

KADRO AND ITS ANALYSIS OF THE GREAT DEPRESSION*

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ABSTRACT

The Kadro movement emerged in 1932, when a number of intellectuals started to publish Kadro journal. Kadro was a monthly periodical, published between January 1932 and January 1935. Kadro authors viewed the Great Depression, which started in 1929, as a structural crisis, which would totally change the world economic structure. They argued that the system that would follow the Depression would be completely different from the pre-1914 liberal economic system. However, although the world economy had shown some serious changes in the 1930's compared with pre-1914 conditions, it had not changed as dramatically as foreseen by the Kadro authors.

Keywords: Kadro, Great Depression, Turkey.

KADRO VE BÜYÜK BUHRAN

ÖZET

Kadro hareketi 1932 yılında bir grup aydının Kadro dergisini yayımlamaya başlaması ile ortaya çıktı. Dergi, Ocak 1932 ve Ocak 1935 tarihleri arasında aylık olarak yayımlandı. Dergi yazarları, 1929'da başlayan ve tüm dünyayı etkileyen Büyük Buhran'ı dünyanın ekonomik yapısını değiştirebilecek bir kriz olarak değerlendirdiler. Kriz sonrası ortaya çıkacak sistemin Birinci Dünya Savaşı öncesinde egemen olan liberal sistemden tamamen farklı olacağını iddia ettiler. Ancak Büyük Buhran'dan sonra dünya ekonomisinde ciddi değişiklikler olmakla beraber bunlar Kadro yazarlarının öngördükleri kadar köklü değişiklikler olmadı.

Anahtar Kelimeler: Kadro, Büyük Buhran, Türkiye.

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1. INTRODUCTION

The aim of this study is to provide a general background to the Kadro movement, the 1929 Great Depression and a detailed analysis of Kadro authors' views about the crisis. A number of Turkish intellectuals organized around Kadro, a monthly journal published between January 1932 and January 1935, and the Kadro movement emerged as a result of this organization.

Kadro authors saw the 1929 Crisis as a structural change. It was an opportunity for underdeveloped nations to develop their national industries and to construct autarkic economies that would result in a rational world economy in which all the nations would take part as independent units. Every stage of the Great Depression was followed carefully by the Kadro authors and its causes and probable outcomes were handled from a perspective of a young and self-confident nation state.

2. THE KADRO MOVEMENT

Kadro was a monthly journal, which was published between January 1932 and January 1935. A number of Turkish intellectuals organized around this journal and the Kadro movement emerged as a result of this organization. In addition to the periodical, Kadro published two books, *İnkılap ve Kadro* (The Revolution and the Cadre) and *Türkiye Köy İktisadiyatı* (The Rural Economy of Turkey). The former was written by Şevket Süreyya Aydemir and included the principles of the Kadro movement. The latter was written by İsmail Hüsrev Tökin and included a detailed analysis of Turkish rural economy. The hard-core membership of Kadro consisted of Şevket Süreyya (Aydemir), İsmail Hüsrev (Tökin), Vedat Nedim (Tör), Burhan Asaf (Belge) and Yakup Kadri (Karaosmanoğlu). Except for Yakup Kadri, the members of the Kadro had been involved in or influenced by the revolutionary movements of their time.

Şevket Süreyya may be seen as the creator and the theoretician of the movement. After having participated in the First World War, Şevket Süreyya went to Azerbaijan and Daghiztan with Panturkic ideals. However, the success of the Russian Revolution and Bolshevism deeply influenced the views of Şevket Süreyya and he became a member of the Communist Party. In 1925, he was arrested and sentenced to ten years of imprisonment. After one a half-year of imprisonment he was released owing to a general amnesty. In 1927, he was arrested once more with Vedat Nedim but he was acquitted after a four-month trial. He arrived at Ankara in 1928 and from then on he worked in the service of the Republic. With his book *İnkılap ve Kadro* and his articles published in the Kadro journal he tried to form an ideology for the new regime.

