

EXPLAINING THE EXPANSION OF TURKEY'S ARMS INDUSTRY

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EXPLAINING THE EXPANSION OF TURKEY'S ARMS INDUSTRY

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DECLARATION OF ORIGINALITY

I, Mehmet Onur Şahin, certify that

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ABSTRACT

Explaining the Expansion of Turkey's Arms Industry

This thesis investigates the new bureaucratic form of the Turkish arms industry established after Turkey's shift to the Presidential system. This study has a three-pillar framework. The first pillar, the building arms literature brings the motivations of the states to build arms and the challenges they have faced throughout their endeavours. The second pillar is the international cases which are located close to Turkey in the rankings of the capacities to build arms according to the literature. The third pillar is the experiences of the former Turkish governments' to build arms, which checks the continuity/discontinuity of four main factors that shape Turkey's actions in defence building. These factors are Turkey's relations within NATO, civil-military relations, foreign dependency and the desire for autarky in foreign policy, and building arms as an industrial policy. Upon this framework, this thesis tries to detect the continuity/discontinuity of the relations within NATO, civil-military relations, Turkey's foreign dependency on defence, building arms with civilian purposes such as triggering industrialisation. This thesis suggests that the continuing dissonance within NATO and the already aggregated industrial capacity before AKP enabled the shift to producing local equipment in 2004, which led to growth in the indigenous production and the decrease of the foreign dependency. This thesis shows how military and civilian motivations differ in building arms and how civilian purposes became more appealing than the motivations of the military spheres' in the process of indigenisation of defence production. AKP changed the structure of the Turkish defence industry by using the legislative capacity brought by the Presidential system to increase civilian influence in the decision-making mechanisms.

ÖZET

Türk Savunma Sanayisinin Genişlemesinin İncelenmesi

Bu tez, Türkiye'nin Cumhurbaşkanlığı sistemine geçişinden sonra kurulan Türk silah endüstrisinin yeni bürokratik şeklini incelemektedir. Bu çalışma, üç sütunlu bir çerçeveye sahiptir. İlk sütun olan savunma üretimi literatürü, devletlerin silah inşa etme motivasyonlarını ve çabaları boyunca karşılaştıkları zorlukları getiriyor. İkinci sütun, literatüre göre silah yapma kapasiteleri sıralamasında Türkiye'ye yakın konumlanan uluslararası örneklerdir. Üçüncü sütun, Türkiye'nin savunma inşasında eylemlerini şekillendiren dört ana faktörün sürekliliğini / süreksizliğini kontrol eden eski Türk hükümetlerinin silah inşa etme deneyimleridir. Bu faktörler, Türkiye'nin NATO içindeki ilişkileri, sivil-asker ilişkileri, dışa bağımlılık ve dış politikada egemen olma arzusu ve bir sanayi politikası olarak silah yapımıdır. Bu çerçeveden hareketle bu tez; NATO içindeki ilişkilerin, sivil-asker ilişkilerinin, Türkiye'nin savunmada dışa bağımlılığının, sanayileşmeyi tetiklemek gibi sivil amaçlı silah üretiminin sürekliliğini / süreksizliğini ortaya çıkarmaya çalışmaktadır. Bu tez, NATO içinde devam eden uyumsuzluğun ve AKP'den önce hâlihazırda var olan endüstriyel kapasitenin, 2004 yılında yerli üretimde büyümeye ve dışa bağımlılığın azalmasına yol açan yerel üretime geçişi sağladığını göstermektedir. Bu tez, askeri ve sivil taleplerin silah yapımında nasıl farklılaştığını ve savunma üretiminin yerleştirilmesi sürecinde sivil amaçların askeri çevrelerin isteklerinden nasıl daha çekici hale geldiğini göstermektedir. Sonuç olarak bu çalışma, AKP'nin karar alma mekanizmalarında sivil nüfuzunu artırmak için Cumhurbaşkanlığı sisteminin getirdiği yasama kapasitesini kullanarak Türk savunma sanayisinin yapısını değiştirdiğini savunuyor.

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ABBREVIATIONS

AKP	Justice and Development Party (<i>Adalet ve Kalkınma Partisi</i>)
ANAP	Motherland Party (<i>Anavatan Partisi</i>)
ASELSAN	Military Electronic Industries (<i>Askeri Elektronik Sanayi</i>)
CHP	Republican People's Party (<i>Cumhuriyetçi Halk Partisi</i>)
DPT	State Planning Organization (<i>Devlet Planlama Teşkilatı</i>)
DSP	Democratic Left Party (<i>Demokratik Sol Parti</i>)
DYP	True Path Party (<i>Doğru Yol Partisi</i>)
EGM	General Directorate of Security (<i>Emniyet Genel Müdürlüğü</i>)
FNSS	FMC-NUROL Defence Systems Inc.
FP	Virtue Party (<i>Fazilet Partisi</i>)
HDP	People's Democratic Party (<i>Halkların Demokratik Partisi</i>)
ISIS	Islamic State of Iraq and Syria
İP	Good Party (<i>İyi Parti</i>)
JAMMAT	Joint American Military Mission to Aid Turkey
MBT	Main Battle Tank
MHP	Nationalist Movement Party (<i>Milliyetçi Hareket Partisi</i>)
MİKES	Microwave and Electronic Systems Inc. (<i>Mikrodalga Elektronik Sistemler Sanayi ve Ticaret Anonim Şirketi</i>)
MİT	National Intelligence Organization (<i>Milli İstihbarat Teşkilatı</i>)
MMU	National Combat Aircraft (<i>Milli Muharip Uçak</i>)
MSB	Ministry of National Defence (<i>Milli Savunma Bakanlığı</i>)
NATO	North Atlantic Treaty Organization
PKK	Kurdistan Workers' Party (<i>Partiya Karkeren Kurdistanê</i>)
PYD	Democratic Union Party (<i>Partiya Yekitiya Demokrat</i>)
RP	Welfare Party (<i>Refah Partisi</i>)

SAGEB	Defence Industry Development and Support Administration Office (<i>Savunma Sanayii Geliştirme ve Destekleme İdaresi Başkanlığı</i>)
SaSaD	Defence and Aerospace Industry Manufacturers Association (<i>Savunma ve Havacılık Sanayii İmalatçılar Derneği</i>)
SIPRI	Stockholm International Peace Research Institute
SOE	State-Owned Enterprises
SSB	Presidency of Defence Industries (<i>Savunma Sanayii Başkanlığı</i>)
SSDF	Defence Industry Support Fund (<i>Savunma Sanayii Destekleme Fonu</i>)
SSİK	Executive Committee of Defence Industries (<i>Savunma Sanayii İcra Komitesi</i>)
SSM	Undersecretariat of Defence Industries (<i>Savunma Sanayii Müsteşarlığı</i>)
TAF	Turkish Armed Forces
TAI	Turkish Aerospace Industries
TBMM	Grand National Assembly of Turkey (<i>Türkiye Büyük Millet Meclisi</i>)
TSKGV	Foundation for Empowering Turkish Armed Forces (<i>Türk Silahlı Kuvvetlerini Güçlendirme Vakfı</i>)
TUSAŞ	Turkish Aerospace Industries Inc. (<i>Türk Havacılık ve Uzay Sanayii Anonim Şirketi</i>)
TÜİK	Turkish Statistical Institute (<i>Türkiye İstatistik Kurumu</i>)
UAV	Uncrewed Aerial Vehicles

CHAPTER 1

INTRODUCTION

This work aims to offer an explanation for the expansion of the bureaucracy of the Turkish arms industry under AKP – *Adalet ve Kalkınma Partisi* (Justice and Development Party), especially after the change of the political system in the country since 2018. The new political system of Turkey gave an enormous legislative power to the President such as the authority to regulate the foundation and abolition of ministries, including their missions, authorities, and organization structure with Presidential Decrees;¹ all powers which used to require the approval of the parliamentary.

Right after this major change in the political system, the bureaucratic structure of the defence industries changed unprecedentedly. The name, purpose, position, and inner structure concerning civil-military balance particularly when it came to the decision-making processes of the defence industries changed under AKP. SAGEB - *Savunma Sanayii Geliştirme ve Destekleme İdaresi Başkanlığı* (Defence Industry Development and Support Administration Office), the bureaucratic entity found to orchestrate the Turkish defence industries in 1985 was transformed into SSM – *Savunma Sanayii Müsteşarlığı* (Undersecretariat of Defence Industries) in 1989.² Under AKP, SSM was detached from MSB – *Milli Savunma Bakanlığı* (Ministry of National Defence) and was attached to the Presidency in 2017.³ In 2018,⁴ under the Presidency, SSM became SSB – *Savunma Sanayii*

¹T.C. (1982). *Anayasa*. Retrieved October 12, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/1.5.2709.pdf>

²T.C. (1985). *Savunma Sanayii ile İlgili Bazı Düzenlemeler Hakkında Kanun*. Retrieved May 13, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/1.5.3238.pdf>

³Resmi Gazete. (2017, November 20). *Kanun Hükmünde Kararname*. Retrieved October 12, 2020, from <https://www.resmigazete.gov.tr/eskiler/2017/12/20171224-22.htm>

Başkanlığı (Presidency of Defence Industries) while the number of military personnel who used to dominate the decision-making processes decreased drastically, leaving the Commander of TAF (Turkish Armed Forces) as the only military personnel in the Executive Committee which consisted upon an increased number of civilian ministers in the new structure. Also, the TSKGV – *Türk Silahlı Kuvvetlerini Güçlendirme Vakfı* (Foundation for Empowering Turkish Armed Forces) who embodies military firms that pioneer the defence production in Turkey was detached from the military, similar to the detachment of the SSB from MSB, and was attached to the Presidency.

The law used to define the purpose of SAGEB as “Improvement of the modern arms industry and modernization of TAF,”⁵ but in 2011, “fulfilling the needs of MİT – *Milli İstihbarat Teşkilatı* (National Intelligence Organization) and EGM – *Emniyet Genel Müdürlüğü* (General Directorate of Security)”⁶ was added to the list of purposes. Lastly, in 2018, the mission was defined as “fulfilling the needs of TAF, Gendarmerie General Command, Coast Guard Command, EGM and the Ministry of Interior.”⁷

Why did AKP decide to enact these reforms constitutes the main research question in this thesis. States enact reforms in their defence industries to build arms with different motivations. Brauer categorises motivations to build arms as economic and non-economic motivations. States with economic motivations may instrumentalize building arms as an industrial policy to avoid brain-drain, to make use of the spill-over effects from defence sector to civilian sectors to trigger

⁴T.C. Cumhurbaşkanlığı (2018). *Savunma Sanayii Başkanlığı Hakkında Cumhurbaşkanlığı Kararnamesi*. Retrieved April 15, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/19.5.7.pdf>

⁵T.C. (1985). *Savunma Sanayii ile İlgili Bazı Düzenlemeler Hakkında Kanun*. Retrieved May 13, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/1.5.3238.pdf>

⁶Resmî Gazete. (2011, October 2). *Kanun Hükmünde Kararname*. Retrieved October 13, 2020, from <https://www.resmigazete.gov.tr/eskiler/2011/11/20111102M1-1.htm>

⁷T.C. Cumhurbaşkanlığı (2018). *Savunma Sanayii Başkanlığı Hakkında Cumhurbaşkanlığı Kararnamesi*. Retrieved April 15, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/19.5.7.pdf>

development, for export-promotion industrialisation and enjoying exchange earnings (Brauer, 1998). There are also non-economic motivations such as to expand political influence over another nation, adopt a more autonomous foreign policy and to avoid from embargoes on arms to become self-reliant (Brauer, 1998).

Building arms is a costly endeavour which does not always guarantee desired outcomes. Apart from motivations, there are economic and non-economic challenges of building arms. The arms industry might not be the most profitable sector to invest in (Bitzinger, 1995), the international market may provide better and cheaper options than what is produced domestically (Brzoska, 1989), and the technologies that are desired to be spilled-over from the defence sector to the civilian sectors might already be existent in the civilian sectors (Ball, 1988). Economic challenges bureaucratic delays may be cast a detrimental effect on building arms (Unnithan, 2005) especially when they are entailed with high tensions between civil and military spheres (Cohen, 2001). Parliament can be a source of a challenge due to delays and constraints of decision-making mechanisms within the parliament to pass a bill and/or the budget (Tremblay, 1997). According to the literature, another prominent challenge is the “lack of an external threat” (Brauer, 1998). In other words, there would be no particular motivation for a government to develop their indigenous defence industry given that they do not face any credible external security threat.

In the case for Turkey, various governments have had their set of motivations and challenges and these motivations and challenges evolved in time. This work discusses the various motivations and the challenges of the previous governments such as their relations within NATO (North Atlantic Treaty Organization), the related need for more autonomous foreign policy, developmental goals and subsequent production strategies that include the expansion of the industrial capacity

in the country as well as the nature of civil-military relations. This thesis aims to evaluate both the various motivations the governments had and various challenges they faced. How and to what extent these motivations and challenges changed during the AKP period have constitutes the main agenda of this thesis. This background aims to establish a framework of continuities and discontinuities of motivations and the challenges that would shed light on particular decisions of the AKP's on why such reforms are made by the AKP on the Turkish arms industry.

1.1 Methodology and resources of information

This research is conducted in three main stages. The first stage is digging into the literature of defence building to understand the motives and the challenges of building arms. While the literature gives us various cases around the world, this work elaborates on two cases in particular, China and India to establish a framework to compare Turkey's historical process as these two countries manage to develop their own national arms industries.

To show the importance of Turkey as a case, this work explains that Turkey follows a different path in building arms compared to China, India, and other nuclear powers because, for the Turkish case, the definition of the security threat is not derived from another state, but from an internal conflict regarding the Kurdish issue especially after the fall of the Soviet Union. In other words, the justification for expansion stemmed not from an external threat perception but a domestic one, particularly after the elimination of the so called Soviet threat that has been the backbone of Turkey's defence discourse. This work stresses the possible reasons for Turkey to expand its defence industry within the framework of Turkey's relations within NATO, the desire to formulate a more autonomous foreign policy and civil-

military relations within the bureaucracy and points out to some of the peculiar reasons behind the expansion of Turkey's arms industry particularly under AKP.

The second stage is focusing on Turkey before AKP since AKP is not the only government of Turkey that tried to build arms. In fact, major steps to establish an indigenous defence industry in Turkey such as the foundation of SAGEB and SSDF – *Savunma Sanayii Destekleme Fonu* (Fund for Supporting Defence Industry)⁸ were taken almost two decades prior to AKP. This work shows that building a national arms industry was an objective for all governments of Turkey since the foundation of the Republic. But it was AKP's term in which the bureaucratic shift occurred resulting increased number of the civilian involvement and decreased number of military personnel in the decision-making process of the Turkish defence industry, for the first time. This work aims to establish a framework of continuities and discontinuities of the patterns throughout the previous governments so that we can detect the changes that occurred under the AKP term.

Showing this background on how Turkey's defence industries actually grew, shows that there is not necessarily a major rupture in Turkey's defence policies. In fact this study argues that the major factor that led to the decrease of Turkey's foreign dependency on defence under 50% (Kuloğlu, 2015) and success of ASELSAN – *Askeri Elektronik Sanayii* (Military Electronic Industries) and TAI (Turkish Aerospace Industries) who became enlisted as amongst “the top 100 defence companies in the world”⁹ according to SIPRI (Stockholm International Peace Research Institute) which is a significant step towards an national defence

⁸SSB. (1985). *Savunma Sanayii Müsteşarlığının Kurulması Hakkında Kanun*. Retrieved October 13, 2020, from https://www.ssb.gov.tr/Images/Uploads/MyContents/F_20170913104007039980.pdf

⁹Stockholm International Peace Research Institute. (2017). *Arms industry database*. Retrieved December 25, 2019, from <https://www.sipri.org/databases/armsindustry>

industry, is continuity of aggregation of know-how and the commitment of various governments throughout the 90s.

Finally, this thesis also addresses the question of why and how AKP was the government that could create the bureaucratic shift and transform the defence industry. This work explains how industrial capacity brought by former governments' heritage enabled AKP to decrease foreign dependency and AKP's legislative capacity enabled an expansion under which civilian influence in the bureaucracy of building arms increased greatly. This work argues that there is a major shift in the main motivation to build arms from decreasing foreign dependency to triggering and generating a spill-over growth from defence sector to civilian sectors in the AKP term. This shift was necessitated by decreased foreign dependency but it could only occur with increased civil influence within the bureaucracy of defence industries. This work explains why the military's perspective of building arms and civilians' perspective of building arms are different and why building arms as an industrial strategy required an increase of civilian influence. After explaining why such a shift became appealing and why increased civilian influence was necessary for such a shift, this work explains the relationship between AKP's parliamentary power and the bureaucratic shift. This work shows how AKP used its parliamentary power to change the political system of Turkey to a presidential system which gave immense powers to the President. The President reshaped the bureaucracy of the defence industries using Presidential Decrees into its current structure.

This work conducts a case study that enables an in-depth examination of the social phenomena (Yin, 1994). Also, this work deals with the questions "how" and "why" often, which again makes conducting a case study an appropriate method

(Eisenhardt, 1989). As case studies “involves the analysis and synthesis of the similarities, differences, and patterns across two or more cases that share a common focus or goal” (Goodrick, 2014, p. 1), this work firstly locates Turkey among international cases and then compares AKP’s term to the earlier attempts to build arms and explain how and why AKP was able to enact major steps in that direction.

Though this work relies more on secondary sources on defence building literature, I have also conducted two semi-structured elite, expert interviews, and was able to use unpublished expert theses which are kindly provided by the SSB. I have conducted a semi-structured elite interview with Dr Merve Seren. Dr Seren is an Assistant Professor in Ankara Yıldırım Beyazıt University and her research focus is defence and security. The other semi-structured interview was conducted with Arda Mevlütoğlu who is a researcher of defence industries with an engineering background. Mevlütoğlu currently works in the defence industry as the Vice-President of Overseas Development Corporation. The interviews were conducted in March 15th and May 17th in 2019.

1.2 Why this research is relevant

This research is relevant in multiple dimensions both politically as well as in terms of defence literature. The first dimension is Turkey’s relationship within NATO which has been and still is a critically important topic. This work stresses the history of Turkey and NATO to elaborate on the ups and downs of the alliance and traces this relationship to the increasing desire of the country’s foreign policy establishment and military to build arms. Harmony within the alliance in its earlier periods in which Turkey strived to become a member to guard itself against the Soviet Union fades in time. The main reason is of decreasing harmony in time is the differences in

perceptions of the threat of the allies. Especially after the Cyprus Peace Operation in 1974 and the U.S. embargo, Turkey started to find ways to build a defence industry. According to literature, dissonance within NATO, embargoes, and Turkey's high foreign dependency on defence were detrimental for Turkey's ability to conduct a sovereign foreign policy and are the primary reasons for Turkey to build arms (Günlük-Şenesen, 1993; Diker, 1994; Brauer, 1998; Kuloğlu, 2015; Bağcı & Kurç, 2017; Seren, 2018; Mevlütoğlu, 2019). In short, this thesis demonstrates how the expansion of Turkey's arms industry since the 2000s was intricately intertwined with trajectory of the country's alliance with NATO and its subsequent desire to adopt a more independent, autonomous foreign policy.

The second dimension is the civil-military relations in defence industry of Turkey. In accounting for the expansion of the Turkish arms industry, this thesis also provides insights on the nature of civil - military relations and how these domestic and institutional balance of power concerns were partly behind the decisions to expand and indigenise. Historically, military spheres used to dominate the bureaucracy of the defence industries and the defence market. The original bureaucratic structure of SSM¹⁰ as this research will show is dominated by the military personnel. TSKGV companies, or as referred to in this work frequently as the foundation companies, have been and still are the most prominent defence procurement actors in Turkey. The significance of the domination of the military concerning civil-military relations lies in the difference of priorities of the military and civil spheres. While military spheres priorities being able to use an arm with high performance as soon as possible, civilian spheres leave greater consideration for economic and commercial aspects of the arms industry (Mevlütoğlu, 2017).

¹⁰T.C. (1985). *Savunma Sanayii ile İlgili Bazı Düzenlemeler Hakkında Kanun*. Retrieved May 13, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/1.5.3238.pdf>

The purpose of building arms varies through spheres and the prominence of a sphere means prominence of a purpose. In other words, civil-military balance is related to the decision whether defence building is to decrease foreign dependency (Brauer, 1998) or to trigger technological spin-offs and growth in the civilian sectors (Ball, 1988; Brzoska, 1989).

The third dimension is the political system of Turkey that changed to a new system in 2017. This research elaborately explains how this systemic change occurred through legal procedures as well as what it meant. The new political structure gave the President the authority to regulate the foundation and abolition of ministries, including their missions, authorities, and organization structure with Presidential Decrees,¹¹ which used to require the approval of the parliamentary at every step. In other words, this systemic change meant the President's legislative authority increased drastically. The new political structure gave Erdoğan the power to attach and detach elements of the bureaucracy through Presidential Decrees without opening up new discussions in the parliament. It was the peculiar political institutional power of AKP, this thesis will argue, that enabled the AKP to develop and expand the indigenous Turkish arms industry.

