

ICCSOR

Journal of Applied and Theoretical Social Sciences

ISSN:2687-5861

JATSS, 2022; 4(2), 214-228

First Submission:11.05.2022

Revized Submission After Review:18.06.2022

Accepted For Publication:28.06.2022

Available Online Since: 30.06.2022

Research Article

The Merchant Bourgeoisie Fighting for Liberal Economy: Discussions on Tobacco Monopoly in the First Decade of the Republic of Turkey

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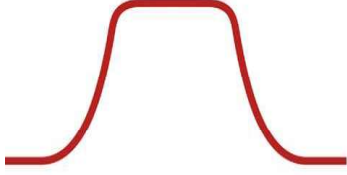
Abstract

This article is about the discussions on the tobacco business in Turkey after the abolishment of the monopoly of the private French Régie Company on tobacco in 1923. In these discussions which continued throughout the 1920's, the Turkish merchants led a campaign to put pressure on the government to introduce a system of free trade and free market in tobacco business. By analyzing these discussions on tobacco monopoly, the article aims to reveal the nature of the relations between the relatively new business class in the country and the rulers of the newly build Turkish Republic. Since Turkey is a late developed capitalist economy, the origins and development of its capitalist class has always been an issue of discussion. The article tries to demonstrate that the Turkish businesspersons possessed the capacities and means of guiding and confronting the political government in the early years of the republican period. It argues that the campaign on tobacco organized by Turkish merchants proves their organization capacities to defend their common interest and that these businesspersons deserve to be called as the merchant bourgeoisie of the country.

Keywords: Business-Government Relations, Merchants, Tobacco, Businessperson, Bourgeoisie, Monopoly

JEL Codes: N14, O13, O52

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İlk Başvuru:11.05.2022

Düzeltilmiş Makalenin Alınışı:18.06.2022

Yayın İçin Kabul Tarihi:28.06.2022

Online Yayın Tarihi:30.06.2022

Arastırma Makalesi

Ticaret Burjuvazisinin Liberal Ekonomi Mücadelesi: Türkiye Cumhuriyeti'nin İlk On Yılında Tütün Tekeli Tartışmaları

Neslişah Lemman Başaran Lotz¹

Öz

Bu makale, Fransız Régie Şirketi'nin tütün tekelinin 1923'te kaldırılmasından sonra Türkiye'de tütün işletmesi ve ticareti üzerine yapılan tartışmaları ele almaktadır. 1920'ler boyunca devam eden bu tartışmalarda tüccarlar, hükümetin Türkiye'de tütün ticaretinde serbest ticaret ve serbest piyasa sistemini getirmesi için bir kampanya yürütmüşlerdir. Makale, bu kampanya ve tartışmalar aracılığıyla, ülkenin nispeten yeni denebilecek burjuva sınıfı ile yeni kurulan Türkiye Cumhuriyeti'nin yöneticileri arasındaki ilişkilerin mahiyetini ortaya koymayı amaçlamaktadır. Kapitalist ekonomik sistemde Türkiye geç gelişen bir ülke olduğunda, ülkede kapitalist bir sınıfın ne zaman ve nasıl geliştiği her zaman tartışma konusu olmuştur. Makale, cumhuriyetin ilk yıllarında Türk işadamlarının siyasi iktidara yön gösterebilecek ve ona karşı koyabilecek kapasite ve araçlara sahip olduğunu, dolayısıyla da kapitalist bir sınıf özelliği gösterdiği iddiasından yola çıkmaktadır. 1920'lerde tüccarların tütün kampanyası, ortak çıkarlarını savunmak için örgütlenme kapasitelerini ve bu işadamlarının ülkenin tüccar burjuvazisi olarak anılmayı hak ettiğini göstermektedir.

Anahtar Kelimeler: İşadamı-Devlet İlişkileri, Tüccarlar, Tütün, İş İnsanı, Tüccar Burjuvazi, Tekel

JEL Kodlar: N14, O13, O52

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1. Introduction

The development of the capitalist economic system and the existence of an autonomous class of businesspersons in Turkey remain as issues of debate in Turkish studies¹. It is argued that the Turkish businesspersons have never constituted an autonomous interest group in Turkey powerful enough to influence the policies of the government until late in the 20th century or that the businesspersons in Turkey have always feared the government and had to always obey to the political power. Most of the time, the relation between the political power and business circles in Turkey is depicted as a conflictual one (Buğra, 2008; Heper, 1976; Sugar, 1964; Keyder, 1999). The assumption that “economic groups are less interested in organized pressure upon the bureaucracy at the stage of policy making and are more oriented toward individual manipulation at the implementation phase of these policies” mostly prevailed in the studies regarding the social classes in Turkey (Heper, 1976: 489).

