

THE SINEWS OF WAR:
TURKEY, CHROMITE, AND THE SECOND WORLD WAR

A Master's Thesis

by

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BILKENT UNIVERSITY
ANKARA

October 2008

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The Institute of Economics and Social Sciences
of
Bilkent University

by

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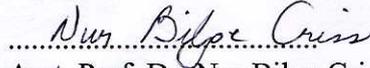
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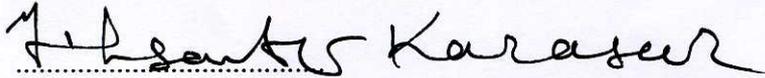
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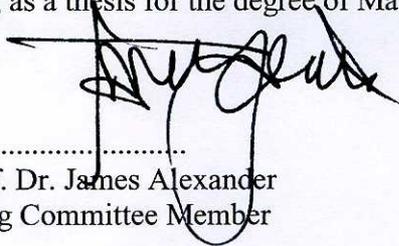
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ABSTRACT

THE SINEWS OF WAR: TURKEY, CHROMITE, AND THE SECOND WORLD WAR

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October 2008

This thesis is an historical narrative examining the role of Turkish trade in chromite ore during the Second World War. It primarily seeks to understand how this trade impacted Turkey's status as a neutral power while also looking at how this trade affected Turkish-American relations.

In addition to a survey of the secondary literature, substantial amounts of primary source documents in the US National Archives from the US Departments of State and Interior as well as the Office of Strategic Services (OSS) were used.

This thesis argues that Turkish statesmen successfully used trade in chromite as a bargaining tool to maintain Turkish neutrality throughout the war. It also argues that British and American efforts to monopolize chromite trade and block German access to the ore largely failed.

Key Words: Turkey, United States, Chromite Deposits

ÖZET

SAVAŞIN ENSTRÜMANLARI: TÜRKİYE, KROMİT VE İKİNCİ DÜNYA SAVAŞI

Ranck, Aaron

Yüksek Lisans, Uluslararası İlişkiler Bölümü

Tez Yöneticisi: Yrd. Doç. Dr. Nur Bilge Criss

Ekim 2008

Bu tez, Türkiye'nin İkinci Dünya Savaşı sırasındaki rolünü inceleyen bir tarih anlatısıdır. Tezin başlıca amacı, bu ticaretin tarafsız bir güç olarak Türkiye'nin statüsünü ve bu arada Türk-Amerikan ilişkilerini nasıl etkilediğini anlamaya çalışmaktır.

Yardımcı literatürün yanı sıra, Amerikan Dışişleri ve İçişleri Bakanlıkları ve Stratejik Hizmetler Dairesinde (OSS) bulunan Amerikan Ulusal Arşivlerindeki ciddi sayıda kaynak doküman da incelenmiştir.

Bu tez, Türk devlet adamlarının savaş süresince Türkiye'nin tarafsızlığını korumak amacıyla kromiti başarılı bir biçimde bir pazarlık aracı olarak kullandıklarını savunmaktadır. İngiliz ve Amerikalıların kromit ticaretini tekelleştirilmesi ve Almanların bu madene ulaşmalarını engelleme yönündeki çabalarının büyük oranda başarısızlıkla sonuçlandığı tezi de ayrıca ele alınmıştır.

Anahtar Kelimeler: Türkiye, Birleşik Devletler, Kromit Yatakları

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Thanks to Louis Holland at the US National Archives for his help wading through the OSS and State Department microfilm files. Without his expertise I would not have found many of the documents mentioned in this thesis. Thanks also to the staff at the US Embassy, Ankara for their gracious assistance (and free photocopies!), to my friend Serkan Dasar at Nova Tercüme for his translating the abstract and to Sean McMeekin of Bilkent University for providing a sounding board for ideas. Most of all, I am indebted to Nur Bilge Criss for preventing me from creating rebellions where they did not exist and for her many other helpful corrections, suggestions, and comments throughout the year. This thesis is without a doubt a better work because of her guidance. Any mistakes or omissions are, however, my sole responsibility. Most importantly, this thesis never would have been completed without the incredible patience of one dear Neslihan Kaptanoğlu. To her I will remain forever indebted.

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CHAPTER 1

WHY CHROMITE?

*Chromium is to modern industry as yeast is to bread;
only a little is required, but without it there is no bread.*

Arthur Kemp (1942)

This thesis is an analysis of how the Turkish government used chromite as a bargaining tool to maintain its sovereignty and stay out of the Second World War. During the lead-up to the war Turkish diplomats sought out treaties and agreements to preserve Turkish sovereignty. Initially, Turkey turned to Britain and France in the face of Italian threats of aggression in the Mediterranean, but Turkish statesmen also sought agreement with the USSR, the United States, and the smaller states of Southeastern Europe and the Near East. However, as the war developed and Germany became the greatest threat to Turkish sovereignty, Turkish statesmen increasingly sought accommodation with the aggressive German behemoth, frustrating the Allies but not to the point of seriously damaging relations. When Allied forces began winning major victories and reversing Germany's territorial gains, Turkish leaders again recalibrated their position and as the war came to a conclusion, Turkey broke off all political and economic ties with Germany.

At the center of Turkish negotiations between Axis and Allied lay Turkish trade and no item produced in Turkey was of more strategic import at this time than chromite. Since all of the major powers except the Soviet Union lacked substantial domestic supplies, and given Turkey's large and production of high-quality chromite, Turkey was at the center of Axis and Allied ambitions for chromite. A misstep on the part of the Turks could have meant an affront to Turkish sovereignty from Axis or Allied powers, or worst of all, could have made Turkey a battleground between the two sides.

This thesis' central question revolves around chromite and its role in keeping Turkey out of the war. Just how important was chromite to Turkey's effort to stay out of the war? Furthermore, the paper seeks to address the economic and political situation in both the United States and Turkey on the eve of the war in order to demonstrate the role the countries would play during the war. On the issue of chromite in particular, an effort is also made to sketch the importance of minerals in general to modern warfare and why chromite in particular was so important.

Turkey was fortunate to have a gifted coterie of statesmen who navigated the Turkish state between the Scylla of the Axis and the Charybdis of the Allies. This paper argues that Turkey's foreign policy during the Second World War, and particularly on the issue of chromite, was a marked success because Turkish leaders balanced the competing interests of Axis and Allied powers and, critically, kept their country out of the war and safe from the ruin that fell upon much of Europe and Asia. These conclusions to the central questions of this paper largely conform to what has already been published by historians.

In order to answer the investigate the main questions this paper did not only rely upon the secondary literature but used a variety of primary sources, particularly US Department of State records found in the *Foreign Relations of the United States*, State Department Central File records stored both in the American Embassy, Ankara, and at the National Archives in College Park, Maryland. This paper also utilizes several documents from the Office of Strategic Services (OSS), the predecessor to the Central Intelligence Agency (CIA), also stored at the National Archives. The OSS opened an office in Istanbul in 1943 and took an active interest in investigating Turkey's chromite supply, shipments, and the backdoor dealings related to its movements. Much of the data in this thesis derives from OSS reports.

This paper also uses United States Department of the Interior, Bureau of Mines documents that outline in great detail worldwide mineral production and trade. Lastly, period newspaper, magazine, and journal articles provide an important contemporary view of how the public saw chromite's import to the war.

What exactly are chromium and chromite? Chromium is an alloy derived from chromite ore and is vital in the strengthening and coating of steel. During the late 1930s Turkey contained some of the world's largest known stocks of chromite ore. In the 1930s chromite, Arthur Kemp writes, was in the "rarer one-third of the elements, which together comprise[d] only .05% of the earth's surface." He continued:

Certain properties make it extremely useful both for consumption goods and for industrial purposes: (1) it takes a very high luster and polish; and (2) its alloys are very tough and resistant to corrosion from atmosphere, sea water, molten zinc, tin, and brass, sulphur compounds, ammonia, and other organic acids.¹

¹ Arthur Kemp, "Chromium: A Strategic Material." *Harvard Business Review* (Winter 1942), 200.

Chromium is an alloy that comes from chromite and chromium is rarely found in its pure form.² Chromium's special qualities give it a very broad range of use, from everyday household items like the rust-preventive coatings on spoons, knives, and forks in every household kitchen to uses in "crusher parts, cutting tools, excavating machinery, fuselages, precision instruments, bearings, gears, and chemical equipment."³ Given its importance to steel production, "[i]n warfare, chromium is synonymous with armaments."⁴ It is used in the production of everything from tanks, ships, U-boats, and virtually all varieties of shells and armaments. In other words, "Chromium is to modern industry as yeast is to bread; only a little is required, but without it there is no bread."⁵ If bread was essential to the pre-modern army, minerals took their place as the stuff of war.

Napoleon found that an army travels on its stomach, but in today's battles supplies of food for men, though still important, are not so vital as supplies for field guns, tanks, and other mobile but inanimate equipment. Whereas hungry soldiers can tighten their belts and keep on fighting for hours, machine guns without bullets must cease firing and trucks and planes stop the moment their fuel is gone.⁶

Lastly, a few previously unpublished documents from the archives of the Office of Strategic Services shed additional light on the development of the strategic relationship between the United States and Turkey over this important ore.

1.1 From Independence to a Tri-Partite Agreement

Revolutionary change is frequently only possible in the wake of calamitous disaster. For Mustafa Kemal (Atatürk) and the National Movement, the Ottoman Empire's defeat in World War I (save Mustafa Kemal's fame-making leadership in the

² Kemp, 200.

³ Kemp, 200.

⁴ Kemp, 200.

⁵ Kemp, 199.

⁶ Paul Tyler, "Minerals and War" *Harvard Business Review* (Autumn 1940), 1.

defense of Gallipoli in 1915 and Halil Pasha's victory over the British in Kut al-Amara in 1917) and the terms dictated upon the Empire by the Treaty of Sèvres (1920) were simply unacceptable. Mustafa Kemal and other officers within the Ottoman military refused to stand by while the Ottoman Empire was carved into pieces by the victors, leaving only a small rump state in north-central Anatolia, so they mounted an armed defense of the Anatolian heartland. The Nationalists adopted one of the last Ottoman Parliament's final acts, the National Pact (Appendix 1) as a constitution of sorts and set out to repel the threat of foreign invasion.

Through a series of military victories over invading Greek armies and pressure on the occupiers of Istanbul, the National Movement managed to consolidate control over much of Anatolia. The new government in Ankara defeated Armenian forces in the east and established its border with the Soviet Union after that country had taken over the territory of modern day Azerbaijan and Armenia. After defeating the Greek forces in Izmir in 1922, the National armies turned north in a bid to pressure the Allied powers in Istanbul and to force the Greek armies out of Thrace. When they arrived at the Dardanelles they encountered a small British force; after a great deal of tension and the threat of fighting, the parties reached an agreement and an armistice was signed. The Nationalists promised to demilitarize the Straits and to not enter Istanbul in exchange for Greek forces withdrawing to beyond the Maritza River in Thrace, the modern-day border between Turkey, Greece, and Bulgaria.

The Nationalist forces tried on several previous occasions to broker an agreement with the Allied powers to revise the Treaty of Sèvres but could never get all the parties concerned, particularly Greece, to agree to terms to begin negotiations. With fresh

battlefield victories, however, the Allied powers had little option but to sit down and reach an agreement with the Nationalists. The Nationalists at first insisted on holding the conference in Izmir but the Allied powers refused to negotiate on Turkish soil. The two sides eventually compromised on the Swiss city of Lausanne.

The Turkish goals for the Lausanne conference were fairly straightforward. They sought to gain international recognition for their sovereignty in Anatolia, abolish the capitulations,⁷ and establish borders for the nascent country. In short, they wanted to make their *de facto* control of Anatolia *de jure*.

The negotiations at Lausanne proceeded slowly because, while the Allied powers sought to maximize their victory in the war and gain territory and influence, it was clear to all parties sitting around the conference table that the Allied powers would be unwilling to back most of their claims by force. This did not mean, however, that the Allied powers gave way easily and quickly. In spite of the Nationalists position of strength, it took several months and a lot of hard bargaining for the two sides to reach compromise on the main issues. Erik Zürcher writes that the two sides struggled to come to terms because they approached the negotiations from substantially different perspectives:

The Entente...saw themselves as the victors of the First World War. In their eyes the conference was meant to adjust the terms of the Treaty of Sèvres to the new situation. In the eyes of the Turks, they themselves were the victors in their national independence war and Sèvres for them was past history.⁸

⁷ The capitulations were special rights and privileges granted by the Ottoman government to foreign merchants. These rights allowed individuals holding foreign passports to operate subject to the laws of the country from which they held a passport instead of according to Ottoman law. Over time the system was frequently abused and became a source of major irritation to successive Ottoman governments. When the Nationalists came to power and pledged to establish a secular state based on secular law where people of all religious faiths would be subject to the same laws, the foreign powers lost the force behind their arguments for a continuation of this system.

⁸ Erik Zürcher, *Turkey: A Modern History*, (New York: I.B. Taurus, 2005), 161.

The sides did eventually compromise and the agreement they reached defined most of the borders for the modern state of Turkey, with two notable exceptions. Compromise could not be reached on the status of the provinces of Mosul and Alexandretta (Hatay) and so they were both tabled.

The United States took a backseat role in the Lausanne Conference, partly because the United States and the Ottoman Empire had never declared war upon each other and therefore need not make peace, but also because of fear among State Department officials that American popular sympathy over the plight of the Armenians would force the US representatives at Lausanne to play the role of advocates for the Armenians, overshadowing concerns about protecting American interests in Turkey and making the establishment of formal relations with the new government even more difficult. It should be noted that the current debate in the United States over how the US Government should interact with the Turkish government as a result of successive Turkish governments' culpability in the Armenian massacres is not a new one. A *Time* article from 1923 reports:

In addition to the criticism in the British Commons and in the French Chamber of Deputies, the Lausanne Treaty came under heavy fire in the U.S. In a three-hours discussion at the Waldorf-Astoria Hotel, Manhattan, James W. Gerard, former U.S. Ambassador to Germany, attacked the [Lausanne] Treaty, contending that 'Christian civilization was crucified at Lausanne and the Stars and Stripes were trailed in the mire in the interest of a group of oil speculators.' [Clearly cynical remarks about American foreign policy and oil are not new, either] He characterized the Turks as murderers and the Kemalist government as a group of adventurers whose regime was on its last legs. His position received needed dignity from the support of Professor A.D.F. Hamlin of Columbia University and Prof. Albert Bushnell Hart of Harvard, who wrote a letter saying that the Treaty was worthless and the Turks untrustworthy. Feelings ran so high that blows impended on several occasions when the Turks and their Treaty were defended by Prof. Edward Meade Earle of Columbia, Dr. James J. Barton, Secretary of the Foreign Department of the American Board of Commissioners for Foreign

Missions, and the Rev. Albert W. Staub, American Director of Near East colleges.⁹

Viewed from Ankara, however, the Treaty of Lausanne became an important turning point in Turkish foreign policy. Mostly secure within the newly delineated borders, Turkish foreign policy now moved from its period of maximization and uncertainty to conservatism and anti-revisionism. In other words, while first Italy (1920s) and then Germany (1930s) were becoming increasingly irredentist, Turkish politicians were keenly aware of the limitations on their movement. Anatolia was diverse to begin with, including large populations of self-identifying Turks in central Anatolia and large populations of Kurds in the east. For Turkey to hope to regain much more of the lost Ottoman territory would mean the incorporation of large populations of non-Turkic speaking peoples who would have been difficult to integrate into a Turkish national state. Furthermore, Turkish leaders also understood the limitations of their military capabilities and had little interest in engaging the Soviet Union in the northeast or pushing the British to war over the province of Mosul. After Lausanne, therefore, Turkish leaders looked inward for ways to transform society and state in order to build the Turkish state into a wealthy, industrial, and secure modern state.

The obstacles were formidable. While the Treaty of Lausanne gave international recognition to the new Turkish state it could not help Turkey escape from its dire situation. Zürcher notes, “After ten years of almost continues warfare it [Turkey] was depopulated, impoverished, and in ruins to a degree almost unparalleled in modern history.”¹⁰

⁹ “Lausanne Treaty,” *Time*, 14 April 1924, < <http://www.time.com/time/magazine/article/0,9171,718168-1,00.html>> (19 September 2008).

¹⁰ Zürcher, p. 163.

In addition to the internal economic and social reforms, Turkey also set out to sign a number of treaties of friendship in order to secure its borders against revisionist countries and provide insurance against irredentist states, too. Turkish-Soviet cooperation in eastern Anatolia during the Turkish War of Independence led to the signing of a Turco-Soviet Treaty of Friendship in 1921, again in 1925, and to generally warm relations between the two states that would last into the 1930s.¹¹ The Soviet Union provided \$8 million in financial assistance to Turkey for its first five-year industrialization plan (1934-9) and the USSR also built several plants in Turkey.¹² Turkey's secure borders in the east and friendly relationship with the Soviet Union provided significant stability to the state in its early years but did not neutralize Turkish leaders' fear of other threats. As Anthony Eden once remarked, Russia was "a land animal"¹³ and the Soviet Union's influence in the 1930s did not extend far beyond the hemmed in waters of the Black Sea. Turkish leaders therefore sought out other allies with whom they could shore up their naval security in the Aegean and Mediterranean seas.

Turkish fears in the 1930s focused primarily on Italy. Italy had captured the territories of Cyrenaica and Tripolitania (modern-day Libya) and also the Dodecanese Islands off the southwestern coast of Anatolia from the Ottoman Empire in the Italo-Turkic war of 1911-1912. Italy also briefly occupied the city of Antalya in southern Anatolia after the First World War. Turkish officials therefore took Mussolini seriously when he spoke longingly of reclaiming the Roman Empire's Asian provinces.

¹¹ Selim Deringil, *Turkish Foreign Policy During the Second World War: An 'Active' Neutrality*. (Cambridge: Cambridge University Press, 2004), 179.

¹² Deringil, 18.

¹³ Anthony Eden, *The Eden Memoirs: The Reckoning*, (London: Cassell, 1965), 411.