1.3 How this research contributes to the literature

This research contributes to the literature in three dimensions. Firstly, this work shows the continuity of dissonance of Turkey within NATO (Diker, 1994; Bozkır, 1997; Oran, 2013; Emmott, Siebold & Stewart, 2015; Zanotti & Clayton, 2017; Lemmon, 2017) and links this discussion to the increasing desire on the part of different Turkish governments to reduce foreign dependency and adopt autonomous

¹¹T.C. (1982). *Anayasa*. Retrieved October 12, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/1.5.2709.pdf>

foreign policy. Although dissonance continuous with occasional embargos, Turkey's foreign dependency falls greatly in the mid-2010s (Kuloğlu, 2015). In other words Turkey became closer to achieve defence autarky (Bağcı & Kurç, 2017) which, this work argues, led to increased consideration of the priorities of the civilian spheres such as to generate a technological spin-off or to trigger growth in the civilian sectors by using defence industry as an industrialisation tool (Ball, 1988; Brzoska, 1989). In other words, this work underscores that in line with the existing literature, beyond the desire to build an autonomous foreign policy which there is also serious political economy reasons that accounts for Turkey's desire to build arms. While the 9th Development Plan 2007-2013¹² was focusing on decreasing foreign dependency, for instance, the 10th Development Plan¹³ prioritised spreading growth from the defence sector to the civilian sectors. That is why, this work claims and shows that the reason to build arms for Turkey might have indeed shifted from a mere desire to decrease foreign dependency (strategic and political motivation) to inclusion of civilian priorities and private sector to trigger economic growth (economic motivation). This shift also reflects the multi-layered reasons as to why the country expands and builds arms.

Secondly, this work also shows how the civil-military relations and their dynamics are crucial to understand this decision to build arms. This work contributes to the literature by showing the bureaucratic change of defence industry which is the first bureaucratic change of the Turkish arms industry since 1989, which gave the civilians the upper hand in the decision making, for the first time. However, TSKGV firms are still the primary companies of the Turkish arms industry but as this work

¹²Republic of Turkey Prime Ministry State Planning Organization. (2006). *The ninth development plan 2007-2013*. Retrieved October 12, 2020, from <http://www.resmigazete.gov.tr/>

¹³Republic of Turkey Ministry of Development. (2014). *The tenth development plan 2014-2018*. Retrieved October 12, 2020, from <http://www.resmigazete.gov.tr/>

will show, TSKGV is attached to the President in the new political system. There is increased civilian influence in the defence industries in both the bureaucracy and the procurement. However, this does not necessarily mean civil-military relations are now balanced or even resolved. Quite contrarily, civil - military clashes continue upon a new structure. This work shows the new landscape of civil-military clashes of the Turkish arms industry and how crucial understanding these dynamics are in making sense of Turkey's decision to build arms.

Finally, this work also links this decision to build arms to the dramatic changes in the political system in Turkey. Clearly, the decision to build a national defence industry is intensely political. But this work specifically shows how the major changes in the political system in the country were crucial in understanding why AKP government was able to expand and build arms. Hence the third dimension in this work is the Presidential system and a case for its legislative capacity. This work contributes to the literature by showing the immense power wielded by the President in this new system. SSB's bureaucratic status was upgraded¹⁴ as an institution and it's detached from MSB and attached to the President¹⁵ with TSKGV. The number of military personnel decreased while the number of civil personnel increased. Civilian influence increased within the bureaucracy to give more consideration to the economic, diplomatic, and commercial aspects of the arms industry. This bureaucratic shift is the most significant bureaucratic regulation of the Turkish arms industry since 1989 when SAGEB became SSM¹⁶ and it was enacted with the sole signature of the President.

¹⁴T.C. Cumhurbaşkanlığı (2018). *Savunma Sanayii Başkanlığı Hakkında Cumhurbaşkanlığı Kararnamesi*. Retrieved April 15, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/19.5.7.pdf>

¹⁵Resmi Gazete. (2017, November 20). *Kanun Hükmünde Kararname*. Retrieved October 12, 2020, from <https://www.resmigazete.gov.tr/eskiler/2017/12/20171224-22.htm>

¹⁶T.C. (1985). *Savunma Sanayii ile İlgili Bazı Düzenlemeler Hakkında Kanun*. Retrieved May 13, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/1.5.3238.pdf>

1.4 Explaining the expansion

As noted earlier, this work focuses on the bureaucratic expansion of the Turkish arms industry that occurred after the shift to the presidential system., Dissonance within NATO and its subsequent desire to build an autonomous foreign policy, concerns over Turkey's foreign dependency on arms, issues regarding the industrial capacity of Turkish companies, as well as AKP's legislative capacity, and the shift of the political system of Turkey are the factors that are used by this work to explain the expansion of the arms industry.

This work also suggests however, that these reasons are also intrinsically intertwined with the production strategies of the existing defence industry as well. That is why, this work also focuses on production strategies and narrates the shifting production strategies and how these production strategies complements and follows the fundamental reasons behind the decision to expand and build arms. The first question is what to produce, which refers to the projects of the defence industries. As this work will show while Turkey was focusing on production under licence of the international projects in the 90s, AKP changed the projects focused on the national projects which are directly related to the question of reducing foreign dependency. The second question is who to produce, which refers to the civil-military power balance within the defence procurement. As this work will show, in the mid-80s joint-ventures were established to increase civilian presence within the procurement (Bozkır, 1997). AKP did not interfere with the civil-military balance within the procurement and continued to work mostly with the foundation companies of the military which were eventually attached to the President after the bureaucratic expansion. The third question is what the ultimate expectation from building arms is, which is often referred by this work as the "horizon" of the strategy. For instance, it

can be economic growth, decreasing foreign dependency, or full self-sufficiency which ultimately became all intertwined.

This work shows in the background chapter the experiences of the previous governments of Turkey, how Turkey started to build arms to decrease foreign dependency firstly through the establishment of the foundation companies of the military and how SSM (former version of SSB) was formed as a civilian apparatus which is dominated by the military personnel to orchestrate the defence industries, how joint-ventures in the mid-80s started to be formed not only to produce arms but also to boost Turkish economy (Seren, 2018), and lastly how the industry aggregated know-how through participation in international projects for almost two decades (Mevlütöğlü, 2017).

Thus the combination of aggregated industrial know-how and AKP's first production strategy, which abandoned the previous international projects and focused on locally produced projects led to the decrease of the foreign dependency. AKP did not intervene in the defence market and let the foundation companies continue their dominance. AKP's first horizon then was to decrease foreign dependency. The main rationale behind this production strategy was AKP was the continuity of the dissonance within NATO, AKP's desire to follow a more autonomous, independent foreign policy and concerns over Turkey's immense foreign dependency on arms. Lastly, industrial know-how enabled the shift to local projects (Dvir & Tishler, 2000; Mevlütöğlü, 2019).

The first production strategy of AKP combined with the aggregated industrial capacity enabled decreasing the foreign dependency of Turkey below 50% (Kuloğlu, 2015; Bağcı & Kurç, 2017). But as the foreign dependency was decreasing and as Turkey became closer to the defence autarky (Kurç, 2017), commercial and

diplomatic aspects of building arms became even more tempting. Even though the dissonance within NATO was still there, decreasing foreign dependency had partly lost its urgency. AKP brought the 10th Development Plan¹⁷ in 2014 which has a greater consideration of the commercial and developmental aspects of the defence industry. But the bureaucracy of the defence industry was dominated by the military personnel and the military had its reasons for building arms. The military cares about enhancing its operational capacity on time (Mevlütöğlü, 2017) and priorities projects which enhance the operational capacity of the Turkish Armed Forces and have less consideration of the commercial, economic, developmental aspects of defence industries.

AKP's second production strategy emerged to address the tempting economic, commercial, developmental aspects of the arms industry. The primal horizon was no longer simply decreasing foreign dependency but economic growth. The combination of AKP's legislative power which led to the Presidential system and AKP's second production strategy led to the second expansion. The second expansion occurred so as to change the civil-military balance within the bureaucracy of the arms industries to give more consideration to the economic, commercial, developmental aspects of the arms industry.

1.5 Structure of this thesis

This research has five chapters. The first chapter is "Introduction" which briefly opens up the work; its methodology, relevance, contribution, and hypotheses. The second chapter is literature review which aims to mainly show the motivations and challenges to build arms to establish a framework to compare Turkey's historical

¹⁷Republic of Turkey Ministry of Development. (2014). *The tenth development plan 2014-2018*. Retrieved October 12, 2020, from <http://www.resmigazete.gov.tr/>

process. The third chapter is the background chapter which locates Turkey within the literature regarding the reasons and motivations behind building arms and stresses how changing security threats, Turkey's rising dissonance within the NATO alliance and associated desire to pursue a more independent foreign policy were all major factors behind the desires of various governments prior to AKP. This chapter will also provide an overview of the civil-military relations during this period to underscore the shift in balance of power in these relations during the AKP period. Finally this chapter will also survey the existing production strategies and industrial capacity to provide an assessment of how Turkish defence firms aggregated industrial know-how through participation to the international projects and production under-licence prior to AKP period.

The fourth chapter focused on the expansion under AKP, aims to show the continuity of dissonance within NATO and how industrial know-how is utilised to decrease foreign dependency as a part of first production strategy of AKP. Eventually, as foreign dependency decreased in time and priorities of the civilian motivations such as economic growth and technology transfer became more tempting. The bureaucracy of the defence industries was dominated by the military personnel. AKP was able to change the bureaucracy to increase civil influence to build arms to generate economic growth which constitutes the second production strategy of AKP. How this significant change occurred is explained through the new political system of Turkey and how AKP's legislative capacity led to the change of the political system eliminating all the possible remaining vestiges of opposition against building and expanding arms industry. Conclusion underlies the arguments and findings presented in this work with reflection to the literature and forms juncture points for further research at the points in which this research was limited.

CHAPTER 2

BUILDING ARMS LITERATURE AND COMPARISONS

The literature of building arms provides the theoretical background for this thesis. There are four parts in this chapter. In the first part, this thesis will represent what is building an arms industry. In the second part, the motives of the states to build the arms industry will be on focus. The third and the fourth parts are dedicated to empiric cases that start with the case of China and continues with the case of India. These cases will show us the similarities and differences on their mechanisms and strategies to build arms.

2.1 What is building an arms industry?

Dvir and Tishler (2000) mainly propose four phases of the domestic arms industry. The first phase is about the production of small arms and ammunition; the second is production under license, third is modifying the licensed weapons and lastly, producing indigenous weapons. At this point, it is necessary to underline indigenous weapons does not mean creating weapons only with domestic funds and domestic know-how but it is a process that includes local projects and investments of international and multinational actors towards increased contribution of local expertise and funding.

Keith Krause (1992) proposes “The Pyramid Model” to describe tiers of countries concerning their level of arms production. In Tier 1, there are developed nations like USA, UK, Germany, Italy, and France. In Tier 3, we see developing countries that failed in building their arms industry like Mexico, Nigeria, and Serbia.

According to Richard A Bitzinger (2015), Tier 2, “the most interesting group” (Bitzinger, 2015, p. 4) includes countries like Israel, Sweden, Japan, Australia in Tier 2a; South Korea, Brazil, Taiwan, Turkey in Tier 2b; and lastly China and India in Tier 2c. Tier 2 is worth focusing because it includes countries that had not completed domestic industrialization thus can make a difference, unlike Tier 1. In short, the story is mostly either finished or never started for countries which do not belong to Tier 2.

The Pyramid Model is functional for establishing a measure to evaluate the developments of states in building a domestic arms industry. According to the Model, building arms is a process in which countries try to move within and among tiers. It would be unjust to argue; for instance, India's efforts were in vain for not being able to jump to Tier 1 or not being able to reach full defence autarky, which is an aim far too ambitious for most of the developing states who focus their limited sources on “niche markets” (Hartley and Sandler, 2003; Struys, 2004; Hartley, 2007; Bitzinger, 2003). However, there are some cases including Turkey that maintain their endeavours to reach full defence autarky notwithstanding industrial challenges (Bitzinger, 2011; Bitzinger, 2013; Kurç, 2017). Exploring the motivations for building arms may help enlightening why that is the case for some cases, including Turkey.

2.2 Motives for building arms

Jurgen Brauer (1998) divides motives for producing weapons as “economic” and “non-economic” motives. Non-economic incentives consist of strategic and political purposes. Strategic purposes have two kinds. The first strategic motive is “acute” strategic motive, such as embargoes. “Chief among the strategic reasons are

embargoes or other threats to an existing arms-import supply line” (Brauer, 1998, p. 5). This reason is relevant for Turkey whose supply line was dependent to its allies within NATO, in the late 70s as Brauer argue “Turkey and Brazil suffered specific arms supply embargoes from the administration of US President Carter, and both went on to build up indigenous arms industries” (Brauer, 1998, p. 5). The second kind of strategic motive is “pre-emptive strategic motive.” The author defines this as:

It runs as follows: even if no actual conflict involving the country is thinkable, a country may nonetheless wish to produce arms indigenously just in case a conflict emerges. Moreover, the arms in question will have to be suffused with high-technology so as not to place oneself at a military disadvantage in case an armed conflict actually arises. (Brauer, 1998, p. 5)

Political motives according to author “involve considerations of foreign policy and the potential influence and leverage that one may bring to bear on the recipients of one’s arms production and arms exports” (Brauer, 1998, p. 5). But “This kind of influence peddling is on the decline since the number of arms export desperate second-tier producers has increased rapidly in recent years and now includes a number of former developing nations such as the aforementioned South Korea, Taiwan, Singapore, Israel, Spain, and Portugal, i.e., former third-tier producers that have "graduated" to second-tier rank in some respects.” (Brauer, 1998, p. 5) so that there are lots of other suppliers now, so the complexity of options gives more space for the importers. However in cases like Turkey which is heavily dependent on the U.S. on defence, various experiences have shown that the U.S. has “leverage over Turkey’s procurement decisions” (Kurç, 2017, p. 275), so the advantage of the importers brought by the increased number of suppliers is not unlimited.

There are economic motives for creating an arms industry. The author divides this motive into two parts as an industrial policy especially for the domestic market to avoid “brain-drain” (keeping the educated scientist inside the country by creating jobs for them) with spill-over effect to feed civil industry as well, and as a policy for export-promotion industrialization with the aim of exchange earnings (Brauer, 1998). Motivations for exchange earnings are valid with the political motivations for Turkey according to Günlük-Şenesen who argue that the U.S. embargo after the Cyprus Crises led to “awareness of the need to become self-sufficient in arms production, to avoid the restrictions attached to military aid ... since the reliance on imports entails the risk of an embargo or a severe scarcity of foreign exchange” (Günlük-Şenesen, 1993, p. 255)

According to Brauer building an arms industry can be used as an industrial policy that “could be viewed as a form of import-substitution industrialization” (Brauer, 1998, p. 6). The spill-over effect of development on the civil industry is expected so that we would call it an industrial policy. Nicole Ball makes one prominent answer to this theory:

Although the establishment of a domestic capacity to produce arms is often justified in Third World countries by the technological spin-offs that can be expected from the military to the civil sector, present experience suggests that primarily the military sector benefits from know-how and other resources already available in civil-sector industry. (Ball, 1988, p. 375)

The effort to try to generate an industry so that the domestic production of the weapons of becomes cheaper of the foreign weapons is also a challenged one. The example of India is used for this case, as Michael Brzoska argues:

The Indians have repeatedly bought the newest available technology and then tried to advance from there on their own. After a while, finding themselves falling behind, they again bought the newest technology on the international market. (Brzoska, 1989, p. 514)

Çağlar Kurç points out a similar problem of sustainability for Turkey that it might face in the future due to its low R&D and relatively higher R&D shares of its foreign partners (OECD, 2016; Kurç, 2017) entailed with the limited engagement of Turkey in international partnerships, for instance in F-35 projects (Di Domenico, 2006; Güvenç & Yanık, 2012).

According to the literature, if countries engage in producing domestic arms industry for purely economic reasons, they will likely fall behind their agenda. This process can't be strictly commercial in that sense, though, we should also see the aims of this argument (avoiding brain-drain and spill-over effect) are not entirely invalid.

Bitzinger's work on South Korea can be given, to sum up, this part of the work. Two components help South Korea to develop their arms industry which is “the presence of an already well-established, domestic heavy industrial base” and “extensive foreign assistance” (Bitzinger, 1995, p. 236). Regardless of these components "South Korean arms exports have consisted mostly of low-tech items such as uniforms, nonlethal military equipment, small arms and ammunition, and patrol boats" (Bitzinger, 1995, p. 243). There are four reasons why. Bitzinger gives a summary:

(a) Lack of interest by South Korean industry because private industry could make more profits in other industrial branches (Korea's arms industry, like Turkey's and Brazil's, is heavily privatized); (b) lack of interest by the South Korean armed forces because of the impetus always to obtain the most advanced equipment available from overseas; (c) structural weaknesses in the defence R&D base, i.e., the lack of linkages between the knowledge establishment and the production facilities; and (d) lack of overall, long-term planning that would allow South Korea to steer resources into appropriate basic research. South Korea is bumping against a technology plateau. (Bitzinger, 1995, p. 246)

Building the arms industry as export-promotion industrialization depends on two main premises. First premise is to protect the exchange reserves by not buying another counter and the second premise is selling products to other countries thus earning exchange. But, calculating net-foreign exchange earned for selling arms is very hard. One reason is that it is easy to calculate the “earnings”, but it is tough to achieve the data on costs of domestic production and opportunity cost of investing in arms industry (Brauer, 1998). For the case of Turkey, Brauer argues:

Turkey and South Korea are examples of nations that wished to create military-led industrialization without much thought for foreign-exchange earnings. But in some countries, most prominently in Brazil, an arms export promotion strategy and foreign-exchange earnings potential were instrumental in the argument for the creation and expansion of a domestic arms industry. Especially for Brazil, whose domestic arms needs always have been modest because it does not face any substantial external security threat. (Brauer, 1998, p. 9)

As literature suggests, pure economic endeavours fail to be efficient. For example, despite the “extensive foreign assistance” (Bitzinger, 1995, p. 236) it receives, South Korea faces sustainability challenges due to the loath of the private companies to invest in the arms industry. Thus, focusing solely on the economic aspects of these processes would be a mistake. To explain and understand the purposes, strategies and mechanisms of states’ in this process, we need to approach to this process with a political perspective and take political requirements, mechanisms, and goals of states at hand. The decision to start building an arms industry is a political decision which needs economic aspects for the sustainability, but we must keep in mind a state can always maintain investment if it still serves a political aim.

Apart from the question of why states try to build indigenous arms industry, we also must look at how countries try to establish their arms industry. The main obstacles for progress like political instabilities, lack of threat, bureaucratic delays, the inclusion of the private sector to the defence sector are mostly political problems which can be solved through political mechanisms which support the stance of this work that building arms is also a political process and requires the tools of the political science research to be understood. In the following section, this work will present the empiric cases of China and India, and the political problems they encountered and how they tried to solve these problems.

2.3 Chinese case

China is an interesting case when it comes to building arms because its “limited success in the advanced arms sector is surprising considering its growing economic power and political influence across the world” (Nosek, 2006, p. 23). Understanding China’s inability to reflect its economic and political capacity to building arms would be fruitful for us to make sense of the expansion of the Turkish arms industry.

After the revolution, the communist regime knew “that one of the factors leading to the downfall of the Kuomintang government was hyperinflation that eroded their legitimacy and support” (Nosek, 2006, p. 24). Thus, establishing political and economic stability in the country was the primary goal the regime rather than investing in industrialisation.

Good relations between the communist regime and the Soviet Union gained strength with the Chinese-Korean War due to the U.S. embargo and recognition of “the exiled Nationalists in Taiwan as the legitimate government of China” (Nosek, 2006, p. 26) until the Sino-Soviet Split in 1959 which left China alone. With

increased external security threat Mao started developing “The Third Front which had less to do with economic prosperity than it did with perceived survival.” (Nosek, 2006, p. 27) The Third Front was an effort to “rebuild” Chinese arms industry but it focused only on nuclear weapons and simple weapons because the security threats for the regime were an external attack, possibly from the U.S. or the Soviet Union, or a civil war, similar to “People's War” in which the numbers matter more than quality.

China was successful at building nuclear weapons which “make an adversary think twice before attacking” (Nosek, 2006, p. 30), China could not spend more effort on building aircraft for instance due to lack of political support for giving a share of national income. The solutions China produced was enough to answer its security threats. To sum up, China’s security threat shaped its arms production. Even in Post-Mao China, nuclear weapons are produced but further efforts are not made.

Nuclear arms perceived as the almost ultimate solution to the security threats of China which, in return, hampered further development of the arms industry. In other words, security threat perception of China was the crucial factor for building arms and how the security threat is conceptualized is directly determined the scope of the endeavours. The main threat for China was the Soviet Union and the U.S. thus nuclear weapons to intimidate the Soviet Union and the U.S. was perceived sufficient, thus any further endeavour seemed unnecessary.

2.4 Indian case

India is an interesting case because it has more challenges when compared with the case of China, including democratic and bureaucratic challenges since India is a democracy. Autocratic states have an advantage to shorten the time spent in parliament and bureaucracy whereas passing a bill takes a lot of efforts including convincing the parliament and solving the bureaucratic deadlocks in democratic states (Tremblay, 1997). It is possible to observe democratic challenges on building arms in addition to the threat perception in the case of India. However, the military-civil clashes in Indian case are subtle because “the British left India with a military that was rooted in civilian control” (Nosek, 2006, p. 44).

