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Türkiye'de Planlı Kalkınma Tartışmaları ve İlgili Dönemde Uygulanan Dış Ticaret Politikaları

Discussions on Planned Development in Türkiye and Foreign Trade Policies during the Associated Period

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Abstract

In the early years of the Republic, Türkiye had a foreign trade deficit. The 1929 global economic crisis negatively affected the economy, and foreign trade shrank significantly. With the First Five-Year Industrial Plan implemented between 1933 and 1938, planned industrialisation was achieved, and the foreign trade deficit turned into a surplus. This policy continued in the first years of the Democratic Party, which came to power in 1950 but later adopted a protectionist policy. As a requirement of the foreign trade policy implemented during the planned development period between 1963 and 1980, the industry was protected and supported with various incentives. Until 1970, there was a balanced foreign trade outlook. However, the economic and political problems that emerged due to the oil crises, embargo, and the overvaluation of TL from time to time also negatively affected foreign trade. In fact, at the end of the 1970s, exports could not even meet oil imports. Later, with the January 24, 1980 decision, Türkiye adopted an export-based industrialisation policy, and the planned development period ended.

The study used a literature review and data analysis from 1963 to 1980. It is concluded that Türkiye adopted effective industrialisation policies and significantly boosted its industrial product exports during this timeframe. However, after a particular stage in implementing import substitution policies, the dependence on imports for production increased, as in some other countries. It is concluded that the failure to correct the foreign trade deficit, despite high remittances and convertible deposit practices, was one of the main reasons for the economic crisis in the 1970s.

Keywords: Import substitution industrialisation, remittances, planned development, convertible deposits, foreign trade.

Türkiye'de Planlı Kalkınma Tartışmaları ve İlgili Dönemde Uygulanan Dış Ticaret Politikaları

Öz

Cumhuriyetin ilk yıllarında Türkiye'nin dış ticaret açığı vardı. 1929 dünya ekonomik krizi ekonomiyi olumsuz yönde etkilemiş ve dış ticaret önemli ölçüde daralmıştır. 1933-1038 yılları arasında uygulanan 1. Beş Yıllık Sanayi Planı ile planlı bir sanayilşeme politikası izlenmiş aynı zamanda bu dönemde dış ticaret açığı da fazlaya dönmüştür. Türkiye 1946 yılından itibaren daha liberal bir dış ticaret politikası izlemiştir. 1950 yılında iktidara gelen Demokrat Partinin ilk yıllarında bu politika devam ettirilmiş, ancak daha sonra korumacı bir politika benimsenmiştir. 1963-1980 yılları arasında uygulanan planlı kalkınma döneminde uygulanan dış ticaret politikasının bir gereği olarak sanayi korunmu ve çeşitli teşviklerle de desteklenmiştir. 1970 yılına kadar dengeli bir dış ticaret görünümü vardı. Ancak petrol krizleri, ambargo ve TL'nin aşırı değerlenmesi dış ticareti olumsuz yönde etkilemiştir. 24 Ocak 1980 kararı ile Türkiye ihracata dayalı sanayileşme politikasını benimsemiş ve planlı kalkınma dönemi sona ermiştir. In the study, a literature review and data analysis method were used.

Çalışmada literatür taraması ve 1963-1980 dönem aralığına ilişkin data analizi metodu kullanılmıştır. Bu dönemde Türkiye'nin önemli bir sanayileşme hamlesi yapmış olduğu ve sanayi ürünleri ihracatını önemli ölçüde artırmış olduğu belirlenmiştir. Ancak ithal ikameci politika uygulamalarında belirli bir aşamadan sonra diğer bazı ülkelerde olduğu gibi üretime yönelik ithalata bağımlılık arttığı görülmüştür. Ortaya çıkan dış ticaret açığı yüksek işçi dövizleri ve dövize çevrilebilir mevduat uygulamalarıyla kapatılamamış olması 1970'li yıllardaki ekonomik krizin önemli nedenlerinden birisi olduğu sonucuna varılmıştır.

Anahtar kelimeler: İthal ikameci sanayileşme, işçi dövizleri, planlı kalkınma, dövize çevrilebilir mevduat, dış ticaret.

1. INTRODUCTION

As of 1923, Türkiye's imports were 87 million dollars, and exports were 51 million dollars, so a foreign trade of 36 million dollars was realised (Akyıldız and Eroğlu, 2004: 45). During the Ottoman Empire and subsequently in the first years of and the Republic, Türkiye's exports were based entirely on a few agricultural products such as figs, cotton, and hazelnuts. In 1923, England, France, and Italy, where Türkiye had been at war for many years, were in the first three places in imports and exports. With 24.9 million dollars, these three countries accounted for 49% of exports. With an import amount of 40 million dollars, 46% of the total imports were from these three countries (Aydın, 2005: 159).

The Izmir Economic Congress, held between February 17 and March 4, 1923, was a testament to strategic planning and foresight. The goal was to organise the customs policy in a way that would foster trade, agriculture, and industry and encourage exports (Doğan, 2015: 39). In this context; it was decided to reorganise the industrial incentive law and customs laws and to establish banks that would support the industry. These decisions were made with a long-term vision, aiming to develop a robust national industry and ensure the development of the private sector (Özyurt, 2011: 122). Thus, after the Republic's declaration, the young Republic's economic policy was tried to be established in line with the decisions taken at the Izmir Economic Congress. The Republican administration ensured the country's industrialisation through the private sector. The aim was to encourage investments with state support in areas where the private sector was either inadequate or deemed unprofitable and, therefore, not invested. This policy can be called a mixed economic policy focusing on the private sector (Şahin, 2002: 35).

This period of policy seeking prioritised private enterprise, unlike the "statism" practices implemented after 1932, which involved interventions aimed at accelerating private capital accumulation through incentives (Boratav, 1982). Meanwhile, since the state's authority to intervene in customs duties was postponed until 1929, protecting domestic industry against foreign competition was impossible. This situation also meant that the state was deprived of a significant income. The fact that there was no central bank yet and that this function was carried out by a foreign bank, the Ottoman Bank, did not allow the state to follow an effective monetary policy and to have complete control over foreign exchange transactions (Aktan, 1998: 34).