Deep suspicion of Italian motives combined with Turkish suspicions of Hungarian, Greek, and Bulgarian motives in the Balkans pushed Turkey's leaders to seek some insurance against a renewed attack on Turkish territory. Greece, the Kingdom of Serbs, Croats, and Slovenes, and Romania had all gained territory as a result of the First World War but Hungary and Bulgaria had revisionist governments as a result of the fact that they were on the losing side of the war and had been punished for it.¹⁴ Turkey, on the other hand, had become a status quo power as a result of the Lausanne Treaty and sought an anti-revisionist alliance with the other status quo states in the Balkans. In 1934, Turkey, Greece, Yugoslavia, and Romania signed a Balkan Pact. In this agreement the states agreed that "in the event of aggression against any of them, they would each guarantee the frontiers of the signatory state against the aggressor, and would consult with one another in the event of any threat to peace in the region."¹⁵ While not a particularly strong agreement—it only called on the states to consult with one another in the face of aggression—it did send a clear signal to the irredentist governments in Bulgaria and Hungary.

It is worth noting that Turkey also signed a pact with Iran, Iraq, and Afghanistan in 1937, called the Saadabad Pact. This pact committed the four states to non-aggression against one another and to "preserve their common frontiers."¹⁶ This translated not as mutual assurance against a potential European or Mediterranean aggressor but rather helped stabilize the border frontier between Turkey and Iran, a border fraught with Kurdish rebel activity. The pact stated the signatory countries would honor each other's sovereignty and not tolerate armed militants within their borders. The pact was therefore

¹⁴ William Hale, *Turkish Foreign Policy: 1774-2000*, (London: Frank Cass, 2002), 61.

¹⁵ Hale, p. 61.

¹⁶ Hale, p. 62.

one more step in the direction of making permanent Turkey's borders with its neighbors and improving the state's sovereign control over its territory.

Returning west for a moment, the Italian invasion of Ethiopia (1935) and Hitler's violations of the Treaty of Versailles alarmed the Turkish government. In the mid to late 1930s Turkey therefore approached the naval powers of Britain and France to improve its security in the Mediterranean, hoping to ultimately bring these two states together into a potential pact with the Soviet Union (this relationship was for security in the Black Sea) to provide significant security against Italy and any other revisionist state that might challenge the status quo. Britain and France remained reluctant to sign a pact with Turkey, however, particularly because of continued disagreement between Turkey and France over the *sanjak* of Alexandretta.

In 1938 Hitler began to move to realize his plans for Central Europe by announcing the *Anschluss* (union) of Austria with Germany and by taking over the *Sudetenland*. This was followed in 1939 by the Italian invasion of Albania. These moves put substantial pressure on Britain and France—pressure which Turkey duly utilized to great effect in its acquisition of Alexandretta from the French Mandate, Syria. It also forced the British and French to reconsider their position in the Mediterranean; an alliance with Turkey suddenly became much more attractive.

The United Kingdom, France, and Turkey signed a Tripartite Alliance (Appendix 2) in 1939. The treaty pledged French and British aid to Turkey in the event of a European power (read: Italy) attack and committed Turkey to lend all of the support it could to France and Britain if either of them should be attacked in the Mediterranean. The treaty also contained pledges from Britain and France that the treaty did not compel

Turkey to go to war with the Soviet Union. It is critical to note that the treaty did not in any way force Turkey to declare war on another state if Britain and France went to war. In other words, the treaty contained no automatic “trigger clause” that obliged Turkey to declare war on any state merely if Britain and France declared war. Indeed, quite the opposite, Article four, paragraph two of the treaty states that Turkey had the right to maintain “a benevolent neutrality,” even if Britain and France were engaged in hostilities with another European power.¹⁷ Some historians have looked back upon Turkish action during the Second World War and have interpreted Turkish leaders’ reluctance to bring Turkey into the war as a violation of this treaty, or at least bad faith on the part of Turkish leaders.¹⁸ This study will provide evidence in a later section demonstrating why this is an inaccurate reading of the historical sources.

1.2 The Turkish Economy in the 1930s

Turkey spent the period between the first and second world wars consolidating the gains it had made from the national movement and worked to create a modern Republic from the foundations of the Ottoman Empire. The country successfully avoided major conflicts with its neighbors and renounced territorial ambitions on almost all of its former lands, including most of the Arab and Balkans lands.¹⁹ Turkish leaders had succeeded in establishing a modern republic with full diplomatic recognition by all of the major

¹⁷ *Number 4689 – A Treaty of Mutual Assistance between Great Britain and Northern Ireland, France and Turkey. Signed at Angora, October 19th, 1939. (A Traduction/Translation from the French).* ONLINE. November 16, 1939. United Nations Treaty Collection. Available: http://untreaty.un.org/unts/60001_120000/19/35/00037738.pdf. [August, 2007] p. 3.

¹⁸ See in particular, Frank G. Weber, *The Evasive Neutral*. (Columbia: University of Missouri:, MO, 1979). and Karl Heinz Roth, “Berlin-Ankara-Baghdad: Franz von Papen and German Near East Policy during the Second World War” in *Germany and the Middle East: 1871-1945*, Wolfgang G. Schwanitz, ed. (Princeton: Markus Wiener Publishers, 2004).

¹⁹ Two important exceptions here were the the Mosul region of northern Iraq and the *sanjak* (district) of Hatay, though both of these issues had been resolved by 1926 and 1939 respectively.

powers and had consolidated control over the strategically vital Dardanelles and Bosphorus straits by 1936.

In spite of all of these gains Turkey remained relatively weak compared to the larger European states on the eve of the Second World War. European states regained their economic strength and industrial base, whereas the Turkish economy remained largely agricultural. As the decade of the 1930s began to come to a close, Turkey therefore found itself in a precarious position between the far greater industrial and military might of the saber-rattling Germans, and the combination of a strengthened and emboldened Soviet Union, an irredentist Italy, and a British state that sought to maintain its naval primacy and protect its imperial route to India via the Mediterranean, Red Sea, Persian Gulf, and beyond.

The disparity in size between the Turkish economy and its European neighbors is but one factor in its relationship with those states. Trade is another important lens with which to examine Turkey's position vis-à-vis the various belligerents of the Second World War because trade can act as a mitigating factor against relative inequality. When larger and more powerful states do not possess certain material domestically, this can give even small states great leverage.

Turkey in the late 1930s was a medium-sized state situated in a strategically vital location. The country's population consisted of nearly 18 million people, about 70 percent of whom worked in the agricultural sector. A full 91 percent of Turkish exports between 1935 and 1945 were agricultural products and accounted for 70 percent of national revenues. In the early 1930s Turkey exported a relatively small amount of its products to Germany. For example, in 1931 about 10 percent of Turkey's exports went

to Germany while roughly 20 percent of Turkey's imports came from Germany. Only five years later, 51 percent of Turkey's exports went to Germany and 45 percent of the country's total imports came from Germany. In the same year, 1936, about 10 percent of Turkish imports came from Britain and 11 percent from the United States.²⁰

Turkish exports and imports with Germany surged in the early 1930s as a result of a new trading scheme in Germany. In early 1934 Hjalmar Schacht became the new head of the German Ministry of Economics and one of his first acts was to institute a new economic plan that included a "process of payment through accounts." In the words of Schacht, "Foreign countries selling goods to us [Germany] would have the amount of our purchases credited to their account in German currency and with this they could then buy anything they wanted in Germany."²¹ This seemed to provide advantages to both Germany and the countries with which it sought to trade because the plan "obviated the necessity of using scarce foreign exchange currencies to purchase commodities abroad;"²² this was a boon to Germany and the various other currency-strapped countries experiencing high inflationary rates in the Great Depression. In practice this system enabled Turkey to import manufactured goods, such as "constructional steel, finished copper, vehicles and engines of all kinds, heavy machinery, tires and other rubber products, glass, newsprint, and pharmaceuticals"²³ in exchange for its raw products, such as hazelnuts, olive oil, leather, mohair, chromite, and various other commodities.²⁴

²⁰ Edward Weisband, *Turkish Foreign Policy, 1943-1945: Small State Diplomacy and Great Power Politics*. (Princeton: Princeton University Press, 1973), 96.

²¹ Weisband, pp. 98-99.

²² Weisband, p. 99.

²³ Weisband, 96

²⁴ Wilbur Keblinger, American Consul General in Hamburg, Report No. 139, Voluntary Report for State Dep. Division of Trade Agreements, Washington, DC, Sept. 14, 1937; State Department Central Files, Record Group 69, National Archives and Record Administration, College Park, MD.

The highly centralized and state-controlled nature of the Turkish economy also helps to explain how the country's trade relationship changed so quickly. Turkey's particular version of state-centered economic policies, or etatism,²⁵ had its antecedents in the authoritarianism of the Republic's predecessor, the Ottoman Empire, but the term is especially applied to the state policies enacted during the 1930s. These policies were attempts by the state to counter the severe impact of the global economic depression on the Turkish economy. This global slowdown caused a significant drop in the national income in Turkey and compelled the government to respond. Its response was an increase of state control and direction of the economy, formally spelled out as etatism by President Mustafa Kemal in a speech on 27 January 1931.²⁶ This policy, combined with the Schacht plan in Germany, explains Turkey's rather dramatic shift away from trade with the western European states (and the US) in the 1920s to a greater interdependence between Turkey and Germany in the 1930s.

Turkish-German trade in the 1930s conformed to the general pattern of trade between industrialized and agrarian countries at this time and also fit the regional pattern of trade between Germany and the other largely agrarian and non-industrialized countries of southeastern Europe. Germany required large amounts of raw materials that it did not

²⁵ Historians of Turkey typically use the term "etatism" to explain Turkish (and sometimes late Ottoman) economic policies. Etatism essentially means state-centered economic policies; it is also sometimes rendered "statism." While the difference between etatism and socialism is not always clear, etatism is typically used to distinguish Turkish policy from the more drastic and far-reaching measures implemented by the Bolsheviks in Russia and by other socialist revolutions around the world. Dilek Barlas uses the definition of "etatism" found in *A Dictionary of Political Thought*: "Etatism was initially used in France by liberals in 1890 as a doctrine defended by protectionists and socialists for the omnipotence and interference of the state in economic and social affairs. In the 1920s, it was defined by French writers as the direct intervention by the state in the economic life of a capitalist society, by nationalization, by the administration of prices, and control of wages, and by social welfare legislation." From Dilek Barlas, *Etatism and Diplomacy in Turkey: Economic and Foreign Policy Strategies in an Uncertain World, 1929-1939*. The Ottoman Empire and Its Heritage: Politics, Society and Economy 14., eds. Suraiya Faroqui and Halil Inalcik. (Leiden: Brill, 1998), xi.

²⁶ Barlas, 62.

possess domestically, such as petroleum, rubber, aluminum, tin, and chromite to feed its industrial production whereas the industrializing states of southeastern Europe sought finished products such as trains, tanks, automobiles, and airplanes from the industrial countries.

The Turkish shift in trade did not go unnoticed. Successive United States Ambassadors to Turkey expressed alarm over this shift away from the purchase of American goods. Ambassador Robert Skinner wrote to Secretary of State Cordell Hull in 1934, “The general facts are that while we continue to purchase Turkish goods, especially tobacco, more or less as we have in the past, Turkish importations from the United States show a constant and alarming decrease.”²⁷ Skinner knew that some people reading his memoranda back in Washington would think, “So what? If Turkish companies want to purchase goods from European instead of American companies because the Americans do not offer good enough terms, that is of no concern to the US government.” He therefore emphasized that the Turkish government played the primary role in directing purchases. Skinner mentions that some of his Turkish colleagues did try to argue that they could not do anything because if Turkish companies sought to buy products in Germany instead of America, well, that’s the free market at work and the government could not stop them.

The Ambassadors’ concerns, however, were not shared by everyone in Washington. Skinner’s detractors argued that the United States must abide by its belief in the principle of free trade and therefore avoid engaging in preferential clearing agreements, such as the Turkish-German clearing agreement, because while agreements

²⁷ *FRUS*, 1934, vol. 2, Ambassador to Turkey Robert Skinner to Secretary of State Cordell Hull, “Proposals for Improving Unsatisfactory Trade Relations with Turkey,” Washington, DC, 1951, pp. 940-942.

of this type may lead to greater bilateral trade they actually decrease multilateral trade. Wallace Murray, the head of the Near Eastern desk at the State Department, argued as much in a memo to Skinner dated June 7, 1934.²⁸ Murray also pointed out that Turkish-American trade made up only a small part of American trade and therefore mattered little on a global scale.

But Ambassador Skinner would not be deterred. Six months after the above-mentioned exchange of memoranda, Skinner wrote again to ask if there was not more that he and the United States could do to improve the balance of trade. Tiring of his incorrigible prodding, Murray rebuked him again, reminding him that the US was not interested in clearing agreements because they go against the very foundation of American economic policy: free trade.²⁹

Murray also covered his bases. Perhaps worried that the Ambassador would try to go over his head, Murray sent a memo to Secretary of State Cordell Hull, who had previously expressed sympathy with the Ambassador's views. In order to bolster his argument, Murray borrowed heavily from a strongly-worded memo the US Commercial Attaché in Istanbul, Julian Gillespie, had recently sent to Ambassador Skinner. In the memo the attaché took issue with the Ambassador's belief that "Turkey should buy from those who bought from her." He argued that this concept and economic nationalism in general, such as "Buy British" or "Buy American" sound appealing but are in fact economically unsound because they lead to trade isolation and tend to decrease overall trade. To illustrate his point, the attaché sketched out a hypothetical scenario:

²⁸ *FRUS*, 1934, vol. 2, A memorandum from the Chief of the Division of Near Eastern Affairs, Wallace Murray, to the Ambassador in Turkey, Robert Skinner. Washington, DC, 1951, pp. 948-949.

²⁹ *FRUS*, 1935, vol. 1, A memo from the Chief of the Division of Near Eastern Affairs, Wallace Murray, to the Ambassador in Turkey, Robert Skinner. Washington, DC, 1953, pp. 1043-1044.

I feel that trade between nations can be compared to commercial transactions between individuals. The idea and principle seems to me to be the same except that trade relations between nations is simply commercial transactions between individuals multiplied by a million, or two million or 100 million. If I was a butcher I do not see why I should be expected to buy my clothes from a tailor rather than from a department store simply because the tailor bought more meat from me than the owner of the department store, nor why if I was a butcher, I should call in a doctor or a dentist in whom I had no confidence simply because that particular doctor or dentist purchased my steaks or chops. It seems to me that this idea or principle of 'buy from those who bought from you' not only tends toward trade isolation but that it will actually prevent an increase in international trade, and will only result in the diversion of purchases from one country to another country and that in the final analysis trade relations will remain static, if not actually decrease.³⁰

If the above argument was not enough to persuade the Ambassador, the attaché also reminded him that Turkey's total import-export trade amounted to only a small percentage of world trade, less than one percent, and the US share in Turkish trade was extremely small. Furthermore, the United States enjoyed a favorable balance of trade with states such as Canada, the UK, Japan, and Germany and that if the United States made a public issue of its unfavorable trade balance with Turkey it risked handing the same argument to these far more important economic partners. Ambassador Skinner appears to have been won over by these arguments for thereafter the record goes silent.

³⁰ *FRUS*, 1935, vol. 1, The Chief of the Division of Near Eastern Affairs, Wallace Murray, to Secretary of State Cordell Hull, Washington, DC, 1935, pp. 1044-1046.

CHAPTER 2

THE U.S.A. ON THE EVE OF WORLD WAR II

2.1 American Foreign Policy before World War II

With the above sketch of the Turkish economic and political situation on the eve of the Second World War, it would be helpful to examine the United States in a similar way during the same period. One of the great enigmas of defining American foreign policy in the 1930s is the gulf between Americans' public perception of the United States in the world and the economic reality of America and its trade relationship with other major powers. The United States' spatial distance from the major powers of Europe meant that the US rose to power somewhat removed from the internal rivalries that had divided European states since even before the Peace of Westphalia. As the United States came to dominate the American continents, European governments generally proved too far away to commit to a serious effort to challenge American expansionism, neither territorially as the country expanded westward to the Pacific Ocean nor did the European states manage to stem the American hegemonic tide southward as the US gained influence in Central and South America and the Caribbean.

The rise of industrialism in America combined with its population and territorial growth meant that a new great power had arisen off the European continent but until the

early part of the 20th century the United States remained largely concerned with securing and consolidating its position in the Americas.³¹ American intervention in the First World War was therefore a significant change of course. For the first time the United States found itself committing large numbers of troops to a European conflict and with the conclusion of the conflict the United States now found itself in the position of trying to determine what role it would continue to play in European and global affairs. President Woodrow Wilson had high hopes about American hegemonic influence in the world and his foreign policy idealism is well known, particularly from his efforts to set up a League of Nations, advocacy of nation-states, and his infamous Fourteen Points.

America's transformation into an international Great Power may have made a large step forward in the First World War but not all of the American political institutions were ready for such a new role. The American Senate, reflecting an inward-looking populace that was suspicious of foreign power and great power politics, placed a serious check on Wilson's foreign policy idealism by rejecting America's entry into the League of Nations. Wilson's liberal world view and new role for America was not something that resonated with the broader populace. As Richard Overly writes, "For all the attractions of Wilson's brand of liberal internationalism, it was a view of the world shared by only a small section of American society, predominantly among the East Coast elites where Wilson found his greatest support."³²

Several additional elements contributed to American distrust of Europe in the 1920s. As the League of Nations charter was being drawn up it became evident that European states would dominate it. For example, the British Commonwealth would

³¹ The American acquisition of the Philippines in 1898 as a result of the Spanish-American War is a prominent and notable exception.

³² Richard Overly and Andrew Wheatcroft, *The Road to War*, (MacMillan, London, 1989), 260.

receive six votes while America would have only one. Furthermore, many Americans viewed with indignation European states that refused to pay back their war debts. Overy comments, “there arose in the 1920s a powerful and enduring sentiment in American opinion that Europe was politically decadent and economically untrustworthy. For all the economic ties, an underlying distrust colored relations between Europe and the United States for a generation.”³³

The aftermath of the Wall Street stock market crash of October 29, 1929 contributed to the American public’s desire to prevent other states’ rivalries from intruding on Americans’ sense of “normalcy.” The drastic psychological impact of the stock market crash also helped to push international questions off the front pages of American newspapers and keep them removed from everyday concern. One domestic item more than any other therefore dominated American politics in the 1930s: how to pull the economy out from under the rubble.

