communism; and therefore she must develop along economic lines, not yet clear, but nonetheless peculiarly her own.¹⁶

Next the official steering committee of the congress was elected under the direction of Kavali Hüseyin of Izmir, with Ahmed Hamdi as general secretary. The delegates were divided into four sections for caucus: business, industry, agriculture and labor, each presided over by an elected vice-president. Having been elected president by acclamation, General Kâzım Karabekir delivered the third formal address of the day. Shorter than either of the first two, it exceeded them by far in the use of Arabic phrases and pious Muslim expressions. Contrary to what the Russian Ambassador Aralov claimed in his memoirs, it is in Karabekir's speech and not the two preceding it that reference was made to the desirability of perfecting the National Pact with a new statement of principle.¹⁷

The congress subsequently adjourned in order to allow the sections to elaborate their own projects in caucus. Toward dawn of the following morning, entirely without ceremony and unannounced, Mustafa Kemal left Izmir on his private train, accompanied by a group of close associates that, surprisingly enough, included even the president of the economic committee of the Grand National Assembly.¹⁸

III

Not until a week later did the first general session of the congress take place on 23 February, opened with yet another speech by Karabekir. Procedural questions appear to have occupied the delegates, such as use of the terms *Türk* and *millî* (national) in place of *Osmanlı* (Ottoman) and *İslam* respectively. The second and third sessions were held on the 25th, at which time the agricultural section secured the adoption of a resolution on the need for both agricultural education and abolition of the Tobacco Régie.¹⁹

The fourth session opened on the 26th with the presentation of a hodgepodge of projects: for abolition of the tithe (*aşır*) and its replacement by another tax; for greater agricultural security, better organization of rural police and the establishment of telephone and telegraph links between villages; for the creation of both an agricultural bank and a commercial bank. Two extremist motions were defeated. One called for the distribution of arms to the people, and the other would have required all those attending the congress to keep their heads covered in conformance with Muslim custom.

The fifth and sixth sessions, held on the 27 and 28 February respectively, dealt with a number of topics. There were speeches concerning the number of stock and foreign currency exchanges. It was recommended that action be taken to check rate fluctuations and speculation in foreign exchange by establishing a popular bank with a strong capital base. Mining should be intensified with preference given to Turkish nationals. The Arab word *amele* for worker would be replaced by the Turkish *işçi*. A tax to permit the creation of sanatoriums and other institutions with which to ameliorate the general condition of workers was proposed. Unions were to be legitimized, as

well as the eight-hour day, with double pay for hours worked on a night shift. The creation of a national bank was recommended for the purpose of endorsing certain national debts and training Turkish nationals in banking methods. The business and industry sections proposed a motion for the establishment of a national chamber of commerce, but the agricultural and labor sections rejected it.

During the seventh session held on 1 March, a number of projects were elaborated in general discussion. The industry section called for industrial education and the encouragement of industry; the agricultural section wanted railways and roads; and the business section suggested a system of individual loans, the reduction of railway tariffs, the elimination of customs duties on automobiles and buses, and the creation of a Turkish national society for the encouragement of aviation. Further general discussion ensued on the various other means of transportation by water, rail and road.

A suggestion that it be ascertained whether the Turkish language might be written with Latin characters was ruled out by the congress as relevant more to the general topic of public education than to economic development. Nonetheless, Karabekir felt obliged to deliver a violent denunciation of the project, arguing his own belief that the 'Turkish (i.e. Arabic) characters were the most beautiful in the world, permitting very compact and rapid writing, and in no way a problem for students who, even in the most far-flung parts of Anatolia, could learn to read a newspaper in only two or three months. The diabolical idea of replacing them with Latin characters had, he said, been devised in Europe and was being propagated by interpreters who pretended to be Ottomans, but really desired to sap the vitality of Turkey. If the Latin characters were adopted, the enemies of Turkey inevitably would say to some 300 million other Muslims that the Turks had become Christians. This extraordinary tirade, accompanied by a long digression on the theme, 'not to love the characters themselves is not to love Turkey', brought Karabekir enthusiastic applause from the delegates.

IV

The concluding session was held on 4 March. Before making his closing address to the congress, General Karabekir proposed the adoption of an Economic Pact (*Misaki İktisadi*) allegedly to replace the National Pact passed by political congresses held at Erzurum and Sivas three-and-a-half-years earlier. Approved without discussion by the delegates, it was almost entirely the creation of Karabekir himself. During the final days of the congress he had dictated it to Ahmed Hamdi, the secretary of the steering committee. Ahmed Hamdi was able to make a few minor changes to the original draft that went unnoticed by Karabekir, but the latter's chauvinistic nationalism and ultra-religious, puritanical conservatism dominates the document nonetheless. It contains only incidental references to economic issues *per se*, and is more concerned with such matters as celebrating the Prophet Muhammad's birthday as a national 'Festival of the Book' (see the author's translation of the text in Appendix A). The congress passed a large number of individual proposals on economic matters, but it was Karabekir's

Economic Pact that would be publicized as the end product of their deliberations.

