
INDUSTRIAL ENTREPRENEURS AND THEIR GEOGRAPHICAL DISTRIBUTION IN THE FIRST YEARS OF THE REPUBLIC

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Introduction

The Republic of Turkey's industrialization drive was propelled by a number of historical factors. The most significant of these was the Tanzimat Era under the Ottoman Empire in the 19th century. The Ottomans made breakthroughs in industrialization like never before with this era of reform. These breakthroughs in industrialization have also been referred to as the Ottoman industrial revolution in some studies (Clark, 1974). However, those realized in this period were limited in terms of the level of their impact compared to those in Europe. When the political and economic crises that the empire experienced are added to this, it is difficult to say that the industrialization thrusts were fully successful.

The second critical period for Turkish industry that can be reviewed following the Tanzimat Era is the Second Constitutional Era and the subsequent developments. A controversial 10-year period began as the Party of Union and Progress took over the country's administration. There are three elements that make this period significant in terms of industrialization. The first of these is the 1913 Law on Industrial Promotion¹, the second is the Regulation on Industrial Promotion which was enacted in 1914 and the last is another regulation related to the promotion of industry, which was enacted in 1917 (Toprak, 1985: 1349). In addition to these industrialization thrusts, the tax concessions provided for industry and land supply and the concessions provided for the locating and shipment of machine parts reflect the importance that governors of the period attached to industrialization (Kepenek, 1983: 1761).

The importance that the Party of Union and Progress attached to statistical studies is demonstrated today by the fact that it is possible to use their survey to make some geographical conclusions about the industry of the period. Although the survey does not cover Turkey entirely, it is still of value as it focuses on the analysis of industry in industrial cities such as İstanbul, İzmir, Bandırma, Manisa, Uşak and İzmit. It should be noted that the survey performed in 1915 identified 282 industrial plants within the

¹ First announced in the last period of the Ottoman Empire, the Law on Industrial Promotion was re-enacted in the following period by the 1924 regulations. However, the Law on Industrial Promotion which was issued for the first time in 1909 was put into effect again with various revisions due to the impact of the decisions made in congress on May 28, 1927 (Avcı S., 2000: 34; Kasalak, 2012: 71). Thus, concrete steps of the liberal development model, which was outlined at the İzmir Congress of Economics, had begun to be taken. The Republican administrators started to open up space for private capital within the framework of the development model they envisaged and endeavored to be the driving force of industrialization initiatives by providing necessary incentives.

Ottoman Empire. Of these, 155 were in İstanbul (55%), 62 were in İzmir (22%), and the remaining 65 were in other cities where a survey took place (Ökçün, 1997b: 13). The industrial legacy inherited by the founders of the country in the Early Republican Period was distributed disproportionately on a geographical basis and was not very impressive in terms of sufficiency. Another important factor shown by the survey is that İstanbul preserved its status as an industrial city into the 20th century.

However the aforementioned progress did not have a direct legacy on the first years of the Republic. The Ottoman Empire served as a market for the European economy and only had a complementary role for European industry with its production structure based on raw materials. In this respect, it cannot be stated that the Republic inherited a systematically industrialized country from the Ottoman Empire (İlkin, 1981: 93).

It would make sense to base the initiation of the industrialization movement policies in the first years of the Republic on the İzmir Congress of Economics² held even before the foundation of the Republic on February 17, 1923 and which Mustafa Kemal Atatürk also attended personally (Yücel, 2014: 6). The economic policies enacted under Atatürk can be divided historically into two periods: the period during which liberal policies were followed beginning with the proclamation of the Republic and lasting until 1929 when the global economic crisis began,³ and the period of state-centric industrialization from 1929-1939 (Asiliskender, 2009: 154).

Although a liberal economic policy was followed in the 1923-1929 period, which we refer to as the first period, we cannot actually talk about a fully liberal economic policy. One of the most important reasons for this is the restrictive provisions of the Trade Agreement signed in addition to the Treaty of Lausanne. The fact that the Trade Agreement was based on the Ottoman customs tariff in 1916 on customs issues prevented the implementation of an effective statist policy in the five years after Lausanne (Boratov, 2015: 44). For this reason, the state made arrangements with minor intervention and nationalization moves to the economy in 1923-1929 period. As a matter of fact, in 1925, 22 factories (salt, gunpowder, oil, gasoline, etc.) were transferred to the Bank of Industry and Mines, which had been established by the state, and the railway lines of Ankara-Ulukışla and Mersin-Adana were purchased from their foreign owners and nationalized in 1928-1929 (Aktan, 1998: 34). Similarly, while the Alpullu Sugar Factory,

² The first series of concrete measures and programs implemented by the founders of the Republic in order to ensure economic development was decided upon at an economic congress held in İzmir on February 17, 1923. The primary goal of the congress was to ensure that the political independence gained by the Republic in Lausanne was assured for the economy too. 1135 delegates from various parts of the country attended the congress, representing workers and employers in the fields of agriculture, trade and industry (İnan, 1989: 13-20). The main elements of Turkey's liberal model of development, which would last until 1929, were ultimately outlined at the İzmir Congress of Economics.