These generalizations on the late development of the bourgeoisie² in Turkey undermines the role of this social class -so important for the development of modernization- in the “Turkish case”. One reason for this under-evaluation is the small number of the studies focusing on the activities of the merchants and entrepreneurs in Turkey in the first decade of the 20th century. Compared to the studies on the Ottoman merchants in the 20th century, the Turkish merchants of the Republican Turkey received less attention and most of the time they were considered as a group solely depending on the Turkish government’s subsidies. However, this was only one side of the coin, on the other side we can see the merchants growing their business and becoming more powerful using all the advantages of this new period and organizing themselves as an interest group launching sectoral campaigns. Focusing on the activities of merchant organizations of this period such as the *Milli Türk Ticaret Birliği* (National Union of Turkish Commerce –MTTB), and the *Istanbul Ticaret ve Sanayi Odası* (Chamber of Commerce and Industry of Istanbul-ITSO) enables us better assess the role that the merchant bourgeoisie played in these decades.

The aim of this article is to bring into light these organized activities of the merchants and their relation with the government in the very early years of the Republic. Rather than providing a theoretical discussion, the article proposes reconsidering the role of the bourgeoisie in the history of Turkey by taking into consideration the concrete cases. By doing so, the article argues that the Turkish Merchant bourgeoisie in 1920’s was not at all insignificant in the economic and political sphere. This article focuses on a specific group among the Muslim-Turkish businessmen, the tobacco merchants active in the period of the foundation of the Republic. By analyzing the activities of these tobacco merchants, the article aims to demonstrate that the businessmen of the period were aware of their common interests and took initiatives in line with these interests; they were able to get themselves organized to obtain their demands and they were in relation with the government not as individuals, but as organized groups. The article will also reveal that the relation of the Turkish businessman with the government was not simply conflictual; rather, the businessmen believed that they shared the same political and ideological values with the political leaders at the power and they were trying to cooperate with the government to ensure their profits.

A discussion which was enflamed at the end of 1923, and which occupied the public opinion at that period reveals most of the evidence to prove this argument. The discussion was

¹ For a more detailed discussion of the author on this issue please see the unpublished PhD dissertation of Başaran Lotz, *The Muslim-Turkish Merchant and Industrial Bourgeoisie in Turkey in The 1920’s and Their Relation With The Political Power*, 2014.

² I use the concept bourgeoisie in the sense of a class of businessman dealing with big commerce, industry or banking and whose objective is to gain profit. (Régine, 1981:122; Hobsbawm, 2006: 59)

about the tobacco business in Turkey, an issue of primary importance for the government as well as for the tobacco peasants, merchants, and the entrepreneurs (Georgeon, 2006; Doğruel and Doğruel, 2000). During the period in question, tobacco was one of the first sources of revenue of the government in Turkey and the most exported item from the country abroad. In 1923, tobacco constituted 6.3% of the state's revenue. The same year, tobacco exportation constituted 24.2% of the total exports from Turkey, and until 1930 it maintained this percentage approximately (Georgeon, 2006, 179). Thus, it was considered as “the most important economic issue of the country” by many authors of that period.³ In 1930, the deputy of Gümüşhane, Hasan Fehmi Bey noticed that the tobacco issue was the most discussed issue of the parliament (*TBMMZC*, 1930, 104/72/1).

This article focuses on the role of the Turkish⁴ merchants in this discussion, on their mobilization and their arguments. By doing so, it will try to answer the following questions: What was the real motive of the merchants to oppose to the system of monopoly in tobacco business in Turkey? What was the role of the political rivalries in these discussions?

2. The abolishment of Régie's monopoly on tobacco

In 1884, the tobacco business (its production, processing and commerce) in the Ottoman Empire had been monopolized and handed over to a private company briefly called the Régie⁵, for more than 35 years. This monopoly comprised the cigarette production, the importation of tobacco products from abroad, and the selling and buying of tobacco and its products in the Empire. At the end of the War of National Liberation, Turkish government negotiated the concession of each company operating in the Ottoman Empire, including Régie's tobacco monopoly and the concession agreement of this company had been renewed in 1923 (Başaran Lotz, 2019). However, a year later, in 1924, the Turkish National Assembly decided to abolish Régie Company's monopoly on tobacco in Turkey. This decision was met with great enthusiasm among those related with tobacco business, but it was followed as well by a lively discussion on the new system that should be implemented instead of Régie's monopoly, that comprehended all the process such as the production, manufacturing, selling, and import and export commerce of tobacco. This fervent discussion lasted throughout the 1920's, and had its repercussions in the National Assembly, as well as in the daily newspapers. Broadly speaking, on one side, there were the supporters of the foundation of a state monopoly on tobacco- that would eventually be run by a private company-, and on the other side, there were the supporters of a system called “banderole,” which meant the elimination of all the restrictions over the tobacco business. While the governments of the period were supporting the continuation of the monopoly over tobacco exploitation, a considerable part of the Turkish merchants were against the monopoly and advocated for letting the tobacco business to the free competition.

Eventually, the discussion covered the public space and dominated the agenda of the country at that period. Ahmet Cevdet, the editor in chief of *İkdam*, put forward that this was a political issue of major importance: “If these discussions on the Régie had happened in another country, a political party would be crashed or empowered according to its position on this

³ One example is the editor in chief of the daily *İkdam*, Ahmet Cevdet, “Reji Mi Başka Usuller Mi?,” [The Régie or the other systems?] *İkdam*, March 11, 1924. Another example was given in the pamphlet published in 1924: *Bandrolün Mali ve İktisadi Faideleri* (1924, 3).