Prior to the congress, some of the Istanbul press had expressed guarded skepticism about the likelihood of any useful program for economic development resulting from the sessions. The publication of the Economic Pact, albeit with no indication that it was anything but the most profound expression of the delegates' desires, met an immediate and highly unfavorable reception by the press. They leveled strong criticism at both the absence of a definite agenda before the congress opened, and at the procedure employed during the debates which resulted in a mere handful of speakers dominating the sessions. While a few papers still hesitated to suggest that the congress had served no good purpose, there was general agreement that the so-called Economic Pact was fundamentally little more than a restatement of the Turkish thesis on national sovereignty and independence. Typical of the none too restrained criticism that the Pact received were the comments of Suphi Nuri, published in *İleri* on 6 March. These expressed basically the same reaction as did a marginal note made on the British Foreign Office report of the conference: that the Pact was 'more a manual for Boy Scouts than an economic program'²⁰ as such.

On 17 March *İkdam* carried an interview with the Minister of Economics, Mahmud Esat, who apparently still thought it prudent to equivocate. He declared that he did not wish to comment on a declaration (i.e., the Economic Pact) that was not the work of the government, since the latter had begun to prepare a program of its own. He indicated, however, that economic congresses would be held annually thereafter and, in a further interview published on the 20th, remarked that future conferences would at least allow the delegates to gain a better awareness of the country's resources.

V

The basic question then is what the congress actually contributed to the definition of Turkish economic developmental policy. In seeking an answer it is well to begin by noting the heterogeneous character of the delegates. First, a number of the politically active delegates were also deputies in the Grand National Assembly. Yet they had simply been sent to observe the congress in their capacity as delegates, and they quite readily confessed to others that they had no idea of what ideally should transpire.²¹ The majority of these politicians appear to have sought little if any active role at the congress, nor did they see it as an opportunity to define a basic philosophy upon which future Turkish economic development could be based. In a similar way, the selection process had been so heavily weighted in favor of rural representation that the average delegate was little more than an unsophisticated Anatolian peasant, too flattered at having been called to attend the first Turkish economic congress in history to do anything but blindly endorse the views of those who assumed its leadership.

On the other hand, there were the self-appointed leaders of the congress, six or eight at most, who dominated discussion during the plenary sessions,

plus a number of other individuals who actively participated in drawing up the motions proposed in the sections. Most of them, particularly in the group from Istanbul, had been influenced by *laissez-faire* economic theories during the years of their youth. But, though receptive to the total system of nineteenth-century European liberalism, particularly as conceived of by the French, they did not identify with its uncompromising opposition to the 'necessarily meaningless' interference of the State in the affairs of its citizens. It was not the influence of their own State that these Turkish intellectuals sought to resist, but domination by foreign states.

In Turkey a concern with primarily the political aspects of nineteenth-century liberal doctrine had been combined with an uncompromising demand for national sovereignty. This tended to accord the State a more important role in the economy than would have been acceptable to European liberals, who believed the most liberal government to be that which pursued no economic policy at all. As a result, in 1923 Turkish intellectuals did not react to the call for a national economic developmental policy with a program based upon definite ideas of how to apply the economic elements of a liberal philosophy. They looked instead to their own interests and prepared draft motions that were more in the nature of specifically desired projects than well developed guidelines for general economic policy.

This is readily seen from the list of points for discussion prepared by the Istanbul trade association prior to the congress, at which in due course they were indeed proposed: (1) reform of commercial law; (2) income tax reform and other changes in general tax regulations; (3) control of the foreign exchange market by the State; (4) unrestricted Turkish sovereignty in the establishment of protective tariffs; (5) prohibition of all monopolies, state and foreign, and the removal of existing ones, particularly the Tobacco Régie; (6) establishment of a National Bank, with participation therein by the State; (7) elimination of unnecessary foreign influence in the Turkish economy; (8) consideration for professional and interest groups in the establishment of economic and fiscal policy; (9) direct participation by the State in the establishment of import-export firms; and (10) development of an educational program to prepare Turkish nationals for roles in business and administration.²² As is evident from this list of desiderata, except in the case of monopolies, the participation of the State in the economic life of Turkey not only was accepted, but actually encouraged. Otherwise, the points outlined by the Istanbul trade association dealt primarily with the needs of the business community and, of course the demand for national sovereignty. These proposals along with those put forward for reform in agriculture and labor were elaborated in the congress sessions.

