



T.C.

ANKARA YILDIRIM BEYAZIT UNIVERSITY

INSTITUTION FOR INTERNATIONAL RELATIONS AND STRATEGIC
RESEARCH

**NATIONALIZATION OF THE TURKISH DEFENSE
INDUSTRY IN THE POST-1974 PERIOD: A
COMPARATIVE EXAMINATION THROUGH
THEORETICAL AND EMPIRICAL ANALYSIS**

MASTER'S THESIS

Büşra YÜKSEL

SECURITY STUDIES MASTER'S PROGRAM

Ankara, 2024

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Assoc. Prof. Erhan Çankal

Supervisor

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CONFIRMATION PAGE

The thesis study “Nationalization of the Turkish Defense Industry in the post-1974 period: A Comparative Examination Through Theoretical and Empirical Analysis” prepared by Büşra Yüksel is approved anonymously/by majority votes by the jury as Master’s thesis in Ankara Yıldırım Beyazıt University Institute for International Relations and Strategic Studies, Department of Security Studies.

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Signature

Büşra YÜKSEL

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ABSTRACT

Nationalization of the Turkish Defense Industry in the post-1974 period: A Comparative Examination Through Theoretical and Empirical Analysis

In the Turkish defense industry, a notable transformation has occurred, particularly focusing on reducing reliance on foreign suppliers and enhancing domestic research, development, and production infrastructure. This transformation was initiated by the US military embargo following the 1974 Cyprus intervention, which prompted Türkiye to reconsider its defense industry strategies. As a result, significant progress has been made in establishing the defense industry ecosystem, adopting policies that promote local and national development, and increasing international cooperation. This article examines the development of Türkiye's defense industry through theoretical and empirical analysis. Firstly, using Realism and Liberalism of the International Relations theories, the development of the Turkish defense industry is explained in detail. Then, the trends in military expenditure as a percentage of gross domestic product (GDP), one of the main indicators of defense industry development, are analyzed using regression analysis for specific periods.

Keywords: Liberalism, Military Expenditure, Realism, US Military Embargo

ÖZET

1974 Sonrası Donemde Türk Savunma Sanayiinin Millileştirilmesi:

Teorik ve Ampirik Analiz Yoluyla Karşılaştırmalı İnceleme

Türk savunma sanayisinde, özellikle yabancı tedarikçilere olan bağımlılığın azaltılması, yerli ve milli araştırma-geliştirme faaliyetleri ile üretim altyapısının geliştirilmesine odaklanan politikalarla önemli bir değişim yaşanmıştır. Bu değişim, 1974 Kıbrıs müdahalesinin ardından ABD'nin uyguladığı askeri ambargo ile başlamış ve Türkiye'yi savunma sanayi stratejilerini gözden geçirmeye yönlendirmiştir. Bu süreçte, savunma sanayi ekosisteminin oluşturulması, yerli ve milli gelişimi teşvik edici politikaların benimsenmesi ve uluslararası işbirliklerinin artırılması gibi adımlarla önemli ilerlemeler kaydedilmiştir. Bu makale, Türkiye'nin savunma sanayi gelişimini teorik ve ampirik analizlerle ele almaktadır. İlk olarak, uluslararası ilişkiler teorilerinden Realizm ve Liberalizm kullanılarak Türk savunma sanayi sektörünün gelişimi detaylı bir şekilde açıklanmaktadır. Ardından, savunma sanayi gelişiminin ana göstergelerinden biri olan gayri safi yurt içi hasılaya (GSYİH) göre askeri harcamaların yüzdesinin belirli dönemlerdeki trendleri, regresyon analizi yöntemiyle incelenmektedir.

Anahtar Kelimeler: ABD Askeri Ambargo, Askeri Harcamaları, Liberalizm, Realizm

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1. CHAPTER: INTRODUCTION

1.1. Aims and Objectives of This Thesis

Over the past two decades, Türkiye's defense industry has evolved significantly, leading to the successful development and production of a diverse range of military equipment for air, land, and sea operations. This transformative journey has been marked by a remarkable reduction in Türkiye's reliance on external sources for defense technology, with the country's dependence dropping from a staggering 80% in the early 2000s to a mere 20% in 2020s¹. During this period, Türkiye has demonstrated an unwavering commitment to strengthening its defense capabilities by fostering an environment conducive to indigenous manufacturing and innovation. Through strategic investments in research and development, collaboration with domestic and international partners, and the cultivation of a skilled workforce, Türkiye has achieved remarkable progress in achieving independence in its defense sector.

The roots of this transformation of the Turkish defense industry can be found and explained by the military embargo implemented by the US following the Cyprus military intervention in 1974 and the national trauma it has created (Ozlu, 2021). The embargo had crucial implications for Turkish defense industry and national security policies. It led to a comprehensive reassessment of country's policies. In response to the embargo, Türkiye had started to align its policies to reduce its dependence on foreign suppliers and enhance its indigenous defense manufacturing capabilities. In the post-1974 period, Turkish governments implemented policies to incentivize domestic development, foster partnerships with international defense companies, and invest in training and education to cultivate a skilled workforce (Ozlu, 2021).

Therefore, the US military embargo has acted as a critical juncture for Turkish defense industry to become more self-reliant and technologically advanced. While the US lifted the embargo in 1978, it has profoundly impacted US-Türkiye relations and defense industry configuration. This research will examine the transformation of the Turkish defense industry and the policy objectives behind it looking through the lenses of International Relations (IR)

¹ <https://www.dailysabah.com/business/defense/embargos-fuel-rapid-turkish-defense-industry-localization>

theories mainly Realist and Liberal schools of IR and quantitative lenses utilizing regression analysis. This thesis has two primary objectives:

1. To provide an overview of the stages in the transformation of Turkish defense industry since the establishment of the Republic of Türkiye on October 29, 1923, and to explain this transformation employing Realist and Liberal schools of IR
2. To illustrate and analyze the trends of the military expenditure as a percentage of GDP over years.

1.2. Research Question and Argumentation

In the realm of research on the development and transformation of the Turkish defense industry, there has been a noticeable scarcity of systematic studies that delve into this area comprehensively (Durmaz, 2014; Kurc, 2017; Karatas, 2020; Ozlu, 2021). While a handful of existing literature touches upon this topic, it is evident that a significant gap exists when it comes to providing thorough theoretical analyses. Although some scholarly works have explored aspects of the Turkish defense industry's evolution, they often need to devote adequate attention to theoretical analysis, limiting the depth of understanding and insight into the subject matter. This deficiency in theoretical examination leaves room for further exploration and comprehensive analysis of the factors behind the development and transformation of the Turkish defense industry. The overarching research questions for this thesis are:

- (i) To what extent Realist and Liberal Schools of IR are able to explain the transformation of the Turkish defense industry in the post-1974 period?
- (ii) How trends of military expenditure as a percentage of GDP can be revealed and explained by using regression analysis?

First research question will look at how the Turkish defense industry developed since 1974 and what factors have contributed to its growth. Before doing this, it is crucial to examine the developments of the early years of the Republic. It is expected to find out the key drivers behind the industry's expansion and the role of geopolitical considerations in shaping the landscape of Türkiye's defense capabilities. Additionally, the study aims to shed light on the relationship between Türkiye's defense industry nationalization and its standing in the global geopolitical arena.

The second research question will utilize regression analysis to unveil and elucidate trends in military expenditure as a percentage of GDP. This statistical method allows for the exploration of the relationship between these variables over time, shedding light on how changes in military spending correspond to fluctuations in GDP. By employing regression analysis, it is possible to understand the dynamics and drivers of the military spending trend and the reasons behind fluctuations in military expenditure as a percentage of GDP, considering Türkiye's domestic and foreign policies.

This thesis primarily focuses on realism and liberalism in International Relations, analyzing how these theories affect Türkiye's defense industry. While other theories are not explored in depth, the study offers a strong understanding of how realism and liberalism influence Türkiye's defense strategies. Furthermore, the use of regression analysis to examine military expenditure as a percentage of GDP, the study provides a focused view, exploring the relationship between military spending and economic performance in detail. Despite the limited exploration of theories and methods, this approach offers valuable insights into Türkiye's defense industry dynamics and its broader impact on international politics.

1.3. Theoretical Framework

Regarding the theoretical framework, this thesis will provide a comprehensive comparative discussion on the Realist and Liberal schools of IR. These theoretical perspectives offer valuable insights and frameworks for examining and understanding the evolution of the Turkish defense industry in the post-1974 period and nationalization attempts.

Realism is one of the significant theories of the IR discipline. It focuses on power dynamics, national security, and the pursuit of self-interest in the world order. The fundamental assumptions of Realism are several. Firstly, the state is the primary actor in international relations and plays a central role in shaping international behavior. Secondly, the international system needs a central authority or governing body, resulting in an anarchic structure. Consequently, the primary concern for each state is to ensure its security. Thirdly, states achieve security within the international system through a balance of power. The strongest states often advocate for the harmony of interests, seeking to establish an order that aligns with their interests (Adigbuo, 2007; Dunne et al., 2021). By analyzing the Turkish

defense industry through a realist lens, this research will explore how considerations of power, security, and strategic interests of the Turkish state have influenced its defense policies in the post-1974 era.

The liberal school of thought, on the other hand, emphasizes the role of institutions, interdependence, and cooperation in shaping international relations (Moravcsik, 2001; Moravcsik. 2010; Sterling-Folker, 2015). Some of the central assumptions of the liberal school of IR include that international law and norms play a crucial role in shaping state behavior (Slaughter, 2000; Copeland, 2014; Tsarouhas & Yazgan, 2018). Liberalism also emphasizes the positive role of economic interdependence in international relations. Economic cooperation and trade foster peaceful relations among states and reduce the likelihood of conflicts. By examining the Turkish defense industry from a liberal perspective, this research will assess how Türkiye's engagement with international organizations and regional partnerships has influenced the development and transformation of its defense industry. It will also explore the impact of economic factors, trade relations, and the role of multinational corporations in Türkiye's defense industry.

1.4. Methodology

This thesis will present a qualitative case study of the development of the Turkish defense industry to explore the extent to which International Relations theories, particularly Realism and Liberalism, influence it. Additionally, process tracing methodology that examines causal mechanisms and explores how specific events or processes unfold over time, will be used (Collier, 2011). It involves examining a sequence of events or actions to identify the causal processes that link the initial conditions to the final outcome (Bennett & Checkel, 2015). The transformation of the Turkish defense industry in post-1974 offers a fruitful area for process tracing methodology since this research will look at the major developments following the US arms embargo. The causal mechanism can be understood and explained thoroughly with the help of process tracing. In the aspect of process tracing examines, the primary hypothesis is determined as follows: Türkiye's worsening of the relations with the West (IV) is likely to increase the likelihood of defense industry nationalization in Türkiye (DV).

Moreover, regression analysis as a quantitative aspect is conducted to reveal a nuanced trend in military expenditures as a percentage of GDP. While military spending has

consistently increased in dollar terms over time, its proportion to GDP has shown a fluctuating pattern. Notably, during the Cyprus intervention, there was a sharp rise in both the absolute amount and the percentage of GDP devoted to military expenses. Conversely, following the 1980 military coup, the implementation of liberal economic policies led to a decrease in the ratio of military spending to GDP. These findings highlight the complex interplay between economic policies, geopolitical events, and military expenditures, which will be further explored in this thesis.

This thesis consists of eight chapters, which include the introduction and conclusion. The next chapter focuses on the theoretical framework and establishes the theoretical foundation based on methodological considerations. Chapter 3 focuses explicitly on developments in Türkiye's defense industry during the pre-1974 period. Chapter 4 has a concise overview of the 1974 Cyprus intervention and its consequences. Chapter 5 explores the development of the Turkish defense industry in the post-1974 era, considering both internal and external factors. Chapter 6 analyses the findings and presents a theoretical analysis of the evolution of the Turkish defense industry in the aspect of IR theories. Chapter 7 conducts a regression analysis to demonstrate the trends of military expenditure as a percentage of GDP. Finally, the last chapter of the thesis serves as the conclusion.

2. CHAPTER: THEORETICAL FRAMEWORK

This thesis is dedicated to conducting a comprehensive comparative analysis of the Realist and Liberal schools of International Relations (IR). The primary emphasis of this study centers on applying the insights derived from Realist and Liberal theories to explain the development of the Turkish defense industry specifically during the post-1974 period. In the upcoming sections, the literature on the Realist and Liberal Schools of IR will be reviewed. Subsequently, I will explore my primary hypothesis, aligning it with the anticipated theoretical expectations derived from the Realist and Liberal perspectives. This structured approach aims to provide a comprehensive understanding of how these theoretical frameworks contribute to explaining the intricacies of the Turkish defense industry's evolution contributing to the broader discourse within the realm of International Relations scholarship.

Situated in regions marked by turmoil, with a history of a thousand years of statehood, a constitutional order, and robust armed forces, Türkiye stands as an influential power capable of influencing the delicate balance of power in the region. Türkiye holds significance amid crucial conflict zones that play a key role in shaping global geopolitical balances, including the Middle East, the Balkans, and the Caucasus. Additionally, Türkiye's position as an important country on NATO's southern flank enhances its strategic importance in the Western world's perspective. Historically, Türkiye has always needed to be well-prepared for potential threats and risks. The national security policy of Türkiye has been significant. These imply that Türkiye is potentially a fruitful country for analyzing theories of International Relations.

2.1. Realist School of International Relations

Realism is a theoretical perspective that focuses on the conflictual side of IR. The origins of Realism are often traced back to Thucydides' account of the Peloponnesian War, which occurred between 431 and 404 BCE. Drawing on writings such as Thucydides' and others, theorists attributed the concept of a timeless theory that spans all recorded human history, which came to be known as "Realism". Realism has several branches or sub-schools, including Classical Realism and Structural Realism.

2.2. Key Assumptions of Realism

In this section, the main assumptions of Realism will be presented by recognizing that assumptions serve as rational foundations on which theoretical approaches are constructed. Realism relies on fundamental assumptions, which are categorized into three, explained below, to provide a coherent understanding of the field of International Relations.

Realism's first premise asserts that the nation-state is the primary actor in international relations, with individuals and organizations playing secondary roles due to their limited high political influence. Firstly, international politics is established on interactions between and among sovereign states which cause conflictual interactions. Secondly, the state is considered a unitary actor, particularly during times of war, where national interests need a cohesive voice and action. Sovereign states are seen as compelling entities due to clear political goals and engagement in cost-benefit analyses while maintaining unity. Thirdly, decision-makers are regarded as rational actors, implying that decisions align with pursuing the national interest. Realism contends that leaders, regardless of political beliefs, recognize the imperative of managing their state's affairs to ensure survival in a competitive environment, avoiding actions that expose the state to vulnerability. In its dealings with other states, each state endeavours to advance and safeguard its interests in its dealings with other states. The primary aim of each state to ensure its security and expand its power at the expense of other states in international arena (Rabidas, 2021).

Secondly, a merely characteristic feature of International Relations is acknowledged as "anarchy" in the scope of Realism. Anarchy is defined as the absence of central authority or world government to manage interactions among sovereign states which are distrustful of each other and seek more power to ensure their security. According to Realism, there is no central authority in the international arena and this causes states to make cost-benefit analysis and act accordingly to maintain self-interest or increase their own capability including military, technological as well as political, economic and cultural (Rabidas, 2021). In other words, Realism recognizes the international arena as anarchic due to the absence of a central authority. While within states, there are typically institutions like police forces and militaries to respond to emergencies, internationally there is no established hierarchy, leading states to rely solely on themselves. Central to this perspective is the belief that humans are inherently egoistic and driven by a desire for power.