The low income, inadequacy of entrepreneurs, lack of technical knowledge, and the negative behaviour of foreign capital led to distrust, which necessitated the statism policy. The private sector's inability to invest as much as desired, despite the conveniences provided by the Industrial Encouragement Law, further supports this need (Özyurt, 2011: 123). Additionally, the world economic crisis 1929 had much more devastating consequences for agriculture-based economies. For this reason, Türkiye had to cease being a country that exported raw materials and instead produced the manufactured goods it needed (Özyurt, 2011: 126-127). The 1929 crisis negatively affected the Turkish economy; the TL lost value and the foreign trade volume shrank significantly. After 1934, import substitution policies began to be implemented (Akyıldız and Eroğlu, 2004: 48-49).

In 1930, the Law on the Protection of the Value of Turkish Currency was enacted to prevent the fall in the value of the Turkish lira, and "the Law on the Prevention of Adulteration in Trade and the Supervision and Protection of Exports" was enacted to regulate trade. In the same year, the Central Bank of the Republic of Türkiye was established, and in the following few years, other laws were prepared regarding the regulation of foreign trade. The First Five-Year Industrial Plan (FFYIP), prepared in 1933, was implemented in May 1934 (Özyurt, 2011: 128). One of the main objectives of FFYIP was benefiting from underground resources, including coal, iron, steel and oil, which were briefly formulated as "Three Blacks" (Özyurt, 2011: 131). This Plan, which was prepared using modern planning techniques and referred to as a group of projects rather than a macro plan, was prepared with an import substitution approach that envisaged the domestic production of basic consumer goods. It also aimed to focus on the production of the three whites (flour, sugar, and cotton) in addition to the three blacks (First Five-Year Industrial Plan). The plan also aimed to realise industrial production in 6 sectors: paper-cellulose, mining, textile, ceramics and iron-steel. For this purpose, the establishment law of Sümerbank, an investment bank, was enacted in 1933 to prepare and finance the projects of the industry to be established by the state (Aktan, 1998: 35). Again, in this period, Etibank and Mineral Research and Exploration Institute (MTA) were established to achieve the determined goals (Özyurt, 2011: 138). İş Bankası, established as a private commercial bank in implementing this plan, was given the establishment and operation of the bottle and glass factory (Aktan, 1998: 35).

The number of factories foreseen by the plan was 20, and the necessary resources were 45 million Turkish liras. All but two of these were completed ahead of time. The economic policy put forward by Atatürk within the plan's scope was quite successful. While the entire world economy was in a great economic depression due to the 1929 Depression, Türkiye initiated a national industrialisation drive during these years. While Türkiye's annual average growth rate was 3.5 per cent in the 1930-32 period, it was 8.1 per cent in the 1933-39 period (Aktan, 1998: 35-36). Therefore, while Türkiye was a country with a deficit in its foreign trade before the 1930s, foreign trade began to have a surplus for the first time in 1930 (Akyıldız and Eroğlu, 2004: 48-49). Furthermore, the measures taken, except for 1938, were turned into a surplus (Aktan, 1998: 35-36). However, it is understood that he continued to have a surplus in foreign trade between 1930 and 1946. However, the import figures do not include military imports. Therefore, the increasing arms imports towards the end of the 1930s are considered; Türkiye was probably a country with a deficit in foreign trade in the second half of the 1930s (Tezel, 2015: 140). While privileged foreign companies were liquidated between 1932 and 1939, the railways were also nationalised. In short, the 1930s can be evaluated as the years when economic policy was successfully implemented as national industrialisation with the contributions of the First Plan (Aktan, 1998: 36). Moreover, the FFYIP was implemented in Türkiye constituted one of the first planning practises in the world after Soviet planning (Arpaç, 1924: 68). Thus, the Second Five-Year Industrialization Plan was prepared at the end of 1936 and was officially accepted by the government on September 1938. However, it could not be implemented due to the outbreak of the Second World War in 1939 (Özyurt, 2011: 128).

With the devaluation implemented on September 7, 1946, Türkiye began to liberalise its foreign trade and put its development plan into practice in 1947. The Plan aimed to take advantage of the Marshall Aid that would take place under the Truman Doctrine. The main reason Türkiye should be included in the scope of this plan is that it was thought to contribute to the development of Europe with agricultural products and mining productions. However, from 1950 onwards, a period began in which economic policies aimed at reducing expenditure were implemented. So, the previously balanced budget and balance of payments principles have been abandoned (Akyıldız and Eroğlu, 2004: 51). Therefore, compared to before 1950, Türkiye followed economic policies toward a relatively free foreign trade regime. However, liberalisation policies in imports were terminated to overcome the foreign exchange problem that emerged in 1954. Thus, import-substitution and statist policies began to be implemented. In line with the said policy change, the share of the public sector in industrial production increased again (Tokatlıoğlu and Öztürk, 2008: 157). However, although the liberal economic policies implemented in the first half of the Democratic Party (DP) Government improved the economy, credits and import restrictions were applied in the second half of the 1950s. Thus, these short-term measures had caused domestic producers to suffer from capital shortages and increased unemployment. In addition, economic problems have also increased the political and social tensions in the country (Sakarya, 2014: 245).

The literature study method was used in this study and benefited from the Five-Year Development Plans. It is noticed that there was no consensus on a specific date range for the planned development period during the study. While the years 1960-1980 are called "Planned Development" by some scientists (Kepenek and Yentürk, 2008: 144), the years 1980-1988 are called "export-led growth" (Kepenek and Yentürk, 2008: 195). Another study is called the Export-Based Industrialization Period after January 24, 1980 (EGİAD, 2007: 79). Another researcher calls the years 1979-1984 as wards Exhaustion (or planning in economic liberalism)" (Kansu, 2003: 449). Boratav calls the years 1962-1976 "Introverted, External Dependent Expansion," the years 1977-1979 as "New Depression" (Boratav, 2008: 117); Mıhçı, another scientist, calls the years 1963-1983 "Planned Development Experience" (Mıhçı, 2001: 149). In this study, as part of the "Planned Development Period," the First Five-Year Development Plan (I. FYDP) was implemented in 1962, and the IV. The first two years of FYDP were taken as a basis.

The first part of the study states the general course of foreign trade in Türkiye from the beginning of the Republican period until 1963, the policies implemented, and their reflections on foreign trade. The second sub-title is the debates on the transition to the planned economy, which became more intense with the 1960 revolution, and the discussions during the establishment of the State Planning Organization (DPT). The third sub-title emphasises industrialisation policies and critical monetary, fiscal, and exchange rate policies, which affect foreign trade in this policy's planned development period. Finally, the fourth sub-heading highlights the foreign trade in the planned development period, foreign trade deficits, import and export amount targets, and realisation relating to export and import amounts and reasons for deviations.

