

**ROLE OF THE WEALTH TAX LAW IN THE TURKISH NATIONAL  
BOURGEOISIE FORMATION PROCESS**

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**Abstract:**

The scope of this essay is to find the role of the Wealth Tax in the Turkish National Bourgeoisie formation process. The newspapers *Tan* and *Cumhuriyet* of that period (between 1942-44) and the official records of Turkish Grand National Assembly were examined since they were the primary sources but all of them couldn't be shown in this essay because of the word limit but in the appendices, all of them could be found.

After the First World War, the racism started to find a place for itself in the world. Especially in Italy and Germany this ideology found lots of supporters. This new ideology also affected the newly formed Turkey and caused Pan-Turanism to come out. Pan-Turanism's target is to form a society which covers all the Turks in the World so the Turkification policy is a result of this ideology. The "Turkification" policy started just after the Lausanne (24 July 1923). This policy based on the idea of forming a society consists of just Turks. The Turkish – Greek population exchange decision was the first step of this policy. After the Lausanne, the Turkish government made an agreement with Greek government and agreed on exchanging Greeks in Turkey with Turks in Greece. The next step was to make Turks have the control of the Turkish economy. The Wealth Tax was used to achieve this goal. Actually, if the tax law is examined properly, it can be seen that there isn't any word that shows only the minorities will pay this tax. However, the application and results of this tax prove that only minorities paid this tax so it can be claimed that this tax totally related with the formation of the Turkish National Bourgeoisie by taking the capitals of the minorities.

**Abstract word count: 291**

## Contents

Abstract	ii
Contents	iii
Introduction: Bourgeoisie, National Bourgeoisie Concepts and the Development Process	1
Part 1: The General Outlook	2
1.A. The General Outlook of the World in 1942	2
1.B. The General Outlook of the Republic of Turkey in 1942	4
Part 2: The Reasons for the Enactment of the Wealth Tax Law	5
Part 3: Application of the Wealth Tax Law and Resultant Developments	6
Conclusion: Different Views on the Wealth Tax Law and General Evaluation	9
Appendices	14
Appendix 1: The speeches in Turkish Grand National Assembly	14
Appendix 2: Newspapers ( <i>Cumhuriyet/Tan</i> 1942-44)	17
Appendix 3: Gngr Uras's writing published in <i>Milliyet Gazetesi</i> on 30, 1999	26
Works Cited	29

## **ROLE OF THE WEALTH TAX LAW IN THE NATIONAL BOURGEOISIE FORMATION PROCESS**

### **INTRODUCTION: Bourgeoisie, National Bourgeoisie Concepts and the Historical Development Process**

The concept of bourgeoisie has come into Turkish, being derived from the French word “bourg” (village). This term was used to define the independent group of people appearing in the late middle age, being settled in cities and working on trade and craft, and it is accepted in social sciences, as a socio-economic class covering the equity owners who own the means of production. The meaning of the concept, bourgeoisie, has changed within time. Especially, in the political system of the 18th Century French, this concept covered all the wealthy citizens excluding the noble and the clergy as a third status (tiers état) and it has been generally defined as a third type of class in between the noble and peasant. During the period that economy based agriculture dissolved and the capitalist system began to appear, the bourgeois class was differentiated from the previous feudal class not only in terms of its legal status difference, but also in terms of economic, ideological and cultural differences. Especially, it is accepted that the world view of bourgeoisie is reflected by the system of values, which focuses on basic virtues such as savings, instinct of profit and the rationalist behavior aiming the maximization of personal income<sup>1</sup>.

From a different perspective, bourgeoisie covers various groups of people from the wealthy capitalist to small tradesmen, and also includes self-employed people, whose economic power comes from money, and a wide range of bureaucrats working for them. The common characteristic of all these people is not doing handwork. This common characteristic differentiates the bourgeois class from the peasant and the working class. Throughout the history, the bourgeois class has played a revolutionary role. It has abolished the current system and taken over, by revolution (France) or by settling up with aristocracy (England). Nonetheless, the Marxist ideology defines the era of bourgeoisie with this distinctive feature: Class contradictions are simplified now. The entire society has been separated into two enemy camps, two big classes entirely opposite to each other: Bourgeoisie and proletariat<sup>2</sup>. According to this view, bourgeoisie, who owns the means of production, represents the sovereign power in the society and in order to sustain this hegemony, this power should establish an order, which is based on exploitation. This is by its nature. However, a society without exploitation can only be possible if the means of production are owned by producers. Therefore, the ideology of socialism (dictatorship of proletariat) rose as a revolutionary movement.

The concept of national bourgeoisie means that, after the collapse of the empires and the appearance of nation states, the rise and progression of nations is possible only with the impulsion of each nation’s bourgeoisie. With its talents and creation of prosperity, the

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<sup>1</sup> Ana Britannica Genel Kültür Ansiklopedisi, Volume: 5, İstanbul 1986-87, p. 127.

<sup>2</sup> Orhan Hançerlioğlu, Felsefe Ansiklopedisi Kavramlar ve Akımlar, Volume: 1, İstanbul 1976, p. 203.

bourgeois class will lead the society to keep pace with the international competition and the necessities of the modern era. From this perspective, existence of a national bourgeoisie plays a vital role in the establishment of a modern civilization and the social system this civilization requires. However in the contemporary level of humanity, this thought has been passed over. Because, today, the idea being debated is that, the world has got smaller and with the spread of globalization, the adjunction of bourgeoisie and international (global) capital is inevitable. Accordingly, if the bourgeois class wants to survive and be the leader of its competition with the others, it should definitely cross national boundaries.