Lastly, each sovereign state always strives for maximum control over material resources to eliminate the risk of collapse in the international arena as explained by the Realist perspective. Realism justified this assumption by pointing out several interconnected assumptions: (I) There is no central authority to distribute resources among states fairly. (II) Resources are limited, and control over material resources increases the capacity of states in the anarchic political environment. These factors drive states to acquire more capability in their pursuit of power (Rabidas, 2021). Numerous scholars developed ideas and perspectives based on these assumptions, which I will elaborate in the next part.

2.3. Classical Realism

Classical Realism is an approach to international relations rooted in the historical context of the fifth-century Greek historian Thucydides and his narrative of the Peloponnesian War. This perspective acknowledges the fundamental role of power in various political contexts while recognizing its limitations and the potential for self-defeat. Classical Realism places emphasis on ethical dilemmas and their practical implications, advocating for the establishment of influence through shared interests and persuasion whenever feasible.

Classical Realism has demonstrated a cohesive set of principles spanning nearly 2500 years. Key figures in this tradition, including Thucydides, Niccolò Machiavelli, Carl von Clausewitz, and Hans J. Morgenthau, grapple with issues of order, justice, and change at domestic, regional, and international levels. Within Classical Realism, there is an emphasis on the similarities, rather than differences, between domestic and international politics, highlighting the significance of ethics and community in fostering stability in both arenas. Aligned with their tragic perspective on life, classical realists recognize the fragility of communal bonds, which can be easily undermined by the unchecked pursuit of individual, factional, or state interests. In such cases, traditional conflict management mechanisms like alliances and the balance of power may not only fail to preserve peace but could heighten the likelihood of domestic and international violence. Similar to Greek writers, classical realists tend to view history as cyclical, where attempts to establish order and escape fear-driven worlds, while successful for a time, ultimately succumb to the destabilizing influence of actors who believe they are too powerful to be bound by law and custom.

The global stage is seen as a self-help system (Mearsheimer 1994). The survival of a state is contingent on its material capabilities and alliances with other states (Waltz 1979, 103–104). While Thucydides and Morgenthau acknowledge the consequences of anarchy, they do not distinguish sharply between international and domestic politics. In the view of classical realists, all politics reflects human instincts and is susceptible to the same issues. They perceive more variability in order and stability within domestic and international systems than they do between them, attributing it to the cohesiveness of society, whether at the domestic or international level.

Morgenthau's establishes a clear distinction between international and domestic politics, only to challenge this dichotomy systematically. Morgenthau acknowledges that all politics constitutes a struggle for power inherently tied to social life itself (1948a). In many countries, laws, institutions, and norms channel this struggle into socially acceptable avenues. However, he contends that the international arena poses a more significant challenge in taming this struggle. Despite this, the nature of international relations exhibits notable variations throughout history. Morgenthau draws attention to the eighteenth century in Europe (1948a). The sense of community fractured during the French Revolution, and completely broke down in the twentieth century as major powers, including Germany, the Soviet Union, Japan, and Italy, rejected the premises of the international order. This breakdown continued in the post-war era, with the Soviet Union conflicting with the United States (1948a).

Morgenthau observed a similar range of variation in domestic politics. Robust societies like Britain and the United States managed to temper the struggle for power through established norms and institutions. In contrast, in weaker societies like Nazi Germany and Stalin's Soviet Union, these structures disintegrated. In these latter countries, politics exhibited the same level of violence and lack of constraint as any period in international relations. Morgenthau like Thucydides believed that communities, along with the identities and norms they establish and uphold, are the fundamental factors shaping domestic and international order.

According to Morgenthau, the universal presence of the drive for power signifies that the balance of power is "a general social phenomenon to be found on all levels of social interaction" (1958: 49, 81). Individuals, groups, and states naturally collaborate to safeguard themselves from potential threats. At the international level, the balance of power yields

contradictory implications for peace. It has the potential to deter war when status quo powers surpass imperialist challengers and effectively demonstrate their willingness to go to war in defense of the existing order. However, balancing can also escalate tensions and increase the likelihood of war due to the difficulty of accurately assessing other states' motives, capabilities, and resolve. Leaders understandably seek to establish a margin of safety, and when multiple states or alliances adopt this approach, it elevates international tensions. Morgenthau argues that even when the balance of power falls short of preventing war, it may still curtail its consequences and maintain the existence of small and large states.

2.4. Fundamental Tenets of Classical Realism

One of the critical tenets of Classical Realism is that international politics fundamentally embodies the essence of power dynamics; as Morgenthau said that, "Politics is a struggle for power over men, and whatever its ultimate aim may be, power is its immediate goal and the modes of acquiring, maintaining and demonstrating it determines the technique of political action". Another central tenet of Classical Realism is that human nature shapes international politics because states consist of people who are rational but greedy, working as a community but guided by self-interest. Therefore, human egoism is a core element of state egoism as Morgenthau highlighted that "the social world is but a projection of human nature onto the collective plane (1962)". Last but not least, rational statecraft requires national interest, as Morgenthau explained. In this sense, Rabidas elaborated on six principles of Classical Realism of Morgenthau in his book chapter: "(i) Politics is governed by objective laws which have their root in human nature. (ii) The key to understanding international politics is the concept of interest defined in terms of power. (iii) The forms and nature of state power will vary in time, place, and context, but the concept of interest remains consistent. (iv) Universal moral principles do not guide state behavior, although this does not rule out an awareness of the moral significance of political action. (v) Moral aspirations are specific to a particular nation; there is no universally agreed set of moral principles. (vi) The political sphere is autonomous, meaning that the key question in international politics is "How does this policy affect the power of the nation? (2021)" To conclude this part it is highlighted that Realism is built upon sovereignty, survival, and autonomy.

2.5. Structural Realism

For structural realists, also known as neorealists, the motivation for states seeking power is not rooted in human nature but rather in the structure or arrangement of the international system. In a system lacking a superior authority above major powers and devoid of assurance against potential attacks, it becomes entirely rational for each state to strive for sufficient power to defend itself in the event of an attack. In his work “Theory of International Politics” (1979), Kenneth Waltz brought Realism into the modern era by shifting its focus from unprovable yet persuasive assumptions about human nature. He introduced the theoretical framework known as “Neorealism” or “Structural Realism,” placing a significant emphasis on the concept of 'structure' in his explanation. Instead of attributing a state's decisions and actions to human nature, Waltz proposed a straightforward formula. Firstly, all states operate within the confines of an international anarchic system (this constitutes the structure). Secondly, their courses of action are determined by their relative power compared to other states. Waltz advocated for a form of Realism that directed theorists to scrutinize the characteristics of the international system for insights rather than delving into perceived flaws in human nature. This approach marked a new phase in IR theory that aimed to employ social scientific methods instead of relying solely on political theory or philosophical approaches.

A significant divergence exists among Structural Realists, and this contrast is evident in their responses to a key question within Realism: What constitutes sufficient power? As exemplified by Kenneth Waltz (1979), Defensive Realists caution against states attempting to maximize their global power share, as they believe the system will penalize them for excessive power-seeking. According to defensive realists, the pursuit of hegemony is particularly imprudent. In contrast, offensive realists like John Mearsheimer (2001) hold the opposing view, asserting that it is strategically wise for states to acquire as much power as possible and, under favorable conditions, to strive for hegemony. The argument is not that conquest or domination is inherently desirable but rather that possessing overwhelming power is the most effective way to ensure survival. While classical realists view power as an end, Structural Realists regard power as a means to an end, with the ultimate objective being survival.

Structural Realists hold differing views on the extent of power states should strive to wield. Offensive realists contend that states should consistently seek opportunities to acquire

additional power, taking action whenever it appears practicable. Their stance advocates for the maximization of power, with the ultimate objective being hegemony, as it is perceived as the most effective means to ensure survival. Defensive and Offensive Realists share a consensus on the limited utility of nuclear weapons for offensive purposes, particularly when both sides in a conflict possess them. The rationale is straightforward: when both parties have a viable retaliatory capability, neither gains an advantage by launching a first strike. Additionally, both perspectives acknowledge the possibility but deem it unlikely for conventional war to occur between nuclear-armed states due to the risk of escalation to the nuclear level.

Throughout history, international politics has consistently been synonymous with power politics. Therefore, Realism continues to remain central within the literature on IR theory. It is significant to look at how the balance of power in the region and Türkiye's security concerns influenced its investment in defense capabilities and how the development of the Turkish defense industry contributed to its ability to project power and deter potential threats in the recent years.

In particular, Structural Realism can be relevant for explaining developments after the US arms embargo trauma. Türkiye's move to nationalize its defense industry post-1974 aligns with neorealist principles, as it reflects an effort to enhance autonomy and reduce vulnerabilities by bringing critical defense production processes under national control. The anarchic structure of the international system, coupled with regional security challenges, has likely influenced Türkiye's neorealist-driven approach to strengthen its defense capabilities through nationalization in line with its economic liberalization process starting with the 1980s.

2.6. Liberal School of International Relations

The Realist and Liberal approaches have historically been the two predominant traditions in International Relations. Although Realism held sway over liberal IR in the first half of the 20th century, Liberal IR took center stage by the end of the Cold War, marked by heightened debates on globalization, non-state actors, and interdependence. The development of Liberal IR has been shaped by influential thinkers from the 17th, 18th, and 19th centuries (Zacher & Matthew 1995). Figures such as Locke, Rousseau, and Kant, among others, delved into themes that later formed the core of the Liberal IR tradition. As a

result, their discussions on the relationship between democracy and peace, the feasibility of attaining security through an international organization, the prominence of international moral and ethical principles, and the diminishing yet inherent relevance of power relations and self-interest among both democratic and non-democratic states have a rich historical lineage (Zacher & Matthew 1995, 112).

Liberal International Relations theory focuses on state actors and units as the central level of analysis. It challenges the conventional portrayal of the state as a unified and homogeneous entity, asserting instead that the internal components of the state play a crucial role in policy formulation (Oğuzlu 2014). Thus, Liberalism adopts a pluralist approach, positing that the interests and policies of states are shaped by diverse interest groups engaging in negotiations over various issues (Zacher and Matthew 1995: 118). Described as the “tradition of optimism” by Dunne (2001: 163), liberalism is characterized by a belief in gradual yet inevitable human progress. Liberals argue that self-interest can be harmonized, leading to a convergence of interests (Doyle, 1986; Russett, 2013: 95) and promoting the advancement of security, welfare, and human rights (Zacher and Matthew 1995: 117). Liberals also posit that national interests are not fixed and can be redefined (Deutsch 1957; Haas 1958), as relations between domestic interest groups can evolve, influenced by domestic and international factors (Zacher & Matthew 1995: 118-119).

The negative repercussions of this anarchic system can be overcome. Liberalism does not downplay the significance of security interests emphasized by Realism. However, Liberals highlight the potential to enhance security not by accumulating greater military and economic hard power than others but through alternative approaches (Silverstone 2021). According to Liberalism, enduring international war and conflict can be averted through states’ cooperative and integrative tendencies. Elements such as democratic governance, economic interdependence, and international law and organizations play pivotal roles in alleviating conflicts within International Relations (Doyle 1986; Russett 2013: p.95). As cooperation and interdependence among states increase, withdrawing from commitments becomes progressively more challenging, preventing military confrontations (Pevehouse, 2004).

Much research has concentrated on examining the influence of democratic regimes on the international system. In this context, the Democratic Peace Theory, introduced by Michael Doyle (1983; 1986), posits that democracies refrain from engaging in wars with

each other. The Democratic Peace Theory draws significant influence from Kant's "Perpetual Peace" composed in 1795. Kant envisions the expansion and pacification of a liberal pacific union in his work, offering insights into why relations between liberal states might not be peaceful when interacting with non-liberal states (Doyle, 1983-1: 225).

In a potential conflict that might lead to war, democratic countries are restrained by their internal political checks, balances, and electoral accountability. This makes it more likely for them to find peaceful resolutions instead of resorting to military force. Another explanation for democratic peace is based on cultural norms. According to this, democracies acknowledge shared political identities and beliefs that promote nonviolent conflict resolution. Consequently, citizens and leaders of democratic nations tend to reject using violence against fellow democracies (Russett, 1993).

Liberal democracies tend to resolve conflicts peacefully on the international stage because these regimes prioritize transparency, negotiation, and reconciliation in their domestic operations as well (Owen 1994, 89-90). Additionally, wars are unappealing for both citizens and governments. Citizens are unlikely to support governments that opt for war due to the substantial costs associated with conflicts (Zacher & Matthew 1995: 123; Russett 1993: 38-40). Furthermore, from a structural and institutional perspective, garnering support for a decision to go to war becomes exceedingly difficult in the presence of fragmentation of domestic interest groups (Maoz and Russett 1992: 7). Overall, promoting democracy and enhancing global trade connections, can present an opportunity to reinforce current peaceful relationships globally.

2.7. Main Assumptions of Liberal IR Theory

I am going to briefly explain fundamental premises of the Liberalism In this part. First of all, individuals are acknowledged as the central international actors. That is because liberals had considered advancement in the international arena as the advancement of individuals as inextricably intertwined. For instance, John Locke came up with the idea of establishing a constitutional state through a social contract to protect individual freedoms. Establishing a legal framework and entity in international arena stems from the necessity of sustaining citizens' rights to life, liberty and property. In this sense the concept of the state is not marginalized but perceived as diverse actors whose interests and actions come from discussions among various groups and electoral process (Adino & Nebere 2016).

State interests are recognized as consisting of two-dimensional aspects: both self-centered and considerate of others. Liberals believe that the interests of the state shift due to evolving values and power dynamics among interest groups. Liberals argue that states not only pursue self-interests but also have policies that consider others, as the growth of liberal democracy raises people's concern for one another. This perspective has roots in the ideas of thinkers like Kant, Locke, and Rousseau. While liberals acknowledge the importance of state survival and autonomy but as secondary to the primary interests of individuals. Liberals remain optimistic about states playing a positive role in supporting peace, welfare, and justice in the long run but are also aware that exploitative interests, such as seeking power over others, are unlikely to completely disappear (Adino & Nebere 2016).

Liberals believe that various domestic and international conditions shape both individual and state interests. While they acknowledge that bargaining power ultimately determines these interests, liberals emphasize that defining these interests is influenced by factors within and outside the state, including economic and political systems, patterns of economic interactions, and personal values domestically. Internationally, technological capabilities, interaction patterns, transnational sociological factors, knowledge, and international institutions play a role in how states affect each other. Liberals view states as embedded in their societies and the international system, with their interests influenced by conditions in both arenas. Unlike Realists, liberals disagree with the simplistic notion of the international system as anarchical. They argue that the pervasive influence of international institutions should be integrated into a comprehensive understanding of the international system, contrasting sharply with the Realists' perspective (Adino & Nebere 2016).