After declaring independence from Britain, Nehru, the leader of India, wanted to establish India's de facto independence. Reeta Tremblay argues Nehru was "faced with the challenging tasks of nation-building and economic development to create an equal society in which a quick and progressive rise in the standard of living should be the primary consideration governing all economic activities" (Tremblay, 1997, p. 88). Three pillars of Nehru's stance were “socialism, historical memory, and Soviet style planned development” (Nosek, 2006, p. 45).

Colonial past of India and Great Depression which led to the shrink of international trade made self-reliance on defence a matter of sovereignty for India. Nehru started to invest in the defence industry to fortify the India's self-reliance on defence, but in a manner that represents Nehru's dislike of the military (Nosek, 2006). Bhatt argues:

Nehru's strategy was large-scale industrialization with emphasis on capital and heavy industry. Cottage industry was to be tolerated with a view to provide employment in the short run, but the main objective was to develop large-scale modern industries and techniques that would supplant the traditional sector. The dominant sector was to be the modern sector, based on modern science and technology. (Bhatt, 1982, p. 85)

Nehru had to endorse social-equality and industrialisation at the same time. While elites pushed for increased industrialisation, Nehru was trying to protect the social equality and as a result the SOEs (State-Owned-Enterprises) of the Indian defence industries received inadequate funding and poor oversight except nuclear weapons (Nosek, 2006). Nuclear weapons received more attention due to its perceived deterrence.

Nehru was for international independence but against the empowerment of the military. Nehru neither trusted nor liked the military and some scholars argue that this is due to the legacy of Gandhi; others claim that he saw the military as a remnant of the former oppressive rule. In any case, Cohen argues:

Believing, too, that the Indian Army had been a tool for the Raj, and thus was not to be trusted, Nehru not surprisingly focused most of India's post-war energies on building state power, but not state military power. He took seriously his own statements about the priority of internal economic development, so defence budgets remained stagnant. (Cohen, 2001, p. 128)

Lack of oversight is detrimental to the arms industry, especially in cases like India, where there is a vast bureaucracy, and even the most uncomplicated communications had to occur through complex processes. Speed in decision making seems to be a positive factor for developing nations who tries to build an indigenous defence industry. Unnithan argues:

The process of buying arms is so opaque and beset by delays-it has been described as the fiercest enemy of the armed forces itself. They say these delays caused far greater concern than kickbacks because they severely affect defence preparedness and the ongoing modernization drive 'Our procedures are so convoluted. If they are dutifully followed, nothing can be procured within any time frame,' says a senior defence official. 'It takes one year to get a simple yes from the government. By then it is time to surrender our budgetary allocation to the Finance Ministry because we haven't bought the weapon system'. (Unnithan, 2005, p. 65)

To sum up, there are three main reasons why India could not go beyond producing nuclear weapons. The first reason is the delays resulted from the parliament and the bureaucracy of arms industry (Dunne, 1990; Gold, 1997; Tremblay, 1997; Günlük-Şenesen, 2002). Parties were pushing for different directions and the bureaucracy was too complex, which postponed the decision-making processes (Unnithan, 2005). The second reason is the unfruitful production under licence projects with the Soviet Union which eventually “overshadowed indigenous production” (Nosek, 2006, p. 64) and Indians were “finding themselves falling behind, they again bought the newest technology on the international market” (Brzoska, 1989, p. 514). The third reason is the absence of political will and external security threat which led to underfunded research. As Nosek argues, “defence only received increased resources if it was framed into a political issue as the nuclear program was” (Nosek, 2006, p. 63).

Like China and India, Turkey started to consider building arms because of the external threats. But while India and China succeeded to build nuclear arms to protect themselves, Turkey had become a member of NATO to protect itself from the Soviet Union. As a result, India and China enjoyed the deterrence of the nuclear arms against the external threats. For Turkey however, “the holy grail of Turkey’s defence industrialization goals” (Kurç, 2017, p. 261) after Turkey’s accession to NATO, is not deterrence but autarky. In other words, disagreements over foreign policies within NATO entailed with embargoes, made sovereignty over arms a major issue for Turkey’s defence, as stressed in the following chapter.

This chapter shows how the absence and presence of security threat in the country, (which relies heavily on the existing international relations and alliances of the country), the existing industrial capacity, know-how, domestic considerations particularly regarding the strength of the military in the country as well as the political will and political capacity of the governments have all played a crucial role on whether the countries can develop their own national defence industries. The rest of the thesis will demonstrate how all these factors were also relevant in the Turkish case.

CHAPTER 3

BACKGROUND

3.1 Introduction

The previous chapter elaborates on the motivations and hardships of building an arms industry. This chapter tries to evaluate the position of Turkey historically so as to show the inception of the building arms industry in engagement with the literature, and how the strategies and capabilities evolved in time to establish a background. Turkey's relationship with NATO, the production strategy of the governments, and the civil-military balance within the decision-making process seems to explain how Turkey's arms industry development occurred in the way it did. In the next chapter, continuities and discontinuities of these three dimensions will be presented to explain the change that occurred in the Turkish arms industry under the AKP rule.

This chapter establishes an engagement with the Turkish case and the literature, elaborates on the relationship between Turkey and NATO, and focuses on Turkish governments' strategies and capabilities to build an arms industry before the AKP. This engagement to the literature, relations with NATO and the comparison of the governments of Turkey are integral parts of the framework that would prepare the ground for the claims of this thesis so as to explain the unprecedented expansion of the Turkish arms industry. In other words, by analysing and showing how relations with NATO were key in Turkey's overall defence and arms industry, this thesis will lay the groundwork for the argument that tensions between Turkey and NATO and the subsequent desire of the country to adopt a more independent foreign policy were also a key factor in AKP's decision to expand Turkish defence industry.

3.2 Relations within NATO

Not surprisingly, the relations between Turkey and NATO are crucial in explaining why Turkey decided to build arms in the first place. Turkey's endeavours to build an arms industry evolved in tandem with Turkey's ties with NATO. From the initial decision to become a member of NATO to various conflicts of interests such as Cyprus Crises had a direct effect on Turkey's arms industry.

The threat perception of Turkey, especially towards the Soviet Union, is what triggers Turkey's interest in investment in arms industries in the first place. But since these attempts were insufficient, Turkey strived for a NATO membership by sending troops to the Korean War to impress NATO to accelerate the accession. NATO membership came with subsidized arms which eased the urgency to build an independent arms industry. "US aid, equipment and training were also instrumental in modernizing the armed forces and in propping up the Turkish economy. Total delivered military assistance to Turkey between 1948 and 1964 came to \$2,271 million, plus \$328 million in deliveries of surplus equipment." (Hale, 2000, p. 89) Two crises, however, Cyprus Crisis emerged in 1974 and the fall of the Soviet Union in 1989 were two major turning points in terms of Turkey's relationship with NATO and changed national calculations in terms of national arms build-up.

This part has three subparts. The first subpart elaborates Turkey's threat perception before its accession to NATO and how Turkey becomes dependent on arms after becoming a member of NATO. The second subpart stresses how the dissonance within the Alliance unfolded historically and how political disagreements turned into series of embargoes. The last subpart focuses on how the main security threat of Turkey shifted from an external threat to a domestic threat entailing the increasing rift between Turkey and NATO allies.

3.2.1 Turkey's threat perception before NATO membership

The Republic of Turkey is a state found after long and consequent wars, including the First World War, that inflicted severe damages on the Turkish population and economy which took decades to rehabilitate. Turkey was still vulnerable at the end of the Second World War due to its unhealed wounds. Scholars argue that “Turkey’s vulnerability in 1947 [vis-à-vis the Soviet Union] was in direct relation to its terrible starting position as a nation in 1923, a position that resulted from Anatolia’s long war of 1912-1923, the total span of the Balkan Wars, the First World War, and the Turkish War of Independence.” (Munson, 2012, p. 17) However, the threat perception of Turkey was not only related to its weakness but also to the aggressive attitudes of the Soviet Union towards Turkey, after the Second World War.

This subpart aims to elaborate the Turkey’s vulnerabilities after the First World War firstly and secondly show how the Soviet Union became a threat for Turkey. Thirdly, this subpart will show that Turkey, unable to protect itself, had to strive for NATO membership to fortify its position vis-à-vis the Soviet Union and the U.S. welcomed Turkey’s endeavours after the Korean War, as “the strongest anti-communist country on the periphery of USSR and the only one in the Eastern Mediterranean and Middle East area capable of offering substantial resistance to Soviet aggression.”¹⁸

To understand the vulnerabilities of Turkey, we need to take look at how devastating the continuous wars were for the population, the productivity and the economy of the newly founded Republic. Starting with the population loss, historians argue that “As a result of the combined and related losses of the Balkan War, Great War (the First World War), and the Independence War, Anatolia’s population

¹⁸U.S. Department of State. (1951). The Near East and Africa. *Foreign Relations of United States 1951*, 5. Retrieved April 15, 2019, from <https://history.state.gov/historicaldocuments/frus1951v05>

declined by twenty percent due to mortality.” (Munson, 2012, p. 24) which is incredibly high when compared to other states who suffered from loss of population through the First World War. Historians argue that “Compared to France, the hardest hit Western European state, Anatolia suffered twenty times as many deaths among its population for its size. Roughly 2.5 million Muslims, 800,000 Armenians, and 300,000 Greeks of Anatolia and Thrace died. Warfare and atrocities, famine and disease all combined to produce this staggering loss of life.” (Zürcher, 1993, p. 170-171)

In addition to death, migration played a role in shaping the population of Anatolia. “In the final large-scale population swap that was a provision of the Lausanne Treaty, Turkey traded 900,000 of its Anatolian and Thracian Greeks for 400,000 Greek-born Turks” (Munson, 2012, p. 24) which not only effected the population but also the productivity of the population.

The population exchange came with the cost of withdrawal of “the large majority of [its] entrepreneurs and managers... [and] an irreplaceable stock of industrial and commercial know-how...there were whole regions where not a single welder or electrician could now be found” (Zürcher, 1993, p. 172) which decreased the already maimed productivity of the newly found Republic.

The loss of a stunning share of the population entailed with “the endemic lack of skills and knowledge” (Munson, 2012, p. 25) and decreased productivity formed the overwhelmingly challenging context in which the Republic of Turkey was found in 1923. “Economically, Turkey’s Gross National Product would not reach the region’s pre-1912 levels until 1930, just in time for the Great Depression to knock the country back down.” (Zürcher, 1993, p. 172)

Turkey's war exhaustion was so high; the young Republic's top priority in the interwar era was to refrain from a new armed conflict and to instrumentalize diplomacy to solve the existing problems, while striving for "internal reconstruction" and "gaining international recognition" (Hale, 2000, p. 41). Starting from 1923, Turkey tried to improve relations with the West and the Soviet Union to increase its international recognition until the mid-1930s. Turkey's decision not to increase tensions with Britain after the Mosul settlement of 1926, the rapprochement with Greece (Hale, 2000) that "led to signing The Treaty of Friendship and Neutrality" (Munson, 2012, p. 30) between Greece and Turkey, and Turkey's accession to League of Nations in 1932 (Hale, 2000) can be given as example on improving the relations with West.

Turkey was improving relations with the Soviet Union in the interwar era although both sides were conscious about the ideological differences. Both Turkey and the Soviet Union were trying their chances to achieve their goals. According to William Hale:

The Soviet Union decided to jettison the idea of sponsoring a communist revolution in Turkey early in 1921. Equally, the fact that they were anti-communist did not prevent the Turkish leaders from building up a useful business relationship with the USSR. The Kemalist regime was also pro-western but this was no reason for constructing an international alliance with the western powers, unless national security required it. Ideology was much less important than power politics in the formation of foreign policy. (Hale, 2000, p. 54)

While Turkey was improving relations with both the Soviet Union and the West, according to Athanassopoulou "Turkish political leaders were not guided in their foreign policy by contemporary events...they were firm in their belief that Moscow's benevolence was contingent upon the difficulties that the new Bolshevik regime was confronted with; therefore it could only be short-term."

(Athanassopoulou, 1999, p. 27) Nevertheless, Turkey was trying to avoid any kind of conflict due to increased war exhaustion (Munson, 2012) which can explain why “The constantly repeated mantra ‘peace at home, peace abroad’ became the stated bedrock of Turkish policy.” (Hale, 2000, p. 41)

Turkey continued to maintain its interwar cautious attitude throughout the Second World War. Threatened by the Nazis and the Soviet Union, Turkey with successful diplomacy (Fox, 1959; Hale, 2000) managed to avoid clashes and stay de facto neutral. Turkey was afraid to lose the newly gained precious sovereignty and had no capacity to encounter neither of the two forces, as William Hale argues “Turkey had practically nothing to gain and everything to lose by joining the war.” (Hale, 2000, p. 56) But it was also not possible for Turkey to isolate itself from the rising tensions completely. Turkey had to secure itself for the end of the war which could be a decisive Russian or a decisive German victory which is worse for Turkey because German and Russian threats were balancing each other out when they coexist (Hale, 2000). It would be best for Turkey if both of these threats go down together. Ottavio de Peppo, former Italian ambassador in Ankara, noted “The Turkish ideal is that the last German soldier should fall upon the last Russian corpse” (Sadak, 1949, p. 453).

As the war proceeded the Nazis fell, but the Soviet Union was still a threat for Turkey. Stalin was making efforts to reconsider the Montreux Convention with Turkey to change the status of the Straits for establishing military bases in the Straits, which entailed with the fear of becoming a satellite state of the Soviet Union, became the ultimate security threat for Turkey (Hale, 2000). Turkey strived for NATO membership in order to secure itself from the Soviet expansion.

Fear from the Soviet expansion was the key element for Turkey's accession to NATO. For NATO, Turkey was important as a vanguard. Turkey was located between Balkans, the Middle East, and the Caucasus, which was strategic for Soviet expansionism through Yugoslavia, Iran, and Georgia (Bozkır, 1997). Also, the straits of Turkey were strategically essential to keep the Soviet Union away from the Mediterranean Sea. Whereas for Turkey, NATO was, more or less, the only option for safety in a situation where the Soviet Union lay claim over Ardahan and Kars, explicitly expressing extension over Turkey (Bozkır, 1997; Hale, 2000).

Turkey's strategic location was functional as a frontier for balancing the Soviet expansionism in the region and "preventing Soviet expansion into the Middle East area",¹⁹ and as the pioneer of the Western Block, the US appreciated the opportunity to improve relations with Turkey. The Truman Doctrine in 1947 came with The Joint American Military Mission to Aid Turkey (JAMMAT) (Munson, 2012). Turkey was trying to get more help to renovate its military.

General Yamut told the U.S. Ambassador Mr. Wadsworth in 1950 in a conference "Turkey and Greece must be considered as one country as their destinies are bound together. Together they will make one very strong fortress. The fortress will be provided by Greece and Turkey, but the equipment, arms and required communications must be furnished by their strong allies."²⁰ The amount of U.S. aid is shown in Table 1.²¹

¹⁹U.S. Department of State. (1951). The Near East and Africa. *Foreign Relations of United States 1951*, 5. Retrieved April 15, 2019, from <https://history.state.gov/historicaldocuments/frus1951v05>

²⁰U.S. Department of State. (1950). Turkey. *Foreign Relations of United States*, 5. Retrieved April 15, 2019, from <https://history.state.gov/historicaldocuments/frus1950v05/ch11subch1>

²¹Source: Briefing Paper on Turkey, 17.05.1954, National Archives, RG 334 Joint American Military Mission for Aid to Turkey, Adjutant General Section Central Files Unit Decimal File 1947-54, Box: 2, as cited in Munson (2012).

Table 1. U.S. Military Aid to Turkey, 1948-1955

Year	Land Forces	Naval Forces	Air Force	Total (Million \$)
1948	48.5	11.7	22.6	82.8
1949	41.5	9.2	21.6	72.3
1950	57.5	24.2	12.4	94.1
1951	71.2	40.7	37	148.9
1952	68.4	19.5	132	219.9
1953	139	9.7	116.7	265.4
1954	208.7	9.7	17.6	236
1955	100.0	11.1	22.6	133.7
Total	734.8	135.8	382.5	1,253.1

Source: Briefing Paper on Turkey, 17.05.1954, National Archives, RG 334 Joint American Military Mission for Aid to Turkey, Adjutant General Section Central Files Unit Decimal File 1947-54, Box: 2, as cited in Munson (2012).

The U.S. and Turkey was getting along very well although Turkey's attempts to be a part of the NATO were declined. The Korean War in 1950 was an occasion in which Turkey could show its eagerness to be a member of the Alliance. According to Hale, "Undoubtedly, Menderes and his colleagues were mainly concerned to exploit this apt opportunity to prove Turkey's value and loyalty to the west and thus gain admission to the Atlantic alliance" (Hale, 2000, p. 85). Turkish soldiers fought courageously (Lippe, 2000) and Turkey has become a member of NATO in 1952.

Turkey had been striving for protection of international allies, especially the U.S. against the Soviet Union and by becoming a member of NATO "Turkey's post-war policy had finally realized its paramount objective" (Hale, 2000, p. 87). This era until the emergence of Cyprus Crisis is perceived as the "golden era" of Turkey's relations with NATO members (Kuniholm, 1983). This subpart was on how the threat perception of Turkey evolved in time until becoming a member of NATO and Turkey's desire to renovate its army with the help of the NATO allies. The next subpart focuses on how the fulfilment of the Turkey's needs of defence equipment and personnel makes Turkey dependent on its allies within NATO.

3.2.2 Dependency rises

Turkey welcomed the U.S. aids but while the prominence of the aided weaponry within the inventory increased, dependency of Turkey on defence increased as well. There are also views that the defence aid decreased domestic production of arms due to the decreased demand by the TAF (Bozkır, 1997). According to Vahit Erdem, the Founder Undersecretariat of SAGEB in 1985, “Military aid that started with Cold War Era made Turkey lethargic. This period of lethargy continued until the start of Cyprus incidents in 1963 and Cyprus Operation in 1974.”²² Arzu Bozkır connects the dispersion of the Nuri Demirağ Aircraft Factory with the cancellation of the demands from the Air Forces due to the foreign aid as well as dispersion of the facilities of Nuri Killigil and Şakir Zümre who were private civilian companies that produced arms (Bozkır, 1997, p. 38).

Turkey’s foreign dependency on arms became a political problem when differences among allies on their foreign policies emerge. According to the literature, dependency on arms enables embargoes as political tools as noted “the issue of arms dependence has little bearing on the military dimension of arms transfers. It reflects instead the political context in which military capability is transferred.” (Buzan & Herring, 1998, p.58) Disagreements over Cyprus starting with the Bloody Christmas incidents at the end of 1963 resulted with an American embargo in 1975 (Diker 1994; Gönlübol, 1996).

The Republic of Cyprus was found in 1960 with NATO’s and BM’s interventions with its guarantor powers Greece, Britain, and Turkey (Yılmaz, 1993). According to the Treaty of Guarantee, guarantors supposed to act unison in an event of violation of the constitution of the Republic of Cyprus but when acting unison

²²Bulucu, H. (2017). *Savunma sanayii müsteşarları gözünden Türkiye’de savunma sanayi-1*. Retrieved October 12, 2020, from <http://www.hbstrateji.com/savunma-sanayii-mustesarlari-gozunden-turkiye-de-savunma-sanayi-1-86>

becomes impossible all guarantor powers had the right to act individually to prevent the violation of the constitutional order (Bozkır, 1997).

According to the Foundation Agreement, the Republic of Cyprus was going to be a presidential republic in which 30% of the members of the parliament were going to be Turkish Cypriots and 70% of the members were going to be Greek Cypriots; the President was going to be a Greek Cypriot and the Vice-President was going to be Turkish; Turkey was going to send 650 troops and Greece was going to send 950 troops to the common headquarters (Bozkır, 1997, p. 19).

In 1963, Greek Cypriots started to target Turkish Cypriots that are called Bloody Christmas incidents (Diker 1994; Gönlübol, 1996). Previously mentioned 650 Turkish troops were activated to protect Turkish residents of Nicosia while Turkey, Greece, and Britain established the “Green Line” to stop the clashes in Nicosia (Armaoğlu, 1983, p. 787). United Nations Security Council’s Resolution of 4 March 1964²³ led to the emergence of peace force to guard peace in the Island but the Turkish government took the permission of TBMM – *Türkiye Büyük Millet Meclisi* (Grand National Assembly of Turkey) for the authority to decide on an intervention to the Cyprus due to the increased Greek aggressions before the arrival of the peace force (Bozkır, 1997).

