

**“Enlightening the Deeper Problems: Lack of US Private Investment in 1950s Turkey  
through the Lens of Clarence B. Randall’s Missions”**

*“In talking to the Turkish dignitaries, ‘When my government asked me what I thought I could do for Turkey, I said, I can bring rain, so they said, go on out to Turkey.’ The reference, of course, is that Turkey last year had a bad wheat crop for lack of moisture.”<sup>1</sup>*

Returning to Turkey for the second time as President Dwight D. Eisenhower’s Chief of the Special United States (US) Economic Mission to Turkey after two and a half years of his first visit, American businessman and Inland Steel’s president Clarence Belden Randall described his role among the Turks in an exaggerated way, likening it to bringing rain to Turkey’s agricultural fields. In 1954 and 1955, droughts severely hit Turkish agricultural fields, which formed the backbone of both Turkish production, exports, and the economy. In 1956, the country was facing challenges such as growing budget deficits, internal debts among the struggling agricultural class who could not harvest enough crops, concerns about external credit repayments, a deepening imbalance in import-export rates, and lessening US aid with the end of Marshall Plan. In an effort to assist an ally in financial distress, the Eisenhower administration dispatched Randall to Turkey for the second time. Arriving in late January 1956, Randall, as per his own accounts, was more than welcome.<sup>2</sup> His first mission to Turkey, between late August and early September 1953, was about advising how to bring more American business and capital to the Turkish market, when he built a reputation for himself among the Turks. He proposed to the Democrat Party (DP) government the enactment of a

---

<sup>1</sup> Clarence B. Randall Journals (Randall Journals hereafter), Box 7, Turkey 1956, January 28-March 6, “Saturday Morning, February 11th, Barclay Hotel, New York,” 29.

<sup>2</sup> Randall Journals, Box 7, Turkey, 1956 (January 28-March 6, 1956), “Saturday Morning, February 11th, Barclay Hotel, New York,” 36.

new, more liberal law to attract foreign investors and multinationals and worked on the basics of such a law. The law enactment was his short-term advice, though attracting foreign investment would require concrete steps such as a more stable economy, reliable market opportunities, and familiar business culture. The suggested law, aligned with Randall's expectations, came into effect in January 1954 but failed to generate sufficient investment for Turkey. Yet, Randall remained a notable figure in DP circles, often cited as a trusted economic advisor and a friend from an ally of Turkey. Returning to Turkey for a month in 1956, Randall met a worsened economic environment compared to 1953. The "rain bringer" also found both a more somber audience. That time, leaving the businessman title aside, Randall had to adopt a governmental intermediary position engaging with international creditors and the US government for the salvation of the Turkish economy. In the midst of economic turmoil, discussing concepts such as foreign investment, privatization, or American business ventures seemed irrelevant.

This short overview shows a common finding across various studies in literature: “Despite being governmentally committed to liberalize Turkish market and enacting encouraging laws to promote private investments in the 1950s, Turkey struggled to attract significant amount of capital, especially from the US.” This paper aims to address this statement in detail and argues that the main reasons were cultural differences in business between two states and Turkey’s fragile and questionable economic stability. Although business-oriented American figures like Randall were esteemed by Turkish officials a lot, neither Randall’s nor anyone else's guidance would have brought US investment to Turkey in this period. The impossibility of this situation bears a coincidental irony with the "rain bringer" analogy made about him at the beginning.

To explain the aforementioned inquiries and structure the narrative, a pertinent focus on Randall's missions in Turkey, coupled with an exploration of his subsequent career as both a businessman and government official, is warranted. Randall's significant position among the Turkish decision-makers and experiences in Turkey in both roles serve as a prominent source that distinctly illustrates the arguments presented earlier. First, Randall's business-oriented background, coupled with the prevalence of other American business-oriented actors in Turkey post-World War II (WWII), serves as a key explanatory factor for comprehending the trajectory of the US business in Turkey and Randall's similar position vis-à-vis his predecessors. Following the end of the Marshall Plan in 1952, US governments, being aware of the necessity to foster an environment conducive to attracting foreign investment and continuity of the settling US business in Turkey, embarked on a strategic pursuit. This strategic maneuver aimed at facilitating the sustained operations of US companies within a more liberal Turkish market, ensuring continuity in economic activities, and ally's development. A pivotal strategy within this framework kept involving the incorporation of American business-oriented agents into key roles in Turkey.<sup>3</sup> Randall's visit can be contextualized within this motivation, aligning with a trend where Turkish governments had been engaged US business figures as economic advisors or eagerly sought the counsel of delegations and missions dispatched to Turkey. Nevertheless, Randall's initial visit and engagements with the Turkish government and business community were characterized by a focus on challenges within the business perspectives in Turkey. Issues such as an unfavorable business environment, lack of business promoting laws, the incongruity of business cultures, the ambiguous nature of privatization endeavors, and Turkey's unfamiliarity with US business practices constituted focal points of discussion during these meetings.

---

<sup>3</sup> FRUS, 1952, Volume VIII: Eastern Europe; Soviet Union; Eastern Mediterranean, "Memorandum of Conversation, by the Ambassador in Turkey (McGhee)," February 10, 1952, 879.

In the following years, the Turkish economy also started to experience disruptions, exacerbated by a dependence on imports and credit. These problems were further aggravated by the lack of sufficient rainfall and a decline in exported agricultural production. Fiscal predicaments such as imbalance of payments and inflation growth from a current account deficit prompted a drastic shift in the government's expectations. Consequently, new focus heightened inclination toward international aid packages and the securing of new loans from the US. Randall's second mission plays a pivotal role in highlighting the economic challenges hindering foreign investment in Turkey. In addition to the cultural disparities mentioned during his first mission, the economic conditions prevailing in 1956, characterized by instability and the onset of crisis, underline a second significant barrier rendering investment and privatization initiatives futile. Randall's role in Turkey and his deep understanding of the country's business and economy, along with the valuable insights gained from his two missions, serve as pivotal elements shaping the narrative of this article through his perspective. Therefore, an analysis of Randall's two missions in Turkey substantiates the thesis positing that Turkey's insufficient foreign investment can be attributed to both its incompatible business culture and its economic disparities.

This article's narrative contains a wide array of primary sources that provides perspectives from both Turkish and American viewpoints. Mostly consulted among these primary sources are Clarence B. Randall's personal memoirs, papers, and publications specifically related to his missions in Turkey. Complementing Randall's collection, a substantial volume of archival materials was used from the Directorate of State Archives of Turkey (DSA), Foreign Relations of the United States (FRUS) series, National Archives and Records Administration (NARA), publications from the US Department of Commerce, as well as American periodicals, including newspapers. In addition to these primary sources, the

article incorporates several secondary accounts from Turkish and American publications that present information about US-Turkey commercial and business relations between 1947 and 1956, providing a well-rounded and comprehensive exploration of the subject matter.

This article aims to address two significant gaps in the existing literature. Firstly, it examines the Turkish dimension of the post-war modernization and foreign policy of the US, particularly the pursuit of “Americanization” of Marshall Plan states facilitated by American business circles. The exploration of concepts such as US businesspeople acting as "financial missionaries" and the global expansion of US multinationals, particularly post-WWII, has been the subject of studies by eminent scholars such as Emily Rosenberg, Mira Wilkins, and Alfred Chandler. While these inquiries have shed light on the new research of US businessmen and big businesses in various Marshall Plan countries, it is noteworthy that Turkey has not been encompassed within this body of research. The absence of Turkey from these studies presents the need for dedicated research to uncover the dynamics of US business circles’ involvement in the business and economic landscape of post-war Turkey. Introducing Randall as a central character of this paper marks a significant contribution to literature in shaping the narrative.

Secondly, while many studies have examined US administrations' aid and credit initiatives to Turkey through the Marshall Plan and American companies’ and services’ profound impact on Turkish economic thought, there are very few in the exploration of why US private investments in Turkey never reached significant amounts. All research agreed on privatization attempts purportedly failed to attract American business during this period and Turkey remained reliant on American economic support for an extended duration. This study centers on the evolution of US-Turkey economic and business relations in the post-WWII period until the late 1950s. This approach enlightens the complex dynamics that propelled

Turkey along these trajectories and paves the way for exploring the challenges of business incompatibility and economic instability as the main reasons why Turkey remained unattractive for the investment in the 1950s. Establishing chronological and logical linkages among the narratives of political actors such as Randall serves to furnish a more comprehensive account of the underlying narrative by liberating it from the state-level generalizations, offering insights into the internal dynamics of this historical juncture.