Shared interests have the capacity to drive force for collaboration within the international arena. Liberal democracies have contributed to having increased interdependencies, knowledge sharing, international social connections, and the presence of international institutions. Liberals are confident that states can collaborate without relying on forceful methods. Unlike Realists, who insisted on needing a dominant power for cooperation, liberals believe that non-coercive negotiations, rooted in identifying mutual interests, can lead to successful collaboration. Liberals' positive outlook on cooperation is rooted in their belief in the increasing alignment of interests, particularly with the growth of interdependencies and the widespread adoption of democratic values. They also contend that

improved knowledge and communication will substantially enhance understanding shared interests among states and other actors (Adino & Nebere 2016).

2.8. Neoliberal Institutionalism

Neoliberalism focuses on the role of international institutions in achieving collective outcomes on the global stage, often referred to as “neoliberal institutionalism.” In its examination of international cooperation, neoliberalism adopts a state-centric perspective. Like Structural Realism, it views states as unified, rational, and utility-maximizing actors wielding dominance in global affairs. This means that states are perceived as cohesive entities with specific, identifiable goals rather than being seen as amalgamations of diverse domestic actors and conflicting interests. Neoliberalism also assumes states make decisions based on self-interested priorities and conduct strategic cost-benefit analyses when evaluating possible choices, reactions, and outcomes. In these assumptions, neoliberalism parallels Structural Realism and is deeply influenced by the exploration of rationality and utility maximization in economics.

In the 1970s, Neoliberal Institutionalism emerged through the groundbreaking studies of Robert Keohane and Joseph Nye, particularly in their seminal works “Transnational Relations and World Politics” (1973) and “Power and Interdependence: World Politics in Transition” (1977). It evolved to address shortcomings in conventional perspectives and has focused on the potential for international cooperation in global politics. It is asserted that while realism provides a valuable initial framework for understanding world politics, its vision is deemed too limited to serve as a comprehensive doctrine (Keohane 2002: 6). In contrast to Neorealism, Neoliberalism posits that cooperation among states is achievable (Keohane & Nye 1977). Through institutionalized cooperation and the existence of international organizations, regimes can alleviate potential negative impacts and address unequal distribution of gains (Oğuzlu 2014; Keohane and Martin 1995: 42). International institutions are considered significant actors alongside states differing from Structural Realist view (Mearsheimer 1994/9: 7). Neoliberal scholars acknowledge that institutions may not always be influential. They recognize that institutions can break down or fall short of achieving desired collective outcomes. They are aware that institutions primarily serve the interests of states, and these interests may not always align with the common good. Yet, even in these situations, there could be a vital role in redesigning institutions to achieve more favorable outcomes.

Economic interdependence is the significant argument of Neoliberal IR theory. Countries that engage in trade develop mutual dependence (Hirschman, 1977). War disrupts trade between conflicting states. Therefore, maintaining trade and financial connections is a powerful incentive for rivals to show restraint and avoid escalating disputes into violent conflicts (Rosecrance, 1986; Copeland, 1996). The establishment of the European Union stands out as the most successful example of using economic interdependence to foster peace among historically rival countries. Keohane and Nye came up with the concept of “complex interdependence”. They describe complex interdependence as “a situation among a number of countries in which multiple channels of contact connect societies (that is, states do not monopolize these contacts); there is no hierarchy of issues; and military force is not used by governments towards one another” (Keohane and Nye 1987, p. 731).

Firstly, there are numerous communication channels. This includes informal exchanges among state elites, non-state elites, and engagements among transnational organizations (Keohane and Nye 1987). Secondly, there needs to be hierarchical structure among issues on a state's foreign policy agenda. Military and security matters cannot dominate the agenda because of various issues. The distinction between domestic and foreign policy concerns needs to be clarified (Keohane and Nye 1987). Thirdly, the significance of military power diminishes. As mentioned, in traditional international relations thinking, the primary goal of all states is survival, and military force serves as the ultimate guarantee for survival. However, military force loses relevance in addressing economic problems within a complex interdependent relationship (Keohane and Nye 1987).

Liberal international relations theory can provide valuable insights into the nationalization of Türkiye's defense industry. In the context of defense industry nationalization, liberals argue that fostering self-sufficiency in critical sectors, such as defense, enhances a country's autonomy and reduces its dependence on external actors. By strengthening domestic capabilities, Türkiye aims to participate more actively in international trade, technological collaborations, and defense partnerships on its own terms. This move aligns with liberal principles of economic interdependence as a means of promoting peace, as self-reliance in defense production can contribute to regional stability and cooperative security arrangements. Therefore, it is significant to examine how economic liberalization and globalization influenced the development of the Turkish defense industry,

particularly in terms of international trade and investment and what role international institutions and norms have played in shaping the industry's growth.



3. CHAPTER: DEVELOPMENT OF THE TURKISH DEFENSE INDUSTRY DURING THE PRE-1974 PERIOD

This chapter looks into the development of the Turkish defense industry prior to 1974. This chapter delves into a critical period that laid the foundations for the nation's strategic capabilities. Understanding the developmental trajectory of Türkiye's defense industry during this period is integral to comprehending the strategic choices, challenges, and milestones that have shaped its national security landscape. By exploring the historical roots of the defense industry, this chapter aims to shed light on the early policies that contributed to the formulation of Türkiye's defense capabilities.

The Turkish defense industry traces its roots back to the height of the Ottoman Empire, where it produced war materials and tools, including gunpowder and cannons, at the Imperial Cannon Foundry. In other words, the initial cannon and howitzer in history were crafted during the time of Sultan Mehmed II, the Conqueror. In that era, Tophane-i Humayun was founded to manufacture cannons. Engineers Muslihiddin and Sarıca Sekban designed 130 cannons utilized during the conquest of Istanbul. Furthermore, weapons production progressed during the reign of Suleyman the Magnificent. Tophane-i Humayun started producing relatively modern weapons when Halil Pasha was appointed as an advisor. Additionally, Celal Bey established the first Turkish naval shipyard and naval base in the eleventh century in Izmir, and in the same century, Hazerfen Ahmed Çelebi soared from Galata Tower in Istanbul, covering a distance of approximately 6,000 meters using a wing-like device (Akgul 1990). The manufacturing capacity of this industry surpassed that of its European counterparts. However, from the decline of the Ottoman Empire until the end of the First World War, the Turkish defense industry faced challenges in keeping pace with technological advancements in Europe. The process of developing the defense industry commenced at the beginning of the Republic era with state support aimed at establishing a national defense industry despite economic, technological, and infrastructural obstacles (Yilmaz and Yorulmaz 2023). I will elaborate on this in the next part of the thesis.

3.1. Period of 1919-1923

Türkiye's effort to build its own weapons industry started in the early stages of the War of Independence. Before World War I, they had two types of defense manufacturing: government-funded factories called "İmalat-i Harbiye" and smaller workshops working with

the government as sub-contractors. These establishments produced various items such as uniforms, gunpowder, cartridges, rifles, and cannons. However, following the defeat of the Ottoman Empire in World War I and was occupied by the Entente Powers under the Armistice of Mondros, one of their first actions was confiscating İmalat-i Harbiye factories including warehouses and administrative buildings. As a result, the Ottoman defense industry was crippled and rendered completely ineffective (Zengin 2020).

From 1919 to 1923, the early government in Ankara, representing the newly established Republic of Türkiye, aimed at fulfilling the military needs of the growing army during the shift from the volunteer Kuvayi Milliye to a professional army. To accomplish this objective, the Ankara government adopted a mix of traditional methods, like purchases and grants, and unconventional methods, such as hijacking weapons from İmalat-i Harbiye facilities, looting enemy arms, and confiscation of military equipment with Tekalif-i Milliye orders. During this time, the government heavily depended on external sources to have weapons, facing challenges at the beginning of the independence war. The most successful approach was obtaining weapons left by the Ottoman Army after the Armistice of Mondros (October 11, 1922). These weapons, given to pro-independence officers, were not returned to the Entente forces because they were not disclosed or misrepresented in declarations. Notable incidents include the looting of Russian army ammunition during the Russian Revolution and the Akbaş Arsenal raid (Ermis and Gumusel 2023). Weapons and ammunition were smuggled from various Istanbul warehouses, especially the Maçka warehouse, transferring large quantities to Anatolia between 1919 and 1922. This included over 100,000 bolt handles, 50,000 rifles, 300 heavy machine guns, 30 cannons, and various equipment. Additionally, machines and parts were transported to Anatolia in preparation for the upcoming war effort (Zengin 2020).

During this time, when weapons and ammunition were sent to Anatolia, dedicated officers and public servants from the Ottoman arms manufacturing system moved there. They set up new facilities using equipment smuggled into Anatolia. These facilities, including arms maintenance services in Eskişehir and Ankara, Keskin Cartridge Factory, Konya and Kayseri factories, and Erzurum Arms Maintenance Factory, played a crucial role in addressing various issues related to arms and ammunition for the regular army. In July 1920, the first arms maintenance facility was established in Ankara to repair rifles. Following the relocation of Eskişehir and Adapazarı's arms maintenance facilities to Ankara, the arms

maintenance facility in Ankara expanded even further, becoming the headquarters for arms manufacturing in July 1920 (Ermis and Gumusel 2023). These various facilities with different purposes triggered the development of systematic institutionalism, thanks to the founding of the General Directorate of Military Factories in 1921 (Ermis and Gumusel 2023).

3.2. Period of 1923-1939

With the establishment of the Republic led by Mustafa Kemal Atatürk, Türkiye sought to develop its own self-reliant economy. This objective was particularly evident in the defense industry. The industrial heritage of the Ottoman Empire came to the forefront, and initiatives to foster a national bourgeoisie led to the emergence of new entrepreneurs. This period was characterized by government support for trade, industry, and the banking sector. The government aimed to establish and operate a “modern” economic structure (Kurt and Sehitoglu 2022). The impact of the Great Depression revealed that Türkiye could not depend solely on agricultural exports, and the private sector lacked the strength to drive economic growth. Consequently, the Turkish economy embarked on a period of state-centered national industrialization (Boratav 2013).

Under Mustafa Kemal Atatürk’s directives, the small arms and cannon repair workshops, along with the cartridge and carpentry facilities, were consolidated within the framework of the General Directorate of Military Factories established in 1921 as I have mentioned in the previous section and later transferred to the Mechanical and Chemical Industry Corporation (MKEK) in 1950. This move improved the operations of the factories involved in arms, ammunition, and chemical production. 18 state enterprises, including public joint ventures and 3 private entities, were established between the year of 1923 and 1952. These 17 of 18 enterprises were established outside of Türkiye contrary to the industrialization layout of the Ottoman Empire. Eight of 17 enterprises were established in Ankara, six in Kirikkale, and one each in Erzurum, Kayseri and Eskişehir. The main strategy of the government to distribute industrial projects including factories throughout Anatolia was to encourage long-term industrial growth in other regions of the country and bridge the gap between the developed and undeveloped regions. Moreover, the government strategically initiated industrial projects in provincial centers like Kayseri and Malatya in Central Anatolia due to businessmen’s reluctance to invest in less profitable areas, where returns were not guaranteed (Ahmad 1993).

Another notable aspect of Mustafa Kemal Atatürk's era was the promotion of private-sector entrepreneurship. Türkiye's first and largest private sector defense industry factory was established in 1925 by Sakir Zumre in Haliç, Istanbul. This initiative laid the groundwork for today's aviation industry. Institutions like the Turkish Aeronautical Association (THK) and the Turkish Aircraft, Automobile and Engine Limited Company (Tayyare, Otomobil ve Motor Türk Anonim Şirketi, TOMTAŞ), now recognized as pivotal contributors to the history of the Turkish defense industry, emerged during the early Republican period (Serem 2021). The Golcuk Shipyard, presently the largest facility in the naval warfare industry, was established following the decision to create the Naval Base in Golcuk with the approval of Law No. 2173 by the Turkish Grand National Assembly in May 1933. Despite efforts during this period, Türkiye continued to procure weapons from foreign sources (Seren 2021). To elaborate further, the Presidential Republican Archives showed that Türkiye purchased aircraft bombs, charged water bombs, drill bombs, and incendiary bombs. In 1942, it was decided to outsource the suspension assembly of British aircraft bombs to Sakir Zumre (Kurt and Sehitoglu 2022). In 1937, Zümre entered a significant bomb trade agreement with Greece, valued at 1.5 million Turkish Lira. This marked the Republic of Türkiye's first defense export and was a noteworthy success for private entrepreneurs. After this achievement, the factory resumed regular industrial activities in 1944, focusing on producing castings, metalware, and agricultural tools to meet various needs in Türkiye (Oral 2012).

Besides Sakir Zumre, Nuri Killigil established the Zeytinburnu Ironware Factory in 1930 to produce pistols, bombs, mortars, cartridges, and cannonballs together with stoves, castings, fire bricks, ceramics and other items. The factory successfully attracted attention from states and foreign entities and received numerous orders from them (Karakose 2010). Atilla Oral indicates that after moving his factory in 1938, the manufacturing workstations had not been imported, and they were Nuri Killigil's production. However, the factory became less popular in the state due to American aid and it officially ceased its activities in 1946. Despite this, Nuri Killigil continued covert production, supplying weapons during the Arab-Israeli War and receiving orders from countries like Palestine, Syria, Egypt, and Pakistan (Kurt and Sehitoglu 2022).

Nuri Demirağ was another crucial figure of the era by establishing Türkiye's first private-sector aviation venture, the Beşiktaş Aircraft Factory in 1936. He built Sky School

in Sivas, and a complex consisting of an airport, hangar and workshops in Ataturk Airport, Istanbul. Selahattin Reşit was one of the first Turkish aircraft engineers to design a number of engines and aircraft such as Nu D.36 and Nu D.38 in Nuri Demirağ's Beşiktaş factory. In 1942, the Ministry of National Defense designated Demirağ's facilities to repair and supply of spare parts for the Air Force. Despite an initially successful period, production issues and shifts in defense policies led Demirağ to close the complex in subsequent years (Yalcin 2016).

3.3. Period of 1939-1974

Atatürk gave significant importance to the advancement of the defense industry; however, the progress in the defense industry dissipated after he died in 1938. It is possible to deduce that from 1939, Turkish defense industry was influenced by American aid received during World War II and Türkiye's NATO membership. Aydın explained that at the Adana Conference held from 30 January to 1 February 1943, İnönü and Churchill had a consensus on the need to strengthen the Turkish armed forces and discussed Türkiye's continued distance from the War. They mutually agreed that Türkiye would receive a British aircraft fleet and anti-aircraft and anti-tank units to safeguard crucial territories that might be attacked, making possible Türkiye's defense against possible German attack for a year. Moreover, there are official documents from Turkish General Staff Military Archives show that defense products such as British air defense artillery, tanks (i.e., General Stuart type) and military training had offered to Türkiye by Britain before the occurrence of American aid (Kurt and Sehitoglu 2022).

Stated differently, despite economic difficulties and domestic political unrest during this period (1939-1974), Türkiye endeavored to maintain its investments in the defense industry through collaboration with private enterprises. In this context, state-owned enterprises such as the airplane factory established by the Turkish Aviation Association in 1941 and the General Directorate of Machinery and Chemical Industry Corporation in 1950 were established (Yilmaz and Yorulmaz 2023). At the Adana Conference in January-February 1943, Turkish Prime Minister İnönü and UK Prime Minister Churchill acknowledged the necessity of strengthening the Turkish armed forces. They discussed Türkiye's strategic position in the war. Both sides agreed that Türkiye would receive a British aircraft fleet and with anti-aircraft and anti-tank units to safeguard critical territories vulnerable to potential attacks (Kurt and Sehitoglu 2022).