⁴ In the context of early 1920s, Turkish merchants refer to Muslim-Turkish merchants, excluding non-Muslim merchants even though the latter were legally Turkish citizens. For more explanation on this question of “nationality” of merchants see Koraltürk, 2011; Toprak, 1982.

⁵ The Company called “*Régie co-intéressée des tabacs de l'Empire Ottoman*” (*Memalik-i Osmaniyye Duhanları Müşterekü'l –Menfaa Reji Şirketi*), had been founded between May-July of 1883, according to the Ottoman laws, and started to function in April of 1884 (Petch, 1902; Thobie, 1963)

issue,” he wrote. Accordingly, he predicted that the government party (Republican People’s Party/RPP) would be no doubt influenced by these discussions either in a positive or a negative way (Cevdet, İkdam, March 11, 1924). Pamphlets were published on the system that should be implemented in the tobacco business, newspapers gave special attention to the issue - they published interviews and inquiries on this subject, and the Parliament dedicated many of its sessions to this question. A special committee for tobacco (*Tütün Encümeni*) was established in the Parliament to investigate this issue and this committee received many letters from the local cultivators and merchants of tobacco and from the notables of the cities expressing their views either in favor of state monopoly or of the system of banderole. When we look at the petitions supporting the system of banderole, we see that these came overwhelmingly from the merchants or cultivators of tobacco who were organized in their region’s Chambers of Commerce and who came together for “the cause of banderole”. The Chamber of Commerce of Istanbul also sent a committee of four delegates to meet with *Tütün Encümeni* and explain the benefits of the banderole.

Two prominent figures of these discussions were İbrahim Paşa Zade Hüseyin Hüsnü Bey⁶, a merchant of tobacco in Istanbul who led the campaign for the banderole, and Katipzade Sabri Bey⁷, also a merchant of tobacco in Istanbul who was seeking to obtain the management of the potential state monopoly on tobacco after the Régie. Both were merchants and both were members of the Chamber of Commerce and Industry of Istanbul. Hüseyin Hüsnü Bey, in the Republican period, adhered to the nationalist merchant organization, the *Milli Türk Ticaret Birliği* (National Union of Turkish Commerce –MTTB), became its president and took an active part in the “nationalization” of the Chamber of Commerce and Industry of Istanbul, whereas Sabri Bey was not making part of this nationalist merchant group in Istanbul. There is enough evidence to believe that the camp of banderole represented by Hüseyin Hüsnü Bey and the Chamber of Commerce and Industry was backed by the majority of the Turkish middle and small-scale merchants and entrepreneurs of tobacco in the 1920’s.⁸

3. The demands of the tobacco merchants

A group of Turkish merchants were asking for the abolishment of the monopoly of the Régie on tobacco business since early 1923 (*Türkiye İktisat Kongresi*, 1971,148). In 1924, the Chamber of Commerce and Industry of Istanbul and its leaders turned this into a campaign against monopoly on tobacco. As an alternative to the monopoly system, these merchants were proposing the system of banderole on tobacco. In its broader sense, this system meant levying the consumption tax over tobacco by means of little etiquettes called “banderole” stuck on the cigarette boxes. It implied that all operations of tobacco business, the cultivation, manufacturing and the internal and external commerce, would be freely exercised and that the government would secure its revenue via this banderole (*Bandrolün Mali ve İktisadi Faideleri*, 1924, 44).

⁶ Hüseyin Hüsnü Bey was merchant of tobacco who had its origins in Kavala and a prominent businessman who led two important Muslim-Turkish merchant organizations of the period: the *Milli Türk Ticaret Birliği* and the Chamber of Commerce and Industry of Istanbul.

⁷ The Katip Zade family was a prominent merchant family in Izmir, having “*ayan*” origins. Besides the tobacco business, Sabri Bey was also the official seller of the Ford Company in Istanbul, in 1928. The Prime Minister of Turkey in the 1950’s, Adnan Menderes also was from the Katip Zade family. For more information on this family see Ayaşlı, 2003, 97–99. Ahmet Hamdi Bey in his memoirs mentions that Sabri Bey was a big tobacco merchant coming from Selonica (*Ahmet Hamdi Başar’ın Hatıraları*, 2007, 173).

⁸ The Nemli Zade family. *Nemlizade Mahdumları* (Sons of Nemlizade) was the only first class tobacco merchant company which was registered at the Chamber of Commerce and Industry of Istanbul in 1923, besides the Régie Company. So far in my research, I could not find any information on their position in this discussion.

