MURAT İPLİKÇİ

DIPLOMACY AND BUSINESS IN CAPABLE HANDS: THE AMERICAN OFFICIALS WHO SHAPED U.S.-TURKEY ECONOMIC AND COMMERCIAL RELATIONS IN THE EARLY COLD WAR PERIOD

Bilkent University 2022

DIPLOMACY AND BUSINESS IN CAPABLE HANDS: THE AMERICAN OFFICIALS WHO SHAPED U.S.-TURKEY ECONOMIC AND COMMERCIAL RELATIONS IN THE EARLY COLD WAR PERIOD

A Ph.D. Dissertation

by
MURAT İPLİKÇİ

Department of History
İhsan Doğramacı Bilkent University
Ankara
December 2022

To Büşra,

DIPLOMACY AND BUSINESS IN CAPABLE HANDS: THE AMERICAN OFFICIALS WHO SHAPED U.S.-TURKEY ECONOMIC AND COMMERCIAL RELATIONS IN THE EARLY COLD WAR PERIOD

The Graduate School of Economics and Social Sciences
of
İhsan Doğramacı Bilkent University

by

MURAT İPLİKÇİ

In Partial Fulfillment of the Requirements for the Degree of
DOCTOR OF PHILOSOPHY IN HISTORY

THE DEPARTMENT OF
HISTORY
İHSAN DOĞRAMACI BİLKENT UNIVERSITY
ANKARA

December 2022

Diplomacy and Business in Capable Hands: The American Officials Who Shaped U.S.-Turkey Economic and Commercial Relations in the Early Cold War Period
Murat İplikçi

I certify that I have read this thesis and have found that it is fully adequate, in scope and in quality, as a thesis for the degree of Doctor of Philosophy in History.

Kenneth Weisbrode
Advisor

I certify that I have read this thesis and have found that it is fully adequate, in scope and in quality, as a thesis for the degree of Doctor of Philosophy in History.

Owen Miller
Examining Committee Member

I certify that I have read this thesis and have found that it is fully adequate, in scope and in quality, as a thesis for the degree of Doctor of Philosophy in History.

Samuel J. Hirst
Examining Committee Member

I certify that I have read this thesis and have found that it is fully adequate, in scope and in quality, as a thesis for the degree of Doctor of Philosophy in History.

Melike Ünal
Examining Committee Member

I certify that I have read this thesis and have found that it is fully adequate, in scope and in quality, as a thesis for the degree of Doctor of Philosophy in History.

Mustafa Çağatay Aslan
Examining Committee Member

Approval of the Graduate School of Economics and Social Sciences

----
Refet Soykan Gürkaynak
Director

ABSTRACT

Diplomacy and Business in Capable Hands: The American Officials Who Shaped U.S.-Turkey Economic and Commercial Relations in the Early Cold War Period

İplikçi, Murat
Ph.D., Department of History
Advisor: Asst. Prof. Dr. Kenneth Weisbrode
December 2022

Turkey-U.S. relations, which started to deepen at the beginning of the Cold War, turned into a political and military partnership with Turkey's joining NATO in 1952. As another significant pillar of this partnership, an integration in economic and commercial relations between the two countries can be mentioned. Turkey's inclusion in the Marshall Plan announced in 1947 not only increased American goods and services entering the Turkish market. At the same time, concepts such as free trade and privatization, which have an important place in the American economic model, have been adopted by Turkish decision-makers, and new laws encouraging foreign investment have been enacted in these years. The American political actors and economic consultants working in Turkey during this period played key roles in such changes. It is seen that high-ranking multinational company executives and academics from various branches of the American business world have been appointed to Turkey with titles such as ambassador and economic consultant representing the U.S. administrations. These actors, benefiting from their business orientation and political titles, significantly influenced the Turkish decision-makers and have helped many American multinational companies to enter various markets and business areas of Turkey. This thesis aims to provide a comprehensive reading of the commercial and economic structure shaped between Turkey and the U.S. in this period through these people. Based on the personal memories of American political actors and primary sources such as company, state, and newspaper archives, this study aims to contribute both to the literature on Turkey-U.S. relations in the early Cold War period and to concepts such as business diplomacy and business diplomacy that are becoming more common nowadays.

Keywords: Business, commerce, diplomacy, multinational corporations, the 1950s, Turkey-U.S. Relations,

ÖZET

Diplomasi ve İş Emin Ellerde: Erken Soğuk Savaş Döneminde ABD-Türkiye Ekonomik ve Ticari İlişkilerini Şekillendiren Amerikalı Yetkililer

İplikçi, Murat
Doktora, Tarih Bölümü
Danışman: Dr. Öğr. Üyesi Kenneth Weisbrode
Aralık 2022

Soğuk Savaş başlarında derinleşen Türkiye-ABD ilişkileri, Türkiye'nin 1952 yılında NATO'ya katılması ile siyasi ve askeri bir ortaklığa dönüşmüştür. Bu ortaklığın diğer bir ayağı olan ekonomik ve ticari ilişkilerde de iki ülke arasında bir entegrasyondan söz edilebilir. Türkiye'nin 1947'de ilan edilen Marshall Yardımı programına dahil olması Türkiye pazarına giren Amerikan mallarını ve hizmetlerini artırmakla kalmamıştır. Aynı zamanda Amerikan ekonomik modeli içerisinde önemli bir yere sahip olan serbest ticaret ve özelleştirme gibi kavramlar Türk karar vericiler tarafından da benimsenmeye başlanmış, bu yıllarda yabancı yatırımı teşvik eden önemli kanunlar çıkarılmıştır. Bu dönemde Türkiye'de görev yapan Amerikalı siyasi aktörlerin ve iktisat danışmanlarının bu değişimde önemli bir rol aldığı söylenmelidir. Amerikan iş dünyasının çeşitli kollarından gelen yüksek rütbeli çokuluslu şirket yöneticilerin ve akademisyenlerin Türkiye'ye, büyükelçi ve ABD hükümetini temsil eden ekonomik danışman gibi unvanlarla, atandığı görülmektedir. Bu aktörler, iş dünyası geçmişi tecrübelerinden ve siyasi unvanlarından da faydalanarak, Türk karar vericiler üzerinde önemli bir nüfuz oluşturmuş, birçok Amerikalı çokuluslu şirketin Türkiye'nin çeşitli pazarlarına ve iş alanlarına giriş yapmalarına yardımcı olmuşlardır. Bu tez çalışması, bu dönemde Türkiye-ABD arasında şekillenen ticari ve ekonomik yapıyı bu kişiler üzerinden okumayı hedeflemektedir. Bu kişilerin kişisel hatıratları ve şirket, devlet ve gazete arşivleri gibi birincil kaynaklara dayanarak oluşturulan bu çalışmanın hem erken Soğuk Savaş dönemindeki Türkiye ve ABD ilişkileri literatürüne hem de günümüzde daha da yaygınlaşan ticari diplomasi ve iş diplomasisi gibi kavramlara katkıda bulunması amaçlanmaktadır.

Anahtar Kelimeler: 1950ler, çokuluslu şirketler, diplomasi, iş dünyası, ticaret, Türkiye-ABD ilişkileri

ACKNOWLEDGEMENTS

When I started the Ph.D. program, I knew that writing a thesis would be a long and difficult road. Today I came to the end of this road and seeing that both of my expectations came true made me smile. This process was very difficult for me because writing a thesis was not the only thing I tried to do. In fact, I realized that reading for hours was the simplest task. It was quite enjoyable to go on long trips to find some archival materials, and even to spend time in towns in the middle of nowhere, among documents that had never seen the light of day. Writing, learning, and developing satisfied me. I got support from everyone I talked about my project. I had mentors, they always guided me, and we corrected my deficiencies together. They mentored most of the articles and the thesis I wrote in this process. Therefore, hard work never challenged me; it was the distance between me and my loved ones, diseases, and healing… Thanks to the delay in my thesis writing process, I was able to experience many things. I found myself doing interesting jobs and working with amazing people. I learned to be patient with things that I could not control. I have accepted that plans and schedules can be eased and that things do not always go well. It has been hard; it has been long.

As the process was long and difficult, I have many valuable people to thank. I would like to thank my friends in Antalya, Egemen Alkan, Sedat Çiçek, Mahperi Uluyol and Ayça Özen for their unending support during this process. The academic advice and assistance of Hüseyin Gürkan, Onursal Bağırgan, and Oğuz Çetin were invaluable during my thesis writing process. Özlü Aran's support gave me strength when I did not believe in myself. Mert Öztürk, Abdürrahim Özer, Arda Akıncı, and Turaç Hakalmaz made my time at Bilkent University even better. Tarık Tansu Yiğit was not only a close friend but also a great mentor for me, with whom I worked in the same field. So is Ahmet İlker Baş. Thank you to each and every one of them.

During this period, I worked in important institutions. I would like to thank İhsan Doğramacı Bilkent University, Illinois State University, and TÜBİTAK for their financial support in my research. Moreover, I had the opportunity to work with very valuable people, I learned a lot from them on behalf of professionalism, personality, and teaching. I would like to thank Gülşah Aykaç, the co-author of the article we worked with, for enduring my endless requests. I would like to thank Leslie Demir for the excellent read proofing of all my articles and thesis. I am indebted to my professors Edward Kohn, Ross Kennedy, Andrew Hartman, and Antonis Anastasopoulos, who opened my mind while working on historiography. I would like to thank Alan Lessoff, whom I admire not only for his intellectual background but also for his wonderful personality and teaching, for being a very good mentor to me. I would like to thank my boss, Eliza Gheorghe, with whom I greatly enjoyed working and whose professionalism I exemplify. I would like to thank my committee members, Owen Miller and Sam Hirst, for their feedback during the committee meetings, with whom I was able to construct my thesis and put it on track. I would also like to thank Melike Ünal and Mustafa Çağatay Aslan, who took the time to participate and contributed to my jury during the term. I would like to thank our Department Chair, Mehmet Kalpaklı, for his support and belief in me throughout my ten-year student life. Finally, I would like to thank my advisor, Kenneth Weisbrode, whom I see as an elder brother/mentor. I am very happy that I did not fail the trust of the person whom I was proud to be his advice student for ten years.

Finally, I would like to thank my family. My mother Şükran İplikçi and my father Mehmet İplikçi never stopped believing in me. Both became my first teachers. They made me love reading, studying, and the teaching profession. May this day be a gift to them when I put an end to my education life that I started at the kindergarten where they also worked at the age of four. I thank my cat, İsmail, for being perfect social support by purring me on my lap. I reserved the biggest of thanks to my life partner, my best friend, and my wife Büşra İplikçi. I could write long paragraphs for her; I could thank her throughout these paragraphs. Instead, when I close my eyes and think about these seven years of work, I see that there is not a single moment I had without her. Büşra, if it weren't for the love you show, your dedication, your effort, your support, and your advice, this thesis wouldn't have finished if you weren't always by my side. You are the architect of this thesis.

Remembering the past, I am proud of myself. I did not think that writing these lines at the end of this adventure would make me so happy. It's been a hell of a ride; now it is time to move on to the next chapter of my life.

TABLE OF CONTENTS

ABSTRACT…………………………………………………………………………...III
ÖZET……………………………………………………………………………….....IV
ACKNOWLEDGEMENT………………………………………………………………V
TABLE OF CONTENTS VII
CHAPTER I 1
1.1. Literature Review 13
1.2. Structural Organization 28
1.3. Methodology 33
CHAPTER II 34
2.1. Turkey En Route to American Influence in the Post-WWII Period 34
2.2. American Goals in Turkey in the Post-WWII Period 42
2.3. American Business-Oriented Officials Arrive in Turkey 50
2.4. The Earlier Representation of the Marshall Plan, 1947-1949 56
2.5. Americans Convince the RPP Leaders 65
2.6. The Barker Mission: American Business Seeks for Opportunities and a New Market 72
2.7. The RPP Enacts a New Foreign Investment Bill Before the Elections 79
2.8. Results 83
CHAPTER III 89
3.1. General Outlook of Turkey in the Transition Under the DP Government 90
3.2. The Korean War and Its Reflections on Business 96
3.3. A Milestone in Turkey's Economic Transformation: The Privatization Law of 1951 104
3.4. Initial Results of the New Law: Hilton, GE, and Squibb & Sons Projects 108
3.5. New Challenges to Overcome in Business Promotion 117
3.6. Adding a "Commercial Diplomat" to the Mix: George C. McGhee's Arrival .. 123
3.7. Results 134
CHAPTER IV 137
4.1. Concrete Steps to Privatizing the Oil and Mining Industries 137

4.2. The Arrival of "Mr. Free Enterprise" in Turkey: Clarence B. Randall 151

4.3. Consummation of the Honeymoon: The Enactment of Improved Privatization and Petroleum Laws in 1954 161

4.4. Better Incentives, More Investments: The Golden Years of American Business in Turkey (1954-1955) 170

4.6. Results 180

CHAPTER V 183

5.1. Hidden Concerns of the Honeymoon Period 183

5.2. Changing Economic Priorities: American Investments Lose Pace in the Turkish Market 188

5.3. Efforts to Reattract American Business While Restoring the Economy 200

5.4. Revival of American Business Under the Third DP Government 210

5.5. Results 219

CHAPTER VI 223

BIBLIOGRAPHY 229

Primary Sources 229

Secondary Sources 234

APPENDICES 242

Appendix I: Turkey's Import and Export Rates in the Late 1940s and 1950s 242

Appendix II: Economic Cooperation Agreement Between the United States of America and the Republic of Turkey 243

Appendix III: "*Yabancı Sermayeyi Teşvik Kanunu*" ("Law for the Encouragement of Foreign Investment") Enacted on January 18, 1954 256

Appendix IV: Effective Foreign/Total Tax Rates for Locally Incorporated Subsidiaries of U.S. Corporations 259

Appendix V: Countries With Which ICA Investment Guaranty Agreements Were in Force, December 31, 1958 260

Appendix VI: List of Foreign Investors by 1958 261

Appendix VII: List of U.S. Companies Operating in Turkey by 1958 264

Appendix VIII: Member Firms 265

Appendix IX: An Advertisement Published in the *Wall Street Journal* about Minneapolis-Moline's Operations in Turkey 267

Appendix X: List of Guests who Attended the Meeting with Menderes in His Trip to the U.S. 268

Appendix XI: List of American MNCs Investing in Turkey Between 1950 and 1960 ... 269

CHAPTER I

INTRODUCTION

"Several months ago your government requested the International Bank to send a mission of this kind to Turkey. The Bank agreed to do so and spent several weeks of careful work in choosing men to constitute this mission. In general, those men are not members of the Bank staff. Rather, they are recognized experts and specialists from business, professional and academic fields. They have no selfish business or political interests to serve; they are here solely to develop and recommend a program which will be most advantageous to Turkey."

James M. Barker[1]

My father was born to a poor farming family in Denizli, a province of southwestern Anatolia, in 1948. "I hated working on the farm," he always grumbles when he sees an old picture or anything else to remind him of his days in that small village. He was probably

[1] James M. Barker, "Statement of James M. Barker, Chief of the Economic Mission to Turkey, on Arrival in Turkey," Middle East Missions, 1946-1952, Turkey, 1948-1952, Box 59, Folder 1284, May 8, 1950. James M. Barker Papers, The Newberry Library, Chicago (hereafter cited as Barker Papers).

not the only one who had longed for a better life in that “wasteland,” where he witnessed financial inequality in the form of a few wealthy landowners who had the privilege of plowing their fields with Massey-Ferguson tractors while his own family still relied on a wooden plow pulled by an ox, just as his ancestors had done for centuries. The early second half of the twentieth century was not different from the previous one for the poor.

My father worked his hardest in school to escape from poverty. As a reward for his efforts, his parents sent him to the middle school in Acıpayam, the nearest town. He remembers that the town had a limited social life, but it was still more colorful than the village with bakeries, markets, electrified streets, and a small public cinema. The townspeople were fortunate to have access to imported consumer goods, such as Westinghouse refrigerators and General Electric radios. He still enjoys talking about his Acıpayam days, which made him the man he is today. With a sense of nostalgia for memories that are already fading, he constantly repeats himself without recognizing that he is telling new versions of the same old stories. However, I always listened to his tales without any interruptions until last year, when I asked a specific question to verify a piece of information that I had come across in James M. Barker’s personal papers.

James M. Barker was an American banker and the vice-president of Sears, Roebuck and Company. He was also a well-known figure in Turkey due to his visit in 1950 on behalf of the World Bank. The purpose of that visit was to report on the general economic outlook of Turkey, make recommendations on prospective investment areas, and introduce the American and Turkish business circles to each other.[2] Barker, who acquired reliable

[2] Türkiye Cumhuriyeti Cumhurbaşkanlığı Devlet Arşivleri Başkanlığı, Başkanlık Cumhuriyet Arşivi (Presidency of the Republic of Turkey Directorate of State Archives; hereafter DSA), “Barker Misyon Raporu” (Barker Mission Report), 134-873-8, August 21, 1951.

knowledge about the Turkish market, business operations, and economy, conducted a series of field trips and collected datasets about resources, gaps, and opportunities. In one of the field reports about natural resources, Barker noted the promising manganese deposits around Acıpayam.[3] This report was the timeless bridge that brought my father, me, and Mr. Barker together in 2020.

"Dad, what about the manganese mines of Acıpayam? Do you know anything about that?" I asked. He mentioned one of his friends whom I had never heard of before. The boy was the mines manager's son, and the manager's driver would pick up my father and his friend in a cool American jeep, probably a Willys-Overland model. They visited the manager in his small office a hundred meters away from the mining area, where American machinery worked incessantly. He had meatball sandwiches there. All of these experiences were huge privileges for a poor village boy. He was like an old-fashioned storyteller for some time, and I was the enthusiastic listener until he stopped abruptly. He was astonished to see my knowledge of 1950s Acıpayam and he asked me how I knew about the manganese mines. I explained the details of my own story: how I had dug out that piece of information from one of the oldest libraries in Chicago, Newberry Library, while reading the memoirs of an American financial advisor who had visited Turkey 70 years ago. When I finished, he concluded our conversation with a most familiar cliché: "These Americans... They were everywhere in Turkey in the 1950s." His remark is the simplest summary of this dissertation: how and why "these business-oriented Americans" had a pivotal role in terms of accessing Turkey's economic centers, providing financial advice to the Turkish governments, and presenting detailed studies of the country's

[3] Barker Papers, "Field Trips, 1950," Middle East Missions, 1946-1952, Turkey, 1948-1952, Box 60, Folder 1312.

commercial resources, market opportunities, and disadvantages for American business in the 1950s.

Supporting American ideals of liberal commerce and free enterprise through the help of American business-oriented figures aligned with the U.S. foreign policy agenda in the post-World War II (WWII) period. As representatives of the standing victor of the postwar period, American state institutions and businesses found abundant chances to apply their own economic and commercial practices globally. While their European allies drained their resources and were economically exhausted by WWII, the U.S. economy enjoyed production surpluses, especially for military machines and equipment.[4] This boom in military production and accrued capital enabled the U.S. to launch new aid programs such as the Truman Doctrine of 1947 and the Marshall Plan of 1948 to enhance America's new role in international politics.

The establishment of an American economic model and attracting other states to share this model were crucial. The Marshall Plan was accordingly used to inject American capital, products, and services into circulation in the world's markets. This process eventually helped reconstruct allied economies and build up liberal markets, preparing the best conditions for American businesses to control of the overseas markets.[5] At the same time, the plan paved the way for American-type modernization to be theorized and executed as more urban layouts, free markets, and privatization in less developed countries. In other words, it reflected the production modes of the

[4] William A. Brown, Jr. and Redvers Opie, *American Foreign Assistance* (Washington D.C.: The Brookings Institution, 1953), 123.

[5] Michael J. Hogan, "American Marshall Plan Planners and the Search for a European Neocapitalism," *The American Historical Review* 90, no. 1 (February 1985): 44–72; Victoria de Grazia, *Irresistible Empire: America's Advance through Twentieth-Century Europe* (Cambridge, 2005), 5, 6, 239, 346.

built environment with the premises of democracy, liberalization, and developmentalism.[6] American politicians and big business owners were ardent supporters of this interventionist policy in pursuit of creating Americanized societies among its friends fitting into early Cold War period conjuncture.[7]

Unlike the capitalist Western European states, less developed participants in the plan, such as Greece and Turkey, were introduced to American tactics for a modernized state-building system with unleashed economic growth supported by know-how and engineering projects for better infrastructure, which James Scott critically labeled as "high modernization" in *Seeing Like a State*.[8] In line with Scott, Michael Adas argued that American agents such as bureaucrats, businessmen, and other professionals were selling American virtues to less developed states via technological advancements after WWII, considering those values to be generally superior.[9] The ideals of Americanization took root with the elimination of livelihoods based on "scraping by" in other countries, with self-sufficiency being highly correlated with larger production volumes.[10] Committed since the New Deal (1933-38) to a specific type of modernization that required state-supported, top-down mass

---

[6] Begüm Adalet, *Hotels and Highways: The Construction of Modernization Theory in Cold War Turkey* (Redwood City: Stanford University Press, 2018), 3-7.

[7] Gregory Fossedal and Bill Mikhail, "Marshall Plan Commemorative Section: A Modest Magician: Will Clayton and the Rebuilding of Europe," *Foreign Affairs* (May/June 1997). https://www.foreignaffairs.com/articles/europe/1997-05-01/marshall-plan-commemorative-section-modest-magician-will-clayton-and.

[8] James C. Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* (New Haven: Yale University Press, 1999).

[9] Michael Adas, *Dominance by Design: Technological Imperatives and America's Civilizing Mission* (Cambridge: Belknap Press, 2006).

[10] Nick Cullather, *The Hungry World: America's Cold War Battle against Poverty in Asia*, Illustrated Edition (Cambridge: Harvard University Press, 2013).

production and urban projects, U.S. institutions pursued the promotion of such projects overseas.[11]

In this framework, American business circles and corporations also had significant roles in the post-WWII reconstruction era. They sold their products, established overseas branches, and reconstructed urban layouts. After gaining an invaluable place in the world markets with budgets in the millions of dollars, American businesses began identifying themselves as major powers in selling Americanism to the world, which helped these corporations find spots on U.S. foreign and commercial policy agendas and their leaders found crucial positions in governmental jobs.[12] These circles enabled the spread of the American type of economic and commercial mindset for mutual prosperity among "America's friends."[13]

Including business professionals in the decision-making system is understandable to eliminate obstacles in economic and commercial relations. The U.S. governments tend to include actors with business backgrounds in the policy-making processes and prioritize collaboration between the state and commerce departments to standardize foreign policy agendas.[14] For example, U.S. administrations have long relied on

---

[11]David Ekbladh, *The Great American Mission: Modernization and the Construction of an American World Order* (Princeton: Princeton University Press, 2011).

[12] Alfred D. Chandler and Bruce Mazlish, *Leviathans: Multinational Corporations and the New Global History* (London: Cambridge University Press, 2005).

[13] Mira Wilkins, *The Maturing of Multinational Enterprise* (Boston: Harvard University Press, 1974).

[13]Yahya Sezai Tezel, *Cumhuriyet Döneminin Iktisadi Tarihi* [Economic History of the Republican Era] (Ankara: Yurt Yayınevi, 1982), 223–24.

[14] Huub Ruel and Robin Visser, "Commercial Diplomats as Corporate Entrepreneurs: Explaining Role Behavior from an Institutional Perspective," *International Journal of Diplomacy and Economy* 1, No. 1 (2012): 42-79.

commercial diplomacy to improve overseas commerce.[15] Since the early days of independence, foreign and commercial policies have been intimately linked in U.S. history. Successive U.S. administrations sought to lift restrictions barring American ships from foreign ports and enhance export industries in which U.S. traders enjoyed advantages over European mercantilists. "Free navigation," "freedom of the seas," "the rights of neutrals," and "commercial reciprocity" became rallying cries for American commercial interests.[16]

Presidents also occasionally nominate business figures to be ambassadors. The Department of State and Department of Commerce work together closely in foreign policy-making to enhance foreign commercial operations. Examples of this can be traced in evaluating Turkish-American commercial relations and the operations of American Multinational Corporations (MNCs) in Turkey in the 1950s. American diplomats and political and economic advisors to the Turkish post were selected from among business executives. Financial advisors and the mission chiefs conducting aid programs were also selected from among these circles and from academia. Besides being tasked with governmental roles, MNCs' managers or owners also acted as lobbyists and advisors to help Turkey gain more commercial contracts. In addition, American geologists, petroleum engineers, and mission chiefs had significant roles in drafting new Turkish foreign investment incentive laws in line with the American MNCs' expectations. Officials of the Department of State and Department of

---

[15] Michel M. Kostecki and Olivier Naray, *Commercial Diplomacy and International Business* (The Hague: Netherlands Institute of International Relations Clingendael, 2007).

[16] John G. B. Hutchins, *The American Maritime Industries and Public Policy, 1789-1914* (Cambridge: Harvard University Press, 1941); Vernon G. Setser, *The Commercial Reciprocity Policy of the United States, 1774-1829* (Philadelphia: J. B. Lippincott, 1937); Norman Graebner, "New England and the World, 1783-1791," in *Massachusetts and the New Nation*, ed. Conrad Edick Wright (Boston: Massachusetts Historical Society, 1992), 1-34.

Commerce contacted both sides, delivered essential information from the Turkish market, and prepared practical handbooks and pamphlets about Turkey for business circles.

In addition to emphasizing skills and backgrounds in finance and business, this wide selection of people also offered public diplomacy elements for the pursuit of constructive commercial diplomacy. As much as they conveyed economic intelligence to the relevant departments, diplomats also collected and collated data about the host state's public and their opinions. Being sensitive in dealing with others and aiming to achieve a peaceful resolution to facilitate discussion, the actors that use constructive diplomacy discarded force and ill-advised adventures. Knowing the audience and acting in line with the expectations to eliminate diplomatic conflicts helped states position themselves to cope with different conditions successfully.[17] Advocacy is another important dimension of public diplomacy, whereby actors attempt to manage the international environment by promoting particular policies. Advocacy has long been a dominant concept in U.S. public diplomacy in terms of its contributions to selling the idea of America and its economic culture, especially in the late 1940s. The Marshall Planners aimed to reconstruct the markets of allies and stir up interest in their imports. Using an economic plan to build an open, liberal, and integrated market would help alleviate Europe's currency gap and provide it with dollars to buy needed American raw materials and manufactured goods.[18] From this perspective, the Marshall Plan advocated the Americanization of Europe through American exports; in a larger sense, it advocated the development of an expanded

[17] Nicholas J. Cull, "Public Diplomacy: Taxonomies and Histories," *The Annals of the American Academy of Political and Social Science* 616 (March 2008): 31-54.

[18] Grazia, 346-47.

U.S.-led peace system among trading partners with similar economic approaches. In Turkey, American actors reflected the working of public diplomacy in understanding the Turkish governments' modernization expectations, establishing trustworthy personal relations, and selling the American economic model.

Due to the similarities between the two understandings, many authors draw a clear line between pursuing mutual commercial relations with true public diplomacy against dollar diplomacy practices. While "dollar diplomacy" correlates diplomacy with exploitation and material advantages, "commercial diplomacy" is based on mutual benefits, equal opportunities, and open doors.[19] The former is labeled by Henry Bruere as exploiting resources, relations, and people.[20] These practices were generally similar once dollar diplomacy was introduced as state policy under the William Howard Taft administration. American diplomats, dubbed "salesmen,"[21] worked diligently to promote commerce, profit, and national business overseas. According to Frederic C. Howe, the Wilson administration utilized dollar diplomacy methods to exploit other nations, especially the weak Latin American ones, in the post-WWI period. Loaning money to these states through the American banking houses in return for gaining concessions and selling ammunition contradicted international commerce.[22] After a couple of decades in another post-world war period, the U.S. administrations came together with the American business circles

---

[19] Oscar S. Straus, "American Commercial Diplomacy," *The Advocate of Peace* 73, No. 9 (September 1911): 203-5.

[20] Henry Bruere, "Constructive Versus Dollar Diplomacy," *The American Economic Review,* Vol. 13, No. 1 (March 1923): 66.

[21] Henry F. Pringle, *The Life and Times of William Howard Taft*, Vol. 2 (New York: Farrar & Rinehart, 1939), 679.

[22] Frederic C. Howe, "Dollar Diplomacy and Financial Imperialism under the Wilson Administration," *The Annals of the American Academy of Political and Social Science* 68 (November 1916): 312.

and banks to finance American allies for recovering their economies, applying American economic models, aiming commerce. However, this time, American foreign policy and its actors aimed at neither imperializing Turkey nor establishing a client state; ironically, however, recession in the Turkish economy, growing trade deficits, inflation, and credit debts in the late 1950s led to such a dependency.

All the same, the intense collaboration between American business-oriented actors and Turkish governments paved the way for more integrated political relations between the two countries during the Cold War. Strengthening the eastern front of the new alliance, the Truman administration valued Turkey as a significant country at the crossroads of vital regions that should not fall to Soviet domination. As Britain and France, the former great powers of the area, were losing their political, economic, and military influence over the region, the U.S. was asked to replace them. This new role was compatible with the new American foreign policy that engaged in a liberal internationalist approach by launching new international organizations in the post-war period. Designing a leadership role in the international arena, the Truman administration prioritized protecting Turkey’s national integrity and keeping this country under the newly emerging influence of NATO. Having felt the Soviet threat for some years, Turkey willingly accepted America’s political and military protection, which the other Allies could no longer provide on their own. Turkey had already purchased American arms, received aid through the WWII Lend-Lease program, and pursued good political relations with the Allies, joining them at the last minute before the war ended. Forming such an asymmetric political and military alliance in the 1940s also allowed the formation of similar relations in commerce between the two states.

In addition to building a reliable political and military ally for the West in Turkey, the Truman and Eisenhower administrations aimed to create an economically stable and self-sufficient country. Turkey was first added to the American aid programs that launched in the late 1940s, and then it was credited and supplied with American goods and services. The assigned ambassadors, financers, and academics studied the Turkish economy. Their reports were highly influential in shaping economic policy and determining aid and credit programs for Turkey; they foresaw market opportunities in Turkey's unexploited and inefficiently utilized resources. These agents would eventually become important figures who possessed significant knowledge about business and the Turkish economy, and they built bridges between the two states' governments and business elites. They even shaped Turkey's economic, commercial, and legal agendas in the 1950s. This group of people comprised diligent agents of American commercial expansionism, and the Turkish governments, which emphasized the modernization benefits of attractive American goods and services, pursued consistent strategies.

While these actors attained great importance in the context of American political and military support, Turkish decision-makers also enjoyed receiving American guidance regarding economic policy. Benefitting from both the Marshall Plan and the Truman Doctrine, Turkey received considerable volumes of American products, services, and credit deals in the late 1940s. The agents who operated these programs invited other American economists, academics, and advisors to Turkey for specialization in different areas. Starting a chain reaction, Americans influenced macroeconomic thoughts, business approaches, modernization methods, the legal system, and industrial education and training in Turkey. Describing the Americanization of the economy as progress and liberalization, the Turkish government of the 1950s was pleased to have access to American capital. The lower-class peasantry hardly benefited from these projects; however, the governing party worked hand in hand with the Turkish business elite. Both circles demanded more American products and services, and they worked closely with American business-oriented actors who could mediate between them and American business circles.

American businesses made a profit from the Turkish market, as well. In general, the Marshall Plan aimed to save collapsing European economies and push them toward convalescence. This financial aid was the economic dimension of a new, active American foreign policy, which held that American businesses, products, and services should pour into new markets and expand their scopes and profits with the state's help. After accessing Turkey's financial reports and centers, training future Turkish managers, and convincing the Turkish administrations to provide an encouraging environment for a free-market economy, these American agents expected that American vendors would find a promising market for business expansion. American officials played a crucial role in strengthening commercial relations by building a trustworthy reputation among the Turkish governments as representatives of an allied country through efficient public and commercial diplomacy practices in the 1950s.

This dissertation aims to reveal the significant commercial-diplomatic roles of key American advisors, ambassadors, and academics that directly contributed to the commercialization of American businesses, products, and services in Turkey during the period of 1945-1960. Their participation will enlighten three main dimensions in the relations between Turkey and the U.S. these years by demonstrating why these people were very important and how crucial their work were for the period. First, this argument will highlight the talented individuals' roles in shaping bilateral relations, and the direct impact of their background, skills, and personal traits, especially in commerce and diplomacy. Secondly, it will validate the literature that underlines how commercial diplomacy and American financial actors were significant tools for the post-WWII American foreign policy goals by focusing on the Turkish experience. Lastly, it will bring a deeper understanding to the keywords mostly used for this period such as "Americanization in Turkey," "the Marshall Plan," "Turkey's economic dependence on the U.S." or "Turkey's modernization through the American institutions." Rather than evaluating the general framework of the U.S - Turkey economic relations, this dissertation aims to highlight the personal contributions of "these Americans," who made a difference, such as Barker, George McGhee, and Clarence B. Randall, especially to the growing economic integrity and commercial and business relations between the two states in the early Cold War period.

1.1. Literature Review

The existing literature highlights the post-WWII roles of American financial actors to spread American commercial activities globally. Different administrations had assigned such people to international posts to manage American aid programs, supervise credit allocations, and protect investments since the early 20th century and the trend continued after 1945. Thanks to their backgrounds in business and economics, these people were good at detecting financial shortcomings and opportunities, channeling aid and credits to relevant fields and institutions, building strong reputations among decision-makers, and introducing American companies to these countries.

Despite commonalities in methods and practices, the name of this type of foreign policy and its actors has varied. “Dollar diplomacy” was coined as a term in the early 20th century to describe the use of financial tools to enhance political influence over other states. Such policy included promoting national brands and products in new markets, concluding aid and credit deals with other governments, and exploiting host countries’ resources. Several authors have criticized this policy because of its resemblance to imperialism. The financial supervision formula has been labeled as another version of imperialism designed to exploit weaker states’ resources through greedy profit-seekers such as private bankers, financers, and businesspeople. In the hands of such agents, the processes of guiding foreign governments through controlled loans, aid, and markets could only create more dependent states. State-exercised foreign policy goals supported by immense private sector involvement would build authority similar to that of an imperial power. Financial imperialism with active dollar diplomacy involved ending the “splendid isolation” of the U.S. from questionable relations with other actors, as Frederick C. Howe explains. It further involved a transformation of the Department of State while putting all state-level agencies under Wall Street’s orders together with concession seekers, munition makers, and all those who would exploit weaker peoples under the philanthropic assurance of promoting their development.[23]

[23] Howe, “Dollar Diplomacy and Financial Imperialism under the Wilson Administration.”

Emily Rosenberg approaches the controversy of dollar diplomacy from both perspectives. In *Financial Missionaries to the World*, she supports Howe's arguments that U.S. policy in the early 20th century evolved into a pattern of "colonialism by contract." The Roosevelt and Taft administrations worked intimately with private bankers and business leaders to extend conditional loans and direct investments toward potentially unstable and economically "primitive" countries in the name of diplomacy. By the end of World War I, President Woodrow Wilson also aimed to promote a U.S.-administered sphere of influence in the world enforced through American agencies and supervisors appointed by the U.S. administrations.[24] All efforts were closely connected to profit and exploitation.

Regardless of the controversy surrounding this trend in the first part of the 1900s, Rosenberg argues that the post-WWII system required that revisions be made to correct the contradictions of dollar diplomacy. The Truman administration aimed to create a more integrated and internationalized alliance against communism, which curbed the imperialistic tendencies of dollar diplomacy. The promotion of American economic influence through loans, credits, and investments evolved to achieve overall capitalist enhancements among America's allies.[25] Like previous efforts, people from the worlds of business and finance fit into this new foreign policy approach. In *Spreading the American Dream*, Rosenberg praises these American actors and their pivotal roles in the decision-making processes of the early Cold War

---

[24] Emily S. Rosenberg, *Financial Missionaries to the World: The Politics and Culture of Dollar Diplomacy, 1900-1930* (Boston: Harvard University Press, 1999), 1, 3, 253-54.

[25] Ibid., 255.

period. Both the Truman and Eisenhower administrations believed in the power of private enterprise, open access to commerce and investment markets, promotion of flows of information and culture, and, most significantly, encouragement for other governments to replicate the American experience. They assigned people with such capabilities to key positions.[26] All of these methods fundamentally targeted international economic and political stability rather than profit maximization and exploitation prioritized in dollar diplomacy.

Harry Bayard Price refers to the Marshall Plan as a method that aimed to bring economic and political stability to America's allies. The Truman administration tasked governmental institutions, political actors, and American businesses with restoring the health of teetering Western European economies in the post-war period. The U.S. Department of Commerce and Department of State, Economic Cooperation Administration (ECA), and Organization for European Economic Co-operation (OEEC) collaborated in harmony, identified fields to be supported, and allocated funds for development projects. International financial institutions such as the World Bank provided cash flows to these projects and secured an investment-safe environment for business partners. Besides European reconstruction, the plan also developed comprehensive local outlooks and projections for economically challenged areas such as Turkey. By understanding country requirements and planning types of projects capable of gaining maximum enthusiasm and support, these institutions and their actors achieved a great deal up until 1952, the year in

[26] Emily S. Rosenberg, *Spreading the American Dream: American Economic & Cultural Expansion* (New York: Hill and Wang, 1982), 7.

which the Marshall Plan concluded.[27] Price describes this collaboration as a great act of statesmanship. The American agents who took part in the process, such as ambassadors, mission chiefs, and commercial attachés, specialized in the economic dynamics of different countries and paved the way for the promotion of the American economic model and business overseas.[28]

The Foreign Assistance Act was submitted to Congress in 1948. It tasked the Economic Cooperation Administration (ECA) with handling the operational aspects of the recovery program subject to the Department of State's control in areas relating to foreign policy.[29] This draft also expanded the involvement of business managers, industrialists, and financers in decision-making processes. Michael J. Hogan, in "American Marshall Plan Planners and the Search for a European Neocapitalism," underlines that the American private sector was interested in relieving suffering and combating communism, but achieving these goals also meant stabilizing currencies and exchange rates, reviving industry, liberalizing international commerce, fostering integration, and boosting productivity. Administrative positions such as those of ambassadors and mission chiefs required expert management by men with practical knowledge of the business, and many were ready to fill those roles. Their presence in state operations enhanced the international activities of their affiliated businesses and corporations.

---

[27] Harry Bayard Price, *The Marshall Plan and Its Meaning* (Ithaca: Cornell University Press, 1955), 412.

[28] Ibid.

[29] Hogan, 54.

Indeed, the Marshall Plan and its actors enhanced the scope and recognition of American products, services, and know-how capabilities. Feeling safe in making investments, many large and small American companies alike took part in reconstruction plans for America's friends and enjoyed the benefits of foreign markets. In their edited book, Alfred Chandler and Bruce Mazlish claim that American MNCs were the ultimate winners of the post-WWII reconstruction era. These MNCs sold their products, established overseas branches, and invested billions of dollars in profitable foreign markets. Among essays in that book focusing on different eras, Geoffrey Jones narrates the expansion of notable American multinationals such as General Electric, General Motors, and Ford in the 1950s. After gaining an invaluable place in world markets and establishing budgets in the millions of dollars, these MNCs started to identify themselves as major powers in selling Americanism to the world, which helped them claim space within U.S. foreign and commercial policy agendas.[30] Mira Wilkins supports Jones's arguments about the undeniable rise of American MNCs in the post-WWII period. However, rather than highlighting MNCs' roles in power dynamics, she focuses on the good deeds that they performed, linking the spread of Americanization to mutual prosperity and American modernization theory rather than profit maximization ambitions.[31]

Authors focusing on American modernization theory practices in the 1950s share Wilkins's perspective. Nick Cullather describes the Marshall Plan and its architects, such as American engineers, people in business, economists, and diplomats, as ardent

[30] Chandler and Mazlish.

[31] Wilkins.

supporters of American modernization. They believed in American virtues such as free markets and democracy. They also encouraged traditional societies to follow a convergent path toward American-type modernity in the 1950s. Just as "dollar diplomacy" foresaw the safeguarding of significant political interests through economic integration, selling American virtues could achieve the same impact with a new purpose: the economic enhancement of an integrated alliance. Therefore, in the wake of the Cold War, both the Truman and Eisenhower administrations supported the ideals of these actors while mapping out foreign policy agendas, especially in countries like Turkey, where they had limited knowledge about cultures, economic traditions, and livelihoods. These actors encouraged U.S. institutions to embrace a more enduring industrialist trajectory. The ideals of modernization took root as livelihoods made by scraping by were eliminated in other countries, and self-sufficiency through enhancement of the strengths of the host state was highly correlated with larger production volumes.[32] These agents were assigned to such countries and were tasked with helping to achieve economic enhancement by Americanizing mindsets, state policies, and markets.

Significantly, after American institutions and advisors increased their influence over the Turkish economy in the late 1940s, the Turkish governments and business elite grew accustomed to American products, methods, and services in the 1950s. The Democrat Party (DP) government portrayed American aid, credit, and advice as a fast track to modernization. The business class looked for opportunities to partner with American businesses as vendors, overseas branches, or co-investors. Morris Singer confirms this influence of American actors over Turkish political and

[32] Cullather.

economic agendas. He relates the taste for macroeconomic liberalization through American products and services in the Turkish market to the people's choice to elect the DP over the more statist Republican People's Party (RPP) in 1950. Enjoying the economic guidance of American actors, the DP promised more American capital and the retreat of the state and state-owned enterprises (SOEs) from monopolized sectors. Several American firms accordingly arrived in these sectors, such as oil and mining, to increase efficiency and profits in an investment-friendly environment.[33]

At the same time, the DP's rise to power was a natural result of increasing liberal tendencies and economic demands since the beginning of the post-WWII period thanks to the arrival of the first wave of American advisors in Turkey. Erik Jan-Zürcher considers the political reform of 1947 as the turning point in this regard. The RPP was struggling to abandon the statist economy as that policy increasingly came under attack from Turkish business circles and Americans. Its political challenger, the DP, made itself an apparent supporter of a liberal economic model. After Turkey started receiving American aid, the DP's argument was strongly reinforced by the activities and later the reports of American advisors, pushing the RPP to make alterations in its economic approach.[34] Zürcher highlights American industrialist Max W. Thornburg as the key influential figure in government circles, and his economic development recommendations were certainly well respected. With Thornburg opening the doors, new American actors worked closely with Turkish governments; for example, Ambassador McGhee and petroleum engineer Max Ball

[33] Morris Singer, *The Economic Advance of Turkey 1938-1960* (Ankara: Turkish Economic Society, 1977).

[34] Erik J. Zürcher, *Turkey: A Modern History*, 3rd Ed. (London: I.B. Tauris, 2004), 215-16.

were the architects of privatization laws enacted in 1951 and 1954.[35] In *The Emergence of Modern Turkey*, Bernard Lewis joins Zürcher in arguing that American administrations favored private enterprise and worked against statism with the help of their advisors.[36]

The arrival of Marshall Plan aid and credits empowered the American actors to join the decision-making processes of investment projects; they even became authority figures in Turkish modernization efforts. Until the late 1940s, the RPP administration saw heavy industrial facilities and the manufacturing of industrial goods as the country's future. Turkish modernization goals were shaped by the idea of catching up with Western democracies, especially through advancements in heavy industry, and it was believed that state institutions should assume that task. Çağlar Keyder states that after being funded by American aid controlled by American chief executives, Turkey's dreams of modernization through industrial development were replaced with agricultural enhancement.[37] Aiming to make Turkey a granary for the alliance and believing that rural development would be a more realistic goal, American actors first convinced the RPP government to approve this pattern in development and then introduced American agricultural goods to the Turkish market. Keyder relates the growing numbers of tractors in Turkey in the late 1940s to American actors' influence in the short term,[38] while Begün Adalet states that the DP continued to go

---

[35] Ahmad, Feroz, *The Turkish Experiment in Democracy, 1950–1975* (London: C. Hurst & Company, 1977), 124, 131.

[36] Bernard Lewis, *The Emergence of Modern Turkey,* 2nd Ed. (London: Oxford University Press, 1969), 315, 317.

[37] Çağlar Keyder, *State and Class in Turkey: A Study in Capitalist Development* (New York: Verso Books, 1987), 119.

[38] Ibid.

along with the recommendations of American advisors after they secured leadership. They denounced railway-led industrialization projects, which Turkey had focused on in the republican era. Instead, the DP budgeted for the extension of a highway network into the hinterlands of Anatolia with the help of the U.S. Bureau of Public Roads, as recommended in advisors' reports.[39]

In addition to encouraging the Turkish administrations to adopt liberal economic policies, American advisors and mission chiefs also helped promote American businesses in Turkey. These people usually belonged to the private sector besides their governmental assignments in Turkey, and they naturally tended to direct the Turkish governments toward favoring free enterprise. The RPP governments were even started to be convinced by American advisors about establishing a well-working democracy, achieving modernization, and challenging the communist doctrine would be impossible without the flow of private capital.[40] Coming to power in 1950, Menderes and DP decision-makers began handling negotiations with American investors personally, and American advisors set up these meetings.[41]

American commercial actors also influenced the Turkish business elite. Wanting to participate in more profitable industries, several wealthy Turkish business families found a chance to partner with American MNCs while state institutions promised to retreat. McGhee and Barker insisted that mediating between Turkish and American businesses would benefit both sides; partnerships could familiarize Americans with

---

[39] Adalet, 7.

[40] Korkut Boratav, *Türkiye İktisat Tarihi 1908-1985* (*Turkey's Economic History 1908-1985*) (İstanbul: Gerçek Yayınevi, 1998), 76.

[41] Ahmad, 131.

this new market while the Turkish business elite could access American MNCs' resources and know-how capabilities. Indeed, after positioning their products and services in the Turkish market, several American MNCs expanded their investments in Turkey by constructing factories or mines. Learning from their American partners how to conduct international operations and adopting their know-how capabilities, Turkish business families stepped up and filled the Americans' shoes in Turkish market operations, such as the Koç, Eczacıbaşı, and Sabancı families. The changes in the political economy and the enacting of new privatization laws with the help of American actors fueled Turkish businesses' hunger to dive into formerly nationalized areas.[42]

Forging a multidimensional sphere that included officials, financiers, and businesspeople in economic cooperation led to the enlargement of the group demanding Americanization in the 1950s. With increasing American influence over the Turkish economy, new actors initiated deepening cooperation and reduced the foreignness felt between the two sides. As new academics and businesspeople continued to arrive, American commercial representatives strengthened their ranks. After doing business in Turkey, American MNC owners such as Conrad Hilton, General Electric Chairman of the Board Philip Reed, and the DP's paid lobbyist Thomas Dewey joined the inner circle and campaigned to strengthen Turkish-American business relations. To establish American-style businesses, American academics arrived in Turkey with the aims of educating future managers and MNCs to run employee training facilities and funding American-type business schools. All

[42] Ayşe Buğra, *State and Business in Modern Turkey: A Comparative Study* (New York: State University of New York Press, 1994).

of these actors contributed to the development of an American-influenced government, market, and economic mindset in Turkey in the 1950s.

Secondary sources present the general framework of the era and of Turkish-American economic and financial relations. However, the most significant sources offering a foundation for this dissertation are the personal accounts of the American actors, other eyewitnesses of Turkey's economic transformation, the publications of American MNCs presenting their operations in the Turkish market, and state publications covering the period between 1945 and 1960. Many American diplomats, financial advisors, academics, and mission chiefs who served in Turkey later published their memoirs. Additionally, some of their Turkish colleagues and other businesspeople recorded their memories of dealing with these Americans. These sources provide a comprehensive narrative, including details about the Turkish economy, business culture, and market opportunities and drawbacks in the 1950s. Chronologically tracing all this information allows researchers to reconstruct the stories of American actors who served in Turkey during this period. These sources also explain why and how these actors became influential figures with the motivation to practice both commercial and public diplomacy.

For example, American petroleum expert and economic advisor Max W. Thornburg laid out a detailed survey of Turkish economic conditions in the late 1940s. His preliminary study, presented to the Turkish government, proposed various pieces of financial advice to achieve true modernization.[43] Thornburg's critical thoughts about the statist economy and his proposed solutions generally followed a path for the

[43] Max Weston Thornburg, *Turkey: An Economic Appraisal* (New York: The Twentieth Century Fund, 1949).

initiation of liberal economy and privatization. This comprehensive work became a guidebook for both other American advisors who arrived in Turkey and Turkish decision-makers, the latter of whom tended to put aside their skepticism of foreign capital and adopt liberal economic methods. Even the formerly-statist RPP governments of the late 1940s admitted that Thornburg was not entirely wrong.[44] As a young Harvard graduate economist nominated as a fellow of the Institute of Current World Affairs, Richard Robinson's decade-long presence (1947–56) and studies in Turkey made him the top American with the best knowledge about the country. Robinson published numerous works in the fields of economy and business in addition to his reports narrating the developments in Turkey. Taken together, these works offer a detailed narrative of how Turkey's agricultural industrialization campaign was launched, how it progressed, and how American advisors like Robinson himself took part in the process.[45] Following Turkey's first attempts to transform its economy from a statist to a liberal one or one embracing the methods of American MNCs, activities in Turkey were possible starting from 1947. The chronology of Robinson's narrative highlights significant milestones, such as the stepping down of the RPP government to be replaced with the more liberal DP in 1950, Turkish attempts to lure American investors by enacting privatization laws in 1951 and 1954, and the arrival of MNCs to the Turkish market. It also reveals deeper details in the process, such as the introduction of American MNCs through Marshall Plan funds, earlier problems and drawbacks of the Turkish market and legal system, and changing attitudes toward foreign investment. Such an organized narrative of the

[44] Zürcher, 215-16.

[45] This body of work comprises two books and two articles: *The First Turkish Republic: A Case Study in National Development*; *Letters From Turkey*, 146, 149; "Tractors in the Village: A Study in Turkey," published in *Journal of Farm Economics*; and "Turkey's Agrarian Revolution and the Problem of Urbanization," published in *Public Opinion Quarterly*.

period, explaining both general milestones and specific details, allows researchers to understand how and why American business interests, and especially those of businesses directly related to agricultural industrialization, peaked in Turkey in the mid-1950s after the enactment of a foreign investment incentive law in 1954.

His accounts also reveal actors' critical roles in the process. With degrees in economics and management experience in MNCs or other various business fields, these people could think and act according to capitalist virtues. Obtaining the state's support for their mission to Turkey, they adopted a realistic business-promoting policy. Furthermore, they addressed Turkey's problems with the aim of helping an ally in the wake of the Cold War, worked toward building up partnerships between American MNCs and Turkish businesspeople, and constructed a shared trust between themselves and Turkish decision-makers. Ambassador McGhee explained how his own background in the petroleum business and his networks among well-known geologists such as Max Ball helped him bring together the DP government and key Americans on business-related issues.[46] McGhee's released personal papers similarly highlight his role as a mediator between the Eisenhower administration and the DP government after he left his diplomatic post in Turkey. He continued to support Turkish causes in the U.S., met with Turkish delegates, and lobbied for Turkey in American business circles even after leaving that diplomatic post in 1953.

The personal papers of other eyewitnesses reveal further details about business-promoting activities and personal thoughts on those processes. For example, Barker's surveys and meetings with the Turkish business elite produced significant knowledge

[46] George C. McGhee, *On the Frontline in the Cold War: An Ambassador Reports* (Westport, Conn.: Praeger, 1997).

about the expectations of Turkish businesspeople and the problems of the Turkish market in the late 1940s. To meet the demands, Barker organized meetings between Turkish businesspeople and the agents of respected American MNCs such as International Harvester Company and Socony-Vacuum to improve collaboration. Eisenhower's chief economic representative in Turkey, Clarence Randall, who was the chairman of the board of Inland Steel Co. and a member of the business advisory council of the U.S. Department of Commerce, provided details in his papers of his business meetings with Turkish government officials, including President Celal Bayar, Prime Minister Adnan Menderes, and prominent businessman Vehbi Koç. In those meetings, Randall clarified the expectations of American business circles for investments and suggested that the DP administration and the Turkish business elite should think like American business circles. For improving the understanding of American businesses in Turkey, Randall can be considered another key figure who paved the way for the enactment of the privatization law of 1954.

This dissertation aims to fill two gaps in the existing literature. First, it focuses on the Turkish dimension of the U.S. post-war modernization and Americanization foreign policy with the help of American business circles. Even though the American aid and credit plans to Turkey through the Marshall Plan and Truman Doctrine and their impact on the Turkish economic thoughts were studied thoroughly, the role of American business and its representatives in governmental positions have not been enlightened in detail. As these figures are underlined as key actors in terms of promoting American business and commerce to America's allies in the early Cold War period in many notable American authors' narratives, such as Rosenberg, Wilkins, and Chandler, this study reveals how and why they were influential in Turkey during the same period.

Secondly, this study offers a comprehensive reading of the U.S.-Turkey commercial and business relations in the early Cold War period by centralizing American individuals whose impact on the process was crucial. Many works in this field state American influence over the Turkish economy and conclude that American direct investments have never reached significant amounts despite introducing incentive laws. Turkey became dependent on American economic support for years. Still, reading the memoirs and experiences that the American actors served in Turkey explains how and why Turkey has advanced on these paths. Forming chronological and logical linkages among these actors' narratives also presents the comprehensiveness of this story.

1.2. Structural Organization

This dissertation aims to understand several American commercial diplomats' role in reshaping of Turkish economic mindset and paving the way for American business to dominate the Turkish market in the 1950s. The second part of this sentence has been excessively discussed in both Turkish and American literature and agreed the American influence over the Turkish economic thoughts in the 1950s. However, this dissertation aims to fill the gap in general narratives and arguments by crediting the true actors, who enable such an influence. To highlight these narratives and arguments, this dissertation reviews the personal accounts, books, and papers introduced above.

In light of the deepening economic integration and political closeness between the two states with the Marshall Plan and Truman Doctrine, Turkey began to see American actors and institutions as role models for economic development and modernization. The U.S. was even referred to as a "big brother" in several accounts in the 1950s.[47] The drastic improvements in agricultural production, mechanization, infrastructure, and other sectors thanks to the services and products of American companies served to popularize anything American in Turkey, including liberal economy, privatization, and American brands. When the Marshall Plan ended in 1952 and governmental economic aid for Turkish modernization efforts was stopped, private investments from American MNCs appeared as replacements for sustaining that development. The DP government and American actors met on common ground and worked together to merchandize the Turkish market. As my father experienced, even small towns of Turkey began gaining access to American goods and services and were visited by Americans who aimed to design a "little America" in Turkey. Therefore, their story and experience in Turkey became the most significant tool for this dissertation. While this thousands of miles away unknown, developing country was placed on the U.S. administrations' foreign policy agendas as a potential ally, a state that should follow the American modernization and economic mindset, and a new market that the American business and products could enter. These actors made all happen thanks to their commercial diplomat skills and personal interactions with the Turkish governments.

[47] See Hüseyin Bağcı's *Türk Dış Politikasında 1950'li Yıllar* (*Turkish Foreign Policy in the 1950s*) and "Turkey's Foreign Trade" in *News From Turkey* (NFT hereafter) *1948-49* from September 1, 1949 (New York: Turkish Information Office, 1963), for such references.

This dissertation follows a chronological path covering the era between the end of WW II and the 1960 Turkish coup d'état. Four main chapters are devoted to specific subperiods, presenting milestone events and highlighting significant cases or actors. The first main chapter evaluates Turkish and American political and economic conditions in the early post-war years. Losing its main trade partners and political allies in 1946 and facing the Soviet adversary alone, Turkey was appreciative of America's interest in Turkey's political stance. Turkey's inclusion in the Truman Doctrine and Marshall Plan deepened the relationship between these two states, which paved the way for American actors to re-enter the picture. Attracted by the recommendations of these American advisors and mission chiefs for the economy and modernization, the RPP government changed its old-school statist macroeconomic thoughts in the late 1940s. The visible achievements of American companies through the Marshall Plan, such as improving infrastructure, building dams, and mechanizing agricultural production, influenced DP politicians and the business class in Turkey that inviting American capital and service could be an alternative to statist development. In early 1950, the RPP established a more liberal cabinet and enacted an improved foreign investment law to replace strict statism with guidance from Thornburg and ECA Chief of Staff Russell Dorr. The DP, as the opposition party, promised more liberal laws and American capital in its campaigns for the 1950 election. Hand in hand with Turkish business elites, who wanted to partner with more American MNCs, the DP won the elections. It then launched another economic campaign that included more American advisors, diplomats, and academics.

The second main chapter focuses on the transition in Turkey and highlights the critical roles of American actors working closely with Turkish decision-makers. The rise to power of the DP in 1950 was an expected result of the increasingly changed demands of the public. The election of a political party that prioritized a liberal economy and privatization gave American actors a green light to intensify Americanization in Turkey. Between 1950 and 1953, Turkish-American relations were amicable, with similar reflections in the business sphere. Turkey renewed and improved its foreign investment laws by working with American officials such as McGhee and Leon Dayton in 1951. Barker introduced prospective American investors to Turkey's DP leaders and notable business families. One by one, new American MNCs and investments arrived in Turkey with the promise of contributing to Turkey's modernization process. Turkey's decision to join the Korean War and NATO further enhanced the country's political prestige among American business circles. By late 1952, supporting a staunch ally's economic growth had become a significant objective for the Department of Commerce and American investors.

The period from early 1953 to the end of 1955 was a honeymoon of sorts for Turkish-American business relations. The third chapter narrates how American companies established excellent reputations in the Turkish market and how American actors earned the highest trust among Turkish decision-makers. The new foreign investment incentive law of 1954 and the privatization law on oil enacted in the same year were designed by Americans to make American companies feel at home in the Turkish market. Within two years of the passing of the privatization law, many American MNCs had entered the Turkish market in different sectors such as oil, pharmaceuticals, motor engines, and mining, bringing competition to the market, providing know-how, and allowing many Turkish families and individuals to participate in the greater business framework. That period also coincided with the emergence of cash-flow problems in the Turkish economy due to the growth in imports, drastic currency cuts after the aid programs ended, and a fall in the prices of Turkish export products after the European market recovered. These newly emerging negative indicators revealed that Turkey should produce more, import less, and attract more foreign investments to preserve economic sustainability in the forthcoming years.

The final main chapter focuses on the appearance of economic and political uncertainties in Turkey in the second part of the 1950s and the changing job descriptions of American actors. It evaluates American businesses' responses to the recession in Turkey and American advisors' efforts to help Turkey find short-term aid and credits for balancing payments. A faltering economy, a steep rise in inflation, and the loss of value of the Turkish lira against the dollar put business investments into a deadlock. Both American and Turkish governments and institutions relatively lost their interest in increasing the volume of foreign investments. Instead, rapid solutions such as agreeing on new credit deals or securing economic aid topped the economic agenda. Significant figures such as Randall and Dewey found themselves negotiating with the Eisenhower administration to aid America's ally rather than engaging in their former investment lobbying activities. Launching an economic recovery program to limit expenses and re-regulate domestic and international payments in 1959, Turkey restored some of its credibility in the eyes of American business circles. The DP signed a lucrative investment contract worth $60 million with a petroleum consortium led by Mobil Oil as the only significant business partner of the period. Finally, the 1960 Turkish coup d'état ended the DP's reign, bringing greater uncertainties to the Turkish market and a questioning mindset regarding the all-around Americanization of the economy.