Similar to Şevket Süreyya, İsmail Hüsrev lived in post-revolutionary Moscow and was influenced by Bolshevism. After his return to Turkey in 1924, he worked in State Railways and Agricultural Bank (Ziraat Bankası). During the years 1930 and 1931 he prepared the economy page of *Hakimiyet-i Milliye* (National Sovereignty) with Vedat Nedim. With the publication of Kadro, he became a member of the Kadro movement.

Vedat Nedim studied in the Berlin University during the liveliest era of political struggles in Germany where he obtained a Ph D degree in economics. He was influenced by the revolutionary movements and he took part in a group called Salvation (Kurtuluş). He returned to Turkey in 1922 and he began to write in *Aydınlık* (Illumination) journal. He was a member of the Communist Party and after the arrests in 1925 he became the general secretary of the Party. He was arrested in 1927, but was released after a while. After breaking his relations with the Communist Party, he entered into the service of the Republic and with the publication of the *Kadro* he became a member of the *Kadro* movement in 1932.

Similar to Vedat Nedim, Burhan Asaf also studied in Germany during the period in which revolutionary movements gained momentum. He returned to Turkey in 1925 and wrote in *Aydınlık* and *Hakimiyet-i Milliye*. Until the publication of *Kadro*, he worked in the Ministry of Foreign Affairs and at the Office of the Presidency.

As it was stated before, unlike the other members of the *Kadro* movement who had been influenced by the revolutionary movements of their time, Yakup Kadri belonged to the literary avant-garde. He later functioned as a vital link between the *Kadro* and the presidential circles that tolerated its publication. Yakup Kadri was a member of a wealthy family of Manisa. He was the owner of the *Kadro* journal, but he did not write on the economic issues. Instead, he wrote on literary issues and on art.

According to the *Kadro* authors, Turkish revolution was not only the emergence of a new state, but it was an action which carried the seeds of anti-imperialism and a nation without classes and privileges. French revolution brought about an economic system controlled by the bourgeoisie instead of the feudal class. Russian revolution, a reaction to the French Revolution, replaced the bourgeoisie with the proletariat. Turkish revolution was a reaction to both of them (Tör, 1932e: 17). The historical mission of Turkey was to create a national economy out of the remnants of a colonial economy. There was no such example before Turkey, and so the nation should create all it needed by itself (Tör, 1932a: 10). They argued that the Turkish Revolution was not based on a formerly prepared ideology. Therefore, it needed an ideological basis. As Turkish Revolution ought to create its own theoreticians and had not so far done so, *Kadro* authors aimed to provide this ideological basis for the new Republic. *Kadro* aimed to elaborate the principles, except laicism of the Republican People's Party (Cumhuriyet Halk Partisi) and to turn them into a comprehensive ideology.

Kadro authors emphasized the importance of an idealist vanguard cadre which should devote itself to the national liberation movement. Unlike the Marxist view which considered the class struggle as the primary conflict, they asserted that the primary conflict of the world economic system was the metropolis-colony conflict. They believed that national liberation movements led by revolutionary intellectual cadres would solve both of these conflicts. According to Şevket Süreyya, developed capitalist nations had a clear social class structure and the intellectuals of these nations were in the service of the dominant class. They were reflecting and working for the bourgeois-capitalist ideals and the press was under the control of the capitalist class. However, a planned and *etatiste* economic development would prevent the formation of social classes by deliberately bringing about an intellectual_cadre,

which would remain independent from any social class and which would be in the service of national interests. Without such cadre a national movement could not be successful. Therefore the cadre was the prerequisite and dynamic power of a revolution. He argued that this cadre had to be organized around one leader and one party, in fact one revolutionary leader and one revolutionary party. This cadre had to be inspired from the historical conditions and the targets of the movement (Aydemir, 1990: 208). Obviously, in Turkey, which was the first nation to realize a national liberation movement and which was in need of an ideological base for the future of the young Republic, this cadre would include Kadro authors. Moreover, since Turkey had been the forerunner of national liberation movements, she had to continue to play her leadership role in creating a national revolution ideology (Aydemir, 1932b: 11-12). Özveren mentions the Kadro's insistence on Turkey's leadership role for the national liberation movements. According to Özveren, Kadro sought to assume the leadership of the Third World at a time when the Third World had not yet emerged in the international scene (Özveren, 1996: 574).