³ Some studies on the early Republican period disagree as to when the change in economic policies occurred. While the 1923-1929 period is considered to be a reflection of the Republic's liberal development thrusts in the literature, the 1929-1932 period is disputed. In some studies this period is considered as a transition period due to the expiration of some of the Treaty of Lausanne's sanctions (Sönmez, 2004), particularly those related to customs, while the 1933-1939 period is considered to be the era in which statist development policies were predominantly effective. (Ardel, 1943; Yenal, 2003; Sönmez, 2004; Tokgöz, 2004; Boratov, 2006; Boratov, 2015). In this study, the 1929-1939 period as a whole is accepted as a time where a drive for statist development was made.

the foundations of which were laid in 1925, was established by the state, the Uşak Sugar Factory, the foundations of which were laid in the same year was owned by a private enterprise. Therefore, even though the state supported and encouraged the private sector in the first years of the Republic, it also made significant investments in certain areas. However, it can be said that the private sector became much more prominent in this period, with efforts focused on encouraging the private sector. Indeed, the establishment of Türkiye İş Bankası (İş Bank of Turkey) in 1924 in order to promote the emergence of domestic investors was one of the important steps taken to encourage the private sector and to create national capital. Similarly, the Law on Industrial Promotion was revised in 1927 and the Customs Law was enacted in 1929 in order to accelerate the development of the private sector. This legalized the allocation of 10 hectares of unrequited land to initiatives that were deemed appropriate, exemption from earnings taxes and customs duties and charges, provision of communication capabilities and energy by the state, a 30% discount for companies during their period of incorporation on the transportation of tools and equipment procured from abroad, and raising of customs tariffs in order to protect domestic capital (Yücel, 2014: 15). These developments played an important role in the investments made in the first years of the Republic.

When these developments are taken into consideration, we see that in the early years of the Republic, which we identified as the first period, a liberal economic policy was supported, but the state was also try to be a router in the economy. The encouragement of the private sector in this period has led to the emergence of differing views among researchers. According to Keyder (1993) these laws allowed Turkey to integrate with the global economy, however Sönmez (1999) believes that they led to the enrichment of some people by the state (Asiliskender, 2009: 155).

Although the foundations of the second period of the industrial policies in the first years of the Republic were laid after the global economic crisis in 1929, we can say that such policies were implemented with the 1st Five-Year Industrial Plan in 1933. According to this new plan, the state decided to play a leading role in the industrialization of the country. For the purposes of the 1st Five-Year Industrial Plan, the *State Office of Industry* was established by Law No. 2058 in 1932 in order to operate industrial facilities and the banking duties of the Turkish Bank of Industry and Mines *were transferred to the Industrial Credit Bank* through a law issued in the same year. Following these legal arrangements, the *General Directorate of Sümerbank* was established in 1933 through a special law. In other words, the government encouraged private sector investments in addition to engaging in economic activities. For example, when the enterprises benefiting from the Law on Industrial Promotion between 1932 and 1939 are examined, it is seen that the percentage of state organizations increased. Although the share of state enterprises benefiting from incentives had reached 10% by 1939, the size of these

enterprises and the added value they created were well above the remaining 90% of the private sector (Table 4).

As a result of the achievement of the projected goals of the 1st Five-Year Industrial Plan within a two-year period, a 2nd Industrial Plan was announced in September 1938 as a direct result of the Industry Congress, which was convened on January 20, 1936 (İnan, 1972: 3). The 2nd Five-Year Industrial Plan was more comprehensive than the first. The plan was designed to ensure that factories were spread across the whole of the country in line with transportation routes that would facilitate access to them. However, as a result of the state's prioritization of military investments due to the outbreak of World War II, the 2nd Industrial Plan was not able to be implemented (Özyurt, 1981: 128). Ultimately, the 1st and 2nd Industrial Plans (one in practice and the other in theory) were based on ensuring an geographically even distribution of development. Furthermore, while no private capital was included in the scope of the plans, there was no attempt to make direct interventions to prevent the development of private capital (İnan, 1972: 8). The steps that would determine the industrialization process of the Republic in the following periods are the 1946 Emergency Industry Plan and the 1947 Economic Development Plan. Although not implemented in practice, the 1947 Plan led to an approach that put the industrial and development thrusts that began in 1923 on the back burner and prioritized agriculture in development (Avcı S. 2000: 41). The 1947 Plan's break from industry and the idea of using Western assistance for the country's development opened the doors to the period that would last until the 1960s.