Table 1: The merchants of tobacco registered at the Chamber of Commerce and Industry of Istanbul in 1923.⁹

Name	Class	Address
The Régie	First class	Voyvoda Street, Galata
Nemli Zade Sons	First class	Birinci Vakıf Han
İbrahim Zade Brothers	Second class	Around Hacı Küçük Cam
İbrahim Pasha Sons	Second class	Basiret Han, 17
Katzağ and Bida	Third class	Mudanya Han
Beşe Zade Mehmet Emin	Third class	Nafia Han
Hüseyin Avni	Fourth class	Boyacıoğlu Han
İskeçeli Halil İbrahim Pasha	Not classified	Sirkeci Köprülü Han, 32
Hasan Akif Zade Company	Not classified	Galata, Büyük Tünel Han, 27-28
Şark Osmanlı Tütünleri Anonim Şirketi (Orient Ottoman Tobacco Inc. Co.)	Incorporated company	Birinci Vakıf Han
Duhan Osmanlı Anonim Şirketi (Duhan Ottoman Inc. Co.)	Incorporated company	Meydancık

The merchants' main argument against the monopoly was that the latter was contradicting the principle of freedom of labor and commerce (*Türkiye İktisat Kongresi*, 1971, 148), in other words the main principles of liberal economy. In fact, under the system called "banderole", the merchants were advocating for free trade and free market economy. The system of monopoly was against "competition and freedom" and thus it was "dangerous and harmful" (TBMMZC, 1925i 15).¹⁰ The system of monopoly was depicted by the merchants as a hinder for the economic life and a destructive element which prevented the economy to follow "its natural path." (*Bandrolün Mali ve İktisadi Faideleri*, 1924, 40). It would especially affect the commercial life and would be a major disadvantage before the merchants while purchasing the tobacco from the cultivators (Hüseyin Hüsnü, 1924, 72).

The merchants while debating against monopoly they praised the system of free trade and free market. The advocated for the free trade system as a pioneering phase of the economic and political development. For instance, the banderole system was qualified as "revolutionary", which would start an "economic revolution" in the country. Further, it was associated with the

⁹ The data are provided by Zekeriya Kurşun (2008).

¹⁰ The expression belongs to the report of the *Tütün Encümeni* where the arguments of the supporters of the banderole are listed, but we see clearly that this part of the report had been prepared by taking into account the pamphlets published by Chamber of Commerce and Industry of Istanbul; we may find almost the same expressions in both.

French Revolution of 1789. In contrast, the system of monopoly was associated with the mentality of pre-revolution period, the Middle Ages, namely the 16th and 17th centuries “where industry and commerce were not as developed as today.” (*Bandrolün Mali ve İktisadi Faideleri*, 1924, 61, 80) According to the merchants, the system of monopoly belonged to the periods of pre-capitalism and autocracy.

In fact, Turkish tobacco merchants were against the system of monopoly because they believed that such a monopoly would hinder the tobacco exportation business that most of them were dealing with. In 1920's, the internal consumption of tobacco compared to its export was a small proportion in Turkey. It was calculated that at the time, only one tenth of the total tobacco production of Turkey was being consumed domestically. Thus, the great part of the tobacco produced in Turkey was subject to exportation commerce. Indeed, the merchants maintained that the monopoly of tobacco would give to the company that would get this monopoly, great advantage in the purchasing of the tobacco from the cultivators, thus it would be the one who will determine the selling price of tobacco abroad (Hüseyin Hüsnü, 1924, 106, 79). That is to say, the monopoly would diminish the chances of competition of other merchants.

However, the merchants preferred to present this issue as an ideological one. By putting forward the classical ideals of bourgeois revolutions, they wanted to appeal to the bourgeois revolutionary sentiments of the young republican leaders. Furthermore, since they considered themselves as the “national businessmen” of the country they also presented this question as a “national issue.” The merchants put forward their concerns about the fact that if the state monopoly would be handed over to a private company this would forcibly be a company of foreign capital since there were no “national” capitalists big enough to be candidate for such a business. They were also putting forward that this company of foreign capital would recruit many foreigners with high salaries which would mean that the “national wealth” would be transferred abroad (Hüseyin Hüsnü, 1924, 79). The issue of tobacco was considered as a “national” issue by the deputies in the Parliament as well, because it was maintained that this was a business where Turks were particularly successful (*TBMMZC*, 1930, 7/1, 109). However, the government was worried about the system of *banderole* because the middle and small scale Turkish capitalists would not be able to survive in the face of the competition of big foreign capital and a trust composed of foreign companies would dominate the business of tobacco in Turkey.

Besides, the idea of the “people’s rule” was the motto of the merchants in their campaign against the monopoly. They maintained that the public opinion was against the monopoly and in favor of the system of *banderole*. Thus, neither the government nor the Parliament should act against this will of the people. They kept reminding that the National Assembly was composed of “nothing but the representatives elected by the people.” (*Bandrolün Mali ve İktisadi Faideleri*, 1924, 5). Accordingly, all the pamphlets published by the Chamber of Commerce had been addressed directly to the deputies of the National Assembly. The fact that the majority of the deputies were against the monopoly was the biggest advantage of the merchants (Hüseyin Hüsnü, 1924, 127).

Finally, the merchants cared to keep a moderate attitude *vis-à-vis* the political power. Their goal was not to oppose the government politically, but to co-operate with it in order to benefit as much in this new situation of the country. They believed that the foundation of the nation-state constituted favorable circumstances for the sake of the national bourgeoisie, but they were also demanding some specific conditions to enable their own growth. However, this does not mean that the Muslim-Turkish merchants were too timid to confront the government. Simply, they did not prefer to do this on the political ground.