The only delegate who took a prominent role in the proceedings of the Izmir Economic Congress and subsequently became involved in the formulation of Turkish economic developmental policy was Şükrü Saraçoğlu, who later served as minister of finance among other things. He was if anything the exception to prove the rule that classic *laissez-faire* opposition to the State's involvement in economic activity was not shared by the nominal liberals in Turkey, for during the congress it was he who advanced a conservative argument against their own call for protective tariffs.²³

Yet another element of the basic question is whether the recommendations enunciated in the plenary sessions of the congress were actually followed. By the time of the Lausanne Peace Conference the government had already decided to take over the existing monopolies, for this was seen as the quickest way to remove foreign economic control and also an absolutely vital source of future revenue for the State.

This process began in March 1925 with the takeover of the Tobacco Régie, and by the late 1920s the State had established monopolies on alcohol, salt, sugar, matches, gasoline and oil as well. Also in 1925, the enactment of a Law on Chambers of Commerce and Handicraft, which had been defeated at Izmir, put the Chambers under government control and made membership compulsory for entrepreneurs.²⁴ However, a Law for the Encouragement of Industry passed in 1927 remained a dead letter until it could be put into effect as part of the larger policy of *étatisme* in the 1930s.²⁵ State involvement in the expansion of banking did not begin on a really large scale until the early Thirties, and the liberal goals of social legislation and expanded educational opportunity were not made the foci for any economic policy whatever until after World War II.

Although the establishment of prototype or model farms would be one of Mustafa Kemal's pet projects, agriculture generally did not benefit as a direct result of developmental policy. Of all the recommendations made at Izmir, that regarding the abolition of the tithe seems to have been the most immediately viable as a principle for development of the largest sector of the economy in Turkey. It should have been made a threshold from which to proceed to other policies in the agricultural sphere, but was not. The failure to do so would prove to be a major omission in the program of *étatisme*. Actually, Kemal never acquired a personal interest in either the nuts and bolts of economic theory, or the means for its implementation. As a result, he gave an entirely free hand in economic matters to his prime minister, İsmet İnönü.

Although İnönü did read parts of the published proceedings of the Izmir Economic Congress, he felt the majority of its recommendations to be entirely too *laissez-faire* for his own tastes.²⁶ Thereafter he developed his own economic policy, primarily to facilitate the construction of state railways, formulated the associated fiscal program for its finance, and ultimately buttressed it by personally elaborating the concept of *étatisme*.²⁷ Hence, while individual projects discussed at Izmir may well have caught the fancy of some functionaries in the lower echelons of government, there is ample evidence that the congress had no direct effect on the thinking of those actually responsible for the formulation of policy.

Indeed, little real policy change was possible until the temporary alienation of tariff controls (surrendered as part of the price of the Lausanne Peace Treaty) lapsed in 1928. Due to the general absence of incentive for large-scale investment by the private sector, during the 1920s the Turkish government focused its attention on domestic concerns, largely in the railway communications sector of the country's infrastructure, for which it needed only to establish short-term goals. At the same time, however, the resources of the State were extremely limited. In order to finance an ambitious and comprehensive program of railway construction, it became necessary to

develop monopolies and to raise tax rates as high as circumstances would allow. Simultaneously, the structural reorganization of internal trade could be undertaken with relative facility, mainly through legislation and the establishment of measures to provide small-scale, short-term finance, but only to those firms deemed to be a good risk.

Otherwise there was virtually no impetus to make a larger commitment to specific economic principles. The vagueness of its economic policy during the Twenties actually worked to the government's political advantage, for it denied the political opposition a clear-cut issue to attack. Neither the *Terakkiperver Cumhuriyet Fırkası* (Progressive Republican Party) in 1925, nor the *Serbest Cumhuriyet Fırkası* (Liberal Republican Party) in 1930 was able to cite the failure of specific economic developmental policies as justification for their attack on the government. They could find only İnönü's 'illiberal fiscal policy' an object for criticism.

Hence, to characterize the period from 1922 to 1932 as *laissez-faire* liberal is entirely misleading, for in fact the government simply failed to produce its own development program. What appeared to some observers as liberal was in reality simply passive. Indeed, this misinterpretation in turn made possible the two myths—that the Izmir Economic Congress defined a completely liberal economic policy, and that the government followed the latter until the 'change' to *étatisme* in the early Thirties.

