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THESIS

**THE U.S. ARMS EMBARGO OF 1975–1978 AND ITS
EFFECTS ON THE DEVELOPMENT OF THE TURKISH
DEFENSE INDUSTRY**

by

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DEVELOPMENT OF THE TURKISH DEFENSE INDUSTRY**

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ABSTRACT

The defense industry is one of the most important and fastest-growing industries in Turkey. It not only provides for the Turkish military, but also exports many systems and equipment to other countries. While Turkey has a vibrant defense industry now, it had almost no industry 40 years ago before its military operation in Cyprus. Due to the rise of the internal conflict in the Republic of Cyprus, Turkey sent its troops on July 20, 1974, in order to protect thousands of Turkish Cypriots on the island. The United States opposed the Turkish operation and imposed an arms embargo on Turkey in 1975 that lasted for three years. This thesis tries to assess the effects of the U.S. arms embargo on Turkish defense capability and examine how the embargo influenced the development of the Turkish defense industry. The embargo had a serious impact on the Turkish economy and defense capability because the Cyprus campaign required continuous logistical support, and Turkey was dependent on the United States for many of its military supplies. Feeling the effects of the embargo, Turkey initiated a program to develop its own defense industry, which still progresses today. The thesis concludes that while the embargo created problems at the time, it eventually helped Turkey to create a strong defense industry and become less dependent on other countries.

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LIST OF ACRONYMS AND ABBREVIATIONS

ASELSAN	Military Electronic Industries (translated)
ASPILSAN	Military Battery Industries (translated)
CENTO	Central Treaty Organization
CPI	consumer price inflation
DIEC	Defense Industry Executive Committee
DP	Democrat Party
EEC	European Economic Community
EOKA	National Organization of Cypriot Fighters (translated)
FMS	foreign military sales
FPA	Food for Peace Act
GNP	gross national product
HAVELSAN	Air Electronic Industries (translated)
IMF	International Monetary Fund
JUSMMAT	Joint U.S. Military Mission for Aid to Turkey
MAAG	Military Assistance Advisory Group
OPEC	Organization of Petroleum Exporting Countries
OYTEP	Ten Year Procurement Program (translated)
PKK	Kurdistan Workers' Party (translated)
R&D	research and development
ROKETSAN	Rocket Industries (translated)
SaGeB	Defense Industry Development and Support Administration (translated)
TAF	Turkish Armed Forces
TAI	Turkish Aerospace Industries
TASAM	Turkish Asian Center for Strategic Studies (translated)
TSSPSE	Turkish Defense Industry Policy and Strategy Principles (translated)
UDI	Undersecretariat for Defense Industries
UNFICYP	United Nations Peacekeeping Force in Cyprus

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I. INTRODUCTION

On July 20, 1974, Turkey intervened in Cyprus in order to guarantee the peaceful existence of thousands of Turkish Cypriots on the island. Over the next six months, the United States Congress wrestled with the issue of imposing an arms embargo on Turkey. Despite the opposition from the executive branch, Congress passed the resolution and started the embargo. A member of NATO since 1952, Turkey had developed a strong relationship with the United States. Almost all Turkish military equipment was either purchased from or donated by the United States. As Turkey started a large military campaign in Cyprus, the U.S. arms embargo caused serious logistical shortages for the Turkish military. Within a couple months of the embargo, one out of two military aircraft were out of use due to lack of spare parts. In order to keep its military operational, Turkey sought new markets and increased its defense spending, which exacerbated an already strained Turkish economy. The embargo intended to “influence Turkey to settle the Cyprus issue favorable to the Cypriot central government;”¹ it almost cost the United States a vital ally, however—one that occupied an important place on the southern flank of NATO. Even though the United States lifted the embargo in 1978 and relations returned to normal, Turkish resentment towards the United States continued and led Turkey to become more resourceful in its economic and defense policy.

The embargo had a serious impact on Turkish defense capability. The Cyprus campaign required continuous logistic support, and the embargo created serious shortages. Turkey had to find new suppliers and economic resources to maintain the military. This study will assess the effects of the U.S. arms embargo on Turkey’s decision to become less dependent on the United States as an arms supplier by developing its own defense industry.

¹ Richard C. Company, *Turkey and the United States: the Arms Embargo Period* (New York: Praeger, 1986), 65.

A. IMPORTANCE

Since the embargo, Turkey has tried to build its own defense industry, mainly through the import-substitution model. In the purchasing of weapons systems, Turkish laws have required foreign companies to produce a certain percentage of the weapons systems in Turkey in order to develop defense infrastructure and enable technology transfer into Turkey. Even though the development was gradual, Turkey has been able to establish a strong defense industry and become an exporter of defense systems, which amounted to \$1.4 billion in 2013.²

It is important to analyze Turkey's overdependence on the United States in terms of the military and the economy at the time of the embargo in order to understand the effects of the embargo on Turkey. This study will assess how the embargo affected the Turkish people and policy makers and whether the embargo was a strong motivator in Turkey's development of its own defense industry. It will introduce the effects of the embargo on the Turkish people and enable the reader to understand why Turkey was insistent on the import-substitution model. These historical perspectives can help decision makers realize the problems of overdependence on one country in terms of defense capability. It can also serve as a model for countries that are trying to build up national defense industries.

B. PROBLEMS AND HYPOTHESES

Despite all the literature about the Cyprus conflict, the Turkish intervention, the U.S. arms embargo on Turkey, the anti-American sentiment in Turkey due to the embargo, and the development of the Turkish defense industry, there is a gap in the literature that should tie them together. This study will try to fill that gap by analyzing the positive side of the embargo. Even though the embargo caused serious economic and military problems for Turkey, it served as a strong motivation for the establishment of the Turkish defense industry.

² Burak Bekdil, "Turkish Defense Exports Hit \$1.4B Record in 2013," *Defensenews*, last modified January 13, 2014, <http://www.defensenews.com/apps/pbcs.dll/article?AID=2014301130025>.

This study works on three hypotheses, the first being that the U.S. arms embargo drastically reduced Turkish defense effectiveness during the Cyprus campaign by creating a shortage for defense supplies. The second hypothesis is that the embargo caused a lasting resentment towards the United States and motivated Turkey to reconsider its overdependence on one country. Finally, the third hypothesis is that, ultimately, the embargo helped Turkey become more resourceful and less dependent on other nations for its defense supplies.

C. LITERATURE REVIEW

The study will initially analyze the importance of the Cyprus issue for Turkey. It will give the historical background for the problem that led to the intervention in 1974. Several studies provide historical accounts that have been valuable in writing this thesis. For example, Nancy Crawshaw provides a detailed account of some of the events that affected the Turkish decision for intervention in her article, "Cyprus: Collapse of the Zurich Agreement." She says that the "main reason for [the Zurich Agreement's] collapse must be sought in the lack of goodwill between the Greek and Turkish communities which has persisted since the communal fighting of 1958."³ She also argues that the actions of Greek Cypriots against the Turkish population created a strong motivation for Turkey to intervene.⁴ Evidence supports her argument because the plight of the Turkish Cypriots created uproar in the Turkish public and led the Turkish government to intervene in Cyprus. Ferenc A. Váli also gives a historical perspective for the intervention in *Bridge across the Bosphorus: The Foreign Policy of Turkey*. Vali studies the failure of the Cyprus Republic that was established in 1960 and the events that followed. His work is important because he analyzes the U.S. policy towards the Cyprus issue and the effects of President Johnson's demeaning letter to the Turkish President regarding Turkey's intentions of military intervention in Cyprus. According to Váli, the demeaning tone of

³ Nancy Crawshaw, "Cyprus: Collapse of the Zurich Agreement," *The World Today* 20, no. 8 (1964): 338, <http://www.jstor.org/stable/40393645>.

⁴ *Ibid.*, 341.

the letter created a popular sentiment against the United States.⁵ Finally, Rifat Ucarol's *Siyasi Tarih* (Political History), which is an extensive research on Turkish history, gives the historical background for the conflict. Ucarol begins with the early Turkish conquest of Cyprus in the 16th century and relays the history of Cyprus until today. His objective work gives historical facts rather than making an argument and lets the reader draw the conclusion.

The next part of the study will assess Turkey's dependence on the United States for defense supplies and how the embargo affected the effectiveness of the Turkish military during the Cyprus campaign. Joseph C. Satterthwaite explores the Truman Doctrine that started military and economic assistance to Turkey.⁶ His work gives details about Truman's reasoning for Turkey's importance for the United States. Kemal H. Karpat examines Turkey's increasing dependence on the United States after 1952 when Turkey entered NATO. He argues that the active American economic and military assistance to Turkey to keep the communist threat away led to Turkey's overdependence on the United States.⁷ Nasuh Uslu's extensive research is another important resource explaining the economic and military relationship between the United States and Turkey. Uslu gives a detailed account of the development of Turkey's dependence on the United States and the Cyprus crisis that led to the embargo.⁸ Other important sources are the annual Organization of Economic Cooperation and Development (OECD) reports on the OECD's website. Extensive surveys on the condition of the Turkish economy from 1963 to 1974 show that the United States was the most significant economic partner for Turkey. The reports during the embargo period demonstrate Turkey's economic vulnerability due to increasing defense spending to keep the Cyprus campaign going.

⁵ Ferenc A. Váli, *Bridge across the Bosphorus: The Foreign Policy of Turkey* (Baltimore: Johns Hopkins Press, 1971), 132.

⁶ Joseph C. Satterthwaite, "The Truman Doctrine: Turkey," *Annals of the American Academy of Political and Social Science* 401, no. 1 (1972): 78, <http://www.jstor.org/stable/1039114>.

⁷ Kemal H. Karpat, *Turkey's Foreign Policy in Transition 1950–1974* (Leiden: Brill, 1975), 216.

⁸ Nasuh Uslu, *The Turkish-American Relationship Between 1947 and 2003: The History of a Distinctive Alliance* (New York: Nova Science Publishers, 2003), 215.

It is important to analyze the initiation of the embargo that created controversy both in the United States and Turkey. The Congressional Digest's "Controversy over the Cutoff of Military Aid to Turkey" details speeches from many prominent politicians in the U.S. Congress about the embargo. The source is important for illustrating that Congress was divided over the issue and there were heated discussions. Richard C. Company analyzes the embargo period and argues that it did not achieve the intended result, which was to encourage Turkey to leave the island. Company contends that the embargo caused anti-American sentiment among the Turkish people and the United States almost lost an important ally against communism.⁹ Aylin Guney also argues that the embargo created a strong anti-Americanism in Turkey and led Turkey to find new economic and military resources in order to decrease its dependence on the United States.¹⁰

An important part of the study is to understand how the embargo affected Turkey economically and militarily. Turkey had to carry out a military campaign without the help of its closest ally and the largest military and economic supporter. Dankwart A. Rustow examines the economic problems that Turkey faced in the 1970s. He argues that the U.S. arms embargo along with the international economic crises due to oil embargoes created serious social and economic problems, which led to a military coup in 1980 in Turkey.¹¹ Uslu's work also gives a detailed account of the problems that the Turkish military faced due to the embargo. The news from the archives of major newspapers also sheds light on the struggle that the Turkish military faced in Cyprus due to the shortage of supplies. A major newspaper, *Milliyet*, published an article from Turkish Admiral Sezal Korkunt on July 1, 1975 entitled "Is it Time to Say Goodbye America," which detailed the problems associated with the embargo and Turkey's need to reconsider its alliance with the United States.¹²

⁹ Company, *Turkey and the United States*, 57.

¹⁰ Aylin Guney, "Anti-Americanism in Turkey: Past and Present." *Middle Eastern Studies* 44, no. 3 (2008): 475, doi:10.1080/00263200802021632.

¹¹ Dankwart A. Rustow, "Turkey's Travails," *Foreign Affairs* 58, no. 1 (1979): 98, <http://www.jstor.org/stable/20040340>.

¹² Admiral Sezal Korkunt, "Is It Time to Say Goodbye America?" *Milliyet*, July 1, 1975, <http://gazetearsivi.milliyet.com.tr/>.

It will be important to analyze the roots of resentment towards the United States. The U.S. attitude towards the Cyprus conflict created anti-American sentiments in the Turkish public and government. The controversial letter President Johnson wrote to Ankara in 1964 and the arms embargo created distrust towards other states in Turkish politics and led Turkey to reconsider its overdependence on the United States. Nur Bilge Criss's "A Short History of Anti-Americanism and Terrorism: The Turkish Case," is an important piece of literature necessary for understanding the disappointment of the Turkish people with the United States due to the arms embargo. Criss argues that the embargo created misgivings towards U.S. politics and motivated Turkey to become less dependent on the United States.

The main part of the study is to assess if and how the embargo affected Turkey's motivation to develop its defense industry. In this respect, Efsun Kizmaz's detailed research is important for tracing the development of Turkey's defense industry. Kizmaz examines the financial and administrative problems that are associated with the development of defense industries. She argues that the creation of the Undersecretariat for Defense Industries (UDI) in Turkey in 1985 was an important development for the Turkish defense industry because it organized the efforts and encouraged collaboration among different institutions in Turkey.¹³

Ron Ayres explores Turkey's struggle for indigenous arms production through the import-substitution model. Ayres's study, which was released in 1983, sheds light on the initial phase of the defense development. Ayres argues that the import-substitution model would fail in Turkey due to a weak manufacturing base and lack of skilled manpower.¹⁴ Even though Turkey faced these problems initially, its persistence paid off and it created a significant defense industry. The Naval Postgraduate School (NPS) thesis of Haluk Kurtoglu and Murat Agdemir entitled "An Assessment of Turkish Defense Industry and Turkey's Efforts to Transfer Military Technology: Strategies for Arming the Future," is an important research on the development of the Turkish defense industry. They give a

¹³ Efsun Kizmaz, *Turkish Defense Industry and Undersecretariat for Defense Industries* (Saarbrücken, Germany: Lambert Academic Publishing, 2010), 62.

¹⁴ Ron Ayres, "Arms Production as a Form of Import-substituting Industrialization: The Turkish Case," *World Development* 11, no. 1 (September 1983): 815, doi:10.1016/0305-750X(83)90093-1.

brief history of defense development from Ottoman times and analyze the methods that Turkey used to create and maintain its defense industry.

Finally, the website of the UDI gives detailed information about the development phases of the Turkish defense industry. The U.S. arms embargo was an important motivation for Turkey to start producing its own defense systems. The news releases and studies conducted by the UDI personnel can be helpful in tracing Turkish endeavors to become a defense systems manufacturer.

D. METHODS AND SOURCES

The methodological approach will be a historical one, analyzing how the embargo affected Turkish defense effectiveness and Turkey's motivation to develop an indigenous defense industry. The development of the Turkish defense industry shows that it started after the U.S. arms embargo on Turkey. It is important to assess how much this embargo affected the Turkish people and policy makers in order to understand the reasoning for the development of indigenous defense industry. The history of Cyprus up until the Turkish intervention in 1974 can show the importance of the island for Turkey. The resources outlined in the literature review will help readers comprehend why Turkey decided to intervene in Cyprus despite pressure from other countries.

The most valuable sources for understanding the effects of the embargo on Turkey will be the newspapers of the time. They will show the daily struggle of the Turkish military on the island and will help readers understand the reaction of the Turkish government and Turkish people towards the embargo. First-hand accounts of Turkish officials like those of Admiral Sezal Korkunt in newspapers at the time can be helpful to understand Turkish efforts to become less dependent on the United States after the embargo.

The history of the Undersecretariat for Defense Industries (UDI) will also shed light on Turkish reasoning for its defense industry development efforts. With the effects of the Johnson Letter and the embargo, the government created three institutions to support defense capability: the Foundation to Strengthen the Turkish Army, the Foundation to Strengthen the Turkish Navy, and the Foundation to Strengthen the

Turkish Air Force. The problems that the Turkish military experienced due to supply shortages after the embargo created a big public outcry, and the Turkish people were eager to donate to these foundations. Historical analysis of the creation of the UDI in 1985 will be helpful in understanding the influence of the U.S. arms embargo.