During World War II, Türkiye adopted statism and war economy policies. This led to a decline in domestic consumption since a large portion of the population was involved in production for the war effort. Simultaneously, the state had imposed restrictions on imports. Post World War II, the USA, in response to the Soviet threat, increased its defense capabilities and provided Türkiye with war materials valued at \$100 million (Satterthwaite 1972). Türkiye received assistance in various military aspects, in total \$236 million by March 1950, covering land forces, air forces, naval forces, and military equipment and ammunition (McGhee 1990). While ostensibly for military modernization, this aid also aimed to yield political, economic, and strategic advantages (Kurt and Sehitoglu 2022). Through the implementation of the Truman Doctrine in 1947 and the attainment of NATO membership in 1952, Türkiye became incorporated into the political and military framework of the Western alliance.

In 1950, the Democrat Party (DP) secured the majority of votes in the general election. During this period, the government had to seek financial assistance from the IMF for the first time to address its trade deficit. The DP initiated an extensive infrastructure development initiative financed by foreign credits. Between 1950 and 1960, the DP administration undertook the construction of nearly 6,000 kilometers of roads, 14 dams, 15 hydroelectric plants, and 20 harbors. Until 1953, annual agricultural growth stood at 14.2 percent, while annual industrial growth reached 9.8 percent. The Marshall Plan played a crucial role by providing many agricultural machines, contributing significantly to this growth (Durmaz 2014).

Türkiye initially applied to join the European Economic Community (EEC) in 1959. An agreement in 1964 outlined a three-stage plan for Türkiye's accession. The first stage involved a five-year plan to strengthen Türkiye's economy. In 1970, another agreement marked the beginning of the second phase, requiring Türkiye to gradually remove legal barriers to imports from Common Market countries. This decision faced criticism from the Turkish public due to concerns about potential trade imbalances. However, Türkiye's choice was driven by political considerations, as it aimed to align with the Western Bloc, preventing Soviet ambitions and following Mustafa Kemal Atatürk's vision. The EEC provided loans to Türkiye as part of these agreements, and by 1974, it became the most significant contributor of economic assistance to Türkiye, aside from the consortium.

A significant shift in Turkish foreign policy during the 1960s was the establishment of economic and political ties with the Soviet Union. This move aimed to reduce Türkiye's reliance on the Western Bloc, particularly the United States, following the Johnson Letter incident. In fostering closer relations with the Soviet Union, Türkiye received a \$200 million credit from the Soviet government for constructing factories, committed to increasing the amount to \$361 million by 1970. Additionally, the Soviet Union supported Türkiye's stance on the Cyprus issue. Despite the lack of objection from the United States regarding Türkiye's approach to the Soviet Union, there was a sense of suspicion surrounding this diplomatic shift.

Former President of Defense Industries of Türkiye (SSB) Demir discusses that there are direct and indirect adverse effects of military aid provided by the West on the development of indigenous defense industry due to the statement of military aid agreement which was that military aid “cannot be used beyond their intended purpose”. This statement posed significant obstacles to Türkiye's endeavors to safeguard its national interests. In order to eliminate direct and indirect adverse effects mentioned above, specific actions were taken. One significant action was establishing the research and development department in 1954, which was dedicated to bolstering the development of domestic capabilities for equipping the Turkish Armed Forces. This department's focus on internal research and development was further reinforced by the 2nd Five-Year Development Plan (1968-1972), which clarified the need for national defense infrastructure investments, marking a significant departure from previous reliance on external solutions. The push for the development of defense industry gained importance with the establishment of the Department of Technical Services under the Ministry of National Defense in 1970. The same strategy and emphasis were included in the 3rd Five-Year Development Plan (1973-1977). Notably, this plan systematically highlighted the importance of industrialization in the national defense field, supplying defense products needed by the national defense services and promoting national industrialization efforts and national defense infrastructure investments plans (Demir 2020).

Table 1: Defense Industries Factories founded between 1923 and 1952 (Kurt and Sehitoglu 2022)

Factory	Open	Location	Subsector	Production
Ankara Gun Factory	1921	Ankara	Guns, ammunition	Rifles, gun barrels

Ankara Carpenter Factory	1924	Ankara	Guns, ammunition	Military accessories
Silahtaraga Cartridge Factory	1925	Istanbul	Guns, ammunition	Cartridges
Şakir Zümre Blockbuster and Gun Factory	1925	Istanbul	Guns, ammunition	Blockbusters, grenades, pistols
Kayseri Aircraft Factory	1926	Kayseri	Aviation	Aircraft
Eskişehir Aircraft Repair Factory	1926	Eskisehir	Aviation	Aircraft repair
Gazi Cartridge Factory	1928	Ankara	Guns, ammunition	Cartridges
Rice Casting Factory	1928	Kirikkale	Guns, ammunition	Rice, fuses, cartridges, bullets
Kırıkkale Ammunition Factory	1929	Kirikkale	Guns, ammunition	Bullets, repairs
Nuri Killigil Gun Factory	1930	Istanbul	Guns, ammunition	Pistols, bombs, cartridges, mortars, bullets
Capsule ve Bullet Factory	1931	Ankara	Guns, ammunition	Capsules, bullets, fuses, cartridges
Kırıkkale Steel and Iron Casting Factory	1932	Kirikkale	Machinery, equipment	Raw material
Kırıkkale Rifle	1934	Kirikkale	Guns,	Pistols, rifles

Factory			ammunition	
Mamak Gas Mask Factory	1935	Ankara	Machinery, equipment	Gas masks, mines
Elmadag Gunpowder Factory	1943	Ankara	Guns, ammunition	Gunpowder
Nuri Demirag Aircraft Factory	1936	İstanbul	Aviation	Aircraft, airliners, trainer aircraft
Kırıkkale Nitrocellulose Gunpowder Factory	1937	Kırıkkale	Guns, ammunition	Gunpowder
Kırıkkale Gear Factory	1938	Kırıkkale	Machinery, equipment	Gear for motor vehicles
Erzurum Gun Factory	1938	Erzurum	Guns, ammunition	Cannonballs, rifle repairs
THK Etimesgut Aircraft Factory	1940	Ankara	Aviation	Aircraft, ambulance aircraft, trainer aircraft
THK Gazi Aircraft Motor Factory	1945	Ankara	Aviation	Aircraft motors
MKEK (Mechanical and Chemical Industry Company)	1950	Ankara	Guns, ammunition	Guns, ammunition, ballistic missiles, explosive material, chemicals

4. CHAPTER: THE 1974 CYPRUS INTERVENTION SAGA

Since 1964, the Cyprus issue has remained an enduring cycle of ethnic, political, and social conflict that has impacted the lives of both Turkish and Greek Cypriots for more than 50 years. Despite substantial efforts by the international community to address the issue, a resolution still needs to be achieved (Ker Lindsay 2014). The complex Cyprus issue consists of ethnonational, political, and religious dimensions with conflicting interests of external powers, including Greece, Türkiye, the United Kingdom, and others. The causes can be explained by a multidimensional approach, including weak institutional settings, external geopolitical interests, perceived grievances, and competing identities. It is crucial to provide an overview of the process which led to Türkiye's intervention in 1974. Without this, it is impossible to trace the events leading to the development of the Turkish defense industry in the post-1974 era.

Historically, on August 16, 1960, after more than 80 years of British rule, Cyprus gained independence. A complex constitutional system was established to address the diverse demographics, aiming to balance power between the larger Greek Cypriot community, constituting 78 percent of the population, and the smaller Turkish Cypriot community, comprising 18 percent of the island's inhabitants (Ker Lindsay 2014). This distribution between two communities extended to various areas of governance, including the Council of Ministers, civil service, and the 50-seat parliament, where power was allocated 70:30 in favor of the majority Greek Cypriot community. The Greek Cypriot president and the Turkish Cypriot vice president also held significant veto powers. Meanwhile, Britain, Greece, and Türkiye were entrusted with safeguarding the island's sovereignty, territorial integrity, and independence.

The Greek Cypriots were dissatisfied with the outcome, as they did not seek an independent state. Instead, they aimed to end British rule and unite the island with Greece (Markides 1977). Additionally, many Greek Cypriots felt aggrieved by the substantial powers granted to the Turkish Cypriots. While a significant number of Turkish Cypriots found the settlement acceptable, though not necessarily desirable, some extremists advocated for the island division between Greece and Türkiye. Consequently, there was a lack of enthusiasm for the new state within either community. It was, therefore, unsurprising that tensions quickly arose over various issues, such as taxation and the administration of city councils. In response, in November 1963, the Greek Cypriot president, Archbishop

Makarios, proposed constitutional amendments to facilitate the smooth functioning of the state. These proposals were promptly rejected by Türkiye, leading to clashes on the island and the collapse of the ethnically mixed government. In March 1964, the UN Security Council authorized the establishment of the United Nations Peacekeeping Force in Cyprus (UNFICYP) and mandated the UN Secretary-General to lead efforts to find a political solution to the situation (Drousiotis 2008, Packard 2008).

Over the next ten years, the UN initiated a series of settlement efforts. Unfortunately, there was no success. In November 1967, following another round of severe fighting between the two communities, the Turkish Cypriots declared their provisional administration. While tensions between the two communities subsided in the subsequent years, new divisions emerged within the Greek Cypriot community, pitting those still aspiring to see Cyprus united with Greece against those who recognized that such an outcome was no longer feasible. In July 1974, these differences reached a critical point when the military government in Athens, advocating for unification, ordered the overthrow of the Makarios administration. Believing this was a prelude to union and following consultation with the British government, Türkiye started a military operation in Cyprus just five days later, on July 20, 1974 (Ker Lindsay 2014). Türkiye's involvement prevented Greece from taking over the island, stopped the mistreatment of Turkish Cypriots, and brought peace to Cyprus. This opened the door for negotiations, the first chance for talks since December 1963.

4.1. Türkiye's Intervention and Its Aftermath

In 1974, following a treaty of guarantee, Turkish forces intervened on the island to safeguard the Turkish community. Although diplomatic initiatives, primarily facilitated by the British, were underway, the Turkish government executed a second invasion, seizing control of almost 40% of the island to definitively address the security apprehensions of the Turkish Cypriots (Karagoz 2004). With the 160,000 Greek Cypriots, constituting a quarter of the Greek Cypriot population, were forced to leave their residences. Subsequently, more than 40,000 Turkish Cypriots departed from their homes in the southern region of the island, relocating to areas under Turkish control. The island was now fully separated, marked by divisions in geography, ethnicity, and politics (Ker Lindsay 2014).

Until the potential Turkish intervention, the United States sought to preserve the existing state on the island. The US was concerned that a Turkish intervention could lead to a conflict between two NATO allies, Greece and Türkiye, destabilizing NATO's southern flank and providing the Soviet Union an opportunity to expand its influence. Additionally, such an intervention threatened American military facilities in the region. Before the intervention, US President Johnson sent a letter to Turkish President Inonu, urging measures to prevent Turkish intervention and the potential consequences it might entail (Uslu 2003). Johnson said:

"I must call to your attention, also, Mr. Prime Minister, the obligations of NATO. There can be no question in your mind that a Turkish intervention in Cyprus would lead to a military engagement between Turkish and Greek forces. Secretary of State Rusk declared at the recent meeting of the Ministerial Council of NATO in The Hague that war between Türkiye and Greece must be considered as "literally unthinkable." Adhesion to NATO, in its very essence, means that NATO countries will not wage war on each other. Germany and France have buried centuries of animosity and hostility in becoming NATO allies; nothing less can be expected from Greece and Türkiye. Furthermore, a military intervention in Cyprus by Türkiye could lead to a direct involvement by the Soviet Union. I hope you will understand that your NATO allies have not had a chance to consider whether they have an obligation to protect Türkiye against the Soviet Union if Türkiye takes a step which results in Soviet intervention without the full consent and understanding of its NATO Allies. I wish also, Mr. Prime Minister, to call your attention to the bilateral agreement between the United States and Türkiye in the field of military assistance. Under Article IV of the Agreement with Türkiye of July 1947, your government is required to obtain United States consent for the use of military assistance for purposes other than those for which such assistance was furnished. Your government has on several occasions acknowledged to the United States that you fully understand this condition. I must tell you in all candor that the United States cannot agree to the use of any United States supplied military equipment for a Turkish intervention in Cyprus under present circumstances".

While the letter successfully averted a Turkish intervention, it generated a significant anti-American sentiment in Türkiye and led the Turkish government to reassess its alliance with the United States. Turkish President Inonu replied to President Johnson's letter, stating:

“Inonu immediately replied to President Johnson with a letter. In it, he said: The part of your message expressing doubts as to the obligation of NATO Allies to protect Türkiye in case she becomes directly involved with the USSR as a result of an action initiated in Cyprus, gives me the impression that there exists between us a wide divergence of views as to the nature and basic principles of the North Atlantic Alliance. I must confess that this has been to us the source of great sorrow and grave concern. Any aggression against a member of NATO will naturally call from the aggressor an effort of justification. If NATO’s structure is so weak as to give credit to the aggressor’s allegations, then it means that this defect of NATO needs really to be remedied. Our understanding is that the North Atlantic Treaty imposes upon all member states the obligation to come forthwith to the assistance of any member victim of an aggression. The only point left to the discretion of the member states is the nature and the scale of this assistance. If NATO members should start discussing the right or wrong of the situation of their fellow-member victim of a Soviet aggression, whether this aggression was provoked or not and if the decision on whether they have an obligation to assist this member should be made to depend on the issue of such a discussion, the very foundations of the Alliance would be shaken and it would lose its meaning”.

Türkiye interpreted the American response as a betrayal. The relationship between the US and Türkiye has been notably robust in previous decades. President Truman initiated the Marshall Plan, providing economic and military aid to Türkiye and Greece to prevent them from falling under communist regimes. Türkiye was among the few nations that dispatched troops to Korea, fighting alongside American forces. The United States and NATO established numerous military bases in Türkiye for intelligence gathering against the Soviet Union. The Turkish government believed that Türkiye had made significant sacrifices to remain a strong ally of the Western Bloc (Beris and Gurkan 2002).

4.2. US Arms Embargo

In October 1974, US Congress passed joint resolutions twice. However, President Ford vetoed them both, aiming to prohibit military aid to Türkiye until significant progress was achieved in resolving the Cyprus issue. President Ford reluctantly agreed to a cutoff of aid by December 10 if no substantial progress was made. However, as negotiations stalled, the deadline was extended to February 5, 1975, through a mutual agreement between the White House and Congress. The Foreign Assistance Act took effect on February 5, 1975. Consequently, more than 200 million US Dollars in arms purchases and grants were withheld

and the flow of grants, credits, and commercial military sales to Türkiye was stopped. This encompassed aircraft deliveries that had already been paid for by the Turkish Government (Koumoulides 1978).

Even before initiating of the arms embargo, Ford and Kissinger actively advocated for lifting the embargo legislation. Those advocating for the continuation of the embargo, contingent on Turkish cooperation, found themselves in a defensive position. By late March, the Foreign Relations Committee voted to grant the President the authority to lift the embargo if he deemed it beneficial for advancing a resolution, provided Türkiye adhered to the conditions specified in the original ban. On May 19, the bill passed on the Senate floor with a narrow vote of 41 to 40, with support from Senate leadership figures and critical members of the Foreign Relations and Armed Services Committees. Despite the vigorous lobbying from the White House, the close margin of the vote indicated that proponents of the embargo had not abandoned their cause. On June 17, Turkish Foreign Minister Caglayangil declared that all American military and intelligence-gathering facilities in Türkiye would be placed under "provisional status (Koumoulides 1978).