Arising from this point, in this study, it will be investigated if the Wealth Tax Law enacted in the Republic of Turkey on November 11, 1942 with its application had any role in the formation of a Turkish bourgeoisie. Additionally, various views and discussions revolving around the issue will be analyzed.

## **PART 1:**

### **1.A. The General Outlook of the World in 1942**

In 1942, the world was facing the biggest war of its history. As is known, the First World War took place between 1939 and 1945. However, especially since the results of the First World War and the peace treaties signed afterwards were not set on realistic and equitable balances, a new war seemed inevitable. The very short period of 21 years between two big wars gives a clue about the situation of the world those days.

The countries losing the First World War were punished very heavily. Especially within the newly established political balance in the Europe, boundaries of the German world were reduced as establishment of new states in both the German and Austrian lands was observed. For instance, Poland, which was established in 1918, Czechoslovakia and Yugoslavia constitute examples of this. It was foreseen by everyone that Germany who lost its sovereignty and was put under pressure in addition to losing its land would compensate its loss as soon as possible. On the other hand, the war was not a source of felicity for the winner states. Even the winners could not improve their economies and especially the crisis which began in USA in 1929 spread to the other countries, causing them serious problems. Moreover, despite being one of the winners of the war, Italy was disappointed with its gains resulting from the war and it edged towards new victory goals by creating a dictator (Mussolini). When dissatisfaction of Italy was added to the Germans' aim of changing the system, it became clear that things would change in Europe once again. At this point, it should be considered that, rather than democracy, in Europe and many other places of the world, dictatorial regimes were dominant. In addition to Mussolini, Hitler and Stalin were famous dictators of this era.

The most significant signal of the outbreak of the Second World War was followed by the Italian invasion of Ethiopia in 1935. After that, Germany invaded Austria in 1938 and then Czechoslovakia. However the straw that broke the camel's back was the Poland being invaded by Germany, who was in alliance with the Soviet Union. Upon these developments, England and France declared war to Germany and took their place in the war as well. On the

other hand, with the Japanese support in the Far East, Germany, Italy and Japan formed a troika, which would take the entire world against itself in the upcoming years of the war.

In the first year of the war, Germany, at a rattling rate succeeded in the seizure of the entire North Europe including France, who was another giant in Europe. Additionally, in 1941 supporting its ally Italy, who was attempting to invade the world, Germany successfully invaded Greece. In other words, Germany became a border neighbor to Turkey. At the same period, with its raid of the Pearl Harbor in 1941, Japan caused the American entrance to war. Thus, in 1942, it was evident that all the actors of the war were ready at the stage for the most serious encounters of the war<sup>3</sup>.

### **1.B. The General Outlook of the Republic of Turkey in 1942**

It can be said that, in this big war, that the entire world became upside down, Republic of Turkey made a considerable effort to keep itself outside the war. Especially İsmet Öñünü, the Prime Minister, spent all his energy for this, and through the balances he maintained on the foreign policy, he managed to keep Turkey outside the war<sup>4</sup>. However as a matter of fact it is never possible to claim control over a country's entire foreign policy. Moreover, despite the national preference of not entering the war, during a war that encompasses the entire world, it is necessary to be prepared for anything. Because, in an unwanted scenario, it might be a necessity to enter the war. Therefore, during the war Turkey kept an army of almost two million soldiers ready at all times. In order to explain this number, it should be stated that at that time the total population of Turkey was around sixteen million. When it is considered that almost half this population was composed of women and the most of the other eight million were children and middle aged people, it becomes obvious that almost all of the youngest and the most dynamic people in the country were under arm. This situation had considerably negative impacts on the society. Firstly, because of taking apart this population from production, a decline in production was observed. On the other hand, since the necessities of the army were accepted to be more important than anything else, an increase in consumption took place. Therefore, during the war there was scarcity in the domestic market of Turkey. Although some of the basic food items were rationed for a balanced distribution to the citizens, the result was far from being optimistic. Despite the State's efforts based on good faith, black marketeering could not be prevented and a group of merchants became "rich of war" as a result of improper personal benefit<sup>5</sup>.

The difficult conditions in the country could not be overcome for years and since the length of this knotty period was not foreseeable, citizens were psychologically damaged. This

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<sup>3</sup> About the political developments of that period, see: Fahir Armaođlu; **20. Yüzyıl Siyasi Tarihi 1914-1980**, Ankara 1989. Liddell Hart; **II. Dünya Savaşı Tarihi**, 2 volumes, İstanbul 1989.

<sup>4</sup> It is useful to remember that in 1939 Turkey signed "Mutual Assistance Treaty" with England and France. Additionally, beginning from 1925, there was a triennially renewed "Friendship and Nonaggression Treaty" with the Soviet Union. Moreover, Turkey tried to cover itself by signing a "Nonaggression Treaty" with the unpredictable super-power Germany, who could not be seized until the Turkish border in 1941. About the Turkish foreign policy of that period, see: Selim Deringil; **Denge Oyunu. İkinci Dünya Savaşında Türkiye'nin Dış Politikası**, İstanbul 2003.