The Great Depression of the 1930s also allowed isolationist rhetoric to creep into the one realm where the United States had been exceedingly internationalist: foreign trade. America’s open door policy took a serious blow when the Congress passed legislation raising tariffs on goods coming into the United States in the hope that this would protect American industries from foreign competition—in actuality it increased trade barriers in America and around the world, thereby exacerbating the problem rather than alleviating it.³⁴ Few Americans at this time believed greater integration between the world’s economies would help their own economy recover.

³³ Overy, 262.

³⁴ “A Refresher on the 1930s” *The Economist*, Print Ed. 17 September 1998, <http://www.economist.com/finance/displaystory.cfm?story_id=E1_TGVSDT> (08 May 2008).

2.2. America Goes on Trading While War Breaks Out

At the outbreak of the Second World War few Americans also believed the United States should involve itself with the European conflict. One Gallup poll stated that 94 percent of Americans wanted the US to keep its troops out of Europe.³⁵ President Franklin Delano Roosevelt echoed this sentiment when he stated in his September 3, 1939 “Fireside Chat” radio address to the country: “Let no man or woman thoughtlessly or falsely talk of America sending its armies to European fields.”³⁶

With sentiment so strongly opposing the war, even politicians who favored an aggressive and interventionist approach found their hands utterly tied by domestic opinion. When Italy invaded Ethiopia in 1935 and Hitler began rearming Germany, most Americans took note but concluded it was not their concern. Nor did many Americans think the consequences of the Japanese invasion of Manchuria at the beginning of the 1930s of immediate pressing concern to the security of the United States. If Japan had invaded China prior to the Great Depression it is possible that the “conservative internationalists” that dominated American foreign policy making in the 1920s may have persuaded the United States government to send troops to defend China; however, not even the conservative internationalist-in-chief, President Herbert Hoover’s Secretary of State, Henry L. Stimson, could persuade the president and public to lend support to the Chinese government in the depression era 1930s.³⁷

³⁵ Overy, 258.

³⁶ Matt Dattilo, “The First National Fireside Chat, March 12, 1933,” Matt’s Today in History, comment posted March 11, 2008, <http://mattstodayinhistory.blogspot.com/2008/03/first-national-fireside-chat-march-12.html> (accessed May 19, 2008).

³⁷ Robert D. Schulzinger, *U.S. Diplomacy Since 1900*, Fifth Edition, (New York: Oxford UP, 2002), 149-151.

Another important point which is sometimes overlooked today is the general perception of the British Empire by the American public. Americans in the 1930s were strongly anti-imperial and deeply suspicious of the British Empire. Many Americans also believed that it was Britain and France, not Germany, which should be blamed for the rising tensions in Europe.³⁸ The historian John Moser tells us,

The debate over Versailles unleashed latent forces of Anglophobia that set the stage for recurrent battles in the 1920s and 1930s, and frequently populists and western progressives were in the forefront. The predominantly working-class Catholic Knights of Columbus launched a campaign in 1921 to rid the public schools of textbooks that the group deemed “pro-British.” Populists of both parties denounced Herbert Hoover as an “Englishman” during his nomination as Secretary of Commerce and during his 1928 and 1932 presidential campaigns. The colorful Senator Huey P. Long (D-LA) argued that the Depression had been manufactured by what he referred to as the “Wall Street-Downing Street Axis,” while the “radio priest” Father Charles Coughlin called the League of Nations the “catspaw of the international bankers of the British Empire.”³⁹

Moser goes on to explain that the target of this ire was not actually Britain but American elites, and the politicians certainly took notice. Roosevelt carefully positioned himself in the early days of the war as a champion of peace who did not particularly favor either side in the conflict. Nonetheless, as the war progressed, American Anglophobia paled in comparison to suspicions, frustrations, and outright conflicts of interest with Europe and Asia’s irredentist states.

Like Turkey the United States may have avoided the war during the initial years but as was the case with many other neutral states, it was more than willing to sell goods to willing buyers. However, Americans well-remembered the outcome of the sinking of

³⁸ Warren F. Kimball, Ed. and Commentator, *Roosevelt and Churchill: The Complete Correspondence, Vol. I. Alliance Emerging*. (Princeton: Princeton UP, 1984), 14.

³⁹ John E. Moser, (2002) “The Decline of American Anglophobia: Or, How Americans Stopped Worrying and Learned to Love the English.” Retrieved February 20, 2008 from <http://personal.ashland.edu/~jmoser1/anglophobia.html>

the ship *Lusitania*—an event that had helped usher America into the First World War—and therefore remained leery of selling to both sides of the European conflict. With this in mind, the Roosevelt Administration developed a “cash and carry” principle for exports. In other words, if foreign governments or companies wanted to buy goods from the United States they were welcome to do so provided they paid for the goods before receiving them and also used their own transportation to get the goods to their destinations. Congress passed the necessary legislation and President Franklin Delano Roosevelt signed it into law on May 1, 1937.⁴⁰

Two months later Japan expanded its war against China with an attack north of Beijing. Henry Stimson, no longer Secretary of State but still influential in foreign policy circles, led a movement to boycott Japanese products. Still, Roosevelt decided against implementing a trade embargo against Japan because of the Depression.⁴¹ Even after Japanese bombers attacked an American gunboat on the Yangtze River in December, 1937, Roosevelt and the Congress did not believe the United States should go to war.

In the late 1930s and early stages of the Second World War, both the United States and Turkey benefited from their spatial distance from the primary belligerents of the war. While both France and Britain were unwillingly drug into the war because they could ill afford to remain inactive while Germany annexed more and more territory—Poland being merely the last straw—Turkey and the United States remained neutral as long as they possibly could in order to avoid the enormous cost of war but all the while capitalizing on the economic benefits of the war. The United States would eventually have no choice but to join the war after the Pearl Harbor attack (December 7, 1941) and

⁴⁰ Schulzinger, p. 161.

⁴¹ Schulzinger, p. 162.

Hitler's declaration of war against the United States a few days later; for Turkey, we will see that diplomacy, trade, and a crucial decision by Hitler would save the state from having to become an active belligerent.

2.3 Minerals and War

The United States in the mid to late 1930s was preparing for war by greatly increasing the size and capacity of its military even while many hoped the United States might be able to avoid joining the war; this view is reflected in many other areas of the government. One example is the fact that the Department of the Interior was still publishing its annual *Minerals Yearbook* in the late 1930s for all to see and read.⁴² These valuable sources on global mineral production did not become confidential until Germany began its invasion of nearby territories and the extent of its intentions became clearer.

The Bureau of Mines mineral yearbooks reveal countries' strengths and vulnerabilities and allow military planners the data they needed to create strategies for securing vital minerals. The yearbooks also help show enemies' vulnerabilities. One example is particularly well-known in the United States War in the Pacific against Japan and the efforts of the US to secure supplies of rubber while depriving Japan of the same. Crippling the enemy's ability to produce more armaments could very well win the battle off the battlefield. In the words of the Bureau of Mines:

Events in 1940 have demonstrated again that in this age of mechanization minerals are indeed the sinews of war. The British have shown that valor can

⁴² In 1940 the Department of the Interior published two yearbooks, one publicly as in previous years but then a second, confidential *Minerals Yearbook Review* that included additional information deemed critical to the defense effort. Subsequent yearbooks were impounded until the conclusion of the war when they were again published openly to the public.

offset, to a remarkable extent, the advantages of superior armament and munitions; but the experience of Finland, Belgium, Greece, and others has revealed the ineffectiveness of heroic men against an avalanche of iron, manganese, aluminum, and petroleum utilized in tanks and airplanes, bullets and bombs. It is not surprising, therefore, that in our own defense program major emphasis has been placed upon the problems of mineral supply and that in 1940 the activities of the Bureau of Mines, the Government agency chiefly concerned with the mineral industries, were largely directed toward furtherance of defense objectives.⁴³

If minerals are the sinews of war then a brief look at the quantity, sources, and consumption of the principal minerals being produced in the lead-up to the war helps shed light on the relative position of the major powers to one another in addition to showing disparities between countries. The difference between industrialized and unindustrialized countries in the prewar years could hardly have been greater. The eight wealthiest countries produced 83 percent of the world's principal minerals and consumed 81 percent. For particular items, such as pig iron, the numbers were even starker. Between 1933 and 1935, the eight wealthiest countries consumed 99 percent of the world's pig iron.⁴⁴ (Figure 1)

⁴³ H.D. Keiser, Ed., US Department of the Interior, Bureau of Mines, *Minerals Yearbook: Review of 1940*. <<http://minerals.usgs.gov/minerals/pubs/usbmmyb.html>> (15 May 2008), p. iii.

⁴⁴ *Minerals Yearbook, 1937*, p. 100.

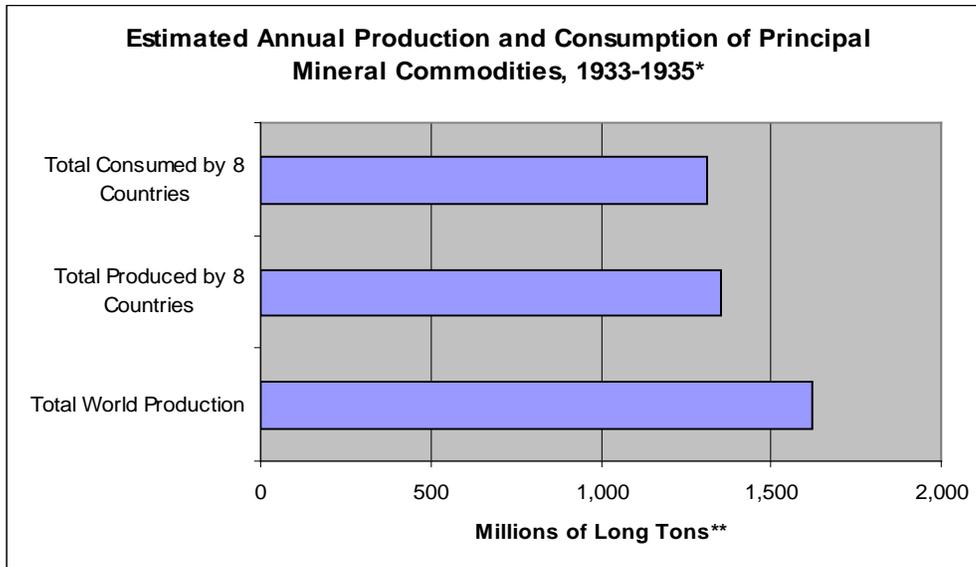


Figure 1⁴⁵

Territory-rich countries like the Soviet Union and the United States were able to find much of the resources they needed from within their vast domains while France and Britain were able to tap into the resources of their colonies. In the event of war, Japan, Italy, and Germany were in significantly less-advantageous positions because of their reliance upon importation for critical materials and a lack of control over ocean supply routes (Figure 2). The countries of southeastern Europe also possessed large, relatively untapped quantities of strategic minerals that would prove critical to Germany's war machine.⁴⁶

⁴⁵ *Minerals Yearbook, 1937*, p. 112.

*The eight leading countries include: Belgium, France, Italy, Japan, Germany, the USSR, UK, and USA.

**A *long ton* is a British ton, which is 2240 pounds whereas a *short ton* is a U.S. ton and is 2000 pounds.

A *tonne* (US: *metric ton*) is 1000 kilograms.

⁴⁶ H.H. Hughes, US Department of the Interior, Bureau of Mines, *Minerals Yearbook: 1937*.

<<http://minerals.usgs.gov/minerals/pubs/usbmmyb.html>> (15 May 2008), p. 103.

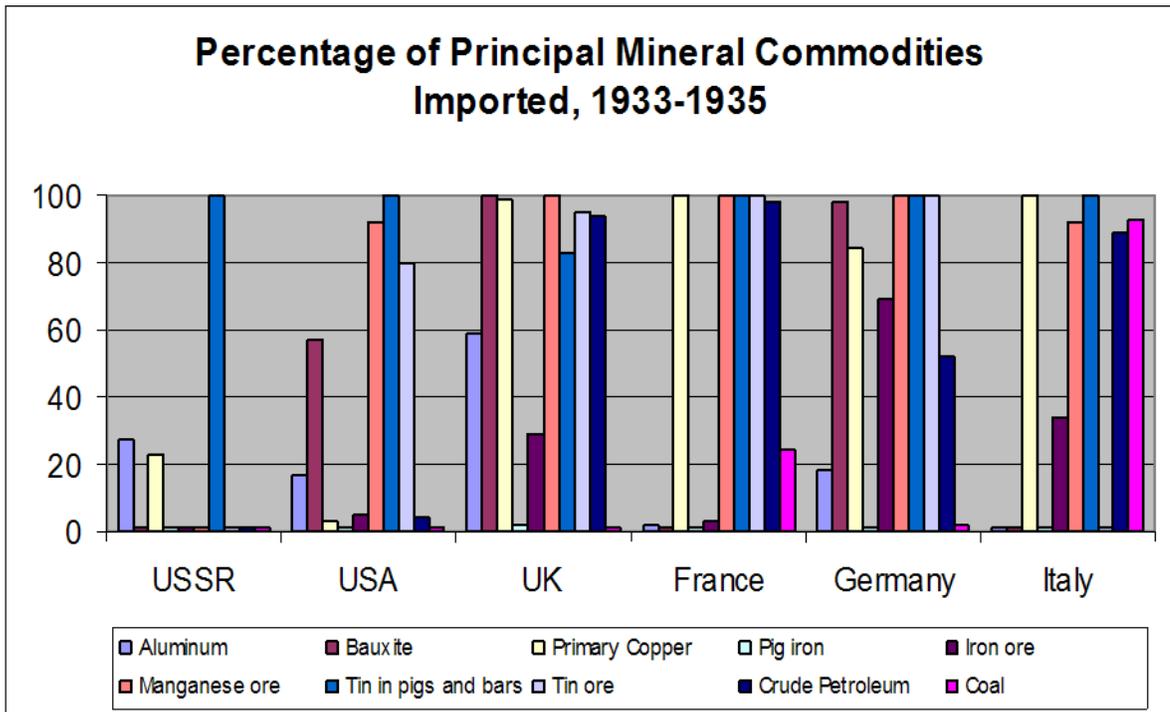


Figure 2

The above sketch of the mineral situation on the eve of the Second World War provides the context for the heart of this thesis: Turkish trade between Axis and Allied powers. As the international situation around Turkey changed during the war, Turkish leaders sought out any and all levers available for negotiation. When it came to trade, chromite was one of the few non-agricultural items being exported from Turkey and given its critical strategic import to Germany, which possessed no domestic supply, chromite frequently rose to the center of negotiations between Turkey, Britain, Germany, and during the latter part of the war, the United States. Figure 3 shows the most important sources of chromite production in the prewar period. Note how many of the other major producers aside from Turkey, such as South Africa, Rhodesia, India, Cuba, and New Caledonia (Figure 3 does not show it but New Caledonia’s production would

dramatically increase during the war, making it one of the largest producers in the world) would all be inaccessible markets to Germany after the initiation of hostilities. As Germany thrashed through central Europe, its only sources of chromite became Turkey and the various countries of Southeastern Europe and the Balkans.

World Chromite Production, 1932-38							
	1932	1933	1934	1935	1936	1937	1938
Australia	99	905	1,744	605	422	466	967
Brazil				5	2,890	2,980	934
Bulgaria		170	85	325	270	2,350	1745
Canada (shipments)	71	27	101	1,038	837	3,876	
Cuba		24,154	50,162	48,509	71,086	94,592	40,163
Cyprus (shipments)	1,000		982	1,198	508	1,641	5,667
Greece	1,555	14,784	30,694	31,984	47,347	52,620	42,464
India (British)	18,152	15,775	21,922	39,755	50,280	63,307	44,858
Japan	12,492	19,897	27,222	36,309	39,039	63,307	
New Caledonia	69,429	50,072	55,182	55,311	47,832	40,000	52,216
Norway	409	326	42			176	508
Phillipine Islands Southern				1,202	11,891	69,856	66,911
Rhodesia	15,692	35,046	72,099	105,913	183,395	275,617	186,019
Turkey	55,196	75,379	119,844	150,514	163,880	192,508	213,630
Union of South Africa	19,371	34,078	61,357	90,431	175,669	168,629	176,561
USSR	65,900	109,400	127,400	177,900	217,000	200,000	
USA	157	857	375	523	273	2,358	825
Yugoslavia	39,141	26,248	47,352	52,367	54,044	59,932	58,470

Figure 3⁴⁷

⁴⁷ *Minerals Yearbook, 1937*, p. 112.

CHAPTER 3

TURKEY ON THE EVE OF WORLD WAR II

3.1 Turkish Trade between the Axis and Allied Powers

When the Italians attacked Ethiopia in 1935, Turkish leaders took note; when Hitler's soldiers marched into Austria and Czechoslovakia, Turkish leaders scrambled for assurances against a German, Italian, or even Soviet assault on Turkish sovereignty. Turkey's foreign policy leaders quickly developed a multi-strain plan. Turkey would announce its neutrality in the European conflicts while remaining diplomatically amicable toward the Axis and Allied alike; they would simultaneously seek to reduce the country's economic dependence on Germany.

As noted earlier, Turkey relied to a great extent on its import-export trade with Germany. Then Foreign Minister, Şükrü Saracoğlu, worried that this put Turkey in a dangerous position. On December 14, 1939, he said,

There is still another truth which requires that, in order that a country may have an independent national policy, the greater part of its foreign trade must not be directed towards a single country. To however small an extent foreign trade becomes the monopoly of a single country, it is very difficult to pursue an independent national policy, even if this country should be an ally. When national policy, the aim of which is independence, and national trade, the object

of which is profit, can no longer go side by side, national trade must make a sacrifice.⁴⁸

Saracoğlu and the Turkish government had in fact been trying to diversify away from Germany since March of 1939 when Germany occupied Austria. The Turkish-German commercial payments agreement of 1938 expired on August 31, 1939 and according to Weisband, “the Turkish Government refused to agree to extend it until Turkey’s commercial relationships were defined with Britain and France.”⁴⁹

Britain and France hoped they could convince Turkey to sever commercial relations with Germany entirely but Turkey responded that unless the countries were ready to assume the trade Turkey would lose with Germany, Turkey could not promise to completely cut off its trade with Germany.⁵⁰ The Allies were ready to accept continued Turkish trade with Germany so long as Turkey agreed to deny Germany any supplies that might be critical to its war effort. Turkey responded that the Germans had made it clear they were uninterested in Turkish hazelnuts, mohair, and other products if Turkey were not willing to also supply Germany with their most-desired product, chromite.⁵¹

At the same time Turkey was negotiating commercial arrangements it was also negotiating a defensive agreement with the Allies. Ankara regarded Italy as its greatest threat from 1933 to 1937 but by 1939 Turkey’s concern was shifting to Germany.⁵² Turkey therefore shifted its defensive military positions to Thrace and hoped to purchase

⁴⁸ Weisband, p. 100.

