

# MERCANTILE MILITARISM IN TURKEY, 1960 - 1998

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It was in 1974 when I first took a look at mercantile militarism in Turkey, emergent in the form of OYAK-*Ordu Yardımlaşma Kurumu* (Armed Forces Mutual Trust and Pension Fund) (Parla 1974). In the first section of this paper, I shall present the case as it then appeared. In the second section, I will update the data on the phenomenon of OYAK as of 1998. In the third, I shall examine aspects of the second, complementary wave of Turkish mercantile militarism that has manifested itself in the form of TSKGV-*Türk Silahlı Kuvvetlerini Güçlendirme Vakfı* (Foundation for Strengthening the Turkish Armed Forces). The concluding section will suggest a way in which this subject can be put in the larger context of an all-pervasive militarism in Turkey—political, constitutional, cultural—as well as some of the ways in which critical appreciation of this phenomenon seems crucial for understanding Turkish politics and political economy better.

## I. OYAK 1961 - 1974

Shortly after the military coup of May 27, 1960 in Turkey, a *sui generis* piece of legislation proposed by the military-civilian government of the day was swiftly enacted into a Special Law<sup>1</sup> by a “Constituent Assembly,” creating an organization called *Ordu Yardımlaşma Kurumu*, or OYAK (Armed Forces Trust and Pension Fund). The “purpose” article of the law (provision of mutual trust services for the members of the Turkish armed forces) understated the actual “scope of activities” of the organization; enumeration of the latter meant nothing less than the fact that an extensive business holding company was to be incorporated into the institutional structure of the armed forces. The civil servant on horseback already turned politician was to further become merchant, industrialist, financier, and rentier.

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<sup>1</sup> Public Law 205. Enactment: 1/3; promulgation: 1/9/1961. For text, see T.C. Başkanlık (1961, pp. 982-997).

So he did, and did well. In the decade following incorporation, the net worth of OYAK increased at the phenomenal rate of 2400% (from 1962 to 1970) (Ordu Yardımlaşma Kurumu 1971), and the holding company became one of the largest business corporations in Turkey. As of 1970, OYAK's subsidiary operations included:

- **Supermarket chains.** Merchandising, marketing, and retail sales of consumer goods. (Not to be confused with P-X type army cooperatives, which in Turkey are separately operated by garrisons.)
- **Real estate development (I).** Construction, sale, and renting of business office complexes to government agencies and business organizations.
- **Real estate development (II).** Construction, sale, and renting of condominium type apartments, hotel and cinema buildings, and sundry other recreational facilities to private persons. (Not to be confused with regular officer lodgings and casinos operated by garrisons and financed from the Defense Ministry budget, nor with the housing services and credits OYAK separately provides for its members.)
- **Stocks and bonds.** Of various private corporations. (Other than its own, or jointly owned, subsidiaries and enterprises.)
- **Insurance operations.** OYAK insurance company.
- **Joint-ventures:**
  - Automobile industry (assembly of imported basic parts, manufacture of others; Renault venture)
  - Spare parts import company for the preceding
  - Tire industry (Goodyear licensing operation)
  - Petroleum products and processing industries (Petkim)
  - Canned vegetables industry
  - Agricultural products industry
  - Cement industry

The strictly "mutual trust" activities of OYAK constitute only 20% of its financial portfolio. (Hence my above comment about "understatement".) Nevertheless, these activities, i.e., pensions, death and accident insurance services, loans, housing credits to its members, have raised the living standard of the officer corps considerably during the last decade—in addition to the increased salaries and fringe benefits they have been receiving from the government budget.

The economic activities proper of OYAK listed above constitute 80% of its portfolio and break down as follows:<sup>2</sup>

- 10 % merchandising, sales, insurance
- 10 % real estate, stocks & bonds
- 30 % assembly and importation of motor vehicles
- 20 % petroleum products and refineries
- 1 % food processing and agricultural products
- 9 % cement

We can see from this distribution that OYAK's investments are only partly production-oriented, and that even when such is the case it is not exactly into industrial proper or infrastructural or even import-substituting modes of developmental investment. So it is difficult to describe OYAK's economic activities as giving any marked priority to those kinds of investment that would be regarded as serious contributions to national economic development. They are rather profit oriented in the strict sense of the term.

We can also point out that the newly acquired economic power and resources of the Turkish military do not in any way tend to be channeled into a national war industry, the point being that it is also difficult to speak of OYAK's economic activities as having an orientation toward national military self-sufficiency<sup>3</sup>—let alone national economic development.

OYAK derives its income from a variety of sources: (1) Income earned from its profitable investments (most of it is reinvested; OYAK does not distribute dividends to its members, who are due-payers and not shareholders.) (2) Donations (mostly state-owned land, donated by the treasury.) (3) Dues collected from the members (regular officers of the armed forces are natural members of OYAK. Civilian employees of the Ministry of Defense and of the economic enterprises in which

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<sup>2</sup> My calculations are based on the statistical data given in *Ordu Yardımlaşma Kurumu* (1971).

<sup>3</sup> In the 1970s military material was either received or purchased from the United States. Also, there were appeals to the public for donations to the military for starting up local production of air and sea craft. In other words, the military tended to shift the burdens of national defense to the government and the public, reserving its own economic resources for profitable investments and mercantile operations.

OYAK owns more than 50 % of the shares can become voluntary members; 10% of the monthly salaries of both are withheld as dues. Also, 5% of the salaries of reserve officers is withheld, but the latter are not entitled to mutual trust benefits.) (4) Public debt and loans ("with or without backing").