Development, Features and Geographical Distribution of Industry in the First Years of the Republic

We know that when the Republican Period began the country inherited a small-scale industrial infrastructure from the Ottoman Empire. This created great difficulties for the newly established Republic of Turkey. The inadequacy of the industry built up under the Ottoman Empire and the lack of capital, transportation capabilities, infrastructure and resources necessitated the development of an industry based on agriculture and land in the first years of the Republic. Indeed, when we look at the 1927 Industrial Survey, the share of agricultural, weaving and land-based industrial facilities among the total industrial facilities is around 63%. By 1939, however, this rate was around 49%. Similarly, in 1927, chemical production plants made up around 1.07% of factories, but by 1939 this had increased to 21% (Tables 1-2). The same trend can be seen in the energy field as well. Therefore, although the rate of agricultural, weaving and land-based industrial facilities in the first years of the Republic was still high, we see that the chemicals industry in particular, along with heavy industry and the mining industry developed with the acceleration of the capital accumulation, the preparation of the industrial plan and the more efficient use of the Law on Industrial Promotion. The expansion of the

railway network also affected the development and geographical distribution of these new industries.

Table 1. Distribution of businesses and their employees in the 1927 Industrial Survey.

Industries	Number of Businesses	%	Number of Employees	%
Mining	556	0.85	18,932	7.37
Agriculture	28,439	43.59	110,480	43.01
Weaving	9,353	14.34	48,025	18.70
Timber	7,896	12.10	24,264	0.45
Paper and Cardboard	348	0.53	2,792	1.09
Mining, Machine Repair and Manufacturing	14,752	22.61	33,866	13.18
Building Construction	2,877	4.41	12,345	4.81
Chemicals	697	1.07	3,107	1.21
Electricity	90	0.14	1,350	0.52
Other Industries	237	0.36	1,694	0.66
Total	65,245	100	256,855	100

Table 2. Major industrial facilities that entered into operation or whose foundations were laid under Mustafa Kemal Atatürk.

Name of Company	Location	Region	Date of Incorporation	Sub-Sector	Incorporation Status
Cartridge factory	Ankara	Central Anatolia	1924	Chemical materials and products	
Gölcük Shipyard	İzmit	Marmara	1924	Other transportation vehicles	
Besler chocolate and biscuit factory	İstanbul	Marmara	1924	Food products and beverages	Private
Cav bicycle factory	İstanbul	Marmara	1925	Metal goods industry	Private
Şakir Zümre armory	İstanbul	Marmara	1925	Base metal industry	Private
Aircraft station	Eskişehir	Central Anatolia	1925	Other transportation vehicles	Public
Ammunition factory	Kırıkkale	Central Anatolia	1926	Chemical materials and products	Public
Kup cement plant	İstanbul		1926	Chemical materials and products	Private
Alpullu sugar factory	Kırklareli	Marmara	1926	Food products and beverages	Public and private
Sugar factory	Uşak	Aegean	1926	Food products and beverages	Private
Heroin factory	İstanbul	Marmara	1926	Chemical materials and products	Private
Bünyan carpet yarn factory	Kayseri	Central Anatolia	1927	Textile products	Private
Kılıçoğlu tile factory	Eskişehir	Central Anatolia	1927		Private
Adana Hosiery**	Adana	Mediterranean	1927	Textile products	
Power plant and steel factory	Kırıkkale	Central Anatolia	1928	Base metal industry	
Cement plant	Ankara	Central Anatolia	1928	Chemical materials and products	
Güzel Rakı factory	Isparta	Mediterranean	1928	Food products and beverages	Private
Yarn factory	Isparta	Mediterranean	1928	Textile products	Private
Power plant	Malatya	Eastern Anatolia	1928	Electrical machines and devices not classified in another group	
Hosiery	Gaziantep	Southeastern Anatolia	1928	Textile products	
Electric plant	İstanbul	Marmara	1928	Electrical machines and devices not classified in another group	
Gasworks	Ankara	Central Anatolia	1929	Coke, unrefined petroleum products, and nuclear fuels	
Ford auto assembly site	İstanbul	Marmara	1929	Motorized land vehicles and trailers	Private