1.3. Methodology

This dissertation generally relies on primary sources representing Turkish and American perspectives to construct the narrative outlined above. These sources include personal memoirs, papers, and memoranda of American actors such as Thornburg, Barker, Randall, and McGhee. In addition to their individual memoirs and reports, the minutes of the Grand National Assembly of Turkey (GNA), documents derived from the Directorate of State Archives of Turkey, statistical data obtained from the Turkish Statistical Institute (TÜİK) and the Central Bank of Turkey (CBT), newsletters of the Turkish Information Office in New York, American periodicals such as the *New York Times* and *Wall Street Journal*, and newspaper articles and advertisements from Turkish newspapers such as *Cumhuriyet*, *Ulus*, *Tan*, and *Zafer* were consulted. Documents from the Foreign Relations of the United States (FRUS) series and National Archives and Records Administration (NARA), data from the Statistical Abstracts of the United States series, and publications of the Department of Commerce, U.S. Congress, American Enterprises Association Inc., and the World Bank were also used.

CHAPTER II

"The outstanding characteristic of the Turkish scene is its dynamism. Turkey is neither a war-torn country nor a decaying economy. When Atatürk pulled the throttle wide open after the Republic was founded in 1923, he unloosed regenerative forces. After twenty-six years of the new social, political and economic experiences into which Turkey's headlong transformation has plunged her, the tempo has quickened. Turkey today is definitely on its way. The question is, Which way?"

Max W. Thornburg[48]

2.1. Turkey En Route to American Influence in the Post-WWII Period

Before Turkey's heavy economic Americanization in the post-WWII period as a result of the influential work of American financial advisors, some American business operations were present in the Turkish market. However, these initiatives

[48] Thornburg, *Turkey: An Economic Appraisal*, vii.

were very limited due to Turkey's economic, political, and legal restrictions on foreign capital since the republic's foundation. Turkey never underestimated the role of foreign capital in modernization but considered it key to keep it under state control. The RPP government strictly controlled imports and signed clearing agreements with foreign states to limit the dependency on foreign capital. In unpredictable war conditions, the government aimed to keep foreign currency and gold assets inside the country. The post-war recession and the devaluation of the Turkish lira, which dramatically lost value against other currencies, necessitated tighter state control over foreign businesses.[49] The business operations of foreign investors were also restricted by two securities and stock exchange laws enacted in 1925 and 1930. These laws aimed to protect the domestic market against foreign capital monopolization initiatives by limiting the assets, operations, and profits to be taken away from Turkey. In such a protectionist environment, only a few American MNCs including Ford, Socony Oil, and the American-Turkish Investment Co. (Turkish Match Company) were willing to do business in Turkey in 1945. [50]

In addition to these disincentives, strict statism was pursued as the primary political-economic orientation, limiting the maturity of national and foreign private initiatives. Even Turkish businesspeople struggled to get the necessary loans from state banks for large-scale investments. This group was also excluded from the state's most significant industrial sectors, such as oil and steel, which the state aimed to monopolize.[51] However, this rigid economic understanding began to be challenged in

---

[49] Tezel, 184-85.

[50] Roger R. Trask, *The United States Response to the Turkish Nationalism and Reform, 1914-1939* (Minneapolis: The University of Minnesota Press, 1971), 134-35.

[51] Korkut Boratav, *Türkiye'de Devletçilik* (*Statism in Turkey*) (Ankara: İmge, 2005), 138-39.

the post-war period. With financial blows suffered as a result of drafting the workforce, reduced production, and the loss of trade and credit partners during the difficult interwar years, Turkey fell into an economic recession.

Turkey did not join the fighting and experience the devastation of WWII. However, it had to allocate workforce and national assets to national defense and purchase arms from the Allies. Despite making expensive arms purchases, Turkey cited its military weakness and lack of modern equipment as the main reason for refusing to join the war along with the Allies.[52] Furthermore, the division of loyalties, with some sympathy for the belligerents' policies, played a major part in keeping the country out of the war. However, feeling insecure about the possibility of invasion caused Turkey to summon one million men to military service, which crippled the economy by diverting resources and taking labor away from the fields.[53] Turkey could not yet disarm itself in the post-war period despite the economic drain, but it continued to be indebted to foreign states in credit and kind.

To reduce its growing budget deficiencies and debts and keep foreign currency and gold reserves, Turkey mainly sought to secure clearing agreements to purchase military equipment from Germany.[54] Limits on foreign capital injection through such deals were utilized to fuel industrialization in the 1930s. However, during the war years, defense expenses were high. Furthermore, drafting more men and losing that

---

[52] Selim Deringil, *Turkish Foreign Policy during the Second World War* (London: Cambridge University Press, 1989), 230.

[53] George Harris, *Troubled Alliance: Turkish-American Problems in Historical Perspective, 1945-1971* (Washington D.C.: American Enterprise Institute for Public Policy Research, 1972), 13.

[54] Türkkaya Ataöv, *Turkish Foreign Policy 1939-1945* (Ankara: Ankara Üniversitesi Siyasal Bilgiler Fakültesi Press, 1965), 38-40.

workforce in industry and agriculture obliged Turkey to tax the peasantry more.[55] An unsustainable tax-based economy with lower trade volumes threatened to diminish the currency and gold assets in the short term. It also caused social unrest. The heavily taxed masses, primarily farmers, accounted for a large portion of the Turkish population in the mid-1940s, and losing their favor could mean losing the right to govern in the upcoming elections in 1946.[56]

Alongside these growing economic challenges, Turkey also faced larger geopolitical problems. When Turkey approached the Soviets to re-ratify the Soviet-Turkish Treaty of Friendship and Neutrality of 1925, Stalin proposed a counter-agreement including harsh demands from Turkey. In a change to the accords of the Montreux Convention Regarding the Regime of the Straits, the Soviets demanded bases on the Bosporus. They also demanded the annexation of Kars, Ardahan, and Artvin in northeastern Turkey, which had been part of Turkey since 1925.[57]

Standing alone against the Soviet threat seemed unbearable for Turkey. Moreover, the other allies, France and Britain, were far from being capable of aiding Turkey. As the ultimate winner of World War II and the champion of the free world, the U.S. believed that Britain's military presence should secure the Middle East and neighboring regions. However, the Truman administration also accepted that the

[55] Tezel, 264.

[56] Leyla Kırkpınar, "Demokrat Parti ve Muhalefet Stratejisi" ("The Democrat Party and Its Opposition Strategy"), *Çağdaş Türkiye Tarihi Araştırmaları Dergisi* 1 (2002): 86.

[57] Stanford J. Shaw and Ezel Kural Shaw, *History of the Ottoman Empire and Modern Turkey, Volume II: Reform, Revolution, and Republic: The Rise of Modern Turkey, 1808-1975* (Cambridge: Cambridge University Press, 1977), 400.

Soviets could counteract the weakened British power in the region.[58] After the war, Britain found itself in a tangled position; it still possessed much of its empire, including the Middle East, but had minimal financial resources to maintain political and military control over it. Desiring to share power through regional pacts and to include a superpower in its defense framework, Britain hoped that the Truman administration would take a larger role in Middle Eastern politics.[59] The president was also in favor of such an agreement. He believed that Turkey could be a valuable addition to such a pact as it was already threatened by communist expansion in 1946.

Mutually, Turkey had long wanted to be accepted by the "Western Club,"[60] which consisted of European democracies and the U.S. Each Turkish government since the foundation of the republic followed a policy aimed at establishing good relations with the West and catching up with Western economies and modernity. In 1946, this goal seemed more vital as Turkey found itself in political tension with the Soviet Union.[61] However, in 1946 Turkey was still far from being prepared to join this club despite its great enthusiasm. Compared to the Western powers, Turkey had neither a capitalist economy nor full democratic representation. Its statist economy was not productive and its market was closed to liberal initiatives. Its army was weak and

---

[58] Brown and Opie, 123.

[59] Sylvia Kedourie, *Seventy-Five Years of the Turkish Republic* (London: Frank Cass, 2000), 70; Joseph M. Jones, *The Fifteen Weeks (February 21 – June 5, 1947)* (New York: Harcourt, Brace & World, Inc., 1955), 6.

[60] This term was coined in the Turkish context by notable Turkish author Nasuh Uslu, who published many works on Turkish-American relations in the 20th century. See his book titled *Turkish Foreign Policy in the Post-Cold War Period* for further information.

[61] Harris, 15.

primarily based on drafted soldiers rather than tanks and aircraft.[62] Democratic institutions were controversial, as seen in the national elections of 1946. Turkey could be a useful addition in the fight against the communist threat in the region; however, many were concerned about its shortcomings.[63] According to the early predictions of U.S. embassy personnel in Turkey, without a capable military and financial support, Turkey could not realistically challenge the Soviet threat.[64] Furthermore, without establishing a liberal economy and functioning democratic representation, it could not adapt fully to the "Western Club."

On the other hand, the budget allocated to the military was largely devoted to expenses for the draft and upkeep, and the purchased war machines seemed inadequate for challenging a real Soviet military threat.[65] An unhealthy economy with escalating foreign debt would also eventually cause cutbacks in military projects, which seemed to seriously hamper Turkey's growing security concerns. The further reduction of military expenses, however, was impossible in the face of the Soviet threat. Turkey had been faltering economically since the 1940s; productivity was relatively low, the domestic market was barely fed, and the situation was unlikely to be improved in the upcoming years. State revenues were generally based on excessive taxation while foreign trade had almost completely dried up.[66] From the Turkish perspective, the harsh war years halted their modernity and development

---

[62] Johannes Glasneck, *Türkiye'de Faşist Alman Propagandası* (*Nazi Germany's Propaganda in Turkey*) (Ankara: Onur Yayınları, 1976), 80.

[63] Denise M. Bustdorff, *Proclaiming the Truman Doctrine: The Cold War Call to Arms* (College Station: Texas A&M University Press, 2008), 114-15.

[64] Jones, 8.

[65] Glasneck, 80.

[66] Thornburg, *Turkey: An Economic Appraisal*, 185.

projects; however, American experts did not share that belief. Their early estimations commonly underlined the position that Turkey's statist economic model was far from reaching Western standards and could never be efficient without private capital.[67] In light of these observations, an economically and militarily weak Turkey – by the British, French and Turkish estimations – would be prey for the Soviets if none of the Western powers opted to intervene.[68] The State Department's Office of Near Eastern and African Affairs (NEA) shared all these concerns; however, this division's agents were reluctant to alarm authorities by suggesting an imminent military takeover of Turkey by the Soviets. [69] Still, it seemed, the U.S. should be prepared to intervene in the event of a real threat.

Losing Turkey to the communist Soviets in the early period of the Cold War could damage the Allies' interests in the region. Besides other possible political outcomes, if the Soviets took over Turkey, they could spread the Soviet economic influence across the Middle East and the Balkans, with the West losing significant resources and markets. Leaving the Turkish Straits to Soviet control would raise the dangerous possibility of Soviet financial control over a strategic route to the Middle East's petroleum resources. To maintain Turkey's stability as well as that of the Near East, the Truman administration offered Britain a joint action. It was projected that Britain would furnish Turkey's military forces with arms and equipment, while the U.S.

---

[67] Such references can be seen in the reports of Max Weston Thornburg and James M. Barker, who visited Turkey to prepare country studies in the late 1940s. Their works will be cited in the upcoming pages in detail.

[68] *Foreign Relations of the United States Series (hereafter cited as FRUS)*, 1946, The Near East and Africa, Volume VII, Turkey, The Ambassador in Turkey (Wilson) to the Secretary of State, Secret, Ankara, January 22, 1946 (Washington: Government Printing Office, 2010), 810-11.

[69] *FRUS*, 1946, "Memorandum by the Assistant Chief of the Division of Near Eastern Affairs (Jones) to the Director of the Office of Near Eastern and African Affairs (Henderson), Washington, August 9, 1946," 833-34.

would support Turkey economically.[70] However, Britain did not have enough economic strength to help with Turkey's military improvements.

In the spring of 1946, while the rift between Turkey and the Soviets over the Turkish Straits continued, the Truman administration decided to launch an action, even if only a symbolic one, to show that the U.S. had no intention of abandoning Turkey to its fate. Washington dispatched the battleship *U.S.S. Missouri* to İstanbul carrying the body of the recently deceased Turkish Ambassador to the United States, Münir Ertegün. Returning the body of a deceased diplomat with funeral services in this way was an unusual act of diplomacy and a meaningful gesture signifying U.S. interest in the security of the Near East and Turkey.[71] The American battleship was most welcome in Turkey, as it showed America's growing support for the nation's sovereignty. The arrival of the *Missouri* also heralded a gradual swing in Turkish policy towards Washington.[72]

This significant milestone strengthened Turkey's political position in the American foreign policy agenda and accelerated Turkey's addition to the American-led world. Political convergence became the first step in enhancing bilateral relations. Turkey would be more eager to adapt to greater American influence in military and economic spheres to secure a U.S. alliance in the following years. Turkey's symbolic inclusion in the U.S.-led Western alliance with this diplomatic gesture in 1946 was a

---

[70] Brown, Jr. and Opie, 125-27.

[71] Joyce Kolko and Gabriel Kolko, *The Limits of Power: The World and United States Foreign Policy, 1945-1954* (New York: Harper & Row, 1972), 233.

[72] David J. Alvarez, *Bureaucracy and Cold War Diplomacy: The United States and Turkey, 1943-1946* (Thessaloniki: Institute for Balkan Studies, 1980), 75.

milestone that marked the beginning of Turkey's forthcoming all-around Americanization.[73]

2.2. American Goals in Turkey in the Post-WWII Period

George Kennan once claimed that containing communism through the support of allies was the best strategy against the adversary.[74] American businesses, through aid plans, hoped to gain large shares from the world markets by promoting their products and services overseas. In addition to seeking political and economic gains through aid plans or foreign policy agendas, these actors asserted that American virtues such as democracy and freedom were essential for shaping other nations. Internationalist politicians and big business owners who shared the same goals were ready to dive into unknown world markets to achieve worldwide Americanized societies in these years.[75] This was a strategy of both economic and business containment.

This new role arose from American modernization theory, which began in the late 1940s together with an emphasis on rapid economic development, sustainable growth to achieve self-sufficiency, and the democratization of societies with the fulfillment of the Marshall Plan. Achieving all such enhancements by following the American ideals and utilizing American capital was the core of the plan, which necessitated an economic integration among the allies under liberal economic thoughts and

---

[73] Ferenc A. Vali, *Bridge Across the Bosporus: The Foreign Policy of Turkey* (Baltimore: Johns Hopkins University Press, 1971), 125.

[74] George F. Kennan, "The Sources of Soviet Conduct," *Foreign Affairs* (July 1947).

[75] Gregory Fossedal and Bill Mikhail, "A Modest Magician: Will Clayton and the Rebuilding of Europe," *Foreign Affairs* (May/June 1997).

commercialism banners. In contrast to the methods of the former imperialist Western European states, less developed countries such as Greece and Turkey were introduced to American tactics for a modernized state-building system with the unleashing of economic growth through know-how and engineering projects for better infrastructure.[76] Saving these states from communist influence and helping them adapt to the Western alliance and its dynamics were the main goals here. In addition to them, empowering business circles and commercializing free and competitive markets naturally had a strong place in post-war American economic spread among the allies goals because such an experience had already showed its quality in formation of American economic power.[77]

Drawing post-war developments together with the Marshall Plan, the implementers of that plan, such as American engineers, businesspeople, economists, and diplomats, played key roles. They envisaged encouraging traditional societies to follow a convergent path toward an American type of economic modernization. Both the Truman and Eisenhower administrations relied on reports from these actors while mapping out foreign policy agendas, especially in countries where they had limited knowledge about cultures, economic traditions, and livelihoods. Beyond political and economic worldviews and their close relations in the practice of modernization theory overseas, however, U.S. institutions also had a more enduring industrialist trajectory. The ideals of modernization took root in efforts to eliminate poverty and backwardness in other countries, and self-sufficiency was strongly correlated with

[76] Scott.

[77] Charles S. Maier, "The Politics of Productivity: Foundations of American International Economic Policy after World War II" *International Organization,* Vol. 31, No. 4, (Autumn 1977): 609.

larger production volumes.[78] The role of the middle class, which would enhance itself through economic development and guide other classes to promote democracy and human rights to avoid communism, was also emphasized in this process.[79] Facing the communist threat and in need of modernization, Turkey was a significant target for Americanization in the post-WWII period.

Before implementing this plan, President Truman addressed Congress on March 12, 1947, to request $400 million in economic and military aid for the Turkish and Greek governments, two states of Eastern Europe resistant to Soviet expansion but experiencing financial difficulties. Subsequently, $150 million of that aid was sent to Turkey for military purposes. Truman described Turkey as a valuable country for the region's stability.[80] This amount of aid could give Turkey breathing room in meeting the allocated budget for military expenditures and furnishing the Turkish army with better war machines and equipment. The RPP government welcomed the Truman Doctrine and the American decision to include Turkey in its military aid program.[81] This assistance aimed to reduce Turkey's military expenses in 1947 to allocate more budget for economic recovery programs and refuel the process of state modernization, which had declined since the early 1940s.[82]

[78] Cullather.

[79] Diane B. Kunz, *Butter and Guns: America's Cold War Economic Diplomacy* (New York: Simon & Schuster, 1997), 125-28.

[80] "The Truman Doctrine," President Harry S. Truman's Address Before a Joint Session of Congress, March 12, 1947.

[81] Mustafa Aydın, "İkinci Dünya Savaşı ve Türkiye" ("The Second World War and Turkey"), in *Türk Dış Politikası* (*Turkish Foreign Policy*), Vol. 1, ed. Baskın Oran (İstanbul: İletişim Yayınları, 2004), 422-24.

[82] *FRUS*, 1947, The Near East and Africa, Volume V, "The Ambassador in Turkey (Wilson) to the Secretary of State**,** Top Secret, Ankara, March 4, 1947," 91-92.

The aid provided through the Truman Doctrine was mainly military. Therefore, these funds were used only for military purchases and contributed little to solutions for Turkey's growing economic problems. In pursuit of economic development and industrial modernization, the RPP government questioned the relevancy and capacity of U.S. aid, which should have aimed at supporting Turkey's determination to build a self-sufficient and modernized country.[83] Reducing expenses through the Truman Doctrine would be only a short-term solution if an economic leap was not achieved in these years.

In 1947, the GDP remained low in Turkey, at around $5.2 billion. Production rates in agriculture fell by 11.7%, and growth in industrial development remained at 5% in comparison to 1946.[84] The early indicators of 1947 showed that the low economic and commercial growth had slowed compared to the war years. Trade growth remained at 4.1%, while it had grown about 30% during the war years.[85] 1946 would be the last year in which Turkish exports surpassed imports.[86] The idea started to appear among various bureaucrats and deputies that Turkey was unlikely to reach productivity levels that would reinvigorate the economy without foreign incentives.[87]

This idea was not groundless because Turkish decision-makers had invited foreign advisors to study the Turkish economy and recommend modernization techniques

---

[83] Harris, 28.

[84] Republic of Turkey Ministry of Development, *Economic and Social Indicators 1950-2014,* July 2015, 75-76. Available at https://www.sbb.gov.tr/wp-content/uploads/2018/11/Ekonomik_ve_Sosyal_Gostergeler_1950_2014.pdf (Appendix I).

[85] Ibid.

[86] Ibid.

[87] Korkut Boratav, *Türkiye İktisat Tarihi, 1908-1985*, 80-81.

back in the 1930s. In addition, Turkey had accepted loans from the USSR and Germany to establish industrial and mining grounds, bought machines, and hired foreign professionals in these sectors. Germany became Turkey's top partner in modernization through credits deals and arms and machine purchases in the 1930s.[88] Through these deals, Turkey settled its debts with finished products from newly built factories. The deepening of these economic relations through clearing agreements made Germany the top importer from Turkey in the early 1940s. Until 1945, only a few months before the end of the war, Turkey was still maintaining a significant trade volume with Germany, although it had decreased throughout the course of the war due to pressure from the Allies. The U.S., particular after the Lend-Lease deal, started to replace Germany's role in trade with Turkey.[89] However, losing its top importer in 1945 interrupted Turkey's foreign trade revenues and its mechanization and modernization processes. Turkey was thus looking for a foreign trade model similar to that it had developed with Germany to ensure continued development progress with fewer economic costs.

On June 5, 1947, Secretary of State George Marshall delivered his famous speech outlining a post-war aid program for war-torn European states. Such an aid plan was necessary to finance the European states' economic and financial reconstruction and to safeguard them from communism. The popularization of socialist and communist parties in France and Germany was particularly concerning; they could pose a

---

[88] Alp E. Yalman, "Almanya ile İktisadi Münasebetlerimiz" ("Our Economic Relations with Germany"), *Tan* (*Dawn*), January 20, 1937; Alp E. Yalman, "Alman Kliringi" ("The Clearing Agreement with Germany"), *Tan* (*Dawn*), January 24, 1937.

[89] Tezel, 184.

serious threat of pulling Western Europe into Moscow's orbit.[90] Turkey, as a frontier state at the crossroads of the Balkans and the Middle East, was also under the Soviet threat since 1945. Marshall's speech was subsequently transformed into the Economic Cooperation Act in 1948. This act consolidated American political relations with Europe through the construction of economic and commercial partnerships. The plan was to secure $12.5 to $17.2 billion in grants and loans from the U.S. Treasury and an additional $5.8 billion from the World Bank and other financial institutions for recovery in four years.[91]

The American business sector was also a significant part of the economic recovery program. Due to the devastation of European markets, recovery was expected to be made through American products and services. Besides aiding governments and state initiatives, the Marshall Plan also offered an American type of corporative neocapitalism, which pushed a *laissez-faire*-minded political economy.[92] In this model, states were expected to accept changing economic conditions and open their markets to foreign – mainly American – businesses. The adoption of American economic liberalism, including increased cooperation between public and private leaders and economic integration among America's allies, could be achieved with time.[93]

---

[90] Michael J. Hogan, *The Marshall Plan: America, Britain and the Reconstruction of Western Europe, 1947-1952* (Cambridge: Cambridge University Press, 1987), 3.

[91] Price, 43-44.

[92] Hogan, "Marshall Planners and the Search for a European Neocapitalism," 71-72.

[93] Ibid.

The Truman administration promised to grant billions of dollar in credits and aid to the Marshall Plan countries, to be overseen by American mission chiefs. These aid and credit packages were to be used to buy the goods, equipment, and services needed to stimulate these states' recoveries. There were no binding conditions stating that the companies to be chosen must be American. However, less war-damaged and economically non-exhausted American companies were the most likely candidates to help these countries get back on track with their products and services. The governments would be the direct customers of the aid and credit, and individuals and local companies could pay their governments for products in their own currencies. Eventually, all would be using American products and services in return.[94]

In a pamphlet prepared by the ECA for American businesspeople, these roles were clearly stated. The aid-receiving states were customers, American businesspeople were sales associates, and the ECA was the banker.[95] The Marshall Plan countries could estimate their economic recovery needs and inform the ECA for financing. After detailed estimations and studies, approved procurement through ECA branches would deliver aid to these projects, either in cash or kind. The customers could then contract for related items to be purchased elsewhere.[96]

American businesses would enter the scene after the ECA-approved credit and aid authorizations as sales associates. The authorities promised to assist them in providing commodities and services. MNCs had already settled in different markets,

[94] *Price, 306*.

[95] Economic Cooperation Administration, *Information for American Businessmen on the Marshall Plan* (Washington D.C.: U.S. Government Printing Office, 1949), 1-2.

[96] Ibid.

particularly small-scale enterprises that would be promoted overseas. The ECA institutions in different countries would provide market intelligence and know-how opportunities to improve their chances of becoming established vendors in new markets.[97] As they had done in the past, American companies would go after business opportunities through private commercial channels, international trade, and diplomacy. With the help of state institutions, they would contact foreign customers and offer their products and services. The ECA, as the banker, would finance those purchased commodities and services through foreign governments.

Selling in foreign markets is not easy for small companies, they needed governmental support.[98] Local American manufacturers without experience in foreign markets would face numerous problems. The primary challenge to consider was the lack of knowledge about the markets, sales promotion methods, local business cultures, and product choices. Other technical details related to gaining export licenses, ensuring efficient transportation, insurance, tariffs, documentation, and other foreign regulations were partially the companies' concerns.[99] After weighing all the factors involved, American businesspeople would decide whether they were prepared to take part in the ECA's export programs or not. Overseas commercial markets are not built overnight, and a cursory attempt to engage in international commerce without sufficient intelligence could result in disastrous financial consequences. The most important allies of these companies in the foreign markets were accordingly the ECA officers, mission chiefs, ambassadors, and

---

[97] Ibid.

[98] Olivier Naray, "Commercial Diplomats in the Context of International Business," *The Hague Journal of Diplomacy* 6 (2011): 132.

[99] Ruel, 13-14.

professional advisors. This group of people, also known as experts, would prepare country studies and diplomatic posts to support companies' rights and would deal with foreign governments on their behalf. In addition, international banks, American chambers of commerce, and trade associations were also good sources of advice. Besides institutional and individual help, the U.S. Department of Commerce also issued other significant documents providing detailed information about countries, procedures, news, and lists of prospective foreign firms.[100]

The Marshall Plan enriched its recipients with political and economic support to put this theory into practice.[101] Ultimately, the goal was to build a new order among the members of the free world, which would be constructed with American capital and advice. Commercial diplomacy and the promotion of American business overseas were essential parts of that ideology. At the same time, the actors who would participate in these processes were also key.

2.3. American Business-Oriented Officials Arrive in Turkey

Commercial diplomacy requires exceptional qualities from actors assigned to different parts of the world, such as diplomatic talent, knowing the market, and having experience in business operations. For example, the Truman administration initially decided to appoint lawyer and later Secretary of State Dean Acheson as head of the ECA; however, Congress challenged that decision and suggested that the

[100] *Information for American Businessmen*, 31.

[101] Şaban Çalış, "Turkey's Integration with Europe: Initial Phases Reconsidered," *Perspectives* 5 (June-August 2000): 44.

president pick someone with business acumen to run an economic organization.[102] Truman then assigned Paul G. Hoffman, the head of Studebaker Automobile Corporation, as the ECA chief. Hoffman was a corporate bureaucrat who argued that European economic salvation was tied to the formation of an intra-European trade system and the circulation of goods and capital. Former Secretary of Commerce Averell Harriman, another respected investment banker, diplomat, and businessman, became the primary American representative to the OEEC to oversee the ECA's projects and he reported directly to Hoffman.[103]

Truman's cabinet and inner circle included various legal, business, and political experts. James Byrnes, Harriman, and even Joseph Grew, the former U.S. Ambassador to Ankara, were members of this group.[104] Their wide-ranging experiences collectively informed Truman about the general scope of the post-war world's economic problems. They were exceptionally qualified to provide advice about different regions, states, and cultures, including Turkey. A business-oriented background became a significant point of consideration while assigning the heads of special projects in each participating country, as U.S. commercial diplomacy had long relied on that criterion.[105] These regional chiefs of the ECA were expected to act

---

[102] Price, 69.

[103] Keith Aksel, *The Engineering Generation: The Story of the Technicians Who Enabled American Cold War Foreign Policy, 1945-1961* (Ph.D. diss., University of Colorado, 2016), 40.

[104] Ibid.

[105] In "Commercial Diplomacy and International Business," Michael Kostecki and Olivier Naray discuss the role of American diplomats, who have generally had backgrounds in business, in increasing trade. They have always worked closely with companies to promote American business overseas and, according to Kostecki and Naray's statistics, the U.S. seems to be one of the top countries in terms of reliance on commercial diplomacy. Michael Kostecki and Olivier Naray, "Commercial Diplomacy and International Business," in *Discussion Papers in Diplomacy*, ed. Simon Mark, 2009

as diplomats to convince states to participate actively in the aid program. Heads were just below ambassadors in the hierarchical order, and they were tasked with working closely with governments and other country officials. Another desired criterion was to assign people to posts where they had sufficient knowledge about the country and its culture, market, and economic dynamics. To eliminate foreignness in a region and provide working help to newcomer American businesses in unknown lands, these people with business backgrounds and structural knowledge about the countries were described as essential commercial diplomats.[106]

In light of the above criteria, it could be said that the best-fitting man for the job was assigned to the ECA headquarters in Turkey: Russell H. Dorr. Dorr, a Columbia Law School graduate specializing in international banking, was appointed as the head of the Marshall Plan's Turkey mission. He was not a stranger to Turkey, its culture, or its economy before this mission. His father, Goldthwaite H. Dorr, an anti-trust lawyer representing Socony-Vacuum as its attorney in the 1950s, was invited by the Turkish government to review Turkey's economic survey in 1933 within the Hines-Kemmerer mission.[107] This mission consisted of six American economic specialists for supervising Turkey's economic conditions and give technical advice upon Turkey's request. Eventually, this group submitted a detailed report on Turkey's financial condition, its advantages and disadvantages, and further recommendations to enhance the economy and industry. Russell Dorr also participated in this mission

[106] Michael Kostecki and Olivier Naray, "Commercial Diplomacy and International Business," 21.

[107] Roger Trask, "The United States and Turkish Nationalism: Investments and Technical Aid During the Atatürk Era," *The Business History Review* 38, No. 1 (Spring 1964): 71.

and visited Turkey's economic centers and industrial fields with the group.[108] Kemmerer and other professionals submitted a detailed report advising greater efficiency in production, improvements in infrastructure, better techniques and practical knowledge, and a stable financial system. Their emphasis was on the need to modernize agriculture and transportation.[109]

His second time in Turkey, Dorr and his mission's primary responsibility was supervising aid and project investments in the country. Under Dorr's guidance, the ECA launched another survey to acquire detailed information about the state's economy with the aim of overcoming foreignness in the management of resources and identifying the state's strengths and weaknesses. In line with Dorr's advice, several other American financial experts were invited to Turkey to complete a detailed country study regarding resources, opportunities, shortcomings, and further guidance. To obtain that financial information about the country, Dorr also worked closely with Turkish officials during the intelligence-gathering process, receiving the necessary permission to access tables and charts on resources, laws, and decision-making processes. He was even permitted to enter forbidden industrial zones.[110] The ECA secured relevant grants from the RPP government; was allowed access to detailed financial records of Turkey's profitable industries, products, and zones; and

---

[108] Edwin W. Kemmerer Papers, Purdue University Archives and Special Collections, Series 3, "Economic Survey of Turkey, 1930-1934," Box 289.

[109] Trask, "The United States and Turkish Nationalism: Investments and Technical Aid During the Atatürk Era," 74.

[110] The Second Accord of the Economic Cooperation Agreement Between the United States of America and the Republic of Turkey refers to this. If the National Archives of Turkey are examined thoroughly for documents from the 1940s and 1950s, dozens of documents can be found on "Granting access to X site for American Mr./Mrs. Y." These people were mostly Dorr's subordinates or American technicians hired to conduct country studies.

worked on a thorough report entailing financial estimations for the future.[111] As a bureaucratic colleague of Dorr's, Nurullah Esat Sümer, Minister of Finance, served as the minister in charge of coordinating with the ECA operations in Turkey. Sümer also had a finance background as the manager of Sümerbank, where he had worked for years after participating in the bank's establishment. Additionally, he represented Turkey at the International Monetary Fund (IMF), where the RPP had assigned him to work closely with other foreign bankers and creditors.

Richard D. Robinson was a graduate of the Harvard School of Business and M.I.T., from which he received his PhD. He spent a year at the London School of Oriental and African Studies focusing on Turkish history, literature, and language before arriving in Turkey in 1947. He arrived in Turkey as an associate of the Institute of Current World Affairs (ICWA), founded by businessman Charles Richard Crane in 1925 to advance the American understanding of international cultures and affairs by sending young professionals abroad. The selected individuals generally exhibited diplomatic skills, sufficient foreign policy knowledge, and specialization in a relevant subject. Robinson, who was chosen to act as a commercial diplomat,[112] lived in Ankara to study Turkish economic dynamics and the American companies that would invest in prospective markets. His main tasks were to detect concrete

[111] Dorr completed a business tour of Anatolia between August 18 and September 5 in 1950. During this trip, he met with different types of business vendors in Turkey and visited SOEs including the Turhal Sugar Factory, Murgul Copper Mines, and port construction sites in Samsun and Trabzon. In the end, Dorr submitted a report to the Presidency of the Republic of Turkey, which included his observations. DSA, "Mr. Russell Dorr'un yurt içinde yaptığı tetkik gezisine ait rapor" ("A report including a survey on Dorr's trip in Anatolia"), 42-242-19, September 28, 1950.

[112] In his letters, Robinson explained that he was informed about the culture in Turkey, how to treat Turks, and other such topics. According to him, it was crucial to avoid giving orders to Turks, as the Germans and British had previously done. Reconciliation in business and approaching Turkish partners with smooth advice instead of disdain were key aspects of success for the Turkish mission. Institute of Current World Affairs (ICWA hereafter) Records, Robinson, Richard D., 1948-1954, "Richard D. Robinson, Letter to Mr. Walter S. Rogers" (Columbia University Libraries, Rare Book and Manuscript Library, New York), May 1, 1948, 3.

shortcomings and failures in Turkey and the Turkish economy. More crucially, convincing Turkish decision-makers to take relevant actions was also a part of his job.

Robinson was one of the first American advisors who believed that Turkey should adopt American liberalism and democracy as a prerequisite for modernization and admission to the Western Club. He spent nearly a decade in Turkey, witnessing the changing framework of the Turkish economy from the 1940s to the 1950s and the accompanying changes in the mindset regarding foreign capital. After arriving in 1947, Robinson was granted the privilege of traveling all over Anatolia and accessing large volumes of data about Turkey, including statistics and information about natural resource reserves. According to his earlier estimations about the Turkish economy, the imbalance due to growing military spending and foreign debts seemed a natural economic distortion of the past few years.

In line with the ICWA's expectations, Robinson analyzed the mindsets of the Turkish bureaucrats and adapted his behaviors accordingly. He noticed that Turkish bureaucrats were skeptical of Western institutions and particularly of consultants who looked down upon the Turks and their achievements. The best way to get along with Turkish officials was not to push them to do something with strict orders; instead, it was better to approach them with humble pieces of advice.[113] The key was always being cautious in one's approach; even the humblest persistence might put the Turks on guard and make them feel excessively surrounded by Americans.[114]

---

[113] Ibid.

[114] This feeling has been referred to as "Sevres syndrome" in the literature. From academics to journalists, many authors have used this term to explain Turkey's efforts to avoid being surrounded by

2.4. The Earlier Representation of the Marshall Plan, 1947-1949

Robinson was right about being cautious and constructive in dialogues because the Turkish and American perspectives on the economy were decisively different in the late 1940s. Replacing a model that the state had already built up could be expected to be painful and involve many challenges. On the other hand, to advance into a new era while depending more on military necessities and allying with a group of states that had adopted a capitalist economic system, Turkish decision-makers were urged to accept that change was necessary. However, the understandable paranoia about foreign investments inherited from Ottoman times and the simultaneous desire to be as developed as the feared capitalist states created a "love-hate" mentality among these Turkish decision-makers.[115] Furthermore, according to the Americans, Turks were very stubborn about wanting to reach the "level of contemporary civilization" through heavy industrialization when, in fact, longer-term goals were required for an agricultural Turkey with limited efficient industrial institutions in the 1940s. On the agenda of American advisors, shaping a Turkey with enhanced agriculture and integration into allied markets was a realistic short-term achievement. As the benefactors, the Americans had the privilege of deciding how to apply these funds in Turkey. Turkey could modernize itself with American guidance and business only if it accepted the American terms.

---

the former Allies of WWI or "capitalist" powers whose alleged hidden goal was to destroy Turkey with economic, political, and military tools. For an explanation of a similar attitude in the 1940s, please see Philip Robins, *Suits and Uniforms: Turkish Foreign Policy since the Cold War* (Seattle: University of Washington Press, 2003) and Nasuh Uslu, *Türk-Amerikan İlişkileri* (*Turkish-American Relations*) (İstanbul: Pandora, 2009).

[115] "Turks Are Fearful of ECA's Motives," *New York Times*, January 4, 1949, 7.

The RPP government needed to follow those terms because the Marshall Plan funds would impact Turkey differently compared to other recipients. After receiving aid, Western Europe's developed countries would be back on their feet; however, Turkey needed to make its development permanent and increase its production and foreign trade efficiency to modernize the country and balance the inputs and outputs. What type of modernization that the U.S. expected from Turkey was related to a governmental coordination of trade, credit, and monetary and fiscal policies to provide an environment to attract private investment-domestic and foreign-to selected labor-intensive industries.[116] Although ambitious about modernization since its foundation, the Turkish Republic had advanced very little compared to Western industrialization and mass production standards. Starting a top-down development process, ECA officials offered to direct funds to construct a solid infrastructure network in Anatolia and sufficient technology to increase mineral and agricultural production.[117]

The American advisors prioritized industrializing Turkey's strengths, such as agricultural and mineral production, which could also increase its exports to the U.S. and Europe.[118] The general framework of the advice urged privatization; however, none of these reports suggested the elimination of all state initiatives or governmental inclusion in the agricultural and mining sectors, which would have been unrealistic. Americans could not alter Turkey's statist perspective in such a

[116] Sylvia Maxfield and James H. Nolt, "Protectionism and the Internationalization of Capital: U.S. Sponsorship of Import Substitution Industrialization in the Philippines, Turkey and Argentina," *International Studies Quarterly* 34, No. 1 (1990): 69-70.

[117] Thornburg, 4.

[118] Economic Cooperation Administration, *Turkey: Country Data Book*, 1.

short time and the RPP government could not accept such a drastic change. Privatization and the inviting of foreign investments needed to co-exist with state initiatives in Turkey.[119] Bringing in foreign investments would take time and would be vital to pursuing a liberal, self-sufficient economy. In the long run, it would improve production, trade opportunities, and fiscal and monetary policies while allowing credit and capital to be secured and providing access to technology for substitute goods for the domestic market. With the necessary adjustments and adoptions, industrialization in different sectors could also be intensified by introducing competition and enhancement in the market. In the end, Turkey could free itself from its policy of import-substitution industrialization as the U.S. had back in the late 19th century.[120]

The American advisors trusted in the power of privatization and American MNCs, and the Turkish public and the RPP government began to share this vision thanks to the visible results in agricultural production and mining and the completion of infrastructure projects in 1949.[121] Not only did American businesses introduce their products and services and prove their capabilities successfully under the ECA's guarantee, but they also arrived in the Turkish market to buy Turkish agricultural goods and raw materials. Foreign interest stimulated the market and increased the demand among the Turkish peasantry and business elite to produce more and create mutual exchanges among goods. This mutual commercial expectation was also

---

[119] Economic Mission to Turkey, *The Economy of Turkey, an Analysis and Recommendations for a Development Program; Report* (Baltimore: The Johns Hopkins Press, 1951), 149.

[120] Mira Wilkins, "Foreign Investment in the U.S. Economy Before 1914," *The Annals of American Academy of Political and Social Science* 516 (1991): 20.

[121] Central Bank of the Republic of Turkey, *Annual Report 1949* (Ankara, 1950), 5-7.

among the ECA plans. According to early country study estimations, Turkey could hasten the turnaround for increased productivity and efficiency.[122] Companies would receive grants to export Turkish products to Europe, necessitating better economic cooperation through the reduction of existing trade and investment barriers.[123]

The Marshall Plan funds were intended to balance imports and exports and to introduce American and Turkish businesses to each other in the short term, while sustaining mutual market enhancement and commercial integration was the long-term plan. According to the economic cooperation agreement between the U.S. and Turkey, the U.S. promised to provide state-sponsored technical assistants, consultants, and advisers to Turkey along with commodities and aid. An economically healthy Turkey with an industrialized production capacity, which was the ultimate aim, would be helpful for the promotion of Turkish products in foreign markets. Specifically, Turkey's existing agricultural and mining sectors, considered the country's strengths, were the ECA's initial targets for industrialization.[124] Mass production and exportation of agricultural goods and raw materials would help balance the currency deficit that the Turkish economy was suffering from. With the profit received from exports, Turkey could fund its economic development and purchase industrial goods. That goal required transformation in many economic fields, agriculture and irrigation systems, and infrastructure. It also assumed Turkey's full cooperation with the OEEC. It aimed to create an economically self-sufficient

[122] Economic Cooperation Administration, *Turkey: Country Study* (Washington D.C.: U.S. Government Printing Office, 1949), 7.

[123] Hogan, "Marshall Planners and the Search for a European Neocapitalism," 45.

[124] Thornburg, 5.

Turkey by 1952, when the Marshall Plan would expire.[125] By that time, American private initiatives with Turkish businesses were expected to step up and take on the burden for both states' institutions.

The early reports of the ECA were optimistic about achieving better economic integration in the European markets by 1952.[126] In parallel with early recommendations, Turkey received $22.148 million from the U.S. for its agricultural development.[127] The aid was primarily aid in kind, providing farming machinery, pesticides, and fertilizers so that Turkey could utilize them in the fields and increase its exports.[128] Wealthy Turkish landowners started to benefit from mechanization on cultivated lands, gained improved access to fertilizers, and increased their agricultural production after two years. As this class caught up with American businesses and methods, the next task was to include the Turkish peasantry in this process of adaptation. Most Turkish farmers followed traditional but primitive farming practices, which caused low production and inefficient land use; roughly 15% of the total land was cultivated in Turkey in the late 1940s.[129] A traditional Turkish farmer's life was based on self-sufficiency; they produced their own food and clothing, did not or could not produce goods for commercial purposes, and had very little interest in breaking this cycle. The most valuable agricultural products,

---

[125] The National Archives (NARA hereafter), Records Group 469 (RG 469 hereafter): Records of the U.S. Foreign Assistance Agencies, Europe, Turkey Division, 1948-1953, "Economic Cooperation Agreement Between the United States of America and the Republic of Turkey," Ankara, July 4, 1948, 3-4; Appendix II.

[126] *Turkey: Country Data Book*, 2.

[127] Price, 273-74.

[128] *Turkey: Country Study*, 7.

[129] Lewis V. Thomas and Richard N. Frye, *The United States and Turkey and Iran* (Cambridge: Harvard University Press, 1951), 25-26.

such as cotton, sugar beets, and tobacco, with yields barely enough for domestic consumption and surplus production, were largely purchased by the state for military consumption rather than promoting them in world markets.[130] Commercializing all agrarian classes and industrializing their products was an important goal.

In addition to providing goods and machines for the agrarian classes, country study reports also underlined the necessity of improving irrigation systems, building dams, and ensuring that electrification was extended to agricultural fields for higher productivity rates.[131] The villages had limited access to ports or urban areas for exportation. Another aim of the aid was to overcome those limits through the construction of modernized roads and highways.[132] Expanding agricultural production by introducing American agricultural products was a significant step; however, without access to agricultural centers and markets and without smooth distribution and transportation, these products would be limited to the domestic markets with less revenue and unnecessarily high upkeep costs. Furthermore, large harvest volumes were rotting in the fields due to transportation failures, which had to be avoided to ensure a profit. Therefore, to eliminate challenges in distribution, the ECA advisors urgently called for the improvement of transportation in Turkey. Turkey lacked a well-built transportation infrastructure for distributing products and natural resources for exportation. At the same time, Turkey did not have adequate investment funds or management personnel with experience in the relevant

---

130 NARA, RG 469, "Confidential, Letter to Carter de Paul and James E. Victory from Russell H. Dorr," July 14, 1949.

131 Ibid.

132 NARA, RG 59, General Records of the Department of State Records of the Office of Greek, Turkish and Iranian Affairs, 1947-56, "Report About the Highway Situation in Turkey by American Highway Mission For Aid to Turkey," February 1948.

engineering fields to materialize such a vast infrastructural overhaul. The Marshall Plan arrangements thus accelerated the construction of modern roadways with the help of the U.S. Bureau of Public Roads. The plan was to build a transportation network across Anatolia that would encompass all market centers, mines, and natural resources and tie them to the commercial ports. The project was launched with U.S. aid worth $5 million, largely in the form of road construction equipment, and Turkey contributed 30 million Turkish lira, or approximately $11 million at that time, to cover local needs. The project was predicted to complete 23,000 kilometers of roads by 1957.[133]

The ECA reports also prioritized the improvement of mining processes. Turkey could fuel the military industries of the West, which required various resources such as copper, chrome, coal, and iron ore, while increasing its exports and lowering its imports of products vital for military industries. To achieve this goal, Turkey needed mining facilities that would be better utilized, and it needed to ease the legal barriers to privatization.[134] Except for a few small mining fields, Turkey had been home to very limited industries operated by foreign capital since the 1920s;[135] these operations were mainly in the hands of SOEs. Limited investments were received in the early republican era, and in the 1930s, foreign capital for the mining fields dried

---

[133] Bayındırlık Bakanlığı (The Ministry of Public Works), *Yol Davamız* (*Our Road Building Goal*), Ankara, 1948, 13. Contrary to conflicts generated by the ECA's insistence on agricultural development rather than industrialization, the RPP, like the DP that would follow, supported the improvement of the infrastructure of Turkey. Building roads, dams, hotels, and anything else that could be constructed was considered sacred among the Turkish governments as signs of development. Therefore, building roads was always one of the most welcomed projects of the ECA among Turkish decision-makers. See Begüm Adalet, *Hotels and Highways*, for more on this topic.

[134] Thornburg, 92-94.

[135] İlhan Tekeli and Selim İlkin, *Dünyada ve Türkiye'de Serbest Üretim Bölgelerinin Doğuş ve Dönüşümü* (*The Birth and Transformation of the Export Processing Zones in Turkey and the World*) (Ankara: Yurt Yayınları, 1987), 89-93.

up due to the recession of capitalist economies. There was a lack of foreign capital, and many multinationals conducting business in Turkey left the country as operations were costly and it was impossible to profit in such economic chaos. After 1934, foreign business owners began returning to the Turkish market; however, business interactions were interrupted again due to WWII.[136]

Not surprisingly, mining in Turkey was described as a primitive affair with little mechanization in the ECA reports.[137] As American consultants stated, statism had caused a lack of competent managers and skilled workers; personnel needed to be trained to better utilize schedules and the latest technological advancements and methods. Even in the largest SOEs, American advisors found few skilled employees, mostly American-trained engineers and managers.[138] The mining enterprises were financed by the state's relevant development bank, Etibank; state monopolies artificially determined the general prices without considering domestic purchasing power or buyer motivations in international markets.

These SOEs also deterred the entrance of private enterprises into Turkish mining, which kept the Turkish economy from receiving sufficient capital and technology to produce the needed high technology. Therefore, the reduction of the state budget allocated to development in this sector was proposed. The ECA recommended that

[136] Tezel, 202.

[137] Thornburg, 91.

[138] Aksel, 225-31.

Turkish government institutions pursue partnerships with American mining companies.[139]

Disagreements between the ECA advisors and the Turkish bureaucracy never entirely vanished throughout the aid process. The skeptical attitude of the RPP and Turkish bureaucracy about the advice of American consultants and mission agents often frustrated the American advisors.[140] Still, both sides generally managed to reach common ground because they had limited options besides cooperation. Eventually, the Marshall Plan in Turkey worked by deepening the economic relations between the two states and promoting American business in Turkey. American advisors' roles in this process were crucial. In a letter to the director of the ICWA, Robinson praised Dorr for his calm and convincing mediation between American businesses and the Turkish government. He pursued conciliation through advice and concrete steps, trying to find common ground between the two countries during deadlocks in negotiations.[141] The RPP government was aware that working closely with American advisors and institutions was their choice from the beginning.[142]

---

139 *Turkey: Country Study*, 9-10.

140 NARA, RG 469, "Letter from Russell H. Dorr to James E. Victory," June 4, 1949.

141 ICWA, "Robinson, Letter to Mr. Walter S. Rogers," January 7, 1950.

142 DSA, "Bir Amerikan Gazetesi Tarafından Sorulan Suallere Başbakan Tarafından Verilen Cevaplar" ("Answers Given by the Prime Minister to Questions Asked by an American Newspaper"), 5-23-2, April 16, 1946.

2.5. Americans Convince the RPP Leaders

Neither the RPP government nor President İnönü openly challenged American economic consultation. On the contrary, they invited American aid and advisors, welcoming the Truman Doctrine and Marshall Plan. According to Harriman's observations, each meeting to map out the plans to improve the Turkish economy and reduce military costs was fruitful.[143] The RPP government was generally committed and determined to follow the American guidance and had fewer concerns about the aid program projected by the ECA. Harriman stated that the RPP government showed fewer signs of xenophobia in terms of economic cooperation, or at least towards American businesses.[144]

Earning an important political and economic place among the aid-receiving countries by promoting American products and companies could lead a state to power on the world stage while producing the American-envisioned world order that most American businesspeople desired.[145] From the RPP government's perspective, economic liberalism resulted from the domestic and international political choices in the post-WWII period. Initially, Turkey accepted financial and military aid to secure itself against Soviet hostility. Following Western methods was in line with Atatürk's dream of economic modernization, and it also provided a security shield in the post-WWII period. Rather than remaining politically isolated, according to Turkey's

143 FRUS, 1949, Volume VI: The Near East, Asia, and Africa, "The United States Special Representative in Europe for Economic Cooperation Administration (Harriman) to the Administrator for the Economic Cooperation Administration (Hoffman)," January 6, 1949, 1638-40.

144 Ibid.

145 Kolko and Kolko, 337.

ambassador to the U.S., Feridun Erkin, Turkey welcomed the guidance of American businesses and advisors in the late 1940s.[146]

WWII brought significant tax burdens and caused a drastic fall in production and exports. Strict control over the economy temporarily allowed the RPP government to hold on to gold and currency assets; however, these assets were destined to be diminished in several years without a stable economic program being enabled. Distaste among voters, with even some groups inside the party demanding a change in the economic model,[147] and the emergence of new political parties to challenge the RPP's authority made the RPP's A-team more open to American methods and aid. After American aid, products, and services began arriving in the late 1940s, the tone of the demands for change intensified. Former statist cabinets of the RPP had not initially approved of the Americans' agricultural modernization plan and they found the offered aid to be meager. However, a few years into the plan, these people developed a new perspective.

After convincing Turkey to begin modernizing its agricultural production, a significant portion of the aid was allocated to agriculture with a 21% share of the total. The total capital secured for Turkey for agricultural investments reached nearly $40 million after two years of the Marshall Plan.[148] In addition to importing thousands of tractors and tons of fertilizer, service and construction costs were

---

[146] NARA, RG 469, "Letter to Feridun Erkin from George McGhee, Assistant Secretary," October 29, 1951.

[147] Bilsay Kuruç, *İktisat Politikasının Resmi Belgeleri* (*The Official Documents of Economic Policy*) (Ankara: Siyasi Bilgiler Fakültesi Maliye Enstitüsü, 1963), 114-16.

[148] DSA, "Marshall Planı ve Türkiye'deki tatbikatı hakkında muhtıra" ("Memorandum on the Marshall Plan and Its Exercise in Turkey"), 125-801-5, January 4, 1952.

generally covered by these funds.[149] American firms such as Federal Motor Company, American Fertilizer Co., and International Harvester Co. sold hundreds of tractors in the Turkish market.[150] These firms also started to establish manufacturing assembly lines for spare parts and repair shops in Turkey in later years. Initiating industrialized methods for modern agriculture, such as the use of artificial fertilizers, swiftly began impacting Turkey's production and the earnings of the peasants. The backwardness and low production of agriculture, as well as the pursuit of livelihoods by scraping by, were gradually replaced with better production, exports, and individual earnings. After two years of aid, Turkish agriculture had still not entirely abandoned manual labor; mechanization remained scarce and insufficient. However, macroeconomic indicators such as agricultural production, mechanization, percentage of cultivated areas, and agricultural income had all increased in the space of two years.[151] The growth in the agricultural sector at the end of 1949 was 35% compared to 1947.[152] Thus, according to the Marshall Plan statistics on progress through 1950, Turkey had less food scarcity while simultaneously exporting thousands of tons of wheat, barley, rye, corn, and oats to various European countries. With this trend in exports, Turkey was predicted to be one of the most significant wheat exporters by 1953.[153] All of these initial results promoted the idea among RPP

---

[149] Ibid.

[150] DSA, "Türkiye'de Marshall Planı uygulaması ile ilgili rapor" ("Report on Marshall Plan Practice in Turkey"), 268-807-3, December 17, 1951.

[151] Feridun Cemal Erkin, *Dışişlerinde 34 Yıl* (*34 Years in Foreign Affairs*), Vol. 2 (Ankara: Türk Tarih Kurumu Yayınları, 1980), 431-34.

[152] Republic of Turkey Ministry of Development, 30.

[153] DSA, "Türkiye'de Marshall Planı uygulaması ile ilgili rapor" (Report on Marshall Plan Practice in Turkey").

decision-makers that a breakthrough in agricultural development could finance the launching of heavy industrialization as the next step in later years.[154]

The agricultural focus of the aid encouraged some American companies in that sector to expand their business in Turkey. British-American Tobacco, the top customer of Turkish tobacco for a very long time, decided to establish a branch in Istanbul to expand its export processes in 1948.[155] According to the deal's details, the branch would be a joint-investment act and would benefit from customs policies and regulations like a Turkish company. In addition to purchasing tobacco, the company aimed to further its investments in the tobacco industry and contribute to exports.[156]

For better irrigation and to avoid destruction of crops by floods, a project to build a dam on the Seyhan River was launched in March 1947. In this ECA-funded project, three American companies shared the concession: Knappen Engineering Company, Morrison-Knudsen Company, and International Engineering Company.[157] The Turkish government was informed by the embassy in Washington that these companies were highly qualified and well known in waterworks and were certain to provide top-quality results. Knappen's offer was somewhat ambiguous; after an initial payment of $25,000, the company would send a team to survey further

---

[154] Tezel, 223-24.

[155] DSA, "Merkezi İstanbul'da bulunan British-American Tobacco Company Tütün Ticareti Türk Anonim Ortaklığının Kurulması" ("The Establishment of a Joint-Stock Company between the British-American Tobacco Company and Turkish Tobacco Co."), 117-56-16, August 17, 1948.

[156] Ibid.

[157] DSA, "Seyhan Nehri'nin ıslahı için, Knappen-Engineering Company ve International-Engineering Company şirketleri ile görüşmeler yapılması" ("Negotiating with the Knappen Engineering Company and International Engineering Company for Improvement of the Seyhan River"), 74-467-10, March 27, 1947.

expected costs and revise the offer afterward. However, the International-Morrison-Knudsen consortium expected a cost of no more than $175,000 and promised to construct an earth-filled dam in 1949.[158] Throughout the construction process, in terms of increasing the dam's efficiency, International-Morrison-Knudsen would collaborate with the General Directorate of Electrical Power Resources Survey and Development Administration.

After losing its bid to another American multinational, Knappen did not abandon the Turkish market and obtained another construction concession involving significant mines in Eastern Anatolia. New copper concentrator plants were established in Ergani (Diyarbakır) and Güleman (Elazığ) with double chrome ore flotation capacity in 1949. The estimated cost was about $2.5 million and it would be financed by ECA funds. The American Western-Knapp Engineering Company was selected to supervise and install these plants. Theodore Knapp, a chief executive of the company, arrived in Istanbul in April 1949 to work on the plant plans.[159] Another agreement was signed between Etibank and an American engineering company called Gordon Hamilton for further development of the coalfields around Zonguldak. Gordon-Hamilton was a drilling company, and the plans involved extending the mine shafts around a radius of about 16 miles. The aim here was to increase exploitation by adding 15 million extra tons of coal to the current production. The project was overseen at a cost of about $9 million, mainly provided by Marshall Plan aid.[160] Koppers Company Inc. undertook the construction of two new docks, a large

[158] Ibid.

[159] NFT, "Industry," April 14, 1949.

[160] NFT, "Industry," July 7, 1949.

breakwater, additional railroads, new stations leading to the Zonguldak mines, and a port on the Black Sea in the early 1950s. All of this construction was expected to cost $50 million, and most of the operations would be financed through ECA aid. As an extension of these projects, the U.S. Rubber Company also indirectly joined in for the manufacturing of conveyor belts in the mines. Lignite mines were electrified by the General Electric Company with ECA sponsorship. The equipment was transferred in early 1950, while further negotiations with the DP government involved the construction of a factory in Turkey for domestic production.[161]

Since the launch of the Marshall Plan, one of the American sectors to benefit most in the Turkish market was construction. Many American companies completed projects or prepared plans and reports for the further financing of development projects such as improving mines, electrifying industries, and building dams. According to Robinson's report submitted to Barker, American companies were conducting eight ongoing operations in Turkey in 1950. Highlights of these American projects were the Sarıyar Dam project completed by International Engineering Company and the application of Stone and Webster Corporation to oversee the power supply for Northwest Anatolia. Knappen submitted a report on the development of the Gediz Valley near İzmir.[162] Furthermore, International Engineering was waiting for a grant from the RPP government to construct a dam on the Seyhan River to improve the irrigation of the fertile Adana plains.[163] The ECA controlled all allocations, American engineers led the projects, and American products were widely utilized in

---

[161] NFT, "Turkish-American Industrial Cooperation," February 9, 1950.

[162] Barker Papers, "Robinson, Richard D., 1950-1951," Middle East Missions, 1946-1952, Turkey, 1948-1952, Box 60, Folder 1304, April 7, 1950.

[163] Ibid.

the process; still, none of these operations unsettled the public. On the contrary, they helped build “American” prestige in the market, which in turn began raising expectations about access to better living conditions.

The transformation in the Turkish perspective of American business was promising but not fully satisfactory. The U.S. Senate expected more rapid integration of American goods, products, and services into the Turkish market.[164] American business had established a strong presence in Turkey through credits and aid; however, direct investments were inadequate and were still excluded from profitable sectors. The progress of the ECA in Turkey did not meet the expectations of several senators. A group of American senators consisting of Allen J. Ellender (D-LA), Homer S. Ferguson (R-MI), and William E. Jenner (R-IN) visited Ankara to talk to ECA agents and inspect the progress funded by American capital in 1949. These senators expressed their concerns about the benefit of this aid to American business after their departure. Based on their week-long inspection, they released a harsh statement underlining that the Turkish economic system remained in the hands of SOEs, much like a socialist state, after two years of work. They asked the ECA consultants to work more on developing the private sector in Turkey.[165] This statement and the related expectations were quite unrealistic; however, the pressure was enough for ECA agents to intensify their meetings to convince the reluctant RPP government to accelerate the privatization process.

---

[164] Price, 113.

[165] NARA, RG 469, “Letter to Mr. James Victory from Henry W. Wiens,” January 7, 1950.