E. THESIS OVERVIEW

The thesis will address the question of how the U.S. arms embargo on Turkey influenced the development of the Turkish defense industry. Chapter I of the thesis will focus on the importance of Cyprus for Turkey. It will give a historical background for the Cyprus conflict that led to Turkish intervention in 1974. Chapter II will discuss the Turkish intervention and the controversial initiation of the embargo after intense discussions in the U.S. Congress. It was shocking news for Turkey to have a NATO ally initiate an embargo, and it immediately raised strong reaction from the Turkish government and public.

Chapter III will focus on the Turkish economy and defense industry before and after the embargo in order to understand the effects of the embargo on Turkish economy and defense capability. It will try to assess how much Turkey was dependent on the United States as an arms supplier and an economic partner. It is important to grasp the extent of Turkey's dependence on the United States in order to understand the problems that Turkey faced due to the embargo. Next, this chapter will analyze the problems that the Turkish military faced due to the arms embargo. Turkey had to find new defense suppliers in order to maintain its forces in Cyprus, which put a great burden on the Turkish economy. Finally, Chapter IV will explore the effects of the embargo on the establishment of the Turkish defense industry. It will attempt to determine whether the arms embargo was the defining factor for Turkey to start producing its own military equipment.

II. THE CYPRUS ISSUE UNTIL THE TURKISH INTERVENTION

The island of Cyprus is located in a strategically important place in the Mediterranean Sea. Whoever controls Cyprus can influence the Middle East, North Africa, and the Mediterranean region. Due to its important location, it was coveted by many great powers throughout history. The Ottoman Empire conquered the island from Venetians in 1571, and ruled it until 1878, when England temporarily requested the island's control from the Ottoman Empire in exchange for its support against Russia. The island was crucial for England to control the Middle East and its trade route to Asia. The Ottoman Empire agreed to the English request for temporary control, which lasted until 1914 when England decided to annex the island after the Ottoman Empire's entrance into World War I on the opposite side. After fighting years of wars and creating the Turkish Republic from the remnants of the Ottoman Empire, the Turkish government accepted England's annexation of Cyprus in 1923.¹⁵

The island's population consists of Greeks and Turks. Since falling under English control, the Greeks yearned for unification of the island with mainland Greece; they called this political ideal Enosis (literally "union"). The Greek Megali Idea (Big Idea) claimed to restore the old Byzantine Empire by regaining all the land that the Byzantines once had. Therefore, the Greeks considered the reunification of Cyprus and Greece as destiny. In 1951, Greece formally asked England to give the island over to Greek control, but England refused. Greece then brought the issue in front of the United Nations in 1954 and requested self-determination for Cyprus. Since Greek Cypriots wanted to unite with Greece, self-determination could result in unification. Even though the United Nations refused to oversee the issue, Greek attempts to reunite the island with Greece aroused reaction from the Turkish and English governments as well as the Turkish public. There were demonstrations both in Cyprus and Turkey against Greek intentions. In Turkey, people chanted, "Cyprus has always been Turkish and will stay Turkish."¹⁶ Rejection

¹⁵ Yavuz Guler, "Kuzey Kibris Turk Cumhuriyeti'nin Kurulusuna Kadar Kibris Meselesi (Cyprus Issue until the Creation of the Republic of Northern Cyprus)," *Kirsehir University Journal* (May 2004): 103, http://kefad.ahievran.edu.tr/archieve/pdfler/Cilt5Sayi1/JKEF_5_1_2004_101_112.pdf.

¹⁶ Rifat Ucarol, *Siyasi Tarih* (Political History) (Istanbul: Der Press, 2008), 955.

from England and the United Nations led the Greeks to create an underground organization called the National Organization of Cypriot Fighters (EOKA, from the original Greek form of the name) in Cyprus in 1955. EOKA vowed to fight against the English and the Turks on the island in order to make the unification possible. In order to quell public sentiment and find a solution to the issue, England asked for a conference among the Turkish, Greek, and English governments. The parties met in London in 1955. Greece insisted on self-determination; Turkey asked for return of the island to Turkish control in response to Greek claims; England offered independence to the island. Due to different claims over the fate of the island, the parties did not agree on a solution.¹⁷ A series of conferences ended without a settlement until 1959 when Greece recommended an independent Cyprus in which both Greek and Turkish societies would rule equally. The parties signed the London Agreement in 1959, which created the new Cyprus Republic on August 16, 1960. The first article of the Cypriot constitution read, “The State of Cyprus is an independent and sovereign Republic with a presidential regime, the President being Greek and the Vice-President being Turk, elected by the Greek and the Turkish communities.”¹⁸ The London agreement denoted Greece, Turkey, and England as guarantor states and gave them the power to make sure that the constitution was carried out accordingly. After years of struggle, it seemed like the new Republic would create peace and equality for both societies of the island.

Many Greeks were not happy with the creation of the Republic of Cyprus because it clouded their ambitions of Enosis. The Turkish side, on the other hand, was happy to have a constitutional guarantee for their peaceful existence and participation in the government. The Turks demanded to initiate the implementation of constitutional provisions immediately. They would take 30 percent of the parliamentary seats and would govern the municipalities with a large Turkish population. Due to its disappointment with the constitution, the Greek side was not rushing to carry out the constitution. They had to create vacancies in the parliament for the Turks by ousting

¹⁷ Ibid., 956.

¹⁸ Suha Bolukbasi, “The Johnson Letter Revisited,” *Middle Eastern Studies* 29, no. 3 (1993): 510, www.jstor.org/stable/4283581.

Greek members. “Relations between Greek and Turkish officials, including within the cabinet, were characterized by mutual animosity. The Turks felt that they were being treated condescendingly; the Greeks thought of the Turks as stubborn, unsophisticated, and obstructive.”¹⁹ There were disagreements over many issues such as taxation, creation of an army, and representation in the municipalities. By 1963, the parliament was unable to make decisions on major issues.

In late November 1963, President Makarios issued his notorious 13 Points, which were amendments to the constitution intended to break the deadlock. If enacted, these amendments would minimize Turkish political power on the island. According to the 13 Points, the veto power of the vice president would be abolished, the courts would be united, and the municipalities would have less authority.²⁰ The Turkish side adamantly objected to Makarios’s proposal and violence started to rise on the island. “Bands of former EOKA members and other irregulars, in groups of about a hundred usually led by police, took part in the operation; 700 hostages, including women and children, were seized in the northern suburbs, and Turks were murdered in their homes.”²¹ On January 1, 1964, Makarios announced that the London-Zurich agreements and the Constitution of the Republic of Cyprus were repealed. Turkey immediately threatened to intervene as a guarantor state. In order to quell the violence, the United Nations organized a peacekeeping force, which landed on the island in March.

The United Nations Peacekeeping Force in Cyprus (UNFICYP) consisted of 5,000 soldiers from Finland, Sweden, Denmark, and Ireland; however, they were not able to subdue the violence altogether.²² Makarios branded Turks as rebels and Turks wanted to restore the 1960 agreement. The situation was exacerbated with the arrival of Greek general Georgios Grivas on the island to take over the command of the Greek forces. As the creator of EOKA, Grivas was a staunch supporter and a symbol for the Enosis. On May 29, 1964, Turkish Minister of Foreign Affairs F. Cemal Erkin warned Greece and

¹⁹ Váli, *Bridge across the Bosphorus*, 250.

²⁰ *Ibid.*, 252.

²¹ Crawshaw, “Cyprus: Collapse of the Zurich Agreement,” 341.

²² Váli, *Bridge across the Bosphorus*, 254.

England by stating that continuation of Greek Cypriot actions would lead to a Turkish intervention eventually. Having heard the decisive tone of the Turkish government, the United States felt compelled to get involved in order to avoid a war between the two NATO members, Greece and Turkey. In his controversial letter of 1964, U.S. President Lyndon Johnson warned Turkish President Ismet Inonu against using U.S. weapons in a possible Cyprus operation and invited him to the United States to discuss the situation. Even though the Johnson letter prevented a Turkish intervention in 1964, it had a dramatic psychological impact on the Turkish people, and it continues to occupy a place in the Turkish worldview.

A. TURKEY'S PLANS TO INTERVENE IN 1964 AND THE U.S. REACTION

The United States had not been directly involved in the conflict prior to 1964. The U.S. policy was to support a united Cyprus in order to protect its interests on the island. Cyprus is strategically important for the United States because it is located 44 miles south of Turkey, 64 miles west of Syria, 130 miles northwest of Israel, and 240 miles north of Egypt and the Suez Canal.²³ Growing Soviet interest in the Middle East and the Arab-Israeli conflict increased the island's strategic value for the United States in controlling American interests in the region. Even though Makarios did not publicly oppose the Soviet Union, a stable Cyprus under his presidency would enable the Western Bloc to continue to control the island. In 1962, President Kennedy had invited Makarios to Washington, D.C., to discuss the communist threat against Cyprus. Until the development of a possible Turkish intervention, the United States tried to protect the status quo on the island, which was viewed as the acceptance of Makarios's 13 Points. The United States feared that a Turkish intervention would result in a war between two NATO allies, Greece and Turkey. This situation would have a destabilizing effect on the southern flank of NATO and give the Soviet Union a chance to increase its influence over the region. It would also endanger the existence of American military facilities in these countries. Having seen the gravity of the situation, President Johnson sent his aforementioned letter to President Inonu to prevent a Turkish intervention.

²³ Uslu, *The Turkish-American Relationship Between 1947 and 2003*, 181.

In the letter, Johnson warned Turkey that a unilateral action by Turkey would worsen the situation, and urged Turkey to consult the United States before considering an intervention. 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 Turkey 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 Turkey. Furthermore, a military intervention in Cyprus by Turkey 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 Turkey against the Soviet Union if Turkey 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 Turkey in the field of military assistance. Under Article IV of the Agreement with Turkey 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.²⁴

Although this letter achieved the desired effect of preventing a Turkish intrusion, it created a strong anti-Americanism in Turkey and triggered the Turkish government to reconsider its alliance with the United States. The demeaning tone in the letter resulted in the belief that the United States could give up Turkey very easily if it did not suit its interests. This letter was a bad policy decision by the American President. An envoy from the State Department rather than a letter could have been more effective without stirring up resentment. Johnson’s threat of leaving Turkey alone in the face of Soviet aggression

²⁴ The White House, “Correspondence between President Johnson and Prime Minister Inonu,” *Middle East Journal* 20, no. 3 (Summer, 1966): 387, <http://www.jstor.org/stable/4324028>.

was not realistic or practical in the wake of the Vietnam War, where the United States spent millions of dollars and lost many lives in order to prevent a communist takeover. Johnson's reaction to Turkey was not his only foreign affairs blunder. Johnson told to the Greek Ambassador:

America is an elephant. Cyprus is a flea. Greece is a flea. If those two fellows continue itching the elephant, they may just get whacked by the elephant's trunk, whacked good ... If your prime minister gives me talk about democracy, parliament and constitution, he, his parliament, and his constitution may not last very long.²⁵

This remark along with the letter to the Turkish President showed the lack of understanding and depth of American foreign affairs regarding the Cyprus issue. Many officials in the U.S. State Department and other government agencies were appalled by Johnson's attitude. A Central Intelligence Agency cable to Washington on June 6, 1964 said:

President Johnson's letter on the Cyprus issue to Prime Minister Inonu illustrates that the United States has not understood and still does not understand Turkish intentions or position regarding Cyprus. Johnson's letter has done more to set back United States Turkish relations than any other single act. Reactions to the letter varied from shock and disbelief that such a letter could have been sent by the president of the United States to that of complete disappointment in the United States. Some went so far as to say that in the light of this letter Turkey should not have postponed intervention. The general consensus was that this letter makes it almost mandatory for Turkey to become more independent of the United States in the field of international relations.²⁶

The report summed up Turkish sentiments very successfully. The Turkish government and the public reacted very strongly to the letter. Even though Turkey did not intervene, the letter started distrust among allies and had a downward spiraling effect in Turkish-American relations.

²⁵ Christopher Hitchens, *Hostage to History: Cyprus from the Ottomans to Kissinger* (New York: Verso, 2002), 61.

²⁶ U.S. Central Intelligence Agency, Intelligence Cable, CIA, June 6, 1964, http://www.foia.cia.gov/sites/default/files/document_conversions/89801/DOC_0000615268.pdf.

B. TURKISH REACTION TO THE JOHNSON LETTER: THE ROOTS OF ANTI-AMERICANISM

President Johnson's letter dropped like a bomb in Turkish politics. Although the letter was not made public until 18 months later, its content was leaked to the press. The demeaning tone of the letter stirred popular sentiment against the United States. President Inonu said: "Our friends and our enemies have joined hands against us."²⁷ Inonu's famous words, "a new world will rise and Turkey will find its own place in this new world," still reverberates in Turkish minds. 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 Turkey 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.²⁸

The Turkish public viewed the American reaction as a betrayal by an ally. The relationship between the United States and Turkey had been very strong over the last couple decades. Having seen the importance of Turkey at the end of World War II, President Truman initiated the Marshall Plan, which included economic and military aid

²⁷ Váli, *Bridge Across the Bosphorus*, 132.

²⁸ The White House, "Correspondence between President Johnson and Prime Minister Inonu," 390.

to Turkey and Greece in order to prevent them from falling under communist regimes. Turkey was one of the few countries to send troops to Korea, fighting side by side with Americans. Turkey joined NATO in 1952 and was a staunch ally as a frontline country against communism. The United States and NATO had many active military bases in Turkey, mainly used for intelligence gathering against the Soviet Union. The Turkish government believed that Turkey sacrificed a lot to stay as a strong ally of the Western Bloc. Before the Johnson letter, there were a few incidents before the Johnson letter that also created grievance for the Turkish side. One of the major events was the Cuban Missile Crisis, in which the United States used its Jupiter missiles stationed in Turkey as a bargaining chip against the Soviet Union without considering Turkish security needs.²⁹ Turkey also gave complete support to the United States in 1960 when the U.S. U-2 spy plane crashed on Soviet soil. The plane had flown from an airbase in Turkey, which angered the Soviet government. Turkey risked a Soviet aggression for its complete support of the U.S. on this issue. Even though these events created criticisms on the Turkish side, they were considered minor until the Johnson letter. The letter was viewed as a wakeup call for Turkey to reconsider its alliance with the United States. Bulent Ecevit, Secretary General of Inonu's Republican Party and future prime minister of Turkey, said:

We realized that our one-dimensional national security approach did not cover all contingencies. We began to discuss whether Turkey's membership in NATO contributed to Turkish security or actually increased dangers. We also realized that [NATO's commitment to our security] would be useless if our friends changed their minds [and did not honor their commitments]...We also realized how isolated we were. Because of the [international] isolation, we faced enormous difficulties.³⁰

A public opinion poll in 1965 affirms Ecevit's views. According to this poll, 85 percent of the people believed that the Johnson letter and the U.S. policy in Cyprus negatively affected their feeling towards the United States.³¹ In the following years,

²⁹ Yakup Beris and Asli Gurkan, "Türk Amerikan İlişkilerine Bakış (A Look at the Turkish American Relations)," *Turkish Industrialists and Businessman Association* (June 2002): 6. <http://arsiv.setav.org/ups/dosya/28398.pdf>.

³⁰ Bolukbasi, "The Johnson Letter Revisited," 506.

³¹ Ibid.

negative public sentiment against the United States grew stronger, especially in the radical left. They viewed American policy towards Turkey as imperialistic. Turkey's dependence on American defense infrastructure inflamed the public, and people demanded more independence. The critics voiced their anger by saying that Turkey had ceded its sovereignty to the United States over the NATO and American military bases. They even went so far as to say that Turkish domestic and foreign policy was determined by the United States.³² They publicly demanded that the Turkish government should expel American forces, which was believed to be nearly 30,000 people.³³ In 1966, when U.S. Secretary of State Dean Rusk came to Turkey for a Central Treaty Organization (CENTO) meeting, some university students and workers' unions gathered in Ankara and shouted anti-American slogans for the first time.³⁴ When the U.S. special envoy to Cyprus, Cyrus Vance, came to Turkey in late 1967 to convince the Turkish government not to intervene in Cyprus, thousands of people gathered at the airport. Therefore, Vance had to land at a military airbase for security reasons. When the U.S. 6th Fleet visited Istanbul in 1968, there were many protests, and some American sailors were thrown into the sea by some university students. In 1969, the protestors burned the car of the U.S. Ambassador in Ankara.³⁵ All these events signaled a strong anti-American sentiment in Turkey. They also indicated a shift in public and government opinion about the reliability of the United States as an ally.

