FINANCIALIZATION AND THE STATE: ELABORATIONS ON THE TURKISH CASE

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ABSTRACT

FINANCIALIZATION AND THE STATE: ELABORATIONS ON THE TURKISH CASE

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This thesis examines the prevalent concept of the financialization of the state in the literature along with the de-risking state conceptualization within Critical Macro Finance (CMF), specifically in the context of Turkey. Financialization, which emerged as a strategy under the neoliberal accumulation regime, developed its unique dynamics in Turkey and launched the country's financial transformation. The thesis explores the restructuring of the Turkish state in accordance with this transformation. Consequently, it conducts a comprehensive discussion on the financialization and the state in Turkey. The CMF approach is employed to analyze the Turkish case due to its contributions to the understanding of the transformation of the state and its apparent relevance to current developments in Turkey. Within this framework, the transformation of public-private partnerships is presented as an indicator of specific changes.

Keywords: Financialization, State Restructuring, De-risking State, Critical Macro Finance, Public-Private Partnerships

ÖZ

FİNANSALLAŞMA VE DEVLET: TÜRKİYE ÖRNEĞİ

Üredi, Gamze Züleyha
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Bu tez, devlet finansallaşması kavramını ve Eleştirel Makro Finans (EMF) yaklaşımının riskten arındıran, güvence veren ya da garanti veren devlet olarak çevrilebilecek olan "de-risking state" kavramsallaştırmasını Türkiye kapsamında incelemektedir. Neoliberal birikim rejiminin, birikim stratejisi olarak karşımıza çıkan finansallaşma, Türkiye'de kendine özgü dinamiklerle şekillenerek Türkiye'deki finansal dönüşümü başlatmıştır. Böylesi bir dönüşümün devletin yeniden yapılandırılmasına da yol açtığı açıktır. Dolayısıyla, bu tezde Türkiye'de finansal dönüşüm kapsamında devletin yeniden yapılandırılmasına ilişkin bir tartışma yürütülmüştür. EMF yaklaşımı da devlet finansallaşması kavramına yaptığı katkı ve Türkiye'deki gelişmelerle görünürdeki uyumluluğu nedeniyle Türkiye örneğini anlamak adına analizde kullanılmıştır. Bu bağlamda, kamu-özel iş birliklerinin dönüşümü devlet finansallaşmasının bir göstergesi olarak sunulmuştur.

Anahtar Kelimeler: Finansallaşma, Devletin Yeniden Yapılandırılması, Kamu-Özel İşbirlikleri

To all who have impacted my life

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TABLE OF CONTENTS

CHAPTER 1

INTRODUCTION

Since the 2008 crisis, interest in the concept of financialization has increased and this debate has emerged in various dimensions. Increasing interest in the concept has also given rise to different perspectives on it. It has been frequently used in discussions about whether capitalism has undergone a qualitative transformation or not. At the same time, it is hand in hand with the state-capital and state-labor debates. Today’s fashionable concept of financialization of the state can be considered in this context. The concept of financialization, which is considered as a part of neoliberalism, has given rise to various considerations in order to understand the transformations in the mentioned state-capital and state-labor relations. Therefore, the concept of financialization of the state gained importance with the transition from the discussions on the role of the state in the financialization process to the discussions on the transformation of the state itself in this era (Schwan et al., 2021). Basically, the concept refers not to financialization in areas such as pension systems or health, which the state paved the way for, but to changes in the law-making and implementation process and various transformations related to the state. In short, rather than focusing on the state's role in the transformation in terms of specific cases, this concept analyzes the changes in the functioning and structure of the state itself during this process. However, this does not mean that these two concepts are used independently of each other. On the contrary, while the state has been carrying out these transformations, it has also undergone a transformation itself. Thus, the thesis's emphasis on this concept is to examine the changes and transformations within the state structure specifically characterized by increased public-private partnership projects and the changes in the debt management. According to the theory of the state they lean on, this happens for some because of the involvement of those working in state institutions in financial processes in line with their own interests, for some because of the pressure of the hegemony of finance capital, and for some as a necessity and a result of the stage that capitalism has reached.

In this specific literature for Turkey, it was revealed that this concept has hardly been studied, especially within the framework of political science. However, Ali Rıza Güngen's doctoral study which was focusing basically on public debt management in the process of deepening financialization in the country emerged as a first in the study of the concept in 2012 and later became a reference point in the use of this concept in the framework of Turkey. According to him, and indeed according to the path followed by this thesis, financialization of the state is a result of the stage that capitalism has reached. While reaching this stage, various class struggles, breakthroughs required by the international conjuncture and country-specific power dynamics have been decisive. Therefore, Turkey's financial transformation necessitates the restructuring of the state so that the interests of the public could go hand in hand with the financial sector.

The reason for the increasing interest in the concept is the public-private partnerships (PPPs) that we encounter especially in Turkey. As these projects, of which we frequently encounter a new one, are carried out in cooperation with the private sector, the details of their financing and other features remain confidential, while attracting attention with the high amounts spent with the guarantee of the public. These guarantees, which come to the fore with the concept of 'odious debt' in the debates of some politicians, also attract the attention of the public (Sözcü, 2021). Accordingly, borrowings to the detriment of the public should be rejected. For the first time, within the scope of Turkey, the concept was expressed by Meral Akşener - the founder and previous leader of the Good Party (İYİ Party)- and associated with the PPPs (Kozanoğlu, 2021). Of course, PPPs are not projects implemented recently in Turkey, in fact, they have a long history. However, in recent years, the emergence of new projects in different ways and the complaint about these projects points out that something has changed. The main difference in recent PPPs is the shift towards more extensive and financially significant projects, accompanied by increased confidentiality regarding their details. Also, in the past, PPPs were used to ensure traditional infrastructure like roads and bridges. Yet, in recent years, new projects are more complex and larger, involving significant private sector investment (Biçer & Girgin, 2020). Besides, to be able to ensure smoother implementation of these projects, new legal structures have been facilitated.

When it comes to PPPs, the Critical Macro Finance (CMF) approach, which is dedicated to examining the financial hegemony that has gained importance especially in the context of the Global South, stands out in the literature. The concept of de-risking state that they use in their studies shows similarities with the concept of financialization of the state. The proponents of CMF emphasize that, under the pressure of American financial circles, development projects, especially in the Global South, can only be carried out by giving huge and serious guarantees in the context of partnerships between public and private, and that these countries and these projects have become dependent on financial capital to be able to carry out those projects. The fact that this concept and this approach have not been studied before in Turkey constitutes one of the cornerstones of the thesis because this approach is important to take into consideration in order to analyze the background, the scope and the possible outcomes of the endless PPP projects in Turkey. As the increased interest in the PPS is a global phenomenon in terms of Global South and CMF analyzes this process clearly, their studies are influential for this thesis.

Briefly, this thesis will mainly argue that the Turkish state is being restructured since the law-making process has been changed in line with the change in the accumulation regime. The transformation within the state apparatus and the change in the mentality of providing services point to a change in the structuring of the state that is called financialization of the state in the literature, which shows itself in various odd public-private partnership projects in the case of Turkey. Hence, believing that discussing PPPs, which is often an intriguing part of Turkey's agenda, in the context of this concept is important in terms of illuminating some part of Turkey's social reality. PPPs.

Accordingly, in the first part of Chapter 2, a general discussion of financialization will be made. In the second part, the concept of financialization of the state will be discussed together with the de-risking state of CMF in terms of similarities and differences. In Chapter 3, a discussion on the financial transformation process in Turkey will be carried out in the first part, and in the second part, the concept of financialization of the state will be examined on the axis of Turkey in the direction of PPPs.

It has been revealed that financialization, which is a global phenomenon, takes place with its own dynamics in Turkey and its outputs are naturally slightly different. This difference stems from its unique characteristics due experiencing capitalism in a different way. Therefore, the state restructuring also shows variations. Turkey has undergone a unique financial transformation, and the state has been restructured in this process. Yet it does not mean that it is totally different and beyond theory. Various findings have revealed that law making and enforcement processes in Turkey have been transformed, and its new form is compatible with the concept of financialization of the state. At the same time, it has been revealed that the emphasis of CMF's de-risking state approach is also valid in Turkey.

I have provided a general overview of the thesis's scope; I will now proceed to elucidate each dominant concept individually to ensure clarity and precision of meaning.

1.1. Financialization as the Strategy of Neoliberal Accumulation Regime

Drawing on the work of Harvey (2001) and Arrighi (1999), I argue that contradictions are inherent in capitalism and that the exploitation of human labor at some point evolves into a falling rate of profit because overaccumulation prevents profitable reinvestment. This situation requires capital opening to new areas to increase profits again. In the search for new areas, different regimes of accumulation emerge to stabilize the system and encounter crises, which are characterized by specific modes of consumption and distribution. So, financialization should be considered in this context. After the overaccumulation crisis of the 1970s, the strategy of the capital became credit expansion. According to Güngen (2012), the financial expansion in the late 20th century is directly related to this strategy of the capital that seeks new profitable areas. Therefore, for McNally’s (2009) analysis, there was an era starting from 1980s to late 1990s characterized by significant expansion into lower-wage areas, reducing labor costs, and reducing state expenditures on social welfare. While these were happening, there was a proliferation of financial instruments and an increasing share of the financial sector in the economy. Thus, financialization as the strategy of neoliberal accumulation regime is characterized by the increasing dominance of financial motivations, financial markets, financial actors, and financial institutions in the economy and shows how wealth is accumulated and distributed. This, therefore, involves a shift in the primary mode of capital accumulation from industrial production to financial activities. Considering it with neoliberal accumulation regime, which refers to a distinct mode of economic organization and governance that has been dominant in many parts of the world since the late 20th century, is very important. In the thesis, I discuss whether there is a break from neoliberal accumulation regime when it comes to financialization and come to a conclusion that financialization cannot be considered separate from neoliberalism. From a Marxist perspective, I consider neoliberalism as an accumulation regime characterized by intensified exploitation of labor, heightened financialization, and increased economic inequality (Harvey, 2005). Drawing on Cammack's (2009) work, I accept neoliberalism as a project that will ensure the hegemony of capital, and I see financialization as a part of the change in accumulation and social reproduction as a part of this project.

1.2. Financial Transformation

For Harvey (2001), capitalism's pursuit of profit drives it to continually expand into new territories and markets, but it is not a uniform expansion. Because of it, there occurs uneven development where in some regions rapid growth is experienced while in others this does not happen. So, global developments show differences due to this unevenness. For this reason, Yalman et al. (2019), employ ‘financial transformation’ instead of ‘financialization’ when it comes to the Turkish case. As Turkey has its unique characteristics and it is considered as ‘emerging finance capitalism’, I also use ‘financial transformation’ instead of ‘financialization’ in the thesis for Turkey. Yet, as financialization is the term that is frequently used in the literature, I generally refer to it. ‘Financial transformation’ is used for the Turkish case so that it can denote the characteristic features of the country while analyzing the transformation of that particular social formation which is called financialization in the literature. Moreover, since I claim that Turkey is in a subordinate position compared to advanced developed countries, I associate the concept of subordinate financialization with the concept of financial transformation. Due to the position I mentioned, Turkey's financial transformation, which is experiencing the financialization process in a different way, is taking place in a subordinate manner. Therefore, the two concepts are used interrelatedly in the thesis.

1.3. Financialization of the State

I have expressed various views on this concept in the related chapter of the thesis, but in this chapter, I make an explanation about the meaning in which it is actually used in the thesis. The first stage where the concept caught my attention was taken by the analysis of Schwan et al. (2021). Accordingly, while the role played by the state in the financialization process points to the concept of financialization by the state, the transformation of the state itself appears as financialization of the state. These two concepts should not be considered as opposites. In the financialization process in question, these two can be considered as complementary to each other. Yet, there is a distinction with the aim of analyzing the changes that took place in the state structuring. Surely, what is called financialization by the state shows a change in the structuring of the state, but this is only a part of it. While using financialization of the state, I specifically focus on the changes in the policy-making and implementation process and in debt-management. Some may argue that the state has always been associated with the interests of capital, so there is no need for such a term. However, as there is a specific difference that should be analyzed and there is an increased interest in the term in the literature, I prefer using the term.

In this thesis, financialization of the state is used in conjunction with Güngen's (2012) approach. Accordingly, after the overaccumulation crisis of the 1970s, capital tried to discover new profitable areas, and at this point credit expansion took place. In this context, financialization has emerged. Of course, this requires a new state structure. This new state structuring is conceptualized as the financialization of the state. In this sense, the state is adapting its policies and structures to be more compatible with the interests and demands of the financial sector. This involves creating a regulatory environment that is conducive to financial activities and investments. New policies are being formulated that prioritize financial considerations. This consists of tax incentives for financial institutions, regulations that facilitate easier access to capital markets, or frameworks that encourage public-private partnerships (PPPs) and other forms of financialized projects.

While examining the concept of financialization of the state, I benefited from Nikos Poulantzas’s theory of the capitalist state. He introduced concepts like "form of state" and "form of regime" to better understand how different capitalist states operate. For him, relative autonomy is the fundamental characteristic of the capitalist state. He discusses how this autonomy manifests itself in various forms, such as the non-interventionist state in private capitalism or the interventionist state in monopoly capitalism (Poulantzas, 1973). These forms reflect specific ways in which economic and political structures interact within a consistent framework, with varying degrees of economic influence on politics and vice versa. Poulantzas emphasizes that changes in these state forms, marked by specific articulations of economic and political structures, can only be properly understood in relation to the dynamics of class struggle. This "double determination" of the state, both shaping and shaped by class conflict, leads to the emergence of different state forms (Türk and Karahanoğulları, 2019).