The Kadro authors viewed the Great Depression as a different crisis from the former crises of capitalism which were classified as conjunctural or cyclical. They considered the Great Depression as the beginning of a deep structural change in the capitalist system. The most obvious signs of this structural change were the abolition of free trade, gold standard and the price mechanism which were the basic premises of the liberal economy. Therefore, the crisis could not be explained or overcome with classical economic theory. Indeed, the hegemony of the classical orthodox economic theory was shaken during the 1930s. Although it can retrospectively be argued that *The General Theory of Employment, Interest and Money* of Keynes, published in 1936, was the most serious challenge to the orthodox theory in the 1930s, the assumptions of the classical theory were put aside during and in the aftermath of the Great Depression.

The failure of the basic Classical dictum, 'markets clear', during the Depression forced the Western governments to intervene actively with the workings of the market economy. Expansionist policies to get out of the Depression and to prevent the increasing unemployment were observed in these countries. Under these circumstances, Keynes' *General Theory* provided a theoretical framework for the necessity of government intervention. Keynes rejected Say's Law and the neutrality of money assumption. Similar to Keynes, but before him, the Kadro authors emphasized the necessity of increasing government spending and volume of credits in order to be able to use fully the resources of the country. Without ever being the advocates of depreciation of Turkish lira, the Kadro authors argued that increasing the money supply would not affect the value of national currency as long as this increase was met by productive investments. They put forward the inefficiency of taxation as the only revenue source of the government and they suggested a planned increase in the volume of credits under the control of the central bank. They rejected the validity of the quantity theory of money which asserts that any change in the money supply results in a parallel change in the price level. The Kadro authors argued that unless there was an enormous increase in the emission, the quantity of money would not affect the level of prices.

According to the Kadro authors, in terms of national sources, Turkey was so rich that it would be a great mistake to limit the opportunities with budgetary constraints. They argued that a controlled increase in the volume of money which relied on productive entrepreneurship, such as mining or road building, would not result in inflation. In other words, the quantity of money had to depend on the volume of 'national work' and the volume of 'national work' should be determined by a national plan.

The Kadro authors viewed the Great Depression as an industrialization opportunity for undeveloped countries since the prices of capital goods declined in the world market. They believed that rational distribution of capital goods among nations was more important than changing the ownership relations of capital goods among social classes. However, they ignored the fact that since the prices of the export items of undeveloped countries declined more than the export items' prices of developed countries, financing investment-good-imports would be difficult for the former.

Despite the fact that the appointment of Yakup Kadri as ambassador to Tirana was declared in Kadro as the reason of its 'temporary' closure, it has been argued that the real reasons were the worries of the business groups and the ruling elite of the Republican People's Party. Şevket Süreyya stated that the group that was most disturbed by the views published in Kadro was that of the businessmen and merchants. Hence, the strongest resistance originated from this group (Aydemir, 1967: 480). On the other hand, the Kadro authors came into conflict with the ruling elite of the Republican People's Party. According to this elite, the sole organ that could shape the ideology of the Turkish Revolution was the Party.

Although the articles published in Kadro were in general on economic and social issues, a large number of articles about literature, education, politics, art, history and sociology written by both the Kadro members and different authors whose views were parallel with those of the movement were published in the journal. Thirty-six issues of the Kadro journal were regularly published between January 1932 and January 1935.