VI

If it had little or no real influence on the formulation of national economic policy, then the significance of the congress must be sought elsewhere. There is good reason to believe that the government's purpose in convening it had been primarily political, for results were quickly apparent in that regard. One scholar has argued that, from the very first, the government had intended the congress as a means of putting pressure on the Allies to conclude a treaty. If presented with tangible proof of Turkish determination to exercise national sovereignty, they might be more forthcoming at the peace table.²⁸ However, when the congress was first conceived of, negotiations were still proceeding smoothly at Lausanne and there was as yet no reason for pessimism. In early December when the government made its initial decision to sponsor an economic congress, not foreign but domestic politics were the primary factor, for Kemal had just announced his intention to form a new political party. That the European Powers should find the congress of any interest whatever would be suggested only after the dramatic breakdown of peace talks two months later.

Originally it had been planned that the congress last for but a single week in early February and, with Mustafa Kemal presiding, that it define a set of national goals without unduly indulging in debate over policy. Had the original timetable been followed, this would have provided Kemal an opportunity both to project his political image and to explain the concept of his Peoples Party to an audience representing mainly the agricultural vote. Having given him an idea of what reforms would be most popular, the delegates then would have carried the Kemalist message home to districts not yet visited in

person by Kemal.²⁹ He in turn would have had ample time both to incorporate their suggestions into his campaign platform, and to present it at the formal opening of the new session of the Grand National Assembly on 1 March.

The sudden breakup of the Lausanne Peace Conference on 4 February threw a wrench into that timetable. With delegates already arriving in Izmir for the congress, Mustafa Kemal suddenly needed to give his full attention to foreign policy matters and deal with a crisis about which he had scant information. Moreover, an unexpectedly severe snowstorm in the Balkans worked to prevent the quick return of his foreign minister from Switzerland. It was no longer possible to postpone or cancel the economic congress, but the opening still could be delayed, for several days. Yet, during that short time, the foreign policy crisis created so explosive a political atmosphere in Ankara, that Kemal's immediate departure for the capital became imperative. By a fluke this left a political conservative to run the congress.

Whatever else it might have accomplished under Mustafa Kemal's guidance, with Kâzım Karabekir in charge the congress had to be narrowly confined to the discussion of national goals. That Karabekir would have had it otherwise is evident, for he believed the congress had sufficient authority to substitute his own Economic Pact for the National Pact. In his one speech to the congress Kemal offered only broad generalizations, especially where economic matters were concerned, in no way suggesting that the delegates should attempt to set policy. Giving them more a history lesson than anything else, he stressed only the political slogan of national sovereignty. Mahmud Esat followed Kemal's lead with a speech that was similarly broad and unenlightening, despite the fact that he was minister of economics.

Left virtually to their own devices following Kemal's departure for Ankara, the delegates could only give their gut reaction to the question of what reforms they wanted to see the government initiate. That Ankara had intended them to do just that is clearly indicated in an official press release which stated: 'The task of the congress had been to determine what future economic reconstruction Turkey intends.'³⁰ And while the same official press release acknowledged that the congress had approved an 'economic national pact', it quoted not the text of Karabekir's Economic Pact, but fourteen of the most important 'Economic Principles' (i.e., national goals) adopted by the delegates themselves in plenary session.³¹

Little more than a month after it ended, the Izmir Economic Congress bore its political fruit. On 8 April, Mustafa Kemal revealed the text of his 'Nine Principles' (*Dokuz Umde*), a common campaign platform for all who planned to seek election to the Grand National Assembly as members of his new Peoples Party. In essence the *Dokuz Umde* comprised a restatement of all the popular nationalist slogans, a commitment to the fundamental reorganization of domestic politics, and a list of very practical legislative and administrative reforms. In fact, eight of the Nine Principles offered a quid pro quo, in varying degrees, to each of the principal occupational and interest groups among the voters, but primarily to farmers and merchants who constituted the vast majority of the electorate. That the proposed reforms had largely been culled from recommendations put forward at the Izmir

Economic Congress was specifically acknowledged in the document's preamble (see the author's translation of the text, which is keyed to the 'Economic Principles' proposed by the four different occupational groups represented at the Izmir Economic Congress, in Appendix B).³²

As Kemal later admitted,³³ the Nine Principles were little more than a pastiche of slogans and resolutions already well known to the electorate, but a pastiche artfully contrived nonetheless, and with a definite purpose in view. The *Dokuz Umde* gave a very singular advantage to those who used it as their platform; any attempt by their political foes to attack it could easily be labeled as opposition to the practical reforms and nationalist slogans identified therein. Similarly, it left the opposition without a means of their own to appeal to the voters.³⁴ Instead of brashly pushing ahead with *devrim*, or revolutionary change, Kemal at first advocated only *islahad*, the reform of existing institutions, just as numerous Ottoman traditionalists had done before him.