<sup>5</sup> About the political developments of that period, see: Cemil Koçak; **Türkiye'de Milli Şef Dönemi (1938-1945)**, 2. Volume, İstanbul 1996. Sina Akşin (Ed.); **Türkiye Tarihi 4. Çağdaş Türkiye 1908-1980**, İstanbul 1990.

caused political reactions against the government, which were followed by a declaration of state of emergency. Briefly, the time of war had a negative impact on the democracy culture. The Wealth Tax Law enacted by the Turkish Grand National Assembly on November 11, 1942 can be analyzed within this context. The first thing to underline about this law, which will be studied in detail in the next part of this study, is that such a law is a product of an extraordinary period. In this context, such a law cannot be possible in contemporary Turkey. At the very beginning, the Constitutional Court, which was founded by the 1961 Constitution, would annul such a law. The reason is obvious: A law, which aims at a part of the society, is against the “equality” principle of the constitution and cannot be put into effect. Even if it is enacted, such a law faces annulment and the citizens’ damages arising from its application has to be compensated by the State.

## **PART 2:**

### **The Reasons for the Enactment of the Wealth Tax Law:**

The reasons for the enactment of the Wealth Tax Law were mainly found in the speech made on November 11, 1942 in the Turkish Grand National Assembly, by Şükrü Saraçoğlu, the Prime Minister of that period:

“Friends, when leaving Ankara, a movement began in everywhere, on every product: a movement of price. Within a short time, this movement turned into a walk and this walk became a run and rush, and therefore prices rose. Prices raised so much that when he/she wakes up in the morning, each citizen talking to his/her wife/husband and friends or reading newspaper was faced with new price increments and asked himself/herself: Where are we going? Another group of people, seeing that the government is passive and just an onlooker to the situation, asked: Where is the government? Finally, some people tried to explain the situations according to themselves, by arrogating the government to this or that sect of economics. First of all I will answer this last opinion. We are neither students of Adam Smith, nor apprentices of Karl Marx. We are only the children of a political party, whose social religion is populism and political sect is etatism<sup>6</sup>”.

“Today, some of the continuously increasing disasters, taking place in the countries in war, bring new difficulties to our country by crossing our frontiers. As long as the war extends, we should find it natural that our shortfalls and hardships will increase and therefore we should always be ready by taking precautions. Today, sacrifices that our country should make are very little when compared to other countries. Each patriot owes to consider that new threats are to be faced day by day and owes to get prepared for bearing these<sup>7</sup>.”

“Friends, the decrease in production, absence of import, wrong precautions and especially insatiable greed and forestalling definitely have an important effect in the crazy increase of the general commodity prices. However, another factor, which has caused this result, is the continuous expansion of currency and the amount of Turkish lira in the circulation approaching 700 million lira. While seeking solutions to comparatively small

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<sup>6</sup> TBMM Zabıt Ceridesi Cilt 28, 11.11.1942, First Hearing, p.14.

<sup>7</sup> Idem., p.15

pains, definitely it would not be correct to neglect this big injury. Therefore, we have considered fully concentrating on this injury and finding an appropriate cure as our premier duty. The only way is to immobilize some of the money in circulation as tax, only for once and especially from the ones who made great profits during the war period. This draft law, which was prepared after some detailed investigations, will collect money basically from three bases. In order of significance, these bases are as follows: merchants, real estate owners and major farmers.

Since the merchants made the highest profit during the war, they will certainly bear this Wealth Tax at most. Within the amounts assigned by the commission, we have no hesitancy in demanding back some of the money, earned by this group of people who are divided into types, classes and categories, doing the evident job. Since we do not offer a liability below 500 lira, we totally exclude the poor and weak from this tax. In the investigations that we made for this tax, we have seen and marveled at how some major merchants and classes have found the way of fiscal evasion, and we are searching for precautions in order not to allow such tax evaders in the future.

Our second bases for this tax are public houses, baths and apartments. Owners of these are accepted as taxpayers. However, they will not be liable if the yearly rent they get is not above a total of 2500 lira. On the other hand, if this amount is exceeded, they should pay the money assigned by the commission.

Third basis is the major farmers. Major farmer means the farmer who can give 500 lira without detriment to any of his interests. These people are tax-payers and this liability will never be above five percent of the total assets of a farmer.

The amount of tax to be paid by each individual will be assigned by commissions of six. Governors and government officers will preside these commissions and district treasurer or district revenue officers will represent the Treasury. The other four members will be chosen from the members of the municipality, chamber of trade and chamber of agriculture, elected by the public. Decisions made by commissions will be unappealable and final.

A long time interval is not provided for the determination and collection of this tax. Because, we have found this beneficial, for the prevention of any corruptions that may take place by using money. Therefore we have kept the time limited. Because of these reasons, we have set 15 days for the determination and announcement of tax. We have required the collection within the following 15 days. We have required the collection with an addition of one percent in the next following week, and two percent in the second week.

We have found, sending the tax-payers who do not pay their dues, to the labor battalion as a sanction to ease both the procurement of workers and the collection of money, in addition to the application of the Law on Collection of Assets.

The target we are following with this law is decreasing the cash in circulation and getting ready for national needs. Additionally, it is possible to maintain secondary benefits from the application of this law, such as the appreciation of Turkish lira, the erasure of the

public grudge against the forestallers and the maintenance of a moderation in the prices of goods to be sold urgently in order to prevent taxes.

