

The Financial Times

"Rep. of Turkey"

s. 34-35

TÜRKİYE SOSYALİSTİK İKTİSADİ VE İSTATİSTİK VAKFI

Supplement

38-39

1 subst 1937 eki

No 149



# THE SUMER BANK: ITS FUNCTIONS IN THE INDUSTRIALISATION OF TURKEY.

## IMPORTANT STATUS IN CONNECTION WITH PROMULGATION OF THE FIVE YEAR PLAN.

*Specially contributed to "The Financial Times" by Dr. NURULLAH E. SUMER, Director-General of the Sümer Bank.*

**T**URKEY is at present undergoing a profound structural transformation: Our country is being rebuilt on an industrial plan. This metamorphosis on a vast scale is, however, the work of the organising spirit of the State rather than an instinctive social event. Herein lies the difference between it and the industrial revolutions of history.

The significance and importance which we in Turkey attach to this movement are great. For this event will be the expression of the radical reinforcement of our economic structure by modern technique and its integral transformation into an advanced economic system.

### National Improvement.

The question of the industrialisation of Turkey to the extent required constitutes, from this point of view, if not the most striking, at any rate one of the most vital problems for which a solution must be found by the dynamic energy of the Turkish Revolution.

The genesis of this spirit, which is moreover in harmony with the age, is to be found in a striving towards culture and modern technique for the improvement of a nation on its own soil.

A Turkey forged and modelled on this conception is the Turkey of our ideal.

The movement of industrialisation is not new for our country. Its history can be definitely divided into two parts.

### PRIVATE UNDERTAKINGS.

#### State Assistance.

The first represents the period during which, by promulgation of measures of encouragement, private undertakings were asked to produce their maximum output. The law for the protection of industry and the various facilities which it granted merely aimed at creating a propitious atmosphere for the free development of national industry. This phase is thus characterised by great activity of private initiative backed by the Government.

The second period of the industrialising movement has as its salient feature the direct intervention of the State or its participation in this activity. On the basis of its supreme authority it has assumed the task of creating and organising, upon a definite plan, the key industries which it had hitherto been impossible to take in hand owing to the lack of adequate financial resources.

The object in view and the fundamental idea is to transform Turkey into a self-sufficient economic unit.

This evolution towards State control in the reconstruction of Turkish economy is determined by various considerations. Economical nationalism is forced upon us as being a necessity for safeguarding our existence and supporting it.

This new economic orientation constitutes, at the same time, a healthy and safe method for the recovery and regeneration of our country.

more fruitful field for his labours, and to provide against the scarcity of foreign currencies caused by the contraction in the volume of our exports.

The Five Year Plan of Industrialisation is the concrete manifestation of this imperious necessity.

### FIRST FIVE YEAR PLAN. Satisfying Requirements.

The fundamental principle of the first Five Year Plan, which has been in application since May, 1934, is inspired by the idea of satisfying the country's own requirements. These are industries based on raw materials to be found in Turkey which were the first to be created. This industrial activity, initiated and guided by the State, falls into two main categories:—

- (1) The production of foodstuffs.
- (2) The creation of the means of

(1) Textile industries (cotton, wool, hemp).

(2) Cellulose industry (cellulose, paper, cardboard, artificial silk).

(3) Ceramic industries (porcelain, bottles and glasses).

(4) Mining industries (iron and steel, semi-coke, copper, sulphur).

(5) Chemical industry (sulphuric acid, superphosphates, chlorine, caustic soda).

The financial plan provided at the outset for an expenditure of £T.44,000,000 (in round figures), which, after amendments in the final plans of installations, was somewhat increased.

It is the Sümer Bank which has been entrusted by the State with the application of the greater part of the industrial Five Year Plan.

### BANK'S CREATION.

#### Defined Objects.

The Sümer Bank, created in 1933, with a new and vast mission, is the successor to the Bank of Industrial Credit of Turkey and the State Industrial Office, which were liquidated.

The law constituting the Bank defined its object as follows:—

(a) To exploit the factories and works belonging to the State.

(b) To administer the State participations in private industrial enterprises.

(c) To prepare the reports and plans of all new State industrial installations which it is to create and manage.

(d) To participate in or give its support to the measure which its capital permits to the industrial enterprises, the creation or extension of which are considered of profit to national economy.

Its original capital of £T.20,000,000 has now been raised to £T.65,000,000 in order to provide the Bank with the funds required for the application of the first Five Year Plan.

The sums invested through the medium of the Sümer Bank alone, during the first two and a-half years of the programme which came into application in May, 1934, actually amount to £T.20,000,000. This sum will be doubled, in the course of next year, owing to new and important creations (iron and steel industry and chemical industry).

Part of this capital outlay has found its way into the internal markets of

Continued on Page Thirty-Five.