3. WORLD ECONOMIC CRISIS: AN EXPLANATION

1920-1928 was a period of recovery for the world economy. Although as an exception Germany was faced with hyperinflation at the beginning of the decade, especially the period between 1925 and 1929 can be defined as a fragile prosperity period. It was a period of prosperity, because world trade expanded in spite of trade barriers and there had been a considerable increase in the productivity in agricultural and industrial sectors. Moreover, an increase in national income in many countries was seen during this period. On the other hand, this prosperity was fragile because, first of all, as the United States (US) was the major creditor country of the period, European countries, especially Germany, were in need of US capital in order to rebuild their economic structures. The interruption of these credits was one of the major reasons of the spread of the crisis through Europe.

It should be stated that the First World War had deep effects on the international division of labor. As a result of the decline in the flow of investments from Western countries to underdeveloped areas during the war, secondary industries

developed in the latter in order to compensate the fallen imports from the former. Similarly, the increase in productivity and the expansion of lands under cultivation brought about a fall in imports of agricultural products in the West. These two-sided developments resulted in trade barriers in international trade in order to protect infant industries in underdeveloped areas and the agricultural sector in industrial countries.

Besides being the major creditor country, US was the primary importing nation after Britain during the 1920's. Hobsbawm (1996: 98) states that although She was situated on the rich soils of North America, US imported 40% of all the imports of the fifteen most commercial nations as for foodstuffs and raw materials. Moreover, US was also the primary exporting nation of the world at this period.

Not only the international credits but also the volume of domestic credits in the US was a factor that contributed to the fragility of the 1925-1929 period. The disproportionate rise of industrial productivity compared with wages caused a lack of demand, which was compensated with domestic credits. If we add the enormous volume of German war debts to this scene we can see clearly how fragile the 1925-1929 period was.

Although it may be argued that the beginning of the crisis went back to 1927, its dimensions were understood with and after the stock market crash of October 1929. Soon after the crash, the depression spread over Europe. Since the enormous volume of capital that had flown to Europe from US largely fueled the boom of the 1920's, the causes and the consequences of the crisis cannot be elaborated without taking US into consideration. Hobsbawm (1996: 88-89) states that there had been a considerable fall in the international flow of capital during the crisis. He says that the international lending dropped by over 90 % between 1927 and 1933. It should be stated that the hyperinflation of the early twenties resulted in the disappearance of the private savings in Germany and this made German economy more vulnerable to the international lending.

If we return to US economy, Galbraith (1961: 180-181) puts forward that the productivity per worker increased steadily throughout the twenties. However, wages, salaries and prices remained relatively stable. This rise in productivity caused a fall in costs bringing about an increase in profits. Increasing profits resulted in a boom in stock exchange and much more important than this an increase in capital investment. A little bit different from Galbraith, Hobsbawm (1996: 85-108) says that the difference between the growth rates of profits and wages brought about a lack of demand in domestic economy. This lack resulted in over-production and speculation. In order to prevent speculation, which was diverting money from productive investment, Federal Reserve Bank adopted tight monetary policies. These policies resulted in high interest rates, which led to a shortage of liquidity in US domestic market. This liquidity shortage resulted in withdrawal of US capital from European markets. Throughout the Depression, a serious recession had occurred in the industrial production of US and later of Germany. The fall in US industrial production was about a third between 1929 and 1931. Moreover, the prices of foodstuffs and raw materials had fallen seriously all over the world and the rate of unemployment reached very high levels.

Both Kindleberger and Galbraith accused US as the primary power responsible for the crisis. Galbraith (1961: 182-191) mentions five weaknesses of the US economy, which brought about the Great Depression. These weaknesses were the unequal distribution of income which made the economy dependent on investment spending or luxury consumer spending, the risky corporate structure, the improper banking structure which was composed of large numbers of independent units, the dubious state of the foreign balance and the poor state of economic intelligence. He argues that the precautions that were taken in the months and years following the stock market crash had made things worse and the most important measure that affected the course of the Depression was the effort to keep the budget balanced.