Friends, I have completely and one by one explained the basic difficulties of the economic crisis we have come in and the precautions we have considered. We definitely believe that our precautions, which will gain endurance and strength with your help and amendments, will carry off this struggle. Because, the contemporary children of our motherland are not only the children of a big origin, but also the big origin itself, which has got the better of some imprudent enemies<sup>8</sup>.”

Some of the members of the parliament took the floor and expressed their thoughts on this legislative proposal as follows:

ALİ RANA TARHAN (İstanbul) – “Referring to the mentioned Wealth Tax, we find that this proposal of the distinguished government is financially, economically and socially appropriate... We also appreciate that they do not hesitate to take its responsibility, by demanding broad authority for its application. Trusting that they will accomplish its application, we wish them success”.

### **PART 3:**

#### **Application of the Wealth Tax Law and Resultant Developments:**

In this part, the resultant developments will be transferred through the headings of daily newspapers. Detailed news will not be examined, since it would go beyond the scope of this study. All of the issues of *Tan* and *Cumhuriyet*, the newspapers of that period, published between 1942 and 1944 have been analyzed.

- Ş. Saraçoğlu explained the precautions to be taken in order to overcome the difficulties of the economic crisis
- In yesterday’s assembly, the new Wealth Tax Law has been discussed and accepted<sup>9</sup>.
- A levy will be imposed on citizens with handsome profit. Collection of the one time Wealth Tax Law begins immediately.
- The Prime Minister’s speech is met with applause, Wealth Law proposal is accepted unanimously<sup>10</sup>.
- 3 commissions are being founded in our city. Department of Revenue is preparing the lists of tax-payers<sup>11</sup>.

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<sup>8</sup> *Idem.*, p.21, 22.

<sup>9</sup> *Tan*, Thursday November 12, 1942.

<sup>10</sup> *Cumhuriyet*, Thursday November 12, 1942.

<sup>11</sup> *Cumhuriyet*, Friday November 13, 1942.

- Application of Wealth Tax began all around. Through the new precautions of the government 300 million lira is anticipated to return from circulation to the Treasury. Prices of all supplies are decreasing. Sanctions of the National Security Law are getting intense<sup>12</sup>.
- As long as the tax-payers of Wealth Tax do not pay their dues, their sales of immovable will be deemed invalid<sup>13</sup>.
- Share for municipalities from the new Wealth Tax<sup>14</sup>.
- Application begins soon. It is understood that a lot of cities have completed the accrual lists<sup>15</sup>.
- Wealth Tax is at the latest phase. Names of the tax-payers in Ankara will be announced at collection department of finance offices tomorrow<sup>16</sup>.
- Wealth Tax application in Çukurova. Taxes from 42000 lira to one million lira have been imposed to some merchants and factory owners in Mersin and Tarsus<sup>17</sup>.
- Results of Wealth Tax are announced in Muğla<sup>18</sup>.
- Wealth Law tariffs are announced in Aydın yesterday. It is understood that in this city, 950 tax-payers will pay 1.381.619 lira<sup>19</sup>.
- The latest lists of Wealth Tax are being hanged. The road constructions regions, where the tax-payers who do not pay this tax on time will be made to work, are set. Accrued tax amount in Antakya is 3.235.140 lira<sup>20</sup>.
- Wealth Tax lists. Tax amounts are around 27 million lira in İzmir, 14 in Ankara, and 8.5 in Adana. For those who do not pay their dues, the places that they will be made to work for the construction of roads and bridges are determined<sup>21</sup>.
- Wealth Tax of İstanbul is finalized. Governor Doctor Kırdar's statement: "The total of Wealth Tax that the city of İstanbul will pay is around 330 million lira. The commission worked till the morning last night. Some of the lists will be hanged at the finance collection offices.

<sup>12</sup> **Cumhuriyet**, Saturday November 14, 1942.

<sup>13</sup> **Cumhuriyet**, Thursday November 19, 1942.

<sup>14</sup> **Tan**, Saturday November 28, 1942.

<sup>15</sup> **Cumhuriyet**, Wednesday December 2, 1942.

<sup>16</sup> **Cumhuriyet**, Tuesday December 8, 1942.

<sup>17</sup> **Cumhuriyet**, Wednesday December 9, 1942.

<sup>18</sup> **Tan**, Friday December 11, 1942.

<sup>19</sup> **Tan**, Saturday December 12, 1942.

<sup>20</sup> **Tan**, Wednesday December 16, 1942.

<sup>21</sup> **Cumhuriyet**, Wednesday December 16, 1942.

- Wealth Tax lists are hanged in Ankara and İzmir yesterday and tax-payers began to pay their dues.
- Interview with the ones to pay the highest Wealth Tax: Famous Merchant Ahmet Kara “Such a precaution was necessary for the social justice”<sup>22</sup>.
- In our city, tax lists are being hanged today. We are reporting, at which offices, the anticipated 60 thousand tax-payers of İstanbul, can learn their tax amounts.
- *Wealth Tax is nothing other than the national service of those, who do not suffer war, to this country.* Author: M. Zekeriya Sertel<sup>23</sup>
- *The first results of the Wealth Tax. This tax is an important precaution which will show its useful effects not only in our financial life but also in social and private lives.* Author: M. Zekeriya Sertel
- Wealth Tax amounts to half billion in the country<sup>24</sup>.
- Wealth Tax lists are officially announced yesterday.
- There are 11 citizens who will pay tax above million<sup>25</sup>.
- The address of the National Chief to the people of Bursa. “In the conscience of the public, the Wealth Tax is a right and correct precaution, consideration”<sup>26</sup>.
- Tax-payers, who do not pay their dues, will be immediately sent to their workplaces at the end of the 1 month period<sup>27</sup>.
- Most of the tax-payers began to make payments. It is a lie that the law will be revised and the interval will be extended. The tax will be exactly applied<sup>28</sup>.
- Yesterday’s address of the National Chief. Address of the State: “When the welfare of the State requires, big sacrifices are compulsory. Citizens should accept these with good faith”.
- Başyazı: “Wealth Law is a national service. Everyone will pay it gladly”<sup>29</sup>.
- Payment of Wealth Tax to be made easier: With the credit of the Central Bank up to 150 million lira, advance will be granted against goods and real estate<sup>30</sup>.