*Nurullah E. Sumer*

The evolution in question is further reinforced by other factors, such as the desire to ensure for the Turkish farmer, who has suffered from the fall of world prices of raw materials, a

production indispensable to national economy.

The following are the industrial groups provided for within the framework of the first Five Year Plan:—

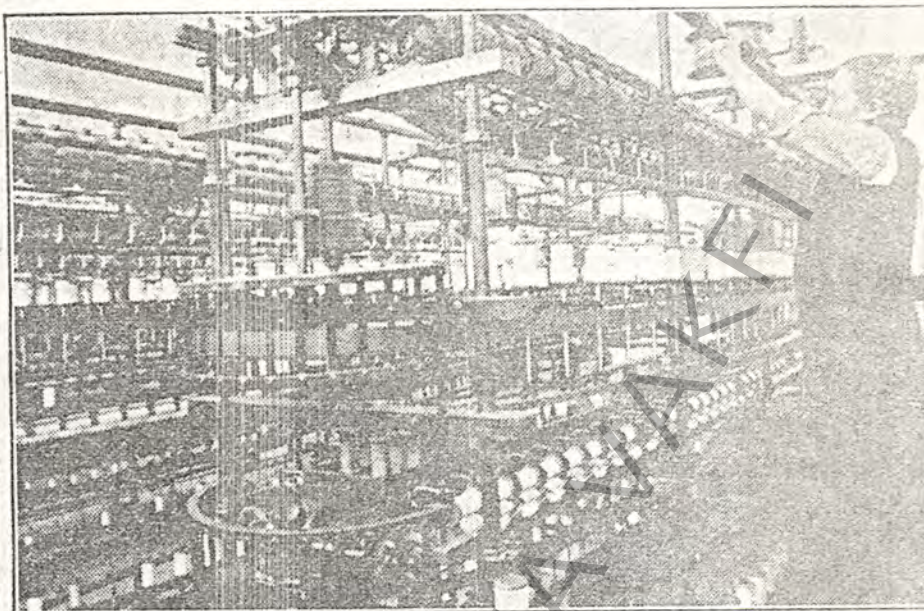


TÜRKİYE SOSYAL TARİH ARAŞTIRMA VAKFI  
TÜSTAV





KUTAHYA: WOMEN DECORATING VASES IN A CERAMICS FACTORY.



SPINNING FRAMES OF THE IPERIS SILK WORKS AT BURSA.

## THE SUMER BANK: ITS FUNCTIONS IN THE INDUSTRIALISATION OF TURKEY—II.

Continued from Page Thirty-Four.

labour, and goods in the form of payment of workers, purchases of building material, etc. The remainder has flowed into foreign markets for the acquisition of machinery and other plant. The increase of our industrial investments thus stimulates the home markets on the one hand, and on the other transforms Turkey into a safe and powerful customer of the industrial countries.

One fact should be noted here: Turkey, who before this movement of industrialisation represented a market of consumption for manufactured products, is now in contact with foreign markets as a purchaser of materials for manufacture and production. This indicates that, by the influence of industrialisation, Turkey is participating in a new form, and to a greater extent, in

ports of raw materials for manufactures under the influence of industrialisation.

The capital outlay provided for, in the first Five Year Plan, was fixed at figures covering the minimum requirements, as it were. An increase in these figures is considered possible, from two points of view.

The production capacity of the industrial creations, contemplated in the programme, is calculated on the basis of the average figures for imports of the five years next preceding the Five Year Plan. And the production of the factories had been fixed at a figure to cover a certain percentage of these average figures. Now, as a natural result of industrialisation, the purchasing capacity which has risen to a higher level in Turkey has, to-day, given rise

markets, thanks to the daily increase in means of transport. The extension of our home markets thus prepares possibilities of sale which are very favourable to an industry in process of creation.

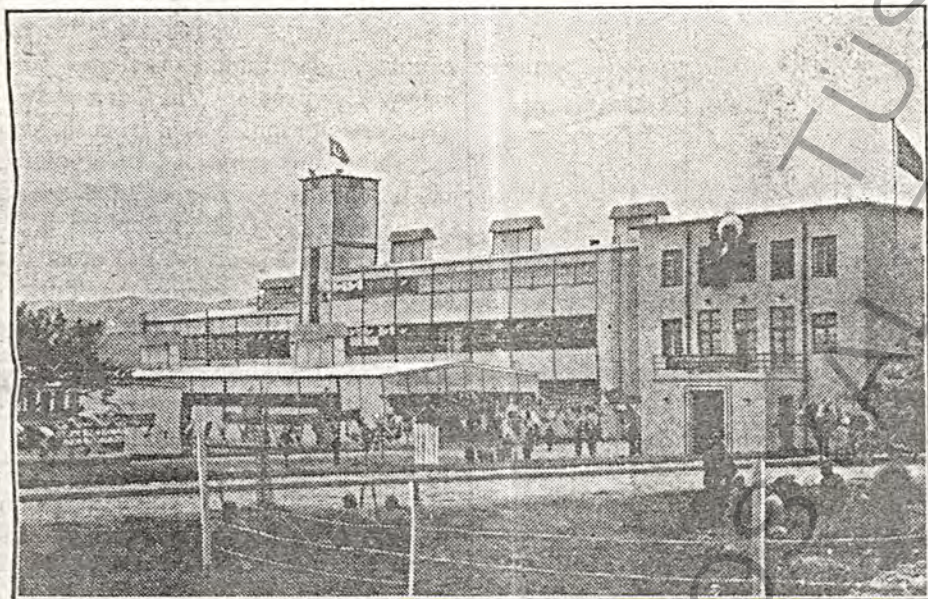
The first Five Year Plan, which represents the first stage covered in the systemisation of national industrial policy, is being carried out in a normal and methodical manner. The greater part of it will be finished by the end of 1938, and the iron and steel industry, the creation of which will be undertaken at the beginning of 1937, will be in working order at the end of 1939.