Despite some bases gradually reopening by 1978, the embargo led to a significant rift between the two nations. On April 2, 1978, the President Carter Administration made a significant policy change. Departing from its previous position, it aimed completely remove the arms embargo without making it contingent on Türkiye's progress in resolving the Cyprus issue. Advocates for the embargo, primarily composed of Democrats and supporters of Carter, responded with strong resentment. Türkiye demonstrated dissatisfaction with the US arms embargo, and despite efforts to normalize political relations, the Turkish government and the public were deeply affected by the event. They regretted their perceived overreliance on the US, both militarily and economically (Karagoz 2004).

With the developments over the Cyprus issue and the US arms embargo, Turkish policymakers realized the importance of having a national defense sector. The embargo left Türkiye vulnerable to external threats, and therefore, to ensure its survival and security, Türkiye had to develop its own defense industry. This crisis let Türkiye develop a modern national defense industry infrastructure and formulate a new security policy concept (Yilmaz and Yorulmaz 2023).

5. CHAPTER: POST-1974 DEVELOPMENT OF TURKISH DEFENSE INDUSTRY

This thesis argues that the development of the Turkish defense industry was spurred by the US arms embargo imposed in the aftermath of its military intervention in Cyprus in 1974. The embargo reminded to Türkiye of the critical importance of establishing and sustaining a domestic defense industry using national resources for its national security and interests. In the upcoming chapters, I aim to explain the transformation of the Turkish defense industry in the post-1974 period through the lenses of Realist and Liberal Schools of IR. I will briefly discuss how the Turkish defense industry has developed since 1974 and what factors have contributed to its growth.

Looking at the developments in the Turkish foreign and security environment, I will test the following hypothesis: Türkiye's worsening of the relations with the West (IV) is likely to increase the likelihood of defense industry nationalization in Türkiye (DV). I expect to find a correlation between Türkiye's worsening relations with the West, especially the US, and the development of defense Turkish defense industry. The effort to nationalize the defense industry in Türkiye serves as both a symbol of national independence and a complex relationship with the West, influenced by a challenging history known as the "Sevres syndrome." This reflects a rejection of past imperial setbacks. The development concept is approached through a twofold comparative lens: a contemporary comparison with Western partners and a historical comparison with Türkiye's imperial past (Pinto 2017).

5.1. Period of 1974-1983

Another phase of the Turkish defense industry, spanning from 1974 to 1985, was shaped by the Cyprus crisis in 1974 and its subsequent political and economic consequences. Türkiye found itself isolated in terms of foreign policy in the international system and economically dependent on foreign sources during this period. This situation led to a complex structure in Turkish foreign policy and fostered a growing awareness among the public about the necessity for developing a national defense industry. Beyond meeting domestic capital equipment needs, Turkish defense manufacturers have become significant supplier of arms systems in the international market. The exclusion from arms markets due to US arms embargo highlighted the necessity for self-sufficiency in weapons and military supplies, a goal that had roots dating back to the 1960s (Ayres 1983). The new approach of

the 1970s aimed to diversify arms supplies and reduce military dependence on the US. following the embargo. Simultaneously, Türkiye actively built ties with Soviet Bloc countries, later evolving into close military cooperation (Stergiou 2021). As Ayres points out the importance of setting goals for achieving self-sufficiency in defense industry, initial efforts were made through licensed production such as manufacturing of G-3 and G-4 rifles by MKEK with licenses obtained from Germany (Demir 2020).

Despite the economic shift towards international competition in 1980, driven by the military junta, the plan to modernize the Turkish army and defense industry appeared to deviate from the neo-liberal trend, challenging both structural adjustments and the belief in market rules promoted by international financial institutions (Pinto 2017).

The removal of US missiles from Turkish soil in 1963 and the international embargo highlighted the negative consequences of excessive reliance on external sources. This situation revived a national siege mentality towards Türkiye's Western partners. In response, private defense contractor Otokar, established in 1963 and owned by the Koc holding company, and foundations seeking public donations to support national armament emerged. These foundations paved the way for the creation of various companies, including Aselsan, now a leading defense provider in the country. Despite the developmental interpretation of the 1960s and 1970s, which is usually associated with privatization, during the supposedly neo-liberal period of 1980–2010, characterized by openness to international trade and market rules, that significant government intervention occurred to promote the Turkification of the defense industry. This presents a paradoxical situation where the earlier period of the 1960s and 1970s, considered developmentalist, witnessed the privatization of the defense industry in Türkiye (Pinto 2017).

In this period, national awareness of the necessity of achieving self-sufficiency in the defense industry had occurred, and this awareness triggered Türkiye to take swift actions at the state level. The actual steps were taken in the 1970s to increase capacity, resources, and abilities (Demir 2020). Established in the 1970s, institutions and organizations that now stand as cornerstones of the Turkish defense industry, including the Air, Naval, and Land Forces Foundations in 1970, 1972, and 1974 respectively (renamed the Turkish Armed Forces Foundation in 1987), as well as companies such as Turkish Aerospace Industries (TUSAŞ or TAI in English-1973), ASELSAN (a defense electronics company-1975), later on ASPILSAN (energy storage systems company-1981), HAVELSAN (a software and

systems company-1982) and ROKETSAN (a rocket and missile manufacturer and defense contractor-1988) have played pivotal roles in shaping the contemporary landscape of the Turkish defense sector (Yilmaz and Yorulmaz 2023). Furthermore, the General Directorate of Defense Equipment Enterprises was established in 1983. This state-owned Directorate aimed to fulfil the requirements of the Turkish Armed Forces (TAF) by producing and modernizing a wide range of items such as ammunition, combat, weapons, equipment, and essential materials for production, maintenance, and repair as well as maintaining coordination companies mentioned above such as TUSAS, ASELSAN, ROKETSAN (Demir 2020).

This period ends with the military coup of 12 September 1980 (Demirel 2003). On September 12, 1980, the Turkish military took control of the government, seemingly backed by a considerable portion of the public. Following five years marked by escalating political unrest and violence, the military commanders declared that the intervention aimed to prevent a potential civil war and terrorism (Demirel 2003). General Kenan Evren, who served as the Chief of the General Staff, assumed the role of Chief of State, heading the National Security Council with increased authority. Bülend Ulusu, the Navy Chief, was designated as the Prime Minister to ensure that all executive powers remained under military control (Harris 2011).

The junta came up with a new constitution in 1982. General Kenan Evren, the current president, had his term extended by seven years. The president gained the ability to choose the prime minister and appoint judges in higher courts. Additionally, the president could dissolve parliament and declare emergencies. Political parties needed at least 10 percent of the vote to have seats in parliament. Elections took place under the new constitution on November 6, 1983, with the victory of the Motherland Party (MP) and Turgut Ozal.

5.2. Period of 1983-2001

During Türkiye's counterterrorism efforts against the PKK in the 1980s and presently against its Syrian counterpart, the PYD/YPG, there was frequently insufficient support from NATO and European allies. These allies introduced new protocols and decisions that posed challenges for Türkiye in utilizing the weapons, ammunition, and equipment it had acquired from them (Seren 2021). Türkiye entered the 1980s with a heightened awareness prompting efforts to modernize the defense industry. This began with the establishment of the Presidency of Defense Industry Development and Support Administration (SAGEB) in

1985, followed by the creation of the Undersecretariat for Defense Industries (SSM) in 1989 (Yilmaz and Yorulmaz 2023).

Particularly in the last decades, Türkiye has made significant progress in its defense industry, reducing dependency on foreign sources. The country's technological capabilities and global influence in the defense industry have steadily increased. However, the transformation and ascent of the Turkish defense industry have not yet yielded the anticipated results regarding Turkish foreign policy and the economy.

5.3. From 2001s Onward

A vital feature of this period is the defense industry discourse articulated by the Justice and Development Party (AKP). AKP's policy has centered around the goals of nationalization with the introduction of the "National Technology Initiative". A pivotal moment in these discourses and practices occurred during a Defense Industry Executive Committee (SSİK) meeting in 2004. In this meeting, the decision was made to cancel numerous foreign procurement projects already in progress, opting instead to develop a new procurement structure. This new approach, conceived to apply to many longstanding projects initiated in the 1990s, prioritized maximizing the utilization of domestic resources and capabilities. During this period, Türkiye placed a higher emphasis on indigenous design and research and development models.

Regarding military capabilities, Türkiye possesses the second-largest armed forces in its region, following Egypt with 438,500 personnel (Stergiou and Kollias 2021). Over the last decades, Türkiye has systematically invested in developing an indigenous defense industry. The efforts to reduce dependence on foreign suppliers, dating back to the late 1970s, have led to the steady growth of the Turkish defense industry in terms of turnover and technological sophistication. The industry produces various products, including domestically developed drones, various wheeled and tracked armored vehicles, propelled and guided ammunitions and missiles, light and heavy infantry weapons, and surface vessels such as frigates and corvettes. Two Turkish defense manufacturers are featured in SIPRI's top 100 defense industries for 2019 (Stergiou and Kollias 2021).

Türkiye has developed indigenous weaponry by drawing inspiration from the inventory of Western weaponry held by the Turkish Armed Forces. Some notable examples include the MPT-76, a national infantry rifle akin to the M16, an independent Identification

Friend or Foe (IFF) system, the Milgem Ship, the Altay Tank, the ATAK Helicopter, the ANKA and Bayraktar Unmanned Aerial Vehicles, the Hürkuş Training Aircraft, the Göktürk 1 Surveillance Satellite, New Type Patrol Boats, Rapid Intervention Boats, Mine Protected Vehicles, and Air and Missile Defense Systems. The substantial domestic production of defense inputs has significantly improved Türkiye's capacity to pursue a more assertive policy in the broader region. This includes an expanding military presence abroad, participating in international military missions, and maintaining national military forces in countries such as Somalia, Qatar, Syria, Libya, and TRNC (Yilmaz and Yorulmaz 2023).

Turkish defense expenditure is 2.8% of GDP, and the defense budget has significantly increased between 2000 and 2019 (The World Bank, 2021). The number of Turkish armed forces personnel is 637,821 as of 2021 (Ministry of National Defense, 2021). This capacity of the National Defense Ministry positions Türkiye as the 12th-largest armed forces in the world and the second-largest within NATO.

5.4. Statistical Data for the Past

There is data taken by World Bank Data provides information on Türkiye's military spending/defense budget and the ratios of this spending to Türkiye's gross domestic product (GDP). This data shows that the story of Türkiye's defense spending in the last fifty years is not straightforward and has a fluctuating history influenced by political changes, regional tensions, security issues, etc. Initially, defense spending was stable until the mid-1970s, which is the occurrence of Cyprus intervention of Türkiye. The Cyprus intervention led to a significant increase in defense spending as the country needed to improve national security, and the US arms embargo from 1975 to 1978 the aftermath of the Cyprus intervention escalated the rise in Türkiye's defense spending (Seren 2020). It is possible to deduce that international political and military conjuncture greatly impacts national security decisions.

As Seren explained, the second significant increase on Turkish defense spending occurred in the late 1980s and early 1990s to handle emerging risks regarding Türkiye's national security. These risks included a prominent terrorist threat, the PKK group, and the deterioration of the regional security landscape resulting from the Iran-Iraq War (1980-1988) and the First Gulf War (1990-1991). Although defense spending remained relatively constant in the mid-90s, a third substantial increase in spending emerged in the early 2000s.

Despite a fluctuating course post-2008, Türkiye's defense expenditures have consistently trended upward (Seren 2020).

Lastly, the graph indicates Türkiye's GDP growth rate from 1960 to 2018. During the 1960s to the mid-70s, the economy followed a more stable trend, despite rapid growth during the Cyprus intervention. However, after a significant surge in 1974, the GDP growth rate generally declined, except for a positive momentum in the early 1980s. Despite the persistent positive trend, during the 1990s, the GDP growth rate once again declined toward the end of the 1990s, serving as a precursor to the severe economic crises of November 2000 and February 2001. Since the mid-2000s, the GDP growth has maintained a more stable profile (Seren 2020).

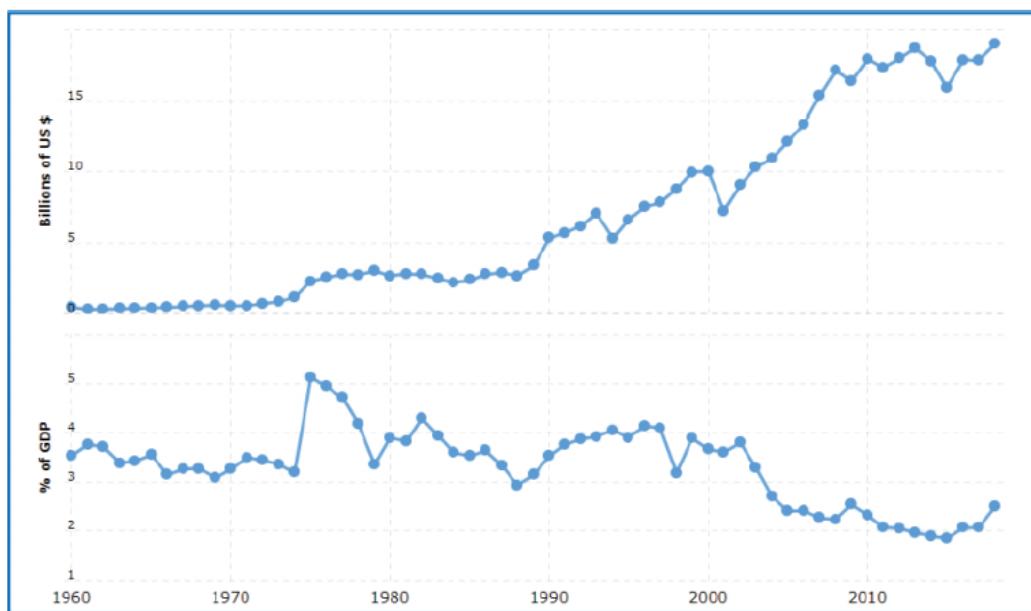


Figure 1: Türkiye's Military Expenditure in Billions Of USD And Its Percentage Of GDP From 1960 To 2018 Retrieved From World Bank Data, Macrotrends.

Suppose we would like to contextualize Turkish defense spending in comparison to international political cases. In that case, we can point out that September 11 attacks marked a new era in terms of global security. The world's security became more complex due to various risks and threats, changes in warfare, and the roles of different actors. Many countries increased their defense budgets in response to this. Türkiye, following this trend, showed a willingness to invest more in national defense. After 9/11, Türkiye ranked 13th among the top 15 spending countries in 2002. Notably, it rose to the sixth position among

countries with the most significant increases in military spending (Sköns and Omitoogun 2003).

Apart from the global fight against terrorism led by the U.S., specific events directly affected Türkiye's security aspect in the 2000s, which highlighted the importance of investing in the defense industry. Incidents such as the 2003 Istanbul bombings, ongoing conflicts in the Middle East, the Arab Spring, and persistent terrorist threats led to an increase in Türkiye's security and military budgets. Military operations in Syria, involvement in Libya, and regional tensions in the Eastern Mediterranean also played a part. Türkiye has been keen on supporting local production, and its commitment to achieving 'strategic autonomy' has contributed to higher defense spending. Despite occasional drops in GDP, the need to address these issues has led to an expansion of the defense budget. In this sense, the table shown below shows that since 2013, Türkiye's GDP growth and defense expenditures have followed a similar trend (Seren 2020).