In the context of financialization, the state's form may shift towards one that is more closely intertwined with financial interests. This could manifest as policies that prioritize financial markets, deregulation that benefits financial institutions, or the integration of financial elites into policy making circles. Also, in periods of financialization, the state's relative autonomy might be seen in its ability to adapt regulatory frameworks to accommodate financial sector demands or in its capacity to intervene to stabilize financial markets during crises. Hence, financialization of the state can be seen as a new state form within the framework proposed by Nikos Poulantzas because it represents a significant evolution in this regard, as the state increasingly aligns its policies and functions with the interests of finance capital[1]. Since there is an increasing influence of financial capital on state policies, and there is a reorientation of state function towards financial market stability, those changes could be considered as a new state form. This new form is characterized by new economic and political structures. PPPs, the way the state formulated and implemented new policies are the solid examples of it.

It is also worth mentioning here the Critical Macro Finance approach, which does not directly use the concept of financialization of the state. CMF actually adds to the state form discussion by using the concept of de-risking state. With the concept they proposed, the state that appears as a state that takes serious risks can be considered a new state form especially if we think of their emphasis on global influences. In fact, in this thesis, the concepts of financialization of the state and de-risking state are considered similar concepts and together they form a new state form as a response to class struggle dynamics in contemporary capitalist societies during the neoliberal transformation process.

1.4. Public-Private Partnerships

The thesis argues that public-private partnerships (PPPs) can be considered as the output of the state restructuring. As I mentioned previously, there were many PPPs in Turkey before as well. However, the projects carried out today are different from those of the past in many respects. First of all, previous PPPs mainly focused on the energy and transportation sectors. Yet, in the 2000s, there occurred a shift towards more sophisticated PPP models expanding into new sectors such as healthcare, urban development, and large-scale infrastructure projects (Yüksel Mahfoud, 2024). In Chapter 3, side effects of those projects on Turkish society are discussed by providing some specific examples. Although this thesis examines PPPs specifically

[1] This also brings into the debate a reminder about the need to distinguish finance capital from financial capital. While the latter refers to 'concentrated money capital operating in financial markets', the former designates 'the simultaneous and intertwined concentration and centralisation of money capital, industrial capital and commercial capital' (Chesnais 2016: 5) so that 'the process of production of value is subordinated to the needs of finance capital itself' (Ticktin 2011: 10). (Yalman et al.2019:7)

for Turkey, it should not be forgotten that this is a global phenomenon. In fact, the main purpose of the thesis is to reveal that the mentioned developments are shaped by both local and global dynamics. For this reason, I consider the work of the Critical Macro Finance approach as valuable and claim that it can be considered specifically for Turkey. Because, as they claim, these projects are widely relied upon in the Global South, and this has actually served as the only way of development for these countries. The discussion on whether a similar situation applies to Turkey is in Chapter 3. The fact that they have a different structure than previous projects is also examined in this context, because these projects require a significant amount of private investment and can be developed in almost every field. Not to mention the significant warranties provided. Therefore, I claim that there is an important change, and I perceive this change as a result of Turkey's financial transformation and the transformation of the state in this process.

CHAPTER 2

THEORETICAL DEBATE ON THE CONCEPT OF FINANCIALIZATION OF THE STATE

2.1. Financialization: Is It a New Stage of Capitalist Development?

In this first part of this chapter, the term financialization is explained in detail to be able to understand the process in the world in general, and its specific outcomes and effects in Turkey in particular. After revealing what the concept of financialization means in practice through a historical background review, different dimensions of the theoretical debate regarding the concept are discussed. Then, a conclusion is reached regarding the context in which it is used in this thesis. Summarizing briefly, financialization is not conceptualized as a completely different accumulation regime, but it is seen as the accumulation strategy of neoliberal accumulation regime. Its direction is mainly created by developed countries to present a solution to the overaccumulation crisis while maintaining the existing capitalist system and enforced to the developing countries so that capitalism could be saved from another crisis. It was neither a smooth process, nor was exempt from struggles both at national level and international level. For this reason, it was implemented in different shapes in different countries, but not necessarily in every sense, as in previous accumulation regimes. In this part, financialization is analyzed to demonstrate general similarities and to point out some specificities of countries in terms of state restructuring. In this way, we will be able to understand the Turkish case more clearly in the next chapter.

2.1.1. Historical Background and State Theory Discussion

If we look at the situation before neoliberalism, the post-1945 period was identified with welfare states around the world, but especially in Western Europe. These welfare states were characterized by maintaining the well-being of their citizens so that the demand could be alive, and citizens could spend more in the market. Hence, the notion of citizenship was very significant at that time. In accordance with that understanding, the state was burdened with a bunch of responsibilities to provide basic services such as education and health, as well as promoting the well-being of its citizens in general due to the necessities of the mode of accumulation, namely Keynesianism and Fordism, at that moment. However, in the late 1970s, the crisis of this accumulation regime as a result of the exhaustion in terms of state apparatus and overaccumulation in terms of capital that cannot find a reinvesting area and stops investing brought about various fundamental changes in structuring of the state (Yeldan, 2022). Although the source of the crisis was generally associated with the oil crisis in the mainstream literature, capitalists' desire for searching for new areas of exploitation due to the fact that profits were declining as there was overaccumulation was behind the demand for the change (Güngen, 2012). Surely, social dynamics and conflicts in the background could be also counted as the primary causes of the crisis. Therefore, in this period, the discourse stating that some fundamental shifts are needed in the political agenda has become widespread from the 1980s onwards. In this framework, the new accumulation regime, which we call neoliberalism today, was introduced by mainstream academic circles. In this way, it was aimed to avoid problems in the production process (Hilferding, 1981) and US financial hegemony became to be considered as a solution to the crisis (Harvey, 2006).

At that specific period, there was widespread discussion about the "size" of the welfare states. In this new proposed accumulation regime, on the contrary, it was claimed that the state would be "minimal" and thus the dispute related to its expansiveness would be solved. The habit of considering the state as an explanan, which is common in the mainstream academia has led to the search for the root of the crisis in the size of the state. As usual, all blame was laid on the state, without the state itself being recognized as an explanandum. There was no well-grounded theory about the state itself. Without explaining which exponents or features of it are considered, of course, the state was regarded as the major cause of the problem, and it was thought that the troubles would come to an end with this minimal state. According to the claim, if the state stepped away from the market and the market operated with its own control mechanism, then the crises would also be settled. At this point, it is worth emphasizing that it is not as believed, and that the state actually has played a direct role in the transformation of this accumulation regime and the recognition of neoliberal hegemony in society. As Yeldan (2022) argues, the neoliberal state could be considered even stronger than the previous one since it has more control over society now due to its formation and the necessities of the restructuring.

It should also be noted that there is no radical break with the previous accumulation regime in terms of minimal state. In reality, especially in the first phase of neoliberalism, increasing unemployment within the framework of neoliberal policies has led to the continuation of some welfare state practices in the past to be able to prevent existing and potential struggles in society. In other words, as mentioned, it is not possible to assert that there existed a period characterized by the withdrawal of the state from the market, but the terminology was around the idea of withdrawal of it. Here, the discussions about "deregulation" generally revolve. Accordingly, this withdrawal of the state is perceived as "deregulation" in the market sphere as those theorists generally differentiate market from the state. However, the practice shows us that the state did not withdraw, on the contrary, it has continued its active role during and after the establishment of the new accumulation regime. In addition, this distinction between the market and the state has no correspondence in reality, if we consider regulations, different strategies of taxation, and public-private partnerships especially. Thus, the meaning of the concept of deregulation actually becomes void when it comes to the increasing active role of the state in this neoliberal era.

Behind these misuses of the concepts, the effects of the lack of a well-grounded state theory can be seen as I mentioned before. As it is often seen in the history of social thought, using a notion as an explanan without examining what it is leads to conceptual confusion. In this way, the state is seen as an established concept or a principle that we can rely on explaining some phenomena. Yet, the experiences show that while explaining those phenomena, the state assumes lots of different features. In this sense, is it possible to use it as a fixed and unchanging scientific concept? If it is used on different occasions to make sense of existing conditions, it means that it is not a fixed concept. So, it becomes meaningless to employ it as an explanan without explaining what it is. The problem of mainstream academia lies in this confusion. In contrast, in Marxist terminology, contrary to popular belief in institutionalist analysis, the state itself is seen as a proper object of inquiry. So, in Marxist terminology, the focus is on the state's relations with both the economy and society, and the state is thought to be a form of social relations of production. Thus, there is no specific theory of the state having fixed boundaries or remaining unchanged, but there are theories of the state, as they involve changes as a set of relationships.

In this thesis, Nikos Poulantzas's theory of the capitalist state is used in both understanding financialization and the state. For him, any political theory is concerned with the relationship between the state, power and social classes and there is this interconnectedness of state and civil society, making it impossible to consider independent spheres (Koch, 2021). In this framework, the state is the site and the center of the exercise of power, and it does not possess the power of its own (Türk and Karahanoğulları, 2019). It is the "relationship of forces or more precisely the material condensation of such a relationship among classes and class fractions" (Poulantzas, 1978, pp. 128-129). It actually plays a crucial role in mediating and stabilizing class conflicts. So, the state power cannot be differentiated from the class power because it is a class state constituting politically dominant class(es) and/or the class fraction(s) in the form of power bloc which is subject to political struggles occurring within the state and leading to changes in the strategy of it (Sakellaropoulos, 2019). Here, the capitalist state represents and organizes the long-term political interests of the power bloc. Furthermore, it assumes the role of preserving the unity and cohesion of social formation. Hence, the state has a relative autonomy from the capitalist classes in order to ensure two specific and crucial roles of it. Yet, it should be noted that states do not have their own logic or interest. Its direction is determined by the ongoing power struggles that naturally result in maintaining the dominance of the capitalist class, but it is not simply realized with coercion. Ideology, law, and other institutions and practices are at work to ensure social cohesion.

The relationship between Poulantzas's theory of the capitalist state and financialization can be established as follows: The capitalist class has an absolute desire for expansion. The previous accumulation regime, the welfare state era, was also an execution of the desire to expand. However, this exploitative order has exceeded its natural limit and different areas of expansion have been sought as a solution. Neoliberalism, and hence financialization, points to areas of expansion that capital later seeks and can find. It does not mean that the practices of finance did not exist before, but it is now the route of the expansion. Expectedly, the transition to this new accumulation regime, that is neoliberalism, and the processes after the transition to the new route are taken under control by the state. In other words, the state, as an organic whole of relations, fulfills its two important functions, which are to create ways to implement and protect the interests of the capitalist class in the long run and to provide cohesion in the social formation at the same time. When we think of increasing power and influence of the financial elite in the power bloc, as it does not show unity in terms of their interests, the state has responded to the changing dynamics of capitalism. While enabling the financial transformation with the help of enacting policies and making regulations, it created the environment for financial interests. At the same time, as the power balances within society have changed at the expense of other social groups, the state released its second function to ensure that the social cohesion is at work.

In mainstream academia, the state is continued to be considered the root cause of the problems. So, discussions and suggestions regarding reduction of its roles continued. The new suggested roles were played as desired. When the financial liberalization and capital account liberalization package, also known as the Washington Consensus, which gave the state a so-called minimal role, caused crises from the 1990s onwards, the state was called for as a regulator, although it was blamed for its active role before. A discourse began to emerge that the state should take an active role in overcoming market failures. It already had an important role in the transition process, but now it had to become more active as the crisis solver, which is already explained by Poulantzas in his theory of the capitalist state. Surely, the aim was not to stop the financialization process, which is a component of neoliberalism, but to handle the issues and crises that emerged in this process. Thus, the minimal state fallacy proved its meaninglessness.

If we continue to examine the historical background, we can observe that institutions such as the World Bank (WB) and the International Monetary Fund (IMF) redefined their purposes and missions according to the new requirements of the capital accumulation process. Those needs were referring to the removal of national boundaries that prevent the free movement of capital. In fact, it was this desire for liberalization of capital that underlay the minimal state talk. Hence, there was this issue of removing capital controls and limitations on the movement of capital within the objectives of the so-called Bretton-Woods institutions, namely the IMF and the WB. Here, there emerged the need to promote foreign direct investments of transnational corporations. Thus, financial liberalization was accepted as the main motivation. From the late 1980s onwards, it is witnessed that international economic relations are characterized by hot money inflows and outflows considering this process of financial liberalization. And finally, to complete this process, a desire for capital account liberalization emerged so that the capitalists can easily open up accounts, invest, exchange their currency to another currency, and finally take out their money by simply closing the accounts. In this way, all controls and obstacles to the movements of international financial markets would be removed. Here it can be understood that the deregulation mentioned above is actually the liberalization of the capital movements. In the previous accumulation regime, the state kept especially financial capital under control in the interest of the characteristics of that type of regime. Capital inflows and outflows were restricted depending on national borders. Yet, in order to maintain this new strategy, the state also played an active role, so suppressed the dissatisfaction in the society and undertook the necessary institutional arrangements for the smoothness of the process.