The work carried out under the plan since 1934 may be enumerated as follows: The cotton textile combine of Kayseri, the Işmit paper works, the

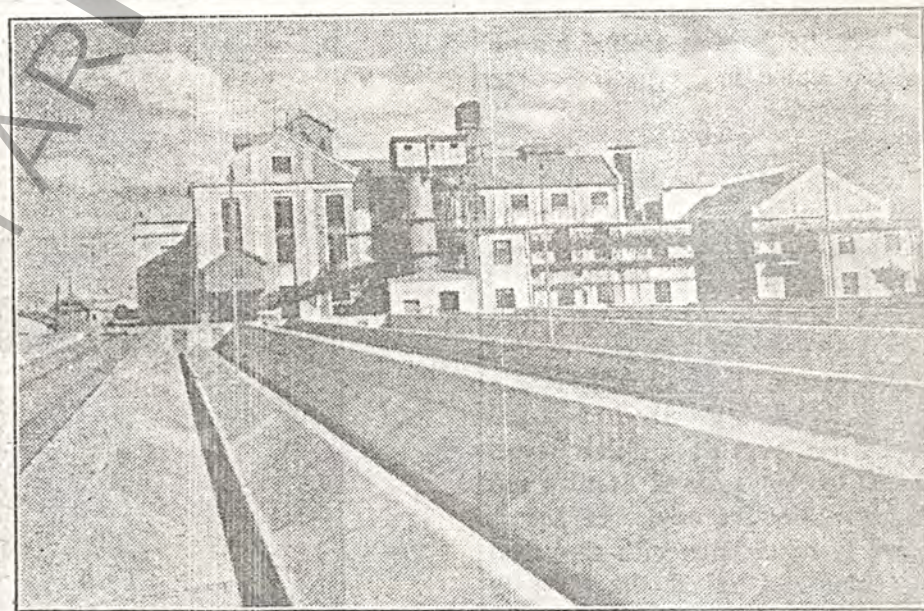
third year of application of the Plan. The Sumer Bank, in the course of this third year, will concentrate its efforts on iron and steel. Anglo-Turkish collaboration has just been arranged at Angora for the creation of these factories, which will be installed at Karabük, Northern Anatolia, and are designed for an annual productive capacity of 120,000 to 200,000 tons.

While methodically pursuing the first plan, the State has prepared the bases for a "Second Industrial Five Year Plan," providing for new creations which have been considered necessary from the viewpoint of economic interests and requirements of a general nature.

The second Five Year Plan has been



PAPER MILL AT IZMIR.



THE REFINERY AT OUCHAK.

world economic relations. The fluctuations in our imports of machinery alone give a clear idea of this. Our country, which in the seven first months of 1935 imported 9,000 tons (£T.6,000,000) of machinery, saw these same imports rise, during the first seven months of 1936, to 16,000 tons (£T.10,000,000)—that is, a rise of 72 per cent.

The capital outlay of private industry (that is, the establishments benefiting by industrial protection) on machinery, implements and utensils in the last three years has shown the following increase:—

| YEAR. | Outlay on machinery and implements. | Percentage of increase over the previous year. |
|-------|-------------------------------------|--|
| 1932  | (£T. 1,000) 55,882                  | —  |
| 1933  | 63,373                              | + 13.40  |
| 1934  | 67,762                              | + 6.93   |

These figures may be regarded as proof of the rising tendency of our im-

to the necessity for enlarging these installations.

According to the calculations of the Estimates Department of the Sumer Bank, the country's purchasing power has risen considerably in regard to agricultural products as compared with manufactured products. This purchasing power for agricultural products shows an increase of 24.28 per cent. in 1934 as compared with 1933; but in 1933 this was 43.19 per cent. as compared with 1933. Further, the factories created to correspond to a certain percentage of the imports were obliged—once they came into touch with the home market—to raise this percentage, considerably, in a very short space of time.