According to Kindleberger (1986: 289), the Depression was

“... so wide, so deep and so long because the international economic system was rendered unstable by British inability and US unwillingness to assume responsibility for stabilizing it by discharging five functions:

1. maintaining a relatively open market for distress goods,
2. providing counter-cyclical, or at least stable, long-term lending,
3. policing a relatively stable system of exchange rates,
4. ensuring the coordination of macroeconomic policies,
5. acting as a lender of last resort by discounting or otherwise providing liquidity in financial crisis.”

Finally the abandonment of the gold standard, which was seen as the foundation of stable international exchanges, of free trade which had been one of the basic premises of liberalism, was the messenger of a new era for the capitalist system. According to Hobsbawm (1996: 94-95), the 1929 World Depression destroyed economic liberalism for half a century.

4. KADRO AND THE GREAT DEPRESSION

According to the Kadro authors, the Great Depression was the most serious crisis in the history of capitalism. It was so serious that it brought capitalism to the edge of destruction. They argued that although some theoreticians saw the crisis as a conjunctural one, it was a structural crisis that had shaken the capitalist world (Tökin, 1932b: 17). The most obvious signs of this structural change were the abolition of free trade, gold standard and price mechanism, which were at the center of the liberal economy (Belge, 1932d: 46). Since they saw the Depression as a structural crisis, which was different from the former cyclical crises, they asserted that it was a sign of a deep structural change in the capitalist system. Therefore, this depression could not be explained by Classical theories. According to Burhan Asaf (1932e: 30), for the first time in the history of capitalism, this crisis was not the product of market conditions, but of both economic and social developments, which are national liberation movements. As a result of the national liberation movements most of the national markets closed their doors to the western producers (Tökin, 1932c: 41). The large markets provided by the exploitation of colonies gave rise to the unlimited development of the means of production. The causes of the cyclical crises were overproduction and lack of markets. Therefore, the solution was either lowering the production or finding new markets. However, according to Burhan Asaf (1932b: 32), during the 1930's it was impossible for Western producers to

enlarge their markets. Vedat Nedim (1932c: 29) stated that the crisis would bring a complete change in the liberal economic system. The problem of the West was no more the distribution of income between social classes or the control of the means of production. Instead, it was the change in international market conditions and the revolution in the structure of the world economy (Tör, 1932c: 29).

Burhan Asaf (1932a: 26) analyzed the Depression by going back to the changes brought about by the First World War (WWI). The War was the outcome of the struggles among the capitalist countries for new markets. Before the war, developed countries exported industrial products to underdeveloped areas and in return they imported raw materials and agricultural products. Therefore, there was a division of labor between different parts of the world. However, after the war one of the most developed countries, Germany fell into an unbelievable war-debt crisis. More important than this, US appeared as a capitalist country completely different from Britain. Unlike the former industrialized countries, US was an exporter of both industrial goods and primary products such as raw materials and agricultural products. Therefore, underdeveloped nations lost a considerable share in the world trade. As a result of the fall in exports of underdeveloped world, their demand for Western products had fallen bringing about a stagnation in developed world. The developed world had to either narrow its production capacity compatible with its own markets or increase the purchasing power of underdeveloped areas and give them back their former roles as raw material and agricultural product exporters. Another reason for the fallen demand of underdeveloped areas was their exploitation. İsmail Hüsrev argued that the exploitation of colonies deeply deteriorated their purchasing power. This deterioration resulted in a fall in demand in colonies, which could not be enlivened by means of credit facilities. The result was a fall in industrial production of developed world and an increase in unemployment in these countries (Tör, 1932b: 18).

