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capacity in the organisation of the incentive schemes and credit support.<sup>55</sup> During the rapid roll-out of the CGF, which was expanded 10-fold in four months to 7% of GDP in 2017, 90% of the credits were used for working capital rather than new investment in machinery and equipment.<sup>56</sup> In recent years, it seems a raft of new incentives has been rushed out prior to every election. A recent OECD report noted the proliferation of '75 different incentive and subsidy schemes in place'.<sup>57</sup> The IMF has warned about the fiscal implications of these programmes and suggested a Comprehensive Public Sector Report covering all contingent liabilities of public-private partnerships (PPPs) and credit guarantees.<sup>58</sup>

The overall framework is now one of a complexity that seems difficult to monitor. Combined with growing centralisation of decision making, this framework also increases the scope for discretion and weakens investor confidence. Despite the repeated rounds of credit stimulus, the ratio of machinery and equipment investments to total credits has been declining since 2013 when it was around 25%.<sup>59</sup> In February 2020, the government issued a three-pronged initiative to boost private sector investment: a new Investment Law, a Sanayi İcra Kurulu (Industrial Executive Committee), and an Investor Ombudsman. No doubt technical support to help resolve investor issues will help. But if the private sector is to fully participate in this tech-led investment project and make the next productivity leap, it will be necessary to repair the institutional fabric and aim for greater stability in foreign policy and in the macro-economic environment.

## Churchill – a Good Friend of Turkey<sup>60</sup>

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In Turkey Winston Churchill is known as an important historic figure of the twentieth century but also as an adversary of the Turks, largely due to the Gallipoli Campaign in which he was the major architect. The Campaign was a disaster for the Allied Forces and a great humiliation for Churchill which cost

<sup>55</sup> See Kutlay and Karaoğuz, 'Neo-developmental turn'. They list weak bureaucratic autonomy, problems with monitoring and steering the R&D funds, and problems of public-private coordination that constrain the developmental impact of the technological upgrading plans.

<sup>56</sup> IMF, *Article IV Consultation: Turkey*, April 2018. In 2018, the government hastily issued new instructions to ensure CGF credits were mostly allocated for capital investment and exporters.

<sup>57</sup> *OECD Economic Surveys: Turkey*, 2018, p 41.

<sup>58</sup> *Fiscal Transparency Evaluation Report: Turkey*, IMF, 2016.

<sup>59</sup> İsmet Özkil, *Dünya*, 28 January, 2020.

<sup>60</sup> I am grateful to Donald Cannon for providing me with the complete works of Churchill's Diaries.

him his job as First Lord of the Admiralty. For the Turks, however, Gallipoli was a great victory which erased the bad image created by the First Balkan War of 1912 which portrayed the Turks as easy meat. Gallipoli reversed that. The victory at Gallipoli has largely been attributed to the military genius of the field commander Mustafa Kemal, who in later years became the top figure in Turkish politics and the founder of the Turkish Republic. A British staff officer writing about the official history of the event argued that ‘seldom in history can the exertion of a single commander have exercised so profound an influence, not only in the course of a battle, but on the destiny of the entire nation’.<sup>61</sup>

The end game for the Ottoman Empire in the First World War came on October 30, 1918, when the British accepted the surrender in an armistice signed at Mudros. After Germany and Austria had in effect accepted defeat, there was no possibility for the Turks to continue the war effort against the Allied powers. The victorious powers then began to work on plans to divide what was left of the Ottoman Empire into various states and autonomous territories, but one person was against it, Winston Churchill, who succeeded in recovering his reputation and returned to the government in 1919 as Secretary of State for War.

The British people were tired of the First World War abroad and the Irish trouble at home and demanded demobilisation and drastic cuts in military expenditure. However, the British Prime Minister, Lloyd George, intoxicated by the victory, did not want any of it and took a great pride in the further expansion of the British Empire even though this required more soldiers and a higher budget for security and administration. Churchill, on the other hand, insisted that Britain already had a huge territory containing a large and diverse population to manage and thus did not need parts of the collapsing Ottoman Empire. Adding more territory would be biting off more than the country could chew. Furthermore, the carving up of the Ottoman Empire by the French, Italians and Greeks as well as the British, and creating various new states and autonomous regions would cause enormous problems for everybody concerned. The Ottomans had ruled an empire of diverse regions reasonably well for centuries and no new administration could manage that.

Believing that Britain and her allies could do business with the Turks, Churchill insisted that instead of butchering the Ottoman Empire Britain should preserve it as before the war. Britain should also guide and advise the Turks in re-establishing peace and security in their pre-war territories and this would be beneficial for all.<sup>62</sup> Premier Lloyd George dismissed Churchill’s suggestion, mainly for two reasons. First, he disliked the Turks and everything that they stood for. Second, the entry of the Ottoman Empire into the war on the side of Germany had prolonged it for about two years and cost many casualties for Britain and her Allies. The Turks had to be punished harshly. So a process of carving up the Ottoman Empire got underway. An over-the-top peace treaty at Sèvres was drafted, to be imposed on the Ottoman Empire by force if

