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# TURKEY'S GROWING PAINS

By CLARENCE B. RANDALL





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*President Bayar and Mr. Randall in Ankara*



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*Mr. Randall is retired Board Chairman of Inland Steel, and Special Consultant to the President on Foreign Economic Policy. He has visited Turkey twice in the last two years.*



# Turkey's Growing Pains

By CLARENCE B. RANDALL

**F**AR out to the east, guarding the right flank of the free nations, stands the gallant Republic of Turkey. Along 1,500 miles of border her strong army faces the source of danger, keeping watch to the north and east round the clock.

For the Turks this is not a new posture of defense. Throughout three centuries of history and 13 wars with Russia, the Turks have manned the same mountain passes and guarded the same dark waters of the Black Sea. They were thus on guard before Washington crossed the Delaware, and the posture they now maintain is taken not because of American aid but out of deep conviction. It is more effective because of modern arms we have made available, but if the Turkish soldiers were barefoot and armed only with stones and clubs they would still be manning those passes and patrolling those coasts — and thus contributing to our security. So when Americans grumble to me about American aid to Turkey, I ask if they have ever reflected upon Turkish aid to America.

Seldom in history has any nation, not excluding the United States, gone so far so fast as has modern Turkey since May 19, 1919. That was the day when Mustafa Kemal Pasha, who was renamed Ataturk (father of the Turks) by a people grateful for his leadership, landed at Samsun on the Black Sea and plunged into the task of transforming a series of medieval communities into a new country.



Now America's 19th Century is reproducing itself in Turkey. Her leaders in government and business dream the same great dreams that our leaders dreamed. Eventually many of theirs will probably come true, as did ours. Her population, like ours, is fused from many racial strains. Above all she has chosen democracy, as we did.

We opened up our country by driving transcontinental railroads from coast to coast. The Turks cut new highways into remote areas to reach villages that the old regime had deliberately kept inaccessible. Trucks now carry the farmer's produce from the villages to the sea. The traffic goes the other way, too: the roads bring the villages new ideas, new principles of government and education. And with easier communication comes the possibility of direct and cohesive national leadership for the whole country.

But just as it was not all success for us in the roaring 19th Century, so the new Turkey suffers some severe growing pains of its own. We Americans are apt to remember those things that we did well and to forget our failures, but actually we too made many mistakes. For each great achievement in railroad building we built one that was badly conceived and inadequately financed.

The Turks too have occasionally been carried away by the heady excitement of rapid growth and have committed precious resources to projects that were either premature or improvident or both.

Take for example their steel plant at Karabuk. One can wonder whether the large capital required for a modern diversified steel plant might not have been better allocated to some other more urgent project in a nation whose funds are desperately short. I can understand and sympathize with Turkey's motives in spending for steel. Steel is a symbol

of modernization and a steel plant offers protection against the ruthless pricing policies of European steel cartels. But priorities are needed in spending scarce capital, and the Turks perhaps should have put steel farther down the list.

For security reasons the steel plant was built well inland from the Black Sea. So Karabuk stands 70 miles from a port and from its coal supply at Zonguldak, 100 from its nearest market and 600 from the ore source at Divrigi. The Turkish economy may have to pay heavily for this strategic but uneconomic location.

Unlike Karabuk, most of Turkey's great new industrial projects have been wisely conceived and boldly undertaken. All but completed is the Seyhan dam, dedicated last month, which will produce 280 million KWH of electric power annually and irrigate nearly 600,000 acres. Seyhan power will supply the cities of Adana, Mersin and Tarsus, growing industrial centers. Five other combined irrigation and power plants will be finished in the next two years, as well as several sizable coal-fired generating plants. A dozen new cement plants are under construction and at least that many sugar factories. Sugar will probably be available for export before the current year is ended. A new nitrogen plant is expected to supply a third of the country's requirements in nitrogenous fertilizers and a sulfuric acid plant has been started. Modern loading, unloading and storage facilities have been contracted for at most of the principal harbors. New steel silos will greatly increase grain storage capacity and refrigeration has been provided for fish and meat products. Five combination passenger and freight ships and 11 cargo ships have been bought. Everywhere there are signs of the prodigious national effort.

No one can fail to admire the courage with which this country of 24 million people has tackled this huge task, but their boldness has created new problems. The cost has been

staggering and, because no reservoir of private capital has been available, the financing has had to be provided through public funds. Substantial debt has been incurred abroad and the spending of such large amounts within the country has brought inflation. Turkey's export trade is growing, but inevitably it falls short of providing enough foreign exchange for raw materials and spare parts, plus the completion at the same time of these vast new public enterprises. Priorities for the allocation of scarce dollars, pounds and other currencies have to be clearly determined and firmly kept.

All of this is now recognized by the Turkish cabinet and the Grand National Assembly. They know that the tremendous advances which their people have made since the war could be halted if inflation should rob them of their improved standard of living and discourage foreign investment. They know that their exports must pay for their imports.

