MERIA

THE POLITICAL ECONOMY OF TURKISH MILITARY MODERNIZATION

By Elliot Hen-Tov

This study examines the political economy of the military modernization project begun in 1996 in Turkey. Due to the unprecedented scope of the modernization effort and the particularities of the defense industry, this project will impact both Turkey's relations with its allies as well as its democratization process. The large purchases of military technology and the expected professionalization of the Turkish military will lead to an enhancement in Turkey's international stature, especially in its relationship with Western supplier states. Simultaneously, the modernization will produce domestic social forces that facilitate further democratization.

In 1996, Turkey officially announced an ambitious military modernization program, mainly comprised of procuring high-technology equipment and upgrading older systems. The program, central to Turkey's long-term political-military strategy, was allocated $25-30 billion for the first eight to ten years and is expected to total $150 billion within the next 30 years. Even if the country's recent financial crisis has led to the delay in the implementation of parts of this modernization program, this study assumes that Turkish plans to modernize the Turkish military will eventually be completed. Such a massive modernization program will have complex implications for Turkey's domestic politics and economy, Western arms supplier states, and regional geopolitics.

Domestically, a modernized military may reverse its diminishing stature in Turkish politics and society by regaining prestige as well as the accumulation of resources. Furthermore, the modernization program is bound to develop a military-industrial base in Turkey, supporting Turkey's overall industrial development. Both developments will affect Turkey's ongoing democratization and Westernization, and the interplay of the military with commercial elites may become crucial.

Due to the specific nature of the defense industry as a highly regulated market and the politicization of foreign military sales, the emergence of Turkey as a major buyer will also have profound effects on the political economy of Western weapons supplier states. Given the data source and time lag problems concerning the measurement of arms sales, this study uses the most complete, most commonly used, and most recent report by the U.S. State Department (World Military Expenditures and Arms Trade 2000). [1]Furthermore, this study will focus on the defense industry in the United States, with occasional reference to European or Israeli industries. The reason is that the United States has an absolute majority of global arms sales and is designated as Turkey's major supplier throughout the modernization period. Moreover, this study argues that modernization has become not only a goal, but also a vehicle of Turkish foreign policy in light of the political economies of Western defense industries.

Regionally, Turkey's disproportionate military modernization will further increase

the gap between Turkey and its neighbors, since the end of the Soviet Union brought about a decline in Turkey's neighbors' weapons procurement, as well as economic stagnation, while Turkey advanced both economically and militarily.

However, the focus of this study will be limited to the political economic processes and ramifications of Turkey's military modernization domestically and in the Western arms supplier states. The first part briefly examines the origins of the modernization program. It then proceeds to analyze the military's motives and aspirations for the program, the foreign policy goals associated with it, and its anticipated economic effects. The second part studies the structure of the defense industry and the resulting effects of the massive Turkish military modernization on the political economies of Western arms supplier states.

TURKISH MILITARY MODERNIZATION: POLICY AND REALITY

Evolution of the Military Modernization Program

Turkey's military modernization program differs profoundly from military modernization programs elsewhere. In addition to size, Turkey's program is a well-targeted policy measure derived from recent experiences and developments. Foremost, the revolution in military affairs highlighted by American supremacy in the Gulf War in 1991 made Turkish officials realize that the Turkish Armed Forces were ill-equipped to face the threats of the twenty-first century. This impression was reinforced by Turkey's receiving older U.S. and German equipment resulting from the forced disarmament following the Conventional Forces in Europe Agreement. This exposure to sophisticated warfare and military equipment, and the increasing difficulties of the military to curb the Kurdish insurgency in Southeastern Turkey, induced the military to undergo a major modernization program. [2]