Turkey decided to intervene in Cyprus as Greek side started to conscript more and more troops and bought heavy weaponry to increase their fire power (Armaoğlu, 1983, p. 788). Turkey postponed its decision to intervene in Cyprus after receiving the famous letter from Lyndon Johnson, the U. S. President. Johnson’s letter created a shock on Turkey for two reasons. Firstly, Turkish authorities’ calculations were made with the assumptions that a possible Soviet aggression would automatically

²³United Nations Security Council. (1964). *Resolution of 4 March 1964*. Retrieved May 10, 2019, from https://peacemaker.un.org/sites/peacemaker.un.org/files/CY_640304_SCR186.pdf

process Article 5 of NATO Charter (Collective Defence). But President Johnson in his letter openly wrote that if Turkey acts without the consent of its allies and if the consequences of this act would entail confrontation with the Soviet Union, the alliances would not have the chance to discuss whether it's an obligation of the alliance to defend Turkey (Bozkır, 1997). Turkey entered NATO, in the first place, for the U.S. support against the Soviet Union and the U.S. was telling that it might not protect Turkey against the Soviet Union. This was "the heaviest blow of the Johnson's letter" (Gönlübol, 1996, p. 495).

Secondly, the letter was necessitating the consent of the U.S. to use the arms which had been given by the U.S. since 1947 (Bozkır, 1997). Bozkır argues the stance of the U.S. is against the distribution of responsibilities within the alliance since Turkey was maintaining one of the biggest armies within the NATO just as the U.S. was helping the allies by modernising their inventory (Bozkır, 1997, p. 23). Gönlübol also criticises the stance of the U.S. as an ally arguing that "this means the enemies of the Americans are the enemies of the Turkey absolutely, but the U.S. will decide whether the enemies of Turkey are enemies of the U.S." (Gönlübol, 1996, p. 503) The requirement of the consent of the U.S. also raised questions over the sovereignty of Turkey. Ülman argues that "Johnson's letter showed that Turkey should not be dependent on foreign arms if Turkey wants the freedom to decide and act on the subjects according to its interest" (Ülman, 1966, p. 204).

Turkey refrained from intervening to Cyprus after receiving the Johnson's letter. However, international negotiations were not fruitful. Even after years, a solution upon which both sides would agree were not found which caused distress to both sides. Increasing tensions led to the Turkish intervention to the Island. According to Kaya, "the Greek junta desired the 'enosis' (annexation of the Cyprus

by Greece) and thought Makarios, who have lost too much time in international theatres, was an obstacle for enosis, thus, the Greek junta committed a coup to Makarios” (Kaya, 1995, p. 33).

Sudden changes in the Island escalated the already growing tensions. “The constitutional integrity of Cyprus was violated which gave the right to re-establish the constitutional order to Turkey, Greece, and Britain collectively or individually” (Gönlübol, 1996, p. 573). Bülent Ecevit, the Prime Minister of Turkey, went to London to negotiate a joint intervention to Cyprus “only to return to Turkey empty-handed in 19 July” (Bozkır, 1997, p. 24).

Turkish government started the Cyprus Peace Operation in 20 July 1974 with the authority given by the TBMM regarding intervention to Cyprus in 1967 and Article 4 of the Treaty of Guarantee of 16 August 1960 (Bozkır, 1997; Gönlübol, 1996). United Nations Security Council gathered immediately upon the Turkish intervention to the Island and adopted the Resolution 353 that “demands an immediate end to foreign military intervention in the Republic of Cyprus”²⁴ in 20 July 1974. Turkey complied with the Resolution 353 in 22 July 1974 (Bozkır, 1997, p. 25). The first Geneva Convention held between 25-30 July among Turkey, Greece, and Britain resulted with a declaration that calls for a formation of a security zone and evacuation of Turkish military signed by all parties (Bozkır, 1997) However, the continuation of the attacks of the Greece Cypriots necessitated the second Geneva Convention gathered in 9-13 August between guarantors and failed to receive a conclusion (Bozkır, 1997, p. 25).

²⁴United Nations Security Council. (1974). *Cyprus: Resolution 353*. Retrieved October 12, 2019, from <http://unscr.com/en/resolutions/>

The second phase of the Cyprus Peace Operation started in 14 August 1974 and led to Turkish control of 38% of the Island. The operation is concluded with Turkey's compliance to the United Nations Security Council Resolution 360²⁵ that calls for an end to the military activities in the Island in 16 August. In 13 February 1975, Turkey announced the "Federated Turkish State" over the land covered through two Peace Operations, which was criticised by the United Nations Security Council Resolution 367 that "regrets the unilateral decision of 13 February 1975 declaring that a part of the Republic of Cyprus would become 'a Federated Turkish State'"²⁶

American Congress decided to implement a defence embargo on Turkey in 5 February 1975, 8 days before the announcement of the Federated Turkish State, for "misuse of American weapons" (Gönlübol, 1996, p. 589) Embargo covered selling or donating any kind of American arms to Turkey, as well as foreign military sales loans given by the U.S. (Bozkır, 1997, p. 26). According to Diker the embargo was devastating for Turkey in different ways, "The U.S. arms embargo shook the Turkish economy which was already damaged by the oil crises and the economic costs of the Peace Operations" (Diker, 1994, p. 130).

Disagreements over Cyprus, economic costs of embargo, finding out NATO might not protect Turkey against the Soviet Union and crippled sovereignty by its foreign dependency caused a shift in Turkey's perception on building an indigenous defence industry. First steps towards increasing national capacity on defence production taken by the Turkish Armed Forces and its foundations. The Foundation for Empowering Turkish Navy, The Foundation for Empowering Turkish Air Forces,

²⁵United Nations Security Council. (1974). *Cyprus: Resolution 360*. Retrieved October 12, 2019, from <http://unscr.com/en/resolutions/>

²⁶United Nations Security Council. (1974). *Cyprus: Resolution 367*. Retrieved October 12, 2019, from <http://unscr.com/en/resolutions/>

and The Foundation for Empowering Turkish Land Forces was established in 1965, 1970, and 1974 and collectively they have become²⁷ the Foundation for Empowering Turkish Armed Forces²⁸ in 1987.

Some of the most prominent defence companies of Turkey are found in this period. TUSAŞ - *Türk Havacılık ve Uzay Sanayii Anonim Şirketi* (Turkish Aerospace Industries Inc.) was found in 1973 under Ministry of Industry and Technology.²⁹ ASELSAN, İŞBİR Generators, ASPİLSAN Energy, and HAVELSAN were found under the Foundations of the Turkish Armed Forces in years respectively 1975, 1978, 1981, and 1982.³⁰ Turkish military started endeavours to decrease foreign dependency a decade earlier than the civilian spheres with the exception of TUSAŞ. Establishment of SAGEB under the Ministry of National Defence in 1985 under Law No. 3238³¹ can be counted as the first civilian initiative on defence industry.

Turkey, most prominently Turkish Armed Forces, focused on expanding defence procurement capacities in this era. The primary reason according to this work is that “Turkey lost a fair amount of its faith and trust towards NATO in Cyprus” (Seren, 2018, p. 12).

Even though Turkey suffered, US embargoes, NATO was still too crucial for Turkey to abandon because Turkey was still dependent on NATO in defence and security-related issues. Also, NATO was the only option for Turkey against the Soviet Union. According to Arda Mevlütoğlu, “Turkey continued to purchase US

²⁷ T.C. (1987). *Türk Silahlı Kuvvetlerini Güçlendirme Vakfı Kanunu*. Retrieved May 10, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/1.5.3388.pdf>

²⁸ Türk Silahlı Kuvvetlerini Güçlendirme Vakfı. (2019). *Tarihçe*. Retrieved May 10, 2019, from <https://www.tskgv.org.tr/tr/hakkimizda/tarihce>

²⁹ Turkish Aircraft Industries Corporation. (2019). *About us*. Retrieved May 10, 2019, from <https://www.tusas.com/en/corporate/about-us>

³⁰ Türk Silahlı Kuvvetlerini Güçlendirme Vakfı. (2019). *Tarihçe*. Retrieved May 10, 2019, from <https://www.tskgv.org.tr/tr/hakkimizda/tarihce>

³¹ SSB. (2019). *About us*. Retrieved June 13, 2019, from <https://www.ssb.gov.tr/website/contentList.aspx?PageID=39&LangID=2>

arms when embargoes expired. While the navy was more or less independent, the technical complexities of aviation and the fact that existing networks consisted of US products forced Turkey to continue buying US products.”³²

This turning point underlined the need to decrease dependency for Turkey and characterized Turkey’s diplomatic disposition urging for increased independence over arms (Kurç, 2017). Autarky became the main horizon of Turkey’s endeavours to build a defence industry. The U.S. embargo on Turkey, like Brazil (Brauer, 1998; Altunışık 2013) and China (Nosek, 2006), pushed to build their own arms industry to be able to sustain the fulfilment of their national capacity and their sovereignty in their foreign policy.

3.2.3 The shift from external to domestic security threats and rising rift within NATO

After the collapse of the Soviet Union, NATO did not lose its *raison d’etre*. There are cases like Germany who also feared Soviet aggression but internalized NATO membership even after unification and spent time and money to support the alliance (Şener, 2001). In that sense, after it is established, cooperation can continue even if the original threat disappears.

The main security problem of Turkey, starting from the 80s, was the attacks of PKK - *Partiya Karkeren Kurdistan* (Kurdistan Workers’ Party) inside and beyond its borders (Brauer, 2002; Günlük-Şenesen, 2002; Bağcı & Kurç, 2017; Kurç, 2017). PKK was seen both as an internal and external security threat for Turkey. Due to the continuity of security threats, one may expect continuity of cooperation. But the dissonance between Turkey and NATO reached greater levels because of three basic reasons. The first reason is that Turkey and NATO failed to solve their

³²Interview conducted with Arda Mevlütoğlu in Ankara, Turkey on 17/05/2019

disagreements in Cyprus, even today. The second reason is that the dissonance between Turkey and NATO increased over the new security threat, PKK. The third reason is that NATO was not as functional as it used to be for Turkey due to the loss of the factor of the fear from the Soviet Union, as a result Turkey started to respond to arms embargos with counter embargoes as this work will show.

In March 1992, Turkish-German relations were experiencing a crisis “due to the implementation of an embargo by Germany, Turkey’s second biggest arms supplier, with the claim that Turkey used German equipment domestically in its south-eastern region” (Bozkır, 1997, p. 27). Germany was arguing that “the sent weapons can only be used in for the interest of NATO and for defence purposes only” (Aksoy, 1994, p. 92). “Germany lifted the embargo in May 1992 after the diplomatic negotiations, but the relations were not improved. German Minister of Defence Volker Ruhe in his speech to the Defence Commission of the German Parliament said that ‘they will adjust defence aid to Turkey according to developments in democratisation and human rights’” (Bozkır, 1997, p. 28)

In March 1995, Germany again implemented an embargo on arms showing Turkish military activities in Northern Iraq. Germany cancelled arms transfer including “a 155 million German Mark worth loan given to the German shipyards to build 2 frigates for Turkish Navy” (Bozkır, 1997, p. 28) Turkey retaliated with an embargo and decided not to buy any ships from Germany which let Germany to step-back in September 1995 (Külahçı, 1995). The main reason for Germany to revoke the embargo according to Bozkır was “the new projects and tenders Turkey was getting ready to open. The embargo of Germany already cut approximately 1 billion German Mark worth of projects and defence firms of Germany pressured the German government to lift the embargo” (Bozkır, 1997, p. 28)

Two examples can be given to show how Turkey's relations with the U.S. carried features similar to relations with the Germany. The first example is the paid but undelivered frigates and the second example is the suspension of sales of Super Cobra helicopters. In 1996, "Turkish Navy paid for 3 Perry-class frigates and reserved hundreds of marines for delivery operations. President Clinton stalled the process of delivery of the frigates with the pressures of Greek lobby. Turkish Navy had to withdraw marines, after spending large sums of money" (Bozkır, 1997, p. 30)

The second example is the decision made by the American Congress to stall the sales of Super Cobra helicopters for "the continuation of the human rights violations in Turkey" (Bozkır, 1997, p. 30). Turkey, again retaliated, by "cancelling the purchase of 10 Super Cobra helicopters. Although having a deal with the American Sikorsky firm, Turkey agreed with the French firm, Eurocopter, for joint-production of Cougar helicopters" (Bozkır, 1997, p. 30) Upon this decision, the U.S. stepped back and started the procedures to deliver Perry-class frigates (Bozkır, 1997).

The fall of the Soviet Union changed Turkey's calculations on its relations within NATO. After the fall of the Soviet Union, Turkey started to retaliate embargoes with the threat of closing its defence market and started to push for increased sovereignty in its foreign policy. However, the collapse of the Soviet Union did not change Turkey's calculation on building arms because of Turkey's immense foreign dependency (around 75% even in the beginning of the 2000s (Kuloğlu, 2015)), dissonance within NATO, and PKK's existence as a security threat.

An external threat necessitates building arms while its absence makes building arms redundant, as we have seen in the various cases. For example, “Brazil, whose domestic arms needs always has been modest because it does not face any substantial external security threat.” (Brauer, 1998, p. 9), whereas countries like India, China, Turkey and South Korea suffer from external threats. What makes India, China and Turkey more interesting than South Korea is the fact that South Korea enjoy "extensive foreign assistance" (Bitzinger, 1995, p. 236) which makes explaining its development much easier than India, China and Turkey who were forced to self-sufficiency.

Among India, China and Turkey, what makes Turkey an interesting case is that after the fall of the Soviet Union, the security threat of Turkey is not directly another state which can be deterred with nuclear weapons. In that sense, the concept of threat and security of Turkey becomes much more complex than building nuclear arms to deter other states. “Arms-import supply line” (Brauer, 1998, p. 5) is at the heart of the concept of security of Turkey because Turkey needed continuous developments with a "pre-emptive strategic motive... not to place oneself at a military disadvantage in case an armed conflict actually arises." (Brauer, 1998, p. 5), so that Turkey would be able to exercise its sovereignty over its foreign policy (Kurç, 2017)

Incidents that reflect the dissonance within the alliance fortified Turkey’s perception of the requirement of autonomy and independence. Turkey, as a NATO ally, enjoyed military aids. Turkey’s capacity of arms was very low before joining NATO and when Turkey joined NATO, Turkey experienced turbulences due to dissonance within the alliance and Turkey noticed it was too late to build arms when they are necessary. In other words, when we ask why Turkey started to build an arms

industry of its own, the primary reason is the insecurity of “arms-import supply line” (Brauer, 1998, p. 5) of Turkey, as seen in the Cyprus and PKK.

3.3 Strategies and capabilities of Turkish governments prior to AKP

The previous part of this chapter was on the changing security threats of Turkey and how the relationship between Turkey and its primary alliance unfolded before and after the Cyprus Crisis and the collapse of the Soviet Union. While the previous part attempts to show the dependency and Turkey’s dissonance within NATO, this part tries to explain ‘how’ Turkey tried to build arms. This part attempts to understand the strategies and the capabilities of the Turkish governments before AKP to build an arms industry.

This part focuses on the production strategies of Turkish governments before AKP and their capacity in decision making and application of relevant policies concerning their legislative capacity and military-civil relations. While production strategies have their advantages and disadvantages, how they are applied is dependent on the governments’ capacity that shapes the power politics inside and outside of the parliament. In other words, making reforms and passing budgets requires a robust political capacity which is dependent on the legislative power in the parliament (Tremblay, 1997; Unnithan, 2005; Günlük-Şenesen & Kırık, 2016; Kurç, 2017).

The relationship of the governments with the military is immensely important too, because the military has its perceptions and strategies towards arms. The Turkish military’s general tendency is to buy arms rather than to produce arms. In deciding which equipment to buy, the military excludes the civilian approaches and refuses to communicate as well as in exceptional cases in which the military decides to produce

arms. According to Arda Mevlütoğlu, “Military wants solutions; they don't want to wait for production, which would limit their action capacity. They tend to prefer acquisition of arms over domestic production. There are exceptions, but again the focus is on the operational capacity.”³³

In that sense, a government cannot just start building arms without convincing the military or forcing through them which locates producing arms directly at the heart of the military-civil relations in Turkey. Disharmony on building arms reinforces military-civil clashes and the military is a powerful agent in decision-making processes.

The strategies and the capabilities of the Turkish governments are divided into three subparts. The first part elaborates the period between 1970 and the military coup of 1980, the second covers the period of Özal’s rule between 1980 and 1990, and the last is on the period that starts around 1990 until the 2002 elections.

3.3.1 Military as a major decision maker and concerns over foreign dependency in defence: 1970-1980

The 70s’ governments saw the necessity to decrease foreign dependency on arms. However, from 1970 to the military coup in 1980, twelve governments (from 32th to 43th) founded in Turkey. In 1980, the 44th Government of Turkey was found by the military. All of these governments were coalition governments, and endless debates exhausted the political parties, which could allocate little or no interest in arms industry (Tremblay, 1997; Unnithan, 2005). Approximate time per government in this period is less than a full year.

³³Interview conducted with Arda Mevlütoğlu in Ankara, Turkey on 17/05/2019

Military was much more active in this period on expanding national capacity on defence building as mentioned above. The establishments of the foundations and the defence companies of these foundations are the major developments of this era. One exception of this period is TUSAŞ, the only defence firm that does not belong to the military. TUSAŞ's case perfectly shows tensions and differences of priorities among the civil-military spheres. "MSB was dissatisfied with the fact that TUSAS was under *Sanayi ve Teknoloji Bakanlığı* (Ministry of Industry and Technology)" (Kurç, 2017, p. 264) One example of the military-civil bureaucratic tension is the activation of TUSAŞ. Arda Mevlütoğlu states "Bureaucratic tension was so high; TUSAŞ was activated three years later than its foundation, because MSB and TAF did not appoint the necessary high officials to the TUSAŞ's Board of Directors."³⁴

TUSAŞ's search for a training flight in the 70s is another example to show how the priorities of the actors in the arms industry vary and how this variation creates tension. Military bureaucracy takes arms production as a technical issue in which civilians should not interfere. Thus they do not communicate with the civil bureaucracy and fail to grasp the economic and social aspects of the production (Mevlütoğlu, 2017). But, still, they do not act against the bureaucracy if it is defined, but they try to resist civil influence in the areas which is not directly regulated. Arda Mevlütoğlu states that "TUSAŞ was looking for a design for a training flight. While the civilians preferred the Italian design that came with a complete set of technology transfer the military insisted on the British design that had higher performance."³⁵

To sum up there are successful attempts in the 70s especially after the Cyprus Crisis and the U.S. embargo on arms. However, "the conflict between civilian and military decision-makers halted the aircraft's production and resulted in an idle

³⁴Interview conducted with Arda Mevlütoğlu in Ankara, Turkey on 17/05/2019

³⁵Interview conducted with Arda Mevlütoğlu in Ankara, Turkey on 17/05/2019

aerospace company. TUSAS finally began production in 1980 with the selection of the F-16 which later became the backbone of the Turkish aerospace industry. The lack of institutional harmonization, however, continued even after Turkey started to produce policy papers and strategy documents on defence industrialization policy.” (Kurç, 2017, p. 264) The military-civil tensions created inefficiencies.

3.3.2 Growing role of private sector and changing bureaucracy during Özal years: 1980-1990

The military appointed Bülent Ulusu to form a government in 21 September 1980. Turgut Özal was the Deputy Prime Minister of the mentioned government, in that sense; he was trusted by the army. Turgut Özal came to power with the elections in 1983, which was the first election after the military coup in 1980. The 44th Government of Turkey was the government formed by the military after the military coup in 1980 and stayed in power until 1983. Turgut Özal formed the 45th and 46th Government of Turkey and remained in power until 1989. Unlike previous governments, Özal enjoyed political stability and good relations with the military that goes hand in hand, thus, he had the chance to implement his strategy on the arms industry but of course with the condition of accepting the superiority of the military.

The meeting between Vahit Erdem, the Founder Undersecretariat of SAGEB, and Commander of TAF Necdet Üruğ, right before the establishment of SAGEB summarizes civil-military relations of the time. Vahit Erdem states that ““Dear commander if you accept that I’m patriotic and honest just like you until it is proven

to be otherwise, it would be easier for us to succeed' was considered pleasing, he instantly assigned the military building for SSM."³⁶

What makes this meeting interesting is not only the humble attitude of Vahit Erdem which shows that civil bureaucracy takes the burden to prove that its side is trustworthy to establish a mutual trust, but also the fact that the Commander of TAF decides the location of the SSM's building, which shows the preponderance of the military.

Özal mainly has two types of endeavours for building arms industry. One is enforcing the private sector in the arms industry, which is a direct extension of the liberal economic program of Özal (Seren, 2018). For that purpose, joint-ventures of FMC from the USA with 51% and Turkish Nurol Holding with 49% share established FNSS (FMC-NUROL Defence Systems Inc.), British Marconi Communications (International) Limited with 51% and Turkish Has Holding with 22%, International Electronic with 15%, Elit Electronic with 12% share established MKAŞ, Lockheed-Martin from USA with 50.02% and Turkish Destek with 20.8%, Engin Arıkan with 22.3%, Kavala Group with 7% share established MİKES - *Mikrodalga Elektronik Sistemler Sanayi ve Ticaret Anonim Şirketi* (Microwave and Electronic Systems Inc.) (Bozkır, 1997, p. 57-58)

The second endeavour is regulating the state to form a bureaucratic apparatus that can answer the domestic needs. These are the foundation of SSDF and SAGEB³⁷ under the Ministry of National Defence under Law No. 3238.³⁸ Also, Özal's initiations led to the unification of the foundations of the military forces under

³⁶Bulucu, H. (2017). *Savunma sanayii müsteşarları gözünden Türkiye'de savunma sanayi-1*. Retrieved October 12, 2020, from <http://www.hbstrateji.com/savunma-sanayii-mustesarlari-gozunden-turkiye-de-savunma-sanayi-1-86>

³⁷SSB. (1985). *Savunma Sanayii Müsteşarlığının Kurulması Hakkında Kanun*. Retrieved October 13, 2020, from https://www.ssb.gov.tr/Images/Uploads/MyContents/F_20170913104007039980.pdf

³⁸SSB. (2019). *About us*. Retrieved June 13, 2019, from <https://www.ssb.gov.tr/website/contentList.aspx?PageID=39&LangID=2>

TSKGV. The SAGEB's tasks were to set policies regarding the establishment of the infrastructure of the defence industry with the authority and responsibility to apply these policies. Subsequently, the SAGEB was restructured as the SSM³⁹ in 1989.