According to Burhan Asaf, the causes of the crisis were: 1) The conflict of interests between Germany, Britain and Russia which began before and which resulted in WWI, 2) the fall in demand caused by the war both in developed and undeveloped parts of the world, 3) the war debts of Germany, 4) the fall in national income and the deterioration of the balance between production and consumption in underdeveloped countries, 5) the fall in agricultural productivity in industrial European countries and increased productivity in US, 6) the fall in demand for consumption goods in underdeveloped countries which could not sell their agricultural products, 7) the rise in the volume of international lending (Ertan, 1994: 111). He asserted that the world economic crisis was the sign of the disappearance of the world economic system which had two sides: metropolises and colonies. The world order that would follow this phase was the appearance of economically independent states, which would trade with each other under equal conditions. Moreover, he added that the crisis could not be explained with the theories of the classical economic thought. The image of the crisis was different in US compared with Europe.

İsmail Hüsrev (1933a: 20-24) pointed out that the agricultural depression began in 1927 and it deepened with the 1929 Stock Exchange crash. Since the prices of the industrial goods produced in advanced countries did not fall with the same rate as the prices of the agricultural goods produced in underdeveloped areas, the burden brought by the crisis was much heavier for the latter. İsmail Hüsrev argued that the

aim of the capitalists of the metropolises was to buy cheap raw materials with these very low prices and to sell them with higher prices after the crisis. That means the crisis provided opportunities for unlimited exploitation of the colonies. According to Vedat Nedim (1933: 24), on the other hand, the power which would determine the new shape of the world economy and which would make the crisis different than former cyclical crises was the colony which would use its own raw materials in its own industries.

Kadro argued that the world economy was separated into three parts after the WWI. These parts were national liberation movements, capitalist and socialist blocs, which were in conflict with each other. According to Kadro authors, the relations between these three parts would determine the course of the crisis. In relation to this point, in October 1934 Tökin wrote that the world economy was still suffering from the Depression and all of the industrialized countries of the West saw a war as the way out of this Depression (Tökin, 1932b: 17, 1934: 23). Moreover, Kadro authors were well aware of the increasing production and productivity in the war industry and they stated that the war industry was the only sector that had not been affected by the Depression (Yazman, 1934: 44).

5. THE CRISIS AND TURKEY

World economic crisis had different effects on different countries depending upon their economic structures. Fiscal crises, credit problems, monetary crises or political chaos might be counted as some of these effects. According to İsmail Hüsrev (1932a: 12-14), the most important effect that should be taken into consideration for Turkey was the monetary crisis. He asserted that with the world economic crisis, the industrial production had fallen bringing about a fall in the demand for raw materials. As a result, the raw material stock in the raw material producing countries increased and their prices had fallen deeply. Therefore, raw material exporters had serious deficits in their trade balances. These countries tried to balance their deficits by an outflow of gold and foreign exchange. Obviously, this outflow resulted in depreciation of national currency in raw material exporting countries. In a discussion that took place 45 years after Tokin's article, Tezel (1977: 278) argued that there was a fall in gold stocks of Turkey between 1926 and 1930 meaning an outflow of gold and it can be seen from the data offered by Kazgan (1977: 241) that Turkish lira had depreciated until 1930 and after 1930 it began to appreciate.

İsmail Hüsrev stated that similar to other raw material exporting countries, Turkey had trade deficit. Although the export items of Turkey did not consist of only raw materials, the demand for agricultural products fell also because of a fall in the purchasing power in developed countries. Therefore, Turkey could not balance her deficit caused by a raw material demand by her agricultural exports. According to İsmail Hüsrev, three types of deficit could be observed in Turkish foreign trade. These were chronic deficit in terms of years, seasonal deficits and periodical deficits depending on the cycles of the world conjuncture, i.e. the fall in demand in every crisis. These deficits endangered the value of national currency and it was important to avoid to borrow in order to protect the value of the currency (Tökin, 1932a: 15-16).