Fortunately for the military, two basic dynamics permitted the military to pursue modernization. First, following the economic liberalization which began in the early 1980s, Turkey experienced rapid economic growth resulting in a large increase in tax revenues. While military expenditures jumped an average 12 percent from 1989-99 in absolute terms, military expenditures as a percentage of overall government expenditures fell from 18.4 percent to 13.9 percent.[3] This fiscal windfall provided the Turkish military an opportunity to advocate for a full-scale military modernization. Second, in contrast to most Western democracies, Turkish military expenditures are almost never the subject of parliamentary debates and Turkish military demands are not scrutinized. In other words, the Turkish military devises its defense budget and procurement policies (within fiscal limits) without ever encountering opposition in parliament.[4]

Domestic Implications of Military Modernization

Military modernization will likely produce two distinct consequences. Politically and socially, the role and influence of the military in Turkey is bound to change once the effects of the modernization program begin to be felt. Economically, the design of Turkey's modernization will have a profound impact on Turkey's industrial development, because it will propel the country's defense industry into a whole new league.

Regarding the military, the modernization program was started to counter specific military challenges that Turkey faces in the post-Cold War era. These include primarily the changing geopolitical role of Turkey as an emerging regional power, the need for greater Turkish military

compatibility with the United States and the rest of NATO, and the increasing reliance on the military to provide for internal security as well (the military's objectives in the context of foreign policy will be discussed later). Regardless of the legitimate motivations on the part of the Turkish military, the modernization program also has the potential to partially restore the military's stature in Turkish society and perhaps in politics as well. The Turkish military views itself as the guardian of Kemalism, the state-based ideology of secularism, Westernization and modernization. In this context, the program will reinforce Turks' historical image of the military as leading the country's overall modernization.[5]

Already considered a source of national pride and ranked as the most prestigious and respectable institution in Turkey today, military modernization will further enhance the army's prestige. Also, the military's perceived success in country's Southeast against Kurdish rebels both strengthened the military's respect within Turkish society, and may have also increased the country's ability to deter future insurgents. Military modernization is certain to further augment this deterrence. Moreover, training with the most up-to-date equipment and earning international respect from other NATO countries will ensure strengthen the military's domestic image of professionalism, which had been declining in recent years following the soft coup of February 28, 1997. This image will once again guarantee large numbers of quality applicants for the officer corps and may re-establish the military as a powerful social and political force.

Furthermore, as Dietrich Jung has pointed out in his examination of Turkish society, the original elite officer class has frequently found itself at odds with the emerging new elite of businessmen.[6] Yet, these two groups' interests may increasingly converge due to military modernization, because the Turkish military will also be an important industrial actor as the military-industrial complex grows. Domestic military industries typically draw their contracts from the national armed forces and their staff are primarily former military servicemen. Consequently, a network of formal and informal contacts evolves linking the defense industry closely to the military. Through this osmotic process, there is greater awareness among the military class of political-economic considerations that arise from industry ownership.

A major goal of military modernization is precisely to build a substantial Turkish military industry. Currently, Turkey's military industry averages about one billion dollars in sales annually, of which exports made up only $70 million in 1999--equivalent to 0.3 percent of all Turkish exports.[7] Moreover, the lack of a domestic military industry is evident in the fact that only 21 percent of Turkish military needs are met domestically, hence the large procurement of foreign-made equipment.[8]

Therefore, "virtually all purchase plans require corresponding offsets by foreign investment in Turkey or a co-production arrangement with local arms manufacturers."[9] Also, most purchases cover high-technology equipment that could hypothetically be reproduced in Turkey. Initially, these high-technology products will be co-produced with one of the traditional suppliers, leading to a transfer in technology that is hoped will lay the groundwork for future independent Turkish production. The goal is to modernize the military while simultaneously boosting Turkey's fledgling defense industry, allowing it to eventually become independent of increasingly less reliable foreign suppliers.

