

SUGAR PRODUCTION INVESTMENTS IN TURKEY DURING POST 1929 ECONOMIC CRISIS PERIOD

Fatih DAMLIBAĞ*

Abstract

During the 1929 Economic Crisis, prices of agricultural products decreased much more than industrial products. Turkey, as an agricultural product exporter could not afford its importation under these new conditions. For the financial structure of Turkey, self-sufficiency was seen as the most convenient solution. In this period, the Turkish government aimed at importing substitution in sugar production. But for achieving this, Turkey needed some additional investments. For the capital needs of these investments, government primarily evaluated foreign contribution. But Turkish banks provided necessary capital to sugar industry, with the leadership of İş Bankası. German and Czechoslovak contribution also supplied machinery and technical assistance to Turkish sugar industry. Government deeply investigated possible investment places, to reach the most appropriate conditions. At last, Turkey founded two new sugar factories with their own financial sources in 1933 and 1934. Eskişehir Sugar Factory was the third factory in Turkey and Turhal Sugar Factory became fourth investment in this field. Government unified the whole sugar production of Turkey in 1935, in order to reduce production costs. From this date, Turkey experienced rapid expansion in both beet agriculture and sugar industry. In this article, the state centered sugar production investments were evaluated under the different financial conditions of the 1929 Economic Crisis. For the time period, subject would be investigated up to the early 1940's.

Keywords: 1929 Economic Crisis, import substitution, sugar production, Eskişehir Sugar Factory, Turhal Sugar Factory.

1929 EKONOMİK KRİZİ SONRASI DÖNEMDE TÜRKİYE'DE ŞEKER ÜRETİMİ YATIRIMLARI

Öz

1929 Ekonomik Krizi sırasında zirai ürün fiyatları, sanayi ürünleri fiyatlarına göre çok daha fazla düştü. Zirai ürün ihracatçısı Türkiye bu yeni şartlar altında ithalatını karşılamayacak durumda olduğundan Türkiye'nin finansal yapısı için, kendi kendine yeterlilik en uygun çözüm olarak görüldü. Bu dönemde Türk hükümeti şeker üretiminde ithal

* Doç. Dr., Gümüşhane Üniversitesi, İktisadi ve İdari Bilimler Fakültesi,
(fdamlibag@gumushane.edu.tr).

ikamesini hedefledi. Fakat bu hedef için, Türkiye bazı ilave yatırımlara ihtiyaç duymaktaydı. Bu yatırımların sermaye ihtiyacı için, hükümet öncelikle yabancı katkısını değerlendirdi. Fakat İş Bankasının önderliğinde, Türk bankaları şeker sanayisine gereken sermayeyi temin ettiler. Alman ve Çekoslovak katkısı Türk şeker sanayisine makineleri ve teknik yardımı sağladı. En uygun şartlara ulaşmak için, hükümet muhtemel yatırım alanlarını derinlemesine inceledi. Sonunda, Türkiye kendi finansal imkânlarıyla 1933 ve 1934'de iki yeni şeker fabrikası kurdu. Eskişehir Şeker Fabrikası Türkiye'deki üçüncü fabrika olurken, Turhal Şeker Fabrikası bu alandaki dördüncü yatırımdı. 1935'te Hükümet Türkiye'nin bütün şeker üretimini, üretim maliyetlerini azaltmak için birleştirdi. Bu tarihten sonra Türkiye hem pancar ziraatında hem de şeker sanayisinde hızlı bir genişleme yaşadı. Bu makalede 1929 Ekonomik Krizinin farklı finansal şartları altında, devlet merkezli yapılan şeker üretimi yatırımları incelenmiştir. Zaman aralığı içinse, konu erken 1940'lara kadar incelenecektir.

Anahtar Sözcükler: 1929 Ekonomik Krizi, ithal ikamesi, şeker üretimi, Eskişehir Şeker Fabrikası, Turhal Şeker Fabrikası.

Introduction

After the outbreak of 1929 Crisis, customs enforcement protection became an important tool for the Turkish economic policy. Turkey immediately began to experience the effects of the crisis. Furthermore Turkish government worried about value loss in lira. With this two basic concerns, government accepted that implement of import control measurements was inevitable. Import restriction law was accepted in 1930. Similar controls had already started in the world¹. Foundation of National Economy and Saving (Milli İktisat ve Tasarruf Cemiyeti)² presented a petition to Prime Ministry on 22 October 1931, to underline these concerns. According to comparative statistics, prices of raw materials and agricultural crops diminished more than industrial products.

1 Oktay Yenal, *Cumhuriyet'in İktisat Tarihi*, Türkiye İş Bankası Kültür Yayınları, İstanbul, 2013, p. 175. England abandoned gold standard in September 1931. In October 1931, except South Africa all English dominions, three Scandinavian governments, Portugal, Egypt and Finland joined this decision. Japan government in December 1931 and Greece in April 1932 abolished gold standard practices. Except these countries, almost all states began foreign currency restrictions and similar measurements, in the summer and fall of 1931. Cezmi Emiroğlu, *Dünya İktisadi Buhranında Para ve Kredi Politikasının Tesirleri Hakkında, Ankarada Hâkimiyeti Milliye Gazetesinde 13/2/1933-4/4/1933 Tarihleri Arasında İntişar Eden Dokuz Makale*, Maliye Vekâleti Neşriyatı, Ankara, 1933, p. 14.

2 The Foundation was established with four targets. Firstly, the foundation tried to familiarize saving to Turkish people and they struggled against wasting. Secondly, they wanted to increase advertisement and usage of local goods. Thirdly, they targeted to increase amount, stability and delicacy of local goods. Fourthly, they struggled for increasing demand to local goods. İlhan Tekeli and Selim İlkin, *1929 Dünya Buhranında Türkiye'nin İktisadi Politika Arayışları*, Orta Doğu Teknik Üniversitesi, Ankara, 1983, p. 93.

Because of this reason, value of exports steadily decreased³. Thus, Turkish Economy experienced increasing trade deficit. Under these circumstances, usage of locally grown and produced goods gained much more importance to preserve the value of lira. Foundation requested that government should firmly encourage the purchase of local goods⁴.

Exchange rates of Turkish lira were determined in private market during 1920's. Foreign trade deficit directly affected the value of lira. Lira lost value 6% against sterling pound and 5% against dollar in between 1925-28. Lira lost additional 5% value in 1929 in front of these two foreign currencies. For these value losses, starting payments of external debts in 1929 made another contribution. In order to regulate exchange market, Grand National Assembly linked exchange rates of lira to gold and entrusted government for lira's value stabilization in February 1930. Every kind of foreign currency operation was put into control of government in this date. In 1933, profit and wage transfer of foreign company and real person linked to government permission. Government took all these kinds of measurements, because they noticed the close connection between foreign value of lira and trade deficit in fall of 1929⁵.

Henceforth, self-sufficiency became an important economic way for Turkey. Turkey determined to produce its fundamental needs locally, especially in clothes and foods. For this aim, three white products policy (üçbeyazlar) policy began to enforce. Under the protection of customs curtains, Turkey practiced import substituted investments for the production of widely demanded and formerly imported industrial consumer goods. These were cloth, flour and sugar⁶. From this perspective, Turkey started sugar investments to meet country's consumption. In 1933, ongoing investments had almost reached this goal. Turkish government accepted these investments as a way of national policy. Some critics were reflected towards this policy, because of lower sugar prices and overproduction in the world market. But Turkey tried to establish their local industry and aimed to achieve economic development⁷.

3 Wheat price in Turkey dropped from 12 piasters in 1927 to 3 piasters in 1932. Wheat and other grains' prices decreased 60% in between 1928-29 to 1932-33. Prominent export goods of Turkey like tobacco, raisin, hazelnut and cotton averagely experienced 50% price decreases up to 1932-33. Market oriented cultivators tasted great income losses. Şevket Pamuk, *Türkiye'nin 200 Yıllık İktisadi Tarihi*, Türkiye İş Bankası Kültür Yayınları, İstanbul, 2014, p. 186.