### **Rise of “Americanism” in Turkish Economic Thought and the Role of American Business-Oriented Agents in the Process**

Upon joining the Marshall Plan, Turkey became economically reliant on the US. This dependence stemmed from Turkey’s implementation of reforms aimed at turning the country into a “Little America”<sup>4</sup> in the Middle East. The planned transformation entailed a top-down process, whereby the US, its economic policies, and its business approaches represented the role model and Ankara the disciple. Joining the Marshall Plan enabled Turkey to benefit from the influx of capital made available by the US and furnished the Turkish market with American products and services. The primary actors channeling these investments were American multinational corporations (MNCs) and their representatives in decision-making system. Post-Marshall Plan, several American MNCs like ExxonMobile, General Electric, E.R. Squibb & Sons, and Minneapolis-Moline Tractor Company opted to enhance their business presence in Turkey. Their strategy involved constructing new production facilities

---

<sup>4</sup> Coined by Nihat Erim in 1949 during his tenure as a deputy of the Prime Minister and Republican People’s Party (CHP), the term “Little America” reflected the CHP’s admiration for American methods in the final years of their governance. Aligned with their Western-style modernization objectives, the CHP aspired to transform Turkey into a miniature version of America. In the 1950s, this term became synonymous with the pro-American policies of the DP government, with Bayar publicly employing it in a 1957 address. William Hale uses this phrase in *The Political and Economic Development of Modern Turkey* (88), as well.

and forging connections with Turkish investors and banks. This move was strategic, capitalizing on the growing demand for American consumer goods within the Turkish market and the potential for exporting production to emerging markets like the Middle East.<sup>5</sup> The confluence of industrialization and market liberalization in Ankara reflected a deliberate embrace of the American model of economic development by abandoning long-been-policy of economic statism. This shift was not only confined to the American MNCs, as American governmental actors with expertise in finance and business corporations, stationed in Turkey, ascended to influential positions. Their active involvement in decision-making processes helped a broader integration of American economic principles such as liberalism and privatization within the Turkish landscape during this period.<sup>6</sup>

During the Marshall Plan period, there was not only a reconstruction of allied economies but also a concerted effort to foster liberal markets. This initiative aimed to create better conditions for American businesses to assert dominance in overseas markets.<sup>7</sup> Simultaneously, this plan also facilitated the conceptualization and implementation of American-style modernization in less developed countries. This involved the promotion of urban layouts, free markets, and privatization. In essence, the plan aligned production modes in the built environment with the principles of democracy, secularization, and development, particularly in relation to enhancing the quality of life.<sup>8</sup> American prominent business owners championed this interventionist policy, driven by the ambition to establish a global society

---

<sup>5</sup> News From Turkey, "Industry," (New York: Turkish Information Office, 1963), November 18, 1948.

<sup>6</sup> Çağlar Keyder, *State and Class in Turkey: A Study in Capitalist Development* (London and New York: Verso, 1987), 149-50.

<sup>7</sup> Michael J. Hogan, "American Marshall Plan planners and the search for a European neocapitalism," *The American Historical Review*, 90 (1985), 44-72; Victoria de Grazia, *Irresistible Empire: America's Advance through Twentieth-Century Europe* (Cambridge, Mass.: Harvard University Press, 2005), 346-47.

<sup>8</sup> Begüm Adalet, *Hotels and Highways: The Construction of Modernization Theory in Cold War Turkey* (Stanford: Stanford University Press, 2018).

characterized by American influence, ideals, and commerce.<sup>9</sup> William L. Clayton, the proprietor of Anderson and Clayton Company, a globally significant cotton trading company and one of the architects of the Marshall Plan, ardently supported an idea about need for the revival of Europe's markets, severely ravaged by the war. Recognizing that Europe required both raw materials and finished products for a more profound trade recovery, Clayton envisioned US government loans and funds – promote dollars - as a viable solution. This approach not only offered a means to import necessary products from the US but also held the potential to save European states from falling into economic nationalism - or even worse: communism - once again. Simultaneously, the surplus of manufactured goods produced by the US business during the war economy could find new markets, fostering a mutually beneficial economic resurgence.<sup>10</sup>

During the post-WWII period, US administrations would at times designate individuals from the business circles to pivotal governmental and bureaucratic roles. The Department of State and the Department of Commerce collaborated closely with this group in shaping foreign policy, with a specific focus on advancing foreign commercial operations overseas. The recognition of the potency of private enterprise, the facilitation of access to commercial markets, the promotion of information and cultural exchanges, and, notably, the encouragement for other governments to share the American experience in business and development, collectively motivated administrations to appoint individuals with expertise in

---

<sup>9</sup> Gregory Fossedal and Bill Mikhail, "Marshall Plan commemorative section: A modest magician: Will Clayton and the rebuilding of Europe," *Foreign Affairs* (May/June 1997), <https://www.foreignaffairs.com/articles/europe/1997-05-01/marshall-plan-commemorative-section-modest-magician-will-clayton-and> (accessed June 4, 2023); Alfred Chandler and Bruce Mazlish, "Introduction," in *Leviathans: Multinational Corporations and the New Global History*, (eds.) (Cambridge: Cambridge University Press, 2005), 7–11.

<sup>10</sup> Timothy Healey, "Will Clayton, Negotiating the Marshall Plan, and European Economic Integration," *Diplomatic History*, 35 2 (2011): pp. 232-33.



these areas to influential positions.<sup>11</sup> President Harry S. Truman appointed Paul G. Hoffman, the leader of Studebaker Automobile Corporation, as the head of the Economic Cooperation Administration (ECA). Concurrently, Averell Harriman, a former Secretary of Commerce and a distinguished figure in investment banking, assumed the role of the primary American representative to the Organisation for European Economic Co-operation. In this capacity, Harriman was tasked with overseeing the ECA's projects and reported directly to Hoffman.<sup>12</sup> Several high-ranking ECA officials, each assigned to specific tasks and regions, also had entrepreneurial backgrounds. Russell H. Dorr, Chief of the ECA Mission in Turkey, brought his international banking expertise to the table, while Orren R. McJunkins, the Deputy Mission Chief, contributed his experience as an investor who had previously worked at Continental Can Company. This distinguished group of professionals added significant depth and varied expertise to the ECA team in Turkey.<sup>13</sup>

Including Randall, albeit belatedly due to his entry into this framework within the Eisenhower administration, among these government representatives with a business-oriented focus is plausible. He stands as a successor to other Americans who, with similar backgrounds and titles, had previously worked in Turkey and influenced its decision-makers. For instance, a notable figure in this lineage is Max W. Thornburg, a distinguished petroleum executive. Thornburg arrived in Turkey as an economic advisor with a sufficient knowledge about the region in the late 1940s, thanks to his extensive career as a director of multinational companies like SOCAL and Caltex in the Middle East. His consultancy experience extended to countries such as Bahrain and Iran. In 1949, Thornburg co-edited a book titled *Turkey: An*

---

<sup>11</sup> Emily S. Rosenberg, *Spreading the American Dream: American Economic and Cultural Expansion, 1890–1945* (New York: Hill and Wang, 1982), 7.

<sup>12</sup> Harry Bayard Price, *The Marshall Plan and Its Meaning* (Ithaca, N.Y.: Cornell University Press, 1955); 69.

<sup>13</sup> Burçak Keskin-Kozat, “Reinterpreting Turkey’s Marshall Plan: Of Machines, Experts, and Technical Knowledge,” in *Turkish American Encounters: Politics and Culture, 1830–1989*. (eds.) Nur Bilge Criss, Selçuk Esenbel, Louis Mazzari. (Newcastle upon Tyne: Cambridge Scholars, 2011). 193–94.

*Economic Appraisal* (translated into Turkish as *Türkiye Nasıl Yükselir*). This publication, openly critical of the statist economic perspective in Turkey, was deemed controversial upon release. It emphasized the imperative of liberalizing the statist economy, advocating for foreign investment and expertise.<sup>14</sup> Although met with rejection by some factions within the CHP, long been champions of the statist economy, it also prompted self-criticism.<sup>15</sup> Thornburg's work became a significant reference not only for subsequent American business-oriented agents worked in Turkey but also for the DP, the successor of the CHP. The significance of Thornburg's impact is further underscored by his return to Turkey in the 1955, where he accepted the role of the personal economic advisor to Prime Minister Adnan Menderes.<sup>16</sup> This move aligns with the broader idea of American figures with business backgrounds playing influential roles in advising Turkish leadership, highlighting a continuity of approach and influence across different political eras.

Another business executive entrusted with overseeing the flow of aid was appointed to the ECA headquarters in Turkey: Russell H. Dorr. Graduated with a law degree from Columbia Law School, Dorr specialized in international banking, making him an apt choice for heading the Marshall Plan's mission in Turkey. Much like Thornburg, Dorr also had a business background and was familiar with Turkey's culture and economy even before undertaking this mission. His father, Goldthwaite H. Dorr, served as an anti-trust lawyer representing Socony-Vacuum in the 1950s, had been invited by the Turkish government to participate in the review of Turkey's economic survey in 1933 as part of the Hines-Kemmerer

---

<sup>14</sup> Max W. Thornburg, Graham Spry, and George Soule, *Turkey: An Economic Appraisal* (New York: The Twentieth Century Fund, 1949).

