

ABSTRACT

AN ANALYSIS OF THE ACTION-REACTION BEHAVIOUR IN DEFENCE  
EXPENDITURES OF TURKEY AND GREECE

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The arms race between Turkey and Greece has been of interest in the international relations and defence economics circles. Recent empirical literature on a long-run arms race is inconclusive despite expectations formed by the long history of mutual conflict. This paper attempts to find out whether defence expenditures in general and military equipment spending and imports in particular vary in response to the nature of the bilateral relations between Turkey and Greece in the post 1980 era. Early findings indicate that bilateral relations were tense during 1982-1987, natural during 1988-1992, tense again during 1993-1994. Thus there is not a uniform pattern of bilateral relations. Moreover, starting in 1995, it becomes harder to identify any year with definitely negative relations. Especially from 1999 onwards, warming up of the relations between two countries has accelerated. Yet, both countries have been leading in arms imports and in defence burdens in Europe. To what extent this outcome is linked to the nature of bilateral relations is the main research question. This paper will first provide a chronology of major events that shape the nature of the bilateral relations. Then, based on data for various indicators (defence burden, defence share in the budget, defence budget growth, arms imports, spending on military equipment etc.), trends for arming will be outlined. In the third stage, whether there is a difference in spending on defence, in both countries, for tense years and lenient years will be explored in the light of the first two stages, using parametric and non-parametric statistical tests on concurrent and lagged observations.