This study addresses the planning discussions in Türkiye and the foreign trade policies implemented in the 5 Annual Development Plans. It also aims to reveal the policies aimed at reducing the foreign trade deficit that emerged in this period, their implementation results, the reasons for the policies' failure, and the significant increase in remittances in the early 1970s.

In the early 1970s, Convertible Turkish Lira Deposit accounts (CTLD that could be converted into foreign currency were introduced alongside a significant increase in remittances to meet the country's foreign exchange needs. However, it was 970not enough to compensate for the foreign trade deficit. The study aims to contribute to the literature by emphasising the contribution of remittances and CTLD policy practices in reducing the foreign trade deficit and the negative impact of payments within the scope of CTLD practice on the economy due to foreign exchange shortage.

This study aims to answer the following questions: Was the industrialisation policy successful in the planned development period? This study seeks to answer whether the industrialisation policy succeeded during the planned development period and if the policy increased exports of industrial products while reducing the foreign trade deficit. As the policy of reducing the foreign trade deficit and increasing exports of industrial products?

2. FOREIGN TRADE POLICIES BEFORE THE PLANNED DEVELOPMENT PERIOD

Despite all the challenges, the DP government resisted the proposals of international financial institutions like the International Monetary Fund (IMF), such as high support purchases for Türkiye's integration with world economies, lifting import restrictions, and devaluing the TL. Moreover, it began to tend towards a more protectionist and closed economy approach. The government persistently avoided devaluation and tried to keep prices under control with the National Protection Law (Demir and Kömürcü, 2014: 36). Therefore, at the end of the 1950s, the economy's difficulties in foreign payments and 25% inflation required new regulations in the use of capital resources, that is, to bring the economy to a stable line. Furthermore, the policies implemented in the previous period brought the agricultural trade sector to the forefront. As a result, high inflation rates caused capital accumulation to shift to the commercial sector rather than the industry. Therefore, the IMF suggested that public expenditures be tied to a specific program in the external circles lending to Türkiye. Thus, foreign payment difficulties would be eliminated by increasing domestic production instead of importing due to the growth of the industrial sectors (Kepenek and Yentürk, 2008: 145). In a sense, the Import Substitution Industrialisation (ISI) policy in consumer goods, which was consciously initiated in the 1930s, was implemented under the conditions of external obstruction after 1954. Thus, the form of development dominated by the domestic market, rather than international markets, continued to dominate (Boratav, 2008: 117-118). By 1958, Türkiye had become so dependent on foreign loans that the government finally agreed to apply the IMF prescription (Demir and Kömürcü, 2014: 36).

Türkiye implemented a mixed economic system between 1960 and 1980, in which the public and private sectors complemented each other in economic activities (Yücel, 2015: 53). The implementation of the ISI model continued. It has a feature that requires the private sector to invest in consumer goods industries and the public sector in intermediate goods industries (Tokatlıoğlu and Öztürk, 2008: 157).

After the May 27, 1960 revolution, the Grand National Assembly of Türkiye (TBMM) was dissolved. Moreover, all political parties other than the Republican People's Party (CHP) were closed. Under the leadership of Cemal Gürsel, the National Unity Committee (MBK) dominated the country. Therefore, although the planning issue was discussed during the DP governments, the government was reluctant and indecisive about implementing it. However, in the new period, the government announced to the public that the development would occur within the framework of the plans to be prepared.

However, there was no sufficient idea about which policies would be implemented for the planned purposes. Finally, Foreign Ministry diplomats Ayhan Çilingiroğlu, Besim Üstünel, and Rahmi Gümrükçüoğlu began to discuss planning issues. Later, Çilingiroğlu was brought to the consultancy of the Public Works and Zoning Commission. On the other hand, Atilla Karaosmanoğlu from the Faculty of Political Sciences and a group of academics shared their planning studies with the Minister of Finance Şefik İnan. However, He wanted a professor from Harvard University who worked at an institute and had previously prepared plans for countries such as Indonesia and Pakistan. Additionally, plan studies continued with the participation of people like Şinasi Orel, Atilla Karaosmanoğlu, Nur Yalman, Nejat Bengül, and later Cemal Mıhçıoğlu (Kansu, 2004: 53-56).

In 1965, S. Hayri Ürgüplü became the Prime Minister (Kansu, 2004: 169). During this period, the subject of discussion was how and by whom the II. FYDP would be prepared. In addition to the idea of 7-8 academicians from Harvard University (Harvard Institute for International Development-HIID) preparing the plan. another alternative view was that Turkish experts and academicians should prepare it. As a result, the II. FYDP was prepared with the contribution of foreign experts such as Dr Gill, Bhagwati, Hansen, and Wolbrook (Kansu, 2004: 150), and these years, it discussed political issues rather than plans (Kansu, 2004:308). Generally, the most challenging task for a planning organisation is combining experience with the ability to put together good projects. For this reason, it needs to be from different fields, such as engineers, social scientists, and economists. However, the role of economists is very modest (Tinbergen, 1967: 75).

Meanwhile, military bureaucrats were profoundly included in the planned development discussions after the May 27, 1961 revolution. Again, with the 1971 military memorandum, the effectiveness of the military wing is observed. Also, especially since the mid-1970s, the short-term of the coalition governments caused severe problems in preparing and implementing the plans. Moreover, in this period, unexpected internal and external developments and their negative reflections on the economy and political life caused deviations in the targets in plan implementations.

In 1977, IV. The FYDP draft was sent to the Prime Ministry after being discussed at the Supreme Planning Board (YPK). Still, it was delayed by Deputy Prime Minister Necmettin Erbakan because there was no "spiritual development" in the draft plan. Delayed the IV. FYDP was sent to the TBMM by the Second Nationalist Coalition Government (MC) in 1977. In the meantime, CHP, headed by Bülent Ecevit, won the election, and TBMM disapproved of the plan. In 1978, the IV. FYDP was re-prepared by the government, of which Ecevit was the Prime Minister, and sent to the TBMM. After that, a temporary program was prepared for 1978. However, the AP took the law that authorised the Council of Ministers to have the "1978 Provisional Programme" to the Constitutional Court. As a result, the plan was annulled (Kansu, 2004: 382). In 1979, the IV. FYDP was prepared and published without a foreword from the Prime Minister. In the same year, the AP came to power again, Turgut Özal was appointed as the Undersecretary of the DPT and prepared the January 24, 1980 Decisions. He left this government after the September 12, 1980 revolution, and was appointed as the Deputy Prime Minister in the government of Bülent Ulusu (Tokgöz, 2007: 202).

