

## **A BOURGEOISIE REBELLION: 1948 TURKEY ECONOMIC CONGRESS<sup>1</sup>**

**Ali Yasin KALABAK\***

### **Abstract**

*This study examines the 1948 Turkey Economic Congress organized by bourgeois groups and its relation to political economy. I aim to explain the concept of political economy in the introduction part, considering its ethical dimensions of societal well-being and integrity. The focus then shifts to assessing whether the developments in Turkey between the early 1900s and 1948 align with these ethical concerns. During this period, the state apparatus favored the bourgeoisie, disregarding ethical considerations. However, by 1948, the bourgeoisie called for limiting the state's economic role. This transformation mirrors the experiences of the British bourgeoisie during the final stages of mercantilism, revealing common patterns in societies integrating into capitalism. The subsequent sections analyze the congress papers presented by the bourgeoisie, drawing on economic theories of influential figures like Marx, Smith, and Rousseau. The study concludes by highlighting the bourgeoisie's shift from advocating statism to embracing liberal ideas at the congress. This shift represents their pursuit of transforming into the industrial bourgeoisie, symbolizing a new phase of capital accumulation within the context of capitalist integration. In summary, this study explores the significance of the 1948 Turkey Economic Congress, examining its discourse in political economy perspective and the changing perspectives of the bourgeoisie regarding economic development.*

**Keywords:** 1948 Turkey Economic Congress, Political Economy, Roles of the States in Capitalist System, Statism, Liberalism.

## **BİR BURJUVAZİ BAŞKALDIRISI: 1948 TÜRKİYE İKTİSAT KONGRESİ**

### **Öz**

*Bu çalışma, 1948 Türkiye İktisat Kongresi'ni burjuva örgütlenmeleri tarafından düzenlenen bir organizasyon olarak ele almakta ve politik ekonomi ile ilişkisini incelemektedir. Giriş bölümünde politik ekonomi kavramını açıklamayı amaçlıyorum ve kavramın toplumsal refah ve tüm toplumun ortak iyiliği gibi etik*

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\* Asst. Prof. Dr., Yalova University Faculty of Economics and Administrative Sciences Economics Department, akalabak321@gmail.com, <https://orcid.org/0000-0002-2771-6987>

boyutlarına odaklanıyorum. Daha sonraki odak noktam, 1900'lerin başından 1948'e kadar olan dönemde Türkiye'deki gelişmelerin bu etik endişelerle uyumlu olup olmadığını değerlendirmektir. Bu dönemde devlet aygıtı, etik değerleri göz ardı ederek burjuvaziyi desteklemeyi tercih etmiştir. Ancak 1948'e gelindiğinde, burjuvazi devletin ekonomik rolünü kısıtlama çağrısında bulunmuştur. Bu dönüşüm, ticaretin son aşamalarında İngiliz burjuvazisinin deneyimlerine benzer ve kapitalizme entegre olan toplumlarda ortak desenleri ortaya çıkarır. Sonraki bölümler, burjuvazi tarafından sunulan kongre bildirimlerini analiz ederken Marx, Smith ve Rousseau gibi etkili figürlerin ekonomi teorilerine dayanmaktadır. Çalışma, burjuvazinin kongrede devletçiliği savunmaktan liberal fikirleri benimsemeye geçişini vurgulayarak sona erer. Bu değişim, endüstriyel burjuvaziye dönüşme çabalarını yansıtır ve sermaye birikiminin kapitalist entegrasyon bağlamında yeni bir aşamasını simgeler. Özetle, bu çalışma, 1948 Türkiye İktisat Kongresi'nin önemini araştırır, politik ekonomi perspektifinden kongrenin söylemini inceler ve burjuvazinin devletçiliğe yönelik değişen perspektiflerini ele alır.

**Anahtar Kelimeler:** 1948 Türkiye İktisat Kongresi, Politik Ekonomi, Devletlerin Kapitalist Sistemdeki Rollerini, Devletçilik, Liberalizm.

## Introduction

Although the 1948 Turkey Economic Congress is the second national economic congress in Turkey, it has not received significant attention in the existing literature. It is interesting to note that the researchers do not widely recognize 1948 Turkey Economic Congress. Consequently, in the existing literature, there is a common misconception that the 1981 Turkey Economic Congress is the second economic congress of Turkey. However, the reality is different. The İstanbul Merchants Association organized Turkey's second economic congress in 1948. Perhaps the forgetfulness or erasure of the congress is due to it being the only national economic congress not organized under the leadership of the government and to the fact that the Muslim-Turkish bourgeoisie, which had been supported by statist economic policies since the early 1900s, expressed their views on reducing the state's weight in the economy at the congress. It became clear during the planning stages that the government was not particularly enthusiastic about the congress. No one from the Republican People's Party (the ruler party) attended the congress, while important figures from the Democratic Party (the opposition party), known to have an important place in the official ideology of liberalism, participated in the congress.<sup>2</sup> As in every era, high-level bureaucrats could not attend a congress that was opposed to the ruling party at that time. Although the ministers of the period were among the invitees, they did not attend the congress. The congress was initially planned to be held at Yıldız Palace, but due to the government's attitude of

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<sup>2</sup> This situation indicates that the government of the period was no longer the political representative of the bourgeois class. The close relationship between the bourgeois class and the Democratic Party, which came to power in the following years, shows that the mentioned class has overcome the political representation crisis.

preventing the congress from using public buildings, it was held at the Taksim Municipal Casino. İstanbul Governor and Mayor Lütfi Kırdar was expected to give the opening speech; however, due to his illness and the failure of his deputy to attend the congress, İzzet Akosman, the chairman of the organizing committee, gave the opening speech. Although the 1948 Turkey Economic Congress, as stated by Toprak (1982), is a forgotten or neglected congress in Turkish history, this does not diminish its importance. Despite the obstructive practices of the government at the time, the 1948 Turkey Economic Congress hosted a considerable number of participants. In addition, most newspapers of the time announced the congress on their front pages, and Ankara and İstanbul press discussed the congress for days. In countries like Turkey where democracy and freedoms are relatively limited, it is not surprising that a congress that represents a rebellion against the state might be forgotten or neglected. Furthermore, the organization of this rebellion/congress by a former privileged group supported by the state necessitates the forgetting or erasure of the congress in order to hide the fact that the state's former support to the mentioned group was obtained through the exploitation of its own people. In that period, Turkey did not have colonies like Western countries did in the rest of the world. Therefore, capital accumulation had to be achieved by exploiting its own people through means such as force and taxation. The revelation of this reality would imply the understanding that the state apparatus was used as a tool of exploitation within the capitalist system, and it would allow a nationalist and loyal population to the state like people of Turkey to see the truth. For the sake of the people not seeing the truth, this congress has been forgotten or neglected.

This study aims to contribute to the literature by examining the 1948 Turkey Economic Congress, which has received limited attention in research, within the framework of the stages of the capitalist system. Furthermore, through this congress, I endeavor to illustrate why the assigned roles to the state were reversed in the context of the needs inherent in the nature of the capitalist system. The main objective of this study is to demonstrate that in capitalist systems, when the state forgets its role in facilitating exploitation or fails to willingly fulfill its new mission in the next stage of capital accumulation, the bourgeoisie, sometimes through military coups and sometimes through civilian organizations, attempts to change the governments that it once supported. This study examines the 1948 Turkey Economic Congress as an attempt by the bourgeoisie to change the government of the period. I conduct the analysis within the framework of the concept of political economy. By the way, it should be noted here that from the last periods of the Ottoman Empire until the end of World War II, the bourgeoisie had a good relationship with the government that they sought to change in 1948.