Dorr, Harriman, Robinson, and other American ECA officers were aware of the importance of conducting cautious, not pushy, commercial diplomacy to succeed in the Turkish mission. Besides introducing various American brands to the Turkish market, the ECA successfully established functional networks between American economists and Turkish decision-makers. While the RPP government remained unsure about allowing American capital for investments, the best thing to do would be to study Turkey's overall economic situation and map out market prospects to assess how American capital could be best utilized in Turkey.

2.6. The Barker Mission: American Business Seeks for Opportunities and a New Market

The World Bank launched a new mission to study Turkey's economic conditions and promote foreign investment in late 1949. The RPP supported and co-sponsored this mission. The World Bank assigned James M. Barker to serve as the mission chief. Barker had already spent more than a year traveling between the U.S. and Turkey, investigating Turkey's potential and economic development. He was given easy access to economic data and industrial centers, similarly to Thornburg, Dorr, and Robinson. Barker also traveled to various industrial sites across Turkey, including Karabük (iron and steel works), Zonguldak (coal mines), and Batman (oil wells).[166] His team collected and compiled significant data about Turkey's resources, goods, and potential markets for investments. He held productive meetings with the RPP

[166] See Economic Mission to Turkey, *The Economy of Turkey, an Analysis and Recommendations for a Development Program; Report* for details of Barker's visits to various industrial sites, mines, and natural resources.

government, bureaucrats, businessmen, and distinguished merchant families of Turkey to understand their expectations.

As Dorr and Thornburg also indicated, Barker's report pinpointed the statist economy as the primary reason for Turkey's unproductive and inefficient industrialization. Encouraging the dual progress of state initiatives and private enterprises would help reduce the singlehandedness of Turkey's industrialization efforts. Additionally, the private sector would contribute to economic progress and provide more extensive choices in domestic and foreign markets.[167] Barker and his staff described monopolies of the state as incapable of industrializing the country to Western standards. They found Turkey's dreams of rapid industrialization with SOEs to be unrealistic.[168]

Barker's mission favored privatization for the furthering of national development. In addition to negotiating with the RPP government to allow privatization, Barker approached the Turkish business elite and agents of American multinationals to hear their expectations. His journals reveal that he listed possible American multinationals to be invited to Turkey. According to his meeting minutes, he brought leading MNC agents together with Turkish bureaucrats and the business elite.[169] During his stay in Turkey, Barker received many letters from both American and Turkish businesspeople introducing themselves and their business goals.[170] By meeting with

---

[167] Ibid., 30-31.

[168] Ibid., 3.

[169] Barker Papers, "Survey," Middle East Missions, 1946-1952, Turkey, 1948-1952, Box 61, Folder 1322.

[170] While in Turkey, Barker received many letters from both American and Turkish businessmen, including business cards. Keeping business letters, company pamphlets, or other operational notes can

high-level Turkish actors like President İsmet İnönü, his successor Celal Bayar, prime ministers, deputies, ambassadors, and people in business, he built a significant reputation and an extensive network in Turkey.

Many American MNCs had already entered the Turkish market via ECA funds before Barker's arrival. British-American Tobacco, General Electric, Socony-Vacuum, and Federal Motor Truck Company had already opened branches and started to sell their products via Turkish business families. Still, Barker arranged more coordination meetings and discussions with the Turkish government and representatives of those companies to eliminate any obstacles to further investments.[171] In addition to the American businesspeople, Barker met with Turkish business elites and leading families to promote privatization in Turkey. According to his memoirs, in late 1949, Barker noted common dissatisfaction expressed about the SOEs. Barker was pleased with the interest that Turkish businesspeople expressed in privatization. He agreed that they had been devoting too much of their capital and efforts to paying taxes rather than acquiring sufficient credit and making profits.[172] The legal basis for foreign capital had to be changed to attract more foreign investment and give more freedom to private investors in the market.

---

be considered normal, but interestingly, Barker even kept many small business cards and donated them to the Newberry Library. Barker Papers, "Field Trips, 1950," Middle East Missions, 1946-1952, Turkey, 1948-1952, Box 60, Folder 1312.

[171] Large MNCs are often mentioned in the Barker Papers, especially regarding high-level meetings with the Turkish government. Notable ones were Socony-Vacuum and International Harvest Company, which was logical as the short-term goals of both the ECA and Barker entailed enhancing Turkish agriculture through mechanization and providing oil for agricultural vehicles. Barker Papers, "Administrative Information and Briefings," Middle East Missions, 1946-1952, Turkey, 1948-1952, Box 59, Folder 1284.

[172] Barker Papers, "Barker, James M. - Statement Reports, 1949-1950," Middle East Missions, 1946-1952, Turkey, 1948-1952, Box 59, Folder 1287, December 22, 1949.

Barker's suggestions did not contradict the RPP's plans. Creating a national bourgeoisie was one of the republic's economic goals; however, with limited numbers of wealthy Turkish businesspeople in the 1920s and limited credit options to finance their initiatives, such a goal could not be obtained. The rise of statism in the 1930s put privatization on the back burner together with the functionality of private Turkish businesses. Being excluded from profitable industries and unable to acquire enough credit to undertake significant initiatives, Turkish businesspeople began feeling disappointed in the RPP government and its economic judgments.[173] The arrival of more American products to the Turkish market allowed several leading members of the Turkish business elite to establish partnerships with American companies by being the vendors of their products in Turkey. American multinationals like Socony Oil, General Electric, and International Harvest were also pleased to receive financing from ECA funds. They accordingly had fewer financial concerns while promoting their products in this market.[174] Turkish businesspeople shared in this satisfaction as they increased their profits by becoming distributors for such companies in Turkey. According to a survey conducted by the Barker Mission in 1950 among Turkish businesspeople, academics in the field of economy, and bankers, over 90% of the interviewees stated that the government should leave several sectors to private capital to bring in foreign direct investment, which was seen as a necessity for the development of the country. The establishment of a new

---

[173] Keyder, 118.

[174] Barker Papers, "Personnel Information, 1950," Middle East Missions, 1946-1952, Turkey, 1948-1952, Box 61, Folder 1320. Barker was a key successor of what the ECA had started in 1947. The ECA was intended to promote American business overseas to contribute to European recovery and increase interest in American goods and services in underdeveloped markets such as Turkey. Starting with aid and credits, the ultimate goal was to create an integrated market for America's allies and new opportunities for American investors. The first part of this strategy, aid and credits, promoted American business well in Turkey. In 1949, Barker was there to pave the way for popularizing private enterprises and their direct investments. Economic Cooperation Administration, *A Report on Recovery Progress and the United States Aid* (Washington D.C.: U.S. Government Printing Office, 1947), 127.

legal system to guarantee the place of private capital in the Turkish economy was also desired.[175]

One of Turkey's leading businesspeople with a pro-American capitalist ideology was Atatürk's longtime trusted friend and RPP deputy Vehbi Koç. The Koç family had been working with American MNCs since the 1920s, partnering up with notable ones such as Ford, General Electric, and Socony-Vacuum. Koç visited the U.S. in 1947 to meet with possible investors and entice them to establish branches in the Turkish market; then, after his return, he met with the American ambassador to Turkey, Edwin Wilson, to ask for his help in these efforts.[176] Koç encouraged American firms to direct more investments toward Turkey's promising fields rather than only purchasing Turkish tobacco and other agricultural products. As a middleman, being both a member of the Turkish government and a business associate working with the Americans, Koç was delighted to hear that the Marshall Plan aid would bring more American capital to the Turkish market.[177] Indeed, the amount and the impact of this plan's contribution to Turkey's development in the first two years encouraged Turkish businesspeople like Koç to demand that the government liberate the economy to attract even more investments.

According to Barker's memoirs, Turkish businesspeople were quite unhappy with the statist economy and contacted him for help in building a more liberal market in

[175] Barker Papers, "Barker, James M. - Reports, 1950," Middle East Missions, 1946-1952, Turkey, 1948-1952, Box 61, Folder 1322.

[176] DSA, "Vehbi Koç'un, Amerika Büyükelçisi Wilson ile yaptığı mülakat" ("Vehbi Koç's Interview with Wilson, the U.S. Ambassador to Turkey"), 42-250-4, December 20, 1947.

[177] Ibid.

Turkey. Many communications were exchanged between Barker and business contacts in Turkey who sought his help in expanding their partnerships with American MNCs, including Vehbi Koç; International Harvester's Turkey distributor, Hilmi Bayındırlı; Salim Oker, the former deputy director of Etibank who actively sought business contacts with Americans; American Eastern Corporation's partner in Turkey, Mehmet Sipahioğlu; and Yusuf Ziya, Mitchell Engineering Company's Turkish representative.[178]

Similarly, American companies like J. G. White & Co., General Electric, and Westinghouse hoped to invest in the non-exploited Turkish market or expand their business ventures there. They contacted Barker to inquire about the business conditions.[179] Other American advisors in Turkey also sensed these changing winds in 1949; the economic climate in Turkey was shifting in favor of attracting more American capital. The RPP would need to act soon in favor of privatization to stop its declining popularity among the people.[180] The RPP saw that insisting on less efficient and low-profit SOEs could cause it to lose the approaching elections in 1950. An emphasis on the virtues of aid and its effective use in Turkey, even to the extent of allowing privatization, was accordingly included in the RPP's party constitution.[181] Following that change in the constitution, the RPP launched a significant revision in the cabinet in 1949, removing old-school statist members and

---

178 Barker Papers, "Personnel Information, 1950."

179 Ibid.

180 Even pro-RPP newspapers like *Cumhuriyet* (*Republic*) were stating that the RPP was losing popularity because of economic dissatisfaction among voters. The DP gained 65 seats in the parliament in the elections of 1946 and promised more freedom in the economy with increased welfare as well as privatization, and it seemed possible that this challenger party could win the elections in 1950. ICWA, "Robinson, Letter to Mr. Walter S. Rogers," May 16, 1948.

181 NARA, RG 469, "Letter to Mr. Richard M. Bissell, Jr. from Russell H. Dorr," December 23, 1949.

replacing them with more liberal-minded deputies. In 1949, the new Minister of Economy, Cemil Sait Barlas, made a statement validating the new wave of the American open-door policy in Turkey: "The door is open to foreign capital on an equal footing with a domestic enterprise."[182] The new government was determined to bring foreign multinationals to Turkey and believed that having more American businesses in the domestic market would be best for Turkey's national interests. The new prime minister, Şemsettin Günaltay, embarked on his new duties by confirming that the new foreign policy would involve more economic cooperation with nations with which Turkey had good relations. Referring to American economic aid as a powerful tool for Turkey's growing production and industrial development, Günaltay also promised to encourage more foreign private investments in the Turkish economy.[183] The new wave of American commercial diplomacy through aid and the tireless efforts of Barker showed the RPP that there was another economic model that could be applied without causing exploitation. The main factors behind such a success were the American advisors and experts who shared their guidance and American companies that contributed to the process by carrying out their business ventures in Turkey under Turkish laws.

American tractors cultivated Turkish farms, American fertilizers increased production volumes, American firms constructed Turkish roads and dams, and American oil fueled the engines being utilized in Turkey. Any demand for American goods would, in turn, profoundly affect the prosperity of the American people and

---

182 NFT, "Opportunities for Foreign Capital," March 31, 1949.

183 NFT, "New Government's Program," January 27, 1949.

multinationals.[184] The promise of the Turkish market in the late 1940s for being targeted by American businesses was clear. Before him, Thornburg and Dorr had also underlined the necessity of foreign capital for modernization; however, they could not convince Turkish decision-makers to revise their economic perspectives.

Barker, on the other hand, took concrete steps to show them the reasons for change. Partnerships with foreigners meant huge benefits derived from their machines, technology, and capital, allowing Turkish decision-makers to demand more investments and fruitful partnerships in different fields. Even in 1949, the RPP started working on a new law to attract more foreign investments by easing concessions in invaluable industries, including petroleum exploitation, and allowing the transfer of income and assets for foreign multinationals in the Turkish market.[185]

2.7. The RPP Enacts a New Foreign Investment Bill Before the Elections

During Barker's stay in Turkey, Turkish private businesses were promised by the RPP government that they would be included in partnerships with private capital and state institutions. Furthermore, if foreign private investors wished to establish partnerships in Turkey, partnering with state institutions was no longer their only option. On September 1, 1949, as one of the administration's final acts, Cemil Sait Barlas as the new RPP Minister of State and Vedat Dicleli as Minister of Commerce

---

[184] Lewis P. Todd, *The Marshall Plan: A Program of International Cooperation* (Advisory Committee on Education Economic Cooperation Administration, 1950), 3.

[185] NFT, "Turkey Guarantees Foreign Investments," August 11, 1949.

and Economy headed to İstanbul to meet with prominent Turkish merchants and industrialists. Both statesmen confessed that the SOEs had long benefited from being monopolized. They had never overstepped; however, allowing private initiatives seemed necessary under the changing political and economic circumstances. Such enterprises would be allowed to enter lucrative fields for more efficiency and enhanced public services.[186]

The first bill to serve this cause was enacted in the last days of 1949. The GNA authorized the Ministry of Finance to guarantee up to $106 million for foreign commitments incurred by Turkish enterprises. Credit deals and partnerships with foreign MNCs were included, although the bill did not cover the petroleum sector, which was kept in the hands of the General Directorate of Mineral Research and Exploration (MTA). Still, foreign investors were allowed to bring capital as cash and assets; in such cases, the Turkish government would provide the necessary grants and tax redemptions.[187]

The RPP government's initial attempt was promising in terms of American business ventures. Even though the profitable petroleum industry had been excluded, the latest developments showed that American businesses were likely to expand their presence soon. As drilling operations in the southeastern part of Turkey continued under the MTA's surveillance, American MNCs took an indirect part in those processes due to the restrictions on foreign investments. Thanks to the growing numbers of American-trained managers in Turkey's state institutions, these MNCs were invited to

[186] NFT, "Turkey's Foreign Trade," September 1, 1949.

[187] NFT, "Encouragement for Foreign Investors," December 29, 1949.

participate in business development projects as consultants. For instance, the MTA allowed several private groups and experts to contribute to petroleum drilling processes in the late 1940s. İhsan Ruhi Berent, the Director General of the MTA, had trained in the U.S. and enjoyed working with American companies. Not allowed to invest directly in 1948, two American petroleum companies, the United Geophysical Company of New York and Drilling and Exploration Company Inc. of Dallas, nevertheless accompanied the MTA in drilling operations.[188] Tempted to increase oil production through better drilling operations under the guidance of these American multinationals, the Turkish government was closely watching their operations in other countries, especially in Saudi Arabia.[189]

In addition, the RPP government allowed MTA representatives to hold meetings with significant petroleum companies to discuss possible partnerships. Turhan Boray, director of the Petrol Ofisi (Petroleum Office) Corporation under the Turkish Ministry of Commerce and Economy, paid a visit to the prominent petroleum corporations in the U.S. in April 1949. The RPP's new cabinet favored bringing capital and efficiency to the search for petroleum, as Turkey had already failed to establish significant wells or high levels of production through state operations. Boray had served in the Ministry of Commerce in different positions for a decade;

[188] NFT, "Oil in Turkey," May 27, 1948.

[189] The Arabian-American Oil Company (Aramco) was founded in 1933 and had been contributing to Saudi Arabia's oil drilling operations. The profit in this sector was great, as indicated in reports in the Turkish National Archives. It seems that the Turkish government was a little jealous of the success of Aramco as most of the news on that region underlined that these lands were once only deserts and that American Standard Oil had significantly contributed to the modernization of Saudi Arabia by constructing hospitals, schools, and other infrastructure, not only sharing the profits. DSA, "Amerikan Petrol Kumpanyalarının Suudi Arabistan'daki faaliyetleri" ("American Oil Companies' Operations in Saudi Arabia"), 182-258-5, 1946.

his main specialization was conducting market studies in foreign countries.[190] Therefore, he understood the significance of future profit in this business very well. During his visit to the U.S., he entered into negotiations with Socony's Near Eastern Manager, Louis Owen, and informed him about Turkey's ongoing petroleum drilling processes. In the 1950s, Boray was a key figure while establishing a business partnership between Socony-Vacuum (known as ExxonMobil since 1999) and the Koç family to take over several wells in Southeastern Anatolia. However, as Vehbi Koç admitted later on, the Koç family refused to be a part of such a deal because they had already been selling Mobil Oil's products in the late 1940s.[191] After Boray's important visit to the U.S., a further meeting between Socony and the RPP government was arranged within a month. However, that meeting remained inconclusive.[192]

Socony-Vacuum's contacts and negotiations with the Turkish government were not the only steps for promoting American direct investments in Turkey. Large numbers of American businessmen also headed to Turkey in 1949 to research the possibility of investments in different sectors and meet with Turkish ministers. Promising to foster investment opportunities and permissions, the RPP initiated agreements between American and Turkish industrialists.[193] One of the most notable deals was

---

[190] His contribution to improving commercial relations between Turkey and India in the early 1940s was also mentioned in DSA documents. Then, in 1945, he was rewarded by being promoted to the Directorate of the Petrol Ofisi Corporation. DSA, "Petrol Ofisi Umum Müdürlüğü'ne Ticaret Bakanlığı Standardizasyon Müdür Muavini Turhan Celal Boray'ın tayini" ("Appointment of Turhan Celal Boray, Deputy Director of Standardization of the Ministry of Commerce, to the General Directorate of Petrol Ofisi"), 109-65-12, November 12, 1945.

[191] Can Kıraç, "Turhan Boray Aramızdan Ayrıldı" ("Turhan Boray Has Passed Away"), *Bizden Haberler: Monthly Journal of the Koç Group* 289 (April 2002): 33.

[192] NFT, "International Contacts," April 7, 1949.

[193] NFT, "Foreign Investors Study Opportunities in Turkey," November 3, 1949.

signed between General Electric and its partnering businessman in Turkey, Vehbi Koç. This business partnership included an agreement to work together to build a light bulb factory in İstanbul. The project was planned to be completed with the start of production in 1950, which would support Turkey's electrification and increase exports through the sale of surplus products to neighboring countries.[194] Four months after the factory's groundbreaking ceremony, Philip Reed, chairman of the board of GE, arrived in Turkey and was received by President İnönü. Reed was a notable figure in GE and American industry in general as the president of the International Chambers of Commerce. In Turkey, Reed met with high-level personnel from the Turkish government and banks and attended many luncheons, cocktail parties, and dinners organized in his honor.[195] Reed praised Turkey's political and strategic role in the world as well as its economic importance to the Near East. He was glad to take part in the Turkish market as the head of GE; he was also pleased to be one of the first among the multinationals to invest in Turkey and he hoped more would come.[196]

2.8. Results

The political necessities of the post-WWII period attracted the RPP government to change its economic agenda. This change paved the way for a policy of convergence with the U.S. and the pursuit of foreign aid to fuel modernization projects. Both directed Turkey onto the path of free market capitalism. A political alliance with the U.S., enhanced living standards thanks to American capital and products, and the

[194] NFT, "Industry," November 18, 1948.

[195] NFT, "General Electric President in Turkey," October 20, 1949.

[196] Ibid.

spread of development projects supported by American services were beneficiaries of this process. In 1950, the Turkish voters asked for more liberalism in the economy compared to statism. In spite of their quick switch to liberalization rhetoric and promises, the RPP government could not make a good progress dismantle the SOEs, which helped the DP win the elections in May 1950.[197]

As much as the Turkish voters rewarded liberal economic policies, American businesses also found the emerging market worth expanding further. First, they enjoyed safe investments thanks to aid programs and grants for accessing new markets. They obtained detailed country studies on how to proceed in these unknown markets with the guidance of American professionals. Several American MNCs found mass demand for their products, Turkish business circles looking to partner with them, and a government pleased to finance modernization projects. Therefore, before the 1950 elections, both the RPP and its challenger, the DP, promised to bring more American assistance and foreign investments if they were elected. However, these final economic liberalization attempts did not save the RPP as its opponent fiercely defended the introduction of even more American capital and products into the economy.[198]

The demand for change had become the core of Turkish politics in 1950. Therefore, the DP's victory in the election was not a surprise. Adnan Menderes, a champion of rural backgrounds, and Celal Bayar, a respected liberal economist, hailed from the same majority that they now represented. Society expected change; farmers expected

---

197 Ahmad, 125.

198 Tezel, 202.

fair prices for their crops, workers demanded better salaries and more jobs, and business elites hoped to expand their ventures by signing agreements with foreign capital owners. The DP promised all of this to the masses throughout the campaigning process. Its policies diverged from the traditional emphasis on limited industrialization with state-controlled institutions from an economic perspective. As a liberal-minded statesman, Bayar had always supported development with foreign capital and technical assistance. Efficiency in the production market was the first step in a chain reaction. Increasing production would increase exports, state revenues, the state's purchasing power, and resources to be allocated to development projects. Working with such a focused government would be optimal for American commercial policy.

For the expansion of production and exports, the DP shared American visions about creating a granary in Turkey to feed the Western alliance. The ECA was willing to provide machinery in the form of tractors together with fertilizers to increase Turkish agricultural production efficiency. The DP welcomed this in meeting the demands of farmers, which they promised to satisfy in election campaigns. The tractors and fertilizers provided through aid or purchased with credit drastically improved agricultural production from the late 1940s. The increased presence of American brands and goods in the Turkish market was also welcomed in the U.S. and the results were in parallel with the expectation of the senators.[199] ECA projects aimed to create a self-sufficient and agriculturally improved Turkey to support the aims of the free world. They also paved the way for American companies to access new business

[199] Michael M. Carver, *A Correct and Progressive Road: U.S.-Turkish Relations, 1945-1964* (Ph.D. diss., Bowling Green State University, 2011), 88.

and market opportunities.[200] After convincing the Turks to embrace foreign direct investment, the next step would be attracting American businesses to the Turkish market.

The role of American businesses and American actors in changing the Turkish perspective was important. The post-war period did not cause a great economic depression in Turkey. Although it had lost trade partners and experienced low production due to the drafting of the workforce, the Turkish economy could still get back on track. The majority of the population, and especially the peasantry and the working class, was dissatisfied with the new taxes.[201] Therefore, this previously closed society could be opened while emphasizing visible changes, and the Americans achieved that in Turkey in just a few years. America's call for capitalism was well received by the discontented masses in favor of altering the statist approach. In addition to visible results, American actors, who enjoyed great respect from Turkish circles and knew Turkey well, advertised American businesses successfully. The Turkish national goal was modernizing along the lines of Western economics and political standards; neither accepting a liberal economy nor attracting foreign capital challenged Turkey's modernization dreams.[202] On the contrary, adopting these new economic initiatives by replacing old-school statist approach emerged as a decent alternative for rapid modernization.

---

[200] Ibid.

[201] Boratav, *Türkiye İktisat Tarihi 1908-1985*, 67.

[202] Vojitech Mastny and R. Craig Nation, *Turkey Between East and West: New Challenges for a Rising Regional Power* (Boulder: Westview Press, 1996), 9.

Contrary to the RPP's late acceptance of economic liberalization and the last-minute passing of a privatization law, the DP went into elections including an article in its party constitution that underlined the adaptation of a broad and modern understanding with more freedom in the economy.[203] In its campaigns, the party criticized clumsy statist economic activities and promised more privatization, particularly in industrial fields.[204] After gaining seats in the parliament in the 1946 elections, the DP adopted a more vigorous opposing stance against the RPP's faltering economic policies. The DP's firm rhetoric appealed to voters in rural areas and towns who were interested in a more lively economy to replace state-directed bureaucratic stagnation. The DP's party plan foresaw following the ECA mission and its consultants' reports. It proposed that Turkey put more emphasis on attracting foreign capital for rapid economic growth and industrialization. Similar to the ECA, Barker, Thornburg, and Robinson, the DP saw the future of Turkey in liberalized trade and reduced SOE influence over profitable industries. Productive agriculture could be obtained with more foreign capital, mechanization, and infrastructural development. All of this could help Turkey promote its goods in foreign markets.[205]

Not surprisingly, the DP's discourses on economic liberalization and advancement, with the help of American aid, were adopted by the masses. Reducing prices according to purchasing power, improving the living standards of both rural and urban societies, and eliminating inefficient bureaucracy could be possible with the

---

[203] Henri J. Barkey, *The State and the Industrialization Crisis in Turkey* (Boulder: Westview Press, 1990), 53.

[204] William Hale, *The Political and Economic Development of Modern Turkey* (New York: St. Martin's Press, 1981), 87.

[205] Mastny and Nation, 158.

effective use of American capital.[206] Like Menderes himself, most members of agricultural society desired greater political representation, fewer state limitations, and more productive industrialization to help them profit from their products.[207] Robinson reported that the ascent of the DP could be one of the incentives paving the way for more trade and commercial integration between the states and businesspeople.[208] It also arguably showed that Robinson's work and that of his colleagues in Turkey had succeeded.

The post-war period up until May 1950, when the DP won the elections, brought many American companies to the Turkish market or boosted their sales if they were already present there. With the Marshall Plan and its primary focus on agricultural production, American multinationals like B.F. Goodrich Tires, General Tire and Rubber Co., Federal Motor Truck Company, and the Fertilization Corporation of America had a chance to promote their products in the Turkish market with aid support. Since the republic's foundation, Turkey's primary export goods had been agricultural commodities, equivalent to approximately 90% of Turkey's total exports. The ECA planned to improve the production rates of cereals, cotton, oilseeds, and tobacco in the long term and build better infrastructure to transport these goods to buyers in foreign markets.[209] The ECA further aimed to make Turkey a granary for the Western alliance. American senators expected to see American businesses and products find their place in Turkey. By 1950, they had created a new social and

[206] Shaw and Shaw, 404.

[207] ICWA, "Robinson, Letter to Mr. Walter S. Rogers," November 1, 1948.

[208] ICWA, "Letter from Richard D. Robinson to Mr. Walter S. Rogers," May 16, 1948.

[209] *Turkey: Country Study*, 10.

political consent, with the same desires being shared by the most of the voters up to the new DP government. The next decade would see the reconstruction of Turkey in line with American expectations.

CHAPTER III

"The Free Enterprise system has proved the best means of achieving development. I stated that this had proven true not only in Western Europe, and later in the U.S., but has been recently demonstrated in such a different part of the world as Sao Paulo, Brazil. Here Brazilians, Americans and Europeans of various origins imbued with the spirit of Free Enterprise, have taken advantage of the rich potentialities of the

Brazilian plateau to develop a trading and industrial center comparable to the greatest that our own country has produced.”

George C. McGhee[210]

3.1. General Outlook of Turkey in the Transition Under the DP Government

The last year of RPP governance was a landmark in terms of seeing the benefits of foreign private investments, which catalyzed the slow process of overcoming prejudices against foreign capital. Besides counting on the ECA plans and attracting foreign capital to Turkey, the RPP’s final acts emphasized liberalization in the market. The business class hailed the role of American capital, products, and services and sought new American partners to work with in the Turkish market. Advancing to the elections of 1950 in such a mood, the RPP promised more of the same if they were to keep power.[211]

However, the RPP’s late attempts at economic liberalization and the small improvement in privatization law did not convince the voters, who demanded change. After experiencing strict bureaucracy under RPP administrations for two decades and heavy taxation, both landowners and the local business class saw the DP’s promise of more liberalization for private initiatives and attraction of American capital to raise living standards as more appealing and realistic.[212] These promises

---

[210] George C. McGhee Papers (McGhee Papers hereafter), Box 1, “Memorandum of Conversation Between the Ambassador and Foreign Minister Koprulu on February 1, 1952.”

[211] Thomas and Frye, 109.

[212] Keyder, 119.

paved the DP's way to power in the next election.[213] The DP won the majority in the GNA thanks to the massive support of the Anatolian peasantry and business groups. Both were enthusiastic about all-around change and desired better representation at the national level.[214] RPP-centric elites had long been running the government, economy, SOEs, market, credit institutions, and pricing regulations. In contrast, the ECA projects, hand in hand with American businesses, proved that a liberal market, private institutions, and foreign capital could be relied upon, which contributed to the dissatisfaction with statist control over the economy.[215] Change and the national will, especially in terms of economic liberalization, became the motto and the promise of the DP: *Yeter! Söz milletindir!* ("Enough! The Word Belongs to the People!"). The voters, in return, rewarded them with power.

In his first address to the GNA as the new prime minister, Adnan Menderes underlined the promised changes in politics and economics within the party's governmental agenda. He also highlighted his government's hope to pursue closer relations with the U.S. The DP would continue focusing on agricultural industrialization, road building, and irrigation projects in line with the Americans' advice. Menderes further announced in this address that the state would gradually withdraw from many sectors to make room for private capital. The SOEs would be replaced with private enterprises and the Turkish business elite.[216] To benefit more

---

[213] Shaw and Shaw, 404.

[214] "Demokrat Partinin, Yurdun Birçok İllerinde Seçimi Kazandığı Anlaşıldı" ("It was understood that the Democratic Party won the election in many cities"), *Cumhuriyet* (*Republic*), May 15, 1950.

[215] ICWA, "Letter from Richard D. Robinson to Mr. Walter S. Rogers," March 14, 1950, 3.

[216] *Journal of the Grand National Assembly of Turkey Records* (GNA hereafter), 9th Parliament, Vol. 1, May 29, 1950, 26.

from American capital and technical capabilities, the DP government would work on developing a better legal basis to lure private investors to the market.[217] Menderes's statements received media coverage in the American press. According to the *New York Times*, SOEs had long been causing trouble for ECA agents in their efforts to achieve a liberal market in which American businesses could be promoted.[218] Since Turkey now had a more pro-American government, integrating its economy into Western liberal economies should be more feasible. As a champion of privatization and economic liberalization, Menderes seemed to be a leader with whom Washington could work in harmony.

However, as the leader of the first new government after years of a one-party regime, Menderes did not use any rhetoric about a top-down alteration of state politics due to his cabinet included old-school statesmen. Rather than taking hasty steps, a constructive approach to building solid yet bold policies on privatization would be safer. [219] In the DP's first economic and political agenda, economic liberalism via the invitation of foreign private capital was generally described as a counter-argument against communism. The statist mentality was viewed as one of the core dynamics of the country, and the DP barely argued against it in its first years of governance.[220] In speeches to the GNA and public statements by ruling members of the DP, such as Menderes and Minister of Industry İsmail Hakkı Gedik, none of the cabinet members

---

[217] Ibid., 31-32. According to these minutes, Menderes's speech was interrupted with applause, as noted in brackets, many times, because the majority of the assembly consisted of DP deputies. Menderes's reference to the U.S. as "our great friend" was well received by these deputies, as was his reference to inviting private capital.

[218] "Turkey to Reduce National Spending: Premier Says His Government Plans Cuts in Expenditures of Every Department," *New York Times*, May 30, 1950, 8.

[219] Ahmad, *The Turkish Experiment in Democracy,* 126-27.

[220] Tarık Zafer Tunaya, *Türkiye'de Siyasi Partiler (1859-1952)* (*Political Parties in Turkey (1859-1952)*) (İstanbul: Arba, 1952), 664.

openly attacked statism or mentioned the dismantling of all SOEs. Rather than being a nemesis of state initiatives, foreign private capital was underlined as being necessary to achieve the state's modernization and finance development projects. Allowing private initiatives to mature in state-owned industries would reduce the burden on SOEs and, eventually, they would leave the stage to the Turkish business class. To help Turkish businesses improve operations, reduce underdeveloped industries' import dependency, and finance modernization projects such as establishing more factories and manufacturing plants, foreign capital was necessary in the short term.[221]

After spending enough time in Turkey to understand how the founding dynamics and past experiences had shaped the republic's politics, the slow but determined advancement of American virtues in the country proved that the ECA mission was succeeding.[222] The agricultural trade surplus increased while American products and services entered the Turkish market, such as pharmaceuticals, fertilizers, and machinery. Thanks to the mechanization of agriculture and improved infrastructure, export rates and the GDP were enjoying upward trends. In line with increases in production and improvement in transportation, Turkey's foreign trade deficit fell to $22 million compared to $78 million in 1948, when the ECA had started its work in the country.[223] The exporting of more agricultural products to Western European states and financing of imports through ECA funds were the main reasons why the

---

[221] GNA Minutes, 9th Parliament, Vol. 1, June 2, 1950, 102-105.

[222] Mehmet Vedat Gürbüz, *An Overview of Turkish-American Relations and Impact on Turkish Military, Economy, and Democracy, 1945-1952* (Ph.D. Diss., University of Wisconsin-Madison, 2002), 225.

[223] Haluk Cillov, *Türkiye Ekonomisi* (*The Economy of Turkey*) (İstanbul: İstanbul Üniversitesi Yayınları, 1972), 142.

Turkish foreign trade deficit had shrunk.[224] Finally, the DP's win in the 1950 elections showed that the strict statist mindset had been overcome. The Turkish public voted for a new era that would see more American capital and business brought to the country.

The aid was planned to be continued for two more years, and early estimations predicted that several key ECA infrastructure projects would be completed in that period. Expansion in various industries thanks to those completed projects, with the enrichment of agriculture and mining production estimated continuation in increment of the Turkish exports. By achieving production and trade at gradually growing levels in the short term and bringing more private investments into the market for further growth, the American economic advisors estimated that Turkey would reduce its imports and be less dependent on aid as a result of having a sustainable economy.[225] Following the same pattern established by the ECA mission would eventually transform Turkey's economic ideas and structures.

Indeed, the ECA's advice and aid programs had improved Turkey's agricultural productivity and infrastructural framework, which directly impacted politics, the economy, and culture. According to Robinson, many underdeveloped and isolated regions started to experience consumer economies for the first time in the early 1950s.[226] Road work began tying the isolated villages of Eastern Anatolia to towns

---

224 *Turkey: A Country Study*, 4-5.

225 Ibid.

226 Robinson, *The First Turkish Republic*, 147-48.

and cities. Irrigation projects and tractors sold in rural areas improved the income of the peasantry. Every achievement and completed project that Turkey experienced in these years created more hunger among the public to have more; none of the political parties could ever convince the peasants and businesspeople of Anatolia to reject the benefits of foreign products and capital.[227] On the other hand, unleashing such demand would become the greatest curse of the DP in the following years. The party would see itself stalemated, desperate to please voters at any cost and financing hasty construction projects such as "election factories" rather than taking measured steps to create a healthy economy.[228]

The progress reports, import and export rates, and advancements in development projects reflected an inspiring picture of the path to a self-sufficient economy and development in Turkey. Therefore, DP decision-makers in the early 1950s based their economic policy on American recommendations and plans. Contrary to the all-around optimism of the DP, however, American advisors had slight concerns about the upcoming end of the aid process,[229] as Turkey would have to face credit and loan repayments in a few years. These concerns deepened with the gloomy scenario that arose in the early 1950s; Turkey was indebted to international creditors, trying to reduce its military spending and improve export rates while not cutting the budgets of modernization projects. Attracting private investments to finance modernization projects, share the costs of running plants, or operate mines efficiently could be the

[227] Keyder, 127-28.

[228] Ahmad, 128.

[229] Thornburg in *Turkey: An Economic Appraisal (254-255)* and Robinson in *The First Turkish Republic (140-141)* pointed out that the ECA aid and credits had helped Turkey considerably in terms of funding imports and development projects until 1950. However, Turkey would eventually have to rely on its own resources and methods to make its growth sustainable.

ultimate solution for Turkey's economic stability. However, the immaturity of the Turkish market and the discouraging legal system were significant obstacles to that. Additionally, a worldwide recession and a nonproductive environment for capital circulation were at the doors of the Western countries due to the emergence of a new military crisis: the Korean War.[230]

3.2. The Korean War and Its Reflections on Business

The Truman Doctrine helped Turkey allocate less budget to military spending. Thanks to the Joint United States Military Mission for Aid to Turkey (JUSMMAT), Turkey's military capabilities were better in the early 1950s compared to 1945. With additional aid in further fiscal years, the U.S. military assistance to Turkey reached $236 million by June 1950. With Turkey being better equipped, engaging in military drills led by American professionals, and reducing the size of its drafted forces to 300,000 men, the American presence proved valuable in Turkey in the wake of the emergence of the Korean War in June 1950.[231]

A month after the fighting began in Korea, the DP government announced on July 25, 1950, that Turkey would join the war alongside the American-led UN forces.[232]

---

[230] DSA, "Cumhurbaşkanımızla, Amerika İktisadi Heyeti Başkanı ve bu heyetin iki üyesi arasında 20 Haziran 1950'de Çankaya'da yapılan görüşmeye dair not" ("Note on the meeting between our President and the President of the American Economic Committee and two members of this delegation in Çankaya on June 20, 1950"), 41-242-1, June 21, 1950. At this meeting, newly elected President Bayar received Barker and his subordinates to discuss the financing of development projects such as the Seyhan Dam and the progress of Barker's mission in Turkey. When Bayar asked Barker's opinion about how to bring more foreign direct investment to Turkey, Barker underlined the arguments given above.

[231] McGhee, *On The Frontline in the Cold War*, 32.

[232] "Korede Hizmet Etmek Üzere Birleşmiş Milletler Emrine Asker Veriyoruz" ("We Recruit Soldiers to the United Nations to Serve in Korea"), *Cumhuriyet* (*Republic*), July 25, 1950.

This decision was in line with Menderes's opening remarks, wherein he had stated that Turkey would deepen its political relations with the U.S. Joining NATO was the next step in politically integrating Turkey into the Western alliance and reducing the Soviet threat against the country. While the Turkish public largely greeted the DP's decision as a bold yet appropriate action, the RPP, in opposition, felt left out because the DP government had not brought this decision to the GNA or discussed this significant commitment with the opposition.[233] A few days later, after the official declaration, Menderes acknowledged to U.S. ambassador George Wadsworth that Turkey's decision to participate in the Korean War was made to prove Turkey's political and military significance for NATO and its integration with the West.[234]

Joining the American coalition in Korea brought Turkey more American capital such as aid, credit, and products. In the spring of 1951, the ECA announced new military aid to train more Turkish military officers because the initial conflicts in Korea suggested that the war would be prolonged for some years. This new scenario convinced American planners to reconsider scaling back the size of the Turkish army and its military spending.[235] This unexpected turn also changed the ECA agents' plans for financing development programs in Turkey. Having tended to neglect the development of heavy industry in the short term, ECA experts had to revise their

---

[233] Hüseyin Bağcı, *Türk Dış Politikasında 1950'li Yıllar* (*Turkish Foreign Policy in the 1950s*), 24. RPP spokesman Kasım Gülek subsequently released a statement condemning the DP's hasty decision, made without consultation or discussion in the GNA. The RPP seemed to back the decision to send troops to Korea after the UN's call but maintained that the DP should have brought this issue to parliament as it was an important national concern. "Muhalefete Sorulmadan Verilen Karar" ("The decision made without asking the opposition"), *Ulus* (*Nation*), July 27, 1950, 1.

[234] FRUS, 1950, Volume V: Near East, South Asia, and Africa, Turkey, "The Ambassador in Turkey (Wadsworth) to the Secretary of State," July 31, 1950, 1286.

[235] NARA, RG 469, "The Economic Cooperation Administration Special Mission to Turkey, Results of the ECA Program in Turkey: A Supplementary Report to the Data Prepared for the Visit of the Foreign Relations Committee of the United States Senate to Ankara Turkey, Russell H. Dorr, Chief of Mission," July 23, 1951.

plans and increase the number of factories for military production or renovate those that were already constructed to enhance their capacity. These plans necessitated more funds to be transferred to Turkey, and early estimations predicted $1.4 million in additional aid with an annual payment for keeping military production steady.[236] In addition to military aid, the American engineering consortium of Hamilton, Metcalfe, and Grove was invited to Turkey to begin the construction of an air base to be known as İncirlik in the upcoming years.[237]

With the outbreak of the Korean War, the Truman administration had to revise its state-sponsored aid programs and change the focus. The Mutual Security Act (MSA) was launched as a new aid program to replace the Marshall Plan in 1951. This new plan underlined the significance of applying rearmament programs and aid for the improvement of military capabilities, but it also guaranteed to cover economic programs previously launched by the ECA. The ECA had been designed to reconstruct the European economies; however, war conditions caused the aid-receiving countries to face dollar shortfalls, budget deficits, and inflation.[238] Furthermore, the Korean War showed that reconstruction without military power could lead to the loss of all achievements in the event of a Soviet assault. Therefore, Congress created the MSA to replace the ECA one year before the Marshall Plan was due to end and insisted that military rearmament be the chief U.S. foreign aid goal.[239] Receiving more aid to modernize its army could be considered a decent gain for

---

[236] Ibid.

[237] Harris, 52, 66-67.

[238] Melvyn P. Leffler and Odd Arne Westad, *The Cambridge History of the Cold War*, Vol. 1 (Cambridge: Cambridge University Press, 2010), 173.

[239] Price, 159.

Turkey in the early period of the Cold War. On the other hand, the modernization and equipping of the Turkish army were not investments, as they would lead to increased costs later. As the Turkish military industry was unlikely to improve itself in the short run, relying on more military spending might put a hold on the budgets allocated for development projects.[240] Indeed, the emphasis on foreign aid shifted from economic to military assistance in these years.[241]

The new focus on military escalation also prioritized military industries. To establish a collective defense, all allied states were asked to contribute to the process with all possible strength. The U.S. aided and equipped other states' limited forces and kept American legions overseas. These states, in turn, would support U.S. military industries with their raw materials.[242] Following the expectations laid out by the MSA, Turkey agreed to export more copper and chrome to the U.S. and Europe.[243] The earlier ECA reports of 1951 underlined that Turkey was well suited for this new role. It exported agricultural products and raw materials from agricultural fields and mines and it intended to produce considerably larger quantities with the help of American capital, equipment, and know-how.[244]

---

240 Helen Leigh-Phippard, *Congress and US Military Aid to Britain: Interdependence and Dependence, 1949-56* (London: St. Martin Press, 1995), 79-82.

241 Sidney Warren, "The Background of Our Aid Program," *Current History* 33, No. 193 (September 1957): 136.

242 Public Papers of Harry S. Truman, "Special Message to the Congress on the Mutual Security Program," March 6, 1952.

243 NARA, RG 469, "ECA Special Mission to Turkey, Justification of Continuing Economic Aid to Turkey," July 14, 1951.

244 Ibid.

However, the unexpected change in American foreign policy caught Turkey unprepared both militarily and economically. Turkish military factories and mines were immature. Neither providing raw materials nor producing military equipment and ammunition on a large scale was realistic in the short term. These factories were still funded by state revenues and SOEs.[245] The ECA, which called the shots in this chaotic environment, was also caught unprepared and admitted that Turkey could not meet the market demands for industrial finished products or raw materials.[246] Turkey's best military product manufacturing plant was that of the Mechanical and Chemical Industries (MKE); however, this facility lacked adequate machinery and capital to run efficient manufacturing processes. The ECA, having a long-term solution that would be useless in the middle of an international crisis, recommended inviting American businesses to partner up in military industrialization.[247] However, the DP government was not experienced enough in governance to attract foreign investors to Turkey's military industry and no American investors were eager to get involved in such a politically and economically unknown business venture in 1951.

Earlier estimations foresaw Turkey's balance of payments depending mainly on a strengthened economy in the longer range. Turkish agriculture, light industry, mining, and transportation were growing; however, they needed to be more efficient.

---

[245] Cillov, 311.

[246] NARA, RG 469, "Turkey Fiscal Year 51, Aid Programming Exercise Prepared by the U.S. Country Team Section IV, Military Equipment Requirements," October 29, 1951.

[247] Indeed, the ECA and its successor institutions in Turkey succeeded in bringing the MKE together with American capital in the following years. This began with the provision of aid through the Marshall Plan. Then, particularly after a supplemental law was enacted for foreign investment incentives in 1954, the MKE was included in the list of SOEs to partner with American multinationals. One of the most significant such partnerships was that of the MKE with Minneapolis-Moline to construct a tractor factory in Ankara in 1954. GNA Minutes, 10th Parliament, Vol. 1, February 18, 1955, 405.

Production and distribution costs needed to be cut to bring the prices of export commodities into line with the world markets. Unless these objectives were achieved, Turkey could face high inflation due to rising costs of industrialization and imports. However, none of the reports suggested darker scenarios for the future of the Turkish economy. If constructive economic methods continued to be applied, the future of its balance of payments appeared to be quite favorable.[248] As an additional recommendation, all reports favored inviting foreign capital to ensure the sustainability of development and cash flows.

On the other hand, the American actors all underlined the harsh reality of the unattractive status of the country for foreign investors. Thornburg remarked on Turkey's incompatible business culture, laws, and market as the leading reasons for private companies to avoid further involvement. Without creating an investment-favorable environment, such as through tax exemptions or the employment of more American professionals, American businesses would likely not be motivated to enter the Turkish market.[249] Barker's aide in his mission to Turkey and Vice President of the World Bank, Robert L. Garner, stated that the lack of profit-worthy markets and industries was the main challenge in attracting American investors. It was not only necessary to eliminate economic concerns through loyal credit payments; Turkey should also offer convincing shares of its valuable resources to investors.[250]

---

[248] *The Economy of Turkey*, 248.

[249] Thornburg, *Turkey: An Economic Appraisal*, 183-84.

[250] Barker Papers, "Request from the Government of Turkey for Technical Assistance, A Letter to Ambassador Feridun C. Erkin from L. R. Garner," Middle East Missions, 1946-1952, Turkey, 1948-1952, Box 60, Folder 1298.

These concerns had their grounds. The ECA aid had brought many American companies into the Turkish market and helped Turkey finance construction projects and purchase American goods; however, it ended in 1951. Besides, these services and products were mainly financed through credits and aid programs; none required further investment commitments. The ECA agents understood that the economic transformation of Turkey was incomplete and that economic enhancement depended on American capital.[251] Despite growing trade volumes, export ratings, and state revenues, the Turkish market was still in the maturation process and could not cover all of its modernization expenses itself. However, rapid development based on aid and credits over the course of three years would bring extra expenses to the economy, such as repayments and currency deficits. Thus, more industrialized development escalated the need to import industrial goods and mechanization.[252] In the end, growing import rates and foreign debt would lead to higher inflation rates, limit purchasing power, and force the DP government to consider more external borrowing to balance the economy and finance development projects.

Indeed, compensating the costs of machinery and arms imports with agricultural exports was not feasible; the foreign trade statistics of 1951 proved this. Turkish exports had increased by $53.5 million more to reach $314 million in 1951 thanks to the dramatic growth in agriculture. On the other hand, the foreign trade deficit also grew larger, totaling $402 million as a result of increased imports and military

[251] Thornburg's and Robinson's statements were referred to above.

[252] In line with profits from commercial activities, imports almost doubled between 1950 and 1952. Alec P. Alexander, "Industrial Entrepreneurship in Turkey: Origins and Growth," *Economic Development and Cultural Change* 8, No. 4 (July 1960): 357.

spending.[253] The Turkish economy was still too immature to sustain high levels of military spending and raise the Turkish people's standard of living at the same time while depending only on national assets, agricultural exports, and taxes.[254] Eventually, when the aid incentives ended, Turkey would need to find a way to retain capital sources with nonrecourse.

In spite of the drawbacks of the Korean War era and the increased burden on military spending, this period also paved the way for Turkey to make subsequent political and economic gains, notably receiving more aid from the U.S and increment in agricultural exports. During this period, Turkey was granted more economic and military aid in addition to planned funds.[255] Furthermore, as the agricultural market least affected by the previous war, Turkey was able to fill the European markets with its products and set its own prices. In acquiring this agricultural monopoly in foreign markets and increasing its production volumes, Turkey enjoyed an influx of foreign currency through exports to be invested in development projects. Promoting Turkish products in these profitable markets also opened a new door for more foreign business ventures and led more American state officials to notice Turkey's potential. According to a handbook presenting the Turkish economic outlook in the early 1950s, prepared by American economist Hollis B. Chenery, improving the legal framework and enacting foreign investment incentives could attract more business

[253] For detailed information please see Turkish Statistical Institute (TÜİK), "Statistics of Foreign Trade of 1951," Ankara, 2015.

[254] NARA, RG 469, "Letter to Feridun Erkin from George McGhee, Assistant Secretary," October 29, 1951.

[255] Harris, 156.

ventures to the Turkish market.[256] Above all, Turkey's participation in the Korean War with the U.S. forces bolstered Turkey's reputation dramatically. It also validated Turkey's admission to the Western Club, thus fulfilling a national ambition.

The DP government was proud of standing together with UN forces led by American generals against communism, which they saw as a critical move toward joining NATO eventually.[257] Finding a place under NATO's security umbrella could help compensate any economic inconveniences or growing military responsibilities. Fighting in Korea and joining NATO also enhanced Turkey's reputation within American business circles.

3.3. A Milestone in Turkey's Economic Transformation: The Privatization Law of 1951

Establishing a credible reputation as a true friend of the alliance, Turkey was advertised as a top choice for foreign investments in the early 1950s. Turkey's story was heartwarming: an allied country vigorously fighting communism and passionate about modernizing itself in line with American virtues. Turkey's decision to fight in Korea proved its worth for the alliance as well as the country's strategic status for American foreign policy, and American businesspeople were also among the impressed parties. Its army, supported by American military aid, could valiantly resist a Soviet attack. The DP government agreed to allow the construction of allied

---

[256] Hollis B. Chenery, George E. Brandow, and Edwin J. Cohn, *Turkish Investment and Economic Development* (U.S. Foreign Operations Administration Special Mission to Turkey, 1953), 8-19.

[257] DSA, "Adnan Menderes'in Atlantik Paktı ile İlgili Beyanı" ("Statement by Adnan Menderes on the Atlantic Treaty"), 13-76-7, September 21, 1951.

military bases within the country's borders and grant access to American military staff.[258]

Therefore, on the verge of departure from Turkey in 1951, ECA agents hoped that American businesspeople would pick up where they left off. With growing political influence in the international arena and interest in Turkish market goods, particularly in the fields of agriculture and mining, the ECA agents believed that Turkey had solid advantages for attracting American companies to the Turkish market.[259] However, these initiatives were stalled by two main obstacles. First, the Turkish market was not mature enough for partnerships based on foreign investments. The SOEs were still dominating key profitable sectors such as petroleum and chrome ore or industries such as defense. Only the tobacco industry was transitioning; a few British and American brands had started to operate their own cultivation areas and facilities rather than buying tobacco from Turkish SOEs. However, there is no indication that showed private investments in a significantly growing trend. [260] Turkish business elites were still waiting to receive access to higher sums of credit from state banks and establishing partnerships with foreign multinationals to sell their products to the Turkish market.[261] Generally, in 1951, they were only allowed to invest in light industries.

---

[258] FRUS, 1951, Volume V: Near East, South Asia, and Africa, Turkey, "National Intelligence Estimate," February 26, 1951, 1119-26.

[259] According to the OEEC's Monthly Statistical Bulletin released in November 1951, with the opening up of previously inaccessible cultivable areas, Turkey was entering a period of extraordinary new agricultural expansion and earned its place in European markets. Bayard presents that information as part of the ECA plan (137-38).

[260] FRUS, 1951, Volume V: Near East, South Asia, and Africa, Turkey, "Memorandum by the Additional Advisory Council Staff Committee to the National Advisory Council," December 6, 1951, 1186-87.

[261] Buğra, 122-24.

Secondly, the uncertainty in world markets and the post-war period's economic recession prevented small and mid-sized companies from investing safely in foreign markets. The ECA funds had eliminated these companies' foreignness and helped them invest in highly unknown countries like Turkey in the late 1940s and early 1950s; however, their operations in overseas markets were questionable in the face of a global economic recession. In a meeting with Barker, newly elected President Bayar was disappointed to see that American companies were still hesitant to invest in Turkey even after the diligent work of the ECA and the World Bank. Barker referred to the global economic recession as the leading reason for this.[262] In the early 1950s, only MNCs were able to take bolder steps to pursue overseas investments. The ECA funds and market research had already given them insight into market sizes, opportunities, deficiencies, and cultures. For these giants, a foreign market that had already proved its worth in terms of profit would be easier to advance in. The dollar shortage among the U.S. allies allowed American MNCs to establish factories overseas and marketize their products.[263] Still, the global economic ambiguity and the changing dimensions of American foreign policy reduced the number of investing companies; only a few MNCs chose to stay in the competition for overseas markets in 1951.[264] Despite this, the DP remained eager to find ways to support its economic initiatives. Being sincere in its stance that the state should withdraw from profitable sectors and surrender the market to private

---

[262] DSA, "Cumhurbaşkanımızla, Amerika İktisadi Heyeti Başkanı ve bu Heyetin İki Üyesi Arasında 20 Haziran 1950'de Çankaya'da Yapılan Görüşmeye Dair Not" ("Note on the Meeting between our President, the President of the American Economic Committee, and the Two Members of this Delegation in Çankaya on June 20, 1950"), 42-242-1, June 21, 1950.

[263] Geoffrey Jones, "Multinationals from the 1930s to the 1980s" in *Leviathans*, eds. Chandler and Mazlish, 95; Wilkins, *The Maturing of Multinational Enterprise*, 288-89.

[264] Wilkins, *The Maturing of Multinational Enterprise*, 300-2.

investors, the DP sought to fulfill its promise to voters. In late 1950, a party commission was assembled, and it started to work on an improved foreign investment law.[265]

American actors such as Dorr and Barker played important roles in shaping the DP's first privatization law working groups from late 1950 to August 1951. The DP government approached Dorr during discussions of the privatization law to inquire whether the ECA could provide consultancy and assistance in the drafting of a new investment program.[266] Barker brought American businesspeople and the DP government together for further brainstorming sessions.[267] This process became one of his final tasks in Turkey before his departure in 1951. At a press conference in İzmir, Dorr stated that Turkey needed private enterprises to industrialize the mining sector and agricultural production. These goals had been a part of the ECA mission in Turkey since 1948, introducing private capital for continuous self-sustained development.[268] Dorr proudly stated that his institution had a good run in Turkey and that ECA initiatives had brought $3 million in private investments to the country in the course of three years of work. This amount was low compared to the total aid that

---

[265] This issue did not arise after the DP gained power in May 1950. In fact, this mindset was already reflected in the DP's party constitution in 1946, before any such pledge had been made to voters. See "Demokrat Parti Tüzük ve Programı" ("Democrat Party Constitution and Program"), Accord 17 (1946), 50-51.

[266] FRUS, 1951, Volume V: Near East, South Asia, and Africa, Turkey, "Memorandum of Conversation, by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (McGhee)," January 22, 1951, 1109.

[267] Dorr and Robinson were among the other American participants indicated in this document. Barker Papers, "Barker, James M. - Reports, 1950," Middle East Missions, 1946-1952, Turkey, 1948-1952, Box 61, Folder 1322.

[268] L.S. Moore, "The U.S. Economic Aid to Turkey Strengthens Might of Armed Forces: Sports Exhibition Inflation Averted," *The Christian Science Monitor*, March 30, 1950, 15.

had been offered; however, the progress of the investments in parallel to the ECA's advice and operations was pleasing.[269]

Following other advice from the ECA, the DP's priority in its policy-making agenda was drafting a legislative framework to attract more foreign investment in 1951. After a year of working on foreign investment incentives, a law was enacted on August 1, 1951. This bill was designed to enlarge the scope of economic development in different industries such as energy, mining, infrastructure, development, and tourism.[270] The law guaranteed foreign multinationals the right to transfer their profits abroad up to 10%.[271]

3.4. Initial Results of the New Law: Hilton, GE, and Squibb & Sons Projects

The privatization law of 1951 was a significant event in Turkish legal history; however, it did not provide an inviting environment for foreign investors. Capital, resources, and staff transfers were still limited, and foreign investments were excluded from several sectors, such as oil. A foreign market with such limits could not entice many new companies to enter; on the whole, it could only hope to keep the MNCs that were already doing business in the Turkish market. The American business sector was represented well in the Turkish market in the late 1940s by the infrastructure work of Knappen, Koppers, and Gordon-Hamilton; the tractors of

---

[269] Ibid.

[270] GNA Minutes, 9th Parliament, Vol. 9, August 1, 1951. On this date, the DP's first privatization law was enacted and announced in the Official Gazette.

[271] Ibid.

Federal Motor Truck Company; and the agricultural products of the Fertilizer Corporation of America. However, these corporations were selling goods and services with the assistance of ECA aid and credits instead of investing in Turkey.

Among the newcomers, several American MNCs were worthy of notice. The American Export Lines shipping company was invited to participate in a project to modernize the maritime transportation of Turkey.[272] Orpheus D. Baxalys, Managing Director of the American Tobacco Company of the Orient, signed an agreement worth $16 million to purchase approximately 11,500 tons of Turkish tobacco and increase the company's tobacco operations through a branch to be established. As Turkish tobacco leaves had a world-famous reputation, Turkey hoped to increase annual production from the current amount of 80,000 tons to gain more revenue from exports.[273] The Hilton Hotels Corporation (HHC) also sought an agreement to build a hotel in İstanbul in 1951.

Thanks to the new incentives, American companies that had already settled in Turkey, such as GE and Squibb & Sons, expanded their business operations. GE's bulb factory began production in June 1951 after a year of construction. The contributors were pleased by the unveiling of this massive facility with consortium leadership and the potential to employ hundreds while contributing to production.

---

[272] "Turkey to Get American Help on Its Shipping," *New York Herald Tribune*, June 18, 1950, 6. John E. Slater, the president of American Export Lines, was approached by the ECA to contribute to the development of Turkey's transportation services. The construction of highways and ports was already improving the transportation network of the country, but adding ferries to the list would be significant in terms of modernizing Turkey. The Propeller Club of the U.S., which primarily consisted of people in the maritime and shipping industries, also supported this project. As negotiations were in progress between American Export Lines and the DP government, the İstanbul branch of the exclusive Propeller Club was founded.

[273] "Turkey Sells Tobacco: $16,000,000 Order by U.S. Buyer Sets Record for Istanbul," *New York Times*, January 1, 1951, 30.

The Koç family and GE hoped to make a profit from the finished products with expectations of reaching a volume of six million bulbs in a year. Early estimations showed that at least one-third of the production output would likely be sold to neighboring countries, and the profit would be shared among the consortium trio of the Koç family, GE, and İş Bank.[274]

The DP was off to a good start in its governance. Bringing in foreign capital of about $1.8 million, creating jobs for the masses, witnessing the completion of an industrial plant, and modernizing Anatolia by electrifying villages were all promising achievements. The DP deputies bragged about these achievements in GNA sessions. As long as American multinationals were convinced to carry on business in Turkey, with GE even tending to expand its operations, providing radios and refrigerators for every home could be the next goal.[275] The same consortium had already made plans to construct a new plant for the manufacturing of small household appliances such as vacuum cleaners, washing machines, refrigerators, and radios in the longer run.[276] Like GE, E.R. Squibb & Sons, a pharmaceutical drugs manufacturer that had been present in the Turkish market since 1947, benefited from the new law and made plans to construct a new plant in İstanbul in 1951. A Turkish business consortium and company would share the costs and make a profit from the sold products. Like

---

274 GNA Minutes, 9th Parliament, Vol. 5, February 21, 1951, 409-10. A new electric light bulb factory was constructed in İstanbul with partnership between General Electric Company (60%) and the Koç family (15%). İş Bank had a 25% share in this investment, as well. This deal brought an annual investment sum of $1.8 million to Turkey through construction and also offered the chance of Turkey becoming one of the main producers and distributors of the Near East region. The short-term aim was focused on the production of 6 million light bulbs in a year, which would not only meet the annual Turkish demand for 4 million bulbs but would also increase export revenues through the share of profits. In the long run, a new plant was planned by the same consortium for the manufacturing of small household appliances such as vacuum cleaners, washing machines, refrigerators, and radios.