<sup>15</sup> Erik J. Zürcher, *Turkey: A Modern History*, 3rd ed. (London: I.B. Tauris, 2004), 216.

<sup>16</sup> Adalet, 86.

mission.<sup>17</sup> Russell Dorr also participated in this mission alongside his father, thereby upholding the legacy of the Hines-Kemmerer mission even after a span of one and a half decades.

During his second visit in Turkey, Dorr and his mission were primarily tasked with supervising aid programs and project investments in the country. Under Dorr's leadership, the ECA initiated another survey with the goal of acquiring comprehensive information about the Turkey's economy. This endeavor aimed to overcome foreignness in resource management and identify both the strengths and weaknesses of the state capabilities. To gather pertinent financial information about the country, Dorr collaborated closely with CHP government and bureaucrats during the intelligence-gathering process. This collaboration involved obtaining necessary permissions to access tables and charts detailing resources, laws, and decision-making processes. The CHP government granted official permissions to ECA, providing access to detailed financial records of Turkey's profitable industries, products, and zones.<sup>18</sup> Dorr's mission worked on compiling a comprehensive report that included financial estimations for the future.<sup>19</sup>

Another business-oriented American, George C. McGhee secured a pivotal role as the coordinator for aid programs to Greece and Turkey in 1947 before he became the ambassador

---

<sup>17</sup> Roger Trask, "The United States and Turkish Nationalism: Investments and Technical Aid During the Atatürk Era," *The Business History Review* 38, No. 1 (Spring 1964): 71; Edwin W. Kemmerer Papers, Purdue University Archives and Special Collections, Series 3, "Economic Survey of Turkey, 1930-1934," Box 289.

<sup>18</sup> NARA, RG 469: Records of the US Foreign Assistance Agencies, Europe, Turkey Division, 1948-1953, "Economic Cooperation Agreement Between the United States of America and the Republic of Turkey," Ankara, July 4, 1948. The Second Accord of the Economic Cooperation Agreement Between the United States of America and the Republic of Turkey refers to this. A comprehensive examination of the DSA from the 1940s and 1950s reveals numerous documents pertaining to "Granting access to X site for American Mr./Mrs. Y." Primarily consisting of Dorr's subordinates or American technicians engaged in country studies, these records offer insights into the collaborative efforts between Turkish and American entities during this period.

<sup>19</sup> Embarking on a business tour of Anatolia from August 18 to September 5, 1950, Dorr engaged with various business vendors in Turkey and visited significant State-Owned Enterprises (SOEs) like the Turhal Sugar Factory, Murgul Copper Mines, and port construction sites in Samsun and Trabzon. Following the tour, Dorr compiled his observations into a comprehensive report, submitted to the Presidency of the Republic of Turkey. DSA, "Mr. Russell Dorr'un yurt içinde yaptığı tetkik gezisine ait rapor" ("A report including a survey on Dorr's trip in Anatolia"), 42-242-19, September 28, 1950.

of the US in Turkey. His contributions were noteworthy, leading to a subsequent promotion to Assistant Secretary of State for Near Eastern, South Asian, and African Affairs in 1949, where he continued to focus on matters related to Turkey. When appointed as ambassador to Turkey in 1952, McGhee emerged as another well-fitted candidate for the diplomat role. Apart from his energetic background as an oil business owner from Texas with a doctorate from Oxford, McGhee's four years of experience in two government positions specifically related to Turkey provided him with a nuanced understanding of the country's political and economic dynamics. Throughout these appointments, he actively sought the cooperation and insights of Turkish governments to maximize the utilization of US funds. His amalgamation of business acumen and governmental experience positioned him as a highly influential figure for the DP government.

Both McGhee's personal memoirs and records from the FRUS indicate that he forged significant personal relationships with Prime Minister Menderes, President Bayar, and Fatin R. Zorlu, who later assumed the role of Foreign Affairs Minister. These sources show that McGhee was deliberately promoting the concept of privatization and articulating the potential contributions that American MNCs could bring to Turkey. The privatization of oil exploration in Turkey and the achievements of American oil companies in various countries provide tangible support for McGhee's advocacy.<sup>20</sup> Additionally, McGhee's initiative to introduce his acquaintance, William Clayton, to Menderes and persuade him to invest in the cotton business of Turkey aligns with and reinforces the success of the idea of privatization under McGhee's influence.<sup>21</sup>

---

<sup>20</sup> McGhee Papers, Box 1, "Transmission of Ambassador's memorandum of meeting with President Bayar, May 28, 1952," June 5, 1952, 3-6.

<sup>21</sup> McGhee Papers, Box 1, "Transmitting memorandum of conversation between the Ambassador and Prime Minister and Foreign Minister on February 10, 1952," February 18, 1952, 5-6.

McGhee's short ambassadorship ultimately achieved a convincing success through his adept utilization of networks with renowned geologists like Max Ball and Elmer Batzell. This strategic networking facilitated the convergence of the DP government and influential Americans on matters related to oil privatization –the sacred business field of Turkey. Acting on McGhee's counsel, the DP government invited these prominent figures in petroleum business law to work on an oil privatization law and the duo played pivotal roles in finalizing a new oil bill passed in March 1954. This legislative initiative marked a significant development, opening Turkish petroleum research and drilling operations to foreign private companies, especially ExxonMobil benefited greatly from this law in the late 1950s. McGhee's influence and network played a crucial role in navigating and fostering collaboration on oil-related topics between the DP government and key American figures.

It is fitting to include Randall in the aforementioned group of businessmen. After completing his education at Harvard and serving in the US Army during World War I, Randall entered the business world, commencing his tenure with Inland Steel in 1925. Personally, he held a strong opposition to any doctrine centered on a state-planned economy, industry, or labor, as he believed it would ultimately erode cherished American liberties. Randall championed individualism, considering it the essence of the American way of life, and upheld the importance of following and respecting free will in business—an inherent characteristic of American managers.<sup>22</sup> Despite his emphasis on individualism, he did not refuse take part in official roles that American governments and agencies created to protect American business interests overseas. The post-WWII period saw a growing recognition among the American business elite regarding the necessity of propagating American political and economic virtues globally, and Randall aligned with this ideology. His extensive service

---

<sup>22</sup> “Editorial of the Day: A Warning to Management,” *Chicago Daily Tribune*, February 17, 1940, 10.

at Inland Steel, culminating in his role as vice president, led to his selection as the ECA's principal steel consultant in the industrial division. In 1948, he spent a month in France for this role.<sup>23</sup>

Randall accepted the job in Paris after receiving a personal invitation from Harriman. In his argument for promoting American ideals worldwide, Randall advocated for spending dollars, sending experts overseas to impart know-how, and encouraging businesses to invest in the potential markets of allies.<sup>24</sup> His views reflected a strategic alignment with the broader goals of the Marshall Plan, emphasizing the role of economic initiatives in advancing American influence and ideals on the global stage, especially in the tenth chapter of his business reference book, *A Creed for Free Enterprise*.<sup>25</sup>

Considering the dynamics of US foreign policy in the post-WWII era, which involved the promotion of American economic ideals by businesses, Randall emerged as a natural addition to American decision-making teams due to his similar background and mindset. His background and experience eventually played a crucial role in his appointment to President Eisenhower's cabinet, where he assumed leadership of a new study commission on foreign economic policy. The commission, initially tasked by Harold E. Stassen, the director of the Mutual Security Agency (MSA), was assigned to make official visits overseas to investigate the utilization of American aid. With the conclusion of the Marshall Plan in 1952 and the dissolution of the ECA, the MSA stepped in as a replacement. Randall and his commission, comprised of other distinguished businessmen, were specifically assigned to conduct surveys

---

<sup>23</sup> "Will Advise ECA on Steel," *New York Times*, June 19, 1948, 20.

<sup>24</sup> Clarence B. Randall, "Chapter 10: The Business Man and Foreign Policy," *A Creed for Free Enterprise*. (Boston: Little, Brown, 1952).

<sup>25</sup> Ibid.

and meetings with the government and business circles in allied states.<sup>26</sup> Their mission was to determine the effectiveness of American aid programs, identify areas for eliminating waste, and promoting US investments if possible. Randall's designated destination for this mission in 1953 was Turkey, where he would be received most dearly.