To sum up, the planned development period ended with this coup. In 1982, Turgut Özal resigned from his position in the government. Since the Motherland Party (ANAP) won the election in November 1983, the task of forming the government was given to Turgut Özal, the leader of the party. In general, political parties evaluated the planning discussions in Türkiye with their own political identities.

3. IMPORT SUBSTITUTION INDUSTRIALIZATION POLICY PRACTICES

The ISI policy is a highly controversial issue among academics. Nurkse's early questioning of import substitution later turned to outright criticism. By the end of the 1950s, he argued that import substitution would draw resources away from the export sector and "may lead to costly and inefficient production in import substitutes," reducing real income and domestic savings (Irwin: 1920: 16). Myrdal and Hirschman favoured "export promotion," they agreed that trade was vital for developing countries because they needed precious foreign exchange to buy critical import materials Prebisch thought existing policies resulted from emergency measures designed to cope with the short-run balance of payments problem. However, he did not question the merits of import substitution in principle, Prebisch (1961). Later, in 1961, he began to recognise that ISI may lead to severe obstacles to export promotion. (Irwin, 1920: 18-20). Hirschman was perhaps the only one in the group initially critical of import substitution and supportive of promoting exports (Irwin, 1920: 28).

The selection criteria vary among countries and may also shift. Generally, this policy is viewed as a transitional strategy to mature the industrial sector technologically by lowering import barriers and increasing industrial exporting (Felix, 1989:1455). Many developing countries usually adopt ISI policies first in the development process and adopt strategies accordingly. The protection rates and protected industries may vary depending on the development level of the countries. However, they generally aim to produce consumer goods first, then intermediate goods and investment goods within the country. (Sağır, 2011: 10). For example, Brazil implemented fiscal, credit, and exchange rate policies to incentivise exports. However, these policies were directed more to the industrial sector than to the agricultural industry (Alves and Pastore, 1978: 2). Yugoslavia's ISI policy probably depended on dollar inflows from exports, remittances, reserves, and capital inflows (Robinson and Tyson, 1985: 59).

The ISI production is implemented to meet domestic demand in the first stage of this policy. Usually, the first stage ends with reaching the limits of domestic market capacities. Later, industrialisation policy could develop in two directions. The first of these is to open up to foreign markets. Countries such as South Korea and Taiwan have turned to encouraging exports. The second way is to produce intermediate and investment goods previously imported within the country. The second stage contains more capital-intensive goods, unlike those made in the previous stage (Sağır, 2011: 11). According to Bardhan, large developing countries like Brazil and Mexico focused on propelling ISI through the "hard" phase. The limited home markets of smaller developing countries like Chile and Uruguay required tempering the "hard" phase ISI through industrial exporting (O'Donnell, 1977, quoted: Felix, 1989:1460). The reason for the failure in Brazil is that oil prices increased in October 1973. After six years of positive results for the balance of payment, a substantial deficit occurred in 1974 (Alves and Pastore, 1978: 1456). Yugoslavia's policy failed because of inadequate export increase during the 1976-1980 period, the overvalue of the Dinar, the oil price increases of 1979 and 1980, and the decline in net remittances balance (Robinson and Tyson, 1985: 60). Argentina's and Chile's market liberalisation programs in the 1970s aimed to increase industrial efficiency and accelerate the transition from ISI to industrial exports. However, this policy failed due to rising imports for consumption, higher unemployment, partial deindustrialisation, and financial bubbles (Felix, 1989: 1459). According to Felix (1989), post-war Asian developing countries showed significantly slower rates of demand change; However, the more severe foreign exchange-constrained growth in Latin America can partly attributed to differences in consumer behaviour (Felix, 1989: 1466).

In Türkiye, in the first years of the 1960s, the governments aimed to solve the problems that emerged in the previous period with the planned development model (Sakarya, 2014: 245). The most distinctive feature of this period is the continuation of the domestic market-oriented ISI strategy in conjunction with development plans. For this purpose, import substitution industries, protective foreign trade policy, and strict foreign exchange controls have shifted significant public investments to areas that would replace imports. In contrast, various incentive measures have encouraged the private sector's production. In addition, factor markets were protected through selective fiscal and monetary policy state intervention in commodities. Also, the general framework of the policies and policy instruments to be implemented were prepared according to the FYDP and the annual programs (EGİAD, 2007: 79).

Within the framework of this policy, the state played a decisive role in capital accumulation and distribution relations, both by providing intermediate goods that produce inputs to the domestic industry through State Economic Enterprises (KİTs) and allocating a limited amount of foreign currency to specific sectors through loans. Also, in this period, as a requirement of foreign trade policy, inward-looking protectionism was aimed at quantity restrictions, customs, and similar taxes, quotas, and prohibitions (Demir and Kömürcü, 2014: 37). Additionally, incentives include payment of customs taxes and duties in instalments, full and partial customs exemption, payment of income and corporate taxes after one year and in instalments, and tax exemption for domestically produced and investment goods production. Also, some advantages were provided by selling industrial raw materials produced by the public sector to the industrialists at world prices, the obligation to use domestic products in production, and the assembly industry directive (Boratav, 2008:121). For this reason, the high customs duties applied to the import of finished goods and the lower taxation of the inputs required to produce the same goods have made industrial production advantageous for the domestic market. For example, in 1964, 74 assembly plants were established across these sectors, including 27 for radios, six for pickups, two for sound pickups, two for telephone switchboards, six for vacuum cleaners, eight for refrigerators, ten for elevators, three for tractors, five for trucks-vans, and one for bus (Avcıoğlu, 2003:791-792). According to the assembly industry regulation, until 1967, the domestic (part) production of road vehicles had to reach 45%. However, the application has generally been limited to parts such as tyres, floors, seats, rims, and glass (Avcıoğlu, 2003: 831). Additionally, foreign companies have easily transferred their old technology to Türkiye, like other underdeveloped countries, due to the protection of the industry with high customs taxes, and established an assembly industry through domestic partners, thus gaining high profits (Avcıoğlu, 2003: 835).

Since the 1960s, while public enterprises generally tended to produce capital-intensive intermediate goods, private entrepreneurs began to get a more significant share in producing durable consumer goods. During the "early" stage of import substitution, which focused on the substitution of consumer goods until the end of the 1960s, no serious problems were encountered in production due to its reliance on low technology, isolation from the outside world, low import requirements, and its focus on the domestic market (EGİAD, 2007: 79). However, the import substitution structure implemented led to an extreme debt environment by the end of the 1960s. Thus, industrial production, which was targeted as import substitution, remained in the form of only assembly, and foreign dependency on production increased (Sakarya, 2014: 245).