275 Ibid.

276 Ibid.

the light bulb factory, this initiative also aimed to liberate the Turkish market from purchases of expensive imported medicine and increase public health with massive production and lower prices. In advance of the plant's construction, Squibb & Sons aimed to cripple the markets of neighboring countries in the next few years. In both of these campaigns, the ECA and the American embassy took the utmost care to convince the DP government to secure the necessary grants and guaranteed these companies' financial reliability and legitimacy in the context of the new privatization law.[277]

The expansion of these settled American business ventures was favorable; however, the new arrival of the HHC was a particularly significant incident. Conrad Hilton demanding a meeting to discuss the construction of a grand hotel in İstanbul was believed to be a promising first step in attracting tourists and new urbane development.[278] Hilton shared that expectation in bringing his brand to the Turkish market. With such reassuring development and hosting more foreigners could be a way to lure private investors to Turkey's financial capital of İstanbul. Moreover, this could be linked to another sector that would increase the volume of foreign capital: tourism. Before Hilton, Pan American Airways (Pan-Am) had a similar idea and noted the shortcomings – and, thus, the opportunities – of the service sector in Turkey in late 1950. In a meeting with Feridun Erkin, the Turkish ambassador to the U.S., Pan-Am CEO Harold E. Gray mentioned the lack of top-quality hotels in Turkey for hosting more foreign tourists and investors. Inviting notable hotel brands,

[277] DSA, "Amerikan vatandaş ve şirketlerinin ülkemizde yapacakları ve ECA idaresince garanti edilecek yatırımlar için Dışişleri Bakanlığı'na yetki verilmesi" ("Authorization is given to the Ministry of Foreign Affairs for the investments to be made in Turkey by American citizens and companies guaranteed by the ECA Administration"), 127-75-20, October 27, 1951.

[278] Adalet, 161.

such as Intercontinental and Hilton, to invest in Turkey could increase the number of foreign visitors and enhance Pan-Am's interest in increasing the number of flights between New York and İstanbul while reducing the prices.[279]

Gray's estimations were accurate and the timing to expand the business to Turkey was perfect. Hilton had just returned from a business trip to Turkey, having studied a hotel project in İstanbul for improving tourist and business accommodations in November 1950.[280] Hilton was not the only business owner seeking investment options in Turkey; a memo reached the General Directorate of the Turkish Press and Tourism Division from the president of Intercontinental Hotels, Wallace Whittaker. He sought to arrange a meeting with the DP government to make an offer similar to Hilton's.[281] Hilton's trip to Turkey had been quite fruitful. An initial contract was signed between the two sides for the construction of a 300-room hotel in İstanbul. The facility would be completed in 1952. According to the deal, Turkey's share in the construction, $5 million, would mostly be provided through ECA aid. The building would then be leased for operations to the HHC for twenty years. In addition to the leasing charge, Turkey would receive 10% of the annual profits.[282] The hotel to be built in İstanbul would be one of the largest in the HHC's portfolio, involving several designers and third-party financiers as well as Turkish architects.

---

[279] DSA, "Pan Amerikan Hava Şirketi Müdürünün İstanbul'da bir otel inşası için Washington Büyükelçisine yaptığı teklif" ("Pan American Airways Manager's proposal to Turkey's Ambassador at Washington to build a hotel in İstanbul"), 102-630-13, December 12, 1950.

[280] "Hilton Plans to Operate Hotel at Istanbul in 1953," *New York Herald Tribune*, December 20, 1950, 39.

[281] DSA, "Pan Amerikan Hava Şirketi Müdürünün İstanbul'da bir otel inşası için Washington Büyükelçisine yaptığı teklif."

[282] "Hilton Plans to Operate Hotel at Istanbul in 1953."

Hilton's decision to bring his hotel chain to Turkey entailed profit-seeking objectives. An American-type hotel in the best location in İstanbul was expected to attract many guests; however, at the same time, Hilton's motivation was not purely economic. People like Hilton were ardent supporters of American virtues and their promotion throughout the world. Convincing any country to successfully pursue American virtues in politics, economics, and the cultural sphere was a foreign policy goal valued by all layers of society, including businesspeople.[283] Investing overseas could boost a company's profits, but these financial missionary jobs also had a political dimension. The Korean War proved that Turkey could be a true friend to the U.S. and a field where projects for American institutions and virtues could be developed. Therefore, in helping a committed ally of the U.S., just as GE's Phillip Reed did, Conrad Hilton was motivated to obtain a share of the Turkish market but also became a lobbyist for Turkish political and economic issues in the U.S.

In addition to the strong reputation of the Hilton brand, Conrad Hilton's political stance in favor of Turkey pleased the DP government. Not missing any chance to praise Turkey's fierce struggle against communism and underlining its significant place in NATO, Hilton was never quiet about his positive feelings for Turkey.[284] After being granted the hotel project in early 1951, Hilton became a true friend of the country. Welcoming Turkish journalists in the U.S. and giving public speeches about Turkey's business opportunities, Hilton worked to convince his fellow business

[283] See Emily Rosenberg's *Spreading the American Dream: American Economic and Cultural Expansion, 1890-1945* for her arguments about the part that American businessmen could play in this regard.

[284] Adalet, 2.

associates to invest in the country.[285] In addition to these flattering public statements, Hilton wooed members of Turkish society living in the U.S. by organizing dinners for Turkey's national holidays at the glamorous Waldorf Astoria. The Republic Day reception of 1951 was celebrated there with the attendance of both Turkish and American bureaucrats and highly notable American businessmen such as Henry Luce.[286]

In 1952, the GE-Koç-İş Bank consortium launched a new business with the construction of an oxygen and nitrogen factory, aiming to gain another share of the rapidly developing health industry in İstanbul.[287] Meanwhile, Thompson-Starrett Co. of New York, in cooperation with one Turkish and three German corporations, was contracted to build a dam on the Sakarya River. This was a significant step in electrifying the steel and manufacturing industries. Most of the cost would be shared between ECA aid and the Turkish associates; still, Thompson-Starrett was asked to provide equipment valued at $11 million. The construction was scheduled to be completed in four years.[288] Squibb & Sons also expanded the amount of their investments. This company promised $300,000 as capital and renamed its operations in Turkey "E.R. Squibb & Sons İlaçları Anonim Ortaklığı" (or "Pharmaceuticals

---

[285] Adalet, 171.

[286] Ibid.

[287] DSA, "General Elektrik TAO'nın Hissedarlarından Vehbi Koç'a ait hissenin Amerikan Aksiyoner International General Electric Co. Inc. Şirketi'ne devri" ("The share belonging to Vehbi Koç, one of the shareholders of General Elektrik TAO, was transferred to the American Actionist International General Electric Co. Inc."), 129-50-20, April 29, 1952.

[288] "Thompson-Starrett Heads Building of Dam in Turkey on E.C.A. Funds," *New York Times*, February 27, 1952, 35.

Corporation" in English) with the inclusion of new Turkish investors.[289] The new consortium, alongside flows of capital, would contribute to patent licenses, packaging and distribution processes, technical data, and technical training in return for royalties on sales. Furthermore, the construction of the new plant was in line with Turkish modernization goals as well as the creation of a self-sufficient Turkey. Noting that the biochemical market was limited in Turkey and medicines were expensive, both the company and the Turkish government were eager to emphasize the improvement of the health sector. Production in Turkey would reduce medicine imports, lower market prices, facilitate better health care for citizens, and provide training opportunities for Turkish personnel and technicians.[290]

In the early 1950s, both the DP government and ECA agents appreciated these foreign investments, even though they were still low, and they believed the law enacted in 1951 was only a beginning and more development was necessary. In terms of American businesses, numerous mid-scale American companies were already working in the Turkish market thanks to ECA funds, and their personnel and products had achieved top success in many sectors.[291] In early 1952, only a few sectors remained in Turkey that had not yet received an inflow of American products or services. According to Robinson, the many American advisors working with

---

[289] DSA, "Merkezi İstanbul olmak üzere ER Squibb and Sons Anonim Ortaklığı'nın kurulmasına izin verilmesi" ("Allowing the establishment of the E.R. Squibb and Sons Joint Stock Company, headquartered in İstanbul"), 124-98-2, January 22,1951.

[290] Ibid.

[291] Hiring foreign advisors to benefit from their experiences and know-how capabilities in various sectors was highly popular in Turkey even before the ECA funds were secured. The beginning of ECA activities in Turkey was a true milestone, however; dozens of American experts in various fields subsequently arrived to the country. The DSA documents track these people as they were granted access to business fields by the Turkish governments, revealing the clear growth in the numbers of such personnel after 1947 in Turkey.

different organizations and agencies had the combined capacity to exert American influence over the Turks in all sectors, ranging from road construction to meatpacking.[292] Furthermore, these advisors were generally financed by ECA funds and American enterprises, and their work in Turkey was valuable in terms of standardizing American methods in Turkish businesses. Many respected American colleges and universities, such as Brown University, the California Institute of Technology, Harvard, and Michigan State University, began financing their scholars for sabbatical leave in Turkey to conduct academic research on market opportunities and business development plans.[293] Having been Americanized in methods and choices of products and services, Turkey would advance on the road of being a "little America"[294] in the next years with the help of yet more American capital and investments.

Indeed, 1952 was a milestone year for Turkish-American relations. State agents, officials, and bureaucrats had already been working to improve Turkey's economy in line with U.S. foreign policy, making it a valuable ally for NATO.[295] There had previously been debates and challenges regarding Turkey's role in the context of the Marshall Plan; however, after 1952, Turkey earned its role in the American-led alliance and strengthened its position within the constraints of American foreign

---

292 ICWA, "Letter from Richard D. Robinson to Mr. Walter S. Rogers," June 1, 1952, 1.

293 Ibid.

294 This term was first used by Nihat Erim in 1949 when he was a deputy of the RPP. As discussed above, the RPP was delighted with American methods in their last years of governance and wanted to turn Turkey into a "little America" in line with their Western-style modernization goals. In the 1950s, this term was associated with the DP government's pro-American policies; Bayar used it in 1957 in a public address. William Hale uses this phrase in *The Political and Economic Development of Modern Turkey* (p. 88), as well.

295 Robinson, *The First Turkish Republic*, 137-41.

policy, similar to any other NATO member. Taking on political, economic, and military responsibilities for Turkey may have sounded ominous from the perspective of American resources; however, assigning a role to Turkey in the state agenda would be of value to any American who wished to see the U.S. triumph over communism.[296] Therefore, especially after 1952, American businesspeople and multinationals found themselves in a position to contribute to the national development of an important allied country while simultaneously pursuing profit-seeking goals.[297]

3.5. New Challenges to Overcome in Business Promotion

Despite accepting a great deal of Americanization in its economic mindset, Turkey still had more work to do to attract foreign investments. The results of the first five years of these efforts were quite convincing; new laws could now be enacted and the committed DP government could pursue further improvements in market conditions in its next terms. It was necessary to generate similar enthusiasm toward the Turkish market among American business circles. However, this was difficult for American institutions and actors considering the obstacles and drawbacks of that market. Although they arrived with decent amounts of knowledge about Turkey, each American advisor, diplomat, businessman, or politician reaching the country for the first time was likely to fall into despair after experiencing Turkey's conditions firsthand. Thornburg, Dorr, and Barker referenced the incompetent business culture, lack of profitable sectors to invest in, and possibility of growing debt and inflation in

[296] NARA, RG 469, "Job Profile for Turkish Mission Chief," July 7, 1953.

[297] NARA, RG 469, "A letter by Russell H. Dorr to N. C. de Paul," June 29, 1952.

the Turkish market just as often as they underlined the market opportunities.[298] Comparing Turkey's economic conditions and industrial capabilities with those of the U.S. and Western European countries was particularly dangerous, and convincing American businesses to invest in this economically and culturally controversial market was accordingly challenging. For instance, the Marshall Plan helped to shift Turkey's economic framework over the course of five years, but for the consolidation of American economic virtues to make American investors feel at home, this plan and its outcomes needed considerably more influence in the long run.[299] As indicated above, the ECA agents left Turkey proudly after all that they had achieved, but they also carried concerns about the future of what they had managed to build.

Their replacements, the MSA agents, had the same disappointment as the ECA agents when they first arrived in Turkey. They found the economic conditions to be uninspiring. Their initial thought was that the ECA aid had helped Turkey only a little. Turkey was still battling with transformation pains; it seemed unlikely that an engaging environment for American investors would be secured in the short run, and more American aid would probably be needed in the upcoming years to bring more order to the country's military spending.[300] These assumptions were generally confirmed; for example, Turkey did indeed face a financial crisis in the second half of the decade. The earlier economic expectations of American consultants, advisors, and Congress members conflicted with the actual results due to constraints on quick

[298] See Barker's mission report or Thornburg's economic appraisal.

[299] Price, 221.

[300] NARA, RG 469, "Memorandum Concerning the Preliminary Visit of Mr. Leon Dayton to Turkey," May 31, 1952.

resolutions and overly theoretical approaches, with plans being altered by changing American foreign policy goals. In such an environment with many ambiguities, it was unrealistic to expect a sustainable leap forward from Turkey, particularly considering that even the “developed European countries” had not achieved full economic recovery according to the timeline originally predicted by the ECA.[301]

The elimination of incompetency in business culture and the forging of a liberal market allowing fair competition would need more time. Despite achieving success in projects in Turkey since late 1948, only larger MNCs such as Ford, GE, and Socony chose to remain in the Turkish market, where they generally kept selling their products, while many mid-scale contractor companies decided to withdraw after completing their projects. With reliance on the ECA funds, two parties would share a contract, fulfill the requirements, and then conclude the partnership. Challenges were even experienced in the process of receiving payments during the ECA’s transition to the MSA. Upon the MSA’s arrival to Turkey as the newly authorized state institution, many American companies conducting business in Turkey besieged the MSA with letters of complaint, notes, and memos about the troubles they had in completing projects or meeting financial requirements, generally blaming their Turkish counterparts.[302] Failures in communication due to the language barrier were also harshly criticized in these correspondences.

[301] NARA, RG 469, “David T. Killough, Final Report on Cotton Production and Quality Improvement Programs for Turkey,” 1951.

[302] NARA, RG 469, “Memorandum Concerning the Preliminary Visit of Mr. Leon Dayton to Turkey”; “Letter to William H. Draper and Paul R. Porter from Leon M. Dayton,” September 13, 1952.

Throughout late 1952 and into 1953, the MSA agents evaluated the Turkish achievements and shortcomings of the previous five years. They also noted that the burden on American state institutions and revenues to finance Turkey was too large to be sustained.[303] With the altering of the previous American foreign policy that had aimed to reenergize allied economies in the post-WWII period by focusing on military enhancement, the financing of Turkey's economic modernization was not the MSA's concern. However, these efforts could possibly be transferred to other American organizations.[304] The earlier challenges of the American economic goals in Turkey included replacing wooden plows with tractors; that had been a convincing success. Since the beginning of the Marshall Plan, Turkey had received more than 6,000 tractors, an insufficient but nevertheless significant number. However, these machines brought additional costs with them, such as the costs of spare parts and petroleum.[305] Concerning outcomes such as high inflation, the need for constant foreign capital flows, and importations for rapid industrialization had already become the reality of the growing Turkish economy. These were expected results; however, there was no longer a U.S. administration offering economic cooperation to bail Turkey out of its cash-flow deadlocks. The MSA had new aid responsibilities and the continuation of Turkey's economic modernization would need to be taken up by other American organizations.[306] **

303 Killough, "Final Report on Cotton Production and Quality Improvement Programs for Turkey."

304 FRUS, 1952, Volume VIII: Eastern Europe; Soviet Union; Eastern Mediterranean, "Memorandum of Conversation, by the Ambassador in Turkey (McGhee)," October 24, 1952, 902-905.

305 That was one of the earliest observations of any American advisor, expert, or institution entering the country. McGhee indicated that a similar need could emerge in the following years in one of his early meetings with the DP government after he was assigned as the ambassador to Turkey. McGhee, 123-24.

306 "Memorandum Concerning the Preliminary Visit of Mr. Leon Dayton to Turkey."

The DP government did not share the concerns of these American institutions. The increase in gross national product, improvements in public satisfaction and living standards, positive trends in agricultural production, and growing export rates were all pleasing results.[307] The American aid and credits from international institutions had allowed the government to allocate a budget for new projects, such as Thompson-Starrett's cooperation with German and Turkish corporations on the dam project for the Sakarya River or Squibb & Sons' new pharmaceutical manufacturing plant. DP decision-makers expected more capital to continue arriving as long as they continued taking constructive steps to offer more incentives.[308]

Believing that the market would attract more private capital in the long run, the DP considered the budget deficits and rising inflation to be the short-term results of rapid industrialization. The U.S. and other international creditors, they felt, should tolerate these setbacks until Turkey could complete its development.[309] The efforts being made for Turkey's economic leap forward and its integration into the alliance should be rewarded and supported by stakeholders of the alliance, and particularly the U.S. Thanks to American-provided machinery, improved infrastructure, and cooperative weather conditions, Turkey's agricultural exports would allow the credit deals to be repaid in the upcoming periods. Furthermore, with this rapid industrialization spreading to other business sectors, Turkey could pursue a sustainable economy. Therefore, in 1952, Menderes gently criticized the American fears of the budget

[307] Boratav, *Türkiye İktisat Tarihi 1908-1985*, 80.

[308] Maxfield and Nolt, 69-70.

[309] NARA, RG 469, "Memorandum of Conversation at the Ministry of Finance," September 8, 1952.

deficit by emphasizing Turkey's export achievements.[310] For example, Turkey grew about 6 million tons of wheat in 1952, the volume having doubled in two years, and at least $60 million worth of wheat sat in warehouses in İstanbul waiting to be exported.[311] Based on this simple statistic, gloomy and pessimistic estimations about the collapse of Turkey's achievements were rejected with confidence.[312] The DP government planned to continue relying on its ally to devise solutions as it had always done.[313]

Indeed, Turkish products achieved success in the world markets in 1952. Due to the wartime devastation of cultivation areas, loss of workforce, and economic destruction, the European markets were desperate to import Turkish agricultural products in the early 1950s. However, this would change with the recovery of Turkey's agricultural competitors in the international market, such as the Netherlands. With its return to the competitive market, the Netherlands knocked down the prices set for Turkey's primary products like grain and wheat. The bitterness in this rivalry alerted Turkey to the need for producing larger quantities of exportable agricultural commodities and dropping unit prices to stay in foreign markets.[314] The DP government reluctantly revised crop prices and accepted internal losses rather than letting Turkey lose its position in the world markets. Asking

[310] "Memorandum of Conversation at the Ministry of Finance."

[311] TÜİK, "Statistics of Foreign Trade of 1951," Ankara, 2015.

[312] NARA, RG 469, "Meeting with Ministry of Foreign Affairs," September 9, 1952.

[313] "Memorandum of Conversation at the Ministry of Finance."

[314] NARA, RG 469, "MSA to the Department of State, Annual Economic Review Turkey (1951)," February 25, 1952. Turkish wheat had been selling for $136 per ton, $40 above the world market cost, and cotton at $0.35 per pound, down from $0.60 per pound. Part of this was due to market readjustments following a sharp rise in demand during the Korean War, when Turkish cotton could be sold for $1.20 per pound.

farmers, their primary voters, to lower prices on their products was a losing proposition. However, the DP was enthusiastic to see Turkey adapting to competitive markets by setting better standards for production, quality, and the reliability of products and fighting aggressively to keep a strong position in the world markets.[315] Becoming more competitive would be a long process, but the DP government was eager to do whatever would be necessary for that goal.

This combination of an economic leap, eagerness, and MSA reports highlighting the importance of sharing the burden with other actors brought the two sides together to work on foreign direct investments in late 1952. The enactment of a recent privatization law and the founding of the Industrial Development Bank of Turkey to finance development projects were in line with such a focus. Furthermore, 1952 was a significant year as the Turkish government began seriously considering opening up Turkey's most sacred industries and sectors, including petroleum, to private capital to make more profit and improve production to the highest possible levels.[316]

3.6. Adding a "Commercial Diplomat" to the Mix: George C. McGhee's Arrival

Dealing with a government determined to attract foreign investments, the Department of State needed to assign a commercial diplomat to Turkey. The current American ambassador, George Wadsworth, who was not a businessman, planned to

[315] Ibid.

[316] "Petrol Politikası" ("Oil Policy"), *Zafer* (*Victory*), August 14, 1952, 2; "Petroleum Operation Institution is Established," *Cumhuriyet* (*Republic*), December 7, 1952, 1.

retire in late 1951. Truman selected George McGhee, a vivacious Texas oilman with a geology degree, to be the next ambassador to Turkey. McGhee had made millions from his oil business. As a businessman, he knew how to promote American business overseas, conduct market research for companies, and convince his business colleagues to enter the Turkish market.

Furthermore, like Dorr, McGhee was not a stranger to Turkey. Before being assigned as ambassador, McGhee had served as Assistant Secretary of State for Near Eastern Affairs and as the head of the U.S. Aid Mission to Turkey, which allowed him to learn diplomacy, understand Turkey's business opportunities, and build a network among Turkish decision-makers.[317] McGhee was thus returning to Turkey in February 1952.

McGhee's appointment to the Turkish mission could be evaluated as the beginning of the golden years of American enterprises in Turkey for several reasons. First, as a former agent of the ECA, he was familiar with Turkey's economic activities, upcoming needs, and concerns, which helped him skip any adaptation period for learning about the Turkish dynamics. Just as the ECA had feared, McGhee realized that the growth of the Turkish military made it very difficult to allocate any budget for development programs. Quick industrialization would increase the demand for industrial products such as petroleum and machines, which would hamper the Turkish economy and cause higher inflation. In modernizing the country, agricultural

[317] From his first arrival to Turkey in the late 1940s, McGhee built strong ties with Turkish decision-makers including İnönü, Menderes, and Bayar. He was one of the most ardent supporters of Turkey in its efforts to join NATO. He even bought a summer house in Alanya, a small town within the province of Antalya, in the early 1950s and spent many summers there until the house was donated to Georgetown University in 1989.

enhancement, the import of foreign oil for imported tractors, and spare parts and fertilizers for better cultivation were all needed. Shortages of aid would jeopardize the sustainability of the economy.[318] Opening up new lands for cultivation and increasing agricultural production caused drastic growth in the importation of fertilizers and tractors. To make those machines work smoothly in the fields, oil products and spare parts also needed to be purchased, raising the import costs in comparison to exports. Despite the exciting progress in agricultural production and industrialization, sustainability was in danger without aid, according to McGhee's diagnosis.[319]

Having a solid background in business and knowing Turkey's economic problems, McGhee was one of the best men for the position, well equipped for solving Turkey's emerging capital problems without depending solely on the U.S. economy. His initial thoughts show that McGhee was optimistic about Turkey's economic future due to its impressive export rates in recent years thanks to agricultural production. Potential markets could be exploited by matching them with reliable American multinationals. In the end, such attempts could reduce future levels of assistance.[320] However, the removal of Turkey from aid programs, at least in terms of military aid,[321] was unlikely in the immediate future. On the other hand, McGhee

---

[318] FRUS, 1952, Volume VIII: Eastern Europe; Soviet Union; Eastern Mediterranean, "The Ambassador in Turkey (McGhee) to the Department of State," January 21, 1952, 865-66.

[319] Ibid.

[320] FRUS, 1952, Volume VIII: Eastern Europe; Soviet Union; Eastern Mediterranean, "Memorandum of Conversation, by the Ambassador in Turkey (McGhee)," February 10, 1952, 873-80.

[321] Turkey received $100 million in military aid, besides other aid, credits, and grants, in 1952.

shared the Truman administration's economic concerns and agreed that Turkey should start considering alternative policies to improve its budget allocation.[322]

The enactment of a more incentivizing privatization law clearly showed that the Turkish leaders were determined to apply the rules of the free market. Both President Bayar and Prime Minister Menderes were ardent supporters of using private enterprises to launch a competitive market. However, McGhee believed that Turkey's inexperience with such an economic mindset had stalled the liberalization process. Additionally, he stated, overturning an already established economic system was not among the realistic short-term plans.[323] Still, the DP government seemed passionate about pursuing change and bringing more foreign capital to the Turkish market. The Industrial Development Bank, established in March 1952, encouraged costly development projects and progress toward a more open investment atmosphere. Investing in a business was not common in the culture of Turkish small-business owners; only the wealthy elite had previously shown interest in applying for credit to invest in their enterprises.[324] New banking regulations in the fiscal year of 1952 also favored easy-credit options for the business world. According to the national budget declaration for that fiscal year, Turkish banks were committed to providing $18 million to finance private initiatives after the enactment of the law in 1951. Priority would be given to massive development projects such as hydroelectric plant construction and business enterprises supporting the public welfare.

[322] McGhee Papers, Box 1, "Transmitting Memorandum of Conversation Between the Ambassador and Prime Minister and Foreign Minister on February 10, 1952," February 18, 1952. The same document was also included in RG 469.

[323] McGhee, 123-24.

[324] "Report on Domestic Investment in Turkey."

Furthermore, in collaboration with the Turkish Information Office, the MSA prepared and distributed pamphlets about "Doing Business with Turkey" for American multinationals. These pamphlets contained information about Turkey's business culture and market opportunities, key business destinations and tips, and even suggestions about where to stay and what to eat.[325] Bringing American foreign companies together with Turkish capitalists for cooperation through existing Turkish companies would eventually help Turkey shape a genuine capitalist Turkish character and perspective.[326] After February 1952, McGhee would be at the heart of such a networking system.

Benefitting from his positive reputation among both American and Turkish circles and his ambassadorship, McGhee conducted productive meetings with Turkish decision-makers and American business owners in 1952. Turkish cabinet members highlighted their eagerness to attract American capital, primarily focusing on public welfare and development. Visible results of such development included the construction of dams in Anatolia, improved highways, electrification of the country thanks to GE, and Squibb & Sons' contribution to Turkish public health; however, the DP expected more. Initially, McGhee offered to promote a joint program, including an improved treaty of friendship and commerce between the two states, but he insisted that this treaty be prepared with the direct inclusion of both Turkish and American business owners in the process.[327] After publishing standard business

---

[325] *Doing Business with Turkey* (New York: Turkish Information Office, 1951) was produced for Americans to learn about the culture of Turkey. This 46-page pamphlet included significant business tips, illustrations of Turkey, and valuable travel advice.

[326] Ibid.

[327] McGhee Papers, Box 1, "Transmitting Memorandum of Conversation Between the Ambassador and Foreign Minister Koprulu on February 1, 1952," February 7, 1952.

pamphlets, business committees and decision-makers from Turkey could visit the U.S. to represent themselves and Turkey's market opportunities as another key initiative. McGhee promised to play his own part in that process by setting up meetings with American investors and encouraging them to bring their business vendors to Turkey.[328]

McGhee was keen to keep that promise and expressed his intentions of bringing America's leading cotton giant, Anderson, Clayton and Company (ACCO), to Turkey in a discussion with Menderes on February 18, 1952.[329] This company was founded in Oklahoma City; however, it had moved its operations, including research and development facilities, to Texas, where McGhee established connections with its owner. William Clayton was a notable figure for American commerce overseas. He supported the promotion of American businesses in international markets and he also played a direct role in shaping the Marshall Plan.[330] After fifty years in business, ACCO had become one of the most powerful cotton-product monopolies in the U.S., providing 12% of America's production in this field in the 1950s.[331] The provision of know-how in irrigation, fertilization, and mechanization was also included in the company's services. Furthermore, ACCO was securing loans for its operations abroad[332] to contribute to developing countries' agricultural production. After jumping into the whole-foods industry in 1952, ACCO sought other destinations for

[328] Ibid.

[329] William Argue, "History of Anderson, Clayton and Company," *Journal of the American Oil Chemists Society* 37 (1960): 4-5.

[330] Ibid.

[331] Ibid.

[332] In the 1950s, ACCO expanded its operations in Brazil, Mexico, Paraguay, Peru, Argentina, and Egypt.

the construction of massive plantations rather than simply the distribution of commercial products or raw materials. Its newest target was the cotton cultivation areas around Adana, Turkey.

McGhee, in the aforementioned meeting, approached Menderes about ACCO's interest in entering the Turkish market; its limitless capabilities and extensive experience in the cotton industry could help standardize and sell Turkish cotton to the world in large quantities.[333] McGhee also mentioned ACCO's success in constructing a giant plant for food merchandising in Sao Paulo, Brazil, and in cultivation areas in Egypt in his efforts to impress Menderes. The prime minister was already convinced, though, and was pleased with McGhee's offer to set up a meeting between Turkish decision-makers and Clayton himself in the upcoming weeks.[334]

McGhee was a master of networking and it could be said that his best trait was his ability to earn the trust of his business partners. After consecutive conversations and meetings with parliament members,[335] McGhee convinced them about the sincerity of American capitalism and its prospective advantages for the Turkish economy, which, he assured them, had nothing to do with the imperialism of the 19th century. In previous discussions with Minister of State Enterprises Enver Güreli, Permanent Representative of Turkey to NATO Ambassador Zorlu, and Menderes, he had made good progress in improving the privatization law of 1951,[336] reshaping it to loosen

---

[333] McGhee Papers, Box 1, "Transmitting Memorandum of Conversation Between the Ambassador and Prime Minister and Foreign Minister on February 10, 1952," February 18, 1952.

[334] Ibid.

[335] Zorlu, Menderes, Bayar, Güreli, and even former president İnönü were among the discussants.

[336] Especially during the discussion on ACCO's prospective arrival to the Turkish market, McGhee stated his concerns about the 10% profit take-away rule and advised that this limit be relaxed so as not

the limitations on profit sharing and transfer. Securing improvements to that law could yield better legal grounds for bringing more American multinationals seeking profitable deals to the Turkish market. McGhee specifically predicted that the petroleum industry could be the most profitable field in this regard.[337]

Doing its best to keep its promises to voters, the DP was searching for any promising way to attract foreign investments to Turkey, achieving this to some extent in agriculture, infrastructure, and mining. Sensing an opportunity to generate more revenue, Ankara seriously started to consider the development of the petroleum sector. This sector had not reached the expected standards in the past three decades. Developing such a valuable and potentially profitable sector could solve all government revenue problems, reduce dependency on petroleum products with improvements in mechanization, and enable self-sufficiency in military spending.[338] The MTA's explorations had uncovered petroleum deposits along Turkey's borders with oil-rich countries like Iraq and Syria, encouraging Turkey and American MNCs to continue drilling operations to reveal the full potential.[339] However, as all American advisors and ECA agents had previously indicated, this valuable sector should be liberated from the hands of clumsy "statist" institutions. If Turkey could ensure efficiently operating petroleum wells and decent production volumes, it could generate the necessary revenues for industrialization and cut back on the sums spent annually on imports of foreign oil. McGhee chose to focus on this aspect.

---

to repulse possible investors. McGhee Papers, Box 1, "Memorandum of Conversation Between the Ambassador and the Minister of Economy and Commerce," October 1, 1952.

[337] Ibid.

[338] McGhee, 126.

[339] Ibid.

In an informal lunch with Menderes and Bayar at the Marmara Kiosk in Atatürk Orman Çiftliği on June 5, 1952, McGhee found an excellent opportunity to talk to Turkey's top leaders about enacting a separate privatization law for petroleum research operations. Professionally skilled at turning the topic to business in conversations with Turkish leaders, McGhee was prepared, supporting his suggestions by downplaying the results of Turkey's 30 years of operations around Mount Raman. He then praised Standard Oil's achievements in Venezuela, Saudi Arabia, Iraq, and Kuwait, as that corporation had received an initial investment of $50 million and was currently enjoying average annual profits of $150 million from the petroleum business.[340] On the other hand, states that kept petroleum resources nationalized, such as Argentina, Mexico, and Chile, had lost their places in the international market due to inadequate production without private help. McGhee was also familiar with Turkey's long struggles with petroleum drilling operations as well as its desire to fuel the economy with dollars in the event of generating excessive numbers of barrels in the production process.[341]

Talks between the DP government and the American embassy about the privatization of the petroleum fields[342] were steaming ahead in late 1952; however, the RPP challenged these talks. As a minority party, the RPP was already left out of significant acts of parliament, such as the DP's decision to send troops to Korea in

[340] McGhee Papers, Box 1, "Transmission of Ambassador's Memorandum of Meeting with President Bayar, May 28, 1952," June 5, 1952.

[341] McGhee Papers, Box 1, "Memorandum of Conversation with the President, Prime Minister, and Foreign Minister," November 13, 1952.

[342] Not only the top members of the Turkish parliament but also American Charge d'Affaires Gerald Keith, Consul William M. Rountree, and Commercial Attaché Victor von Lossberg attended these high-level meetings.

1950. Hoping to receive the nationalists' support, the RPP demanded that the DP clarify its petroleum policy to the public. However, these calls did not make the expected impact. Turkish public opinion, especially among the agrarian society and the business elites, reflected contentment with the floods of increasing income and no objections to foreign capital. Similarly, the public did not quarrel with the expansion of business with Americans.[343] Minister Güreli had released a statement after meeting with McGhee a month previously. This statement underlined the insufficiency that had plagued petroleum research and drilling processes since the early republican era. In spite of the large amounts of money spent on this sector, the gains were minimal. The ultimate goal, with the help of foreign capital and technical assistance, was to exploit more petroleum wells and products and accordingly reduce the budget being allocated for the importing of petroleum products.[344] The law to be developed would preserve the roles of the state or Turkish businesspeople in the control of these resources; however, help from reliable MNCs was necessary to achieve efficiency in this sector.

Many newspapers with more pro-statist or pro-RPP stances evaluated this decision as rolling out a red carpet for a return of the Ottoman Public Debt Administration and an inexcusable violation of Atatürk's memory and his statist reforms. It was believed that the DP government was playing a dangerous game with the capitalist powers by encouraging the introduction of foreign capital into the Turkish oil sector. However, the DP continued defending their decision.[345] The RPP's opposition to this policy,

[343] GNA Minutes, 9th Parliament, Vol. 13, February 28, 1952, 1212-22.

[344] McGhee Papers, Box 1, "Memorandum of Conversation Between the Ambassador and the Minister of Economy and Commerce," October 1, 1952.

[345] GNA Minutes, 9th Parliament, Vol. 13, February 28, 1952, 1218-19.

however, was also controversial. Only three years previously, when the RPP was in power, working with foreign multinationals and getting help from them was being discussed. The president of the MTA conducted negotiations with Socony agents regarding a prospective partnership and future investments in the sector.[346] During heated debates about the petroleum issue in GNA sessions from 1952 to 1954, DP parliament members commonly attacked the opposition about the RPP governance during the one-party regime. They blamed the RPP for filling the ranks of the MTA with RPP supporters, causing inefficiency in such a valuable industry. They also emphasized that the RPP was the governing party that had first approached U.S. institutions and multinationals back in the 1940s. The DP continued campaigning for reforms in this sector, underlining the promise to bring prosperity and capital to Turkey.[347]

The DP government released a statement in October 1952 that stressed the insufficiency present in petroleum research and drilling processes since the early republican era. This statement gave McGhee the green light to intensify his focus on the Turkish oil sector. He spent 1953 reading reports about drilling operations and oil deposits along the Syrian border, visiting work sites, and contacting other American professionals for better land surveys and legal advice. Not impressed with the results, he ardently advised sponsoring separate legislation to encourage foreign oil companies to share the rights of oil discovered in Turkey. Further operations

346 NFT, "International Contacts," April 7, 1949.

347 GNA Minutes, 9th Parliament, Vol. 13, February 28, 1952, 1209-28.

conducted by professional companies with advanced research techniques could reveal the extent of the sector's potential.[348]

The petroleum law of Turkey enacted in 1926 only authorized national institutions to conduct drilling operations, which had to be changed according to McGhee. A new law, prepared by considering the current conditions and precedents of foreign investment laws of other countries, was needed to attract American multinationals.[349] McGhee was ready to contact well-known Americans with experience in oil legislation if the Turkish decision-makers were interested. He initially proposed Herbert Hoover Jr., who was running an oil exploration company called United Geophysical Company Inc. in these years and assisting Iran in establishing new oil concessions.[350] However, Hoover was assigned as a special envoy to Iran to find a middle ground between Iran, Britain, and the U.S. after the 1953 coup d'état in Iran. McGhee's next suggestion was the former director of the Oil and Gas Division of the Department of the Interior, Max Ball, who also happened to be his good friend.[351]

3.7. Results

In the first three years of the DP government, Turkey and the U.S. enjoyed a honeymoon of sorts in terms of both political and military relations and economics and business. After the DP, as an ardent supporter of American financial guidance

---

348 McGhee, 127-28.

349 FRUS, 1952, Volume VIII: Eastern Europe; Soviet Union; Eastern Mediterranean, "The Ambassador in Turkey (McGhee) to the Department of State," May 31, 1952, 890-93.

350 Ibid., 892.

351 McGhee Papers, Box 1, "Advisor to Turk Government on Petroleum Legislation," March 23, 1953.

and privatization, was elected as the governing party in 1950, the reluctance and hesitations regarding liberal economic policies started to be replaced by sincere invitations to foreign capital. While the state enjoyed foreign financing and credit opportunities for its modernization and infrastructure processes, individuals such as farmers and the business class were delighted to increase their revenues through better agricultural production and partnerships with American companies and products to enhance their businesses.

The promising improvement in economic welfare among the voters and the visible results of the ECA funds in terms of state modernization were direct reasons for the DP government to enact a new foreign investment law in 1951. The government also showed signs of enacting other improved liberal laws and expanding privatization in various sectors in the upcoming years. It was known that the Marshall Plan was about to end, taking with it the flows of currency and imported products to the Turkish market, and both the DP government and ECA agents believed that attracting more foreign direct investment would be an appropriate solution. Therefore, both sides eagerly came together to work on drafting a bill in 1951. American economists such as Dorr and Barker actively participated in the drafting processes, sharing their knowledge and ideas about attracting American investors. With no reservations about their advice, the DP government generally approved the proposals.

The number of American companies entering the Turkish market did not meet the demand but did show promise for the future. In line with Turkey’s industrial modernization goals, the construction of factories and assembly lines for products such as drugs and light bulbs contributed to the national prestige. The Americanization of Turkey through improved production and construction became a political motto. The interest of Pan American Airlines and Hilton Hotels in Turkey suggested that more American businesses would be visiting Turkey soon. Ambassador McGhee convinced the DP leaders to involve American MNCs in Turkey's petroleum research operations. Socony, which had been selling its products for years in the Turkish market, was waiting for an opportunity to expand its business activities. Seeing the potential in the Turkish market and embracing the country's struggle to become a "little America," American investors in Turkey started to transform into lobbyists for the country among their own circles. In late 1952, there were only a few fields, such as oil drilling operations, in which the Americans did not actively participate in Turkey, allowing anyone to see why this period was like a business honeymoon between these two states.

CHAPTER IV

"In talking to the Turkish dignitaries, 'When my government asked me what I thought I could do for Turkey, I said, I can bring rain, so they said, go on out to Turkey.' The reference, of course, is that Turkey last year had a bad wheat crop for lack of moisture."

Clarence B. Randall[352]

4.1. Concrete Steps to Privatizing the Oil and Mining Industries

By late 1952 and early 1953, privatization efforts were focused on the oil sector. Public statements by DP leaders, debates between deputies in the GNA minutes, and columns in both Turkish and American newspapers all signaled that Turkey would

[352] Clarence B. Randall Journals (Randall Journals hereafter), Box 7, Turkey 1956, January 28-March 6, "Saturday Morning, February 11th, Barclay Hotel, New York," 29.

announce a revolutionized privatization bill for the oil sector, meeting the American expectations.[353] Although it was emphasized less in these debates, the DP was also working on another private investment incentive law to cover all sectors, including mining. Scattered across Anatolia, Turkey's iron, manganese, chrome, and wolframite fields, fifteen of which were commercially promising, had been operated by SOEs, were not modernly equipped, and were well below the standards for extraction volumes.[354] The new law, if enacted quickly, would charter mining concessions for private initiatives by both Turkish and foreign companies, allowing the deposits to be exploited for a period that would range from 40 to 99 years. The first two years of the contract would cover the supervision process. If the contracted company failed to extract the agreed tonnage, the mine would be terminated. Promising to surround all sectors for equal competition in the market, the DP government hoped to introduce a new mining law to encourage the growth of private investments in that sector in 1954.[355]

American geologists and experts who took part in the Thornburg and Barker expeditions had already hypothesized that Turkey could increase its volumes of mining products as well as its currency earnings through exports to NATO allies in

---

[353] Welles Hangen, "Turkey Preparing Private Oil Code," *New York Times*, May 17, 1953; GNA Minutes, 9th Parliament, Vol. 13, February 28, 1952, 1218-1226; DSA, "Yabancılar tarafından Petrol kaynaklarımızın tesbiti, çıkarılması işletilmesi için gerekli işlemlerin yapılması" ("Foreigners carrying out the necessary procedures for the detection, extraction, and operation of our petroleum resources"), 130-81-3, November 12, 1952; DSA, "Hükümetimizin yeni petrol siyaseti ile ilgili olarak, New York Journal of Commerce gazetesinde çıkan makale" ("An article published in the *New York Journal of Commerce* on our government's new oil policy"), 102-639-11, December 18, 1952; *Cumhuriyet* (*Republic*), "Yeni Petrol Politikamız Yurtdışında İlgi Yarattı" ("Our New Oil Policy Has Created Interest Abroad"), January 12, 1953.

[354] NARA, RG 469, "Extracts from Report IR/SRE (Mr. Samuels, Director) on BMP Discussion Between Mac Goodman and MSA/Turkey," December 22, 1952.

[355] "Turkey Preparing Private Oil Code."

their former reports and country studies.[356] Turkey was a significant exporter of chrome and its iron ore was also popularized thanks to increased extraction volumes, notably in the Dutch and Italian markets in the early 1950s.[357] However, the MSA set higher expectations for the Turkish market to increase the variety of exported products. Enhancement in the mining sector could facilitate such a leap. Additionally, the extraction of more ore could reduce Turkey's military dependence on the U.S. by allowing development in military production industries like machinery and ammunition.[358] As NATO's policy priorities evolved into more military spending to stop adversaries, the efforts to improve the Turkish mining sector and integrate its manufactured products into allied markets also gained higher priority. Stimulating private enterprises for that purpose could simultaneously allow Turkey to dominate several other sectors besides chrome in the foreign markets.[359] As the MSA reports predicted, such improvement in the mining sector would require more cash flow, credit options, and know-how; they urged the necessity of new regulations from the Turkish government and financial institutions such as the Industrial Development Bank.[360] In line with the MSA's advice, the bank established a Mining Branch to provide credit to Turkish and foreign private investors as a

---

[356] Both Thornburg and Barker devoted a chapter in their reports to the promise of the oil sector in Turkey. Both also underlined that Turkey should consider better research operations with the involvement of foreign private companies for more success in this sector.

[357] James Morris, "Recent Problems of Economic Development in Turkey," *Middle East Journal* 1, No. 14 (1960): 6.

[358] NARA, RG 469, "Office of the Special Representative in Europe Airgram, no: Torep A-171, From: MSA/Ankara, To: MSA/SRE PARIS, SUB: Defense Production Study, OSP FY 54," April 28, 1953.

[359] FRUS, 1952-54, Volume VIII: Eastern Europe; Soviet Union; Eastern Mediterranean, "Memorandum of Conversation, by the Ambassador in Turkey (McGhee)," February 10, 1953, 878. Morris, in "Recent Problems of Economic Development in Turkey," also refers to such increases in volumes of extracted minerals (5-7).

[360] NARA, RG 469, "From: Mutual Security Agency, To: National Advisory Council, SUB: Turkish Basic Materials Project," June 15, 1953.

supplemental regulation for the new Turkish mining law, making more loans of up to $25,000 available as a short-term solution.[361]

A new privatization law for the mining industry and other natural resources was reviewed in the GNA in May 1953. The submission of a draft was expected in anticipation of enacting it before the end of the year. However, Menderes and his cabinet preferred to prepare a carefully considered and detailed draft in consultation with advisors they would approve.[362] Eventually, the law would require the most updated and appropriately adapted terms of international law while tempting foreign investments. As the former privatization law in 1951 had some flaws with limitations on transactions of capital and materials for business owners and could not satisfy the demands, the DP decided to handle this process delicately.[363]

Oil privatization was a separate topic in these discussions because the Turkish governments have always been cautious about inviting foreign investors to this field, and McGhee, as a specialist in that sector, mainly conducted meetings with the DP government and his own entourage. After six years of work in Turkey, McGhee had built up a notable reputation among Turkish decision-makers. He convinced the DP leaders to invite organizations with foreign capital and know-how to increase the efficiency of oil research operations. In 1953, he earned a position on the law

---

[361] NARA, RG 469, "Letter to Mac Goodman, SUB: Turkish Basic Materials Program, Records of the US Foreign Assistance Agencies," March 13, 1953.

[362] In *Investment in Turkey: Basic Information for United States Businessmen*, which was published in 1954, the foreword highlighted the direct roles of Richard Robinson, H.J. Cummings (the director of the Near Eastern and African Division, Bureau of Foreign Commerce), Rasim Cenani (a Turkish lawyer specializing in foreign investment matters), and Jasper Streeter (a British businessman with many years of experience in Turkey) in the law-making process. See Appendix III.

[363] Ahmad, 132.

drafting committee, just as Dorr had done in discussions about the privatization law of 1951. The DP leaders knew that McGhee had a background in the petroleum business and a significant network among both Americans in oil and lawmakers. He could help Turkey get in touch with qualified geologists and lawyers to retain their services. Indeed, McGhee worked closely with the Department of State on this issue and a list of notable American geologists was provided to the DP government in December 1952. Max Ball, the former Director of the Oil and Gas Division of the Department of the Interior and a good friend of McGhee, topped the list after Hoover Jr. was assigned to Iran.[364] In addition to furthering its negotiations with Ball, the DP also invited geologists and agents of several American multinationals together with Dutch Shell Co. to work in the oil fields around Mount Raman. The embassy in Ankara was pleased to be involved in this process and to see American advisors and companies taking part with optimistic thoughts about the new bill.[365]

Inviting foreign investments in the oil sector was still a delicate issue. The GNA sessions of the last term on privatizing the oil industry witnessed harsh debates between DP and RPP deputies. Considering the heated debates in GNA sessions and aggressive articles in the Turkish press in previous years, the DP now intended to avoid broadcasting any plans that would generate clashes between foreign investment topics and the nationalistic feelings of the public. Therefore, the prospective privatization of petroleum reserves largely remained an inner-circle

[364] McGhee Papers, Box 1, "Advisor to Turk Government on Petroleum Legislation," March 23, 1953.

[365] Ibid.

discussion. That inner circle consisted of the leaders of the DP government and U.S. embassy officials in 1952, but not RPP members.[366]

These prospective new regulations about oil concessions fueled talks about denationalizing the oil reserves of Turkey. The ultimate goal was to encourage private foreign oil companies to assist Turkey in drilling and production operations without losing the state's support in the market. Meanwhile, debates in GNA sessions on the possibility of new reforms favoring foreign capital deepened. During the budget discussions of the 1953 fiscal year, increasing state revenues by allowing foreign businesses to invest in more sectors in the market was a particularly hot topic. DP deputies underlined that extracting more oil with the help of multinationals with experience in that sector would enhance the Turkish economy and reduce the amounts spent on petroleum products.[367] Trying to detract attention from the nationalistic criticisms of RPP deputies, DP members regularly emphasized the standardization, organizational, and efficiency benefits of the upcoming law for all mining and natural resource sectors in addition to increased state income. Moreover, trying not to remain in the shadows once again, the DP government was determined to convey these developments to American businesses by marketing Turkey in the U.S. DP members mocked those who viewed the new law as solely a petroleum bill and opposed it from a statist perspective. On the contrary, this law was only the beginning, and the DP would do anything to offer incentives for further investments

[366] Talks between the DP government and American officials on opening Turkey's oil resources to foreign investment were referenced often in the McGhee Papers, the Randall Journals, and FRUS 1952-54, Volume VIII. In GNA sessions, the opposition intensified the tone of criticism against those secret meetings, particularly in 1954, after Ball's arrival in late 1953 to work on a revised petroleum law.

[367] GNA Minutes, 9th Parliament, Vol. 20, February 16, 1953, 9.

from the U.S., establishing new campaign offices in major prosperous American cities.[368]

Heated debates were moved to the sidelines in both the Turkish and American press. Even though nothing had been announced publicly, *Cumhuriyet* delivered exclusive news that struck a nerve with the nationalists: the agents of foreign multinationals had already started to visit Turkish oil facilities for inspections. These agents were taking on pivotal roles in exploration and drilling operations.[369] That had never been a secret; asking for foreigners' counsel and inviting private companies to map out a working oil policy had been a part of the Turkish oil program since the early republican era. In particular, American experts had always been granted permission for visits to the economic centers of Turkey.[370] However, the opposition was once again quite disturbed by being excluded from the discussions. The RPP was informed about news in this field when the Americans were already at the center of the process. This news revealed that the DP government was no longer hesitant to grant permits for pipeline construction or the renting of warehouses to American multinationals openly, even before the talks about the new law were concluded.

Moving beyond simple advice about drilling operations, the MTA agreed with the Ralph M. Parsons Company on the construction of a 26-mile-long pipeline and

---

[368] After establishing a press and commercial office in New York, new offices to be built in Philadelphia, New Orleans, Chicago, and San Francisco were agreed upon in the minutes. Ibid., 46.

[369] "Yeni Petrol Politikamız Yurtdışında İlgi Yarattı."

[370] According to the Turkish state archives, hundreds of foreign professionals were granted work permits to participate in road building, oil drilling, and electrification, all in industrial and infrastructural fields. The number of foreign advisors had increased, and especially Americans, after the Marshall Plan and the ECA programs. This method was a common approach in Turkey for adopting new know-how techniques before the DP's privatization laws were enacted to abolish limits on employees and tool transfers of foreign multinationals.

refinery in the area around Raman and Garzan. According to this deal, the MTA would work jointly with the American company, which promised to complete the construction of facilities for oil processing, refining installations, storage tanks, a laboratory, repair shops, and a pipeline in two years. Turkey would provide $7 million of the costs. After completing the project, Parsons would operate the entire facility for a year, train Turkish personnel for the upcoming takeover of the facility, and participate in drilling operations.[371] The facility would be handed over to SOEs if Parsons could not fulfill its contractual obligations. In April 1953, Socony received a similar grant from the Ministry of State Economic Enterprises to join drilling operations in Eastern Anatolia under the MTA's surveillance. Socony was working on expanding its branch in İstanbul and had begun moving machinery for drilling operations through customs.

In the GNA minutes of April 9, 1953, RPP deputies acknowledged their discomfort about the DP assigning several empty warehouses belonging to the Municipality of İstanbul to Socony for business purposes. Socony's machines for better drilling operations and petroleum products were stored in these warehouses to be sold in the Turkish market; however, the RPP accused the authorities of allowing these business activities to be conducted illegally by exempting them from taxes.[372] Inviting Socony agents to the region to study the geological conditions of soil and monitor operations was not the source of this rift, nor was the presence of other multinationals' agents.[373] Learning about the drilling equipment and foreigners taking leading roles

---

[371] "Coast Man Wins Contract for Turkish Oil Refinery," *The Arizona Republic*, January 23, 1953, 22.

[372] GNA Minutes, 9th Parliament, Vol. 21, April 9, 1953, 302-4.

[373] NFT, "American Geologists Arrive in Turkey," April 2, 1953, and April 23, 1953.

in the operations even though MTA directors should have been in charge was what bothered the opposition the most.[374]

The DP responded to these accusations by reminding the RPP of Socony's unique place in the Turkish business world. The company had been present in the Turkish market since Ottoman times as a subsidiary of Standard Oil, before anti-trust laws dissolved that company. In 1952, Socony and the DP government agreed to nationalize the Turkish subsidiary and rename it "Sokoni-Vakum Petrol Anonim Ortaklığı," or Socony-Vacuum Petroleum Inc.[375] Turkey needed Socony's capital and know-how to pursue more effective drilling and exploration operations. Talks between the Turkish governments and Socony agents had been pursued since the late 1940s. Looking for a reliable source of support to bolster the MTA's struggling efforts, however, Turkey could not find common ground for signing a deal with Socony for some years. Lacking adequate laws for the protection of foreigners' assets, putting limitations on profit transfers, and providing no tax incentives for imports from foreign multinationals, Turkey did not reflect a good market image before the 1950s. Socony's nationalized branch in İstanbul had some privileges, such as assigning agents to observe research operations or selling machinery to the MTA.[376] However, the law at that time neither allowed this company to be an independent investor in drilling operations nor permitted it to import machinery with tax exemptions and store it in municipality warehouses. However, having always

---

[374] Ibid., Carl Smith and E.T. O'Connell arrived in Turkey as project managers on April 23, 1953.

[375] DSA, "Merkezi İstanbul olmak üzere Sokoni-Vakum Petrol Anonim Ortaklığı'nın kurulmasına izin verilmesi" ("Granting a permit for the establishment of Sokoni-Vacuum Petrol Anonim Ortaklığı, with its headquarters in İstanbul"), 125-25-8, March 15, 1952.

[376] Ibid.

viewed the various Turkish administrations favorably,[377] Socony continued to transfer goods, tools, and personnel to Turkey. According to the founding deal signed in 1952, Socony agreed to bring investments worth 15 million Turkish lira (approximately $5.3 million by the exchange rate of 1953) to Turkey, open an office in İstanbul, and contribute an additional $3 million in investment capital by 1954.[378]

This deal between Turkey and Socony was not optimal. Foreign oil companies had no freedom in the Turkish market in contrast to Standard Oil operations in Iraq, Saudi Arabia, or Israel; the MTA had to be the top institution in all drilling and research operations. Remaining in the shadow of the MTA, an inefficient SOE, the oil sector of Turkey was far from yielding sufficient volumes, and Socony would not immediately impact the production considering the restrictions that it faced. Therefore, Turkey required a more functional petroleum law to end the MTA's monopoly on oil and to offer a more considerable share of the profits, most likely an amount that would be much more than what Turkey earned from national production, to foreign companies. This put Ball into a vital position as an esteemed oil and gas consultant. Arriving in Turkey in early May 1953, he spent ten days in Ankara, primarily filling his schedule with examinations of former field research and discussions with the DP government and MTA directors on how to draft a prospective oil policy to address the international petroleum sector's demands.[379]

[377] DSA, "Bazı yörelerdeki Sokony Vacuum Kumpanyası'nın satıcılarını ve satışlarını incelemek üzere Amerikalı 3 uzmanın bu yerlerdeki 2. yasak bölgeye girmesine izin verilmesi" ("Permitting three American experts to enter the Second Forbidden Zone in some places to examine the sellers and sales of the Socony Vacuum Company in these regions"), 122-35-16, April 13, 1950.

[378] DSA, "Merkezi İstanbul olmak üzere Sokoni-Vakum Petrol Anonim Ortaklığı'nın kurulmasına izin verilmesi."

[379] FRUS, 1952-54, Volume VIII: Eastern Europe; Soviet Union; Eastern Mediterranean, "Memorandum of Conversation, by the Ambassador in Turkey (McGhee)," May 2, 1953, 924-25.

Ball's initial conclusions about Turkey and its oil reserves were not promising.[380] Generally in line with what Barker and Thornburg had indicated, Ball asserted that Turkey should liberate all operations from state control if it wanted to join the ranks of oil-producing countries. After diagnosing the underdevelopment of Turkey's oil industry, Ball described the Turkish operations as slow and impotent, broadly contradicting the nature of oil exploration in capitalist markets. The strict bureaucracy, generally issuing single determinant judgments, was not willing to risk financing costly research processes unless the initial drilling operations promised large oil deposits in the region of the operations.[381] Turkey had achieved little recently in this sector, which received little funding and limited technology and mechanization for professional exploration. The 1500-2000 barrels being produced per day were far from enough to meet the domestic market's demands. In his report to the Department of State, Ball connected these inadequacies to the state's non-functional monopoly, which he called the most flawed instrument for finding oil, guaranteeing that it could never compete with private capital resources.[382] However, he preferred to keep these thoughts between himself and U.S. institutions in general so as not to upset Turkish-decision makers before conducting constructive meetings.[383]

---

[380] ExxonMobil Historical Collection, Exxon Corporation, 1909-2000, Series I, Box, 2.207/L13B, "Ball, Max W. (oil and gas consultant), 1953 *Turkey's Oil Outlook,* May 20, 1953"; "Türkiye'nin Petrol Kaynakları Acil Geliştirilecek" ("Turkey's Petroleum Resources to be Urgently Developed"), *Zafer* (*Victory*), May 23, 1953.

[381] *Turkey's Oil Outlook.*

[382] Ibid.

[383] "Türkiye'nin Petrol Kaynakları Acil Geliştirilecek." In a press conference, Ball and Minister of State Enterprises Yırcalı released a joint statement and then proceeded to a Q&A session. Yırcalı asked Ball if he believed that foreign companies would participate in oil drilling processes in Turkey. Ball hesitatingly replied that the present works conducted by foreign oil companies and the imminent

In addition to complaining about the lack of private investments, former reports and research results were also disappointing for Ball in terms of the chances that Turkey had large-scale oil deposits in the exploration areas. Ball urged more research to be conducted around the petroleum reservation sections of southeastern Turkey, particularly in areas exhibiting geological structures suggestive of substantial oil deposits. The information previously gathered from the region was inadequate for any clear conclusions.[384]

Ball's recommendations were highly appealing to the DP government, which revealed its faith in Ball and its trust in his prospective draft of the petroleum law.[385] The DP's supportive attitude toward Ball's progressive ideas strengthened the interest of new oil multinationals in the Turkish market. Socony and Shell had already settled in the region, conducting surface reconnaissance around Mount Raman. Caltex was on its way because all indicators suggested that the old law enacted in 1926 would be replaced soon.[386]

Furthermore, both agricultural industrialization and military enhancement had raised the demands for petroleum products in Turkey. In 1952, Turkey had mechanized its military forces with jeeps and tanks, imported more than 35,000 farm tractors, and

---

legislation to encourage greater participation by foreign interests would both likely grow. Israel had subsequently granted exploration licenses to six different oil companies after enacting a related law, and each company announced its intentions to spend at least $5 million; after enacting the law, he predicted, Turkey could achieve the same.

[384] Ibid.

[385] "Turkey Hires U.S. Oil Expert to Draft Laws," *The Washington Post*, May 23, 1953, 12.