Numerous scholars focusing on the trade and economic relations between Turkey and the US in the post-WWII period recognize the influence of the American business-oriented cohort, which includes figures like Randall, on Turkish economic policies and decision-making. In Morris Singer's account, there is a brief segment highlighting how the CHP government weathered Thornburg's severe critique to secure Marshall Plan assistance. According to Singer, Thornburg deemed Turkey's state-sponsored industrial development plan impractical. In his report, he underscored the short-term viability of agricultural development and the need for foreign investment and expertise. In an effort to appease the Americans, the CHP enacted a law, before participating in the Marshall Plan in 1948, that accentuated privatization and the gradual transfer of state-owned enterprises (SOEs) to the private sector.<sup>27</sup> Erik J. Zürcher, in *Turkey: A Modern History*, also underlines Thornburg's impact on both the Turkish and American governments. The Turkish development plan launched in 1947 closely mirrored the report published by Thornburg and his colleagues in 1949.<sup>28</sup> During this period, the notion that "development is impossible without foreign aid," a concept later embraced by the DP government, was instilled in Turkey by American delegations.<sup>29</sup>

---

<sup>26</sup> Barrett McGurn, "Stassen to Send Business Men to Check On U.S. Aid to Europe," *New York Herald Tribune*, February 3, 1953, 1.

<sup>27</sup> Morris Singer, *The Economic Advance of Turkey 1938–1960: Economic Development in the Context of Short-Term Public Policies* (Ankara: Turkish Economic Society, 1977), 56-58.

<sup>28</sup> Zürcher, 216.

<sup>29</sup> Korkut Boratav, *Türkiye İktisat Tarihi (Turkey's Economic History)*. (İstanbul: Gerçek Yayınevi, 1998), 76.

Feroz Ahmad establishes a link between Randall's short visit to Turkey in August 1953 and the DP's enactment of the foreign capital incentive law in March 1954. As a key figure in the Eisenhower administration, which accommodated business-oriented agents in government roles, Randall collaborated with the DP to craft a new law aimed at eliminating all barriers for foreign capital. Thanks to a stance of DP favoring the promotion of liberalism, Turkey was rewarded a \$9 million loan from the World Bank for flourish of private enterprise, coupled with a law facilitating foreign capital's smoother entry into the Turkish market.<sup>30</sup> Although this law fell short of attracting the anticipated American MNCs' investment to Turkey, the economic policies tied to aid, loans, and development plans progressively heightened American influence in the country. Çağlar Keyder goes as far as suggesting that by the mid-1950s, American ambassadors and advisors had virtually attained the stature of governors in Turkey.<sup>31</sup> With the goal of transforming Turkey into a strategic granary for the alliance, American business-oriented actors strategically advocated for rural development, deeming it a more achievable objective. Their efforts began by persuading the CHP government to endorse this development model. Once approved, they facilitated the introduction of American agricultural goods into the Turkish market. Building on this success, they later influenced the DP government to implement measures aimed at attracting foreign investments. The overarching aim was to enhance the influx of both goods and capital into the Turkish market, solidifying the nation's role in the envisioned alliance strategy.<sup>32</sup> Begüm Adalet explains the American advisors' influence on Turkish decision-makers by examining their departure from railway-led industrialization projects, a focus of Turkey during the republican era in the 1950s. Instead, the DP shifted its priorities, allocating funds for the

---

<sup>30</sup> Feroz Ahmad, *The Turkish Experiment in Democracy*, (London: C. Hurst & Company, 1977). 131-32.

<sup>31</sup> Keyder, 161.

<sup>32</sup> Ibid, 149-51.



expansion of a highway network into the hinterlands of Anatolia, which was facilitated with the assistance of the US Bureau of Public Roads, in accordance with recommendations from advisors.<sup>33</sup> Starting from the late 1940s and continued in the 1950s, a collective effort from these types of actors played a pivotal role in shaping an American-influenced government, market, and economic mindset in Turkey. Among these influential figures, Clarence B. Randall stood out as one of the key contributors.

### **First Mission to “Americanize” the Turkish Market: Business Expectations and Bitter Realities**

The evolution of the Turkish economic mentality, facilitated by the Marshall Plan and American business, showed promise but fell short of complete success. American tractors worked the Turkish fields, fertilizers from the US boosted agricultural production, American companies such as Knappen Engineering Company, Morrison-Knudsen Company, and International Engineering Company were involved in the construction of roads and dams in Turkey, and the machinery engines in use were powered by American oil companies such as Caltex and Socony. The reciprocal nature of the demand for American goods and service meant that the interest of both the American MNCs and Turkey's requirements can be mutually beneficial.<sup>34</sup> Despite American businesses gaining a significant place in Turkey through US and World Bank secured credits and aid, direct investments remained insufficient. The only notable exceptions were the negotiations between General Electric and Koç for a

---

<sup>33</sup> Adalet, 7.

<sup>34</sup> Lewis P. Todd, *The Marshall Plan: A Program of International Cooperation* (Advisory Committee on Education Economic Cooperation Administration, 1950), 3.

bulb factory – which this partnership owes to the personal efforts of Vehbi Koc<sup>35</sup> - and Squibb & Sons' plans for a new facility.

While the ECA projects and Marshall Plan aid successfully introduced numerous American companies to the Turkish market and facilitated funding for construction projects and the purchase of American goods, they concluded in 1951. Notably, these services and products were primarily financed through credit and aid programs, with no explicit requirement for additional investment commitments for the companies. However, before departure, ECA agents and mission acknowledged that the economic transformation of Turkey remained incomplete, recognizing that further economic enhancement hinged on the infusion of more American capital.<sup>36</sup> Although trade volumes, export ratings, and state revenues were on the rise, the Turkish market was still in a phase of maturation and not ready to fully cover its modernization expenses. The swift development driven by aid and credit over three years posed additional economic challenges, including repayments and currency deficits. Consequently, the push for more industrialized development heightened the demand for importing industrial goods, mechanization, and technical service.<sup>37</sup> Ultimately, the escalation of import volumes and foreign debt had the potential to drive higher inflation rates, constrain purchasing power, and potentially compel the DP government to contemplate additional external borrowing to balance the economy and fund ongoing development projects. Offsetting the expenses incurred for machinery and public expenditures through agricultural exports proved unattainable, as evidenced by the foreign trade statistics of 1951. Despite a substantial increase of \$53.5 million in Turkish exports, reaching \$314 million due

---

<sup>35</sup> Aslı Çolpan and Geoffrey Jones, “Vehbi Koç and Making of Turkey’s Largest Business Group,” *Harvard Business School*. 9-811-081. (2013). 8.

<sup>36</sup> Thornburg’s statements were referred to above.

<sup>37</sup> In line with profits from commercial activities, imports almost doubled between 1950 and 1952. Alec P. Alexander, “Industrial Entrepreneurship in Turkey: Origins and Growth,” *Economic Development and Cultural Change* 8, no. 4 (July 1960): 357.

to the remarkable growth in agriculture, the foreign trade deficit reached a total of \$402 million.<sup>38</sup>

As the Marshall Plan ended in 1951, US aid in Turkey underwent a transformation rather than coming to a complete halt. The MSA, superseding the ECA, continued to provide aid, with a notable shift in focus towards military spending. While other Marshall Plan states were gradually recovering economically, Turkey was engaged in a modernization process that surpassed the capacity of American government funds to fully support. In the latter part of 1952 and into 1953, agents from the MSA conducted a comprehensive assessment of Turkey's accomplishments and shortcomings over the preceding five years. Their observations revealed that the burden on American state institutions and revenues to fund Turkey's development had become excessively burdensome and unsustainable.<sup>39</sup> Furthermore, these findings validated Dorr's persistent grievances mentioned above.<sup>40</sup> Despite repeated calls for Turkey to achieve greater economic independence in many country reports, by the conclusion of this process, the nation had ironically become more reliant on US capital and services.

As the US foreign policy shifted away from its post-WWII focus, the financing of Turkey's economic modernization was no longer the primary concern for the MSA. Instead, these efforts could potentially be transitioned to other American organizations - such as business circles.<sup>41</sup> However, the transition to capitalism proved to be more torturous than expected; a disconnect between theory and practice did not take long to emerge. Indeed, the American tractors were in the Turkish agricultural fields. Thanks to the Marshall Plan, Turkey

---

<sup>38</sup> For detailed information please see Turkish Statistical Institute (TÜİK), "Statistics of Foreign Trade of 1951," Ankara, 2015.

<sup>39</sup> NARA, RG 469, "David T. Killough, Final Report on Cotton Production and Quality Improvement Programs for Turkey," 1951.

<sup>40</sup> Burçak Keskin-Kozat, "Negotiating an Institutional Framework for Turkey's Marshall Plan: The Conditions and Limits of Power Inequalities," in *Turkey in the Cold War: Ideology and Culture*, Cangül Örnek and Çağdaş Üngör, ed. (New York: Palgrave Macmillan, 2013).