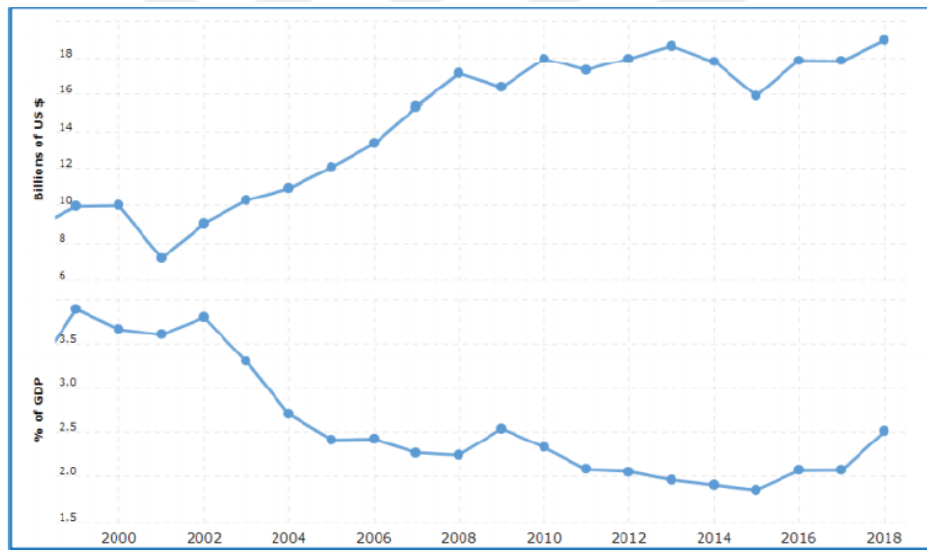


Figure 2: Türkiye's Military Expenditure in Billions of USD and Its Percentage of GDP from 2000 To 2018
Retrieved from World Bank Data, Macrotrends.

5.5. Statistical Data for the Year 2022

As I explained in the previous section of this thesis, the strategic value and importance of achieving self-sufficiency in the defense industry became crucial in the aftermath of the U.S. arms embargo imposed on Türkiye during the Cyprus Peace Operation in 1974. This embargo underscored the significance of enhancing Türkiye's self-sufficiency in defense capabilities. As a consequence of the US arms embargo, a series of meaningful steps,

regulations, and support measures were initiated at both the state and private sector levels to bolster the defense industry. The positive outcomes of endeavors to enhance the indigenous defense industry were notable in the 2000s, reflecting a proactive response to the challenges posed by the arms embargo and an emphasis on achieving greater autonomy in defense capabilities.

In accordance with the 2022 Performance Report published by the Turkish Defense and Aerospace Industry Manufacturers Association (SASAD), the Turkish defense industry substantially grew in both total revenue and international sales in 2022. The sector's revenue has shown a 20.05% increase compared to the previous year, with foreign sales revenues surging by 36.32%. Furthermore, there is a notable uptick of 25.72% in total product and technology development expenditures. This surge is primarily driven by a significant 73.68% rise in technology development expenses, a crucial aspect included in the overall total. This remarkable surge in technology development signifies a pivotal move to alleviate restrictions in areas where the sector heavily relies on imports. The significant increase in total equity expenditures, which captured attention in the 2021 data, persists in 2022 with a notable 37.26% rise. This metric clearly indicates our companies' autonomy, self-sufficiency, and advancing maturity of our sector (SASAD Performance Report 2022).

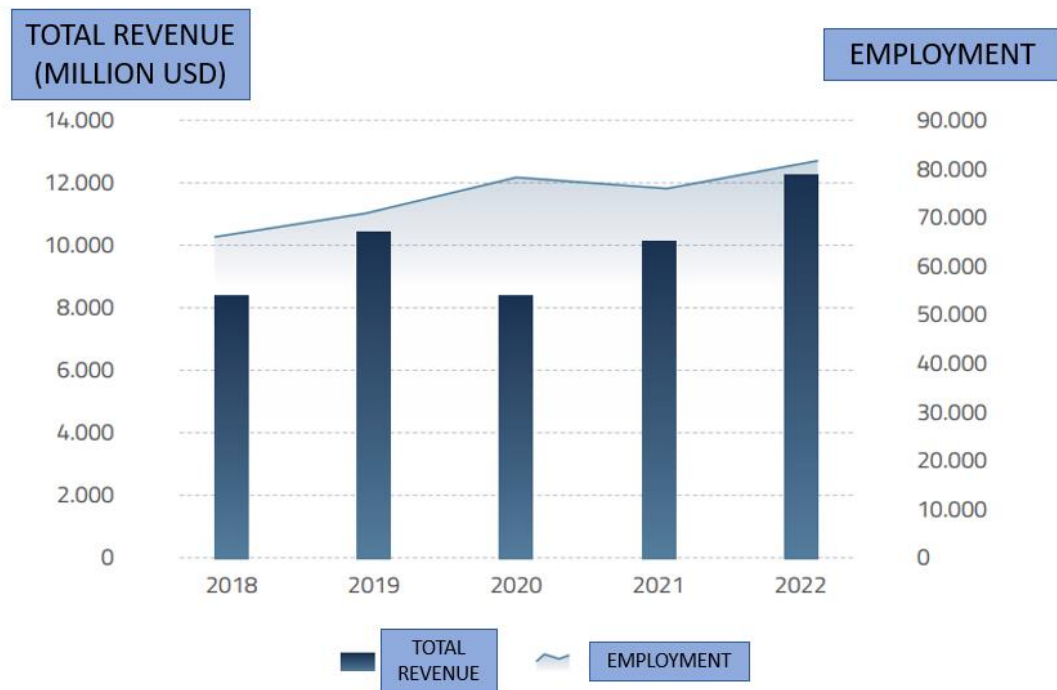


Figure 3: Performance Over the Years of the Turkish Defense Industry

In 2021, the export amount (according to SSIB (Defense and Aerospace Industry Exporters' Association)) was \$3.21 billion, while in 2022, the export amount reached \$4.396 billion, showing an increase of approximately 36.9% compared to the previous year. The exports to the United States were \$796 million, to Europe were \$663 million, and to other countries (Middle East, Asia, Africa, South America) reached \$2.937 billion. President Osman Okyay commented that concerning these data, "In this period when global defense expenditures have surged due to Russia's occupation of Ukraine and escalating competition in the Asia-Pacific, I believe that many new business and market opportunities will arise for our industry. In addition, we need to continue protecting our existing markets, increasing our products and services in areas outside our industry, especially in dual-use products, and strengthening all players at various levels in our sector" (SASAD Performance Report 2022).

5.6. Türkiye's Military Assertiveness in Its Region:

Between 2018 and 2020, the period marked a significant turning point for Türkiye's proactive foreign policy in the broader Eastern Mediterranean region. Beyond President Erdogan's apparent strategy of diverting attention from domestic challenges to international endeavors, the country's foreign policy underwent substantial militarization. The expansion of the Turkish navy, coupled with simultaneous naval military exercises in the Aegean, the Black Sea, and the Eastern Mediterranean, not only signaled the intent of Turkish military planners to establish Türkiye as the predominant naval force in the region but also served the purpose of showcasing force and power projection.

Given the longstanding disputes among Türkiye, Cyprus, Egypt, and Greece over competing claims to offshore energy exploration rights in the Eastern Mediterranean, many analysts speculated that energy considerations primarily drove the recent geopolitical tensions. While it is true that Türkiye perceives unfair treatment by its neighbors and objects to what it views as exclusion from discussions on energy discoveries, the core issue extends beyond the presence of valuable offshore energy resources. Türkiye has not defined its Exclusive Economic Zone (EEZ) with its neighbors and vehemently disputes theirs (Guner 2004). To counterbalance this, Erdogan has pursued a form of gunboat diplomacy in the region, attempting to obstruct the emerging energy collaboration between Israel, Cyprus, and Egypt and disrupt natural gas and crude oil exploration in Cypriot territorial waters (Stergiou and Kollias 2021).

There has been an increase in Türkiye's military presence beyond its region in recent years, reflecting the growing trend of militarization within the Turkish Armed Forces. Türkiye has established various military installations, including bases serving different purposes ranging from deterrence to peacekeeping and counter-terrorism operations in the Middle East and Africa. Alongside well-established military installations in Northern Cyprus, Albania, Afghanistan, and Kosovo, Türkiye has expanded its presence by establishing bases in Qatar, Somalia, Azerbaijan, Iraq, Syria, and Libya. The ongoing military engagements in Syria, Iraq, and Libya, as well as involvement in the Nagorno-Karabakh conflict, are particularly significant in the context of militarization. These developments create dissatisfaction in the Western world regarding Türkiye's actions and add complexity to the multilateral dynamics of the region (Mehmetcik and Celik 2022).

Overall, the evolution of the Turkish defense industry since 1974 has been driven by a combination of internal and external factors. Domestically, the need for self-sufficiency and autonomy in defense capabilities, particularly following geopolitical developments such as the Cyprus conflict in 1974, has played a crucial role in shaping Türkiye's defense industry. Externally, regional security concerns and geopolitical shifts have also contributed to the impetus for the growth and development of Türkiye's defense capabilities, positioning the country as an increasingly influential player in the defense industry on regional and global scales.

From the realist standpoint, the absence of a higher authority necessitates that states prioritize the development of robust military capacities as a means of deterrence, defense, and, if need be, coercion. Realism contends that relying on one's military strength is the most reliable strategy for navigating an international system where power dynamics and security concerns shape the behavior of states. This fundamental principle underscores the realist conviction that, in the absence of a global Leviathan, states are compelled to engage in a perpetual pursuit of self-sufficiency in matters of security. Therefore, the evolution of the Turkish defense industry shed light on this realist view of world affairs.

6. CHAPTER: IR THEORY LENSES

This chapter tests the hypothesis of this study: Türkiye's worsening of relations with the West (IV) is likely to increase the likelihood of defense industry nationalization in Türkiye (DV). Employing the analytical frameworks of both realist and liberal schools of International Relations, the chapter seeks to provide a nuanced understanding of the intricate interplay between geopolitical dynamics and defense nationalization trends in Türkiye. By adopting these diverse theoretical perspectives, the chapter aims to enrich the analysis, offering a more comprehensive view of the factors influencing Türkiye's defense industry policies in its relations with the West.

This chapter will present a thematic discussion of both theories. Concerning realist International Relations (IR), the focus will be on the concepts of "balance of power" and "power maximization" (Donnelly 2000). Regarding the liberal IR theory, my focus will be on "economic interdependence" and "international institutions" (Keohane and Nye 2001).

It is significant to look at how has the balance of power in the region and Türkiye's security concerns influenced its investment in defense capabilities and how has the development of the Turkish defense industry contributed to its ability to project power and deter potential threats in recent years.

6.1. Realist International Relations

From a realist viewpoint, the evolution of the Turkish defense industry in reaction to the arms embargo enforced by Western nations after Türkiye's intervention in Cyprus can be comprehended within the framework of the anarchic nature of the international system (Waltz 1979). Waltz (1979) argued that "national politics is the realm of authority, of administration, and law. International politics is the realm of power, of struggle, and of accommodation" (p. 113). Indeed, situated at the crossroads of Europe, Asia, and the Middle East, Türkiye plays a pivotal role in regional and global political landscapes due to its strategic geopolitical position. The inherent instability of the surrounding region further compounds security challenges for the country, necessitating a nuanced approach to navigate complex geopolitical dynamics.

Since the Cold War period, Türkiye has consistently stood at the forefront, responding to threats from neighboring countries and terrorist organizations. Following the end of the

Cold War, Türkiye confronts a world characterized by increased anarchy and unpredictability (Kardas 2016). Türkiye has actively participated in NATO and UN missions globally, with troops deployed to regions such as Afghanistan, Lebanon, Bosnia, and Kosovo for peace-support operations. As Türkiye aspires to enhance its influence in regional politics, maintaining a robust and efficient military becomes imperative. Having a national defense industry is necessary for the balance of power in the Türkiye region -The logic of balancing rests on an active fear of survival (Walt 1987).

The US arms embargo can be viewed as a chance for Türkiye to foster its defense industry through domestic production and technology. The embargo compelled the country to cultivate indigenous defense production and technology capabilities. This led to the expansion of Türkiye's domestic defense sector. Türkiye formed the Undersecretariat for Defense Industries (SSM) in 1985, tasked with coordinating the development of the defense industry and overseeing defense equipment procurement. The SSM was pivotal in supporting the defense industry through financial assistance, research and development facilities, and incentives for private firms to engage in defense production.

From a realist perspective, it is important to avoid being overly dependent on one country regarding critical defense systems. During the arms embargo, Türkiye faced this problem because it did not have a defense industry or a variety of suppliers. In the post-embargo period, Türkiye mainly tried to produce defense systems through joint ventures (Durmaz 2014).

From a Realist perspective, the imposition of the embargo can be interpreted as a strategic manoeuvre by Western powers to maintain a balance of power in the region. In this framework, the embargo is seen as a deliberate action taken to curtail or mitigate what these Western powers perceived as an increase in Türkiye's influence. This aligns with Realism's focus on power dynamics and the pursuit of national interests in international relations. The Realist lens suggests that the embargo served as a tool to manage and contain the strategic implications of Türkiye's actions.

In the 2020 annual rankings by Defense News, Türkiye is positioned as the fourth country in terms of the number of defense companies in the top 100 globally, with seven Turkish companies securing a place on the list (Mehmetcik and Celik 2022).

In particular, according to neorealism, the absence of centralized authority in the international system means that states must rely on their capabilities for survival and security, as there is no overarching entity to enforce rules and norms. In this framework, states are viewed as rational actors motivated primarily by maximizing their power and ensuring their security as they navigate through an environment that is both competitive and unpredictable (Walt 1987).

As mentioned, Türkiye saw the 1975-1978 embargo as a threat to its security and survival. It responded by seeking to develop its defense industry to reduce its dependence on Western powers for military equipment. The realist logic of self-help and power maximization drove the development of the defense industry. Mehmetcik and Celik (2022) argue that Türkiye under the AKP government adopted a version of Gaullism in the early 2000s to project a more nationalist, self-confident, and defiant Türkiye. Looking back, we can discern distinct systemic and domestic political contexts between 2002–2011 and 2011–2023, each period employing different strategies to maximize power.

Syrian civil war can be considered as turning point for Türkiye's relations with the west. Since then, Türkiye has increasingly turned to employing coercive instruments (Kutlay and Onis 2021). A series of crises have worsened Türkiye's relations with the US and the European Union (EU). These include the 2016 coup attempt, issues in Northern Syria, and the EU's standing with Greece in the Eastern Mediterranean. In particular, the close alliance between US and local Kurdish groups in Northern Syria heightened a sense of existential threat in Ankara, prompting Türkiye to undertake diplomatic and military counteractions, including the procurement of the Russian S-400 missile system, further exacerbating divisions between the US and Türkiye (Mehmetcik and Celik 2022). Also, recent developments in the Eastern Mediterranean contribute to hostile environment.