[386] "Turkey Preparing Private Oil Code."

expanded its road and railroad networks for better transportation. Eventually, the total import value of petroleum products reached about $45 million.[387] This amount was nearly 60% of Turkey's export income and had to be reduced soon. Turkey was in a position where it might face a deepening oil import crisis in the upcoming years, with oil being an essential product for industrialization and development progress. Ball's short visit was concluded with success and promise. Both parties agreed to hold another meeting in September 1953 to polish the law's final draft; the GNA, controlled by the DP, would then put it to vote before convening for the winter session.[388]

In the months after Ball's departure, the DP continued to work on manufacturing consent in GNA sessions, ardently supporting and justifying the necessity of a new mining law to expand state revenues to finance huge development projects. Any nationalist could be proud to see the completion of dams, electrification, enhancements in infrastructure, and the expansion of industrial fields. During these discussions, the completion of the Seyhan Dam project started in 1947 by an American consortium and the works of Morrison-Knudsen and GE strengthened the DP's hand in the debates.[389] Thanks to the visible results of the contributions of American businesses to Turkish modernization, such as the Seyhan Dam and road improvements, the DP urged Turkey to attract more foreign input. En route to this policy, the state needed to set equal conditions for free competition, including

---

[387] Ibid.

[388] McGhee Papers, Box 1, "Outstanding Problems, Interesting U.S. and Turkish Comments," June 18, 1953.

[389] Richard D. Robinson, *Developments Respecting Turkey; A Summary of Events and Statistics with Bibliographical Notes* (New York: American Universities Field Staff, 1954), 23. That consortium was also awarded a new contract to undertake a hydroelectric project worth $35 million in the same area.

lowering taxation and abolishing commercial limitations on foreign investors by a new regulation in line with internationally accepted accords. Similar laws applied in other countries like Saudi Arabia had enriched those states in terms of investments. Foreign MNCs were denationalized after entering a market and working toward profit maximization with the host state. The ARAMCO-Saudi Arabia partnership, for example, allowed both parties to grow together; Turkey could do the same with Socony or other reliable multinationals.[390] In June, the DP's persistence, growing discontent among party delegates, and the need for a compelling promise to attract voters before the next election in 1954 broke the RPP's rigid opposition to the law. Concluding its party convention, Turkey's opposition party promised to ensure equal treatment for foreign private investors, including in the oil sector, if it were to regain power. The *New York Times* evaluated this change by associating it with the hope of gaining more popular votes in the upcoming election.[391] As the agents of major MNCs like Caltex, Socony, and Shell were already present and their equipment and products were already being used, the RPP was convinced that there was no benefit in battling these giants. The public had already given its support to the DP in this regard.

In June 1953, American companies were also drastically increasing their operations and investment amounts in the Turkish market. Two years previously, departing ECA executive Dorr was proud to acknowledge that total American private investments in Turkey had reached $3 million after the Marshall Plan. Following the DP's privatization law in 1951, U.S. investments reached $33 million in 1953, still

---

[390] McGhee Papers, Box 1, "Transmission of Ambassador's memorandum of meeting with President Bayar, May 28, 1952," June 5, 1952.

[391] "Ankara Opposition Switches Policy," *New York Times*, June 27, 1953, 4.

just a drop in the bucket of state expenses but showing significant potential.[392] Furthermore, a balance in export and import amounts between the U.S. and Turkey was secured in 1953, suggestive of the possibility that Turkey might liberate itself from American aid sooner.[393]

4.2. The Arrival of "Mr. Free Enterprise" in Turkey: Clarence B. Randall

In July 1953, only one month before he would be sent as Chief of the Special U.S. Economic Mission to Turkey, Clarence Randall was unsure about this challenging job.[394] He had neither experience nor knowledge about Turkey or the business climate in the country. However, the director of the Foreign Operations Administration (FOA), Harold Stassen, convinced him to accept this offer from newly elected President Eisenhower. In fact, the Turkish mission after the replacement of the ECA with the MSA was not a promising position. The MSA's estimations showed that Turkey would eventually need American private capital besides credits and aid; it had not yet been able to attract enough businesspeople to invest. Both the MSA and Eisenhower administration, however, had strong faith in "Mr. Free Enterprise" to change the conditions of this unpromising environment.[395]

---

[392] Frances C. Mattison, *A Survey of American Interests in the Middle East* (Washington D.C.: Middle East Institute, 1953), xiii. Only $17 million was directly invested in business operations, covering the petroleum sector, tobacco, and machinery. The rest of these funds generally supported philanthropic works such as American-sponsored schools and hospitals.

[393] Ibid., xiii-xiv. The import-export balance was secured at around $62 million in 1953.

[394] Randall Journals, Box 1, Commission on Foreign Economic Policy, 1953, Vol. 1 (August 1-October 20, 1953), Trip to Turkey, "Memorandum of the Complexities of July 1953," 2.

[395] Randall Journals, Box 6, Turkey in 1953 (August 22-28, 1953), Private investment in underdeveloped countries; travelogue on a trip to Turkey; climate and geography; P.M. Menderes; Polatkan, Minister of Finance; Celikbar, Minister of Commerce, "Prologue," 2.

As Randall built up his reputation through his previous publications *A Creed for Enterprise* and *Freedom's Faith* and his experience in ECA as a steel consultant to the industry division, FOA Director Harold Stassen nicknamed him "Mr. Free Enterprise." According to Stassen, Randall was the best man to help both the Eisenhower administration and the DP government find ways to attract American businesses to Turkey. As a successful businessman and the chairman of the board of Chicago's Inland Steel Co., Randall was a favored agent for this job. His books had become a staple of U.S. businessmen's libraries. In that book, Randall explained U.S. capitalism's philosophy and operating efficiency.[396] He believed that anywhere in the world was not far from Chicago and American businesspeople should hunt for opportunities under certain conditions.[397] Turkey, still unable to attract enough American business interest in late 1952, would surely welcome this miracle man, and the Eisenhower administration's expectations of him were the same. As he said to the Turkish delegates in meetings, Randall had done his homework before his arrival; he read as many books and reports about Turkey as he could. His objective was to determine the factors that limited the flow of private investments.[398]

[396] "National Affairs: A Creed for Enterprise," *Time,* August 24, 1953. This article's translation was delivered to the prime minister's office in Turkey on August 27, 1953. DSA, "BAD Yabancı Memleketler Ekonomik Siyaset Komisyonu Başkanı ve FOA Başkanı Mr. Clarence B. Randall hakkında Time Mecmuası'nda çıkan yazı tercümesi" ("Translation of an article published in *Time* magazine related to Mr. Clarence B. Randall, Chief of Special U.S. Economic Mission to Foreign Countries and FOA"), 13-79-16, August 27, 1953.

[397] DSA, "BAD Yabancı Memleketler Ekonomik Siyaset Komisyonu Başkanı ve FOA Başkanı Mr. Clarence B. Randall hakkında Time Mecmuası'nda çıkan yazı tercümesi" ("Translation of an article published in *Time* magazine related to Mr. Clarence B. Randall, Chief of Special U.S. Economic Mission to Foreign Countries and FOA"), 13-79-16, August 27, 1953.

[398] Randall Journals, "Prologue," 2.

Randall was assigned as the chief of a very talented group of businessmen, including Graham Mattison, an investment broker from New York; Redvers Opie, a British economist who had trained at Harvard, worked closely with the famous John Maynard Keynes, and took part in the establishment of the IMF and WB; and Leon Dayton and William Rountree, who had already been serving in Turkey and were familiar with the environment. His first meeting was with the Turkish government, led by Menderes, on August 26, 1953. In his memoirs, Randall remembers being very excited and rehearsing his entire speech, which he had already been practicing for a month.[399] He was relieved to meet a very friendly committee, noting the same excitement in the delegates' eyes.

Further meetings with members of the government continued in the following days. What pleased Randall the most was the determination of the DP government to bring American business to Turkey and to take necessary steps for that goal. Randall, having already determined a strategic road map, listed his demands as the revision of the existing privatization law with improvements, permitting foreign companies to bring their own personnel, assuring free competition in the market, and marketing Turkey as a trademark together with its business opportunities in the U.S.[400] The Turkish delegate was familiar with those necessities, having received long lectures about them from any American advisor who had ever visited Turkey before. Thus, they did not challenge these points and generally just asked questions about how to

399 Randall Journals, Box 6, Turkey in 1953 (August 22-28, 1953), Private investment in underdeveloped countries; travelogue on trip to Turkey; climate and geography; P.M. Menderes; Polatkan, Minister of Finance; Celikbar, Minister of Commerce, "Memo No. 6," August 27, 1953, 22-23.

400 Randall Journals, Box 6, Turkey in 1953 (August 22-28, 1953), Private investment in underdeveloped countries; travelogue on trip to Turkey; climate and geography; P.M. Menderes; Polatkan, Minister of Finance; Celikbar, Minister of Commerce, "Memo No. 7," August 28, 1953, 25-26.

proceed. Randall was surprised to see such an ambitious attitude toward changing the characteristics of collectivism, which he described as the nemesis of capitalist thought. Having never seen such determination to abandon collectivist approaches in his previous missions in Germany and France, Randall Conbelieved that he could really be successful in eventually merging the Turkish market and American investors.[401]

Contrary to McGhee, Randall approached this case with a pure business sense, working to push state initiatives and bureaucracy out of the way of private investments. Although the DP government had announced that it was following American guidance in previous years, the ECA and the DP government clashed on several projects and disagreed about what to finance and how. Whether or not the DP could convince ECA members about the projects they hoped to pursue or the amounts of payments to be secured, it still benefited from some aid and services from well-known American companies and their products in this period. However, private investment needed a compatible business environment, less state intervention, and more profit opportunities. Unless a company was guaranteed to make a profit from a market, it would continue seeking the best market opportunities, incentives, and freedom for investments. Randall shared the same perspective as a business-minded corporate CEO.[402]

---

[401] Randall Journals, Box 6, Turkey in 1953 (August 22-28, 1953), Private investment in underdeveloped countries; travelogue on a trip to Turkey; climate and geography; P.M. Menderes; Polatkan, Minister of Finance; Celikbar, Minister of Commerce, “Memo No. 10,” August 28, 1953, 36-37.

[402] DSA, “Mr. Calarance [“Clarence” was misspelled throughout the document] B. Randall’ın Türkiye ziyaretiyle ilgili hazırlanan rapor” (“Report prepared on Mr. Calarance B. Randall’s visit to Turkey”), 26-153-1, August 28, 1953, 3-4. In the first meeting, Randall clearly stated that he was not primarily a state agent and that he acted as an ordinary businessman.

According to Randall's road map, the first objective was "selling Turkey to the Americans, and the Turks must do it."[403] Despite the pamphlets printed and delivered to corporations in the previous years, Randall admitted that too many stereotypes about Turkey, fueled mainly by the Greek and Armenian diasporas in the U.S., still remained in American society, including topics such as polygamy, veiling, camels, or issues regarding cigarettes.[404] American businesspeople had very limited knowledge about Turkey itself, beyond the business opportunities they had learned about. Such stereotypes or ignorance needed to be eliminated through work from both sides; however, Turkey and its prospective agents should be the ones doing the harder work, for which Randall urged hiring lobbyists or organizing strong efforts among the Turkish diaspora.[405]

Secondly, Randall suggested eliminating the limits on foreign investment operations, including the scope of sectors, profit transfers, and tax regulations. These all shared a common purpose in his mind: making American businesses feel at home. Randall pointed out that American firms were doubtful about expanding their operations overseas due to too many uncertainties in foreign markets; his fellow Chicagoan businessmen even had reservations about expanding into Canada.[406] In particular, the Turkish market contained too many ambiguities; it was too far from home, presenting many obstacles, limitations, and uncertainties in terms of culture,

---

[403] Ibid., 5-6.

[404] Ibid., 16. The Turkish image marketed by Camel cigarettes was discussed in a meeting between the DP government and Randall's group. When Prime Minister Menderes blamed Greeks and Armenians in the U.S. for perpetuating stereotypes about Turkey and its products, Randall agreed.

[405] Ibid., 15. Randall stated that Turkey needed an organization and people to sell the Turkish market in New York.

[406] Ibid., 12.

economy, language, and methods.[407] For instance, standardization of export products was still lagging in Turkey despite having achieved more significant production amounts. In traditional competitive markets, product failures would be intolerable and cause customer loss, which Turkish agricultural products had started to experience after their competitors returned to the international markets. Being one of the essentials of industrialization as well as a national goal of Turkey, standardization of export products also required better know-how, packing facilities, and transportation. Filling key corporate positions with American-trained Turkish managers should be a long-term goal. Randall underlined the necessity of either sending more bright candidates to the U.S. for education or establishing American-type business schools in Turkey to train such talent at home.[408] All of these points reflected the importance of partnerships with capable foreign investors or multinationals.

Image problems and a lack of advertising were obstacles that Turkey had failed to overcome for years. Simply being eager to change and adapt to Americanized economics, business culture, and management was not enough to complete the transformation. Turkey had done its best in recent years to embrace agricultural industrialization, be helpful for the alliance's economic policies, and allow privatization of oil research. All of these were significant leaps. However, these accomplishments did not hastily resolve Turkey's capital problems and they did not improve the country's image among its desired audience. Randall described the difficulty of attracting businesses to Turkey in 1953 with a case study. He sketched a

[407] Ibid., 13-15.

[408] Ibid., 5, 11.

profile of an imaginary American business owner who approaches relevant Turkish institutions with a business inquiry in a hypothetical scenario. Realistically, the answer was always “no” to questions such as “Can I organize a company in Turkey that I already have at home?” or “Can I have Turkish investors participate in the company just like American investors who will put their money in?”[409]

Turkish counterparts would have answered “yes” if relevant laws were enacted for business purposes. However, even those guarantees would not be enough to attract American business; shaping a newly Americanized culture with effective advertising seemed to be a prerequisite for investment flow. However, there were too many “ifs” in Turkey. Without achieving a balance with capital inflows, Turkey’s short-term financial health was debatable with the country on such an all-around modernization-based track of spending.[410] Bayar, Menderes, and other participants in decision-making processes did not fall into despair due to growing demands. They promised that new privatization and petroleum laws to be prepared with American consultants in an American way would pass through the GNA in the upcoming terms.[411]

Randall, generally sharing the excitement of the Turkish government, experienced his most unpleasant confrontation in Turkey when he met with the Turkish business elite on August 28, 1953. This was a top-level business meeting including Turkish businesspeople like Vehbi Koç, who had already partnered with American firms.

[409] Ibid., 11.

[410] Ibid., 13; NARA, RG 469, “Memorandum of Conversation, Participants: Prime Minister Menderes, Ambassador McGhee, Mr. Leon Dayton Chief, MSA,” May 2, 1953.

[411] DSA, “Mr. Calarance B. Randall’ın Türkiye ziyaretiyle ilgili hazırlanan rapor,” 18.

Many others would follow the same pattern in the upcoming years.[412] Members of parliament, the Minister of State Enterprises, executives of SOEs, and agents of American companies conducting business in Turkey were also in attendance. Contrary to his previous meeting with the DP government, these people were Randall's true audience for discussions of the future of private business in Turkey. Members of the government considered foreign direct investments as additional capital to be secured from the U.S., whereby the providers would be civilians rather than state institutions as they used to be before. Receiving respectable amounts of funds from aid, grants, credit, and know-how via state advisors, the DP itself did not need to put much faith into the investments of civilians or private companies; however, the Turkish business circles would need to do so. As prospective and direct beneficiaries of these investments, these people expected a great deal of Randall and hoped that he would make the best of his title, "Mr. Free Enterprise."

However, after presenting the same framework to the Turkish business elite, Randall was met with disappointed and frowning faces rather than the positive responses he had previously enjoyed.[413] The common expectation was that Randall should use his governmental position to convince American businesses to enter the Turkish market and then match those investors with Turkish businesspeople. As these people were accustomed to following the rules of Turkish governments, with both limits and

---

[412] Ibid., 1-27. In this meeting, notable Turkish businessmen such as Refik Bezmen, Eli Burla, and Ferit Eczacıbaşı were present. Despite the initial disappointment after this inconclusive meeting with Randall, all of them would establish partnerships with significant American multinationals such as B.F. Goodrich and Pfizer in later years.

[413] Ibid. Included in the same document was a memorandum on the meeting at the Ankara Palace with state and private businessmen. Both Turkish and American businessmen attended this long meeting to discuss current problems, solutions for enhancing American investments in Turkey, and further expectations. However, Randall remained restrained and did not attempt to sell hope, sticking instead to a realist's framework. September 1, 1953, 1-27.

allowances for business, they likely assumed that Randall and the American government could apply similarly heavy-handed tactics to American businesspeople. At the very least, Randall could underline the opportunities of the Turkish market or praise Turkey's position as a committed ally to American businesses to capture their interest. Randall attended these meetings with the title of Chief of the Special U.S. Economic Mission to Turkey; however, he was functioning there as a typical businessman rather than a commercial diplomat. Unlike McGhee, Dayton, or Dorr, Randall only relayed the ways to attract American business, positioning himself as a business patron seeking profit. Turkey, a trustworthy ally of the U.S. and a staunch enemy of communism, might realistically have limited attraction for business owners. In turn, being repeatedly questioned about Turkey's anti-communist political stance or efforts to join NATO affected Turkey's perspective of American businesses. Randall emphasized that these were all important points but not ultimate game-changers. Just as he had listed them to the DP government before, he pointed out the improvements in the laws, advertising, and business culture; overall, he assured his audience, time would be the best medicine for Turkish business. The Turkish business elite was not pleased with Randall's realistic stance. They had expected him to use all possible state tools to convince American businesses to invest in Turkey as they themselves had done with their own government.[414]

Upon returning from his first short trip to Turkey in September 1953, Randall was still unsure about whether his mission would be successful or not.[415] Although the Turkish business elite did not share the enthusiasm, the DP government seemed

---

[414] Ibid.

[415] Randall Journals, Box 6, Turkey in 1953 (August 30-September 14, 1953), P.M. Menderes; foreign investments; Randall's job, "Memo No. 11," August 30, 1953, 39-44.

determined to follow Randall's methods while they were disappointed with his capabilities. They had likely expected a business miracle. It had been hoped that Randall would give his word to convince many American business owners and multinationals to bring their capital to Turkey as soon as he returned to the U.S. However, he merely drew a direct, realistic framework of how American capital could be attracted to Turkey. That framework highlighted the enacting of new laws, increased campaigns to introduce Turkish market opportunities in the U.S., and, most significantly, convincing hesitant American investors that they would feel welcomed in Turkey. Above all, it had to be accepted that business initiatives needed time to mature and intensify. Although Randall was unsure about his accomplishments in Turkey, former ambassador McGhee congratulated him on his success during a lunch at the Metropolitan Club on October 14, 1953. Learning the details of the meeting from Rountree, McGhee was pleased to hear that Randall had earned the DP government's respect.[416]

McGhee was correct in his judgment that Randall did a remarkable job in Turkey. A few days after Randall returned to the U.S., Menderes issued a new declaration of principles to improve the acceleration of free enterprise. He organized a party committee among DP deputies to work on all of Randall's recommendations.[417] In two months of work within this inner circle, the DP government drafted a bill

[416] Randall Journals, Box 1, Commission on Foreign Economic Policy, 1953, Vol. 1 (August 1-October 20, 1953), "Dictated in Shoreham Hotel on Wednesday, October 14, 1953," 3-4.

[417] Randall Journals, Box 6, Turkey in 1953, (August 30-September 14, 1953), P.M. Menderes; foreign investments; Randall's job, "Memo No. 11," August 30, 1953, 39-40.

designed to remove obstacles to foreign investment in Turkey, and Randall took the credit.[418]

4.3. Consummation of the Honeymoon: The Enactment of Improved Privatization and Petroleum Laws in 1954

1954 was another significant year in commercial relations between the two states. It brought along many landmark events, including top-level official visits, the passing of new business-promoting laws, the opening of sacred resources to foreigners, and a significant leap in the number of American businesses in Turkey. The first important visits were scheduled for the last month of 1953. President Bayar announced his intentions of traveling to the U.S. He would be the first Turkish president ever to do so. The released statement included notes about the president's schedule; this official trip would take a month, filled with top-level meetings with members of the American government, Congress, and heads and delegates of international organizations such as NATO and OECD.[419] Bayar briefly explained the purpose of the visit as setting out a new agenda for financing mutual military objectives and obtaining direct military assistance if possible. Should the Eisenhower administration permit Turkey to utilize U.S. funds to expand, export production would be the second goal, and that could further generate funds to purchase military equipment. Bayar hoped to convince Eisenhower to grant funds to enhance Turkey's primary

[418] Robinson, *Developments Respecting Turkey*, 25.

[419] See the DSA documents related to Bayar's official visit to the U.S. ("Cumhurbaşkanının Amerika Gezisi ile ilgili intibaları" ("President's impressions about his visit to the U.S."), 40-238-15; "ABD'yi ziyaret edecek olan Cumhurbaşkanı Celal Bayar'a refakat edecek heyet" ("The delegation to accompany President Celal Bayar, who will visit the USA), 134-105-7")). These documents include Bayar's official itinerary as well as his attendants on this trip.

export fields, such as grains, cotton, and mining products.[420] McGhee, Randall, and Dayton had identified the same needs and expressed their support for these fields to the Department of State.

Throughout his visit, Bayar took every opportunity to convince U.S. decision-makers of the versatility of Turkey in supporting U.S. foreign policy, underlining its committed struggle against the spread of communism in the region and its willingness to allow NATO bases inside its borders.[421] He did not forget to praise the invaluable contributions of unparalleled U.S. economic and military assistance in his address to Congress. His descriptions of American capital in Turkey with precise and appropriate statistics impressed the American decision-makers.[422] Consequently, Bayar returned to Turkey after securing an additional $30 million on top of the initial $76 million for the fiscal year of 1955 to further relieve the pressures of military upkeep.[423]

Bayar's visit was not purely political; it also included significant meetings with American business associates and nongovernmental organizations. On January 31, 1954, Bayar was invited to a reception organized by the American Jewish Committee. Jacob Blaustein, the founder of American Oil Company (AMOCO), which had merged with Standard Oil of Indiana, personally asked Bayar to honor

---

[420] Hangen, "Turkish Head Puts Economic Aid Above Military Help From U.S.," 2.

[421] "Bayar for Atomic Pool," *New York Times*, January 29, 1954, 5; "Cumhurbaşkanının Amerika Gezisi ile ilgili intibaları" ("President's impressions about his visit to the U.S."), 40-238-15, January 17, 1954.

[422] "Turkish President's Address to Congress," *New York Times*, January 29, 1954, 3.

[423] "Bayar Visit Adds to Aid for Turkey," 5. According to Dana Adams Schmidt's "U.S. Will Double Arms Aid to Turkey, Speed Up Delivery" in the *New York Times* on June 6, 1954, the verbal deal between the two presidents in January was officialized by the approval of Congress in June 1954.

that gathering with his presence, which was also a decent opportunity for Bayar to address notable American businesspeople.[424] Blaustein was not a stranger to the Turkish petroleum business, having had several meetings with the RPP government back in the 1940s, and with the former Turkish ambassador to the U.S., Münir Ertegün, for a zone of possible agreement.[425]

As the president of a pro-privatization government, Bayar had meetings with American business elites in 1954 that were cooperatively fruitful, as well as visiting the Turkish News Office in New York and the District of Columbia Chamber of Commerce.[426] He addressed American businessmen in these meetings, encouraging them to rely on Turkey's market potential while never missing a chance to refer to the country as a staunch ally of the U.S. He also promised that more proactive investment laws would be enacted soon to attract American capital.[427] While Bayar was diligently networking "to sell Turkey in the U.S.," as advised by Randall a few months previously, Ball returned to Turkey to polish the new investment law with the aim of establishing an inviting environment for privatization in the mining sector.[428]

---

424 Collected Personal and Business Papers of Louis and Jacob Blaustein (Blaustein Papers hereafter), Box 2.134, Q-1-5, Meeting with President Celal Bayar of Turkey, January 1954, "A letter from Jacob Blaustein to Ambassador of Turkey, Feridun Cemal Erkin," 30.

425 Blaustein Papers, Box 1.16, 241, Turkish Oil Concessions, "Memorandum Talk; JB & KFS with Turkish Ambassador Ertegun (?) and Turkish Minister Alhan Chevky, at Turkish Embassy, 1601 23rd Street, Washington D.C., February 9, 1944," 50.

426 "City to Welcome President Bayar," *New York Times*, January 24, 1954; John Molleson, "Bayar Honored in City, Starts on Tour Tonight," *New York Herald Tribune*, February 1, 1954, 17; Peter Kihss, "Bayar Affirms Minority Rights," *New York Times*, February 1, 1954, 3; "Bayar, Here, Cites Turk Freedom," *Daily News*, February 4, 1954.

427 Ibid.

428 "Turkey Discloses Its Oil Policy Details," *Oildom* No. 13 (January 20, 1954): 62.

The DP deputies were at work emphasizing in their GNA speeches that more privatization would reduce the importation of substitute goods, which would directly achieve currency savings, provide more know-how through multinationals' technological infrastructures, and bring diversity to production sectors.[429] From a historical perspective, DP members asserted that the U.S. had become an economic superpower through foreign direct investments in the late 19th century; Turkey could achieve a similar leap by applying the same economic pattern.[430] On the other hand, RPP deputies feared that making concessions to these already developed industry giants present in Turkey, and especially for equal treatment, would crowd out the existing small Turkish industrial organizations and business elite.[431]

Having the majority in the GNA, the DP deputies successfully passed the law on January 18, 1954. According to this new law, foreign investors could gain access to any market that was also available to Turkish investors. Foreign multinationals would be able to transfer employees and products without restrictions or tariffs. All profits made in Turkey could be transferred out of the country, in contrast to only 10% by the privatization law of 1951.[432] This law was considered one of the most liberal and encouraging privatization laws of the time, not only in comparison to existing laws in Turkey but on a global scale. Both American state representatives

[429] GNA Minutes, 9th Parliament, Vol. 27, January 11, 1954, 106-119; GNA Minutes, 9th Parliament, Vol. 27, January 15, 1954, 184-186; GNA Minutes, 9th Parliament, Vol. 27, January 18, 1954, 212-35.

[430] GNA Minutes, 9th Parliament, Vol. 28, January 13, 1954, 145-50.

[431] GNA Minutes, 9th Parliament, Vol. 27, January 11, 1954, 106-19.

[432] See the text of Law No. 6224, "Yabancı Sermayeyi Teşvik Kanunu" ("Law for the Encouragement of Foreign Investment") enacted on January 18, 1954. Robinson in *Developments Respecting Turkey, July 1953-October 1954* also provides information about that law and explains its benefits for American businesses in detail (p. 12). See also Appendix III.

and advisors had played a crucial role in the entire process, including McGhee, Randall, Dayton, Rountree, Robinson, and Ball.[433] The Eisenhower administration was also pleased to see Turkey advancing toward a liberal market economy to overcome another obstacle to achieving a free and competitive market. This law would be a feasible way to test the theory of whether having a sufficient foreign investment law could fill the gap created by the termination of direct American economic aid or not.[434]

Turkey's new privatization law enlarged the market and investment sectors and introduced advanced tax incentives for foreign investors. According to the new law, foreign initiatives were allowed to freely import tools, spare parts, and raw materials as long as they were supplied as investment parts. Limitations on investible sectors and capital transactions were abolished. Foreign investors were granted the principle of equal treatment with Turkish business owners. According to a chart showing the effective foreign tax rates on U.S. corporations in other countries, Turkey stood out as one of the best options for these multinationals to invest in with 23.5% taxable income.[435] In the end, an American company operating in Turkey would be able to transfer 71.5% of net profits home after the U.S. tax rate was also applied.

Furthermore, agreements had already been made to allow foreign firms to convert their assets and take their profits out of the Turkish market. Turkey also put an expropriation law into force in 1957 to guarantee the investments of these foreign

---

[433] Welles Hangen, "Turkey Will Spur Inflow of Capital," *New York Times*, January 17, 1954, 26.

[434] Ibid.

[435] Appendix IV; Ralph I. Straus, *Expanding Private Investment for Free World Economic Growth* (Washington D.C.: The Department of State, 1959), 39-52.

companies. These guarantees were extended to protect foreign assets from risk and under conditions of war in later terms.[436]

In 1954, lawmakers in Turkey and the DP legalized a compelling policy that allowed them to take another step toward achieving the “little America” dream. Since the DP’s acquisition of power in 1950, the number of SOEs had fallen, now accounting for only roughly one-fourth of Turkey’s industrial production; the intention in 1954 was to further diminish their control over the Turkish markets and fill their spots with more foreign investors.[437] The next step would be completing the last piece of privatization by facilitating foreign investors’ operations in Turkey’s oil sector without restrictions or limitations. In the long run, the ultimate aim was to eliminate fundamental missteps by encouraging investments in industry, applying better plans for investment projects, and training more Turkish managers according to American educational standards to create an experienced managerial class to run these industrial operations.[438] American institutions and advisors were eager to purge economic statism from the Turkish mindset and replace it with a fully modern industrial perspective.[439]

---

436 Ibid., 58-59; Appendix V.

437 Robinson, *Developments Regarding Turkey, July 1953-October 1954*, 12.

438 George Eugene Bates Papers (Bates Papers hereafter), Box 4, Series VIII, Institute of Business Administration, University of Istanbul, Turkish Program: Reports, Memos, Financial, undated, Robinson, Richard D., 1955-1958, “Turkey: Challenge to American Business: A Letter from Richard D. Robinson,” American Universities Field Staff, New York, September 10, 1957.

439 “Turkey: A Friend in Trouble,” *Time*, October 24, 1955. According to this article, Turkey both allowed new plants to be built by American companies and kept constructing huge projects in Anatolia. Unlike American factories seeking profit as a priority, the DP tended to erect these facilities without considering their costs to keep voters happy. This hunger for modernization and industrialization was appreciated by the Americans. However, unorganized and misguided operations for enormous projects were perceived as wastes of money that would not alleviate Turkey’s financial ills. On the other hand, the DP was willing to listen to high-level American businessmen, which was another positive aspect of foreign investments. Thomas and Fyre, 121.

The DP invited Max Ball to Turkey to finalize the oil law draft in late 1953. Ball arrived with an aide, Elmer E. Batsell, a lawyer and former General Counsel of the Petroleum Administration for Defense. Ball had already built a reputation as the creator of Israel's recently passed petroleum bill. A law similar to the one that Ball had drafted for Israel, including approval of exploratory work by foreign companies, was finalized to be applied in Turkey so that concessionaires could start drilling almost immediately.[440] Ball feared that the DP might challenge 50-50 income sharing and would object to multinationals gaining access to all areas that had once been restricted.[441]

On the contrary, the government impressed Ball and Batsell with its willingness to grant such rights to both small- and large-scale oil companies as long as they were competent to drill and operate more wells. The DP accepted the bill, expressing excitement about working with professional oil companies that could bring creditworthiness, good reputations, and technical abilities to the exploratory reconnaissance efforts in Turkey.[442] First reviewing the draft among the DP's inner circle and then discussing it in GNA sessions, Menderes asked the DP deputies to complete the task by voting the law into effect by early March. The final draft passed smoothly in the GNA (266 to 17) even though the opposition claimed that the law would allow American companies and "Wall Street" to exploit Turkey's oil for their

---

440 Ibid.; "Petroleum Law for Turkey," December 18, 1953.

441 Indeed, even some DP members were skeptical about the new bill and its further consequences, clearly thinking about imperialism. GNA Minutes, 9th Parliament, Vol. 29, March 4, 1954, 257-58.

442 NARA, RG 469, "Foreign Service Dispatch, From: American Embassy, Ankara, To: The Department of State, SUB: Draft of a Proposed Petroleum Law for Turkey," November 2, 1953.

own benefit.[443] The law granted exploitation concessions for forty years, and those deals could be extended for another twenty years. Exploration rights were limited to six years if specified demands were not met. A single company could exploit 400,000 hectares at most. Private operators would pay a one-eighth royalty on annual crude oil production and give the state up to 50% of the profits after they recovered their original investments.[444]

Keeping his promises of four years ago by enhancing the living standards of Turkish peasants and enacting laws to privatize the Turkish market, Menderes built up his reputation among the voters before the 1954 elections. He pledged his commitment to economic liberalization and development and acknowledged the value of enduring collaboration with the West, especially with the U.S. Eventually, he aimed to achieve economic self-sufficiency and create a stable Turkey without American aid.[445] Menderes also assured voters that the U.S. administration shared these goals and was willing to help his government find ways to reach them in the next four years if Menderes were to be reelected.[446] In May 1954, Turkey went to the polls and gave Menderes a more commanding victory than in 1950. The DP received 58.4% of the votes and 503 of the 541 seats in the parliament. After this landslide victory, Menderes reaffirmed his commitment to agricultural development and national

---

[443] Welles Hangen, "Turkey Opened to Search for Oil; Foreign Concerns Get Incentives," *New York Times*, March 8, 1954, 1; the Turkish National Petroleum Company (TPAO) was also founded in the same year so as to not exclude the state from this business entirely.

[444] "Yabancı Sermayeyi Teşvik Kanunu" ("Law for the Encouragement of Foreign Investment"); these limits and codes gave equal rights to foreigners as well as also considering American laws.

[445] NARA, RG 469, "Memorandum from R. L. Hirshberg to M. L. Dayton," February 16, 1955. During Menderes' trip to the U.S., Turkish and American officials discussed the possibility of Turkey becoming financially autonomous by 1958. This scenario was deemed overly optimistic in 1958; at that time, these parties specified 1960 as the earliest possible date of ending the U.S. financial support.

[446] NARA, RG 469, "Report on the Mutual Security Program in Turkey for the Six Month Period Ending," June 30, 1954.

industrialization with more privatization. The intensification of such partnerships offered promises of increased agricultural production, standardization in exports, and completion of the state's roads, bridges, electrification, dams, and hydroelectric projects, which would all directly contribute to the living standards of the citizens.[447] Menderes planned to visit American officials and businesspeople to secure more capital to achieve all these goals.

First, in June 1954, he visited the U.S. and met with Eisenhower to discuss further economic and military aid for Turkey. Having received validation from the Turkish public for four more years, Menderes convinced the Eisenhower administration to increase military aid to Turkey to $200 million in the fiscal year of 1955 and to hasten the delivery of equipment and arms in 1954, worth about $500 million.[448] At home, Menderes often visited the business organizations and clubs frequented by managers of the American companies operating in Turkey to conduct productive meetings aimed at solving problems in the domestic market and attract other U.S. companies.[449] Sharing the same goals, an American delegation consisting of 52 notable businessmen was received in Turkey to learn more about the market opportunities and business culture.[450]

---

[447] GNA Minutes, 10th Parliament, Vol. 1, May 24, 1954.

[448] "Turkish Premiere Here to Push Aid," *New York Times*, June 2, 1954, 8.

[449] The U.S. İstanbul Branch of the International Propeller Club was established in 1951 as the oldest American NGO in Turkey. All notable members of American society in Turkey, including businessmen, and the Turkish business elite were members of this exclusive club, and Menderes joined their gatherings annually to discuss politics, economics, and business. DSA, "Propeller Club Başkanı G.S. Farguhar'ın Başbakan Adnan Menderes'e gönderdiği davetiye mektubu" ("Propeller Club President G.S. Farguhar's invitation letter to Prime Minister Adnan Menderes"), 18-105-12, October 21, 1953. See also another letter with the same title, 123-785-3, September 16, 1954.

[450] Robinson, *Developments Respecting Turkey*, 29

4.4. Better Incentives, More Investments: The Golden Years of American Business in Turkey (1954-1955)

The laws enacted in 1954 made a notable impact on American business interests in Turkey; several major multinationals such as General Tire, Minneapolis-Moline Tractor Company, B.F. Goodrich, and Abbott Laboratories decided to construct factories in Turkey to benefit from the new investment incentives and gain a share of this promising market close to other markets in the Middle East and Eastern Europe.[451] Ford, which had been in the Turkish market since the 1920s, decided to expand its operations by building a new tractor factory in Ankara.[452] Seeing that the Turkish government had taken a committed step forward to attract American business, the U.S. Foreign Operations Administration (FOA) collaborated with the governmental Industrial Assistance Commission. This commission launched a program to provide technical and legal advice for newcomer entrepreneurs looking to make the most of their investments. Turkey was also determined to make these laws more visible and enhance its commercial capabilities by opening a branch office of the Turkish Unions of Chambers of Commerce, Industry, and Commodity Exchanges in New York. This new office would serve to further educate U.S. investors who were pondering projects or seeking new markets about Turkey's opportunities. A group of respected American businessmen who had already launched operations in Turkey would also be present to counsel these new investors and make the country appear more enticing.[453]

---

[451] Ibid., 6-7.

[452] Ibid., 63, 100. Besides deepening its investments in the Turkish market, Ford was financing several non-business initiatives in Turkey, such as establishing a new Academy of Architecture in Ankara, funding social welfare organizations, and building high schools specialized in teaching English.

[453] "Ankara Licenses Alien Investors," *New York Times*, January 4, 1955, 86.

In keeping with the expectations of the DP deputies, these laws brought momentum to the competition in the Turkish market.[454] The profit made by Squibb & Sons lured Abbott Laboratories, another American pharmaceutical giant, to the Turkish market. That company submitted an official application to construct a second pharmaceutical factory in İstanbul and pledged an initial investment worth $500,000 to the Turkish Ministry of State Economic Enterprises only four months after the enacting of the new privatization law.[455] Pfizer would be the next to apply in 1955. Since 1948, the Turkish market had been filled with Federal Motor's tractors. In 1954, this market welcomed another American motor truck manufacturer, Minneapolis-Moline. The agents of that company set an agenda to manufacture tractors and spare parts with the construction of a plant near Ankara by early 1955, joining the race to collect the spoils of this agriculturally industrializing market.[456] The enhancement in that sector also expanded the scope of relevant products entering the Turkish market. A New York-based tire manufacturer and repair company called Central America Trading Co. applied to build a plant in İstanbul with initial capital of $250,000 in July 1954[457] to challenge B.F. Goodrich. The latter had signed a contract worth $5.75 million with the Ministry of State Economic Enterprises in January and intended to construct a

[454] GNA Minutes, 9th Parliament, Vol. 28, February 18, 1954, 446-455; GNA Minutes, 9th Parliament, Vol. 29, February 19, 1954.

[455] DSA, "Amerika'da bulunan Abbott Laboratories Near East Limited Şirketi'nin Türkiye Şubesi'nin kuracağı Fabrika için 500000 dolarlık ayni ve nakdi sermayenin 6224 sayılı Kanun hükümlerinden faydalandırılması" ("Benefitting from the provisions of Law No. 6224, the Turkey Subsidiary of U.S.-origin Abbott Laboratories Near East Limited Company's factory to be established with $500,000 in kind and cash capital"), 135-42-16, April 20, 1954.

[456] Robinson, *Developments Respecting Turkey, July 1953-October 1954*, 6-7.

[457] DSA, "New York'da Central America Trading Co. Firması'nın memleketimizde kurmak istediği otomobil, bisiklet lastiği ile kauçuk eşya fabrikası için getirilecek anyi sermayenin 6224 sayılı Kanun hükümlerinden faydalandırılması" ("Benefitting from the provisions of Law No. 6224, Central America Trading Co. of New York wants to establish, with capital to be brought, an automobile, bicycle tire, and rubber goods factory in our country"), 136-64-9, July 10, 1954. All these initiatives were also mentioned in Robinson's *Developments Respecting Turkey*, as well (p. 34).

tire and tube plant in İstanbul.[458] Central America Trading Co. would not be the only American rival of B.F. Goodrich, however; General Tire had been negotiating with the Turkish authorities with the same aim since March 1954.[459] Throughout 1954, thirteen American companies applied to invest in Turkey, promising to bring capital worth $12 million. That amount was close to the total of American direct investments since the Marshall Plan had been applied in Turkey. Thus, in terms of the arrival of more American firms and their capital, 1954 was off to a promising start.

Besides boosting competition, these laws also paved the way for Turkish business elites to bolster their reputations in international business circles. American investors were tempted by the opportunities and the assurances of the new laws; however, they were still generally unfamiliar with the market and culture. That foreignness led them to connect with Turkish businesspeople, who were also looking for opportunities to expand their business ventures in Turkey and abroad but lacked the necessary capital or technological know-how. In 1954, many Turkish businesspeople seized chances to partner with American companies. Erol Beker, an American-trained Turkish economist who made a fortune in the phosphate industry, helped his company, the Fertilizer Corporation of America, invest in Turkey by constructing a second factory

---

[458] DSA, "Eli Burla Şirketi'nin, İstanbul'da Amerikan B.F. Goodrich Otomobil Lastik Fabrikası'nın katılmasıyla kuracakları fabrika için getireceği $405000 sermayenin 5821 sayılı kanundan faydalandırılması" ("Benefitting from the provisions of Law No. 5821, B.F. Goodrich Automobile Tire Factory will establish a factory in İstanbul with the participation of Eli Burla Company with $405,000 capital to be brought"), 134-111-8, January 19, 1954.

[459] DSA, "Türk Ekspres Bank'ın The General Tire and Ruber Co. ile müştereken kuracakları otomobil kamyon ve traktör lastiği fabrikası için getirtilecek olan yabancı sermayenin 6224 sayılı kanundan faydalandırılması" ("Benefitting from the provisions of Law No. 6224, General Tire and Rubber Co. will provide foreign capital and jointly establish an automobile truck and tractor tire factory with Turkish Express Bank"), 135-24-4, March 20, 1954.

after having already built one thanks to the law enacted in 1951.[460] Eli and Daniel Burla, Turkish-Jewish businessmen and brothers who happened to be the top importers of domestic appliances in Turkey, became partners of B.F. Goodrich in the Turkish market.[461]

The long-standing efforts to transform Turkish business culture and adapt it to American virtues also accelerated in 1954. American companies were able to transfer their engineers, employees, and managers to Turkey thanks to the provisions of the new privatization law; however, their operations would be even easier if an American business culture were to take root in Turkey. From the early years of the republic to the 1950s, numerous Turkish students traveled to the U.S. to be trained to American standards, including notable individuals such as İhsan Ruhi Berent, Director General of the MTA, and Vecdi Diker, Head of the General Directorate of Highways. The NEA office approached American businessmen in Turkey and academics at Harvard University, seeking a business school in Turkey to help increase the scope of American-style business education. According to a memorandum sent to George E. Bates, a professor of investment management at the Harvard Business School (HBS), the NEA was interesting in launching such a project to capitalize on the new privatization law.[462] The new law provided numerous benefits for American investors, including sponsoring American-Turkish

---

460 DSA, "Amerika'da bir firmanın, İstanbul'da Erol Beker firması ile birlikte ülkemizde suni gübre imal etmek üzere kuracakları teşebbüs için ithal edilecek yabancı sermayeye muafiyet uygulanması" ("Application of exemption for foreign capital to be imported for the enterprise to be established by a company in the USA to produce artificial fertilizers in İstanbul together with the Erol Beker Company in our country"), 137-101-12, November 26, 1954; Robinson, *Developments Respecting Turkey*, 37.

461 Ibid.

462 Bates Papers, Box 4, Series VIII, Institute-Official, 1953-1960, "Office Memorandum From: David Meyer, S/TIM and Harris P. Dawson, Jr. O/NEA/GT, To: Mr. Harry Frite and Mr. William Gage - ITAD, SUB: TA 77-199 Private Capital for Industrial Investment," April 29, 1954.

partnerships in business and eliminating these companies' foreignness in the Turkish market. Several American business operations that were already present in Turkey, such as Socony, GE, and Ford, had long been employing small numbers of Turkish managers and working with Turkish investors familiar with American standards in business. Randall had also previously underlined the necessity of developing an entrepreneurial system and effective business management in countries like Turkey. In this regard, the NEA pursued contacts with American professionals experienced in such markets to oversee a business administration school in Turkey.[463]

A few months after the aforementioned memorandum, several Harvard professors, including Bates, arrived in İstanbul to establish an İstanbul University-mandated business school. They drew up an American-type syllabus for this new institution to educate Turkish students about researching business administration problems and collecting data for further research. Eventually, the graduates of this program should be able to take over the roles of the Harvard academics as future teaching staff and private sector managers and respond to demands from the government, public, and private enterprises on matters relating to business administration.[464] According to the initial plan, various Turkish and American institutes and establishments participated in the project, including respected universities such as Middle East Technical University, Ankara University, and İstanbul Technical University. The Ministry of State Economic Enterprises, Turkish Chamber of Commerce, Chamber of Industry Stock Exchanges, Etibank, Sümerbank, İş Bank, and Ziraat Bank were financial

---

[463] Ibid. This document mentioned Ken Iverson, the Near East Representative of the Ford Foundation, who asked for consultation to open a business school in İstanbul jointly funded by the Ford Foundation, Turkish businessmen, and the government.

[464] Bates Papers, Box 4, Series VIII, Institute of Istanbul Business Administration (University of Istanbul Faculty of Economics), "Statute," Istanbul, 1954.

contributors. In addition to governmental organizations and banks, Turkish business families like Koç and Burla and American multinationals like Squibb & Sons, GE, and Ford also provided funds for this institution.[465]

The Business Administration Department of İstanbul University, or the "Turkish Institute" as it was called in the Bates Papers, raised the expectations for the Americanization of Turkey, chiefly through instilling an American-type business mindset in its graduates. If these students could obtain important positions in the governance and management of various industrial sectors and banks, the adaptation to American policies and methods would be more smooth. Now considered a specialist on Turkey, Randall continued to meet with American business owners about developments in Turkey, and they were eager to consult him about the opportunities in the country. On November 21, 1954, he had a strange yet exciting meeting related to his consultation on that topic. Morehead Patterson, the chairman of American Machine and Foundry (AMF), was anxious to see him and learn his views on a prospective initiative in Turkey. AMF was not an investor; it only owned a sales office in İstanbul, selling machinery for tobacco production in the Turkish market. The topic on Patterson's mind was far removed from expanding such business ventures. Hearing the news that American institutions were educating Turkish managers and engineers, Patterson surprised Randall by asking whether Turkey might be a suitable place to establish a nuclear energy research unit to

465 Bates Papers, Box 4, Series VIII, Institute of Istanbul Business Administration (University of Istanbul Faculty of Economics), "İşletme İktisadi Enstitüsü Birinci İşletme İdaresi Kursu Mezuniyet Programı" ("Faculty of Economics, First Business Management Course Graduation Program"), January 31, 1957.

develop more power supplies.[466] Being one of the largest recreational equipment manufacturers of the U.S., AMF had become a significant part of Eisenhower's "Atoms for Peace" program with the aim of constructing reactors for research overseas.[467] Patterson accordingly approached Randall to see whether he could play a part in this ally's journey to Americanization while upholding the interests of American foreign policy. After a short talk, Randall concluded that Patterson did not understand Turkey or its current capabilities beyond knowing that American institutions were educating Turks and that American businesspeople supported such initiatives. Nevertheless, Randall was excited about the idea. Although he did not foresee a nuclear plant in Turkey anytime soon, such an inquiry from U.S. business circles confirmed that all these American advisors, institutions, and businessmen, including himself, had been able to create strong enthusiasm toward Turkey in the U.S. in the 1950s.[468]

Creating an investment-friendly environment allowed the positive trend of foreign investors bringing their operations to the Turkish market to be maintained in 1955. Notable American firms that were granted permission to operate in Turkey included Remington Rand to produce typewriters; Westinghouse Air Brake Company to manufacture electronics, drilling equipment, and portable compressors; and Newmont Mining to research and operate mines. Similarly to previous arrivals, these

[466] Randall Journals, Box 2, Washington, 1954, Vol. 6 (November 4-29, 1954), Turkey, "Sunday Afternoon, November 21st, The Shoreham Hotel," 4-6.

[467] AMF was installing reactors and military-industrial complexes in Israel and Pakistan in late 1955. Some valuable information about that work can be found in Avner Cohen and William Burr, "The U.S. Discovery of Israel's Secret Nuclear Project," Wilson Center, April 15, 2015, available at https://nsarchive2.gwu.edu/nukevault/ebb510/.

[468] Randall Journals, Box 2, Washington, 1954, Vol. 6 (November 4-29, 1954), Turkey, "Sunday Afternoon, November 21st, The Shoreham Hotel," 6.

companies partnered with Turkish investors, and many of them adopted Turkish names to eliminate feelings of foreignness and to benefit from tax incentives for the subsidiaries of foreign companies.[469] In line with the growing GDP and the increasing hunger for consumer products, American companies began to bring their business ventures to Turkey. Hickman Price, President of Willys-Overland Motors, visited Turkey to negotiate an automobile manufacturing plant in April 1955.[470] The most well-known products of this manufacturer were jeeps, which also had a considerable reputation in Turkey, and particularly the military versions. Access was granted to Willys-Overland in May 1955; however, this deal was based on more militaristic purposes rather than providing cars for personal use. This plant would reduce the purchasing and repair costs of military jeeps in Turkey.[471]

According to the foreign investment list provided by *İstanbul Ticaret Odası Mecmuası* (*Journal of the İstanbul Chamber of Commerce*) in 1955, forty-one American companies had applied and were granted permission to invest in Turkey after the privatization law of 1954 was enacted. The total foreign investments of these companies reached $38 million in two fiscal years (1954-1955); these investments were provided in different ways such as cash, kind, and loans.[472] Compared to the total U.S. private investments abroad, worth around $29 billion in

---

469 Ibid.

470 Robinson, *Developments Respecting Turkey*, 252

471 DSA, "Kara Ordusu Amerikan yardım dışı birlik ve Kurumlarının ihtiyacı için, Station, Wagon, ve Willys Jeep otolarının pazarlıkla temini" ("Negotiable supply of American non-aid station, wagon, and Willys jeep cars for the needs of Turkish army troops and agencies") 138-117-19, February 11, 1955; DSA, "Merkezi İstanbul'da olmak üzere Türk Willys Overland Fabrikaları AŞ'nin kurulmasına izin verilmesi" ("Permitting the establishment of Turkish Willys-Overland Factories Inc. within its headquarters in İstanbul"), 142-22-3, March 10, 1956.

472 Appendix VI; Sinclair Weeks and Loring K. Macy, *Investment in Turkey: Basic Information for United States Businessmen* (Washington D.C.: U.S. Department of Commerce, 1956), 177-79.

the 1955 fiscal year, this amount seems negligible. On the other hand, considering that the total American economic aid to Turkey in the 1955 fiscal year was $100 million,[473] receiving an additional $26 million in the same year from foreign investments was a promising development.

According to statistics for the 1955 fiscal year, the number of active American business ventures in Turkey was thirty-nine.[474] They had all spread to different commercial centers and they led the numbers of foreign firms and foreign investments in Turkey from different countries. All these operations, the distribution of American products and services, and the creation of a liberal market signified that the Marshall Plan had attained success in Turkey. Nevertheless, the promotion of a Western-minded business culture and the transformation of the economic mindset remained goals for the longer term. Between 1950 and 1954, almost every economic indicator displayed positive trends in production, amounts of foreign investments, GDP, or growth rates.[475] These changes were related to the presence of American capital and the adoption of American economic methods, which maintained their critical places in the government's agenda. As American companies were the direct providers of both of those, luring more American companies to the Turkish market and easing their arrivals became further concerns of academic research.

[473] FRUS, 1955-57, Volume XXIV: Eastern Europe; Soviet Union; Eastern Mediterranean, "Memorandum of Conversation, Department of State," June 8, 1955, 647.

[474] Appendix VII; Sinclair Weeks and Loring K. Macy, *Investment in Turkey*, 181-82.

[475] See TÜİK, *Economic and Social Indicators 1950-2014* (Ankara: Kalkınma Bakanlığı, 2015) for detailed information about these indicators.

The establishment of a business school in 1954, the comprehensive research being conducted, and the education of future chief executives had immense impacts on American economic thought finding a stronghold in Turkey. The teaching activities in this program were revolutionized, with Turkish students studying American methods in macroeconomics. Trending topics such as consumer preferences and advertising were discussed in survey classes, and take-home exams based on existing firms and their case studies were given to students.[476] More Turkish students who applied to the program graduated from it in each academic year, and more of them filled respected positions in various industries. They were appointed to management positions in the Turkish subsidiaries of American multinationals. The most talented students eager to pursue graduate programs were also encouraged to apply to Harvard University for further studies.[477] Reaping the benefits of all this in the 1960s, the "Turkish Institute" and its American professors, such as Robert E. Stone, another visiting professor from HBS, were proud to see their graduates claiming top jobs and governmental positions in Turkey.[478] After ten academic years of educating American-trained managers and integrating these fresh graduates into key positions, that institute could fully finance itself thanks to the contributions of various funds from the state and Turkish or American private firms.[479]

---

[476] Bates Papers, Box 4, Series VIII, Turkish Program, 1955, "Management of Foreign Operations Assignment Sheet - Turkish Section."

[477] Don Lebold, "HBS Aids Turkey In New "B" School," *Harbus News,* March 1, 1957.

[478] Bates Papers, Box 4, Series VIII, Turkish Program, 1961-1966, "From: Mehmet Misirli, To: Prof. Robert E. Stone," April 5, 1961. These included Bülent Yazıcı as President of İş Bank and Chairman of the Board of the Industrial Development Bank, Şahap Kocatopçu as Minister of Industry, and Behçet Osmanağaoğlu as one of the top executives of Koç Holding.

[479] Bates Papers, Box 4, Series VIII, Institute of Business Administration, University of Istanbul, Turkish Program: Reports, Memos, Financial, undated, "Institute of Business Administration, Annual Report 1963-64." See Appendix VIII.

4.6. Results

Six years of financial aid and credits, promotion of products and services through American companies, support for the Turkish army with American weapons and war machines, and, most significantly, thousands of hours of consultation, diplomatic initiatives, field research, networking, and mediation by American actors finally paid off in these years: the Americans created a junior ally that would eagerly follow American financial advice and adopt its business culture as well as accepting its corporations as investors. The enactment of two privatization laws, one of which opened up the oil sector, one of the least likely sectors to be denationalized in Turkey, was evidence of this.

American actors shone throughout the process. Both McGhee and Randall played their parts as commercial diplomats successfully. They not only convinced the DP government to privatize the Turkish market by applying free-market rules and fair competition; they also mediated between Turkish business elites and other American professionals. The results were promising; within two years, many American companies such as General Tire, Minneapolis-Moline Tractor Company, B.F. Goodrich Tires, Willys-Overland Motors, and Abbott Laboratories had applied to invest in Turkey and build new partnerships with Turkish banks and businesspeople. Companies such as GE and Ford that were already present expanded their investments thanks to the new customs and corporate tax incentives. After his short trip, Randall was not fully convinced by the results; having the mentality of a corporate businessman, he was focused on the fact that Turkey still had a long road ahead of it in terms of privatization. On the other hand, according to the writings of Randall as discussed above, McGhee, as a commercial diplomat, confirmed that this was all they could do. After the newly enacted privatization laws and the expansion of American business and culture, taking root through American-trained Turkish managers, the next task would be networking among American business circles to arrive in the Turkish market.

In this period, defined as a honeymoon in the relationship between the U.S. and Turkey, American actors should not be given all the credit for the achievements. Ankara was pleased to be under American wings, especially in terms of economic guidance. The DP leaders developed a belief that Turkey would continue to be financed through U.S. institutions as long as they went along with the advice of American actors. Regardless of whether the cash flow was coming from the Eisenhower administration as aid and credit or from private American businesses as investments, Turkey would use the capital to fuel state modernization with costly projects, cover its military expenses, and settle budget deficits due to imbalanced import and export volumes. Bayar's visit to the U.S. to negotiate with President Eisenhower for more aid and to meet with possible American investors was in line with that mentality.

Saying "yes" to anything and sweeping problems under the carpet were natural parts of this honeymoon period. However, when certain expectations went unmet, problems could reveal themselves. The problem of dependency, for example, would raise its head in the Turkish-American economic marriage in the upcoming years. Due to the deepening economic recession in Turkey in 1955, Turkey's focus would shift back to acquiring quick aid and credit from the U.S. rather than waiting for private investments. The Eisenhower administration, on the other hand, was reluctant to finance an economically dependent Turkey for an extended period of time and would keep directing Turkey toward other financing options, such as cutbacks on modernization projects and imports. In this new era's relationships, American commercial diplomats would develop another task for themselves besides mediating between American business circles and Turkish decision-makers. As Turkey changed its focus to obtaining as much aid and credit as possible, these American actors would try to convince their government and other financial creditors to continue financing this troubled ally.

CHAPTER V

"What we need is a dramatic program for stabilizing and making more secure international business relations, not a program for ever-increasing intergovernmental aid. Nor do we need any more preaching to foreign governments – such as the Turkish – about how they must solve their economic problems. Frankly, too few of us really understand what their problems are. In short, our challenge is not so much to effect immediate change in foreign investment climates, but to make private international business a more viable institution so that it becomes a workable alternative to totalitarian development in countries such as Turkey. At the moment, it would seem that it is not."

Richard D. Robinson[480]

5.1. Hidden Concerns of the Honeymoon Period

Despite successes in business promotion, 1954 began a darker period that Turkey had expected to face based on previous predictions. Growing credit debts, loan repayments, and export costs with rapid spending on modernization brought new burdens to the Turkish economy, which could only be reversed with quick, large cash

[480] Richard D. Robinson, "Turkey: A Challenge to American Business," American Universities Field Staff, September 10, 1957, 14.

flows. Whether direct investments could arrive in time was questionable. The DP government kept its optimism, believing that Turkey was doing its part for American business. However, time was running out for Turkey's ongoing economic development. The visits of Menderes and Bayar with their entourages to the U.S. in 1954 succeeded in relieving some of the financial pressures as valuable military aid and new credit deals were obtained. Still, these delegations failed to secure the desired sums to maintain the country's economic development while making payments for its growing expenses. More so than receiving aid, DP delegates were primarily lectured by the Americans to undertake economic reforms if Turkey expected American aid in the future.[481] The DP delegates were confused by this response because they had already been doing whatever their ally's advisors recommended to them.

After 1955, American institutions began facing what might have been the worst-case scenario for Turkey en route to agricultural enhancement. Their estimations had always underlined the possibility of growing pains in the Turkish economy due to higher import rates and inflation. In the early 1950s, it was possible that increased agricultural exports, the extraction of more mining products, and the opening of profitable sectors to foreign investments could reduce Turkey's future struggles with external credit and import payments.[482] However, tying all hopes on agricultural exports and the arrival of private capital brought too many "ifs" into the equation.

[481] NARA, RG 469, "Letter from M. L. Dayton to Mr. Hikmet Turat," August 10, 1954; "Letter from M. L. Dayton to Mr. Foy Kohler," September 23, 1954; "Letter from M. L. Dayton to Adnan Menderes," September 30, 1954. Dayton advised Menderes to put off costly major projects until their viability and expenses could be properly ensured. Dayton was thinking about devaluing the lira to bring about stabilization and looking for an opportunity to casually raise this point in the course of meetings with DP leaders.