<sup>41</sup> FRUS, 1952, Volume VIII: Eastern Europe; Soviet Union; Eastern Mediterranean, "Memorandum of Conversation, by the Ambassador in Turkey (McGhee) at the Prime Minister's Office," July 2, 1952, 895-905.

had received more than 6,000 tractors from different US companies such as International Harvester, Federal Motor Truck, and John Deere. This batch was still insufficient but nevertheless contributed cultivation. However, these machines brought additional costs with them, such as the costs of spare parts and petroleum, which Turkey had to import them.<sup>42</sup> In 1952, numerous American companies engaged in business within Turkey have been inundating the MSA with letters of complaint, notes, and memos. These documents outlined the challenges faced by the companies in completing projects or meeting financial requirements, typically attributing these difficulties to their Turkish counterparts.<sup>43</sup> Turkey found itself in a trade deficit situation as its exports, particularly agricultural products, to the US fell short of offsetting the imports it received from the same country. The purchasing power of Turkish importers - the users of products such as oil, tractors, fertilizers, etc. were usually the agrarian society - was unstable in relation to their annual product sales and their accession of credit. Faced with economic challenges, the leadership in Ankara sought economic assistance from the newly elected Eisenhower administration.

Many US reports foresaw potential challenges for the Turkish economy, anticipating growing pains attributed to increasing military spending and higher import rates and inflation.<sup>44</sup> In the early 1950s, there was optimism that expanding agricultural exports, extracting more mining products, and opening profitable sectors to foreign investments could alleviate Turkey's future struggles with external credit and import payments. However, pinning all hopes on agricultural exports and the influx of private capital brought too many

---

<sup>42</sup> This was one of the earliest observations of any American advisor, expert, or institution entering the country. McGhee indicated that a similar need could emerge in the following years in one of his early meetings with the DP government after he was assigned as the ambassador to Turkey. George C. McGhee, *On the Frontline in the Cold War: An Ambassador Reports* (Westport, Conn.: Praeger, 1997), 123-24.

<sup>43</sup> NARA, RG 469, "Memorandum Concerning the Preliminary Visit of Mr. Leon Dayton to Turkey," "Letter to William H. Draper and Paul R. Porter from Leon M. Dayton," September 13, 1952.

<sup>44</sup> *FRUS*, 1952-54, Volume VIII: Eastern Europe; Soviet Union; Eastern Mediterranean, 877-78, 903-5, 921-23, 942.

uncertainties into the equation. Factors such as the decline in prices in foreign markets due to the economic recovery of Turkey's competitors, escalating military expenses since the Korean War and newly introduced MSA agenda, and substantial budget allocations for massive infrastructure projects contributed to the likelihood of the Turkish economy entering a period of crisis. Harvard graduate economist residing in Turkey for a research, Richard D. Robinson noted that leaders of the DP were fully cognizant of the mounting domestic and foreign debts but appeared deliberately indifferent to the soaring inflation. Their reluctance to abandon costly infrastructure projects stemmed from the confidence that, no matter how far the country might slide downhill, the Americans would eventually step in to bail them out.<sup>45</sup> Rather than directly intervening, the MSA and the Eisenhower administration opted to involve the business community.

Conversely, the American business community and business-oriented agents working in Turkey identified significant issues with the country's business culture and processes, alongside the economic challenges previously mentioned. While Dorr and the ECA found better alignment with the DP government initially, frustrations started to be more visible as the program neared its conclusion. ECA's discontent stemmed from the inability to implement their methods in budget, the difficulty in convincing the Turks of specific projects, and, as Keskin-Kozat describes it, contending with Turkish bureaucrats exhibiting a "pasha mentality."<sup>46</sup> Dorr's frustration was underlined by the realization that the DP government, despite continuous communication, held different priorities than the ECA regarding the utilization of aid and loans. According to him, Turkish governments were overly concerned with the political implications of aid and loans for development, neglecting the importance of

---

<sup>45</sup> Richard D. Robinson, *Developments Respecting Turkey: A Summary of Events and Statistics with Bibliographical Notes* (New York: American Universities Field Staff, 1954), 32.

<sup>46</sup> Keskin-Kozat, "Reinterpreting Turkey's Marshall Plan," 196.

technical competence and the feasibility of projects.<sup>47</sup> These US experts sought to address the challenges arising from the disconnect between business and productivity mentalities by forging more partnerships between Turkish authorities and American MNCs as it was also the expectation of the Eisenhower administration. However, this idea was quite challenging.

Thornburg identified Turkey's incongruent business culture, lack of laws, and unstable market and economic conditions as the primary deterrents for private investors to engage Turkish markets and industries more actively. To encourage American businesses to enter the Turkish market, it was crucial to establish an investment-friendly environment, potentially through measures like tax exemptions to MNCs with better know-how capabilities or increased employment of American professionals.<sup>48</sup> During the World Bank's Mission to Turkey in 1949, Robert L. Garner, Vice President of the World Bank and aide to James Barker, highlighted the primary challenge in attracting investors as the limitations of profitable markets and industries for privatization. Garner emphasized the importance of not only sustainable economic environment but also enticing investors by offering substantial shares of Turkey's valuable resources.<sup>49</sup> In the early 1950s, an economic outlook handbook prepared by American economist Hollis B. Chenery and his friends suggested that enhancing the legal framework and implementing incentives for foreign investment could serve as catalysts for attracting more business ventures to the Turkish market.<sup>50</sup> The consensus from these recommendations emphasized the necessity of a liberal legal framework to bolster foreign investment in Turkey. However, each suggestion also underlined additional

---

<sup>47</sup> Keskin-Kozat, *Negotiating an Institutional Framework for Turkey's Marshall Plan*, 203.

<sup>48</sup> Thornburg, Spry, Solule, 183-84.

<sup>49</sup> James M. Barker Papers, "Request from the Government of Turkey for Technical Assistance, A Letter to Ambassador Feridun C. Erkin from L. R. Garner," Middle East Missions, 1946-1952, Turkey, 1948-1952, Box 60, Folder 1298.

<sup>50</sup> Hollis B. Chenery, George E. Brandow, and Edwin J. Cohn, *Turkish Investment and Economic Development* (U.S. Foreign Operations Administration Special Mission to Turkey, 1953), 8-19.

requirements, such as ensuring economic stability, implementing coherent policies within the investment-friendly legal framework, and addressing business culture incompatibilities. These elements were deemed crucial for fostering foreign investment, especially in a market that was geographically distant and foreign to US investors.

### **Bespoke Counsel, Bespoke Law: Randall's First Turkey Mission in 1953**

In July 1953, only one month before he would be sent as Chief of the Special US Economic Mission to Turkey, Randall was unsure about this challenging position.<sup>51</sup> He had neither experience with nor knowledge about Turkey or the business climate in the country, which could be one of the most distinct features that separates him from other business-oriented Americans in Turkey. However, Stassen convinced him to accept the offer from newly elected President Eisenhower. The MSA's estimations showed that Turkey would eventually need American private capital beyond credits and aid; it had not yet been able to attract enough businesspeople to invest. Both the MSA and the Eisenhower administration, however, had strong faith in the ability of "Mr. Free Enterprise" to change the conditions of this unpromising environment.<sup>52</sup>

As Randall built up his reputation in his previous positions, Stassen nicknamed him "Mr. Free Enterprise." According to Stassen, Randall, as a successful businessman and the chairman of the board of Chicago's Inland Steel Co., was the best man to help both the Eisenhower administration and the DP government find ways to attract American businesses

---

<sup>51</sup> Randall Journals, Box 1, Commission on Foreign Economic Policy, 1953, Vol. 1 (August 1-October 20, 1953), 2.

<sup>52</sup> Randall Journals, Box 6, Turkey in 1953 (August 22-28, 1953), 2.

to Turkey. *A Creed for Free Enterprise* had become a staple of U.S. businessmen's libraries.<sup>53</sup> Randall campaigned that no place in the world was far from Chicago and that American businesspeople should hunt for opportunities under certain conditions.<sup>54</sup> The DP, looking for ways to attract enough American business interest in 1953, welcomed this businessman and was ready to rely on his expertise.<sup>55</sup> As Randall told Turkish government representatives and business elite in meetings, he had done his homework before his arrival; he read as many books and reports about Turkey as he could. His objective was to determine the factors that limited the flow of private investments and find solutions to overcome this problem.<sup>56</sup>

Randall was assigned as the chief of a very talented group of businessmen, including Graham Mattison, an investment broker from New York; Redvers Opie, a British economist who had trained at Harvard, worked closely with the famous John Maynard Keynes, and took part in the establishment of the International Monetary Fund and World Bank; and Leon Dayton and William Rountree, who had already been serving in US Embassy in Turkey and were familiar with the environment. His first meeting was with the Turkish government, led by Menderes, on August 26, 1953. In his memoirs, Randall remembers being very excited and rehearsing his entire speech, which he had already been practicing for a month. He was relieved to encounter a very friendly committee, noting the same excitement in the delegates' eyes.<sup>57</sup> Sharing Randall's enthusiasm, the Turkish decision-makers similarly studied Randall

---

<sup>53</sup> *Time*, August 24, 1953. This article's translation was delivered to the Prime Minister's office in Turkey on August 27, 1953. DSA, "BAD Yabancı Memleketler Ekonomik Siyaset Komisyonu Başkanı ve FOA Başkanı Mr. Clarence B. Randall hakkında Time Mecmuası'nda çıkan yazı tercümesi" ["Translation of an article published in *Time* magazine related to Mr. Clarence B. Randall, Chief of Special U.S. Economic Mission to Foreign Countries and FOA"], 13-79-16, August 27, 1953.