The letter affected Turkish foreign policy. Within months, Turkey asked the United States to stop using its airbases for reconnaissance missions against the Soviet Union.³⁶ Turkey also tried to seek a warmer relationship with the Soviet Union and its allies. In October 1964, the Turkish foreign minister paid a visit to Moscow to improve bilateral relations. The Turkish foreign minister's visit was followed by a Soviet

³² Guney, "Anti-Americanism in Turkey: Past and Present," 474.

³³ Váli, *Bridge Across the Bosphorus*, 137.

³⁴ Nur Bilge Criss, "A Short History of Anti-Americanism and Terrorism: The Turkish Case," *The Journal of American History* 89, no. 2 (Sep. 2002): 477, <http://www.jstor.org/stable/3092168>.

³⁵ Guney, "Anti-Americanism in Turkey: Past and Present," 474.

³⁶ Andreas Constandinos, "U.S.-British Policy on Cyprus, 1964–1974," *The Cyprus Review* 23, no.1 (2011): 20, <http://www.unic.ac.cy/research/publications/the-cyprus-review/contents-volume-21-and-onwards>.

delegation's visit to Ankara. The parties tried to find a common ground on regional and international issues. Turkey announced that it understood the Soviet position on the Vietnam War. The Soviet Union declared its support for a Turkish solution to the issue in Cyprus and the two countries signed an economic agreement in 1967 for better cooperation. Finally, Turkish president Cevdet Sunay paid a visit to Moscow in 1969. By the 1970s, Turkey was one of the biggest recipients of Soviet assistance outside the Warsaw Pact.³⁷ Turkey's attempts to improve relations with the Soviets were not viewed as a change of blocs by the Western camp. Even though the United States viewed it suspiciously, there was tacit approval from Washington, and Turkey informed the American government about its foreign affairs initiatives. Turkey also tried to improve its relations with the Arab states. Turkish foreign policy attempted to mediate its western ties with the eastern world. A Turkish commentator expressed Turkish foreign policy in the following terms:

Our foreign policy has been changing because of the events affecting it directly or indirectly for the last three or four years. The American stand in the Cyprus problem caused this change to a certain extent. After Johnson's letter and Inonu's answer, Turkey's policy swung from one-sidedness to many-sidedness....The Arab-Israeli clash was the last development to have a big influence on our foreign policy although it did not directly concern us....Those who infer passivity from the principle "Peace at home, peace in the world" may question the wisdom of supporting the Arabs, that is, the Eastern Bloc and the non-aligned countries. But even they should admit that our foreign policy needed a shake-up. Turkey had to save herself from the "satellite" complex which was felt in the public. ... Looking at all these signs we may conclude that the Turkish foreign policy is on the path to being more realistic. The real problem now is to be able to resist the external pressures which will be exerted and increased in order to change this course.³⁸

Turkey wanted to play a more independent role in international relations while being a member of the Western security alliance. Even though the Johnson letter and other events prevented a Turkish intervention, the Cyprus issue stayed as one of the most important issues for Turkish politics.

³⁷ Ibid.

³⁸ Váli, *Bridge Across the Bosphorus*, 134.

III. TURKISH INTERVENTION AND THE INITIATION OF THE U.S. ARMS EMBARGO

After the crisis in 1964, Greece and Turkey were urged to find a peaceful solution to the problem. There were many meetings between Greek and Turkish officials in 1965 and 1966, but they did not result in a solution. The situation started to worsen with the military coup in Greece in 1967. The military took over the government, and the hardliners pressed for Enosis. Therefore, Greece started to send troops into Cyprus. When the Turkish leader Rauf Denktas wanted to return to Cyprus after paying a visit to Turkey, Makarios announced that he would be arrested if he tried to enter the country. Disregarding the threats, Denktas returned to Cyprus, and he was immediately arrested by Greek authorities. Turkey strongly objected to this action and notified international powers to find a solution to the issue. Denktas was released after two weeks, but the island started to boil again. Greek forces under General Grivas started to take control over the island by force. On November 17, 1967, the Turkish Parliament authorized the Turkish government to wage war in Cyprus. Turkey sent a warning to Greece and Cyprus to stop the military operation. President Johnson sent his special envoy to Ankara and then to Greece to solve the issue. Turkish warplanes started to fly over Cyprus, and Turkish ships and troops were activated for an intervention on the island. The Greek junta finally announced that it would stop the operation and withdraw Greek troops from the island. The two sides signed an agreement that required them to return to the 1960 Zurich agreement status. The Greeks would compensate for Turkish loss, and General Grivas would leave the island. A relative calm was established on the island with this agreement.³⁹

³⁹ Ucarol, *Siyasi Tarih (Political History)*, 976.

A. TURKISH INTERVENTION OF 1974

There were many peace talks after 1967 until the Turkish intervention in 1974. The Turkish side supported a federation or the implementation of the 1960 constitution. The Greek side supported Enosis or Greek Cypriot control of the island. While these talks took place, Makarios had problems with EOKA in Cyprus. EOKA had grown very powerful and started to undermine Makarios's influence on the island. In 1974, Makarios's declaration of EOKA as an illegal organization angered the military authority in Greece. On July 15, 1974, some officers in the Greek army landed on Cyprus and overthrew Makarios. This was a military coup in Cyprus organized by Greek officers. The situation could result in the success of the Enosis movement and undermine Turkish claims over the island. Turkey strongly opposed the coup. Prime Minister Ecevit flew to London to initiate a concerted action by the guarantor states, Turkey and England, to restore the civilian authority. England refused to take action. On July 19, 1974, Turkey gave one last warning to Greece. The junta refused to agree to the Turkish demands. On July 20, 1974, Turkey started the operation in Cyprus. After having an urgent meeting, the United Nations Security Council asked for a ceasefire. Turkey agreed on July 22, 1974. There were two fruitless meetings in Geneva between the parties. Turkey wanted the recognition and peaceful existence of the Turkish community on the island. Failing to find a peaceful solution to the problem, Turkey continued its operation on August 14, 1974 and, within two days, claimed control over one third of the island.⁴⁰

Turkey tried to prevent a Greek takeover of the island by controlling a considerable portion of the land. Turkey considered its position to be politically strong because it would be in a better bargaining position in the future peace talks. Ecevit announced that the intervention was not only to protect the rights of the Turkish Cypriots, but also to save the Greek Cypriots and Greece from the military regime. The objective was not to wage war but to bring peace to the island.⁴¹

⁴⁰ Ibid., 982.

⁴¹ Sam Cohen, "Turks Count Success after the Invasion of Cyprus," *Christian Science Monitor*, July 29, 1974, <http://search.proquest.com/docview/511654601?accountid=12702>.

B. INITIAL U.S. REACTION TO THE INTERVENTION

The United States did not openly condemn Turkish intervention in Cyprus nor did it condemn the Greek takeover of the island. U.S. Secretary of State Henry Kissinger was aware that deterring Turkey by force or threat could result in losing this ally to the Eastern Bloc. The United States preferred a containment tactic towards Turkey on the Cyprus issue. Kissinger's decision was harshly criticized in the United States. Many politicians blamed him for his passive attitude towards the military coup in Greece and Turkish intervention in Cyprus. In a House speech, Representative Lee Hamilton said:

We have supported the independence of Cyprus, but today its independence is deeply jeopardized and it looks as if partition may be the result. Our relations with the Greek government have seriously deteriorated; we have [anti-American] demonstrations all over Greece. We have had a distinguished American Ambassador murdered. ... Two of our great friends, Greece and Turkey, are very close to going to war with each other over this whole matter. Yet you are not critical of American foreign policy.⁴²

Kissinger had appointed Assistant Secretary of State William Baffum as the American representative in Geneva meetings after the first part of the Turkish intervention. The Turkish side supported federation or separation of the island between the two communities. The Greek side opposed this view. The United States recommended a cantonal proposal, which was accepted by the Turkish side. The Greek side refused and the talks came to a deadlock, which resulted in the second Turkish military operation. American politics at the time was busy with the resignation of President Richard Nixon after the Watergate scandal. Although the Cyprus issue was critical for the United States, the country was in political turmoil of its own. One commentator stated, "Kissinger's moves from the moment of Makarios' overthrow and his singleton performances were not among his finest moments, and there are those who will contend that after economics, he understood Cyprus least of all the issues he dealt with."⁴³

⁴² Brendan Malley and Ian Craig, *The Cyprus Conspiracy: America, Espionage, and the Turkish Invasion* (London: I.B. Tauris, 2001), 222.

⁴³ Constandinos, "U.S.-British Policy on Cyprus, 1964-1974," 44.

The Greeks and Greek Americans were upset with the American position on the Cyprus issue. On August 14, 1974, Greece withdrew from the military wing of NATO. The American ambassador to Cyprus was killed in Nicosia on August 19 in an anti-American demonstration. Greek Americans gathered in front of the White House to protest the U.S. government.⁴⁴ The tension was rising, and the U.S. government seemed unable to control it.

C. DECISION-MAKING PROCESS BEHIND THE U.S. ARMS EMBARGO

Initiating the arms embargo on Turkey was a long and divisive process in American politics. It portrayed the division between the executive and the legislative branches of the U.S. government on foreign affairs. Immediately after the failure of the Geneva conventions and the second Turkish military operation, many politicians in the House and the Senate tried to initiate a resolution to cut off military aid to Turkey until it withdrew its troops from Cyprus. The pressure from the Greek-American population played a considerable role in the motivation of politicians to pass this resolution. The Foreign Assistance and Military Sales Act prohibited the use of American weapons for purposes other than self-defense. American politicians tried to carry out the provisions of this act on Turkey, but the administration resisted. Turkey's opium production also negatively affected Turkish-American relations at the time and emboldened the politicians to put more pressure on the administration. Congressman Charles B. Rangel said, "I have an amendment to strike all economic aid to Turkey until such time as they comply with the international efforts to control drugs."⁴⁵ In September and October 1974, there were a few bills passed by the Congress, but vetoed by President Gerald Ford. Finally, Ford had to sign the bill to cut off aid to Turkey on December 10. The embargo started on February 5, 1975. As a result of the embargo, the U.S. government did not

⁴⁴ Uslu, *The Turkish-American Relationship Between 1947 and 2003*, 210.

⁴⁵ "Controversy over the Cutoff of Military Aid to Turkey," *Congressional Digest* 54, no. 4 (1975): 124.

deliver military equipment worth over \$200 million, including credits, commercial military sales, and aircraft that had already been paid for by the Turkish government.⁴⁶

U.S. politics had some grave issues to resolve in 1974. The Watergate scandal and the resignation of President Richard Nixon on August 9, 1974 sparked significant upheaval in American politics. The Cyprus issue was minor compared to this domestic problem. Only a week after becoming president, Ford had to deal with a problem with which he was not very familiar. Therefore, he had to rely on Secretary of State Henry Kissinger in making the critical decision to initiate the embargo. Kissinger strongly opposed any kind of embargo on Turkey because he believed that it would not solve the issue. He said, “We are giving economic and military aid as a reflection of our common interest in the defense of the eastern Mediterranean. Once such a decision [to embargo] is taken, it will have the most drastic consequences and not just over a period of time covering a few days, but over an extended period of time.”⁴⁷ Despite President Ford’s vetoes, the bill was passed by the Congress and the embargo lasted for more than three years. Both the Ford and Carter administrations tried to lift the embargo, but they failed mainly due to resistance of the Greek-American lobby pressuring politicians to continue the embargo. The only concession from the Congress was the delivery of F-4 Phantom aircraft materials on July 1975 that were already paid for by Turkey.⁴⁸ On April 17, 1978, nearly 15,000 people, mostly Greek-Americans, gathered in front of the White House to protest Carter’s endeavors to lift the embargo completely.⁴⁹ Carter called the lifting of the embargo, “the most important foreign policy issue facing Congress.”⁵⁰ The Congress finally caved in to President Carter’s appeals on December 10, 1978, and lifted the embargo in a close House vote of 208–205.

⁴⁶ Murat Karagoz, “US Arms Embargo against Turkey after 30 Years: An Institutional Approach towards U.S. Policy Making,” *Perceptions* (2004–2005): 114, <http://sam.gov.tr/us-arms-embargo-against-turkey-after-30-years-an-institutional-approach-towards-us-policy-making/>.

⁴⁷ “Controversy over the Cutoff of Military Aid to Turkey,” 109.

⁴⁸ David Binder, “Ford Endorses Bill to Ease Arms Embargo on Turkey: Ford Endorses Bill to Ease Turkish Ban,” *The New York Times*, July 10, 1975.

⁴⁹ “15,000 Protesters Back Retention Of U.S. Arms Embargo on Turkey,” *The Washington Post*, April 17, 1978.

⁵⁰ John M. Goshko, “Hill Lifts Embargo On Arms to Turkey: In 208–205 Vote, the House,” *The Washington Post*, August 2, 1978.

D. TURKISH POLITICAL AND SOCIAL REACTION TO THE U.S. ARMS EMBARGO

Turkish officials closely followed American politics during the embargo discussions, and they were shocked when the U.S. government initiated the embargo. The Turkish government considered the embargo an unjust move by the United States. In contrast to the American view, Turkey considered Cyprus as a national defense issue. The defense of the Turkish population in Cyprus was vital for Turkish foreign and defense policy. Turkey also considered the embargo as an ineffective and unnecessary tool to make Turkey leave Cyprus. The Greek side would be emboldened by the move, which would make the peace process more difficult. It was also unfair to put the embargo only on the Turkish side while the Greeks suffered no repercussions for their actions. Turkish leaders stressed that military aid and the Cyprus problem were separate issues. American aid to Turkey was not a favor, but a necessity to keep the alliance strong against the Soviet Union. This act would weaken the southern flank of NATO and make the alliance vulnerable to Soviet threats.⁵¹

After the implementation of the embargo, the Turkish government took some measures against the United States. The U.S. government expected a Turkish reaction, but was surprised by the extent of the measures. By the early 1970s, the U.S. had approximately 15,000 military personnel at 25 bases, called joint installations, in Turkey.⁵² Mainly assigned to the U.S. Air Force, these bases belonged to the Turkish government, but the American military was given leeway to use them as part of the NATO alliance.⁵³ Turkey responded by closing down these military installations. The U.S. military operations were negatively affected by these closures due to the strategic importance of these bases. Many American intelligence personnel operated against the Soviet Union in Turkey, and intelligence aircraft flew from these bases. Former NATO Supreme Commander Gen. Lyman Lemnitzer said:

⁵¹ Uslu, *The Turkish-American Relationship Between 1947 and 2003*, 215.

⁵² Rudy Abramson, "Kissinger Fearful Turkey Will Begin Closing U.S. Bases Over Arms Embargo," *Los Angeles Times*, May 24, 1975.

⁵³ Váli, *Bridge Across the Bosphorus*, 139.

There is no area in the world comparable to Turkey as a vital base of intelligence gathering operations against the Warsaw Pact ... This serious loss of vital U.S. intelligence ... is extremely damaging to American and NATO interests because these bases when fully operational are capable of providing valuable and irreplaceable intelligence coverage for which no substitute is available.⁵⁴

Although Turkey gradually allowed the reopening of some of the bases by 1978, the embargo shook Turkish confidence and created a deep division between the two countries. Even after signing a defense deal to normalize the relations with the cancellation of the embargo, Turkey refused American demands to use the bases on several occasions. When the U.S. government asked Turkey to allow American military personnel to carry out an operation to save the hostages in Iran using the bases in Turkey, the Turkish government declined. Also in 1979, President Carter asked Turkish Prime Minister Bulent Ecevit to allow American U-2 reconnaissance planes to fly from the airbases in Turkey in order to monitor Soviet compliance with the SALT II agreement. Ecevit said he would only comply if the Soviets were notified of the mission. The operation was cancelled because the U.S. government wanted to keep it a secret. Turkey did not hesitate to show its reaction to the U.S. arms embargo. Even though political relations were on a track of normalization, the Turkish government and the public were traumatized by the event and they regretted their overdependence on the U.S. militarily and economically.⁵⁵

⁵⁴ Campany, *Turkey and the United States: the Arms Embargo Period*, 57.