[482] NARA, RG 469, "Memorandum Concerning the Preliminary Visit of Mr. Leon Dayton to Turkey," May 31, 1952.

The fall of prices in the foreign markets due to the economic recovery of Turkey's competitors, increasing military expenses since the Korean War, budget allocations for massive infrastructure projects, and droughts in 1954 could be counted as reasons why the Turkish economy entered a period of crisis in 1955. According to Robinson, DP leaders were well aware of the growing domestic and foreign debts and were deliberately indifferent to soaring inflation. They had no interest in abandoning costly infrastructure projects because they knew that however far the country might slide downhill, the Americans would bail them out eventually.[483]

Turkey did not neglect the significance of private direct investments in these years and did its best to create a friendly business environment where American investors would feel comfortable by working closely with American advisors. Establishing a legal framework for the privatization of the oil sector and instituting more incentives for foreign capital were steps that Turkey took as preconditions for a successful economic atmosphere.[484] The DP, just like the RPP when it was in power, was convinced by the successful overseas operations of American multinationals like ARAMCO that inviting foreign investments in these industries could maximize state profits as well as reducing the growing industrial import volumes. Allowing foreign investors to participate in 50-50 profit sharing was as huge a decision as denationalizing the sector. It was also a significant way to show that Turkish politicians had abandoned their mindset of strict skepticism toward the long-lingering ghost of "Western imperialism."

[483] Robinson, *Developments Respecting Turkey*, 32.

[484] The American Enterprise Association, Inc., *American Private Enterprise, Foreign Economic Development, and the Aid Programs* (Washington D.C.: Government Printing Office, 1957), 58, 60-65.

These ideas and attempts partially contributed to the promotion of the Turkish market in 1955. With that aim in mind, Turkey provided more legal and infrastructural incentives and stood its ground politically as a staunch ally of the U.S. Through news and campaign offices in different major cities of the U.S., Turkey also launched better advertising activities to attract American businesspeople. Furthermore, Menderes hired American and British professionals who had experience in Turkey's economic evaluations and networks in the U.S., such as Thornburg and Opie, as economic advisors.[485] In addition to enlisting these economic advisors, hiring the former presidential nominee of the Republican Party, Thomas Dewey, as Turkey's lobbyist was a significant move.

Building a positive image of the country and spreading information about its investment-friendly climate were at the top of the list of significant non-financial investment incentives.[486] These non-financial incentives could be as influential as the financial ones existing in a market, such as preferential tax rates or exemptions, grants, and loan guarantees. Still, without appropriate fiscal and political measures, such motivations would not be able to generate sufficient investments.[487] A favorable business environment usually includes a sufficiently stable economy and a stable political system. In 1955, Turkey had a stable government; after its landslide victory in 1954, the DP had consolidated its power. As the DP seemed to be the party that

[485] Robinson, *Developments Respecting Turkey*, 49-51, 63, 94; Randall Journals, Box 2, Washington, 1955, Vol. 9 (March 28-April 26, 1955), Turkey, "Tuesday Morning, April 5th, Executive Office," 5.

[486] See Louis T. Wells and Alvin G. Wint, *Marketing a Country: Promotion as a Tool for Attracting Foreign Investment* (Washington D.C.: International Finance Corporation, 2000).

[487] Florence Hubert and Nigel Pain, "Fiscal Incentives, European Integration and the Location of Foreign Direct Investments," *The Manchester School* 70, No. 3 (2002): 336-363.

the U.S. administrations would continue to interact with, the Eisenhower administration reluctantly agreed to provide an additional grant worth $30 million after Menderes's visit.[488] However, from a private business perspective, political stability meant the credibility of a government, principally in terms of securing financial prerequisites like a balance of payments and loyalty to credit agreements.[489] According to Robinson, at the end of the 1954 fiscal year, Turkey's Economic Policy Uncertainty Index deficit was calculated as 206.2 million units, over four times greater than its 50 million unit quota.[490]

All bleak estimations and predicted problems for the Turkish economy in the early 1950s started to become reality after 1955; beyond struggling with repayments of U.S. loans or those from the World Bank and OECD, Turkey's earliest economic failures in the scope of foreign business occurred in June 1955. Turkey lacked the $50 million needed to pay four oil companies. Having only a week's oil in reserve, Turkey approached U.S. institutions for mediation between Caltex, Socony, and Turkey. This incident fueled rumors that Turkey might go bankrupt, with a negative impact on the faith of American businesses in the country.[491]

---

[488] Schmidt, "U.S. Will Double Arms Aid to Turkey, Speed up Delivery."

[489] Harry N. Howard, *US Policy in the Near East, South Asia and Africa, 1954* (Washington D.C.: Department of State Publication, 1955), 41.

[490] Robinson, *Developments Respecting Turkey*, 31.

[491] "Turkey: A Friend in Trouble."

5.2. Changing Economic Priorities: American Investments Lose Pace in the Turkish Market

As the economic downsizing and short-term debt problems of 1955 unfolded, expectations of productive growth in the Turkish economy in the next fiscal year became unrealistic. Turkish currency reserves and state revenues continued to dwindle in early 1956; the profits of the previous harvest of 1955 had already been spent on construction projects, imports, and military. The droughts of previous years also precluded larger volumes of agricultural production. On the contrary, with the country earning less from exports, its imports continued to increase and credit repayment due dates were fast approaching, leaving the DP government in need of quick cash injections into the economy. As it struggled to cover short-term payments for imports and debts,[492] the Turkish economy could not recover unless the DP government could find quick aid or secure new credit deals. In this unsettling scenario, attracting foreign direct investments started to lose its priority in the macroeconomic agenda.

Besides sending warning signals to foreign investors and companies about the insecurity of the Turkish market, the DP government was on the verge of losing its domestic support, especially among the peasantry. Not having enough financial resources to complete construction projects such as hydroelectric plants, sugar refineries, or factories had never been anticipated before. These projects were visible references of modernization to please the voters. Having failed the rural population before by asking them to cut their agricultural prices to improve export rates in

[492] Robinson, *Developments Respecting Turkey*, Volumes 3-4, 61. Turkey's total foreign debt was said to be 3 billion lira (approximately $570 million) in early 1956.

foreign markets, the DP needed to restore its credibility among the masses to stay in power. However, the agricultural population was hit by the realities of credit repayment, mainly through Ziraat Bank, without having earned sufficient income due to droughts in 1956.[493]

In 1956, the DP faced a double dilemma. On the one hand, American advisors were pressuring DP leaders to begin economic downsizing by limiting construction projects and domestic credit to the peasantry, who struggled to cover their debts of the previous years.[494] On the other hand, such limitations would bring financial ruin to thousands of farmers who were only scraping by, attaining just enough resources for cultivation. The DP needed an immediate plan before it lost the agricultural population's support. President Bayar promised to launch immediate financial plans that would not slow the development, financing for the masses, or modernization projects.[495] Bayar planned to approach the American government for further aid or loans to cover the short-term deficits, which could help Turkey bounce back in the following terms.

Minister of State Zorlu flew to Washington in January 1956 to lobby for a loan worth $300 million to cover the growing expenditures; however, the Eisenhower administration specified several conditions in response to the DP delegate's request. The DP was expected to take the necessary steps to balance the faltering economy by

---

[493] See Ahmad's *Turkish Experiment in Democracy 1945-198* (150-161) for further information about the DP's policy of unrestricted loan distribution through Ziraat Bank and how it backfired when the peasantry failed to make repayments.

[494] FRUS, 1955-57, Volume XXIV: Eastern Europe; Soviet Union; Eastern Mediterranean, "Statement of Policy on Turkey," February 28, 1955, 624-25.

[495] GNA Minutes, 10th Parliament, Vol. 8, November 1, 1955, 6-20.

cutting the budgets of modernization projects, liberating state revenues from budget-draining SOEs, and restricting and regulating credit distributions.[496] Washington compromised with Zorlu, agreeing to provide $30 million as a grant in 1956, but continued to insist that the DP should undertake more economic reforms that would stabilize the state budget while continuing to reduce the scope of the SOEs. Not pleased with the amount of funds secured and disappointed to be declined in such a way, Turkish decision-makers said that the attitude was not what they deserved after doing everything the Americans had asked them to do.[497]

Changing expectations from one another in the U.S.-Turkey economic relations in 1956 was a result of several internal and external reasons. The Eisenhower administration, as well as Randall's economic advisee committee, has been battling with Congress to lower trade tariffs to balance the trade between the U.S and its allies. Restricting the "Buy American" act, which has been the core of American commercial policy since the Marshall Plan, was not welcomed by the business circles and business-oriented Congressmen.[498] In addition to that, Turkey, after having a terrible year in agricultural production, had no financial position to continue buying American in 1956. While the foreign investments in Turkey started to dry out, both governments were forced to consider quick cash installments that could balance the Turkish economy. The DP government naturally applied to its ally for salvation. Knowing American business circles were no longer helpful in Turkey's case, the

---

[496] A.C. Sedgewicks, "Deficit Pressure Menaces Turkey," *New York Times*, November 15, 1955, 3.

[497] Randall Journals, Box 3, Thomas Dewey-lobbyist for Turkey, briefings for trip to Turkey, internal, politics, military, economy, and trade of Turkey, Vol. 12 (January 4-26, 1956), "Tuesday Morning, January 17th, Executive Office," 5.

[498] John D. Morris, "Ike Asks Power to Cut Trade Bans in Interest of U.S., World Security," *The Atlanta Constitution*, January 11, 1955, 1.

Eisenhower administration secured limited economic aid but more advice as reducing import and public investments in Turkey.

In the face of the demands listed above, politics and macroeconomic constraints shaped and dominated the alliance between Turkey and the U.S. in 1956. The DP government had already prioritized aid and credit options to save the country from falling into economic despair. Interestingly, the Eisenhower administration and American advisors in Turkey, even the committed civilian businesspeople who preferred not to be named as state representatives, were all on the same page: Turkey could be rescued only through quick financial aid. That idea supplanted the significance of attracting business and foreign investment initiatives in their agendas. In such a political environment with changing economic objectives, altering the job titles of the American personnel assigned to the Turkish mission became an apparent necessity. Thornburg became a personal advisor to Menderes, tasked with lobbying in the U.S. to help Turkey get more aid and credits. As a lobbyist of Turkey, Dewey also adopted a similar role. In his second trip to Turkey between January and March 1956, Randall focused on mediating credit and aid negotiations between Turkey and the U.S. rather than business promotion.[499]

Between February and March 1956, Randall met with the decision-makers of Turkey, barely discussed business activities or foreign investments with them, and generally worked on solving the state's cash-flow problems rather than meeting with and listening to the concerns of the Turkish business elites. After his previous visit in

[499] FRUS, 1955-57, Volume XXIV: Eastern Europe; Soviet Union; Eastern Mediterranean, "Telegram from the Embassy in Turkey to the Department of State," January 17, 1956, 668. This mission was defined as an investigation of the Turkish economy and had no focus on business promotion.

1953, Randall had continued to build upon his reputation among Turkish decision-makers as being highly trustworthy. Turkish Ambassador to the U.S. Haydar Görk told Randall in a lunch meeting that Randall was the only foreign advisor in Turkey who had been received with genuine enthusiasm and asked to come back.[500] However, Randall was now returning to Turkey with unpleasant recommendations. The Department of State had assigned Randall to convince the Turks to take strict measures such as restricting public spending, limiting individual credits and export to put their economy back on track. Randall would not be discussing ways to attract American business this time. Instead, he was assigned to research the Turkish economy, diagnosis the problems, and convince the DP government to make cutbacks in state spending and credit distributions.[501]

The main objective of Randall's task was to convince DP leaders to devaluate the lira because the disparity between Turkish prices and American business was severely impacting trade and investments.[502] Besides the struggle that foreign businesses faced in getting payments from Turkish vendors, fixing the dollar to 2.8 Turkish lira in transactions caused disturbances in doing business in Turkey. Losing the interest of American investors and experiencing currency problems at home, the DP began to cling to SOEs again.[503] According to Randall, Menderes eagerly listened to his proposals but negotiated for a compromise; applying financial reforms in line with

---

[500] Randall Journals, "Tuesday Morning, January 17th, Executive Office," 5-6.

[501] Randall Journals, Box 7, Turkey, 1956, Vol. 12 (January 28-March 6, 1956), "Confidential," March 6, 1956, 1-9.

[502] Ibid., 4.

[503] Ibid.

American advice would come at a price.[504] At the same time that this conversation was occurring, the Eisenhower administration had turned down Turkey's request for $300 million, as previously described; when that news arrived, the meeting room froze.[505]

In the following days, Randall found himself with the difficult task of trying to convince the DP government to accept economic reforms while asking the Eisenhower administration to reconsider its decision of not providing additional aid to Turkey. Randall adopted a mediating diplomatic role this time rather than assuming the position of a businessman with a to-do list to attract investors to the market. He praised Turkey's strategic position in the Middle East and its role as a staunch ally against Soviet expansion. He emphasized to the Eisenhower administration that Turkey's support of the U.S. in the region was invaluable and should be rewarded.[506] The only way to save this ally from economic disaster at this point was the injection of quick credit worth around $100 million. Turkey could be directed to the IMF and Organization for Economic Co-operation (OEEC) for more funds and spread its debts across a more extended period. Besides reiterating the political value of Turkey for American foreign policy, Randall relayed his

---

[504] Randall Journals, Box 7, Turkey, 1956 (January 28-March 6, 1956), "Saturday Morning, February 11th, Barclay Hotel, New York," 40-41. Menderes was certainly pro-American; however, he was also good at bargaining with the Americans regarding Turkey's needs and offers. According to Randall, Menderes kept the conversation at the highest level and repeatedly stressed that Turkey was sincere in its resistance against communism and Russia. Furthermore, he said that even if Randall had not helped Turkey to get more aid, he still would have been remembered as a friend of the country.

[505] Ibid., 43.

[506] Randall Journals, Box 3, Council on Foreign Economic Policy, 1956, Vol. 12 (September 25-October 23), Turkey, Thomas Dewey, "Tuesday, September 25th, Executive Office," 1-5; DSA, "Amerika Birleşik Devletlerinin eski Ankara Büyükelçisi George C. McGhee'nin konuşması" ("The former U.S. Ambassador to Turkey George C. McGhee's speech"), 127-823-2, January 26, 1956.

impression that Turkish decision-makers would be loyal to his advice and apply a strict economic program to take the necessary steps to stop the rot in the economy.[507]

A future scenario in which Turkey would not be injecting foreign currency into the market might have led to a full-blown disaster for the Turkish economy rather than merely slowing development progress. In addition to growing expenses and debts, Randall noted that Turkish businesses were struggling to fulfill contractual obligations with their foreign partners. Officially, 1 dollar was fixed at 2.8 Turkish lira in the early 1950s; however, that was far less than the actual value in the market. One dollar was equal to 5-6 lira in the market and could even rocket to 9.7 in the black market.[508] In the midst of such insecurity, few American businesses showed interest in selling products or investing in Turkey. Rather, most U.S. companies operating in Turkey approached Randall and demanded that he convince the Turkish government to devaluate the lira for fair transactions.[509] Fighting a similar battle, Dewey could not sell the opportunities of the Turkish market to American businesses, either.[510]

The American companies' direct investments had never even reached significant amounts, but now, due to the currency problems, the existing investments started to

507 FRUS, 1955-57, Volume XXIV: Eastern Europe; Soviet Union; Eastern Mediterranean, "Letter from the President's Special Consultant (Randall) to the Secretary of the Treasury (Humphrey) and the Under Secretary of State (Hoover)," March 6, 1956, 669.

508 Ibid., 673.

509 Randall Journals, Box 5, Vol. 8, Council on Foreign Economic Policy, 1956, Volume VIII (May 1-June 11, 1956), Turkey, "Monday, June 9th, Executive Office," 1-3.

510 Randall Journals, Box 3, Thomas Dewey-lobbyist for Turkey, briefings for trip to Turkey, internal politics, military, economy, and trade of Turkey, Vol. 12 (January 4-26, 1956), "Friday Morning, January 13th, Executive Office," 5-6.

be withdrawn after 1956. In addition to the economic impracticality of business in Turkey, political instability was returning and the DP's credibility received blows in that year. Frustrated with economic downsizing, the DP government began making other controversial decisions challenging the democratic balance of the country as highlighted in papers of foreign press and official correspondence in 1956. The deterioration in living standards, caused by the limitations put on the importation of consumer goods and increasing inflation, caused unrest among the people, and even among the peasantry, the DP's loyal supporters.[511] With cutbacks in state credits and the impossibility of buying imported tractors, this group started to lose its foothold in agricultural production while the elite landlords rose. A much more severe problem, however, was the crumbling of support among intellectuals and members of the bureaucracy. This group mainly consisted of middle-class individuals such as civil servants and educators, who were hit by the higher inflation and began to have economic difficulties. For instance, Turhan Feyzioğlu, Dean of the Faculty of Political Science of Ankara University, publicly criticized the DP government for getting involved in the blocking of the promotion of a colleague due to that colleague's critical articles about the state's economic policies.[512] Menderes ordered the Minister of Education to force the academic senate of Ankara University to dismiss Feyzioğlu for his politically charged comments. Although the Senate declined to fire him, the Minister of Education overran that decision and dismissed him. This standoff between the government and Ankara University ended with more academic resignations and the arrest of 300 students in protests. Eventually, the DP

[511] Zürcher, 229.

[512] "Education: Freedom & Turkey," *Time*, December 17, 1956, 54.

passed a law to negate the authority of university senates and give control to the state in December 1956.[513]

Increasingly concerned voices joined in a protest organized by workers in January 1956. Low wages and growing inflation brought the labor unions together; however, protests were suppressed harshly and the participating unions were shut down.[514] Many leading party members also questioned the party's politics and Menderes's growing authoritarianism. They were either dismissed or willingly resigned. Leaving the DP in late 1955, these ex-members came together in December to form the Freedom Party (*Hürriyet Partisi*) with an agenda of restoring economic planning and greater democratization.[515]

After shutting down the labor unions, the DP's reputation was shaken among its liberal supporters; however, ignoring all criticisms, the DP stepped up its crusade against any questioning of state politics, including questions from RPP members and the press. Several journalists were arrested and prosecuted after publishing critical stories about the DP and the prime minister. Menderes defended those actions and called the arrests a necessary suppression of a plot to bring about a revolution and his removal from office.[516] Newspapers published caricatures of Menderes and other leading DP figures that were deemed insulting and found themselves facing trial.[517]

---

513 Ibid.

514 Shaw and Shaw, 412.

515 Ibid.; Feroz Ahmad, *Making of Modern Turkey* (London: Routledge, 1993), 54.

516 "Police in Ankara Detain Newsmen," *New York Times*, April 30, 1956, 2.

517 "Turkey: Costly Joke," *Time*, July 30, 1956, 20; Robinson, *Developments Respecting Turkey*, Vol. 4, 1.

RPP officials experienced their share of these arrests, as well. Attacking the DP's policies on every trip to Anatolian cities while addressing the local people, some opposition deputies claimed that Menderes would suspend the elections in 1957 – indeed, he postponed the elections for a few months – and accused him of turning into an authoritarian figure. The RPP's Secretary-General, Kasım Gülek, a passionate speaker, complained relentlessly about the DP's failing economic policies, limitations of freedom, and arbitrary judicial policies; eventually, he became Menderes's nemesis.[518] Already arrested once the year before and kept in custody for a day, Gülek was sentenced to four months of house arrest in June 1956 for insulting the GNA's legal status for the second time. Meeting with Randall a few years later, Gülek sarcastically apologized that he could not meet Randall on his earlier visit to Turkey because he was in jail.[519] Throughout 1956, Menderes found it very hard to accept criticism and his authoritarianism grew, which fueled the opposition's distaste for his government.[520]

All of this unpleasant news about Turkey's faltering economy and democratic shortcomings continued to be published in American newspapers and shared in correspondence between state officials in the following terms, and all of this news critically damaged perceptions of Turkey's business-supportive environment. Questioning Turkey's economic capabilities, democratic institutions, and loyalty to the law, American investors were overwhelmed with business concerns; most of

---

[518] Robinson, *Developments Respecting Turkey*, Vol. 3-4, 3; "A Scalp for the Taking," *Time*, August 13, 1956, 18.

[519] Randall Journals, Box 7, Turkey, 1956 (January 28-March 6, 1956), "Memorandum of Mr. Randall's Conference with Kasim Gulek, February 7, 1956," 1-2.

[520] Ibid., 229-30.

them hoped only to be paid for their services and products, and many others preferred to distance themselves from this market.[521] In late 1956, the DP, the opposition, American advisors, and Turkey's lobbyists all agreed on a common idea: expecting the arrival of more foreign investments and businesses was quite unrealistic in this chaotic period. Disappointed with the conditions, Randall met with the Turkish business elites of the Rotary Club only once in his 40-day stay in Turkey. Rather than projecting a strong perspective of realism, as in his previous meeting with these gentlemen, he reluctantly praised the unshakable alliance between the U.S. and Turkey and suggested that solid ties between the states might soon bring more American investments to Turkey. In his journals, he wrote that painting a hopeful framework for these businessmen, rather than presenting the gloomy economic scenarios he had discussed with the DP government, was easier for himself.[522] Battling with the economic recession and payment insufficiency, Turkey was no longer attractive for the American business these years.

Although business promotion was not their priority, the DP leaders were also upset to see the lack of foreign investment after so much effort had been exerted to improve the business environment for foreigners by enacting incentive laws. As a final attempt to make the Turkish market appealing, the DP enacted a new regulation providing industrial guarantees ensured by both the Turkish state and the International Cooperation Administration.[523] The aim was to create a trustworthy

[521] Randall Journals, Box 7, Turkey, 1956 (January 28-March 6, 1956), "Memorandum of Mr. Randall's Conference with Ambassador Gork, February 7, 1956," 3.

[522] Randall Journals, Box 7, Turkey, 1956 (January 28-March 6, 1956), "Saturday Morning, February 11th, Barclay Hotel, New York," 36.

[523] GNA Minutes, 10th Parliament, Vol. 13, July 9, 1956, 139.

environment once again for foreign businesses, similar to that they had enjoyed while their investments were guaranteed by Marshall Plan funds. However, Turkey's economy was no longer on a progressive road. Other negative catalysts, such as the controversies over political suppression and democratic institutions, were more than enough to convince American businesses to stay away from this problematic market.

In a private meeting with Randall, Bayar complained that only two years before, he had met the CEOs of many American industrial giants such as Randall's own company, Inland Steel Inc., and AMF. All of them had promised to establish production plants in Turkey, but none delivered.[524] As Barker had also previously told Bayar in a private meeting, Randall insisted that this outcome was not the fault of Turkey's laws or efforts; the conditions were just not right.[525] Even Dewey, the paid lobbyist of Turkey hired by Zorlu, admitted to Randall that he struggled to find investors in the U.S. and could not convince American businesspeople that Turkey had the best climate for overseas investments.[526] Dewey accordingly changed his objective and began spending more time with members of the U.S. Congress and officials of the Eisenhower administration in hopes of securing more credit and aid for Turkey.[527]

---

[524] Randall Journals, Box 7, Turkey, 1956 (January 28-March 6, 1956), "Memorandum of Mr. Randall's Conference with President Bayar at the President's Palace on Saturday, February 4, lasting from 12 until 1:20 P.M.," 1-6.

[525] Ibid.

[526] Randall Journals, "Saturday Morning, February 11th, Barclay Hotel, New York," 46-47.

[527] Ibid.

5.3. Efforts to Reattract American Business While Restoring the Economy

The deepening recession and political disturbances started to alienate American investors in Turkey; the DP government, in turn, lost its enthusiasm toward them. However, American advisors did not abandon their attempts at mediating between the Turks and American businesses, and investors did not abandon the market. The Department of State assigned Randall to investigate Turkey's macroeconomic problems rather than investment promotion, and his working team required new business specialists to fill his shoes. Dr. C. Edward Galbreath, General Counsel of International Harvester Company, dealt with the problems of American business owners in Turkey and suggested solutions.[528] Besides his role accompanying the Randall-led delegation, Galbreath spent most of his time in Turkey with business circles, listening to and taking notes about their problems. He also provided his own evaluations about possible business opportunities in Turkey, most notably in the sectors that had the potential to flourish after economic recovery, with petroleum operations and agricultural mechanization topping his list.[529] Not wanting to burden Randall and his delegation with too many assignments, the Department of Commerce tasked five prominent American businessmen, led by Herbert J. Cummings, Chief of the Middle East Section of the Bureau of Foreign Commerce, to research the business conditions in Turkey.[530] After spending a month in Ankara and İstanbul, meeting Turkish and American business leaders and examining promising sectors,

---

[528] "Letter from the President's Special Consultant (Randall) to the Secretary of the Treasury (Humphrey) and the Under Secretary of State (Hoover)," 669-71.

[529] "Saturday Morning, February 11th, Barclay Hotel, New York," 33-37.

[530] Robinson, *Developments Respecting Turkey*, Vol. 3, 82.

Cummings suggested positive results. By 1960, he estimated, Turkey would achieve $200 million in annual income in foreign exchange (including tourism revenues), sales of tobacco products, and mineral exports if it managed to attract investors.[531]

Moving beyond such promises and expectations, several American MNCs did step in to invest in Turkey in these years. Remington Rand agreed to bring capital of $300,000 to Turkey to establish the country's first typewriter manufacturing and assembly plant in İstanbul.[532] Having already sold manufactured products for railroad construction equipment to Turkey worth $32 million, Westinghouse Co. (both the Air Brake and Electric branches) also promised to expand its manufacturing facilities in Turkey to reduce production and transfer costs and capture a profitable market for Westinghouse products.[533]

In addition to the newcomers, companies that were already present proceeded with their plans for manufacturing plants in Turkey.[534] Willys-Overland's new assembly line near Tuzla (İstanbul) was among them. Their completed plant was projected to manufacture 5,000 jeeps per year. According to initial pricing estimations, a jeep from that plant would cost $379 less than those imported from the U.S. and would allow Turkey to save about $1.2 million per year.[535] Minneapolis-Moline also

---

[531] Robinson, *Developments Respecting Turkey*, Vol. 4, 65.

[532] "Turks to Produce Our Typewriters," *New York Times*, July 16, 1955, 19.

[533] "Westinghouse Air Brake Unit Awarded Contract by Turkey," *Wall Street Journal*, June 28, 1955, 3.

[534] DSA, "Merkezi İstanbul'da olmak üzere Türk Willys Overland Fabirkaları AŞ'nin kurulmasına izin verilmesi" ("The establishment of Turkish Willys-Overland Factory Inc., with its headquarters in İstanbul, was allowed"), 142-22-3, March 10, 1956.

[535] Ibid.; Robinson, *Developments Respecting Turkey*, Vol. 3, 71.

completed its first round of manufacturing that year and released 850 tractors to the domestic market.[536] As oil production had recently reached 1 million barrels of crude oil per day,[537] Parsons received state grants and started to expand its oil research into Thrace, the northwestern part of Turkey. Squibb & Sons and GE also expanded their plants to improve production capacity.[538] To compete against Squibb & Sons and Abbott, Pfizer began planning a plant in İstanbul to produce antibiotics, subsidiary products, and medical alcohol from sugar beets. A list of the targeted medicines was also sent to the prime minister by Pfizer Chairman John Elmer McKeen.[539]

In spite of those advancements, the oil sector received the most attention. Since 1954, with the enactment of the new law, twelve foreign oil corporations had arrived in Turkey, with Socony, American Overseas Petroleum Ltd., and Esso Standard being particularly notable American firms investing in the country. They were

---

536 GNA Minutes, 10th Parliament, Vol. 10, February 28, 1956; *Wall Street Journal* published an advertisement about the latest developments concerning Minneapolis-Moline's operations in Turkey on January 24, 1956. Many other advertisements continued to be published in the next years to motivate Turks to purchase Minneapolis-Moline tractors to contribute to domestic production. Appendix IX.

537 DSA, "Batman rafinerisinin çalışması hakkında Parsons Şirketi namına Ahmet Neyzi imzasıyla Celal Bayar'a gönderilen telgraf sureti" ("A copy of the telegram sent to Celal Bayar with the signature of Ahmet Neyzi on behalf of the Parsons Company about the operation of the Batman refinery"), 111-701-2, March 27, 1956. Ahmet Neyzi was a graduate of the Business School of İstanbul University who had just started a career with Parsons in Turkey, which may be considered an exciting coincidence.

538 DSA, "E. R. Squibb and Sons İlaçları Anonim Şirketi ana Sözleşmesinin 5. maddesinde değişiklik yapılması" ("Amendment to Article 5 of the Articles of Incorporation of E.R. Squibb and Sons İlaçları Inc."), 144-81-4, October 2, 1956; DSA, "Türkiye İş Bankası, Türk Tecim AŞ ve Vehbi Koç'un Amerika'da bir firmayla birlikte memleketimizde kurdukları General Elektrik TAŞ vasıtasıyla kurmuş oldukları fabrika için istenen sermaye" ("The required capital for the factory established by Türkiye İş Bankası, Türk Tecim AŞ, and Vehbi Koç together with a company in the U.S. through General Elektrik TAŞ"), 143-54-19, June 29, 1956.

539 DSA, "Pfizer ilaç fabrikasının Türkiye'de açılması" ("Opening of the Pfizer pharmaceutical factory in Turkey"), 6-30-19, June 8, 1956; DSA, "Orta Şark Ticaret TAŞ ile Amerikan Pfizer müessesesi'nin İstanbul'da fabrika kuracakları," ("Orta Şark Ticaret TAŞ and American Pfizer Foundation will establish a factory in İstanbul"), 1-9-1, September 19, 1956.

conducting drilling operations, operating wells, and processing crude oil products.[540] These companies dramatically increased the exploration operations by expanding their work into all seven regions of Turkey. The total number of sites explored reached 68 in late 1955.[541] In 1956, that number was expected to be 140 with further business applications and grants from the relevant ministry giving authorization to both currently present firms and potential new ones.[542]

Amid the struggles to find resources or willing partners to finance various business sectors in Turkey, the oil industry was an exception due to its potential for profits. The competition in other private investment sectors was relatively low in comparison to foreign oil companies' interests in Turkish resources. They did not need to partner with Turkish businesspeople to overcome their foreignness in the market. Furthermore, the majority of oil giants like Socony, Esso, and Shell had fewer challenges or reservations in terms of covering operation costs, machine transfers, or financing payments for assigned professionals. Any initiative to attempt joining the race for oil in Turkey was quickly concluded through relevant credit deals via American banks and finance organizations. For example, after financing Parsons's new operations in Thrace, William Blair Co., an investment banking institution from Chicago, also sponsored Turkish oil importers' refinery construction projects in Turkey.[543] Profitability was key in this sector while many other sectors dried up. Rumors underlined that a huge consortium of oil giants would emerge soon to make

540 Robinson, *Developments Respecting Turkey*, Vol. 3, 57.

541 GNA Minutes, 10th Parliament, Vol. 10, February 28, 1956, 247.

542 Ibid, 248.

543 "Second Oil Refinery Planned in Turkey," *New York Times*, May 1, 1956, 43.

the most significant investments that the Turkish petroleum sector had ever seen.[544] The arrival of more foreign investments, and especially those involving the promise of larger profits, would be celebrated by the DP government and American actors like McGhee and Randall as evidence that their dedicated work was still paying off. However, neither the number of investments nor their long-term advantages could ever draw enough attention among those who were desperately seeking quick resolutions to Turkey's growing cash-flow problems.

In late 1956, no common ground was found in the discussions of the economic aid program, and economic problems continued to deepen while the government insisted on suppressing the opposition. DP deputies continued to raise concerns among themselves about Menderes's governing style, economic policies, and increasing authoritarianism. While some DP members left the party,[545] others asked Menderes to step down. In fact, he was willing to agree to that demand, but his decision to resign was rejected by Bayar, who instructed the beleaguered prime minister to assemble a new cabinet rather than abandoning his post. Despite the growing distaste for him among his opponents, particularly liberal intellectuals, he was still the champion of rural voters and business elites with the unwavering support of the masses.[546] Relying on his voters' support, Menderes ignored criticisms about economic constraints, budget deficits, and authoritarianism and decided to continue pursuing his initial economic vision for Turkey. Forgetting his promises to American

---

[544] Robinson, *Developments Respecting Turkey*, Vol. 4, 73.

[545] The resignation of one of the party's founders and long-time Minister of Foreign Affairs Fuad Köprülü was a particularly significant loss. He was known for his disapproval of Menderes's growing impatience toward the opposition and criticism. Joseph O. Haff, "Turkish Foreign Minister Resigns Post; Move Laid to Clearing of Foe in Inquiry," *New York Times*, June 20, 1956, 5.

[546] Shaw and Shaw 412.

advisors and other international creditors about downsizing, Menderes first heralded the completion of several dams, irrigation projects, and manufacturing and power plants. He then promised more projects to be started for modernization, apparently expecting the results to please the voters. Meanwhile, as described by Robinson, these attitudes were apt to destroy the esteem of the government.[547]

After reconsolidating power in the inner circle of the party, Menderes returned to domestic politics to face the economic realities. The national elections to be held in 1958 were approaching; in addition to possibly saving the Turkish economy, Menderes's next steps would determine whether he could also preserve his power. The best solution was to accept the American demands and secure the amount needed to halt the economic downswing quickly. Returning to his old tactics, Menders conducted an election campaign similar to the previous one, following what he perceived to be automatic steps for victory. Having already convinced Randall about his intentions to manipulate the economic conditions and further negotiations with the IMF and OEEC for credit deals, Menderes was likely to get what he needed: an injection of hot cash to halt the economic recession. He worked at maintaining Washington's good graces, which were highly correlated with his chances of getting more aid from the U.S., by granting unlimited access to Turkish military installations for U.S. personnel.[548] This approach helped Menderes attain first military aid and subsequently credits from the U.S. in 1957. The funds secured by following these steps allowed him to utilize the cash flow and gain short-term popularity among voters. In 1957, Menderes primarily devoted his efforts to consolidating his voters by

[547] "Turkey: A Challenge to American Business."

[548] "Turkey: The Impatient Builder," *Time*, February 3, 1958.

showing them signs of economic recovery and solving their short-term economic problems. That summer, he ordered the accelerated completion of construction projects, such as schools, highways, and mosques, as tangible evidence of his successful governance. He also issued a circular granting a one-year moratorium on debts owed to the state by farmers and business elites.[549]

After restoring voters' confidence over the course of a few months, the DP, led by Menderes, held a snap election in September 1957. By injecting cash into the markets and catching the opposition unprepared, the DP secured its third consecutive election victory. This particular victory was less convincing than the others; the margin of votes between the DP and the opposition was narrower than in 1954. Still, it was a massive relief for the DP as it indicated more than the validation of voters. First, it showed that despite shortcomings in the economy and the balancing of the budget, the DP should continue pursuing what it had been doing for the last seven years, even if it meant blocking out all criticisms of the economy, democratic shortcomings, or excessive budgets for massive projects. Menderes used the motto "Nothing will slow us down at all" during the election campaigns and, to preserve his own position, put himself on a political path that he would not change in the following years.[550] However, while his political opponents' rising voices did not force him to make adjustments, the consequences of the economic crisis would necessitate some changes in this term, especially in the economic realm.

---

549 Ahmad, *Making of Modern Turkey*, 77.

550 Ibid., 77-81.

A few months after the elections, the DP had to contemplate taking control of credits, repayments, and state revenues. A new circular approved by the GNA included price controls, restraints on accessible credit, and budget cuts for existing SOEs' operations.[551] American officials praised these stringent new regulations and described them as a harsh necessity to save the country from bankruptcy.[552] The Turkish lira was devalued, which caused a dramatic loss of its worth; 1 dollar was equal to 9 lira in 1958, while it had been 5.25 for the official currency only one year ago. That drastic change made it nearly impossible for Turkish importers to allocate significant funds for foreign purchases; however, that was not a unique outcome of the devaluation. It had been a recurring problem in Turkish business since 1956. The levels of imports had to be reduced because the sales of even minerals and agricultural goods were faltering in recent years. After 1958, they would no longer be sufficient to maintain the import-export balance.[553] The droughts of recent years made the volumes of exported crops such as wheat and cotton fall by one-third compared to previous harvests, which raised local prices and also reduced this sector's competitiveness in terms of international market prices.[554]

Upon experiencing the worst recession of the 1950s, Turkish officials concluded that achieving a self-sufficient economy was impossible. Economic development could only be maintained through a combination of domestic production, foreign aid, and a

[551] GNA Minutes, 10th Parliament, Vol. 27, November 28, 1957.

[552] FRUS, 1958-1960, Volume 10: Europe; Finland; Greece; Turkey, "Operations Coordinating Board Report," January 28, 1958, 741-42.

[553] "Turkey: Silence Please," *Time*, February 17, 1958, 29-30.

[554] NARA, RG 59, General Records of the Department of State, Bureau of Near East and South Asian Affairs, Office of Greek, Turkish and Iranian Affairs, Office of the Officer-in-Charge, Turkish Affairs, Supplemental Subject Files Relating to Turkey, 1954-1958, "Memorandum of a Conversation," October 9, 1957.

solid stabilization plan.[555] In May 1958, Bayar sent Eisenhower a letter requesting more financial aid. After being denied long-term credits from the U.S., Turkey could not settle its credit agreements with international organizations like the IMF and OEEC. Without the ability to obtain the necessary gas and spare parts for tractors, even agricultural production faced a bottleneck. Foreign currency reserves were melting away, and the remaining currency was allocated to installment payments of debts for development projects.[556] In reply to Bayar, Eisenhower suggested a more international solution, advising that they await the conclusions of the IMF and OEEC delegates currently making assessments in Turkey.[557] After establishing a standardized road map with these institutions and agreeing on an immense contribution of $100 million to the OEEC, the U.S. also approved assistance to cover Turkey's growing demands for imported goods in July 1958.[558]

Along with the OEEC's $100 million, the IMF provided additional credit worth $25 million and the U.S. another $234 million. In addition to international organizations, American creditors such as William Blair Co. and even business firms such as GE were eager to offer long-term credit to Turkey to finance the market. Leon Dayton, formerly the chief of the MSA, visited Turkey in July 1957 with a new title. Moving on to private business, he had become the Director/Advisor of Pan American's Investment Bureau and Intercontinental Hotels Corporation. Through Dayton, Pan

---

[555] FRUS, 1958-1960, Volume 10: Europe; Finland; Greece; Turkey, "Operations Coordinating Board Report," January 28, 1958, 754.

[556] FRUS, 1958-1960, Volume 10: Europe; Finland; Greece; Turkey, "Letter From President Bayar to President Eisenhower," 748.

[557] Ibid.

[558] NARA, RG 59, "From: John Leddy, To: Mr. Dillon, Subject: Turkish Stabilization Program," July 1, 1958.

American proposed a $40 million credit deal for Turkey to help with the growing import expenses.[559]

Thus, the U.S. provided the most considerable contribution to the Turkish economy. Despite conflicts about the aid amount, the DP government also accepted that Americans would step up to bail Turkey out of any economic problems it might face.[560] The aid package of $359 million was provided following Turkey's acceptance of a stabilization program and a solution for Turkey's short-term debt. Accepting such loans in return for economic and political concessions proved both Turkey's increasing dependence on foreign aid and the fact that the DP's policies had failed to manage the state's finances.[561] Still, both the DP and Americans kept their faith that restoration could be achieved through the new wave of aid, which aimed to revive economic activities and reassure increasingly anxious foreign business communities.[562] Turkey, now able to pay its previous debts and place more orders for imports, could improve its fortunes and reattract the interest of concerned business owners.

---

559 Robinson, *Developments Respecting Turkey*, Vol. 4, 104.

560 NARA, RG 59, "Finance Minister Polatkan's Statement on Foreign Aid and Credits, Released," August 4, 1958.

561 "Operations Coordinating Board Report."

562 FRUS, 1958-1960, Volume 10: Europe; Finland; Greece; Turkey, "Memorandum of a Conversation," September 10, 1958, 758.

5.4. Revival of American Business Under the Third DP Government

Menderes kept his economic promises to foreign creditors to regain trust from foreign businesses. The cash flow secured for the Turkish market to cover short-term debts slightly improved Turkey's business reputation. Upon the receipt of authorization from the relevant institution, Pfizer started constructing its first plant for pharmaceutical production in September 1957.[563] The amount to be invested in cash was very limited at only 1 million Turkish lira; still, the mechanization products to be provided could be counted as an economic gain. Squibb & Sons launched its third enlargement process in the same year. Thanks to the high demand, the pharmaceutical market was still profitable in Turkey and only a few big pharma companies were feeding the market. Therefore, Squibb & Sons brought Olin Mathieson Chemical Co., its partner in the U.S., to help expand operations in Turkey by injecting an additional 1.5 million lira from their share in the partnership.[564] GE also began planning for a new bulb plant to be constructed due to the increasing demand in the domestic market and provided a small contribution worth $110,000 as its investment.[565] All of these American direct investments were actually expansion projects of companies that were already settled in Turkey; these companies still had

[563] DSA, "Bir ABD firmasının Orta Şark Ticaret TAŞ ile birlikte ülkemizde vitamin ve hormon ilaçları imal etmek üzere kuracakları fabrika için getirilecek sermayenin 6224 sayılı Kanundan yararlandırılması" ("Benefitting from Law No. 6224 for capital to be brought for the factory to be established by a U.S. company to produce vitamins and hormone drugs in our country with Orta Şark Ticaret TAŞ"), 147-50-20, September 30, 1957.

[564] DSA, "E.R. Squibb Sons İlaçlar Anonim Şirketi'nin karından şirketin ortağı olan Olin Mahieson Chemical Co.in hissesine düşen miktarın şirketteki sermayesine ilave edilmesi ve 6224 sayılı Kanundan faydalandırılması" ("Benefitting from Law No. 6224 for the capital to be added to the share in company by Olin Mathieson Chemical Co. to the profit of E.R. Squibb & Sons İlaçlar Inc."), 145-117-5, March 13, 1957.

[565] DSA, "General Elektrik TAO'nun, bir Amerikan şirketi ile ortaklaşa kuracakları Ampul imalathanesi için yabancı şirketin ithal edeceği yabancı sermayeye muafiyet tanınması" ("Granting exemption to foreign capital that will be imported by a foreign company for the bulb factory to be established jointly by General Elektrik TAO with an American company"), 146-32-2, June 18, 1957.

motivations for relying on Turkey and its market potential. The only newcomer to the Turkish market at this point was Philco-Amcor Co., an appliance manufacturer specializing in refrigerators and cold storage depots, with a capital investment worth \$200,000.[566] This company had recently expanded to the Middle Eastern market by constructing a refrigerator plant in Tel Aviv,[567] and it hoped to launch a similar facility to dominate the Turkish market, which did not yet have any manufacturing plants for large household appliances.

None of the above activities would cure Turkey's short-term economic problems; the only business sector with that level of potential was oil. Thanks to the law enacted in 1954, foreign firms from different countries brought their operational assets to the Turkish market and helped expand upon the MTA's limited drilling and exploration regions. All of these developments strengthened the hope of the DP government that Turkey might earn significant amounts of profits by exporting petroleum products. Having similar hopes themselves, foreign oil firms kept their faith that production rates would continue to grow as long as the scope of operations expanded. For example, to expand the oil sector in Turkey, Socony and three other oil multinationals started to design a massive refinery to be built in Mersin in 1957. The refinery was scheduled for completion in early 1961 and was expected to meet a

---

566 DSA, "Amerikalı Philco-Amcor Co. firmasının iki Türk ortakla kuracakları soğuk hava depoları, elektrik cihaz ve aletleri imal edecek teşebbüs için yabancı ortağın ithal edeceği sermayeye muafiyet tanınması" ("American Philco-Amcor Co. granted exemption to the capital to be imported by the foreign partner for the enterprise that will establish cold storage, electrical devices, and appliances to be established by the company with two Turkish partners"), 146-19-14, April 12, 1957.

567 In fact, Amcor was an Israeli company that had merged with Philco in Israel, "Philco" being short for Philadelphia Storage Battery Company.

significant part of the Turkish demands for automotive gasoline, diesel fuel oil, and heavy industry fuel oil.[568]

In March 1957, the details of that agreement were still unclear; the most certain thing was that this investment project would be the greatest one that Turkey had ever seen. Four giant oil multinationals, Socony, BP, Shell, and Caltex, agreed to establish a consortium and early projections suggested that the total investment would be around $50 million.[569] Socony, as the long-time official partner of the Turkish state in this field, would have the leading share in this consortium; another American firm, Caltex, would follow it in second place.[570] The DP government attributed great importance to this investment project; Turkish Ambassador to the U.S. Haydar Görk, in a radio program in Washington, expressed the Turkish government's gratitude for the extensive investment project and the profits that it promised.[571] From among the total investments, Socony promised to expand know-how education, introducing another technical program to educate and prepare Turkish youth for jobs in the oil sector with the help of Robert College.[572] With 1,300 Turkish personnel already employed in Socony's various operations in Turkey, a new refinery project would increase that number all the more.

---

[568] Mobil Oil Corporation, *Mobil Corporation: Mobil Annual Report 1957*, New York, 1975, 18-19, 30-31.

[569] "Refinery for Turkey," *New York Times*, March 30, 1957, 27.

[570] "Four Oil Companies Announce Plans for Refinery in Turkey," *Wall Street Journal*, April 11, 1957, 26.

[571] ExxonMobil Historical Collection, The Dolph Briscoe Center for American History, The University of Texas at Austin (ExxonMobil HC), Mobil Corporation, 1872-2003, Geographic Files, 1890-1983, Box 2.207/E186, Turkey, "Radio Reports, Inc., Full Text," February 14, 1957, 7.

[572] Ibid.

Additionally, the consortium agreed to cover all the construction expenses of a functional facility, including loading and unloading facilities, warehouses, docks, tanks, transfer lines, electrical distribution systems, and telephone and radio communications.[573] Even the construction of highways and railroads into the region would be their responsibility. Praising the Turkish-Socony partnership that had developed in 1954, Brewster Jennings, chairman of the board of Socony-Mobil Oil Co. and a participant in the planning process, acknowledged that Socony would apply for a huge investment in Turkey. Rather than simply selling more products in the market, the ultimate goal was to enhance both the business partnership and the profits.[574]

Turkey had been importing vast amounts of crude oil and was having difficulties purchasing the necessary amounts due to economic downsizing. New drilling operations could allow Turkey to produce its own oil products in the future, while processing imported crude oil in a new refinery would embed Turkey in the international oil sector with benefits such as eventual surpluses thanks to sales of crude and refined oil products.[575] More importantly, the plan promised quicker results. Lifting the burden on the only refinery in Batman, the new one would be able to meet all of Turkey's domestic petroleum needs. This investment could be a suitable way to restore Turkey's recently shaken credibility among foreign businesses on top of bringing in profits. This planned refinery would offer new and

---

[573] ExxonMobil HC, Mobil Corporation, 1872-2003, Geographic Files, 1890-1983, Box 2.207/E186, Turkey, "Mr. Charles Baker Radio Interview Station WABC, Monday, April 22, 1957," 5-6.

[574] "Radio Reports, Inc., Full Text," 8.

[575] "Mr. Charles Baker Radio Interview Station WABC, Monday, April 22, 1957," 3.

valuable proof that foreign capital could still enjoy good profits and safe investments in Turkish business sectors.

The Ministry of Economy and Commerce released an investigative report in July 1957 about the progress made in foreign direct investments. According to its statistics, 217 foreign firms had approached the Turkish authorities, although only 105 of them were actively conducting business in Turkey at the time of that research.[576] The total number was in line with the expectations, as well as the amount of total capital that had arrived in Turkey. It was easy to explain this in 1957; Turkey no longer had a favorable economic climate. Under the DP government, Turkey had worked fervently to attract foreign capital, even enacting one of the most accommodating incentive laws compared to the rest of the world in 1954. However, in the economic conditions of 1957, few of those incentives mattered. The country's untapped resources, investment incentive laws, and pro-capitalist government should have been attractive; however, business promises could never be fully upheld without a stable economy and currency. Turkey's exports were increasing and its industrial sectors grew compared to the 1940s. However, Turkey's credit debts, military expenses, and import volumes also boomed in these years. The droughts of 1954–55 were economically painful not only for the peasantry, who could not repay their credit debts to the banks due to lack of sales, but also for the DP government, which had to postpone payments and pay back these debts from state revenues while earning less from exports in these years. Lastly, the recovery and return to the international markets of agricultural export states such as the Netherlands lowered the prices of Turkish exports. All of these economic problems drove up the inflation

[576] Robinson, *Developments Respecting Turkey*, Vol. 4, 102.

rate and caused the devaluation of the lira within a decade. Therefore, Turkey began failing to import the foreign components and raw materials that it needed.[577] A group of American companies owed money by Turkish institutions, including General Electric, Remington Rand, and Federal Motor Truck, were up in arms, demanding that the U.S. government work out a repayment plan and pressure its ally to comply. The repayment plan was arranged by the U.S. Export-Import Bank, which guaranteed to cover the debts in the Turkish market. The total Turkish debt to these companies was around $121 million.[578] Similar to the previous breakdowns of negotiations between oil manufacturers and Turkey a few years ago, several American companies refused to provide further products to the Turkish market unless they received their payments.[579]

These import failures brought new economic uncertainties to the market. The uncertainty of obtaining orders for production and foreign currency cash flows prevented companies from making long-term business commitments. In turn, increases in manufacturing capacity or business enhancement were difficult to predict without long-term commitments. For instance, a well-organized, settled, and financially responsible American company conducting business in the U.S. or Western Europe could make commitments for raw materials or imports, plan the utilization of its own production facilities, assign competent staff, and expand the

[577] FRUS, 1955-57, Volume XXIV: Eastern Europe; Soviet Union; Eastern Mediterranean, "Statement of Policy on Turkey," February 28, 1955, 624-26.

[578] "Turkey's U.S. Creditors Oppose 8-10 Year Repayment Plan Now Under Negotiation," *Wall Street Journal,* December 8, 1958, 6.

[579] DSA, "Karayolları Gn. Md. ile Amerika'da İnternasyonal Harvestor Export Co. firması arasında muhtelif inşaat makinesi yedek parça temini konusunda yapılan anlaşmanın fiyat artışı sebebiyle meydana gelen gecikme yüzünden" ("An agreement between the General Directorate of Highways and International Harvester Export Co. due to the delay caused by the price increase of the supply of spare parts for various construction machinery"), 274-5-4, January 28, 1959.

business due to the advantages of operating in a stable economy with solid currency. The same company would still spend similar amounts to stay in a market with less profit due to unpredictable currency conditions and demands for its finished products, a logically less appealing choice. As agricultural and pharmaceutical industries generally produced essential life-sustaining products rather than consumer goods and they could obtain raw materials from the domestic market, they were the only ones to survive as the economic crisis deepened in 1958.

The DP government finally launched an economic stabilization program on August 4, 1958, which included planned economic steps, more reliance on domestic resources, and utmost control over the budget. Among the measures taken through this program were restricting credit for the peasantry and investors without guarantees, slowing the rising currency rates, and imposing penalties for imports with substitutes in the domestic market.[580] If successful, this plan could have halted inflation and restore the health of the business atmosphere. Building a welcoming environment could have attracted new investments and make the Turkish market as appealing as it was when the foreign investment incentive and oil laws were enacted in 1954.[581]

In May 1959, ten months after the initiation of the stabilization program, the Turkish economy started to show signs of recovery. The inflation that had been growing since 1954 halted at around 20%, and statistical reports claimed that the halt was

---

[580] Memduh Yaşa, *Devlet Borçları* (*National Debts*) (İstanbul: Has Kurtulmuş Matbaası, 1981), 43.

[581] Bates Papers, Box 4, Series VIII, Institute-Official, 1953-1960, "Doing Business in Turkey by William F. Foss," 1-6.

reflected in actual price level reductions.[582] Devaluation of the lira and credit limitations raised confidence in Turkey's currency at home and abroad, albeit more so at home. Most significantly, industrial products for development programs were available for Turkish consumers. Having been concerned about the shortcomings of the economic reform and stabilization program, many Turkish businessmen nevertheless accepted the necessity of these changes. They were back in the international markets in late 1959. The DP government examined the initial results of these programs and was quite optimistic about the rallying of domestic and foreign investments.[583]

Indeed, private investors began to lose their reservations about the Turkish market after Turkey began liberating itself from the strangulating currency exchange rates in 1959. After covering short-term foreign debts with most of the available credit in the previous year, the DP was now determined to allocate the rest to industrialization projects and partner with foreign investments. First, a contract was signed with the consortium of Koppers, Westinghouse Co., and Blaw-Knox Co. to finance the second steel mill to be built as an expansion of Karabük Iron and Steel Works.[584] The entire construction cost would be around $185 million; it was agreed that this sum would mostly be financed by Turkey. The DP government approached the U.S. Export-Import Bank to secure a loan for that project.[585] As was the case for the refinery deal, this construction consortium agreed to complete the facility and the

[582] See inflation rates by years in TÜİK's *İstatistiki Göstergeler 1923-2011* (*Statistical Indicators*).

[583] GNA Minutes, 11th Parliament, Vol. 12, February 19, 1960.

[584] "3 Concerns to Equip Turkish Steel Mill," *New York Times*, November 29, 1959, 64.

[585] Ibid.

infrastructure that would make the work at the steel mill possible.[586] Westinghouse predicted that the new iron and steel facility would provide Turkey with more flat-rolled finished products and triple ore extraction in the region by 1963.[587] With cash to spend in the business market, Turkey could then reattract American businesses. The launching of these two extensive investment projects, the oil refinery and the steelworks expansion, would lure others. Ford Motors announced its plans to build a third assembly plant in İzmit, near İstanbul. Federal Motor Trucks, which had complained about Turkey failing to meet the responsibilities of their partnership a year ago, now decided to expand its operations by constructing another assembly line plant. GE and British-American Tobacco were also in line for such enlargements.[588]

Having been stimulated by the initial contract signed between the Turkish government and the oil giants in 1957, the oil sector in Turkey was also generally on the rise, and Socony was ready to make a tremendous leap. By the end of 1958, the total investments that Socony had made in Turkey reached about $33 million, but more significant amounts were projected for investments in successive terms.[589] According to an intra-company memorandum, Socony was willing to invest $40 million in exploration operations, $20 million for its share in the refinery

---

[586] DSA, “Devlet Demiryolları Genel Müdürlüğü ile Westinghouse Air Brake International Co. arasındaki sözleşme ile ilgili olarak gönderilen mektup” (“The letter sent regarding the contract between General Directorate of State Railways and Westinghouse Air Brake International Co.”), 7-39-31, July 2, 1959.

[587] “Three U.S. Concerns to Get $144 Million Contract to Build Steel Mill in Turkey,” *Wall Street Journal*, November 25, 1959, 7.

[588] John R. Gibson, “Omens of an Economic Rise in Turkey: Nuts, Shirts, and Mr. Yalcuk,” *Wall Street Journal*, December 7, 1959.

[589] ExxonMobil HC, Mobil Corporation, 1872-2003, Geographic Files, 1890-1983, Box 2.207/E186, Turkey, “Development of the Petroleum Industry in Turkey by Mobil Companies,” 3-4.

construction, and $15 million for new marketing facilities and equipment to be transferred.[590]

All of these new investment initiatives and the economic recovery encouraged Menderes to make a new trip to Washington to meet the president and possible investors. His second official visit to the U.S. was planned for November 1959; in addition to meetings with leaders of the U.S. government, NATO, and CENTO, his scheduled program also included meetings with American business leaders. As reflected in his itinerary, Menderes devoted a significant part of his stay to spending time with American business associations and addressing notable firms' agents about market opportunities in Turkey.[591] His speeches generally began with the recovery of the Turkish economy after the implementation of the stabilization program to reconsolidate Turkey's business credibility. He then praised the previous and current successes of American business in Turkey and concluded his speeches by underlining Turkey's unshakeable alliance with the U.S.[592]

5.5. Results

In 1959, the political mood in Turkey was tense and the economy was still in recession. The stabilization program of August 1958 had little effect in stopping the growth of inflation. Early election talks were fueled once again with the need to resolve the political stalemate by the middle of June. Contrary to September 1957,

---

[590] Ibid.

[591] DSA, "Başbakan Adnan Menderes'in Amerika ziyaret ile ilgili yazışmalar" ("Correspondence about Prime Minister Adnan Menderes's visit to America"), 4-21,8, October 13, 1959. See Appendix X for a list of corporations, institutions, and guests who attended the meeting.

[592] Ibid.

the economic situation was not promising and the DP could not risk holding by-elections in the prevailing atmosphere.[593] Instead, the government tried to suppress the increasing political frustration by suspending public meetings and stopping RPP campaigns.[594] The press was put on trial; several opposition newspapers were closed down and dissident journalists were imprisoned. 1959 was a disastrous year for democracy in Turkey. Just as much as this political environment unsettled American officials, American businesses also naturally lost interest in the market of such a country.

In the economic dimension, rescue operations based on international credits provided a vital injection of foreign currency into Turkey's faltering economy. However, this was a short-term success that did not restore the confidence of foreign businesses to bring their operations to Turkey. First, due to devaluation, Turkish partners would have future difficulties meeting the demands of such partnerships. In these years, GE, Federal Motor Truck Company, and Remington Rand all had payment problems with their Turkish partners and approached the Eisenhower administration to request that it pressure the allied Turkish government to cover private sector debts. In addition to the financial weakness of Turkish businesses, Turkish customers would also have difficulties buying manufactured products in Turkey.

Secondly, reducing imports to balance foreign exchange reserves would negatively affect industrialization. Even though American plants in Turkey processed the raw

---

593 Ahmad, *Making of Modern Turkey*, 62.

594 Nadir Nadi, "Kaparsa Ne Olur?" ("What happens if he closes it down?"), *Cumhuriyet* (*Republic*), September 23,1959, 1. *Cumhuriyet*'s editor-in-chief refers to Menderes as "he" here and discusses whether or not he will order the closing of the RPP.

materials and released the finished goods in the market in Turkey, those materials still needed to be imported. Minneapolis-Moline tractors were assembled in Turkey, for example; however, most parts had to be purchased from the Minnesota factory. Their partner in Turkey, MKE, was not mature enough to manufacture these parts.

Finally, after a short honeymoon period with high hopes and expectations about the arrival of American investments, the harsh reality of economic recession and inflation hit both the DP government and the American commercial diplomats and advisors. The DP leaders had always pinned their hopes on American capital and know-how in their pursuit of modernization. In general, their primary concern was accessing these resources on demand. Especially after slipping into a dependent-patron relationship as of the late 1940s, the DP adopted an accept-all policy toward American demands. Enacting privatization laws in line with American recommendations was a significant part of that policy. However, attracting foreign direct investments was never a task-based process; it entailed many dimensions.

