



Turkish military clearing the streets in the days leading up to the 1980 coup. Source: AP, through [Deutsche Welle](#)

Cold War Security and American Neoliberal Economic Policy Leading to the 1980 Turkish Coup

Jakob W. Barlow

“The corporate and financial worlds want to make the rules but they certainly do not want to be seen making them, or governing anyone.”
Susan George¹

Introduction

TURKEY'S UNIQUE GEOGRAPHICAL LOCATION has ensured its importance to post-war American foreign policy. As American power grew following the Second World War, so did its interest in the Eastern Mediterranean region. Situated at the crossroads between Southeastern Europe, Western Asia, and the Soviet Union, Turkey became essential to Washington's military planning. Turkey's geographical placement as a buffer against potential Soviet

expansion, its agreement to base American nuclear weapons, its North Atlantic Treaty Organization (NATO) membership, its multiple American air bases, and its large army all contributed to Turkey becoming the most prominent non-Arab American ally in the Middle East by 1980.

Since the Turkish Republic's founding in 1923, the military has always played a special, if not central, role in Turkish politics. It had a reputation as the true authority in government and also as the secular protector of democracy until recent decades. However, the reforms enacted after the 1960 military coup weren't enough to account for the rapid changes in Turkish and global society. Decolonization, the post-war baby boom, increasingly interconnected trade, and mass communications created sweeping

¹ Susan George, *Another world is possible If...* (New York: Verso, 2004), 10.

changes across the globe. Turkish politics became increasingly polarized in the 1970s resulting in a hung parliament in the 1973 and 1977 elections, with neither major party gaining a majority in the Turkish parliament. Because of the nature of parliamentary coalition building, small, extremist parties gained disproportionate political power.

The other major problem facing Turkish society during this period was economic instability. An acute shortage of foreign currency reserves, rapid inflation, U.S. sanctions from the 1974 invasion of Cyprus, brain drain to Western Europe, and outdated trade policies all contributed to the Turkish economy hitting a breaking point in the months before the 1980 coup.² Economic troubles contributed to mass political discontent, while the political deadlock further worsened economic woes.

In this paper I argue that the U.S. and its proxy international financial institutions played a major role in instigating the 1980 coup and in the subsequent economic reforms that accompanied the Turkish military takeover. The success of the 1980 coup was dependent on Washington's approval and on the ability of the Turkish military to seize power. Relying on declassified and leaked sources as well as the Turkish, American, and international press, I demonstrate that the U.S. government quietly supported the coup to further American foreign policy interests in the Middle East and in the broader Cold War. This paper explores how international neoliberal economic policy and American Cold War interests influenced Washington's support for the coup.

Historiography

Although the U.S. government publicly supported the Western values of the self-determination of peoples and democracy, it had an unofficial policy of backing coups d'état throughout the Cold War period. In "U.S. Involvement in Military Coups D'état in Turkey and Pakistan During the Cold War: Between Conspiracy and Reality," political scientist Omer Aslan describes how General Ahmet Kenan

Evren, Turkish Armed Forces Commander, was approached by American and NATO representatives concerning the timing of the 1980 coup. If American military representatives were against the potential coup, they would most likely have said something to prevent it instead of inquiring about the timing. Using General Evren's statements, Aslan claims that Washington had "prior knowledge that Turkish generals were close to deposing the government." Aslan notes that most sources with a "historical focus on Turkish-American relations also underestimate the role of the U.S." The fact that the American government knew about the coup beforehand and did nothing to stop it demonstrates regime change was of interest to officials in Washington.³ I rely on this unpublished doctoral dissertation to show that Washington didn't oppose the 1980 coup.

In "The Geopolitical Origins of Turkish-American Relations: Revisiting the Cold War Years," Ayşe Atmaca and All Azimuth claim that U.S. military aid to Turkey "increased tremendously" after the 1980 coup. Atmaca and Azimuth note that "Turkey's September 1980 military intervention did not negatively affect relations" and that "the U.S. did not criticize the military administration and confirmed that American aid to Turkey would not be interrupted." The authors also argue that Turkey's "geopolitical importance significantly increased" following the Iranian Revolution, the Soviet invasion of Afghanistan, and the Iran-Iraq War, giving Washington further incentives to maintain U.S.-Turkish ties.⁴ I draw on Atmaca and Azimuth to demonstrate that the Carter Administration was not opposed to the 1980 coup and instead welcomed it.