On the issue of the structure of the Turkish economy, Kadro authors argued that Turkey was an underdeveloped and primitive agricultural country. According to Burhan Asaf (1932e: 39), there were some lessons that Turkey had to learn from the crisis. They were the necessity of a developed industry and agriculture, the necessity of preventing the appearance of social classes and the necessity of taking economics not as a technical but as a national matter. The main economic units of Turkey were peasant families and in general they were self-sufficient. However, Turkey could not be a country whose economy was dependent solely on agriculture. Agriculture and industry should have to be developed together, and through this development they should create markets for each other. This parallel development of agriculture and industry could only be realized by a national economic policy, which would place a national economic plan at the center of its activities (Aydemir, 1932c: 6, Tör, 1932d: 15). The reason for the necessity of a plan was the need for creation and organization of an internal market. In most parts of the country, exchange relations did not develop resulting in the lack of an internal market. As the entire population of the country did not take part in the exchange relations, it was impossible to talk about a national economy. According to Vedat Nedim (1932b: 9-14), the problem of the developed world was overproduction and the fall in their exports, however the internal market of Turkey, if it could be created, was so suitable that the production of cotton, wool, tobacco, nut, grape, etc. (whose prices had fallen during the Depression and deteriorated the trade balance of Turkey) might easily increase. Moreover, he argued that the era they lived in was the era of manufacturing production. The exchange or circulation of gold or foreign exchange or credit formed the basis of the former world economy, however manufacturing production now took the place of gold, credit or foreign exchange. This development might open new ways for the new Republic, because Turkey had very suitable conditions for the production of manufactures. Contrary to the Western countries whose factories had been closed, Turkish economy needed new factories. If new factories which were using agricultural products as raw materials could be built, the agricultural products of Turkey would not suffer from the fall in prices in the world markets. In addition, the export of Turkish agricultural products could be increased by taking some measures to increase their quality and supply techniques. According to İsmail Hüsrev (1933: 23), in order to cope with the crisis, Turkey had to rationalize its production and supply mechanism.

Another important point that should be pointed out in Kadro's view about the Crisis was that Turkey and similar underdeveloped countries were not the victims of the crisis, and they even could benefit from it. The Depression could be an opportunity for underdeveloped countries to construct their national economies. This was because during the Crisis they could buy cheap capital goods and develop their industries. It should not be forgotten that Western countries owed their industrial development to their colonies, the industrialization of the West was first achieved at the expense of the de-industrialization of the East. Burhan Asaf stated that Western civilization was the product of the stolen labor of all nations of the world, not only of Western labor. The rational distribution of capital goods among nations should be more important than changing the ownership relations of capital goods among social classes (Belge, 1932c: 28, 1934:29). Since developed countries needed the demand of underdeveloped world to stimulate their economies, underdeveloped countries

should have imported capital goods instead of consumer goods. The international conditions could not be more suitable than the Depression conditions to import capital goods (Aydemir, 1932a: 24). Their import of capital goods would bring a fall in demand for Western manufactured goods in underdeveloped areas, since the accumulation of capital goods would result in the production of manufactures. This would bring about a rational distribution of industrial development which would lead to a normal world economy and a normal world order (Belge, 1932a: 21-27). Therefore, as for other underdeveloped countries, the Crisis was an opportunity for Turkey to appropriate Western technology and to form an autarkic economy. Kadro authors asserted that autarky would take the place of liberalism in almost everywhere. Turkey, which was the pioneer of the national liberation movements, was the most characteristic example of this trend. As a result of national liberation movements, autarkic nations would increase in number and developed countries would lose their markets.

6. CONCLUSION

The main theme in the Kadro authors' views about the Depression was to differentiate this crisis from the former crises of capitalism, which were labeled as conjunctural or cyclical and to show it as the beginning of a deep structural change in the capitalist system. Therefore, all the developments and changes, especially the abolition of basic premises of liberal capitalist system such as free trade or gold standard, were interpreted as the signs of a collapsing world economic structure and the controlled economic activity or state intervention in developed capitalist countries such as US or Germany confirmed the views of Kadro about the nature of the Crisis.

However, although the capitalist system had shown some serious changes in the 1930's compared with pre-1914 conditions, the world economic structure had not changed as dramatically as foreseen by the Kadro authors.

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