It should further be noted that many of our vast regions in Eastern Turkey, as markets presenting economic possibilities, are becoming more and more closely connected with our chief

enlargement of the cotton mills at Bakirkoy (Istanbul), which were founded in the first year of the Plan, are now in full activity as important units of the industrial system of the State.

The attar of roses factory of Isparta, created in participation with the Iş Bank of Turkey, marked the close of the second season of its activity. The sulphur works at Keçiburlu, created in the same way, supplies Turkish sulphur of a superior quality.

The cotton mills of Erogli, which began to be built in the second year of the Five Year Plan, will shortly combine the group of cotton manufacturers. The combed-merino wool factory, the cloth works at Nazilli and the artificial silk mills at Gemlik, whose building and installation is proceeding according to plan, will come into operation during 1937.

We are now at the beginning of the

conceived on a vaster scale both from the point of view of diversity and in relation to the capital outlay required. The mining industries, the regional electrical centrals, the ceramic industry, the industry of chemicals and machinery and the maritime industries have pride of place in this second plan. As the list of objects shows, its main purpose will be to facilitate and regulate the production of export commodities. It would be well to mention here, among other things, that intensification of our mineral production is of a nature to augment considerably our buying power in the world markets.

Turkey, whose efforts are directed towards security and comfort at home, will be able, once this reform has been accomplished, to play a more effective and active part in the international economic organism, and thus will benefit both herself and the world at the same time.



7-9

TÜRKİYE SOSYAL TÜSTAV TARIH ARAŞTIRMA VAKFI



# ANGLO-TURKISH TRADE RELATIONS IN POST-WAR YEARS.

## BIG SCOPE FOR BRITISH INTERESTS.

By J. H. WALTON,

Representative in Turkey of the Federation of British Industries.

BRITISH enterprise in Turkey has been conspicuously lacking since the war and trade with this market has steadily diminished to an alarming degree. Great Britain, which previously headed the list of exporters to Turkey, has found itself displaced by several countries, among which Germany is the most important.

During the last five years Turkey has applied the quota system and this has greatly restricted the volume of British sales to this country. The world economic crisis made it essential for the Turkish Government to adopt these stringent measures in order to regulate the transfer of foreign exchange and protect the national economy. But long before this policy was introduced it was evident that the majority of British manufacturers still maintained that attitude of independence of boom days, whereby buyers must seek out the sellers.

With the institution of the Republican regime, the realisation came to the Turks that, normally, those desiring to sell made it their business to offer their products to the potential purchaser and follow this up with serious efforts to effect sales. Germany was quick to appreciate this new situation and lost no time in taking advantage of it.

### CONTRAST IN METHODS.

#### Need for Study.

Another reason for the reluctance of British traders to exploit this market is the apparent ignorance of a great number of them concerning Turkey, its possibilities, its financial status and the mentality of the Turk of to-day, whereas our foreign competitors made it their special business to study the new Turk and his country.

Germany has supplied practically all the plant and machinery required up to now for the industrialisation of Turkey, and this represents millions of pounds. Many of the contracts undertaken by Germany for the supply of material to this country have been facilitated by long-term loans of British money to Germany, while British enterprise has stood still and watched this market of enormous potentialities slip from its grasp without a serious effort to retain it.

At the present moment an awakening interest in trade with Turkey is becoming manifest in Great Britain, and it is gratifying to find that at last British engineering firms will participate in Turkey's industrial development. The construction of an iron and steel plant at Karabuk, which has been undertaken by Messrs. H. A. Brassert and Co., is the first important contract secured by British firms since the war. This installation will complete Turkey's first five-year industrial plan, and the application of the second plan is now in progress.

### IMPORTANT CONTRACTS.

#### Sine Qua Non.

There are still very important contracts to be secured here for industrial plant, power stations, irrigation schemes, public works enterprises, etc., and if British interests are to benefit therefrom those representing these interests would be well advised to devote serious attention to this market without further delay. It is essential that representatives of interested firms should make a point of investigating Turkey's requirements on the spot and establish contact with those responsible for the country's administration and development.

They will find every facility available, both as regards obtaining reliable information and actual help in studying schemes to be executed, and the expense of personal visits is amply justified. They will undoubtedly encounter foreign competition, but they will also meet with reference, for it is indubitable that Turkey favours British products because their quality is fully and keenly appreciated.

Concurrent with the policy of industrial development, Turkey having to protect and encourage home industries applied either Customs tariffs or quotas. This is seriously affected as a result of this, as are some other articles which importation agents denominate the bread and butter trade." Great Britain's future trade openings, therefore, lie in the supply of products of the

are, in general, "non-repeat" orders. Once this opportunity is missed it will no longer be possible to enter the market on any important scale. On the other hand, firms who furnish Turkey with the present requirements will ensure an automatic sale for spare parts and replacements for an indefinite period, and should further development be envisaged they will certainly receive first advice if their products have given satisfaction.