In contrast, the scholar Fusun Türkmen argues that the U.S. had a less important role in the 1980 coup. Turkmen relied almost exclusively on memoirs written by the former American Ambassador to Turkey, James Spain. She argues that the Turkish military was a "significant political actor with strong initiative" and thus "never needed protection by an external actor." Turkmen considered the Turkish military as too much of an independent force to hang

² Altan Yalpat, "Turkey's Economy under the Generals," *MERIP Reports*, 122 (1984): 16.

³ Omer Aslan, "U.S. involvement in military coups d'état in Turkey and Pakistan during the Cold War: Between conspiracy and reality," Ph.D. thesis Bilkent University, 2016, 143-144.

⁴ Ayşe Ömür Atmaca and All Azimuth, "The Geopolitical Origins of Turkish-American Relations: Revisiting the Cold War Years," *All Azimuth: A Journal of Foreign Policy and Peace* 3, no. 1 (2014), 24.

their decision purely on the U.S. or United Nations.⁵ However, as this paper will demonstrate, declassified Central Intelligence Agency (CIA) and State Department documents reveal that Turkmen underestimated the American role in the 1980 coup.

In “The Origins of Turkey’s ‘Heterodox’ Transition to Neoliberalism: The Özal Decade and Beyond,” historian Sahan Karatasli argues that the Turkish transition to neoliberalism was primarily focused on sustaining Turkey’s geopolitical alignment with the “declining world-hegemonic power: The United States.”⁶

In contrast to Karatasli, Daniel Sargent’s *A Superpower Transformed*, claims that the outsized American role in global economics was a reaction to perceived economic vulnerabilities, rather than strengths. The U.S. no longer had the monopoly on world economics it had had during the early post-war period, this lack of decision-making ability caused U.S. policy makers to downgrade anti-Soviet containment and “instead prioritize the management of economic interdependencies.”⁷ However, Sargent does not discuss U.S. economic policy towards Turkey before or after the 1980 coup.

American-Turkish Relationship

The Turkish-U.S. geopolitical relationship became important at the end of World War II and the beginning of the Cold War. The Soviet Union wished to share Turkey’s Dardanelle Straits to ensure Soviet sea access and cement the Soviet Union as a future world naval power.

With support from the Truman administration, Ankara rejected Moscow’s attempts.⁸ By 1945, Washington promised to back Ankara. George Lewis Jones, Assistant Chief of the Division of Near Eastern Affairs, wrote to Loy Henderson, Director of the Office of Near Eastern Affairs that the U.S. “should oppose any proposals granting a nation

other than Turkey bases or other rights for direct or indirect military control of the Straits.”⁹



Map showing the Dardanelles Strait region in yellow

Source: [Wikimedia commons](#)

Secretary of State James Byrnes referred to Turkey as the “stopper in the neck of the bottle” for southward Soviet expansion.¹⁰ The lack of a warm-water port limited the ability of the Soviet Union to compete navally with the United States. In addition, the U.S. used Turkish military bases for reconnaissance and bomber aircraft that could fly deep into Soviet territory. The Turkish military was the first line of defense from potential Soviet expansion into the Eastern Mediterranean. The Americans and the British used Turkey as a geographic warning system against a potential Soviet invasion, as the Turkish military would give them additional time to posture their forces.

Turkey’s position was solidified with the March 1947 announcement of the Truman Doctrine. Truman wanted to fight communist expansion around the world, mainly using American financial support. The Truman Doctrine theorized that if Iran fell, then Turkey would fall, if Turkey would fall, Greece would fall, leaving nothing in-between the Soviets

⁵ Fusun Türkmen, “Kırılğan ittifaktan “Model ortaklığa”: Türkiye-ABD ilişkileri,” *Istanbul Times* (2012), 147, quoted in Aslan, “U.S. involvement,” 144.