OYAK's phenomenally successful business career cannot be attributed solely to efficient management, though this has been an important factor in that the private business sector as well as the state economic enterprises have contributed and continue to contribute the necessary expertise OYAK needs. OYAK has also been the beneficiary of the credit facilities vital particularly for initial capital outlays. It might be of interest to note that such assistance to OYAK in terms of managerial manpower and know-how is in a sense the reverse of Morris Janowitz's congratulatory vision of the flow of managerial skills from the military establishments to the private and public sectors (See Janowitz 1964).

The real clue to OYAK's corporate success, however, lies in the unique and unprecedented set of subsidies and legal privileges it enjoys under the stipulations of the Special Law. OYAK is exempt: (1) from corporation tax, (2) from all other kinds of income tax, (3) from the special income tax collected from all organizations who withhold dues and fees from members, (4) from all sales and excise taxes, (5) from the state stamp tax imposed on all legal transactions.

Furthermore, OYAK's assets, earnings, and accounts receivable enjoy preemptive priority vis-à-vis third parties, just like those of the government. Finally, any party causing damage to OYAK property is treated as having damaged state property. And yet, the Special Law states that OYAK is a legal entity subject to the Private Commercial Code. To complete the picture of contradictions we may also mention that the law defines OYAK as a private business corporation with financial and administrative autonomy, attached to the Ministry of Defense.

What bearing on the political dynamics of Turkey has this *sui generis* para-military business organization had so far and will continue to have in the future? First, we have to put the OYAK phenomenon into proper theoretical and historical perspective.

What we have in the background, it seems, is a highly operational case, or even a literal example, of what C. Wright Mills has called the "triumvirate" of government, business, and military elites (Mills 1956), of which OYAK is a most manifest product.

As for historical perspective, the military and civilian bureaucratic elites in Turkey have already had a long tradition of membership in the power bloc. In fact, one explanation of the 1960 coup—though by no means universally accepted—is that it was carried out by the military in collusion with old bureaucratic political elites in a spirit of rearguard action against the politically parvenu party of government whose bases of power came to rest, on the one hand, in the burgeoning Turkish bourgeoisie and, on the other hand, in the mobilized rural masses. Accordingly, the new constitution of 1961 is a backward-looking document in so far as it has re-institutionalized the political role of the military, after three decades of depoliticization during the single-party period and some political participation during the 1950s.

However, the key to OYAK lies more in the relationship between the business elite and the military elite. To illustrate the point, we may refer to the symbolic fact that, after the 1971 “coup by ultimatum,” the news media were full of reports about the local chambers of commerce and industry giving mass banquets in honor of martial law commanders and their staff, who were regarded as the custodians of law and order in Turkey.<sup>4</sup> Other things being equal, this was in marked contrast to the anti-business attitude of the military before the 1960 coup. And the difference is called OYAK.

At the moment, we do not have documentary evidence on how the idea of OYAK really originated, but we do have Public Law 205 as proof of the fact that the business elite, in a spirit of cooperation or acquiescence, has thought it a wise move to give human and material resources to the military so that the latter should also become an entrepreneur, sharing similar economic stakes in the political arena. But how long can this honeymoon last?

I do not foresee any problems in the short-run. As long as Turkey's economy remains immature and her markets unsaturated, there should be a place for everyone under the sun. Problems should be expected to surface in the longer-run, that is, when things begin to get

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<sup>4</sup> The causes of the 1971 quasi-coup are yet to be analyzed. The military claimed that the party in power could not do an effective job in maintaining law and order. A study of the trends in military appropriations during the 1960-1971 period suggests, among other things, yet another decline in budgetary allocations to the military, which may have been another cause of the intervention.

tighter in various spheres of economic activity. The business elite is bound to realize that it can no longer afford to tolerate the aggressiveness of OYAK and its unfair competition protected by sundry legal privileges under changing, tightening market and investment conditions. Even then, however, one can envisage some sort of cartel-type arrangements between the two, whereby OYAK shifts its investments to process industries, heavy industries, etc., becoming a preferential supplier of monopsonistic private enterprises—just like many a state economic enterprise that has served precisely this function in Turkey's traditional étatist framework. (Of course, there can be no certainty that the entrepreneurial face of the military might not some day overshadow its professional face, or, rather, the apparition left of the latter; such an arrangement ought to be contingent upon the professional inhibitions of the military.)

A greater potential for antagonism exists between the mercantile military and new political elites. Most significantly, the 1973 elections in Turkey unexpectedly produced a left-of-center party with a mild social democratic ideology and a power base in urban workers, rural peasantry, and small businessmen across the country. It is highly likely that the military may come, in due course of time, to perceive a potential threat from this party to its corporate interests. Corporate interests not only in the customary sense of budgetary prerogatives (cf. that the military establishment in Turkey receives about 30% of the government budget) that have been well analyzed by Eric Nordlinger (1970) in the case of 74 countries, but in the further sense of its mercantile interests represented by OYAK.

As a matter of fact, the military has become doubly-prone to perceive potential or actual threats from any direction. The mere fact that OYAK exists speaks for itself. Moreover, OYAK is not backed only by political power; it is further backed by a monopoly of the means of violence. In short, OYAK is a new dynamic in Turkish politics that is certain to increase the propensity of military intervention into the political process of the country.

What can be the larger theoretical and policy implications of the emergence of this mercantile militarism in Turkey, aided and abetted by the civilian elites—as is usually the case with all militarism? Is it an isolated phenomenon, or can it also be viewed as a probable prototype for other developing countries with basically similar socio-economic structures and political elites?

There already exist a sufficient number of countries where civilian elites have made military politics an integral part of the prevailing political culture and have institutionalized it through formal constitutional or informal arrangements. Nor have the military elites failed to oblige in upholding the political regimes dear to those elites, be it in the capacity of "rulers" or "moderators". And the result has been a trend toward authoritarian, corporatist, and technocratic-elitist political systems.