In the 1970s, on the other hand, the policy implemented in the 1960s evolved to the "advanced" stage of import substitution that is based on advanced technology and high import dependency. This capital-intensive stage necessitates large-scale substituting, especially for intermediate and investment goods. (EGİAD, 2007: 79). In this context, there had been changes in the product type within the scope of import substitution. As a result, Türkiye began producing more technology-intensive goods besides durable consumers. However, since this needed technology was imported, its foreign dependency increased (Sakarya, 2014: 245). Therefore, from the second half of the 1970s, economic problems aroused. The industry's input needs became unmet due to the balance of payments deficits. Accordingly, the capacity utilisation rate in the industry had decreased, and long-term strike and lockout decisions had begun to be taken in working life. Moreover, industrialisation began to be questioned based on import substitution, which had received widespread support before. Türkiye was dragged into a deep crisis when social and political instability was added to all these negativities. The economic stabilisation and structural adjustment program of January 24, 1980, and the military intervention of September 12, 1980, made the economy functional again and started a new era in Türkiye (EGİAD, 2007: 78-79). Thus, a new era began in the direction of the Turkish economy to abandon import substitution and develop an 'export-oriented economic policy to get out of the crisis (Demir and Kömürcü, 2014: 54).

4. THE OUTLOOK OF FOREIGN TRADE AND ITS CHANGE IN TERMS OF MAIN SECTORS DURING THE PLANNED DEVELOPMENT PERIOD

Although planning discussions began in the 1950s, planned development was implemented in 1963. I. FYDP, which included an import substitution policy in the industry, aimed to keep imports at certain target figures and reach specific target figures in exports. However, in some years, the plan has severely deviated from the target, while it had met the targets in other years.

I. FYDP was put into effect in February 1963, after the compliance of the budget with the annual program. In this period, foreign aid and debts have become increasingly crucial to meet the need for foreign exchange due to insufficient foreign exchange through exports. Prime Minister İnönü stated that this gap was significant when asked how to close the gap between exports of 320 million dollars and imports of 435 million dollars. Still, this gap could be closed and compensated with the aid taken. Also, İnönü mentioned that the planned development period had been entered to prevent this deficit in the future. He also stated that the tendency of foreign capital to do business in Türkiye increased in this process (Salep, 2017: 222). Therefore, it is crucial to determine how the targets within the plan's scope can be achieved (Salep, 2017: 225). During the I. FYDP period, imports experienced continuous fluctuations, while exports showed a slow but steady increase (Tokgöz, 2007:

161). However, between 1962 and 1976, the share of imports in the GNP showed a constant tendency to increase (Boratav, 2008: 133). The fact that Türkiye, which was a favoured member of the Cold War period in the 1970s, was taken care of by the Western Bloc and benefited from some additional financial opportunities led to an increase in Türkiye's dependence on imports and the neglect of its export (Boratav, 2008: 123). However, there are criticisms of the structure of the I. FYDP was quite complicated, and there was no geographically systematic point of view (Tinbergen, 1967: 71). Generally, it is seen that the targets are exceeded, especially in terms of exports.

II. FYDP aimed to increase imports by 7.9%, exports by 7.4%, and workers' remittances by 5.5% annually (Uzunkaya, 2020: 23). The foreign trade deficit was predicted to be 395 million dollars in 1972 (Tokgöz: 2007: 184). With the devaluation of August 10, 1970, stability decisions were taken and determined as 15 TL for 1 dollar. Therefore, foreign currency was applied as 12 TL for 1 dollar for cotton, tobacco, hazelnut, black grapes, dried figs, olive oil, pulp, and molasses exports. For workers' remittances, it was applied as 15 TL for 1 dollar in addition to the 33.3% interest. However, the exchange rate was 10 TL on foreign travel due to the taxes taken (Altuğ, 2002: 22). With these decisions, import guarantees and stamp duties were reduced, and the liberation lists were expanded (Boratav, 2008: 128). However, after the military intervention of March 12, 1971, the exchange rate was again reduced to 14 TL for 1 dollar. While the fixed exchange rate applied afterwards increased imports, it harmed exports (Tokgöz, 2007: 191). Therefore, the foreign trade deficit was realised at the end of this plan period as 677.6 million dollars, well above the targets (Tokgöz, 2007: 189). Again, to reduce foreign dependency, the annual increase target of 7 % in exports during the 1963-1971 period was realised as 9,4 % (Uzunkaya, 2020: 24). In short, after the 1970 devaluation, exports increased, and workers' remittances were higher than expected, so there was a significant increase in reserves (DPT, 1972: 51).

However, the favourable economic situation in the first years of the 1970s began to deteriorate mainly due to the inability to respond to the oil shock and the failure to take the necessary measures. Meanwhile, western countries have tried to encourage alternative energy sources. According to market conditions, they also increased the oil price, restricted imposed on oil imports, and even restricted cars in traffic (Kansu, 2004: 410). For example, although crude oil prices tripled after 1973, prices in Türkiye increased very little (Boratav, 2008:129). For this reason, there were considerable fluctuations during the III. FYDP period, especially in foreign trade figures (Uzunkaya, 2020: 25). Especially besides I. and II. the oil crises, the US embargo after the Cyprus Peace Operation; again, unrealistic low-interest policies, which caused negative real-interest, and exchange-rate policies that led to an unsustainable real appreciation of the TL were followed (Tokatlıoğlu and Öztürk, 2008: 171). Public expenditures could not be reduced; oil prices and exchange rates could not be adjusted adequately. As a result, increasing public spending led to increased demand (and imports). So, a low exchange rate increased imports and foreign debt but negatively affected exports (Yenal, 2002: 131). As a result, Türkiye had difficulty finding foreign currency. As a result, the cost of import requirements for industrialisation increased and could not be utilised for long-term low-interest loan opportunities. In addition, these years are periods of unstable coalition governments (Yenal, 2002: 93).

These situations brought about political instability. In 1977, a GDP growth of around 5 % was realised through banker credits, CTLD and commercial loans. But later, the credit channels were blocked due to insufficient resources, and all imports had to be made in cash (Boratav, 2008: 141). However, III. FYDP period mentioned export mobilisation; the low exchange rate caused investments to be made in substitute import sectors, not export-oriented production. Instead of effective policies, no results could be achieved with advice to the private sector and pressures on KİTs (Kansu, 2004: 390). The textile sector had significant export potential in Türkiye. Still, the export increase differed from what was expected due to the European Economic Community (EEC) protectionist policies (DPT, 1978: 70). Table 1 shows some targets and realisation in export and import during the planned.