Sawmill	Sinop	Black Sea	1929	Furniture and other products not classified in another group	
Cement plant	İstanbul	Marmara	1929	Chemical materials and products	Private
Hydroelectric Power Plant	Trabzon	Black Sea	1929	Electrical machines and devices not classified in another group	Private
Heroin factory (medical pharmaceuticals and chemicals)	İstanbul	Marmara	1929	Chemical materials and products	
Heroin factory	İstanbul	Marmara	1929	Chemical materials and products	
Koska factory	İstanbul	Marmara	1930	Food products and beverages	Private
Liqueur and cognac factory	İstanbul	Marmara	1930	Food products and beverages	Public
Rakı factory	Tekirdağ	Marmara	1931	Food products and beverages	
Kayaş capsule factory	Ankara	Central Anatolia	1931	Chemical materials and products	
Sugar factory	Eskişehir	Central Anatolia	1933	Food products and beverages	Public
Cement plant	İstanbul	Marmara	1933	Chemical materials and products	
Nuri Kılıgıl ironware factory	İstanbul	Marmara	1933	Base metal industry	Private
Turhal sugar factory	Tokat	Black Sea	1934	Food products and beverages	Public
Milk factory	Bursa	Marmara	1934	Food products and beverages	
Coal washing factory	Zonguldak	Black Sea	1934	Coke, unrefined petroleum products, and nuclear fuels	Public
Bodrum sponge processing factory*	Muğla	Aegean	1934		Public
Ankara, Konya, Sivas, Eskişehir wheat silos		Central Anatolia	1934	Food products and beverages	
Keçiborlu sulfur factory**	Isparta	Mediterranean	1935	Coke, unrefined petroleum products, and nuclear fuels	Public
Hard coal factory	Zonguldak	Black Sea	1935	Coke, unrefined petroleum products, and nuclear fuels	
Paşabahçe Şişecam (bottle and glass) factory*	İstanbul	Marmara	1935		Public
Sümerbank Kayseri mill*	Kayseri	Central Anatolia	1935	Textile products	Public
Gunpowder, rifle and canon factories	Kırıkkale	Central Anatolia	1936	Chemical materials and products	Public
Nuri Demirağ aircraft factory	İstanbul	Marmara	1936	Other transportation vehicles	Private
Ankara Çubuk dam	Ankara	Central Anatolia	1936		
Şark Kromları enterprise	Elazığ	Eastern Anatolia	1936	Coke, unrefined petroleum products, and nuclear fuels	
Wine distillery	Isparta	Mediterranean	1936	Food products and beverages	Private
Turkish anthracite and briquette factory*	Zonguldak	Black Sea	1936	Coke, unrefined petroleum products, and nuclear fuels	Public
Rose oil factory*	Isparta	Mediterranean	1936	Chemical materials and products	Public
İzmit Sümerbank cellulose and paper factory*	İzmit	Marmara	1936		Public
Ereğli mill*	Konya	Central Anatolia	1937	Textile products	Public
Nazilli Sümerbank mill*	Aydın	Aegean	1937	Textile products	Public
Merinos wool industry weaving mill*	Bursa	Marmara	1938	Textile products	Public
Artificial silk mill*	Bursa	Marmara	1938	Textile products	Public
Iron and steel plant*	Karabük	Black Sea	1939	Base metal industry	Public

Fabric and silk mill*	Malatya	Eastern Anatolia	1939	Textile products	Public
Tekel factory***	Malatya	Eastern Anatolia	1939	Tobacco products	Public
Tekel factory***	Bitlis	Eastern Anatolia	1940	Tobacco products	Public
Divriği Etibank iron enterprises	Sivas	Central Anatolia	1939	Base metal industry	Public
Chlorine and alkaline factory***	Izmir	Aegean	1944	Chemical materials and products	
Cement plant***	Sivas	Central Anatolia	1943	Chemical materials and products	Public

In the first years of the Republic an attempt was made to compensate the insufficiency of private capital in particular with state incentives. For this purpose, the Law on Industrial Promotion was revised and started to be used more effectively. The positive effects of this were seen in a short period of time. Indeed, when the Republic was established, a total of 341 industrial enterprises were benefiting from the Law on Industrial Promotion. This number increased by approximately 4.5 times and reached 1473 in a very short 9-year period between 1923 and 1932 after the establishment of the Republic (Table 3).

Table 3. Number of enterprises benefiting from the Law on Industrial Promotion between 1923 and 1932 (DİE, 1973, p. 166).

Year of Incorporation	Number of Businesses
Before 1923	341
1923	34
1924	63
1925	101
1926	141
1927	140
1928	157
1929	118
1930	106
1931	140
1932	88
Unknown	44
Total	1473

The number of enterprises benefiting from the Law on Industrial Promotion increased, especially after the preparation of the 1st Industry Plan and hence the increase of the state's impact on investments. The number of industrial plants, which were 1473 in 1932, had reached 8702 by 1939. In the same period, the number of state enterprises benefiting from the Law on Industrial Promotion had also increased significantly. In fact, while the number of state enterprises benefiting from the Law on Industrial Promotion was 2.1% of all enterprises in 1932, this rate increased to 9.7% in 1939 (Table 4). Hence, it is seen that statist policy's influence on the economy had increased⁴.