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<sup>22</sup> **Cumhuriyet**, Thursday December 17, 1942.

<sup>23</sup> **Tan**, Thursday December 17, 1942.

<sup>24</sup> **Tan**, Friday December 18, 1942.

<sup>25</sup> **Cumhuriyet**, Friday December 18, 1942.

<sup>26</sup> **Tan**, Tuesday December 22, 1942.

<sup>27</sup> **Tan**, Wednesday December 23, 1942.

<sup>28</sup> **Cumhuriyet**, Wednesday December 23, 1942.

<sup>29</sup> **Cumhuriyet**, Thursday December 24, 1942.

<sup>30</sup> **Tan**, Thursday December 24, 1942.

- A big ease decision of our government to the tax-payers of Wealth Tax: National banks will launch a loan on estate, goods, stocks and bonds, to the ones who have paid 20 percent of their dues<sup>31</sup>.
- No appeal against Wealth Tax is being accepted. Only the appeals concerning repeated accrual are being investigated<sup>32</sup>.
- The amount of tax paid in the city exceeded 45 million lira<sup>33</sup>.
- 61 cities have prepared the lists.
- A tax-payer was seized on the border when escaping to Syria<sup>34</sup>.
- We are writing application method of the Law on Collection of Assets, on the ones who remain due, and the procedure of attachment<sup>35</sup>.
- Tax-payers in search of an escape way are being followed by levying attachment on their properties<sup>36</sup>.
- We are publishing the by-law on the expedition of the ones who remain due, to their workplaces<sup>37</sup>.
- The amount paid in country got above 170 million<sup>38</sup>.
- Debtors worth millions are being seized this morning. A lot composed of tax-payers who did not pay the Wealth Tax will be set off in two days for being sent to Aşkale<sup>39</sup>.
- The number of tax-payers collected approached to 300.
- The first lot is ready. Household goods will be sold at the household bazaars, goods in shops and stores will be sold on-site. The Revenue Department has prepared a new list, correcting some mistakes on imposition.
- Household Bazaar of Sandal was very crowded. Rooms were filled by onlookers and fanciers, rather than buyers. Precious works were displayed in windows yesterday<sup>40</sup>.
- A tax-payer at the Wealth Tax collection place is released<sup>41</sup>.

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<sup>31</sup> **Cumhuriyet**, Friday December 25, 1942.

<sup>32</sup> **Tan**, Wednesday December 30, 1942.

<sup>33</sup> **Tan**, Friday January 1, 1943.

<sup>34</sup> **Tan**, Tuesday January 5, 1943.

<sup>35</sup> **Tan**, Thursday January 7, 1943.

<sup>36</sup> **Tan**, Friday January 8, 1943.

<sup>37</sup> **Tan**, Wednesday January 13, 1943.

<sup>38</sup> **Tan**, Saturday January 16, 1943.

<sup>39</sup> **Tan**, Thursday January 21, 1943.

<sup>40</sup> **Tan**, Saturday January 23, 1943.

- 38 more are sent to Aşkale.
- The new list of tax is prepared as well. Among these, there are some tax-payers who should pay 500 thousand lira<sup>42</sup>.
- Budget of the year of 1943 is given to the Assembly. The total of expenses in the budget is 480.383.349 lira, 86.056.411 lira more than the last year's.
- New assembly and the issue of aid to people with stable income.
- Declaration of the agent of finance. For our national defense requirements and as the first lot, a 120 million lira of exceptional appropriation act is being prepared<sup>43</sup>.
- The list of 902 forgotten tax-payers is announced. Among these lie some tax-payers who will pay 210 thousand lira<sup>44</sup>.
- New precautions are taken for the collection of the taxes of tax-payers who did not make their payments. Expedition of the ones, whose debt is above 10 thousand lira, will begin soon<sup>45</sup>.
- Soil products tax. Yearly 100 million lira revenue will be made<sup>46</sup>.
- Rises in taxes and duties went into effect. Starting from today, matches will be sold for 5 cents<sup>47</sup>.
- Some new rise in taxes and duties. We are giving detailed information and the scales on their application methods<sup>48</sup>.
- Republican People's Party turns 21 today<sup>49</sup>.
- According to the new law, in our city, 22.631 tax-payers' 11.141.683 lira of Wealth Tax debt is erased<sup>50</sup>.
- Wealth Tax collection. The Prime Minister says: "We will continue to make things easier for the ones with good faith"<sup>51</sup>.

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<sup>41</sup> **Tan**, Monday February 1, 1943.

<sup>42</sup> **Tan**, Saturday February 13, 1943.

<sup>43</sup> **Tan**, Monday March 1, 1943.

<sup>44</sup> **Tan**, Sunday March 7, 1943.