By determining national goals without attempting to set policy or indulging in a protracted discussion of economic philosophy, the delegates to the 1923 Izmir Economic Congress had produced a set of recommendations that were perfect as a platform for the future Peoples Party, and guaranteed to be popular. That the *Dokuz Umde* manifesto served to all but assure a Kemalist victory in the ensuing election confirms that the Izmir Economic Congress, never really a seedbed from which *laissez-faire* ideas could be transplanted, had been far more important as a wellspring of political opportunity.

NOTES

1. H. Derin, *Türkiye'de Devletçilik* [Statism in Turkey], (Istanbul, 1940), p. 80; Z. Y. Hershlag, 'Turkey: Achievements and Failures in the Policy of Economic Development during the Inter-war Period 1919–39', *Kyklos* (1954), p. 323; N. Serin, *Türkiye'nin Sanayileşmesi* (Turkey's Industrialization), (Ankara, 1963), pp. 102–5; Osman Okyar, 'The Concept of Etatism', *The Economic Journal* (March 1965), 75: 98; Kemal Karpat, *Türk Demokrasi Tarihi* [The History of Turkish Democracy], (Ankara, 1967), p. 79; Feridun Ergin, *Atatürk Zamanında Türk Ekonomisi* [The Turkish Economy in Atatürk's Time], (Istanbul, 1977), pp. 14–15.
2. Representatives of the Allied Powers and Turkey met in Lausanne, Switzerland from 20 November 1922 to 4 February 1923, and again from 23 April to 24 July. The United States was not a party to the treaty signed.
3. Kâzım Karabekir (1882–1948) a graduate of the Ottoman Army War College, had been one of the first general officers to join the nationalist movement in 1919. As independent commander of the Western Front, he crushed the ephemeral Armenian Republic. His later attempt at a political career was tainted by association with the opponents of Atatürk.
4. Quotations are, respectively, from Z. Y. Hershlag, *Introduction to the Modern Economic History of the Middle East* (Leiden, 1964), p. 166; Eliot G. Mears, *Modern Turkey* (New York, 1924), p. 27; and N. Serin, p. 102.
5. Mahmud Esat Bozkurt (1892–1943) a graduate of Istanbul University Law Faculty, was minister of economics (1922–3) and minister of justice (1924–30).
6. The memoirs of Ahmed Hamdi Başar in *Bariş Dunyası* (October 1966, 54: 59–60. In addition to other sources noted below, details of the congress have been assembled from the following sources: *Bariş Dunyası* (December 1966), 55: 53–62; French Foreign Ministry, *Bulletin Périodique de la Presse Turque* (March 1923), 26: 8–10; and a personal taped interview on 23 July 1969, with the late Ahmed Hamdi Başar. Many of the available documents on the congress have been published by A. Gündüz Ökçün in his collection *Türkiye*

İktisat Kongresi 1923–İzmir [The 1923 Turkish Economic Congress—İzmir], (Ankara, 1968). All copies of the published proceedings of the congress, *İlk Türk İktisat Kongresi Zaburları* [Minutes of the First Turkish Economic Congress], (İzmir, 1923), previously known to be extant in public and private libraries, seem to have mysteriously disappeared.