As staunch members of NATO, the Turks also know that their military expenditures cannot be reduced in the foreseeable future. So they have recently asked the Turkish people to make the same effort to establish financial stability that they have given to building industry and military might.

### Facing up to the problem

**T**HE government has drawn up a balanced budget which has been approved by the Assembly. This was followed at once by a series of decrees that struck at inflation and faced up to the financial problems created by Turkey's effort to do so much so fast. The Central Bank is to control credit rigidly. The various state enterprises are to be required to operate within the limit of their own revenues and denied help from the governmental budget. New public investments will be restricted to projects that can rapidly improve Turkey's credit situation abroad. Bank credits to private undertakings will be

limited to those that will be immediately productive. Speculative enterprises will not be permitted. No increases in agricultural subsidies are to be allowed. A new import policy calls for enforcement of rigid priorities.

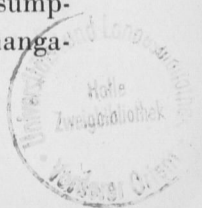
Officials of the Turkish government believe that the country's financial problems, admittedly acute, are relatively short term. They believe that within two or three years the postwar building program should begin to pay off in new productivity and Turkey will need to buy less abroad. A good crop year in 1956 would help tremendously, and nature cooperated last winter by supplying the most extensive blanket of snow in recorded history.

Turkey's long-term prospects are excellent. Once she passes the current squeeze she will be on her way and it lies within her power in another generation to become a truly great nation.

She has impressive resources. Take minerals, for example. Her production of chrome plays an important part in supplying the needs of the United States and the rest of the free world. Her iron ore is first class in quality and sufficient in quantity to support her own steel industry for a long period. She has enormous reserves of lignite and at Zonguldak on the Black Sea she has bituminous coal estimated to be sufficient for 100 years.

American and European companies have now started intensive exploration for oil and the prospects are thought to be encouraging. A projected new refinery to be built by private capital at Istanbul should effect great savings in foreign exchange. Some crude production and refining are already being carried on.

Salt and sulfur are being produced for domestic consumption. Awaiting large-scale exploitation are: copper, manga-



nese, mercury, antimony, asbestos, magnesite, boracite, emery and meerschaum.

Great progress has been made in agriculture, especially in the semiarid regions of the Anatolian plateau. Some varieties of Turkish wheat are already establishing an enviable position in the highly competitive world market. Turkish tobacco is of course known everywhere and if the terms of trade were better it would be in even stronger demand. Figs and nuts are important export items. Turkey grows excellent fruit in great profusion. I have never eaten better melons than Turkish melons and, heresy though it may be, I say that Turkish orange juice is the best in the world. Let Florida, Arizona and California do their worst; I stand on that statement.

Among luxury goods Turkey has a completely undeveloped asset in her fish. In Chicago I can buy Dover sole flown from England. It is far superior to the various substitutes sold as sole in American hotels, but if I were free to choose I would take Turkish sole every time. The only reason I do not buy it is because no Turk has yet set out to market it in Europe and the United States. When he does that he will add Turkish swordfish, Turkish turbot, lobster from the Sea of Marmara and a wide variety of other exotic and delicious seafoods and thereby provide his country with an important new weapon in its campaign to balance its trade. Perhaps he will add a sideline of frozen orange juice.

### Hen first, egg second

**A**ND speaking both of and for Americans, I assure my Turkish friends that a big dollar-earning tourist trade is ready to come their way if they will only make a little more determined effort to seek it and take care of it. The new hotels at Istanbul are a fine beginning, and the new highways beckon



invitingly. But here the hen must definitely precede the egg; more hotels must be there before the travelers come.

The district of Antalya along the Mediterranean might well become a Riviera of the future. There the sea in midwinter is warmer than the waters of the Bosphorus in July, and the long beaches of soft golden sand are among the finest in the world. Landward from the coast rise the towering Taurus Mountains. A half hour's automobile ride will take you to a picnic in a forest by a rushing stream, and if you go still higher, you will find yourself knee-deep in snow.

This fabulous Antalya district is rich in archaeological treasure. Here are ruins from the Greek and Roman civilizations, such as the theater of Aspendus which could seat 15,000 persons, and which is still used. Here was the winter seat of the great Seljuk empire which in the Middle Ages ruled from the Caspian Sea to the Indian Ocean.

But the greatest of all the resources of modern Turkey is the spirit of her people. They are determined that nothing shall stop them from getting ahead. The courage and optimism with which they are attacking their new tasks are infectious. Much that they are undertaking is new to them, and though they learn modern techniques quickly, they urgently need more people trained in the essential skills of an industrial society.

Most of all, it seems to me, they need men and women who understand what we call management. The organizing and disciplining of the staff of their great new enterprises requires supervisory skill of a high order, and few Turks have had an opportunity to acquire that sort of experience. It is all very well for them to send their able young men to our colleges to study agriculture, electrical engineering, transportation and so on, but I should like to see them send equally capable

trainees to our business schools to study economics, accounting and the principles of management.