⁶ Sahan Karatasli, “The Origins of Turkey’s ‘Heterodox’ Transition to Neoliberalism: The Özal Decade and Beyond,” *Journal of World-Systems Research* 21, no. 2 (March 2015), 391.

⁷ Daniel J. Sargent, *A Superpower Transformed: The Remaking of American Foreign Relations in the 1970s*. (New York: Oxford University Press, 2015), 11.

⁸ Atmaca and Azimuth, “The Geopolitical Origins,” 21.

⁹ “Memorandum by the Assistant Chief of the Division of Near Eastern Affairs (Jones) to the Director of the Office of Near Eastern and African Affairs (Henderson) (Aug. 9, 1946),” *State Department. Office of the Historian*. <https://history.state.gov/historicaldocuments/frus1946v07/d652>.

¹⁰ Atmaca and Azimuth, “The Geopolitical Origins,” 22.

and Western Europe.¹¹ Five years later, Turkey became a member of NATO. By the end of the decade, President Eisenhower agreed to base nuclear weapons in Turkey. When President Kennedy installed the Jupiter missiles in Turkey, it acted as one of the triggers for the Cuban Missile Crisis, cementing Turkey's status as a major geopolitical player.

In 1974, the close ties between Ankara and Washington were threatened over Turkey's invasion of Cyprus. Following a Greek-backed coup of the independent government in Cyprus, the Turkish army invaded. This resulted in Greece withdrawing from NATO from 1974 until 1980. Turkey and Greece still haven't settled their dispute, and Cyprus remains divided. American sanctions on Turkey due to the Cyprus invasion greatly contributed to a cooling of U.S.-Turkish relations post-1974.

By 1979, the Iranian Revolution had weakened the American position in the Middle East, causing CIA operative Paul Henze to make an argument in favor of Turkish aid during a National Security Council memorandum he sent to Zbigniew Brzezinski (Carter's National Security Advisor) in November 1979. The memorandum stressed that "grant aid continues to be of enormous importance, psychologically to the Turkish military leadership. If [the U.S. government] press for concessions of them to permit Greece's return to NATO, they will have an additional reason to expect substantial military aid".¹² Henze continued by vouching for more aid to Turkey to act as encouragement for Ankara's support to allow Greece's reentry into NATO.¹³

By the end of 1979, Ankara would become even more significant to Washington. The Soviet Invasion of Afghanistan, in addition to the Iranian Revolution, increased Turkey's importance to American policy makers. Iran's rapid change from one of the strongest American allies to one of the great American adversaries forced the U.S. government to prioritize its last long-term non-Arab ally in the Middle East: Turkey.

Turkey's Domestic Situation

Turkey's focus has been on integration into Europe since the founding of the Republic. Turkey's entry into NATO further strengthened the Turkish-American-European security relationship. Eight years later, the 1960 Turkish military coup promised many economic reforms that would remake developing Turkey into an industrialized state on par with the West. However, the coup failed in this promise, leaving economic and cultural problems to fester and grow.

From the 1950s until the 1980s, the Turkish economy suffered and benefited from the effects of brain drain. So many educated and skilled workers moved to Western Europe for better economic opportunities that it became difficult to fill important positions in Turkish society with qualified people. Throughout the 1970s, the Turkish economy was importing far more goods than it was exporting, resulting in foreign exchange crises in 1970 and 1977.¹⁴ Fortunately, remittances from Turks who left to work abroad significantly helped to lessen the foreign currency shortages. Following the 1970 foreign currency crisis, the International Monetary Fund (IMF) felt the need to intervene in the Turkish economy. In the summer of 1970, the IMF devalued the Turkish lira by 65% and liberalized trade to help the struggling economy.¹⁵ The IMF then devalued the lira again in 1978, 1979, and 1980. Another problem facing Turkey's economy was inflation. The Turkish lira suffered increasingly large double-digit inflation for most of the 1970s.¹⁶

One of the largest hits to Turkey's fragile economy came in 1974, following the Turkish invasion of Cyprus. Turkey was in the process of joining the European Common Market when the Cyprus Crisis and tensions with Greece put Ankara's European shift on hold.¹⁷ The Turkish government saw the American arms embargo as an "invasion of sovereignty" and responded by closing all American air,

¹¹ "The Truman Doctrine, 1947," *State Department, Office of the Historian*. <https://history.state.gov/milestones/1945-1952/truman-doctrine>.