SSDF is founded to overcome the shortcomings of bureaucratic procedures since budgets are annual plans, but the sustainability of the production in the arms industry, including unexpected shocks, requires continuity and speed (Küçük, 1990; Günlük-Şenesen, 1995; Günlük-Şenesen, 2001). SAGEB, which shortly becomes SSM, was exempt from public procurement procedures. It has its fund, so its dependency on the budget is low. “MSB, Ministry of Finance and Prime Ministry appoint one auditor each to the Supervisory Board which monitors SSDF.”⁴⁰ So the monitoring of SSDF is also separately regulated. In short, the arms industry was kept away from civil bureaucracy as much as possible, which pleased the military bureaucracy and intentionally or not protected it from the delays and fluctuations of the bureaucracy (Küçük, 1990; Tremblay, 1997; Unnithan, 2005).

Both of these actions; increasing the number of players in the market, which is focusing on indigenization and establishing a bureaucratic apparatus by the civil government for defence industries are two major initiations of Özal's era. But the presence of the military bureaucracy was unquestionable and unchallengeable even in the bureaucratic apparatus of the defence industries. Özal's attempts were presented as a step further for normalization in the military-civil relations, especially after the military coup of 1980 (Seren, 2018).

³⁹SSB. (2019). *About us*. Retrieved June 13, 2019, from <https://www.ssb.gov.tr/website/contentList.aspx?PageID=39&LangID=2>

⁴⁰T.C. (1985). *Savunma Sanayii ile İlgili Bazı Düzenlemeler Hakkında Kanun*. Retrieved May 13, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/1.5.3238.pdf>

Özal increased the inclusion of the civilians both in the bureaucracy and in the procurement by starting joint-venture arms companies that have increased the dynamism of defence industries by combining national and international private sectors to the market. Dr Merve Seren states that “Özal was a former officer of DPT – *Devlet Planlama Teşkilatı* (State Planning Organization) and was experienced in planning economic development. Science and technology is always a priority for Özal; he prefers to accelerate the flow of technology transfer, projects, and capital.”⁴¹

The endeavour to focus on research and development did not pay off in the short run because “The budget for R&D was only 0.3 % of the budget of the Ministry of National Defence” (Seren, 2018, p. 19), it is important to understand the importance of the endeavour to liberalise Turkish economy with focus on increasing domestic production (Seren, 2018; Mevlütoğlu, 2019).

Turgut Özal tried to sync the state’s needs with the private sector’s profit, rather than using the state’s funds only. “Although state monopoly maintained its place until 1985, the private sector which was not allowed to invest in the domestic defence market, started to be incentivized to do so” (Seren, 2018, p. 18). Increased space for the private sector and local production of international projects contributed to the endeavours to aggregate industrial know-how. This engagement to the global projects and production under license (Dvir & Tishler, 2000) also created an opportunity for increased technology transfer especially through the production of F-16 projects which, in time, increased the expertise of TAI significantly (Mevlütoğlu, 2017).

⁴¹Interview conducted with Dr Merve Seren in Ankara, Turkey on 15/03/2019

Gülay Günlük-Şenesen takes the military expenditure of Turkey and Greece from SIPRI and turning points of relations from 1980 to 2001 to check whether there is an “action-reaction pattern” (Günlük-Şenesen, 2004). According to Günlük-Şenesen

The level of Greek defence spending was close to, or more than, that of Turkish defence spending in the 1980s. The significant increase in Turkish military expenditures, starting in 1989, begins the 1990s with a remarkably huge divergence from the Greek expenditure, as the latter only started increasing, and even then at a milder pace, in 1994. On average, Turkish defence spending is about 60 percent higher than that of Greece during the period 1990-2001. (Günlük-Şenesen, 2004, p. 83)

However, as the author shows that the relationship between the conflicts and the military expenditure are not significant for both sides. Turkey, especially after 1989, continues to build arms even when it had “harmonious relations” with Greece (Günlük-Şenesen, 2004, p. 81). The author comes up with several possible explanations and one of them is that “Turkey's confidence in its much larger scale might allow for not making its plans specific to Greece.” (Günlük-Şenesen, 2004, p. 89) It is safe to argue that Turkey’s main motive is not to react to Greece but to achieve defence autarky as presented by the literature (Günlük-Şenesen, 2001; Bitzinger, 2011; Bitzinger, 2013; Kurç, 2017; Bağcı & Kurç, 2017). The investments of the second period (1980-1990) led to the continuous growth in the third period (1990-2002).

3.3.3 Years of political and economic uncertainty and the role of “foundation companies”: 1990-2002

After Özal's term, Turkey went into a period of political instability. From 1989 to 2002, in thirteen years, eleven governments (from 47th to 57th) founded. In this

period, due to consequent elections, political parties had limited energy to deal with the arms industry (Tremblay, 1997; Unnithan, 2005). The governments of this era also suffered from an economic crisis that reciprocally generates and generated by political instability. According to data received from the World Bank, Turkey exhibited a negative GDP growth thrice in 1994, 1999, and 2001.⁴² The last and the next year Turkey exhibited a negative GDP growth was in 1980 and 2009,⁴³ respectively. In that sense, it is safe to say that Turkey was in an unusually dire situation economically.

Economic and political instability was the main problem of the Turkish governments in the 90s and the first years of the millennium. But, data received from SIPRI shows that there is no significant fall in the military expenditure as a percentage of GDP. Between 1983 and 2002, the minimum and maximum military expenditures as a percentage of GDP are 4.1% and 2.9%, 3.7% on average.⁴⁴ This means that the military expenditure is somewhat stable. Military expenditures as a percentage of GDP in the years of negative GDP growth (1994, 1999, and 2001) are 4.1%, 3.9%, and 3.6%, respectively, and average military expenditure as a percentage of GDP of Turkey between 1970 and 2002 is 3.8%.⁴⁵ Continuity of the military expenditures shows the general gesture of the governments of Turkey post-Özal and pre-AKP towards arms industry, which is to maintain rather than develop the existing industry. This is also in line with the previous works (Günlük-Şenesen, 1995; Günlük-Şenesen, 2001; Günlük-Şenesen, 2002).

⁴²World Bank. (2019). *GDP growth (annual %) - Turkey*. Retrieved December 25, 2019, from <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=TR>

⁴³World Bank. (2019). *GDP growth (annual %) - Turkey*. Retrieved December 25, 2019, from <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=TR>

⁴⁴Stockholm International Peace Research Institute. (2019). *Military expenditure database*. Retrieved December 25, 2019, from <https://www.sipri.org/databases/milex>

⁴⁵Stockholm International Peace Research Institute. (2019). *Military expenditure database*. Retrieved December 25, 2019, from <https://www.sipri.org/databases/milex>

This era is not as active as Özal's on reforming the arms industry but the governments of this period succeeded to maintain the ongoing know-how accumulation and to reform SSDF. In other words, they were not disregarding towards the arms industry. In this period, there is continuity in SSDF's regulation and expertise accumulation but a discontinuity in the empowerment of the private industry.

There are two critically important tasks completed in this era, namely; reforming SSDF and accumulating know-how. The regulations of SSDF defined contributions from various resources such as “annual budget contributions, share of tax from the sales of alcoholic drinks and tobacco products, revenues mentioned in the relevant article of the Law on the National Lottery Organisation, revenues to be obtained from the paid military service in accordance with the relevant article of the Law on the Military Service...” (Küçük, 1990, p. 22-24) The regulation on the sources of SSDF defined each source as constants rather than rates, which created a considerable problem. Because, for instance, the money taken from the sale of alcoholic beverages remains constant while the value of the same amount money changes every day, in the long run, cost of the constant money becomes meaningless (Küçük, 1990), which was noticed by Yalçın Burçak in 1993, in the earlier days of his duty as Undersecretary of Defence Industries. Yalçın Burçak argues “To give a solid example, 40 TL was cut from a package of cigarettes to the fund. 40 TL was 6% of the total price of a package of cigarettes in 1986 and not even 0.1% in 1994.”⁴⁶

Burçak succeeded to generate new resources to lower the 500 Million USD deficit by increasing the autonomy of the SSDF. For example, SSDF was giving 30% of the resources of the fund back to the budget and Burçak eliminated this link

⁴⁶ Bulucu, H. (2017). *Savunma sanayii müsteşarları gözünden Türkiye'de savunma sanayi-2*. Retrieved October 12, 2020, from <http://www.hbstrateji.com/savunma-sanayii-mustesarlari-gozunden-turkiye-de-savunma-sanayi-2-87>

increasing the independence of the SSDF from the budget⁴⁷. Another example is the transfer of the obligation to finance F-16 jets and Knox-type frigates from SSDF to MSB.⁴⁸ As a result, SSDF not only could pay down the deficit but also became much more independent in the long run that accelerated the decision-making (Unnithan, 2005; Tremblay, 1997).

Accumulating know-how through international projects such as “project for the procurement of F-16 jets, armoured combat vehicles, and HF-SSB radios” (Mevlütöğlü, 2019, p. 60) drawn to Turkey in Özal's term continued in this period. Also, the joint-ventures found by Özal gained considerable experience through the mentioned international projects, while the number of the joint-ventures remained stagnant in this era. “Production under license, gaining experience with production projects, and a process of building infrastructure occurred in the period between 1985 and the early 2000s.” (Mevlütöğlü, 2019, p. 60)

While Özal was trying to increase the activity of private industry, such an endeavour is not observed in Süleyman Demirel and Tansu Çiller. While foundation companies were growing, under politically unstable conditions, governments of Turkey did not push for empowering private industry; they did not establish new joint-ventures. Thus, foundation companies became the primary actors of the Turkish arms industry through the end of the 90s, while private companies continued to exist (Mevlütöğlü, 2019).

⁴⁷Bulucu, H. (2017). *Savunma sanayii müsteşarları gözünden Türkiye'de savunma sanayi-2*. Retrieved October 12, 2020, from <http://www.hbstrateji.com/savunma-sanayii-mustesarlari-gozunden-turkiye-de-savunma-sanayi-2-87>

⁴⁸Bulucu, H. (2017). *Savunma sanayii müsteşarları gözünden Türkiye'de savunma sanayi-2*. Retrieved October 12, 2020, from <http://www.hbstrateji.com/savunma-sanayii-mustesarlari-gozunden-turkiye-de-savunma-sanayi-2-87>

3.4 Conclusion

This conclusion part aims to point out the main limitations that challenged the development of the arms industry, signal the shifts that occur from one government to another regarding their ultimate horizon on building an arms industry, and evaluate the conditions of the limitations just before AKP came to power. The three main parameters represented here are legislative capacity, bureaucratic capacity (civil-military relations), and industrial capacity (know-how). Each of these parameters either limits or encourages the endeavours to build a national arms industry. For example, Özal's term, when compared with the periods before AKP, was resourceful in terms of establishing legislative and bureaucratic capacity and thus could implement various policies and shape the structure of the Turkish arms industry with relatively lower clashes with the military bureaucracy. Whereas as seen in the TUSAŞ case, bureaucratic clashes over the arms industry can cause huge delays which is the worst enemy of building an arms industry (Unnithan, 2005).

Governments are forced to act according to these parameters and as a result, these parameters and government's capacities shape the decision-making process of the governments. Each government of Turkey after the fall of the Soviet Union invested more or less on the arms industry to secure Turkey's "arms-import supply line" (Brauer, 1998, p. 5) but even though the main reason is more or less the same, the ultimate expectations from the arms industry varied. What the government wants the arms industry to become ultimately is conceptualized in this work as the ultimate horizon of the mentioned government's strategy on the arms industry and governments shift their ultimate horizon according to their capacity.

In terms of production strategies, the ultimate horizon of the arms industry in the 70s was specific arms, especially tanks. Turkey tried to build its arms and failed in various ways only to learn that it was impossible to build an arms industry without engaging with the international projects and private sector. Governments of the first period had low legislative, bureaucratic and industrial capacity. Özal moves towards a horizon to establish a functioning market through international and local engagement with foreign actors and private firms. He had the legislative capacity and the sympathy of the military that enabled him to enact many reforms that lead to the foundation of SSM and SSDF which can be accepted as the inception of the bureaucracy of the Turkish arms industry and establish joint-ventures. As a result, his good relations with the military enabled him to structure a bureaucratic apparatus built in favour of military bureaucracy in decision-making but eventually an apparatus that enables civilian influence to some extent and he used his legislative and bureaucratic capacity to build industrial capacity, which Turkey needed the most in Özal's term.

In the 90s, the ultimate horizon is not a functioning market anymore, but increasing industrial capacity mostly through foundation companies, because they had low legislative and bureaucratic capacity to engage in civil-military clashes in the domain of bureaucratic politics. Çiller and Demirel contributed with their limited capacity but the main contribution of this period is the maintenance of the Özal's investments which brought a considerable amount of accumulated expertise. In the 90s, the arms industry of Turkey shaped like a triangle, and TSKGV companies are at the top, but at the same time, private companies like FNSS also accumulated expertise through production under license (Mevlütöğlü, 2019).

Before AKP governments, Turkey had been accumulating know-how since 1985. In that sense, the industrial capacity was high and the arms industry was ready for further developments. The inception of the bureaucracy of the Turkish arms industry brought by Özal increased the importance of the legislative capacity. Establishing a bureaucratic apparatus to orchestrate the arms industry requires good relations with the military but regulating the already existing apparatus requires only legislative capacity. Although the bureaucratic apparatus built by Özal was mostly dominated by military personnel, a government with high legislative capacity could change the settings.

Within the framework of military-civil relations, the military may, as it did in the Turkish case, welcome civil government's endeavour to generate a bureaucratic apparatus to fulfil the needs of military. The mentioned apparatus becomes a domain of rivalry between military bureaucracy and civil bureaucracy. Because even if the original structure gives the military the upper hand within the bureaucracy of arms industry, the structure can be changed in time by the governments only, as long as it has political power with the assumption that military bureaucracy does not act as an actor above the law with military interventions. But it is worth noting this does not mean military bureaucracy would not passively resist the civil influence within the bureaucratic structure, and in that sense civil-military cooperation is necessary even for governments that have immense legislative capacity. To sum up, before AKP, Turkey had the industrial capacity and a bureaucracy that can be regulated by the government and dominated by military personnel. It is safe to say that the most important necessity was legislative capacity and a strategy to actualize the already accumulated know-how.

CHAPTER 4

EXPANSION UNDER AKP: WHY AND HOW

4.1 Introduction

This chapter's main goal is to show the change occurred under the AKP rule starting from the point where the background ended and try to explain why and how the expansion of the arms industry occurred. To be able to describe and explain the change, this chapter examines the continuity and discontinuity of four dimensions of the change. These dimensions are the relationship between NATO and Turkey which was already the primary reason to start building arms, the production strategy of the arms industry itself that determines who to build which arms to what extent, the nature of the decision-making process that reflects the civil-military relations and bureaucratic structure of the arms industry, and the legislative capacity which proved crucial for AKP to restructure the bureaucracy of the Turkish arms industry. While there is a discontinuity in the production strategy, the bureaucratic structure, and the legislative capacity; there is continuity in the dissonance between Turkey and NATO.

The first part and second part of this chapter shows the continuity of the lack of harmony between Turkey and NATO. The third part focuses on the production strategies of AKP as a major motivation behind the expansion of the defence industry. The fourth part analyses the institutional design of the Turkish arms industry and how and why it changed the decision-making processes under the lens of military-civil relations. The fifth part draws attention to the political context and how the legislative capacity AKP enjoyed enabled the government to generate a bureaucratic shift in the decision-making

4.2 Deteriorating ties with NATO and desire for an autonomous foreign policy

Turkey's governments' approaches to building arms and Turkey's relations within NATO are interactive as shown before. Turkey, threatened by the Soviet Union (Bozkır, 1997), invested in arms until securing itself by becoming a member of NATO. Aids made by the alliance after the accession of Turkey decreased necessity to invest in arms until the dissonance within the alliance (Seren, 2018) caused a threat to the supply line of the arms (Brauer, 1998) that pushed Turkey towards autarky (Kurç, 2017; Bağcı & Kurç, 2017). This part aims to show that the dissonance within the alliance and Turkey's desire to achieve defence autarky and foreign policy independence persists in the AKP term as well.

The persistence of the dissonance does not necessarily mean that Turkey sways away from the alliance every day, but it shows that there is a level of scepticism among the allies emerged after the fall of the Soviet Union and Turkey's intervention to Cyprus, weakening the bond between the alliance and Turkey ever since. Also, according to Kibaroglu and Sazak, "Turkey is seeking to upgrade itself from a 'junior partner' to a 'regional power.' Where this agenda is running into resistance from the West, Turkey is taking bold and unconventional steps to show that it's not without options." (Kibaroglu & Sazak, 2015, p. 108) In other words, Turkey's efforts for autarky increase tensions within the alliance (Kurç, 2017). The persistence of this scepticism is relevant because it fragilizes of the arms supply line (Brauer, 1998) of Turkey, as shown in the previous chapter of this work (Bozkır, 1997; Diker, 1994). It is almost impossible to evaluate the future of this complex relationship but it is safe to say the divergences of the perceptions among the alliance that occur in time are not perfectly resolved.

Two significant issues were particularly important regarding relations within NATO and security perceptions. These are the rejection of US troops in 2003 and the disagreements over the Syrian Civil War. There are countless points one may choose to observe to understand whether Turkey's allegiance to the alliance is getting stronger or weaker.

Starting with the rejection of the US troops in 2003, according to The New York Times, "The Turkish Parliament today dealt a heavy blow to the Bush administration's plans for a northern front against Iraq, narrowly rejecting a measure that would have allowed thousands of American combat troops to use the country as a base for an attack."⁴⁹ Turkey denied US troops because of two essential reasons.

Firstly, Turkey did not want any regional conflict to arise because Turkey had been implementing the strategies of increased trade in the area. Stability was essential for the growth of the free trade that contributed to the Turkish economy. "Iraq had become a major destination of Turkish goods after the 2001 crisis, which helped it to restore economic order, and an invasion would distort everything." (Oran, 2013, p. 403) In short, Iraq was not a security threat for Turkey but a regional partner of trade while it was a threat to the US.

Secondly, Turkey did not want any action that may eventuate a Kurdish state. "Turkey did everything in its power to prevent an invasion which would shatter the regional balance, bring into existence a Kurdish state in Northern Iraq, and damage Turkey's economic relations." (Oran, 2013, p. 406) Instability was the last thing Turkey desired in the region while the US was pushing for Turkey's support for US troops to intervene in Iraq. For Turkey, the possibility of the emergence of a Kurdish state was the main security threat but for the US, it was not. The positions of Turkey

⁴⁹Filkins, D. (2003, March 02). *Turkish deputies refuse to accept American troops*. Retrieved March 25, 2019, from <https://www.nytimes.com/2003/03/02/world/threats-and-responses-ankara-turkish-deputies-refuse-to-accept-american-troops.html>

and the US on the possibility of the emergence of a Kurdish state are unequivocally divergent, as also seen in the Syrian Civil War.