<sup>54</sup> *Ibid.*

<sup>55</sup> DSA, "Mr. Calarance B. Randall'ın Türkiye'yi ziyaretleriyle ilgili hazırlanan rapor." (Report on the visit of Mr. Calarance B. Randall to Turkey.), 26-153-1, August 29, 1953, 2-3. \*Clarence is misspelled in the document.

<sup>56</sup> Randall Journals, "Prologue," 2.

<sup>57</sup> Randall Journals, Box 6, Turkey in 1953 (August 22-28, 1953), "Memo No. 6," August 27, 1953, 22-23.



and his previous work before his arrival. *A Creed for Free Enterprise* had already been translated into Turkish and submitted to the Prime Ministry for the cabinet's examination.<sup>58</sup>

Randall's first mission in 1953 is similarly documented in his personal journals and the Turkish state archives. During his short presence in Turkey, Randall, accompanied by his entourage, engaged with a diverse array of individuals, spanning government officials, bureaucrats, and members of Turkey's business elite. The transcripts from these meetings paint a generally positive picture of the meetings, yet underscore a conspicuous disparity and foreignness between the respective business culture perspectives of the two countries. During the first meeting on August 26<sup>th</sup>, Menderes, akin to other American political actors, appeared to grant Randall considerable authority to implement his recommendations.<sup>59</sup> At this juncture, Randall and his team presented a series of proposals, with the only immediate feasible initiative being the enactment of a liberal law aimed at promoting foreign investment. However, this solution seems debatable in terms of overcoming other incompetencies. Randall, in documents, necessitated fundamental changes that Turkey must adapt, particularly to lure American investors and companies, and he emphasized that these changes constitute a gradual process. The suggested transformations encompass the development of a working managerial class in Turkey or alternatively, until such a class is established, the proposal involves inviting American managers, technicians, and engineers into Turkish companies.<sup>60</sup> Randall also underlined enhancing Turkey's visibility through advertisement campaigns and investment allure in the US, and progressively phasing out SOEs from the market through privatization.<sup>61</sup> Randall's roadmap outlined the initial goal as "selling Turkey to the

---

<sup>58</sup> DSA, "Translation of an article."

<sup>59</sup> DSA, "Report on the visit of Mr. Calarance B. Randall to Turkey," 5.

<sup>60</sup> Randall Journals, Box 6, Turkey in 1953 (August 22-28, 1953), "Memo No. 7," August 28, 1953, 25-26.

<sup>61</sup> DSA, "Report on the visit of Mr. Calarance B. Randall to Turkey," 8-10, 20, 21, 24-29.

Americans, and the Turks must take charge of this endeavor."<sup>62</sup> Despite the distribution of basic pamphlets related to how to do business in Turkey to the corporations in preceding years, American business circles possessed limited knowledge about Turkey beyond the business opportunities they were aware of. To eliminate foreignness, concerted efforts were required from both sides. Randall emphasized that Turkey and its prospective agents should take the lead in this endeavor, suggesting the hiring of lobbyists or the orchestration of robust initiatives within the Turkish diaspora to accomplish this challenging task.<sup>63</sup>

These recommendations collectively envisioned a comprehensive top-bottom change of Turkey's economic structure and business mentality. As stated above, Menderes and his cabinet expressed strong support for this transformative shift, characterized by Randall as a move from collectivism to liberalism.<sup>64</sup> While a foreign investment-friendly law, complete with tax exemptions, was successfully enacted, it becomes apparent that the other factors mentioned earlier were fraught with uncertainties and contingent on various hypothetical scenarios. On the other hand, the concepts of business culture and market knowledge that Randall underlined, rather than the bill passed, need time to become settled.

According to the meeting minutes, Menderes, not fully understanding the complexity of the situation, expressed eagerness to facilitate investments swiftly, agreeing to every point Randall raised. In contrast, Fethi Çelikbaş, the Minister of Economy and Commerce in Menderes' cabinet and an academic in economics, conveyed a more pessimistic perspective toward this transformative change. Çelikbaş argued that adapting to the new structure posed considerable challenges. He emphasized the difficulty of Turkey aligning itself with this paradigm shift, noting that the Western world, including the US, owed much of its success to

---

<sup>62</sup> Ibid., 5-6.

<sup>63</sup> Ibid., 15. Randall emphasized the necessity for an organization and individuals dedicated to promoting the Turkish market in New York.

<sup>64</sup> Randall Journals, Box 6, Turkey in 1953 (August 22-28, 1953), "Memo No. 10," August 28, 1953, 36-37.

free enterprise. Çelikbaş advocated for developing countries like Turkey to embrace a similar path for economic progress; however, altering what has been constructed since the foundation of republic would not be easy.<sup>65</sup>

This circumstance further complicated the quest for foreign investment to secure Turkish business partners for their ventures within the country, a point underlined by Randall throughout the meetings. Ayşe Buğra, in her work "*Devlet ve İşadamları*" (The State and Businessmen), highlights a noteworthy aspect of 1950s Turkey: the absence of companies with investment capabilities. The business elite in Turkey primarily operated as merchants rather than investors during this period.<sup>66</sup> Convincing this risk-averse group to commit significant capital proved challenging, compounded by historical factors such as their prolonged restriction from profitable sectors like mines and oil, left to SOEs, and their developmental trajectory under state guidance since the early years of the republic. The minutes of the meetings also show the differences between Turkish and US business circles. A telling illustration of the disparity in mindset emerges when Vehbi Koç, a prominent Turkish businessman, requests Randall to urge the US government to encourage American companies to invest in Turkey—an appeal that Randall finds absurd.<sup>67</sup> While Randall, representing US business groups, emphasizes the importance of economic and cultural alignment for successful investments, Turkish figures like Vehbi Koç anticipate state assistance in this regard. The longstanding control of business groups in Turkey by the government since the establishment of the republic may elucidate why figures like Koç and

---

<sup>65</sup> DSA, "Report on the visit of Mr. Calarance B. Randall to Turkey," 40-41.

<sup>66</sup> Buğra, *Devlet ve İşadamları (The State and Businessmen)*. (İstanbul: İletişim Yayınlar, 2013), 176-79.

<sup>67</sup> DSA, "Report on the visit of Mr. Calarance B. Randall to Turkey," 62-63. During the meeting, prominent Turkish business figures like Refik Bezmen, Eli Burla, and Ferit Eczacıbaşı were present. Despite the initial disappointment stemming from the inconclusive nature of the meeting with Randall, these businessmen later forged partnerships with major American multinationals such as B.F. Goodrich and Pfizer. The gathering brought together Turkish and American entrepreneurs to delve into current challenges, explore solutions for bolstering American investments in Turkey, and discuss future expectations. Despite the shared discussions, Randall remained pragmatic, refraining from overly optimistic portrayals and adhering to a realist's perspective.

other entrepreneurs look for state support in favor of private investment. For instance, in his capacity as a member of the CHP, Koç faced significant challenges in securing the DP government's approval for partnerships with US companies, ultimately leading to his resignation from the CHP.<sup>68</sup>

Given the reasons above, Randall consistently emphasized the prevalence of numerous uncertainties or "ifs" in the Turkish business culture. Despite these challenges, President Bayar and Menderes remained optimistic in the face of increasing the amount of investment after the enactment of an incentive law. They committed to the passage of new privatization and petroleum laws, to be formulated with the assistance of American consultants and tailored to an American approach, through the Grand National Assembly (GNA) in the upcoming terms.<sup>69</sup>

Tasked with advising the DP government from an American businessman's perspective, Randall did his part. Before departing, the government pledged to initiate the systematic changes Randall had advocated for the promotion of investments and assured him of a forthcoming new law.<sup>70</sup> Former ambassador McGhee, in agreement with accomplishment, extended congratulations for Randall's success during a lunch at the Metropolitan Club on October 14, 1953. Informed of the meeting's specifics by Rountree, McGhee expressed satisfaction in hearing that Randall had earned the respect of the DP government.<sup>71</sup> He has also played his part in promoting investment opportunities by advertising Turkey. In his article titled "Can We Invest in Turkey," featured in the November issue of the Atlantic magazine, he frankly outlined his mission and negotiations in the

---

<sup>68</sup> Çolpan and Jones, 10-11; Buğra, 117-18.