¹² Mehmet Okur, "The American Geopolitical Interests and Turkey on the Eve of the September 12, 1980 Coup." *Journal of History of the Turkish Republic* 11, no. 21 (2015): 205.

¹³ *Ibid.*, 205.

¹⁴ Yalpat, "Turkey's Economy," 17.

¹⁵ *Ibid.*, 18.

¹⁶ *Ibid.*, 17.

¹⁷ Paul Henze, "Out of Kilter—Greeks, Turks & U.S. Policy," *The National Interest* 8 (1987): 71-82.

army, and naval bases in Turkey, except one.¹⁸ Ankara's loss of confidence in Washington continued well into the Iran-Iraq War, during which Turkey didn't allow American troops to use Turkish bases. The Arms Embargo also hit Turkey particularly hard because most Turkish military equipment was left over from the Korean War and in great need of modernization. The Arms Embargo also coincided with the end of U.S. economic aid to Turkey, which was the third largest receiver of American aid before the Cyprus invasion, behind only Egypt and Israel.¹⁹ After the embargo was lifted, American aid to Turkey was restored; Turkey received a total of \$678,700,000 between 1978-1980.²⁰

Throughout the post-1973 world economic downturn, Turkey continued its consumption habits as prices for imported goods (particularly oil) increased rapidly, causing the Turkish government to take on billions of dollars of debt.²¹ Crude oil imports accounted for nearly 4% of total Turkish Gross Domestic Product (GDP) in 1980.²² The Iran-Iraq War, which began right after the coup, also severely disrupted Turkey's import of oil. This was because Iran and Iraq were the largest exporters of crude oil to Turkey throughout the 1970s, accounting for 44.2% of the total.²³ Turkey followed a policy of import substitution industrialization for almost two decades, which aimed to end the trade imbalance, but actually made goods more expensive for Turkish consumers.²⁴



Turkish electricity production from oil sources 1968-1985

Source: [World Bank](#)

Parallel to Turkey's deteriorating economic conditions were crumbling social and political trust. Neither of the two main political parties could gain enough votes to win a majority for most of the 1970s, resulting in ten different governments from 1971-1980, in which only five governments had constitutional majorities.²⁵ The lack of a clear political majority created parliamentary gridlock, which prevented the government from fixing economic troubles. The government's inability to fix the economic problems and come to a political compromise caused many Turks to lose faith in the civilian government. Economic and political inaction caused the more extreme wings of Turkish society to become increasingly polarized into two camps: the Kurdish-socialists and the right-wing nationalists. These two groups engaged in domestic terrorism and small-scale armed conflict from 1976 until the 1980 coup. The Soviet Union quietly supported the Kurdish-socialist camp in an attempt to further destabilize Ankara.²⁶ Meanwhile, the right-wing nationalist camp received support from Turkey's Western allies, in part to fight off Soviet influence and, in part, because of economic ideology. During this period, over 4,000 military members and civilians lost their lives, excluding those who were considered 'terrorists' by the Turkish government.²⁷

Turkish society was in such an uproar by 1979 that NATO leaders were having regular meetings with Turkish officials concerning the deteriorating conditions. Warren Christopher, Deputy Secretary of State, flew to Ankara twice during the first half of 1979 for "two days of discussions" with Turkish Prime Minister Ecevit.²⁸ In February 1979, Washington coordinated with Bonn and London to provide Ankara with a \$1,000,000,000 series of grants and loans to help with the "most serious" debt repayment problem that had "yet arisen in world

¹⁸ Murat Karagoz, "US Arms Embargo against Turkey - after 30 Years An Institutional Approach towards US Policy Making," *Perceptions*, 2004/2005, 114.

¹⁹ *Ibid.*, 107, 125.

²⁰ Graham Hovey, "U.S. Official Will Fly to Turkey to Discuss Economy and Unrest," *The New York Times*, May 6, 1979.