4. A campaign to win the deputies

On November 28th, 1924, two committees on economic matters in the Parliament, in their joined meeting, decided the abolishment of the Régie. The government approved this decision and consequently the company of the Régie would not be allowed to operate as of March 1, 1925 (the beginning of the year according to the calendar used at that period).¹¹

This decision had naturally raised the question of what would follow the abolishment of the monopoly of the Régie, in other words, which system should be implemented in the exploitation of tobacco in Turkey. The possible solutions were: to continue with the monopoly of a private company as was the case with the Régie; to establish a state monopoly on tobacco or to let free the production, manufacturing and the commerce of tobacco and establish a proper system of taxation (over the tobacco cultivation on the land or over the consumption via banderole). The government had been charged to conduct a survey, and bring in front of the National Assembly, “the best solution”.

Meanwhile, some companies or group of companies started to offer their propositions to the government to replace the monopoly of the Régie. According to the press, one of the first propositions was brought up by a company composed of a group of capitalists bringing together two Greeks, a Hungarian and an American. The proposition also included an article covering the monopoly on cigarette paper.¹² Another proposition was brought up by a group of companies represented by a prominent tobacco merchant, Katip Zade Sabri Bey. Sabri Bey was the co-founder of the tobacco company called *Duhan Şirketi*, together with Baban Zade Hikmet Bey, established in 1917.¹³ According to the newspaper *İkdam*, the group of Katip Zade was composed of the following: M. Çoletay, merchant, M. Viks, Maveromati, a representative of the Tobacco Company, Niko, an official of the Tobacco Company, and Katip Zade Sabri Bey. It was believed that a Czechoslovakian company was the principal capital provider of the group.¹⁴ On the other hand, this group was in close connection with the Ministry of Finance and the rumors went on saying that the Ministry had already accepted the offer of this group.¹⁵ The company of Sabri Bey, *Duhan*, was mostly criticized to be a front company for the foreign capitalists. Sabri Bey denied these claims and maintained that his company belonged solely to Turks (Doğruel and Doğruel, 2000, 138). However, the fact that at the period a Turkish company alone possessing enough capital to manage the monopoly of tobacco does not seem plausible.

In front of the proposition offered by this Katipzade group, some Turkish tobacco merchants appealed to the government and proposed themselves for the administration of the monopoly. Their main claim was that the Muslim-Turkish merchants would provide more benefits to the government than those promised by this group of which main owners of capital were foreigners. In their proposition, as a first option, they asked for the establishment of the

¹¹“Reji Hakkında İçtima ve Neşredilen Tebliğ,” [The session and the statement about the Régie] *İkdam*, November 29, 1339.

¹²“Rejii İstihlaf İçin Yeni Tedbirler,” [The new propositions for the replacement of the Régie] *İkdam*, May 26, 1340.

¹³*Duhan Osmanlı Anonim Şirketi* (Ottoman Incorporated Company of Tobacco) was founded in the Ottoman Empire, on October 30, 1917, with 50 thousand Turkish liras of capital. (Balcı and Sırma, 2012, 295) In 1929, the Turkish incorporated company, *Duhan* had 600,000TL of capital. The board of directors of the company was composed of Rıfat Bey, Faiz Nuzhet, Asaf Bey (deputy), Tahsin Bey (deputy), Süleyman Kani, Ali Ekrem Bey, M. Oscar Bart, M. Billioti, M. Lon Küller, Etienne Rukke, Albert Saltiel. (Tahsin and Saka, 1930, 500).

¹⁴“Günün Canlı Meselesi: Tütün Devlet İnhisarı,” [The issue of the day: the government monopoly on tobacco] *İkdam*, September 24, 1340.

¹⁵“Reji Belasından Kurtulmak İstiyoruz,” [We want to get rid of the evil Régie] *İkdam*, July 26, 1340.

system of banderole, but as a second option, they brought forward that if the monopoly was to be preferred, then its management ought to be handed over to a company exclusively composed of Muslim-Turkish merchants.¹⁶

In the summer of 1924, the Chamber of Commerce and Industry of Istanbul made many attempts to get involved in the discussions on tobacco business and influence the final decision that would be taken by the National Assembly. During this period, the Istanbul Chamber tried to establish closer contact with Ankara to influence the government and more importantly the National Assembly. The president of the Chamber, Hüseyin Hüsnü Bey made many visits to Ankara. In July of 1924, the administrative board of the Chamber decided to send him as a delegate to the capital city to establish personal contact with the Ministries of Finance and Commerce, to get information from inside and to communicate the opinion of the Chamber on the subject.¹⁷ In August of 1924, the board had decided to establish a special committee to carry out the necessary preparations for the campaign and Hüseyin Hüsnü Bey was appointed as the president of this committee.¹⁸ The Chamber of Commerce and Industry of Istanbul co-operated with the MTTB on this subject and a new group was established under the name of “*Tütüncüler Zümresi*” (group of tobacco businessman), composed of tobacco merchants in Istanbul. Hüseyin Hüsnü Bey became the president of this group as well.