4 Prime Ministry Republican Archive (Başbakanlık Cumhuriyet Arşivi) hereafter BCA 30-10-166-154-1.

5 Yahya S. Tezel, *Cumhuriyet Döneminin İktisadi Tarihi (1923-1950)*, Türkiye İş Bankası Kültür Yayınları, İstanbul, 2015, pp. 202, 204-205.

6 Korkut Boratav, *Türkiye İktisat Tarihi 1908-2009*, İmge Kitabevi, Ankara, 2013, p. 64.

7 Cemal Ziya, "Dünya İktisat Konferansı Hazırlık Komisyonunda İktisat Vekâleti Namına Şirketler ve Sigortalar Müdürü Cemal Ziya Bey Tarafından Dünya Buhranı ve İktisadi ve Nakdi Vaziyetimiz Hakkında Yapılan İzah", *Dünya Para ve İktisat Konferansı İhzarı Komisyonunda Muhtelif Vekâletler Delegeleri Tarafından İktisadi Vaziyet Hakkında Yapılan Tahliller ve Vaşington Mükâlemeleri Etrafında Düşüncelerimizi Muhtevî Muhtıra*, Hariciye

For sugar investments, Turkey founded Eskişehir and Turhal Sugar Factories in 1930's. These investments and the formerly founded Uşak⁸ and Alpullu⁹ Sugar Factories were unified in 1935, under the management of Joint Stock Company of Turkey Sugar Factories (Türkiye Şeker Fabrikaları A. Ş). But before evaluating them, there were two inconclusive attempts and one offer happened in 1930's. First attempt came from Erste Brünner named machine factory. Second attempt was made for distinctly different cane sugar production. Third offer was a petition for state investment in Malatya. Investment offers will be primarily mentioned and then activities of sector will be detailed. Feasibility reports, place choice, technology transfer, capital accumulation, beet seed cultivation and foreign labor will become main research topics. For timeline, events of 1930's will be mainly evaluated in this article.

1. Investment Offers

The First offer came from Czechoslovak firm. Erste Brünner named machine factory from Czechoslovakia planned to establish two sugar factories in Turkey. Factory's representative M. Zenzinger gave a petition to government for this decision. The Cabinet accepted this factory establishment offer under some certain conditions on 31 January 1932. Turkey had many sugar beet cultivable areas. For the first sugar factory, beet cultivation experiments would be started within convenient places. The Cabinet determined four principles to evaluate this offer. Firstly, investments could be made according to compensation technique. Secondly, the factory offered half price to the establishment of a second factory. Thirdly, the factory would investigate proper places for investment and present this knowledge to the Cabinet. Fourthly, all chosen machines should be new and modern¹⁰.

The Second offer was practiced by a group of German factories and Swiss investors. This was only an investment attempt for cane sugar¹¹. Etem

Vekâleti Matbaası, Ankara, 1933, pp. 12-13.

- 8 Nuri Şeker who founded The Uşak Sugar Factory had two purposes. Firstly, he aimed to produce sugar locally in Turkey. Secondly, he wanted to provide a source of income to his fellow countrymen. The factory was inaugurated on 17 December 1926. Fatih Damlıbağ, "Establishment of Beet Sugar Industries in Turkey and Great Britain during the 1920's", *Studies on Balkan and Near Eastern Social Sciences*, ed. Rasim Yılmaz, Günther Löschnigg, Peter Lang, Frankfurt am Main, 2017, pp. 167-168.
- 9 Mehmet Şakir Kesbir and his friends founded Alpullu Sugar Factory. The factory was inaugurated on 26 November 1926. Factory was opened near Alpullu train station. This station had connections to İstanbul, Edirne, Kırklareli and Babaeski railway lines. Fatih Damlıbağ, "Development of Beet Sugar Industries in the World and the Example of Alpullu Sugar Factory", *Journal of Modern Turkish History Studies*, Vol. XVII, Issue. 34, Dokuz Eylül University Printing House, İzmir, 2017, pp. 140-141.
- 10 To consider this offer, Remzi Bey from Uşak Sugar Factory prepared a feasibility report which will be mentioned later. At the end, Turkish government did not choose foreign capital and practiced this investment with own sources. BCA 30-18-1-2-25-9-6.
- 11 Due to its warm climate requirement, sugar cane cultivation experienced geographical difficulties for Turkey. But cane sugar had many advantages over beet sugar. Firstly, for

Rudolf Baron Sbutendorf and Hüseyin Münür Bey, two partners offered the foundation of a company about sugar and paper production. They planned to work 40,000 decares of area within provinces of Antalya, Mersin, İçel and Osmaniye. In this area, they would cultivate sugar cane. After the harvest, they would produce sugar, cellulose, paper and celotex. They would establish a joint stock company with 5,000,000 liras capital. For this company, they demanded 25 years privilege. They had already made previous agreements to provide sugar and paper machines, from Zangarhavzen and Broderhavz factories of Germany. They declared that 3,500,000 liras worth machines would be brought to Turkey without exiting foreign exchange from the country. Remaining part of installation and operating capital would be provided by some Swiss investors. The Cabinet negotiated this offer on 19 December 1932. Because of their declaration, that this offer looked like beneficial to Turkey, they gave permission to discuss this offer. But this offer remained on the paper and wasn't realized in practice¹².

These two inconclusive investment offers came from foreign capitalists, within shrinking market. Capital movements of three big countries lived enormous decreases in 1929. For the first three months, these were practiced as 2849 million marks in Germany, 114.2 million sterling pounds in England and 958 million dollars in USA. Operational capitals dropped to 1697.4 million marks in Germany, 29.7 million sterling pounds in England and 327 million dollars in USA, for the last three months of the same year. On the other hand interest rates were decreased in between 1929 to 1931 to promote capitalist employment generation. Interest rates dropped in Germany 7.1% to 5%, in England 5.5% to 3% and in USA 5.2% to 2%¹³. But Keynes thought that this approach wasn't fruitful, because of liquidity trap concept. Within serious depression period, people prefer holding cash. Without spending or investing, they just accumulate money. Although Keynes's ideas, there could be some different reasons for the incompleteness of these offers¹⁴.

The third offer came from Mustafa Penbeci and his eight other peasant friends from Malatya. They wrote a petition to Head of Republic İsmet İnönü on 8 December 1938. Penbeci and his friends claimed that Malatya had very convenient conditions for sugar beet cultivation. They practiced some farming experiments. Efficiency and productivity of harvested beet controlled scientifically. After these activities, results became very successful. They demanded from government the foundation of a sugar factory in their city. After

same capacity factory, one third cultivation area of sugar cane gives enough yields. Secondly, beet cultivation requires crop rotation and this increases the need of wider fields. Thirdly, remaining residue of sugar cane could be used for fuel in the sugar factories, contrary to beet sugar coal requirements. Mehmet Karayaman, "Atatürk Döneminde Şeker Sanayi ve İzlenen Politikalar", *Atatürk Araştırma Merkezi Dergisi*, Vol. XXVIII, Issue. 82, 2012, p. 59.

12 BCA 30-18-1-2-32-78-20.

13 Nizamettin Âli, *Buhran Nedir?*, Türk İktisatçıları Cemiyeti, İstanbul, 1931, pp. 7-9.

14 Neşe Erim, *İktisadî Düşünce Tarihi*, Umuttepe Yayınları, Kocaeli, 2014, p.189.

Penbeci and his friends' petition, Industry General Directorate from Ministry of Economy evaluated this demand. According to practiced investigation, Malatya centered sugar factory could provide beet needs from the region between Elazığ and Kahramanmaraş. But this region had limited production potential of nearly 20,000-25,000 tons. In addition, Malatya was the only suitable region of beet cultivation. After this opposite opinion, Prime Ministry informed Malatya Governorate¹⁵ that this investment demand did not have suitable conditions¹⁶.