In fact, when analyzing Turkey's capabilities, it is evident that Turkey fundamentally has the potential to develop a major defense industry. According to Luis

Bitencourt, in order to succeed in defense industrialization, a developing country needs to have a perception of threat, access to financial resources, a diversified industrial base, a domestic procurement budget, sufficient domestic education, and superpower support.[10] Indeed, even if the country's recent economic crisis casts doubt on Turkey's financial and industrial development, Turkey does fulfill all of Bitencourt's prerequisites. If Turkey succeeds, the relationship between the military and private business may improve, contributing to further democratization and economic liberalization. Ironically, military modernization--i.e., strengthening the military institutions--may produce a more democratic society because it links the military with business interests, which are mainly concerned with creating stable macroeconomic conditions through liberalization and good governance.

Military Modernization and Turkey's Foreign Policy

Turkish military modernization is a central pillar in Turkey's new foreign policy. First, military modernization is in itself a policy goal, one which is supposed to underpin Turkey's new claim to regional leadership. Second, modernization should advance Turkey's traditional orientation towards the West by increased inclusion of Turkey in NATO operations, which is hoped will strengthen otherwise strained ties to the West. Lastly, Turkey has discovered in the process of military modernization that large defense contracts can become a tool for conducting foreign policy.

The end of the Cold War transformed Turkey's strategic position. Instead of being a poor, small country at one of the frontiers of the Cold War, Turkey found itself as a "pivotal state"[11] in several strategic regions: the Balkans, the Middle East, the Caucasus, and Central Asia. Turkey's successful economic policies of the 1980s contrasted with the decline of neighboring states. Notably, the Soviet Union disintegrated into Russia and several weaker small states, some with an affiliate Turkic character. Iran at the end of the decade was still suffering from its eight-year war with Iraq and the international isolation which followed the 1979 revolution. The 1990-1 Gulf War massively crippled Iraq, and Syria was weakened with the disappearance of its Soviet patron. This elevated Turkey's regional status and encouraged Turkey, as former President Turgut Ozal said, to "leave its former passive and hesitant policies and engage in an active foreign policy."[12]

Specifically, Turkey was interested in engaging in international peacemaking and peacekeeping efforts, improving relations with regional partners, furthering integration with the West, and grasping opportunities in neighboring regions. A necessary element for this foreign policy is a military equipped to project power, manage interventions, make credible threats, and act as a reliable ally. As the modernization program has only just begun, the country's more active foreign policy still encounters difficulties because the military is not entirely prepared to handle this expanded role. For example, peacekeeping in the Caucasus (Nagorno-Karabagh in 1994) was ruled out partially due to lack of military capability; in general, Turkish peacekeeping missions are still limited, although growing in number.

Nevertheless, Turkey already proved its resolve to take advantage of the shift in the military balance with its neighboring foes. In the fall of 1998, Turkey amassed troops along the border with Syria and issued several demands regarding Syria's support for Kurdish terrorism. Without challenging Turkish intent, Syria caved in to Turkish demands and even expelled PKK rebel leader Abdullah Ocalan. As the Syrian example demonstrates, a modernized military will

surely give policymakers in Ankara even greater flexibility in their conduct of foreign policy.[13]

Looking westward, military modernization is necessary for Turkey to maintain and advance integration with the West. Turkey has always been a reliable NATO ally, with the second largest army in the alliance. However, its comparably less sophisticated military has not always been entirely useful in NATO missions, and NATO itself is now undergoing full-scale modernization. Moreover, the EU member states in NATO are seeking to concentrate increasingly on the West European Union (WEU), of which Turkey is just an associate member without permanent membership prospects. This encroaching exclusion based on the emergence of a European security identity may be reversible by upgrading the Turkish military, raising Western recognition of Turkey's military contribution to NATO, and demonstrating that Europe remains partially dependent on Turkey for its security, as emphasized in the October 2004 European Commission report.[14] In that respect, Turkish military modernization is also indirectly improving Turkey's overall prospects for EU candidacy.