<sup>45</sup> **Tan**, Friday March 19, 1943.

<sup>46</sup> **Tan**, Wednesday May 19, 1943.

<sup>47</sup> **Tan**, Wednesday May 26, 1943.

<sup>48</sup> **Tan**, Wednesday June 18, 1943.

<sup>49</sup> **Tan**, Thursday September 9, 1943.

<sup>50</sup> **Tan**, Wednesday September 22, 1943.

<sup>51</sup> **Tan**, Monday October 25, 1943.

- Wealth Tax is moving towards dissolution. Collection in our city has reached 220 million<sup>52</sup>.
- The Law on Collection of Assets will be applied against those who do not pay the Wealth Tax until tomorrow evening<sup>53</sup>.
- Wealth Tax has been a major example of justice.
- Wealth Tax collected in İstanbul till last night reached 110 million<sup>54</sup>.
- In order to make tax-payers who do not pay their debts be worked at the assigned workplaces, necessary precautions are being taken already<sup>55</sup>.
- A new commission is established to ascertain the forgotten taxes and it has began working since yesterday. The deadline of the payment is the 17th of this month<sup>56</sup>.
- The petitions on Wealth Tax, which are submitted to the Assembly, are sent to the Ministry of Finance as a whole. After taking the opinion of the Treasury, assembly's Committee on Petition will decide on these petitions. Collection of tax in Istanbul continues<sup>57</sup>.
- The by-law, on the sanction procedure, regarding the ones who have not paid the Wealth Tax has passed from the assembly. It covers very important clauses<sup>58</sup>.
- False claims on the Wealth Tax. The reason, why the petitions submitted to the assembly are sent to the Ministry of Finance is only to take the Ministry's opinion. News, that the application of tax will be cancelled for some tax-payers is entirely wrong<sup>59</sup>.
- 10 Jewish people escaping to Hatay in order not to pay the Wealth Tax have been caught and brought to Ankara. The payment period will be over in our city this evening<sup>60</sup>.
- The ones who do not pay the Wealth Tax. The first lot composed of 17 people has been sent to the concentration camp yesterday. Attachment procedure began yesterday as well.<sup>61</sup>

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<sup>52</sup> **Tan**, Tuesday November 16, 1943.

<sup>53</sup> **Cumhuriyet**, Sunday January 3, 1943.

<sup>54</sup> **Cumhuriyet**, Wednesday January 6, 1943.

<sup>55</sup> **Cumhuriyet**, Thursday January 7, 1943.

<sup>56</sup> **Cumhuriyet**, Friday January 8, 1943.

<sup>57</sup> **Cumhuriyet**, Saturday January 9, 1943.

<sup>58</sup> **Cumhuriyet**, Wednesday January 13, 1943.

<sup>59</sup> **Cumhuriyet**, Thursday January 15, 1943.

<sup>60</sup> **Cumhuriyet**, Tuesday January 19, 1943.

<sup>61</sup> **Cumhuriyet**, Friday January 22, 1943.

- It is said that some of the tax payers who did not pay their taxes to the country, came to their senses after being sent to the concentration camp and acted to make payment<sup>62</sup>.
- Wealth Tax debtors waiting in Moda. Some of the tax-payers started to pay their taxes. Expedition of the first lot tomorrow to Aşkale is possible<sup>63</sup>.
- There are 40 thousand people in our city, who do not pay their taxes. As the first lot, 10 thousand people will be expelled from İstanbul to Aşkale. Women tax-payers that remain due will be sent to other cities to work in municipality service<sup>64</sup>.
- Lawyers who do not pay the Wealth Tax<sup>65</sup>. Bar of İstanbul makes investigations for the expulsions of lawyers who do not pay their taxes.
- Debts left by the Ottoman Empire. Public debts, a sad memory of the empire period, will be completely dissolute this year<sup>66</sup>.
- Turkey-Germany commerce agreement. 60 million lira of new agreement is signed with ceremony. If neither of the two parties annuls the agreement within the set period, the agreement will be valid without any time limit<sup>67</sup>.
- Budget of 1943. Although expenses increased in comparison to last year, because of the Wealth Tax, no new issue was found to be necessary. If the extraordinary national defense expenses are required, new tax bases will be searched<sup>68</sup>.
- Crop tax. The draft prepared is submitted to the assembly agenda. Some cereals will be taxed in kind; some legumes will be taxed in cash<sup>69</sup>.
- Assembly's Committee on Petition decided to reject the applications made by tax-payers<sup>70</sup>.
- The Revenue Department is preparing a list of people who have not paid the tax or made partial payment<sup>71</sup>.
- Bachelor's tax. It is demanded to take tax from every man that has completed his military service and every woman above 17<sup>72</sup>.

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<sup>62</sup> **Cumhuriyet**, Saturday January 23, 1943.

<sup>63</sup> **Cumhuriyet**, Tuesday January 26, 1943.

<sup>64</sup> **Cumhuriyet**, Friday January 29, 1943.

<sup>65</sup> **Cumhuriyet**, Friday February 12, 1943.

<sup>66</sup> **Cumhuriyet**, Sunday April 11, 1943.

<sup>67</sup> **Cumhuriyet**, Tuesday April 20, 1943.

<sup>68</sup> **Cumhuriyet**, Tuesday May 18, 1943.

<sup>69</sup> **Cumhuriyet**, Thursday June 3, 1943.