Meanwhile, the IMF and the US Treasury pushed capital market liberalization across the globe so that the expansion and development of capitalist social relations can be ensured worldwide. In the past, as mentioned above, financial markets were quite limited. With this financialization process, capital movements reached an almost limitless dimension. Removing the barriers to capital meant paving the way for globalization because when capital could circulate as it wanted, it would not be content with national borders. Therefore, it is likely to find large numbers of studies in the literature in which the trio of financialization, neoliberalisation and globalization are discussed together. Alfredo Saad-Filho (2010) sees this process as the reassertion of the United States (US) imperialism that could ensure capitalists' desire for expansion. Thus, due to the strength of this imperial nature of capitalism, financialization became a trend in the world economy and developing countries came to be a part of the process. However, the unpreparedness of these countries for such an opening created financial dependency. According to Palley (2007), in this period, the transfer of incomes from the real sector to the financial sector, which would create serious fragility in the economy, was observed. In this way, countries had to deal with issues such as wage stagnation and income inequality.

2.1.2. Theoretical Discussions About Financialization

Up to this point, a historical background has been presented in order to comprehend how financialization has taken place. Now, the theoretical discussions within the framework of financialization need to be examined. Although financialization has been discussed for a long time, it still appears as a relatively new and trendy notion. In terms of its definition or understanding, there still is not an agreement upon it since there are a lot of meanings associated with it (Lapavitsas, 2011; Orhangazi, 2008). Andrew Brown et al. (2016) argues that financialization originated in non-mainstream economics. Indeed, it is possible to find the first footprints on financialization in Karl Marx's concept of fictitious capital although he did not use the term directly. Accordingly, the primary aim of the capitalist class is to make profit. The first thing they do to make a profit is to create a surplus value by exploiting workers' labor. The exchange of labor power with money, as commodities, ensures the accumulation of capital. But apart from this, it is possible to count lending as a way of making profit. By earning interest on the loan s/he has given, the capitalist discovers another way of making a profit. This is what is called interest bearing capital, which is fictitious capital in Marx's terminology. Here, we are talking about a situation beyond making a profit by gaining surplus value in the production process. This concept of fictitious capital actually refers to the capitalist class's desire to expand and profit as many areas as they can dive into because "the permanent expansion of capital is the defining feature of capital relation" (Güngen, 2012, p. 5). Hence, the notion of financialization can be considered in this context.

Since there was this problem of overaccumulation, there occurred the need to realize the mobility of capital. Here comes the need for financialization.

After Marx, the concept of financialization has been used mostly by critical political economists. In mainstream analyses, such as the Rational Choice Theory or the New Institutional Economy, this concept was scarcely encountered before the late 1990s. Only very recently in the 2010s, a minority who could be considered working in international organizations such as IMF and WB started to use the notion in order to make sense of the crisis of 2007-2009 (Lapavitsas, 2011). With the pandemic and the aggravated economic and social conditions in the globe, there is an attempt for those out of the critical political economy tradition to approach the term from that specific tradition's angle. Hence, there has been an increase in the use of this notion, including in the mainstream, and so many different views have emerged due to their distinctive standpoints. This situation caused the concept to have a wide variety of meanings. For this reason, some scholars argued that the concept became vague because, like the state, the concept of financialization was seen as an explanan and used as if it were self-explanatory or it was just simply defined (Güngen, 2012). Yalman et al. (2019) denotes the vagueness of the concept as it does not address its object of inquiry explicitly. For this reason, just like the state, financialization should be considered as an explanandum. Thus, conceptual discussion is necessary for the term.

In order to understand why financialization is such a controversial concept, it is worth emphasizing its distinctive feature. As Krippner (2005) points out, financialization refers to a situation where the profit creation and accumulation process is done through financial channels. Normally, profit was made by trade and the production of goods. Just as Marx meant with the concept of fictitious capital, instead of surplus value obtained through the exploitation of workers' labor in the production process, profits are made here through financial channels. Therefore, the dominance of finance over industry increases and the value of financial assets boom (Brown et al., 2016). Keeping this change in mind, the increasing importance of fictitious capital transactions, the fact that risk management has become a fundamental notion, and the financial investments of non-financial corporations may lead some to consider financialization as a new accumulation regime. Hence, for some, it denotes a breaking point. However, it should not be ignored that what is essential and actually a must in the neoliberal accumulation regime is financialization, even though it may seem like neoliberalism does not necessarily contain financialization to some. For example, Stockhammer (2004) argues that financialization is not a fundamental component of neoliberalism, but the output of it. Even though he argues that it is not fundamentally related to it, he acknowledges that it is the part of it in the end. For this reason, it would not be correct to argue that there is a break with the regime. In fact, I consider financialization as a component of neoliberalism. It is totally complementary to the neoliberal accumulation regime. For Saad-Filho (2010), financialization is a structural feature of neoliberalism.

As for how financialization is approached in the literature, according to Foster (2007), the concept was first used by Kevin Phillips in 1993 to emphasize the differentiation between the real and financial sectors in the long run in explaining how detrimental the expansion of financial sphere in United States of America and was later used by Giovanni Arrighi to analyze the change in the international order. Here, the notion was treated as an explanan craving for an explanation (Güngen, 2013). However, the attention of the academy and its frequent use coincided with the aftermath of the 2007-2009 financial crises. But before that, Gerald Epstein (2005) made the following definition, which is quite famous and probably familiar to everyone in this field: financialization refers to a situation in which financial motives and actors are increasingly active in the functioning of the economy. For example, Davis and Walsh (2016) states that the United Kingdom has always had a strong financial sector, yet from the late 1970s onwards, it seriously expanded. This expansion resulted in a contradictory relationship between the financial and real sectors of the economy, first one being the dominant and even becoming decisive in the second one (Yalman et al., 2019, p. 4). Thus, we can talk about a process where finance goes beyond operating in financial markets and is seriously effective in almost every field.

Natascha van der Zwan’s (2014) article is also quite inclusive about financialization as she examines three different approaches to the notion. Accordingly, the first approach accepts financialization as a regime of accumulation. Zwan, here, cites the works of Boyer and Krippner as examples. In these studies, financialization is accepted as an accumulation regime that replaces the Fordist accumulation regime that was mainly related to the real sector since it was characterized by mass production. In this understanding, financialization is seen as a political project and is regarded as the global expansion of US hegemony. Thus, the hegemony crisis of the USA is considered to be resolved by driving financialization into the field. According to Zwan, this approach is too deterministic because it accepts financialization as it is, ignoring the factors or counter-struggles behind its expansion. The second approach identifies financialization more with shareholder value. Accordingly, the main purpose of corporations is to provide profit to its shareholders. The main research topic in this approach is that non-financial corporations are becoming increasingly finance oriented. Financial markets have put pressure on non-financial corporations and managers, and this has created managers who care completely about the profits of shareholders. Thus, both shareholders and managers started to act with the logic of making a profit. Zwan criticizes this approach as well, as it overlooks the increasingly complex structure within the expansion of financial ownership. However, the beneficiaries of financialization are not only corporate managers and international investors. The third approach focuses on the financialization of everyday life. Here, the analysis is mostly done on low-income and middle-class households and issues such as financialization of pensions and home mortgages are examined. It is explored that individuals become more and more risk-takers and have to take responsibility by making calculations. Zwan criticizes this approach by stating that financial discourses are not as powerful as it seems. Accordingly, many people still do not favor private pension systems and stay away from risky investments. But of course, it must be admitted that all three approaches touch upon vital points. As can be seen, financialization has a very complex field of study. There are many approaches and their criticisms that address the issue from different dimensions.

If we look at another study about the location of financialization in the literature, according to Yalman et al. (2019), it is possible to state that there are two broad perspectives. The first of these is the view that Epstein pioneered, on the growth and power of the financial sector. The second is the view that identifies financialization as a stage of capitalism and claims that the real sector and the financial sector have undergone major changes. Of the latter, the debate often arises whether financialization points to a new regime of accumulation or not, which Zwan also stated in the first of three basic approaches to the concept. For example, whereas Aeron Davis and Catherine Walsh (2017) argue that financialization and neoliberalism are not synonymous, according to Thomas I. Palley (2013), financialization is a form of neoliberalism, that is financial neoliberalism. Even among Marxist thinkers, there is this controversial debate; for instance, some see the dominance of finance as a new phase of capitalist development, often referred to as finance capitalism, while for many it is difficult to accept this as a new epoch, because it is possible to observe a recurrent financial expansion in world history. For example, according to Ben Fine (2010), the role of finance has long been extensive, particularly in capital accumulation. However, it must be admitted that there has been a 'direct' penetration during this period because financialization is not simply banking: financialization means the financialization of something that has not been financialized before. Turning a fictive product into a tradable and investment vehicle is considered as financialization.

Literally, it is hard to ignore the proliferation of purely financial markets and financial instruments. Yet again, as David M. Kotz (2010) quotes from Dumenil and Levy, "...neoliberalism is the expression of the desire of a class of capitalist owners and the institutions in which their power is concentrated, which we collectively call 'finance,' to restore... the class's revenues and power..." (as cited in Kotz, 2010, p. 1). Thus, financialization does not represent a break with neoliberalism. Continuing from Ben Fine's arguments, neoliberalism is identified with privatization, commercialization and commodification. When we consider the process of financialization, it is not possible to encounter a different situation from that of neoliberalism. It is also directly related to that trio. At this point, to solve the theoretical confusion, Ben Fine determines the two phases of neoliberalism and states that the first of them is characterized by the support of capital by the state and the support of financial markets as much as possible in that specific period. Yet the second one is now characterized by a period in which financialization can easily take place since all necessary circumstances are formed during the first phase. The difference is coming from “the deepening, and broadening of financial motives, financial markets, and financial institutions within capitalist economies” (Brown et al., 2016, p. 2). Thus, financialization does not simply denote a new stage of capitalism but denote a new stage of neoliberalism as an accumulation regime of capitalism. Güngen (2013) is one of the scholars that emphasizes that there is no break. According to him, developments such as the formation of the international monetary system and the international markets after the Second World War already show that financialization is an old phenomenon. So, there is a continuity here. Although its increasing rate is remarkable, this does not indicate a break. The increasing rate could be associated with neoliberal policies and frameworks, which paved the way for the development of what is called financialization.

Lapavitsas's (2011) study, which appears as another literature review in terms of the concept, analyzes different radical approaches to the term. Including Epstein in one of the radical approaches, he argues that post-Keynesian studies examine financialization as the cause of poor performance of the real sector, and this poor performance will worsen the growth, investment, and output. This approach puts emphasis on the increasing dominance of finance. In part of other heterodox and sociological approaches, Lapavitsas mentions the study of Arrighi and Krippner in terms of enabling broader historical perspectives. For Arrighi and Krippner, financialization is related to extending and maintaining the US hegemony in the global economy. Since US-based financial institutions are central and the US dollar is the primary reserve currency, the influence of that hegemony is expanded. Regulation School, as a Marxist-inspired approach developed by French scholars who offer a periodization of capitalism, is also significant in arguing that there was a need for a new regime of regulation after the decline of Fordism. Financialization as part of neoliberalism met that need. Thus, while some examine financialization as a result of something going wrong, others use it as a periodization tool in a historical context. It is difficult to talk about the existence of a full consensus in terms of the context of the concept.

While accepting the controversies over the concept, Lapavitsas defines financialization within the confines of classical Marxist political economy. For him, it is not only a changing practice in the production process, but it is “a systemic transformation of mature capitalist economies” (Lapavitsas, 2011, p. 611) in terms of three elements. First, acquisition of financial capacities instead of reliance on banks is the primary motive for non-financial corporations. That means the financialization of large corporations. Second, banks’ scope of activity has changed as they are now lending to the households and engaging in financial markets with mediating transactions like commissions and trading profits. Third, workers or households in general are now acting as if they are financial actors, which means they are borrowing and holding assets. Thus, workers are forced to think and act in line with the logic of the financial capital (Güngen, 2010). Financialization is considered as the outcome of a historical background and is not associated simply with a change in the production process, but a change in the dynamics of capitalist accumulation in this thesis too. If we think of capitalism on a global scale, we see that the problem of over-accumulation that emerged in the late 1960s was tried to be solved by accelerating financialization. We observe that the neoliberal policies implemented with the decreasing trend in profit rates in the 1970s made the financialization trend more evident (Beyaz, 2019).

2.1.3. Subordinate or Dependent Financialization

Lastly, a final discussion that will be sufficient for this first part of the chapter is about a concept called subordinate financialization, or for some dependent financialization, because financialization is not a process specific to developed countries only, which has been the main subject most of the time. The importance of this concept is that "developing" countries or so-called “emerging” economies such as Turkey can be evaluated in this context. As those countries generally have different characteristics compared to the advanced capitalist countries, a sub-concept that could touch upon the difference without going too far from the main concept is necessary. A small discussion about this concept is also important for the CMF approach that we will encounter in the later parts of the thesis, because in that approach, the main subject is not the developed capitalist countries, but the so-called subordinate countries that convinced that the fundamental way to overcome infrastructure and development problems is by attracting private investment through huge guarantees.