2. Eskişehir Sugar Factory

After Uşak and Alpullu factories, Eskişehir was the third sugar factory in Turkey. For the potential of the factory, there were some investigations in 1932. Remzi Bey from Uşak Sugar Factory presented a feasibility report to Economy and Agriculture Ministries on 18 February 1932. Remzi Bey firstly evaluated foreign investment for the projected factory. He mentioned that there would be two benefits for this kind of investment. Foreign investors could provide some facilities in credit acquisition to purchase machinery. But this need could be met from Turkish banks without difficulty, in return of a profitable establishment. Other than credit, foreign investors could also bring modern technology. But Remzi Bey thought that foreign contribution became less important due to the experiences of the former two factories. Turks could easily proceed administrative and economic parts of factory management. As to technical and engineering matters, foreign experts and craftsmen could be hired at any time¹⁷.

Besides the benefits, Remzi Bey also considered five different harmful effects of foreign capital. Firstly, foreign institution would not be interest in agricultural matters, like the improvement of the fields, animals and peasants. Secondly, foreign institution would not have any profit from the education of Turks in sugar manufacturing. Thirdly, sugar production should organize many auxiliary facilities for peasants; fertilizing, animal husbandry and dairy. All these works should be organized under national administration. Fourthly, some possible financial difficulties could be happened with foreign company. Production cost and price controls of sugar would cause problems. Lastly, Turkish government granted a high level of protection and many exemptions to sugar industry. Foreign benefit from these advantages would not be accepted as appropriate¹⁸.

15 18 years later, Penbeci and his friends' requests became real. Gürün and Kangal districts of Sivas province were removed from beet cultivation region of Turhal Sugar Factory and linked to newly planning Malatya Sugar Factory on 10 March 1954. BCA 30-18-1-2-135-25-18. Malatya Factory was inaugurated on 1 October 1956. Turan V. Velidedeoğlu, Ethem Kuru, Rıza Güray, Murat Öner, Yılmaz Gürelli and Yavuz Demirtaş, *Türkiye Şeker Sanayii 1926-1976, Yurt Hizmetinde 50 Yıl*, Türkiye Şeker Fabrikaları A. Ş. Yayınları, Ankara, 1977, p.87

16 BCA 30-10-181-249-3.

17 BCA 30-10-181-248-3.

18 BCA 30-10-181-248-3.

After evaluating the position of foreign capital, Remzi Bey considered the probable effects of newly projected Eskişehir Sugar Factory over Uşak Sugar Factory. He determined five problematic areas. Firstly, both factories would compete over sugar beet cultivation. Especially in the drought seasons, both of them would have to use the same region. Particularly, if Eskişehir Sugar Factory would ask to obtain sugar beet harvest of Sincanlı region, Uşak Factory would face great difficulties. Secondly, there would be competition in sugar sales. Both factories would supply sugar to same region. Uşak sugars had been sold in Ankara, Kayseri and up to Adana in these days. Competition would become harmful, because it would not actualize in exterior market conditions. Thirdly, these two nearby factories would put pressure to each other. In addition to this, other places of Turkey would deprive from potential agricultural and financial benefits. Remzi Bey also thought that it was very important to found sugar factories in larger distinctive areas, because of marketing reasons. Under the conditions of 1930's, Turkey could not export sugar and local sugar consumption was in limited amount. Fourthly, sooner or later Turkish sugar industry should obtain cheap sale ability. From this perspective, operational area problem should be considered to avoid unnecessary expenditures of transportation and other fields. Fifthly, Uşak Sugar Factory requested the region of Eskişehir for its operations. But this privileged request was rejected, because of the establishment plan of Eskişehir Sugar Factory. In that point, Remzi Bey recalled 1925 support law of sugar industry according to which every factory must have five provinces of privilege area. He remarked that his ideas and this law aimed similar goals. At the end of his report, he was not afraid of competition, if it would bring benefits to the country. But similar problems would harden the operation of newly establishing Eskişehir Factory¹⁹.

Although the critics of Remzi Bey, Eskişehir was determined as the third place for Turkish sugar industry. For the location of the factory, a plot was chosen close to the airport. The military took attended to this choice, because its proximity would cause some difficulties during pilots' takeoff and landing. Newly founding factory would be a great facility with high chimneys. Especially students would face greater difficulties. High buildings could change the wind direction and cause accidents to the students. Chief of Army Staff Fevzi Çakmak demanded the evolution of factory's location from Prime Ministry. If it was necessary to found Eskişehir Sugar Factory in a place between the city and the airport, then the factory should be founded at least 2800 meters away from airport's boundaries²⁰.

Foundation decision of Eskişehir Sugar Factory was taken on 1 October 1932. İş Bankası carried out the financial aspects of the factory. The bank committed 3 million capital for this investment. Newly founding factory would

19 BCA 30-10-181-248-3.

20 BCA 30-10-171-187-19.

meet the sugar needs of Eskişehir, Bilecik, İzmit, Bursa provinces and Kütahya center and Tavşanlı. İş Bankası presented letter of guarantee to the Ministry of Economy according to the 26th article of Law of Industrial Promotion (Teşvik-i Sanayi Kanunu)²¹. After that, İş Bankası was granted 25 years privilege for the sugar production within mentioned regions on 15 April 1933, according to 601th law²² and the law of Industrial Promotion²³. Eskişehir Sugar Factory was operated by Ankara centered Anatolia Sugar Factories of Turkish Joint Stock Company (Anadolu Şeker Fabrikaları Türk Anonim Şirketi). This company had right to establish sugar factories, spirit facilities and to produce of other auxiliary materials. The company had 50 years privilege and 3,000,000 liras capital. Because quarter of the company's capital had been provided, the Cabinet approved the foundation decision on 24 September 1933²⁴. This capital was divided into three banks. 51% of majority shares had belonged to İş Bankası. 49% of capital was equally shared in between Ziraat Bankası and Sümer Bank²⁵. As to remaining 1% of factory's shares, Muammer Eriş from İş Bankası and Mümtaz Ökmen from Ziraat Bankası undertook this amount.

After determination the capital, Eskişehir Sugar Factory had to overcome the transportation problem. The factory was three kilometers away from the train station. In order to connect it to the station, railroad tracks were needed. But wooden traverses could not be found in the country. For this reason, 1000 tons of iron tracks and relevant equipment should be imported. The Cabinet gave permission to this importation on 7 March 1933. But this permit was given for once and Ministry of Economy must check import bill²⁶.

Eskişehir Sugar Factory had also problems with the foreign exchange. The factory transferred its technology from Germany. Investigation lasted nearly two months; Buckau R. Wolf²⁷ Company was selected as a machine park

21 Law of Industrial Promotion (Teşvik-i Sanayi Kanunu) enacted on 28 May 1927. According to this law, industrial establishments would receive some exemptions and privileges with respect to their technology level. Çağlar Keyder, "İmalat Sektörünün Yapısı (1923-1929)", 75 *Yılda Çarklardan Chip'lere*, ed. Oya Baydar, Tarih Vakfı Yayınları, İstanbul, 1999, pp. 48-49.

22 Turkey wanted to establish its own local sugar industry in the middle of 1920's. 601th law was enacted on 14 April 1925 to reach this aim. Government decided to promote new entrepreneurs to this industry. "Law of Granting Privileges and Exemptions to Sugar Factories" (Şeker Fabrikalarına Bahşolunan İmtiyazat ve Muafiyat Hakkında Kanun), *Resmî Gazete*, Issue. 92, 14 April 1925.

23 BCA 30-18-1-2-35-25-5.

24 BCA 30-18-1-2-40-75-19.

25 İhsan Abidin Akıncı, *Şeker Yetirmeden Bitirmeye Kadar Türkiye-Dış Memleketler*, Akşam Matbaası, İstanbul, 1934, p.60.