⁴⁹ Weisband, p. 101.

⁵⁰ Weisband, p. 101. Hale, pp. 66-70.

⁵¹ Weisband, p. 101.

⁵² Deringil, p. 7.

large quantities of ships, aircraft, and other armaments to defend Istanbul from a possible German assault.⁵³

It was precisely in this area that the Allies were of little help. The Turkish armed forces were in no position to fight a war with Germany, or even Italy for that matter. In 1938 Selim Deringil notes that the military was “primarily equipped with World War I weapons.”⁵⁴ In 1940 the Foreign Office noted, ““The Turkish Army is very short of rifles and has asked us to supply 150,000...[t]he fact that we have been unable to meet a large number of Turkish requests for equipment has already had an adverse psychological effect.””⁵⁵ France and the United Kingdom were rapidly beefing up their forces and could ill afford to supply Turkey. The first priority was improving defenses of the homeland and throughout the war British generals in the Middle East would lament the dire need to reinforce North African troops as well.

The United States, meanwhile, remained a reclusive power on the far side of the Atlantic Ocean. It was clear to all in Europe that the United States would not be involved if hostilities broke out because of German-British disagreement in Poland. As noted earlier, the United States was not an important destination for Turkish (agricultural) products at this time but nor was the United States able to supply Turkey with the vital weapons it needed to strengthen its military, let alone join a defensive alliance in the Mediterranean. To make matters worse, top officials in the State Department were nervous about American companies selling *anything* to Turkey that could be used by the military. A few years earlier, in 1935, the head of the Near East Desk and the Ambassador in Turkey debated whether American companies should be able to sell

⁵³ Hale, 64.

⁵⁴ Deringil, p. 33.

⁵⁵ Deringil, p. 33.

machine tools, tractors, trucks, and chemicals since they would all likely be used by the military and could, under a very strict interpretation of US law, therefore be in violation of US weapons export bans. While American diplomats quibbled over such innocuous items as machine tools and trucks, Turkish leaders would have to rely upon either Britain, or France to supply them with the weapons they needed.

On October 4, 1940 Secretary Eden sent a memo to the British Cabinet setting forth Britain's predicament in the Middle East. He argued that British forces were "already inferior to the Italian forces opposed to them" and that "in the event of strong German air reinforcements reaching that area, the whole of our position in the Middle East would be imperilled." Eden continued that if Greece or Turkey would be attacked, "it is of vital importance that we should be able to afford some assistance to these countries in the air as well as at sea." He then came to the sober conclusion, "our strength in the Middle East may very well determine the attitude of both of these countries."⁵⁶ Indeed, Britain's strength in the region was certainly one of, if not the most important factor in Turkish policy-makers strategic plans. Britain and France, it was decided back in 1939, would provide a good counterweight for Turkey to Italian ambition in the Mediterranean. However, recognizing the limitations on British land power, Turkish leaders looked to their on-again off-again foe to the north, the Soviet Union.

Turkey's brilliant statesman, founder, and strategist, Mustafa Kemal Atatürk passed away in November 1938 and İsmet İnönü took his place as president in a smooth transition to power that saw no noticeable change in foreign policy orientation. İnönü believed that Turkey's defense would be best secured through a defensive alliance with Britain and France but he also believed that "the defence of the Balkans rested on

⁵⁶ Eden, *Memoirs*, p. 143.

cooperation with the Soviet Union.”⁵⁷ The Soviets saw otherwise, however, and nothing came of Turkish efforts to negotiate a defensive alliance with the Soviet Union. Britain also turned down the Turkish offer of a mutual defense alliance in March, 1939. Two weeks later Hitler invaded Czechoslovakia and Italy invaded Albania and in August the Soviets and Germans would ink the Molotov-Ribbentrop pact. This sudden change in the European system of alliances demolished any hope Prime Minister Chamberlain and the rest of the world had that Germany could be placated with land settlements. The British now sought to build up as formidable a block against the Germans. The British informed the Turkish Ambassador in London that they were ready to sign a treaty of mutual assistance.⁵⁸

The first priority for the Turkish Foreign Ministry was to secure an agreement with the British and French, while also milking as much out of them as possible. Turkish negotiators recognized that with the looming threat of war, Britain and France desperately sought to bolster their alliances and were therefore in a weak negotiating position. The British Ambassador to Turkey called this the Turks “bazaar instincts” but no matter what one calls it, the strategy worked.⁵⁹ After months of negotiations the negotiators secured for Turkey a £25,000,000 credit for war materials, a gold loan of £16,000,000 and a loan of £3,500,000 for the transfer of Turkish credits. In a further recognition of France’s weak negotiating position, Turkish leaders took the opportunity to wrench control of the strategic region of Hatay away from the French and, lastly, brought France into the Turkish-British Treaty of Mutual Assistance (hereafter it will be referred to as the Tri-Partite Alliance), signed in Ankara between the three parties on 19

⁵⁷ Hale, p. 65.

⁵⁸ Hale, p. 66.

⁵⁹ Deringil, p. 83.

October 1939.⁶⁰ As a sidenote, William Hale writes that one account of the treaty negotiations says that Turkey attempted to persuade France and Britain to enter into an offensive alliance against Italy in the Mediterranean but the British and French did not want to start a war with Mussolini at this time and therefore demanded the treaty remain defensive in nature. This would have been a major departure for Turkish foreign policy and is therefore a point for further research and explanation.⁶¹

The mood in Washington following the signing of the Tripartite Agreement was positive. On October 24, 1939, only four days after the signing, the American Ambassador to Turkey, John Van Antwerp MacMurray, reported back to Washington the changing Turkish trade relationships,

[t]he Embassy has been authoritatively informed that the Turkish Government does not propose to negotiate a new general commercial agreement with Germany but is prepared to enter into specific transactions of a barter character by which Turkey can obtain from Germany goods previously ordered such as locomotives and rolling stock in exchange for tobacco, filberts and similar Turkish products which would not contribute to Germany's war economy."⁶²

MacMurray also told Washington that the Turkish government informed him it would not "permit the exportation to Germany of such goods [i.e. goods which would contribute to the military strength of the country] unless the transaction would assure to Turkey an increase of war potentialities at least equal to that which Germany might derive from the

⁶⁰ The treaty is formally called a "Treaty of Mutual Assistance" but for the sake of simplicity I refer to it as the Tripartite Agreement or Tripartite Alliance. The main body of the treaty was signed on 19 October 1939 but two subsidiary agreements to the treaty detailing specific financial arrangements were not signed until a few months later, on 8 January 1940.

⁶¹ Hale, pp. 66-67.

⁶² J.V.A MacMurray to Secretary of State Cordell Hull, Memorandum No. 1235, "German-Turkish Trade Relations since the Outbreak of the War," Ankara, 24 October 1939; State Department Central Files, Record Group 69, File no. 622.6731/112, National Archives and Record Administration, College Park, MD.

transaction.”⁶³ The important word to note here is “unless” because MacMurray was careful to mention that Turkey was not promising to cease trade relations with Germany altogether. Indeed, MacMurray states that Turkey would seek imports from Germany for the outstanding credits the country still had under its previously negotiated commercial agreement and furthermore Turkey would likely seek to export non war-related goods to Germany. However, MacMurray’s source apparently persuaded him into believing that Turkey would *not* resume trade relations with Germany in materials that would “increase Germany’s military strength.” MacMurray continues, “It is not believed that Turkey will furnish to Germany supplies considered as contraband by Turkey’s allies.”⁶⁴ While he does not explicitly state it, the Ambassador was referring to Turkey’s chromite.

The agreement was hailed in the American press as a substantial achievement for France and Britain, noting that the British were also negotiating two similar agreements with Spain and Yugoslavia. An article in the *New York Times* pointed out that these agreements were no ordinary trade pacts, but specifically designed to prevent Germany from obtaining vital supplies.⁶⁵

While Turkey was carrying out negotiations with Britain and France it also hoped to sign a defensive agreement with its massive northern neighbor, the Soviet Union. The Turkish Foreign Minister, Saracoğlu, arranged to go to Moscow to negotiate a Turco-Soviet agreement that could, it was hoped, be signed at the same time as the Tri-Partite treaty. There was one major complication, however, and that was the Nazi-Soviet Pact, or Molotov-Ribbentrop Pact that bound the USSR and Germany together. The Turkish Foreign Minister thought an agreement might still might be possible so the Foreign

⁶³ Above-cited memorandum from MacMurray, p. 2.

⁶⁴ Above-cited memorandum from MacMurray, p. 3.

⁶⁵ James B. Reston, “New Allied Pacts Block Reich Trade,” *New York Times*, December 30, 1939, p. 1.

Ministry kept at it, exchanging telegrams with its Ambassadors in Moscow, Paris and London in the lead-up to Saracoğlu's trip. But the Turks were not the only ones sharing information. Soviet Foreign Minister Vyacheslav Molotov was keeping in close contact with his German counterpart, Joachim von Ribbentrop. The Germans, already frustrated with the prospect of an alliance between Turkey, France, and Britain, told their new Slavic friends that they saw no need for a Turco-Soviet defensive pact. The Germans argued that if a pact could not be avoided, the Soviets should at least force a change in the Turco-British-French treaty, freeing Turkey of the burden to defend Greece and Romania in the event of foreign aggression on those states. On this point the Soviets succeeded and Turkey convinced the others to agree to a change in the treaty.⁶⁶

On the far more sensitive point of revising the Montreaux Convention on the Straits—the Soviets wanted a bi-lateral Turco-Soviet agreement that would give the Soviet Union substantial power over the freedom of movement of ships through the Straits—Turkey rejected this demand out of hand. Worst of all for Saracoğlu, Molotov demanded a German exclusion clause, that is, the Soviet Union would not be obliged to come to Turkey's aid in the event of a German attack. Selim Deringil tells us, "Saracoğlu vehemently declared that such a clause would deprive the pact of its *raison d'être*."⁶⁷ At this point the treaty negotiations broke down for good.

Turkey's new arrangement with the Allied powers naturally upset Ankara's relations with Germany. The German Ambassador to Turkey, Franz von Papen, tried to prevent the agreement from turning into a formal alliance, but to no avail.⁶⁸ Hale tells us,

⁶⁶ Deringil, pp. 84-87.

⁶⁷ Deringil, p. 86.

⁶⁸ Hale, p. 68.

Von Papen's long-term goal was to convert the German-Italian axis into a triangular one, with Turkey as its third point, but to do this he first had to detach Turkey from the prospective Anglo-French alliance. His project failed at the first hurdle, since he could not overcome Turkish suspicions of Italy...⁶⁹

The outbreak of war in Europe in September of 1939 coincided with the expiry of the Turkish-German clearing agreement and the Turks were in no hurry to renegotiate the agreement given the widespread popular distaste for Germany's aggression against Poland but also Turkish fears of dependence upon the German economy and what that might mean for the future.

The interruption of trade with Germany, the largest purchaser of Turkish agricultural products and a major destination for Turkish chromite, put the country's economy on shakier ground. At this point Turkish and British negotiators sat down to write a subsidiary agreement to the previously mentioned political Tri-Partite Agreement. Of primary interest to the British was acquisition of high-quality Turkish chromite. Not only was Britain interested in purchasing the chromite but it also hoped to completely deprive Germany of this source for ore. Turkish diplomats insisted, however, that if Britain wished to purchase its ore then it must make up the difference in the lost agricultural commerce with Germany. Weisband writes,

On November 16, 1939, the Turkish Ambassador in London informed the British Government that Turkey's promise not to sell chromite to Germany was contingent upon whether Britain purchased Turkish figs, hazel nuts, raisins, and tobacco.⁷⁰

The British balked because they could not afford to purchase enough goods to "eliminate Germany from the Turkish market."⁷¹ Turkey sent Numan Menemencioğlu to

⁶⁹ Hale, p. 68.

⁷⁰ Weisband, p. 101.

⁷¹ Weisband, p. 102.

London to negotiate the agreement and he drove a hard bargain. Even after the British said they could not purchase more than chromite, he insisted that the British purchase 2 million pounds sterling of Turkish farm commodities since, he said, the Germans “refused to accept any such goods unless the Turks agreed to sell them chromite. If the British wished to prevent Turkish chromite from going to Germany, then they had to provide a market for Turkey’s perishable raw products.”⁷²

At one point during the negotiations Turkey proposed that Britain purchase Turkey’s chromite for 20 years. The British refused the offer and would later regret their decision. After some more intense negotiations, however, the British and French signed the subsidiary commercial agreement to the Tri-Partite Agreement on January 8, 1940 agreeing to purchase from Turkey a certain amount of dried fruit until the end of the war, provided it did not extend beyond the 1942-1943 growing season. Britain and France also agreed to purchase the total Turkish output of chromite until the end of 1942, or roughly 250,000 tons. The British assumed 11/15’s of the output and the French agreed to purchase 4/15’s.⁷³ This would not only make up for the loss of German purchases, which had averaged about 50,000 tons annually in the preceeding years, but would also cover all of the above-ground stocks that had been piling up since Turkey had ceased trade with Germany in September of the previous year.

It is important to note that the contract would expire and need to be renegotiated at the end of 1942. While counterfactual analysis can be highly problematic, it is safe to say

⁷² Weisband, p. 102.

⁷³ *FRUS*, 1940, vol. 3, US Ambassador to Great Britain Joseph P. Kennedy to Secretary of State Cordell Hull, Washington, DC, 1958, p. 944.

FRUS, 1923, vol. 2. US Ambassador to Great Britain George Harvey to Secretary of State Charles Evans Hughes, Washington, DC, 1938, p. 881.

that if the British and French had jumped at the opportunity to lock up Turkish chromite exports for the duration of the war when they had the chance, Turkish neutrality would have been all that much more perilous and Germany may have even used a Turkish refusal to sell chromite to Germany as a *casus belli* for attacking Turkey. To be clear, there is scant evidence for this in the historical record but given the importance chromite took on during the latter part of the war it is worth considering.

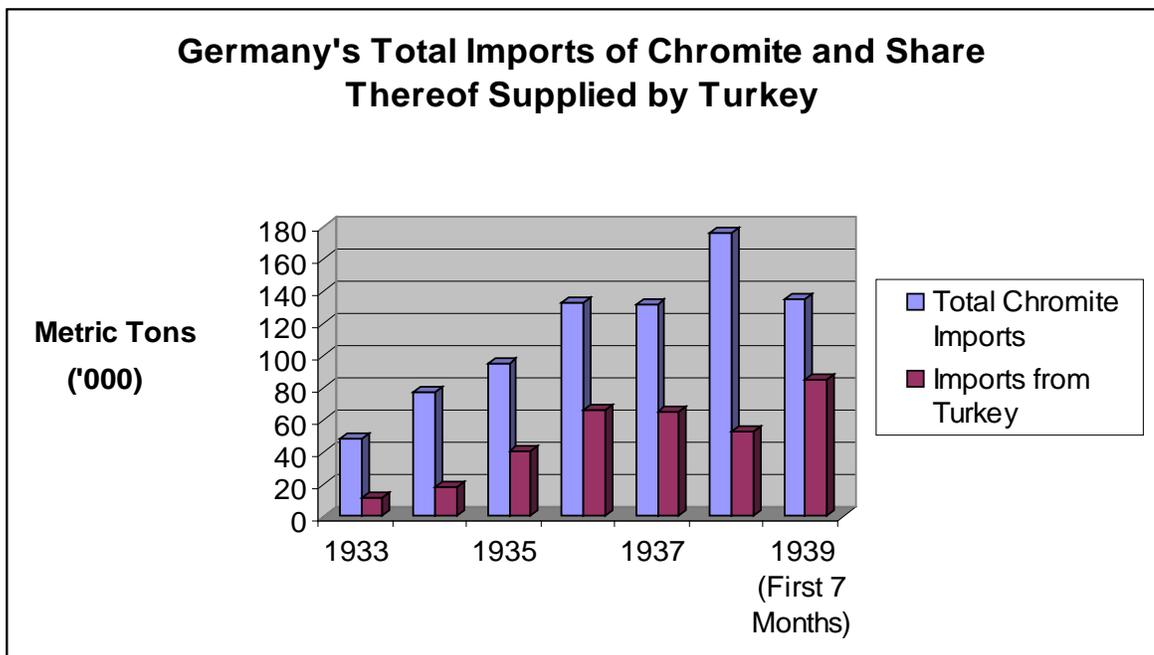


Figure 4⁷⁴

With each move Germany made Turkish politicians grew more skeptical of the country's motives; however, while Turkey temporarily cut off much of its trade with Germany after the outbreak of hostilities in Poland, it was not interested in completely cutting off its commercial relationship unless it could have guarantees from the Allies for

⁷⁴ Data from Enil Sauer, American Consul General, Frankfurt, Voluntary Report No. 46, p. 8., 13 August 1940; OSS Washington Registry SI Intel Field Files, Record Group 226, Entry 17. National Archives and Record Administration, College Park, MD.

its defense *and* that guarantees the Allies would purchase Turkey’s agricultural goods. This was absolutely critical to the Turkish negotiators since 80 to 90 percent of Turkish exports were agricultural and exports in 1934 had fallen sixty percent from their 1929 levels, “from £T155 million to £T92 million.”⁷⁵

Viewed from Ankara, the German-Italian “Pact of Steel” signed in May, 1939 and the Treaty of Non-Aggression between Germany and the USSR of August 1939, the Molotov-Ribbentrop Pact, tied two of Turkey’s most-worrisome regional neighbors to

Wartime GDP of the Great Powers								
1938 to 1945 in International Dollars and 1990 Prices (billions)*								
Country	1938	1939	1940	1941	1942	1943	1944	1945
USA	800	869	943	1094	1235	1399	1499	1474
UK	284	287	316	344	353	361	346	331
France	186	199	164	130	116	110	93	101
Italy	141	151	147	144	145	137	117	92
USSR	359	366	417	359	274	305	362	343
Germany	351	384	387	412	417	426	437	310
Austria	24	27	27	29	27	28	29	12
Japan	169	184	192	196	197	194	189	144

Europe’s most resurgent military giant, Germany. In economics terms, the combined Gross Domestic Product in 1990 dollars of these three countries in 1938 amounted to

Figure 5

\$851 billion while the combined GDP of France and the UK was little more than half of that, or \$470 billion. (Figures 4 and 5)⁷⁶ Should the Axis trio decide to turn its sights on Turkey, Turkish military assessments must have been rather bleak on the Anglo-French capability to come to Turkey’s aid.