Finally, Turkish military modernization has become a Turkish foreign policy tool. Although the dynamic is discussed at length in the next section, the structure of defense industries in the West empowers Turkey to utilize its large defense contracts also in order to achieve other political goals. For example, in 1999, Germany was designated to deliver a series of its *Leopard* tanks to Turkey. However, Germany's coalition government quickly realized the political divisiveness of this arms sale. The Social Democrats were running on a platform of fighting unemployment, while their Green Party counterparts have a political identity that prescribes adherence to certain values, foremost among them upholding human rights. Hence, the government underwent an internal quarrel on the issue, eventually approving a smaller sale while tabling the larger contract. Ever since, when Germany criticizes Turkey on human rights, Turkey reintroduces its demand for the tanks. This strategy has made German criticism boomerang: instead of the Turkish government being confronted with its human rights problems, the German government finds itself repeatedly in turmoil over its arms sales to an ally with a poor human rights record.[15] Conversely, given Turkey's attempt at achieving EU accession, potential military contracts serve to induce Germany and other EU states to support Turkey's candidacy.

One of the bilateral relationships most obviously affected by the modernization program is Turkey's strategic partnership with Israel, whose cornerstone has been industrial defense cooperation. It is no coincidence that the military modernization program was announced at the same time that the cooperation agreements with Israel were signed in 1996. (These agreements were initially exclusively of a military nature and were aimed at fulfilling Turkey's modernization requirements.) Israeli supply of arms is a Turkish strategy that allows Turkey to circumvent anti-Turkish and pro-human rights lobbies in Western capitals when ordering arms.[16] Turkey has other strategic interests the Turkish-Israeli alliance is supposed to help ensure. In order to cement these interests, Turkey has found industrial defense contracts to be a great incentive for increased Israeli military cooperation. In 1996, the first two agreements signed covered aircraft upgrades and missile production valued at $800 million. For the comparatively small Israeli defense industry (which at the time had about $500-$600 million in annual exports),[17] international sales of that magnitude are difficult to find--especially due to Washington's veto power over Israeli arms sales. The economic significance to Israel's

defense industry gives Turkey unusual leeway in its conduct of relations with Israel. For example, exceptionally harsh public criticism of Israel issued by Turkey's Prime Minister Erdogan in May 2004 received a discreet Israeli response, as the latter was eager not to sabotage current procurement decisions. The Turkish-Israeli relationship hence exemplifies the utility of military modernization programs in bilateral relationships as well as the remaining influence of the Turkish military in shaping foreign policy.

oligopolistic competition. This means that most national industries are strategically linked to competitors and there are high barriers to entry, but unusual for oligopolies, prices in this market are not stable. In fact, instead of price competition, technology competition predominates. Furthermore, special arrangements have become central in competition for sales, such as direct/indirect offsets, co-production, technology transfers, or barter trade.[18] In other words, there are few supplier countries, each holding a large world market share, but without a hold on prices.

Table 1: Market Share of the Top Five Major Arms Exporters (percent)[1]

Country	1989	1999
USSR (Russia)	34.8	6.0
USA	30.9	63.9
UK	8.9	10.1
France	4.5	5.6
(West) Germany	2.1	3.7
Total	**81.3**	**89.3**

TURKISH MILITARY MODERNIZATION: EFFECTS ON SUPPLIER STATES

As indicated in the German and Israeli examples, Turkish military modernization has political ripple effects on supplier states, particularly because of the project's grand scale. The structure of the defense industry as a highly imperfect and politicized market (internationally and domestically) and its transformation in the 1990s has created conditions that give Turkey disproportionate buyer power, and part of that power manifests itself in terms of political influence.

Structure of Defense Industries in the 1990s

The defense industry experienced dramatic changes in the 1990s. In order to analyze these changes, it is important to understand the general structure that belies the defense industry. In general, the international arms market is characterized by

Looking at Table 1, when contrasted to the situation at the end of the Cold War, the United States now dominates the international arms market because the Soviet Union disappeared as a competitor of equal counterweight.[19]

Notably, international arms sales did not rise but rather fell dramatically following 1990, only slowly reconstituting themselves towards the end of the decade. In terms of percent, U.S. and European sales rose slightly, while Soviet/Russian sales collapsed. In 1987, the Soviet Union still sold arms worth $23.1 billion, whereas by 1992 Russia was only selling $2.5 billion worth of arms.