26 BCA 30-18-1-2-34-15-17.

27 Buckau firm was previously founded for the repair of steam engines. Later this plant was developed into an engine and machine factory in 1862. This machine factory had 70 year experience, when Eskişehir Sugar Factory ordered machines from it. Fritz Redlich, "The Leaders of the German Steam-Engine Industry during the First Hundred Years", *the Journal of Economic History*, Vol. IV, Issue. 2, Cambridge University Press, Wisconsin, 1944, pp.137, 143.

supplier²⁸. The factory paid first installment payments in May and June 1933 as \$14,800 and 6300 German Marks. Ministry of Finance demanded payment plan to regularly provided foreign exchange needs. According to this plan, Eskişehir Sugar Factory had to provide \$500,344.45 and 86,300 German Marks in between May 1933 and January 1934²⁹. For conducting these works, executive member Recep Zühtü and factory's general manager Kazım Taşkent would go to Germany. They took 2400 liras worth foreign currency, but they also needed 600 liras worth moreover. The Cabinet granted this additional foreign currency on 7 January 1934³⁰.

Construction of Eskişehir Sugar Factory began on 1 February 1933. For the montage of the factory, 18,622 kg tools and machines were exempted from custom duty on 16 March 1933. But Buckau R. Wolf Company had to bring these equipment back to Germany, when he would have completed his works³¹. Eight days later, the Cabinet gave second permission to the company to bring building and montage machines without custom duty. Same conditions should also been provided, whenever construction would be completed³². After these two special permissions, the Cabinet granted full custom exemption to Eskişehir Sugar Factory for every imported necessary machines and tools on 3 September 1933³³. Assembly of machines commenced on 1 April 1933. After six and a half months, the construction of the factory was completed. For the determination of probable failures, trial operations were started on 20 October 1933. Three weeks trial period solved all problems and the factory was ready to open. Factory had a foundation capacity of 1500 tons beet processing³⁴. Eskişehir Sugar Factory was inaugurated with the presence of Prime Minister İsmet İnönü, Economics Minister Celal Bayar and Agriculture Minister Reşat Muhlis Erkmen on 5 December 1933³⁵.

For its raw material needs, Eskişehir Sugar Factory required continuous agricultural support, like every other factory. Sugar beet cannot wait too much for transportation and processing, because every lost minute means decrease in sugar content of these plants. During storage time in silos waiting for processing, one ton of sugar beet has a daily loss of half pound pure sugar³⁶. As to the beet production area, Eskişehir Sugar Factory provided its needs from nearby areas. According to 1937 Agriculture Statistics, there were six important sugar beet

28 Turan Veldet, *30. Yılında Türkiye Şeker Sanayii*, Türkiye Şeker Fabrikaları A. Ş. Neşriyatı, Ankara, 1958, p. 407.

29 BCA 30-10-181-248-6.

30 BCA 30-18-1-2-42-1-11.

31 BCA 30-18-1-2-34-16-13.

32 BCA 30-18-1-2-34-19-4.

33 BCA 30-18-1-2-39-61-5.

34 Veldet, *ibid*, pp.407-408.

35 Akıncı, *ibid*, p.59.

36 R. H. Cottrell, *Pancar Şekeri Ekonomisi*, tra. Ziya Kütevin, Türkiye Şeker Fabrikaları A. Ş. Neşriyatı, Ankara, 1962, p. 175

cultivation places for Eskişehir Sugar Factory. Their names and production quantities were Eskişehir Center 45,018 tons, Bilecik Center 5760 tons, Bozöyük 31,733 tons Osmaneli 1600 tons, Söğüt 1850 tons and Yenişehir 1020 tons³⁷.

Table.1. Production Numbers of Eskişehir Sugar Factory in between 1933-1936

Years	Processed Beet (ton)	Obtained Sugar (ton)	Obtained Molasses (ton)	Obtained dried beet pulp (ton)
1933	83,157	12,123	3158	1366
1934	161,378	26,527	7056	-
1935	*113,046	18,750	4626	-
1936	155,503	24,775	6270	-

*Eskişehir Sugar Factory processed 20,181 tons beet within that amount for Uşak Sugar Factory in 1935.

Source: Başbakanlık İstatistik Genel Direktörlüğü, *Tarım İstatistikleri 1934-1937*, Receb Ulusoğlu Basımevi, Ankara, 1939, p.474.

Table.2. 1936-41 Years Activities of Eskişehir Sugar Factory According to Industrial Statistics (Values in Lira)

Years	Work day numbers	Total of yearly paid wages	Value of sugar beet	Value of other operational materials	Value of production	Total of Permanent and Temporary Employees *
1936	161,110	400,802	1,171,160	340,743	6,735,582	1516
1937	180,805	417,919	951,845	229,893	5,293,202	1502
1938	210,736	465,713	779,797	660,136	3,593,097	1772
1939	212,175	449,998	1,757,150	229,804	7,186,355	1375
1940	223,129	472,774	2,872,636	316,128	7,588,495	1471
1941	290,762	438,711	3,891,065	347,202	7,916,936	2174

Source: Başbakanlık İstatistik Genel Müdürlüğü, *Sanayi İstatistikleri, Teşviki Sanayi Kanunundan İstifade Eden Müesseselerin 1936-1941 Yılları Faaliyeti*, Hüsnütabiat Basımevi, İstanbul, 1945, p. 91.* Turan Veldet, *30. Yılında Türkiye Şeker Sanayii*, Türkiye Şeker Fabrikaları A. Ş. Neşriyatı, Ankara, 1958, p. 483.

37 Başbakanlık İstatistik Genel Direktörlüğü, *Tarım İstatistikleri 1934-1937*, Receb Ulusoğlu Basımevi, Ankara, 1939, pp.265-266.

Sugar factories used coal for energy need in 1930's. For one kilogram of sugar production, sugar factories burned 1.5 kilogram coal³⁸. The Cabinet granted permission to enter the Panama flagged ship named Eleniat Derince port on 14 June 1934. This ship was transporting coking coal for Eskişehir Sugar Factory³⁹. Turkish sugar industry continued to use coal as the only energy source, up to 1956⁴⁰.

Other than sugar, Eskişehir Sugar Factory also produced spirit (ispirto). Formerly Uşak Sugar Factory produced spirit. But after seven years of long production, this facility was closed and transported to Eskişehir in 1937⁴¹. For the montage of this facility in Eskişehir, German Bruno Teichmann was appointed as assembler on 15 November 1938⁴². Factory reached the production numbers of 834,981 kg in 1938, 2,112,066 kg in 1939, 2,632,679 kg in 1940 and 2,441,752 kg in 1941⁴³.

3. Turhal Sugar Factory

The Turkish National Sugar Industry founded their fourth factory in Turhal. When the assembly of Eskişehir Factory proceeded, a new sugar factory had been planned firstly in Sivas. For the raw material potential of Sivas, there had been already some investigations by the Wageningen Agricultural School of Holland. This school demanded 50 grams of beet seeds from natural grown species. Sivas Ortayayla Agriculture Manager Osman Hilmi Bey gathered 100 grams seed samples of two different sugar beet species from his region which were not specially selected. First sample had a completely white color and conic shape. The other sample had red color and circular shape. This type had yellow flesh and partially sugary taste⁴⁴. Other than Sivas, some beet samples were also gathered from various provinces of Turkey, in order to be researched in Wageningen Agricultural School of Holland. İstanbul Agricultural Head Directorate demanded from Ministry of Foreign Affairs to send these samples to the school via Embassy of Holland⁴⁵.

38 Mehmed Gökhan Polatoğlu, *Cumhuriyet Dönemi'nde Türk Şeker Sanayinin Kurulması*, Unpublished Master Thesis, Atatürk Üniversitesi, Erzurum, 2011, p. 53.