The entry of Greek Cypriots into the European Union in 2004, despite their rejection of the Annan Plan in a concurrent referendum, deeply unsettled Türkiye and has since strained Türkiye-EU relations. With escalating tensions over Exclusive Economic Zone boundaries with Greece and Cyprus in the Eastern Mediterranean, Türkiye perceives military power as the primary means to define interests. The maritime jurisdiction treaty signed between Türkiye and Libya on November 27, 2019, marked a significant move in this direction, strengthening Türkiye's assertions regarding continental shelf zones in the Eastern Mediterranean (Butler and Gumrukcu 2019).

Another event proving Türkiye's power maximization in the region is its military support to Azerbaijan's victory in the 2020 Nagorno-Karabakh War. This outcome significantly altered the geopolitical dynamics in the South Caucasus, bolstering Türkiye's capacity to exert influence in Central Asia. The ceasefire agreement reached in November 2020 established a corridor through Armenia, connecting the Azerbaijani exclave of Nakhichevan to the rest of Azerbaijan. This corridor facilitated direct connectivity between Türkiye, which shares a border with Nakhichevan, and Azerbaijan and provided access across the Caspian Sea to all of Turkic Central Asia (Stergiou and Kollias 2022).

6.2. Liberal International Relations

Liberals contend that overcoming the adverse effects of the anarchic international system is feasible. Liberalism argues that the persistent threat of war and conflict on the global stage can be averted through states' collaborative and integrative tendencies. According to liberal theory, the presence of democratic governments, economic interdependence, and adherence to international law and organizations plays a crucial role in alleviating conflicts in the realm of International Relations (Doyle 1986; Russett 1993). As cooperation and interdependence among states intensify, the prospect of them reneging on their commitments diminishes, thereby deterring military confrontations (Pevehouse, 2004).

Keohane & Nye (1977) define Interdependence as "situations characterized by reciprocal effects among countries or among actors in different countries". International transactions, which may take the form of flow of money, goods, and people among nations, are causes for these reciprocal effects (p. 7). Numerous academics argued that economic interdependence is a deterrent to conflict and the resort to military force (Mansfield 1994; Oneal et al 1996; Oneal and Russett 1997; McDonald 2004). Despite globalization and a growing volume of trade between Türkiye and its broader surroundings, Türkiye does not exhibit interdependence with any specific country. In fact, the development of the defense industry in post-1974 period could be interpreted as a means for Türkiye to enhance its economic self-sufficiency, reduce dependency on external suppliers, and strengthen its overall economic resilience. Moreover, Türkiye experienced a roughly 60% rise in defense spending from 2002 to 2020. Similarly, the proportion of military spending concerning the government budget saw an increase from 6 percent to 7.8 percent over the same period (Mehmetcik and Celik 2022). This proves the limitation of the liberal approaches as Türkiye

has been focusing on militarisation in recent years rather than focusing on soft power instruments.

The liberal International Relations (IR) theory emphasizes the significance of international institutions and collaboration in upholding peace and security. Türkiye's active involvement in the development of its defense industry could be interpreted in alignment with liberal principles that assert participating in international institutions and forming collaborations contributes to stability and diminishes the likelihood of conflict. Türkiye's participation in defense-related partnerships, joint ventures, or collaborations with other nations may be viewed as a liberal approach to establishing cooperative security mechanisms. For instance, Türkiye's defense industry sector has traditionally imported military technology from foreign firms. However, the patent agreements with most foreign firms were stringent, preventing technology transfer. Although some firms shared their technology, it did not directly contribute to the advancement of technological infrastructure within the country. In many cases, Türkiye functioned primarily as a producer for foreign companies under the guidance of foreign engineers (Durmaz 2014). ASELSAN for instance, manufactured electronic equipment and software for communication and electronic warfare. Despite leveraging foreign expertise, a majority of its designs were crafted by Turkish engineers.

The crucial question is whether international institutions can diminish the occurrence, frequency or intensity of violent conflicts between states or nonviolent conflicts that have the potential to escalate into war. This constitutes a reasonable assessment of the influence of international institutions, and if these institutions demonstrate an impact on security relations where realists typically anticipate their insignificance (Donnelly 2000). Türkiye holds membership in crucial international organizations, including NATO, the UN, and the OSCE, among others. Its active participation in these institutions underscores its dedication to engaging in global affairs, fostering collaboration at both regional and global levels, and addressing shared challenges through diplomatic channels.

However, dating back to Türkiye's 1974 intervention in Cyprus and extending to its cross-border operations in Syria, the degree of its strategic autonomy has consistently been based on its military dependence on the West. As Türkiye diminishes its reliance, it leans towards adopting a militarized foreign policy more closely aligned with its own interests. Conversely, through a gradual boost in its domestic production of weaponry, Türkiye

presents its military capabilities, thereby augmenting its autonomy in executing foreign policy (Mehmetcik and Celik 2022).

To sum up this section, it is emphasized that examining the evolution of the Turkish defense industry since the post-1974 period, it becomes evident that the realist school of International Relations (IR) provides a more comprehensive framework for understanding the recent trends in the nationalization of Türkiye's defense sector. Analyzing the situation through a realist lens, one can assert that the deterioration of Türkiye's relations with Western powers has been a significant catalyst, prompting the country to adopt a comparatively autonomous stance in managing its military advancements and developments.

The limitations of liberalism in explaining Türkiye's defense nationalization become apparent when considering the recent dynamics of the country's military. Liberal International Relations (IR) theory, with its emphasis on cooperation, institutions, and economic interdependence, falls short in capturing the complex factors driving Türkiye's nationalization of defense despite increasing globalization and continuous trade relations with its neighbours. Overall liberalism falls short in explaining Türkiye's lukewarm relations with the western powers especially in the last decade.

7. CHAPTER: QUANTITATIVE LENS

The milestones of the Turkish defense industry's development have been explained from the perspective of International Relations theories, specifically Realism and Liberalism, so far. It is deduced that the 1974 Cyprus intervention served as a pivotal case study. Türkiye's strained relations with the West (independent variable) exposed a critical vulnerability: dependence on foreign defense products and highlighted the need for an indigenous defense industry in Turkey (dependent variable), particularly during the 1974 Cyprus intervention. Achieving self-sufficiency in external security is a fundamental principle of Realism, and such self-sufficiency hinges on being able to rely on a robust defense industry when confronted with foreign conflicts. In other words, the Realist international political environment directed states to develop their indigenous defense industries. In this section, I aim to test this hypothesis using empirical data, specifically through regression analysis.

Regression analysis, in this context, involves examining military expenditure of Türkiye as percentage of gross domestic product through years. By analyzing the regression, we can assess the extent to which years of military expenditures correspond to changes in the Türkiye's Cyprus intervention. This statistical method helps to quantify the relationship and determine if there is a significant association between Türkiye's Cyprus issues and military expenditure. For this method data is sourced from Stockholm International Peace Research Institute Military Expenditure Database.

Table 2: The Military Expenditure of Türkiye As A Percentage of Gross Domestic Product (Gdp) Between 1949-2022 (SIPRI 2023)

The Military Expenditure of Türkiye As a Percentage of Gross Domestic Product (GDP) Between 1949-2022			
1949	N/A	1986	3,64%
1950	N/A	1987	3,33%
1951	N/A	1988	2,93%
1952	N/A	1989	3,15%
1953	N/A	1990	3,53%

1954	N/A	1991	3,75%
1955	N/A	1992	3,87%
1956	N/A	1993	3,92%
1957	N/A	1994	4,05%
1958	N/A	1995	3,90%
1959	N/A	1996	4,14%
1960	3,53%	1997	4,10%
1961	3,76%	1998	3,18%
1962	3,71%	1999	3,89%
1963	3,39%	2000	3,66%
1964	3,42%	2001	3,60%
1965	3,55%	2002	3,80%
1966	3,14%	2003	3,30%
1967	3,26%	2004	2,70%
1968	3,28%	2005	2,41%
1969	3,08%	2006	2,36%
1970	3,26%	2007	2,22%
1971	3,50%	2008	2,20%
1972	3,45%	2009	2,49%
1973	3,35%	2010	2,27%
1974	3,19%	2011	2,03%
1975	5,12%	2012	2,01%
1976	4,94%	2013	1,92%
1977	4,71%	2014	1,87%
1978	4,19%	2015	1,81%
1979	3,36%	2016	2,05%

1980	3,90%	2017	2,05%
1981	3,82%	2018	2,52%
1982	4,30%	2019	2,69%
1983	3,94%	2020	2,43%
1984	3,60%	2021	1,90%
1985	3,53%	2022	1,23%

Firstly, I would like to present the framework of the trend for Turkish military expenditure as a percentage of Türkiye's GDP. Table 3 below illustrates that the allocation of Turkish military expenditure as a percentage of GDP has fluctuated over the years, but there appears to be a downward trend. However, Table 4 reveals that Türkiye's military expenditure in USD has shown an upward trend except for the period between 2018 and 2022.

Secondly, Table 3 shows that military expenditure was relatively low (between 2% and 3% of GDP) in the early 1970s. However, it increased significantly in the mid-1970s, reaching a peak of around 5.5% of GDP in 1975. This increase can be attributed to the Cyprus intervention of 1974 and the US arms embargo. As I have already mentioned, the US arms embargo highlighted Türkiye's vulnerability due to its dependence on foreign arms. This likely motivated Türkiye to develop a stronger defense industry, leading to increased investment in domestic military production.

Table 3: Turkish Military Expenditure Per GDP

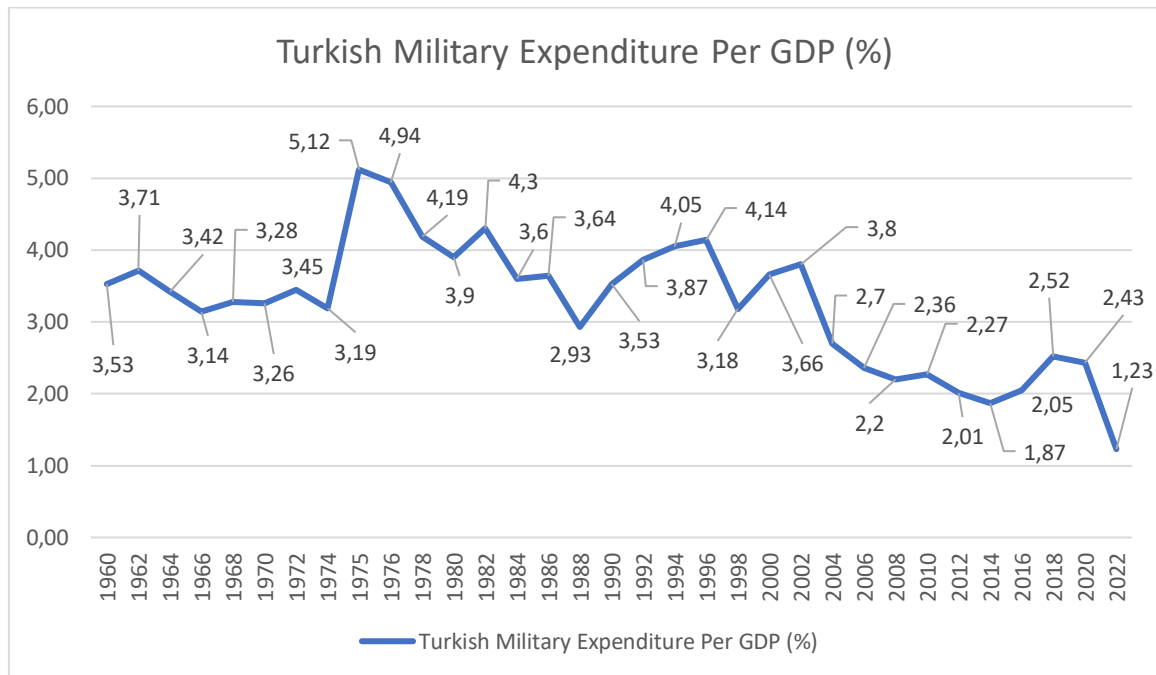
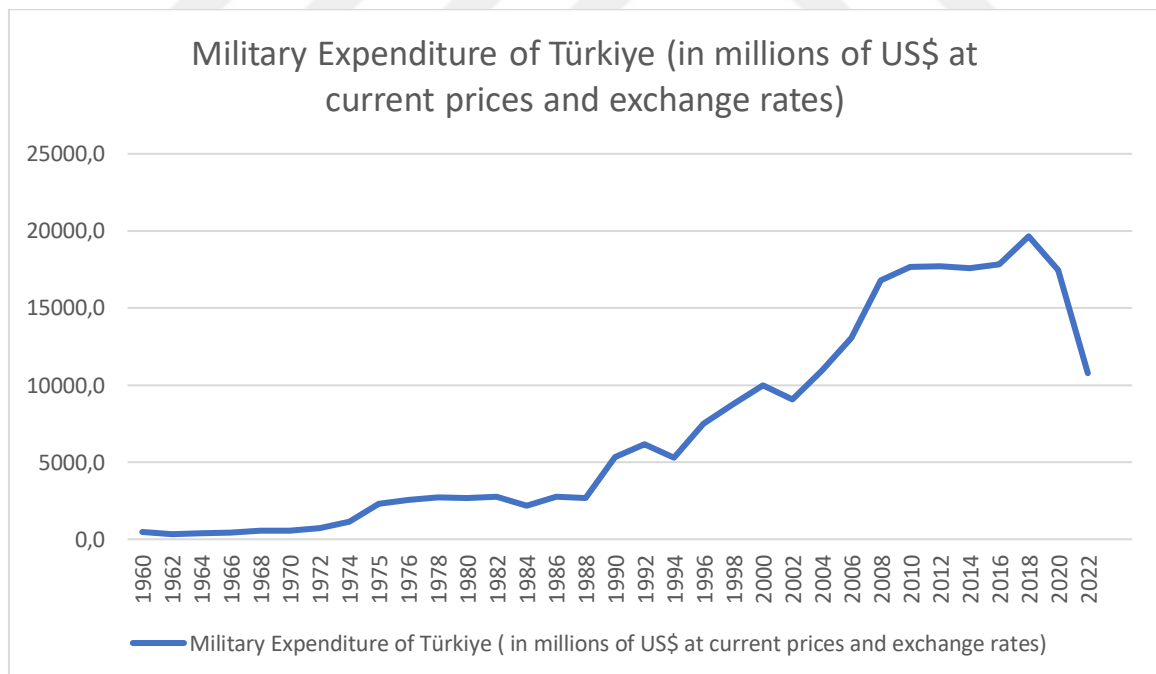


Table 4: Military Expenditure of Türkiye in Millions of US\$ at Current Prices and Exchange Rates



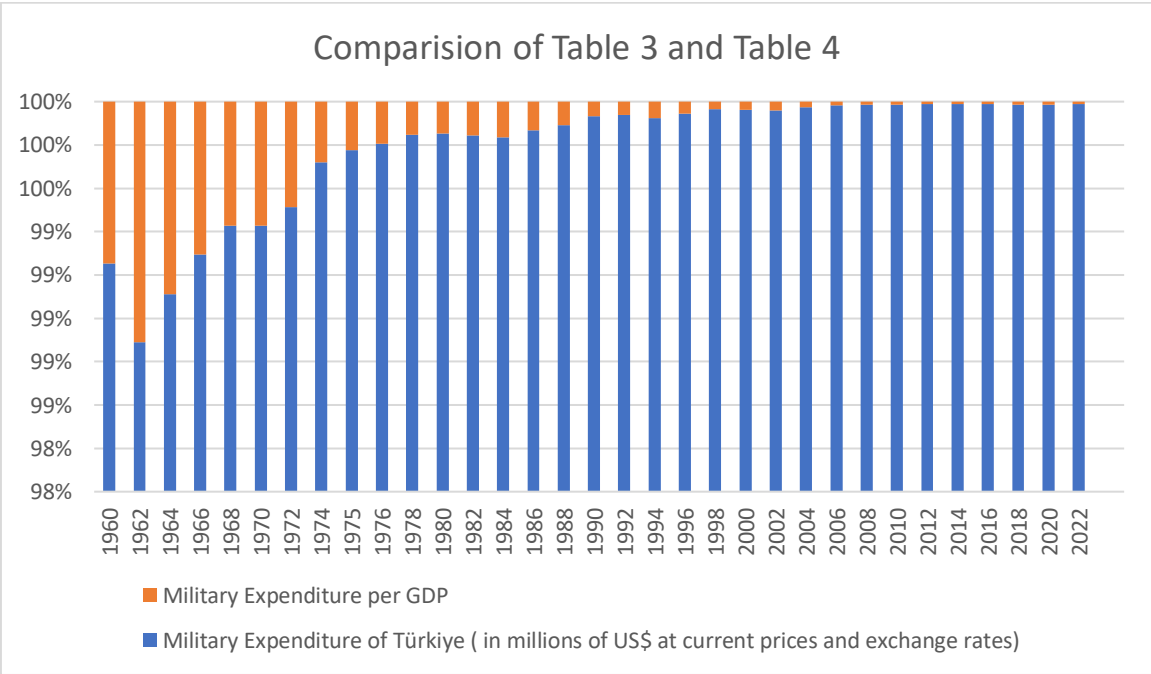
To comprehensively understand Türkiye's military spending, it is crucial to analyze both its military expenditure as a percentage of GDP and its military expenditure in USD.