Domestically, too, the defense industry is typical of a highly imperfect market. There are few buyers, mainly the national defense organs or sanctioned foreign buyers. Again, there are a few large suppliers

who have consolidated throughout the 1990s due to international competition. Traditionally, the top five national firms supply around 80 percent of the defense market. Further, the defense industry suffers from limited labor mobility and the paradox of increasing returns to scale due to structural peculiarities. Enormous research and development (R&D) costs combined with limited borrowing capability and existing heavy debt of the defense industry raise the dependence on large single-product contracts. Similarly, the defense industry faces a time lag. The period required to develop a new product is long, and several additional years are required to produce it. During this process, most resources are locked in, limiting the firm's operational choices. Hence, the defense industry is extremely dependent on long-term planning.[20]

Moreover, the long-term nature of the industry leaves most firms with excess capacity, because they cannot quickly adjust their production to changes in demand, which tends to be unpredictable. This aspect increases the necessity in closing large contracts, especially because there are competitive technologies in the defense industry. At the same time, a primary sale is likely to result in future sales to the same countries, since the products are often not compatible with competitor's products (even if developed afterwards).[21]

Lastly, the defining characteristic of the defense industry is
the high degree of regulation. Regulation obviously determines who may purchase the defense products. For instance, although defense companies in the United States are technically private, the government can also occasionally have detailed influence on the firms' practices. Specifically, the government can have an input in the choice of product, R&D, as well as financing schemes (due to it being the major financer). This governmental influence is frequently expressed by issuing specific operational and technical regulations.[22]

Turkish Buyer Power in the 1990s

In the first five years following the end of the Cold War, the international arms market initially shrunk by more than 30 percent. Most of this reduction took place within domestic defense contracting, thereby forcing most arms suppliers to downsize or to find alternative markets abroad.[23] One of the main characteristics of the international arms market at present is that arms sales are primarily guided solely by economic considerations, meaning no more politically motivated grants or loan payment arrangements.

Into this environment stepped Turkey, with a massive military modernization program focused on procurement. The announcement of spending $25-30 billion over five to ten years, and up to $150 billion over 30 years, electrified the international arms market. Already during the 1994-98 period, Turkey had become the third-ranked weapons recipient worldwide. Turkish intent on buying sophisticated NATO-compatible equipment reduced the number of potential suppliers, excluding two of the top seven suppliers--China and Russia. Hence, each Turkish contract to be awarded makes up a significant amount of a country's arms sales. Turkey's modernization differs from other arms sales because it foresees constant large purchases over an extended period, whereas other major arms recipients usually stage intermittent individual large purchases.

	Table 2: Weapons Exports To Turkey (in $ million) and Turkey's Rank in Supplier Country ([24])				
	1995-1997	Rank	1997-1999	Rank	2000-2002 (planned)
U.S.	3,100	6	4,900	5	4,500-8,500
Germany	650	3	650	2	< 3,500
France	310	6	90	15	< 2,000

Table 2 proves Turkey's buying power. Even before modernization really started, Turkey was Germany's second largest customer and America's fifth largest customer, with $5.55 of its $6.60 billion spent on purchasing going to those two countries. The intended procurement for 2000-02 could make Turkey Germany's single largest and America's fourth largest customer. In fact, the Turkish tank deal (one thousand tanks for five to seven billion dollars) by itself equals Germany's total foreign military sales in a three-year period.

In economic terms, the nature of the modernization program gives Turkey real buying power, because there is a limited amount of alternative buyers, given the structure of the international arms market. Also, as a NATO alliance member, Turkey is one of the few countries theoretically allowed to purchase all equipment.

Moreover, the long-term aspect of its modernization compounds Turkey's buyer power vis-à-vis the suppliers, because defense industries are so dependent on long-term planning. Especially the early stages of the modernization may determine which suppliers will be able to produce compatible products for Turkish purchase, and therefore, it is imperative for defense industrial firms to secure early projects.