39 BCA 30-18-1-2-46-42-11.

40 Sedat Avcı, *Türkiye'de Şeker Sanayii*, Unpublished Ph.D. Thesis, İstanbul Üniversitesi, İstanbul, 1991, p. 163.

41 Polatoğlu, *ibid*, p. 97.

42 BCA 30-18-1-2-85-98-4.

43 Veldet, *ibid*, p. 482.

44 "...Flemenk de Vageningen ziraat mekteb-i aliyyesinin fenni tecrübelerine hasridilmek üzere memleketimizde hal-i tabide yetişen pancar tohumlarından ellişer gramının taraf-ı alilerine irsali emir olunmasına nefs-i Sivas merkezinde yetişen ve ıstıfa usulüne tabi tutulmamış olan iki cins pancar numunesinden yüzer gram tohum ba-posta bir kutu derunında gönderilmiştir bir numaralı torba derununda bulunan tohumun... tamamı beyaz ve mahrutidir iki numaralı torba derununda bulunan tohumun... kırmızı dairevi olub lahmı sarı ve kısmen şekerlidir..." Prime Ministry Ottoman Archive (Başbakanlık Osmanlı Arşivi) hereafter BOA Hariciye Nezareti İstanbul Murahhaslığı hereafter HR. İM 142/76. 13 Mayıs 1341, 13 May 1925.

45 Hollanda Ziraat Mekteb-i Alisi tecrübelerinde istimal olunmak üzere memleketimizde yetişen

After this beet seed investigation, some more complicated experiments started for the potential of Sivas on 18 August 1933. Four different aspects of agricultural structure of Sivas were evaluated. Firstly, climate measured as the coldest place among the other beet cultivating regions. Sivas winters lasted longer and the humidity of the region was in a considerably low level. Secondly, potential yield of land was not very high, because of low level of nitrogen and phosphorous in the fields were in a low level. Artificial fertilizers⁴⁶ might have been a solution, but the enormously broad region hardened this option. Thirdly, there were not enough beet fields in the region for Sivas centered factory. Mountainous and chalky lands limited cultivable areas. In addition to these, salt problem in the land required irrigated agriculture for sugar beet cultivation. Fourthly, Sivas had a low population density in comparison to other places. For the hoeing of sugar beet, there was scarcity of labor. After determining these problems, some cultivation experiments were practiced. Although experienced rainy season, results were not very bright⁴⁷.

Later investigations showed that Turhal was a much more convenient location for the establishment of a sugar factory. Climate was warmer than Sivas. Yeşil Irmak irrigated larger areas. Broad areas were very convenient to sugar beet cultivation. The existence of very close to each other villages showed that the region had more population density. This situation also revealed the fertility of land. Peasants of this region were already accustomed to hoeing for the cultivation of many vegetables. Required labor for sugar beet agriculture could be attained without difficulty⁴⁸.

Under these conditions, the Cabinet granted privilege to Turhal Sugar Factory as a joint stock company on 12 November 1933. This factory would have to deal with the sugar needs of Samsun, Amasya, Tokat, Sivas and Kayseri provinces. İş Bankası completed the same procedure as Eskişehir Factory and received similar exemptions from 601th law and Industrial Promotion Law. For the mentioned provinces, Turhal Sugar Factory obtained 25 years⁴⁹ production monopoly⁵⁰.

muhtelifül cins pancar tohumlarından birer miktar numunenin irsali Hollanda sefaretinden iltimas idildiğinden bahisle..." BOA HR. İM 148/2. 21 Haziran 1341, 21 June 1925.

46 Every ton of sugar beet consumes 870 grams of phosphate from soil. For the continuity of productivity, it must be replenished. In 1933, sugar beet was cultivated within approximate area of 470,000 decare in Turkey. For every decare, peasants needed eight to ten kilograms superphosphate. For the whole sugar industry, the required number was accepted in between 4750 tons to 10,500 tons. But as to real number, Turkey imported 575 tons artificial fertilizers in 1932. Afet İnan, "Raporlar (İktisat Vekâletince Yazılmıştır) Kısım I, Sınai Tesisat ve İşletme Birinci Kanun 1933", *Devletçilik İlkesi ve Türkiye Cumhuriyetinin Birinci Sanayi Planı 1933*, Türk Tarih Kurumu Basımevi, Ankara, 1972, p. 97-98.

47 Akıncı, *ibid*, pp.52-54.

48 Akıncı, *ibid*, pp.55-56.

49 After the end of this period, the Cabinet decided that Turhal Sugar Factory would continue to benefit from rights and exemptions of 6747 numbered sugar law on 8 July 1958. BCA 30-18-1-2-149-36-3.

50 BCA 30-18-1-2-40-80-11.

After the founding decision of the factory, Ankara centered Turhal Sugar Factory Turkish Joint Stock Company (Turhal Şeker Fabrikası Türk Anonim Şirketi) was established on 17 February 1934. This company would complete the construction of Turhal Sugar Factory and had the right to build any necessary auxiliary facilities. The company had 3,000,000 liras capital and it was divided into 30,000 shares. The Cabinet approved the foundation of the company, because quarter of the capital had been paid and main contract papers of the company had been sent to Ministry of Economy⁵¹. İş Bankası and Ziraat Bankası equally assured the capital. Factory construction began on 7 October 1933 with the participation of Economics Minister Celal Bayar. During the construction of the factory, sugar beet production was also supported for the preparation of the first campaign season⁵².

Buckau R. Wolf Company from Germany provided Turhal Sugar Factory's machine park. It was the same providing company like Eskişehir Factory. This company transported its machines by sea. But these ships had to obtain permission to enter Derince port a few days earlier, from the military⁵³. Buckau Company sent German specialist assembler Karl Helmholtz to Derince. Helmholtz organized the materials of Turhal Sugar Factory according to the building and montage orders. He sent them to Turhal part by part. The Cabinet granted permission to him for staying in this military zone up to the end of 1934⁵⁴. Factory was founded to process 1000 tons beet daily. Later, capacity of Turhal Sugar Factory was increased to 2500 tons beet daily⁵⁵. Erste Brünnner Company from Czechoslovakia⁵⁶ worked for first capacity expansion. The Cabinet gave permission to this company, for entering necessary montage machines to Turkey without custom duty on 29 May 1936⁵⁷.

Turhal Sugar Factory opened on 19 October 1934⁵⁸ with the presence of Prime Minister İsmet İnönü, Economics Minister Celal Bayar and a great crowd from Turhal and near cities of Tokat, Sivas, Merzifon, Havza and Ladik. In his inaugural speech, Kütahya deputy Nuri Bey mentioned the contribution of sugar industry to the Turkish economy. Every year more than 150,000 workers produced sugar beet in the field of 2,000,000 hectares. Sugar factories consumed

51 BCA 30-18-1-2-42-7-14.

52 Veldet, *ibid*, p.487.

53 BCA 30-18-1-2-42-5-5.

54 BCA 30-18-1-2-44-22-7.

55 Veldet, *ibid*, pp.487, 497.

56 Machinery supplier Germany and Czechoslovakia were also important sugar beet countries. Germany cultivated 8,578,900 tons and Czechoslovakia 2,913,502 tons of sugar beet in 1933. Başvekâlet İstatistik Umum Müdürlüğü, *Tarım İstatistikleri 1928-1936*, Ahmet İhsan Matbaası, Ankara, 1937, p. 246.

57 BCA 30-18-1-2-65-45-6.

58 With inauguration of the factory, Turhal continuously gained population up to 1990. With stimulation of this economic activity, Turhal became district (ilçe) in 1944. Handan Arslan and Özlem Çakar, Turhal'da (Tokat) Sanayi Faaliyetleri, *Turkish Studies*, Vol.IX, Issue. 5, Ankara, 2014, p. 515.

approximately 60,000-70,000 tons coal for fuel and 25,000 cubic meters timber for package. These factories paid more than 2,000,000 liras as a wage and salary. In addition transportation of 500,000 tons beet and sugar brought about many employment opportunities⁵⁹. In 1935, Turkey consumed 61,544 tons of sugar. Since the Turhal Sugar Factory started working, local sugar production reached 50,000 tons. For this year, 81% of sugar consumption met with the local production⁶⁰.

Sugar factories made contracts with the region's peasants, to cultivate sugar beet for themselves. In order to provide raw materials to Turhal Sugar Factory, 2932 hectares width areas were allocated to sugar beet agriculture in 1934. Whereas that, peasants increased this area up to 4654 hectares in the following year⁶¹. According to 1937 Agriculture Statistics, there were five important sugar beet cultivation places for Turhal Sugar Factory. Their names and production quantities were Tokat Center 8695 tons, Turhal and Zile 19,800 tons, Artova 8400 tons and Amasya Center 21,000 tons⁶².