The Sumer Bank is charged with the installation and exploitation of the bulk of the State industries, and though Turkey is as yet only very young as an industrial nation, all these enterprises are progressing in a very successful manner.

The development of mines exploitation has been confided to another bank, the Eti Bank, which was constituted for this purpose exclusively. Of the establishments operated by the Eti Bank, the Ergani Copper Mines are of the greatest importance and when, in the very near future, these mines are in full production, their output will suffice for the country's requirements, and will also leave a considerable amount over for export.

### CONSUMPTION OF COAL.

#### State Policy.

Great encouragement is being given by the Government to increase the consumption of coal in Turkey—as opposed to oil—both in industry and for domestic uses, for Turkey's coalfields are extremely rich. There is, consequently, a good market for coal burning appliances and all plant and machines utilising coal.

Various branches of private industrial enterprise, especially the textile branch, also provide openings for British machinery.

The existence of a clearing agreement between Great Britain and Turkey is a deterrent to many of those British manufacturers already desirous of doing business with Turkey, as they have to wait some time for sterling remittances in London after the Turkish equivalent has been lodged with the Turkish Central Bank. Should, though, the recently signed Anglo-Turkish payment agreement work efficiently, the result would be a trade balance in equilibrium which would shorten such delay. This difficulty, moreover, should not be accepted as sufficiently serious to prevent profitable and sound business being done, for it is generally possible to arrive at some arrangement whereby interest may be paid to compensate for any period of waiting for sterling.

Political relations between the two countries were never friendlier than they are at present, and the moment is definitely propitious for the development of Anglo-Turkish commercial relations. The attitude of the financial circles of the City is steadily becoming more favourable towards Turkey, and this is of happy augury for it indicates the likely extension of facilities to manufacturers and others desiring to enter into, or extend their business relations with this market.

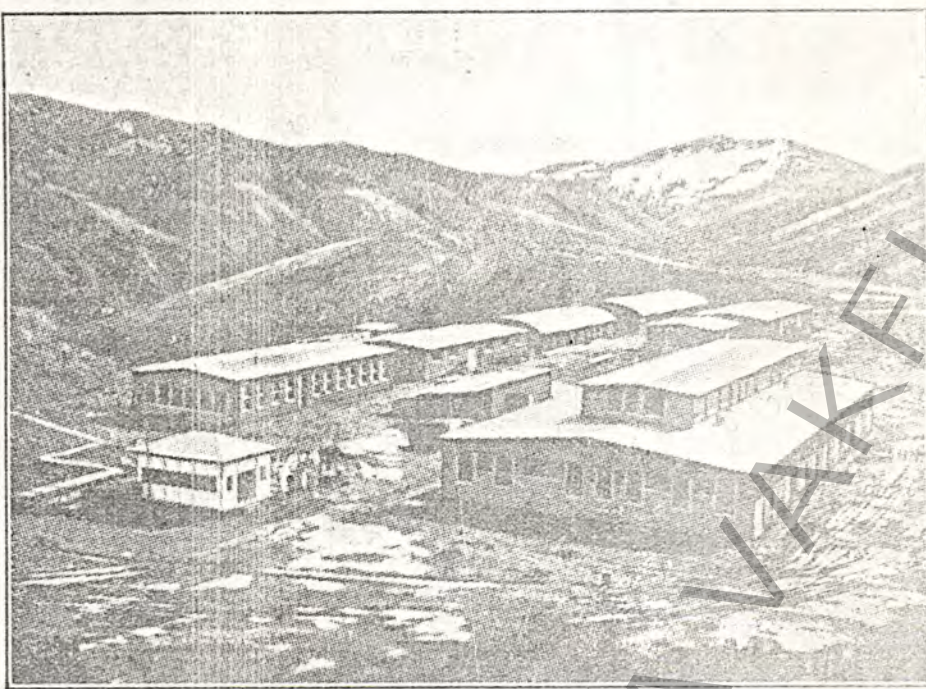
### FINANCIAL ARRANGEMENTS.

#### Sterling for Credits.

In this connection, the business of British manufacturers would be greatly facilitated if financial arrangements could be made in London which would permit them to realise, in sterling in England, the sums which are paid to their credit at the Turkish Central Bank, and which remain blocked for some time until sufficient sterling becomes available from the sale of Turkish products to England. In the event of it being made possible for British exporters to discount these credits in London at a reasonably low rate, British trade with Turkey is bound to increase enormously.

The financial situation of Turkey is better than that of any Balkan State, and is even better than that of most of the Central European countries. Engagements are strictly honoured and the provisions made in the programme of the constructional policy of the country have been calculated with the determination not to exceed the limit of financial possibilities.