Years	Export (1) (x)	Import (1) (m)	(x/m)(2)	(Dollar/TL)(3)	x-m (2)	GDP (4)	x-m/GDP (2)
1963	368	688	53	9,0	-320	10.356	3
1964	411	537	76	9,0	-126	11.178	1,1
1965	464	572	81	9,0	-108	11.967	0,9
1966	490	718	68	9,0	-228	14.100	1,6
1967	523	685	72	9,0	-162	15.644	1
1968	496	764	64	9,0	-268	17.500	1,5
1969	537	801	67	9,0	-264	19.467	1,3
1970	568	948	59	14,85	-380	17.087	2,2
1971	677	1.171	57	14,15	-494	16.257	3
1972	885	1.563	56	14,15	-678	20.431	3,3
1973	1.317	2.086	63	14,15	-769	25.724	2,9
1974	1.532	2.245	68	13,99	-713	35.600	2
1975	1.401	3.338	41	15,15	1.937	44.634	4,3
1976	1.960	5.129	38	16,66	3.169	51.280	6,1
1977	1.753	5.796	30	19,44	4.043	58.677	6,8
1978	2.288	4.600	49	25,25	2.312	65.147	3,5
1979	2.261	5.069	44	36,06	2.808	89.394	3,1
1980	2.910	7.909	36	77, 35	4.999	68.789	7,2

Table 1: Some Foreign Trade Values (Million dollars)

Source: (1) TÜİK, (2) Author's calculation, (3)TÜSİAD (1995: 49). For 1980 (İTO, 1996: 58), (4) World Bank.

According to Table 1, imports and exports increased during the 1963-1974 period, but at different rates. However, in this period, the ratio of exports to imports was higher than in the following years. After 1975, imports increased rapidly, mainly due to increased oil prices. On the other hand, it is seen that the value of TL remained constant during the 1963-1970 period and increased at specific rates in the following years. Also, after 1976, it was observed that the TL was devalued constantly. In 1980, TL was severely devaluated, and after 1981, the daily exchange rate was implemented. Therefore, while the ratio of exports to imports was 68 % in 1974, it decreased continuously in the following years: 41 % in 1975, 38 % in 1976, and 30 % in 1977. This rate improved in the next two years, but it was 30 % in 1980. Accordingly, the foreign trade deficit has grown continuously, especially after 1975.

Meanwhile, until 1972, the foreign trade deficit remained below 2% of GDP. In addition, the deficit in the balance of payments was mainly compensated with workers' remittances. However, the ratio of foreign trade deficit to GDP was 4.3 % in 1975, increasing to 6.1% in 1976 and 6.8% in 1977. According to Altuğ (2002), with the stabilisation measures of 1978, restrictions on imports made it difficult, thus reducing the balance of payments deficits (Altuğ, 2002: 27). While an improvement was observed in these rates in the following two years, it increased to 7.2% of GDP again in 1980.

Along with other measures taken with the Economic Decisions of January 24, 1980, TL was significantly devalued. On the other hand, imports have been made cheaper through reductions in customs duty rates, and the list of prohibited goods has been accepted instead of the list of permitted goods for import (Yenal, 2002: 141). Imports, which were 4.500 million dollars in 1978, were predicted to be 7.400 million dollars in 1983 (DPT, 1978: 246). However, it exceeded the targets with 9.235 million dollars (TÜİK). Imports, 2.288 million dollars in 1978, were targeted to reach 5.400 million dollars in 1983 (DPT, 1978: 244). In 1983, exports amounted to 5.728 million dollars, exceeding the plan targets (TUIK). While the import-export coverage ratio was 44% in 1978, it became 62 % in 1983. In other words, the rate of increase in exports was higher. FYDP plans settled specific economic and social targets during the planned development period. Among these economic targets, for example, it was aimed to increase exports to certain figures and keep imports within specific figures. Table 2 shows some targets and realisation in export and import.

FYDPs	Export		Import	
	Targets	Realisations	Targets	Realisations
I. FYDP	490.5	522.3	674	718
II. FYDP	720	676,6	1.115,0	3.171
III. FYDP	1.500	2.288,6	1.562,6	5.796,3
1978 Year	2.550	2.888	5.000	4.599
1979 Year	2.750	2.261	5.000	5.069
1980 Year	3.200	2.910	5.550	7.909

Table 2: Targets and realisations in exports and imports in the FYDP Periods

Sources: Targets; 1. FYDP (DPT, 1962; 27 and 24); 2. FYDP (DPT, 1967; 91), III. FYDP (DPT, 1972; 64 and 53). The year 1978 (TOBB, 1980; 382 ve 375); Years 1979 and 1980 (DPT, 1978; 249). Realisations: TÜİK (2009).

In the 1st FYDP, although exports exceeded the targets, imports increased much more. Also, it was the same case for the III. FYDP. 1978 the export targets were exceeded, while the import figures remained below the anticipated targets. In 1979 and 1980, the export figures remained below the targets, and the import figures were realised above the target figures.

4.1. Industrial Products Export

During the I. FYDP period, the tendency to import was explained as the insufficient capacity of the enterprises operating in the economy. Therefore, it was planned to establish enterprises with a larger capacity to reduce imports. The plan examined the industrial sector in depth, with all branches of industry examined one by one. Also, development opportunities were investigated in producing capacity, possible demand changes, and production targets. So, the fixed investment amounts that were foreseen within the five-year plan were included with these criteria (Uzunkaya, 2020: 21). Again, it is understood that 61 million dollars of foreign capital inflown to Türkiye in 1960-1968. Between 1961 and 1965, 95, 28% of foreign capital was invested in the manufacturing industry. 26 % of these investments were made in the plastic and rubber industry, 25% in the chemical industry, 13% in the electricity industry, and 11% in the ready-made food, alcoholic beverages, and tobacco industries (Salep, 2017: 225).

During this period, the number of goods with tax refunds and tax refund rates was increased to increase exports. However, the structure of exports did not change in the 1963-71 period (DPT, 1972: 51). With the implementation of the planned development, the export of industrial products increased by 10% annually between 1963 and 1971. This rate was 20% in the 1968-1971 period. While the share of industrial products in exports was 18% in 1962, it was 21.5% in 1971. The share of machinery, vehicles, and intermediate goods was 5 % (DPT, 1972: 53). However, despite these increases, there was no significant change in the product component subject to export until the early 1970s, and the share of agricultural products remained at the level of 80%. In other words, three-quarters of exports in these years consisted of limited agricultural products. These are tobacco, raisins, and hazelnuts. Also, cotton made up 25% of the total exports. However, Türkiye needs to increase exports of industrial products rather than these products. For this reason, it was necessary to make industrial production suitable for foreign market conditions in terms of quality and price (İTO, 1971: 14).