First, it necessarily depends on profit-seeking intentions. The Turkish market required several opportunities in its untapped conditions. American tractor, pharmaceutical, and oil companies enjoyed monopolizing this newly emerging market in the 1950s. However, many others could not find investment-worthy fields because compared to their projected profits, standardization, transportation, and mechanization costs in the Turkish market reduced interest. Secondly, unlike the Turkish expectations, private investment is directly related to free will, not state intervention. Such an incompatibility between the Turkish and American understanding can be traceable in Randall’s accounts. Randall was accounted as a “rain bringer” to the Turkish market because he was representing the Eisenhower administration; however, he was not. He could only advise the DP government and the Turkish business leaders on how to attract American investors, but he had no power over these circles. Enacting law incentives and introducing tax exemptions were significant efforts; however, when political and financial problems emerged in Turkey and credibility among state institutions or business partners was lost, incentives remained ineffective.

Changing financial priorities and policies between 1956 and 1959 also reshaped American actors’ assignments. McGhee was already a diplomat with a business background; he mediated between the DP government and American businesses to settle official agreements. Not only did he advise enacting privatization laws, but he also approached the Truman administration about supporting Turkey’s economy and military. In contrast, Randall’s mission underwent the most visible change if his first and second visits to Turkey are evaluated. Having arrived as a talented businessman to give tips to Turkish decision-makers and business elites about how to attract free enterprise in 1953, Randall behaved more similarly to McGhee in his second visit to Turkey in 1956. Realizing that bringing American MNCs for investments in this ambiguous market was a farfetched scenario, Randall became a mediator between his government and the DP leaders in talks on aid and credits.

CHAPTER VI

Conclusion

In one of the last sessions of the GNA before the military coup of May 1960, DP deputy Cemal Zühtü Aslan took the floor to discuss Turkey's industrialization throughout the 1950s. As a mining engineer from the Black Sea region, he presented Karabük Iron and Steel Works and its development over the years as a case study for his arguments. In the 1940s, while this company was in the hands of Etibank and the state-assigned bureaucrats of the MTA, the facility's productivity was drastically low compared to its operations in 1960, he reminded his audience.[595] Even when $25 million in aid was allocated to this facility through the Marshall Plan in 1947, its directors could not spend that aid efficiently to increase productivity. The American companies and their capital and know-how were behind any improvements. Aslan also praised a new American initiative that had started field studies to assess coal and

595 GNA Minutes, 11th Parliament, Vol. 12, February 28, 1960, 918-919. According to the statistics Aslan shared, after inviting the Americans to conduct field studies on Turkey's mining reserves in 1950, Turkey's reserves became clearer together with its extraction amounts. The MTA estimated 38 million tons of iron, 200 million tons of lignite, 1 million tons of boracite, and 18 million tons of copper. In 1960, these reserves revealed 182 million tons of iron, 683 million tons of lignite, 8 million tons of boracite, and 32 million tons of copper after detailed regional research and reports.

iron reserves around Zonguldak and sent several American professionals to the region. After further studies revealed the potential, millions of dollars of investments would arrive in the market. He underlined that the American professionals and advisors played key roles for this profitable partnership since 1947.[596] Indeed, they did.

One year before Aslan's speech to the GNA, Zorlu had met Randall and Barker in Chicago while touring the U.S. for official meetings. In March 1959, Randall had already been approached by the Department of State and informed that Zorlu wished to meet him to consult with him about a topic, as the DP leaders admired him greatly.[597] A month later, Barker, Randall, and Zorlu met at a luncheon given for Zorlu by the Chicago Council on Foreign Relations. Zorlu mentioned a new field study that Turkey planned to undertake to evaluate the iron, steel, and coal reserves in the Zonguldak region and asked whether they could help.[598] One of these two Americans, Barker, had conducted a detailed survey of the region and underlined the significance of improving mining activities through privatization in 1950. Randall, meanwhile, was the CEO of Inland Steel as well as a notable figure who had helped Turkey enact the privatization law of 1954. Zorlu had met the right people.

The expansion of Turkish mining in the Black Sea region was addressed in a top-level meeting in Turkey when Eisenhower visited the country in December 1959. He

596 Ibid.

597 Randall Journals, Box 5, Foreign Minister Zorlu of Turkey, Vol. 11 (February 4-April 7, 1959), "Thursday, March 3rd," 3-4.

598 Randall Journals, Box 5, Foreign Minister Zorlu of Turkey, Vol. 11 (February 4-April 7, 1959), "Tuesday Afternoon, April 7th, Inland Steel Office," 8.

stated that he had asked Randall to study the project. Randall was on the job, meeting with private investors and creditors in the U.S. and hoping to attract private capital of around $125-130 million.[599] In April 1960, the Turkish ambassador to the U.S. was authorized to sign a contract that would allow Westinghouse to help expand the operations of Karabük Iron and Steel Works with total aid of $15 million provided by the Eisenhower administration.[600] This would be one of the last examples of how and why American actors were crucial for the promotion of American business and Turkish modernization projects during the DP era.

In 1960, a military coup closed the DP's chapter in Turkish political history, and the new government consolidated its economic agenda with the establishment of the State Planning Organization. State institutions would tighten their control over new projects' budgets and private investors. However, there would be no additional or arbitrary limitations of foreign direct investments as long as they obliged with the specifications of Law No. 6224 on privatization.[601]

The new government blamed the DP's disorganized economic policies for the economic recession of the late 1950s. Relying too much on credit and American aid

---

[599] FRUS, 1958-1960, Volume 10: Europe; Finland; Greece; Turkey, "Memorandum of Conference with President Eisenhower," December 6, 1959, 823.

[600] DSA, "ABD tarafndan yapılacak hibe ve kredi yardımından Karabük Demir ve Çelik Fabrikaları Karabük ve Divriği tesislerinin genişletilmesine dair projelerin finansmanına tahsis edilmek üzere Export-Import Bankasıyla mukavele imzalanması" ("Signing a contract with Export-Import Bank that grants loan and aid from the USA to the financing of the projects for the expansion of Karabük Iron and Steel Works' Karabük and Divriği facilities," 154-88-10, April 13, 1960.

[601] Devlet Planlama Teşkilatı (State Planning Organization), *Kalkınma Planı: birinci beş yıl (1963-1967)* (*Development Plan: First Five Years*) (Ankara: Devlet Planlama Teşkilatı, 1963), 237-39.

created a dependency from their perspective.[602] That idea also led the new decision-makers to distance themselves from foreign investments, which remained insufficient to provide cash for the needy Turkish market after all that had been done. Over the course of 13 years, about 50 American companies had entered the Turkish market with different commercial interests. All brought various amounts of foreign capital, products, and expertise in cash and kind to Turkey. The resulting American foreign direct investments in Turkey totaled less than $50 million. However, the total American capital that had arrived through aid, grants, and credits in Turkey since 1947 had reached over $1 billion.[603]

The multidimensional aims of American business promotion in the late 1940s enabled significant shifts in the political, cultural, demographic, military, and economic realms in Turkey. The Marshall Plan and the arrival of American companies and products to the Turkish market brought Turkey out of its skeptical shell, and particularly eased the skepticism it had felt toward capitalist countries. Having tended to avoid excessive integration with those countries since the founding of the republic, statist RPP governments found themselves unable to entirely reject the benefits of capitalism, the free market, and foreign capital in 1949. Thanks to the Marshall Plan funds and American products and services, the visible economic enhancement of the country strengthened the reputation of all things American in Turkey. The consortium of Knappen Engineering Company, Morrison-Knudsen Company, and International Engineering Company had constructed the Seyhan Dam.

[602] Asım Erdilek, *Direct Foreign Investment in Turkish Manufacturing: An Analysis of the Conflicting Objectives and Frustrated Expectations of a Host Country* (Tübingen: Mohr, 1982), 27.

[603] Baran Tuncer, *Türkiye'de Yabancı Sermaye Sorunu* (*The Foreign Capital Problem in Turkey*) (Ankara: Ankara Üniversitesi Siyasal Bilgiler Fakültesi Yayınları, 1968), 81.

Gordon Hamilton and Koppers had expanded the mine shafts around Zonguldak, while Squibb & Sons had launched Turkey's first foreign pharmaceutical plant in İstanbul. General Electric had increased the electrification of far-flung Anatolian towns. American engineers and businesspeople took part in various infrastructural development processes. These developments were not considered a part of foreign direct investments; however, they paved the way for further investments in the 1950s.

In the 1950s, the Turkish market was largely Americanized. Besides the significant investments of GE, Squibb & Sons, Pfizer, Willys-Overland, and Minneapolis-Moline in the Turkish market, Socony joined the oil drilling research and contributed a more focused perspective to the operations. These companies brought not only their products and services to Turkey but also technical know-how to be learned by Turkish businesses and state initiatives. All of the American capital pouring into the Turkish market in cash, kind, and services manufactured significant consent in Turkey. Providing know-how allowed the growth of many Turkish brands in different sectors in this period, such as Sabancı's textile giant BOSSA, Eczacıbaşı's partnership with Pfizer, and Koç Holding's enlargement in multiple sectors with General Electric, Mobil Oil, and Ford.[604]

Deserving credit for this process, the American advisors, diplomats, academics, and mission chiefs indeed played crucial roles in Turkish economic policies, initiatives, and thoughts in the 1950s. They often had business backgrounds and their evaluations of Turkey's needs and challenges since the late 1940s had helped bring

---

[604] Buğra, 87.

American businesses to the Turkish market and American economic thought to the Turkish decision-makers. Thornburg's country study had urged Turkey to liberalize the economy and attract foreign investment for development. The reports by Dorr and Barker suggested the same. These actors identified priority areas for investment and guided American firms into these unknown lands while funding them through the Marshall Plan. Their mediating roles among Turkish decision-makers, business circles, and American MNCs proved invaluable in the years to come. Having experience in the oil industry, McGhee played a particularly crucial part in the enactment of the petroleum law of 1954 and Socony's expansion in Turkey. A similar comment can be made regarding Randall's position in the eyes of the Turkish decision-makers and business class. His first visit to Turkey in the summer of 1953 paved the way for an improved foreign investment bill in 1954. His second trip to Turkey in 1956 and further meetings with Turkish leaders in the U.S. in the late 1960s helped him maintain a strong influence. Dewey had begun by working as a lobbyist to attract American investors to the Turkish market; later, he reshaped his mission to entail finding aid and credit to solve Turkey's economic problems. Bates primarily focused on philanthropic work with the training of future managers of Turkey by teaching at the first American-type business school established in İstanbul. Such an integrated economic approach kept American businesses and their products in Turkey,[605] as my father confirmed from his memories of the 1960s. To conclude with his words, indeed, "these Americans" were everywhere in Turkey.

[605] Richard D. Robinson, *Cases in International Business* (New York: Rinehart and Winston, 1962), 65.

BIBLIOGRAPHY

Primary Sources

Bayındırlık Bakanlığı (The Ministry of Public Works), *Yol Davamız (Our Road Building Goal).* Ankara, 1948.

Clarence B. Randall Journals, Dwight D. Eisenhower Library, Abilene, Kansas.

Collected Personal and Business Papers of Louis and Jacob Blaustein, The Milton S. Eisenhower Library, The Johns Hopkins University, Baltimore.

Congress. House. Committee on Appropriations. "Mutual Security Appropriations for 1953: Hearings Before a Subcommittee of the Committee On Appropriations, House of Representatives, Eighty-second Congress." Washington: U.S. Government Printing Office, 1952.

Cumhuriyet (Republic). "Demokrat Partinin, Yurdun Birçok İllerinde Seçimi Kazandığı Anlaşıldı." (It was understood that the Democratic Party won the election in Many Cities), May 15, 1950.

-----, "Korede Hizmet Etmek Üzere Birleşmiş Milletler Emrine Asker Veriyoruz" (We Recruit Soldiers to the United Nations to Serve in Korea). July 25, 1950.

-----, "Petroleum Operation Institution is established." December 7, 1952.

-----, "Yeni Petrol Politikamız Yurtdışında İlgi Yarattı." (Our New Oil Policy Has Created Interest Abroad), January 12, 1953.

-----, Nadir Nadi, "Kaparsa Ne Olur?." (What happens if it he closes down?). September 23,1959.

Daily News. "Bayar, Here, Cites Turk Freedom." February 4, 1954.

"Demokrat Parti Tüzük ve Programı" (Democratic Party Statute and Program), Ankara: Pulhan Matbaası, 1946.

Devlet Planlama Teşkilatı (State Planning Organization), *Kalkınma Planı: Birinci Beş Yıl (1963-1967) (Development Plan: First Five Years).* Ankara: Devlet Planlama Teşkilatı, 1963.

Doing Business with Turkey. New York: Turkish Information Office, 1951.

Economic Mission to Turkey, *The Economy of Turkey, an Analysis and Recommendations for a Development Program; Report.* Baltimore: The Johns Hopkins Press, 1951.

Edwin W. Kemmerer Papers, Purdue University Archives and Special Collections, Indiana.

Erkin, Feridun C. *Dışişlerinde 34 Yıl (34 Years in Foreign Affairs).* Ankara: Türk Tarih Kurumu Yayınları, 1980.

ExxonMobil Historical Collection, The Dolph Briscoe Center for American History, The University of Texas at Austin.

Foreign Relations of the United States. Washington: Government Printing Office, 2010.

George C. McGhee Papers, Harry S. Truman Presidential Library, Missouri.

George E. Bates Papers. HBS Archives. Baker Library. Harvard Business School.

Harbus News. Don Lebold. "HBS Aids Turkey In New "B" School." March 1, 1957.

Institute of Current World Affairs (ICWA) Records, 1914-2018, Newsletters, Columbia University Libraries, Rare Book and Manuscript Library, New York.

James M. Barker Papers, The Newberry Library, Chicago.

McGhee, George C. *Envoy to the Middle World: Adventures in Diplomacy.* New York: Harper & Row, 1983.

-----, *On The Frontline in the Cold War: An Ambassador Reports.* Westport, Connecticut: Praeger, 1997.

Mobil Oil Corporation, *Mobil Corporation: Mobil Annual Report 1957,* New York, 1975.

-----, *Mobil Corporation: Mobil Annual Report 1959,* New York, 1975.

New York Herald Tribune. "Turkey to Get American Help On Its Shipping." June 18, 1950.

-----, "Hilton Plans to Operate Hotel at Istanbul in 1953." December 20, 1950.

-----, John Molleson. "Bayar Honored in City, Starts on Tour Tonight." February 1, 1954.

News From Turkey, "Oil in Turkey." May 27, 1948.

-----, "Industry." November 18, 1948.

-----, "New Government's Program." January 27, 1949.

-----, "Opportunities for Foreign Capital." March 31, 1949.

-----, "International Contacts." April 7, 1949.

-----, "Industry." April 14, 1949.

-----, "Industry." July 7, 1949.

-----, "Turkey Guarantees Foreign Investments." August 11, 1949.

-----, "Turkey's Foreign Trade." September 1, 1949.

-----, "General Electric President in Turkey." October 20, 1949.

-----, "Foreign Investors Study Opportunities in Turkey." November 3, 1949.

-----, "Encouragement for Foreign Investors." December 29, 1949.

-----, "Turkish-American Industrial Cooperation." February 9, 1950.

-----, “American Geologists Arrive in Turkey.” April 2, 1953.

Oildom, "Turkey Discloses Its Oil Policy Details." No. 13, January 20, 1954.

Robinson, Richard D. *Developments respecting Turkey; a summary of events and statistics with bibliographical notes.* V.1-2. New York: American Universities Field Staff, 1954.

-----, *Developments respecting Turkey; a summary of events and statistics with bibliographical notes.* V.3-4. New York: American Universities Field Staff, 1956.

-----, *Letters from Turkey*. İstanbul: Robert College, 1965.

Tan (Dawn). Alp E. Yalman. "Almanya ile İktisadi Münasebetlerimiz." (Our Economic Relations with Germany). January 20, 1937.

-----, Alp E. Yalman. "Alman Kliringi." (The Clearing Agreement with Germany) January 24, 1937.

The American Enterprise Association, Inc., *American Private Enterprise, Foreign Economic Development, and the Aid Programs*. Washington: Government Printing Office, 1957.

The Arizona Republic. "Coast Man Wins Contract for Turkish Oil Refinery." January 23, 1953.

The Atlanta Constitution,. “Ike Asks Power to Cut Trade Bans in Interest of U.S., World Security,” January 11, 1955.

The Christian Science Monitor, L.S. Moore. "The U.S. Economic Aid to Turkey Strengthens Might of Armed Forces: Sports Exhibition Inflation Averted." March 30, 1950.

The Economic Cooperation Administration, *A Report on Recovery Progress and United States Aid.* Washington: U.S. Government Printing Office, 1947.

-----, *Country Data Book: Turkey,* Washington: U.S. Government Printing Office, 1950.

-----, *Information for American Businessmen on the Marshall Plan*. Washington: U.S. Government Printing Office, 1949.

-----, *Eight Report to Congress of the Economic Cooperation Administration*, Issue 9, Washington: U.S. Government Printing Office, 1950.

-----, *Turkey: Country Study*. Washington: U.S. Government Printing Office, 1949.

The National Archives and Records Administration (NARA), College Park, Maryland.

The New York Times. “Turks Are Fearful of ECA’s Motives,” January 4, 1949.

-----, “Turkey to Reduce National Spending: Premier Says His Government Plans Cuts in Expenditures of Every Department.” May 30, 1950.

-----, "Turkey Sells Tobacco: $16.000.000 Order by U.S. Buyer Sets Record for Istanbul," January 1, 1951.

-----, "Thompson-Starrett Heads Building of Dam in Turkey on E.C.A. Funds." February 27, 1952.

-----, Welles Hangen, "Turkey Preparing Private Oil Code." May 17, 1953.

-----, "Ankara Opposition Switches Policy." June 27, 1953.

-----, Welles Hangen, "Turkey Will Spur Inflow of Capital.” January 17, 1954.

-----, "City to Welcome President Bayar." January 24, 1954.

-----, "Bayar for Atomic Pool." January 29, 1954.

-----, "Turkish President’s Address to Congress." Jan. 29, 1954.

-----, Peter Kihss, "Bayar Affirms Minority Rights." February 1, 1954.

-----, Welles Hangen. "Turkey Opened to Search for Oil; Foreign Concerns Get

Incentives." March 8, 1954.

-----, "Turkish Premiere Here to Push Aid." June 2, 1954.

-----, Dana Adams Schmidt. "U.S. Will Double Arms Aid to Turkey, Speed up Delivery." June 6, 1954.

-----, “Ankara Licenses Alien Investors.” January 4, 1955.

-----, "Turks to Produce Our Typewriters." July 16, 1955.

-----, A.C. Sedgewicks. “Deficit Pressure Menaces Turkey.” November 15, 1955.

-----, “Police in Ankara Detain Newsmen.” April 30, 1956.

-----, "Second Oil Refinery Planned in Turkey." May 1, 1956.

-----, Joseph O. Haff. “Turkish Foreign Minister Resigns Post; Move Laid to Clearing of Foe in Inquiry.” June 20, 1956.

-----, "Refinery for Turkey." March 30, 1957.

-----, "3 Concerns to Equip Turkish Steel Mill." November 29, 1959.

The Public Papers of Harry S. Truman, Harry S. Truman Library, Missouri.

The Washington Post. "Turkey Hires U.S. Oil Expert to Draft Laws." May 23, 1953.

Time. "National Affairs: A Creed for Enterprise." August 24, 1953.

-----, "Turkey: A Friend in Trouble." October 24, 1955.

-----, “Turkey: Costly Joke.” July 30, 1956.

-----, “A Scalp for the Taking.” August 13, 1956.

-----, “Education: Freedom & Turkey.” December 17, 1956.

-----, “Turkey: The Impatient Builder.” February 3, 1958.

-----, “Turkey: Silence Please.” February 17, 1958.

Türkiye Büyük Millet Meclisi (Grand National Assembly of Turkey), Kütüphane ve Arşiv Hizmetleri Başkanlığı, *Meclis Tutanakları (Journal of GNA Records).*

Türkiye Cumhuriyeti Cumhurbaşkanlığı Devlet Arşivleri Başkanlığı Başkanlık Cumhuriyet Arşivi (Presidency of the Republic of Turkey Directorate of State Archives), (DSA) Ankara, Turkey.

Türkiye Kalkınma Bakanlığı (Republic of Turkey Ministry of Development), *Ekonomik ve Sosyal Göstergeler (Economic and Social Indicators),* Ankara, 2015.

Türkiye Merkez Bankası (Central Bank of the Republic of Turkey), *Annual Reports.* Ankara.

Ulus (Nation), "Muhalefete "Sorulmadan Verilen Karar." (The decision made without asking the opposition). July 27, 1950.

Wall Street Journal. "Westinghouse Air Brake Unit Awarded Contract by Turkey." June 28, 1955.

-----, "Four Oil Companies Announce Plans for Refinery in Turkey." April 11, 1957.

-----, "Turkey's U.S. Creditors Oppose 8-10 Year Repayment Plan Now Under Negotiation," December 8, 1958.

-----, "Three U.S. Concerns to Get $144 Million Contract to Build Steel Mill in Turkey." November 25, 1959.

-----, John R. Gibson, "Omens of an Economic Rise in Turkey: Nuts, Shirts, and Mr. Yalcuk." December 7, 1959.

Zafer (*Victory*), "Petrol Politikası" (Oil Policy). August 14, 1952.

-----, "Türkiye'nin Petrol Kaynakları Acil Geliştirilecek. (Turkey's Petroleum Resources to be Urgently Developed). May 23, 1953.

Secondary Sources

Adalet, Begüm. *Hotels and Highways: The Construction of Modernization Theory in Cold War Turkey.* California: Stanford University Press, 2018.

Ahmad, Feroz. *Making of Modern Turkey.* London: Routledge, 1993.

-----, *The Turkish Experiment in Democracy 1950-1957.* London: C. Hurst & Company, 1977.

Aksel, Keith. *The Engineering Generation: The Story of the Technicians who Enabled American Cold War Foreign Policy, 1945-1961.* Ph.D. diss., University of Colorado, 2016.

Alexander, Alec P. "Industrial Entrepreneurship in Turkey: Origins and Growth," *Economic Development and Cultural Change* Vol. 8, no. 4 (July 1960): 349-365.

Alvarez, David J. *Bureaucracy and Cold War Diplomacy: the United States and Turkey, 1943-1946.* Thessaloniki: Institute for Balkan Studies, 1980.

Argue, William. "History of Anderson, Clayton and Company," *Journal of American Oil Chemists' Society*, Vol. 37, (1960).

Ataöv, Türkkaya. *Turkish Foreign Policy 1939-1945.* Ankara: Ankara Üniversitesi Siyasal Bilgiler Fakültesi Press, 1965.

Bağcı, Hüseyin. *Türk Dış Politikasında 1950'li Yıllar (Turkish Foreign Policy in the 1950s).* Ankara: METU Press, 2001.

Bahrampour, Firouz *Turkey: Political and Social Transformation.* New York: Theo.Gaus'Sons, 1967.

Barkey, Henri J. *The State and the Industrialization Crisis in Turkey*. Boulder: Westview Press, 1990.

Boratav, Korkut. *Türkiye'de Devletçilik (Statism in Turkey).* Ankara: İmge, 2005.

-----, *Türkiye İktisat Tarihi, 1908-1985 (Turkish Economic History, 1908-1985).* İstanbul: Gerçek Yayınevi, 1998.

Brown, Jr. William A. and Opie, Redvers. *American Foreign Assistance.* Washington, D.C.: The Brookings Institution, 1953.

Bustdorff, Denise M. *Proclaiming the Truman Doctrine: The Cold War Call to Arms.* College Station: Texas A&M University Press, 2008.

Buğra, Ayşe. *State and Business in Modern Turkey: A Comparative Study*. New York: State University of New York Press, 1994.

Carver, Michael M. *A Correct and Progressive Road: U.S.-Turkish Relations, 1945-1964.* Ph.D. diss., Bowling Green State University, 2011.

Chandler, Alfred D. and Mazlish, Bruce. *Leviathans: Multinational Corporations and the New Global History.* London: Cambridge University Press, 2005.

Chenery, Hollis B. and Brandow, George. E. and Cohn, Edwin. J. *Turkish Investment and Economic Development.* U.S. Foreign Operations Administration Special Mission to Turkey, 1953.

Cillov, Haluk. *Türkiye Ekonomisi (The Economy of Turkey).* İstanbul: İstanbul Üniversitesi Yayınları, 1972.

Cohen, Avner and Burr, William. "The U.S. Discovery of Israel's Secret Nuclear

Project", *Wilson Center,* April 15, 2015, Retrieved from: https://nsarchive2.gwu.edu/nukevault/ebb510/.

Cull, Nicholas J. "Public Diplomacy: Taxonomies and Histories," *The Annals of the American Academy of Political and Social Science,* vol. 616, (March 2008), 31-54.

Cullather, Nick. *The Hungry World: America's Cold War Battle against Poverty in Asia.* Boston: Harvard University Press, 2010.

Çalış, Şaban. "Turkey's Integration with Europe: Initial Phases Reconsidered" *Perspectives*, 5, (Jun.-Aug. 2000): 44-62.

De Grazia, Victoria. *Irresistible Empire: America's Advance through Twentieth-Century Europe.* Cambridge: Boston, 2005.

Deringil, Selim. *Turkish Foreign Policy during the Second World War.* London: Cambridge University Press, 1989.

Ekbladh, David. *The Great American Mission: Modernization and the Construction of an American World Order.* New Jersey: Princeton University Press, 2011.

Erdilek, Asım. *Direct Foreign Investment in Turkish Manufacturing: An Analysis of the Conflicting Objectives and Frustrated Expectations of a Host Country*. Tübingen: Mohr, 1982.

Fossedal, Gregory and Mikhail, Bill. "A Modest Magician: Will Clayton and the Rebuilding of Europe," *Foreign Affairs* (May/June 1997).

Glasneck, Johannes, *Türkiye'de Faşist Alman Propagandası (Nazi Germany's Propaganda at Turkey.)* Ankara: Onur Yayınları, 1976.

Graebner, Norman. "New England and the World, 1783-1791," in *Massachusetts and the New Nation,* ed. Conrad Edick Wright. Boston: Massachusetts Historical Society, 1992.

Gürbüz, Mehmet V. *An Overview of Turkish-American Relations and Impact on Turkish Military, Economy, and Democracy, 1945-1952.* Ph.D. Diss., University of Wisconsin-Madison, 2002.

Hale, William. *The Political and Economic Development of Modern Turkey.* New York: St. Martin's Press, 1981.

Harris, George. *Troubled Alliance: Turkish-American Problems in Historical Perspective, 1945-1971.* Washington D.C.: American Enterprise Institute for Public Policy Research, 1972.

Higgs, Robert. "Wartime Prosperity? A Reassessment of the U.S. Economy in the 1940s," *The Journal of Economic History* 52, no. 1 (March 1992): 41-60.

Hill, George A. *Trends in the Oil Industry in 1944.* Washington: Petroleum Industry War Council, 1944.

Hogan, Michael J. "American Marshall Plan Planners and the Search for a European Neocapitalism," *The American Historical Review* 90, no. 1(February 1985): 44-72.

-----, *The Marshall Plan: America, Britain and the Reconstruction of Western Europe, 1947-1952.* Cambridge: Cambridge University Press, 1987.

Howard, Harry N. *US Policy in the Near East, South Asia and Africa, 1954.* Washington: Department of State Publication, 1955.

Howe, Frederic C. “Dollar Diplomacy and Financial Imperialism under the Wilson Administration” *The Annals of the American Academy of Political and Social Science*, Vol. 68, (November 1916), 312-320.

Hubert, Florence and Pain, Nigel. "Fiscal Incentives, European Integration and the Location of Foreign Direct Investments," *The Manchester School* 70, 3, (2002): 336-363.

Hutchins, John G. B. *The American Maritime Industries and Public Policy, 1789-1914*. Cambridge: Harvard University Press, 1941.

Jones, Joseph M. *The Fifteen Weeks (February 21 – June 5, 1947).* New York: Harcourt, Brace & World, Inc., 1955.

Kedourie, Sylvia. *Seventy-Five Years of the Turkish Republic.* London: Frank Cass, 2000.

Keyder, Çağlar. *State and Class in Turkey: A Study in Capitalist Development.* New York: Verso Books, 1987.

Kıraç, Can "Turhan Boray Aramızdan Ayrıldı," (Turhan Boray Passed Away), *Bizden Haberler: Monthly Journal of the Koç Group,* 289, (April 2002).

Kırkpınar, Leyla. "Demokrat Parti ve Muhalefet Stratejisi," (Democratic Party and Its Opposition Strategy). *Çağdaş Türkiye Tarihi Araştırmaları Dergisi,* 1, (2002): 85-98.

Kuruç, Bilsay *İktisat Politikasının Resmi Belgeleri (The Official Documents of Economic Policy.* Ankara: Siyasi Bilgiler Fakültesi Maliye Enstitüsü, 1963.

Jessup, John K. *The Ideas of Henry Luce.* New York: Atheneum, 1969.

Joyce Kolko & Gabriel Kolko, *The Limits of Power: The World and United States Foreign Policy, 1945-1954.* New York: Harper & Row, 1972

Kennan, George F. "The Sources of Soviet Conduct," *Foreign Affairs* (July 1947).

Kostecki, Michel M. and Naray, Olivier. *Commercial Diplomacy and International Business*, Den Haag: Netherlands Institute of International Relations Clingendael, 2007.

Kunz, Diane B. *Butter and guns: America's Cold War economic diplomacy.* New York: Simon & Schuster, 1997.

Lee, Donna. "The growing influence of business in U.K. diplomacy," *International Studies Perspectives* 5 (2004): 50-54.

Leffler, Melvyn P. and Westad, Odd A. *The Cambridge History of the Cold War*. Cambridge: Cambridge University Press, 2010.

Leigh-Phippard, Helen. *Congress and US Military Aid to Britain: Interdependence and Dependence, 1949-56*. London: St. Martin Press, 1995.

Lewis, Bernard. *The Emergence of Modern Turkey*. 2nd Ed. London: Oxford University Press, 1969.

Livingston, Craig. "One Thousand Wings: the United States Air Force group and the American mission for aid to Turkey, 1947-1950," *Middle Eastern Studies* Vol. 30, no. 4 (October 1994): 778-825.

Maier, Charles S. "The Politics of Productivity: Foundations of American International Economic Policy after World War II," *International Organization,* Vol. 31, No. 4, (Autumn 1977): 607-633.

Mark, Simon (eds.). *Discussion Papers in Diplomacy.* Den Haag: Netherlands Institute of International Relations Clingendael, 2009.

Mastny, Vojitech and Nation, R. Craig *Turkey Between East and West: New Challenges for a Rising Regional Power.* Boulder: Westview Press, 1996.

Mattison, Frances C. *A survey of American interests in the Middle East.* Washington D.C.: Middle East Institute, 1953.

Maxfield, Sylvia and Nolt, James H. "Protectionism and the Internationalization of Capital: U.S. Sponsorship of Import Substitution Industrialization in the Philippines, Turkey and Argentina" *International Studies Quarterly* 34, no. 1 (1990): 49-81.

Morris, James. "Recent Problems of Economic Development in Turkey", *Middle East Journal,* Vol. 1, No. 14, (1960): 1-14.

Naray, Olivier. "Commercial Diplomats in the Context of International Business," *The Hague Journal of Diplomacy*, 6, (2011): 121-148.

Oran, Baskın (ed.). *Türk Dış Politikası (Turkish Foreign Policy)*. İstanbul: İletişim Yayınları, 2004.

Price, Harry B. *The Marshall Plan and Its Meaning.* Ithaca, N.Y.: Cornell University Press, 1955.

Pringle, Henry F. *The Life and Times of William Howard Taft,* vol. 2. New York: Farrar & Rinehart, 1939.

Robins, Philip. *Suits and Uniforms: Turkish Foreign Policy since the Cold War.* Seattle: University of Washington Press, 2003.

Robinson, Richard D. *Cases in International Business.* New York: Rinehart and Winston, 1962.

-----, *The First Turkish Republic: A Case Study in National Development.* Cambridge: Harvard University Press, 1963.

-----, "Tractors in the Village: A Study in Turkey." *Journal of Farm Economics.* Vol. 34. 4. (1952): 451-462.

-----, "Turkey's Agrarian Revolution and the Problem of Urbanization." *Public Opinion Quarterly.* Vol. 22. 3. (November 3, 1958): 397-405.

Rosenberg, Emily S. *Financial Missionaries to the World: The Politics and Culture of Dollar Diplomacy, 1900-1930.* Boston: Harvard University Press, 1999.

-----, *Spreading the American Dream: American Economic & Cultural Expansion.* New York: Hill and Wang, 1982.

Ruel, Huub and Visser, Robin. "Commercial diplomats as corporate entrepreneurs: Explaining role behavior from an institutional perspective," *International Journal of Diplomacy and Economy* 1, no. 1 (2012): 42-79.

Ruel, Huub. *Making Trade Missions Work: A Best Practice Guide to International Business and Commercial Diplomacy,* Bingley: Emerald Publishing Ltd, 2018.

Scott, James. *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed.* Connecticut: Yale University Press, 1998.

Setser, Vernon G. *The Commercial Reciprocity Policy of the United States, 1774-1829.* Philadelphia: J. B. Lippincott, 1937.

Shaw, Stanford J. and Shaw, Ezel Kural. *History of the Ottoman Empire and Modern Turkey, Volume II: Reform, Revolution, and Republic: The Rise of Modern Turkey, 1808-1975.* Cambridge: Cambridge University Press, 1977.

Singer, Morris. *The Economic Advance of Turkey 1938-1960.* Ankara: Turkish Economic Society, 1977.

Straus, Oscar S. “American Commercial Diplomacy,” *The Advocate of Peace,* vol. 73, No. 9 (September 1911), 203-205.

Straus, Ralph I. *Expanding Private Investment for Free World Economic Growth.* Washington: The Department of State, 1959.

Tekeli, İlhan and İlkin, Selim. *Dünyada ve Türkiye'de Serbest Üretim Bölgelerinin Doğuş ve Dönüşümü (The Birth and Transformation of the Export Processing Zones in Turkey and the World).* Ankara: Yurt Yayınları, 1987.

Tezel, Yahya S. *Cumhuriyet Döneminin İktisadi Tarihi (Economic History of Republican Period).* Ankara: Tarih Vakfı Yayınları, 1996.

Thomas, Lewis V. and Frye, Richard N. *The United States and Turkey and Iran.* Cambridge: Harvard University Press, 1951.

Thornburg, Max Weston. *Turkey: An Economic Appraisal.* New York: The Twentieth Century Fund, 1949.

Todd, Lewis P. *The Marshall Plan. A Program of International Cooperation.* Advisory Committee on Education Economic Cooperation Administration, 1950.

Trask, Roger R. "The United States and Turkish Nationalism: Investments and Technical Aid during the Atatürk Era," *The Business History Review* 38, no. 1 (Spring 1964): 58-77.

-----, *The United States Response to the Turkish Nationalism and Reform, 1914-1939.* Minneapolis: The University of Minnesota Press, 1971.

Tunaya, Tarık Zafer. *Türkiye'de Siyasi Partiler (1859-1952) (Political Parties in Turkey (1859-1952)).* İstanbul: Arba, 1952.

Tuncer, Baran. *Türkiye'de Yabancı Sermaye Sorunu (Foreign Capital Problem in Turkey).* Ankara: Ankara Üniversitesi Siyasal Bilgiler Fakültesi Yayınları, 1968.

Uslu, Nasuh. *Turkish Foreign Policy in the Post-Cold War Period.* New York: Nova Science Publishers, 2004.

-----, *Türk-Amerikan İlişkileri (The Turkish-American Relations).* İstanbul: Pandora, 2009.

Vali, Ferenc A. *Bridge Across the Bosporus: The Foreign Policy of Turkey.* Baltimore: Johns Hopkins University Press, 1971.

Warren, Sidney. "The Background of Our Aid Program," *Current History* Vol. 33, no. 193 (September 1957).

Weeks, Sinclair and Macy, Loring K. *Investment in Turkey: Basic information for United States businessmen.* Washington: U.S. Department of Commerce, 1956.

Wells, Louis T. and Wint, Alvin G. *Marketing a Country: Promotion as a tool for attracting foreign investment.* Washington: International Finance Corporation, 2000.

Wilkins, Mira, "Foreign Investment in the U.S. Economy Before 1914," *The Annals of American Academy of Political and Social Science,* 516, (1991): 9-21.

-----, *The Maturing of Multinational Enterprise.* Boston: Harvard University Press, 1974.

Wilkinson, Timothy J. and Brouthers, Lance E. "An evaluation of government sponsored promotion programs." *Journal of Business Research* 47, no. 3 (2000): 229-236.

Yaşa, Memduh. *Devlet Borçları (National Debts).* İstanbul: Has Kurtulmuş Matbaası, 1981.

Yerasimos, Stefanos. *Azgelişmişlik Sürecinde Türkiye (Turkey in the Process of Underdevelopment).* İstanbul: Gözlem, 1976.

Zürcher, Erik J. *Turkey: A Modern History,* 3rd Ed. London: I.B. Tauris, 2004.

APPENDICES

Appendix I: Turkey's Import and Export Rates in the Late 1940s and 1950s

Imports and exports

	İthalat - Import			İhracat - Export		
Yıl	Değer Value	Değişim oranı Rate of change	Dolar kuru Exchange rate(1)	Değer Value	Değişim oranı Rate of change	Dolar kuru Exchange rate(1)
Year	(Bin $- Thousand $)	(%)	(TL/$)	(Bin $- Thousand $)	(%)	(TL/$)
1923	86 872	-	1,67	50 790	-	1,67
1924	100 462	15,6	1,93	82 435	62,3	1,93
1925	128 953	28,4	1,87	102 700	24,6	1,87
1926	121 411	- 5,8	1,93	96 437	- 6,1	1,93
1927	107 752	- 11,3	1,96	80 749	- 16,3	1,96
1928	113 710	5,5	1,97	88 278	9,3	1,97
1929	123 558	8,7	2,07	74 827	- 15,2	2,07
1930	69 540	- 43,7	2,12	71 380	- 4,6	2,12
1931	59 935	- 13,8	2,11	60 226	- 15,6	2,11
1932	40 718	- 32,1	2,11	47 972	- 20,3	2,11
1933	45 091	10,7	1,66	58 065	21,0	1,66
1934	68 761	52,5	1,26	73 007	25,7	1,26
1935	70 635	2,7	1,26	76 232	4,4	1,26
1936	73 619	4,2	1,26	93 670	22,9	1,26
1937	90 540	23,0	1,26	109 225	16,6	1,26
1938	118 899	31,3	1,26	115 019	5,3	1,26
1939	92 498	- 22,2	1,28	99 647	- 13,4	1,28
1940	50 035	- 45,9	1,38	80 904	- 18,8	1,38
1941	55 349	10,6	1,35	91 056	12,5	1,35
1942	112 879	103,9	1,31	126 115	38,5	1,31
1943	155 340	37,6	1,31	196 734	56,0	1,31
1944	126 230	- 18,7	1,31	177 952	- 9,5	1,31
1945	96 969	- 23,2	1,30	168 264	- 5,4	1,30
1946	118 889	22,6	1,88	214 580	27,5	2,01
1947	244 644	105,8	2,80	223 301	4,1	2,80
1948	275 053	12,4	2,80	196 799	- 11,9	2,80
1949	290 220	5,5	2,80	247 825	25,9	2,80
1950	285 664	- 1,6	2,80	263 424	6,3	2,80
1951	402 086	40,8	2,80	314 082	19,2	2,80
1952	555 920	38,3	2,80	362 914	15,5	2,80
1953	532 533	- 4,2	2,80	396 061	9,1	2,80
1954	478 359	- 10,2	2,80	334 924	- 15,4	2,80
1955	497 637	4,0	2,80	313 346	- 6,4	2,80
1956	407 340	- 18,1	2,80	304 990	- 2,7	2,80
1957	397 125	- 2,5	2,80	345 217	13,2	2,80
1958	315 098	- 20,7	2,80	247 271	- 28,4	2,80
1959	469 982	49,2	2,80	353 799	43,1	2,80
1960	468 186	-0,4	4,73	320 731	- 9,3	5,37

Appendix II: Economic Cooperation Agreement Between the United States of America and the Republic of Turkey

ECONOMIC COOPERATION AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF TURKEY

On January 31, 1950, the Economic Cooperation Agreement between the United States of America and the Republic of Turkey was amended. Because the amendments were substantial, the entire agreement, as amended, is printed below. This is a combined text of the original agreement and the amendment, and thus does not duplicate the literal wording of the amendment. The original agreement was published in the *Supplement* to the *First Report to Congress of the Economic Cooperation Administration* on pages 211–221.

ECONOMIC COOPERATION AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF TURKEY

The Government of the United States of America and the Government of the Republic of Turkey:

Recognizing that the restoration or maintenance in European countries of principles of individual liberty, free institutions, and genuine independence rests largely upon the establishment of sound economic conditions, stable international economic relationships, and the achievement by the countries of Europe of a healthy economy independent of extraordinary outside assistance;

Recognizing that a strong and prosperous European economy is essential for the attainment of the purposes of the United Nations;

Considering that the achievement of such conditions calls for a European recovery plan of self-help and mutual cooperation, open to all nations which cooperate in such a plan, based upon a strong production effort, the expansion of foreign trade, the creation or maintenance of internal financial stability and the development of economic cooperation, including all possible steps to establish and maintain valid rates of exchange and to reduce trade barriers;

Considering that in furtherance of these principles the Government of the Republic of Turkey has joined with other like-minded nations in a Convention for European Economic Cooperation signed at Paris on April 16, 1948 under which the signatories of that Convention agreed to undertake as their immediate task the elaboration and execution of a joint recovery program, and that the Government of the Republic of Turkey is a member of the Organization for European Economic Cooperation created pursuant to the provisions of that Convention;

Considering also that, in furtherance of these principles, the Government of the United States of America has enacted the Economic Cooperation Act of 1948, providing for the furnishing of assistance by the United States of America to nations participating in a joint program for European recovery, in order to enable such nations through their own individual and concerted efforts to become independent of extraordinary outside economic assistance;

Taking note that the Government of the Republic of Turkey has already expressed its adherence to the purposes and policies of the Economic Cooperation Act of 1948;

Desiring to set forth the understandings which govern the furnishing of assistance by the Government of the United States of America under the Economic Cooperation Act of 1948, the receipt of such assistance by the Republic of Turkey, and the measures which the two Governments will take individually and together in furthering the recovery of the Republic of Turkey as an integral part of the joint program for European recovery;

Have agreed as follows:

Article I

1. The Government of the United States of America undertakes to assist the Republic of Turkey, by making available to the Government of the Republic of Turkey or to any person, agency or organization designated by the latter Government such assistance as may be requested by it and approved by the Government of the United States of America. The Government of the United States of America will furnish this assistance under the provisions, and subject to all the terms, conditions and termination provisions, of the Economic Cooperation Act of 1948, acts amendatory and supplementary thereto and appropriation acts thereunder, and will make available to the Government of the Republic of Turkey only such commodities, services and other assistance as are authorized to be made available by such acts.

2. The Government of the Republic of Turkey, acting individually and through the Organization for European Economic Cooperation, consistently with the Convention for European Economic Cooperation signed at Paris on April 16, 1948 will exert sustained efforts in common with other participating countries speedily to achieve through a joint recovery program economic conditions in Europe essential to

lasting peace and prosperity and to enable the countries of Europe participating in such a joint recovery program to become independent of extraordinary outside economic assistance within the period of this Agreement. The Government of the Republic of Turkey reaffirms its intention to take action to carry out the provisions of the General Obligations of the Convention for European Economic Cooperation, to continue to participate actively in the work of the Organization for European Economic Cooperation, and to continue to adhere to the purposes and policies of the Economic Cooperation Act of 1948.

3. With respect to assistance furnished by the Government of the United States of America to the Republic of Turkey and procured from areas outside the United States of America, its territories and possessions, the Government of the Republic of Turkey will cooperate with the Government of the United States of America in ensuring that procurement will be effected at reasonable prices and on reasonable terms and so as to arrange that the dollars thereby made available to the country from which the assistance is procured are used in a manner consistent with any arrangements made by the Government of the United States of America with such country.

Article II

1. In order to achieve the maximum recovery through the employment of assistance received from the Government of the United States of America, the Government of the Republic of Turkey will use its best endeavors:

(a) to adopt or maintain the measures necessary to ensure efficient and practical use of all the resources available to it, including

(i) such measures as may be necessary to ensure that the commodities and services obtained with assistance furnished under this Agreement are used for purposes consistent with this Agreement and, as far as practicable, with the general purposes outlined in the schedules furnished by the Government of the Republic of Turkey in support of the requirements of assistance to be furnished by the Government of the United States of America;

(ii) the observation and review of the use of such resources through an effective follow-up system approved by the Organization for European Economic Cooperation; and

(iii) to the extent practicable, measures to locate, identify and put into appropriate use in furtherance of the joint program for European recovery, assets, and earnings therefrom, which belong to nationals of the Republic of Turkey and which are situated within the United States of America, its territories or possessions. Nothing in this clause imposes any obligation on the Government of the United States of America to assist in carrying out such measures or on the

Government of the Republic of Turkey to dispose of such assets;

(b) to promote the development of industrial and agricultural production on a sound economic basis; to achieve such production targets as may be established through the Organization for European Economic Cooperation; and when desired by the Government of the United States of America, to communicate to that Government detailed proposals for specific projects contemplated by the Government of the Republic of Turkey to be undertaken in substantial part with assistance made available pursuant to this Agreement, including whenever practicable projects for increased production of coal and food;

(c) to stabilize its currency, establish or maintain a valid rate of exchange, balance its governmental budget, create or maintain internal financial stability, and generally restore or maintain confidence in its monetary system; and

(d) to cooperate with other participating countries in facilitating and stimulating an increasing interchange of goods and services among the participating countries and with other countries and in reducing public and private barriers to trade among themselves and with other countries.

2. Taking into account Article 8 of the Convention for European Economic Cooperation looking toward the full and effective use of manpower available in the participating countries, the Government of the Republic of Turkey will accord sympathetic consideration to proposals made in conjunction with the International Refugee Organization directed to the largest practicable utilization of manpower available in any of the participating countries in furtherance of the accomplishment of the purposes of this Agreement.

3. The Government of the Republic of Turkey will take the measures which it deems appropriate, and will cooperate with other participating countries, to prevent, on the part of private or public commercial enterprises, business practices or business arrangements affecting international trade which restrain competition, limit access to markets or foster monopolistic control whenever such practices or arrangements have the effect of interfering with the achievement of the joint program of European recovery.

Article III

1. The Governments of the United States of America and of the Republic of Turkey will, upon the request of either Government, consult respecting projects in the Republic of Turkey proposed by nationals of the United States of America and with regard to which the Government of the United States of America may appropriately make guaranties of currency transfer under section 111 (b) (3) of the Economic Cooperation Act of 1948.

2. The Government of the Republic of Turkey agrees that if the Government of the United States of America makes payment in United States dollars to any person under such a guaranty, any liras, or credits in liras, assigned or transferred to the Government of the United States of America pursuant to that section shall be recognized as property of the Government of the United States of America, and the Government of the United States of America will be subrogated to any right, title, claim or cause of action existing in connection with such liras or credits in liras.

Article IV

1. The provisions of this article shall apply only with respect to assistance which may be furnished by the Government of the United States of America on a grant basis.

2. The Government of the Republic of Turkey will establish a special account in the Central Bank of the Republic of Turkey in the name of the Government of the Republic of Turkey (hereinafter called the Special Account) and will make deposits in liras to this account in amounts commensurate with the indicated dollar cost to the Government of the United States of America of commodities, services and technical information (including any costs of processing, storing, transporting, repairing or other services incident thereto) made available to the Republic of Turkey on a grant basis by any means authorized under the Economic Cooperation Act of 1948. The Government of the United States of America shall from time to time notify the Government of the Republic of Turkey of the indicated dollar cost of any such commodities, services and technical information, and the Government of the Republic of Turkey will thereupon deposit in the Special Account a commensurate amount of liras computed at a rate of exchange which shall be the par value agreed at such time with the International Monetary Fund; provided that this agreed value is the single rate applicable to the purchase of dollars for imports into the Republic of Turkey. If at the time of notification a par value for the lira is agreed with the Fund and there are one or more other rates applicable to the purchase of dollars for imports into the Republic of Turkey, or, if at the time of notification no par value for the lira is agreed with the Fund, the rate or rates for this particular purpose shall be mutually agreed upon between the Government of the United States of America and the Government of the Republic of Turkey. The Government of the Republic of Turkey may at any time make advance deposits in the Special Account which shall be credited against subsequent notifications pursuant to this paragraph.

3. The Government of the United States of America will from time to time notify the Government of the Republic of Turkey of its require-

ments for administrative expenditures in liras within the Republic of Turkey incident to operations under the Economic Cooperation Act of 1948, and the Government of the Republic of Turkey will thereupon make such sums available out of any balances in the Special Account in the manner requested by the Government of the United States of America in the notification.

4. Five percent of each deposit made pursuant to this article shall be allocated to the use of the Government of the United States of America for its expenditures in the Republic of Turkey, and sums made available pursuant to paragraph 3 of this article shall first be charged to the amount allocated under that paragraph.

5. The Government of the Republic of Turkey will further make such sums of liras available out of any balances in the Special Account as may be required to cover costs (including port, storage, handling and similar charges) of transportation from any point of entry in the Republic of Turkey to the consignee's designated point of delivery in the Republic of Turkey of such relief supplies and packages as are referred to in Article VI.

6. The Government of the Republic of Turkey may draw upon any remaining balance in the Special Account for such purposes as may be agreed from time to time with the Government of the United States of America. In considering proposals put forward by the Government of the Republic of Turkey for drawings from the Special Account, the Government of the United States of America will take into account the need for promoting or maintaining internal monetary and financial stabilization in the Republic of Turkey and for stimulating productive activity and international trade and the exploration for and development of new sources of wealth within the Republic of Turkey, including in particular:

(a) expenditures upon projects or programs, including those which are part of a comprehensive program for the development of the productive capacity of the Republic of Turkey and the other participating countries, and projects or programs the external costs of which are being covered by assistance rendered by the Government of the United States of America under the Economic Cooperation Act of 1948 or otherwise, or by loans from the International Bank for Reconstruction and Development;

(b) expenditures upon the exploration for and development of additional production of materials which may be required in the United States of America because of deficiencies or potential deficiencies in the resources of the United States; and

(c) effective retirement of the national debt, especially debt held by the Central Bank of the Republic of Turkey or other banking institutions.

7. Any unencumbered balance, other than unexpended amounts allocated under paragraph 4 of this article, remaining in the Special Account on June 30, 1952, shall be disposed of within the Republic of Turkey for such purposes as may hereafter be agreed between the Governments of the United States of America and the Republic of Turkey, it being understood that the agreement of the United States of America shall be subject to approval by Act or Joint Resolution of the Congress of the United States of America.

Article V

1. The Government of the Republic of Turkey will facilitate the transfer to the United States of America, for stock piling or other purposes, of materials originating in the Republic of Turkey which are required by the United States of America as a result of deficiencies or potential deficiencies in its own resources, upon such reasonable terms of sale, exchange, barter or otherwise, and in such quantities, and for such period of time, as may be agreed to between the Governments of the United States of America and the Republic of Turkey, after due regard for the reasonable requirements of the Republic of Turkey for domestic use and commercial export of such materials. The Government of the Republic of Turkey will take such specific measures as may be necessary to carry out the provisions of this paragraph, including the promotion of the increased production of such materials within the Republic of Turkey, and the removal of any hindrances to the transfer of such materials to the United States of America. The Government of the Republic of Turkey will, when so requested by the Government of the United States of America, enter into negotiations for detailed arrangements necessary to carry out the provisions of this paragraph.

2. The Government of the Republic of Turkey will, when so requested by the Government of the United States of America, negotiate such arrangements as are appropriate to carry out the provisions of paragraph (9) of sub-Section 115 (b) of the Economic Cooperation Act of 1948, which relates to the development and transfer of materials required by the United States of America.

3. The Government of the Republic of Turkey, when so requested by the Government of the United States of America, will cooperate, wherever appropriate, to further the objectives of paragraphs 1 and 2 of this Article in respect to materials originating outside of the Republic of Turkey.

Article VI

1. The Government of the Republic of Turkey will cooperate with the Government of the United States of America in facilitating and

encouraging the promotion and development of travel by citizens of the United States of America to and within participating countries.

2. The Government of the Republic of Turkey will, when so requested by the Government of the United States of America, enter into negotiations for agreements (including the provision of duty-free treatment under appropriate safeguards) to facilitate the entry into the Republic of Turkey of supplies of relief goods donated to or purchased by United States voluntary non-profit relief agencies and of relief packages originating in the United States of America and consigned to individuals residing in the Republic of Turkey.

Article VII

1. The two Governments will, upon the request of either of them, consult regarding any matter relating to the application of this Agreement or to operations or arrangements carried out pursuant to this Agreement.

2. The Government of the Republic of Turkey will communicate to the Government of the United States of America in a form and at intervals to be indicated by the latter after consultation with the Government of the Republic of Turkey:

(a) detailed information of projects, programs and measures proposed or adopted by the Government of the Republic of Turkey to carry out the provisions of this Agreement and the General Obligations of the Convention for European Economic Cooperation;

(b) full statements of operations under this Agreement, including a statement on the use of funds, commodities and services received thereunder, such statements to be made in each calendar quarter;

(c) information regarding its economy and any other relevant information, necessary to supplement that obtained by the Government of the United States of America from the Organization for European Economic Cooperation, which the Government of the United States of America may need to determine the nature and scope of operations under the Economic Cooperation Act of 1948, and to evaluate the effectiveness of assistance furnished or contemplated under this Agreement and generally the progress of the joint recovery program.

3. The Government of the Republic of Turkey will assist the Government of the United States of America to obtain information relating to the materials originating in Turkey referred to in Article V which is necessary to the formulation and execution of the arrangements provided for in that Article.

Article VIII

1. The Governments of the United States of America and the Republic of Turkey recognize that it is in their mutual interest that full

publicity be given to the objectives and progress of the joint program for European recovery and of the actions taken in furtherance of that program. It is recognized that wide dissemination of information on the progress of the program is desirable in order to develop the sense of common effort and mutual aid which are essential to the accomplishment of the objectives of the program.

2. The Government of the United States of America will encourage the dissemination of such information and will make it available to the media of public information.

3. The Government of the Republic of Turkey will encourage the dissemination of such information both directly and in cooperation with the Organization for European Economic Cooperation. It will make such information available to the media of public information and take all practicable steps to ensure that appropriate facilities are provided for such dissemination. It will further provide other participating countries and the Organization for European Economic Cooperation with full information on the progress of the program for economic recovery.

4. The Government of the Republic of Turkey will make public in Turkey in each calendar quarter, full statements of operations under this Agreement, including information as to the use of funds, commodities and services received.

Article IX

1. The Government of the Republic of Turkey agrees to receive a Special Mission for Economic Cooperation which will discharge the responsibilities of the Government of the United States of America in the Republic of Turkey under this Agreement.

2. The Government of the Republic of Turkey will, upon appropriate notification from the Ambassador of the United States of America in the Republic of Turkey, consider the Special Mission and its personnel, and the United States Special Representative in Europe, as part of the Embassy of the United States of America in the Republic of Turkey for the purpose of enjoying the privileges and immunities accorded to that Embassy and its personnel of comparable rank. The Government of the Republic of Turkey will further accord appropriate courtesies to the members and staff of the Joint Committee on Foreign Economic Cooperation of the Congress of the United States of America, and grant them the facilities and assistance necessary to the effective performance of their responsibilities.

3. The Government of the Republic of Turkey, directly and through its representatives on the Organization for European Economic Cooperation, will extend full cooperation to the Special Mission, to the

United States Special Representative in Europe and his staff, and to the members and staff of the Joint Committee. Such cooperation shall include the provision of all information and facilities necessary to the observation and review of the carrying out of this Agreement, including the use of assistance furnished under it.

Article X

1. The Governments of the United States of America and the Republic of Turkey agree to submit to the decision of the International Court of Justice any claim espoused by either Government on behalf of one of its nationals against the other Government for compensation for damage arising as a consequence of governmental measures (other than measures concerning enemy property or interests) taken after April 3, 1948, by the other Government and affecting property or interest of such national, including contracts with or concessions granted by duly authorized authorities of such other Government. It is understood that the undertaking of each Government in respect of claims espoused by the other Government pursuant to this paragraph is made in the case of each Government under the authority of and is limited by the terms and conditions of such effective recognition as it has heretofore given to the compulsory jurisdiction of the International Court of Justice under Article 36 of the Statute of the Court. The provisions of this paragraph shall be in all respects without prejudice to other rights of access, if any, of either Government to the International Court of Justice or to the espousal and presentation of claims based upon alleged violations by either Government of rights and duties arising under treaties, agreements or principles of international law.

2. The Governments of the United States of America and of the Republic of Turkey further agree that such claims may be referred, in lieu of the Court, to any arbitral tribunal mutually agreed upon.

3. It is further understood that neither Government will espouse a claim pursuant to this Article until its national has exhausted the remedies available to him in the administrative and judicial tribunals of the country in which the claim arose.

Article XI

As used in this agreement:

(a) the term "participating country" means

(i) any country which signed the report of the Committee of European Economic Cooperation at Paris on September 22, 1947, and territories for which it has international responsibility and to which the Economic Cooperation Agreement concluded between that country and the Government of the United States of America has been applied, and

(ii) any other country (including any of the Zones of Occupation of Germany, and areas under international administration or control, and the Free Territory of Trieste or either of its Zones) wholly or partly in Europe, together with dependent areas under its administration, for so long as such country is a party to the Convention for European Economic Cooperation and adheres to a joint program for European recovery designed to accomplish the purposes of this agreement.

(b) the term "Economic Cooperation Act of 1948" means "The Economic Cooperation Act of 1948, as heretofore amended".

Article XII

1. This Agreement shall be subject to ratification by the Grand National Assembly of Turkey. It shall become effective on the day on which notice of such ratification is given to the Government of the United States of America. Subject to the provisions of paragraphs 2 and 3 of this Article, it shall remain in force until June 30, 1953, and unless at least six months before June 30, 1953, either Government shall have given notice in writing to the other of intention to terminate the Agreement on that date, it shall remain in force thereafter until the expiration of six months from the date on which such notice shall have been given.

2. If, during the life of this Agreement, either Government should consider there has been a fundamental change in the basic assumptions underlying this Agreement, it shall so notify the other Government in writing and the two Governments will thereupon consult with a view to agreeing upon the amendment, modification or termination of this Agreement. If, after three months from such notification, the two Governments have not agreed upon the action to be taken in the circumstances, either Government may give notice in writing to the other of intention to terminate this Agreement. Then, subject to the provisions of paragraph 3 of this Article, this Agreement shall terminate either:

(a) six months after the date of such notice of intention to terminate, or

(b) after such shorter period as may be agreed to be sufficient to ensure that the obligations of the Government of the Republic of Turkey are performed in respect of any assistance which may continue to be furnished by the Government of the United States of America after the date of such notice;

provided, however, that Article V and paragraph 3 of Article VII shall remain in effect until two years after the date of such notice of intention to terminate, but not later than June 30, 1953.