In their campaign, the main target of the merchants in Istanbul constituting the “*Tütüncüler Zümresi*” was the Minister of Finance. They were accusing the Ministry to have already reached an agreement with the company represented by Katipzade.¹⁹ According to them, the Ministry had only one option in mind for tobacco exploitation: to establish a monopoly of state and hand it over to a private company. The government was also accused of not taking into consideration the will of the merchants and producers, which meant those who were concerned by the issue at first hand (*Bandrolün Mali ve İktisadi Faideleri*, 1924, 6). Further, it was also mentioned that the idea of the state monopoly run by a private company was originally the project of the Ministry of Finance and the other Ministers had to accept the idea since they were not offered another alternative. Hüseyin Hüsnü Bey blamed the Minister of Finance for not taking into account the desire and needs expressed by those against the monopoly, as if “he does not live in this country”.²⁰ But delicately, the merchants avoided confronting the government on the political ground. On the contrary, in each occasion they were emphasizing their common political and ideological orientations with the political leadership which founded the Republic and with the general principles of the “people’s rule.” The merchants who were conducting a fervent campaign against the government on the issue of tobacco were expressing their approval on other economic matters to the government, who was really seeking the “economic development of the country.” For example the announcement of the Prime Minister, İsmet Pasha, about the future foundation of the Bank of Affairs at the same

¹⁶“Günün Canlı Meselesi: Tütün Devlet İnhisarı.”

¹⁷“Reji Meselesi Ve Hüseyin Beyin Murahhaslığı,” [The issue of the Régie and Hüseyin Bey as the negotiator] *İstanbul Ticaret Odası Mecmuası*, no. 10 (September 1924).

¹⁸“Reji Meselesindeki Teşebbüsât,” [An enterprise on the Régie issue] *İstanbul Ticaret Odası Mecmuası*, no. 11 (October 1924): 537.

¹⁹ It was mentioned in *İkdam* that there were rumors saying that the government had already reached an agreement with the tobacco company, “Tütün Devlet İnhisarı Hakkında Maliye Vekili Abdülhalik Bey Şayan-ı Dikkat Beyanatta Bulundu.” Ahmet Hamdi Bey, in his memoirs that he wrote many years after, claimed that they did not think that it was a question of a sort of corruption. (*Ahmet Hamdi Başar’ın Hatıraları*, 2007, 1:177).

²⁰Ahmet Hamdi, “Tütün Rejisi Meselesi,” [The issue of the Régie on tobacco] *İstanbul Ticaret Odası Mecmuası*, no. 11 (October 1924): 524.

period created an enthusiasm among the merchants.²¹ Furthermore, as noted above, the merchants cared about not expressing any adverse criticism against the Prime Minister; mostly they had criticized the “Ministers” individually. And when they were opposing the government, the merchants cared about not considering it as a whole.

The Prime Minister, İsmet Pasha, was not accused at all; on the contrary, he was illustrated as manipulated by the Minister of Finance. The merchants brought forward that if İsmet Pasha knew the truth about the monopoly and the system of banderole, he would decide in favor of the latter. In September of 1924, *Tütünçüler Zümresi* decided to address a telegram to İsmet Pasha asking him to invite the tobacco merchants in Ankara to provide him information on the point of view of the merchants.²² The Prime Minister was asked to intervene in the face of this “*fait accompli*” of the Ministry of Finance. The notions and qualifications used by the merchants in the telegraph about the new regime and İsmet Pasha as a person are also worth to consider. It is emphasized that the newly founded Republic relied on the people as a class and that the country was passing through a revolutionary period which should have repercussions on the economy as well. The abolition of the company of Régie was also referred as a great revolution. İsmet Pasha was called as “the senior compatriot” who had defended the independence of the country in Lausanne. The merchants also noted their expectation that İsmet Pasha would handle the issue as should be in a “people’s government.”²³

As we see here, the merchants appealed to the ideology that they thought united them with the new political leadership of the country. This was the ideology of a republic founded on the principle of the people’s sovereignty. We shall note that this ideology was influenced by the notions of the bourgeois revolutions of the 18th and 19th centuries, starting with the French revolution. The use of the concepts like “the senior compatriot” and “people’s government” proves this. We also see that the merchants in Istanbul explicitly made use of the term “revolution” (*inkılap*), for instance when they said that the system of banderole would start an economic revolution in the country (*Bandrolün Mali ve İktisadi Faideleri*, 1924, 138). They also related the system of banderole with the French revolution (*ihtilal*).