The recent coalition between the military, bureaucratic, business, and professional elites in Chile is not unrelated to our question. The officially announced<sup>5</sup> collaboration between the military junta and the *gremio* movement raises, in my mind, the interesting question of whether this rapprochement will remain at the level of political consensus between various institutional elites or be further worked out, as in Turkey, into an OYAK type organizational integration and identification of their corporate economic interests. The answer depends, I think, mainly on the degree of the feelings of insecurity and zero-sum attitudes on the part of the business elite vis-à-vis other social groups in the society. If those prove to be high, the sort of price paid by the Turkish business elite may not seem exorbitant after all to the Chilean business elite or, for that matter, to their counterparts elsewhere.

Whether it is likely to be duplicated or not, the OYAK phenomenon represents an innovation in terms of the extant models of civil-military relations. It does not fit, for example, the four conventional and the two modern models conveniently identified by Alfred Stepan (1971, pp. 57-66) namely the aristocratic, communist, liberal, and professional models; and the military dictatorship and modernizing military models. Nor does it fit Stepan's own "moderating model", based on the Brazilian case, which refers to the strictly political behavior of the military. In the case of Turkish military with OYAK, we have a blurring of the boundary between the political and the economic.

It may not be consequential that a category does not exist in the current typology of civil-military relations for a pattern which is exhibited by a particular country, but my guess is that such a category will have to be devised before long.

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<sup>5</sup> See *New York Times* (October 28, 1973), p. E/7. "The *gremios* are associations of big and little entrepreneurs, white-collar workers, technicians and professionals."

The organizational structure of OYAK is as follows:

*Representative Assembly.* Consists of 50 to 100 members to be designated by the commanders of those military units which have the highest number of permanent members in OYAK. Procedure for their selection is determined by a Special Regulation. Presided by the Minister of Defense or, in his absence, by the Chief of General Staff. It convenes every three years.

*General Assembly.* Consists of 40 members, 20 of which are elected by the Representative Assembly and 20 of which are the following:

Minister of Defense

Minister of Finance

Chief of General Staff

Commanders of Army, Navy, Air Force, Gendarmerie (4)

Director of State Accounting Office

Director of State Auditing Office

Chairman of the Executive Board of the National Union of  
Chambers of Commerce, Industry, and Stock Exchange

Chairman of the Executive Board of the National Banker's  
Association

High ranking officers designated by the Minister of Defense  
and Chief of General Staff (6)

Prominent business executives designated by the Minister of  
Defense (3)

It is presided over by the Minister of Defense or, in his absence, by the Minister of Finance. It convenes every year. (Note the military/civilian ratio of 32/8.)

*Board of Directors.* Consists of 7 members, 3 of which are elected by the General Assembly upon nomination by the Minister of Defense and the Chief of General Staff and 4 of which are selected by a Special Committee consisting of:

Ministers of Defense and Finance

Directors of State Accounting and Auditing Offices

Presidents of Chambers of Commerce, Stock Exchange, Bankers  
Association.

Chairman of the board, whose term is three years, is also selected by the Special Committee. (Note the civilian-military ratio of 4-3.)

*General Manager.* Appointed by the Board of Directors for a term of three years. Is also an *ex officio* member of the board.



*Board of Overseers.* Consists of 3 members respectively selected by the General Assembly, the Director of State Auditing Office, the President of National Bankers' Association.

In short, it is a legal-institutional and decision-making structure that brings into an organic whole (1) the armed forces, (2) the upper civilian bureaucracy, (3) the peak organizations of big business, commanding/commanded by, we may add, a collective capital consisting of army capital, state capital, and private capital—both national and transnational.

## II. OYAK 1974- 1998

When one revisits OYAK after twenty four years, one is struck by several things. Firstly, this institutional structure has proved immensely durable for a country like Turkey which has a low level of institutionalization in most spheres of life. The OYAK Law, in marked contrast to the numerous changes in most codes of the legal regime, has undergone only very few and minute emendations, none affecting the institutional setup, and almost all related to the scope and amount of mutual trust fund payments to members.

There is, however, one factual error that I should correct in my 1974 paper. There I say that the OYAK Law was passed by the Constituent Assembly whereas it was made and promulgated before the Constituent Assembly (consisting of the lower chamber of the Assembly of Representatives and the higher chamber of the Committee of National Unity, the junta) was engineered and convened. It was enacted by the CNU on 3 January 1961 all by itself, acting as the combined executive-legislature, and well before the acceptance of the new constitution on 27 May 1961 by the Constituent Assembly.

The records of the discussion of OYAK Law in the "general assembly" of the CNU (T. C. Milli Birlik Komitesi 1961, pp. 12-35) show that the officer corps were unsatisfied with their economic conditions and prospects, that they saw OYAK as "the great transformation" (12) and "the first step" (13) to redress this situation, that there was very little dissenting opinion and only concerning some inconsequential articles, and that the 42-article law was passed promptly in a single day.

Somewhat more interesting are the following: A member of the drafting committee states that they had been working on the actuarial aspects of the law for three and a half months "in the Ankara

Command under orders of the commission” (25), that is, starting just a few months after the coup.

From another statement concerning the paramountcy of the Board of Directors in the whole organization, we learn that: “We have included in the law such a mechanism upon consultation with many persons who are experienced and even considered as authorities in this field... We did not wish the armed forces to dominate this council. For we don’t know the market; we know little about the commercial sphere” (17).

We also learn that this is an entirely private enterprise. “The activity here is not state service... This is an institution which we are founding to organize our own affairs” (20). And that: “This company shall become a big company of national dimensions” (24).