3. Subsidiary agreements and arrangements negotiated pursuant to this agreement may remain in force beyond the date of termination of this agreement and the period of effectiveness of such subsidiary agreements and arrangements shall be governed by their own terms. Article IV shall remain in effect until all the sums in the currency of the Republic of Turkey required to be deposited in accordance with its own terms have been disposed of as provided in that article. Paragraph 2 of Article III shall remain in effect for so long as the guaranty payments referred to in that article may be made by the Government of the United States of America.

4. This Agreement may be amended at any time by agreement between the two Governments.

5. The Annex to this Agreement forms an integral part thereof.

6. This Agreement shall be registered with the Secretary-General of the United Nations.

In witness whereof the respective representatives, duly authorized for the purpose, have signed the present Agreement.

Done at Ankara, Turkey, in duplicate, in the English and Turkish languages, both texts authentic, this fourth day of July, 1948. [As amended January 31, 1950.]

For the Government of the United States of America

EDWIN C. WILSON

WARWICK PERKINS [*on the amendment*]

For the Government of the Republic of Turkey

N. SADAK

Z. AKDUR [*on the amendment*]

Annex

1. It is understood that the requirements of paragraph 1 (a) of Article II, relating to the adoption of measures for the efficient use of resources, would include, with respect to commodities furnished under the Agreement, effective measures for safeguarding such commodities and for preventing their diversion to illegal or irregular markets or channels of trade.

2. It is understood that the obligation under paragraph 1 (c) of Article II to balance the budget would not preclude deficits over a

short period but would mean a budgetary policy involving the balancing of the budget in the long run.

3. It is understood that the business practices and business arrangements referred to in paragraph 3 of Article II mean:

(a) fixing prices, terms or conditions to be observed in dealing with others in the purchase, sale or lease of any product;

(b) excluding enterprises from, or allocating or dividing, any territorial market or field of business activity, or allocating customers, or fixing sales quotas or purchase quotas;

(c) discriminating against particular enterprises;

(d) limiting production or fixing production quotas;

(e) preventing by agreement the development or application of technology or invention whether patented or unpatented;

(f) extending the use of rights under patents, trademarks or copyrights granted by either country to matters which, according to its laws and regulations, are not within the scope of such grants, or to products or conditions of production, use or sale which are likewise not the subjects of such grants; and

(g) such other practices as the two Governments may agree to include.

4. It is understood that the Government of the Republic of Turkey is obligated to take action in particular instances in accordance with paragraph 3 of Article II only after appropriate investigation or examination.

5. It is understood that the projects referred to in paragraph 1 of Article III are those approved by the two Governments, in accordance with section 111 (b) (3) of the Economic Cooperation Act of 1948.

6. It is understood that the phrase in Article V "after due regard for the reasonable requirements of the Republic of Turkey for domestic use" would include the maintenance of reasonable stocks of the materials concerned and that the phrase "commercial export" might include barter transactions. It is also understood that arrangements negotiated under Article V might appropriately include provision for consultation, in accordance with the principles of Article 32 of the Havana Charter for an International Trade Organization, in the event that stock piles are liquidated.

7. It is understood that the Government of the Republic of Turkey will not be requested, under paragraph 2 (a) of Article VII to furnish detailed information about minor projects or confidential commercial or technical information the disclosure of which would injure legitimate commercial interests.

8. It is understood that the Government of the United States of America in making the notifications referred to in paragraph 2 of Article IX would bear in mind the desirability of restricting, so far as practicable, the number of officials for whom full diplomatic privileges would be requested. It is also understood that the detailed application of Article IX would, when necessary, be the subject of intergovernmental discussion.

9. It is understood that any agreements which might be arrived at pursuant to paragraph 2 of Article X would be subject to ratification by the Senate of the United States of America.

10. It is understood that the time of notification to which reference is made in Article IV, paragraph 2 for the purpose of determining the rate of exchange to be used in computing the deposits to be made upon notifications to the Government of the Republic of Turkey of the indicated dollar cost of commodities, services, and technical information shall, in the case of each notification covering a disbursement period, be deemed to be the date of the last day of the disbursement period covered by the notification.

Appendix III: "*Yabancı Sermayeyi Teşvik Kanunu*" ("Law for the Encouragement of Foreign Investment") Enacted on January 18, 1954

Law[1] for the Encouragement of Foreign Investment

SUBJECT OF THE LAW

Article 1.—This law shall apply to the foreign capital imported into Turkey and to loans made from abroad by the decision of the Foreign Investment Encouragement Committee and the approval of the Council of Ministers, provided that the enterprise in which the investment shall be made:

(A) Will tend to promote the economic development of the country,

(B) Will operate in a field of activity open to Turkish private enterprises,

(C) Will entail no monopoly or a special privilege.

"The Foreign Investment Encouragement Committee," referred to in this article and established according to article 8, will hereinafter be referred to as "the Committee."

FOREIGN CAPITAL BASE

Article 2.—For the purpose of the application of this law, the term "foreign capital base" shall mean the sum of the values assessed and fixed in the manner described hereunder:

(A) The following items imported from abroad for the efficient establishment, expansion, or reactivation of an enterprise as envisaged by this law:

1. Capital in the form of foreign exchange.

2. Machinery, equipment, instruments, and the like, machinery components, spare parts and materials, and other necessary goods approved by the Committee,

3. Intangible rights such as licenses, patent rights and trademarks, and services,

4. Profits converted into capital through reinvestment in accordance with article 3.

(B) The experts selected by the Committee will assess the value of the imported capital in the form of goods, services, and intangible rights and will determine whether these are goods and values imported for the purpose of the enterprise approved by the Committee.

The assessment made by the experts may be reviewed and modified by the Committee.

The assessment shall be made both in the currency of the country of origin and in Turkish currency at the official rate of exchange prevailing at the time of importation.

The right to appeal provided for in article 8 being reserved, the decision of the Committee with respect to assessment shall be final.

REINVESTMENT OF PROFITS

Article 3.—Of the profits realised by an approved enterprise under the tax laws in force, the net amount that accrues to the owners of the foreign capital base may be, by the decision of the Committee, reinvested and added, in whole or in part, to the basic foreign capital or invested in some other enterprise meeting the conditions of article 1.

PROFITS, CAPITAL STOCK TRANSFER

Article 4.—(A) The following profits and capital stocks are entitled, subject to the provisions of paragraph (C) of this article, to a transfer abroad in the currency of the country from which the foreign capital base originated and at the prevailing official rate of exchange:

1. Of the profits realized after December 31, 1953, as determined by the tax laws in force, such net amounts as accrue to the owners of the foreign capital base.

2. The share of the owners of the foreign capital base in the proceeds of the sale, within reasonable prices, of assets in case of partial or total liquidation of an enterprise subject to this law.

3. The proceeds of the sale, within reasonable prices, of part or the whole of the foreign capital base of an enterprise established or in operation in accordance with this law.

4. The principal of and interest on a foreign loan contracted according to the provisions of article 6 of this law, when due under the terms of the loan agreement.

(B) The Ministry of Finance or the Committee, may, if they deem it necessary, order:

1. The inspection of the books of account and tax returns of the enterprise subject to this law, in order to determine the amount transferable in accordance with subparagraph 1 of paragraph (A) of this article, or

2. The investigation of the bona fide nature of sales of shares and assets and of loans to an approved enterprise.

(C) The Ministry of Finance shall issue, upon application, the requisite permit for the transfer abroad of profits, sales proceeds, or the principal of and interest on loans that are eligible for transfer under paragraph (A) of this article.

TRANSFER OF SHARES

Article 5.—(A) The Ministry of Finance shall execute, upon request, the following guaranties upon stock shares or stock certificates, registered on the books of a Turkish corporation, that represent the foreign capital base, as defined in article 2:

[1] Law No. 6224, approved January 18, 1954, and published in *Official Gazette* No. 8615, January 23, 1954.

[The dividends on this stock share are immediately transferable into . . . (foreign exchange of origin) at the official rate of exchange prevailing at the date of transfer, on presentation of this stock share or stock certificate to the Central Bank of the Republic of Turkey or its authorized representatives abroad. The proceeds of the sale of this stock share or stock certificate or that part of the proceeds of the realized value of the assets sold in liquidation, to which the owner of this stock share or stock certificate is entitled, are transferable, at the official rate of exchange prevailing at the date of transfer, to . . . (foreign exchange of origin) in accordance with article 4 of law No. 6224 of the Republic of Turkey.]

Minister of Finance
or
his authorized deputy

(B) Registered stock shares or stock certificates bearing such guaranties shall be freely transferable between persons of all nationalities both in Turkey and abroad. Before the sale of such stock shares or stock certificates to real and juridical persons settled in Turkey, it is obligatory to present them to the Ministry of Finance for the cancellation of such guaranties whether or not new stock shares or stock certificates are issued to replace them.

GUARANTY OF LOANS

Article 6.—(A) The Ministry of Finance is authorized, subject to a decision of the Council of Ministers, to provide its guaranty, against security or bail, for an amount not exceeding 1 billion Turkish liras, of the principal of and interest on a foreign loan to an enterprise fulfilling the requirements of article 1 of this law.

(B) Such guaranty shall automatically lapse with respect to any part of the principal or interest of a loan so guaranteed that has been repaid.

EMPLOYMENT OF ALIENS

Article 7.—(A) The conditions and prohibitions of laws Nos. 2007 and 2818 shall not apply, during the periods of surveying, erection, and operation of an enterprise established in accordance with this law, to aliens investing in such enterprises, to alien representatives of such investors, and to alien experts, foremen, and other skilled personnel for such period of time as the Committee certifies is necessary in the efficient establishment, expansion, reactivation, or operation of such enterprises.

(B) The above provisions shall also apply to alien experts, foremen, and other skilled personnel employed by such domestic enterprises as do, in the opinion of the Committee, meet the conditions set forth in article 1 of this law.

(C) Aliens employed according to the provisions of this article may, subject to the prior consent of the Ministry of Finance, transfer in the currency of their own respective countries and at the prevailing official exchange rates, that part of their earnings as are stipulated in their respective contract of employment, for the maintenance of their dependencies and for their normal savings.

THE COMMITTEE *

Article 8.—(A) In order to carry out the duties provided for by this law, a Committee is formed under the chairmanship of the General Manager of the Central Bank of the Turkish Republic and consisting of the following members: The Director-General of the Treasury, the Director-General of Domestic Trade, the Director-General of Industrial Affairs, the Chairman of the Board of Research and Planning of the Ministry of State Enterprises, and the Secretary-General of the Union of Chambers of Commerce and Industry and Commodity Exchanges. In cases where it finds it necessary, this Committee may ask for the opinion, on an advisory basis, of representatives of other Ministries and institutions. The Committee shall give its decision on any application, within 15 days, at the latest, of their submittal.

The Director-General of Domestic Trade will act as Secretary-General of the Committee. If necessary, the Committee may be called to meeting by the Secretary-General.

The remuneration to be paid to the chairman and members of the Committee will be fixed by the Council of Ministers.

(B) Any decision of the Committee may be appealed by the parties concerned within 30 days as from the date of the notification thereof. The competent authority to deal with such appeals is constituted by the Ministers of Finance, Economy and Commerce, and State Enterprises. The decisions of this authority are final.

Article 9.—(A) The Ministry of Economy and Commerce is the competent authority in the application of the provisions of this law.

(B) The Ministry of Economy and Commerce shall have the authority to order the release from the custody of the customs of foreign capital imported in kind according to the decisions of the Committee.

EQUAL TREATMENT OF CAPITAL

Article 10.—All rights, immunities, and facilities granted to domestic capital and enterprises shall be available, on equal terms, to foreign capital and enterprises engaged in the same fields.

Article 11.—(A) All rights granted to the investors under article 31 of decree No. 13 issued under authority of law No. 1567 and under laws Nos. 5583 and 5821 are hereby preserved.

(B) Investments made under law No. 5821 between August 1st, 1951, and the date in which this law enters into force, shall benefit from the provisions of this law.

REPEAL OF FORMER LAW

Article 12.—Law No. 5821 is hereby repealed.

EFFECTIVE DATE

Article 13.—This law shall be effective from the date of its promulgation.

Article 14.—The Council of Ministers is charged with the enforcement of this law.

* * * * *

PURPORT OF LAWS 2007 AND 2818

The purport of the laws referred to in the foregoing law No. 6224 is as follows:

* Foreign Investment Encouragement Committee.

(A) Law No. 2007 concerns the trades and employments reserved to Turkish citizens in Turkey.

(B) Law No. 2818 provides that persons employed in any mines must be Turkish citizens, although engineers, technicians, foremen, and skilled workers may be of foreign nationalities; that an employment permit must be obtained, however, on behalf of such foreign labor from the relevant Ministry; and that the employers are required, for every alien person employed, to pay a so-called "expert training contribution" at a rate to be fixed by the Government.

* * * * *

PROPOSED CHANGES TO LAW 6224 [3]

Article 1.—The following provisions have been added to article 4 of law No. 6224:

5. Funds obtained from licenses, patents, trademarks, and intellectual rights and services that are considered part of the foreign capital base.

(C) . . . :

In the case of profits earned from an investment largely involved in producing an export commodity, the transfer of profits shall be made immediately after the necessary permit is issued by the Central Bank of the Turkish Republic from exchange earned by the applicant from his exports.

Those to benefit from this provision will be determined after their application in accord with article 8.

Article 2.—The following provision has been added to article 8 of law No. 6224:

Those who have obtained investment permits according to this law must activate their projects at most not more than one year following the publication in the *Official Gazette* of the decree of the Council of Ministers authorizing their permit. The permits of those who do not start their projects during this time shall be deemed invalid. Those whose permits are thus terminated may reapply for a new permit.

Provisionary Article.—A time limit established in article 2 will be deemed effective for those who have already obtained permits and will operate from the date that this law comes into force.

Article 3.—This law is effective from the date of its promulgation.

Article 4.—The Council of Ministers is responsible for the administration of this law.

[3] Proposal of Fethi Celikbas, M. P. from Burdur, and Ismail Sener, M. P. from Trabzon, in the form of a draft law providing certain changes to law No. 6224 on the Encouragement of Foreign Investment.

Appendix IV: Effective Foreign/Total Tax Rates for Locally Incorporated Subsidiaries of U.S. Corporations

Effective Foreign Tax Rates on the Locally Incorporated Subsidiary of a U.S. Corporation

(percent of taxable income)

Western Hemisphere		Europe and Australasia (Selected countries)		Asia and Africa (Selected areas)	
Nicaragua	13.0%	Greece	35.0%	Iran	16.0%
Paraguay	19.0	Germany	40.5	Morocco	20.0
Ecuador	22.0	Austria	40.8	Turkey	23.5
El Salvador	24.0	Italy	41.1	Belgian Congo	25.0
Honduras	25.0	Australia	42.2	Iraq	30.0
Panama	26.0	Belgium	45.3	Syria	30.0
Costa Rica	27.0	United Kingdom	45.5	Ethiopia	31.1
Cuba	31.9	Netherlands	46.5	Saudi Arabia	34.0
Dominican Republic	32.1	Norway	47.5	Lebanon	35.0
Guatemala	35.0	Sweden	48.4	Federation of Rhodesia and Nyasaland	37.5
Haiti	35.5	New Zealand	50.8	Union of South Africa	37.5
Venezuela	37.5	Spain	51.0	Sudan	40.0
Brazil	42.0	France	53.7	Philippines	41.2
Canada	43.0			Ghana	45.0
Chile	44.0			Nigeria	45.0
Mexico	44.6			Japan	52.0
Peru	45.0			Ceylon	57.7
Colombia	45.2			India	58.0
Argentina	48.5			Israel	63.0
Bolivia	52.0			Pakistan	64.2
Uruguay	75.0			Burma	69.4

Note: The above are the effective total rates of foreign taxation. The figures are based on generally applicable rules and do not account for special incentives such as initial tax forgiveness or liberal depreciation allowances.

Source: Bureau of Foreign Commerce, Department of Commerce.

Effective Total (Foreign Plus U.S.) Tax Rates on Earnings of a Foreign Subsidiary of a U.S. Corporation Under Three Alternate Methods[a]

Country	Foreign tax	Total foreign and U.S. tax		
		Existing system and proposed FBC	14% point proposal in Boggs Bill (H.R. 5)	CWEP proposal[c]
1. No foreign tax[b]	—%	52.0%	38.0%	7.8%
2. Iran	16.0	46.2	34.5	22.6
3. Morocco	20.0	45.6	34.4	26.2
4. Turkey	23.5	45.4	34.6	29.5
5. Belgian Congo	25.0	45.3	34.8	30.9
6. Iraq	30.0	45.4	35.6	35.5
7. Syria	30.0	45.4	35.6	35.5
8. Ethiopia	31.0	45.5	35.8	36.4
9. Saudi Arabia	34.0	45.9	36.6	39.1
10. Lebanon	35.0	46.1	37.0	40.1
11. Federation of Rhodesia and Nyasaland	37.5	46.6	37.8	42.4
12. Union of South Africa	37.5	46.6	37.8	42.4
13. Sudan	40.0	47.2	40.0	44.7
14. Philippines	41.2	47.6	41.2	45.8
15. Ghana	45.0	48.9	45.0	48.9
16. Nigeria	45.0	48.9	45.0	48.9
17. Japan	52.0	52.0	52.0	52.0
18. Ceylon	57.7	57.7	57.7	57.7
19. India	58.0	58.0	58.0	58.0
20. Israel	63.0	63.0	63.0	63.0
21. Pakistan	64.2	64.2	64.2	64.2
22. Burma	69.4	69.4	69.4	69.4

[a] When all foreign earnings after foreign tax are declared as dividend to U.S. parent corporation.
[b] This would be the case during the application of any period of initial tax forgiveness offered by a foreign country as an incentive to foreign investment.
[c] Shown as an alternate proposal on Chart C.

Source: From data on foreign tax rates supplied by Bureau of Foreign Commerce, Department of Commerce.

Appendix V: Countries With Which ICA Investment Guaranty Agreements Were in Force, December 31, 1958

Area and country	Type of guaranty covered: Convertibility	Expropriation	War risk
Europe (15 countries)—Continued			
Ireland	X	X	
Italy	X	X	X
Luxembourg	X	X	
Netherlands	X	X	
Norway	X	X	
Portugal	X	X	
Spain	X	X	
United Kingdom	X		
Yugoslavia	X	X	
Totals	15	14	2
Latin America (10 countries)			
Bolivia	X	X	
Colombia	X		
Costa Rica	X	X	
Cuba	X	X	
Ecuador	X	X	
Guatemala	X	X	
Haiti	X	X	
Honduras	X	X	
Paraguay	X	X	
Peru	X		
Totals	10	8	—
Africa (1 country)			
Ghana	X	X	
Asia (12 countries)			
Afghanistan	X	X	X
China (Taiwan)	X	X	X
India	X		
Iran	X	X	
Israel	X	X	X
Japan	X	X	
Jordan	X	X	X
Pakistan	X	X	
Philippines	X	X	
Thailand	X	X	X
Turkey	X	X	
Viet-Nam	X	X	X
Totals	12	11	6
Grand total	38	34	8

Source: Investment Guaranties Staff, International Cooperation Administration.

Appendix VI: List of Foreign Investors by 1958

Name of foreign firm	Type of investment (to produce or manufacture)	Amount of foreign investment	Nationality of investor
J. and P. Coates, Ltd	Sewing yarn	TL 750,000 cash; £73,000 loan	British.
F. L. Smidth Co. A/S	Cement	TL 400,000 cash	Danish.
Aga Svenska A. B. Gasaccumulator	Acetylene and nitrogen gases	300,000 Swedish crowns loan	Swedish.
Michigan Chemical Corp	DDT and similar insecticides	$560,000 cash; $840,000 in kind	United States.
Giuseppe Dolfini	Crystallized powder from bad eggs	TL 50,000 in kind	Italian.
International Drilling and Water Co., Inc	Water, foundation, mine-drilling work	$100,000 in kind	United States.
Fertilizer Corporation of America	Sulfuric acid and superphosphate	$800,000 in kind; $1,200,000 loan	Do.
International General Electric Co	Transfer of TL 300,000 in shares to the American shareholder.	TL 300,000 cash	Do.
Aga Svenska A. B. Gasaccumulator	Oxygen	TL 195,000 cash; TL 605,000 in kind	Swedish.
Unilever N. V	Margarine	TL 400,000 in kind	Netherlands.
International Export Co., Ltd	Frozen eggs	£20,000 cash; £9,000 in kind	British.
Wilson and Mansfield, Ltd., and Jean Maubert and Paul Maubert.	Oil of rose essence and hard oil of rose	TL 50,000 in kind	British and French.
A. J. Collins	Tire repairing	TL 75,000 in kind	British.
Eastova, Ltd	Vegetable oil	£300,000 in kind	Do.
Unilever N. V	Toilet and powder soap	TL 100,000 cash; TL 60,000 in kind	Netherlands.
Do	Long-term credit to margarine factory	TL 80,000 in kind	Do.
Haeringer-Winter	Articles from base metals	TL 75,000 cash in Swiss franc equivalent	Swiss.
Cleveland Meters, Ltd	Water meters	TL 80,000 in kind	British.
Schmidt Söhne	Participation in canning and fruit-juice factory.	TL 196,000 in kind	German.
Etablissement Neon Saadi	Fluorescent and neon glass tubes	TL 125,000 in kind	Lebanese.
Sadolin Holmblad, Ltd	Licensing of Kinox and Sadolux trademarks	$50,000 in corporate rights	Danish.
S. G. S. Constructionen A. G	Prefabricated housing and building materials.	313,000 Swiss francs in kind; 150,000 Swiss francs in patent rights.	Swiss.
Otto Zitzman Luna Batteriefabrik	Primary cells and batteries	$36,952 in kind	German.
B. F. Goodrich Co	Tires	$405,000 cash	United States.
Abbott Laboratories, Inc	Pharmaceutical products	$500,000 cash	Do.
German and French firms	Cement	TL 8,000,000 in kind	German and French.
Bejerano Brothers	Preserved fruits and vegetables	$75,000 in kind	Israeli.
Pohlschroeder und Co. K. G	Office equipment, safes, boxes, and furniture	187,800 German marks in kind	German.
S. I. P. A. Vekili Gabbai	Hard oil of rose essence	40,000,000 French francs in kind	French.
General Tire and Rubber Co	Tires	TL 100,000 cash in dollar equivalent; TL 300,000 in kind in dollar equivalent.	United States.
Evrepidi Papadeli	Cheese	$12,000 in kind	Greek.
Société de Carbone Lorraine	Brushes for electrical machinery	1,800,000 French francs in kind; 1,325,000 French francs cash.	French.
Unilever N. V	Increase of capital for margarine factory	TL 1,200,000 in kind	Netherlands.
Parsons Whittemore Co	Paper	TL 70,000 cash	United States.
Hilman Palalum, Ltd	Chinaware	$90,000 in kind	Israeli.
American-Turkish Factory Enterprises, Inc	Primary cells and batteries	$205,000 in kind	United States.
Schering A. G., Knol A. G., Bayer A. G., Merck A. G.	Pharmaceutical products	TL 1,400,000 in kind	German.
Central American Trading Co	Tires and rubber articles	$250,000 in kind	United States.
Société Nouvelle Lavage et Epaillage de Osillardou.	Raw material for wool textile industry from waste.	39,500,000 French francs in kind	French.
Oronzi de Nora Impianti Elettro-Chimici	Caustic soda	TL 3,000,000 in kind	Italian.
Pirelli S. P. A	Tires and rubber articles	TL 1,200,000 in corporate rights; TL 9,000,000 in kind and cash.	Do.
Bentaler-Werke A. G	Tubes and pipes	750,000 German marks in kind; 250,000 German marks in corporate rights.	German.
Central American Trading Co	Assembly of trailers	$290,000 in kind	United States.
Hoesch A. G. Agil Schweissdrath Dr. Wass G. m. b. H.	Electrodes for welding	TL 1,000,000 in kind	German.
Josef Goepfert, C. A. U. G. Schmidt Söhne	Accumulators and batteries	TL 150,000 in kind; TL 100,000 in corporate rights.	Do.

Name of foreign firm	Type of investment (to produce or manufacture)	Amount of foreign investment	Nationality of investor
Egon Wildschek Co.	Painting materials and chemical products	TL 30,000 in kind	Austrian.
Haywood Publishing Co.	Refining of used motor oil	$80,000 in kind; $30,000 in cash	United States.
Ch. H. Hochstrasser, G. Duttweiler	Participation in Migros T. A. O.	TL 50,000 cash	Swiss.
Travail Mécanique de la Tole, Samesco Société Cooperative.	Shoe nails and tacks	TL 19,500 cash; TL 10,000 in kind	Belgian.
Moritz Schwarz	Frozen fish and fishmeal	$65,000 in kind	United States.
Chase Manhattan Bank	Loan to Minneapolis Moline Turk Traktor ve Ziraat Makineleri A. S.	$2,500,000 loan	Do.
Parutek Trading Agency	Linen cloth	$1,250,000 in kind	Do.
Merck A. G.	Insecticides	$250,000 in kind; TL 150,000 cash; TL 100,000 in corporate rights.	German.
Luxor Gasmantles, Ltd.	Gas mantles	$11,000 in kind	Austrian.
Unilever N. V.	Increase of capital for margarine factory	TL 240,000 in kind	Netherlands.
Carlo Erba S. P. A.	Manufacture and trading of pharmaceutical products.	10,000,000 Italian lire in kind; 40,000,000 lire cash.	Italian.
Traverse N. V. & De Binckhorst Agrotechniek N. V.	Accumulators	TL 30,000 cash; TL 20,000 in kind	Netherlands.
Westfaelische Union A. G.	Electrodes for welding	TL 1,000,000 in kind	German.
Produzione Lavorazione Vetro Cannaregio	Mosaic articles	TL 60,000 in kind	Italian.
Metallo Quimique	Sulfates	TL 700,000 in kind	Uruguayan.
Herbagère Paris	Mowing machines	TL 10,000 in kind	French.
Etablissement Dusseberg de la Morinerie	Accessories for cardfile fittings	6,000,000 Belgian francs in kind	Belgian.
Ralph M. Parsons Co.	Participation in Natural Gas, Ltd.	$85,714 cash	United States.
Fertilizer Corporation of America	Superphosphate	$500,000 in kind; $350,000 loan in kind	Do.
Moderna Bienna S. A.	Mining	50,000 Swiss francs cash; 300,000 Swiss francs in kind.	Swiss.
British American Eastern Co., Inc.	Cotton cloth	$1,200,000 in kind	United States.
Cairam	Building materials	655,500 Swiss francs in kind	Swiss.
William Drazin	Fountain pens	$21,000 in kind	United States.
N. V. Phillips Gloeilampenfabriken	Assembly of radio receivers	$500,000 cash; $200,000 in kind	Netherlands.
Lawes Rabjohns, Ltd.	Sensitized paper, plates, and other reproduction materials.	Patent rights for 6-percent royalty on sales	British.
Brunner Verzinkerei Bruder Bablik	Metallic casks and containers	$146,500 in kind; $50,000 cash	Austrian.
Siemens A. G.	Plastic insulated wire and cable	Patent rights on royalty basis	German.
David H. Ekvall	Laboratory for material analysis	$34,000 cash; $21,000 in kind	United States.
Remington Rand, Division of Sperry Rand	Typewriters	$275,000 in kind; $25,000 cash	Do.
Travail Mécanique de la Tole, Samesco Société Cooperative.	Shoe nails and tacks [1]	TL 88,000 cash	Belgian.
J. and P. Coates, Ltd.	Increase of capital for sewing-thread factory	£67,500 in kind	British.
American Express Co., Inc.	Establishment of office of tourism	$10,000 cash	United States.
Universal Match Corp., and Frank J. Prince & Co.	Matches	$75,000 in kind	Do.
Société Schwartz Sigmund	Erection of chemical products plant	$50,000 in kind	French.
Schunk und Ebe G. m. b. H.	Brushes for electric machines	15,000 German marks in kind; 5,000 German marks cash.	German.
Asa S. Cook Wood Screw Machinery Co., Division of Peerless Precision Products Co.	Screws	$111,020 in kind; wire for 1 year's production	United States.
Swidut Compagnie Commerciale	Ceramic materials	$72,706 in kind; $30,000 in patent rights	Swiss.
Borax Consolidated, Ltd.	Borax	£100,000 in kind	British.
Famerit Handelsgesellschaft	Building materials	60,000 German marks in kind; 20,000 German marks in patent rights; $10,000 cash.	German.
Deutsche Novacillin Gesellschaft	Pharmaceutical products	TL 1,000,000 in kind	Do.
James V. Christie	Bolts, nuts, and rivets	$40,000 in kind	United States.
Goodyear Tire & Rubber Co.	Materials for repair of tires and tubes and other rubber articles.	Patent rights on royalty basis	Do.
Minneapolis Moline Co.	Tractors	$2,142,857 in patent rights and trademarks	Do.
John T. Beatty	Concrete building materials	$80,000 in kind	Do.
Prodotti Petroliferi E. Chimici	Liquid gas	TL 1,331,363 in kind	Italian.
Boris Roman Kaminsky	Building materials	$70,000 in kind	British.
Dr. Wander S. A., Glaro S. A., Levant S. A., Oscar Latsch.	Pharmaceutical products	TL 700,000 in kind; TL 50,000 cash	Swiss.
Les Etablissements Krieg et Zivy, La Société Française des Tubes, Les Etablissements Betts et Blanchard.	Metallic packing materials	101,700,000 French francs in kind; 9,000,000 French francs in building materials.	French.
Hanseatische Motorengesellschaft m. b. H.	Diesel engines	2,000,000 German marks in kind	German.
Newmont Mining Corp.	Mining	$300,000 cash; $50,000 in kind	United States.
Willys Motors, Inc.	Pickups, station wagons, four-wheel-drive jeeps, and their spare parts.	$10,000 cash; $240,000 in kind; $115,000 in industrial design and engineering services; $135,000 in patent rights.	Do.
Aga Svenska A. B. Gasaccumulator	Radios	TL 666,666 in Swedish crowns equivalent	Swedish.
Koninklijke Nederlandsche Maatschappij	Public works and hydraulic research and design.	TL 250,000 in kind	Netherlands.
Aussenhandel A. G.	Construction of tourist hotel	TL 320,000 in kind; TL 250,000 cash; TL 960,000 credit.	German.
Beha-Werk Metallwarengesellschaft m. b. H.	Tubes and pipes	$100,000 in kind	Austrian.
Friedrich Beck Pinsel Fabrik	Brushes	25,000 German marks in kind; 50,000 German marks in corporate rights.	German.
Federal Motor Truck Co., Division of NAPCO Industries, Inc.	Trucks	TL 5,000,000 in kind; TL 3,000,000 in patent rights and trademarks.	United States.
Michau Pere et Fils Co.	Public works and airport and industrial constructions.	TL 1,000,000 in kind	French.
Kleinwanzlebener Saatzucht Vorm. Rabbethge u., Giesecke A. G.	Sugar-beet seed	TL 1,000,020 in kind	German.
Constable, Hart & Co., Ltd.	Mining and construction of airport and roads	£50,000 in kind	British.
Farbwerk Hoechst A. G.	Pharmaceutical products and preparations	201,600 German marks in kind	German.
N. V. Phillips Gloeilampenfabriken	Increase of capital for radio-assembly unit	TL 2,800,000 cash	Netherlands.
American Express Co., Inc.	Increase of capital for tourism office	$25,000 cash	United States.
Wilhelm Wahmann G. m. b. H.	Public works	2,190,994 German marks in kind	German.
Kloetat A. G.	Velvet for furnishings	40,000 German marks in kind; 5,000 German marks in patent rights.	Do.
Ramzi ve Mehmet Sebbag	Furnishing materials	TL 925,000 in kind; TL 75,000 cash	Syrian.

[1] Possibly an increase of previous investment—ed. note.

Name of foreign firm	Type of investment (to produce or manufacture)	Amount of foreign investment	Nationality of investor
S. A. Pimit Resinfler	Plastic materials	308,000 Swiss francs in kind; 140,000 Swiss francs in patent rights.	Swiss.
Amer Co	Kitchen ranges, cookers, and stoves	TL 270,000 in kind; TL 70,000 in patent rights.	French.
Société Schwartz Sigmund	Increase of capital for chemical products plant.	$30,000 in kind	Do.
Centflor Manufacturing Co	Oil of rose essence	$30,000 in kind	United States.
Aga Svenska A. B. Gasaccumulator	Compressed oxygen	400,000 Swedish crowns in loan in kind	Swedish.
Curchod Baeriswyl	Central heating boilers and radiators and different types of stoves.	164,230 Swiss francs in kind	Swiss.
Kabbani ad Sami	Cotton and silk furnishing materials	$70,000-$80,000 in kind; $30,000 to $30,000 cash.	Syrian.
Ludwig Hennings	Carbon paper and typewriter ribbons	$30,000 in kind	German.
Ever Ready Company of Great Britain, Ltd	Batteries	Patents and trademarks on royalty basis	British.
Carl Freudenberg	Plastic goods for medical and industrial application.	400,000 German marks in kind	German.
X-Ray Engineering Co	X-ray and visual testing of casting and welding operations.	$7,500 in kind	United States.
Société Générale de Construction Electrique et Mécanique.	Participation in Soma Thermal Power Station.	$440,000 cash	French.
Steyr Daimler Puch A. G	Diesel motors and engines	TL 707,300 in kind; TL 386,278 in patent rights; TL 456,454 cash.	Austrian.
Maor, General Agent for Ady Battery Works, Ltd.	Accumulators and parts	$65,000 in kind; $33,000 cash	Israeli.
Famerit Handelsgesellschaft	Faience plaques	67,500 German marks in kind; 30,000 German marks in patent rights; $10,000 in kind.	German and Finnish.
Sigfr. Stenbert and Co	Locks and metallic goods	80,000 Swedish crowns in kind	Swedish.
Tefina Holding Gesellschaft A. G	Mercerized yarn	1,082,500 Swiss francs in kind	Swiss.
Mannesmann Aktiengesellschaft, Mannesmann Export G. m. b. H., Mannesmann Roehren Werke A. G., Maschinenfabrik Meer A. G.	Tubes	TL 2,900,000 in kind; TL 300,000 in patent rights; 600,000 German marks loan in kind.	German.
Schmidt Söhne	Increase of capital for canning and fruit-juice factory.	TL 67,000 in kind	Do.
Amstel Brouwerij	Beer and malt	TL 1,000,000 in kind	Netherlands.
Charles Pfizer and Co	Pharmaceutical products	TL 600,000 in kind	United States.
Carlo Erba S. P. A	Increase of capital for pharmaceutical plant	50,000,000 Italian lire cash	Italian.
Jews Dental	Odontological products and related materials	$98,000 in kind	Israeli.
Laboratories Français de Chimiotherapie, Usine Chimique des Lab. Français, Lab. Govey, Lab. des Proxytase, Institut Sérothérapie Hémopoïétique.	Pharmaceutical products	TL 670,000 in kind	French.
Erwig Brecher	Tin, lead, and aluminum tubes and boxes	799,956 Swiss francs in kind	Swiss.
Mannesmann, A. G	Irrigation equipment	TL 530,000 in kind	German.
Unilever N. V	Increase of capital for margarine factory	TL 280,000 in kind	Netherlands.
Anstalt Fuer	Metallic goods	TL 70,000 in kind	Swiss.
Reynolds Pen Co	Pencils	$40,000 in kind	United States.
Olin Mathieson Chemical Corp	Pharmaceutical products	TL 497,500 cash	Do.
Cometurk	Metallic building materials and machines	TL 448,000 in kind; TL 52,000 in patent rights.	French.
Low and Bonar, Ltd	Hemp processing	TL 63,000 in kind	British.
S. R. L. Fitis Hice	Latex cloth	$76,000 in kind	United States.
Huxley Westfried, C. Fleishman Burd. Co., Inc.	Mining	$30,000 in kind	Do.
Republic Chemical Corp	Yarn, textile fabrics, and printed cloth	$324,563 in kind; $2,072,694 loan in kind	Do.
Le Matériel Électrique S. A. et Hydro Energie	Erection of transformer factory and repair shop.	TL 450,000 in kind; TL 300,000 in patent rights.	French.
Tobacco Company of the Orient	Construction of tobacco facilities	$1,000,000 in kind and cash	United States.
Soud-Bel S. P. R. L	Electrodes, welding machines, and materials	357,144 Belgian francs in kind; 89,285 Belgian francs in raw materials; 89,285 Belgian francs in patent rights.	Belgian.
Juan Duarry Serra	Reclaimed rubber and articles thereof	$12,500 in kind	Spanish.
Paul Grunewald	Artificial velvet	30,000 German marks in kind	German.
Hans Ortner	Glasses for hygienic and industrial application, sunglasses and their parts, and plastic electrical goods.	1,261,000 Austrian schillings in kind; 66,000 Austrian schillings in patent rights.	Austrian.
Schmidt Söhne	Increase of capital for canning and fruit-juice factory.	TL 70,000 in kind	German.
Eisenwerke Hilden	Office equipment and radiators	Patent rights	Do.
Acumuladores Electra S. L	Accumulators	$18,500 in kind; $16,800 in patent rights and trademarks.	Spanish.
Sandoz, S. A	Medicine factory	200,000 Swiss francs in kind	Swiss.
Flemen Fabrica de Papeles Especiales Complementos Industriales.	Photographic paper and film	1,500,000 pesetas in kind	Spanish.
Dr. Giulio Cesare Bosio	Concrete construction iron	$180,000 in kind	Italian.
Paschke und Co	Duralite	$110,000 in kind	German.
Westeuropean Engineering Establishment	Iron profiles, iron window frames, iron barrels, etc.	Amount not specified	Swedish.
William Blair	Petroleum refinery	$7.5 million in kind; $2.5 million cash; $6 million of total to be in form of 5-year loan.	United States.
Hoover, Ltd	Vacuum cleaners	£99,000 in kind	British.
Ismail Bilbeisi and Co., Ltd	Tourist services	40 DeSoto station wagons, 10 buses, and $27,000 in spare parts and tires.	Jordan.
Intecito, Ltd	Welding electrodes	TL 40,000 in kind in Swiss francs equivalent.	Swiss.
Schuni und Ebe G. m. b. H	Electroballasts for generators and dynamos	30,000 German marks in kind; 21,791 German marks in cash.	German.
Westinghouse Airbrake International Corp	Manufacture and sale of soil-lifting and road machinery, compressors, and alarm and brake equipment.	$497,731 (form unknown)	United States.
Stahlwerke Suedwestfalen A. G. und Stahlexport Gemeinschaft.	Expansion of steel factory at Kirikkale; sale of steel in Turkey.	1,082,780 German marks in kind	German.
International General Electric Co., Inc	Granted permission to transfer surplus $15,733 of original investment to form of loan to end of 1960 without interest.		United States.

Appendix VII: List of U.S. Companies Operating in Turkey by 1958

This list includes concerns in which United States firms or individuals are known to have a substantial direct capital investment in the form of stock, as the sole owner, or as a partner in the enterprise. It also lists a few construction firms, as well as several trading and sales companies, that have offices in Turkey. Noncommercial enterprises and institutions, such as churches, missions, schools, and hospitals, financed or operated by American charitable or religious organizations, have been omitted.

The list was compiled for the United States Department of Commerce by the United States Embassy in Ankara. While every effort has been made to include only firms of good repute, no responsibility can be assumed in connection with any of the persons or firms listed or for any transactions conducted with such persons or firms. Moreover, the list does not purport to be authoritative as to legal status or relationship existing between the American firms and individuals involved and their business enterprise in Turkey.

Adana

Morrison-Knudsen Co. c/o Guaranti Institute, T. A. O., Oz Palas. Dam construction. U. S. office: 319 Broadway, Boise, Idaho.

Ankara

American Overseas Petroleum, Ltd. (Caltex). Selanik Cadd. 74, Yenisehir. Exploration. U. S. office: California Texas Oil Co., 551 Fifth Ave., New York, N. Y.

Bolsa Chica Oil Corp. Petroleum exploration. U. S. office: General Petroleum Bldg., 612 South Flower St., Los Angeles 17, Calif.

Columbian Steel Tank Co. Charles B. Lusk, c/o Toprak Mahsulleri Ofisi. Construction of grain-handling facilities. U. S. office: 1401 West 12th St., Kansas City, Mo.

Esso-Turkey. Dr. Alexander Miller, 1 Bilir Sokak, Kavaklidere. U. S. office: Standard Oil Company of New Jersey, 30 Rockefeller Plaza, New York 20, N. Y.

D. D. Feldman Oil and Gas, Inc. Petroleum exploration. U. S. office: 2603 Mercantile Bank Bldg., Dallas, Tex.

Gilliland Oil Corp. Petroleum exploration. U. S. office: 612 South Flower St., Los Angeles 17, Calif.

Husky Oil Corp. Petroleum exploration. U. S. office: Box 380, Cody, Wyo.

Tidewater Oil Co. Petroleum exploration. U. S. office: 79 New Montgomery St., San Francisco, Calif.

Knappen Tippetts, Abbott & McCarthy, 66 Selanik Cadd., Yenisehir. Engineering consultants. U. S. office: 62 West 47th St., New York, N. Y.

Minneapolis-Moline of Turkey. c/o Vecdi Diker, Midhat Pasa Cadd. 54–B, Yenisehir. Factory at Ankara. U. S. office: Minneapolis-Moline Co., Minneapolis, Minn.

National Cash Register Company of Turkey, Meclisi Kebusan Cad. 147, Kabatas. Distributors. Branch at No. 12 Izmir Cad., Ankara. U. S. office: National Cash Register Co., Main and K Sts., Dayton 9, Ohio.

Pan American World Airways, Inc. Istanbul sales and operations office for the airline. U. S. office: 135 East 42d St., New York, N. Y.

Sembodja Corporation of New York. Importer and exporter. U. S. office: 50 Broadway, New York, N. Y.

Singer Dikis Makinasi Kumpanyasi, Turkiye Umm Mudulugu, Singer Han, Galata. Sales and service branch for Turkey. U. S. office: Singer Sewing Machine Co., 149 Broadway, New York, N. Y.

Socony-Vacuum Oil Co., Inc. Turan. Marketing petroleum products in Turkey. U. S. office: 26 Broadway, New York, N. Y.

E. R. Squibb & Sons Ilaclar A. O. Subsidiary of E. R. Squibb & Sons. Manufacturer of pharmaceutical specialties. U. S. office: 745 Fifth Ave., New York, N. Y.

Turk-American Dairy, Ltd. Prepares and merchandises pasteurized milk and ice cream in the Istanbul area. Partially owned by American national.

Turk Willys-Overland Fabrikalari A. O. Factory at Tuzla, near Istanbul. Produces jeeps, jeep pickups, and station wagons. Partially owned by Willys-Overland Export Corp., Toledo, Ohio

Ralph M. Parsons Co., 168/5 Ataturk Bulvari. Construction of refinery. U. S. office: 617 South Olive St., Los Angeles, Calif.

Soc. Foster-Wheeler Francaise. Paul Elly, Ozdemir Caddesi. U. S. office: Foster-Wheeler Corp., 165 Broadway, New York, N. Y.

Iskenderun

American Export Lines, Joseph Catoni Co. Branch at Buyuk Cinema Apartments (sales office). U. S. office: 37 Broadway, New York 6, N. Y.

Istanbul

Abbott Laboratories Near East, Ltd. Hezaren Han No. 17–20, Voyvoda Cad., Galata. Distributor for biologicals and pharmaceuticals. U. S. office: 1400 Sheridan Ave., Chicago, Ill.

American Express Co., Inc. Branch office (tourism). U. S. office: 649 Fifth Ave., New York, N. Y.

British-American Tobacco Co. Minervan Han, Galata. Conducts tobacco purchasing operations for all subsidiary companies of the British-American Tobacco Co., whose main office is in London, England.

Federal Motor Truck Co. Factory to assemble and manufacture trucks. Partially owned by Federal Motor Truck Co., Detroit, Mich.

Fertilizer Corporation of America. Fertilizer factory at Iskanderun. U. S. office: Madison Ave., New York, N. Y.

General Elektrik Turk Anonim Ortakligi. Electric light bulb manufacturing company. U. S. office: International General Electric Co., 570 Lexington Ave., New York, N. Y.

International Business Machines Turk Anonim Ortakligi. Handles sales (i. e. leasing) and service of electric tabulating machines. U. S. office: International Business Machines Corp., 590 Madison Ave., New York, N. Y.

International Drilling & Water Co., Inc. Branch newly established to handle water-well drilling, boring for mineral deposits and foundations, and representation of the parent company. U. S. office: 30 Rockefeller Plaza, New York, N. Y.

Istanbul Hilton Hotel. U. S. office: Hilton Hotels Corp., 720 South Michigan Ave., Chicago 5, Ill.

Kodak (Near East), Inc., Ensis Sokak No. 3, Boyoglu. Handles importation and sale of photographic and cinematographic apparatus and materials, including chemicals and chemical products. U. S. office: 343 State St., Rochester 4, N. Y.

Harry R. Mandil, Levy & Co., Mahautpasa, Tarakci Han. Merchant dealing in works of art, carpets, and embroideries. Buying agents for R. H. Macy & Co., New York, N. Y.

Izmir

American Tobacco Company of the Orient. Gazi Bulvari. Firm purchases, manipulates, and ships tobacco to the United States. U. S. office: American Tobacco Co., 111 Fifth Ave., New York, N. Y.

Gary Tobacco Co. Firm purchases, manipulates, and ships tobacco to the United States. U. S. office: Liggett & Myers, Inc., 630 Fifth Ave., New York, N. Y.

Glenn Tobacco Co., Inc. Firm purchases and ships tobacco to the United States. U. S. office: Winston-Salem, N. C.

MacAndrews & Forbes Co. 338 Ataturk Caddessi. Purchases, bails, and ships licorice root from Turkey. Also manufactures licorice paste. U. S. office: 200 Fifth Ave., New York, N. Y.

P. Lorillard Co. Firm purchases and ships tobacco to the United States. U. S. office: 119 West 40th St., New York, N. Y.

Philip Morris Co., Inc. Firm purchases and ships tobacco to the United States. U. S. office: 100 Park Ave., New York, N. Y.

Appendix VIII: Member Firms

Ankara

1. Türkiye Odalar Birliği
2. Türkiye İş Bankası A.O.
3. Türkiye Emlâk Kredi Bankası
4. Vakıflar Bankası Umum Md.
5. Ziraat Bankası Umum md.
6. Etibank Genel Md.
7. Et ve Balık Kurumu
8. P.T.T. Genel Md.
9. Sümerbank Genel Md.
10. Türk Hava Yolları
11. Petrol ofisi
12. Türkiye Çimento Sanayii T.A.Ş.
13. Vehbi Koç Müessesesi
14. Türkiye Şeker Fab. A.Ş.

Ankara	=14
Adana	= 3
Bursa	= 3
İstanbul	=48
İzmir	=12
İzmit	= 3
Karabük	= I
Tavşanlı	= I
Zonguldak	= 1
	86

Adana

1. Adana Sanayi Odası
2. Bossa Ticaret ve San. İşl. T.A.O.
3. Millî Mensucat San. İşl. T.A.O.

Bursa

1. Bursa Ticaret ve Sanayi Odası
2. Koza Tarım Satış Kooperatifleri Birliği
3. Sümerbank Bursa Merinos Mües.

İstanbul

1. İstanbul Sanayi Odası – Sirkeci
2. İstanbul Ticaret Odası – Bahçekapı
3. İstanbul Ticaret Borsası – Bahçekapı
4. Aksu İplik Dokuma Fab. T.A.O. – Bakırköy
5. Piramit Ltd. Ort. – Topkapı
6. Santral Dikiş San. T.A.O. – Şehir
7. Yedikule İplik Fab. – Yedikule
8. Zetip Zeytinburnu İplik Fab. T.A.O. – Zeytinburnu
9. Mensucat Santral A.Ş. – Yedikule
10. Garanti Bankası A.O. – Bahçekapı
11. Osmanlı Bankası – Galata
12. Türkiye Sanaî Kalkınma Bankası – Tophane
13. Türk Ticaret Bankası – Bahçekapı
14. Yapı ve Kredi Bankası A.Ş. – Beyoğlu
15. Denizcilik Bankası A.O. – Galata
16. Paşabahçe Şişe ve Cam Fab. – Paşabahçe
17. Sümerbank Bakırköy Pam. San. Mües. – Bakırköy
18. Sümerbank Deri ve Kundura San. Mües. – Beykoz
19. İ.E.T.T. Umum Md. – Tünel
20. Eczacıbaşı Müessesesi – Levend
21. Haver laboratuvarı – Çengelköy

22. İ.E. Kimya Evi T.A.Ş. - Çemberlişat
23. Squibb and Sons İlaçları - Levend
24. Pfizer İlaçları A.Ş. - Ortaköy
25. B.P. (Aegean) Ltd. Şirketi - Harbiye
26. Mobil Oil T.A.O. - Taksim
27. Shell Company of Turkey - Taksim
28. Antalya Umumî Nakliyat T.A.O. - Sirkeci
29. Doğan Sigorta A.Ş. - Galata
30. Türkiye Genel Sigorta A.O. - Şehir
31. Arı İnşaat T.A.O. - Galata
32. Ar Çelik - Sütlüce
33. Burla Biraderler ve Şsı. - Galata
34. Ünilever İş - Türk Ltd. Şti. - Bahçekapı
35. Tatko Otomobil Lastik ve Mak. - Harbiye
36. Transtürk Ltd. Şti. Galata
37. Hürriyet Gazetesi - Cağaloğlu
38. General Elektrik T.A.O. - Topkapı
39. Dümeks T.A.Ş. - Galata
40. Anadolu Anonim Türk Sigorta Şti. - Galata
41. Singer Sanayi A.Ş. - Maltepe
42. International Business Machines Türk Ltd. Şti. - Şehir
43. Talisman San. ve Tic. - Beyoğlu
44. Çanakkale Seramik Fabrikaları A.Ş. - Galata
45. Türk Willys Overland Fab. A.Ş. - Harbiye
46. Akfil Sanayi ve Tic. - Bakırköy
47. Roche Müstahzarları Sanayi Ltd. Şti. - Levend
48. Rabak Elektrolitik Bakır ve Mamulleri A.Ş. - Şişli

İ z m i r

1. Birleşik Ticaret ve San. T.A.O.
2. Ege Bölgesi Sanayi Odası
3. İzmir Ticaret Odası
4. Tariş Üzüm Tarım satış Kooperatifi
5. İzmir Pamuk Mensucat T.A.O.
6. Kula Mensucat Fab. T.A.O.
7. Çimentaş İzmir Çimento Fab.
8. Turyağ, Türkiye yağ ve Mamûlatı A.O.
9. Şark Sanayi Kumpanyası T.A.Ş.
10. Maktaş Makarnacılık ve Tic. A.Ş.
11. Durmuş Yaşar ve Oğulları - Şeritçiler
12. Metalurji Fab. T.A.Ş.

İ z m i t

1. Mannesmann Boru Fabrikası
2. Selüloz Sanayi Müessesesi
3. İpraş İst. Petrol Rafinerisi

K a r a b ü k

1. Türkiye Demir ve Çelik Fab. Mües.

T a v ş a n l ı

1. Garp Linyitleri İşl. T.A.O.

Z o n g u l d a k

1. Ereğli Kömürleri İşletmesi

Appendix IX: An Advertisement Published in the *Wall Street Journal* about Minneapolis-Moline's Operations in Turkey

Appendix X: List of Guests who Attended the Meeting with Menderes in His Trip to the U.S.

Those corporations and organizations who have taken tables are:

Allen & Company
Alumni of Istanbul-American Colleges
American Chicle Co.
American Express Company
American Machine & Foundry Company
American President Lines
The American Tobacco Company
American-Turkish Society, Inc.
Asiatic Petroleum Corporation
Bank of America (International)
The Bank of New York
California Texas Oil Corporation
Callahan Mining Corporation
The Chase Manhattan Bank
Chicago Bridge & Iron Company
Cleveland Arcade Corporation
Columbia University
Denizcilik Bankasi T.A.O. (Turkish Maritime Lines)
Esso Export Corporation
First National City Bank of New York
Ford Motor Company (Ford International Division)
General Motors Corporation, Foreign Distributor Division
George A. Fuller Co.
Gulf Oil Corporation
Hilton Hotels International
International Standard Electric Corporation
Isthmian Lines, Inc.
Kaysons International Corporation
Lazard Freres, Inc.
McCann-Erickson Corporation (International)
Mobil International Oil Co.
NBC News
Near East Foundation
Earl Newsom & Company
The Ralph M. Parsons Company
Pfizer International, Inc.
Pitney-Bowes, Inc.
Prudential Steamship Corporation
RCA International
J. Henry Schroder Banking Corporation
Security-Columbian Banknote Company
Standard Oil Company (New Jersey)
Tippetts-Abbett-McCarthy-Stratton
Turkish Permanent Mission to the United Nations
Turkish Soil Products Office

Appendix XI: List of American MNCs Investing in Turkey Between 1950 and 1960

COMPANIES	YEAR	PLANNED INVESTMENT AMOUNT ($ or TL)	RELEVANT LAW CODE	SUCCESSOR
International Drilling and Water Co Inc.	1952	**$100,000**	5821	
Sokoni-Vakum Petrol Anonim Ortaklığı	1952	**15,000,000 TL ($5,319,148)**	6326	ExxonMobil
B.F. Goodrich Otomobil Lastik Fabrikası	1954	**$1,405,000**	5821	Michelin
Abbott Laboratuvarı İstanbul Şubesi	1954	**$500,000**	5821	Abbott Laboratories
İskenderun İç Dış Kolektif Şirketi - Moritz Schwarz	1954	**$65,000**	6224	
Central America Trading Co. Firması	1954	**$250,000**	6224	
Haywood Publishing Company	1954	**$100,000**	6224	
Parsons Whittemore - Kağıt Fabrikası	1954	**$25,000**	6224	
American Turkish Factory Enterprises Inc. - Akümülatör Fabrikası	1954	**$226,385 + $60,000 (1956) + $100,000 (1958)**	6224	
Fertilizer Cooperation of America - Erol Beker	1954	**$850,000**	5821/6224	
The General Tire and Rubber Co.	1954	**5,000,000 TL ($1,773,049)**	6224	Continental
William Drazin - Jorj D. Papajorjiyudur (Pen Factory)	1954	**$21,000**	6224	
Ralph M. Parsons Company - İstanbul Tabii Gaz Limited Şirketi	1954	**$85,714**	6224	
Murat Dilber ve Edip Saban - Parutek Trading Agency	1954	**$1,250,000**	6224	
British-American and Eastern Co. Inc. İle David B. Carmel - Natan S. Eskenazi	1954	**$1,200,000**	6224	
Libka Ticaret Türk Anonim Şirketi - Reynolds Pen Company	1955	**$49,000**	6224	
Chas Pfizer Co. Inc. -Orta Şark Ticaret T.A. Şirketi	1955	**810,000 TL ($287,234) + $70,000 (1959)**	6224	Pfizer
James V. Christie - Panayot Nova	1955	**$40,000**	6224	
Minneapolis-Moline	1955	**$2,142,857**	6224	Türk Traktör
Türkiye Garanti Bankası Anonim Şirketi - John T. Beatty	1955	**$80,000**	6224	
The American Express Company Inc.	1955	**$10,000 + $25,000**	6224	
ASA.S.Cook.Co. Division Peerless Precision Products Co. Manufacturers of Machinery - Şükrü Kerimzade	1955	**$111,020**	6224	
Türkiye Garanti Bankası AŞ - Universal Match Cooperation - Mr. Frank J. Prince	1955	**$75,000**	6224	
David Hyde Ekwall	1955	**$45,000**	6224	

Remington Rand Inc.	1955	**$300,000**	6224	Koçsistem
Tatko Türk Anonim Şirketi ve Goodyear Tire and Rubber	1955	**Unknown**	6224	
Başarı İnşaat Limited Şirketi ve X-Ray Engineering Company	1955	**$7,500**	6224	
Centflor Manufacturing Co. - Şakir-Mehmet Eti Kardeşler Kolektif Şirketi	1955	**$30,000**	6224	
Federal Motor Truck Company	1955	**8,000,000 TL ($2,836,879)**	6224	
Newmont Mining Corporation	1955	**$300,000 + $50,000**	6224	Koza Altın
Willys Motors Inc - Verdi Limited Şirketi	1955	**$500,000**	6224	
Paksoy Kardeşler ve Roger F. Dunn ve Frnak D. St. Hilaire	1956	**1,120,000 TL ($194,782)**	6224	
The American Tobacco Company of the Orient Inc.	1956	**$1,000,000**	6224	
Republic Chemical Corporation - Akiş Pamuk İplik Dokuma ve Yağ Sanayii İşletmeleri T.A.O.	1956	**$3,497,557**	6224	
William Blair Company Bankası - Dr. Cudi Birtek ve Naşit Fesçi	1956	**$10,000,000**	6224	
Huxley-Westfried Corporation ve Fleischman Burd Co. Inc - Sadık Tuna	1956	**$50,000 + $50,000**	6224	
American Turkish Construction and Development Company Inc.	1956	**$300,000**	6224	
Westinghouse Air Brake Türk Anonim Şirketi	1956	**$497,318**	6224	
E. R. Squibb Sons İlaçlar Anonim Şirketi ve Olin Mathieson Chemical Corporation	1956	**1,492,500 TL ($259,478) + 497,500 TL ($86,521) (1957)**	5583/6224	Bristol-Myers Squibb
General Elektrik Türk Anonim Ortaklığı ve International General Electric Co.	1956	**$321,428 + $110,000 (1957)**	6224	General Electric
British-American and Eastern Co. Inc. - Tamek	1957	**600,000 TL ($104,347)**	6224	TAMEK and Pepsi Co.
Koç Ticaret TAŞ ve W. A. Sheaffer Pen Company	1957	**Unknown**	6224	
Philco-Amcor Co.	1957	**$200,000**	6224	
Private Enterprise Inc.	1958	**$6,200**	6224	
Motorlu Vasıtalar Bonmarşesi Türk Anonim Şirketi ve Century Tire and Rubber Co. Inc.	1958	**$100,000**	6224	
Gökyiğit Cam Eşya Fabrikası, Ahmet ve Ali Ramazanoğullar Bakır Levha Kolektif Şirketi ve Dürüst İş Türk Ticaret - General Glass Equipment Co.	1959	**$1,479,370**	6224	

The Singer Manufacturing Company, D.G. Robbins ve R. W. Stewart, Muammer Çavuşoğlu, Daniş Somersan ve Neşet Arıman	1959	**$1,300,000**	6224
Koza Tarım Satış Kooperatfleri Birliği, Sabri Pozam, İhsan Noyan, Hilmi Özerdem ve Codosilk Corporation	1959	**$200,000**	6224