Briefly, the transformation of this good relationship can be summarized as follows: From the early 1900s onwards, the implementation of systematic economic policies<sup>3</sup> aimed at fostering a Muslim-Turkish bourgeoisie resulted in the emergence of a commercial bourgeoisie with Muslim-Turkish backgrounds following the First World War. Due to the blockade of the railway network during World War I, the merchants who were able to provide wagons for wheat transportation were able to market the wheat they brought to İstanbul with speculative profits. Although the unionists appeared to be fighting against the black market, they turned a blind eye to a primitive accumulation of capital, which benefited groups close to them (Boratav, 2005, pp. 26-32; Turgut, 1991, pp. 92-93). I can observe a similar accumulation of capital in the wealthy farming class that produces for the market. However, all the mentioned capital accumulations were still insufficient for large-scale industrial investments. Between the 1920s and 1930s, the state provided all kinds of support, such as The Industrial Promotion Law (*Teşvik-i Sanayi Kanunu*), for the transformation of the commercial bourgeoisie into the industrial bourgeoisie. However, the state realized that this transformation did not happen due to insufficient capital accumulation in the hands of the Muslim-Turkish bourgeoisie. Therefore, starting from the early 1930s, the state itself made industrial investments. In the centralization of capital, I mentioned the role of the domestic atmosphere created by World War I. The Second World War also created the necessary environment for both the centralization and concentration of capital. The inflationary fluctuations caused by the war, the increase in foreign demand for agricultural products and raw materials in Turkey during the war, the liberalization of agricultural product prices in 1942, and the financing of military spending through printing money contributed to the centralization of capital. Additionally, policies such as the Wealth Tax facilitated the transfer of capital from the non-Muslim bourgeoisie to the Muslim-Turkish bourgeoisie, thus leading to the concentration of capital (Tezel, 1994, p. 262; Buğra, 1995, p. 81; Aktar, 2001). The liberal and statist policies implemented from the beginning of the 20th century until the end of World War II to create and develop a Muslim-Turkish bourgeoisie had enabled Muslim-Turkish merchants to accumulate sufficient capital to transform into an industrial bourgeoisie. However, the Muslim-Turkish bourgeoisie, who had accumulated enough capital, faced another important problem. The strongest competitor of the Muslim-Turkish bourgeoisie in the industrial sector was the state, which had carried out industrial investments with statist policies in the 1930s. Moreover, the existing tax system was another inhibiting factor for the Muslim-Turkish bourgeoisie in the mentioned sector. As a result of all these

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<sup>3</sup> Figures such as Yusuf Akçura and Ziya Gökalp ideologically prepared these policies, which are known in the literature as “national economic policies”. Newspaper headlines of the period, such as “Hey Turkish Get Rich!”, can be regarded as the most evident reflections of these policies (Toprak 1995; Boratav 2005, pp. 26-32).

reasons, the state apparatus that had strived to create a Muslim-Turkish bourgeoisie since the 1900s met with the wrath of the class it has created in a sense. In this context, the 1948 Turkey Economic Congress was a rebellion of the Muslim-Turkish bourgeoisie against the apparatus that created them. This rebellion, which became more apparent after World War II, led to a change in political power and then a certain part of the commercial capital, with the start of the assembly industry, transformed from being merchants to industrialists.

Another significance of this congress is that it is the first instance where the bourgeoisie, who previously advocated for an increased role of the state in the economy, systematically articulated the phenomenon of privatization in line with the next stage of capital accumulation. Those who had relied on the state for almost the entire period from the early 1900s (Varli and Koraltürk, 2010; Boratav, 2005, pp. 26-32; Toprak, 1995, pp. 111-113; Ökçün, 1998, pp. 40-41; Turgut, 1991, pp. 92-93) until 1948, those who had made significant profits from every kind of policy implemented by the state during that period, and those who could be considered as ardent supporters of the statist economic policies implemented in the 1930s (Başar 1948a, pp. 4-5; Topal, 2007, pp. 122-123), began to demand a reduction in the state's economic weight at the congress and started to advocate for privatization. Therefore, the examination of the 1948 Turkey Economic Congress becomes necessary.

The thought of even the congress general secretary Ahmet Hamdi Başar had undergone a complete transformation in thirty years. In his articles in the *Journal of General Commerce* (Ticaret-i Umumiye Dergisi) in 1916, Başar called on the state to undertake the task of raising the Muslim-Turkish bourgeoisie, while in 1948, he served as the general secretary of the congress aimed at spreading ideas for reducing the state's economic weight. Furthermore, while Başar expressed that the weight of the state in the economy should increase following the Great Depression of 1929, he presented the opposite direction of discourse at the 1948 congress (Topal 2007, pp. 122-128). It should be noted that the mentioned transformation is not limited to Başar alone. Although this may seem like a contradiction, it should not be forgotten that the state must have different missions at separate times in the stages of capitalist development. This necessity is inherent in the capitalist system. In other words, this contradiction should be evaluated as a result of the nature of the capitalist system, rather than a situation experienced by Başar and his friends.

The transformation of the expectations of the organizers of the 1948 Turkey Economic Congress from the government over a period of thirty years requires me to examine the mentioned congress in the context of political economy. The organizers of the congress, while calling on the government to take action, also included ethical concerns regarding the political economy, that is, they put forward the economy of the whole

country or the entire society. Therefore, in this study, I first try to understand what the concept of political economy is. Then, I examine what was reflected in the political economy from the papers presented at the 1948 Turkey Economic Congress, based on the ethical concerns contained within the concept of political economy. In the conclusion section, I emphasize that the role assigned to the government by the Muslim-Turkish bourgeoisie in the context of political economy is a necessity for the continuity of the capitalist system, hidden behind the veil of ethical concerns.

## 1. POLITICAL ECONOMY

Political economy is a concept that has sparked debates dating back to ancient times. However, since the focus of this study is not on these debates, I limit myself to only explaining the concept of political economy examined in relation to the 1948 Turkey Economic Congress in the rest of the study.

According to Rousseau (1996, p. 180), political economy is composed of the Greek words “oikos” meaning household, and “nomos” meaning law, and originally refers to the wise and honest management of a household for the common good of the entire family. Its meaning was later expanded to encompass a larger family, i.e., the state. To distinguish between these two different meanings, the terms “general economics” or “political economics” are used in the latter case, and “household economics” or “private economics” are used in the former case. The notable aspect of Rousseau's argument is the emphasis on *the common good of the entire family*<sup>4</sup>, and *the wise and honest management of the household/country*. As seen, the concept of political economy contains ethical concerns within it.

According to King (1948, p. 230), the concept of political economy was first used in 1611 in the *La Monarchie Aristodemocratique* written by Louis de Mayerne-Turquet. He defines the concept of political economy in relation to the duties of the sovereign state towards its citizens. The definition of political economy by Turquet also emphasizes ethical concerns.

As Üşür (2003, p. 215) points out, the term political economy entered the literature in the early 17th century, and the timing of the term's entry into the literature cannot be considered a coincidence. Because even though the concepts are very abstract, if there is no reality that these thoughts/concepts are trying to explain, thoughts/concepts cannot emerge. Then it can be said that thoughts/concepts have a time (history) and space dimension. If thoughts/concepts have a time and space dimension, then the 17th century when the political economy concept emerged needs some explanation.

With the collapse of feudalism, the concept of the market became a mechanism in Adam Smith's hands for natural complete freedom and a justice system (Klant, 1994, p. 6). This transformation process caused great damage

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<sup>4</sup> All emphasizes in the study belong to me.

to the ethical concerns in the concept of political economy. In other words, the process resulted in the phenomenon of greed for profit surpassing the wise and honest management of the economy for the common good of society (Üşür, 2003, p. 215).