⁵⁵ Guney, "Anti-Americanism in Turkey: Past and Present," 475.

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IV. TURKISH ECONOMIC DEVELOPMENT BEFORE AND AFTER THE EMBARGO

In the last century, the Turkish Republic transformed itself from an economically underdeveloped country to an emerging participant in the world marketplace. With its entry into this marketplace through agricultural exports after World War II, Turkey took advantage of an influx of farm machinery available through the Marshall Plan to modernize and increase its agricultural production as well as its overall economic growth. The result was rapid urbanization and a growing work force. Through a plan with the International Monetary Fund (IMF) to reorganize the Turkish economy and implement stability programs, Turkey enjoyed a seemingly flourishing economy in the 1960s and entered the 1970s with the promise of continued prosperity.

The promise, however, was not fulfilled. As the foundation of Turkey's economic growth depended heavily on guidance and aid from international sources, it was rocked by the international energy and financial crises that negatively affected these sources of aid. Furthermore, as political and security issues arose, particularly the threat to Turkish Cypriots in the 1970s, Turkey would be challenged to meet long-term military operations as long as it relied too heavily on external defense suppliers. Turkey did not become acutely aware of this vulnerability, however, until its long-time ally and key supplier, the United States, imposed an arms embargo on Turkey in 1974 during the Turkish military intervention in Cyprus. This chapter examines the impact of the arms embargo on Turkey's economy, the Turkish government's changing strategy to supply its military needs, and the evolving economic and defense relationship between Turkey and the United States.

A. TURKISH ECONOMIC DEVELOPMENT UNTIL THE EMBARGO

When it was founded in 1923 by Mustafa Kemal Atatürk, the Turkish Republic did not inherit a developed economy from the Ottoman Empire. Years of wars and lack of economic infrastructure had left the country unable to produce basic necessities. In the 1920s, 77 percent of the population of nearly 13 million was living in villages. The large influx of Turkish immigrants from Greece as part of a population exchange agreement with the Greek government put more economic pressure on the country. During this period, 82 percent of the population was working in agriculture, six percent in industry, five percent in trade, and seven percent in the service sector. The agriculture sector, which occupied most of the economic activity, was very primitive and unable to provide for the country. During the early years of the Republic, there were only about 220 tractors in the country. The international environment also negatively affected the economy. The global economic crisis in 1929 took its toll on the newly developing Turkish economy.⁵⁶

1. Turkish Economic Development: The 1923–1929 Period

The Turkish economy was characterized by the growth of agriculture between the years 1923 and 1929. During the wars, agricultural production decreased due to the manpower shortage and the decimation of most animals that were used for agricultural labor. In the 1920s, Turkey had to import basic agricultural products such as wheat, sugar, and flour. With the return of men to their homes after World War I and the Independence War, Turkey experienced a dramatic increase in agricultural production. As the stable global economy was conducive to development, Turkish agricultural exports became the biggest source of revenue for the country. Between 1924 and 1929, the agricultural sector grew 15.9 percent annually while the industrial sector grew 8

⁵⁶ Yuksel Gormez and Serkan Yigit, "The Economic and Financial Stability in Turkey: A Historical Perspective," *Central Bank of Turkey*, 2, http://www.nbs.rs/export/sites/default/Internet/latinica/90/SEEMHNkonferencija/SEEMHN_15_Turska.pdf.

percent annually.⁵⁷ The industrial growth mostly consisted of restarting businesses that had stopped due to the war.

2. The 1930–1939 Period

Between 1930 and 1939, Turkish economic growth was characterized by state-sponsored development. While some credits were used, the government tried to manage the economy without external aid. During this period, imports were cut in half. While the import figure was 15 percent between 1923 and 1929, it decreased to 7 percent between 1930 and 1939. Due to the weakness of the private sector and lack of private investment, the government set up many large businesses in order to create economic growth. The government-run banks started to give credits to the private sector to boost economic activity. Annual industrial growth was around 12 percent during these years. The share of industry in the economy grew to 15 percent from 10 percent in the previous period. Even though industry grew rapidly, agriculture still occupied by far the largest place in economic activity.⁵⁸

3. The 1940–1945 Period

Although Turkey did not participate in World War II, it was negatively affected by the international turmoil. Turkey had to mobilize a large military force due to the risk of becoming involved in the conflict. Many people were taken away from the workforce. Because economic growth between 1930 and 1939 was largely due to government investment, there was economic stagnation. This investment program forced the government to divert its resources from defense expenditures. The private sector, while too weak to create a national economic upswing, started to take a more active role in the economy as the government began to take less initiative. As the chart in Figure 1 shows, Turkey suffered a 10.3 percent economic decline in 1941 and 15.3 percent decline in 1946. National income declined 5.6 percent annually in this period.

⁵⁷ Ali Esiyok, “İktisadi Dönemler İtibariyle Türkiye Ekonomisinde Kalkınma (Development in Turkish Economy with Regards to Financial Periods),” *Türkiye Kalkınma Bankası (Turkish Development Bank)* no. 6, (2006), [http://www.kalkinma.com.tr/data/file/raporlar/ESA/GA/2006-GA/GA-06-0202_Turkiye_Ekonomisinde_Kalkinma_\(1924_2004\).pdf](http://www.kalkinma.com.tr/data/file/raporlar/ESA/GA/2006-GA/GA-06-0202_Turkiye_Ekonomisinde_Kalkinma_(1924_2004).pdf).

⁵⁸ *Ibid.*, 9.

There were many factors affecting the Turkish economy between 1923 and 1945. The Great Depression that began in 1929 and World War II negatively affected growth. Since the economy was largely dependent on agriculture, weather also had an important role in the national economy. A lack of rain one year would affect agricultural output, and hence gross national product (GNP) of the country. The following chart shows variations by percentage of GNP in these periods. The international environment along with weather conditions caused dramatic fluctuations in Turkey's GNP.

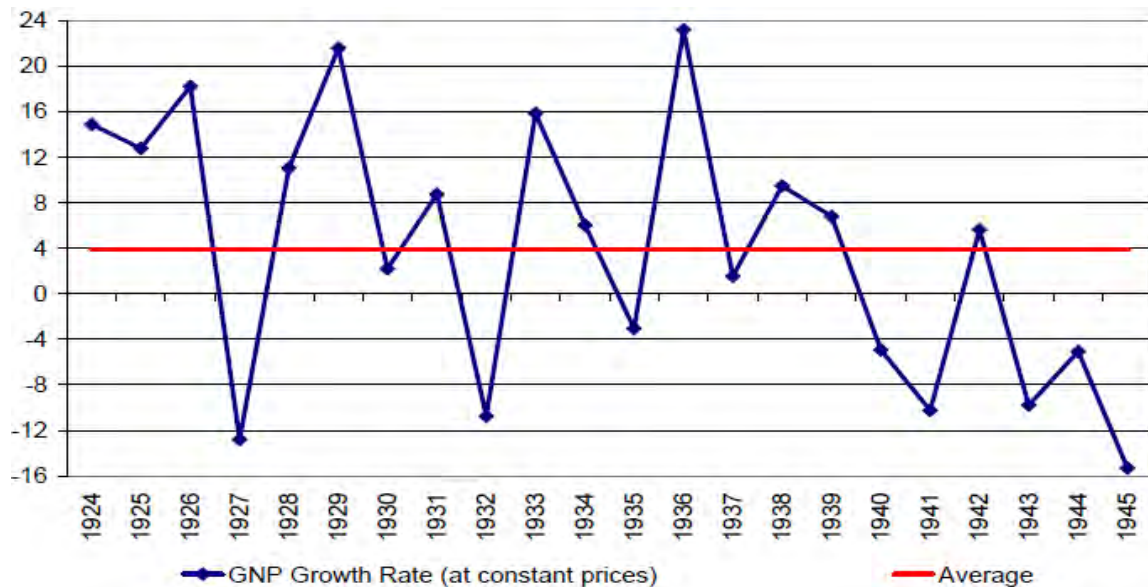


Figure 1. Turkey's GNP between 1924 and 1945 (from Turkstat).

4. The 1946–1961 Period

This period was marked by the development of the private sector and government's use of credit supplied by international organizations. The private capital accumulated during the war years was used to create a robust economic environment. Turkish agriculture entered into the world market and the rapid urbanization in Turkish cities created a large workforce ready to be utilized. The Turkish economy in this period opened its doors to foreign markets, and imports increased rapidly. The government gave up its monetarist economic policy and implemented little intervention in foreign imports. The government held an economic conference in 1948 in which it assumed a policy of

encouraging private investment. The first transfer of government power in the Republic's history came in 1950 when the Democrat Party (DP) took the majority of votes in the general election, winning against the Republican People's Party. In this period, the government had to get credit from IMF for the first time in order to subsidize its trade deficit. The DP started a large infrastructure development project using largely foreign credits. Between 1950 and 1960, the DP government began the construction of almost 6,000 kilometers of roads, 14 dams, 15 hydro-electric plants, and 20 harbors.⁵⁹ Until 1953, annual agricultural growth was 14.2 percent while annual industrial growth was 9.8 percent. The Marshall Plan supplied a large number of machines for agriculture, which was an important factor in growth.

5. The 1962–1976 Period

Turkey and the IMF had to sign a deal to reorganize the Turkish economy in 1958. The resulting stability programs were effective and the 1960s became the golden years of the Turkish economy. Even though there was a military coup in 1960, the military gave power back to civilians in 1961, and the new government continued the economic programs. In this period, the industrial growth was almost 10 percent annually. This is significant when one considers that the annual GNP growth in this period was 6.3 percent (see Figure 2). In 1961, the government established the State Planning Institution in order to forecast economic growth and determine investment opportunities. The government created five-year plans and implemented them with care. The public sector played a considerable role in the economic development. Consumer price inflation (CPI) and the exchange rate stayed low and stable in this period. Through its struggle to boost the economy with the import substitution model, the government tried to reduce income inequality, encourage social security, and create equal opportunity in the country.⁶⁰

⁵⁹ Esiyok, "İktisadi Donemler Itibariyle Türkiye Ekonomisinde Kalkınma (Development in Turkish Economy with Regards to Financial Periods)," 50.

⁶⁰ Gormez and Yigit, "The Economic and Financial Stability in Turkey: A Historical Perspective," 9.

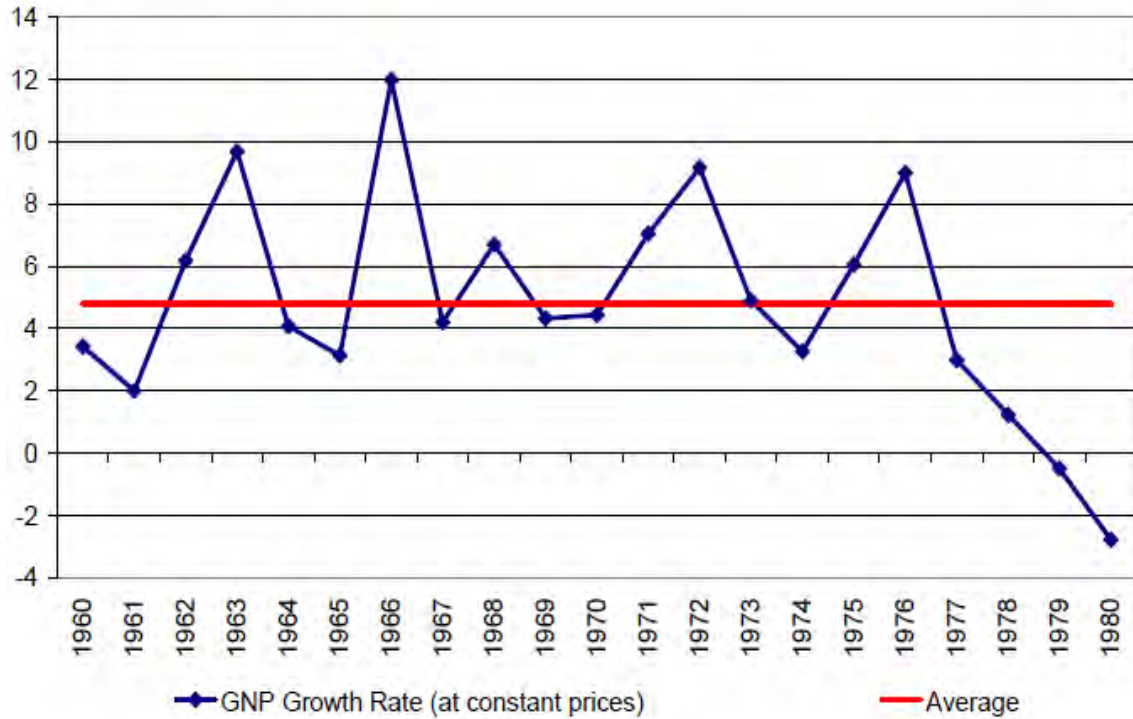


Figure 2. Turkey's GNP between 1960 and 1980 (from Turkstat).

With the stimulus from the Marshall Plan in the late 1940s, Turkey began to integrate into the world market. There was a considerable effort to build up national infrastructure such as roads, mosques, hospitals, and schools as well as factories. The Turkish literacy rate increased from 42 percent to 62 percent between 1965 and 1975. There was also significant immigration into Europe, mainly Germany in the mid-1960s. The number of Turkish immigrants in Europe was close to 800,000 by 1974. High European wages coupled with the frugal habits of the Turkish population created considerable revenue for Turkey in remittances. Turkey's revenue from this source rose from \$300 million in 1970 to \$1.4 billion in 1974. During this period, the population was also moving within Turkey, from rural areas to urban areas, which created the necessary manpower for industrial growth. This movement also created the large unemployment that burdened Turkey for a long time. In terms of the economy, the situation looked positive for Turkey in the 1960s and early 1970s; the military's intervention in Cyprus and unforeseen events in the international environment, however, pushed Turkey into an economic crisis. The United States was the largest supporter of Turkish economic

development until this point, but the Cyprus crisis and ensuing American arms embargo not only damaged political relations, but also economic relations between the two countries.⁶¹

B. TURKISH-AMERICAN ECONOMIC AND DEFENSE RELATIONS

Until World War II, as previously noted, Turkey had not been an active participant in the world marketplace. With U.S. economic support through the Marshall Plan and membership in NATO following the Korean War, Turkey established more than economic ties with the United States. It soon became a key ally in the struggle to contain the growing influence of the Soviet Union. Not only did Turkey send a brigade to Korea in support of the U.S. military effort, but also it began to realize its strategic significance geographically to the Western Bloc during the decades leading up to the embargo.

1. Turkey's Strategic Importance

After World War II, the United States realized Turkey's strategic importance as an ally in the Cold War against the communist threat. Many countries in Eastern Europe were already under Soviet influence and Greece and Turkey could be next in line if the United States did not take measures. Therefore, U.S. Secretary of State George Marshall declared an economic and military assistance plan to Greece and Turkey, which was called the Truman Doctrine. On March 12, 1947, American President Harry Truman gave a speech in Congress stating:

I believe it must be the policy of the U.S. to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures. I believe that we must assist free peoples to work out their own destinies in their own ways. I believe that our help should be primarily economic and financial, which is essential to economic stability and orderly political processes. ... In helping free and independent nations to maintain their freedom, the U.S. will be giving effect to the Charter of the UN. ... Should we fail to aid Greece and Turkey in this fateful hour, the effect will be far-reaching to the West as well as to the East. We must take immediate and resolute action.⁶²

⁶¹ Dankwart A. Rustow, "Turkey's Travails," 96.

⁶² Satterthwaite, "The Truman Doctrine: Turkey," 78.