²¹ Ann Crittenden, "A Loan of \$1 Billion Planned to Aid Turks," *The New York Times*, February 20, 1979.

²² Volkan Ediger and Istem Berk, "Crude oil import policy of Turkey: Historical analysis of determinants and implications since 1968," *Energy Policy* 39(4): 2132-2142.

²³ *Ibid.*

²⁴ Yalpat, "Turkey's Economy," 17.

²⁵ Gunter, Michael M. "Political Instability and Terrorism in the 1970s." *Conflict Quarterly*, 1990, 23-41.

²⁶ Karatasli, "The Origins of Turkey's 'Heterodox' Transition," 399.

²⁷ Gunter, 1990

²⁸ Hovey, "U.S. Official Will Fly."

finance.”²⁹ The Carter administration worried that without the One Billion dollars, Turkey’s more than \$12,000,000,000 of foreign debt would cause its “financial collapse,” thereby eliminating Turkey as the “stopper in the bottle” for Soviet expansion. The administration’s theory was that “more military aid to Turkey will help keep Russia at bay”.³⁰

The 1980 Coup

After nine years of unrest, the Turkish people were fed up with the violence and government inaction. The economy was extremely weak, and many people died daily from political violence. By the second half of 1980, American policy makers were guessing when, not if, the Turkish military would intervene. On September 2nd, ten days before the 1980 coup, the CIA’s daily memorandum stated that if politicians “continue their squabbles” then military leaders may see “no alternative” to taking action.³¹ This memorandum demonstrates that Washington viewed the Turkish civilian government as squabbling children and the Turkish military as the action-takers who would overthrow the stagnant ruling government. Without American contacts in the Turkish military, it is unlikely that Washington would have been able to gauge whether the Turkish military saw “no alternative”. U.S.-Turkish military-to-military relations played a key role in the 1980 coup. There are multiple accounts from the weeks and months before the coup in which Turkish military officials reported being contacted by U.S. and other NATO officials concerning possible military action. General Evren reported that U.S. and NATO “military counterparts” wondered “when and if the Turkish military was pondering an intervention.”³² This demonstrates that Washington was signaling support for a coup, giving the Turkish military the proverbial green light. American officials worried that the Soviet-backed Kurdish-Socialist militants might gain enough political power to disrupt

Turkey’s status as a buffer to the Soviet Union. The Turkish military also respected its ally by giving the American embassy in Ankara warning of the upcoming military coup a few hours in advance. This advanced warning helped to quell any potential American discontent from not being informed and also helped to establish trust between the government in Washington and the new military government in Ankara.

Scholars who argue that the U.S.’s role in the coup was overestimated point to the fact that militant groups of all political leanings seemed to buy their “arsenals from the same sources,” which points to a “deliberate orchestration” of violence to “prepare the psychological climate” for a military coup.³³ One piece of evidence supporting this claim is that General Evren ordered a report on the national political climate in 1979 to determine whether it would tolerate a military coup, demonstrating that the Turkish military was already planning the 1980 coup by late 1979.³⁴



MGK leaders shortly after the Coup
Source: Retrieved from Evans, “The 1980 Coup”, (original Turkish source unknown)

On September 7th, 1980, General Evren met with the four Turkish Service Commanders who together decided to stage a military coup. On September 12th, Evren led the Turkish National Security Council (MGK in Turkish) in informing the Turkish people of the coup on television.³⁵ The MGK implemented martial law nationwide, abolished all civilian

²⁹ Crittenden, “A Loan of \$1 Billion.”

³⁰ Sol Sanders, “More Military Aid for Turkey Will Help Keep

Russia at Bay,” *Businessweek*, 1981.

³¹ CIA, “Turkey: Domestic Political Situation,”

<https://www.cia.gov/library/readingroom/docs/CIA-RDP85T00287R000101960002-5.pdf>, accessed Aug. 27, 2020.

³² Aslan, “U.S. involvement,” 143.

³³ Robin T. Naylor, *Hot Money and the Politics of Debt* (Montreal: McGill-Queen’s Press, 1994), 94.