Feudalism gathered sovereignty in fragmented lords. With the collapse of feudalism, there was a transition from fragmented sovereignty to national and centralized sovereignty/state (Anderson, 1974, p. 15). With the transition to national and centralized sovereignty/state, two concepts became more prominent: the monopoly of the use of force and taxation. With the transition to national and centralized sovereignty/state, the centralized sovereignty/state took control of military power from individual lords. In addition, the centralized sovereignty/state assumed control over the taxes taken from the society's property and income. These financial resources left to the centralized sovereignty/state maintain the monopoly of the use of force, which is the military power that is linked to the centralized state mentioned above. If one of these monopolies disappears, the other also disappears. Ultimately, I should evaluate these two concepts as factors that sustain the centralized sovereignty/state and keep it alive (Elias, 2002, pp. 148-149).

These two monopolies falling into the hands of central sovereignty/state should provide abundant income or livelihood opportunities for the society or create ways to provide them, as well as generate revenue for the state to be able to provide public services. In the end, Smith (1977, p. 557) defined political economy as a science that both society and the ruler use to enrich themselves. However, in the discussions of that period, it is noteworthy that the central sovereignty/state should work not against but with the private sector to enrich itself and its people. Along with this issue, during that period, it was debated whether the central sovereignty/state was only a night watchman while achieving the mentioned goals. The concept of political economy in the study comes into play exactly at this point. As pointed out by Hunt (2009, pp. 50-58), in the early days of the mercantilist period, workers who had the power to control their own means of production carried out production. At the beginning of this period, capitalists engaged in commerce, and the majority of their capital consisted of stocks of goods to be sold. In this period, capitalists sensed buying and selling as the only source of profit. Industrial capital was still insignificant and worthless at that time. In England during the period, frequent commercial crises forced the government to intervene in the economy. At the end of this period, capitalist control in the production and trade process became integrated. After this integration, a group of philosophers, economists, and thinkers emerged who rejected the old protective state view and state regulation and formulated a new individualistic philosophy, just like the bourgeoisie and academics who organized the 1948 Turkey Economic Congress. At the end of the period, individuals started perceiving the production process as the sole generator of profit, leading to

the abandonment of the notion that commercial capital was the exclusive source of profit. During this period, except for a few private interest groups who benefited from the extensive commercial restrictions and regulations of the state, most capitalists felt themselves restricted and prevented by government regulations in their profit ventures. Most of the mercantilist writers of the period were either capitalists or privileged employees of them. Therefore, just like in the 1948 Turkey Economic Congress, it is natural for mercantilist thinkers of the period to perceive the motives of capitalists universally. Thus, capitalist views that humanity's nature and needs must be independent of comprehensive economic restrictions laid the foundation for classical liberalism.

The ideas that provided the basis for classical liberalism emerged in a different geography in Turkey in the 1940s with the same content (Mutlu, 2007, p. 31). However, in the debates on statism and liberalism in the 1930s, statism emerged as the winner. Although there were many reasons specific to the period for this situation, the most important one was the insufficient level of private capital in Turkey at that time. For this reason, efforts were made to accumulate capital through the state at the macro level or, efforts to industrialize at the micro level. Although World War II interrupted these efforts, the state actively continued the process of capital accumulation through various applications (Gülalp, 1993, p. 32). Some of these applications can be summarized as follows: 1942 wealth tax<sup>5</sup>, inflationary fluctuations in agricultural prices<sup>6</sup>, printing money for military expenses and resulting inflation<sup>7</sup>, and the devaluation<sup>8</sup> in 1946.

Until 1948, with the practices implemented by the Republic of Turkey, some of which were mentioned above, the central sovereignty/state obtained the necessary revenue to finance public services while transferring the accumulated capital in the hands of non-Muslims to a limited portion of Muslim-Turkish population, providing abundant income or livelihood opportunities for a small portion of its people or creating ways to provide such opportunities.<sup>9</sup>

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<sup>5</sup> Buğra (1995, p. 81) states that the Wealth Tax resulted in the ruthless violation of legal and moral rules and contributed to the concentration of capital of the Muslim-Turkish bourgeoisie through reward and punishment mechanisms selectively applied by the state.

<sup>6</sup> Boratav (2005, pp. 84-85) emphasizes that inflationary fluctuations in agricultural products significantly increased the profits of farmers and merchants, and states that during this period wheat prices increased by around 200%. This situation supported the accumulation of capital by some chosen individuals.

<sup>7</sup> According to Tezel (1994, p. 58), the printing of money to finance the war led to significant changes in domestic trade in favor of agricultural products, which benefited farmers and peasants who were particularly involved in market-oriented production.

<sup>8</sup> The contribution of devaluation to capital accumulation was through the importer class. Despite the increase in the prices of imported goods, the removal of restrictions on imports increased the demand for imported products and hence the profits of the importers (Kepenek and Yentürk, 2010, p. 122).

<sup>9</sup> As Va-Nu (1948) also pointed out, with statist policies, a significant portion of the Muslim-Turkish bourgeoisie gained unexpected wealth. By 1948, however, this group again became a complainer. While the dominance of the non-Muslim bourgeoisie in the Turkish economy was the cause of their previous complaint, they now complained that the state was no longer necessary in an economy where the non-Muslim bourgeoisie had been eliminated through statist practices. The Muslim-Turkish bourgeoisie, which



According to Rousseau, political economy means managing the economy of the whole society wisely and honestly. However, the breakdown of non-Muslims' dominance in the economy indicates that Turkey's political economy at the time was not parallel to Rousseau's definition. As Buğra (1995, p. 81) states, the injustice committed by the central sovereignty/state only in the wealth tax application does not coincide with Rousseau's concept of honesty in political economy. However, considering that the central sovereignty/state provided abundant income or livelihood opportunities to the more loyal Muslim-Turkish bourgeoisie by violating legal and moral rules or produced ways to secure them during and after World War II, it is clear that the government in Turkey at the time did not care so much about ethical concerns in the concept of political economy.

As reiterated in the following of the study, despite benefiting from state intervention in the economy, the Muslim-Turkish bourgeoisie eventually became dissatisfied with these policies and organized the 1948 Turkey Economic Congress to voice their concerns.

## **2. REFLECTIONS OF THE 1948 TURKEY ECONOMIC CONGRESS ON THE POLITICAL ECONOMY CONCEPT**

The İstanbul Merchants Association, a bourgeoisie organization, organized the 1948 Turkey Economic Congress under its leadership (Kılıçdaroğlu, 1997, p. I). In the following of the study, I attempt to demonstrate the importance, purpose, and nature of the congress assigned by the mentioned bourgeoisie organization, as well as the reflections of the opening speeches and papers presented at the congress to the political economy plane outlined.

### **2.1. The Common Good of the Entire Family: National Development Mission**

After World War II, with the relatively free environment emerging in Turkey at the time, various groups and organizations, particularly capitalists, as well as professional associations and agricultural cooperatives, began to play an active role in taking ownership of the country's problems, finding solutions, and defending the interests of the groups they represented (Toprak, 1994, pp. 223-224). It is noteworthy that the classes of society taking ownership of the country's problems were generally the bourgeoisie and its organized structures. However, it should be noted that the bourgeoisie's only aim is to make profits and to maximize them, without any human, social, ecological, or ethical concerns (Başkaya, 2005a, p. 91). In other words, the bourgeoisie's search for solutions to the country's or social problems conflicts with its characteristic features. According to Marx (1990, pp. 254-255), the

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became dominant in the economy, expressed their new complaints at the 1948 Turkey Economic Congress. The reason for their complaints was that the accumulation of capital became blocked due to statist policies.

bourgeoisie's only goal is an unending pursuit of profit. Therefore, it can be said that the bourgeoisie's sole aim is not the quest for solutions to the country's problems. However, when looking at the discourse of the bourgeoisie at the 1948 Turkey Economic Congress, the national development mission is never absent from their rhetoric. For example, when looking at the purpose of the congress the first thing standing out was the national development mission. The congress was organized by the İstanbul Merchant Association. The İstanbul Chamber of Commerce and Industry, İstanbul Industry Union, Turkish Economists Association, and İstanbul Merchant Association representatives established an organizing committee to discuss *the current economic, commercial, and financial issues of the country* and to make decisions about what measures need to be taken for *the development of the national economy* in general, and thus, they decided to hold a scientific and professional congress called the 1948 Turkey Economic Congress (Kılıçdaroğlu 1997, p. 19).