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<sup>61</sup> Alan Palmer, *The Decline and Fall of the Ottoman Empire* (London: John Murray 1995), p 129

<sup>62</sup> Sean McMeekin, *The Ottoman Endgame* (London: Penguin Books, 2015), p.435.

necessary. The occupation of the Ottoman capital was also necessary. If the Turks resisted then Lloyd George was ready to accept 100,000 Greek troops to subdue the capital. He was confident about the success of the project because the Ottoman Empire was effectively finished. These ideas dismayed Churchill who believed that occupation of Constantinople would lead to the formation of a new parliament in Anatolia and – worst of all – could push the Turks into the arms of Soviet Russia, a powerful and menacing new country. But things went ahead. On March 15, 1920, the British fleet began landing armed troops at strategic points around the city. The Greeks and Italians moved into western parts of Anatolia and the French and British into the Middle East. In the east the Armenians rebelled. As Churchill had predicted, a new national assembly was created in Anatolia. Turks re-grouped, and against all odds, put up a fight and won by receiving some help from Soviet Russia. In October 1923 the new Turkish Republic was established.

Churchill was very pleased with the progress that the new republic was making. A secular country friendly towards the West and moving towards establishing a plural democracy had been unthinkable a few years previously, but it was happening. Therefore, he argued strongly, Britain should give every help and encouragement to Turkey.<sup>63</sup>

When the Second World War started Churchill wanted Turkey on the side of the Allies. On 31 January 1941, he wrote a letter to İsmet İnönü, then the Turkish President, emphasising the unpredictability of Hitler's Germany. He wrote that there was evidence that the Germans were already threatening Bulgaria, just as they had attacked Poland despite their promises. They could bomb the Turkish cities of Edirne and Istanbul and dive bomb Turkish troops in Thrace. In addition Hitler could completely control the exits from the Dardanelles and thus complete the encirclement of Turkey in Europe and send mechanised troops towards Istanbul. Churchill promised to send at the earliest moment at least ten squadrons of fighter and bomber aircraft to prevent a German air assault on Turkey. In addition Britain was prepared to send many heavy weapons and also personnel either in uniform or in plain clothes.



On 30 January 1943, Churchill secretly met with İnönü in a train near Adana and stayed two nights in the carriage. Churchill wanted a safe Turkey strong against Germany. In November 1943, Churchill informed Joseph Stalin that Britain had sent a considerable consignment of munitions to Turkey including two hundred tanks from Syria.<sup>64</sup> There was a further meeting involving Roosevelt, Churchill and İnönü in Cairo on 4 December, to discuss again the possible entry of Turkey into the war on the side of the

<sup>63</sup> Winston Churchill, *The Second World War, Vol 3, The Grand Alliance*, chapters 12, 18 and 26 (London: Cassell and Co. Ltd, 1950).

<sup>64</sup> Winston Churchill, 1951, *The Second World War, Vol 4, The Hinge of Faith*, chapters 12, 18 and 26 (London: Cassell & Co Ltd 1951), p.625.

Allies – and the provision of more guns and ammunition. Despite all these efforts, Turkey did not enter the Second World War until its final stages and tried to maintain some distance between itself and the warring parties. In February 1945, when Germany was collapsing, Turkey declared war on the side of Allies against both Hitler and Japan.

The argument that Churchill was an adversary of Turkey is not true at all. In fact he was a friend of Turkey. He tried to stop the dismantling of the Ottoman Empire but the British Premier at the time, Lloyd George, did not accept that. Churchill predicted correctly what would happen if the Empire were carved up. Unfortunately, today the world's most intractable trouble spots are in former Ottoman territories such as the Balkans, Crimea, Caucasus, Middle East and North Africa. Churchill saw this more than one hundred years ago. He also supplied modern military equipment to Turkey in order to prevent a German invasion. And, most importantly, he advocated that modern Turkey should be supported in her endeavours to enhance her political standing and democracy. To this effect the United Kingdom has been doing this without fail since 1923. Indeed Britain and Turkey have not fallen out even during the most difficult Cyprus problem. May this continue indefinitely.



## Russian Migrations:

### The Making and Unmaking of Turkey's Black Sea Identity

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#### Part 1

As the Turkish state elites have adopted overtly regionalist geopolitical strategies to re-brand their state identity in an increasingly deregulated global market economy, Istanbul has gradually re-emerged as a regional metropolis of ethnic and cultural diversity and a site for everyday cosmopolitanism. Istanbul indeed plays a central role in this state-led regionalism and is home to the headquarters of the Black Sea Economic Cooperation (BSEC) and the Secretariat of the Black Sea Parliamentary Assembly (PABSEC). The PABSEC website claims that the new regional initiatives introduced by the states and governments, including twin city projects and children and youth festivals, have led to the strengthening of regional cooperation, civil society and increased people's awareness of a 'Black Sea identity'.<sup>65</sup>

Since the end of the Cold War period, the Black Sea as a transnational site of exchange and movement has been the focus of renewed policy and academic

<sup>65</sup> See for instance the Declaration of the Ministers of Foreign Affairs of the Member States of the Organization of the BSEC. Annex VI to BS/FM/R(2006) 2, Moscow, 1 November 2006.