Before proceeding with the soundness of the foregoing prediction, I must still confess both ignorance and curiosity as to who the civilian “authorities” who acted as advisors to this novel project were. Other researchers, who may wish to further probe into this matter can start by interviewing the members of CNU, whose names are on record in the Records, from which I quoted. (See T.C. Milli Birlik Komitesi 1961)

That there was a perfect consensus as to the soundness of the project between the military elite and the business elite is attested by the fact that Vehbi Koç, the “emperor” of Turkish industry and Commerce, and Kazım Taşkent, the baron of Turkish private banking, took their seats on the first Board of Directors, also becoming founding shareholders, for example, in the very first important OYAK enterprises: Koç in OYAK-Goodyear, Taşkent in OYAK-Renault.

A second feature of OYAK that deserves attention after a quarter of a century is the stability and steady growth of its economic operations, beyond its mutual trust fund activities. When one compares the composition and size of its diversified investments and operations in 1974 (as published by OYAK itself in 1971 in its Tenth Anniversary Book) with those in 1998 (as announced now on its own Internet pages)<sup>6</sup> one can see that OYAK has discontinued very few of its original enterprises (and those that it has are very minor ones), performed very well

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6 <http://www.oyak.com.tr/reno.htm> / [mais2.htm](http://www.oyak.com.tr/mais2.htm) / [omsan2.htm](http://www.oyak.com.tr/omsan2.htm) / [selyak2.htm](http://www.oyak.com.tr/selyak2.htm) / [gyear2.htm](http://www.oyak.com.tr/gyear2.htm) / [tukas2.htm](http://www.oyak.com.tr/tukas2.htm) / [hektas2.htm](http://www.oyak.com.tr/hektas2.htm) / [tam2.htm](http://www.oyak.com.tr/tam2.htm) / [eti2.htm](http://www.oyak.com.tr/eti2.htm) - [tr / insaat2.htm](http://www.oyak.com.tr/insaat2.htm) / [oytas2.htm](http://www.oyak.com.tr/oytas2.htm) / [oytur2.htm](http://www.oyak.com.tr/oytur2.htm) / [adana2.htm](http://www.oyak.com.tr/adana2.htm) / [bolu2.htm](http://www.oyak.com.tr/bolu2.htm) - [tr/UNYE2.htm](http://www.oyak.com.tr/UNYE2.htm) / [mardin2.htm](http://www.oyak.com.tr/mardin2.htm) / [nigde2.htm](http://www.oyak.com.tr/nigde2.htm) / [isken2.htm](http://www.oyak.com.tr/isken2.htm) / [elazig2.htm](http://www.oyak.com.tr/elazig2.htm) / [bank2.htm](http://www.oyak.com.tr/bank2.htm) / [sigorta2.htm](http://www.oyak.com.tr/sigorta2.htm) / [menkul2.htm](http://www.oyak.com.tr/menkul2.htm) / [halk2.htm](http://www.oyak.com.tr/halk2.htm) / [axa2.htm](http://www.oyak.com.tr/axa2.htm) (all consulted on 04.08.1998); see also, OYAK (1991).

almost in all, and added quite a number of new lines to its holdings including companies in new sectors such as transportation, import-export-trading, tourism, automobile marketing, poultry, biscuits, and banking; further branched out in previous sectors such as insurance, food-marketing, cement, and stock market operations; and consolidated its oligopolistic position in some sectors, most notably in cement and automotive industries:

	OYAK's share (1998)	Some of the other partners
<b>Automotive:</b>		
- MAIS. Marketing.	51.00% *	
- OYAK - RENAULT. Manufacturing.	47.66%	Renault, Yapı ve Kredi
- OMSAN. Transportation.	61.60%	
- SELYAK. Petroleum.	25.00%	Elf
- GOODYEAR. Tires.	10.85%	Goodyear, Koç
<b>Food-Chemicals:</b>		
- TUKAŞ. Canned food.	75.15% *	
- HEKTAŞ. Agricultural chemicals.	58.92%	DuPont
- TAM GIDA. Biscuits.	29.09%	Eti, İslam K.B.
- ETİ PAZARLAMA. Marketing.	26.00%	Eti
- ENTAŞ Poultry.	20.92%	TKV, "Lades"
<b>Services:</b>		
- OYAK İNŞAAT. Construction.	100.00%	
- OYTAŞ. Import-Export - Trading.	96.11%	
- OYTUR. Tourism.	100.00%	
<b>Cement:</b>		
- ADANA Cement.	54.91%	T. Çim. San., Emlak Bnk.
- BOLU Cement.	53.00%	T. Çim. San.
- ÜNYE Cement.	51.00%	T. Çim. San.
- MARDİN Cement.	51.00%	T. Çim. San., Ziraat Bnk.
- NİĞDE Cement. (OYSA)	10.01%	Sabancı
- İSKENDERUN Cement.	13.50%	
- ELAZIĞ Cement.	35.00%	
<b>Finance:</b>		
- OYAK BANK. Banking.	100.00%	

- OYAK SİGORTA. Insurance.	50.13%	Emlak B.
- OYAK MENKUL DEĞERLER. Stock Market.	100.00%	
- HALK FİNANSAL KİRALAMA. Leasing.	39.00%	
- AXA-OYAK HAYAT SİGORTASI. Life Insurance.	40.00%	Axa

(Source: Internet; OYAK, 1996)

\* Both 100 % in 1990.

These crude data raise a host of very interesting research questions: (1) What is OYAK's market share in and control of each of these sectors? (2) Who are OYAK's partners in each company, local and foreign, and how does this effect the structure of respective markets/sectors? (3) Is there a discernible pattern as to the preferred business partners of OYAK, with implications for macro decision-making both in the economy and the polity? (4) What is the internal decision-making process concerning joint-ventures between the army and the business elite, and how are these partnerships viewed by other sections of capital?