³⁴ “12 Eylül Darbesinin Mimarı Evren, Hangi Suçlardan Mahkum Edilmişti?” T24, May 10, 2015.

³⁵ Ata Gil, “La Turquie à Marche Forcée,” *Le Monde diplomatique*, February 1981.

government institutions, suspended the constitution, and banned all political parties. General Evren formed the Junta, alongside four other top generals, which would rule Turkey for over two years. In the months following the 1980 coup, the new military government arrested tens of thousands of journalists, military officers, and members of left and right-wing political organizations. Following the military takeover of the government, the political violence quickly subsided. The government inability to fix the problems caused by a paralyzed political system also ended, as the military became the final decision maker. After years of violence and economic volatility, the Turkish people craved stability, so there was little civilian resistance to the new military government.

How the coup might affect the strong military and economic relationship that had existed for decades was a chief concern for both U.S. policy makers and Turkish generals. Because of the pre-coup communications between military officials, relations remained mostly static. A 1981 CIA intelligence assessment stated that the military coup had actually “made Turkey a more accommodating NATO ally” because of a return to secular values and an end to Cold War political violence within Turkish borders.³⁶ Excluding the publicly declared value of democracy, the coup promoted all other U.S. interests in relation to Turkey.

International Political Economy

One major thread in U.S. economic policy, both domestic and foreign, was that of neoliberal economics. This thread started under the Nixon administration and continued through both Carter and Reagan. The Chicago School of Economics at the University of Chicago acted as the academic fuel to the decades-long neoliberal fire. The economists following the neoliberal Chicago ideology at the time were nicknamed the “Chicago Boys.”³⁷ The Chicago

economic tradition can be defined by two major statements: Chicago represents an “articulation of ideological and positive economics, bestowed with an instrumentalist methodology which, in the end, locates the validation of its hypothesis in the area of social and political activity;” and that the Chicago school is “inheriting a long tradition of economic mistrust and contempt for politics”.³⁸ The neoliberal ideology espoused by the Chicago Boys rewrote both the American and world economic systems for decades to come.

Under the Nixon Administration, the Chicago Boys came to national prominence like never before. During the spring of 1972, “a personnel change at the treasury created a more hospitable environment for proponents of market-oriented solutions”.³⁹ George Schultz (of the Chicago school) became the Secretary of the Treasury (and later Reagan’s Secretary of State), which allowed him to reform the American and international economic systems. The American dollar’s immense power in the world market allowed neoliberal American economists, such as Schultz, to cast the world economic system after a neoliberal model that prevented state governments from “intervening in foreign-exchange markets”.⁴⁰

The economic woes that would trouble the U.S. economy throughout the 1970s fully presented themselves in 1973. The long-term effects of the Nixon administration’s leaving of the Bretton Woods system of fixed exchange rates came to be felt in spring 1973.⁴¹ The administration’s main aim was to prevent other developed nations from modifying their exchange rates to alter their balance of trade against the interests of the United States.⁴² The dollar was overvalued in world markets, causing many governments to sell U.S. dollars in exchange for European currencies, thereby causing European markets to close temporarily and the U.S. dollar’s value to nosedive.⁴³ Though these policy shifts temporarily hurt the U.S. and European economies, they helped

³⁶ CIA, “Turkey: Forging a New Order” (1981), <https://www.cia.gov/library/readingroom/docs/CIA-RDP83B00140R000100120002-0.pdf>, accessed Aug. 27, 2020.

³⁷ Juan Gabriel Valdés, *Pinochets Economists: the Chicago School in Chile* (Cambridge: Cambridge University Press, 2008), 11

³⁸ *Ibid.*, 62

³⁹ Sargent, *A Superpower Transformed*, 119

⁴⁰ *Ibid.*, 121

⁴¹ International Monetary Funds, “The End of the Bretton Woods System (1972-81).”

⁴² Sargent, *A Superpower Transformed*, 188.

⁴³ “New Dollar Crisis,” *The New York Times*. February 7, 1973.

dig the dollar out of its overvaluation and also helped to prepare the world for the 1973 Oil Crisis.