According to the article by Bonizzi et al. (2019), emerging capitalist economies (ECEs) have welcomed financialization in a subordinate position. These countries were already subordinate in terms of production because they provided cheap labor and input of raw and intermediary inputs, which in turn sustains the subordinate position of those countries. They were also subordinate to advanced capitalist economies (ACEs) in relation to currency, because trade and liquid capital markets are predominantly operated in ACEs' currency. As if it was not enough, they had to maintain their subordinate positions in finance as well, because capital inflows are usually short-term in these countries due to the former positions in the world economy. Besides, they always have to calculate financial returns rather than assuming production risks. In short, there is more vulnerability, volatility and subordination in the economies of these countries even more than the previous structuring as finance is creating new problems for ECEs. Moreover, they even entered the financialization process with the implementation of structural adjustment programs in order to solve the debt crisis due to their subordinate position (Güngen, 2013). Later on, the financialization strategy results in being forced to use financial transactions to cope with the problems in production and to financial markets in order to sustain production (Güngen, 2013). Musthaq (2021) sees this as the logic of finance. According to her, the fact that underdeveloped countries pay higher interest rates than developed countries for similar financial assets can be seen as a boon for financial markets. So, the dependency of those countries is necessary for maintaining the existing relations on the global scale: “With little democratic accountability, and financial stability as a key mandate, central banks in peripheral states, by default, serve the interest of a global capitalist class, helping to maintain exploitative and subordinate relations in the global economy” (Musthaq, 2021, p. 27).

It is possible to find an increasing number of studies in this field. The relatively recently published studies examine, for example, the concept of subordinate financialization through Mexico (Luis Alberto Salinas Arreortua, 2022), Nigeria and South Africa (Sara Riccio, 2022; Kvangraven et al., 2020). Turkey is also one of the countries where studies in this field are seen. It is possible to argue that there has been an increasing interest in this concept, especially in recent years. For example, the study of Lapavitsas and Soydan (2022) extensively examines this concept in detail. The article by Akçay and Güngen (2022), published at a similar time, discusses this concept in terms of the Turkish case under the name of "dependent" financialization, too. Again, in an article published in 2022, Alaybeyoğlu and Tanyılmaz take the example of Turkey and examine the relationship between subordinate financialization and real estate, which shows that the concept is now being discussed in different contexts as well. It seems to be a compelling concept for the studies of developing countries.

This concept is also important for this thesis because Turkey is a country that is characterized by a subordinate position in terms of its dependency on external financial sources like foreign direct investments and overly borrowing from international financial markets. Its ability to control financial flows is insufficient since structural adjustments, lenders, and/or investors restrict Turkey to do so. If we look at the developments after the 1980s in Turkey, while there is an apparent improvement in terms of economic development from time to time, factors such as increasing inequalities, vulnerability of the country to the crisis increasingly, and decreasing production capacity make it compatible with the subordinate financialization concept. Also, subordinate financialization often brings about discussions underlying the importance of the state. In the second part of this chapter, the concept will be opened up a little more.

In conclusion, with the crisis of capitalism in the 1970s due to overaccumulation, a package was presented to search for new ways of expanding capital. This package or accumulation regime, put forward by the trilogy of privatization, commercialization, and commodification, was neoliberalism. Drawing on Ben Fine’s (arguments), neoliberal accumulation regime occurred with this trio. After everything settled, financialization emerged as the accumulation strategy of the neoliberal era. This concept, used in very different contexts, has given rise to various debates. To some, it was completely meaningless because it was used to explain almost everything. But at the end of the day, it can be said that this concept, which is important in terms of illuminating some changing practices, actually reveals the increasing dominance of finance in the capitalist class as well as the power bloc. This dominance is associated with the changing practices and features of the state. Therefore, a noteworthy dimension of the concept has emerged recently, which is the financialization of the state. The concept, which can be briefly called the restructuring of the state along with the neoliberal accumulation regime, will be explained in the next section.

2.2. A Relatively New Debate on Financialization: Financialization of the State

2.2.1. State and Financialization of the State as Explanans

This part of the chapter firstly focuses on the state theory that I lean on. In Das Kapital, Marx states that he cannot benefit from a microscope and chemical reagents in the analysis of economic forms, therefore, he must examine the cell form of his analysis, that is, the commodity, by using the power of abstraction (Marx, 2021). For him, this is making the analysis grounded and scientific. In a similar way, having a theory about the state, that is, being able to explain it, is the most important requirement for the analysis to be carried out in a proper way if we want to analyze the change in the state restructuring. For this reason, in this part of the chapter, the state was treated as an explanandum first, and then the term financialization of the state tried to be treated similarly.

In terms of state theories, positivist studies, which had long dominated academia, did not find the concept of the state itself worthy of analysis because it was not an observable fact or empirical evidence for positivist scholars. However, from the late 1960s, when disciplines such as political science, international relations and economics began to need comparative studies to make sense of the crises faced by capitalism, the concept of the state was born out of nothingness in the mainstream. They call it “bringing the state back in” (Skocpol, 1985), which means a theoretical and methodological shift in scholarly analysis. In this way, they claim that it is possible to understand social and political dynamics more clearly. At this time, the studies of Marxism and the political modernization school were accused of being society-centered and neglecting the agency of institutions which in turn leads to reductionism. As a solution, it was argued that the state should be regarded as the independent variable, yet not the dependent variable (Stepan, 2001). A state-centered perspective was now needed according to statist institutionalist theorists. In this way, they started to prioritize the state as the primary unit of analysis and the driver of social change. Also, analyses that were previously limited to the industrialized countries of Western Europe and North America have begun to turn to non-Western, namely Asian, African and Latin American countries. The rise of emerging economies, particularly in Asia, and experiences of formerly colonized regions has been influential in this attempt. It was necessary to use the concept of state to make sense of the practices of these so-called developing countries. In short, the state came to be used as an explanan, again, without being treated as an explanandum, the proper object of inquiry first, and to be seen as the reason for differences in the experiences of countries.

The Marxist theories of the state, which emerged in the 1970s, come to our rescue in this sense because it coincides with the production of theories about what the state is. Here, the origin, nature, and dynamics of the state are tried to be explained so that it can be possible to grasp how the state itself has developed and evolved in different contexts. Nikos Poulantzas's theory of capitalist state is vital in terms of treating the state as an object of inquiry. For him, it is not plausible to develop a general theory of the state as it is not in isolation from the broader social structures and relations of production. Since we live in a capitalist social order, we can formulate the theory of the capitalist state. Accordingly, the state is not only an institution that can be seen as the instrument of the ruling class, but it is a form-process. It is directly related with an active process of forming social relations of production, which means reproducing class relations and contradictions of capitalist society (Poulantzas, 1978). Hence, the state is not a theoretical object that remains unchanged, having fixed boundaries, yet it is directly influenced by the circumstances of time and space. So, historical, social, and economic developments shape the entity of the state. Surely, it has a distinct form consisting of institutional structures, legal frameworks, and bureaucratic apparatus. However, these are only formal aspects of it. In its capitalist form, it is composed of politically dominant classes and class fractions, which creates the power bloc that protects the long-term political interests of those classes and fractions. Yet, it does not mean that the state is the mere reflection or the instrument of the capitalists. In fact, it reflects the conflicts and struggles within society. Hence, it has a relative autonomy in terms of formulating policies and mediating various conflicts between different classes and fractions. Yet, at the same time, its shape is determined by class struggle. Any change in the balance of class forces would change formulation of the state policies and framework of institutions. With this capitalist state perspective, the concept of financialization of the state is examined in this section of the thesis.

The financialization of the state is a concept that has become more and more popular from the 2010s onwards in academic and policy circles. It was examined within the framework of the role of the state in the financialization process before taking this name directly within the framework of political economy and specifically in state theory. Or the change in the state restructuring due to financialization has been seen as the reaction to irresistible economic trends due to globalization, technological advancements, and changes in the capital accumulation structures (Davis & Walsh, 2016). Wang (2015) identifies this situation as considering the state as an object of financialization and not paying attention to the fact that states themselves could be the actors in the financial market. States should not be considered only as external policy makers, for Wang, but they are participants as well. They would even be the "forefront innovators of financialization" (Wang, 2015, p. 4). Hence, discussions about the state itself have come to the fore with the use of this specific concept. Although she touches upon a significant aspect in terms of the state's active participation, just like the use of the concept of financialization in the literature, she uses financialization of the state as an explanan of certain practices, without explaining it clearly. Wang's emphasis on the state's active participation in the markets as the pioneer of financial innovations, for example, brings about a discussion of where the state she mentioned gets its activity from. At this point, it is possible to say that the analyses of academics like Wang are incomplete. In order to eliminate this deficiency in the thesis, I benefited from Poulantzas's ideas. While Poulantzas emphasizes that the state protects the interests of the capitalist class and is shaped by the struggles within this class, he actually explains various transformations within capitalism. Thus, it gives an idea about the transformations the state has undergone. Therefore, the concept of financialization of the state shows how the transformation called financialization triggers or realizes changes in the structure of the state itself, if we stay within the theory of the state presented by Poulantzas.

2.2.2. Financialization of the State in the Literature

When we start with a work in the literature that is frequently used to explain the concept, we come across Karwowski and Centurion-Vicencio’s (2018) definition. Accordingly, they explain the financialization of the state by emphasizing the changing state and capital relations within the framework of financial markets and practices, since they recognize the state as an entity that has certain duties and is responsible to its citizens. Hence, in the new stage, the state diminishes its duties and puts accountability aside. Here, the break from the previous state is emphasized by making a very limited definition but not an explanation of the state and not making it an object of discussion at the same time. Skipping the stage of explaining the concept of the state and claiming that financialization of the state is not well studied in the literature, the authors argue that, citing Zwan (2014), the role of the state in Marxist analyses is perceived as passive. Likewise, while emphasizing a gap in post-Keynesian literature, they point out that all responsibility is placed on the powerful elites in this framework. Therefore, they insist that the state is not a passive entity and that there is a need to examine financialization of the state itself. However, it is thought-provoking in terms of how they will discuss the financialization of the state without a well-grounded theory of the state. As it can be understood, they have an active state understanding, but the part of where this state supposedly gets its activity is apparently unclear. The sources and the mechanisms of state apparatus are not analyzed by considering structural determinants, policy choices, and interactions with financial actors.

What they argue about ignoring the state itself may be valid for the post-Keynesian analyses, but when it comes to the Marxist analyses, they might have misjudged or ignored the nuanced and comprehensive state theories formulated especially after the 1970s in terms of capitalist societies. Those theorists accept the state as their object of inquiry, and they try to find out the origins, functions, and dynamics of the state, especially within the capitalist social order. As I mentioned before, Nikos Poulantzas’s studies are a prominent example of that attempt. By using the notion of relative autonomy, he also falsifies Karwowski and Centurion-Vicencio’s arguments that regard Marxist theories as formulating state apparatus as a passive entity.

Poulantzas also tries to find out the origins of the state by tracing the historical development of capitalism so that the state itself could be the object of inquiry. Even before the 1970s, Marxist theorists did not consider the state as a passive entity. For example, Antonio Gramsci, by using the concept of hegemony, highlights the active role of the state in terms of maintaining capitalist domination. Louis Althusser and Ralph Miliband are also among the notable theorists who emphasize the active role of the state. All those theorists accepted the state as their object of inquiry while attributing it an active role.

Ali Rıza Güngen (2012), in his PhD dissertation on the subject of financialization of the state, far from defining the state as a passive entity, explained it as a set of social relations characterized by struggles. While explaining the concept of financialization of the state, which he considers as the restructuring of the state, he does not mention a state that is in a completely passive position, but it is actually a dynamic and contested terrain of class struggle. As he often emphasizes, the state is not simply an institution that implements policies that are in the interests of the capitalist class like a puppet, but a field of ongoing struggle and precisely for this reason, the financialization process has not been in the same direction in every country. This means that the restructuring of the state in a particular conjuncture, that is, the financialization of the state, has country-specific characteristics due to the fact that there are various social forces that shape state policies and practices. Yet in general, it means “the restructuring of nation states in line with the financialization of accumulation” (Güngen, 2012) for both contributing to the financialization process and repressing contradictions arising from the outcomes of financialization. Hence, different from Karwowski and Centurion-Vicencio’s definition, the state is not only an entity that has certain duties and is accountable to its citizens in this formulation of Güngen. The state is beyond having duties. For example, the reactions at the state level after the 2007-2009 global crisis reveal that the state was structured to secure capitalist interests and production relations (Güngen, 2010). Therefore, it seems problematic to regard the state as an entity that should feel responsible only towards its citizens and for fulfilling its duties. This is against the purpose of its very existence when it comes to considering capitalist social order.

Of course, their argument, which in my opinion has some shortcomings due to the above-mentioned criticism, does not mean that the entire work of Karwowski and Centurion-Vicencio is not useful. On the contrary, their contribution in terms of the explanation of four ways of financialization of the state is definitely valuable when there is a need for examining the changing set of relations in the structuring of the state. Accordingly, the state is undergoing a transformation by adopting financial logic, advancing financial innovation, embracing financial accumulation strategies and directly financializing the lives of its citizens. According to the authors, if we take a narrower view, we can perceive the financialization of the state more specifically in fiscal and monetary policy. Within fiscal policy, the transformation of public services into actively traded financial assets and the creation of secondary markets for public debt refer to the financialization of the state. A proper example of it would be the securitisation of municipal bonds in the United States so that they can finance public infrastructure projects like roads and bridges. It also contributes to the creation of secondary markets, enhancing liquidity and price discovery for these securities. In this way, public infrastructure investments become actively traded financial assets. Similarly, within monetary policy, inflation targeting, and market-based short-term liquidity management again denotes the financialization of the state because this means prioritizing market mechanisms and financial market stability. All these features are the cornerstones of the restructuring of the state. In the literature, it is possible to see these four steps under the heading of financialization in an abundance of studies according to Ana Santos' (2023) study.