As a result, Turkey can affect the price and more importantly, the conditions under which it purchases the equipment. Due to the size and long-term plans of the modernization, Turkey has been able to ensure its procurement will render economic benefits for Turkey's own military industrial complex. Indeed, almost all procurement plans include investment offsets, explicit co-production with Turkish firms or alternative means of technology transfer.[25]

Political Economy of Weapons Sales to Turkey

In arms-producing countries, weapons sales to Turkey become a domestic political controversy. On the one hand, anti-Turkish and human rights advocates struggle to prevent sales to a country with a dubious democratic and human rights record and that is involved in tensions with its neighbors. On the other hand, there is the defense industry lobby, which in light of economic conditions described above, desperately needs to win these Turkish military contracts.

Those opposed to weapons sales to Turkey consist of human rights activists or ethnic groups in historic conflict with Turks, such as Armenian or Greek lobbies that are particularly influential in the U.S. They list three major points in their criticism. First, there are accusations that Turkey does not meet U.S. criteria for arms exports. Second, they claim that arms sold to Turkey were used against its own civilian population, and that in general Turkey commits wide-scale human rights violations. In particular, they claim Turkey uses the military equipment it purchases abroad to suppress the Kurdish insurgency in the Southeast. This claim was especially popular during Turkey's quest for the acquisition of 145 attack helicopters in 2000 (with an estimated price tag of $4.5

billion). The third argument against supplying Turkey's military with arms and political support for modernization is that it occurs at the expense of Turkey's democratic development, since it circumvents democratic leaders and civil society.[26]

Working against the influence of those lobbies, the various defense industries have powerful networks of lobbies of their own in the different country capitals. In light of the economic considerations, the defense industry strongly wants to secure Turkish contracts. In particular, the defense industry in the United States is closely intertwined with the government, and has become very experienced at political lobbying and has become a "de facto participant in the policymaking process."[27] Today there exists an intricate network of defense industry lobbyists with contacts to various congressional committees and representatives, not to mention with the federal bureaucracy. Evidence to this effect can be found in the large "government relations" offices of almost every defense contractor and the creation of political action committees by all major defense firms for the sake of lobbying. Moreover, the common practice of senior industry employees entering government service and vice versa--U.S. Vice President Dick Cheney is but the most prominent example of this common practice--is matched by regular donations to numerous political campaigns regardless of political affiliation.[28]

When traditional lobbying fails, the defense industry has several effective arguments to persuade public opinion to be pragmatic on arms sales. First, there is the issue of jobs. Before high-technology became a critical part of weapons manufacturing, it was calculated that every one billion dollars of arms sales financed 40,000 jobs.[29] Today, that number is certainly lower due to increased productivity and inflation, but nevertheless, large arms sales like Turkey's annual four to five billion dollars can translate into 100-150,000 jobs, at least for political polemics.

Other economic justifications point to the need for steady demand in order to maintain the defense industry. Without the constant demand, especially through foreign sales, most defense industry companies could not sustain their size. Foreign military sales comprise up to 35 percent of some major military industrial firms and cannot afford to lose a large-scale customer like Turkey. Also, most firms need to recoup the enormous R&D costs, which the national government only compensates partially.[30]

The argument of a foreign military sale being crucial to defense industrial survival is frequently transformed into a three-pronged national security argument. First, as mentioned above, the national defense industry can maintain its size and sophistication by the income generated by foreign military sales. This is particularly important because it allows for the preservation of domestic production capacity should a national need arise. Second, the provision of weapons, including the transfer of technology and other economic inducements to another state, automatically gives the supplier influence in the recipient state.[31] Third, there is the argument for weapons sales being an element of defending strategic interests. In that context, Turkey is a major strategic ally whose military modernization also benefits Western interests. A stronger Turkey means a more active NATO member, an allied country able to fend off threats by itself without assistance, and a source of stability in an unstable region. Obviously, there are some difficulties with this line of argument, but in the public debate it is hard to reject military sales to a reliable ally without rejecting foreign military sales altogether.