The impact of American education is already great. Everywhere in Turkish government or business offices one encounters men trained at century-old Robert College of Istanbul or some of the other schools established by American philanthropy. Americans could have done nothing more enlightened or better calculated to serve the cause of ultimate peace than the establishment of those schools.

In one respect Turkey's new and vigorous democracy differs from ours, and I mention this only because I am so extremely fond of the Turks. They are inordinately sensitive to criticism. As a nation and as individuals they are apt to be hurt by frank statements about themselves that Americans would take in stride. They have not yet reached that robust state where men may have strong differences on political and economic questions and still live together in harmony.

But Turkish loyalties are true and intense. Above all the Turks believe in the future of their country and not in a narrow nationalistic sense, for the Turkey of the future will serve the welfare of the entire world through her strength and the wisdom of her leaders.



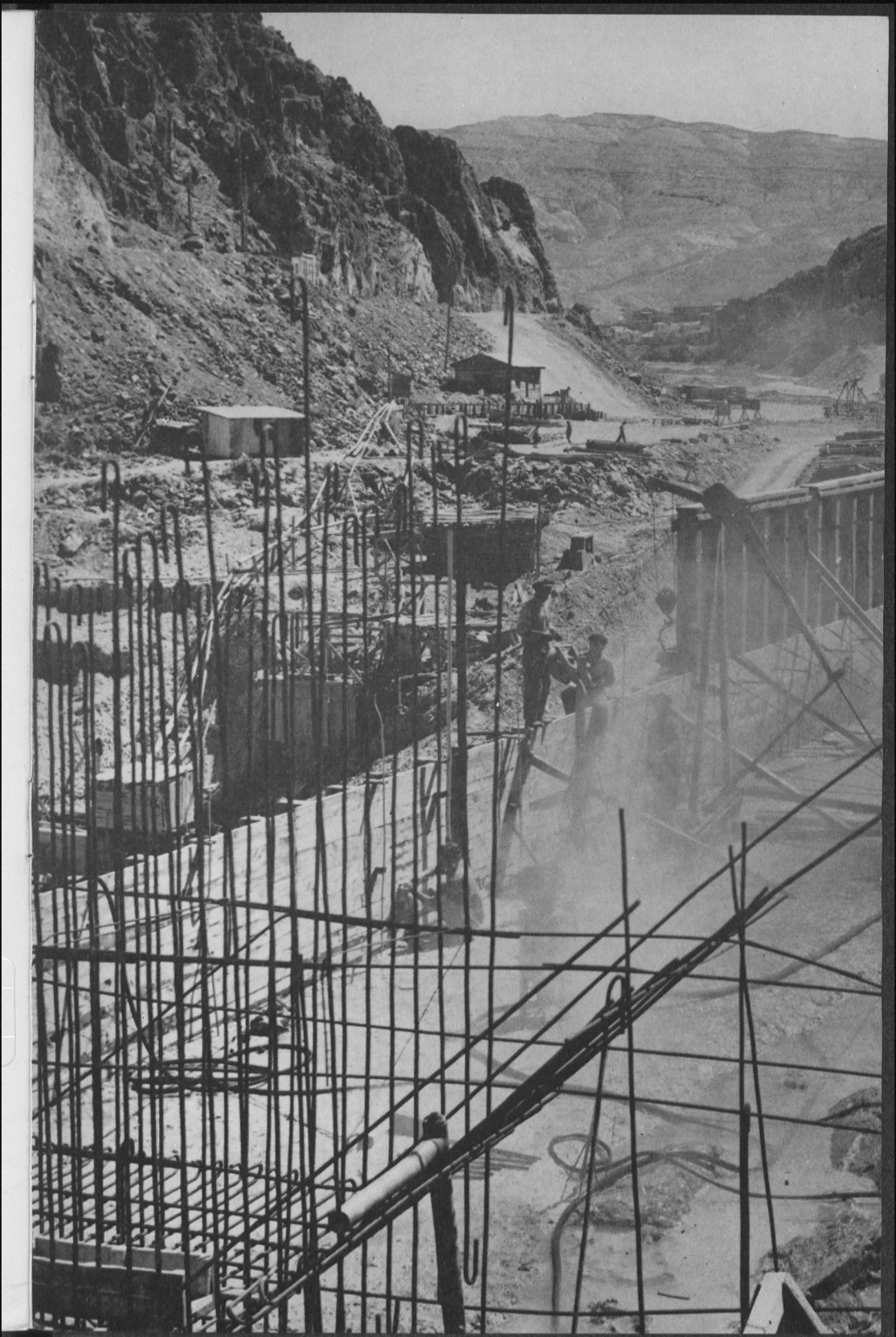
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**TURKISH INFORMATION OFFICE**  
444 East 52nd Street  
New York 22, N. Y.