Such research, to my mind, would highlight one of the two very interesting and quite peculiarly Turkish contributions to world political economy, the other being İş Bankası, especially the "Bank of Affairs" of the single-party period. İş Bankası, again a curious legal artifact, was neither an entity of the private sector nor of the public sector, but one which could conveniently be categorized as belonging to the party-sector. It brought together, among its shareholders, the party as a corporate entity, party chiefs, and private persons close to the party elite. It determined the development and nature of Turkish capitalism, state-capital relations, and the character and habits of Turkish entrepreneurial class. (The story of the joint-ventures of state banks with "various private personages" is a related topic that is in search of researchers.)

Similarly, the OYAK of the post-1960 coup period is a key to the present state/army-capital relations, with all their attendant political and ideological implications and determinations. The questions I posed in my 1974 paper, have yet to be addressed by researchers. In passing I must admit to a bad prediction, or rather a big blunder, on my part,

in naïvely assuming a potential tension between the OYAK phenomenon and the then emergent (now, I should say abortive) social democratic movement.

Of further, if minor, interest would be the processes through and which OYAK has transformed its presence in the banking sector from a 34.25% share in 1991 in the Türk Boston Bank into a 100%-owned bank of OYAK BANK. (And which other army in the world owns a bank?) Or in the cement sector: According to its own announcements, in 1991 OYAK had shares in four cement plants (Adana 48%, Bolu 47%, Ünye 50%, Mardin 50%) (OYAK 1991, p. 40); in 1998 its shares in these rose to 54%, 53%, 51%, 51%, respectively, and it acquired three more plants (Niğde 10%, İskenderun 13%, Elazığ 35%). As of 1990, OYAK's four plants' share in Turkey's annual cement production was 11.9%, and in clinker production 13.9% (*ibid.*, p. 107). OYAK, had a stated goal of increasing its market share to 20% in a near future (*ibid.*, p. 108). "In summary, then, OYAK is a presence in cement, and it will maintain its presence by ever growing" (*ibid.*). And today, OYAK shares with Sabancı an oligopolistic position in the cement sector, as it does with KOÇ in the automotive sector, the first two imperial holdings of Turkey.

According to the "500 Largest Industrial Organizations of Turkey" (*Istanbul Sanayi Odası Dergisi*, 1997) OYAK-Renault is the 4th largest private company in Turkey, and the 10th largest of all companies after some gigantic state economic enterprises not yet privatized. Koç's TOFAŞ is the 2nd and the 7th, respectively. The two dominate the automotive sector. Although TOFAŞ has a small lead in size, OYAK-Renault, again according to the "500 Largest", is the 2nd "most profitable" company in Turkey, and the 3rd largest in terms of "value-added".

Goodyear is the 19th largest among private and 27th among all companies, second in the sector only to Sabancı's BRİSA, with whom OYAK has other partnerships. Out of the present 25 ventures of OYAK, 9 of them classified as industrial are among the largest 411, 7 among the largest 336, 4 among the largest 153 private companies. Such data should be gathered and refined for OYAK's industrial holdings as well as its non-industrial ventures with a view to ascertain its position in each sector, notably in automotive marketing, transportation, construction, food and chemicals, finance, and the stock exchange.

OYAK has, indeed, become so strong a presence in the economy as to influence, or stall, the workings of Turkey's "market" economy.

The evolution over the years of the internal composition of OYAK's total holdings also calls for research. Crude data suggest that automotive and tire industries maintain their weight, but that food and chemicals, cement and construction, real estate, financial and stock market operations and assets have increased immensely since the 1970s. Particularly interesting would be a comparison of the returns that OYAK secures in the form of profit, rent, and interest, respectively.

With its 25 companies, and with its privileged position in Turkish economy—real and monetary—OYAK has become the fourth<sup>7</sup> or fifth<sup>8</sup> largest holding of Turkey in the 1980s and 1990s. There has been no serious conflict of interest between the military and big business; on the contrary, OYAK has proved to be a "marriage of convenience," or "marriage of logic" as idiomatic Turkish has it. More than being a story of peaceful coexistence, the narrative so far has been one about cohabitation, and, in net balance, the army becoming capitalistic and capital becoming militaristic.

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7 Sönmez (1992), p. 226 provides the following figures for the "capital" of the largest holdings of 1986: Koç Holding, 35 billion TL; Sabancı Holding, 32 billion TL; Çukurova Holding, 26 billion; OYAK, 22 billion TL. Sönmez, from the balance sheets published in OYAK's activity reports, calculates (p. 228) its "revenues," "expenditures," and "profits" for 1986: 12.1 billion, 1.4 billion, 10.7 billion, respectively. Sönmez also points to another convenient technique with which OYAK has rescued a few of its not so well-performing ventures: sale to a state economic enterprise or state bank (TOE and MAT to Ziraat Bankası) or credit injection from a state bank (p. 229).

8 Suvarı ranks OYAK as the fifth largest holding. Suvarı, without indicating his source, also provides the following table for 1996 (1998, pp. 22-23): (1996 Economic Indicators of OYAK Ventures)

Venture Group	Total Investment	Profit	OYAK's Share of Profit
Automotive	4.9 trillion	21.9 trillion	4.0 trillion
Cement	5.6 trillion	5.2 trillion	1.5 trillion
Food-Chemicals	2.1 trillion	2.3 trillion	0.5 trillion
Services	0.4 trillion	0.4 trillion	0.2 trillion
Financial	4.5 trillion	5.1 trillion	2.9 trillion
Total	17.7 trillion	36.0 trillion	9.2 trillion

Suvarı, without giving evidence, states that OYAK was originally planned by American experts, and that the only other army that own a bank is the Guatemalan army. He also gives the following figures on OYAK for 1997: "net worth", 84 trillion, "net profit", 32 trillion.