7. *Vakit* (9 January 1923), p. 2.
8. Ziya(eddin) Gökalp, 1875 to 1924, a graduate of Istanbul University Political Science Faculty, was the intellectual leader of the Young Turk Movement and the Committee of Union and Progress from 1908 to 1918. Influenced by the concepts of the French social philosopher Emile Durkheim, he pointed the way in developing the cause of Turkish nationalism. See Osman Tolga, *Ziya Gökalp ve İktisadi Fikirleri* [Ziya Gökalp and his Economic Ideas], (Istanbul, 1949); Uriel Heyd, *Foundations of Turkish Nationalism: The Life and Teachings of Ziya Gökalp* (London, 1950); Niyazi Berkes (ed.), *Turkish Nationalism and Western Civilization: Selected Essays of Ziya Gökalp* (New York, 1959); and Ziya Gökalp, *The Principles of Turkism* (Leiden, 1968).
9. On the formation of the Peoples Party, see Michael M. Finefrock, 'From Sultanate to Republic: The Structure of Turkish Politics 1922–1924', (Ph.D. diss., Princeton University, 1976), *passim*.
10. *Gazi Mustafa Kemal Paşa Hazretleri İzmir Yollarında* [His Excellency General Mustafa Kemal on the Road to İzmir], (Istanbul, 1923), p. 55.
11. S. I. Aralov, *Bir Sovyet Diplomatının Türkiye Hatıraları* [The Turkish Memoirs of a Soviet Diplomat], (Istanbul, 1967), p. 226.
12. *National Archives Record Group* 59, 867.00/1635 of 17 February 1923, Ship's Diary of USS Edsal (DD 219), CDR. H. Powell, in Smyrna; Record Group 59, 867.50 of 24 February 1923, Report of A. W. Trent, vice-consul in Smyrna; *British Foreign Office* (cited as *FO*) 371, 9113 no. 2405 of 18 February 1923, Urquhart (Smyrna) to Henderson (Constantinople), pp. 172–4.
13. See Gotthard Jäschke, 'Zur Geschichte des türkischen Nationalpakts,' *Mitteilungen des Seminars für orientalische Sprachen* (1933), 36: 101–16. A translation of the National Pact appears in J. C. Hurewitz, *Diplomacy in the Near and Middle East* (Princeton, 1956), 2: 74–5.
14. Mustafa Kemal's speech is in *Atatürk'ün Söylev ve Demeçleri* [Atatürk's Collected Speeches], (Ankara, 1959), 2: 99–112.
15. The Chester Concession for the development of railways, oil fields and other sub-surface minerals in Turkey was granted to the Ottoman-American Development Company of retired U.S. Rear Admiral Colby M. Chester on 9 April 1923, only to be cancelled on 18 December of the same year. See Leland J. Gordon, *American Relations with Turkey 1830–1930, An Economic Interpretation* (Philadelphia, 1932), pp. 257–77; and John A. DeNovo, *American Interests and Policies in the Middle East 1900–1939* (Minneapolis, 1963), chapters 3 and 7.
16. The speeches of Mahmud Esat Bozkurt and Kâzım Karabekir are in Ökçün, pp. 257–69.
17. Aralov, p. 230.
18. Damar Arikoğlu, *Hatıralarım* [My Memoirs], (Istanbul, 1961), p. 301.
19. On the Régie Impériale Co-intéressée des Tabacs Ottomans, see Arnold J. Toynbee and Kenneth P. Kirkwood, *Turkey* (New York, 1927), pp. 238–9.
20. *FO* 371, 9114 no. 3791 of 3 April 1923, Roberts (Commercial Secretary Constantinople) to Lord Curzon, p. 72.
21. *FO* 371, 9113 no. 2405.
22. *Bariş Dnyası* (November, 1966), 55: 53–4.
23. Şükrü Saraçoğlu, 1887 to 1953, a graduate of the University of Geneva Faculty of Political and Economic Sciences, was deputy for İzmir and an early member of Atatürk's Peoples Party. He served as minister of education (1924–45), minister of finance (1928–31), minister of justice (1933–8), foreign minister (1938–42), prime minister (1942–46) president of the Grand National Assembly (1948–50).
24. Z. Y. Hershlag, *Turkey: The Challenge of Growth* (Leiden, 1968), p. 58.
25. Z. F. Findikoglu, 'Turkish Intelligentsia and Turkish Economics', *Türkiye Harici ve İçtimai Araştırmalar Derneği*, Series B (Istanbul, 1966), 7: 11.
26. Personal taped interview with İsmet İnönü on 6 August 1969.
27. That he was the one personally responsible for the economic policies of the 1920s has been

confirmed even by İnönü's foremost detractors, such as Yakub Kadri Karaosmanoglu in a speech delivered in February 1965, quoted in Fahir Giritlioğlu, *Türk Siyasî Tarihinde Cumhuriyet Halk Partisinin Mevkii* [The Place of the Republican Peoples Party in Turkish Political History], (Ankara, 1965), 2: 436.

28. Roderic H. Davison, 'Turkish Diplomacy from Mudros to Lausanne', in Gordon A. Craig and Felix Gilbert (eds.), *The Diplomats* (Princeton, 1956), 1: 206.
29. Contemporary observers found this purpose readily apparent) see *FO* 424, 257 no. 33 of 3 April 1923, Rumbold Constantinople) to Lord Curzon, p. 23.
30. Ökçün, pp. 390–434; Press statement in English distributed by the Turkish Information Bureau, New York (mimeo., 1923).
31. Ökçün, pp. 390–434.
32. I am greatly indebted to Gündüz Ökçün for having called my attention to the economic aspects of the *Dokuz Umde*.
33. Gazi Mustafa Kemal (Atatürk), *Nutuk* [A Speech], (2nd ed. Ankara, 1934), 2: 206; and *A Speech Delivered by . . .* (English translation of the preceding item, 2nd ed. Istanbul, 1963), p. 598.
34. For further details see Michael M. Finefrock, 'A Military Approach to Turkish Politics: Atatürk's Legislative Coup d'Etat of 15 April 1923', paper prepared for the American Historical Association annual meeting, 1978 (mimeo.).
35. Ökçün, pp. 387–9.
36. The Nine Principles are keyed to sources antedating them as expressions of popular sentiment: The Basic/Fundamental Law, adopted by the Nationalists in 1920, in A. Şeref Gözübüyük and Suna Kili, *Türk Anayasa Metinleri, Tanzimattan Bugüne Kadar* [Texts of Turkish Constitutions from the Tanzimat to Today], (Ankara, 1957), pp. 85–7; the law abolishing the Sultanate, in *Düster* 3. Tertip, 3: 152–3; and the 'Economic Principles' proposed at the Izmir Economic Congress by the four different occupational groups of Farmers, Business, Industry and Labor, in Ökçün, pp. 390–434.
37. Tarık Zafer Tunaya, *Türkiye'de Siyasî Partiler* [Political Parties in Turkey], (Istanbul, 1952), pp. 580–2.