⁴ One of the main propositions of this study is that, the state has directed the economy of the country with an experience of industrialization that is closed in 1929 belongs to the effect of the process started with the economic crisis of the world. However, there are studies in literature that bring different perspectives to this period. According to (Pamuk, 2007), the state's tendency to grow in contrast to the general contraction in the world is explained in a number of details in the 1930s. The related study explains the revival of urban economy in two parameters. The first is the protectionist policy implemented by the state, while the other is the strong contribution of the agricultural sector. In the end, the study presents an alternative approach model outside the perspective of statist industrialization.

Table 4. Number of enterprises benefiting from the Law on Industrial Promotion between 1932 and 1939 (KASALAK, 2012, s. 75).

Years	Number of enterprises within the scope of the Law on Industrial Promotion	Number of state enterprises within the scope of the Law on Industrial Promotion	Percentage of state enterprises
1932	1473	31	2.1
1933	1397	36	2.5
1934	1310	38	2.7
1935	1161	56	4.8
1936	1101	86	7.8
1937	1116	89	7.9
1938	1103	104	9.4
1939	1144	111	9.7
Total	8702	551	6.3

Industrial development naturally reflected upon the industrial index of the new Republic of Turkey. The preparation of the 1st Industrial Plan in particular, accelerated this process. For example, the annual industry index in Turkey in 1930 was 106, which was above the global average. While the effects of the 1929 economic crisis were felt significantly throughout the world until 1935, in contrast, in Turkey a continuous rise in the industrial index was experienced. This situation was overcome in Turkey to a great extent through the adoption of the statist model against the crisis. Indeed, while the global industrial index stood at 92 in 1935, it was 141 in Turkey. And when the global industrial index rose to 119 in 1939, this value in Turkey was 196 (Table 5). Therefore, it can be said that the industrial policies under Atatürk changed according to the conditions of the period and were ultimately successful.

Table 5. Industrial production indices in Turkey and the world.
(1929=100)

Year	Turkey	The world
1929	100	100
1930	106	86
1931	112	76
1932	118	65
1933	131	75
1934	141	80
1935	141	92
1936	149	102
1937	165	110
1938	174	96
1939	196	119

The new Republic of Turkey's commitment to economic policies and tendency to adapt to contemporary issues also made its mark on transportation. As a matter of fact, there was a close relationship between the distribution of industrial facilities and transportation in the first years of the Republic. In transportation, the concentration was on the railways, which provided the most convenient mode of transportation for the conditions of that

period⁵. In fact, much like the industrial field, it would be hard to argue that the young Republic established in 1923 inherited a shining legacy from the Ottoman Empire in terms of transportation, particularly in terms of rail. The railroads inherited from the Ottoman Empire were insufficient in terms of quantity and were worn and of poor quality due to excessive use during successive wars (Çolak, 2013: 346). In 1923, the country had approximately 4000km of railway line (TCDD [Turkish State Railways], 2018), all of which had been built by foreign capital groups⁶. Given this situation, the need for a radical change in the country's transportation policies was first mentioned at the İzmir Congress of Economics, which was convened in İzmir on February 17, 1923 (İnan, 1982: 13). The emphasis that President of the Congress Mahmut Esat Bozkurt placed on transportation and the railways in particular in his opening speech at the congress is highly significant in this respect (İnan, 1989: 81). However, it cannot be said that the national investments required for the railways were made in the first years of the Republic. This is due to the large capital investments needed. For this reason, the founders of the Republic who were aware that they could not build the railroads at their own expense during the Lausanne negotiations, gave some privileges to the Chester group (Arslan, 2010: 70). Although this concession was canceled later on due to some political disagreements, it is a concrete reflection of the fact that there was no opposition to using foreign capital for railway construction (Ökçün, 1997a: 9; Avcı, 2014: 47). Therefore, it can be reasoned that the founders of the Republic were resigned to accepting foreign investments in order to overcome this obstacle, provided that they did not hurt the interests of the country⁷ (Yıldırım, 1996: 388).