One of the conjectures in the 1974 paper—that one of the major reasons for and consequence of the coup was the wage-freeze and the banning of the trade union movement—was also affirmed by the 1980s. The military itself had become a big employer<sup>9</sup> of wage labor, in addition to the wage labor employed by its partners as well as other members of its new social class, who had been demanding such measures for some time.

Among some of the more interesting decisions of the 38th General Assembly of OYAK (1997-1998) are the following: OYAK is to consider foundation of a private school as a profitable investment. (Decis. 9.) All cash transactions of OYAK and its joint-ventures are to be handled through OYAKBANK; fund and portfolio management activities are to be diversified and enlarged. (Recom. 2.) Board of Directors shall be instructed, with a view to increasing the returns from investments, to combine OYAK investments on the sectoral basis and, joining forces thus, to form partnerships with other firms in the sector in order to increase overall power in respective sectors. (Recom. 3.)<sup>10</sup>

This recommendation, in fact, is but a reiteration and reaffirmation of what OYAK has been practising throughout. In 1989, OYAK's three "gigantic organizations" in the automotive sector, OYAK-RENAULT, MAIS, and GOODYEAR, provided 66% of OYAK's total profit in that year (OYAK 1991, p. 23). It is stated that OYAK, especially in the automotive and cement sectors, "in a sense functions as a regulator and plays the role of a leader" (*ibid.*, p. 58). Indeed, we have come a long way since the 1960s "We don't know the market; we know little about business." (cf. *supra.*) The army has attained a consciousness of being a vanguard in the economy, too.

### III. A SEQUEL: TSKGV 1987 - 1998

My revisiting of OYAK brought a bonus. In the 1974 paper, there was an observation to the effect that OYAK had not yet entered into defense or war industry. In wishing to update myself on OYAK, I have come to see in its fullness the way in which the armed forces has in the meantime ventured into this field, too. And this time, not in the form

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<sup>9</sup> In 1990, OYAK holding employed 23,000 personnel. See OYAK, *ibid.*, p. 39.

<sup>10</sup> <http://www.oyak.com.tr/gktakr.htm> , consulted on 04.08.1998 10:30

of a legally hybrid, OYAK-type mutual trust and pension fund with profitable joint-ventures with private capital, but as an outright army corporation or, if you will, a military company legislated as a foundation with economic enterprises, again phenomenally successful in the 1990s, getting its real acceleration after 1980 and especially after 1987 upon enactment of its own special law by the parliament.

A very short law, Law 3388<sup>11</sup> combines the previous separate foundations for strengthening the Ground, Naval, and Air Forces into a unitary foundation. The new foundation, subject to the Civil Code, is exempt from:

- Corporation tax (except for its economic enterprises),
- Inheritance and transfer taxes concerning donations and assistance it receives,
- Stamp tax concerning all of its transactions.

I shall quote at some length from *Türk Silahlı Kuvvetlerini Güçlendirme Vakfı's* (TSKGV—Foundation for Strengthening the Turkish Armed Forces) own Internet pages concerning the purposes of Law No. 3388:<sup>12</sup>

The great TURKISH Nation, which has won the NATIONAL LIBERATION WAR from nought and founded the free, independent TURKISH REPUBLIC, and which has written every page of its history with epics; in providing, particularly after the 1974 Cyprus Peace Operation.... , for the formation of the Foundations for Strengthening the Ground, Naval, and Air Forces by its material and spiritual contributions; its wish, desire, and longing were to see its Army stronger than all the armies in the World, and to attain the position of a country that possesses a defense industry of a level that would produce the arms, instruments, and equipment which would minimize its Army's dependence abroad....

... [since] the country is a unity, [since] it is impossible to differentiate between the ground, the naval, and the air forces in the defense of this sacred soil, [since] the nation forms a whole with its army ...

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11 TSKGV Kanunu, No. 3388; 17.06.1987. *Düstur*, Series: 5, vol: 26, pp. 6957-6958.

12 <http://www.tsk.mil.tr/mvakif.htm>, consulted on 18.08.1998 15:17



and departing from the concept of ‘unity, togetherness, and integrity’ in Atatürk’s maxim ‘the country is an indivisible whole; there are no lines of defense but there is the ground of defense, and that ground is the whole country’ .... ; the three separate foundations were combined.

The armed forces is defined as the “perfect symbol of national unity, togetherness, and integrity” and the TSKGV as the “unique institution that will relay the nation’s contributions to its Army” and as working “on behalf of our nation.” The goals of TSKGV are enumerated as follows:

- “developing our national war industry”
- “creating new branches of war industry”
- “contributing to the growth of the war-making capacity of the Turkish Armed Forces by purchasing arms and war instruments and equipment”
- “securing our nation’s material and spiritual support”

The armed forces is further defined as the State’s “symbol of honor and power”, and the nation as having “a sense of enthusiastic sacrifice deriving from its character which defies comparison with any nation in the world”. Ideological legitimation is followed by factual information; it is stated that, as of today, the Foundation has 30 investments, 18 of which are big investments. (See below.)

The president of the foundation is the Minister of Defense, who is also the president of the Board of Trustees, which, as the decision-making organ of the Foundation, consists of the Vice-Chief of General Staff, Undersecretary of the Ministry of National Defense, and the Undersecretary for Defense Industry—a less elaborate and more straightforward bureaucratic organizational structure than that of OYAK.