Appendix A

THE PRINCIPLES OF THE ECONOMIC PACT

- (1) Turkey, with an unrestricted independence within her national borders, is a factor for world peace and progress.
- (2) Having obtained their national sovereignty at the price of their own blood, the Turkish people will never relinquish it. They are the eternal support of their government and legislature, which are founded on national sovereignty.
- (3) The Turkish people do not destroy; they build. All efforts are directed toward the economic regeneration of the country.
- (4) As far as possible, the Turkish people themselves produce the goods that they consume. They work hard; in time, in wealth and in imports, waste is avoided. If need be, in order to assure national production, they are zealous in working night and day.
- (5) The Turkish people recognize that they live amidst a golden treasury of national resources. They love their forests as their children, and therefore celebrate arbor holidays, raising anew the forest. They operate their mines for their own national profit, and they strive to publicize the value of their national resources.
- (6) Theft, lying, hypocrisy and laziness are our greatest enemies. Our foundation in everything is a religious strength, free from bigotry. We shall always adapt useful innovations. The Turkish people loath enemy conspiracy and propaganda directed against their sacred things, their lands, persons and products, and ever recognize a duty to combat such.
- (7) The Turks are ardent lovers of knowledge and culture. A Turk is brought up in such a way as to be able to earn his living anywhere, but before everything else, he belongs to his country. Because of the reverence that he gives to education, the Prophet Muhammad's birthday will also be celebrated as a Festival of the Book.
- (8) Our first desire is to increase our population, decimated because of wars and privations, and to safeguard life and health. The Turk is on guard against microbes, bad weather, contagion and filth; he loves pleasant and pure weather, ample sunshine and cleanliness. He practices physical exercise, such as horseback riding, marksmanship, hunting and fishing, which are the inheritance of his ancestors. And in addition to showing the same attention and zeal to his animals, he perfects their species and increases their number.
- (9) The Turk is the eternal friend of peoples who are not the enemy of his religion, his community, his land, his life, or his institutions. He is not against foreign capital; but does not have relations with institutions that in his native country do not adapt to his language and his laws. The Turk directly receives innovations in science and in the arts, irrespective of their origin, and does not desire further intermediation in any respect.
- (10) The Turk loves to work freely and openly; he does not want monopolies in business.
- (11) Turks, whatever their class or profession, sincerely love their compatriots, placing hand in hand with regard to profession and class. In order to better know and understand one another, their country and their groups, they meet and travel.
- (12) The Turkish woman and teacher will raise their children according to the principles of the Economic Pact.³⁵

Appendix B

DECLARATION OF THE NINE PRINCIPLES

The Grand National Assembly of Turkey was convened with absolute authority derived from the nation. In order to save the nation from the threat of disintegration and annihilation, it formed a popular government based on the principle of national sovereignty. The Assembly has fulfilled an important part of the national obligations it assumed over the last three years. On 1 April 1923, it voted unanimously to hold new elections.

God willing, tranquility will soon be re-established, and thus the common aim will be to assure economic development, rebuild and perfect institutions, and thereby assure both security of property and national well-being.

During the forthcoming period of toil, in order that the majority of the Assembly may unite in the common goal of national sovereignty, a Peoples Party will be established. The already existing Group for the Defense of Rights of Anatolia and Rumelia will be transformed into the Peoples Party. A detailed and orderly program for the aforementioned party, based upon the moral and spiritual principles of popular sovereignty, reform and development, will later be proposed for the peaceful discussion and approval of its members. Pending this, our group has decided to participate in the forthcoming election on the basis of the principles listed below. These principles have taken into account a number of considerations, including the urgent needs of the nation, the views and observations of many experts, and in particular the results of the Economic Congress which representatives of the entire nation convened at Izmir.