<sup>69</sup> Buğra, 118.

<sup>70</sup> Randall Journals, Box 6, Turkey in 1953 (August 30-September 14, 1953), P.M. Menderes; foreign investments; Randall's job, "Memo No. 11," August 30, 1953, 39-44.

<sup>71</sup> <sup>71</sup> Randall Journals, Box 1, Commission on Foreign Economic Policy, 1953, Vol. 1 (August 1-October 20, 1953), "Dictated in Shoreham Hotel on Wednesday, October 14, 1953," 3-4.

country. While acknowledging the challenges of conducting business in Turkey and the differences in business culture, Randall also recognized the Turkish government's initiatives to enact a law and secure investible environment and the potential in the market.<sup>72</sup> Nevertheless, as Randall emphasized in Turkey, in this article he has listed many ifs on the business culture in Turkey.

Randall and his team naturally impressed the Turkish leaders as his predecessors did. Shortly after his return to the US, Menderes issued a new declaration of principles aimed at enhancing the momentum of free enterprise. Additionally, he orchestrated a party committee among DP deputies to address all of Randall commission's recommendations.<sup>73</sup> Within two months of concerted efforts by this inner circle, the DP government crafted a bill aimed at eliminating all barriers to foreign investment in Turkey, with Randall rightfully credited for the initiative.<sup>74</sup> On January 18, 1954, the law easily passed through the DP-dominated parliament. This new legislation granted foreign investors access to any market available, as well as the Turkish investors, facilitating the unrestricted transfer of employees and tax exemptions for imports by foreign multinationals to do business in Turkey. Additionally, it allowed for the unhindered transfer of all profits made in Turkey out of the country.<sup>75</sup> In contrast to its predecessors, which imposed restrictions on import taxes, accessible markets, and capital transfers, this legislation stood as a revolutionary undertaking.

However, despite the liberal enhancements embedded in the law, the actual benefits did not manifest as revolutionary. In the period between 1954 and 1956 – Randall's second arrival - Turkey saw minimal influx of new US investors and enterprises, with only a handful

---

<sup>72</sup> Clarence B. Randall, "Can We Invest in Turkey?" *The Atlantic*, November 1953.

<sup>73</sup> Randall Journals, Box 6, Turkey in 1953, "Memo No. 11," August 30, 1953, 39-40.

<sup>74</sup> Robinson, 25.

<sup>75</sup> See the text of Law No. 6224, "Yabancı Sermayeyi Teşvik Kanunu" ["Law for the Encouragement of Foreign Investment"], enacted on January 18, 1954. Robinson in *Developments Respecting Turkey, July 1953-October 1954* also provides information about that law and explains its benefits for American businesses in detail (12).

of significant companies, including Pfizer, Minneapolis-Moline Co., and Willys Motors Inc., making notable entries. Socony expanded its existing subsidiaries and engaged in oil exploration activities by renaming itself “Mobil Oil Türk Inc – Sokoni Vakum.” On the whole, most other investor companies undertook modest activities, such as establishing small sales shops, repair shops, or exporting through Turkish merchants.<sup>76</sup>

### **Deteriorating Turkish Economy and Randall's New Mission**

The shift towards economic liberalism becomes more apparent in the DP's decisive move to attract foreign capital and enact a corresponding law by the mid-1950s after Randall's departure. Several authors highlight circumstantial factors contributing to this, including political populism and the positive outcomes of the Marshall Plan, which resulted in increased American capital and services.<sup>77</sup> American guidance on agricultural industrialization and support for this strategy opened up new lands for cultivation, facilitating mechanization and subsequently boosting agricultural production.

The DP, responsive to these changes, eased credit controls to the agricultural individuals, liberalized the import of select capital goods to aid Turkish manufacturing's transition into producing domestic goods, and made heavy investments in infrastructure, particularly transportation networks, to bolster growth through trade. In three years, prices for primary export products such as wheat and minerals saw an uptick and encouraged further investment in these sectors. The overall rise in income played a pivotal role in garnering

---

<sup>76</sup> See Sinclair Weeks and Loring K. Macy's, *Investment in Turkey: Basic Information for United States Businessmen* for further information about the foreign investors and US investors in a separate chart in pages 177-82.

<sup>77</sup> Emre Balıkcı, “Turkey's Small Capital, A Player from the Start: Relations with the State and Big Capital,” *Enterprise & Society*, 16, 1, (2015): 91-92.

societal support for the DP's campaign promise of individual prosperity.<sup>78</sup> Furthermore, the Korean War's favorable market conditions increased exports which made dramatic gains in Turkish economy in the early 1950s.

The revenue generated, coupled with the aid and credit received from the US, fueled an unplanned industrialization focused on producing essential, nondurable consumer goods. However, this inadvertently resulted in Turkey becoming permanently reliant on external financial resources, especially from the US.<sup>79</sup> The DP leaders envisioned a promising future for Turkish agriculture, expecting the prosperity to persist. However, by 1953, incomes started to decline, challenging these optimistic assumptions.<sup>80</sup> The DP's initial success in economic development, aided by a favorable global economic climate, was short-lived, and the party's economic challenges underscored its struggles to connect with both society and the private sector. The period of prosperity came to an end as global agricultural prices dipped in the latter half of the 1950s. In response, the DP shifted its focus to boosting income but struggled to stimulate increased investment through privatization.

Attempting to sustain rural prosperity, the DP initiated policies such as keep purchasing tractors providing more credits despite the global downturn. However, subsidizing agricultural income proved unsustainable. Coupled with the DP's heavy investments in infrastructure, this approach led to an increase in debt and inflation, ultimately crowding out potential industrial investments.<sup>81</sup> The limited advancements in agricultural technology, and worse climatic conditions constrained yield increases. Simultaneously, the conclusion of the

---

<sup>78</sup> Buğra, 177.

<sup>79</sup> Nevin Coşar, "Demokrat Parti Dönemi Maliye Politikası," (The Fiscal Policy of the Democrat Party), *Ankara Üniversitesi SBF Dergisi*, 60, 1, (2005): 50-51.

<sup>80</sup> Umut Dağıstan, "The 1950 Transformation of the Turkish Business System in Terms of Its Basic Dynamics: Expectations and Results," *Business History*, 65, 8, (2023): 1288.

<sup>81</sup> Devrim Adam Yavuz, *Democracy and Capitalism in Turkey: The State, Power, and Big Business*. (London: Bloomsbury Publishing, 2023), 93.

Korean War had adverse effects on Turkey's international terms of trade. These factors collectively contributed to challenges in Turkey's balance of payments.<sup>82</sup>

The DP aimed to address these challenges by prioritizing increased investment expenditures and - to some extent - diminishing the state's role in the economy through legislative measures. In a departure from the traditional approach, the new economic principle centered on safeguarding privatization from unnecessary state interventions and bureaucratic hindrances. This approach aimed to facilitate the transfer of capital to production and create a conducive environment for foreign entrepreneurs. However, while an initially envisioned integrated growth strategy involved foreign credit and capital, challenges in securing foreign resources posed obstacles and ultimately disrupted the plans. Still, according to Robinson, DP leaders were cognizant of the escalating domestic and foreign debts, showing intentional indifference to the surging inflation. Their lack of interest in withdrawing costly infrastructure projects stemmed from the understanding that, regardless of how far the country might descend, eventual intervention and assistance from the Americans would come to their aid.<sup>83</sup>

Examining the state of Turkey in 1956, there were minimal positive prospects to attract foreign investment, apart from the law specifically enacted for this purpose. Expecting the realization of concepts proposed by Randall and his team in 1953, such as the establishment of a managerial class, business elites with a strong inclination for investment, or the effective promotion of the Turkish market's attractiveness, within such a brief timeframe, would have been impractical. The steady erosion of the stable political and economic system essential for attracting foreign capital became increasingly apparent. Although the DP secured victory in the 1954 elections, political stability, from a private business standpoint, revolved around the government's credibility—particularly in terms of

---

<sup>82</sup> Boratav, 108.