Example of Turkish Political Influence from Military Modernization

Turkey will have increasingly less difficulty acquiring military equipment if it embarks on long-term procurement, because the defense industry has the necessary political leverage to ensure deals are not blocked and can even minimize the complications that might arise with additional requirements that countries sometimes include in arms sales. Also as suggested, Turkey may increasingly utilize the defense industry's interests in order to achieve other political goals.

In a sense, Turkey's military modernization project has become the carrot and stick of Turkish foreign policy. Turkey offers or threatens to retract arms supply contracts in persuading Western governments or parliaments. France experienced Turkey's penal retraction of defense contracts after the Assemblée Nationale passed a bill recognizing the Armenian genocide. On October 19, 2000, the U.S. House of Representatives was about to pass a similar bill. This resolution angered Turkish officials who threatened the administration both to review the strategic relationship with the United States as well as cancel all defense contracts and bar U.S. firms from bidding for future tenders. On Capitol Hill, the main argument for withdrawing the bill in the last minute was the threat of canceled military purchases by a strategic ally. Coincidentally, Turkey had just closed a $4.5 billion helicopter deal with Bell Textron. Nevertheless, it is questionable whether "Turkey would have made good on its threat to cancel arms deals with U.S. companies."[32]

CONCLUSION

Once Turkish military modernization proceeds as originally announced, the effects on the political economy of Turkey and Western arms supplier states will be great. Two characteristics of Turkish military modernization make this case unique. First, Turkey is a developing country with an incomplete process of democratization. Second, the scope and especially the time range of the Turkish military modernization program create particular economic and political conditions in the supplier states.

Regarding Turkey's domestic development, the effects of Turkish military modernization remain debatable. However, it is certain that modernization will greatly develop Turkey's military industrial capacities and fundamentally professionalize the Turkish Armed Forces. The probable result is that while the military's role in society will to some degree be restored, its conduct will be influenced by its interests as owners and employees of large industries, which will probably converge with regular commercial elites who demand macroeconomic stability and reliable governance. Also, the military's goal of increased activism within NATO and Turkey's successful EU candidacy will depend on the army's abstention from politics. On account of those two reasons, one can expect Turkish military modernization to indirectly promote Turkish democracy.

For Turkey's arms supplier states, the modernization program will become central to their relations with Turkey. Due to the structure of the defense industry, the economic incentives of supplying Turkey will gradually outweigh other political considerations. If Turkey also improves its democracy, Turkish influence is bound to grow even more. Turkey will be able to use its substantial procurement contracts as a policy tool in its conduct of relations with Western countries. In other words, the military modernization will provide the foundation for Turkey's continued rise as a regional power.

**Elliot Hen-Tov is a doctoral student in contemporary Turkish affairs in the Near*

Eastern Studies Department at Princeton University.

NOTES

[1] As suggested by Keith Hartley and Todd Sandler, *Handbook of Defense Economics* (Oxford: Elsevier, 1995), pp. 59-61. Furthermore, it should be noted that industry data is only available with delay and that it is most recommendable to refer to one source only due to various methodologies. Hence, the usage of WMEAT 2000 as the most recent and reliable data set.

[2] Simon Mayall, *Turkey: Thwarted Ambition*, McNair Paper 56, Institute for National Security Studies, (Washington, DC: National Defense University, 1997), p. 78. It should be noted that most of that equipment was not even cutting edge, but rather second-hand equipment.

[3] State Department, *World Military Expenditures and Arms Trade (WMEAT) 2000* (Washington, DC: State Department, 2000), Table I: Military and Government Expenditures.

[4] Ali L. Karaosmanoglu, "The Evolution of the National Security Culture and the Military in Turkey," *Journal of International Affairs*, Vol. 54, No.1 (Fall 2000), p. 215.

[5] William Hale, *Turkish Politics and the Military* (London: Routledge, 1994), pp. 327-328.