It is hoped that the spirit of enterprise shown by Messrs. H. A. Brassert and Co.—for which they have reaped



ERGANI COPPER MINE.

## PART PLAYED BY THE ETI BANK IN TURKISH NATIONAL ECONOMY—II.

Continued from Page Thirty-eight.

In this connection, we must mention the creation of two institutes for mining research and prospecting—namely, M.T.A., "The Institute for Mining Research and Prospecting," and E.I.E., "The Administration for the Study of Electrical works."

These two institutions, to which the Government has given an important place in its general organisation, undertake important studies and research in a scientific and technical manner, of the two important sources of the wealth of the country. They assume the rôle of two powerful safety valves for reducing to a minimum the probable risks by means of these investigations, carried out with meticulous care.

For the last two years, M.T.A., "The Institute for Mining Research and Prospecting," with its numerous teams working under the supervision of Turkish and foreign specialists, employed at the central office and sent into every corner of the country, has been able to carry out a minute survey of subterranean Turkey. The institute is consequently on the point of drawing up a fundamental inventory of its mineral resources. This means that we are on the threshold of the great and important work of drawing up the geological map of Turkey.

### MINES RE-EXAMINED.

#### Estimating Values.

For the moment the paramount aim lies elsewhere; it is, above all, important to re-examine the state of our mines, which have a world-wide reputation, but which have been discovered and abandoned, to find out their real value and establish their reserves, as well as those of other ores which will be discovered by new prospecting carried out under the supervision of teams of specialists.

We need only mention the prospecting for raw petroleum at Mardin, Adana and Mürefte; the research and investigations made into chromium deposits at Guleman Soru and neighbourhood; the works in connection with silver-bearing lead at Bulgardag, Gümüşhane, Gümüşhaciköy, Prijman and Keban; those for antimony ore at Turhal; the investigations regarding copper at Kuarzhan, Morgul and the soundings undertaken in the lignite deposits at Seyitömer, Bilecik, Tavsanli, Yerköy; and also prospecting for coal at Azdavay and Kalafasil.

This gives but an incomplete sketch of the work accomplished or still unfinished, undertaken by this institute since its foundation, which is of comparatively recent date.

Most of the activities which will be undertaken by the Eti Bank will consist in the exploitation of mines, for which the prospecting and investigations have been carried out by the M.T.A. and have given positive and unimpeachable results.

### WATERWAYS INVESTIGATION.

#### Hydro-Electricity.

As regards the work accomplished by the E.I.E. "Administration for the study of electrical works," this institu-

Centrals which will be constructed by the Eti Bank from ending in a disastrous "Yordan Work."

E.I.E. is also engaged in determining the part to be played by the position of the thermo-electric regional Centrals in the general system of electrification of Turkey. The task of industrialising a modern country must necessarily go hand in hand with a very extensive system of electrification. As this principle is in high favour and much appreciated nowadays by the authorities and circles concerned, efforts are being made to systematise the works, in order to prepare, as well as possible, for to-morrow's requirements in regard to rationalisation and rentability.

Thanks to the valuable scientific work of these two institutions, whose respective activities we have briefly summarised, and which cost millions, provided by the State Budget, the Eti Bank is now in a position to embark on its activities with the maximum of certainty and security.

### FINANCIAL ASSISTANCE.

#### Localising Risks.

As regards the financial risks which might arise, the Bank has been careful to localise them, by giving each undertaking, which it creates for the various operations, a legal personality.

The capital of the Eti Bank, fixed at £T.20,000,000—which may be doubled, if necessary—is not yet fully paid up. But the Bank is always given financial help and assistance by the State when it undertakes new business. Thanks to the great attention and valuable co-operation of the Turkish Government in regard to the electrical and mining activities, the Bank is strengthening its position and proceeding on its way without encountering the slightest financial difficulty in its progress.

As we have just explained, the rôle assigned to the Eti Bank in the general expansion of the Turkish national economy is as important as it is definite. It is: to serve as a basis for and to reinforce the movement of industrialisation; to exploit the mineral wealth so generously provided by nature; to found industrial enterprises even in the most remote parts of the country; to supply work for the great masses of the people and thus to contribute to their well-being; and, finally, to place at the disposal of the country an excellent and safe medium of exchange.

### VALUABLE STATE HELP.

#### Attendant Prosperity.

In this type of activity the Bank, thanks to the basic and important measures taken by the State and to the valuable help lavished on it by the Government, has always been able to ensure for itself the utmost stability and success in its affairs.