Syrian Civil War was yet another issue of dissonance with NATO and has shaken the regional and global balances while triggering the emergence of various armed groups and mass migration. Although the crisis is multidimensional, the point here is to show how the threat of a possible emergence of a Kurdish state in the region (Oran, 2013) for Turkey escalated and how the US and Turkey differentiated on their security perceptions. While both the US and Turkey perceived ISIS (Islamic State of Iraq and Syria) as a threat, the US perceived PYD - *Partiya Yekitiya Demokrat* (Democratic Union Party) as a partner to fight ISIS (Zanotti & Clayton, 2017; Lemmon, 2017), while for Turkey “PYD/YPG is the Syrian offshoot of PKK, which is recognized as a terrorist organization also by the EU and NATO.”⁵⁰ On the fighting against ISIS, Turkey argues that “terrorist elements cannot be legitimate partners in the fight against terrorism.”⁵¹

Apart from diverging perspectives on security threats, Turkey also argues PYD tries to establish itself in the region to turn into a state-like entity, which refers to the central security threat of Turkey; “bring into existence a Kurdish state” (Oran, 2013, p. 406). Turkey accuses PYD to smear the fight against ISIS to boost the establishment process and the US to remain unresponsive to the security threats Turkey face. Ministry of Foreign Affairs of Turkey on their press release argues:

⁵⁰Republic of Turkey Ministry of Foreign Affairs. (2019). *Press release regarding certain comments in the international community on Operation Peace Spring*. Retrieved February 19, 2020, from <http://www.mfa.gov.tr/>

⁵¹Republic of Turkey Ministry of Foreign Affairs. (2017). *Statement of the spokesperson of the Ministry of Foreign Affairs, Ambassador Hüseyin Müftüoğlu, in response to a question regarding the statements of the Deputy Spokesperson of the US State Department alleging that the Turkish Air Force conducted the air operation of April 25 targeting the PKK/PYD/YPG positions in Syria and Iraq without proper coordination*. Retrieved February 19, 2020, from <http://www.mfa.gov.tr/>

It is an extremely grave and eye-opening revelation that the so-called “Syrian Democratic Forces” dominated by PYD/YPG, the Syrian extension of the terrorist organization PKK, brokered a deal with the terrorist organization DEASH to evacuate a large number of DEASH terrorists from Raqqa while the operation to clear DEASH from Raqqa was already underway. As we have emphasized on every occasion, the purpose of PYD/YPG in Syria is not to fight against DEASH, but to create illegitimate faits-accomplis on the ground, to occupy territories and to alter their demographic structures. The deal sets a new example of the fact that fighting one terrorist organization with another would eventually result in these terrorist organizations colluding with each other. We also deplore the statements of the spokespersons of the Global Coalition Against DEASH and the US Department of Defence whereby they not only did not deny the existence of the deal but, on the contrary, expressed their “respect” for it.⁵²

In short, Turkey within NATO could not sync with its allies on their threat perspective beyond its borders. The disharmony was not only limited to emerging threats but also existing defence mechanisms. Syrian Civil War created a security threat for Turkey not only beyond but also within its borders, due to the proximity. Turkey’s missile defence system was reliant on Patriot systems that belonged to NATO allies such as Germany, Netherlands and the US. Germany, the US, and the Netherlands withdrew their Patriot batteries and left Turkey defenceless in a time of Russian aggression in Turkish airspace (Emmott, Siebold & Stewart, 2015). As a result, Turkey questioned NATO’s willingness to protect Turkey from external strikes (Emmott, Siebold & Stewart, 2015).

These conflicts can be as relevant as their reflections upon the arms industry because Turkey has been investing in its arms industry for approximately 30 years. Since building an arms industry is a long term project, states do not shift their endeavours easily most often than not. These clashes are relevant in two ways. Firstly, these clashes may cause blockage of the supply of arms import if it results in

⁵²Republic of Turkey Ministry of Foreign Affairs. (2017). *Press release regarding the secret deal that the terrorist organization PYD/YPG reached with DEASH for the evacuation of DEASH terrorists from Raqqa*. Retrieved February 19, 2020, from <http://www.mfa.gov.tr/>

an embargo (Brauer, 1998; Nosek 2006), enforcing the need to build arms. Secondly, even when an embargo is not evident, lack of harmony may sustain the mistrust among the parties providing occasions for a possible embargo (Diker, 1994; Bozkır, 1997; Seren, 2018). According to Seren, “Turkey was pushed to move from acquisition to joint-production, due to the frustration brought by the continuity of conflicts of interests with NATO.”⁵³

4.3 Production strategies as complementing processes in expansion of arms industry

As noted earlier, the debate of indigenous and national arms industry that had occurred and existed in the previous phases prior to AKP starts to fade in this era because AKP merges pro-indigenisation and pro-nationalisation perspectives. The purpose of this part is to describe the production strategy of AKP and its links to the expansion of the Turkish arms industry. As shown in the background chapter, production strategy is important since it is the reflection of a set of decisions that determines the projects focused on, actors in the industry and the military-civil balance among them, and ultimate horizon governments try to achieve.

This part aims to achieve its goal in two steps. The first step is to generally locate AKP’s production strategy which is a hybrid strategy that is formed by adding and extracting certain features of the former strategies, within the framework established by two main sides; pro-indigenization and pro-nationalization and stress the marginal change of production strategies of the 90s governments’ and of the AKP’s. The second step is to show how AKP enacted its production strategy and decided what to produce, via whom, and to what extent.

⁵³Interview conducted with Dr Merve Seren in Ankara, Turkey on 15/03/2019

The production strategy of AKP is mainly the realization of aggregated know-how and focusing on producing local projects indigenously mostly through the foundation companies of the TAF. AKP's strategy has similarities and differences with the ideal pro-indigenous and pro-national strategies. The strategy of AKP is taking producing local projects from the pro-nationalization side and producing in Turkey rather than acquisition from the pro-indigenization side of the debate while excluding increased inclusion of the civil industries feature of pro-indigenous agenda and reduced international partnership principle of the pro-nationalization side of the debate. What this hybridization means becomes more visible when we stress the differences of the strategies of the 90s governments and AKP's within the framework of what to produce, by whom and to what extent.

As discussed earlier, Özal's strategy was on producing international projects, through civil and military companies to increase national capacity in general. It is important to note that he was endorsing the inclusion of the civilian industries so was the birth of firms that are founded with international partnership such as FNSS, MKAŞ, MİKES and so on (Bozkır, 1997). The governments of the 90s continued to follow the same pattern but since they were unable and/or unwilling to create new space and increase inclusion for civilian entrepreneurship, the foundation companies started to establish their leadership in the market through the 90s (Mevlütöğlü, 2019). However, while civil-military rivalry continues, number of reforms for EU membership curbed the political power of the military which led to increased ground for SSM for decision-making in the defence industries (Karaosmanoğlu, 2011; Kurç, 2017)

AKP changed what to produce and to what extent but had not challenged who to produce. AKP shifted what to produce from the “production under licence to production of indigenous and national solutions” (Mevlütöğlü, 2019, p. 60). The extent to produce shifted from “modernization of TAF”⁵⁴ to “fulfilling the needs of TAF, MİT and EGM”⁵⁵ in 2011 and to “a new vision focused on export” (Kuloğlu, 2015, p. 110) and “increased competition and increasing the capacities of related civil industries”⁵⁶ in 2014. In other words, there are two shifts in the horizon throughout the AKP term, while the main actor in AKP’s strategy remains as the foundation companies of the Turkish Armed Forces and the main projects are the local projects produced with expertise in the Turkish arms industry which has been aggregated through last two decades.

4.3.1 What to produce? : Rising domestic production and design

In 2004, Erdoğan appointed Murad Bayar as Undersecretary of Defence Industries and SSM started to transform. The projects of SSM changed in a way to express the new production strategy. SSİK - *Savunma Sanayii İcra Komitesi* (Executive Committee of Defence Industries) abandoned production under-license and started to focus on producing original platforms. Arda Mevlütöğlü states “The summit of SSİK on 14 May 2004 is a turning point. Production under license is abandoned, and focuses on indigenous projects such as ALTAY and ATAK started.” (Mevlütöğlü, 2019, p. 60)

⁵⁴T.C. (1985). *Savunma Sanayii ile İlgili Bazı Düzenlemeler Hakkında Kanun*. Retrieved May 13, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/1.5.3238.pdf>

⁵⁵Resmi Gazete. (2011, October 2). *Kanun Hükmünde Kararname*. Retrieved October 13, 2020, from <https://www.resmigazete.gov.tr/eskiler/2011/11/20111102M1-1.htm>

⁵⁶Republic of Turkey Ministry of Development. (2014). *The tenth development plan 2014-2018*. Retrieved October 12, 2020, from <http://www.resmigazete.gov.tr/>

According to Action Rapport of SSB published 2017, Turkey imported defence instruments like Cobra AH-1 W (attack helicopter) and MLRS (rocket system) before the 90s. Between the years 1990-2000, Turkey started the joint production of specific devices like Cougar helicopter and Elementary Instruction Flight. From 2000 to 2010, Turkey began to the partial design of the main platforms of ALTAY MBT (main battle tank) and ANKA UAV (uncrewed aerial vehicle). Turkey started to work on the domestic production of original designs of MMU – *Milli Muharip Uçak* (National Combat Aircraft), Göktürk-3 (satellite), and the program for the original helicopter in 2010 to complete till 2020. After this goal is attained, SSB plans to achieve total domestic production, maintenance, and development of advanced technologies before 2030.⁵⁷

While SSB’s Action Rapport is not fully accurate in its future projection, for example, MMU is still not finished in 2020; but its historical categorization is accurate in claiming Turkey’s shift from production under license to designing its arms in the first years of the 2000s. Abandoning producing arms under license and focusing on local projects is functional because this shift meant the realization of the already aggregated know-how that started in Özal’s era which proliferated the number of projects as shown in Figure 1.⁵⁸

⁵⁷SSM. (2017). *Performans programı*. Retrieved October 13, 2019, from https://www.ssb.gov.tr/Images/Uploads/MyContents/F_20170523144514098421.pdf

⁵⁸SSB. (2019). *Current situation*. Retrieved April 15, 2019, from <https://www.ssb.gov.tr/WebSite/contentlist.aspx?PageID=48&LangID=1>

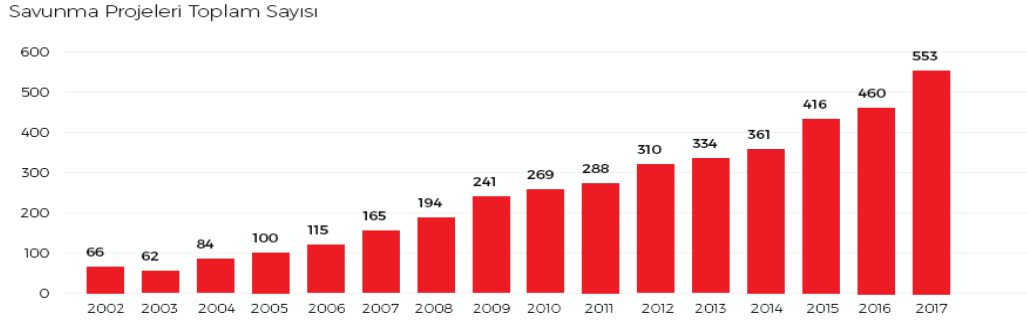


Figure 1 Number of defence projects
Source: SSB. (2019). *Current situation*. Retrieved April 15, 2019, from <https://www.ssb.gov.tr/WebSite/contentlist.aspx?PageID=48&LangID=1>

The increasing number of projects for finding national solutions also followed by a steady increase in the total contract prices of the defence projects starting from the early-2000s. This accordance in growth shows that there is an increase in the number of projects as well as the energy spent in total for these defence projects throughout the years. The total contract prices of the defence projects are shown in Figure 2.⁵⁹

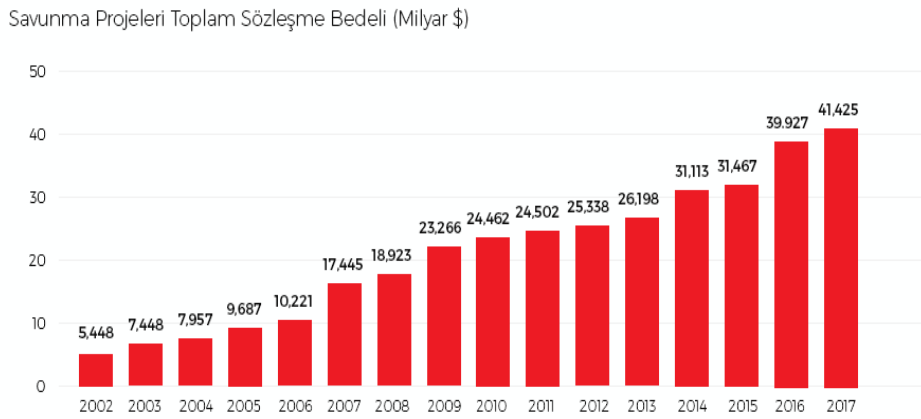


Figure 2 Total contracts of defence projects
Source: SSB. (2019). *Current situation*. Retrieved April 15, 2019, from <https://www.ssb.gov.tr/WebSite/contentlist.aspx?PageID=48&LangID=1>

⁵⁹SSB. (2019). *Current situation*. Retrieved April 15, 2019, from <https://www.ssb.gov.tr/WebSite/contentlist.aspx?PageID=48&LangID=1>

Realizing the expertise aggregated through the last two-decade not only led to an increase in the number and total value of the projects but also the defence industry as a whole. While the numbers and total expenditure on defence projects increase steadily, the defence industry's produced more value in accordance. The growing turnover of the arms industry of Turkey according to the data retrieved from SaSaD - *Savunma ve Havacılık Sanayii İmalatçılar Derneği* (Defence and Aerospace Industry Manufacturers Association) from years 2008 to 2017 are shown in Table 2.⁶⁰ According to this work, the growing turnover of the industry is another indicator of the aforementioned expansion that occurred in the production side of the Turkish armed industries.

Table 2. Total Turnover for Last 10 Years (Million \$)

Years	Turnover	%Change (from 2008)	%Change
2008	\$3,112		
2009	\$3,067	-1.45%	-1.45%
2010	\$4,174	34.16%	36.10%
2011	\$4,400	41.39%	5.41%
2012	\$4,756	52.83%	8.09%
2013	\$5,076	63.11%	5.75%
2014	\$5,101	63.91%	0.49%
2015	\$4,908	57.71%	-3.78%
2016	\$5,968	91.77%	21.60%
2017	\$6,693	115.07%	12.14%

Source: SaSaD (2013) Industry report; SaSaD (2017) Performance report.

⁶⁰SaSaD. (2012). *Industry report*. Retrieved May 17, 2019, from <https://www.sasad.org.tr/uploaded/Defense-and-Aviation-Industry-Performance-Report-2012.pdf>; SaSaD. (2017). *Performance report*. Retrieved May 17, 2019, from <http://www.ostimsavunma.org/content/upload/document-files/sasad-performans-raporu-2-20180518140558.pdf>

Why AKP wanted to continue to build arms was the continuity of the dissonance with NATO and the desire to reach defence autarky as shown. As a result, AKP made use of the know-how aggregated by the former Turkish governments' heritage to start the expansion of the Turkish arms industry and evidence shows that AKP succeeded to some extent but this success of the shift on what to produce is interrelated with the other two pillars of the production strategy. It is worth-noting that shift in the production is enabled by the increased ground of the SSB in the decision-making process vis-à-vis the MSB and TAF thanks to the EU membership reforms that started before the AKP term (Sariibrahimoğlu, 1997; Kurç, 2017).

Meanwhile, military-civil relations were critically important in building arms, not for Turkey but for all cases around the world (Cohen, 2001; Nosek, 2006; Mevlütoğlu, 2017, Kurç, 2017). While cooperation between military and civil spheres bolsters the process of building arms, increasing tensions may create inefficiencies and postpone the process which is detrimental for arms building (Unnithan, 2005; Kurç, 2017). Who to produce arms becomes relevant at this point and the next chapter will show how AKP and the foundation companies had worked cooperatively, especially towards the first horizon, until 2014.

4.3.2 Who to produce arms? : Shifting balances in production

AKP began to nationalize indigenous production while focusing on projects for “national solutions” (Mevlütoğlu, 2019). The foreign shares of the foundation firms of the TAF are bought, and they are merged with other local firms to reinforce these companies. For instance, Lockheed Martin's shares of TAI is purchased, and TAI is combined with TUSAŞ in 2005 and MİKES which was found with the partnership of

US is taken by ASELSAN in 2015 (Mevlütöğlü, 2019). In this period, Mevlütöğlü states that “Production under license strategy is replaced with focusing on new projects for national and indigenous solutions. Indigenous firms are the main contractors that focus on genuine designs and proven designs with genuine subsystems.” (Mevlütöğlü, 2019, p. 60-61)

AKP not only continued to work with the foundation companies of the TAF that constitute a prominent share of the Turkish defence industry but also bought the foreign shares of them and strengthen them because they were already “too big to fail” (Kurç, 2017, p. 268). One way to show how this expansion occurred via foundation companies of TAF would be pointing out the success of ASELSAN and TAI for obtaining higher positions in global rankings. According to data taken from SIPRI, ASELSAN is the first Turkish company that could rank 92th in “top one-hundred arms-producing and military services companies in the world”⁶¹ in 2010. In 2016, ASELSAN rose to 70th place while TAI who had entered the list in 2014 as 95th as the second Turkish company, rose to 79th place.⁶² While such drastic growth observed in the foundation companies, private companies like FNSS and OTOKAR grew steadily throughout the years. According to SIPRI Fact Sheet:

With the aim of becoming a major regional power, Turkey has been increasing its military spending over the past few years and is developing a comprehensive national military–industrial base. The two companies based in Turkey listed in the Top 100 benefited from these efforts in 2018: their collective arms sales increased by 22%, to \$2.8 billion. Military electronics producer ASELSAN (ranked 54th) increased its arms sales by 41% in 2018, to \$1.7 billion, while arms sales by Turkish Aerospace Industries (ranked 84th) rose very slightly (by 0.5%), to \$1.1 billion. Although several smaller Turkish arms producers grew rapidly in 2018, they remained outside the Top 100. (Fleurant, A. et al., 2019, p.7)

⁶¹Stockholm International Peace Research Institute. (2017). *Arms industry database*. Retrieved December 25, 2019, from <https://www.sipri.org/databases/armsindustry>

⁶²Stockholm International Peace Research Institute. (2017). *Arms industry database*. Retrieved December 25, 2019, from <https://www.sipri.org/databases/armsindustry>

It is safe to say, the foundation companies of the TAF played the primary role in the procurement. AKP continued to work with the foundation companies rather than following the Özal's strategy to open up new space for private entrepreneurship. Instead, AKP's strategy of inclusion of the private sector was to increase the role of the private industries as subcontractors within the triangle structure of the Turkish arms industry which was the incumbent structure when AKP came to power (Kuloğlu, 2015). But since the top of this triangle is formed by the foundation companies, the inclusion of the private firms is dependent on how much space will be left by the foundation companies and various experts argue that foundation companies do not share responsibility enough with the subcontractors and try to expand their control over the projects that they are working with. Dr Merve Seren argues that "Foundation companies do not make use of the subcontractors enough; they need to share responsibilities with the subcontractors and focus on high-technology research that forms the most crucial dependency of TAF."⁶³

Dr Seren is accurate on addressing the attitude of the foundation companies who exclude civilian approaches from time to time. The attitude of the foundation companies towards the civilian spheres was one of the major reasons why AKP wanted to increase civilian influence within the defence industry. Foundation companies have the tendency to expand their control over and in-depth of the project they work with which underlies one characteristic feature of the foundation companies. They are not profit-maximizing entities. Arda Mevlütoğlu explains this tendency of the foundation companies as "They are focused on producing arms in a reasonable period. Thus, they engage in too many projects and try to produce every element of it rather than sharing the burden with the subcontractors."⁶⁴

⁶³Interview conducted with Dr Merve Seren in Ankara, Turkey on 15/03/2019

⁶⁴Interview conducted with Arda Mevlütoğlu in Ankara, Turkey on 17/05/2019

In short, the foundation companies of TAF are focused on the production “in a reasonable period” so that it contributes to the operational capacity of the TAF, rather than the economic aspects of the production, which hinders competition and production efficiency. The tendency of the foundation companies to extend over the production also harms the inclusion of the civil subcontractors, which decreases the economic spill-over effects this triangle structure aims to reach (Kuloğlu, 2015). It is safe to say the foundation companies of the TAF in the production processes exhibit an attitude towards civilian firms similar to military bureaucracy’s disregard of policies and decisions that prioritize economic and technologic aspects of the arms industry (Ball, 1988), vis-à-vis the civil bureaucracy.

AKP decided to go with the incumbent triangle structure in which the foundation companies of the military were dominant. Decreasing foreign dependency was the superior motivation when compared to possible economic and technologic spin-offs (Ball, 1988; Brauer 1998). Not challenging the military companies and bureaucracy seems to ease the civil-military tensions. Why AKP choose not the challenge military companies and how it lubricated the civil-military relations will be presented in the next subpart.

4.3.3 Shifting horizons: Prioritizing economic gains and emphasis on increasing spill-over effects

Initially, AKP kept the incumbent structure but, in time; motivations to build arms changed in a way that the military-civil balance within the bureaucracy could not answer the needs of the civilian spheres such as economic growth and how AKP changed the bureaucracy of the Turkish defence industry. To make sense of the first production strategy of AKP, we need to take a quick look at the aim of the arms

industry right before AKP came to power. The greatest challenge of the arms industry in the first years of AKP was the high foreign dependency, as noted in the Eighth Five-Year Development Plan published in 2001: “Studies on the integration of the defence industry into the domestic industry and on increasing domestic input share are still carried on. Regarding defence industry products, however, the dependency to abroad persists to a great extent.”⁶⁵

As shown earlier, the most important factor that pushed Turkey to produce arms was the desire to reach defence autarky and foreign policy independence (Brauer, 1998; Nosek, 2006; Kurç, 2017; Seren, 2018). The main concern, in that sense, was to increase the national capacity and decrease foreign dependency. Turkey’s dependency was so high, despite the shift in the projects and increasing activity in the Turkish arms industry, this problem was not solved in the first five years of AKP. In fact, AKP planned to prioritize this issue of decreasing dependency until 2013, as noted in the Ninth Development Plan 2007-2013: “Activities have been carried out towards integrating the defence industry with the domestic industry and increasing the share of domestic input. However, high foreign dependency in defence industry products is still continuing.”⁶⁶

Hence, there were continued concerns over foreign dependency. The economic and technological, or civil aspects of the producing arms still took the back seat. Increasing the operational capacity of TAF and protecting it from the turbulences derived from international relations was the main goal that characterizes the first AKP period until 2013.

