

## **How Could Defence Spending Affect Debt Service: A Case of Turkey**

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### Abstract

Drawing on the literature on the relationship between debt service and defence expenditures, this study tries to identify the variables leading Turkey to experiences debt servicing difficulties. Probit analysis was used to estimate the determining factors for debt rescheduling of Turkey. The available data are the values of defence expenditures ratios for1955-2001 period. The results show that defence burden was found significant in exploring the debt rescheduling decision. The model can be useful for both the financial institutions and borrowing countries.