In addition, Ahmet Hamdi Başar (1948a, pp. 3-4) defined the purpose of the 1948 Turkey Economic Congress as “bringing together all professions, groups, and specialized individuals in *Turkey's economic development struggle* to achieve results that the majority would agree on” in his presentation at the congress. However, the organizers of the congress did not extend invitations to representatives of the worker and farmer classes, thus excluding their opinions and thoughts from being represented at the congress (Kılıçdaroğlu 1997, p. II). This situation reveals that the purpose of the congress was not in line with Başar's description, and that the congress did not extend invitations to all professions or groups within the country's economy. This is a natural reflection of the conflicting interests between workers and bourgeoisie that have existed since the birth of capitalism.

Hüsnü Arsan (1948, p. 6), who spoke on behalf of the İstanbul Chamber of Commerce and Industry, emphasized that economic development runs parallel to the glorious periods of nations and that nations that lose their economic power are destined to pay tribute to others. Therefore, emphasizing that economic development is not only a development issue but also *a country and independence issue*, Arsan believes that the views, thoughts, and results emerging after the topics to be discussed and the papers to be presented at the congress will be taken into account by government officials. With this sentence, he tried to direct the state apparatus.

Cudi Birtek (1948, pp. 6-9), speaking on behalf of the İstanbul Regional Industrial Association, emphasized that the congress was not organized by the government but was a free initiative organized entirely by participants. Birtek also added that the congress did not aim to follow a trend as it was organized in many parts of the world. He stated that the congress was not convened to approve preconceived views and ideas, but rather to find a solution to *the chronic development issue in the country* with serious reasons. He pointed out the significant differences between Turkey and developed countries and

emphasized the need to take rapid steps to address this issue. He also stressed the importance of the congress fulfilling its serious duties accordingly.

The fact that representatives of the workers and farmers were not invited to the congress contradicts Cudi Birttek's claim that the congress was not convened to approve preconceived views and ideas. If these classes were invited, the congress could be considered a genuine forum for discussion and debate, and the claim that the congress was not convened to approve preconceived views and ideas could be considered more seriously. Additionally, like other participants, Birttek (1948, pp. 6-9) saw the development of the bourgeois class as synonymous with national development.

Ultimately, the claim that the papers presented by the bourgeois representatives at the congress can solve the nation and country's issues is aimed at concealing the real intentions of the bourgeoisie. According to Smith (1977, p. 348), the interests of the bourgeoisie are sometimes different from and even opposed to those of society. For all these reasons, it is believed that the decisions making at this congress, organized by the bourgeois representatives who always think of their own interests, do not serve the national development issue, as the bourgeois representatives claim.

It is observed that those who speak of national development actually have a desire to ensure the continuity of their own interests. Here, a great contradiction of the bourgeois representatives arises. According to Marx (1993, pp. 240-241), bourgeois democracy seeks more refuge than bourgeois economists to create excuses for existing economic relationships. I think that this refuge that Marx referred to is the phenomenon of national development in this congress. However, the bourgeoisie has never thought of anything other than its own interests in any period of history. Marx (1990, p. 254) also portrays the bourgeois class as insatiable greedy misers. In this context, the question arises as to why the bourgeoisie, who are insatiably greedy, declared national development, that is, the society/family/nation as their only goal in this congress.

## **2.2. Fundamental Element Providing Basis for Classical Liberalism: Anti-Statist Discourses**

Bourgeois organizations organized the 1948 Turkey Economic Congress in protest against the statist policies implemented since the 1930s (Toprak, 1994, pp. 223-224). However, those who relied on the state for the elimination of the non-Muslim bourgeoisie from the Turkish economy and remained silent about the policies implemented in this direction began to feel discomfort with the statist practices by the time of 1948 (Keyder, 1983, p. 1067). This situation is similar to what happened in England during the end of mercantilism, where the English bourgeoisie did not object to government intervention in order to be less affected by the crises (Hunt, 2009, pp. 50-58). However, after mercantilism, they developed many new discourses on the

necessity of the state being in the status of a gendarme state. In this context, the former statist presented many anti-statist papers at the congress, but it would be exaggerated to mention all of these papers in terms of the scope of this study, and since the main ideas of these papers were roughly similar, I mention only those deemed necessary.

To begin with the paper presented by Ahmet Hamdi Başar at the congress, titled “Statism and State Intervention”, Başar (1948b, pp. 43-45) likened the scope of the country's economic problems to a three-part chain that could be summarized as economic development, improving production, and state intervention. In his paper, Başar emphasized the need for the state's protective and regulatory intervention for economic development. However, in order for this intervention to be effective and encourage the private sector and workforce, he argued that an economic general assembly should be established consisting of individuals selected from professional and specialized organizations within the bourgeoisie, government representatives, and experts from state institutions to determine the type of intervention needed. Additionally, he suggested the establishment of an independent research department that would monitor the country's economy and present its findings to the economic general assembly.

Başar (1948b, pp. 43-54) expressed his criticism of statism and demands from the government with a more daring attitude in the later parts of the paper. He recommended providing the transfer of state industry to joint-stock companies in which large and small capitalists would participate, and he further added that the government should also guarantee a certain profit to these companies. In the same paper, Başar emphasized the need to abolish the monopoly of cargo and passenger transportation in maritime and to provide this opportunity to ship-owners who can meet certain conditions. In addition, this paper highlighted agriculture as the most crucial area for state intervention, emphasizing the need to provide the necessary technical infrastructure to the agricultural sector and ensure that agricultural products have a quality that can compete in world markets. Başar did not neglect to mention the industrial sector, asserting that the industry should achieve self-sufficiency and advocating for the removal of transaction tax as a burden from the industrial sector.

According to Başar, state capitalism is what should not exist in statism. In other words, the economy should not fall into the hands of the state. Regardless of the regime of the economy, the political authority must take the economy out of its absolute control. Başar summarizes this idea by stating,

“In no country where the breadwinner is in the hands of the political power, can freedom and democracy be spoken of. Even in individualistic regimes, the laws, regulations, and procedures set by the state and the powers given to the officials who enforce them are such that even a corner grocer must get

along with the political power as these expand” (Başar, 1948b, p. 50).

In conclusion, according to Başar (1948b, p. 54), the most important characteristic of statism is to move from a bureaucracy-based administration to a people-based administration, and to increase production, employment, and *welfare in the country* by changing both the path and the mentality.

Ahmet Hamdi Başar, who vehemently spoke against statism at the congress, argued in his articles published in the *Journal of General Commerce*, which started publishing in 1917, that economic independence needed to be achieved and a Muslim-Turkish bourgeoisie that could successfully conduct trade needed to be raised (Topal, 2007, p. 128). Contrary to criticizing the statism, Ahmet Hamdi Başar called on the state to fulfill its duties in this regard (Koraltürk, 2000, p. 152).

The doubts raised by the 1929 great depression about liberalism turned Ahmet Hamdi Başar into an ardent advocate of statism. In the devastating conditions created by the crisis around the world, Başar asked, “on which principle should we base?” and attempted to formulate ideas on what the essential principles of the Turkish Revolution should be, seeking to establish a certain place for himself in the intellectual climate of the 1930s. Economic statism is a manifestation of this effort. According to Başar, Turkey should adopt a unique development strategy because it could not experience the stages of capitalism in the Western form due to historical conditions. Arguing that countries like Turkey were unable to establish capitalism naturally, Başar advocated that Turkey in the 1930s needed to adopt a different development strategy and assigned this role to economic statism (Topal, 2007, pp. 122-123).