Turkey was on the frontline against the Soviet threat and it was vital for the West to contain communism. Turkey controlled the Straits of the Bosphorus and the Dardanelles, which were very important sea routes for the Soviet Union. The Soviets had one-third of their navy in the Black Sea, and these straits were the only way out of this water. According to the Treaty of Montreux, Turkey had to be notified before any military ship could pass through the straits, which was an important intelligence capability. As the United States realized Turkey's strategic importance, Turkey also strived to be a part of the Western alliance in order to secure itself against the Soviet threat. Therefore, it took an active role in the Korean War in 1950 by sending a brigade. When NATO was formed in 1949 and Turkey was accepted in 1952, the United States was able to use military installations in Turkey against the Soviet threat as part of the alliance.⁶³

2. Economic and Defense Relations

With the declaration of the Truman Doctrine, the United States actively tried to keep Turkey strong enough to withstand the Soviet threat. During the Cold War, Turkey had to maintain a large and strong military force. Therefore, it had to spend a considerable part of its budget on defense. The Turkish economy was still mainly dependent on agriculture as well as the textile industry, making it difficult to maintain a large military and economic development at the same time. The U.S. assistance to Turkey consisted of direct U.S. government loans, delivery of American military supplies, support through multinational economic organizations like the IMF, and support through the European Economic Community. Even though the U.S. assistance was meant to bolster the Turkish economy and military, it created a dependence on American military supplies and foreign economic credits.

3. Economic Assistance

U.S. assistance to Turkey from 1947 through 1973 totaled \$6.7 billion—\$3.7 billion for military assistance and \$3 billion for economic assistance. U.S. assistance

⁶³ Ron Ayres, "Turkish Foreign Relations," *Journal of Revolutionary Socialists of the Middle-East*, August 17, 2013, <http://libcom.org/library/turkish-foreign-relations>.

programs were sponsored by the United States Information Agency, the Export-Import Bank of the United States, the Overseas Private Investment Corporation, and the Drug Enforcement Administration, Department of Justice.⁶⁴ Until 1962, 82 percent of the aid was given as a grant. After 1962, when the Turkish economy was in a better condition, the assistance took the form of loans and credits. The projects funded by some of these loans in 1973 alone are identified in Table 1.

<u>Type of Activity</u>	<u>Project Loans</u>		
	<u>Number of Projects</u>		<u>Total Amount</u>
	<u>Completed</u>	<u>Active</u>	<u>(millions)</u>
Eregli Steel	2	3	\$213.20
Power	5	3	111.3
Transportation	5	-	50.4
Coal	2	1	43.4
Copper	-	1	30.5
Industrial Banks	2	2	27.1
Education	1	2	11
Agriculture	2	-	7.6
Manufacturing	2	-	5.8
Development Studies	2	-	5.3
Mineral Exploration	3	-	3.1
Poppy Control	-	1	3
Health	-	1	2.1
	<i>26</i>	<i>14</i>	<i>\$513.80</i>

Table 1. Projects Funded by American Loans, 1973.⁶⁵

The U.S. assistance included programs administered by Public Law 480, later known as the Food for Peace Act (FPA). FPA provides assistance to countries at a particular stage of economic development. Its three titles include Title I, Trade and Development Assistance; Title II, Emergency and Private Assistance; and Title III, Food

⁶⁴ U.S. General Accounting Office, "United States Economic Assistance to Turkey," *September 16, 1974 Report to Congress*, 6, http://pdf.usaid.gov/pdf_docs/PNAAK160.pdf.

⁶⁵ *Ibid.*

for Development.⁶⁶ With Title III, the United States supplied Turkey with wheat and the technology to be self-sufficient. Under the FPA, the United States donated \$128 million in food for school feeding programs in the 1960s.⁶⁷ The chart in Table 2 shows the annual U.S. economic assistance to Turkey for the two decades following World War II.

⁶⁶ African Studies Association, "Public Law 480 Programs," *A Journal of Opinion* 8, no. 2/3 (Summer–Autumn, 1978):75–84, <http://www.jstor.org/stable/1166663>.

⁶⁷ U.S. General Accounting Office, "United States Economic Assistance to Turkey," 6.

**U.S. Economic Assistance to Turkey
1949–71 in \$million**

<i>Year</i>	<i>Total U.S. Economic Aid</i>	<i>AID and Predecessor Agencies</i>			<i>PL 480 Agricultural Aid</i>
		<i>Total</i>	<i>Loans</i>	<i>Grants</i>	
1949	5.2	5.2	5.2	-	-
1950	48.7	48.7	40	8.7	-
1951	35.2	35.2	20	15.2	-
1952	86.3	86.3	15.3	71	-
1953	54.2	54.2	4.5	49.7	-
1954	41.9	41.9	-	41.9	-
1955	86.1	59.8	-	59.8	26.3
1956	115.4	87.8	20	67.8	27.6
1957	179	109.3	25	84.3	69.7
1958	112.6	63.7	25	38.7	48.9
1959	167.1	131.9	-	131.9	35.2
1960	103.3	68.7	0.8	67.9	34.6
1961	126	100.3	1.5	98.8	25.7
1962	188.1	104.9	22.8	82.1	83.2
1963	237.3	155.8	86.2	69.6	81.5
1964	148.8	99	64.5	34.5	49.8
1965	152.9	113.3	103.6	9.7	39.6
1966	126.6	112.8	108.1	4.7	13.8
1967	132.2	110.3	106.8	3.5	21.9
1968	110.2	101.6	96.9	4.7	8.6
1969	109.5	88.6	85.1	3.5	30.3
1970	106.9	69.2	65.9	3.3	50.7
1971	106.9	77.6	73.9	3.7	33.8
<i>Total</i>	<i>2512</i>	<i>1926.1</i>	<i>971.1</i>	<i>955</i>	<i>481.2</i>

Notes:

1. *AID is the Agency for International Development*
2. *U.S. Fiscal Years ending 30 June of indicated years.*

Table 2. U.S. Economic Assistance to Turkey, 1949–1971.⁶⁸

⁶⁸ Uslu, *The Turkish-American Relationship Between 1947 and 2003*, 97–98.

There were many economic reforms in Turkey after the military coup in 1960. One of the most significant reforms was the creation of the State Planning Institute and the initiation of the five-year plans. In order to finance these plans, Turkey looked for foreign assistance. Turkey first turned to NATO for economic assistance, but could not get it. It then asked the OECD to sponsor development plans administered by the Turkish government. With the encouragement of the United States, the OECD agreed to create a consortium for economic aid to Turkey in 1961. This consortium consisted of 12 European states, Canada, and the United States. There was controversy in Turkey over the role of the consortium because it was reminiscent of the Ottoman Debt Administration, which was established by Western powers in order to control the Ottoman revenues to pay its external debt. These countries had an interest in the development of the Turkish economy to secure their markets in Turkey and to strengthen the Western alliance against the communist threat. The United States especially wanted Germany to take an active part because Turkey's integration into Europe would strengthen its ties with the West. The U.S. economic assistance to Turkey continued as part of the consortium. Annual U.S. assistance was \$135 million, 15 percent of which was in the form of grants and the rest was loans. West Germany had the second biggest share in loans. According to consortium agreements, 30 percent of the loans were tied to individual projects. Turkey had to purchase the goods from the country that gave the credit. Besides the consortium, Turkey also resorted to international organizations and individual states in order to finance large-scale projects. For example, Turkey brought together the World Bank, the European Investment Bank, and the governments of the United States, Germany, France, and Italy to fund the Keban hydroelectric dam in eastern Turkey. Turkey also used the same technique to build the bridge across the Bosphorus, connecting Europe and Asia. The Turkish struggle to develop its infrastructure through foreign assistance resulted in its dependence on foreign aid. The United States took an active role in these projects and in the consortium in order to keep Turkey stable enough to ward off the communist threat.⁶⁹

⁶⁹ Karpat, *Turkey's Foreign Policy in Transition 1950–1974*, 216.

The United States supported Turkey's endeavors to join the European community. Turkey first applied to the European Economic Community (EEC), also known as the Common Market, in 1959. An agreement in 1964 outlined Turkey's accession in three stages. The first would be a five-year plan to strengthen the Turkish economy. Another agreement, which started the second phase, was signed in 1970 and required Turkey to gradually lift the legal barriers to imports from Common Market countries. This drew a lot of criticism from the Turkish public because it could create a trade imbalance between Turkey and other countries. The Turkish decision was political because Turkey wanted to be a part of the Western Bloc, not only to prevent Soviet ambitions but also to walk on the path that Mustafa Kemal Atatürk set forth for the coming generations. The EEC provided Turkey with loans as part of the agreements. By 1974, the EEC was the largest provider of economic assistance to Turkey besides the consortium.⁷⁰

A notable change in Turkish foreign policy in the 1960s was the development of economic and political relations with the Soviet Union. Turkey tried to be less dependent on the Western Bloc, especially on the United States after the Johnson Letter incident. As part of closer relations between the Soviet Union and Turkey, the Soviet government extended Turkey a \$200 million credit for building factories. It pledged to increase the amount to \$361 million by 1970. The Soviet Union also supported the Turkish view on the Cyprus issue. Even though the United States did not object to Turkey's rapprochement with the Soviet Union, it was viewed with suspicion.⁷¹

The Western Bloc, mainly the United States, used economic assistance programs in order to keep the underdeveloped world from falling under Soviet influence. This, in turn, created dependence on foreign assistance. Indiscriminate aid giving for political purposes lessened the motivation for some of these countries to take the necessary steps to develop their domestic infrastructure for economic development. Turkey resorted to credits and loans from other countries and organizations in order to create a better infrastructure. Turkish private firms also took short-term, high-interest rate credits from foreign firms or banks mainly to import foreign goods and sell them in the domestic

⁷⁰ U.S. General Accounting Office, "United States Economic Assistance to Turkey," 6.

⁷¹ Karpat, *Turkey's Foreign Policy in Transition*, 217.

market. The Turkish government specifically mentioned the importance of foreign assistance in the five-year plans initiated in 1960s. Table 3 shows the ratio of external resources to GNP. Turkey's foreign assistance is around 5 percent of its GNP. This number does not include the military assistance that Turkey gets, which averages \$100 million annually. The external resources to foreign exchange earnings ratio was more than 60 percent after 1955. Foreign exchange earnings include all the exports that Turkey makes to other countries. One can see from the greatness of the ratio that Turkey received more external aid than its total exports, which shows Turkey's dependency on foreign assistance programs.

Relative Importance of External Resource Transfers (percentages)				
	1950–54	1955–59	1960–64	1965–69
External Resources/Gross National Product	4.69	5.02	4.92	3.98
External Resources/Investments	27.99	32.16	31.63	21.49
External Resources/Foreign Exchange Earnings	45	68	69.07	50.6

Table 3. Turkish External Resource Ratio.⁷²

The United States, relative to the power of its economy and its demands from Turkey, provided little assistance to the Turkish government. This strategically important country would stay as an ally and the United States would be able to use military bases there by paying a relatively small price. Turkey's need to maintain a large military, which was the largest in NATO after the United States, put much pressure on this developing country. Acquiring foreign assistance to keep the economy and the military running had been a government policy until Turkey realized how much it depended on foreign aid, especially American aid (see Figure 3). This realization became obvious when the United States initiated the embargo on Turkey in 1975.

⁷² Karpat, *Turkey's Foreign Policy in Transition*, 220.

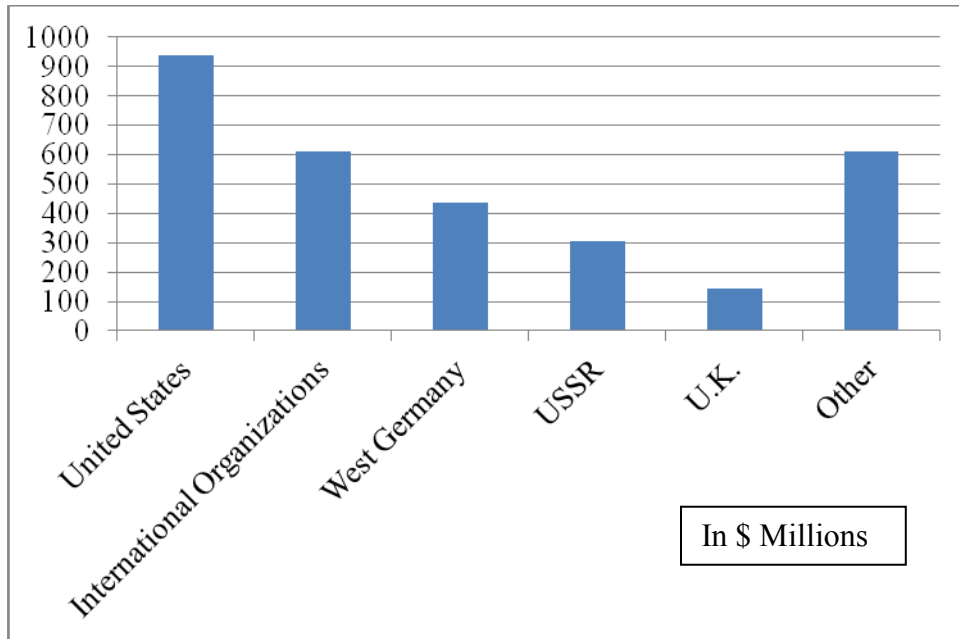


Figure 3. Breakdown of Turkey's External Debt as of December 31, 1971.⁷³

4. Military Assistance

Declaration of the Truman Doctrine was a defining moment in Turkish foreign policy. Since the creation of the Republic, Turkey wanted to be a part of the Western Bloc. Due to the aggressive stance and pressure from Stalin's Soviet Union after World War II, Turkey welcomed the Marshall Plan for economic and military assistance. Like the economic assistance, military aid also created dependency on foreign sources, especially American aid. American military assistance programs in foreign countries were carried out through the Military Assistance Advisory Group (MAAG). As part of MAAG, Turkey and the United States signed a deal in 1947 to create the Joint U.S. Military Mission for Aid to Turkey (JUSMMAT). JUSMMAT's mission was to organize the distribution of American military equipment and help train Turkish military personnel. By 1951, JUSMMAT personnel in Turkey numbered 1,250, and it was the largest MAAG in the world. U.S. assistance included direct donations of the equipment

⁷³ U.S. General Accounting Office, "United States Economic Assistance to Turkey," 6.

and personnel training. By 1970, total U.S. military assistance was around \$3 billion.⁷⁴ The chart in Table 4 shows U.S. military and economic assistance to Turkey between 1948 and 1973.

U.S. Military and Economic Assistance to Turkey, selected years, 1948–73, in U.S. \$ million at current prices

<i>Year</i>	<i>Military Assistance</i>	<i>Economic Assistance</i>
1948	72	50
1951	58.5	35.2
1954	219.9	41.9
1957	208.1	179
1960	86.9	103.3
1963	155	237.3
1968	122	110
1973	148.7	71
<i>Total 1948–73</i>	<i>4,519.7</i>	<i>2,803.9</i>

Table 4. U.S. Military and Economic Assistance to Turkey, 1948–1973.⁷⁵

U.S. military assistance created a problem in Turkish politics because it not only created overdependence on U.S. products, but also put more pressure on the Turkish economy. Most of the military equipment donated to Turkey was used in World War II, and this equipment was either old technology or near its expiration date. The United States donated the equipment, but the maintenance costs belonged to Turkey, which was a significant burden for the Turkish economy. Over the years, Turkey had to spend \$145 million for the maintenance of the initial U.S. products. This situation forced Turkey to spend most of its foreign currency reserve. There was a very controversial issue related to the military and economic assistance agreement between Turkey and the United States. The agreement stipulated that although the Turkish military used the equipment, the U.S.

⁷⁴ LTC Clifford H. Bernath, “JUSMMAT and Turkey: History and Overview,” *Defense Institute of Security Assistance Management Publications*, <http://www.disam.dsca.mil/pubs/Vol%207-4/Jusmmat%20&%20Turkey%20Bernath.pdf>.