The merchants also addressed directly to the deputies in the National Assembly in order to influence the decision that would be taken in the Parliament. Many articles were published in Istanbul newspapers such as *Yeni Gün* (July 26, 1340), *Cumhuriyet*, *İleri*, *Tasvir-i Efkâr* (“Reji belasından kurtuluyoruz derken” [We thought that we would get rid of the evil Régie], August 10th), *Akşam* (October 26th), *İkdam* (August 5th) and *Tanin* (“Ticaret odalarına çekilen Telgraf” [The telegram sent to the chambers of commerce], September 22nd). The monthly review of the Chamber, *Istanbul Ticaret Odası Mecmuası*, and the review of the MTTB, *Türkiye İktisat Mecmuası* published many articles on the issue. Two pamphlets were issued by the Chamber in autumn of 1924, one directly addressing to the deputies in the National Assembly. One of the pamphlets was written by Hüseyin Hüsnü Bey himself, (Hüseyin Hüsnü, 1924) as a response to the two volumes booklet published by someone called İbrahim Necmi (Dilmen, 1923), which in turn, wrote another pamphlet to disprove Hüseyin Hüsnü Bey personally. The second pamphlet of the merchants was collectively signed as *Tütünçüler Zümresi Heyet-i*

²¹“İsmet Paşanın Beyanatı-Reji Meselesi,” [The declaration of İsmet Pasha-The issue of the Régie] *Istanbul Ticaret Odası Mecmuası*, no. 9 (August 1924): 417–19.

²²“Tütün Tacirleri Dün İctima Ettiler,” [Yesterday, tobacco merchants made their meeting] *İkdam*, September 25, 1340.

²³“Tütünçüler Zümresinin İsmet Paşa’ya Çektikleri Telgraf,” [The telegram sent by the tobacco group to İsmet Pasha] *İkdam*, September 26, 1340.

Umumiyesi (The general assembly of the tobacco group) and gathered all arguments of the group in favor of *banderole*.²⁴

In the autumn of 1924, the Istanbul Chamber intensified its campaign against the monopoly and for the adoption of the system of *banderole*. It sought to mobilize the other Chambers of Commerce in Anatolian provinces where tobacco production and commerce were significant. Telegraphs were sent to the Chambers of Commerce of Izmir, Samsun, Bafra, Edirne, Bursa etc. calling the tobacco producers and merchants to react against the monopoly project of the government. In these telegraphs signed by Hüseyin Hüsnü Bey as the President of the Chamber, the resolution of the Economic Congress in Izmir about the abolition of the monopoly was brought back, it was illustrated how harmful would be the system of monopoly for the tobacco production and commerce in the country, and it was emphasized that it was the mission of the merchants and producers to enlighten the National Assembly on this issue.²⁵

Consequently, the Istanbul Chamber was not let alone in its efforts, Chamber of Commerce and Industry of Izmir also became a leading figure in this campaign (which seems natural considering the importance of the city in tobacco production and especially in its commerce). It was followed by the Chambers of Commerce and Industry of the cities known with their tobacco production such as Bandırma, Samsun, etc. In October, many of these Chambers organized “tobacco conferences,” in Izmir, Edirne and Samsun, where they gathered the producers and merchants of tobacco in their region and discussed the aftermath of the Régie.²⁶ As was to be expected, these congresses which lasted several days, ended with a resolution asking for the total abolishment of the monopoly system and the adoption of the system of *banderole*. The Samsun tobacco congress, for example, took place in the Chamber of Commerce and Industry of the city from October 16th to 19th. It gathered 28 delegates of the merchants and cultivators of the region. At the end of the congress, telegraphs were addressed to the President of the Republic, the Prime Minister and the National Assembly. These were declaring the final resolution of the congress: the rejection of the system of monopoly and the adoption of the system of *banderole*. In the telegraph, it was also noticed that “at a time when the state was being reorganized on the principle of people’s sovereignty,” the government should take into consideration what people were thinking, and that people were thinking that the monopoly was harmful.²⁷

How effective were the efforts of the Chamber? First of all, we have to note that the pamphlets that the Istanbul Chamber had issued had a considerable impact on the deputies and marked the discussions in the assembly. Most of the deputies who took the floor referred to these pamphlets even though in a negative way. The Minister of Finance, Hasan Bey, the President of *Tütün Encümeni*, Yusuf Kemal Bey and the Deputy of Saruhan, Abidin Bey were among those. However, we may well see that the decisions taken by *Tütün Encümeni* bare the influence of these publications. The arguments put forward by Yusuf Kemal Bey were very similar to-sometimes even the same with- those enumerated in the pamphlets even though in a

²⁴ In fact, this pamphlet was written by Ahmet Hamdi Bey, the responsible of the review of the Chamber. We see that the articles signed by Ahmet Hamdi in the Review of the Istanbul Chamber are exactly the same texts taking part in the pamphlet. Ahmet Hamdi, in his memoirs, talks about this pamphlet as well. (*Ahmet Hamdi Başar'ın Hatıraları*, I:176).

²⁵“Reji Meselesinde Ticaret Odasının Diğer Odalara Müracaatı,” [The appeal of the Chamber of Commerce to other chambers on the issue of the Régie] *İstanbul Ticaret Odası Mecmuası*, no. 11 (October 1924): 541. “Tütün İnhisarını Ticaret Odası Protesto Ediyor,” [The Chamber of Commerce protests against the monopoly on tobacco] *İkdam*, September 22, 1340.

²⁶“Tütün Meselesi,” [The issue of tobacco] *İstanbul Ticaret Odası Mecmuası*, no. 12 (n.d.): 606.