By 1948, there may seem to be a sharp contradiction in Başar's ideas. However, such a contradiction did not occur either in Başar's ideas or in the development strategy of the Republic of Turkey. This was just a new stage in the process of integration into capitalism<sup>10</sup>. To understand this situation, I need to examine Başar's views on the roles that the state should take in the development process under his concept of economic statism. According to Başar, the state should be divided into two parts, administrative and economic, and the administrative state should establish the economic state. This dual distinction created by Başar is a precondition for removing the bureaucracy from the economy and replacing it with new entities that can control the economy. According to Başar, as this process progresses, the civil service class is eliminated, and the bourgeoisie takes its place (Topal, 2007, p. 123).

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<sup>10</sup> Integration into capitalism is not an instantaneous phenomenon; it is a process. One of the stages in this process is the transformation of commercial capital into industrial capital. The continuity of accumulation necessitates this transformation. Furthermore, if the transformation cannot be achieved, it hinders the bourgeoisie's relentless pursuit of profit. Once this pursuit is not achieved, it disrupts the process of integration into the capitalist system. The concept of integration into capitalism used in the study emphasizes the stage of transformation from commercial capital to industrial capital in this process. If this transformation is not achieved, the integration process becomes blocked.

When examined in this context, the 1948 Turkey Economic Congress was a reminder to the state to take on a new role in the Turkish economy, which has been structured to integrate into the capitalist system since World War I, and even earlier.

In the statism advocated by Başar in the 1930s, he emphasized the necessity of the state establishing industrial enterprises due to the lack of private capital for development, and he assigned short and long-term responsibilities to the state in this regard. According to Başar, the state should initially have a founding and managerial role, and later retreat to a regressive role by giving way to the new entities (national bourgeoisie) it created. In summary, Başar planned for the national bourgeoisie to take over and for the state to retreat from the economic field in the long run (Topal, 2007, p. 123).

The İstanbul Merchants Association, under Başar's leadership, organized the 1948 Turkey Economic Congress, which should be considered as a gathering that reminded the state and the public of the goal of transforming state ownership into private ownership within the framework of the Turkish economy shaped by the state to integrate into the capitalist system. The important point to note here is that the state initially set out with this aim, but later the leaders of the Republican People's Party either forgot this aim due to the fear of losing their economic power or were forced to forget it, and the bourgeoisie created by the state organized the 1948 Turkey Economic Congress as a rebellion to remind this aim again.<sup>11</sup>

Alp (1948, pp. 107-119) described the state interventionism applied until that day as a historical necessity in his presentation titled "The Principles of Our Economic Development and New Statism". He refers to Atatürk's statement *What an individual cannot accomplish, the state can do* to explain this necessity. However, he emphasized that at the time this statement was made, there were many things that individuals could not accomplish, but by 1948 the private sector was capable of doing those things, and the state should withdraw from those areas. In the continuation of the paper, he stated that the limits of state interventionism must be clearly defined. He added that if the boundaries of statism are not drawn, the dominant economic system could go as far as communism or socialism to describe the severity of the situation.

Hazım Atıf Kuyucak (1948, pp. 77-84), in his paper titled "How Should State Intervention in Production, Trade and Generally in Economic Life be?" compared the state to a tool trying to achieve certain objectives. He listed the purpose of this tool as ensuring safety both domestically and abroad, and especially within the country, ensuring decision-making and equal

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<sup>11</sup> In the 1930s, Turkey actively implemented statist economic policies with the aim of integrating into the capitalist system. Due to the insufficient accumulation of private capital, the state took on the responsibility of establishing industrial enterprises. However, Atatürk's speeches emphasized the priority of private property and individualism. These points suggest that the state should initially take on a founding role in a system where individualism is prioritized, and when the appropriate time comes, the established enterprises should be transferred to individuals. Otherwise, the state deviate from the goal of establishing a system where private enterprises of individuals are at the forefront (Derin, 1940, p. 3).

opportunities for the private sector. He argued that the state should guide the management of the national economy and cannot be both a referee and a player.

In his paper “Statism and State Industry,” Şevki Göklevent (1948, pp. 98-99) emphasized that because of the novelty of the 1948 Turkey Economic Congress, congress members did not have sufficient information about the country's economy. He argued that the available data consists of figures fabricated by ignorant gendarmes or village headmen who know nothing about the importance of the matter. For this reason, we should not trust these data and should not make decisions based on them. Göklevent emphasized the importance of economics and states that scientists should speak according to the economic realities of the day, free from any political ideology. He compared state-owned industry with private sector industry and concluded the following:

- The state can invest in any industry it desires, while the private sector cannot.
- Although the state has large capital, the private sector does not have sufficient capital.
- State-owned factories have modern buildings and machines, while the private sector generally operates with machines that it can acquire in buildings licensed as warehouses.
- The state-owned factories give due importance to the health of workers, while the private-sector factories do not give sufficient importance to it.
- Wages in state-owned factories are generally higher than those in private-sector factories.
- State-owned factories produce on a large-scale, while private-sector factories produce on a smaller scale with less than ten workers in tax-exempt areas.
- Because of the lack of trust in state-owned enterprises, bureaucracy dominates these enterprises, whereas bureaucracy is not present in the private sector.
- In state-owned enterprises, a sense of responsibility dominates over a commercial mindset. This sense of responsibility results in unnecessary time losses, as managers cannot take action without consulting their superiors. In the private sector, the profit motive dominates, and time loss is not an issue.
- While the private sector usually selects the best workers who are paid minimum wage, state-owned enterprises select workers according to predetermined criteria and guidelines, and the head of these enterprises is usually someone with political influence.

In conclusion, Göklevent (1948, p. 99) suggested that the state should sell all state-owned industrial institutions, except those established for military purposes, to joint-stock companies. It should use the resulting revenue to

invest in other industrial sectors that are currently absent in the country. Göklevent emphasized that the state should continue to play a founding role, citing the reason for this as the lack of capital accumulation that can be invested in other mentioned industrial sectors in the country.

As discussed in previous sections of the study, the accumulation of capital in the hands of the merchant class through statist policies created the groundwork for the commercial bourgeoisie to transform into an industrial bourgeoisie, another steppingstone in capitalist development. The ideological content of the national protection law and the wealth tax, which did not generally have a negative impact on the Muslim-Turkish bourgeoisie, prompted the bourgeoisie that organized the 1948 Turkey Economic Congress, to reconsider their relationship with the Republican People's Party, which was in charge of implementing statist views. Moreover, the reaction that developed against increasing intervention and control due to mobilization turned into a reaction against statism, an original industrialization/capital accumulation strategy that the class organizing the 1948 Turkey Economic Congress defended in the past (Turgut, 1991, pp. 131-132). For the articulation of this reaction, the papers presented on statism at the 1948 Turkey Economic Congress play a significant role.

The papers presented on statism at the 1948 Turkey Economic Congress indicated that in the debates between statism and liberalism, especially the former statist but the new proponents of the liberalism, including Ahmet Hamdi Başar, regard statism as one of the essential requirements for the provision of capitalist accumulation and expressed these views freely at the congress insofar as the conditions of the period allowed. In the papers presented on statism at this congress, the debates between statism and liberalism, when considered with the political power's industry-based capitalist development model, reveal the truth that the economic policies refer to as statism was not based on a foundation contrary to capital accumulation. Given the repressive conditions of the period, especially Ahmet Hamdi Başar and those mentioned in the study, discreetly if not openly, expressed this fact. In the period's conditions, the emergence of economic policies refer to as statism or liberalism, which had no economic aim difference, served the purpose of ensuring the continuation of the existing ideology, rather than causing any differences in the economic ideology (Topal, 2007, p. 124). In other words, individuals advocating both statist economic policies and liberal economic policies at different times highlight the primary objective of the country to integrate with capitalism and sustain this system.