⁷⁵ Uslu, *The Turkish-American Relationship Between 1947 and 2003*, 97–98.

government still owned it. The fourth article of the agreement stated the Turkey had to seek U.S. approval before using these weapons. The problem with this agreement and overall U.S. military assistance to Turkey surfaced after Turkey's intervention in Cyprus with American arms embargo on Turkey.⁷⁶

The doctrine of U.S. President Nixon can explain the role of U.S. military assistance to Turkey. The Nixon Doctrine "called for the U.S. to supply the tools and experts while client states would furnish the troops to defend Western economic interests."⁷⁷ There were 25 joint military installations in Turkey used by American military personnel at no cost to the United States at the time of the Turkish intervention in Cyprus. "Strategists in Washington argued that arms exports [were] a cost effective way of projecting power abroad."⁷⁸ The arms embargo was a wakeup call for Turkey to start to develop its own military infrastructure. Turkey had attempted to develop its defense industry in the early years of the Republic, but the efforts were sacrificed to foreign military assistance programs. In the late 1920s and early 1930s, Turkey opened two factories to produce aircraft. The first factory, which was in Kayseri, started production in 1928 with Turkish and German engineers. In 1932, the factory produced 15 Junker-20 aircrafts. The production continued until after World War II, but due to military assistance, the factory was converted to an aircraft maintenance unit, which is still active in Turkey. The other factory in Eskisehir had the same destiny and did not continue production. Turkish officials accepted military assistance and shut down domestic production because it was less costly at face value; overdependence on foreign military aid (especially American aid), however, became apparent after the arms embargo.⁷⁹

⁷⁶ Baris Ertem, "Truman Doctrine and Marshall Plan in Turkey-USA Relations," *Balikesir Üniversitesi Sosyal Bilimler Enstitüsü Dergisi (Balikesir University Social Sciences Institute Journal)* 12, no: 21 (June 2009): 377–397, <http://sbe.balikesir.edu.tr/dergi/edergi/c12s21/makale/c12s21m24.pdf>.

⁷⁷ Joe Stork and Jim Paul, "Arms Sales and the Militarization of the Middle East," *MERIP Reports*, no. 112 (February 1983): 5–15, <http://www.merip.org/mer/mer112/arms-sales-militarization-middle-east>.

⁷⁸ Ibid.

⁷⁹ THK Aircraft Company, "History of Turkish Civilian Aviation," December 10, 2013, <http://www.thk-ucak.com/5-turk-sivil-havacilik-tarihi>.

C. EFFECT OF THE ARMS EMBARGO ON THE TURKISH ECONOMY AND POLITICS

The 1970s were full of turmoil for the Turkish economy and foreign policy. The decade started with the military intervention in politics in March 12, 1971. Due to civil unrest and political instability, the Turkish General staff asked Prime Minister Suleyman Demirel to resign. Demirel complied and the interim government of Nihat Erim was formed. Nihat Erim served as the prime minister until the general elections in 1973. In the early 1970s, the Turkish economy was relatively stable. The economic boom of the 1960s due to the import substitution model still showed its effects. In 1972, GNP growth rate was almost 9 percent. The Oil Crisis in 1973 and Turkey's intervention in Cyprus, however, changed this stable condition. Even though there was economic growth in 1975 and 1976, it was largely due to fortunate weather conditions that led to a large crop yield, which drastically affected the economic numbers in an agriculturally oriented economy. The Cyprus intervention and ensuing American arms embargo created political and economic instability. The embargo caused a political shock and led Turkey to consider adopting a more diverse foreign policy not only for defense purposes, but also for economic purposes.

Even though economic relations between Turkey and the United States continued, the embargo affected the Turkish economy negatively. Turkey exported mainly agricultural products to the United States while importing manufactured industrial materials. This relationship continued; the cutting off of military aid, however, seriously damaged the Turkish defense budget. Turkey already had large defense expenditures due to the necessity of maintaining a massive military force. The intervention in Cyprus drastically increased defense expenditures. Turkey had to support a military campaign, which included thousands of military personnel and a high need for equipment and spare parts. Some 80 to 90 percent of the equipment that was used in the Cyprus operation was either imported from or donated by the United States through the military assistance program.⁸⁰ Therefore, Turkey had to find new resources to provide for its military campaign. It turned to other NATO allies including Britain, France, West Germany, Italy,

⁸⁰ U.S. Congress, "Controversy over the Cutoff of Military Aid to Turkey," 122.

and Norway in order to obtain the necessary arms and spare parts. Even though West Germany gave \$100 million in military aid, Turkey had to pay a lot more to cover its defense needs. Turkey spent nearly \$2.63 billion for its defense between 1977 and 1978, which represented nearly 30 percent of its budget. Diversion of economic resources to maintain its military put a heavy burden on the Turkish economy. This burden, coupled with the effects of the oil embargo of 1973, resulted in crisis years for the Turkish economy.⁸¹

Another factor that destabilized the Turkish economy was the oil embargo proclaimed by the Arab members of the Organization of Petroleum Exporting Countries (OPEC) in late 1973. The embargo was due to Western, mainly American, support for Israel in the Arab-Israeli war of 1973. The price of oil rose to \$11.60 per barrel from \$2.50 due to this embargo. Because Turkey was heavily dependent on imported oil, the Turkish economy was unable to sustain economic growth and stability. The Turkish Central Bank had to resort to printing money and short-term borrowing to enable government spending. “Rising public sector deficits, caused notably by the losses of State enterprises, which were financed through monetary expansion, led to an acceleration of inflation in terms of wholesale prices to 40 percent by the end of 1977.”⁸² The account deficit rose to \$3.4 billion in 1977 from \$700 million in 1974.⁸³ Some creditors were skeptical of Turkey’s ability to pay back long-term debts. Therefore, they refused to extend more credit to Turkey. The Turkish Central Bank intervened by suspending payments for imports from the exporters who refused to give credit, which was an effective short-term solution to the issue.⁸⁴ As shown in Table 5, Turkey’s debt and budget deficit, as well as inflation, increased rapidly in these years, which deepened the economic crisis in Turkey.

⁸¹ Ayres, “Turkish Foreign Relations.”

⁸² OECD, “November 1978 OECD Economic Survey: Turkey,” 5, http://www.oecd-ilibrary.org/economics/oecd-economic-surveys-turkey-1978_eco_surveys-tur-1978-en;jsessionid=4scrnarim3p0p.delta.

⁸³ Ibid.

⁸⁴ Helen Chapin Metz, *Turkey: A Country Study* (Washington, DC: GPO for Library of Congress, 1995).

Selected Economic Indicators 1960–80							
	CPI Inflation (%)	Domestic Debt (Millions U.S. Dollar, Year End)	Budget Deficit/ GNP	Exchange Rate (TL/U.S. Dollar)	Highest Short Term Interest Rate (% Year End)	Interest Rate Savings Deposits	Current Account Balance (Million U.S. Dollar)
1960	2.3	849.8	0.8	5.11	4.5		-139
1961	-0.7	988.9	0.9	9	7.5		-170
1962	2.6	1,122.20	0.2	9	7.5		-242
1963	3.2	1,255.60	0	9	7.5		-300
1964	1.7	1,311.10	0.9	9	7.5		-109
1965	5.9	1,388.90	1.2	9	7.5		-78
1966	4.4	1,766.70	0.8	9	7.5		-164
1967	6.7	2,022.20	0	9	7.5		-115
1968	0.4	2,277.80	0.6	9	7.5		-224
1969	6.5	2,511.10	1.5	9	7.5		-220
1970	8.1	2,195.80	0	11.3	9	9	-171
1971	16.3	1,969.30	2.9	14.8	9	9	-109
1972	12.9	2,357.10	0	14	9	9	-8
1973	16.6	2,750	0.9	14	8.8	7	484
1974	18.7	3,129.50	1	13.8	9	9	-718
1975	20.1	4,612.20	0.3	14.3	9	9	-1,648
1976	15.3	6,116	0.6	15.9	9	9	-2,029
1977	28.3	7,515.40	5	17.8	9	9	-3,140
1978	49.6	7,436.60	1.9	24	10	12	-1,265
1979	56.5	11,051.90	3	30.8	10.8	20	-1,413
1980	116.6	6,957.80	3.6	75.1	26	33	-3,408
Average	18.7	3,409	1.2	15.8	9.1	12.3	-723

Table 5. Selected Economic Indicators, 1960–1980.⁸⁵

⁸⁵ Gormez and Yigit, “The Economic and Financial Stability in Turkey: A Historical Perspective,” 10.

Bulent Ecevit came to power in 1978 and initiated a set of economic stabilization programs, which were either sponsored by or created in consultation with the IMF and the OECD. The programs included incentives for foreign investment and price regulations. An international consortium of six banks came together to reorganize Turkey's debt and give a loan of \$500 million to the Turkish Central Bank. Even though Ecevit supported more public spending to maintain the untenable domestic peace, the IMF and OECD insisted on austerity measures. The programs did not achieve the intended results. Foreign investors did not risk investing in Turkey due to lack of political confidence. That same year, state-owned enterprises lost \$2 billion. Even though the United States lifted the arms embargo on December 10, 1978, the move was unable to create a positive effect on the Turkish economy. In January 1979, President Carter and West German Chancellor Helmut Schmidt announced an aid program to Turkey that included contribution from 12 other countries. While Carter was eager to assist Turkey, Congress was skeptical over the issue, which resulted in disagreements over the extent and nature of the assistance. Turkey welcomed any economic help in this period. Muammer Gaddafi's Libya extended a \$250 million loan and the trade agreement with the Soviet Union was renewed.⁸⁶ There was a change of government in late 1979 that brought Demirel back to power. Demirel put an economist, Turgut Ozal, in charge of the economy and tried to implement incentives for domestic private industries. Even though there were improvements in the economy, social unrest in the late 1970s resulted in political instability and prevented economic development.⁸⁷

The late 1970s were marked by domestic unrest in Turkey. Groups from the left and right wings clashed with each other, which resulted in many deaths. There were many assassinations of important public figures, such as former Prime Minister Nihat Erim and prominent journalist Abdi Ipekci. Social and economic conditions contributed to this problem. The rate of population increase in Turkey averaged 4.5 percent from the 1950s to 1970s. The population increased to 40 million in 1975 from 21 million in 1950. This sharp increase created a demand for employment from the youth, but the Turkish

⁸⁶ Rustow, "Turkey's Travails," 98.

⁸⁷ Metz, *Turkey: A Country Study*.

government was unable to satisfy this demand.⁸⁸ Unemployment was nearly 30 percent in 1977 due to economic instability. The oil crisis of 1979 also had deleterious effects on the Turkish economy, which was already riddled with problems related to high energy prices. Economic and social problems led to public unrest and more political instability, which resulted in a military coup in 1980.

The U.S. arms embargo coupled with the international problems negatively affected the Turkish economy. Turkey had to support a large military force in Cyprus in a time when the United States imposed an arms embargo, and there was an energy shortage due to the oil crises. Economic instability resulted in political and social unrest within the Turkish public, which led to a military coup in Turkey in 1980. Even though the United States resumed military assistance to Turkey in 1978, the Turkish economy was already in a negative spiral and lacked the strength to get out of it.

D. EFFECTS OF THE ARMS EMBARGO ON TURKISH DEFENSE CAPABILITY

The United States was the main provider for the Turkish military. Therefore, the embargo had a serious impact on the defense capability of Turkey. The embargo stopped credit and cash for foreign military sales (FMS) to Turkey as well as all military aid. Turkey had just started a military campaign in Cyprus and needed functioning military equipment more than ever. The war increased the need for new equipment or spare parts for the old ones. With the embargo, Turkey struggled to keep its military operational since it was mainly dependent on the United States to be able to carry out its maintenance. During the embargo, half of the Turkish military aircraft were grounded due to a lack of spare parts.⁸⁹ As the situation deteriorated, Turkey sought new resources to maintain its military.

⁸⁸ Rustow, "Turkey's Travails," 98.

⁸⁹ Foreign Economic Relations Board, "Foreign Economic Relations Board Report On Defence Sector of Turkey," Turkish Defense Industry, accessed December 6, 2013, <http://www.turksavunmasanayi.gov.tr/en/file/foreign-economic-relations-board-report-on-defence-sector-of-turkey>.

Turkey bought ten F-104S warplanes from Italy in early 1975. Although there was controversy over the method of the transaction since there was only one seller competing, the Turkish government did not want to miss any chance to improve its defense capability. The planes were already in use in the Italian air force. Therefore, they would be delivered immediately to Turkey. The agreement also included the delivery of spare parts.⁹⁰ Turkey was looking for new resources to maintain its military, and there were many countries that wanted to sell military equipment including Italy, France, West Germany, Belgium, and Canada. Canadian Minister of Defense James Richardson tried to establish strong relations with his Turkish counterpart and convince Turkey to buy from Canada. He said that he supported the Turkish proposal on the island.⁹¹ In order to diversify its resources and keep its military functioning, Turkey welcomed any offer.

On July 1, 1975, Turkish Admiral Sezal Korkunt published a newspaper article named “Is It Time to Say Goodbye America,” in which he said that it was necessary to find new markets for acquiring arms. He warned politicians to heed the provisions in arms agreements because the agreement with the United States had constrained Turkish authority by preventing the use of weapons; however, Turkey saw fit.⁹² West Germany had also suspended military aid to Turkey with the intervention in Cyprus, but resumed it within a couple months. In mid-1975, West Germany decided to upgrade its military equipment and hand over some surplus F-104 warplanes and M-48 tanks to Turkey. Kissinger’s efforts were influential in West Germany’s decision. West Germany also resumed a military aid program that allowed \$100 million to Turkey. Despite the embargo, Kissinger tried to keep the Turkish military functioning since it was vital for the southern flank of NATO.⁹³

⁹⁰ “Chief of Air Force Alpkaya: ‘We Bought F-104s to Become Ready,’” *Milliyet*, February 22, 1976, <http://gazetearsivi.milliyet.com.tr/>.

⁹¹ Engin Askin, “Canada Wants to Sell Weapons to Turkey,” *Milliyet*, March 15, 1975, <http://gazetearsivi.milliyet.com.tr/>.

⁹² Korkunt, “Is it Time to Say Goodbye America?”

⁹³ “Germany Will Give Us Warplanes and M-48 Tanks,” *Milliyet*, March 1, 1975, <http://gazetearsivi.milliyet.com.tr/>.

The year 1974 was eventful not only for Turkey, but also for NATO. As already discussed, the United States imposed the arms embargo on Turkey that year, and Greece left the military wing of NATO. This situation was a serious threat to the southern flank of NATO. Turkey was a staunch ally and opened its doors to NATO and American forces. It had the second largest military force in NATO after the United States. A large Turkish military force and the existence of NATO and U.S. forces in Turkey were strong deterrents for the Soviet Union in its ambition to extend its influence into the Middle East and Europe. It was assumed that with the U.S. embargo, the Soviet Union would pursue an active role to pressure Turkey to cave in to Soviet demands. On the contrary, the Soviet Union tried to seek warmer relations with Turkey by improving political and economic relations. In need of new allies, Turkey also tried to establish warmer ties with the Soviet Union as well. Although economic relations improved over time, Turkey did not buy military equipment from the Soviet Union, but the option was always on the table. Demirel said, “The Turkish government would never let the embargo weaken Turkey.”⁹⁴ While the Soviet Union was not viewed as a severe threat by Turkey, Greece posed a more serious threat for Turkish interests.

Turkey risked a war with Greece by invading Cyprus. While the Turkish military was larger than the Greek military, Greece was improving its defense capability by acquiring new equipment. The United States continued to supply Greece with military equipment while implementing the embargo on Turkey. On September 3, 1975, Turkish Prime Minister Demirel commented that he was worried that the Greek Air Force would catch up to the Turkish Air Force in two months, which would be a great threat to Turkish air power. In 1975, Greece had 39 F-4 Phantom aircraft, and more planes were on the way from the United States. Turkey, on the other hand, had 16 Phantoms, but only six of them were operational due to lack of spare parts. Although Turkey had more airplanes of different variety than Greece in total, the difference was decreasing. The Greek threat continued throughout the embargo and Turkey had to keep its forces ready for a confrontation with Greece.

⁹⁴ “Only 6 out of 16 Phantoms are Operational,” *Milliyet*, July 3, 1975, <http://gazetearsivi.milliyet.com.tr/>.

The embargo had a serious impact on Turkish defense capability. The Cyprus campaign required continuous logistic support and the embargo created serious shortages. Turkey had to find new suppliers and economic resources to maintain the military. While finding new suppliers, Turkey also realized the need to develop an indigenous defense industry. Therefore, the following years marked the establishment of state-owned enterprises in the defense industry. Some of these organizations, such as Military Electronic Industry (ASELSAN, from the original Turkish form of the name), Air Electronic Industry (HAVELSAN, from the original Turkish), Turkish Aerospace Industry (TAI), and Rocket Industry (ROKETSAN, from the original Turkish), are still in operation today and form the backbone of the Turkish defense industry.