The foreign trade deficit was predicted as 395 million dollars at the end of 1972 (Tokgöz, 2007: 184); however, at the end of the plan period, this figure was realised as 677.6 million dollars (Tokgöz, 2007: 189). One of the reasons for the increase in imports was the emergence of a high import bill due to the expansion achieved in the investment goods segment lagging behind the intermediate goods (Boratav, 2008: 120). Therefore, during the III. FYDP period was planned to build the primary industries that would ensure the development of the Turkish economy as soon as possible. In this context, it was envisaged that emphasis would be placed on R&D studies in the manufacturing industry and that units and sectors that provide and use advanced technology would be supported. In addition, it was emphasised that an outward-looking industrialisation policy would be implemented in the development of the manufacturing industry. Furthermore, producing intermediate and investment goods was assessed as critical and aimed to develop them (DPT, 1972: 287).

Crises could be overcome by increasing exports; however, until the advanced stages of import substitution, export products mainly consisted of traditional agricultural products. Thus, the ever-increasing need for foreign exchange could be overcome by increasing exports of industrial products (Boratav, 2008: 121). Therefore, during the planned development period, the target was to reduce the ratio of agricultural products to exports, that was, to export more industrial products. However, there are some developments in the export of industrial products, as seen in the IV. FYDP plan, agricultural products had a significant share in exports until the early 1980s.

The composition of exports, the intermediate and investment goods rate was 18 % in 1972, increased to 28.8% in 1977, increasing the ratio of investment goods from 2.12 % to 7.7 % for the same period. However, the share of 79.9 % in consumer goods was planned to decrease to 63,5 % (DPT, 1972: 291). Thus, foreign dependency on intermediate goods could not be reduced, so the industry turned to domestic rather than foreign markets (DPT, 1978: 58). Therefore, it is understood that the targets need to be revised. During the III. FYDP, an annual growth of 6.6% in the food industry, foreseeing the use of advanced technology in the meat, milk, and fruit processing sub-branches and the oil industry (DPT, 1972: 312). The annual increase in exports in this sub-branch of the industry was 6.5% (DPT, 1973: 316). Also, this plan aimed to significantly increase exports in the weaving industry (DPT, 1972: 332).

In general, it was envisaged that exports would be changed in favour of industrial products, and although industrial produce exports increased, they remained below the targets. For example, the export of industrial products, 27,4 % in 1972, was foreseen as 42,0 % in 1977 but realised as 33,4 % (DPT, 1978: 65). However, there was an increase in the exports of industrial products in 1980 during the implementation period of the IV. FYDP, this rate was 36 %, even below the planned rates at the previous plan's end. Table 3 shows the changes in export shares after 1950 in the main product groups.

Years	Export			Import		
	Agr.	Min.	Ind.	Inv.	Int.	Cons.
1950	92,9	5,6	1,4	46	33,3	20,6
1960	76	6,1	17,9	52,2	38,3	9,5
1970	74,9	6,6	18,4	47,1	47,9	5
1980	57,4	6,6	36	20	77,9	2,2

Table 3: Change of Shares in Exports and Imports

Source: 1950-2010 (Kepenek: 2016: 317). Remarks: The sum of sectors in both exports and imports equals 100. However, the total may be less than 100 due to rounding. (2) Product group definitions have changed during the periods. (3) The item "Others" omitted to align with the overall picture.

As shown in Table 3, the share of industrial products was only 1.4 % as of 1950, the mining sector's share was 5.6%, and the share of agricultural products was 92.7 %. Until 1980, the mining sector's share remained almost unchanged at around 6%. However, by 1960, the share of industrial products had increased to 17 %.

IV. FYDP ambitious targets predicted an annual average increase of 8.2 % in GNP and more than 18 % in exports. However, during this period, Türkiye had severe political and economic crises (Boratav, 2008: 140). The continuation of the rise in oil prices resulted in an import bill of 1.3 billion dollars in 1978 and 1.7 billion dollars in 1979. So, the exports have only been able to meet the oil import. In fact, in 1980, exports could not even meet oil imports. The shortage of foreign currency caused difficulty in importing industrial raw materials, intermediate and specific agricultural inputs, and consumer goods not to be possible. Due to the rising prices, industrial production that uses these inputs was endangered. Despite the increase in costs and the production shortage in the industry, as a result of the rise in emission volume and credit in the market, the purchasing power has increased, the high domestic prices have negatively affected exports, and foreign debt services have become impossible (Altuğ, 2002: 25). With the negative impact of production, famine, and black market emerged in several products, from cooking oil to gasoline. As a result, inflation occurred in 1978 at 53 % and in 1979 at 64 % (Boratav, 2008: 141).

The Economic Decisions of January 24, 1980, are vital as they are a breaking point for this period. These decisions aimed to increase exports, reduce the foreign trade deficit, make the growth rate positive and growing, and operate the market economy. On the other hand, within the "stand-by" agreement with the IMF to reduce the money supply and switch to "free interest," the government devalued the Turkish lira at a high rate and adopted flexible (daily exchange) rates. Also, the government took measures to accelerate foreign capital inflows, encouraging export-based industrialisation and providing continuous support to exports (with tax, credit, and foreign currency usage facilities). These decisions played a pivotal role in fostering positive outcomes for foreign trade (Tokgöz, 2007: 210).

Unfortunately, the September 12 military coup took place in the same year. In short, the planned development, which began with the acceptance of the IMF prescription at the end of the 1950s and after the 1961 military coup revolution, ended with the IMF prescription in 1980 and another military coup in the same year.

4.2. Policies to Balance Foreign Trade Deficits

The import substitution industrialisation policy, implemented in the planned development period, was primarily based on domestic producers of durable and non-durable consumer goods by domestic entrepreneurs. Accordingly, the raw materials and capital goods used to produce the said goods were brought to the country through imports, creating a severe foreign dependency and foreign exchange need. Moreover, the protection measures aimed at preventing competition arising from production for the domestic market and foreign industries prevented the development of exports, resulting in a substantial foreign exchange problem. That is, to meet the ever-increasing demand in the domestic market, especially for consumer goods, the necessary raw materials must be imported, and a robust foreign exchange reserve is required (Demir and Kömürcü, 2014: 37). Because there is a shortage of foreign currency, severe disruptions in production were observed. Therefore, in the planned development period, this deficit was aimed to be balanced with tourism, remittances, and CTLD.