²⁷“Samsun Kongresi,” [The Congress in Samsun] *İstanbul Ticaret Odası Mecmuası*, no. 12 (n.d.): 607.

speech at the Parliament, he denied that he was inspired by this publication (TBMMZC, 1925, 483-84, 100, 491).

5. Conclusion

According to some writers on the history of the state monopoly in Turkey, the insistence of the merchants of tobacco on the system of *banderole* did not originate from a search for a comprehensive economic system, but was a result of the fear that they would suffer losses in their profit with the implementation of the system of monopoly (Doğruel and Doğruel, 2000, 136). François Georgeon depicts this discussion on tobacco as “a conflict between interest groups” in the country. According to him, the wholesale merchants of tobacco, some big tobacco producers of the Aegean and Black Sea regions, and the representatives of the merchant and industrial bourgeoisie such as Ahmet Hamdi Bey believed in the virtues of the economic liberty and free enterprise, were for the co-operation with the foreign capital and thought that the main incentive and the force of the “national economy” was the formation of a national bourgeoisie constituted in one of these interest groups. The other group composed of the bureaucracy, that defended the monopoly and whose first concern was the financial interests of the government, of the small tobacco producers and merchants, feared to be absorbed by the biggest ones if the system would be liberalized and of those who were seeking to take over the monopoly from the government (Georgeon, 2006, 184). This classification seems to correspond to the one that we tried to describe in the above pages, with the exception of the small merchants and producers of tobacco. As we tried to reveal above, the merchants of Istanbul, headed by Hüseyin Hüsnü Bey, worked for organizing the small merchants and producers of tobacco as well to take part on their sides, via tobacco congresses. It seems that they were successful and the great majority of the merchants were supporting the system of *banderole*.

The important point is that this debate on the monopoly reveals us that the merchants, as the main part of the bourgeoisie or capitalists in Turkey during the foundation years, constituted a group effective enough put pressure on the government. The second point that can be deduced from these discussions is the fact that while the merchants were working to exert pressure on the government, they were careful not to face it politically.

One of the main political rivalries of the 1920's was between the Kemalists (as ex-Unionists) who took the power, and the members of İTC, which was no longer existent as an organization. The leadership in Ankara was very suspicious about every event which they believed was organized by the Unionists, especially if this was taking place in Istanbul. That would reveal itself in the tensions that would take place between the government circles in Ankara and the bourgeoisie of Istanbul.

However, in this discussion of *banderole*, Unionism was not a line of differentiation. On the contrary, both the İTC government and the Kemalist government of the Republic took the same position in front of the merchants asking for the system of *banderole*. In fact, both governments were pursuing the politics of “national economy” which implied to give support to the development of a “national bourgeoisie,” which was expected to be the basis of the economic development in the country. On the other hand, the Muslim-Turkish merchants and entrepreneurs – who were called “national”- were not effective enough to constitute big enterprises and manage the critical sectors such as tobacco exploitation. Moreover, the economic and financial situation of the country had urgent necessities. Mostly because of costly and devastating wars, both governments needed secure sources of revenues and the best way to ensure this was to leave some sectors of the economy to big companies of foreign capital, as was the case with the Régie on the field of tobacco. That is why both governments were in favor

of a state monopoly.²⁸ Hüseyin Hüsnü Bey summarized this attitude of both governments that he harshly criticized as the following: “We see that they always repeat the same thing... What happened yesterday happens again today. They have the same soul and it has never changed.”²⁹

In fact, during the 1920's, no final decision was taken by the government on a permanent system of exploitation of tobacco in the country. In February of 1926, the General Assembly voted on an amendment for the temporary law on the state monopoly of tobacco which was put into vigor on February 25, 1925 and which was handing over the monopoly of tobacco to the state for one year, and thus ratified the extension of this temporary law for five more years, which meant until the end of 1930 (TBMMZC; 1926, 52/1). During the discussions on this amendment in 1926, the deputies reminded that the reason of the extension was to give the government the necessary time to prepare a new bill on the tobacco exploitation via the system of banderole as was approved by the majority of the deputies in the Parliament. But there had been neither such a bill nor a preparation for that. Instead, in June of 1930, the Parliament decided to render this temporary law permanent, and hence the well-known TEKEL (the monopoly which would cover the exploitation of tobacco, salt and the alcoholic drinks in 1932) was founded.³⁰

²⁸ Doğruel and Doğruel maintain that the contents of the state monopoly systems were envisaged differently by each government, ITC and CHF. Doğruel and Doğruel, *Osmanlı'dan Günümüze*, 136.

²⁹ “Görülüyor ki hep aynı nakarat... Mesele dün ne ise bugün yine odur. Ruh aynıdır, hiç değişmemiştir.” Kavalalı İbrahim Paşa Zade Hüseyin Hüsnü, *Tütün Meselemiz İnhisarçıların İddialarına Cevap*, 123.

³⁰ Doğruel and Doğruel (2006, 149) claim that the reason why a state monopoly could not be established during the 1920's was due to the restrictions of the Lausanne Peace Treaty. However, the treaty did not comprehend any clause that would directly inhibit a foundation of a state monopoly in Turkey.

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