E. EFFECTS OF THE ARMS EMBARGO ON TURKISH NATIONAL PRIDE

The embargo had strong and long-lasting effects on Turkish psychology. The anti-American sentiment began with the belittling letter from U.S. President Johnson to Turkish President Inonu in 1964, and peaked with the initiation of the embargo. The shortages the Turkish military faced during the Cyprus operation increased national pride and reminded Turkey of the problems associated with being overly dependent on one country as an arms supplier. The U.S. embargo was disappointing because it came from a trusted NATO ally. The Turkish government and people believed that intervention in Cyprus was justified and necessary to protect Turkish Cypriots. Therefore, people viewed the embargo as a blow to Turkish national pride. The national spirit coupled with the news of shortages the military faced in Cyprus motivated the Turkish government to create a national defense industry. The Turkish public was ready to make sacrifices.

Even though the embargo shocked the Turkish people, the U.S. attitude in the early years of the Cyprus crisis starting in the 1960s was a sign of an impending embargo. The infamous Johnson letter in 1964 that warned Inonu not to use U.S. arms in Cyprus was a wakeup call for Turkish leaders. They realized that Turkey had to produce its own weapons and equipment but lacked the political willpower to create a defense industry. After receiving the Johnson letter, the government set up foundations for each branch of the military to create budgets for such an industry. The government created the

Foundation to Strengthen the Turkish Air Force in 1970, the Navy Foundation in 1972, and the Foundation to Strengthen the Turkish Army in 1974.⁹⁵ Though the slogan of the Navy Foundation was “produce your own ship,”⁹⁶ there was hardly any significant attempt to create a defense industry. The U.S. arms embargo in 1975 gave the Turkish government the impetus to take the issue more seriously and allowed the Turkish public to contribute to the defense industry directly through these foundations.

Many people rushed to donate money and resources to these foundations to contribute to Turkish defense development. There were many emotional moments when people from all parts of society, rich and poor, gave as much as they could to have a stronger military. For example, in 1976, people from the Osmanli village in the city of Tekirdag donated 40 tons of wheat to the Army Foundation. People loaded the trucks with a large crowd and hailed them on the streets with festivities.⁹⁷ In 1981, the winner of the grand prize in the national lottery, a truck driver, donated one million liras to the Army Foundation.⁹⁸ The government and the military recognized the benefactors by awarding them plaques in ceremonies. There are many other examples in which people greatly sacrificed to donate to these foundations. The embargo as well as the military’s struggle in Cyprus raised national emotions and motivated people to contribute to the defense of the country. Through these foundations and government financing, Turkey was able to open a few factories and produce some equipment on its own. By 1986, the combined funds of the three foundations had reached \$600 million, which was a significant sum for the Turkish economy.⁹⁹

⁹⁵ Defense Industry Manufacturers’ Association of Turkey, “The History of Turkish Defense Industry,” Defense and Aviation Producers Union, http://www.sasad.org.tr/turk_savunma_sanayisi_tarihcesi.html.

⁹⁶ “Parliamentarian Ertugrul Akca’s Speech,” *Cumhuriyet*, June 5, 1972, <http://www.cumhuriyetarsivi.com/>.

⁹⁷ “A Village Community Donated 40 Tons of Wheat to the Army,” *Milliyet*, August 2, 1976, <http://gazetearsivi.milliyet.com.tr/>.

⁹⁸ “The Winner of 15 Million Will Give One Million to the Army Foundation,” *Milliyet*, May 21, 1981, <http://gazetearsivi.milliyet.com.tr/>.

⁹⁹ Omer Karasapan, “Turkey’s Armaments Industries,” *MERIP Middle East Report*, No. 144 (1987): 28, <http://www.jstor.org/stable/3011892>.

V. THE EVOLUTION OF THE TURKISH DEFENSE INDUSTRY

The Turkish government established many firms and factories in the 1970s and 1980s in order to produce necessary equipment for the military. Some of these firms were ASELSAN, Military Battery Industry (ASPILSAN, from the original Turkish), HAVELSAN, ROKETSAN, and Isbir Electric Industry Corporation. These firms were created under the guidance of military service foundations. ASELSAN produced electronic equipment; ASPILSAN, batteries for vehicles; HAVELSAN, simulations for the air force; ROKETSAN, rocket systems; and Isbir, electrical equipment. Even though these firms lacked technological infrastructure, they were the important first steps in the development of a defense industry.

A. ATTEMPTS TO DEVELOP THE DEFENSE INDUSTRY: 1975–1998

When the United States lifted its embargo in 1978 and reinstated the military assistance program, Turkey still continued its defense initiatives because it was intent on being less dependent on the United States. Turkish Admiral Korkunt said, “Even if we straighten our relationship with the United States, we will face similar problems if we do not vary our options and start producing our own weapons.”¹⁰⁰ Most Turkish leaders felt the same way and insisted on more investment in the industry because Turkey had to stand on its own feet to avoid another embargo.

Turkey invited foreign firms for joint production to utilize their knowhow and experience. Rather than starting from scratch, Turkey planned to use existing technologies in order to develop the industrial infrastructure of the country. The most significant partnership was with the American General Dynamics and General Electric firms in the production of F-16s in Turkey. Turkey created the Turkish Aerospace Industries (TAI) in 1984 in order to produce F-16s in Ankara jointly with the United States. Initially, the factory produced some body parts for the plane and assembled the rest of it with parts transferred from the United States. The factory gradually increased its production and produced nearly 70 percent of the plane by the mid-1990s. By 2000, the

¹⁰⁰ Korkunt, “Is It Time to Say Goodbye America?”

factory had produced 278 airplanes, 46 of which were exported to Egypt and the rest given to the Turkish Air Force.¹⁰¹ Some of the other joint ventures were FMC-NUROL for armored vehicle production, MARCONI for radio production, and THOMSON for radar production. Turkey intended to improve its technology base by importing existing technology through these joint ventures. In its struggle to develop its economy and defense industry, the Turkish government welcomed any foreign firm that was interested in doing business together.

The 1980s were transformative years for the Turkish defense industry. There was a military coup in Turkey in 1980, which ended when the military returned power to civilians in 1983. With economist Turgut Ozal's rise to the position of prime minister after the election of 1983, Turkey started to adopt a more liberal economic policy that favored a free market economy. Ozal wanted to enable civilians to play a more active role in the defense decision making and in the defense industry. Therefore, he pushed for creation of the Defense Industry Development and Support Administration (SaGeB, from the original Turkish) in 1986, which would oversee the defense industry and prioritize production according to the needs of the military. SaGeB was headed by a civilian Ozal appointee, and the board members included the prime minister, the chief of the general staff, service commanders, and other civilian representatives from parliament.¹⁰² Initially, there were tensions between the civilian and military sides over budget control. The law that created SaGeB required the funds to be transferred from service foundations to SaGeB, but the military was unwilling to relinquish the \$600 million that was accumulated over the years for defense development. Ozal wanted to boost the defense sector with these funds, allowing civilian firms easy access to the market. Eventually, SaGeB received the funds, but the military was able to get the government to pass a decree that prohibited "private sector production of lethal equipment"¹⁰³ in order to ensure that the military was fully involved in the development of the industry.

¹⁰¹ Ali L. Karaosmanoglu and Mustafa Kibaroglu, "Defense Reform in Turkey," in *Post-Cold War Defense Reform: Lessons Learned in Europe and the United States*, ed. by Istvan Gyarmati and Theodor Winkler (Washington, DC: Potomac Books Inc., 2002), 158.

¹⁰² Karasapan, "Turkey's Armaments Industries," 27.

¹⁰³ Ibid.

There was restructuring in the 1980s intended to establish a more effective system for defense development. SaGeB became the Undersecretariat for Defense Industries (UDI) in 1989, and it retained full oversight of the defense industry. Operating under the Ministry of Defense, the UDI was a semi-independent authority that had its own budget and legal entity, “which [did] not pass through the parliament and [was] not audited by the Court of Public Accounts.”¹⁰⁴ The UDI also controlled the Defense Industry Support Fund, which generated income through taxes on luxury materials, alcohol, and cigarettes. By 2003, the fund had accumulated \$11 billion, 80 percent of which was spent on domestic production, 16 percent on procurements, and 4 percent on innovative technology projects.¹⁰⁵ There was also a restructuring of the service foundations. They were united under a single organization called The Foundation to Strengthen the Turkish Armed Forces in order to become more efficient. During these years under Ozal’s rule, Turkey experienced a rapid political and economic transformation, which manifested itself in the defense industry as well.

B. NATIONAL STRATEGY AND DEFENSE INDUSTRY POLICY

Turgut Ozal was an influential figure in Turkey’s economic and political transformation in the 1980s. He tried to reconcile domestic politics by allowing more freedom to different parts of society. The three freedoms that he tried to improve were freedom of expression, religion, and enterprise.¹⁰⁶ He was the prime minister between 1983 and 1989 and president between 1989 and 1993. During his tenure, he carried out a neo-liberal economic policy, in which he reduced foreign trade barriers and invited foreign entrepreneurs to do business in Turkey. He encouraged Turkish businessmen to follow an export-oriented policy by giving government credits to people who planned to produce export material. During these years, Turkey had strong relations with the United States, Europe, and international organizations, such as the OECD, the IMF, and the

¹⁰⁴ Ali L. Karaosmanoglu and Mustafa Kibaroglu, “Defense Reform in Turkey,” 157.

¹⁰⁵ Ibid.

¹⁰⁶ Berdal Aral, “Dispensing with Tradition? Turkish Politics and International Society during the Özal Decade, 1983–93,” *Middle Eastern Studies* 37, no. 1 (January 2001): 74, <http://www.jstor.org/stable/4284139>.

World Bank. Ozal's pragmatic approach to the economy and politics allowed Turkey to recover from the crises of the 1970s and develop its economy as well as the defense industry.

Although the end of the Cold War encouraged many countries to shrink defense spending, Turkey continued to develop its defense capability due to internal and external threats. Internally, the country had to deal with the separatist Kurdistan Workers' Party (Partiya Kakeren Kurdistan—PKK) terrorist organization. Externally, Turkey was surrounded by unstable authoritarian regimes such as Iraq, Iran, and Syria. The First Gulf War also created a power vacuum and insecurity on the Iraqi border. Therefore, Turkey continued its defense development initiatives. The Turkish military's fight against PKK required thermal cameras, mine detectors, advanced radio systems, and other equipment necessary to operate in a low-intensity conflict. The Turkish defense industry was able to develop most of the equipment by itself or through joint ventures, and the rest was procured from other countries. Threats from neighboring countries required Turkey to increase its conventional warfare capabilities as well. Turkey strived to modernize its existing equipment and acquire more advanced systems. As NATO began to question its own existence, Turkey and the United States improved their cooperation in order to become more influential in the Middle East, the Caucasus, and the Balkans. Even though Turkey relied on the United States as an ally, the effects of the embargo were always alive in the minds of Turkish leaders. Therefore, development of the defense industry was always a priority. As the Ozal government struggled to make Turkey less dependent on other countries, it followed a different approach from the previous administrations.

1. Four Phases of Turkish Defense Policy

One can analyze the Turkish policy for the defense industry in four phases. The first phase is the Ataturk period, which started with the creation of the Turkish Republic in 1923 and lasted until the end of World War II. In this period, establishing various national industries was a priority. The government took the lead in developing industries by creating public enterprises. Even though the country had lost most of its human capital and infrastructure in World War I and the ensuing War of Independence, Ataturk was

insistent on industrializing Turkey through indigenous efforts with Turkish engineers. By the end of World War II, Turkey had established factories for planes, ships, and various other weapons and produced equipment for the Turkish Armed Forces (TAF) and allies. Turkey was especially successful in plane production, with the famous pilot Vecihi Hurkus's original designs. The second phase of industrial policy followed with the Truman Doctrine and the Marshall Plan, which was the U.S. government's policy of supporting countries against the communist threat. The Marshall Plan and Turkey's accession to NATO enabled Turkey to benefit from military assistance programs. During this period, Turkey shut down most of its defense industry and relied on outside powers, especially the United States for defense procurement. Initially, the United States either donated or sold the equipment for the TAF. With shortsighted calculation, the Turkish government decided that it would be more economical to rely on the United States rather than producing equipment on its own. The embargo was a wakeup call for Turkish leaders as they realized the problems of being overly dependent on one country as the country's arms supplier.

The third phase is the post-embargo period. Realizing the necessity for a national defense industry, Turkish leaders rushed to develop the technological infrastructure of the country through joint ventures with other countries. In this period, Turkey tried to transfer the existing defense technologies rather than creating original designs. Many foreign companies were willing to participate in these enterprises because the Turkish government had eliminated many bureaucratic barriers to international trade, and labor was cheap in Turkey. There was a ready buyer, the TAF, for most of the equipment. This period lasted until 1998, and even though there were significant developments in the technological infrastructure of the country, Turkey was still dependent on other countries because it did not invest in the research and development (R&D) necessary for original designs. The fourth phase started in 1998 and will be outlined later in the thesis.

2. Effectiveness of Defense Industry Policy

The effects of the embargo motivated Turkish leaders to use every opportunity to develop a defense industry; their efforts, however, lacked clear guidance and the policy

of technology transfer was not effective in developing original technology. The patent agreements with most foreign firms were strict and did not allow technology transfer. While some firms shared their technology, it did not directly affect the development of technological infrastructure in the country. In most of the cases, Turkey was merely a producer for foreign companies under the guidance of foreign engineers. At the Industry Convention of 1991, the director of projects department of TAI said:

Some people view technology transfer as carrying out as much business as possible in the country; however, this is not the case. One can do a lot of business in Turkey, but this does not mean that the technology is transferred. If we take the F-16 plane production as an example, currently, TAI produces 70% of the body frame of the plane, but this translates to less than 15% of the total value for one plane. I mean that having many businesses does not equate to achieving advanced technology. Technology should be a general concept that includes all the resources of the country.¹⁰⁷

Even though Turkish leaders, workers, and engineers gained valuable experience in these ventures, there was not much effort for the development of original designs that would require investment in R&D. During this period, Turkey devoted less than 0.3 percent of the Department of Defense budget for R&D, and these efforts were not directed at achieving advanced technology.¹⁰⁸

ASELSAN was an exception to this policy because its products were critical for national security and had to be national. ASELSAN produced electronic equipment and software for communication and electronic warfare. Even though it benefited from foreign knowhow and experience, most of its designs were designed by Turkish engineers. It earmarked a significant amount for R&D and pursued bold projects. Since its creation, ASELSAN has produced more than 100 original designs that TAF and many other militaries are using. In 2013, its budget was \$1.14 billion, which placed it in 74th place on the list of the world's defense companies.¹⁰⁹ ASELSAN is a good example of

¹⁰⁷ Nedim Demirel, "Defense Industry Report of the Industry Convention of 1991," *Chamber of Mechanical Engineers*, <http://arsiv.mmo.org.tr/pdf/00000608.pdf>.

¹⁰⁸ Efsun Kizmaz, *Turkish Defense Industry and Undersecretariat for Defense Industries* (Saarbrücken, Germany: Lambert Academic Publishing, 2010), 68.

¹⁰⁹ ASELSAN, "2013 Message of the Director," <http://www.aselsan.com.tr/tr-tr/yatirimci-iliskileri/Sayfalar/baskan-mesaji.aspx>.

success for the Turkish defense industry, and it shows the importance of R&D spending for the development of national technology.

Between 1975 and 1998, Turkey rushed to develop its defense industry due to the negative effects of the U.S. arms embargo, which was a blow to national defense capability and national pride. Even though there was rapid transformation in the industry, it lacked a coherent policy and strategy that would enable Turkey to create advanced technology. As the industry gained knowhow and expertise during this period, it needed more clear government guidance with more emphasis on R&D, and the Turkish Defense Industry Policy and Strategy Principles (TSSPSE, from the original Turkish) declared in 1998 aimed to achieve this purpose.

C. MATURATION OF THE DEFENSE INDUSTRY AFTER 1998: NEW PROCUREMENT POLICY AND PRACTICES

The TSSPSE emerged after much research and collaboration among many different entities in the Turkish government and the defense industry. Initially, the Ministry of Defense formulated a draft and invited other government entities and public and civilian enterprises to contribute to these efforts. The final draft tried to include views of all crucial actors in the defense industry. The government approved the TSSPSE in 1998 and started to carry out policies outlined in the document. The document placed defense systems and technologies in three categories;

1. The systems/technologies that had to be nationally developed: These systems would be developed nationally in the long term.
2. Critical systems/technologies: Critical systems would be developed nationally in the long term. If that was not possible, it would be produced jointly with other countries in Turkey.
3. Other systems/technologies: Other systems would be procured from various resources with regards to the most economical option.