Table.3. Production Numbers of Turhal Sugar Factory in between 1934-1936

Years	Processed Beet (ton)	Obtained Sugar (ton)	Obtained Molasses (ton)
1934	59,622	9388	2803
1935	101,064	16,504	4435
1936	132,205	21,992	5656

Source: Başbakanlık İstatistik Genel Direktörlüğü, *Tarım İstatistikleri 1934-1937*, Receb Ulusoğlu Basımevi, Ankara, 1939, p.474.

Three auxiliary facilities were granted for Turhal Sugar Factory. First facility was established for environment protection and water saving. Sugar factories need filtration pools, because beets are cleaned and carried with an abundant amount of water. For one beet kilogram, it needs eight to ten liters of water in transport channels. Except the washing waters, factories also produce some different pollutants. Waste waters of Turhal Sugar Factory were discharged into Yeşil İrmak⁶³. In order not to directly drain these chalky and

59 Mehmet Vehbi, "Turhal Şeker Fabrikası Açıldı ve İşe Başladı", *İstanbul Ticaret ve Sanayi Odası Mecmuası*, Issue. 10, İstanbul, 1934, p.399.

60 Muammer Eriş, *26 Mart 1937 Tarihinde Toplanan Fevkalâde ve İkinci Alelâde Heyeti Umumiye İçtimalı*, Ulus Basımevi, Ankara, 1937, p.10.

61 *Tarım İstatistikleri 1928-1936*, *ibid*, p. 151

62 *Tarım İstatistikleri 1934-1937*, *ibid*, pp.269-270.

63 Güngör Dumlu, "Şeker Fabrikası Atıkları", *DSİ Teknik Bülteni*, Issue. 43, Ankara, 1978, pp. 33, 35.

dirty waters to Yeşil Irmak, the Cabinet took the decision to build filtration pools on 24 February 1935. For this construction, 13 hectares width public land were registered to the factory freely, according to Law of Industrial Promotion⁶⁴. Second facility was the expansion of storage capacity of Turhal Sugar Factory. In the beginning, the factory had smaller storage area according to limited production numbers. But the factory practiced 75% production increase in 1935. Two new big sugar warehouses were built in Turhal to meet this need⁶⁵. Third facility was an allocation of additional area to Turhal Sugar Factory for possible expansion. 74,274 square meter field which located in Turhal Yavşanlık was allocated to usage of the factory with price of 808.2 liras on 15 January 1940⁶⁶.

Table.4. 1936-41 Years Activities of Turhal Sugar Factory According to Industrial Statistics (Values in Lira)

Years	Work day numbers	Total of yearly paid wages	Value of sugar beet	Value of other operational materials	Value of production	Total of Permanent and Temporary Employees *
1936	168,398	387,373	991,567	54,832	3,759,344	1649
1937	189,782	400,604	689,370	54,268	4,034,117	1559
1938	184,781	335,994	875,923	150,708	4,190,800	1607
1939	235,657	399,997	2,023,706	258,158	8,294,578	1454
1940	203,862	370,927	2,516,046	259,055	5,855,877	1326
1941	209,933	405,778	2,054,435	211,500	4,895,648	1197

Source: Başbakanlık İstatistik Genel Müdürlüğü, *Sanayi İstatistikleri, Teşviki Sanayi Kanunundan İstifade Eden Müesseselerin 1936-1941 Yılları Faaliyeti*, Hüsnütabiat Basımevi, İstanbul, 1945, p. 91. *Turan Veldet, *30. Yılında Türkiye Şeker Sanayii*, Türkiye Şeker Fabrikaları A. Ş. Neşriyatı, Ankara, 1958, p. 554.

4. Unification of Sugar Production

Turkey started sugar production during the middle of 1920's. After the outbreak of the 1929 Economic Crisis, sugar prices dropped all over the world. These prices decreases and newly begun industry hardened the sugar sale of Turkish factories, because of high production costs⁶⁷. Government tried to do something to solve this problem. For this reason, Ministry of Economy invited

64 BCA 30-18-1-2-52-12-12.

65 Muammer Eriş, *28 Şubat 1936 Tarihinde Münakit Birinci Alelâde Heyeti Umumiye İctimai*, Ulus Basımevi, Ankara, 1936, p. 7.

66 BCA 30-18-1-2-89-127-8.

67 T.B.M.M. Zabıt Ceridesi, Yetmiş Dördüncü İnikat, 10 June 1930, pp. 163-164.

Gustav Mikusch to consider present conditions of Turkish sugar industry. Ministry also demanded some possible improvement offers. In his report for the question of production cost of Turkish sugar and reduction possibilities of it, Mikusch answered that Turkish sugar industry had to work with higher costs according to experienced sugar beet cultivating nations.⁶⁸ But government would consider rising complaints for higher sugar prices. They tried to reorganize rant sharing of this industrial sector. After the evaluation of Gustav Mikusch, Ministry of Economy founded Sugar Rationalization Committee (Şeker Rasyonalizasyon Komitesi) on 18 December 1934. With the report of this committee, İnönü Projesi unification, as it was named, began to be practiced⁶⁹. At the end of 1934, four different sugar factories continued their activities in Turkey. But the benefits of this industry should be extended into wider parts of Turkey. Additionally, huge amount of population should profit from sugar industry. To reach these aims sugar prices should be decreased. Otherwise consumption of the country could not be increased. Activities of sugar factories should be organized according to this perspective. Sugar production cost should be cheapened. Their management must be organized rationally. For this organization Joint Stock Company of Turkey Sugar Factories was founded on 6 July 1935. New company had 22,000,000 liras capital. İş Bankası, Ziraat Bankası and Sümerbank had equal shares in this institution. Administrative, financial and technical structures of present four factories were taken over by Joint Stock Company of Turkey Sugar Factories⁷⁰. In addition to these, all privileges of unified factories which resulted from 601th law had also been transferred to newly founding Joint Stock Company of Turkey Sugar Factories on 30 April 1937. This new company would benefit the remaining time of privileges of each factories⁷¹.

5. Sugar Beet Seed Cultivation and A Facility Establishment Attempt For Turhal Sugar Factory

Beet seed cultivation is an important and vital part of sugar industry. Joint Stock Company of Turkey Sugar Factories started this activity, for two reasons. Firstly, they planned to obtain local needs without foreign dependency. Secondly, they wanted to provide a new special activity to Turkish economy. After taking the opinions of foreign experts, two areas were determined for seed cultivation. A very big farm in İzmir was very convenient to this cultivation. In addition, wide areas near Eskişehir were hired to increase seed agriculture which started in 1936. The following year, beet seed production reached an amount to

68 Gustav Mikusch, *Şeker Sanayimiz Hakkında Beynelmillel Şeker İstatistik Birliği Şefi Dr. Gustav Mikusch Tarafından Hazırlanan Rapor*, Başvekâlet Matbaası, Ankara, 1934, p. 41.

69 İlhan Tekeli and Selim İlkin, *Uygulamaya Geçerken Türkiyede Devletçiliğin Oluşumu*, Orta Doğu Teknik Üniversitesi, Ankara, 1982, pp. 337, 205.

70 ..., *Türkiye Şeker Sanayii, Kuruluşu - Gelişmesi - Olgunlaşması 1926'dan 1950'ye*, Türkiye Şeker Fabrikaları A. Ş., Ankara, 1950, pp. 15, 18.

71 BCA 30-18-1-2-74-35-13.

meet the needs of present four sugar factories⁷². Production numbers took place 913.5 tons in 1937 and 1170.9 tons in 1938. Joint Stock Company of Turkey Sugar Factories took every necessary measurements to ensure yearly 1000 tons beet seed production in 1939 and following years. Turkish sugar industry required to obtain this amount by working in full capacity⁷³.