It is possible to satisfy curiosity by answering the question of how financialization of the state developed from another study of Karwowski (2019); it is claimed that the financialization of the state occurred because it was thought to be for the benefit of the entity called the state. Karwowski accepts this for the state as an opportunity to circumvent budgetary constraints or push factional interest against established institutions and elites. In her work with Centurion-Vicencio, Karwowski attributes this to the fact that states act according to their own economic and financial interests. At this very point, she claims that the state does not go to the path of financialization due to the pressure of the private sector actors and emphasizes that, in fact, the state itself realizes the financialization for its own interests and goals. It is possible to see a typical statist institutionalist emphasis, which puts independent weight to the state (Cammack, 1990), here. The state is defined as an entity with its own interests, and accordingly, it constructs financialization as a political choice: “Few authors would claim that states’ loosening grip on financial markets was a deliberate move to financialization. Rather, financialization was an unintended consequence of state action, grappling with adverse macroeconomic circumstances" (Karwowski & Centurion-Vicencio, 2018). From a similar point, Güngen (2013) states that acting in the name of "misleading common interest", the state formulates policies in line with the interests of the financial sector. However, the difference here is the underlying state theory. Güngen, coming from a Marxist line, does not consider the state itself as an independent entity which has its own specific interests. Here, the financialization of the state is not only seen as the contingency of the state as an autonomous entity, considering its own benefits. Although it is true that the state has taken some initiatives to protect its interests in the long run, financialization alone has not been driven by this motive. Financialization is not solely driven by the state's pursuit of its own benefits but is instead shaped by broader capitalist dynamics and class struggles.

As I mentioned before, it can be said that here the main difference stems from the belief that the state itself does not need an explanation. The primary emphasis of Karwowski and those coming from her line is on the acceptance of the state as an entity with responsibilities to its citizens, so the state definitely has its own interests to be able to keep its position safe in the long run. Here, a very cursory definition of the state is made. In general, such conceptualizations are supported by election anxiety and the interests of the public officials as public choice theorists often argue. Accordingly, it is emphasized that the state, mainly the state officials, cooperates with the financial sector actors in order to protect their own interests. Indeed, the fact that the financialization of the state, and perhaps outright financialization, is seen as an extension of neoliberalism is criticized for this reason. It would be claimed that a great deal of autonomy was attributed to the state and that it made this choice of financialization in line with its interests. For example, Davis and Walsh (2016) argue that “government ministers and civil servants reorganized the economy to support its financial sector” (Davis & Walsh, 2016, p. 13) as if it is merely the interests of those actors to act according to the needs of the global financial market. However, in

Güngen's study, in which the state is accepted as a set of relations, neither the independence of finance (Overbeek, 2012) is referred to nor the state officials' acting entirely on their own benefits. Güngen describes the financialization of the state with the phenomenon of equating the public interests with the interests of financial markets, which was made possible by the restructuring of the state. Here, the loss of the financial sector is socialized. The requirements of international markets and therefore the need for international financial integration have led to legal changes and financial reforms, and there has been a change in the form of state intervention. But it is not possible to consider this process as a smooth one, it was not immune to the contradictions and struggles. So, financialization of the state is conceptualized as a complex process involving the reconfiguration of state-society relations and the alignment of public interests with the interests of financial markets, which can vary from region to region.

In particular, if the financialization processes of individual states are considered, it should be taken into account that the process we refer to as financialization today has different starting points. When capitalism is examined as a whole, and the development of periphery and core countries are considered, it is seen that the development styles chosen by the countries and the way they manage the economy are not independent of external factors. Yet of course, this is not just a matter of importing ideas or styles. The demands of the capitalist classes, both inside and outside the country, are being reshaped within the scope of various class struggles. The distinct accumulation regimes we encountered and the social formations that are their outputs are the result of long-term struggles. Thus, to regard states simply as self-interested entities is in itself problematic. First of all, where this kind of autonomy comes from and how it is maintained should be discussed. The autonomy of states and their capacity to shape economic policies are contingent upon a variety of factors, including historical legacies, institutional structures, and power relations. Understanding where state autonomy comes from and how it is maintained requires an analysis of the complex interplay of internal and external forces shaping state behavior.

In this financialization process, the state surely maintained its relative autonomy, coming from the struggles behind it, because it has always had a dual role. Just as

Poulantzas underlines in his theory of the capitalist state, it must protect long-term capital interests on the one hand and the interests of the hegemonic class or faction on the other to fulfill its political function (Gulalp, 1987). Surely, in the meantime, social and/or class struggles are also involved. The emergence of different results in different countries is also related to the nature of these struggles. Therefore, the process of financialization of the state cannot be explained either by the financial capital becoming independent and taking everything under control, or by the state taking this path for its own interests. There is a struggle for hegemony here, and this struggle is not merely of a national character. Of course, it is not possible to claim that the state does whatever the international markets or the capitalist class demand, because it means ignoring the fact that the state is a set of social relations of production. However, just as Karwowski cited from Streeck (2017), “differences and commonalities are not mutually exclusive” (cited in Karwowski, 2019, p. 1004).

In the literature, there is a distinction between financialization by the state and financialization of the state. The aim of this distinction is analyzing the restructuring process of the state For example, as Schwan et al. (2021) argues, in the literature there has been a discussion about the role of the state in private sector financialization, but not financialization of the state itself, which means states becoming financial market participants that are engaging in investment, trading, or speculation, has not been discussed at all. In the typical perspective, the state is depicted as a regulatory or supervisory authority in financial markets. However, there are some significant instances that states are actively and directly engaging in financial market activities, like investments of states in financial assets, sharing risks with private companies to deliver infrastructure projects in the name of Public-Private Partnerships (PPPs), prioritizing market mechanisms with the help of regulatory frameworks, and issuing bonds and other debt instruments to finance government expenditures. For Bryan et al. (2020), it is financialization of state policy as it became common to use financial ways of thinking in policy formation.

According to Ana Cordeiro Santos (2023), this distinction would be made according to the change in governance mechanisms, which narrows down the meaning attributed to the concept a little more. In other words, while cases such as financialization of housing or pensions are associated with financialization by the state, the change in policy making and implementation processes is considered as financialization of the state. For Adisson and Halbert, financialization by the state “goes hand in hand with financialization of the state” (Adisson and Halbert, 2022, p. 491) because the role of the state was regulating first and, in this way, expanding financial markets, and then providing assets for those markets. Therefore, it is very difficult to see a big difference. However, since the main purpose of the thesis is to examine the restructuring of the state, this concept called "financialization of the state", which emphasizes the change in debt management and claims that the state itself acts as if it were a private sector actor, is used. This does not mean that the so-called "financialization by the state" is considered independently of the restructuring of the state.

2.2.3. Remarkable Clues Pointing to the Financialization of the State

The work of Schwan et al. (2021) gives us several clues about financialization of the state. They highlight four different hypotheses in consequence of their empirical work. First, it is possible to claim that the more public debt a country has, the more financial the state is in that country. The increasing debt means that the state becomes more financially oriented or involved in financial markets. Financing government expenditures and public services have become directly related to relying on financial markets, which gives us a vital clue. Second, the higher the degree of financial market liberalization in a specific country, the more likely that state has become financialized. Financial market liberalization means making policies that would reduce capital flow restrictions, deregulate financial institutions, and promote competition in financial markets. As these reforms take place, the state may become more intertwined with financial markets and adopt financialized approaches to policy-making and governance. In this way, attracting investment becomes the key duty of the state. Also, liberalized financial markets may offer new opportunities for the state to raise capital, manage debt, and pursue financial strategies. Third, the more foreign capital is in a country, it can be contended that the more the state is financialized in that country. Foreign capital is generally associated with financial assets, like stocks, real estate, and bonds. The increase in the foreign capital means that they can be very influential in shaping the behaviors of the state. With the influence of the foreign capital, the change in the policy framework would be noteworthy. In this way, the state becomes more and more a part of the global financial networks. And finally, the more the country is a part of the supranational economic integration, the more the state can be maintained to be financialized. Being part of such organizations would require a harmony between the member countries. Such necessity directly influences a state’s policy approaches.

The hypotheses of Schwan et al. summarize the process as a whole: The financialization process leads to financial market liberalization, increasing foreign capital in countries, being part of supranational economic integration for each country, and thus increasing public debt in those countries. In such an environment, it is difficult to expect that the state has not been restructured. As the financialization process took place, there was a corresponding restructuring of the state to align with financial imperatives. In this way, prioritizing financial market logic that is characterized by privatization, market-oriented governance, and deregulation becomes essential in the policy framework of the state. In fact, with the help of Hardie’s (2011) study, this picture would be explained as financialization by the state, which means private financialization, and financialization of the state are mutually reinforcing processes. As Hardie states, investors punish or reward governments according to their decisions. For this reason, governments are influenced by investors' desires to be able to borrow more to manage public debt.

Another dimension of the increasing public debt debate can be found in the article by Fastenrath et al. (2017), which focuses on sovereign debt management. According to them, various international and comparative political economy studies demonstrate that a fundamental transformation has emerged in the period from 1980 to 2010. This change is actually the change in sovereign debt management that demonstrates itself in two aspects. First, there is an increasing “reliance on the market as a governance mechanism” (Fastenrath et al., 2017, p. 274). For example, “policy makers have embraced securitization as a financial vehicle for essentially macroeconomic policy goals” (Braun et al., 2018, p. 109) transforming “governments into risk managers in the service of private-sector investors” (Braun et al., 2018, p. 109). The reliance was mainly on the hierarchies and networks as governance mechanisms in the past. Yet, now securitisation becomes a financial vehicle employed in achieving macroeconomic policy goals. Second, there emerged an “adoption of a sense-making framework grounded in financial economics” (Fastenrath et al., 2017, p. 274). The introduction of accruals accounting, the establishment of Debt Management Offices (DMOs), and the use of derivatives prove that there is a withdrawal from the macroeconomics sense-making frameworks of sovereign debt management. Maintaining fiscal discipline, controlling government spending, managing budget deficits, ensuring consistency and stability, and sustaining a balance between public expenditures and debts have become old-fashioned. Moreover, despite the country-specific differences, these two transitions appear as common features in many countries due to similar trends and benchmarks. This fact makes the authors curious about the concept as it denotes similar developments in many parts of the world.

Coming to the question of why the concept of financialization of the state is being examined, the authors of the article mention that although scholars acknowledge that there is a relationship between financialization and governments' expansion of markets for sovereign debt, they do not explain or investigate how governments actively manage their sovereign debts using private sector style financial market practices. For this reason, they point out that the concept should be examined in more detail. Here, perhaps, it may be necessary to remind the point that Güngen (2010) draws attention in another article. According to him, the unsustainability of public debt occurs before the financial liberalization process especially in the late capitalist countries. This situation, which can be thought of in connection with the unsustainability of capitalism, can be explained by the dollar abundance and excessive borrowing of the 1970s. Of course, this process has been reinforced by financial liberalization and trade liberalization. However, it cannot be contended that a new condition has emerged directly with financialization. The mentioned increased indebtedness already existed but just accelerated with financial liberalization. After this point, states increased borrowing through various activities. For example, as stated by Güngen, bond issuance has been adopted at the public debt level, and fictitious capital has been contributed through government debt securities. Thus, indebtedness increases with claims on state revenues that will be the outcome of the future production. Trying to solve the excessive debt problem through trade liberalization and financial liberalization, rather than through different means, brings about changing state practices. The concept of financialization of the state points to these changes.

In a similar vein, in another article, Emma Dowling (2017) uses the concept of the ‘financialization of the welfare state’. Accordingly, the notion refers to the introduction of financial calculus in policymaking and increasing financial market logic in terms of transferring public assets to private investors so that states can access finance to be able to reach social policy goals and at the same time private finance can use the state in ensuring financial profits. She also points to a “shift from a social investment state to a social investment market” (Dowling, 2017, p. 300). Here, the state is now working like a private sector actor or mainly like a financial market which calculates risks and returns. And consequently, this working style causes the subordination of public policy goals to the demands of global financial markets. Financial returns and risk management becomes the main motive, instead of reaching out social welfare goals. Likewise, Bryan et al. (2020) discuss various manifestations of this financialization of the welfare state, including bank underwriting, the concept of 'too-big-to-fail', the pursuit of 'safe assets', and the incorporation of social policy objectives into financial stability frameworks. These developments reflect a centralization of financial logic within the state, where financial considerations take precedence over social welfare concerns.

Dowling (2017) warns about the risks of this risk-based model in terms of service provision. According to her, while some argue that this model is efficient in many senses, a lot of critics have been made. She quotes from Loxley (2013): “the cost of market-based provisioning has actually been as higher or even higher, and where cheaper service provision occurs, this has usually meant lower pay and unstable working conditions for staff” (Dowling, 2017, p. 301), which makes people more and more risk-takers and responsible for the calculation. Also, having set the targets in a market-like way means increasing exploitation of paid and unpaid labor. In fact, this model undermines the logic behind public service provision. However, contrary to what might be claimed, this is not a premeditated development. According to Bryan et al. (2020), the mentioned changes are taking place with the centralization of financial logic in the state. One would say that it is an unintended consequence.