The Ministry of Defense was responsible for deciding the categories for the systems and keeping the list up to date by considering requirements of the TAF and developments in global technology.¹¹⁰

The TSSPSE was developed due to shortcomings of the Turkish defense industry despite all efforts after the U.S. arms embargo. In 1998, the TAF procured 21 percent of its main weapons systems from domestic enterprises and the rest from foreign companies. In the overall provisions for the TAF, the share of domestic companies was 35 percent. The UDI was ineffective in organizing the efforts for the industry. It failed to coordinate between the civilian and public companies to enable information sharing and prevent duplication of efforts. The TSSPSE was an important document for the defense industry because it gave clear guidance to each actor and outlined the strategy for the future. After this document, the UDI became more active and powerful in enabling cooperation between different agents in the industry.

1. Procurement Policy and Decision-Making Structure

The UDI is part of a double-layered policy of procurement for TAF. The main decision-making body in the defense industry is the Defense Industry Executive Committee (DIEC), which consists of the prime minister, the minister of defense, and the chief of the general staff. The TAF outlines its requirements in the Ten Year Procurement Program (OYTEP, from the original Turkish), and the DIEC decides on the systems to be procured. The Undersecretariat of the Ministry of Defense manages direct procurement from other countries, and the UDI manages the production of the systems in the country. The UDI is organized to include most of the capabilities that the TAF needs in order to become effective. The chart in Figure 4 outlines the structure of the UDI. Almost all UDI personnel are civilian, consisting of bureaucrats and engineers.

¹¹⁰ “Turkish Defense Industry Policy and Strategy Principles,” *Resmi Gazete*, June 20, 1998, <http://www.sasad.org.tr/editor/uploadfile/20120627140149676.pdf>.

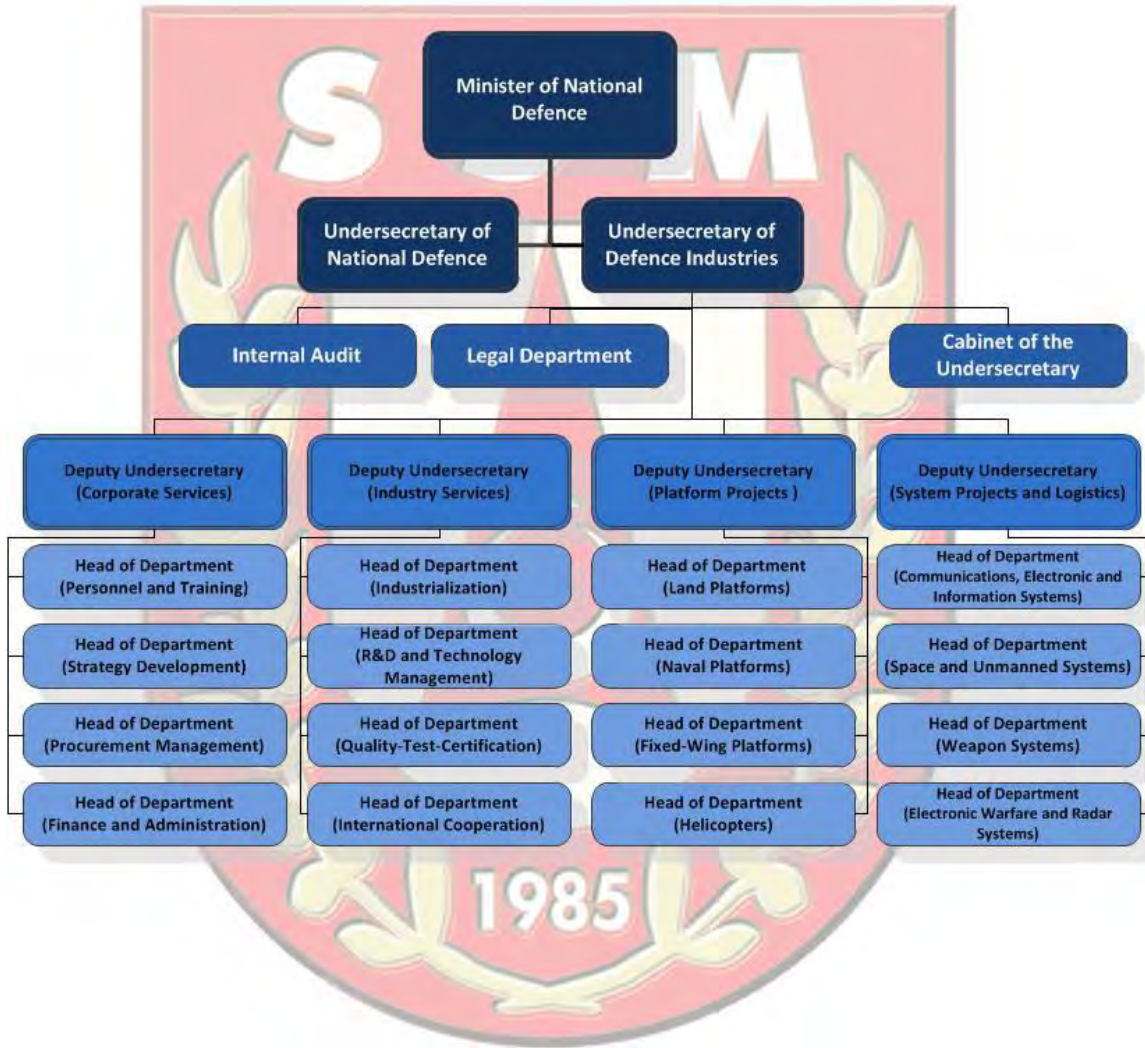


Figure 4. Hierarchical Structure of the Turkish Ministry of Defense.¹¹¹

2. Turkish Defense Strategy and the Industry

Turkey’s critical geopolitical location between Europe, Asia, and the Middle East gives it an important role in regional and global politics. The instability of the region also poses security challenges for the country. In the White Book of 2000, Turkey outlined its defense strategy as “maintaining a military force that will provide a deterrent influence on the centers of risk and threat in the environment of instability and uncertainty

¹¹¹ Ministry of Defense (Turkey), “Hierarchical Structure of the Turkish Ministry of Defense,” <http://www.ssm.gov.tr/home/institutional/Sayfalar/organization.aspx>.

surrounding Turkey, [which] constitutes the foundation of the national military strategy.”¹¹² The Turkish Army has always been in the forefront due to threats from neighboring countries and the PKK terrorist organization. Surrounded by waters on three fronts, Turkey’s naval force is also an important asset for the defense of the nation. The air force is an indispensable asset as well, supporting naval and land forces. The air force has garnered most of the modernization efforts due to rapid advancements in aviation technology. Turkey takes an active part in NATO and UN operations around the world. Currently, Turkish troops are deployed to Afghanistan, Lebanon, Bosnia, and Kosovo to carry out peace-support operations. As Turkey strives to become a more influential actor in regional politics, having a strong and effective military is an important factor in achieving this purpose. Therefore, as the U.S. arms embargo showed, establishing a national defense industry is a must for a country like Turkey.

Even though globalization requires elimination of trade barriers, most countries pursue a different policy for their national defense industry. There are different procedures for defense companies because most countries want to possess defense technology and be able to produce their own systems rather than import such technology from others. Although purchasing from other countries is a common practice, countries make sure that they can maintain their militaries in times of crisis. Therefore, it is important to avoid being overly dependent on one country in terms of critical defense systems. During the arms embargo, Turkey faced this problem because it did not have a defense industry or a variety of suppliers. In the post-embargo period, Turkey tried to produce defense systems through joint ventures, but as the director of a major company in Turkey points out, this also did not fully solve the issue.

Just as in other countries, major foreign companies use their partnerships in Turkey as production base for their systems. They keep the profit of their indigenous partners limited, and they easily move to other countries when there is a more advantageous place to produce the material. In the meantime, they also prevent the partner from conducting R&D.¹¹³

¹¹² Karaosmanoglu and Kibaroglu, “Defense Reform in Turkey,” 140.

¹¹³ Scientific and Technological Research Council of Turkey, “Vision 2023 Project Panel Report,” TUBITAK, July 2013, http://www.tubitak.gov.tr/tubitak_content_files/vizyon2023/shu/EK-12.pdf.

The declaration of the TSSPSE, which outlined systems that had to be produced domestically, was an important step in achieving independence in the defense sector. Currently, Turkey is closely following guidelines of the TSSPSE and has achieved considerable success in the development of its defense industry.

3. Current Status of the Turkish Defense Industry

The Turkish defense industry has experienced significant growth over the last decade. With the guidance from the TSSPSE and government support, the industry gained confidence and Turkey has become an arms exporter. By the end of 2011, these exports amounted to \$1.09 billion and the plan for the next five years is to raise the number to \$2 billion. Although this number is only 1 percent of Turkey's total exports, the speed of development bodes well for the future and encourages many new firms to join the market. While Turkey was able to produce 25 percent of TAF's equipment needs in 2003, the ratio was 36.7 percent in 2006, 44.2 percent in 2008, and 54 percent in 2011. Currently, Turkey manages 90 percent of TAF's modernization efforts domestically.¹¹⁴ Most of the projects are original designs developed by Turkish engineers. This has been mainly possible due to increasing R&D spending in the defense industry. The chart in Figure 5 shows the growth of R&D spending from 2002 to 2012.

¹¹⁴ Undersecretariat of Defense Industry (Turkey), "Performance Report 2013," <http://www.ssm.gov.tr/anasayfa/kurumsal/Performans%20Program/2013/2013YiliPerformansProgrami.pdf>.

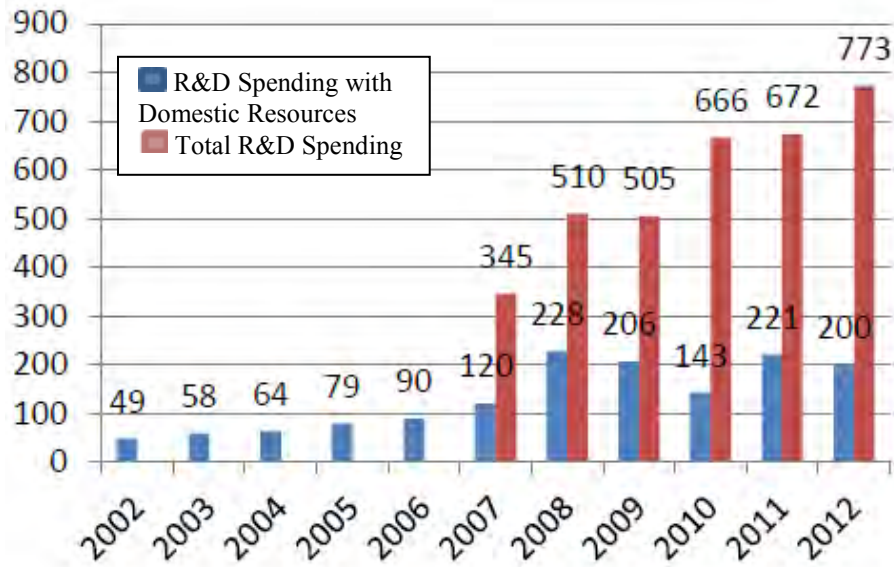


Figure 5. R&D Spending 2002–2012.¹¹⁵

Some of the major systems that the industry has nationally produced are warships, unmanned aerial vehicles, armored personnel carriers, aircraft, and satellite systems. The main battle tank, Altay, is in the development process and planned to be fielded in 2016. While Turkey has a large tank inventory ranging from Vietnam-era M48s to modern Leopards, and many modern militaries are decreasing their tank portfolio, Turkey views Altay as a source of prestige. The department head of land platforms of UDI Levent Senel said, “When you consider that the main battle tanks are the most complicated and comprehensive systems in terms of technical, tactical, and operational accomplishments, I can proudly say that Turkey now builds all the armored vehicle needs of the Turkish Army.”¹¹⁶ In 2011, Turkey developed and fielded its first warship, which is one of the most advanced warships in the Mediterranean Sea. Turkey has also produced a basic training airplane, Hurkus, in 2013, and will produce variants for reconnaissance and close air support. Years of experience gained with the F-16 joint venture enabled Turkey to produce its own aircraft. These projects coupled with many joint ventures, such as the

¹¹⁵ Yigit Koray Genc, “R&D in Defense Industry,” ROKETSAN, November 20, 2013. <http://www.sanayisurasi.gov.tr/pdfs/savunma-sanayiinde-ar-ge.pdf>.

¹¹⁶ Grant Turnbull, “Turkey’s Formidable Defence Industry – Rising Star or NATO’s Unruly Ally?” *Army Technology*, April 2, 2014, <http://www.army-technology.com/features/featureturkeys-formidable-defence-industry-rising-star-or-natos-unruly-ally-4207115/>.

Atak Helicopter with Italy, F-35 Lightning II jet with the United States, and A400M transport aircraft with European countries, show Turkey's determination to become an important player in the world defense industry. As Turkey plans to be in the top ten economies of the world by 2023, which marks the 100th-year anniversary of the Republic, the defense industry will hold a significant place in the Turkish economy.

4. Future Prospects

In 2008, Turkey launched an initiative called Turkey's Strategic Vision 2023, which aimed to outline the areas that needed development to realize Turkey's ambitions to become one of the top ten economies in the world. The defense industry is one of those areas in which Turkey intends to achieve significant advancements until 2023. The government tasked a non-governmental organization called Turkish Asian Center for Strategic Studies (TASAM, from the original Turkish) with guidance from the president to organize discussion platforms around the country about this vision and to make policy recommendations to the government. TASAM brings academics, scientists, and policy makers together to create harmony for the industry. Turkey's strategic vision for the defense industry aims to achieve defense exports worth \$25 billion by 2023, which would place Turkey sixth in the world defense industry. Other organizations that foster cooperation are the Defense and Aerospace Industry Exporters Association and the Defense and Aerospace Industry Manufacturers Association. With all these efforts, Turkey's initial intention after the U.S. arms embargo to become less dependent on other countries in terms of the defense industry has now transformed it into becoming an important player in the global arena of defense industries.

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VI. CONCLUSION

The embargo gave us character.

–Kenan Evren, Chief of the Turkish General Staff

On October 11, 1974, during the embargo talks in the U.S. Congress, Representative John J. Rhodes said, “The Turks are a proud people. Mention has been made that this (embargo) will help in the negotiations with the Turks. Believe me, it will not. They will not negotiate at gun point.”¹¹⁷ The representative was right. The embargo was intended to resolve the Cyprus issue; instead, it helped to prolong the conflict, which continues today. The U.S. arms embargo on Turkey between 1975 and 1978, coupled with international economic crises, negatively affected the Turkish economy and defense capability. Turkey, as an important ally covering the southern flank of NATO, had to seek new resources in order to keep its military functioning. While the embargo played a decisive role for the crisis years of Turkey, it was a wakeup call for Turkish leaders to start an indigenous defense industry. Even though the relationship between Turkey and the United States normalized after the embargo, Turkish officials learned the dangers of overdependence on another country.

The U.S. arms embargo caused significant shortages for the Turkish military, which was conducting operations in Cyprus, and led Turkey to realize the problems associated with being overly dependent on other countries for defense supplies. After the embargo, Turkey strived to create a strong defense industry in order to avoid the troubling and humiliating conditions of the embargo from ever happening again. Initially, there were many developments in the industry, but lack of a clear strategy and ineffective policies prevented Turkey from achieving an advanced defense industry. The changes in the Turkish defense industry policy after the 1998 report allowed more cooperation and encouraged domestic entrepreneurs to invest in the defense sector. The new policy also

¹¹⁷ U.S. Congress, “Controversy over the Cutoff of Military Aid to Turkey,” *Congressional Digest* 54, no: 4 (1975): 123.

gave more control to civilians in the organization of the defense industry. Overall, while the embargo created problems at the time, it eventually helped Turkey to create a strong defense industry and become less dependent on other countries.

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