Principle I. Sovereignty belongs unconditionally to the nation. The system of administration is based on the fundamental principle that the people actually and personally administer their own destiny. The true and only representative of the nation is the Grand National Assembly of Turkey. No individual, nor any office other than the Grand National Assembly of Turkey can decide the national destiny. Therefore, in all its laws, in every sort of organization, in the general details of administration, and in respect to public education and economy it will act according to the principles of national sovereignty.

Laws to be speedily enacted and applied are: the law regarding the duties and responsibilities of the Council of Ministers, the township law, the law for the creation of councils to assure the autonomy of provinces in local affairs of a social and economic nature, and the law for unification of provinces and the organization of public inspectorates.

Principle II. The law of 1 November 1922, passed unanimously by the Grand National Assembly of Turkey, established as immutable principles the Abolition of the Sultanate and the rule that rights of sovereignty and rulership cannot be abandoned, partitioned or transferred—these rights being exercised by the judicial body of the Grand National Assembly, which is the true representative of the Turkish people. The Caliphate, which supports the institution of the Grand National Assembly of Turkey, is an exalted intra-Islamic office.

Principle III. The most important duty is the preservation of absolute safety and security in the nation. This goal will be

*Source*³⁶

*Basic Law,
Articles
1–3.*

*Basic Law,
Articles
7 and
10–23.*

*Farmers.
Law to
Abolish
the
Sultanate,
Article 1.*

*Farmers &
Business.*

achieved and will conform to the needs and desires of the nation.

Principle IV. The ability of our courts to dispense justice in a particularly speedy manner will be assured. In addition, our legal systems will be entirely revised in order to conform with national needs and appropriate jurisprudence considerations.

Principle V. (1) In regard to the tithe, those factors which have engendered suffering and complaints among the people will be corrected in a fundamental way. (2) An effort will be made to assure the cultivation and merchandizing of tobacco for maximum benefit to the nation. (3) Financial institutions will be restructured and increased in number so as to facilitate the lending of money to farmers, to those concerned with industry, business, etc., and to all skilled workers. (4) The capitalization of the Agricultural Bank will be raised, and its ability to aid farmers more easily and extensively will be assured. (5) Agricultural machinery will be made available to the farmers of our country on a broad scale, and the profitable use of agricultural implements and tools by our farmers will be facilitated. (6) Maximum effort will be made to protect, encourage and reward the domestic production of goods manufactured from our country's raw materials. (7) Immediate action will be taken to assure the railroads we so urgently need. (8) The consolidation of instruction in primary education, the needs of all our schools, guidance in the principles of modern education, and the promotion and assistance of our teachers and professors will be assured. Every means for the education and instruction of the people will be utilized. (9) Pious foundations (*evkaf*) related to public health and social welfare will be improved and increased in number. Laws will be written to protect our skilled working men. (10) Foundations will be established to guarantee the use of our forests in a suitably progressive and scientific manner, the working of our mines in the most productive way, and the improvement in breed and increase in number of our livestock.

Principle VI. The period of active duty military service will be reduced. Additionally, the period of service for those able to read and write, and for those who learn to read and write while in the army, will be further reduced. It is particularly important to assure the comfort of those connected with the army.

Principle VII. A fundamental aim is to secure the future welfare of our reserve officers in a manner beneficial both to themselves and to the country. Private soldiers and all those connected with the military who have been disabled in the defense of the nation, as well as all pensioners, orphans and widows in general, will be protected from misery and want.

Principle VIII. The affairs of the people depend upon an honest, competent and industrious civil service, capable of achieving results with maximum speed and efficiency, and in accordance with the law. A bureaucracy will be set up and all departments of government will be regulated with constant control and supervision. Similarly the appointment, removal, responsibility, privileges, compensation, promotion and retirement of officials will be arranged. The advice of the country's intellectuals, and those expert in the various professions will be utilized in a way beneficial to the offices and affairs of state.

Business.

Farmers.

Farmers & Labor.

Farmers, Business & Industry.

Farmers & Industry.

Farmers.

Business & Labor.

Farmers, Business & Industry.

Farmers & Business.

Labor.

Farmers & Business.

Principle IX. In addition to those measures undertaken by the State to repair and restore our devastated country as quickly as possible, laws will be enacted to guarantee and encourage the formation of construction and repair companies, and to help protect all such efforts.

Our Point of View Regarding Peace: To work for peace on the condition that, whatever else happens, national, economic and administrative independence is secured. A peace treaty that does not assure these conditions cannot be accepted.³⁷

April 8th, 1923

The Association for
the Defense of Rights of Anatolia and Rumelia
Gazi Mustafa Kemal, President

Business.

*Basic Law,
Article 1, &
the National
Pact.*