When we look at the geographical distribution of the approximately 4000km of track built by foreign capital, we see a tree-like structure that extends from the coast towards inland areas. This structure of the railways was a structure that served the interests of foreign states rather than those of the country (Yıldırım, 1996: 389). The transformation of the Ottoman Empire into a semi-colony selling raw materials abroad and buying processed finished goods in its later periods was the leading factor that created this situation (Kili, 1998: 87; Boratov, 2015: 19-20). The Republican administrators achieved a number of breakthroughs to accelerate the development of the country and to develop the railways, which they considered to be complementary to the attempt at economic development, led by industry in particular. Although slow, with the law enacted in 1924, the process of

⁵ The 4000km of railway line already in place and the lack of vehicles, fuel and infrastructure on the roads in the first years of the Republic, along with the possibility of transporting large quantities of freight via rail made the development of the railway network rational and necessary under the conditions of that period.

⁶ It is possible to understand the role of the railroads in the hands of foreigners in the economic indicators of the country by looking at the macroeconomic indicators in the late Ottoman period. In the 1910s, the foreign major within the borders of the National Pact was 5 billion 711 million kuruş. In 1914, the profit share transferred to 228 million foreigners was transferred to foreign countries with 3.112.000.000 Ottoman liras, 2024 million of which was foreign trade deficit and the rest was foreign debt interest. This figure shows that 14.8% of the income goes to foreign economies. As a matter of fact, railways are the leading sectors with a rate of 58%. Electricity, tram, water, port, industry, trade, mines are followed by banking and insurance the railway (DİE, 1973: 19-20).

⁷ The foreign capital was necessary because of the absence of a national bourgeoisie and national capital in the first years of the Republic. In fact, at the İzmir Economic Congress, Atatürk stated in his speech that foreign capital is useful and necessary for the country (İnan, 1989: 65).

nationalizing the railways was initiated (TBMM [Grand National Assembly of Turkey], 1942). After the 1930s, state-owned railway construction continued to accelerate (Table 6). The move towards nationalizing the railways demonstrated itself not only through the nationalization of foreign-owned lines, but also through the encouragement given to Turkish engineers and capitalists to construct new lines. Treasury bonds were issued for the Ergani and Diyarbakır line and the Sivas-Erzurum line in 1933 and 1934 respectively and for the first time the construction of the 690km Sivas-Erzurum line and the Malatya-Çetinkaya line was contracted to a Turkish company (Yıldırım, 2010: 93).

In the period between 1923 and 1938 it is noted that two important issues were considered during the foundation of the construction of the railways. While the first consists of concerns in relation to military purposes, the other relates to relieving the distribution of products manufactured in the country. In particular, the idea of connecting production centers to consumption centers and consumption centers to production centers within a country is the instrumental building block of economic balance (Avcı, 2014: 49). Completion of the construction of lines such as the Ankara-Zonguldak, Fevzipaşa-Diyarbakır and Samsun-Sivas lines is evidence of this. In addition, junction lines were built for the Kütahya-Balıkesir, Afyon-Karakuyu and Malatya-Çetinkaya lines (Yıldırım, 1996, s. 394). Hence, when assessed on a macro scale, the structure that was left by the Ottoman Empire and characterized by lines extending from the coast towards inland areas was changed in line with national interests. Under the railway construction process that began in 1924 with the first nationalization taking place in 1928, 3387km of track owned by foreign capital had been nationalized by 1938⁸. 42,515,486 Turkish lira was spent on the 3387km of railway lines and another 2815km railway line was constructed with a 341,599,424 Turkish lira investment (Yıldırım, 1993: 192-218). Both the maintenance and repair of the existing railways and the addition of new routes contributed greatly to the development of industry.

Indeed, a close relationship between the distribution of industry throughout the country and the railway network is observed in the early periods of the Republic. Especially in the Ottoman period, the areas where the existing railway lines were located overlapped to a great extent with the areas where the first industrial facilities emerged. In cities such as Uşak, Isparta, Eskişehir, İzmit and Adana where the first industrial facilities were established, there was already a railway network dating from the Ottoman period. In

⁸ Nationalized lines have been added until the 1950s. The introduction of railways in transport policies reinforced the implementation of nationalization policies during the 1923-1950s. The length of nationalized railway lines, which were 3387 km in 1937, reached 3840 km in 1950 (Yıldırım, 2001: 144; Eraslan, 2010: X).

The chronological order of these lines is as follows.