Following OPEC's push to drastically reduce petroleum output, the global price of oil skyrocketed, creating a shortage in oil-hungry nations like the United States. The U.S. was targeted in particular because of its support for Israel during the Yom Kippur War. Not only did this threaten military readiness, but it also drove the oil-dependent economies of the West to an utter standstill. The Oil Crisis hurt U.S. GDP growth in particular for years to come and began the decades-long American obsession with Middle Eastern oil security.⁴⁴

By the late 1970s, the U.S. relied on foreign imports for 50% of its oil, significantly more than 30% during 1973.⁴⁵ The Iranian Revolution in 1979 created a second, somewhat smaller, oil shock due to the world's second largest petroleum supplier cutting off the tap. To ameliorate the oil shortage, Americans would have to decrease their petroleum consumption; however, this idea would never be popular among the public. One non-consumption solution to volatile petroleum pricing is to ensure a stable supply through military force. The 1980 Carter Doctrine stated that any attempt by a foreign power to gain control of the Gulf region would be an assault on U.S. interests and would be repelled "by any means necessary, including military force".⁴⁶ The Carter Doctrine marked a shift in focus for American foreign policy towards oil security. Turkey became increasingly important to U.S. interests following the Carter Doctrine because Washington could use Turkey's proximity to oil-producing nations to monitor that no other power was trying to assert control over the Gulf.

By the end of the 1970s the growing trade imbalance with other countries was causing concern among American officials. Protectionist countries, like Turkey during this time, further hurt the U.S. trade balance because they relied on protectionism and weren't willing to open up to the globalized economic system. One way in which successive administrations could exert influence on Turkish economic

policy was through the control of international financial institutions like the World Bank and IMF. Both of these institutions use the U.S. dollar and were created under American leadership. The U.S. Treasury Department was the primary overseer of the IMF, and the U.S. held nearly 20% of total IMF voting power in 1980.⁴⁷ The U.S. was by far the largest contributor to the fund and, therefore, had the largest percentage of votes, allowing American economic interests to shape IMF policy towards other countries. The IMF requires an 85% majority to make major changes, all but giving the U.S. veto power over IMF decisions.⁴⁸

The IMF also uses conditionality agreements that force the borrowing governments to shift their economic policy towards the Washington-backed neoliberal model, or risk facing the crisis alone. If a borrowing country doesn't meet IMF austerity standards, then the IMF will withhold future funds, all but forcing the borrowing nation to relent. Whether or not these neoliberal economic policies help the government in need during the long-term, the U.S. benefited from increased free trade and an abundance of cheap labor for American corporations. A case study on whether American interests shape IMF conditionality agreements found that "governments that are willing to become more supportive of American foreign policy goals are more likely to receive conditionality agreements than other governments."⁴⁹ The case study reveals that Washington uses IMF relief as leverage to pressure foreign governments into complying with American economic interests.

In the final months before the coup, Turkey implemented its first neoliberal reforms. In January 1980, Suleyman Demirel, the Prime Minister, announced an economic stabilization program that was drafted "in consultation with the IMF".⁵⁰ These January reforms were the first major step towards reforming the Turkish economy. The reforms included a 33% currency devaluation, commitment to restrained monetary growth, the abolishment of price controls and subsidies for state-owned enterprises,

⁴⁴ Sargent, *A Superpower Transformed*, 137-138.

⁴⁵ Council of Foreign Relations, "Oil Dependence and U.S. Foreign Policy 1850-2017," <https://www.cfr.org/timeline/oil-dependence-and-us-foreign-policy>, accessed Aug. 27, 2020.

⁴⁶ Jimmy Carter, "State of the Union Address," 2 Nov. 2019.

⁴⁷ International Monetary Fund, *Annual Report 1980* (Washington, D.C.: IMF 1980), 168.

⁴⁸ *Ibid.*, 85.

⁴⁹ Thomas Oatley and Jason Yackee, "American Interests and IMF Lending," *International Politics* 41 (2004): 415-429.