⁷⁵ Deringil, p. 17.

⁷⁶ Ralph Zuljan, “Allied and Axis GDP,” internet website, <http://www.onwar.com/articles/0302.htm>. Zuljan notes that he took the data from Mark Harrison, ed. *The Economics of World War II: Six Great Powers in International Comparison* (Cambridge University Press: Cambridge, 1998), p. 10.

It is therefore not surprising that even while Turkey sought out an alliance with the British and the French, the country simultaneously tried to stay on the best possible terms it could with Germany. Only one month after the previously mentioned subsidiary agreement between Britain and Turkey, Turkish diplomats “presented a list of commodity requirements to the British which they wanted before they would consider cessation of trade with Germany.” Weisband continues, “At the same time, they made similar demands on the Germans, emphasizing their need for trucks, spare parts, guns, plant facilities, locomotives, and railway materials.”⁷⁷ As Britain and France sought to bolster the defenses of their home territory, Germany was the only state from which Turkey could hope to receive substantial amounts of arms.

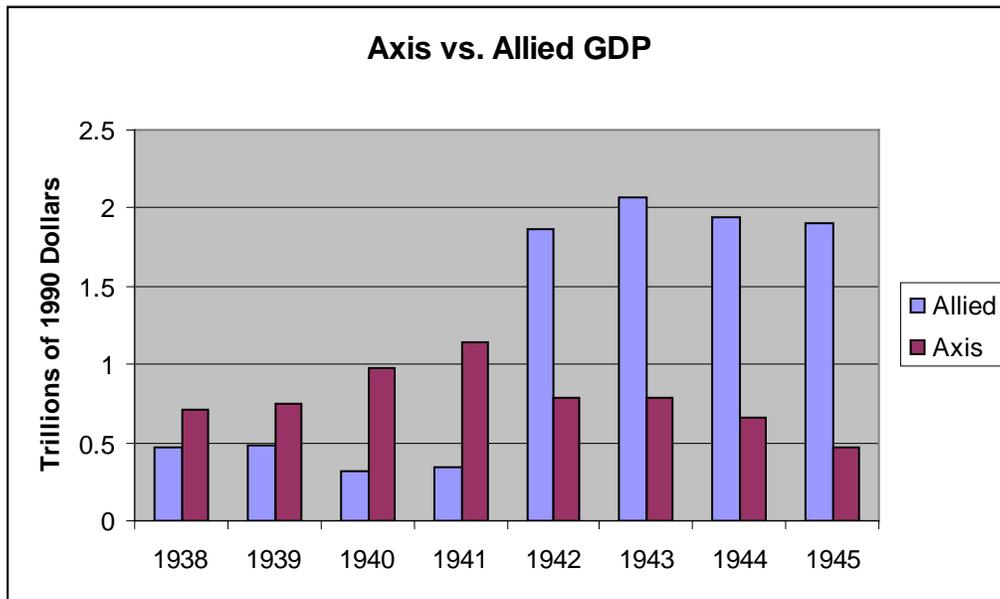


Figure 6⁷⁸

⁷⁷ Weisband, p. 103.

⁷⁸ Based on data from Figure 2 and adjusted for major changes in the war, namely the annexation of Austria to Germany in 1939, the addition of Italy to the war in 1940, the change of sides of the USSR after Operation Barbarossa, and the addition of Japan and the United States to the conflict in 1941.

Germany's spring campaign of 1940 involved a two-month battle with Britain over access to Sweden's iron ore; Turkish leaders surely took note of what could happen to them if they chose too firm a stance against exporting their strategic mineral, chromite, to Germany. In these battles Germany also rolled right over both Norway and Denmark. On May 10, 1940, Germany turned westward and launched a massive invasion of France. One seemingly powerful leg of the Tri-Partite Agreement had fallen with hardly a fight. Again, it should not come as a surprise that Turkey quickly wrapped up its negotiations with Germany over a new commercial agreement on July 25, 1940. According to the agreement, Germany would deliver 39 locomotives, equipment, pharmaceuticals, and various other supplies and Turkey would export to Germany a "full variety of farm commodities, including mohair and olive oil."⁷⁹ Weisband also notes that these items were "high on the list of strategic materials which the British were trying to prevent the Germans from receiving."⁸⁰ But with France now out of the picture, the UK busily building up its defenses for an expected amphibious invasion of the Isles, and the US refusing to export even trucks and chemicals, Turkey was growing ever more isolated on the southeastern flank of a Germany-dominated central Europe.

3.2 The Beginnings of a Strategic Relationship

The German invasion of France had deep and long-lasting repercussions for Turkish-American relations that few people could have guessed at that time. Turkish-American relations before the Second World War were important to both countries but it could hardly be said that the two countries enjoyed a strategic relationship. The United

⁷⁹ Weisband, pp. 103-104.

⁸⁰ Weisband, p. 104.

States, put simply, was not a major player in European affairs before the Second World War. On all of the important diplomatic issues facing Turkey from the foundation of the modern republic until the war, such as the treaties of Sèvres and Lausanne, the Montreaux Convention on the Straits, and the various defense, friendship, cooperation, and even trade agreements that Turkey negotiated with the major players of Europe, American policy tended to be a page borrowed from the British book, and when US interests diverged from British interests, the US nonetheless tended to play along the sidelines while the major powers of Europe dominated the center of the field.

Just one example is enough to illustrate the point: the US Ambassador to Great Britain in 1923, George Harvey, requested a meeting Lord Curzon, the chair of the Lausanne Conference for the renegotiation of the Treaty of Sèvres. In the course of this conversation Curzon encouraged the United States to assume a more prominent role in the negotiations. Ambassador Harvey wrote, “He [Curzon] earnestly hoped that in the coming [Lausanne] conference our Government would take as active a part as might be possible under our traditional policy of detachment from purely European affairs.”⁸¹ The active role that Curzon hoped for did not come about; after the negotiations, however, the US abided by the agreement and also negotiated its own side agreement with the government of the Grand National Assembly of Turkey.

With the advantage of hindsight it is now possible to see some of the earliest signs of greater American involvement in Turkey, and ironically they came about almost by accident. Within only weeks of the German invasion of France, discussions began in

⁸¹ *FRUS*, 1923, vol. 2. US Ambassador to Great Britain George Harvey to Secretary of State Charles Evans Hughes, Washington, DC, 1938, p. 881.

FRUS, 1934, vol. 2, US Ambassador to Turkey Robert Skinner to Secretary of State Cordell Hull, “Proposals for Improving Unsatisfactory Trade Relations with Turkey,” Washington, DC, 1951, pp. 940-942.

London about what would happen to the French portion of the chromite treaty. British diplomats told the American Ambassador, Joseph Kennedy, that they were concerned Turkey would continue to sell its chromite to German-controlled France. The British therefore proposed a plan to keep Turkish chromite out of German hands; the United States would assume the French 4/15's of the treaty.

While the United States still had no intention of joining the war, planning was underway in Washington to make sure that US industries had adequate supplies of vital minerals and materials for an increasingly unpredictable and unstable world marketplace. The United States, like Germany, had almost no domestic supply of chromite (Germany had none) and therefore had to import the ore. In the 1920s the US imported chromite almost exclusively from South Africa and Rhodesia (modern-day Zimbabwe) but in the 1930s it began to diversify its imports. For example, the US began buying chromite from Turkey in 1932. However, by the end of the 1930s the United States was again dependent upon only a few sources: Southern Africa, Cuba, and the Philippine Islands. Cuba's close proximity to the United States made it a fairly secure source but Southern Africa and the Philippines were both problematic. If war were to break out, merchant ships would have to travel extensive distances through dangerous waters. For this reason the United States began stockpiling chromite and other minerals in 1939.⁸² Figure 7 shows the fluctuations of chromite imports to the US throughout the 1920s and '30s.

⁸² H.D. Keiser, Ed., US Department of the Interior, Bureau of Mines, *Minerals Yearbook: Review of 1940*. <<http://minerals.usgs.gov/minerals/pubs/usbmm/yb.html>> (15 May 2008), p. 585. See also Arthur Kemp, "Chromium: A Strategic Material." *Harvard Business Review* (Winter 1942), p. 210.

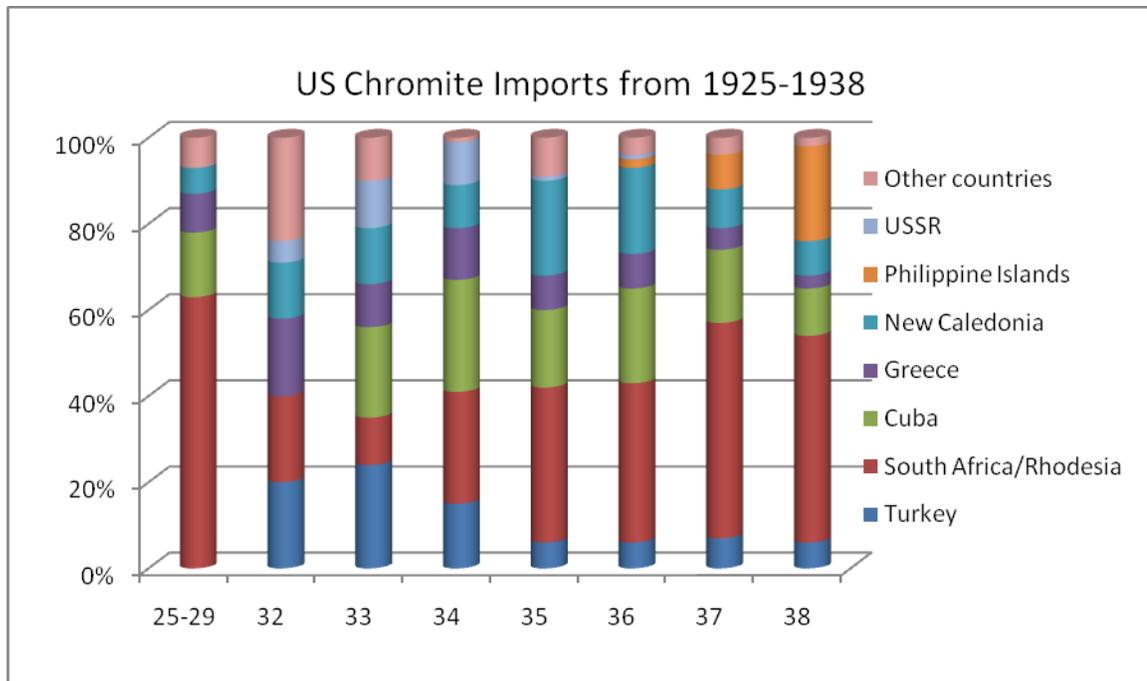


Figure 7⁸³

When the UK approached the United States about picking up the French 4/15s share of the Anglo-French-Turkish commercial agreement, the US expressed interest. British and American motives do not appear to be the same, however. The US motive at this point appears to be building up its strategic reserve. The UK, however, had adequate supplies of chromite from its southern African colonies but according to at least one report, British planners were already in 1940 doing everything they could to prevent chromite from reaching Germany from Turkey or any other source. According to the first confidential *Minerals Yearbook* published by the US Department of the Interior's Bureau of Mines:

The strategic nature of chromite was emphasized during 1940. Germany acquired the smelting facilities of France and Norway and a considerable stock of chromite, but no producing area was occupied. Despite these acquisitions, it is believed that the Axis Powers were short of the valuable raw material. England, on the other hand, bought the entire Turkish output, contracted for a substantial

⁸³ This graph was made from data in the *Minerals Yearbook: Review of 1940*, p. 587.

tonnage of Greek ore, and deflected much of the Yugoslav output to friendly channels. These achievements plus dominance of the seas gave England virtual control of chromite supplies.⁸⁴

On June 22, 1940 the United States Ambassador in London wrote to Washington to ask whether the US government was interested in pursuing the issue of assuming the French obligations. Washington's initial position was one of interest but with two reservations. One, the US was not interested in paying a dramatically inflated price and secondly, the government wanted either British or Turkish ships to carry the ore. In terms of price, the Procurement Division of the US Treasury remained angry about paying what it considered "an unreasonable price" on a previous chromite purchase from Turkey.⁸⁵ As the months went by and the US dithered on the details, the British decided to go ahead and pick up the French portion of the agreement themselves; not only that but to the surprise of American diplomats, Turkey negotiated a price for the chromite that was far above the price with which the US Treasury Department was already unhappy.

Treasury therefore overruled the State Department's desire to purchase additional large sums of chromite from Turkey. Their primary argument was that Turkey's asking price was unreasonably higher than the going rate of Rhodesian ore; this rationale made sense according to a policy that sought to get the most ore per dollar regardless of its origins. In other words, the Treasury Department was not particularly concerned about denying ore to Germany but acquiring it for the US. Within a month the naysayers at Treasury were themselves overruled, however, apparently by someone higher up the bureaucratic shuffle in the Defense Department who understood the strategic import of Turkish ore. Secretary of State Hull wrote on 21 September 1940 to Ambassador

⁸⁴ *Minerals Yearbook: Review of 1940*, p. 588.

⁸⁵ *FRUS*, 1940, vol. 3, Secretary of State Cordell Hull to the Ambassador in Turkey, J.V.A MacMurray, Washington, DC, 1958, p. 950.

MacMurray, “After exploring other possible sources of supply, the Defense Commission and Procurement Division are now convinced of the desirability of procuring Turkish chrome [*sic*]⁸⁶ as soon as possible.”⁸⁷

Since British purchases of Turkish chromite were strategic and not based on domestic consumption needs, the British were happy to have the United States pick up the tab for Turkish chromite and therefore encouraged the US to take over some or all of the British commitment. However, the British were contractually bound not to resell Turkish chromite without the express permission of the Turkish government. Secretary Hull suggested that if the Turkish negotiators hesitated, the Ambassador should remind the Turkish authorities that:

[T]he United States, as a very exceptional measure, has recently permitted the exportation to Turkey of tetraethyl lead essential for aviation fuel. This permission was granted contrary to the firmly established policy of this Government and was made possible only as a result of the unusually friendly relations between the United States and Turkey.⁸⁸

Turkey did not resist changing the terms of the commercial agreement and readily allowed chromite promised to Britain to be sent to the United States instead. The Turkish Ambassador agreed with Secretary Hull that Turkish cooperation was in part a *quid pro quo* for the US agreement of sales to Turkey of tetraethyl lead.⁸⁹ The US received formal Turkish approval to purchase the chromite on October 9, 1940.⁹⁰

⁸⁶ The US purchased chromite ore from Turkey and not the pigment chrome.

⁸⁷ *FRUS*, 1940, vol. 3, Secretary of State Cordell Hull to the Ambassador in Turkey, J.V.A MacMurray, Washington, DC, 1958, p. 951.

⁸⁸ Above-cited memorandum from Hull, p. 951.

⁸⁹ *FRUS*, 1940, vol. 3, Memorandum of Conversation between George V. Allen of the Near Eastern Affairs Division, the Turkish Ambassador to the US, Mehmet Münir Ertegün, and the Chief of the Near Eastern Affairs Division, Wallace Murray, Washington, DC, 1958, p. 952.

⁹⁰ *FRUS*, 1940, vol. 3, The US Ambassador to Turkey, J.V.A. MacMurray to Secretary of State Cordell Hull, Washington, DC, 1958, p. 957.

In mid 1941 the US government began implementing strict inventory controls on chromite to prevent hoarding by private firms and individuals so that key war-time industries would not suffer shortages. This ruling “required suppliers and their customers...to file a sworn statement of compliance...and also required customers to file *monthly* (emphasis in original) statements of compliance with their suppliers.”⁹¹ An article in the *New York Times* outlined concerns from both the steel industry and the government that the US could run low on chromite, given the country’s seemingly insatiable appetite for chromite—it consumed between 750,000 and 800,000 long tons in 1940—and the fact that nearly all of it was imported.⁹² The government also warned the industry that if these measures did not work the government would be forced to implement more draconian regulations.

Turkish leaders meanwhile were growing ever more concerned about the rapid advance of German troops through southeastern Europe. The German invasion of Romania on October 7, 1940 and the Italian entry into the war with the invasion of Greece from Albania three weeks later on October 28 heightened concern considerably in Ankara and at the Turkish diplomatic mission in Washington.⁹³ On October 9 the Turkish Ambassador to the United States requested a meeting with the State Department in order to put forward a rather peculiar idea. He proposed the addition of the United States to a bloc of states to resist further German aggression. In addition to the US and Turkey the bloc would include Russia, Bulgaria, and possibly Greece.⁹⁴ Ambassador Erteğün noted that this was his personal idea and not the formal suggestion of his country

⁹¹ Arthur Kemp, “Chromium: A Strategic Material.” *Harvard Business Review* (Winter 1942), p. 210.

⁹² “Full Priority Curb Put on Chromium,” *New York Times*, July 8, 1941, p. 20.

⁹³ Hale, p. 82.

⁹⁴ *FRUS*, 1940, vol. 3, Memorandum of Conversation between Assistant Secretary of State Adolf Berle and the Turkish Ambassador to the US, Mehmet Münir Erteğün, Washington, DC, 1958, p. 957.

and so Undersecretary of State Berle (pronounced bur lee) told him that while he was generally sympathetic to the idea, he did not think it would be a possible for the United States to join together with Russia because there were just too many fundamental issues on which the two countries did not agree, not least of which was Russia's "assertion of the right to take and seize territory by violence, as she had done in Latvia, Lithuania, and Estonia..."⁹⁵ Ultimately, nothing came of the proposition aside from the reassurance derived from both sides that the two countries stood on similar footing in terms of their concern about German aggression.