Before discussing war or defense industry investments, TSKGV gives summary information on its “real estate inventory,” “public relations,” “net worth”, and “capital.”<sup>13</sup>

As of 1997:

Number of pieces of real estate: 385

Annual rental income: 115 billion TL.

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<sup>13</sup> <http://www.tsk.mil.tr/mvakif.htm>, consulted on 18.08.1998 15:17.

Real estate are either rented to private persons like the yacht marina in İzmir and the social facilities in Yalova or operated as an economic enterprise of TSKGV like the aquatic sports facility in Mersin.

As of 1996:

TSKGV's	net worth:	6.4 trillion TL.
TSKGV's	real estate:	2.7 trillion TL.
TSKGV's	liquid assets:	3.5 trillion TL.
TSKGV's	capital share in joint-ventures:	2.2 trillion TL.

It is added that the real present market value of TSKGV's real estate is at least 30 trillion TL at the minimum. It is also stated that, although the TSKGV regularly allots 80 % of its annual income to the Armed Forces, it has accumulated since 1987, a revenue of 6.6 trillion TL. Annual revenue in 1996 was 3.1 trillion TL.; it was expected to rise to 6 trillion TL. in 1997.

Now we can turn to TSKGV investments in joint-ventures with foreign and local private capital and some state economic enterprises:

	<b>Beginning of Paid activities</b>	<b>capital (TL)</b>	<b>Partners</b>	<b>No. of personnel</b>	<b>1996 Net profit (TL)</b>	
ASELSAN (electronics)	1979	2.1 trillion	TSKGV	83.1 %	2481	1.3 trillion
			T. Polis T.G.V.	1.4%		
			Özel. İd. Bşk.	0.2%		
			OYAK-Sig.	0.1%		
			Others	15.0%		
"also preparing projects for the civilian sector"						
HAVELSAN (software)	1988	400 billion	TSKGV	98.7%	309	27.8 billion
			Profilo	0.1%		
			Özel. İd. Bşk.	0.1 %		
			TUSAŞ	0.5 %		
			T. Hava K.	0.5 %		
"Will become the greatest and most powerful software center of Turkey"			GAMA	0.03 %		
İŞBİR (electric-energy)	1979	130 billion	TSKGV	90.4 %	198	81 billion
			İşbir Hold.	5.3 %		
			İşbir Optik	0.7 %		
			İşbir-Pazar.	0.01 %		
			Halk	3.42 %		
ASPİLSAN (batteries, accumulators)	1984	300 billion	TSKGV	95.1 %	51	76 billion
			T. San. ve Tic.	3.4 %		
			Od. Bir.			
			ASELSAN	0.5 %		
			T. Polis T.G.V.	0.5 %		
			Kayseri San. O.	0.25 %		
			Kayseri Tic. O.	0.25 %		

	Beginning of Paid activities		capital (TL) Partners		No. of personnel	1996 Net profit (TL)
DİTAŞ (petroleum)	1974	120 billion	TSKGV TPAO TÜPRAŞ BOTAŞ İGSAŞ	20.0 % 50.9 % 29.0 % 0.02 % 0.02 %	262	342 billion
TUSAŞ (aircraft) "aiming at becoming the focus of aviation projects in Turkey" and "consolidating civilian and military organizations under its umbrella"	1976	440 billion	TSKGV Sav. San. Müsteşar.	45.0 %  55.0 %	38	154 billion
TUSAŞ Havaçılık ve Uçak San. (TAI) (military and commercial aircraft) "production of parts for US and Taiwan Air Forces" and F-16 training support to Korean industry"	1984	814 billion	TSKGV TUSAŞ LOCKHEED of T. Gen. Electric T. Hava K.	1.9% 49.0% 42.0% 7.0 % 0.1 %	2200	1.3 trillion
TUSAŞ Motor Sanayi (TEI) (aircraft engines) "collaboration with TÜBİTAK and Universities"	1987	307 billion	TSKGV TUSAŞ Gen. Electric Gen. El. Int. Op. T. Hava K.	3.0 % 50.5 % 45.2 % 1.1 % 0.1 %	450	865 billion
ROKETSAN (missiles)	1989	1.5 trillion	TSKGV Kutlutaş STFA Mak. Kim. End.K. ASELSAN Kale Kalıp	15 % 20 % 20 % 15 % 15 % 15 %		1.1 trillion
ÇANSAŞ (artillery) "collaboration with TÜBİTAK-SAGE"	1986	750 billion	TSKGV Mak. ve Kim. End. K.	2.1%  97.8 %	379	
NETAŞ (telecommunications)	(1967)		TSKGV Northern Telecom PTT Halk	15.0 %  53.00 % 2.5 % 29.0 %	1660	
Mercedes-Benz (automotive)	(1990)	1.5 trillion	TSKGV Daimler-Benz Mengerler Koluman H. Overseas Lend.	5 % 55 % 15 % 15 % 15%	2300	
		8.5 trillion		10.728		

According to the "500 Largest Industrial Organizations in Turkey," the ranking of some of these companies among all private companies is as follows:

	Turkey	Own Sector	TSKGV share
ASELSAN	55	1(?)	83%
TUSA (TAI)	161	1(?)	45%
NETA	33	1	15%
MERCEDES-BENZ	7	4	5%

Again, such crude data suggest avenues of further research, some similar to those I had raised with OYAK. But one thing is very clear: as a sequel to OYAK, the TSKGV has enhanced the mercantilization of the military and the militarization of the economy, now in the double sense that (1) the army's presence in the capitalist economy has further grown, and (2) the structure of that economy has been further militarized by the growth, and the projected still further growth, of war industries.