⁵⁰ Yalpat, "Turkey's Economy," 19.

and an end to deficit spending.⁵¹ All of these reforms were monitored by the IMF to ensure compliance. These economic reforms were so critical for Turkey's future that the military decided to keep them in place once the coup had occurred. "The Commanders had little choice but to continue Demeril's much lauded economic austerity program, partly because it seemed to be bearing some fruit, and partly because Western creditors - on whom Turkey is heavily dependent - have made its continuation a condition of further assistance."⁵² Turkey also had an extra incentive to continue friendly trade relations with the U.S. because it needed American trade clout following its two largest trading partners going to war (Iran and Iraq). The main goals of the reforms were to increase privatization, economic efficiency, and foreign investment, all to make Turkey a neoliberal model of reform for other developing countries.⁵³

Not only did the coup leaders maintain Demeril's January reforms, they took it further by keeping Turgut Ozal, who co-wrote the January reforms, as their Chief Economic Aide to continue the process. Following the 1980 coup, the military government took several additional steps. First, the generals banned all forms of striking and made new wage guidelines.⁵⁴ This crackdown took away the major leverage workers had against private corporations and the government. The second step came in March 1981 when a new income tax system was set up to help the poor pay less tax. These reforms also included a limit on agricultural support, to prevent it from taking too large a percentage of the budget.⁵⁵

The second step also included a corporate tax reduction from 50% to 40% in 1982. From the outside, the Turkish economy appeared to be recovering and was hailed as another "Brazilian miracle".⁵⁶ Inflation rates were down from 100% to 40% and the critical export sector increased by 62%. However, the Turkish people didn't see the reforms as a miracle. Human rights violations by the military government, social repression, a sharp decline in working class living standards, and rising unemployment all hurt the poorer segments of society.⁵⁷ Despite these

conditions, most working people accepted the new, more stable, situation as a preferable trade-off.

The Turkish military government returned power to civilian hands following the 1983 election. Once the key aspects of economic restructuring were completed in 1984, it was mostly a matter of waiting for increased consumer and business confidence so that the Turkish economy could continue accumulating capital.⁵⁸

Conclusion

Overall, there is substantial evidence to demonstrate that Washington covertly greenlit the 1980 coup so that the Soviet Union could not further destabilize an already politically fractured Turkey. American policy makers worried that the social polarization caused by the ongoing political violence would morph into a full-scale civil war, thereby weakening NATO's eastern sentinel against potential Soviet aggression. A more politically unified Turkey, led by the Turkish military, was also an insurance policy for U.S. interests in Turkey because of the close military-to-military bond. While both the Carter administration and the Turkish military wanted the Turkish civilian government replaced, neither party were willing to act without support from the other.

The Carter administration also supported the 1980 coup so that Turkey would be pressured into joining the neoliberal economic order created and directed by Washington. Preventing other countries from using protectionist trade policy helped strengthen the U.S. dollar and the U.S. balance of trade, both major worries of American economists during the 1970s. The opening of the Turkish market increased global free trade, unlocked a new pool of cheap laborers for American corporations, and gave Western companies access to the Turkish market.

Both anti-Soviet Cold War ambitions and the American wish for a neoliberal global economy were factors in Washington's decision to greenlight the 1980 coup. However, the cooling of tensions

⁵¹ *Ibid.*, 19.

⁵² CIA, "Turkey: Forging a New Order" (1981).

⁵³ Yalpat, "Turkey's Economy," 19.

⁵⁴ *Ibid.*, 19.

⁵⁵ *Ibid.*

⁵⁶ *Ibid.*

⁵⁷ *Ibid.*, 19-20.

⁵⁸ *Ibid.*, 23.

between the U.S. and U.S.S.R. from 1969 until 1979 allowed the Carter administration to shift the long-term focus of American foreign policy from the Soviet Union to the future: a global economic order forged by the United States.

The IMF oversaw every major Turkish economic reform of the 1980s. Succeeding American administrations have only further pressured developing countries to adhere to neoliberal economic policy and to join international financial institutions. The U.S.-Turkish military relationship remains strong today. Turkish President Erdogan has increasingly taken Turkey in a neoliberal economic direction, strengthening and expanding the American-backed economic reforms of the 1980s. The U.S.-Turkish strategic relationship is as relevant today as in the past, due to its continued importance in the Middle East and in its role in countering a resurgent Russia.

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