While Table 3 provides a contextually relevant measure reflecting the economic burden of defense, Table 4 offers insight into the financial resources allocated to the military.

In recent years, Türkiye’s military expenditure as a percentage of GDP has fluctuated, showing a general downward trend despite occasional rise. However, its military expenditure in USD has generally been on the rise, except for a slight decrease during the years 2018-2022.

This discrepancy can be attributed to various factors, including changes in GDP growth rates, fluctuations in exchange rates, and shifts in military spending priorities. For instance, Table 3 indicates that the rate reached a low point of 3.9 in 1980. This can be attributed to the 1980 coup d'état, during which Türkiye prioritized internal security over the development of its domestic defense industry. Despite these fluctuations, Türkiye has maintained a significant commitment to its defense sector, as evidenced by its consistent increase in military expenditure in USD terms.

Table 5: Comparison of Military Expenditure as a Percentage of GDP with Türkiye’s Military Expenditure in USD Terms.



7.1. Regression Analysis

Regression analysis is a statistical method to assess the relationship between two or more variables. It measures how changes in one variable are associated with changes in another. In this context, regression analysis helps to understand how changes in the international and domestic political environment over years (independent variable) relate to changes in Türkiye's military expenditure (dependent variable). EViews which is a statistical software package used for time-series oriented econometric analysis is used to make regression analysis in this thesis.

First of all, I would like to compare historical periods (1960-1973, 1974-1982, 1983-2022) using regression analysis. By applying regression analysis to these periods, it is aimed at identify any patterns or trends in the data that could provide insights into how Türkiye's military expenditure has evolved over time.

The related regression model that contains the examined time horizon is as follows:

$$LSPND = b_0 + b_1*D2 + b_2*D3 + u$$

Here;

LSPND: log of defense spending;

D1 = 1 if the time period is between 1960 and 1973, and 0 otherwise;

D2 = 1 if the time period is between 1974 and 1982, and 0 otherwise;

D3 = 1 if the time period is between 1983 and 2022, and 0 otherwise.

D1: 1960-1973

D2: 1974-1982

D3: 1983-2022

Table 6: Estimation Results of the Regression Model

Dependent Variable: LSPND				
Method: Least Squares				
Included Observations: 63				
Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	1,224024***	0,067886	18,03049	0,0000
D2	0,192055*	0,108524	1,769705	0,0819
D3	-0,185006**	0,078877	-2,345503	0,0223

*indicates that the estimated coefficient is statistically significant at 10% level,

**indicates that the estimated coefficient is statistically significant at 5% level,

***indicates that the estimated coefficient is statistically significant at 1% level

Table 6 illustrates that, by examining the coefficient values, there is an average 19% increase in military expenditure between 1974 and 1982 compared to that of 1960 – 1973 period. This significant increase in military expenditure as a percentage of GDP can be primarily attributed to the 1974 Cyprus intervention. The military intervention in Cyprus heightened Türkiye's security concerns, leading to a significant increase in military spending per GDP from 1974 to 1982. This operation not only required immediate military expenditures but also influenced long-term defense strategies, contributing to the overall rise in military expenditure during this period.

The results also reveal that there has been an average 18% fall in military expenditure between 1983 and 2022 compared to the period between 1960 and 1973. This decline can be attributed to the first general election following the 1980 military coup. In these elections, Turgut Özal from the Motherland Party (Anavatan Partisi) won a majority, leading to the introduction of economic policies and foreign policy frameworks. The rise of Turgut Özal and the implementation of liberal economic policies in Türkiye during this period may have contributed to a reassessment of the country's military priorities. As Türkiye embraced more liberal ideals, it might have seen less need for high levels of military expenditure, opting instead for greater economic integration and peaceful relations with other countries.

The decrease in the share of military expenditure in GDP can be attributed to various factors. Firstly, it can be interpreted that industrial inputs were used in the defense industry of post-liberal economy, but these were not considered as defense industry imports, leading

to a decrease in the defense industry's expenditure share. In other words, industrial inputs suggest components or materials used in the production of defense equipment. Additionally, defense imports refer to finished weapon systems or complete military equipment purchased from foreign suppliers. After the liberalization of the economy, Türkiye started producing more defense equipment domestically, using imported industrial inputs. As a result of the policy to improve the indigenous defense industry, which was a consequence of the US arms embargo, these industrial inputs may not be included in defense imports.

Another explanation could be the foundation of the liberal economy in the 1980s, which attracted foreign investors and consequently increased the effectiveness of Turkish foreign policy. The signing of the customs union agreement in the 1990s and Türkiye's efforts to join the EU are also considered to have reduced the need for military spending. Moreover, after the end of the Cold War, there was a significant push towards disarmament, particularly in the realm of nuclear weapons. The ideological and strategic landscape shifted with the dissolution of the Soviet Union, leading to a reduced perceived need for massive nuclear arsenals. This period saw several arms control agreements and initiatives aimed at reducing nuclear stockpiles and limiting the proliferation of nuclear weapons (Karaaslan 2019).

In the following model, the log of defense expenditures regressed on D4, which takes the value 1 for the period 1983 – 2022, and 0 otherwise (1960 – 1982) with a specific purpose of observing the changes in defense expenditures after the liberal policies have gradually been implemented.

Table 7: The Regression Results of Defense Expenditures After Liberal Policies Implemented

Dependent Variable: LSPND				
Method: Least Squares				
Included Observations: 63				
Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	1,299176***	0,053882	24,11161	0,0000
D4	-0,260158***	0,067621	-3,847288	0,0003

***indicates that the estimated coefficient is statistically significant at 1% level

What can be clearly seen in this Table 7 is the decrease of military spending as a percentage of GDP after 1983. Türkiye's defense expenditures have fallen clearly after 1983 in which the liberal policies have started to be implemented in the country. This period marks the end of military dominance and the beginning of a more liberal political and economic era in Türkiye. Following the 1980 military coup, Türkiye was under military rule, which was characterized by authoritarian governance and centralized economic policies. However, the 1983 general election brought a significant change, leading to civilian government and the introduction of liberal economic reforms. This shift from military to civilian rule and the adoption of liberal economic policies were crucial in shaping Türkiye's political and economic landscape after the coup. The decrease in military spending as a percentage of GDP during this period reflects a change in priorities, with the government placing more emphasis on economic development and liberalization than on military expenditures.

8. CHAPTER: CONCLUSION

International relations theories particularly Realism and Liberalism remain adequate and sufficient to explain the development of the Turkish defense industry. Policies undergo transformations based on the prevailing political and economic structure. It is evident that, similar to various other sectors, changes in the defense industry have paralleled the shifts in the country's economic and political landscape, transitioning from statist policies to liberal ones. The evolution of strategic sectors, such as the defense industry, is integral for the nation to attain advanced levels of technical education in a globalized world. These advancements should be perceived as outcomes stemming from the country's openness to the outside world and responses to international developments.

In the context of scrutinizing the development of the Turkish defense industry through the lens of International Relations theories, this study aimed to provide a comprehensive understanding of the factors and dynamics shaping Turkish defense industry evolution. By applying various IR frameworks, the research sought to provide a comprehensive understanding of the factors and dynamics shaping Türkiye's defense industry evolution. This research asserts a strong correlation between the development of the Turkish defense industry and the dynamics of Türkiye's relations with the West. This thesis tested the following hypothesis: Türkiye's worsening of the relations with the west (IV) is likely to increase likelihood of defense industry nationalization in Türkiye (DV). The analysis conducted in the preceding chapter provides compelling evidence in support of this hypothesis. It is contended that Türkiye's strategic decision to nationalize its defense industry can be traced back to the imposition of a US embargo following its intervention in Cyprus in 1974, marking a pivotal moment that propelled the nation towards greater self-reliance and autonomy in its defense capabilities.

The imposition of a U.S. arms embargo resulted in significant shortages for the Turkish military during its operations in Cyprus, prompting Türkiye to recognize the drawbacks of excessive reliance on foreign nations for defense supplies. In response to this challenge, Türkiye actively worked towards establishing a robust defense industry to prevent a recurrence of the difficulties and humiliations associated with the embargo. While there were initial advancements in the industry, a lack of a coherent strategy and ineffective policies hindered Türkiye's progress towards achieving an advanced defense sector. Subsequent

changes in Turkish defense industry policy in the post 2000s period encouraged domestic entrepreneurs to invest in the defense sector.

The Realist school of International Relations provides a comprehensive framework for understanding the nationalization of Türkiye's defense industry. Realist theories emphasize a state's natural inclination to prioritize self-preservation and security, and in the context of Türkiye, this perspective helps clarify the nation's pursuit of defense autonomy as a strategic imperative rooted in the fundamental need to protect its interests and achieve self-sufficiency in security matters.

The liberal school of International Relations has shortcomings in effectively explaining Türkiye's defense nationalization trajectory. Despite its emphasis on cooperation, interdependence, and international institutions, the liberal perspective may fall short in capturing the nuanced motivations and strategic considerations that drive a nation like Türkiye to pursue a path of defense autonomy. The intricate geopolitical context and specific historical events that shaped Türkiye's defense policies may not be fully accounted for within the liberal framework, highlighting limitations in its explanatory power for the complexities of defense nationalization.

In addition to the theoretical aspects, this thesis also examines the quantitative aspect of military expenditure as a percentage of GDP over time to determine whether the trend is increasing or decreasing. To uncover this trend, regression analysis is employed for three distinct periods: 1960-1973, 1974-1982, and 1983-2022.

The first period, 1960-1973, was chosen because there is no available data on military expenditure as a percentage of GDP before 1960 in the Stockholm International Peace Institution database. The year 1973 is significant as it marks a period of national awakening, particularly in understanding the importance of developing an indigenous defense industry, following the Turkish Cyprus intervention. The second period, 1974-1982, includes the military coup d'état in Türkiye. The third period, from the general election in Türkiye after the 1980 military coup d'état until 2022, represents the most recent data provided by SIPRI.

The regression analysis indicates that military expenditure as a percentage of GDP peaked between 1960 and 2022, largely driven by Türkiye's Cyprus intervention and the subsequent US arms embargo. This embargo served as a catalyst for a national awakening, prompting Türkiye to prioritize the improvement of its national defense industry and strive

for self-sufficiency rather than relying on foreign suppliers. This observation aligns with the principles of Realism, which underscores the significance of indigenous defense industries as vital elements of a nation's security and sovereignty. Realist theory posits that a nation's ability to defend itself against external threats is paramount for its survival within the anarchic international system. Thus, possessing a robust domestic defense industry is deemed essential for maintaining military strength and autonomy. Realists argue that excessive reliance on foreign suppliers for military equipment and technology can jeopardize a nation's security, as it may become susceptible to disruptions in the supply chain or undue influence from foreign powers. Therefore, Realism advocates for the establishment and sustenance of indigenous defense industries to safeguard a nation's capacity to defend itself and pursue its national interests independently.

The year 1983 marked a significant turning point in Türkiye's military expenditure trends, as it followed a period of military dominance and was characterized by the implementation of policy reforms for an open economy by the ruling party. This period saw a notable shift in Türkiye's approach to military expenditure, with a downward trend observed in military spending as a percentage of GDP compared to the period before 1983. Several factors contributed to this decline. Firstly, the election of Turgut Özal from the Motherland Party after the 1980 military coup ushered in a period of liberal economic and foreign policy reforms. This shift in policy may have prompted a reevaluation of military priorities, as Türkiye sought greater economic integration and pursued more peaceful international relations.

Furthermore, changes in the defense industry played a role in reducing military expenditure. Following the liberalization of the economy, Türkiye began producing more defense equipment domestically, using imported industrial inputs. While these inputs were crucial for defense production, they were not categorized as defense imports, leading to a decrease in the share of military expenditure in GDP. The liberalization of the economy in the 1980s also attracted foreign investment, which in turn enhanced Türkiye's foreign policy effectiveness. Additionally, Türkiye's efforts to join the EU and the signing of the customs union agreement in the 1990s likely contributed to a reduction in military spending. Moreover, the end of the Cold War led to a global push for disarmament, including nuclear weapons. This shift in global ideology, along with various arms control agreements, reduced the perceived need for extensive military spending, including on nuclear arsenals.

Liberalism gives importance on the improvement of the defense industry, but it does so within a broader framework that emphasizes economic and political principles. Unlike Realism, which views the defense industry primarily through the lens of national security and power, Liberalism considers the defense industry as part of a larger economic and political landscape. In this sense, Liberalism's approach to the defense industry is more nuanced than Realism's. It sees the defense industry as an important component of national security, but also recognizes the need to balance military capabilities with economic and political considerations.

This thesis also adds significant value to the theoretical and empirical analysis of Turkish defense nationalization. The empirical research, in particular, offers concrete evidence and quantitative data to support the theoretical discussions, providing a more comprehensive understanding of the topic. By examining military expenditure as a percentage of GDP over time, the empirical analysis reveals important trends and patterns that enhance our knowledge of Türkiye's defense strategies.

Furthermore, the empirical research helps to validate the theoretical frameworks, such as Realism and Liberalism, by demonstrating how these theories manifest in actual defense policies and expenditures. This adds credibility to the theoretical arguments presented in the thesis and strengthens the overall analysis. Overall, the combination of theoretical and empirical analysis in this thesis enriches our understanding of Turkish defense nationalization by providing a nuanced and well-supported exploration of the subject.

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