<sup>83</sup> Robinson, 32.



ensuring financial prerequisites such as a balanced payments system and adherence to credit agreements.<sup>84</sup> However, even several American companies engaged in business with Turkey faced challenges in securing payments. In the late 1955, Turkey found itself lacking the required \$50 million to fulfill payments owed to four oil companies. With only a week's worth of oil in reserve, Turkey sought the assistance of US institutions to mediate between Caltex, Socony, and itself. This incident sparked rumors of a potential Turkish bankruptcy, causing a detrimental impact on the confidence of American businesses in the country.<sup>85</sup>

In 1956, the DP found itself entangled in a dual predicament. US National Security Reports on Turkey exerted pressure on DP leaders to initiate economic downsizing by curtailing construction projects and domestic credit extended to struggling agricultural class, burdened by debts from previous years.<sup>86</sup> Simultaneously, imposing such limitations risked financial ruin for thousands of farmers – DP voters - barely making ends meet, with just enough resources for cultivation. Faced with this dilemma, the DP urgently needed a plan to retain the support of the agricultural population. President Bayar committed to implementing immediate financial plans that would not hinder development, financing for the masses, or ongoing modernization projects.<sup>87</sup> This plan was seeking aid or loans from the Eisenhower administration to address short-term deficits, envisioning a strategy to help Turkey rebound in the subsequent terms.

By 1956, Turkey's foremost expectation from the US was not its business circles and MNCs' investment. The DP government had already prioritized aid and credit options as a means to prevent the country from growing to economic despair. Similarly, the Eisenhower

---

<sup>84</sup> Harry N. Howard, *US Policy in the Near East, South Asia and Africa, 1954* (Washington D.C.: Department of State Publication, 1955), 41.

<sup>85</sup> "Turkey: A Friend in Trouble," *Time*, October 24, 1955.

<sup>86</sup> FRUS, 1955-57, Volume XXIV: Eastern Europe; Soviet Union; Eastern Mediterranean, "Statement of Policy on Turkey," February 28, 1955, 624-25.

<sup>87</sup> GNA Minutes, 10th Parliament, Vol. 8, November 1, 1955, 6-20.

administration, American officials in Turkey, and even committed civilian businesspeople—though reluctant to be named as state representatives—all shared a common perspective: Turkey's salvation rested upon swift financial aid. This notion eclipsed the significance of fostering business and foreign investment initiatives in their agendas. In this evolving political landscape with shifting economic objectives, the alteration of job titles for American personnel assigned to the Turkish mission became a necessary step. Thornburg was hired by Menderes to be personal advisor, entrusted with lobbying in the US to secure additional aid and credits for Turkey. Similarly, as a lobbyist for Turkey, Thomas Dewey embraced a comparable responsibility.<sup>88</sup> In his second trip to Turkey between January and March 1956, Randall joined this group by changing his focus from business promotion to mediating credit and aid negotiations between Turkey and the US.

From late January to March 1956, Randall met with the DP's decision-makers, dedicating minimal discussion to business activities or foreign investments. His focus primarily revolved around addressing the state's cash-flow issues and growing inflation. Even he neglected interactions with the Turkish business elites. His return to Turkey excited the Turkish government; however, he came with bitter recommendations that time. The Department of State tasked him with persuading the Turks to implement stringent measures, including curbing public spending, restricting individual credits, and limiting exports, to steer their economy back on course. Negotiations for aid and loans would be conditional and anticipated to be challenging.<sup>89</sup> During this mission, Randall consistently avoided discussions on this matter, frequently emphasizing his role as a businessman with a vested interest in

---

<sup>88</sup> FRUS, 1955-57, Volume XXIV: Eastern Europe; Soviet Union; Eastern Mediterranean, "Telegram from the Embassy in Turkey to the Department of State," January 17, 1956, 668. This mission was defined as an investigation of the Turkish economy and had no focus on business promotion; Randall Journals, Box 3, Thomas Dewey-lobbyist for Turkey, briefings for trip to Turkey, internal politics, military, economy, and trade of Turkey, Vol. 12 (January 4-26, 1956), "Friday Morning, January 13th, Executive Office," 5-6.

<sup>89</sup> Randall Journals, Box 7, 36.

Turkey. He reiterated numerous times that he lacked authority in aid and credit matters.<sup>90</sup> Randall's focus was no longer centered on discussing methods to attract American business. Instead, he was assigned the responsibility of researching the Turkish economy, diagnosing its problems, and persuading the DP government to make cutbacks in state spending and credit distributions.

A potential scenario where Turkey refrained from injecting cash flow into the market could have escalated into a full-blown disaster for the Turkish economy, surpassing the mere slowdown in development progress. Randall, in addition to highlighting escalating expenses and debts, observed that new problems were emerging between the US companies and their Turkish business partners. Turkish businessmen were facing challenges in fulfilling contractual obligations with their American partners, with the most significant issues revolving around difficulties in payment installations and the undervalued Turkish Lira. Officially pegged at 2.8 Turkish lira to 1 dollar in the early 1950s, this rate significantly undervalued the actual market value. In reality, one dollar equated to 5-6 lira, and in the black market, it could even soar to 9.7. In such market uncertainty, only a few American businesses continued selling products or investing in the Turkish market. Instead, the majority of US companies operating in Turkey approached Randall, urging him to persuade the Turkish government to devalue the lira for fair transactions.<sup>91</sup> Dewey was facing a similar challenge, unable to effectively promote the opportunities of the Turkish market to American businesses in the US.<sup>92</sup> Up until that point, American investment in the Turkish market had been exceedingly limited, and the worsening economic conditions in Turkey further exacerbated the already dire impact on investment.

---

<sup>90</sup> Ibid, 21.

<sup>91</sup> Randall Journals, Box 5, Vol. 8, Council on Foreign Economic Policy, 1956, Volume VIII (May 1-June 11, 1956), Turkey, "Monday, June 9th, Executive Office," 1-3.

<sup>92</sup> Randall Journals, Box 3, 5-6.

During Randall's month-long visit in Turkey, accolades flowed regarding Turkey's significance as a trusted ally to the US and its dedicated efforts towards Americanization. Randall, in his memoirs, acknowledged the pivotal importance of Turkey not only for itself but for the entire Middle East, emphasizing that the US should prevent Turkey from economic collapse although he did not officially get into credit and aid talks.<sup>93</sup> However, the theme of "business" rarely featured in these notes, a reflection of the economically challenging environment where such discussions were nearly impossible.

## **Conclusion**

While Randall frequently identified himself as a "businessman," his second mission in Turkey marked a transformation into a government official. This change can be traced in Randall's arguments, as outlined in the letter presented to the Secretary of the Treasury and the Under Secretary of State upon his return from Turkey. This letter, also published in the FRUS, detailed Randall's proposal to the DP. He suggested that SOEs should continue contributing to industrialization within specified budgets, and loans for commercial activities should be restricted.<sup>94</sup> Although this proposal could potentially hinder foreign investment, it seems Randall did not prioritize this concern given the challenging economic conditions in Turkey at the time.

Randall, successor to other American business-oriented agents preceding him, wielded significant influence over the Turkish government and business community. His earnest attempts to actualize recommendations for the DP government during both visits shows this

---

<sup>93</sup> Randall Journals, Box 7, 4.

<sup>94</sup> FRUS, 1955-57, Volume XXIV: Eastern Europe; Soviet Union; Eastern Mediterranean, "Letter from the President's Special Consultant (Randall) to the Secretary of the Treasury (Humphrey) and the Under Secretary of State (Hoover)," March 6, 1956, 670.

influence. However, when it came to attracting American business and companies to Turkey or rendering the Turkish market appealing to the American investors, Randall faced limitations. One of the major impediments was the incongruity between the American-Turkish business perspectives and Turkey's statist economic policies, and immature privatization mentality. Additionally, Randall identified various shortcomings in the Turkish market, including the absence of a foreign capital incentive law, an investor-minded business community, a managerial class and know-how, the unpredictability of the market, and challenges related to raw materials and capital sustainability. Despite liberalizing foreign investment considerably in 1953 through legislative efforts, the absence of other determinants meant that investments were constrained to a "do your best and hope for the best" scenario. The deteriorating economic conditions in the mid-1950s, which were the second significant factor kept foreign investment away from Turkey, rendered the notion of investment nearly obsolete, a reality acknowledged by Randall. Ultimately, with numerous disparities, bringing Americans into the Turkish market proved as challenging as "bringing rain."

In summary, this article confirms the argument states that despite the liberalization efforts and legislative actions taken by the DP in the 1950s, Turkey fell short in attracting sufficient foreign investment. Importantly, the article goes beyond solely examining economic factors and focuses on the disparities in business practices and culture between Turkey and the US in the 1950s. Drawing on the insights of Randall, a key figure with a deep understanding of these differences and incompatibilities, the narrative not only introduces a novel dimension to Turkey-US economic relations but also underscores the significance of evaluating concepts like business promotion and investment through the lens of individual actors and companies.