When the stages of capitalist development are examined in the historical process, the aim of integrating with capitalism sometimes leads to statist practices and sometimes to liberal practices. The fact that forty Turks made it to Forbes magazine's list of the world's richest businessmen in 2018 demonstrates partial achievement of an “economic system that emphasizes the activities of individuals,” as emphasized by Atatürk.



### **2.3. Fiscal Resources Left to Central Sovereignty / Taxes**

“The proprietor of stock is properly a citizen of the world, and is not necessarily attached to any particular country. He would be apt to abandon the country in which he was exposed to a vexatious inquisition, in order to be assessed to a burdensome tax, and would remove his stock to some other country where he could either carry on his business, or enjoy his fortune more at his ease” (Smith, 1977, p. 1137).

Adam Smith is one of the most important figures who laid out the intellectual foundation of economic liberalism that was defended against statism in the 1948 Turkey Economic Congress. Representatives of the bourgeoisie, who advocated economic liberalism that saw taxes as an avoidable and burden element, evaluated the taxes being burden them as part of the national development issue at the 1948 Turkey Economic Congress. Tahir Atansay's paper most clearly demonstrated the bourgeoisie's hypocritical attitude. In order to emphasize this point, I include Atansay's presentation at the end of this section.

During World War II, the bourgeoisie did not object to the Wealth Tax and Agricultural Products Tax due to the contributions of the taxes to them. However, at the 1948 Turkey Economic Congress, they voiced their objections to other taxes being burden on them in order to eliminate them. The influence of political and personal relationships in the implementation of the Wealth Tax and Agricultural Products Tax created a long-lasting sense of distrust among the public towards the government. The first experience with the Wealth Tax involved collecting it from a part of the population that was not accustomed to paying taxes (Coşar, 2004, p. 129). As stated by the chief of the financial department of İstanbul of the period, Faik Ökte, these taxes shook the public's trust in the government (Ökte, 1951, pp. 209-210). I study some of the papers presented on tax reform at the 1948 Turkey Economic Congress, starting with Ahmet Hamdi Başar's paper titled “Tax Reform”.

When I examine the full text of Başar's paper on tax reform, I see that he mostly complained about the single-party regime in the country and also mentioned the lack of democracy and freedom. As I mentioned in the previous sections of the study, while the deficiencies in democracy and freedom worked in favor of the Muslim-Turkish bourgeoisie, Başar was among the staunchest statist. If I evaluate in this context, I think that Başar hid his real purpose behind the deficiencies in the mentioned facts. In these words, Başar's real aim becomes clear:

“As far as we know, the situation has not been like this, and the transaction tax based on modern principles, even more heavily than the income tax, has prevented the country from reaching a modern economic structure, forced the dismantling of factories, the use of human labor instead of electricity and

motors, turned mass production into small-scale businesses, and disrupted it. No tax or measure that is as harmful and obstructive as transaction tax can be considered or found for the country's industrial revolution and mechanization, which is our only way to salvation. The tax has become such a terrible dark force that obstructs Turkey's modernization and industrialization, and it blinded this movement by following step by step to such an extent that it can even be argued and proven that this tax was imposed and implemented not to provide revenue to the treasury, but solely for this purpose” (Başar, 1948c, p. 180).

As can be seen, while Başar spoke about the lack of democracy and freedom, the real issue he was concerned about is the limitation of commercial capital by taxes at the stage of transitioning to industrial capital, which is the next phase of integration into capitalism.<sup>12</sup> Başar is aware that if they cannot achieve this stage, they cannot ensure the continuity of capital accumulation, which means that the bourgeoisie cannot earn more. Başar's following words reflect his knowledge on this information as well:

“If we consider the primitive dividend tax character of the profit tax on the one hand, and the obvious character that obstructs the capital community and modern economic devices in the form applied to taxpayers on the other hand, and if we think that the transaction tax is also the most harmful industry tithe, we painfully understand what forms our 25-year tax reform movements have taken” (Başar, 1948c, p. 180).

Considering that the Istanbul Merchants Association organized the 1948 Turkey Economic Congress, it is quite natural that the general secretary of this establishment expressed reactions against practices that go against capital accumulation in his presentations on both statism and tax reform.

In the presentation titled “Amendment Reason for Transaction Tax Law” by İstanbul Regional Industry Association (1948, p. 190), it was also stated that the tax regime was an obstacle to capital accumulation and caused rapid shrinkage of industry. It was mentioned that industrial enterprises organized themselves on a small scale to avoid taxes, and this situation led to cost and price increases. Furthermore, the Association also expressed that the current taxes in the wood industry hindered capital accumulation and caused a decline in the industry, and that the commercial bourgeoisie could not turn into an industrial bourgeoisie. They stated the following words:

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<sup>12</sup> The situation in which the bourgeoisie in late mercantilist England felt constrained by the government to process the transformation of commercial capital into industrial capital, as mentioned by Hunt (2009, pp. 50-58), shows similarities with Başar's statements and most of the papers presented at the 1948 Turkey Economic Congress. This similarity indicates that the end of mercantilism in Turkey only came in the 1940s. When this event is considered alongside the collapse of mercantilism in Europe towards the end of the 18th century, it better helps to understand why Turkey is categorized as a Late-Capitalized Country/ a Developing Country. Alternatively, it can be thought that societies in different parts of the world at different times go through similar processes, regardless of the time and space dimension of the capitalist system.

“In İstanbul, there were about fifty sawmills, carpentry and furniture factories in 1927-28 and even in 1929 (when protective premiums existed), but today all of them have been disbanded, their mechanized facilities have been removed, and they have been turned into small workshops with a few workers and manual labor” (İstanbul Regional Industrial Association, 1948, p. 191).

The İstanbul Regional Industrial Association stated that the government no longer supported the bourgeoisie as it had done in the 1920s when private sector-led development strategy had been adopted. It also mentioned that the wood industry, which could not benefit from subsidies and was subject to taxes, began to disappear as a result. The same association also stated that the metal goods industry also experienced contraction just like the wood industry.

According to the “Critiques and Proposals for the General Assembly of the Transaction Tax Law” presented by the İzmir Regional Industrial Association, the association proposed the abolition of the Transaction Tax, the taxation of raw materials instead of finished goods, and the reduction and generalization of the tax. The İzmir Regional Industrial Association, like other individuals and organizations presenting on tax reform at the congress, emphasized that the Transaction Tax was an obstacle to the development of industry. They state that:

“In our country, industrial life and mechanization have just begun. In this critical first phase of our industrial life, our products can be obtained at high costs under the influence of various economic factors. The transaction tax increases already high costs due to both internal economic conditions and external market prices, making it difficult for domestic products to be sold in the domestic market” (İzmir Regional Industrial Association, 1948, p. 195).

From the sentences of the Association, it is evident that they emphasized how taxes lead to insufficient demand by increasing costs and consequently prices. They highlighted that this situation hinders the development of the industry and, ultimately, the continuation of capital accumulation.

Aziz Balkanlı and Dist. Prof. Dr. Alfred Isaac, in their joint presentation “The Necessity of Adjusting Tax Legislation According to Economic Needs” at the congress, summarized the negative effects of the tax practices of the time on capital accumulation with the following quote from Prof. Schmalenbach's study “Economics and Taxation”:

“A tax system that does not serve the formation of capital, but results in the destruction of capital, is nothing but an inconsistency. Capital formation demands that taxes be levied where capital is invested, not where it is formed. An income tax imposes tax on capital formation, while an expenditure tax subjects capital expenditure to taxation. Therefore, anyone who

regards the formation of capital as a vital issue should prefer expenditure taxes to income and profit taxes” (Balkanlı and Isaac, 1948, p. 203).