[6] Dietrich Jung, "Die Rache der Janitscharen--Der Türkische Modernisierungsprozeß und seine Blockade," *ORIENT* (February 1999), pp. 230-231.

[7] State Department, *WMEAT*, Table II: Arms Transfers and Deliveries and Total Trade.

[8] Wolfgang Piccoli, *Alliance Theory: The Case of Turkey and Israel*, wwwc.cc.columbia.edu/sec/dlc/ciao/wps/pic01/pic01.html, p. 21.

[9] Tomas Valasek, "Turkey's Shopping Spree," *Weekly Defense Monitor*, Issue 24 (June 1999), p. 2.

[10] Sverre Lodgaard and Robert Pfalzgraff, *Arms and Technology Transfers* (Geneva: UNIDIR, 1995), p. 168.

[11] R. Chase, E. Hill and P. Kennedy, "Pivotal States and US Strategy," *Foreign Affairs* Vol. 75, No.1 (January/February 1996).

[12] Mayall, *Turkey: Thwarted Ambition*, p. 58.

[13] Alan Makovsky, "New Activism in Turkish Foreign Policy," *SAIS Review*, Vol. 19, No. 1 (Winter-Spring 1999), p. 7.

[14] European Commission, *Issues Arising from Turkey's Membership Perspective*, (October 6, 2004), p. 10.

[15] *Süddeutsche Zeitung*, Das Rot-Grüne Problem der Türkei-Panzer (May 22, 2000).

[16] Michael Eisenstadt, "Turkish-Israeli Military Cooperation: An Assessment," *Policywatch*, No. 262 (July 24, 1997).

[17] State Department, *WMEAT*, Table II: Arms Transfers and Deliveries and Total Trade.

[18] See Andrew Ross's definition of the nature of competition in the international arms market in *Political Economy of Defense-Issues and Perspectives* (New York: Greenwood Press, 1991), p. 128.

[19] David Mussington, "Understanding Contemporary International Arms Transfers," *Adelphi Paper*, No. 291 (September 1994), p. 58.

[20] See the underlying economic factors in Jacques Gansler, *The Defense Industry* (Cambridge, MA: MIT Press, 1980), pp. 29-31.

[21] Gansler, *The Defense Industry*, p. 30.

[22] Markus Kerber, "Rüstungsbeschaffung, internationaler Wettbewerb und Ordnungspolitik," *Sicherheit und Frieden* (April 2000), p. 360.

[23] Valasek, "Turkey's Shopping Spree," p. 2.

[24] State Department, *WMEAT*, p. 13 for 1995-1997 figures. Using all references one can calculate minimum expenditures for the years 2000-2002, but Turkey has not yet fully disclosed how it allocated the funds. This just illustrates the potential increase each weapons supplier state could experience.

[25] Lodgaard, *Arms and Technology Transfers*, p. 267.

[26] Tamar Gabelnick, Turkey: Arms and Human Rights, *Foreign Policy in Focus*, May 1999, p. 1.

[27] Gordon Adams, *The Politics of Defense Contracting: The Iron Triangle* (New Brunswick: Transaction, 1982), p. 24.

[28] See Adams, *The Politics of Defense Contracting*, pp. 227-444 on profiles of major defense industrial corporations.

[29] Stephanie Neuman and Robert Harkavy, *Economics of Arms Transfers, Arms Transfers in the Modern World* (New York: Praeger, 1980), p. 179.

[30] Adams, *The Politics of Defense Contracting*, pp. 35, 97.

[31] Jean-Marc Blanchard, Edward Mansfield and Norrin Ripsman, "Economic Statecraft, Interdependence and International Conflict," *Security Studies*, Vol. 9, No. 1-2 (Autumn 1999– Winter 2000), pp. 5-7.

[32] David McKeeby, "'Legislating History?' Congress and the U.S.-Turkey Strategic Partnership," *CSIS: Turkey Update* (October 20, 2000) http://www.csis.org/turkey/TU001020.html.