⁶⁵Republic of Turkey Prime Ministry State Planning Organization. (2001). *The eighth five-year development plan 2001-2005*. Retrieved October 12, 2020, from <http://www.resmigazete.gov.tr/>

⁶⁶Republic of Turkey Prime Ministry State Planning Organization. (2006). *The ninth development plan 2007-2013*. Retrieved October 12, 2020, from <http://www.resmigazete.gov.tr/>

But by 2013, “The main goals of the mentioned vision are achieved. Foreign dependency on defence fell from %75 to below %50 in ten years. There are almost no foreign main contractors. It is safe to say that Turkey crossed the critical threshold on the foreign dependency of arms.” (Kuloğlu, 2015, p.108) But in these ten years since the inclusion of the civil industry, economic spill-over effects over other civil industries, and the competition within the market were not necessarily met.

According to (Kuloğlu, 2015, p.108) this was mainly because “Small-medium sized enterprises grew less than expected under the pressure of the foundation companies. The foundation companies extend over the projects too much and lose their focus for the sake of growing easier instead of specializing in certain areas to increase their competitiveness.” As a result of the first production strategy then the ratio of foreign dependency had indeed fallen. While foreign dependency is still critically important, it is possible to argue that it is no longer as urgent as it used to be at the end of 2013.

Still there were challenges that emerged during this period. Firstly, there was little or no competition in the arms industry market. Foundation companies of the TAF did not compete with each other and they did not leave enough room for the civil firms to grow. Secondly, the foundation companies lost their focus to develop in a certain area to achieve international competitive advantage. Thirdly, as the defence industry of Turkey grew, as expected, engaging with other civil industries and making use of the knowledge gathered while establishing the arms industry for a general economic growth (Ball, 1998) becomes more and more tempting. That is why in 2014 AKP brought the 10th Development Plan of Turkey which still acknowledges the importance of decreasing foreign dependency but had significantly more emphasis on increasing competition and engagement of the defence industry with civil industries to increase national production capacity as a whole. It is noted in

the 10th Development Plan of Turkey: “Foreign dependency continues in defence industry. The experience of the defence industry in generating local supply capability will be utilized in medical devices and supplies industry. A competitive structure will be established in the defence industry.”⁶⁷

Yet, AKP’s plan to increase competitiveness and link the defence industry with the other national industries also required a change of balance within the decision-making mechanisms to balance the military-civil relations. As the next part will show the decision-making process in the Turkish arms industry used to be dominated by military personnel. As a result, the projects focused on by the foundation companies and how the relationship formed with the subcontractors are decided in the mentioned decision-making mechanism in the favour of the military spheres and against civil spheres. The main motivation of the foundation companies, as argued previously was to produce arms to be used by the TAF, within a reasonable period, but not necessarily in a manner to boost the economy as a whole or reflect its experience in other civil industries.

The next part is on how AKP changed the decision-making process within the arms industry and increased civilian influence to answer the increasing demands of the civilian spheres, civil industries, and civil bureaucracy while keeping the foundation companies intact. AKP increased civilian influence within the bureaucracy of the Turkish defence industry.

⁶⁷Republic of Turkey Ministry of Development. (2014). *The tenth development plan 2014-2018*. Retrieved October 12, 2020, from <http://www.resmigazete.gov.tr/>

4.4 The bureaucratic shift

In this part, bureaucratic structure and significant bureaucratic changes that occurred after the Turkey shifted to the presidential system will be represented to visualize the transformation from the first version of the bureaucracy of the arms industry of Turkey and the last version of it. Firstly, the bureaucratic structure of SAGEB in 1985⁶⁸ will be presented in Figure 3. Secondly, the existing structure of SSB which is reshaped in 2019⁶⁹ through the attachment directly to the Presidency on the 10th of July, 2018 with the Presidential Decree No: 1⁷⁰ in Figure 4. Lastly, significant differences will be compared. The bureaucratic design reflects the power relations between the military and the civilian authorities. While the structure in 1985 was militarily dominated, the structure in 2018 leaves room for more civilian influence.

The difference in the formation of SAGEB includes a change in name, purpose, position, and inner structure concerning civil-military balance in the decision-making. SAGEB in 1989⁷¹ transformed into SSM. SSM detached from MSB and attached to the Presidency in 2017.⁷² In 2018, under the Presidency, SSM became SSB.⁷³ While the law defined the purpose of SAGEB as “Improvement of the modern arms industry and modernization of TAF”⁷⁴ in 2011, “fulfilling the needs

⁶⁸SSB. (1985). *Savunma Sanayii Müsteşarlığının Kurulması Hakkında Kanun*. Retrieved October 13, 2020, from https://www.ssb.gov.tr/Images/Uploads/MyContents/F_20170913104007039980.pdf

⁶⁹T.C. Cumhurbaşkanlığı (2018). *Savunma Sanayii Başkanlığı Hakkında Cumhurbaşkanlığı Kararnamesi*. Retrieved April 15, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/19.5.7.pdf>

⁷⁰T.C. Cumhurbaşkanlığı. (2018). *Cumhurbaşkanlığı Teşkilatı Hakkında Cumhurbaşkanlığı Kararnamesi*. Retrieved October 12, 2020, from <https://www.mevzuat.gov.tr/MevzuatMetin/19.5.1.pdf>

⁷¹T.C. (1985). *Savunma Sanayii ile İlgili Bazı Düzenlemeler Hakkında Kanun*. Retrieved May 13, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/1.5.3238.pdf>

⁷²Resmi Gazete. (2017, November 20). *Kanun Hükmünde Kararname*. Retrieved October 12, 2020, from <https://www.resmigazete.gov.tr/eskiler/2017/12/20171224-22.htm>

⁷³T.C. Cumhurbaşkanlığı (2018). *Savunma Sanayii Başkanlığı Hakkında Cumhurbaşkanlığı Kararnamesi*. Retrieved April 15, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/19.5.7.pdf>

⁷⁴T.C. (1985). *Savunma Sanayii ile İlgili Bazı Düzenlemeler Hakkında Kanun*. Retrieved May 13, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/1.5.3238.pdf>

of MİT and EGM⁷⁵ was added to as purposes of SSM. Lastly, in 2018, the mission was defined as “fulfilling the needs of TAF, Gendarmerie General Command, Coast Guard Command, EGM and the Ministry of Interior.”⁷⁶

It is also worth noting that the significant bureaucratic changes occur after the 10th Development Plan of Turkey which was published in 2014. This is important because AKP enacted its production strategy towards the first horizon in a bureaucracy dominated by military personnel. The second horizon which is planned in 2014, however mostly coincides with the establishment of the new bureaucracy of the arms industry of Turkey which started to change in 2017.

⁷⁵Resmi Gazete. (2011, October 2). *Kanun Hükmünde Kararname*. Retrieved October 13, 2020, from <https://www.resmigazete.gov.tr/eskiler/2011/11/20111102M1-1.htm>

⁷⁶T.C. Cumhurbaşkanlığı (2018). *Savunma Sanayii Başkanlığı Hakkında Cumhurbaşkanlığı Kararnamesi*. Retrieved April 15, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/19.5.7.pdf>

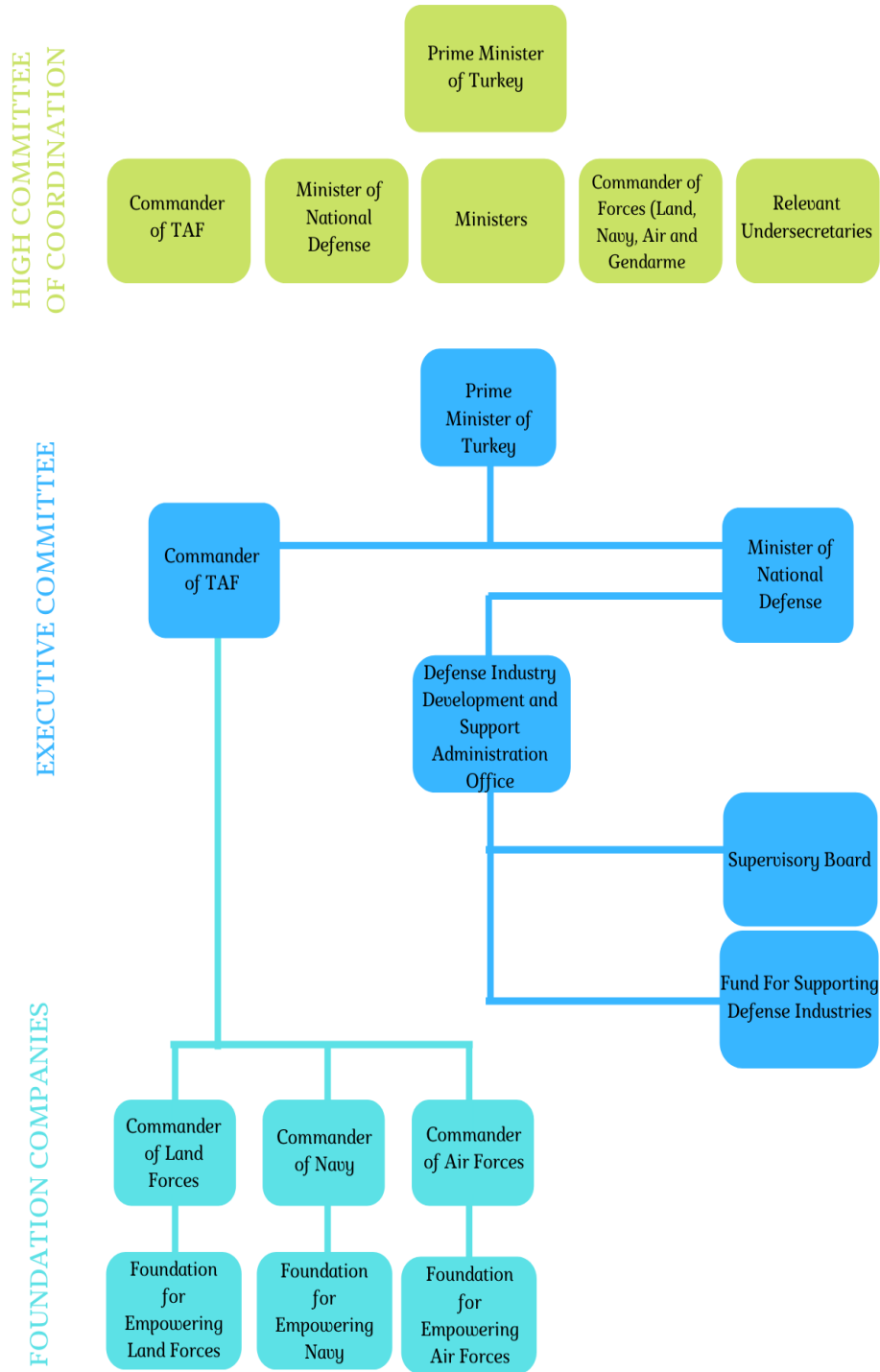


Figure 3 Bureaucracy of the Turkish arms industry (1985)



Figure 4 Bureaucracy of the Turkish arms industry (2019)

It is necessary to evaluate the implications of the new structure to understand the bureaucratic shift came with the second horizon. There are significant differences between these two structures. The structural power balance of military-civil relations, bureaucratic coherence, regulation speed, and diversity of actors in the decision making progress are some of them. Further comparison is made in Table 3.

Table 3. Comparison of the Cases

1985	2019
1-Functions with two committees under the Prime Minister. These committees are not directly linked to each other.	1-Functions under the President with a coherent solitary structure.
2-High Coordination Committee includes Commander of TAF and commanders of all forces. More than half of the members are representatives of the military. The commander of TAF is attached to the Prime Minister.	2-Commanders of forces are not included in the structure. Commander of TAF is the only member who is directly from the military and Commander of TAF is attached to the MSB.
3- Executive Committee consists of three members; Prime Minister, Commander of TAF, Minister of National Defence.	3-Has more members in the Executive Committee. The commander of TAF is the only member of the military.
4-SSM is under MSB.	4-SSB is under the Presidency.
5-Undersecretary of SSM is not a member of the Executive Committee.	5-President of SSB is a member of the Executive Committee.
6-Monitoring is done through the Supervisory Board, which consists of three auditors that are appointed by MSB, Prime Ministry, and the Ministry of Finance.	6- Monitoring is organized within the institution.
7-Foundation companies are linked to their allied forces. These forces are connected to the Commander of TAF.	7-Foundation companies are attached to TSKGV. TSKGV is attached to the Presidency.

There are four general implications of this change. The first is the drastic fall of the number of military personnel within the decision-making process. The commander of TAF, attached to the MSB, is the only military member of the Executive Committee while commanders of forces are out of the picture.

The second implication is that the executive structure became less ambiguous. There are two unlinked committees in the former structure that both dominated by the military personnel, while in the new structure there is the Executive Committee with additional ministers who are appointed by the President, automatically increasing the civil influence in decision-making. One of the additional ministers is the Minister of Treasury and Finance who used to participate only in the monitoring in the former structure.

The third implication is about the position of the foundation companies. The foundation companies are directly under the effect of the military in the former structure while in the new structure, they are attached to the Presidency. While they become closer to the Presidency, the influence of the military upon the foundation companies decreased due to the shift of their bureaucratic dependency. In other words, attachment of TSKGV to the Presidency, which used to function under the Commander of TAF weakens the bonds between the military and the military bureaucracy and increases the civil influence over the military bureaucracy.

The fourth implication is the position of SSB, the main bureaucratic apparatus to orchestrate the arms industry with every aspect of it, such as prioritizing projects and regulating the relationship with the main contractors and subcontractors. In the former structure, SSM was functioning under MSB. MSB, as shown in the background chapter, is heavily influenced by the military despite being a civil

ministry. But in the second structure, SSB is not only attached to the Presidency⁷⁷ in 2017 but also the President of the SSB is a member of the Executive Committee, giving more voice to SSB. In 2018, under the Presidency, SSM was upgraded to SSB.⁷⁸

SSB's bureaucratic status was upgraded as an institution to orchestrate the Turkish arms industry. SSB's independence from MSB, the attachment of TSKGV to the Presidency, the decreased number of military personnel, and the increased number of civil personnel increased the civilian influence in the arms industry, which fosters the consideration of the economic, diplomatic, and commercial aspects of the arms industry, in line with the second horizon of the AKP. This bureaucratic shift is the most significant bureaucratic regulation of the Turkish arms industry since 1989 when SAGEB became SSM.

This part was on understanding how the increased civilian influence upon the bureaucratic structure of the Turkish arms industry that necessitated by the second horizon is established. The bureaucratic shift is a significant one for changing the military-civil balance within the decision-making process in favour of the civilian influence unlike other very few cases of bureaucratic changes of the Turkish arms industry such as the establishment of SAGEB in 1985 and its transformation to SSB in 1989. To understand how this bureaucratic change is enacted, we need to take a look at the legislative capacity of AKP, since such elaborate regulations that shake the balance of the civil-military relations are not easily made. Though the shift in civil military relations and the subsequent bureaucratic shift were crucial, it was the political power of AKP that enabled the government to enact this transformation.

⁷⁷Resmi Gazete. (2017, November 20). *Kanun Hükmünde Kararname*. Retrieved October 12, 2020, from <https://www.resmigazete.gov.tr/eskiler/2017/12/20171224-22.htm>

⁷⁸T.C. Cumhurbaşkanlığı (2018). *Savunma Sanayii Başkanlığı Hakkında Cumhurbaşkanlığı Kararnamesi*. Retrieved April 15, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/19.5.7.pdf>

4.5 The roots of political capacity to transforming defence industry bureaucracy

The last part addresses how the civil influence increased in the bureaucracy of the Turkish arms industry with a substantial bureaucratic shift. This part aims to explain how the legislative capacity of AKP enabled a systemic change in the political structure that gave the President the power to arrange the bureaucratic structures without approval from the parliamentary. The aim is to show the link between the legislative capacity of AKP and the bureaucratic shift, and then discuss how the systematic change in Turkey's political system in 2018 enabled AKP to, implement this bureaucratic transformation in the arms industry.

AKP won the general elections in 2002. The 58th Government of Turkey formed by Abdullah Gül as a single-party government. Numerous political parties, including DYP – *Doğru Yol Partisi* (True Path Party) led by Tansu Çiller and MHP – *Milliyetçi Hareket Partisi* (Nationalist Movement Party) led by Devlet Bahçeli, got less than 10% of the total votes. Due to the electoral threshold, they could not enter the parliament. Apart from the independent representatives, there were only two parties who succeeded to enter the parliament, and these parties are AKP and CHP – *Cumhuriyetçi Halk Partisi* (Republican People's Party).

Starting from 2002, AKP enjoyed a single-party government and a majority in the parliament, an advantage when compared to governments formed in the 90s. AKP's victory in 2002 elections gave it the legislative capacity which was absent for quite some time in Turkey. AKP earned an enormous power in the parliament, as shown in Appendix A. It was much easier for AKP than any other government to pass the budget and reorganize the state, not only in 2002 when AKP came to power but throughout the years up until 2018. AKP continued to enjoy an immense parliamentary power, as shown in Appendix B.

TBMM gathers with at least one-third of the total number of members⁷⁹ (184 representatives before 2017, 200 representatives after 2017). TBMM decides with an absolute majority, the number of participants must be higher than a quarter of the total number of representatives, except constitutional amendments (139 before 2017, 151 representatives after 2017)

Before 2017, the amount of maximum absolute majority of the representatives required for policymaking was 276 (one more than half of the all of the representatives), AKP had 363, 341, 327, 258, and 317 in the elections 2002, 2007, 2011, 2015 (the first election), and 2015 (the second election), which means from 2002 to 2017, AKP could pass all the bills by itself. After 2017, the amount of maximum absolute majority of the representatives required for policymaking is 301 (one more than half of the all of the representatives), and the coalition of AKP (295) and MHP (49) has 344 seats in the parliament which was sufficient for constitutional amendments, too, before 2017.

The systemic change occurred in 2017 when AKP and MHP take the constitutional amendment with 357 votes to the referendum to change the government system but hardly aggregated 330 votes due to the opposition of some of the representatives in MHP that later found İP – *İyi Parti* (Good Party). But the constitutional amendment of the systemic change went to referendum and approved. The new political structure gave the President the authority to regulate the foundations and abolition of ministries, including their missions, authorities, and organization structure with Presidential Decrees,⁸⁰ which used to require the approval of the parliamentary at every step, and boosted Erdoğan's legislative authority.

⁷⁹T.C. (1982). *Anayasa*. Retrieved October 12, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/1.5.2709.pdf>

⁸⁰T.C. (1982). *Anayasa*. Retrieved October 12, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/1.5.2709.pdf>

The new political structure gave Erdoğan the power to attach and detach elements of the bureaucracy through Presidential Decrees without opening up new discussions in the parliament. It is worth noting that having the majority in the parliament is a sign of high legislative capacity but it is not even close to the authority given by the new political system which enables the President to change the structure of, not only the bureaucracy of the arms industry but all of the ministries, in one day with one decree.

The authority given to the President by the new political system enabled the substantial change in the bureaucracy of the Turkish arms industry. SSB and TSKGV attached to the Presidency, the relationship between the Commander of TAF, commanders of forces, and TSKGV that used to be directly linked with each other, is reconfigured. The foundation companies' separation from the military, increased civil personnel in the decision-making process and detachment of the SSB from the MSB increased the civil influence in the bureaucracy of the Turkish arms industry, to be able to achieve the goals set by the second horizon of AKP.

4.6 Conclusion

This chapter shows that the dissonance with NATO still continues and how this dissonance coupled with the urge to develop an independent foreign policy still motivated Turkey to continue building arms. Turkey's position as a NATO ally is relevant to building arms since Turkey's endeavours for autarky in defence increased before accession to NATO due to the threat of the Soviet Union (Bozkır, 1997), decreased after the accession to NATO, increased with the Cyprus Peace Operation (Günlük-Şenesen, 1993; Günlük-Şenesen 1995; Bağcı & Kurç 2017; Seren, 2018)

and survived as the dissonance continues because this dissonance causes a threat to the supply line of the arms (Brauer, 1998; Kurç, 2017).

The rejection of US troops in 2003 and the disagreements upon the Syrian Civil War were two issues demonstrating this dissonance. The rejection of US troops shows disagreement between Turkey and the US on two levels. Firstly, Iraq was not a security threat for Turkey but a regional partner of trade while it was a threat to the US. “Iraq had become a major destination of Turkish goods after the 2001 crisis, which helped it to restore economic order, and an invasion would distort everything.” (Oran, 2013, p. 403) Secondly, establishment of a Kurdish state in the region was the primal security concern for Turkey but not for the US. Thus, “Turkey did everything in its power to prevent an invasion which would shatter the regional balance, bring into existence a Kurdish state in Northern Iraq.” (Oran, 2013, p. 406)

Disagreements over the Syrian Civil War between Turkey and the US also included the common security threat ISIS and fighting against it. While the US perceived PYD as a partner to fight ISIS (Zanotti & Clayton, 2017; Lemmon, 2017), Turkey argues “PYD/YPG is the Syrian offshoot of PKK, which is recognized as a terrorist organization also by the EU and NATO.”⁸¹ The second concern was connected with the issue of cooperation between the US and PYD which tries “bring into existence a Kurdish state” (Oran, 2013, p. 406) according to Turkey.