In virtue of such valuable assistance and measures, an important programme of action has been drawn up for the Eti Bank, which will, moreover, have its scope considerably extended with the entry into force of the second Industrial Plan. On the basis of these



TÜRKİYE SOSYAL TÜSTAV  
TARİH ARAŞTIRMA VAKFI



# PART PLAYED BY THE ETI BANK IN TURKISH NATIONAL ECONOMY.

THE first task, conceived in the spirit of civilisation and of European culture, of the modern Turkey constituted by the will and the unflinching perseverance of her great creator Ataturk, and restored to peace by the Treaty of Lausanne—which restored her independence in all domains, was naturally to abolish, first and foremost, the age long institutions which were the unwholesome legacy of the old regime.

Once these old institutions were abolished, endeavours were made to make up for the accumulation of centuries of intolerable negligence and, by well directed activity, to endow the country with the means of securing a well conceived economic and political unity. Although at first she had to yield to all the exigencies of a policy which promoted these various activities of the national economy by means of considerable measures of protection and encouragement, the new Turkish Republic did not fail to conform its economic policy to an almost liberal system.

Nevertheless, being a country which was the theatre of successive wars, and also owing to political conditions inherited from the Ottoman Empire, Turkey was left without any accumulation of capital and, indeed, was deplored of what it had once possessed. She was certainly not in a position to commit herself to the general trend of an economic policy of ultra-liberal type.

This type was more appropriate in the spheres of industrial economy which called for the mobilisation of considerable capital. But a liberal policy amounting to "laissez faire" could not be tolerated in a domain which represented the most important requirements of the national economy.

## INDUSTRIAL PLAN.

### Relevant Factors.

This was what made it necessary for economic activities, which called for enormous amounts of capital and an advanced industrial technique, to pass into the hands of the State. The Government of the Republic, realising in time the necessity for meeting this requirement, began by embarking, first, on unco-ordinated activities, but then proceeded to draw up an industrial Five Years Plan. It must be admitted that the world crisis had a good deal to do with the drawing up and application of a methodical plan.

It is not the purpose of this article to analyse the first Five Years Plan of Turkey. Nevertheless, it will be useful to draw attention to the following points which determined the causes necessitating the foundation of the Eti Bank.

It is undeniable that the industry of products of consumption constituted the centre of gravity of the first Five Years Plan. This programme also included the steel industry, one of the most important branches of the industry providing means of production—that is, the heavy industry.

One of the most conspicuous features of the present regime is the supply of solid bases for all activity undertaken in Turkey, and hence for any movement of industrialisation. This is why one could not and in fact did not neglect, on the one hand, the mining industries which constitute the basis of the heavy industry and, on the other hand, the electrification of Turkey, which aims at supplying, at a low cost, motive power for industry and at cheap rates abundant lighting for the population.

## BANK'S CREATION.

### Mineral Resources.

It was for the purpose of carrying out this fundamental idea that the Eti Bank was created.

While the foregoing considerations conducted to set the leaders of Turkey on this path, there was another motive which accelerated the movement. This was the natural wealth of the country in mineral resources, which enjoyed a reputation going back to the Hittite (Eti) and Sumerian civilisations. Yet, although Turkey was so richly endowed by nature, she never ceased to be the field of ruthless exploitation by the speculators of the Ottoman Empire.

Under the Empire, both foreign and Turkish prospectors had no other object but to obtain concessions only to transfer them at great personal profit. This general mania militated against the idea of the rational exploitation of these mines and the foundation of a mining policy of public utility. Meanwhile, this mentality became more deeply rooted still by the increasing vogue of making a speculation of mining activities: instead of under-

## AIDING EXPLOITATION OF THE COUNTRY'S MINERAL RESOURCES.

Specially contributed to "The Financial Times" by  
**ILHAMI N. PAMIR, Director-General of the Eti Bank.**

Consequently, our mineral wealth remained untouched and unexploited, or else the national fortune was squandered in destructive exploitation as in the case of the coal-mining basin of Zonguldak. Thus it was that the export of ores and metals constituted in 1913 only 4.96 per cent. of the total exports.

The Republican Government could not fail to take this deplorable state of affairs into consideration in order to find a remedy. First of all, speculation was weeded out by legal measures. Then, and almost simul-

Hence most of the activity of the Eti Bank is directed towards the export of ores and metals to the world market. The present state and conditions of international trade which make metals a much sought after equivalent of foreign currencies add a very special importance to the task undertaken by the Eti Bank in the Turkish national economy.

Moreover, is it not a paramount duty of a State institution, pursuing economic ends, to contribute, at the same time, to the increase of the public welfare and civilisation, and to supply

Ergani-Maden. Six months ago they were nothing but rugged rocks rearing from the surface of the ground. They are now in operation and large quantities of chromium have already been exported.

Thanks to the measures taken and to technical installations which will shortly be completed, the mine is bound to acquire, in some months' time, an annual production capacity of more than 100,000 tons. If to the important reserves of this mine, which have come to light, be added the reserves contained in the mines of Soru, Deri, Kündikhan, etc., in the same region, there will be every reason to believe that our departments in the East are destined to take, in the production of chromium, the classic importance of Western Asia Minor. And what is more, it is possible to foresee a shifting of the centre of activity for the chromium mining industry from the West to the East.