The propensity toward concentration and centralization is obvious. Statements of intent with respect to expanding into civilian aviation projects, too, for example, or becoming the largest in a sector are revealing of monopolistic tendencies, that are beyond OYAK's oligopolistic practices heretofore. Also discernible, I think, is the trend of passing from "duo" to "trio" arrangements, a concept that has been developed for the Latin American context: "duo" being a partnership between the local armies and US capital, "trio" being the gradual inclusion of local capital, too, in the partnership.<sup>14</sup>

Comprehensive and precise data, of course, are needed to ascertain the exact quantitative magnitude of TSKGV's, and for that matter OYAK's, presence in particular sectors, and in Turkish economy in general. Available information, however, seems to warrant some impressionistic observations or legitimate hypotheses, if not theoretical inferences.

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14 Evans (1979) prefers the term "tri-pé" or "triple alliance." (I thank Çağlar Keyder for bringing this work to my attention.) Suvarı, *op cit.*, thinks that the trend is even stronger than that, quoting from a Turkish general well-placed with TSKGV, NATO, and Pentagon: "That it is necessary to transform international partnerships in the field of defense industry into national structures has proved to be a priority." Suvarı, in his list of TSKGV's ongoing projects, points to the increasing number of private Turkish firms such as Nulol, Tekfen, Mikes, and so forth, but the presence of foreign firms is still weightier.

Each alone, OYAK or TSKGV, has become an economic force to be reckoned with. OYAK and TSKGV combined is an even more powerful presence in the economy. They already have investments in 55 joint-ventures (25 and 30, respectively); they employ nearly 40,000 people (OYAK already 23,000 in 1990, TSKGV 10,000 in 1998). But, more important than these economic indicators, they have changed the structure and nature of Turkey's economy: first as a military capitalist entry into the market with OYAK, then as a militarizer of the economy with TSKGV, leading the aggrandizement of defense or war industry in the economy. Perhaps even more important is the fact that they effected an organic integration of military capital with private capital, both local and foreign, blurring the line between the private and public economy, and between the economic and the political, also jeopardizing any rudiment of a "neutral bureaucracy."

They have offered private capital, including themselves, a new mode of capital accumulation, one which is state-backed financially, and state-protected legally; one which minimizes entrepreneurial risks, one which lowers many costs and guarantees monopoly profits, one which provides secure investments with maximum profits in the shortest term, one which checks market fluctuations and the tendency of the rate of profit to fall, one which has clout in many crucial economic and political decisions.

All this is something more than just another version of the military-industrial complex or an entente-cordial between the army and monopoly capital or some new manifestation of neo-mercantilism. It is a structural transformation in late capitalism taking place in a late-capitalizing country, perhaps revealing better, in this semi-peripheral context, the militaristic propensities inherent in capitalism in general.

Max Weber had ambivalently complained, on behalf of the elite to be sure, about a bureaucratic "cage". That cage seems to have descended upon the Turkey of the year 2000 in the form of a *military*-bureaucratic cage. And paradoxically so at a time when its advances in globalization, liberalization, privatization, etc., are being celebrated. It is, indeed, a curious free market economy, whereby one finger of the invisible hand is on the trigger.

It should be remembered that this militarization of the economy has come about in the wake of a militarization of politics, of the legal framework, and of the state structure through the constitutions of

1961 and 1982, made by highly corporative “constituent assemblies” (engineered by the armed forces) and ratified by the junta of each period. I have dealt with aspects of this context and chronology elsewhere (Parla 1993; 1995). Militarization of and militarism in politics, in turn, have flourished in Turkey in the larger context of a highly militaristic national political culture. I have addressed aspects of this issue, too, elsewhere (Parla 1991-93).

What I would like to emphasize here is that such a smooth militarization of the economy could have happened in a soil made fertile by an antecedent, all-pervasive militarism in the culture not only of the military men but also of the civilian ruling classes, into which the public has been systematically socialized through the hegemonic ideology of Kemalism, the national education system, the whole political discourse, the press, and now the audio-visual media.<sup>15</sup>

And, of course, the “successes” of this militarization of the economy, in its turn, legitimizes and continues to reproduce that basic cultural-ideological militarism. The circuit is closed. An anomalous phenomenon, to my obsolete normative mind, is internalized and applauded. While similar, partial developments (and, I still hypothesize, later than the Turkish prototype) in South America, East Asia and the Middle East elicit critical attention from social scientists and the public alike; the Turkish case is regarded as economics-politics as usual.

What I think I have presented here is less completed research than an essay that suggests a research agenda, to my mind, on a subject of paramount importance for understanding contemporary Turkey’s economy, political economy, politics, and class structure. There are, to sum up, at least four concentric circles of research problems here: (1) a mercantile militarism with its economic features and political implications, (2) a militarized economy with its economic aspects and political and human dimensions, (3) a potentially total and totalizing militarism and militarization which, more than constituting yet another type or species of civil-military relations, warrants formulation of interesting and significant hypotheses, if not some pre-theoretical statements about the logic of contemporary capitalism, about forms of class-alliances therein, about forms of the capitalist state beyond the conventional, dichotomic typology of liberal vs. corporatist, the latter

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15 I won’t go here into TSKGV’s comprehensive ideological public relations in the mass media. See Internet.

with its two sub-species of solidarism and fascism, about forms of capitalism's overcoming accumulation and distribution crises, and so forth. More specifically, the question needs to be raised as to whether this is a recent species of the genus mercantilism, or is a remarkably new phenomenon, emergent in a semi-peripheral country, which may prove to be replicable in advanced capitalist societies as well. And does it warrant starting to talk about "wealth of armies" as a sequel to Smith's "wealth of nations" and about "armies-in-capital" as a sequel to Moltke's "nation-in-arms"?

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