<sup>70</sup> **Cumhuriyet**, Tuesday July 20, 1943.

<sup>71</sup> **Cumhuriyet**, Thursday September 23, 1943.

- The government submitted the budget to the assembly yesterday. The ordinary budget is 547.573.725 lira, 60 million lira higher than last year.<sup>73</sup>
- Budget is 60 million more than last year, no new taxes. New collections have been transferred: 24 million lira to national defense, 17 million lira to education, 10 million lira to finance, 5 million lira to agriculture, 5 million lira to health<sup>74</sup>.
- Insolvency law is accepted at yesterday's assembly<sup>75</sup>.

### **CONCLUSION: Different Views on the Wealth Tax Law and General Evaluation**

In Turkey, different groups of people reacted different from each other to the Wealth Tax Law and its application. Some groups of writers, who claim that the law was especially against the non-Muslim citizens, still strictly criticize the period. In his book<sup>76</sup> that he studies this issue, the writer Ayhan Aktar explains the application of Wealth Tax as a different aspect of the nation state ideology and considers this application as the reflection of the State's insistence on creating a national bourgeoisie. The author also accuses the press for being an onlooker to the "terrorizing" made through minorities. As a result, the author states that the Wealth Tax application is a follow-up of the "turkification" policy, which started with the Committee of Union and Progress and continued with the Turkish-Greek population exchange decision made after Lausanne.

In another book<sup>77</sup> Rıdvan Akar explains the application, as an expression of the Republic of Turkey's impatience, pressure and intolerance against minorities. According to Akar, three minority groups, Turkish citizens with the Armenian, Greek and Jewish origins, whose rights and benefits are protected by the Lausanne Treaty, were intimidated both by the decisions and laws of the State and also by the chauvinistic ideology spread within the society. They were prevented from speaking their languages and eventually their existence in commerce was tried to be eliminated for the turkification of the market.

In one of the other books<sup>78</sup>, written by three authors, it is pointed out that due to the arbitrary treatment during the determination of the Wealth Tax amount, some people were unjustly protected and some others were punished. The writers explain that although there was no attempt of rebel against these exercises, tax-payers, foreign countries and the foreign press showed some strong reactions.

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<sup>72</sup> **Tan**, Sunday January 16, 1944.

<sup>73</sup> **Tan**, Wednesday March, 1 1944.

<sup>74</sup> **Cumhuriyet**, Wednesday March, 1 1944.

<sup>75</sup> **Cumhuriyet**, Thursday March 16 1944.

<sup>76</sup> Ayhan Aktar, **Varlık Vergisi ve "Türkleştirme" Politikaları**, İstanbul 2008.

<sup>77</sup> Rıdvan Akar, **Aşkale Yolcuları Varlık Vergisi ve Çalışma Kampları**, İstanbul 2006.

<sup>78</sup> Coşkun Can Aktan, Dilek Dileyici, Özgür Saraç, **Vergi Zulüm ve İsyan**, Ankara 2003.

Another book, which can be accepted as a source book on the application of the Wealth Tax, is the memories of Faik Ökte<sup>79</sup>, who was the responsible of application as the District Treasurer of that period. As it can also be understood from the name of the book, Ökte emphasizes some unjust treatments regarding the application of the law and provides us with some statistical data. One of these statistics is given below:

**Table-1: Results of the Wealth Tax Application<sup>80</sup>**

General Number of Tax-payers	114.368
Tax	465.384.820
Error in Fact and Repeated Cancellation	28.211.403
Cancellation based on Law No. 4501	12.266.996
Remain	424.906.421
Collection of the End of February 1944	314.920.940
General ratio (%)	74.11
Uncollected Tax Amount	109.985.481

Another interesting view on this issue can be found in the book<sup>81</sup> of Yalçın Küçük. Despite the general view, Küçük, who has concentrated especially on Turkish Sabetaists in his recent studies, displays that the issue of Wealth Tax has been a huge distortion. The author underlines that the mentioned group of people did not have any financial loss in the period. Contrarily, some of the families have increased their wealth. According to Küçük, these people also acquired the most of the wealth from the minorities with Armenian and Greek origin, and this was how the exchange of wealth in Turkey took place<sup>82</sup>.

One of the reputable economists of Turkey, known for supporting the Marxist ideology, Arslan Başer Kafaoğlu has also explains the distortions about the issue in his book<sup>83</sup>. According to Kafaoğlu, the statement that “Through the Wealth Tax, pressure and tyranny was applied against the minorities” is the follow-up and the reflection of the minority policies that the West imposed on Turkey. Because, during the same period, Turkish peasants and laborers suffered great pains and difficulties as well. As a result of the revenue policies of the time, a lot of burden fell not only on the wealthy part of the society, but also on the producers.

As can be seen, the Wealth Tax is a very controversial issue. Different group of people approach the issue only from their own perspectives. Therefore, it seems quite difficult to overcome prejudices. A piece of writing which can be the concluding remark is published in *Milliyet Gazetesi* on December 30, 1999<sup>84</sup>:

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<sup>79</sup> Faik Ökte, *Varlık Vergisi Faciası*, İstanbul 1951.

<sup>80</sup> *Idem.*, p.237.

<sup>81</sup> Yalçın Küçük, *Gizli Tarih 1. Cilt*, İstanbul 2006.

<sup>82</sup> *Idem.*, p.238-259.

<sup>83</sup> Arslan Başer Kafaoğlu, *Varlık Vergisi Gerçeği*, İstanbul 2002.