1928.....Anadolu Railway, Mersin-Tarsus-Adana Railways and Haydarpaşa Port and Quay

1931.....Mudanya-Bursa Railroad

1933.....Samsun-Çarşama Railway

1934.....İzmir-Town and Temdidi Railways

1935.....İzmir-Aydın Railway

1936.....Orient Railways

1941.....Ilica-Palamutluk Railways

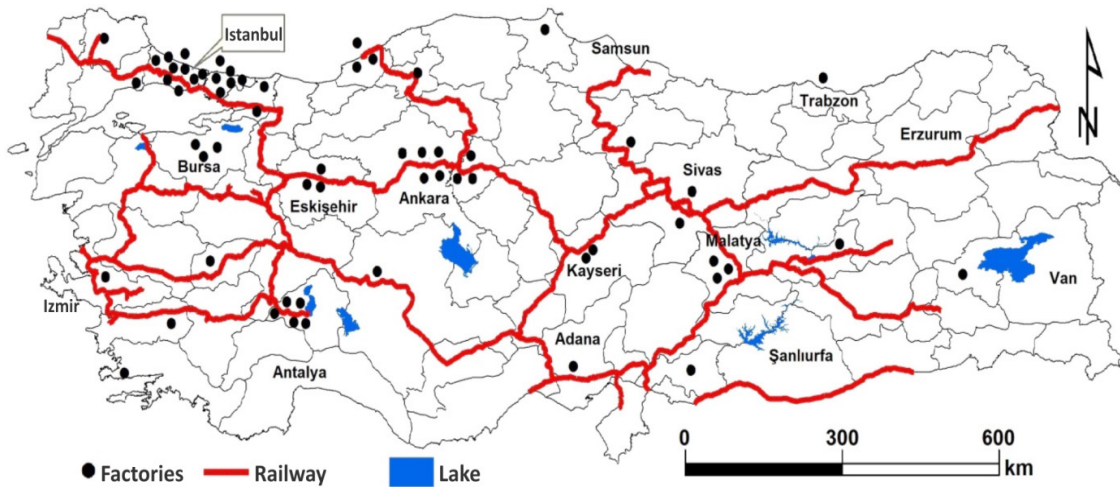
1948.....Bağdat Railways (Yıldırım, 2001: 125-144).

this period, the existing railways were the most actively used transportation network and they contributed greatly to the development of industry.

Table 6. Railways whose construction was initiated by the state between 1923 and 1938 in chronological order

1924...Ankara- Sivas; Samsun-Sivas; Fevzipaşa-Diyarbakır
1925...Kütahya-Balıkesir; Filyos-Irmak
1926...Ulukışla-Kayseri
1933...Yolçatı-Elazığ; Afyon-Burdur; Sivas-Erzurum; Malatya-Çetinkaya
1934...Bozanönü-Isparta
1937...Diyarbakır-Kurtulan

When we look at the geographical distribution of the large-scale factories established under Atatürk, it is understood that the Marmara Region had a 36% share (22 in quantity) compared to other regions in the country. Making up some of this share, İstanbul maintained the steps it had taken towards industrialization in the last period of the Ottoman Empire under Atatürk as well. Fifteen of the 22 factories (68%) that were put into service in the Marmara Region under Atatürk were established in İstanbul. The Marmara Region was followed by Central Anatolia, the Black Sea Region, the Mediterranean Region, Eastern Anatolia, the Aegean Region and Southeastern Anatolia with shares of 27% (17), 11% (7), 10% (6), 8%, 6% (4) and 2% (1) respectively (Table 2 and Map 1). Map 1 clearly shows that the most important factor in this distribution was the railways. However, the most concrete expression of the way in which distribution affected the establishment of industrial facilities is the fact that industry, which was the core dynamic of development in the 20th century, is still not evenly distributed within the country due to the conditions of that period. Although this situation arose from necessity, it is one of the main factors that enabled the regional disparities symbolized by the establishment of the Republic to intensively continue into the future in Turkey.



Map 1. Industrial facilities whose foundations were laid and which entered into operation under Atatürk (railway lines present up until 1950 are shown).

The first element of industrialization in the statist development model of the Republican era was the concern for distributing the development geographically. The goal of the administrators of the young Republic was to spread industry across the country through the 1st and 2nd industrial plans. The industrial facilities that were established and planned to be established are evidence of this⁹. Artificial silk (Gemlik), semi-coke (Zonguldak) and rose oil (Isparta) plants in the chemical industry, ceramic (Kütahya) and iron (Karabük) plants in land-based industry, paper and cellulose factories (İzmit), sulfur plants (Keçiborlu), and cotton weaving mills (Bakırköy, Kayseri) can all be provided as examples of the industrial facilities established under the 1st Five-Year Industrial Plan (İnan, 1972: 15). Sümerbank was established in order to facilitate the management of these factories. Sümerbank played an important role not only in the establishment of these factories, but also in the management and operation of the industrial facilities left over from the Ottoman Empire.