Accepting the interests of the financial sector as the public interest leads to consequences such as the restriction of fundamental rights and freedoms and the inability to meet the basic needs of individuals. Moreover, all these matters are done with great indifference. Exactly for this reason, financialization of the state emerges as an important concept for perceiving the new form of state intervention and perhaps for the formulation to shape the struggle in this direction. Karwowski (2019), at this point, emphasizes the significance of the concept of financialization of the state since if we know what exactly it is, we can in a way find ways to enter the stage of so-called de-financialization. For her, in order to unsettle the shift towards a finance-led accumulation regime, there should be a change in the policies and behaviors of public institutions. And the concept of financialization of the state meant the opposite of what is currently recommended in the name of de-financialization.

It is very clear that financialization causes severe crises, this issue has been discussed many times in the literature. Various discussions were carried out on the effect of hot money flows, which emerged with the liberalization of capital movements, on countries. Some explained this with the lack of policies and practices that were not implemented properly (Öniş, 2006), while others claimed that there was no system of framework that could handle such a situation easily (Cibils et al., 2002).

Coming from a similar line like the second argumentation, Karwowski claims that especially the financialization of the state will lead to various dangerous crises. Although there is this talk of the variegated effect, the common issue is that financialization points to quite serious problems in the long run. Specifically, if one can think of the increasing public debt due to the switch from illiquid loans to tradable debt securities in the management of public debt (Schwan et al., 2021), it is quite understandable that there is a need for change. For this reason, a downsizing in finance is needed, principally for the state.

2.2.4. Critical Macro-Finance Approach to Financialization of the State

Critical macro-finance (CMF) is a relatively new approach that can add another dimension to the discussions within the scope of the concept of financialization of the state, combining insights from critical political economy, finance, and macroeconomics. According to Gabor (2020), CMF has four propositions:

> “(1) US-led financial globalization has structurally evolved around market-based finance, driven by the production of new asset classes and the Americanization of national financial systems with changing practices for producing liquidity; (2) global finance is a set of interconnected, hierarchical balance sheets, increasingly subject to time-critical liquidity; (3) credit creation in market-based finance involves new forms of money (systemic liabilities); and (4) market-based finance structurally requires a de-risking state, for both systemic liabilities and for new asset classes” (Gabor, 2020, p. 45).

The part of this approach that interests us is the so-called ‘de-risking state’. The four propositions of the CMF emphasize the role of the state in managing risks and ensuring financial stability within market-based finance, which in turn necessitates a state restructuring as there are structural changes in state functions and governance in a harmonious way with the financialization process. According to Gabor, there is a turn to market-based finance in the world due to the US-dominated financial globalization in line with the export of the US model ‘financial capitalism’, which in turn brings serious shortcomings such as “growing inequality, the erosion of welfare state and tax states, and the rise of aggressive leverage practices" (Gabor, 2020, p. 46). For the state part, the name given by this approach to state restructuring is the de-risking state and it is held that it is the struggles that determine the scope of this de-risking state.

The CMF allegedly explains the specific structural features of late twentieth-century financial capitalism. It is stated that this last stage of capitalism is characterized by 'money manager capitalism', the 'age of asset management' or 'shadow banking' (Gabor, 2020). This means first financial intermediaries such as hedge funds and mutual funds increasingly dominate the allocation and management of capital. Short-term gains become the very purpose of economic activity. Second, stocks, bonds, derivatives, and real estate become key factors to ensure generating returns for investors. Third, with the help of shadow banks, the proliferation of complex financial instruments is ensured. As these banks do not hold deposits like traditional banks, the expansion of credit occurred because these banks similarly lend, borrow, and provide liquidity. Therefore, by focusing on above-mentioned changes, CMF analyzes the structural transformation within financial capitalism.

For this era, of course, there is a new state scaling in order to meet the needs of these changing practices. New ways for creating money, evolution in liquidity regimes, and the hierarchy between the balance sheets require a de-risking state that would have two important roles that depends on bad times and good times. In bad times characterized by financial distress or crises, that specific state derisks systemic liabilities to stabilize financial markets. This may involve implementing regulatory measures, providing liquidity support to troubled institutions, and coordinating efforts to restore market confidence. In good times characterized by economic expansion and market stability, it makes sure that new asset classes and investment opportunities are created. This may involve promoting innovation in financial markets, supporting the development of new financial products, and encouraging investment in emerging sectors. Gabor exemplifies "the rise of central banks as the market-makers of last resort (MMLR)" (Gabor, 2020, p. 51). With the help of the MMLR, collaterals are converted into safe assets. Central banks have increasingly assumed the role of providing liquidity and support to financial markets by serving as the ultimate backstop for market participants during times of stress. It seems that such practices are on the rise even in the emerging countries like South Africa and Indonesia due to the COVID-19 pandemic. They have implemented aggressive monetary policy measures to support their economies and financial systems. These measures have included interest rate cuts, liquidity injections, and asset purchase programs aimed at providing liquidity, lowering borrowing costs, and supporting economic recovery.

This change is specifically related with the Americanization of global and financial systems by CMF thinkers. For instance, as Braun et al. (2018) mention, financial practices have been employed for a long time in the US. Yet, the creation of the

Capital Market Union (CMU) as part of various reform projects in the European Union shows that trend in different counterparts of the globe. The goal of the CMU was claimed to be promoting market-based finance so that capital markets could make use of citizens' savings in the financing of companies in the European Union. The authors assert that this change can be associated with the transformation "from playing the market to governing through markets" (Braun et al., 2018, p. 103). He highlights the evolving role of governments and regulatory authorities in harnessing financial instruments and markets to achieve policy objectives. Rather than relying solely on direct intervention or fiscal measures, governments are increasingly utilizing financial markets as instruments of statecraft to achieve economic and social goals. In this way, governments would easily lessen the fiscal cost because they use "financial instruments and markets as instruments of statecraft" (Braun et al., 2018, p. 104).

At this point, the concept of (infra)structural power CMF approach proponents use is important to be able to understand their reference points clearly in conceptualizing de-risking state. Originally, the term infrastructural power with the concept of despotic power was coined by Michael Mann. For Mann (1984), state autonomy consists of both of these powers. Mann's framework provides insights into how states exert control and implement policies in relation to civil society. While despotic power generally means power over society, which means an elite rule that does not need a routine institutionalized negotiation with civil society groupings, the infrastructural power denotes power through society, so there should be a relation or cooperation between citizens and the state. Mann states that this infrastructural power would be associated with contemporary capitalist societies mostly. It is "the capacity of the state to actually penetrate civil society, and to implement logistically political decisions throughout the realm" (Mann, 1984, p. 189). The difference here is the very penetration of the state in the everyday lives of its citizens. Making this distinction, Mann argues that these two types of power are not necessarily mutually exclusive; on the contrary, it contains both at the same time, but the scale of it changes from time to time or from country to country. And these changing scales help him to formulate Weberian type categorizations in terms of type of the state. As is often emphasized in the text, Mann admires the insights of Skocpol's group, which we now call the statist institutionalists putting emphasis largely on institutions in shaping individuals or societies, allegedly formed by combining Weber and Marx. Mann himself already states that the state is "largely institutional, a view put forward originally by Weber" (Mann, 1984, p. 187).

The article of Mann can be considered as a contribution to the discussion of the concept of state autonomy. CMF thinkers also analyze state autonomy in de-risking state conceptualization, and this is why we are looking into the details of Mann's study. According to him, there are generally reductionist approaches like Marxist, liberal and functionalist traditions that consider the state as an arena in discussions of the autonomy of the state. These approaches are centered on society; that is why they are considered as reductionist approaches. Yet, according to Mann, the state is not simply an arena for capitalist class to shape it as they demand and in fact it has significant autonomous power, which arose out of the very need for the state: "…the state is merely and essentially an arena, a place, and yet this is the very source of its autonomy" (Mann, 1984, p. 187). Hence, it is not a passive arena for the capitalist class to manipulate. The autonomy of the state is substantial, meaning that it comes from its inherent necessity. That is why it has a certain level of independence and power so that it cannot be controlled directly by any single social class. So, there emerged the admiration of Mann to the so-called state-centered approach of Skocpol. Accordingly, the state is not simply the product or the reflection of societal elements. Considering the state as such is believing that it is simply the functions of any given government; however, it has rather sui generis powers which might shape society itself (Skocpol, 1985, p. 8). The state has its own goals and interests autonomously and it has the capacity to pursue them in isolation from society. Mann argues that the state possesses inherent autonomy derived from its institutional structure and functions.

Here it is possible to encounter a theory of the state and the understanding of state autonomy quite different from the Marxist point of view. First of all, state and society are conceptualized as two distinct entities interrelating with each other in different ways in this perspective. This is about putting too much emphasis on state autonomy without considering the fact that state actions are shaped by broader social, economic, and political forces. Also, in reference to modern society, they are going back to Max Weber’s terminology. They simply state, as Weber put, state power is a compulsory one, and it is definitely not a matter of choice. The state's authority is derived from its ability to enforce compliance with its laws and regulations through the threat or use of coercion. This coercive power is inherent to the state and is not contingent upon the consent or approval of its subjects. So, the state power is sui generis. However, this understanding is also problematic in the sense that it really simplifies the complex nature of state-society relations. Besides, the state is understood as a set of institutions and systems of organizations that have certain objectives and capacity to act independent of the social environment. From this perspective, statist institutionalists argue that Marxists and liberals are guilty as they do not deal with the state as a proper object of inquiry. Yet, according to the Marxist perspective, this state versus society understanding is problematic in the very beginning. The state cannot be considered a separate entity, although there is no one general theory of state in Marxist terminology. For example, Miliband (1983) himself would tend to agree on Skocpol in terms of the differentiation of the state power from the class power later on in his life, but this acceptance did not denote a continuous process, but an exceptional moment. He states that such an autonomy will only last a limited time. Looking at Poulantzas’ perspective in this matter, any characterization of state power as sui generis is strictly rejected. The state power, in reality, should not be differentiated from that of class power. In this sense, he characterizes the state as a condensation of power relations. The state is an integral part of the social relations of production. Therefore, in Poulantzas’s words, there is this relative autonomy of the state to maintain the relationships within the power bloc between different classes and different fractions of the same class. So, this kind of autonomy makes evident the class nature of the state, which necessitates a nuanced analysis of the state.

Although not explicitly stated in the text of Mann, the need for society/community to have rules and protection, coming from the line of Thomas Hobbes, and the need to protect property, clinging to a similar claim with John Locke, necessitated the state. For this reason, states do have some techniques included in the formation of societies, but these techniques are used differently so that the necessity would be met. In this line, there comes despotic and infrastructural powers of the state, which have hidden reference to Machiavelli's work in my opinion. The first one simply is about the capacity of the state to set rules and make them binding. It makes decisions without consulting with societal interests. It is basically controlling, and states cannot grasp it for a long time due to its authoritarian nature related with lack of negotiation and cooperation. The second one, on the other hand, is directly related to the state's ability to penetrate society, organize social relations, and establish policies through the process of negotiation and cooperation with key groups in society. Here, state institutions and their relations with society are definitely vital in terms of interactions with society in formulating and implementing certain policies. Hence, Mann considers state as something different or separate from society and he refers to the sui generis powers of it. Yet, these explanations do not make clear how those powers occurred.

Those problematic parts can also be seen in the CMF approach as they reformulate Mann's concepts in their inquiry, this is why I explained his conceptualization in detail. Braun (2020), in his article, by showing how CMF theorists use Mann's conceptualization demonstrate the problems that I mentioned. According to him, two forms of political power are studied by political economists. These are instrumental power, lobbying is an example of it, and structural power, which points to the privileged position of the financial sector. Deriving from and arguing against this literature, Braun states that finance and the state are not separate spheres, but they form together "hybrid public-private partnership" (Braun, 2020, p. 396). Hence, state actors are not merely regulators of financial markets, but they are actually the participants in those markets for governance purposes. As Braun mentions, the original use of the term infrastructural power by Mann points out to the utilizing markets as vehicles of state power to be able to strengthen state capacity so that infrastructural penetration would be ensured. For the finance literature, it means harnessing financial markets as vehicles of state power, as Braun states. Yet here a reverse dynamic is at work. Accordingly, state actors trying to manage through financial markets also cause an increase in the power of private financial actors, which means finance wins. Hence, in the beginning, the state uses finance as a technique to increase its penetration into society, yet, in the end, the state becomes dependent on finance in generating growth and employment. From this point, there emerges the enjoyment of the financial system as an infrastructural power: “infrastructural power becomes a ‘two-way street’ that not only strengthens control by the state but also allows for better control of the state by civil society actors” (Braun, 2020, p. 400). It should be noted that there is a similarity with Hardie's (2011) arguments mentioned above. According to Hardie, investors could punish or reward governments according to the policies made. The same is true in Braun's emphasis. Thus, the infrastructural power of finance is increased. The problem, here, is considering the state action as a technocratic exercise in governance. The inherent political nature of state action is not taken into account in Braun’s study. State is seen as an entity that pursues the goal of using finance as a vehicle to increase structural power. The question of why is missing. There is a lack of consideration for the underlying motivations driving state behavior. Understanding why states pursue certain financial strategies is crucial for a comprehensive analysis of the dynamics between state power and finance. So, class struggles, and the political nature of the state become vital. State policies reflect the balance of class forces and are ultimately shaped by the imperatives of capitalist accumulation. However, Braun, without considering how and why, claims that the state uses finance as a vehicle, and then this also increases the power of finance. What are the underlying reasons for state action to be realized in this way? Is finance a monolithic entity? What are the driving factors in choosing specific policies and governance strategies? All these questions remain unanswered. Braun's analysis, like statist institutionalists’ studies of the state, seems to focus on the outcomes and dynamics of state action within financial markets without deeply delving into the underlying motivations and driving factors. In this way, the state is again treated as an explanan.