Tahir Atansay, a merchant in İstanbul, also complained about similar issues with Başar in his presentation titled “Tax Reform”. He also pointed out that the tax system was backward, unfair, and harmful. He listed the objectives of the tax reform as follows:

“Maximizing the state's revenue, but distributing it fairly and in proportions that will not harm the taxpayers and allow them to have a life and development opportunity. Trust should be placed in the taxpayer, and errors that do not arise from bad intentions should be corrected instead of penalized. The application should be easy and the formalities should be minimal if possible. Taxes under various names should be consolidated and calculated in an easy manner and in proportion. Tax should not be levied on businesses that operate at a loss” (Atansay, 1948, p. 188).

The key point to note in Atansay's objectives of tax reform is that the bourgeoisie should not be adversely affected by taxes, and instead, development opportunities should be provided to them. When evaluated from this point, it once again becomes apparent that the 1948 Turkey Economic Congress had the nature of a rebellion by the bourgeoisie. Atansay, who can be characterized as a member of the bourgeoisie, expressed this rebellion in his words as well:

“There is nothing wrong with the transaction tax imposed on some imports as long as it provides revenue to the state without creating economic disorder. However, it would be correct to reconsider which items should be subject to customs transaction tax to be more beneficial. For example, today, all machines and their spare parts are not subject to this tax, but bearings that are spare parts for all machines are subject to transaction tax” (Atansay, 1948, p. 188).

Atansay argued that not levying taxes on machinery and equipment during the import of fixed capital is not enough. In addition to this, he stated that taxes should not be levied on the import of bearings used to reduce energy losses in mechanical and electrical devices. Atansay's request does not stem from the aim of promoting industrialization/national development. The point to be noted here is that approximately five years after Atansay's speech calling for the removal of taxes on the import of bearings, he began trading in these same bearings. This is clearly visible in Appendix-1. It becomes obvious with this incident that those who talk about national development actually have a desire to ensure the continuation of their own capital accumulation. Here, once again, the great contradiction of bourgeois society is revealed. Indeed, as it is remembered, the idea emphasized at the 1948 Turkey Economic Congress can

be described as a liberal economic system in the context of freedom and democracy, as well as the phenomenon of national development. It means that the reason of Atansay's hypocritical attitude, that is, using the notion of national development as a facade, was to silence the despotic political authority of the time and to gain public support. The bourgeoisie has never thought of anything other than its own self-interest throughout the history. In line with this, Marx (1990, p. 254) defines the goal of the bourgeoisie as an endless process of relentless profit-making without ever stopping. In this context, the question arises as to why the bourgeoisie, who according to Marx only pursue their own self-interest, declared national development, that is, society, as their sole goal at this congress. According to Va-Nu (1948), the sole purpose of the Muslim-Turkish commercial bourgeoisie in this congress was to transform into an industrial bourgeoisie and to earn more profit. The bourgeoisie chose the concept of national development, which was a term that no one would object to, in order to mask their real goal.

Atansay's words about the realization of capital accumulation and the transition to the next stage of capitalism, which means the transformation of commercial capital into industrial capital, are also noteworthy:

“The transaction tax levied on manufacturing is absolutely and unconditionally harmful and obstructive to our country's economy and industry. There is nothing that can be shown in favor of this tax. The damages are countless. Indeed, the state provides some revenue through this tax, but the revenue lost by the state due to the inability of industry to develop because of this tax is much greater” (Atansay, 1948, p. 189).

As can be seen, Atansay was aware that convincing the state to abolish this tax was necessary, and he argued that if this tax was abolished, not only would industry develop, but the state would also earn more tax revenue as a result. In addition, Atansay explained in detail how the transaction tax prevented commercial capital from turning into industrial capital with the following words:

“While on one hand, the establishment and development of industry are desired and encouraged in our country, on the other hand, the transaction tax forces us into primitiveness and handicrafts. Can an industry be imagined that has reduced its power of activating to the level of a child's toy and can count its workers with five fingers, even the production of paper bags has become a manufacturing process today? If he exceed the limit even by a hair, Which small manufacturer, knowing that they will bear the burden of the transaction tax, can have the courage to gradually transform their business into a fabrication process? Under these conditions, can quality improvement and efficient work be discussed in manufacturing? How difficult is the situation of a factory subject to the transaction tax in the face of

small manufacturers not subject to this tax? ... The abolition of the transaction tax levied on manufacturing is necessary for the economic welfare of the country” (Atansay, 1948, p. 189).

If I summarize the his presentation at the congress, Atansay (1948, pp. 188-189) stated that taxes are unfair and pose a major obstacle to the conversion of commercial capital into industrial capital, thus blocking the way for the state to obtain more tax revenue. I can understand the sincerity of these thoughts from Atansay's attempt to mask his request for the abolition of taxes on bearings, which he needed for his bearing trade, under the guise of national development. Here, the question may arise as to whether the transformation of commercial bourgeoisie into industrial bourgeoisie was not beneficial for the common good of the whole society, when considered in the context of today's conditions. Although it is considered partially beneficial in terms of living standards or welfare, in essence, the gap between classes has increasingly widened. In common parlance, while the pie is growing, the share of non-bourgeois classes from this pie, although increasing in amount, is decreasing in proportion.<sup>13</sup> This illusion prevents the rest of society from seeing the reality, while also preventing the bourgeoisie from reacting against the rest of society receiving a bigger amount of wage. Thus, the capitalist system sustains itself with an inherent possibility of further crises.

In the above section of the study, I mention some of the papers presented at the congress regarding tax reform. The main idea in these papers and other papers that are not covered in this study is the negative impact of the taxation practices of the period on capital accumulation, in other words, on the bourgeoisie. However, the bourgeoisie has shown the courtesy of declaring their thoughts by embellishing them with the phenomenon of national development, thus trying to prevent public and state hostility.

## Conclusion

Generally speaking, the 1948 Turkey Economic Congress expressed admiration for liberalism against statism. It can be understood that the economic policies, whether statist or liberal, applied since the beginning of the 1900s were not against the bourgeoisie, as the advocates of liberalism at the aforementioned congress were passionate advocates of statism just a short time ago. However, if a comprehensive system analysis is not carried out when examining statist economic policies, the relationship between the state and the market may seem quite problematic. In these analyses, the state can appear as a reality outside of the market, despite the market. However, this is not the case. Like liberal economic policies, statist economic policies can also serve the purpose of strengthening the market in the context of the development of the capitalist system. This is because in capitalist societies, the state is

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<sup>13</sup> In this period, despite a rough increase in real wages, the share of wages in national income declined (Zaim, 1968, p. 336).

constantly being reformed and can take on different missions at different stages of capital accumulation through inter-class or intra-class relationships.

The consensus between the Muslim-Turkish bourgeoisie and the state had continued in harmony until the end of World War II. However, the tasks and responsibilities assumed by the state in this stage of capitalist development, just like in mercantilist England of the past, began to discomfort the bourgeoisie after a certain period. The transformation in the bourgeoisie's perception of the state after World War II was influenced by factors at the national level, specifically the variations in the internal class structure of the country, which were determined by the stage of capital accumulation in Turkey. This situation can be explained by the impact of the transformation in the structure of the capitalist system on the facts and actors. In this context, the necessity to ensure the continuity of capital accumulation brought about a differentiation in line with the needs of the system during the process of capital accumulation in Turkey, leading to a change in the actors of the state. That is to say, the necessity of the transition of the dominant role in capital accumulation from the state to the bourgeoisie emerged. In this context, it is not surprising that the İstanbul Merchants Association, which organized the 1948 Turkey Economic Congress, came to the fore in the post-war period in social, political, and economic fields.