<sup>84</sup> Güngör Uras, *Varlık Vergisi “karalama” Aracı Oldu*, *Milliyet Gazetesi*, Thursday December 30, 1999.

“On January 14, 1942 bread was rationed in İstanbul. The citizens were given official bread ration card. Children up to 7 years were given a quarter bread of 187,5 grams daily, and adults were given a half bread of 375 grams.

Some stockers, exploiting the effects of the war, began black-marketeering by hiding some utility goods such as sugar, salt, match, soap and olive oil. The Government tried to prevent black-marketeering by the National Security Law. But it could not succeed. Increase in prices reached numbers, which were never seen before. It became 96,8 percent.

In İstanbul almost the entire trade life was under the control of non-Muslims. Mostly the non-Muslim merchants were benefiting from the black-market that appeared and the speculative revenue was collected in their assets. The government, whose expenses had increased due to war, but could not collect taxes, was having difficulty. Both the budget deficit and the black-market that gave rise to violent price increase ended up in the attention being turned to rich non-Muslims in İstanbul. The special conditions caused by the war, increased the gap between the non-Muslims controlling trade in İstanbul and Muslims outside trade life.

The Wealth Tax Law was drafted in this picture. It was envisaged to collect 315 million lira, one-third of the budget, within 30 days. Taxes determined by the commissions were announced on December 18. Attachments and sales began for the ones, who did not pay their taxes until January 21, 1943. 1229 of people who could not pay their debts were sent to Aşkale. Most of them were old. 21 of them died. By a law enacted on September 17, 1943, began the erasure of taxes that could not be collected. The ones in Aşkale returned to İstanbul in early December.

It is not possible to defend the Wealth Tax. Arbitrariness is present. No right of appeal was accorded. Someone who does not pay tax can be imprisoned but not exiled. Non-Muslims have been overwhelmed by this tax. 87 percent of the tax-payers were non-Muslims... These are all true, but give thought to the conditions of that period. Think about the gap between the condition those days and the conditions today. Think about the condition of war, the dominance of the non-Muslims in the economy. Is the number of Muslim tax-payers equal to the number of non-Muslim tax-payers, in İstanbul in 1942? Are the income and assets of the Muslims and non-Muslims the same?

This is the reason why the Wealth Tax was taken from 4 thousand Muslim, contrary to 28 thousand non-Muslims. The tax collected from non-Muslims is not 10 times the tax collected from Muslims. This is a misleading and wrong number. Among the declarant tax-payers, Muslims paid an average tax of 6 thousand lira, non-Muslims paid 10 thousand lira. (That year 1 dollar was 1.31 TL; one gold was 30/40 TL).

It is impossible to defend both the Wealth Tax and its application. It is a fact that some people were unjustly protected and some others were taxed above their strength. It is a fact that a religion based distinction was made. But it is difficult to claim that with the Wealth Tax, the entire wealth changed hands in İstanbul. Number of real estates sold in İstanbul because of the Wealth Tax was 885. Among these 330 were houses, 97 were shops, 190 were

lands, 80 were apartments, 42 were stores, 7 were public houses, 8 were factories. 73 pieces of real estate were left in the Treasury. In plain words, all of the real estate in İstanbul did not change hands because of the Wealth Tax.

It is useful to repeat that I am not writing these to defend the Wealth Tax. I am not writing these to justify the distinctions made to non-Muslims. I am writing, because the accusations directed at Muslim Turks, alleging the Wealth Tax, have reached the level of insult. Yılmaz Karakoyunlu wrote a novel on the incidents that took place in İstanbul during the Wealth Tax period. The movie, based on this successful novel, went beyond the scope of the novel. While showing the Muslim character as an ignorant, bandit, rapist, conscienceless and murderer, it is emphasized how intellectual, innocent and good the non-Muslim was. In plain words, under the guise of dispraising “racism and discrimination”, racism and discrimination were made. A simple movie gave an opportunity to those, who pursued a career on insulting Turkish life at every possible opportunity.

To my surprise, how bad people we are!..”

In addition to this writing of Güngör Uras, if we return to the beginning, the answer to be given to the question of whether the Wealth Tax Law has contributed to the formation of a national bourgeoisie in Turkey, is quite simple. With the inspiration from Mustafa Kemal Atatürk, founder of the Republic, the Turkish Constitution, defines the concept of “Turkishness” with a cultural approach, rather than a racist one. Accordingly, “Turkish people that founded the Republic of Turkey are called the Turkish nation”<sup>85</sup>. Therefore it cannot be expected that a country that makes such an identity definition in its founding ideology, make discrimination against some of its citizens. In the extraordinary conditions of the war, each and every Turkish citizen had to make the necessary sacrifice.

Moreover, in the world of the 21st Century, bourgeois classes in all countries have left behind their national character. Owners of capital are obliged to maintain an international character for survival. Therefore, in today’s world, a new concept of “global capital” has appeared. Rather than competing with their biggest rivals, giant corporations are preferring mergers and acquisitions in order to increase their market shares. Considering this, it can be affirmed that, in today’s world, the issue we are studying has no significant meaning.

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<sup>85</sup> Prof. Dr. A. Afetinan, **Medeni Bilgiler ve M. Kemal Atatürk’ün El Yazıları**, Ankara 2000, p. 28. Being ordered by Atatürk, this book was written in 1930 as a course book to be read in secondary schools.