Turhal Sugar Factory planned beet seed cultivation facility in Tokat Kazova Lake. The factory requested 50,000 decares width area from this semi-swamp region. For seed facility, the factory would drain Kazova Lake and spend serious amount of money. The factory would also build a tram line from the factory to this region. Turhal Sugar Factory would aim to turn this swamp region into controllable fertile land for peasants' welfare. For this investment, Turhal Sugar Factory would plan to pay for private owned 20,000decares area. But remaining 30,000 decares area consisted of lake and public lands. Because of serious amount of expenditure to this investment, Turhal Factory requested not to pay for public lands to Ministry of Finance. Other than sugar beet seed cultivation, this investment would prevent flood and spread of malaria. Tokat Governor İzzettin Çağpar announced this demand to the government on 25 March 1941. Governor Çağpar repeated this demand on 28 August 1941, by underlining the threat of malaria. Due to the upcoming summer, malaria turned to epidemic and took the lives of many citizens. In addition to health benefits, Turhal Sugar Factory was also legitimate in his demand. According to the 15th article of title law, Factory would deserve this semi-swamp region free, at the end of drainage activity. At the end of his report, the Governor pointed out that the factory should receive this permission and start to work before the coming winter⁷⁴.

6. Foreign Experts in the Sugar Factories

Other than formerly mentioned German Bruno Teichmann and Karl Helmholtz, six different foreigners worked for Eskişehir and Turhal Sugar Factories in the late 1930's and early 1940's. The first name was Helmut Wolf who had German Jewish origin. He worked for Turhal Sugar Factory as a specialist. The Cabinet gave him working permission up to 30 November 1939⁷⁵. Konrad Stefan from Yugoslavia was the second name. He again worked for Turhal

72 Kemal Zaim Sünel, 29 Mart 1938 Tarihinde Toplanan Hissedarlar Üçüncü Alelâde Umumî Heyeti, Ankara, 1938, pp. 6-7.

73 Muammer Eriş, 27 Mart 1939 Tarihinde Toplanan Hissedarlar Dördüncü Alelâde Umumî Heyeti, Ankara, 1939, p. 7.

74 BCA 30-10-158-112-9. But this attempt in Kazova Lake did not proceed into practice. Both Eskişehir and Turhal Sugar Factories founded their own seed cultivation farms elsewhere. In addition, Turhal Sugar Factory hired in 1940 Amasya Kazanasmaz and in 1941 Kömüşoğlu farms for beet seed cultivation. Muzaffer Adıyaman, "Türkiye'de Dünden Bugüne Şeker Pancarı Tohumculuğu", *TÜRKTOB Türkiye Tohumcular Birliği Dergisi*, Issue. 21, Ankara, 2017, p. 28.

75 BCA 30-18-1-2-86-40-1.

Factory. The Cabinet granted permission to him until the end of 1940⁷⁶. The third name had Polish origin. Specialist Eugenius Grosser worked for Eskişehir Sugar Factory. The Cabinet extended his working permission there, for the first six months of 1941⁷⁷. Fourth name was Czech Vaclav Kejdana. He primarily worked for Eskişehir Sugar Factory. Later, the Cabinet confirmed his work for one year in Turhal Sugar Factory on 16 July 1943⁷⁸. Fifth name had Swiss origin. Rudolf Kleiner obtained work permit for 1943. The Cabinet granted total permission to three foreigners of Eskişehir and Turhal Factories on 6 March 1943. Other than Polish Eugenius Grosser, German Walter Mandl⁷⁹ was the third person in this permit paper⁸⁰. He stopped working for Turhal Sugar Factory in 1944⁸¹.

Conclusion

Turkey experienced very different economic conditions after the outbreak of 1929 Economic Crisis. It was a big question for administrators of Turkish economy, how could Turkey maintain their importation. Payments for popular demanding consumer goods and especially sugar, formed a big burden over budget. Under new conditions, officials determined that import substitution was the only solution. Turkey decided to produce its needs locally, within the country. But establishment of an industry with great scale produced many difficulties. Government had to overcome the problems of capital accumulation, investment place selection and technology transfer issues.

Although there were some difficulties to obtain in the period, foreign capital might have been an alternative for financial requirements. But Turkish government deliberately rejected this option. Turkish banks solely bore financial responsibility of new sugar investments. After the capital, determination of where investments should be practiced was the second question. Government mainly took into consideration agricultural matters in this field. Sugar industries should guarantee their raw material needs within proximate region and affordable costs. There were some transportation and other problems for investment place selection. Purchasing machinery and technology transfer was another issue to handle. For both factories Eskişehir and Turhal, Turkish government selected the German Buckau firm. But foreign currency restrictions required the Cabinet decisions for every payment.

As to the outcome of these investments, there were two successes about import substitution and employment generation. After the establishment

76 BCA 30-18-1-2-89-130-7.

77 BCA 30-18-1-2-93-110-9.

78 BCA 30-18-1-2-102-54-4.

79 This German Jewish Walter Mandl formerly worked as specialist for Uşak and Alpullu Sugar Factories in 1939. BCA 30-18-1-2-85-118-3.

80 BCA 30-18-1-2-101-16-1.

81 BCA 30-18-1-2-105-34-3.

of Eskişehir and Turhal Sugar Factories, Turkey could largely meet their sugar needs locally. Turkish government experienced some sort of relief in trade deficit. Newly expanding sugar industry also improved employment opportunities. Although big part seasonal, this industry provided many jobs to their regions. Eskişehir and Turhal Factories respectively provided 290,762 and 209,933 daily wages in 1941. In addition to industrial workers, sugar industry stimulated agricultural activity for their raw material needs. Sugar industry had one more final benefit for international workers. During the Second World War, five people from German occupied regions worked for these two factories.

REFERENCES

I. Archival Sources

- Prime Ministry Ottoman Archive (Başbakanlık Osmanlı Arşivi) BOA
Hariciye Nezareti İstanbul Murahhaslığı (HR. İM) 142/76,148/2.
Prime Ministry Republican Archive (Başbakanlık Cumhuriyet Arşivi) BCA
30-10-166-154-1.
30-18-1-2-25-9-6.
30-18-1-2-32-78-20.
30-18-1-2-135-25-18.
30-10-181-249-3.
30-10-181-248-3.
30-10-171-187-19.
30-18-1-2-35-25-5.
30-18-1-2-40-75-19.
30-18-1-2-34-15-17.
30-10-181-248-6.
30-18-1-2-42-1-11.
30-18-1-2-34-16-13.
30-18-1-2-34-19-4.
30-18-1-2-39-61-5.
30-18-1-2-46-42-11.
30-18-1-2-85-98-4.
30-18-1-2-149-36-3.
30-18-1-2-40-80-11.
30-18-1-2-42-7-14.
30-18-1-2-42-5-5.
30-18-1-2-44-22-7.

- 30-18-1-2-65-45-6.
30-18-1-2-52-12-12.
30-18-1-2-89-127-8.
30-18-1-2-74-35-13.
30-10-158-112-9.
30-18-1-2-86-40-1.
30-18-1-2-89-130-7.
30-18-1-2-93-110-9.
30-18-1-2-102-54-4.
30-18-1-2-85-118-3.
30-18-1-2-101-16-1.
30-18-1-2-105-34-3.

II. Official Publications

- Başbakanlık İstatistik Genel Direktörlüğü, *Tarım İstatistikleri 1934-1937*, Receb Ulusoğlu Basımevi, Ankara, 1939.
- Başbakanlık İstatistik Genel Müdürlüğü, *Sanayi İstatistikleri, Teşviki Sanayi Kanunundan İstifade Eden Müesseselerin 1936-1941 Yılları Faaliyeti*, Hüsnütabiat Basımevi, İstanbul, 1945.
- Başvekâlet İstatistik Umum Müdürlüğü, *Tarım İstatistikleri 1928-1936*, Ahmet İhsan Matbaası, Ankara, 1937.
- “Law of Granting Privileges and Exemptions to Sugar Factories” (Şeker Fabrikalarına Bahşolunan İmtiyazat ve Muafiyat Hakkında Kanun), *Resmî Gazete*, Issue. 92, 14 April 1925.
- T.B.M.M. Zabıt Ceridesi, Yetmiş Dördüncü İnikat, 10 June 1930.