Conclusion

It is difficult to say that the desired level of success was achieved in the 1923-1929 period in industry, the branch of the economy most supported by the Republican administrators due to its critical role in the country's development. It is possible to compare the industry between this period and the industry in the Ottoman Empire. 1913-1915 and 1927 industrial censuses reveal the failure of this period in a more concrete way. The rate of food, leather and fabric in the manufacturing industry was 88% in 1913 and 87% in 1927. Thus, it is difficult to say that in the period of liberal industrialization in the period 1923-1929 the Republic differed considerably from the Ottoman by quantitative and structural terms (Boratov, 2015: 52). Due to the private sector's failure in the industrial field and the impact of the Great Depression that broke out in 1929, the state made some variations in its preferences with respect to its industrialization initiatives. In this period, which was referred to as the state-centric industrialization period of the Republic, the 1st and 2nd Five-Year Industrial Plans were prepared and new institutions and organizations were created to support these plans.

It has been observed that the foundations of cartridge, ammunitions, aircraft and weapons factories were laid in the first period of the Turkish Republic and they entered

⁹ The Minister of Economy of the period, Celal Bayar, provided clarification for the dissemination of industry throughout the country during a discussion on Law No. 3003 in parliament, with the following statements: *"The circumstances (conditions) for the establishment of factories are different. If we leave this to its natural course, they will remain on the edge of our shores nestling in like turtles, seeking the most convenient conditions for their personal interests rather than national ones as they should under a liberal system. In exceptional cases, for example if mobilization is needed, we will not have a single factory that can supply the needs of Central Anatolia and if we establish a factory without providing protection, it will not survive. There have been a large amount of applications to the Ministry of Economy. Not one of them has come and established a factory at a location designated by the state. However, we are establishing factories in Ereğli and Kayseri. We are establishing factories in Nazilli. If we had established them in İzmir, for example, of course, they would have generated a lot of revenue. But I have to go to Nazilli. If we had built the Ereğli factory closer to the shore, it would have been more profitable like the factories on the shore. But I have to state my preference for Ereğli."* (Kuruç, 1993).

into operation. This means that in the early years, the elimination of issues that could arise from security problems was seen as a priority. The security element was also taken into consideration in the selection of locations for such factories and therefore the cities of Ankara and Kırıkkale in the Central Anatolia Region were preferred. This continued in the following periods and indeed, the same policy is being followed today.

In the early periods of the Republic, we see that military-based facilities were followed by agricultural and land-based industrial facilities. It is possible to say that these facilities were preferred due to their low cost and more basic technological infrastructure, ease of raw material supply, and their attributes that increased agricultural production. The geographical distribution of these facilities in Turkey was also more balanced because of the advantages in establishing them. Furthermore, for the Republic of Turkey that lacked a sufficient level of public and private capital, such investments stemmed from a necessity. Therefore, 49% of the industrial facilities shown in Table 1 and Map 1 are industrial facilities based on agriculture, weaving or land industries. We see that there were significant numbers of sugar, alcoholic beverage, cigarette and cement factories. The establishment of banks that could extend loans and increases in public and private capital over time led to the establishment of mining and heavy industry facilities. However, sea or rail transportation infrastructure is imperative for the development of heavy industry. Therefore, great importance was attached to railway transportation in the early periods of the Republic. In parallel to the development of the rail network, we also see the development of mining and heavy industry facilities in Turkey over time, primarily in Zonguldak and Karabük. Zonguldak Kömür (coal), which was opened in 1935 and Karabük Demir Çelik (iron and steel) and Divriği Demir İşletmeleri (iron enterprises) opened in 1939 were the most significant of these. This is concrete evidence that the new Republic of Turkey placed industry at the core of its industrial development.

Industrial plants in the Republican era were distributed unevenly across Turkey mainly because of their selection based on proximity to the railways and centrality. This was due to necessity rather than the economic policies pursued. However, this situation can also be seen in the last period of the Ottoman Empire. As a matter of fact, in the survey conducted by the Party of Union and Progress, it is seen that industry was concentrated significantly in the west and in certain cities, primarily İstanbul and İzmir. Therefore, this distribution from the Ottoman Period continued in the first years of the Republic and has continued into the present.

In conclusion, it can be said that the Republic of Turkey, which was founded in 1923, underwent periodical changes in its economic policies. Liberal policies were followed until 1929, but after 1932 the state assumed a more active role in an economic sense. Various institutions were created for the development of industry, laws were enacted and great importance was attached to railway transportation. Despite all these efforts, the

lack of capital, sufficient know-how and technological infrastructure, the insufficiency of the transportation networks, and economic crises and tensions in the world caused the developments in industry in the first years of the Republic to remain below the target. In addition, the gradual development of the railway network and its uneven distribution across the country caused an imbalance in the geographical distribution of industry and led to it clustering in certain areas close to metropolitan cities and railway lines.

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