Despite the problematic parts, CMF is still useful in understanding current phenomena because it analyzes the evolving relationship between global finance, the state, and development objectives by specifically focusing on the role attributed to the state in the financialization era. In the purpose of clarifying what is going on, we should go back to the “de-risking state” conceptualization. According to Gabor (2021), “financial globalization is alive and well, and sets the particular context in which ‘international development’ is pursued in the 21st century” (Gabor, 2021, p.

2). So, financial globalization continues to shape the parameters within which international development is pursued. Now, the aim proposed by the World Bank is creating investible development projects so that global investors can be attracted to because global finance is regarded as the actor to reach Sustainable Development Goals (SDG). This new framework interests CMF thinkers since they want to evaluate the changes occurring in global finance and the state. For them, financialization was once about the balance sheets of banks and non-financial corporations, but in this new context, it is about the changing practices of states. The new circumstances are regarded as the Wall Street Consensus (WSC). As Gabor states, there is this death of the Washington Consensus paradigm. Yet, there emerged the reframed (Post) Washington Consensus, namely the WSC, which puts forward SDGs. The emergence of the Wall Street Consensus signals a departure from the neoliberal orthodoxy of the Washington Consensus, with a renewed focus on integrating financial markets into development strategies. As the Washington Consensus came under scrutiny for its failure to deliver sustainable and inclusive development outcomes in many countries, there has been a shift towards considering financial markets as central actors in the development process. Under the Wall Street Consensus, there is a renewed focus on leveraging financial markets to mobilize capital for investment in infrastructure, technology, and human capital. This involves policies aimed at strengthening financial institutions, improving access to credit for small and medium-sized enterprises, and promoting financial inclusion.

In this new formulation, states are becoming the creators of new development asset classes. Global finance demands state-mediated projects so that they can invest in development, so states' institutional mechanisms are becoming re-oriented. In this sense, states become more actively involved in shaping investment opportunities. Gabor mentions two strategies to appeal investors for development projects: "(a) enlist the state into de-risking development asset classes, to ensure steady cash flows for investors and (b) re-engineer local financial systems in the image of US market-based finance to allow global investors' easy entry into, and exit from, new asset classes" (Gabor, 2021, p. 4). So, by providing guarantees, subsidies, or other forms of support, the state can make investment in development asset classes more attractive to investors. At the same time, by re-engineering local financial systems to resemble those of the United States, states seek to facilitate easier entry and exit for global investors into new asset classes. Employing David Harvey's term 'accumulation by dispossession', Gabor set forth the recent scene. There is now 'accumulation by de-risking'. Neither banks nor non-financial corporations, but the state assumes the risk in the balance sheet. In this scenario, rather than marginalized groups being dispossessed of their assets, it is the state that bears the risks on behalf of private investors. By providing guarantees, subsidies, or other forms of support, the state aims to mitigate the risks associated with investment, thereby incentivizing greater capital flows into development projects or financial markets.

Using the statist institutionalists' favorite concept of embedded autonomy, Gabor argues that a de-risking state does not have an embedded autonomy. However, the developmental state on which its origin was based, and the modern version of the developmental state, the entrepreneurial state, had an embedded autonomy. They had the authority and capability to set and implement economic policies independently, yet they were also responsive to societal interests and demands. The aforementioned states could shape the market according to Gabor. However, the de-risking state has few tools to discipline global finance. It would be useful to explain a little about the concept of embedded autonomy mentioned here. Originally, statist institutionalists used the term embedded autonomy in reference to Max Weber's rational legal type of authority within the state. Coming from the understanding of state in society, statist institutionalists reframed state autonomy with the use of embedded autonomy. It does not change the fact that the state is still a distinct entity; but its autonomy is being qualified in terms of its embeddedness in society. So, the state's autonomy is not absolute but rather contingent on its integration or embeddedness within society. In other words, while the state maintains its distinctiveness, its actions and decisions are influenced and shaped by societal forces. For example, representatives of certain sections of the society like bourgeoisie are collaborating closely with representatives of the state bureaucracy in formulating a set of goals for the state and society. Hence, the state is autonomous, yet embedded in society. This notion is generally used for explaining the East Asian countries' experiences, particularly those like Japan (Johnson, 1982), South Korea (Amsden, 1989), Taiwan (Wade, 1990), and Singapore

(Angel et. al, 2003). Thus, it is used to explain and becomes instrumental in understanding the rapid economic development of these countries.

As can be understood, this concept is also quite open to debate. First of all, it greatly simplifies complex power dynamics. Moreover, it ignores the fact that there is an unequal distribution of power among different social groups. The perception of a state that is influenced by social groups but still makes the final decision ignores these unequal power relations, while unconsciously accepting the state as a purely domestic entity. The notion of collaboration between the state and societal actors often masks deeper inequalities and power asymmetries within these relationships. For example, while there may be cooperation between the state and business elites, this collaboration may not necessarily represent the interests of all segments of society, particularly marginalized groups. Additionally, some scholars (Rodrik, 1997; Evans, 1995) argue that the concept of embedded autonomy may not adequately account for the role of external factors, such as global economic trends, geopolitics, and international institutions, in shaping developmental outcomes. Economic success in East Asia cannot be solely attributed to the embedded autonomy of the state but also requires an understanding of broader historical, geopolitical, and institutional contexts. Hence, understanding of state as a separate entity existing in and being impressed by society leads to misunderstanding of social phenomena.

Going back to the infrastructural power discussion, what Gabor argues can denote to the fact that states are losing infrastructural power because, in this new de-risking state formulation, they have lost their embedded autonomy in society due to "a three-sided conflict among capitalists, state managers, and workers – that prevent state managers from disciplining capitalists into a distributional outcome that benefits labor" (Gabor, 2023, p. 7). This state lacks embedded autonomy because its actions are primarily aimed at facilitating private sector interests rather than pursuing broader developmental objectives. By assuming risks on behalf of private investors, the state may prioritize short-term economic gains over long-term developmental goals and may become overly reliant on market mechanisms to drive growth. Hence, the reverse has happened. Global finance now has embedded autonomy or infrastructural power. Thus, like statist institutionalists, CMF thinkers have the understanding of the distinction between the state and society, and this distinction brings the embedded autonomy discussion.

Another characteristic that demonstrates CMF's statist institutionalist tone is the characterization of state with the state managers, which means personifying the state through the actions and decisions of the key individuals. Of course, they did not fully assume this equation as they analyze institutions in a broader sense, but they put emphasis on individuals. For example, Gabor conceives de-risking state as emerging "from political choices made by state managers" (Gabor, 2023, p. 3). Although they call themselves critical and their theory is quite significant, their criticisms remain in the mainstream due to their state theory. This situation is similar to the romanticization used when describing the transition from the welfare state to the neoliberal state. In some studies (Keyder, 2005; Buğra, 2008; Özdemir, 2014) in the literature, it is very common to glorify the welfare state with descriptions such as being worker-friendly, and to forget that it is actually a phase of capitalism whose policies were to hide and lessen the effects of the exploitation of the labor while trying to increase the demand so that production and profits could rise. So, they argue that what used to exist no longer exists in neoliberal framework. Those studies could be considered critical but staying in the mainstream. Now, in a similar way, the CMF claims that the autonomy of the state once existed but no longer exists, even being lost to global finance. The emergence of this situation is seen as a kind of coercion from private finance. However, in reality, it should be taken into account that it did not have such autonomy in terms of its independence in decision-making, actions, and policies before as well. From a relational analysis perspective, as I mentioned before, the state is relatively autonomous to be able to maintain the status quo. In fact, the state's actions and policies are shaped by broader social structures and power relations. So, CMF's arguments are questionable in terms of their understanding of the past and the present.

Although the use of 'infrastructural power' by CMF is problematic, as I have already indicated, CMF is still influential in understanding the current phase of capitalism and the notion of financialization of the state. In particular, their comment regarding the fact that the strength of global finance is blocking other development plans and policies is quite right as this situation has evidence. For example, following the global financial crisis of 2008, many European countries implemented deep cuts to public spending and social welfare programs under pressure from financial markets and international financial institutions. Structural adjustment programs can also be considered as a significant example. Those programs that focus on market-based solutions and disregard the social costs of neoliberal policies were imposed by international financial institutions, which in turn increased inequality and poverty. Therefore, there is an increasing proportion of the poor who have to deal with the burden of this new form of the state, which takes a lot of risks. But most importantly, CMF's inquiry sheds light on the partnerships between state and private finance. Gabor notes that these types of partnerships are not new, having originated in the 1990s under the guise of the Washington Consensus. Yet it is increasingly the matter in especially developing and poor countries nowadays. The policy prescription behind it is that in order to appeal investors to their countries, those countries need financial de-risking that consists of "public subsidies and guarantees including direct grants, tax relief, debt-based instruments" (Gabor, 2021, p. 7). Under these circumstances, monetary policy autonomy of middle-income and poor countries is under threat as they are under the rule of US dollar financing conditions. Global finance makes these countries vulnerable due to unsteady capital flows, which creates financial crises. But the growing infrastructural power of global finance, as Gabor states, makes people think that subsidies and guarantees can ensure the steadiness of the flows. In this picture, the public investment would only be possible if there is a failure in producing investible development projects with de-risking measures. However, as Musthaq (2023) puts, market-based finance increases vulnerability in terms of liquidity disruptions. By thus revealing complex power relations, CMF makes an important contribution to the financialization of the state literature.

As the first phase of neoliberal transformation, the Washington Consensus proposed privatization, and lots of privatizations occurred worldwide from the 1990s onwards especially. Yet, in the current phase, the WSC gave a new shape to privatizations. Accordingly, public private partnerships (PPPs) are employed for "infrastructure as an asset class" (Gabor, 2021, p. 12), and all the regulatory barriers before the PPPs and market-based finance were removed. As might be expected, the insistence on PPPs costs much more than the traditional public investment because the state must assume the demand risk for that PPP-based projects. Companies that undertake the construction of large projects with PPPs realize the construction of projects by using loans in Dollars or Euros, thanks to the income guarantees provided by the state treasury. However, due to the fact that the revenues obtained are not enough to meet the income guarantees and the treasury pays the difference, the projects create a significant burden on the budget during the guarantee period. But under the SDGs name, as claimed by Dafermos et al. (2021), it seems that PPPs are presented as the only way the underdeveloped and developing countries can follow the path of those developed countries in terms of accessing the infrastructure as there is the scarcity of public resources in those countries. Also, PPPs are introduced for the Global South "as an instrument that can power recoveries in the context of growing public deficits" (Dafermos et al., 2021, p. 243). Coming from this proposition, the WSC brings some shadow-banking practices as it is shown in the fact that PPP loans are being securitized so that new financial assets can be created. It would be naïve to consider such assets will not badly affect the economic situation.

In terms of variations, Gabor describes three different types of de-risking, which could be useful in examining unique economic, political, and social contexts. The first is monetary de-risking, in which central banks are active to ensure financial stability, so they are "increasingly in the business of guaranteeing market liquidity" (Musthaq, 2023, p. 286). In the context of infrastructure investments, monetary de-risking can involve central banks providing liquidity support or guarantees to investors participating in infrastructure projects. This can help reduce perceived risks associated with long-term investments in infrastructure, thereby encouraging private sector participation. The second is regulatory de-risking, which paves the way for creating and investing in new asset classes. This can include asset-backed securities, infrastructure bonds, or other financial instruments designed to attract capital from institutional investors such as pension funds and insurance companies. The third is fiscal de-risking, which is characterized by PPPs. In this way, risks in the infrastructural projects are transferred to the public balance sheets, and consequently, public goods are commodified. Infrastructure projects, which may have traditionally been provided as public goods, become subject to market forces and profit motives. This can lead to the prioritization of financial returns over broader social and environmental objectives. So, as long as the state assumes the risks, private capital would contribute to all the projects. The state "guarantees financiers a minimum return without extracting any substantive commitments in return, and de facto privatizes infrastructure" (Gabor, 2023, p. 11). This can create asymmetrical risk-sharing arrangements, where private investors are shielded from downside risks while capturing potential profits. As a result, the public sector assumes a significant portion of the project risks without necessarily reaping commensurate benefits.