The group emerging from capital accumulation tried to ensure the continuity of capital accumulation with organized structures such as the İstanbul Merchant Association, so a series of conflicts emerged, leading to a political representation crisis that ended with the Democratic Party coming to power. It can be argued that the implementation of policies such as rationing, agricultural products tax, and confiscation of small farmers' oxen during World War II had a significant impact on the ability of commercial capital to become a subject of a process that would lead to a political representation crisis and eventually end with a change of government. Indeed, the situation cannot be evaluated solely as a result of the policies implemented during that period, even though these policies caused significant reactions from the public against the political power of the time. That is to say, the process experienced during and after World War II should be evaluated as one of the milestones in the capitalist development process in Turkey.

As it can be seen, the role assumed by the state in Turkey since its establishment has been to support and develop the bourgeoisie with sometimes liberal policies and sometimes interventionist practices. The goal was to strengthen the bourgeoisie, so the bourgeoisie emerged stronger from both liberal policy periods and state intervention periods. This situation is not compatible with the economic policy concept including ethical concerns. After Adam Smith, the concern for ethics was replaced by the pursuit of profit, and the state apparatus turned into a mechanism ensuring the continuity of the capitalist system instead of pursuing ethical concerns.

The Muslim-Turkish bourgeoisie, which accumulated a large amount of wealth through statist practices and wartime economy, expressed liberal discourses that were reflected in the political economy concept in order to ensure the continuity of capital accumulation at the mentioned congress. However, the bourgeoisie showed the courtesy of disguising this phenomenon under the veil of national development, without openly addressing it at the mentioned congress. The anti-statist rhetoric and tax discomfort expressed by the bourgeoisie in the mentioned congress were also disguised as national development efforts. It can be seen throughout the study that those who speak of national development actually desire to ensure the continuity of their own interests. The old periods, i.e. statism and the previous tax practices, which provided the accumulation of capital most, were criticized in the 1948 Turkey Economic Congress by those who benefited the most from these practices in an attempt to move on to a new stage of capital accumulation. Probably Başkaya (2005b, p. 58) summarizes best the bourgeoisie's policy of criticizing the past as follows: *Just perhaps, one way to easily bring new policies to the agenda is to vilify the old ones!*

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## Appendix

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Hortaç Arif. (Konsolos). Ev. Bostancı, Tayyareci Resmî Sok. 7. . . . .	52—405	
Hortaçsu Ali. Manif. Santral Ltd. Ş. İst. Meydanık Fındıkçı Remzi S. 13. . . . .	2 63 49	
Horvath Eugène. Mühendis. Galata, Karaköy Palas 6 nci kat 5/6. . . . .	4 10 56	
Horvath Eugène. Ev. Ayazpaşa, Murad Apt. 3 nci kat 7. . . . .	8 28 66	
Horyanopulo Eleni. Ev. Beyoğlu, İstiklâl Cad. Göksu Apt. 89/4. . . . .	4 32 13	
Hoşbaş Ali. Uçak Gişesi. Bakırköy, İstasyon Cad. 61. . . . .	16—84	
Hoşer Vahan. Otomobil Aksarı. Galata, Kürekçiler 38-40. . . . .	4 13 50	
Hoşgör Seyfullah. Bakkal. Kasımpaşa, Camiikebir M. Muvakkith. C. 57. . . . .	4 96 04	
Hot Kâmil. Hırdavat ve Baharat. Ketenciler Sabuncu Han içi 31. . . . .	2 68 27	
Hotanoğlu Cemal. Menba Suları, Müskirat. Yeşilköy, İstasyon Cad. . . . .	18—109	
* Hotel Park Otel. Ayazpaşa. . . . .	8 22 20	
Hothot Agop. Terzi. İst. Mahmudpaşa, Şekerci H. 8. . . . .	2 86 95	
Hotin Enver. Ev. Kadıköy, Sakızgöl Sok. Taranto Apt. 11, 2 nci kat. . . . .	6 01 37	
Hotin Halil Asaf. Yazıhane. Galata, Karaköy Palas 6/14. . . . .	4 44 73	
Hotin Halil Asaf. Miteahhid. Ev. Kadıköy, K. Moda Şair Nefi S. 47. . . . .	6 09 76	
Hotin Halil Asaf. Ev. Taksim, Ayazpaşa, Kamarot S. 3 Bursa Palas A. . . . .	8 36 35	
Hotin Halil Asaf. Ev. Taksim, Gümüşsuyu Kamarot S. İbrahimb. A. 5/6. . . . .	8 58 30	
Hotin Mehmed Ali. Ev. Kadıköy, Moda Şair Nefi Sok. 47. . . . .	6 18 78	
Hotin Pakize. Ev. Taksim, Sıraselviler Yeni Hayat Apt. 87/5. . . . .	4 11 27	
Hotinli Rauf Ahmed. Ev. Nişantaş, Vali konağı Cad. 101. . . . .	8 12 86	
Hotot Garabet. Emlâk Bürosu. Feriköy, Tramvay Dur. 20. . . . .	8 64 41	
Hotova Koço. Pastahane. Beyoğlu, Çıkmaz Sok. 5. . . . .	4 21 11	
Hovagimyan Aram. Dökmeci. Galata, Arapcami Yemeniciler Sok. 65. . . . .	4 15 20	
Hovagimyan Leon. (Aletual). Korse Müessesesi. Beyoğlu, İstiklâl C. 437. . . . .	4 37 52	
Hovagimyan Levon. Ev. Şişli, Kodaman Sok. 140, Hovagimyan A. 3. . . . .	8 75 04	
Hovagimyan Norayr. Kurşun Fab. Madeni. Gal. Perşembez. Kuy S. 3. . . . .	4 22 48	
Hovnanyan Artin. Kasket ve Gömlek. İst. Çakmakçılar 40. . . . .	2 98 95	
Hovnanyan Boğos. Hazır Elbise. Manto. İst. Çakmakçılar Yok. 35. . . . .	2 34 10	
Hovnanyan Boğos. Ev. Şişli, Harbiye Dersane Sok. Park Apt. 5. . . . .	8 19 62	
Hovnanyan İskuhi. Ev. Osmanbey Hgazi C. M. Bardiz A. 197/3. . . . .	8 65 38	
Hovsepyan Karabet. Topt. hazır elbise. Mercan U. çarşıbaşı Şerif. H. 4. . . . .	2 57 75	
Hovyan Ohannes. Mondial T. Ltd. Ş. Gal. Mumhane C. 47. Kaçun H. . . . .	4 12 24	
Hoyi İbrahim H. Ev. Kadıköy, Bahariye Cad. 88. . . . .	6 21 11	
Hoyi Yusuf İskender. Çuvalcı. İst. Asmaaltı, Burmalı Han 2. . . . .	2 79 71	
Hozar Faik. Viyana Elçisi. Ev. K.köy Cafera. M. Moda Beşbüyük S. 12. . . . .	6 11 56	
Hüçek Nakkiye. Muamele Takibi. Gal. Melek H. 2 inci kat 18/20. . . . .	4 22 67	



**Hoffmann Rulmanları**

ÜSTÜN KALİTE

Milimetre ve İngiliz ölçülerinde bilyalı ve makaralı her nevi Rulman

Türkiye Mümessili: **TAHİR ATANSAY**

İst. Galata, Mertebani Sok. Kefeli Hürriyet Han 20.

Telef.: 43172 — Telgr.: **TAHATA** — P. K. 1173

\* HUSUSİ MERKEZ İŞARETİ.

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