What has to be pointed out, in this connection and to our great satisfaction, is the superior quality of this abundant ore, from the point of view of the chemical and metallurgical industry. In fact, from the analysis of the buyer himself, in regard to the first lot of chromium ore exported to Germany, this ore contains: 49.5 per cent. Cr<sub>2</sub>O<sub>3</sub>, 13.67 per cent. FeO and 2.14 per cent. SiO<sub>2</sub>. This result does not differ from that obtained by our bank through its own analyses, except in regard to the chromite and only by a small difference of 1 per cent. And it must be added that in the latest analyses Cr<sub>2</sub>O<sub>3</sub> is always contained in a proportion of more than 50 per cent.

## COPPER-SULPHUR-COAL.

### Increased Production.

Similarly, the copper mine at Kuvavshan, taken over recently by the Eti Bank, will have finished all its preparations for commencing in the spring, 1937, the extraction and smelting of ore.

The modern plant at Ergani will soon be completed, and the copper ore of this region, which is of classic importance, will be available, in part, for home consumption and to a great extent for the world market.

The Keciurlu mine, containing rich deposits of sulphur, and already in a position to supply the requirements of the home market, is at present the subject of investigations with the aim of increasing actual production several times over for export purposes.

The coal basin which forms one of the principal mineral resources of Turkey is already being tackled by the Eti Bank as one of the essential objects of activity.

When the Republic came into being the output of the coal basin amounted to 597,000 tons. Although in 1935 the yield had reached 2,340,000 tons, this increase is still far from adequate to the internal industrial and domestic requirements, as also from the point of view of exports.

Preparations have already begun for the application of plans for the transformation of the basin by a modern technique of the highest order, so as to make it possible to increase considerably the actual output of coal, reduce the cost price of the mineral and finally, by the application of rational methods, prevent the waste of this national source of wealth.

## METHOD OF ACTIVITY.

### State Safeguard.

As an example of the object and method of activity, and in connection with the mines which we have enumerated above, we think it well to dwell further upon the following points.

Earlier in this article we criticised emphatically the fact that formerly mining transactions were the subject of unscrupulous speculation. Further, there is ground for describing, as an "adventure," the undertaking of mining operations whose value and wealth may not be well known beforehand. Both proceedings have the disadvantage of being harmful, both materially and morally, to the interests of the country and of the undertaking party.

The same observation may be made in regard to great electrical Centrals. Many examples might be quoted of the great losses sustained by those undertaking mining operations which were not based upon good preliminary geological and meteorological surveys. We do not think it necessary to enumerate these examples. But it will, on the other hand, be useful to draw the attention of the reader to the dispositions made and the measures taken by the Turkish Government against these great risks, in order to



*Ilhami N. Pamir*

taneously, the Eti Bank was created, its principal task being to discover mineral resources and provide for their exploitation.

The Eti Bank, whose creation under the decisive and combined influence of the two factors mentioned above, was effectively constituted at the beginning of 1936. The Eti Bank found itself obliged to combine with its tasks of setting up in Turkey the two principal branches of the heavy industry (namely, the rational exploitation of the mineral resources and the concentrated production of electrical power and light) the task of exporting raw materials and semi-manufactured products.

For it must be stated that the actual requirements of the national industry of to-day—equipped and regulated exclusively for the needs of the country itself—as well as those of future ages will not be able to absorb the whole of the subterranean products; neither the ores of Turkey nor the iron and steel produced by her factories, under construction, will find a sufficiently vast market without overstepping the national frontiers.

If the enormous reserves of Turkey in chromium ore, coal, lead, emery, antimony, etc., are taken into consideration, it may be asserted that a national industry able to consume in its home markets the whole of these raw materials—still unexploited—must

work to the most remote points of the country.

While accomplishing this supreme task, the Eti Bank will easily be able to furnish the foreign currency necessary for supplying the needs of industry and national defence, by creating new values out of its economic activity, thereby increasing still further the specific importance of its spheres of activity.

To explain more clearly our point of view, the following definition should be made: Every mining activity, in addition to contributing, in its own circle, to an important rise in the standard of living and an increase in the volume of work causes the transformation—one might almost say the crystallisation—of all the costs and works, in the sphere of production, into ores and metals. In order to realise the obvious importance of this process of transformation, it will suffice to recall that in our day, in the relations of international commerce, ores and metals are everywhere regarded as one of the safest means of exchange.

Thus everything conducted to make the Eti Bank embark promptly on its activities in order to accomplish the very important functions devolving upon it. But the conjectural state of the present metal market was also decisive in making this bank, created but yesterday, into a factor of prompt



NE  
Somer

TÜRKİYE SOSYAL TÜSTAV TARİH ARAŞTIRMA VAKFI