During the II. FYDP period, an annual average increase of 5.5% was envisaged in workers' remittances (Tokgöz, 2007: 189). In general, foreign exchange reserves remained limited in this plan period. Still, it increased in the last two years of the plan and the increase in exports during the previous two years of the plan period, with the effect of the 10 August 1970 decisions (DPT, 1972: 51). So, while there was almost no transfer of workers' remittances in 1963, it increased to 273 million dollars in 1970 and 740 million dollars in 1973.

In development plans, targets have always been set for tourism and foreign travel revenues. Therefore, the situation in workers' remittances and tourism revenues between 1963 and 1980 is given workers' remittances in Table 4.

Years	Remittances	International Travels
1963	---	-13
1964	9	-13
1965	70	-13
1966	115	-11
1967	93	-14
1968	107	-9
1969	141	-5
1970	273	4
1971	471	21
1972	740	20
1973	1183	78
1974	1426	42
1975	1312	46
1976	983	-28
1977	982	64
1978	923	127
1979	1694	185
1980	2070	212

Table: 4 Tourism and Worker's Remittances (million dollars)

Sources: 1963-1971 Years (DPT, 1972: 52); 1972-1976 Years (DPT, 1978: 192); the year 1977 (DPT, 1979: 71); 1978-1980 Years Tokgöz (2007: 207).

According to Table 4, in 1964, the inflow of workers' remittances into Türkiye was only 9 million dollars. It decreased relatively in 1967, 1976, 1977, and 1978 compared to previous years. However, it was a critical external source for Türkiye at that time. It is seen that tourism and foreign travel revenues could not meet the foreign travel expenses until 1970. Although there was a particular increase until 1976, it is seen that the income figures in 1976 were lower than the expenditure figures. However, there has been an increase in the following years.

While workers' remittance was 915 million dollars in 1978, it was predicted to be 1.200 million dollars in 1983 (DPT, 1978: 248). Significant increases are seen in the first years of the same plan. In 1983, the inflow of workers' remittances was realised at 1.554 million dollars (Tokgöz, 2007: 206), and the targets were exceeded. In comparison, tourism revenue was predicted to reach 468 million US dollars in 1983 (DPT, 1978: 243); As of 1983, it was 283 million US dollars (Tokgöz, 2007: 206). Although the increase was significant, it remained below the plan targets.

CTLD policy was put into practice with the regulation dated June 9, 1967, essentially aiming at transferring foreign currency from foreign economies to the Turkish economy. However, the policy aimed to attract foreign currency to the country through Turkish citizens; the share of Turkish citizens in total could be at most 10 %. Although these resources were collected at the Central Bank until 1975, they could not be used to close the balance of payments deficit. However, this opportunity was provided between 1975 and 1978 (Dönek, 1996: 176-177). It started with 9 million dollars in 1967, 131 million dollars in 1972 (DPT, 1978: 106), 465 million dollars in 1973, and 915 million dollars in 1978 (Altuğ, 2002: 27), and the practice was terminated on February 16, 1978. However, the debt balance to be paid in October 1979 was 2.788 million dollars (Dönek, 1996: 176-177).

5. CONCLUSION

The ISI policy is a subject in which important discussions are held, such as those held by Nurkse, Myrdal, Prebisch and Hirschman. ISI's first stage is providing primary production for domestic demand. However, in the second stage, dependence on imports for production increases. At this stage, a few Far Eastern countries, such as South Korea and Taiwan, have switched to an export-based growth policy. Some other countries, such as Brazil, Yugoslavia, and Türkiye, have not realised their export-based growth policy. Moreover, the oil crisis in the 1970s negatively affected many countries besides Türkiye. Also, while Yugoslavia relied on remittances and foreign capital inflow, these figures were not as targeted.

During the planned development period, except for the II. FYDP and the 1979 program, there was a realisation above the export targets. On the other hand, there was a deviation from the import targets, except for 1978. However, the increase in imports was generally higher than the export increase. Nevertheless, the foreign trade deficit continued more reasonably until the 1970s. With the devaluation realised by the 1970 economic decisions, Türkiye had a current account surplus with increasing remittances and exports. However, until 1972, about 80% of exports were agricultural products. For this reason, the İTO (1971) emphasised the need to increase exports by bringing industrial production to competitive conditions in terms of quality and price.

On the other hand, Avcıoğlu (2003) emphasises that development efforts would be insufficient unless export productivity increases rapidly. However, Türkiye needs to diversify industrial products from agricultural products with limited foreign demand and increase domestic production of intermediate and investment goods, which constitute the majority of imports (Avcıoğlu, 2003: 841).

With the experience of the economic problems in the late 1950s, Türkiye aimed to increase domestic production with the import substitution policy to reduce the foreign trade deficit during the planning period. However, the industry was increasingly dependent (Kepenek and Yentürk, 2008: 184). Thus, in the planned development period, especially in the III. FYDP, the need to increase industrial exports began to be considered. However, the subsequent shocks led to increased oil prices, but these increases were not reflected in domestic prices. Moreover, foreign aid was stopped in the same years due to the Cyprus Peace Operation in 1974, and even Türkiye was exposed to an economic embargo. As a result, since the mid-1970s, the foreign trade deficit has significantly increased, mainly in some years. The fact that implementing fixed exchange rates or low exchange rate policies in some years hurt foreign trade also led to the deviation from the plan targets. Again, the 1971 memorandum broke the political and economic situation. In addition, the FYDPs included a particular revenue target for the tourism sector; however, the tourism revenue did not increase as planned. So, tourism policy could not effectively used to reduce the balance of payments deficit until 1975. From 1975 to 1978, it impacted the balance of payments deficit, even if the overall effect was modest.

The situations mentioned above-created difficulties in the continuation of industrial production. In addition, the import substitution industrial policy required serious protection of final products to protect domestic production. Thus, the domestic market was more attractive than the exports. However, reliance on imports for intermediate goods created significant dependencies, leading to inevitable bottlenecks over time. In the development plans, the public sector took over the production of intermediate goods. However, certain industrial branches were established; as shown in Table 2, the import of intermediate goods reached a significant rate of the total import figures. Increasing the export of industrial products during the planned development period was achieved but remained below the targets. Moreover, Türkiye had to apply to the IMF again with a severe currency crisis.

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