3.3 To Join or Not to Join

It was at about this time that a central question arose that would remain at the heart of Turkish foreign policy until the end of the war and beyond. The question is probably best put this way: When and under what conditions, if at all, should Turkey join the war? British, Turkish, American, and Soviet interpretation of the Tri-Partite Agreement Turkey had signed with France and Britain all differed substantially and historians continue to argue today whether or not the Allied powers really wanted Turkey to join the war. The historical record is awesomely mixed. One thing is clear, Allied political and military leaders were never entirely unified about the potential advantages and disadvantages of Turkish entry into the war and the Allies therefore failed to give a clear, consistent, and unified stance. Another important point to bear in mind is that as conditions changed, Allied and Turkish positions also changed dramatically. Winston Churchill might put pressure on Turkey to join the war one day only for his Foreign

⁹⁵ *FRUS*, 1940, vol. 3, Memorandum of Conversation between Assistant Secretary of State Adolf Berle and the Turkish Ambassador to the US, Mehmet Münir Ertegün, Washington, DC, 1958, p. 957.

Minister, Anthony Eden, to argue not long after that Turkish entry might be more of a liability than an asset to the Allied cause. After the American entry into the war President Roosevelt's weak understanding of the military situation allowed him to be easily influenced by Churchill on one of his more hawkish days only for America's top military brass to quickly overrule the idea. When German troops were pounding their way into the Soviet Union and Stalin was screaming for the US and UK to open a second front against Germany in the West, the USSR also briefly argued in favor of a Turkish front in the Balkans only to later back away from its pressure on Turkey to join the war.

These ever-shifting positions among the Allied powers have led to a variety of interpretations by modern historians. Perhaps the most extreme position is that taken by Frank Weber in his book *The Evasive Neutral*. Weber does not waste time getting to his thesis; in the first sentence of the preface he writes:

The foreign policy of Turkey during the Second World War ought to have been determined by the alliance treaty the Turkish government signed with the British and the French in the autumn of 1939. Instead the Turks did not live up to their pledge and followed an unforeseen course perplexing and infuriating to their allies...Britain and later the United States scored Turkish diplomacy as one of unremitting bad faith.⁹⁶

If Weber's interpretation seems harsh that is because it is, and, frankly, an inappropriately biased interpretation of the historical record. Weber is correct that the British were sometimes frustrated by Turkish diplomacy and sometimes considered Turkish policy one of bad faith, but by passing over the many instances when various British, and particularly American heads of state, diplomats, and generals *agreed* with their Turkish counterparts that Turkey was better off remaining neutral than joining the war as an active belligerent, Weber provides an overly one-sided and unfair account.

⁹⁶ Frank Weber, *The Evasive Neutral: Germany, Britain and the Quest for a Turkish Alliance in the Second World War*. (Columbia: University of Missouri Press, 1979), vii.

A year before the US even joined the war, in October of 1941, the acting Chief of the Division of Near Eastern Affairs made this prescient observation:

I do not believe we or the British are going to be able to induce Russians, Turks, Iraqis or anyone else to fight the Axis unless they can see what they are going to get out of it. In the case of the Turks, the motive would be protection of their hard-won independence. The question is, do we have anything to offer any of these people which might be a definite inducement? So far as Turkey is concerned, we have given her rather special facilities in obtaining certain military supplies and we should continue to do so.⁹⁷

Another example comes from the American Ambassador in 1941. He wrote:

I have gathered the impression that the British diplomatic and military authorities here alike feel that their Government is trying to hustle the Turks faster than their temperamental and technological situations would justify and are inclined to advise the British Government that it would be wiser not to arouse in them a feeling of resistance but to rely rather upon their response to their impulses of self-interest and their sense of loyalty which in spite of their wariness and shrewdness in minor matters can be counted on to keep them faithful to the alliance and assure their eventual cooperation to the fullest extent of their potentialities.⁹⁸

Many other illustrative examples also exist, including many instances where the British Foreign Secretary expressed various different reasons why it would be better for British interests for Turkey not to enter the war or provoke an attack from Germany or Italy.⁹⁹ Allied reasons for either not wanting Turkish participation, worrying about the dangers of Turkish participation, or wanting Turkish participation but understanding Turkish refusals to participate, varied throughout the war, but the issue of Turkish unpreparedness was the most important factor. On February 20, 1941 Eden noted in his journal,

⁹⁷ *FRUS*, 1940, Vol. 3, Memorandum from Acting Chief of the Division of Near Eastern Affairs, Paul H. Alling to Assistant Secretary of State Adolf Berle, Washington, DC, 1958, p. 963.

⁹⁸ *FRUS*, 1941, Vol. 3, Telegram from the Ambassador in Turkey, J.V.A. MacMurray, to the Secretary of State, Washington, DC, 1959, pp. 825-826.

⁹⁹ Anthony Eden, *Memoirs: The Reckoning*. (London: Cassell, 1965), 143 (October 1940), 175 (November 1940), 189 (January 1941), 198 and 205 (February 1941), 221 (March 1941), 246 (May 1941), 411 (March 1943), 417 (October 1943), 423, 428, and 429 (November 1943), and 460 (June 1944).

Much discussion about Turkish position. [Gen. James] Marshall-Cornwall and [Air Vice-Marshal T.W.] Elmhirst [both of whom had recently been to Turkey as members of a mission for staff talks] gave doleful account of state of Turkish readiness...All this led Wavell to take the view, which Dill did not share, that Turks would be more of a liability than an asset at present time.¹⁰⁰

Given Turkey's lack of a sufficient air force to defend against Axis air attacks—which would have devastated Istanbul and Turkey's nascent industry, almost all of which was concentrated in the Northwestern corner of the state—British military strategists knew that they would have to bolster Turkey's air defenses in order for the Turkish military to even have a chance. However, Britain was constantly plagued by a lack of sufficient air power to defend its primary interests in the Mediterranean, particularly Egypt and the Suez Canal. Eden telegraphed Churchill on February 21, 1941, "Gravest anxiety is not in respect of army but of air...My own impression is that all his squadrons here [Cairo] are not quite up to standard...the supply of modern aircraft still leaves much to be desired."¹⁰¹ On May 19, 1941 Eden wrote a private message to Churchill that is a direct repudiation of Weber's thesis, stating "So far, Turkey has held fast to the Anglo-Turkish Alliance and, for the present at least, appears to wish to continue to do so."¹⁰²

Few things have concentrated minds in the United States and Britain in the 20th century like policies emanating from Russia. When the Soviet Union began expressing interest in Turkey opening a Balkan front against Germany in August of 1943, Turkey quickly grew suspicious of Soviet motives. While this was the first "open" request made by the Soviet Union, the Soviets had tried to push Turkey into the war earlier by instigating a diplomatic crisis. In the winter of 1942 the KGB arranged for the assassination of the German Ambassador to Turkey, Franz von Papen in order to divert

¹⁰⁰ Eden, 197.

¹⁰¹ Eden, 196.

¹⁰² Eden, 246.

German forces away from the Soviet Union. The assassination attempt failed and Turkish security forces quickly linked Moscow to the attack, thereby scuttling the scheme.¹⁰³

Turkey resisted British/Soviet pressure by repeating the country was not prepared to go to war. The British therefore proposed the construction of British air bases but Turkey refused these, too, because it feared Germany would use them as a *casus belli*. Frankly, the British could not give Turkey the military resources that were necessary for Turkey to defend itself and the United States was uninterested in a Balkan front. General George C. Marshall and the American military establishment considered a Balkan front a terrible idea for they would “burn up our logistics right down the line.”¹⁰⁴

The Allied countries thus repeated this circular argument with Turkey throughout the war. Churchill in particular took the view that Turkey should enter the war but it is probably inappropriate to focus too much on his prodding because Turkey also knew that the United States did not favor a Balkan front and was also well aware of the deep reservations Churchill’s military staff maintained about Turkish entry and a Balkan front. To further illustrate the point, US Admiral Leahy notes a very intriguing remark made by President Franklin Roosevelt to Prime Minister Churchill during a quadripartite dinner between the US, UK, Turkey, and the USSR during the Second Cairo Conference in December 1943. Roosevelt said to Churchill “that if he, Roosevelt, were a Turk, he would require more assurance of aid than Britain had promised before abandoning neutrality and leading his nation to war.”¹⁰⁵

¹⁰³ Nur Bilge Criss, personal communication, 01 October 2008.

¹⁰⁴ Deringil, 145.

¹⁰⁵ *FRUS*, The Conferences at Cairo and Tehran, 1943, Quadripartite Dinner Meeting in Roosevelt’s Villa, Cairo, 1961, p. 698.

Britain's Ambassador to Turkey puts what may be the final nail in the Weber thesis when he concludes in his memoirs:

Turkey owes much to Ismet İnonü. To the General who played so great a role in her War of Independence and whose name perpetuates his great victory, to the diplomat who negotiated at Mudania, to the Prime Minister responsible for so much of the Republic's early days and to the President who took over when Ataturk died, saw her through the war period and still guides her as she develops her political system. A man of highest principles and honour and a true friend of ours.¹⁰⁶

If the American President, top American diplomats, Foreign Secretary Eden, and Britain's chief diplomat to Turkey did not conclude Turkey's policies were one of "unremitting bad faith," then who, exactly, is Weber talking about? Even if one grants that diplomats tend to brush over difficulties, especially in memoirs, Hugessen's conclusions about İnonü and Turkish foreign policy during the Second World War are quite representative of diplomatic correspondence at the time. Furthermore, the frank and sincere discussions Turkish, British, and American leaders shared throughout the war helped pave the way for close collaboration after the war and Turkey's entrance into NATO in 1952.

3.4 The Resumption of Turkish-German Trade

Returning to the somewhat chronological narrative, the ink was barely dry on the Anglo-Turkish-French commercial agreement when Turkey signed a commercial agreement with Germany on July 25, 1940. In keeping with its position of neutrality, however, this was perfectly within Turkey's rights as a neutral state and did not violate the Tripartite agreement. Under that agreement Turkey was committed to sell all its

¹⁰⁶ Sir Hugh Knatchbull-Hugessen, *Diplomat in Peace and War* (London: John Murray, 1949), 206.

chromite stocks to Britain until the end of 1942. To the distinct consternation of the Germans, Turkey abided by this agreement to the end.

In 1941 as German forces conquered ever more territory and countries in the Balkans, von Papen tightened the screws on Turkey diplomatically. By June the Axis powers bordered the country on four sides. From the northwest Germany was but a short distance from Istanbul in Thrace, from the west the Italians occupied the Dodecanese Islands, from the northeast the USSR lay waiting in the Caucasus, and Vichy Syria and Iraq sat in the south and southeast (though both of those countries would return to Allied control in the summer of 1941).

It was at the height of German power in the Balkans and prior to beginning of Operation Barbarossa, the German invasion of the Soviet Union, that Germany decided to send Dr. Karl Clodius, the country's chief trade negotiator, to Turkey to hammer out a new commercial agreement. In spite of the commercial agreement signed a year before in 1940, Turkish-German trade had not picked up appreciably. Whereas Turkish exports to Germany accounted for 51 percent of the country's imports and 31 percent of its exports before the war, "these percentages were reduced to 12 percent and 9 percent respectively in 1940."¹⁰⁷ Trade did not increase largely because of German delays in delivering goods to Turkey.

The German government instructed Dr. Clodius that its top priority was to resume importation of Turkish chromite. Germany wagered its menacing position on Turkey's border could pressure Turkey into breaking its commitment to Britain. According to a report in the *New York Times*, Ambassador von Papen wanted an immediate, "token shipment" of 2,500 tons of chromite from Turkey as a demonstration of Turkish

¹⁰⁷ Hale, p. 83.

goodwill.¹⁰⁸ Germany also requested 150,000 tons of chromite in 1943 and 1944 each, or about 50 percent of Turkey's output. Turkey, as the *New York Times* article put it, "beat down [the] demand." Turkey's chief negotiator, Foreign Minister Numan Menemencioglu, had some requests of his own. Given German promises but failure to deliver needed supplies under the previous year's commercial agreement, Menemencioglu tied Turkish chromite exports to German delivery of goods. In the end Turkey agreed to ship 45,000 tons of chromite to Germany between January 15, 1943 and March 1, 1943. "If Germany delivered 18 million Turkish liras worth of military equipment, Turkey would send an additional 45,000 tons of chromite to Germany in 1943, and 90,000 tons during 1944."¹⁰⁹ As a result of this agreement, Turkey's trade with Germany picked back up in 1942, accounting for 28 percent of Turkey's imports and 25 percent of its total exports.¹¹⁰

Why and how Britain and the United States failed to secure a lock on Turkish chromite exports by extending the British commercial agreement remains an open question inadequately answered by the historical record. One utterly startling intelligence report, however, chalks it up to a bureaucratic blunder!

The Turks send chrome to Germany under an agreement signed with CLODIUS in the Autumn of 1942, after an Allied official in Ankara had neglected—despite official Turkish notification—to apply for renewal of the Allied contract with the Turks, which up to the end of 1942 gave the British and Americans the entire Turkish chrome output. The negligence of this official (who has been removed) gave CLODIUS an opening and he drove a bargain for chrome in exchange for German armaments.¹¹¹

¹⁰⁸ Ray Brock, "New Nazi Demand on Turks Heard," *New York Times*, October 9, 1941, p. 10.

¹⁰⁹ Weisband, p. 105.

¹¹⁰ Hale, p. 92.

¹¹¹ C.C. Jadwin, "Germany and Turkish Chrome," Military Intelligence Division, Military Attaché Report, Report No. 9463, 5 April 1944, pp. 1-2. OSS Washington Registry SI Intel Field Files, RG 226, Entry 108, National Archives and Record Administration, College Park, MD.

The agreement was initially hailed in the American press as a failure of German diplomacy and a victory for the Turks.¹¹² The British and American governments were not nearly as generous. For them the new Turco-German agreement was an utter failure in their attempt to prevent Germany from receiving vital materials. The US, in addition to its interest in stockpiling chromite and other vital materials, grew increasingly concerned about Axis aggression throughout 1940. In recognition of the Axis threat, the US progressively reversed its policies against exporting arms. In 1941 it began supplying Britain (and later the Soviet Union) with Lend-Lease aid, including tanks, howitzers, rifles, ammunition, and a wide variety of other material. A fair amount of this material also made it to Turkey via the UK.

Political and battlefield developments in 1941 began to change the calculus for Turkey. German pressure would gradually decrease while Allied pressure for active Turkish participation and a cessation of trade relations with Germany gradually increased. The greatest single change in pressure on Turkey came about as a result of the German invasion of the Soviet Union. One explanation for Germany's turn on the Soviet Union—Hitler's plans in *Mein Kampf* aside—was the hard-bargaining by Soviet Prime Minister Molotov. German-Soviet negotiations in late 1940 show German-Soviet divergence over Turkey, the vital Straits, and access to Britain's holdings in the Middle East. Molotov told Ribbentrop and Hitler that the USSR viewed control of the Turkish straits as essential to its security and, according to Hale, Molotov said "he could reach an agreement with Turkey on this."¹¹³ Germany responded with a draft agreement with the aim of drawing Turkey away from Great Britain, "to recognize the extent of Turkey's

¹¹² Ray Brock, "German Threats to Turks Detailed," *New York Times*, October 11, 1941, p. 2.

¹¹³ Hale, p. 85.

possessions,' and to secure a revision of the Montreux Convention giving the Soviet Union free naval access through the straits."¹¹⁴ This was not enough for Molotov, however, and he responded that the USSR must have naval and military bases on the Turkish straits. If Turkey agreed to join the Axis powers, then they would guarantee Turkey's integrity, but if not then "the required military and diplomatic measures' would be taken."¹¹⁵ If this were not enough, Molotov also said Bulgaria would be forced to sign a mutual assistance pact with the USSR since, Molotov claimed, Bulgaria lay within the USSR's Black Sea "security zone." Hitler promptly informed the Turkish Ambassador to Berlin, Hüsrev Gerede, of Molotov's conversation.¹¹⁶ The negotiations ended without an agreement and only twenty-two days later Hitler ordered his generals to start making plans for Operation Barbarossa.

The German invasion of Russia relieved an enormous amount of pressure on Turkey. As von Papen himself noted in a cable to Berlin, "Turkey is in transports of joy."¹¹⁷ America's entry into the war at the end of 1941 also greatly strengthened the Allies' potential. German setbacks and then losses in Russia in 1942 lessened the pressure on Turkey to supply German chromite, though trade with Germany in fact picked up substantially.

While German battlefield setbacks meant less compulsion on Turkey from Germany, Allied successes, on the other hand, meant increasing pressure from Britain and now America for Turkey to cease its trade with Germany. The United States and the United Kingdom renewed the process of pressuring Turkey to cease its chromite and

¹¹⁴ Hale, p. 85.

¹¹⁵ Hale, p. 85.

¹¹⁶ Nur Bilge Criss, personal communication, 01 October 2008.

¹¹⁷ Deringil, 123.

other trade with Germany by setting up preemptive purchasing programs in Turkey, similar to programs implemented in Spain, Portugal (tungsten), and various other countries to deny Germany material critical to its war machine. These programs sought to buy up as much of the most strategic minerals as possible in order to deprive Germany of needed material and to thereby shorten the length of the war.

American intelligence well understood just how vital chromite supplies were to Germany, and that in spite of the Clodius agreement Germany was growing desperately short of supplies. A Military Intelligence Report of 5 April 1944 reads:

Information gathered from several independent sources checked very closely and all were completely agreed upon conclusions that continued supplies of chrome was [*sic*] absolutely vital and that disappearance of those supplies would result in a shutdown of Germany's ferro-alloy steel mills. That means according to experts here that Germany's ferro-alloy, particularly chrome, position is the sorest point in her entire war production situation, overshadowing her pressing manpower and food problems.¹¹⁸

German battlefield losses turned into an avalanche of further problems for its steel industry. Germany lost its access to manganese, another important element used in similar ways as chromite, when the Soviets recaptured the Nikopol mines in 1944 and were forced to reduce their expectations from Greek mines as a result of guerrilla sabotage.¹¹⁹

Captured German documents after the war confirmed American and British intelligence estimates during the war. The German Minister for Armaments, Albert Speer, reported to Hitler:

Hence the element in shortest supply is chromium. This is especially grave since chromium is indispensable to a highly developed armaments industry.