III. Books

- AKINCI, İhsan Abidin, *Şeker Yetirmeden Bitirmeye Kadar Türkiye-Dış Memleketler*, Akşam Matbaası, İstanbul, 1934.
- AVCI, Sedat, *Türkiye’de Şeker Sanayii*, Unpublished Ph.D. Thesis, İstanbul Üniversitesi, İstanbul, 1991.
- BORATAV, Korkut, *Türkiye İktisat Tarihi 1908-2009*, İmge Kitabevi, Ankara, 2013.

- COTTRELL, R. H., *Pancar Şekeri Ekonomisi*, tra. Ziya Kütevin, Türkiye Şeker Fabrikaları A. Ş. Neşriyatı, Ankara, 1962.
- ERİM, Neşe, *İktisadî Düşünce Tarihi*, Umuttepe Yayınları, Kocaeli, 2014.
- ERİŞ, Muammer, *28 Şubat 1936 Tarihinde Münakit Birinci Alelâde Heyeti Umumiye İçtimai*, Ulus Basımevi, Ankara, 1936.
- ERİŞ, Muammer, *26 Mart 1937 Tarihinde Toplanan Fevkalâde ve İkinci Alelâde Heyeti Umumiye İçtimai*, Ulus Basımevi, Ankara, 1937.
- ERİŞ, Muammer, *27 Mart 1939 Tarihinde Toplanan Hissedarlar Dördüncü Alelâde Umumî Heyeti*, Ankara, 1939.
- MIKUSCH, Gustav, *Şeker Sanayimiz Hakkında Beynelmilel Şeker İstatistik Birliği Şefi Dr. Gustav Mikusch Tarafından Hazırlanan Rapor*, Başvekâlet Matbaası, Ankara, 1934.
- Nizamettin Âli, *Buhran Nedir?*, Türk İktisatçıları Cemiyeti, İstanbul, 1931.
- PAMUK, Şevket, *Türkiye'nin 200 Yıllık İktisadi Tarihi*, Türkiye İş Bankası Kültür Yayınları, İstanbul, 2014.
- POLATOĞLU, Mehmed Gökhan, *Cumhuriyet Dönemi'nde Türk Şeker Sanayinin Kurulması*, Unpublished Master Thesis, Atatürk Üniversitesi, Erzurum, 2011.
- SÜNEL, Kemal Zaim, *29 Mart 1938 Tarihinde Toplanan Hissedarlar Üçüncü Alelâde Umumî Heyeti*, Ankara, 1938.
- TEKELİ, İlhan and İLKİN, Selim, *Uygulamaya Geçerken Türkiyede Devletçiliğin Oluşumu*, Orta Doğu Teknik Üniversitesi, Ankara, 1982.
- TEKELİ, İlhan and İLKİN, Selim, *1929 Dünya Buhranında Türkiye'nin İktisadi Politika Arayışları*, Orta Doğu Teknik Üniversitesi, Ankara, 1983.
- TEZEL, Yahya S., *Cumhuriyet Döneminin İktisadi Tarihi (1923-1950)*, Türkiye İş Bankası Kültür Yayınları, İstanbul, 2015.
- ..., *Türkiye Şeker Sanayii, Kuruluşu - Gelişmesi - Olgunlaşması 1926'dan 1950'ye*, Türkiye Şeker Fabrikaları A. Ş., Ankara, 1950.
- VELDET, Turan, *30. Yılında Türkiye Şeker Sanayii*, Türkiye Şeker Fabrikaları A. Ş. Neşriyatı, Ankara, 1958.
- VELİDEDEOĞLU, Turan V., Ethem Koru, Rıza Güray, Murat Öner, Yılmaz Gürelli and Yavuz Demirtaş, *Türkiye Şeker Sanayii 1926-1976, Yurt Hizmetinde 50 Yıl*, Türkiye Şeker Fabrikaları A. Ş. Yayınları, Ankara, 1977.
- YENAL, Oktay, *Cumhuriyet'in İktisat Tarihi*, Türkiye İş Bankası Kültür Yayınları, İstanbul, 2013.

IV. Articles

ADİYAMAN, Muzaffer, "Türkiye'de Dünden Bugüne Şeker Pancarı Tohumculuğu", *TÜRKTOB Türkiye Tohumcular Birliği Dergisi*, Issue. 21, Ankara, 2017, pp. 28-30.

ARSLAN, Handan and Özlem Çakar, Turhal'da (Tokat) Sanayi Faaliyetleri, *Turkish Studies*, Vol. IX, Issue. 5, Ankara, 2014, pp. 513-527.

Cemal Ziya, "Dünya İktisat Konferansı Hazırlık Komisyonunda İktisat Vekâleti Namına Şirketler ve Sigortalar Müdürü Cemal Ziya Bey Tarafından Dünya Buhranı ve İktisadi ve Nakdi Vaziyetimiz Hakkında Yapılan İzah", *Dünya Para ve İktisat Konferansı İhzarı Komisyonunda Muhtelif Vekâletler Delegeleri Tarafından İktisadi Vaziyet Hakkında Yapılan Tahliller ve Vaşington Mükâlemeleri Etrafında Düşüncelerimizi Muhtevi Muhtıra*, Hariciye Vekâleti Matbaası, Ankara, 1933, pp.7-15.

DAMLIBAĞ, Fatih, "Development of Beet Sugar Industries in the World and the Example of Alpullu Sugar Factory", *Journal of Modern Turkish History Studies*, Vol. XVII, Issue. 34, Dokuz Eylül University Printing House, İzmir, 2017, pp. 140-141.

DAMLIBAĞ, Fatih "Establishment of Beet Sugar Industries in Turkey and Great Britain during the 1920's", *Studies on Balkan and Near Eastern Social Sciences*, ed. Rasim Yılmaz, Günther Löschnigg, Peter Lang, Frankfurt am Main, 2017, pp. 165-174.

DUMLU, Güngör, "Şeker Fabrikası Atıkları", *DSİ Teknik Bülteni*, Issue. 43, Ankara, 1978, pp. 32-39.

EMİROĞLU, Cezmi, *Dünya İktisadî Buhranında Para ve Kredi Politikasının Tesirleri Hakkında, Ankarada Hâkimiyeti Milliye Gazetesinde 13/2/1933-4/4/1933 Tarihleri Arasında İntişar Eden Dokuz Makale*, Maliye Vekâleti Neşriyatı, Ankara, 1933, pp. 10-16.

İNAN, Afet, "Raporlar (İktisat Vekâletince Yazılmıştır) Kısım I, Sınai Tesisat ve İşletme Birinci Kanun 1933", *Devletçilik İlkesi ve Türkiye Cumhuriyetinin Birinci Sanayi Planı 1933*, Türk Tarih Kurumu Basımevi, Ankara, 1972, p. 1-143.

KARAYAMAN, Mehmet "Atatürk Döneminde Şeker Sanayi ve İzlenen Politikalar", *Atatürk Araştırma Merkezi Dergisi*, Vol. XXVIII, Issue. 82, 2012, p. 53-96.

KEYDER, Çağlar, "İmalat Sektörünün Yapısı (1923-1929)", *75 Yılda Çarklardan Chip'lere*, ed. Oya Baydar, Tarih Vakfı Yayınları, İstanbul, 1999, pp.43-62.

Mehmet Vehbi, "Turhal Şeker Fabrikası Açıldı ve İşe Başladı", *İstanbul Ticaret ve Sanayi Odası Mecmuası*, Issue. 10, İstanbul, 1934, pp.399-400.

REDLICH, Fritz, "The Leaders of the German Steam-Engine Industry during the First Hundred Years", *the Journal of Economic History*, Vol. IV, Issue. 2, Cambridge University Press, Wisconsin, 1944, pp.121-148.