The disharmony within NATO is not only between the US and Turkey. Turkey questions the willingness of NATO to protect it from external strikes due to withdrawal of Patriot batteries of Germany, the US, and the Netherlands amid Russian aggressions (Emmott, Siebold & Stewart, 2015). The disharmony within the alliance increases the chance of a blockage of the supply of arms import (Brauer,

⁸¹Republic of Turkey Ministry of Foreign Affairs. (2019). *Press release regarding certain comments in the international community on Operation Peace Spring*. Retrieved February 19, 2020, from <http://www.mfa.gov.tr/>

1998; Nosek 2006) or a future embargo by sustaining the mistrust among allies (Diker, 1994; Bozkır, 1997; Seren, 2018).

AKP, like the former governments of Turkey, continued to build arms. But AKP's production strategy was a relevant factor and required examination to understand the expansion of the Turkish arms industry. This thesis frames the production strategy as a set of governments' decision on what to produce, who to produce and to what extent. While what to produce is on the projects focused on, who to produce focuses on the relationship between the military's foundation companies and the civil contractors and subcontractors. Lastly, the question "to what extent" is conceptualized as "horizon" of the production which is dependent on the prioritized reason of building arms which can vary from decreasing foreign dependency to reflecting expertise of the defence industry to other civil industries to achieve a holistic economic growth.

Starting with what to produce, Turkey shifted from "production under licence to production of indigenous and national solutions" (Mevlütöğlü, 2019). What enabled such a shift was the expertise gained through the international projects that started in Özal's era and remained untouched since then. Shift to local projects increased the number of the projects and hiked the dynamism of the arms entailed with a growth of the arms industry. But it was mostly the foundation companies like ASELSAN and TAI that grew immensely due to the structure that determines who to produce the arms.

On who to produce, military-civil relations were critically important. AKP continued to work within the incumbent triangle structure of the arms industry lead by the foundation companies and tried to increase the civil inclusion within the structure as subcontractors (Kuloğlu, 2015). But the foundation companies are not

focused on profit-maximization and tend to extend over the projects to produce all and share less responsibility with the subcontractors which decreases the competitiveness and efficiency of the industry due to disregard of the policies and decisions that prioritize economic and technologic aspects of the arms industry (Ball, 1988). The first horizon enabled cooperation between military and civil spheres despite the shortcomings of the foundation companies. But the goals of the first horizon achieved in time, necessitated a shift in the horizon.

There is more than one reason to build arms as shown in the literature, which characterizes the horizon of the production strategy. The most important factor for Turkey was the foreign dependency on arms as noted in the Eighth Five-Year Development Plan⁸² and the Ninth Development Plan 2007-2013.⁸³ Also, due to dissonance within the NATO, foreign dependence on arms determines the severity of the future embargo. According to the first horizon, the main goal is to decrease the foreign dependency albeit the lack of economic spill-over effects or technological spin-offs (Ball, 1988). At the end of 2013, “The main goals of the mentioned vision are achieved. Foreign dependency on defence fell from 75% to below 50% in ten years.” (Kuloğlu, 2015, p.108) But while the goals of the first horizon are achieved to some extent, the shortcomings of the foundation companies necessitated a new horizon which enables a greater civil inclusion.

In 2014, AKP brought the 10th Development Plan⁸⁴ of Turkey which still acknowledges the importance of decreasing foreign dependency but has significantly more emphasis on increasing competition and engagement of the defence industry

⁸²Republic of Turkey Prime Ministry State Planning Organization. (2001). *The eighth five-year development plan 2001-2005*. Retrieved October 12, 2020, from <http://www.resmigazete.gov.tr/>

⁸³Republic of Turkey Prime Ministry State Planning Organization. (2006). *The ninth development plan 2007-2013*. Retrieved October 12, 2020, from <http://www.resmigazete.gov.tr/>

⁸⁴Republic of Turkey Ministry of Development. (2014). *The tenth development plan 2014-2018*. Retrieved October 12, 2020, from <http://www.resmigazete.gov.tr/>

with civil industries to increase national production capacity as a whole. The decision-making process in the Turkish arms industry used to be dominated by military personnel. As a result, the projects focused on by the foundation companies and how the relationship formed with the subcontractors are decided in the mentioned decision-making mechanism in the favour of the military spheres and against civil spheres. As a result AKP regulated the bureaucracy to increase the civil influence in the decision-making processes.

In 2017 and 2018, bureaucratic military-civil balance changed substantially. After the establishment of SAGEB in 1985 and its transformation to SSM in 1989, this bureaucratic shift was the biggest change in the bureaucracy of the Turkish arms industry. TSKGV detached from the military and SSB detached from MSB and both of them attached to the Presidency while the number of military personnel who used to dominate the decision-making processes decreased drastically, leaving the Commander of TAF as the only military personnel in the Executive Committee which consisted upon an increased number of civilian ministers in the new structure. Increased interest on civilian approaches to the arms industry as stated in the 10th Development Plan of Turkey,⁸⁵ to overcome the shortcomings of the foundation companies necessitated the bureaucratic shift for increased civilian influence in the decision-making but what enabled it was the legislative capacity of AKP.

AKP could pass all the bills from 2002 to 2017, because of the number of its seats was greater than the amount of maximum absolute majority of the representatives required for policymaking. In 2017, the coalition of AKP and MHP had enough seats for constitutional amendments and they have taken the

⁸⁵Republic of Turkey Ministry of Development. (2014). *The tenth development plan 2014-2018*. Retrieved October 12, 2020, from <http://www.resmigazete.gov.tr/>

constitutional amendment to the referendum to change the political system and the constitutional amendment was approved by the popular vote.

The new political system increased the legislative capacity of the Presidency by giving the President the authority to regulate the foundation and abolition of ministries, including their missions, authorities, and organization structure with Presidential Decrees.⁸⁶ The regulation of the bureaucratic structure used to necessitate the approval from the parliamentary and it was a demanding process. But within the new system, the President could regulate the bureaucracy with Presidential Decrees, as seen in the case of the bureaucratic shift of the Turkish arms industry.

⁸⁶T.C. (1982). *Anayasa*. Retrieved October 12, 2019, from <https://www.mevzuat.gov.tr/MevzuatMetin/1.5.2709.pdf>

CHAPTER 5

CONCLUSION

The aim of this thesis is to address the question as to why the Turkish arms industry started to expand from the 2000s and how this expansion is linked to the existing literature discussing similar expansions in other countries. Turkey is an important case as it follows a different path in building arms compared to China, India, and other nuclear powers which closely links the decision to develop arms to the rising security threat or threat perceptions. But in the case of Turkey, the definition of the security threat has changed significantly over time. This work stresses that there are indeed multiple and multi-layered (both international and domestic factors behind the Turkey's decision to expand its defence industry. Turkey's relations within NATO at the international front and as well as domestic concerns over civil-military relations within bureaucracy were crucial in explaining as to why Turkey decides to expand

AKP is not the only government of Turkey that tried to build arms. This work shows that it was an objective for all governments of Turkey since the foundation of the Republic. But it was AKP's term in which Turkey's foreign dependency on arms fell below 50% (Kuloğlu, 2015) and Turkish defence companies grew enough to take place in top 100 defence firms globally.⁸⁷

What motivated and enabled the AKP governments to implement this bureaucratic and production shift in the defence industry particularly after the fall of foreign dependency is the question this study aims to address. Here this study stresses that the main motivation to build arms shifted from decreasing foreign dependency to triggering a spill-over growth from defence sector to civilian sectors.

⁸⁷Stockholm International Peace Research Institute. (2017). *Arms industry database*. Retrieved December 25, 2019, from <https://www.sipri.org/databases/armsindustry>

This shift was clearly possible with decreasing foreign dependency but it could only occur with increased civil influence within the bureaucracy of defence industries. Because there was a clear difference between the military's perspective and civilians' perspective on arms building, not to mention the domination of the military's perspective within the bureaucracy.

Defence procurement and decision-making processes of Turkey were dominated by the military personnel and restructuring the bureaucracy required an immense legislative capacity, which could only happen after the change of political system of Turkey which gave the President an immense regulatory power.

5.1 Findings and reflections

Turkey starting from mid-1970s started its endeavours to build arms, especially after the Cyprus Peace Operation. It is safe to argue that Turkey's reason to build arms was mostly due to "strategic reasons ... embargoes or other threats to an existing arms-import supply line" (Brauer, 1998, p. 5). While the dissonance of Turkey within NATO still continues, Turkey inherited an industrial approach to the defence industry (Bhatt, 1982; Ball, 1988; Brzoska, 1989; Bitzinger, 1995) in 1980s with the leadership of Turgut Özal, expecting ramifications of the increased civilian and international inclusion in defence production, on the civilian sectors. It is worth noting that under Özal the civilian apparatus (SAGEB), which had been the civilian side of the civil – military rivalry, was established to orchestrate the defence industries.

Main challenges for Turkey in building arms were mainly low industrial capacity, lack of civil-military balance within the bureaucracy, and low civilian inclusion in the procurement processes. Throughout the 80s and 90s, Turkey

increased its industrial capacity but domination of the military in the procurement and in the bureaucracy was very high. Military's imbalanced strength centralised military perspectives on arms building while giving a small space for civilian perspectives. Military's prime priority was to increase its operational capacity in a timely fashion and gave little consideration for commercial efficiency, technologic transfer capacity, preventing brain-drain and other similar civilian priorities.

This work suggests that AKP's term before 2018 was the continuation of the domination of the military firms and military bureaucracy. Turkey's foreign dependency on defence was still very high. Industrial capacity built in last two decades enabled a shift to production of the original products but with the same perspective of the military. AKP did not try to increase civilian inclusion in the procurement processes by establishing new joint-ventures like Özal. Since dissonance within NATO was still continuing in various forms, decreasing foreign dependency was still a priority for AKP rather than using defence sector for industrialisation of Turkey, Turkey's foreign dependency on defence was still almost 75% during the initial years of AKP.(Kuloğlu, 2015; Kurç, 2017),

But by 2014, Turkey's foreign dependency on defence fell below 50% (Mevlütöğlu, 2017). At the same time, civilian priorities became more tempting due to growing capacity of the defence sector. Military was still dominant in the bureaucracy of the defence sector and military's firms was leading the Turkey's defence procurement.

In 2018, Turkey shifted to the presidential system which gave the President immense legislative powers. All of the military's firms who function under TSKGV and the bureaucracy of the defence industries that had been attached to the MSB attached to the President under the new presidential system. Also the number of

military personnel within the bureaucracy decreased drastically and the civilian influence within the bureaucracy increased. This thesis argues that this was done to increase the civilian influence within the arms industry, after decreasing foreign dependency, and increasing priorities of the civilian spheres which include utilising the defence sector as a pioneer to enhance civilian sectors.

In short, in line with the literature on the expansion of arms industry there crucial domestic political/economic considerations which played a crucial role in accounting for the expansion of Turkish arms industry. What ultimately enabled AKP to change both the production structure and the bureaucracy, however, was its political capacity to push this agenda forward as it enjoyed extensive legislative powers in the parliament. This ultimately paved the way for a presidential system allowing for a major restructuring of both the production and bureaucracy in the defence industry. This systemic change in the political system ultimately eliminated all the potential institutional and legal barriers to the expansion of the defence industry.

Clearly, there are a lot of lingering problems as expressed by the experts in the industry itself and SSB, and the bureaucratic expansion did not solve some of the problems of the industry. SSB's position in the bureaucratic hierarchy is higher than ever. It is directly attached to the Presidency. In that sense, it suffers less bureaucratic delay (Unnithan, 2005).

In general, civilian inclusion to the defence bureaucracy requires the cooperation of civilian and military spheres. In other words attaching and detaching bureaucratic entities does not completely solve problems. Military bureaucracy time to time rejects to communicate with the civilian spheres according to the findings of this work. Arda Mevlütoğlu argues that "It is SSB's responsibility to solve this

communication problem. One possible solution is pushing the industry for export and international competition which would necessitate profit-maximization which would decrease the vertical overextension of these firms.”⁸⁸

Another example of the ongoing tensions between military and civil bureaucracies even after the detachment of the SSB from the MSB is the case of GÖKTUĞ and HİSAR projects. Arda Mevlütoğlu explains the problem: “Military still refuses to communicate with the civilians. SSB and MSB work on projects of GÖKTUĞ and HİSAR, which share a serious level of commonalities, but money is individually spent on them because they are two different projects.”⁸⁹

Lack of communication and cooperation is not only a problem for civil-military relations but also the civilian priorities that AKP tries to instrumentalize after 2018. In other words lack of communication, due to the immense inefficiencies it produces, cuts down the economic spill-over effects. But, this is not the only threat for the sustainability of the defence sector. According to the findings of this work, attachment of the SSB to the President might not be a good idea since a future civilian President might not care about the defence industries. Dr Merve Seren argues that “The advantage is the increased speed of bureaucracy and civil dynamism. The disadvantage is the weakening of the relations between MSB and SSB, which has a detrimental effect on the institutional culture of SSB.”⁹⁰

Arda Mevlütoğlu also emphasizes the danger of SSB to act directly according to the political authority. Institutions can’t function well in circumstances which the dependency on individuals is too high. Coming up with holistic strategies to regulate an industry requires at least a minimum level of institutional autonomy. Arda Mevlütoğlu argues “SSB has to come up with a strategy to orchestrate the industry,

⁸⁸Interview conducted with Arda Mevlütoğlu in Ankara, Turkey on 17/05/2019

⁸⁹Interview conducted with Arda Mevlütoğlu in Ankara, Turkey on 17/05/2019

⁹⁰Interview conducted with Dr Merve Seren in Ankara, Turkey on 15/03/2019

or else, some areas became densely focused while others get abandoned. A common worry about SSB is that it may become that implements the given order.”⁹¹

To sum up, being too close to the authority may decrease the capacity of SSB to act according to its plans, or to make its own plans in the first place, since the Presidency is just too powerful and Erdoğan is interested in the arms industry. It is hard to establish a long term strategy and enact them when SSB cannot say "no" to the President. Also, it is unlikely to think Erdoğan would not interfere in the long term plan of the SSB both in the process of decision making and in the process of implementation of the mentioned plan. Last but not least, this closeness to authority and excessive centralization and personalization of decision making in the defence industry raises serious questions over transparency and accountability and long-term institutional stability of the industry.

5.2 Limitations and further research

The starting point of this thesis is not to question whether or not, building a national defence industry is a good or a bad idea but to explore instead why and under what conditions does a country develop and expand its arms industry. The case of Turkey demonstrates that there are indeed multiple motivations ranging from different security threat perceptions to domestic political concerns particularly civil military relations, from bureaucratic positioning to the very production process of the defence industry itself.

This thesis has also not addressed the question of how the defence industry expenditures and economic growth are intertwined. Clearly, there is a significant literature on potential economic spill over effects. Rather the focus has been how the

⁹¹Interview conducted with Arda Mevlütoğlu in Ankara, Turkey on 17/05/2019

motivations of the decision makers have shifted from foreign dependency concerns when it came to arms industry to potential economic benefits and spill-overs to the private sector.

Though the political capacity of the AKP government was clearly a major factor in explaining the bureaucratic restructuring and expansion of the industry, this thesis has also not delved into the political problems and challenges associated with this centralization of power, questions of transparency, accountability as well as concerns of clientelism.

Finally, on the production and bureaucratic side, the change of the structure of SSB is too recent to make sharp claims. Although this would cast no harm to explain how the progress proceeded so far, it is hard to see what is going to happen next. Further studies are needed to understand what is happening in the Turkish arms industry. Further research can focus on what can be the strategies SSB to orchestrate the industry. Also, further studies may come up with new ways to evaluate the bureaucratic efficiency of SSB. Last but not least, untangling the problem of communication between military and civil bureaucracy remains. Further studies might try to find out the determinant factors in the arms industry other than state regulations and security problems.

APPENDIX A

RESULTS OF THE GENERAL ELECTIONS: 1983-2002⁹²

A. Votes received B. Rate of the vote, C. Number of representatives, m. million		1983	1987	1991	1995	1999	2002
Years of the general elections							
Political parties and independents							
AKP	A	-	-	-	-	-	10,8m
	B	-	-	-	-	-	34,3
	C	-	-	-	-	-	363
ANAP	A	7,8m	8,7m	5,9m	5,5m	4,1m	1,6m
	B	45,1	36,3	24,0	19,7	13,2	5,1
	C	211	292	115	132	86	-
CHP	A	-	-	-	3,1m	2,7m	6,1m
	B	-	-	-	10,7	8,7	19,4
	C	-	-	-	49	-	178
DSP	A	-	2,1m	2,6m	4,1m	6,9m	0,4m
	B	-	8,5	10,7	14,6	22,2	1,2
	C	-	-	7	76	136	-
DYP	A	-	4,6m	6,7m	5,4m	3,8m	3,1m
	B	-	19,1	27,0	19,2	12,0	9,5
	C	-	59	178	135	85	-
MHP	A	-	-	-	2,3m	5,6m	2,6m
	B	-	-	-	8,2	18,0	8,4
	C	-	-	-	-	129	-
RP	A	-	1,7m	4,1m	6,1m	-	-
	B	-	7,2	16,9	21,4	-	-
	C	-	-	62	158	-	-
FP	A	-	-	-	-	4,8m	-
	B	-	-	-	-	15,4	-
	C	-	-	-	-	111	-
Independents	A	0,2m	<0,1m	<0,1m	0,1m	0,3m	0,3m
	B	1,1	0,4	0,1	0,5	0,9	1,0
	C	-	-	-	-	3	9

Source: TÜİK. (2019). *Results of the general elections (1983-2018)*. Retrieved April 15, 2019, from <http://www.tuik.gov.tr/>

⁹²TÜİK. (2019). *Results of the general elections (1983-2018)*. Retrieved April 15, 2019, from <http://www.tuik.gov.tr/>

APPENDIX B

RESULTS OF THE GENERAL ELECTIONS: 1991-2018⁹³

A. Votes received B. Rate of the vote, C. Number of representatives, m. million										
Years of the general elections		1991	1995	1999	2002	2007	2011	2015-1	2015-2	2018
Political parties and independent candidates										
AKP	A	-	-	-	10,8m	16,3m	21,4m	18,9m	23,7m	21,3m
	B	-	-	-	34,3	46,6	49,8	40,9	49,5	42,6
	C	-	-	-	363	341	327	258	317	295
ANAP	A	5,9m	5,5m	4,1m	1,6m	-	-	-	-	-
	B	24,0	19,7	13,2	5,1	-	-	-	-	-
	C	115	132	86	-	-	-	-	-	-
CHP	A	-	3,1m	2,7m	6,1m	7,3m	11,2m	11,5m	12,1m	11,4m
	B	-	10,7	8,7	19,4	20,9	26,0	25,0	25,3	22,6
	C	-	49	-	178	112	135	132	134	146
DSP	A	2,6m	4,1m	6,9m	0,4m	-	0,1m	<0,1m	<0,1m	-
	B	10,7	14,6	22,2	1,2	-	0,3	0,2	0,1	-
	C	7	76	136	-	-	-	-	-	-
DYP	A	6,6m	5,4m	3,7m	3,1m	-	<0,1m	<0,1m	<0,1m	-
	B	27,0	19,2	12,0	9,5	-	0,2	0,1	0,0	-
	C	178	135	85	-	-	-	-	-	-
HDP	A	-	-	-	-	-	-	6,1m	5,2m	5,9m
	B	-	-	-	-	-	-	13,1	10,8	11,7
	C	-	-	-	-	-	-	80	59	67
İP	A	-	-	-	-	-	-	-	-	4,9m
	B	-	-	-	-	-	-	-	-	10,0
	C	-	-	-	-	-	-	-	-	43
MHP	A	-	2,3m	5,6m	2,6m	5,1m	5,6m	7,5m	5,7m	5,6m
	B	-	8,2	18,0	8,4	14,3	13,0	16,3	11,9	11,1
	C	-	-	129	-	71	53	80	40	49
RP	A	4,1m	6,1m	-	-	-	-	-	-	-
	B	16,9	21,4	-	-	-	-	-	-	-
	C	62	158	-	-	-	-	-	-	-
FP	A	-	-	4,8m	-	-	-	-	-	-
	B	-	-	15,4	-	-	-	-	-	-
	C	-	-	111	-	-	-	-	-	-
Independent Candidates	A	<0,1m	0,1m	0,3m	0,3m	1,8m	2,8m	0,5m	<0,1m	<0,1m
	B	0,1	0,5	0,9	1,0	5,2	6,6	1,1	0,1	0,2
	C	-	-	3	9	26	35	-	-	-

Source: TÜİK. (2019). *Results of the general elections (1983-2018)*. Retrieved April 15, 2019, from <http://www.tuik.gov.tr/>

⁹³TÜİK. (2019). *Results of the general elections (1983-2018)*. Retrieved April 15, 2019, from <http://www.tuik.gov.tr/>

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