¹¹⁸ C.C. Jadwin, "Germany and Turkish Chrome," Military Intelligence Division, Military Attaché Report, Report No. 9463, 5 April 1944, pp. 1-2. OSS Washington Registry SI Intel Field Files, RG 226, Entry 108, National Archives and Record Administration, College Park, MD.

¹¹⁹ Jadwin, pp. 1-2.

Should supplies from Turkey be cut off, the stockpile of chromium is sufficient *only for 5-6 months* [emphasis added]. The manufacture of planes, tanks, motor vehicles, tank shells, U-boats, and almost the entire gamut of artillery would have to cease from one to three months after this deadline, since by then the reserve in the distribution channels would be used up.¹²⁰

Speer “explained further that the conclusion in his memorandum ‘meant no more or less than that the war would be over approximately ten months after the loss of the Balkans.’”¹²¹

By the spring of 1944 the tide had turned dramatically in the Allies favor and the Axis powers were facing dramatic losses on all sides. Nonetheless, Turkey continued to carry out a brisk trade with Germany as per the Clodius agreement. In fact, Edward Weisband declares the American preemptive purchasing program a failure. Just as Turkey diligently stuck to its agreement to sell all of its chromite to Britain until the last day of its agreement with Britain, December, 1942, so too did Turkey adhere to its commitments to sell chromite to Germany in 1943 and 1944. An American Foreign Economic Administration report dated May 1, 1944 agreed that American preemptive purchases of chromite failed. “On the other hand, efforts to prevent enemy imports of the three Turkish commodities most vital to the enemy, chrome, copper, and the tanning materials, valonia and valex, were not very successful.”¹²²

The changing course of the war, however, saw increasing pressure on Turkey to cut off its trade with Germany entirely, chromite and all. These desires were met with

¹²⁰ US Department of State, “Preliminary Study on U.S. and Allied Efforts to Recover and Restore Gold and other Assets Stolen or Hidden by Germany During World War II,” Stuart E. Eizenstat, Coordinator, http://www.state.gov/www/regions/eur/rpt_9806_ng_turkey.pdf, p. 9. [Hereafter referred to as “Eizenstat Report”]

¹²¹ Eizenstat Report, p. 9.

¹²² “Review of Joint United States – United Kingdom Preemptive Operations in Turkey Through 1943.” Foreign Economic Administration, Special Areas Branch, Blockade Division, May 1, 1944. OSS Washington Registry SI Intel Field Files, RG 226, Entry 108, National Archives and Record Administration, College Park, MD.

resistance until finally, on April 14, 1944, the United States and Britain vented their frustration with Turkey's continued trade with this strongly worded warning:

The Government of the United States and the Government of Great Britain have been seriously perturbed by the economic assistance which Turkish trade relations with Europe have given to the enemy. Hitherto however they have acquiesced in this situation on the informal understanding that Turkish exports were limited to what was required to purchase essential Turkish requirements which could not be obtained from the United Nations [i.e. Allies]. The rapidly approaching crisis in the war situation, when it is essential that the enemy should be deprived of all means of resistance, compels the two Governments to revise their attitude even though they realize that this may cause some temporary inconvenience to [*sic*] Turkish economy. Accordingly they feel bound to warn the Turkish Government that the Government of the United States and the Government of Great Britain view with serious disfavor as prejudicial to their vital interests the Turkish agreements with Germany and her satellites whereby Turkey undertakes to supply commodities to those countries which are essential to the conduct of the war. Any renewal of agreements or the conclusion of fresh agreements on the same lines will entail the application to Turkey of blockade measures such as the two Governments have throughout the war applied to neutral countries.¹²³

Following the presentation of the joint US/UK note, a secret and stormy session of the Turkish Parliament ensued. According to an American Military Intelligence Report, whose quoted source was a "former Turkish government official," the Turkish Parliament led the charge in reversing Turkish policy and cutting off trade with Germany. The source reported that Foreign Minister Menemencioğlu informed both the US and British Ambassador that Turkey intended to immediately cut trade to Germany by 60%. However, only a short time later President İnönü announced that Turkey would cease trade with Germany entirely. The source continued:

Reason for this was the reading by the President of an article in *The Financial Times* in which the writer states that in Turkey the President no longer plays any significant part in public affairs; that a certain group believe that 'they have the

¹²³ Eizenstadt report, p. 10.

government in their hands.’ On reading this, the President apparently felt it time to show he was still influential in national and international affairs.¹²⁴

German efforts to restore the 19 locomotives and several hundred railway cars that the country had loaned Turkey for use to deliver chromite to Germany provides a comical bookend to this story of minerals and war. A Navy Intelligence report discussed this in June, 1944:

The Turkish Minister of Communications recently told the British Military Attaché that he had been approached by the German Ambassador on the matter of returning the rolling stock now that chrome shipments to Germany had been suspended. The Minister of Communications said that he told Von Papen that this rolling-stock was scattered throughout the country, that it would take at least two months to assemble it, and that in any case he considered it very unwise for the Germans to attempt to recover these locomotives and cars at this time in view of the danger of their loss by Allied air-attacks in Bulgaria. He assured the British Military Attaché that even if the Germans did insist on the return of the rolling stock, he would manage to put so many obstructions and difficulties in the way as to virtually prevent their delivery.¹²⁵

3.5 Further Conclusions

Turkey’s trade, particularly in strategically important materials like chromite, followed an up and down pattern that followed the changing fortunes of the countries in the war. Turkey successfully leveraged its valuable resources to maintain its independence, establish alliances and agreements when necessary, but also abrogate them when circumstances dictated. The fact that Turkey never joined the war until a very late date in 1945, when the war was essentially over, saved Turkey substantial resources and the devastating impact of war. In addition to the human toll a war would have caused to

¹²⁴ C.C. Jadwin, “Chrome Exports,” Military Intelligence Division, Military Attaché Report, Report No. 9760, 9 May 1944, p. 1. OSS Washington Registry SI Intel Field Files, RG 226, Entry 108, National Archives and Record Administration, College Park, MD.

¹²⁵ The Naval Attaché, “Turkey; Political Relations with Other Nations” Intelligence Report Serial 602-44, Monograph Index Guide No. 507-200/103-200, 28 June 1944. OSS Washington Registry SI Intel Field Files, RG 226, Entry 108, National Archives and Record Administration, College Park, MD.

Turkey, one scarcely wants to think what Istanbul would look like today had the German *Luftwaffe* done its damage to the city.

As was argued in the first chapter, chromite was one of the most important levers available to Turkish statesmen in their efforts to satisfy, or at least appease, the various foreign powers that sought relationships with Turkey. Declassified government documents from intelligence and diplomatic records, together with contemporary evidence, support this case. The first chapter also showed that Turkey had little interest in making major revisions to its borders through participation in armed conflict. Turkey's economic and political situation in the 1930s was precarious and given the nascent Turkish government's military success in securing Anatolia, followed by the diplomatic success at the Lausanne Conference, Turkey became a status quo power. This generally made Turkey more sympathetic to the Allied cause in the war—as opposed to German and Italian revisionist tendencies. However, Turkey's precarious situation on the edge of German occupied territory in the war, combined with the state's inferior ability to wage war made the only reasonable policy one of “active neutrality.” In the final chapter it was shown that even though Turkish statesmen feared Soviet influence in Eastern Europe, Turkey's economic and military condition did not allow it to seriously consider joining an active part in the war to counterbalance the Soviet Union on Turkey's doorstep.

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APPENDIX 1

The National Pact (*Misak-i Milli*)

1. The territories inhabited by an Ottoman Muslim majority (united in religion, race and aim) formed an indivisible whole, but the fate of the territories inhabited by an Arab majority that were under foreign occupation should be determined by plebiscite.
2. A plebiscite could determine the fate of the 'three *vilayets*' of Batum, Kars and Ardahan, which were Russian from 1878 to 1918.
3. The same should hold true for the fate of western Thrace.
4. The security of the capital, Istanbul, and of the Sea of Marmara must be assured. The opening of the Straits to commercial shipping would be a subject for discussion with other interested countries.
5. The rights of minorities would be established in conformity with the treaties concluded between the Entente and European states.
6. The economic, financial and judicial independence of the empire should be assured and free from restrictions (in other words, a return of the capitulations would be unacceptable).

APPENDIX 2

GREAT BRITAIN AND NORTHERN IRELAND, FRANCE AND TURKEY
Treaty of Mutual Assistance, signed at Angora, October 19th, 1939, and Two Protocols
annexed thereto of the same Date.

French official text communicated by the Ministry of Foreign Affairs of the French Republic. The registration took place February 17th, 1940.

Special Agreement, signed at Angora, October 19th, 1939, and Subsidiary Arrangements, including: an Arrangement relating to the Credit of £25 Million Sterling at 4 per cent., 1939, and an Arrangement relating to the Loan of £i5 Million Sterling at 3 per cent., 1939. Signed at Paris, January 8th, 1940.

French official text communicated by His Majesty's Secretary of State for Foreign Affairs in Great Britain. The registration took place March 29th, 1940.

GREAT BRITAIN AND NORTHERN IRELAND AND TURKEY

Subsidiary Agreements, including: an Agreement regarding a Loan of Two Million Pounds, and an Additional Agreement to the Agreement of September 2nd, 1936, regarding Trade and Clearing. Signed at Paris, January 8th, 1940.

English official text communicated by His Majesty's Secretary of State for Foreign Affairs in Great Britain. The registration took place March 29th, 1940.

TREATY 2 OF MUTUAL ASSISTANCE BETWEEN GREAT BRITAIN AND
NORTHERN IRELAND, FRANCE AND TURKEY.
SIGNED AT ANGORA, OCTOBER 19TH, 1939.

THE PRESIDENT OF THE FRENCH REPUBLIC, HIS MAJESTY THE KING OF
GREAT BRITAIN, IRELAND AND THE BRITISH DOMINIONS BEYOND THE
SEAS, EMPEROR OF INDIA (in respect of the United Kingdom of Great Britain and
Northern Ireland), and THE PRESIDENT OF THE TURKISH REPUBLIC:

Desiring to conclude a treaty of a reciprocal character in the interests of their national security, and to provide for mutual assistance in resistance to aggression, Have appointed as their Plenipotentiaries, namely:

THE PRESIDENT OF THE FRENCH REPUBLIC:

M. René MASSIGLI, Ambassador Extraordinary and Plenipotentiary, Commander of the Legion of Honour;

His MAJESTY THE KING OF GREAT BRITAIN, IRELAND AND THE BRITISH DOMINIONS BEYOND THE SEAS, EMPEROR OF INDIA (for the United Kingdom of Great Britain and Northern Ireland):

Sir Hughe Montgomery KNATCHBULL-HUGESSEN, K.C.M.G., Ambassador Extraordinary and Plenipotentiary;

THE PRESIDENT OF THE TURKISH REPUBLIC:

Dr. Refik SAYDAM, President of the Council, Minister for Foreign Affairs *ad interim*, Deputy for Istanbul;

Who, having communicated their full powers, found in good and due form, have agreed as follows:

Article 1.

In the event of Turkey being involved in hostilities with a European Power in consequence of aggression by that Power against Turkey, France and the United Kingdom will co-operate effectively with Turkey and will lend her all aid and assistance in their power.

Article 2.

(i) In the event of an act of aggression by a European Power leading to war in the Mediterranean area in which France and the United Kingdom are involved, Turkey will collaborate effectively with France and the United Kingdom and will lend them all aid and assistance in her power.

(ii) In the event of an act of aggression by a European Power leading to war in the Mediterranean area in which Turkey is involved, France and the United Kingdom will collaborate effectively with Turkey and will lend her all aid and assistance in their power.

Article 3.

So long as the guarantees given by France and the United Kingdom to Greece and Roumania by their respective Declarations of the 13th April, 1939, remain in force, Turkey will co-operate effectively with France and the United Kingdom and will lend them all aid and assistance in her power, in the event of France and the United Kingdom being engaged in hostilities in virtue of either of the said guarantees.

Article 4.

In the event of France and the United Kingdom being involved in hostilities with a European Power in consequence of aggression committed by that Power against either of those States without the provisions of Articles 2 or 3 being applicable, the High Contracting Parties will immediately consult together.

It is nevertheless agreed that in such an eventuality Turkey will observe at least a benevolent neutrality towards France and the United Kingdom.

Article 5.

Without prejudice to the provisions of Article 3 above, in the event of either:

(1) Aggression by a European Power against another European State which the Government of one of the High Contracting Parties had, with the approval of that State, undertaken to assist in maintaining its independence or neutrality against such aggression, or

(2) Aggression by a European Power which, while directed against another European State, constituted, in the opinion of the Government of one of the High Contracting Parties, a menace to its own security, the High Contracting Parties will immediately consult together with a view to such common action as might be considered effective.

Article 6.

The present Treaty is not directed against any country, but is designed to assure France, the United Kingdom and Turkey of mutual aid and assistance in resistance to aggression should the necessity arise.

Article 7.

The provisions of the present Treaty are equally binding as bilateral obligations between Turkey and each of the two other High Contracting Parties.

Article 8.

If the High Contracting Parties are engaged in hostilities in consequence of the operation of the present Treaty, they will not conclude an armistice or peace except by common agreement.

Article 9.

The present Treaty shall be ratified and the instruments of ratification shall be deposited simultaneously at Angora as soon as possible. It shall enter into force on the date of this deposit.

The present Treaty is concluded for a period of fifteen years. If none of the High Contracting Parties has notified the two others of its intention to terminate it six months before the expiration of the said period, the Treaty will be renewed by tacit consent for a further period of five years, and so on.

In witness whereof the undersigned have signed the present Treaty and have thereto affixed their seals.

Done at Angora, in triplicate, the 19th October, 1939.

(L. S.) R. MASSIGLI.
(L. S.) H. M. KNATCHBULL-HUGESSEN.
(L. S.) Dr. R. SAYDAM.

PROTOCOL No. 1.

The undersigned Plenipotentiaries state that their respective Governments agree that the Treaty of to-day's date shall be put into force from the moment of its signature.

The present Protocol shall be considered as an integral part of the Treaty concluded to-day between France, the United Kingdom and Turkey.

Done at Angora, in triplicate, the 19th October, 1939.

R. MASSIGLI.
H. M. KNATCHBULL-HUGESSEN.
Dr. R. SAYDAM.

PROTOCOL No. 2.

At the moment of signature of the Treaty between France, the United Kingdom and Turkey, the undersigned Plenipotentiaries, duly authorised to this effect, have agreed as follows:

The obligations undertaken by Turkey in virtue of the above-mentioned Treaty cannot compel that country to take action having as its effect, or involving as its consequence, entry into armed conflict with the Soviet Union.

The present Protocol shall be considered as an integral part of the Treaty concluded to-day between France, the United Kingdom and Turkey.

Done at Angora, in triplicate, the 19th October, 1939.

R. MASSIGLI.
H. M. KNATCHBULL-HUGESSEN.
Dr. R. SAYDAM.

SPECIAL AGREEMENT.

SIGNED AT ANGORA, OCTOBER 19th, 1939.

THE GOVERNMENTS OF THE FRENCH REPUBLIC, OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND and OF THE TURKISH REPUBLIC, desiring to regulate, in connection with the Treaty signed this day, certain questions concerning Turkey of a financial and economic nature or relative to deliveries of war material, have agreed as follows:

Article 1.

The French Government and the Government of the United Kingdom place at the disposal of Turkey a credit of £25,000,000 destined to cover the supplies of war material referred to in Article 2 below.

In this sum are included the credit of 460,000,000 French francs and that of £10,000,000 which the French Government and the Government of the United Kingdom have already declared their readiness to place at the disposal of Turkey for the same purpose.

The credit referred to above shall be repaid in 20 years; it shall carry interest at 4 per cent.

The conditions of repayment shall be the object of a subsequent arrangement; the elaboration of this arrangement shall not, however, delay the despatch of the material referred to in Article 2 below.

Article 2.

The French Government and the Government of the United Kingdom shall supply to Turkey, as soon as possible, the material forming the subject of the credit mentioned in Article 1, paragraph 2.

A Commission comprising qualified representatives of the three Governments shall meet as soon as possible in Paris or London in order to draw up the programme of deliveries corresponding to the surplus of the credit stipulated in Article 1.

Without awaiting the completion of this programme, the Commission shall determine the supplies the delivery of which shall be effected as a matter of urgency. For this purpose the Commission shall have regard to the necessity of placing Turkey without delay in a position to offer effective resistance to an attack which might be directed at short notice against her European frontiers ; it shall equally have regard to the immediate possibilities of the French Government and the Government of the United Kingdom.

Article 3.

The stipulations of Articles 1 and 2 above shall not affect any arrangements which may be made between the three Governments in the event of their becoming engaged together in hostilities in execution of the Treaty signed this day, for the purpose of furnishing Turkey with the material which might be recognised as necessary.

Article 4.

The French Government and the Government of the United Kingdom shall grant to Turkey a loan of £15,000,000. The equivalent in gold of this amount shall be delivered to the Turkish Government at Angora by the French Government and the Government of the United Kingdom.

This loan shall be repaid within the same period as the war material credit referred to in Article 1 above; it shall carry interest at the rate of 3 per cent.

The French Government and the Government of the United Kingdom agree that the service and amortisation of this loan shall be effected in Turkish pounds which shall be utilised for the purchase of tobacco or, by agreement, of other Turkish products.

Article 5.

The French Government and the Government of the United Kingdom shall place respectively at the disposal of Turkey:

The French Government a loan representing the equivalent in French francs at this present date of £1,500,000, and the Government of the United Kingdom a loan of £2,000,000.

The Turkish Government undertake to use these sums in the first place for the transfer of the French commercial credits recorded this day in the Clearing Account to a maximum of the equivalent in French francs of £1,500,000 at this present date and of the British

commercial credits recorded this day in the Clearing Account to a maximum of £2,000,000.

These loans shall be subject to the same conditions as regards interest and repayment as the loan referred to in Article 4.

The present Agreement shall be considered as an integral part of the Treaty concluded this day between France, the United Kingdom and Turkey. It shall enter into force at the same time and in the same conditions as that Treaty.

In witness whereof the undersigned Plenipotentiaries, duly authorised to that effect, have signed the present Agreement and have affixed thereto their seals.

Done in triplicate at Angora, this nineteenth day of October, nineteen hundred and thirty-nine.

(L. S.) R. MASSIGLI.
(L. S.) H. M. KNATCHBULL-HUGESSEN.
(L. S.) Dr. R. SAYDAM.

SUBSIDIARY ARRANGEMENTS
ARRANGEMENT RELATING TO THE CREDIT OF £25 MILLION STERLING AT 4
PERCENT., ICSQ.

SIGNED AT PARIS, JANUARY 8th, 1940.

An Agreement having been entered into between THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, THE GOVERNMENT OF THE FRENCH REPUBLIC, and THE GOVERNMENT OF THE TURKISH REPUBLIC for the opening of a credit of £25 million sterling in favour of the Turkish Government designed to cover the provision of war material.

The above-mentioned Governments have agreed on the following arrangements for the purpose of regulating the technical application of the said credit:

Article 1.

The credit of £25 million sterling available to the Turkish Government shall be utilised as follows:

The French Government shall agree to the delivery to the Turkish Government of war material, the arrangements concerning which shall be the object of special agreements to be concluded between the qualified representatives of the French Government and Turkish Government. As and when they fall due under these agreements, the French

Government, in agreement with the qualified representatives of the Turkish Government, shall pay to the competent French Departments the sums payable under the application of the said arrangements.

The deliveries to be made by the United Kingdom shall be effected either by way of release by the interested Departments or by way of sale by private firms. The manner of these deliveries shall be governed by a special arrangement to be concluded between the diplomatic representatives of the Turkish Republic in London and the Export Credits Guarantee Department, and by the particular contracts with each Department and each firm.

As and when they fall due under this arrangement or these contracts, the Government of the United Kingdom, in accord with the qualified representatives of the Turkish Government, shall pay the amounts due to the interested Departments or firms by the intermediary of a Bank chosen by the Government of the United Kingdom and the Turkish Government. These payments shall be made without charge or commission.

The payments so made by the French Government and the Government of the United Kingdom for the account of the Turkish Government either by way of payments on account or by way of definitive payments, shall be charged, on the date when they are effected, to an account held in the name of the Turkish Government in pounds sterling, and shall as far as interest and conditions of repayment are concerned take effect from that date.

However, for supplies furnished in the course of the year 1939 the amounts corresponding to the value of these supplies shall, when they shall have been fixed in agreement with the qualified representatives of the Turkish Government, be charged to their account from the dates of delivery and shall take effect both as to interest and conditions of repayment as from those dates.

Article 2.

The Turkish Government shall arrange for the repayment of the amounts charged to their account in the manner laid down in Article i, as well as the payment of interest at the rate of 4 per cent, per annum, by means of half-yearly payments in Turkish pounds payable on the 30th June and 31st December in each year starting from the 30th June, 1940, inclusive. These payments shall correspond with the equivalent of the sums in pounds sterling calculated in the following manner:

1. On the 30th April, 1940, the payments made by the French Government and the Government of the United Kingdom on account of the Turkish Government up to that date shall be totalled, with the addition of accumulated interest on each payment up to that date. The total so obtained shall be discounted on the basis of the rate of 4 per cent, per annum to its present value as at the 31st December, 1939. The debt thus arrived at shall be repaid by the Turkish Government by means of 40 half-yearly equal payments

calculated on the basis of the rate of 4 per cent, per annum, the first half-yearly payment becoming due on the 30th June, 1940.

2. On the 31st October, 1940, the payments made by the French Government and the Government of the United Kingdom for the account of the Turkish Government from the 1st May, 1940, to the 31st October, 1940, shall be totalled, with the addition of the accumulated interest on each payment up to the 31st October, 1940. The sum so obtained shall be discounted on the basis of the rate of 4 per cent, per annum to its present value as at the 30th June, 1940.

The debt thus arrived at shall be repaid by the Turkish Government by means of 40 equal half-yearly payments calculated on the basis of the rate of 4 per cent, per annum, the first of these halfyearly payments falling due on the 31st December, 1940.

3. The repayment of subsequent advances shall be effected by the same arrangements : each 30th April and each 31st October, as the case may be, the payments made by the French Government and the Government of the United Kingdom on account of the Turkish Government in the course of the period of six months terminating on the date in question, shall be totalled, with the addition of the accumulated interest on each payment up to that date. The total obtained shall be discounted on the basis of the rate of 4 per cent, per annum to its value as at the previous 31st December or 30th June, as the case may be. The debt thus arrived at shall be repaid by the Turkish Government by means of 40 equal half-yearly payments calculated on the basis of the rate of 4 per cent, per annum, the first half-yearly payment falling due on the 30th June or the 31st December, as the case may be, which follows the date on which the debt shall have been determined.

Article 3.

As each payment becomes due, the Turkish Government shall pay the equivalent in Turkish pounds of the sum in pounds sterling falling due to a Special Account opened in the name of the French Government and the Government of the United Kingdom at the Central Bank of the Republic of Turkey. The conversion of the pounds sterling into Turkish pounds shall be made at the buying rate of the Central Bank of the Republic of Turkey ruling on the day preceding the date on which each payment falls due. The payments in Turkish pounds thus effected shall constitute a full discharge for the Turkish Government.

The balance in the Special Account aforementioned shall be utilised by the French Government and the Government of the United Kingdom for the purchase in Turkey of Turkish commodities of all kinds destined to be imported into France and the United Kingdom for the internal consumption of those countries.

Article 4.

The present Arrangement shall enter into force on the date of its signature.

In witness whereof the Plenipotentiaries, duly authorised to that effect, have signed the present arrangement.

Done in triplicate in Paris, the 8th January, 1940.

R. H. CAMPBELL.
Edouard DALADIER.
M. MENEMENCIOLU.

ARRANGEMENT RELATING TO THE LOAN OF £15 MILLION STERLING AT 3 PER CENT., 1939.

SIGNED AT PARIS, JANUARY 8th, 1940.

An Agreement having been entered into between the GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, THE GOVERNMENT OF THE FRENCH REPUBLIC and THE GOVERNMENT OF THE TURKISH REPUBLIC for granting to the Turkish Government a loan of £15 million sterling to be delivered in gold at Angora, The above-mentioned Governments have agreed on the following arrangements with a view to regulating the technical application of the said loan:

Article 1.

The Government of the French Republic and the Government of the United Kingdom shall deliver to the Turkish Government at Angora as soon as possible, but, in any case, within a maximum period of six weeks from the date of the signature of the present Arrangement, the equivalent in gold of £15 million sterling, calculated at the rate quoted by the Bank of England, viz., 168 shillings per ounce of gold.

Article 2.

The Government of the Turkish Republic shall arrange for the repayment of the capital of the loan, as well as the payment of the interest thereon, calculated at the rate of 3 per cent, per annum, by means of forty half-yearly payments in Turkish pounds, each equal to the equivalent in pounds sterling : £501,406 *los. od.* payable on the 30th June and 31st December of each year commencing on the 30th June, 1940, inclusive.

However, the half-yearly payment payable on the 30th June, 1940, shall have deducted from

it the amount of interest at 3 per cent, per annum, accumulated from the 31st December, 1939, to the date when the delivery of the gold as indicated in the first article shall have been effectively realised.

Article 3.

The sums due for the service of the loan shall be calculated in Turkish pounds, the buying rate of the Central Bank of the Republic of Turkey on the day preceding the date on which each payment falls due being taken as the basis of conversion of pounds sterling into Turkish pounds.

The amounts thus calculated shall be credited at each date on which they fall due to a Special Account in Turkish pounds opened by the said Bank for the French Government and the Government of the United Kingdom.

These payments shall be a complete discharge for the Government of the Republic of Turkey.

Article 4.

The French Government and the Government of the United Kingdom shall utilise the Turkish pounds put to the credit of their Special Account in accordance with the conditions laid down in the preceding Article, for the purchase of tobacco of Turkish origin destined for the internal consumption of France and the United Kingdom, and of all other commodities destined to the same use as shall be determined by common agreement with the Turkish Government.

Article 5.

The present arrangement shall come into force on the date of its signature. In witness whereof, the Plenipotentiaries, duly authorised to that effect, have signed the present Arrangement.

Done in triplicate in Paris, the 8th January, 1940.

R. H. CAMPBELL.
Edouard DALADIER.
N. MENEMENCIOLU.

SUBSIDIARY AGREEMENTS BETWEEN GREAT BRITAIN AND NORTHERN
IRELAND AND TURKEY AGREEMENT BETWEEN THE GOVERNMENT OF THE
UNITED KINGDOM AND THE TURKISH GOVERNMENT REGARDING A LOAN
OF TWO MILLION POUNDS.

SIGNED AT PARIS, JANUARY 8th, 1940.

THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND
NORTHERN IRELAND and THE GOVERNMENT OF THE TURKISH REPUBLIC,
desiring to regulate the technical application of the loan, of £2,000,000 sterling made by
the Government of the United Kingdom of Great Britain and Northern Ireland to the
Government of the Turkish Republic, have agreed as follows:

Article 1.

The Government of the United Kingdom undertake to place at the disposal of the
Government of the Turkish Republic within fifteen days from the date of this Agreement
the sum of £2,000,000 sterling by payment to the Bank of England for account of the
Central Bank of the Republic of Turkey.

Article 2.

The Government of the Turkish Republic shall repay the principal of the loan and shall
pay interest thereon at 3 per cent, per annum by means of forty six-monthly instalments
each of which shall be equivalent to £66,854 4s. *od.* sterling and which shall be payable
in Turkish pounds on the 30th June and the 31st December in each year beginning on the
30th June, 1940. It is nevertheless agreed that there shall be deducted from the instalment
due to be paid on the
30th June, 1940, an amount in Turkish pounds equivalent to interest at 3 per cent, per
annum on the amount of the loan for the period between the 31st December, 1939, and
the date of the payment to be made in accordance with the provisions of Article 1 of this
Agreement.

Article 3.

The loan shall be used in the first place for the transfer of United Kingdom commercial
debts in respect of which the corresponding amount has been deposited on or before the
19th October, 1939, in the Special Account at the Central Bank of the Republic of Turkey
opened in accordance with the Anglo-Turkish Trade and Clearing Agreement 1 of the
2nd September, 1936. Such transfer shall be effected in accordance with the terms of the
Additional Trade and Clearing Agreement signed this day at Paris between the
Contracting Governments.

The balance of the loan shall be at the free disposal of the Government of the Turkish
Republic.

Article 4.

The instalments referred to in Article 2 of this Agreement shall be calculated in Turkish pounds on the basis of converting pounds sterling into Turkish pounds at the buying rate of the Central Bank of the Republic of Turkey on the day preceding the day on which the relevant instalment is due. The amount of each instalment thus calculated shall be paid when due to the credit of an account in Turkish pounds to be opened for this purpose by the said Bank in the name of the Government of the United Kingdom and payment thereof shall release the Government of the Turkish Republic from further liability in respect of the instalment to which it relates.

Article 5.

The Government of the United Kingdom shall use the Turkish pounds credited as aforesaid to the said account for the purchase of tobacco of Turkish origin intended for consumption within the United Kingdom and of any other such products intended for the same purpose as may be agreed with the Government of the Turkish Republic.

Article 6.

The present Agreement shall come into force on the day of its signature.

In witness whereof the undersigned, duly authorised to that effect, have signed the present Agreement and have affixed thereto their seals.

Done in duplicate in Paris, in the English language, this eighth day of January, nineteen hundred and forty.

A translation shall be made into the Turkish language as soon as possible, and agreed upon between the Contracting Governments.

Both texts shall then be considered equally authentic for all purposes.

(L. S.) R. H. CAMPBELL.

(L. S.) N. MENEMENCIOLU.

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM AND
THE GOVERNMENT OF THE TURKISH REPUBLIC ADDITIONAL TO THE
AGREEMENT OF SEPTEMBER 2nd, 1936, REGARDING TRADE AND CLEARING.

SIGNED AT PARIS, JANUARY 8th, 1940.

Whereas THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND and THE GOVERNMENT OF THE TURKISH REPUBLIC have this day made an Agreement (hereinafter called " the Loan Agreement ") for the purpose of regulating the technical application of the loan of £2,000,000 sterling made by the Government of the United Kingdom of Great Britain and Northern Ireland to the Government of the Turkish Republic;

And whereas for this and other purposes the Contracting Governments are desirous of amending the Trade and Clearing Agreement made between them in London on the 2nd day of September, 1936 (hereinafter called " the Principal Agreement "), as amended by a supplementary Agreement made between the Contracting Governments on the 27th day of May, 1938 (hereinafter called " the Supplementary Agreement "), and by Exchanges of Notes between the Contracting Governments dated the 23rd day of August, 1939 3, and the 22nd day of November, 1939;

Now, therefore, the Contracting Governments agree that the Principal Agreement, as so amended, be further amended in the manner hereinafter appearing:

Article 1.

For the purpose of transferring, subject to the discount mentioned below, United Kingdom commercial debts of which the corresponding amount of Turkish pounds has been deposited in the Special Account on or before the 15th day of October, 1939, the Central Bank of the Republic of Turkey shall pay to the Controller of the Anglo-Turkish Clearing Office at such times as he may require such part of the amount of the aforesaid loan as may be necessary for the aforesaid transfer. The sums so paid to the Controller of the Anglo-Turkish Clearing Office shall be credited to sub-account A and used for the aforesaid transfer. The payment of the debts in respect of which deposits have been made as aforesaid shall be subject to a discount calculated in accordance with the table below. Each payment so made shall be accepted by the creditor concerned in full discharge of the relevant debt or debts due to him:

Percentage reduction in the deposits made in the Special Account, for the months indicated.

1937:

January, February, March	..... 3
April, May, June	..... 6
July, August, September.	..... 9
October, November, December	..... 12

1938:

January, February, March	..... 15
April, May, June	..... 18
July, August, September.	..... 21
October, November, December	..... 24

1939 :

January, February, March	..... 27
April, May, June	..... 30
July, August, September.	..... 33
October 1-19	..... 36

Article 2.

The transfer of United Kingdom commercial debts of which the corresponding amount of Turkish pounds has been deposited in the Special Account after the 19th day of October, 1939, in favour of creditors in the United Kingdom shall be effected through sub-account A and such amount as may be necessary for the purpose shall be transferred from the Account opened under the Exchange of Notes dated the 23rd day of August, 1939 (hereinafter called " the Blocked Account "). The payment of the debts in respect of which deposits have been made as aforesaid shall be subject to a discount calculated in accordance with the table set out below, shall be made in the chronological order of the deposit by the Turkish debtor in the Special Account and shall be accepted by the creditor in full discharge of the relevant debt or debts due to him:

	Per cent.
1939 : October 20 - December 31	..... 36
1940 : January 1 - March 31	..... 39
On and after April 1, 1940	..... 40

Article 3.

From the date of the coming into force of this Agreement:

(1) (a) 80 per cent, of all sums credited to the Clearing Account in respect of Turkish goods exported to the United Kingdom in accordance with the provisions of Article 12 or Article 13 of the Principal Agreement as so amended shall be allocated to sub-account C, and

(b) The remaining 20 per cent, of all sums so credited shall be allocated to sub-account B, and the provisions of the Principal Agreement as so amended shall have effect accordingly.

(2) (a) The allocation to the Blocked Account of 33 1/2 per cent, of the amounts allocated to sub-account B shall cease and any balance remaining in the Blocked Account after all transfers due to be made in accordance with the provisions of Article 2 of this Agreement have been effected, shall be transferred to sub-account B;

(b) The provisions of Article 4 (2) (iii) of the Supplementary Agreement and of Article 9 (i) (vii) of the Principal Agreement shall be abrogated, and the provisions of paragraph (i) of this Article shall apply to all sums credited to the Clearing Account in respect of Turkish raisins and figs exported to the United Kingdom.

Article 4.

Notwithstanding the provisions of Articles 1 and 2 above, a creditor in whose favour a deposit has been or may be made in the Special Account may by notification in writing

lodged with the Anglo-Turkish Clearing Office not later than the 20th February, 1940, elect to transfer the deposit by the import of Turkish goods into the United Kingdom. The Central Bank of Turkey shall thereupon on notification from the Anglo-Turkish Clearing Office provide the creditor with

Turkish pounds up to the equivalent in Turkish pounds of his debt which the creditor shall be free to use for the purchase of the Turkish goods specified in the attached Schedule for importation into the United Kingdom. The provision of such Turkish pounds for the use of the creditor shall constitute a full discharge for the debt in respect of which the deposit was made. The provisions of the Principal Agreement as so amended shall not apply to such imports.

Article 5.

The provisions of the Principal Agreement, as so amended, shall not apply to any Turkish goods imported into the United Kingdom which have been purchased out of any balances of Turkish pounds held by the Government of the United Kingdom in pursuance of any Agreements entered into by the Contracting Governments.

Article 6.

The present Additional Agreement shall enter into force on the 15th January, 1940, and shall remain in force for the same period as the Principal Agreement.

In witness whereof the undersigned, duly authorised to that effect, have signed the present Agreement and have affixed thereto their seals.

Done in duplicate in Paris, in the English language, this 8th day of January, 1940.

A translation shall be made into the Turkish language as soon as possible and agreed between the Contracting Governments.

Both texts shall then be considered to be equally authentic for all purposes.

(L. S.) R. H. CAMPBELL.
(L. S.) N. MENEMENCIOLU.

SCHEDULE (see Article 4).

1. Tobacco leaves, cut tobacco and cigarettes.
2. Opium.
3. Carpets, carpeting, floor rugs, floor mats and matting and kilims, wholly or partly of wool, mohair, silk or artificial silk.
4. Attar of rose.
5. Sponges (raw and manipulated).
6. Vegetable dyestuffs, vegetable colours and colouring matters.
7. Medicinal plants, flowers, roots and leaves.
8. Eggs, egg-powder.
9. Fish oil for industrial purposes.
10. Hemp.