In conclusion, we observe that the concept of financialization of the state has been increasingly studied in the literature. Some of these studies, which include the effort to reveal the different outputs of financialization, use the concept directly as an explanan without making an explanation about the state. But, like Güngen, there are also studies that reveal what the financialization of the state itself means. These studies highlight how the restructuring of the state is intertwined with the broader dynamics of financialization and capitalist accumulation regimes. Accordingly, the aforementioned concept is a result of the financialization process. The state, as a set of relations, needed a restructuring in the current stage of capitalism and brought the state into this shape that we are examining. Although they do not directly use the concept of financialization of the state, the CMF approach reveals this new structure of the state by using the concept of de-risking state. Similarly, in this approach, the state itself is not explained, but it is used as an explanan of current practices. Moreover, this approach overstates the influence of global finance, ignoring the fact that capitalist development inherently causes contradictions. Capitalist development inherently involves contradictions such as income inequality, uneven economic growth, environmental degradation, and social unrest. Leaving this aside, the CMF lens, particularly through the concept of de-risking state, offers insights into the changing nature of the state in the context of financialization and capitalist development. Especially, their conceptualization of fiscal de-risking is directly related to the subject of this thesis. Although I disagree with their conceptualization of this de-risking state transformation as the loss of state autonomy and its infrastructural power, i.e., embedded autonomy and it lacks the very explanation of the state, I find it very useful that they have examined this new state configuration down to the smallest details. Besides, in terms of subordinate financialization literature, CMF’s contribution is significant. Analyzing Turkey's experience through the lens of financialization of the state and the CMF approach can provide valuable insights into the country's development trajectory and the role of the state in shaping economic outcomes. That will be the core of the next chapter.

CHAPTER 3

STATE AND FINANCIALIZATION IN TURKEY

3.1. Financial Transformation in Turkey

In this segment of the thesis, a comprehensive analysis of Turkish financial evolution is undertaken to enable the analysis of financialization of the state within the Turkish context. Given the disparities in regional histories, political frameworks, and economic structures, the term "financial transformation" is utilized rather than "financialization" so that the differences in terms of country-specific features could be put. Consequently, a detailed portrayal of Turkey's financial transformation, spanning from the 1920s to contemporary times, is outlined. This is followed by a closer examination of the financial transformation in Turkey, employing the lens of subordinate financialization to offer deeper insights into its dynamics and implications. It is contended in this section of Chapter 3 that Turkey's financial transformation is an enduring phenomenon, spanning several decades and did not arise suddenly. However, a notable intensification and deepening of this transformation are observed particularly during the tenure of the AKP government. While framing this transformation, the concept of subordinate financialization is employed. Accordingly, peripheral countries, that is, developing countries, experience financialization differently compared to developed countries. Due to their dependence on the economic centers, countries such as Turkey exhibit differences in their state structures compared to advanced capitalist countries. This inevitably leads to the debate on authoritarianism, although it is not in the scope of this thesis. Yet, as the changes considered as financialization of the state are generally related to the authoritarianism debate, I touch upon the notion a little. It is demonstrated that authoritarianism is not unique to the Turkish case; rather, it is a common occurrence in dependent countries implementing a neoliberal agenda. Subsequently, Turkey is examined in detail through the concept of financialization of the state, with particular reference to the Critical Macro Finance approach’s conceptualization of the de-risking state. Originally, the CMF literature does not specifically include Turkey in its studies. It primarily focuses on countries in the Global South, with which Turkey shares significant similarities. Therefore, it is suitable to examine this theory in the context of Turkey to gain deeper insights into its financial dynamics.

3.1.1. Historical Background

For David Harvey (2006), capitalism is based on geographic expansion which leads to uneven social environments and varying labor regimes. The endless pursuit of profit inherent in capitalism necessitates persistent expansion into fresh territories and markets. This process leads to uneven development, where some regions or countries experience rapid economic growth and development, while others lag behind. Indeed, the manifestations of capitalism across its various phases are not uniformly experienced across different nations. Likewise, financialization manifests in diverse forms due to the nuanced interplay of historical, political, and economic contexts related to each region. For this reason, in their book, Yalman et al. (2019a) uses the ‘financial transformation’ instead of ‘financialization’ due to the need for “historicizing and specifying theory, based on concrete experiences, rather than grafting theory onto the realities of different societies like Turkey” (Yalman et al., 2019, p. 2). By giving reference to Adam Hanieh’s (2016) emphasis, authors claim that financialization cannot only be explained by increasing financial motives and assets in the economic sphere, but it should also be considered in the context of changing class formation dynamics. For this reason, it is significant to take into account the “specificities of ‘place’” (Yalman et al., 2019, p. 8) so that the state and class formation processes of different regions can be analyzed properly. Consequently, in certain scholarly examinations such as those conducted by Marois (2012), countries such as Turkey are often characterized as exemplifying 'emerging finance capitalism', a designation associated with adverse implications for labor dynamics, underscoring the diverse trajectories of financial transformations.

While commonly acknowledged in the literature as a phenomenon emerging primarily in the 1980s, Yalman et al. associate the roots of Turkey's financial transformation to the 1920s, attributing significant roles to the state in fostering capitalist development. During that era, the governing authorities pursued the objective of establishing a national financial system aimed at facilitating the realization of developmental goals, particularly for the industrial sector, which necessitated solid financial backing. Hence, in contrast to the post-1980 era, the evolution of the financial sector during this period was driven by the imperative of supporting the productive sector's advancement, as clarified by Yalman (2019a). The establishment of national banks after the Great Depression, as a component of 'étatisme' or statist development, and the subsequent emergence of banks affiliated with various holding groups since the 1960s onwards, as highlighted by Yalman (2019b), have portrayed the Turkish financial landscape. This evolution has led to a convergence of the financial and non-financial sectors (Yalman et al., 2019), thus shaping Turkey's bank-based financial system for an extended period. Indeed, as stated by Yeldan (2022), the 1980s signaled a distinct paradigm shift characterized by 'neoliberal restructuring', wherein the role of the state transformed into that of a mere arbiter. Consequently, the emergence of this neoliberal transition necessitated the establishment of a market-oriented framework aimed at minimizing state intervention, in accordance with the mandates of international institutions such as the World Bank (WB) and the International Monetary Fund (IMF). Of course, in reality, the state in question is neither neutral nor can it be seen as an arbitrator: It was “reorganized to ensure the supremacy of capital over labor; and any dissent was brutally suppressed” (Yeldan, 2022, p. 229). Hence, equipped with novel control mechanisms, the state could be perceived as employing increased strength compared to preceding periods within this particular era.

The transition to the market-based financial system was not a smooth process in Turkey. Although the neoliberal doctrine had become influential in the economic practices to ensure the financial integration of the country to the globe, the transition to the market-based system took time. The transition to a market-based financial system in Turkey encountered significant obstacles. While neoliberal principles had increasing influence over economic policies, aimed at aligning the country's financial practices with global norms, the shift to a market-oriented model progressed gradually. Primarily, the development and strengthening of institutions essential for a market-based system—such as regulatory bodies, legal frameworks, and enforcement mechanisms—entailed considerable time and dedication. Additionally, transitioning from a more centralized economic model to a market-based one often faced resistance from political factions benefiting from the status quo. Moreover, economic reforms invariably carry social outcomes, potentially including job displacements, income disparities, and shifts in wealth distribution, all of which can provoke resistance or social unrest.

The first phase of financial liberalization starting from the 1980s onwards, for instance, did not result in the distinctiveness of commercial banks from the commercial and industrial capital. Rather, there occurred "the blurring of frontiers between financial and non-financial activities within the non-financial corporations too" (Yalman, 2019b, p. 61). In the second phase, between 1983 and 1989, the state became an 'asymmetric risk holder' in terms of transferring resources to the corporate sector during the financial transition process, which in turn led to the increase in public debt. Finally, in the third phase, after the capital account liberalization in 1989, Turkey's financial liberalization process came to an end since the barriers before making investment to another country and exchanging currencies could be possible without any regulation. In this way, the developmental trajectories of the country became dependent on hot capital flows, exposing it to risks associated with volatile international financial markets.

The liberalization of the economy led to severe crises in the 1980s and 1990s due to the short-term capital flows, the most severe being the 2001 crisis due to lack of control on financial transactions and increasing public and private sector debt. These crises would be considered as turning points that can guarantee the neoliberal transformation, rather than the abandonment of it (Marois, 2019). In response to these crises, policymakers committed further on neoliberal reforms, such as fiscal austerity measures, privatization efforts, and deregulation. The belief was that market-oriented policies were necessary to restore economic stability and attract foreign investment. After the 2001 crisis, the Justice and Development Party (Adalet ve Kalkınma Partisi – AKP) government that had popularity among the working class came into power in 2002. The AKP government's policies were created to accelerate the restructuring of state and society so that market-oriented strategy of development could be settled down: “the ruling AKP organized supportive campaigns, set about restructuring the state apparatus, revisited the legal framework, and strengthened the so-called depoliticized decision-making process” (Güngen, 2019, p. 179). The crisis was an opportunity for the government to carry out market reforms in cooperation with international financial institutions. As a matter of fact, AKP's emphasis on fiscal discipline and reform aroused international confidence. This enabled the country to receive investment, thus, in a sense, there was a recovery which would be temporary given the conditions of such strategies.

Surely, Turkey’s financial system was still bank-based, yet the policies were on the way to the creation of a market-oriented financial system. The 2008-2009 global financial crisis reveals this transformation. The fact that the solutions put forward to overcome the crisis, rather than focusing on the destructiveness of the crisis, are far from caring about the conditions of the poor and the working class, shows that “a more muscular and internationalized state financial apparatus” (Yalman et al., 2019, p. 11) has emerged in Turkey. This restructuring of the state especially led to the orientation of political and economic power in state financial agencies like treasury and the central bank which is now associated with independence and price stability. Moreover, The Financial Stability Community, established in 2011, can be seen as an important step towards Turkey's financial transformation as its formation was due to the need for managing and mitigating aggregate and systemic financial risks (Marois, 2019). Therefore, Turkey’s financial transformation “sits comfortably within the framework endorsed by the international financial institutions” (Yalman et al., 2019, p. 17).

According to Thomas Marois (2019), looking at the country-specific features of the financial transformation, neoliberalism in Turkey is basically the same as in other countries, first of all with its aggressive reactions to popular movements and working-class protests. However, it shows some differences due to its divided societal structure usually based on Turk and Kurd conflict and comparatively different class relations that show itself in the fraction of Anatolian and Istanbul capital based on region. The divided nature of society helped the AKP government to reshape the country in line with pro-market activities. Indeed, the policies of the AKP period show us that the political control has become centralized with the help of divisive discourses, and the interests of the financial apparatus have become a priority. In this period, the demands and interests of the people and the working class are suppressed and ignored due to the policy agenda of weakening the labor movement (Yılmaz, 2020) and introducing workers with credits which would definitely change the understanding of the welfare system (Akçay, 2018). With the use of the monopoly of violence, the policies created with the gradual steps led to the formation of the current system.

In terms of today, according to Ali Rıza Güngen (2019), it can be said that there is still dominance of private and public commercial banks in Turkey. Although market-oriented policies have caused changes in the system, banks are still prominently significant. However, the employment of new financial instruments for investment and risk management and the deepening attempts to create a regulatory framework for financial markets demonstrate that the change in the Turkish financial system is remarkable. However, according to Güngen, it does not make sense to consider this change as a transition from a bank-based system to a market-based system. What actually happened can be regarded as the emergence of a kind of hybrid system. This hybrid system, on the other hand, enabled the banking sector to increase its profits significantly, and created an environment in which Turkish people are increasingly drawn into the financial system. In other words, in the Turkish financial system, where banks are still of great importance, new opportunities are created by the state to ensure market deepening and the creation of alternative finance mechanisms. The transformation of the Turkish financial system is an ongoing process that AKP policies have been shaping. These policies have played a significant role in shaping the direction and nature of the changes observed, indicating a deliberate effort to modernize and reform the financial sector. It is important to think of the financial transformation of Turkey in this sense.

3.1.2. Subordinate Financialization in the Turkish Context

The utilization of the concept of dependent or subordinate financialization holds significance in comprehending the financial evolution in Turkey. This term portrays a crucial distinction between core and peripheral countries concerning the trajectory of capitalist development. Indeed, the concept of subordinate financialization has obtained significant attention in the academic literature, particularly in the context of Turkey. Its implications for economic stability, democratic governance, and social cohesion have been subjects of rigorous inquiry and debate within scholarly circles focusing on Turkish studies. For instance, Akçay and Güngen (2022) assert that within the framework of emerging capitalist countries (ECC), Turkey, as a peripheral nation, is situated within the paradigm of dependent financialization. One dimension of this argument lies in the international currency hierarchy, where Turkey's less convertible currency positions it as reliant on global markets. Consequently, the country is required to offer higher interest rates to attract international capital compared to core countries, namely advanced capitalist countries (ACC), to facilitate loan provisions. The second dimension applies to Turkey, as part of the ECCs, being constrained to align with the structural or systemic shifts occurring in the core capitalist countries. Consequently, peripheral nations such as Turkey undergo varied financializations as they navigate adaptations to the norms dictated by the ACCs. Moreover, any alterations in interest rates stemming from economic shocks or recessions within the ACCs could trigger changes in capital flows or even generate crises. This renders developing countries more susceptible compared to previous periods. In light of these dual dimensions of financial transformation in Turkey, the nation finds itself directly influenced by global financial cycles and American monetary policy decisions, given its significant integration into the core.

According to the authors' analysis, Turkey's financial transformation evolves over four distinct stages, all indicative of its settling within dependent financialization. The liberalization of capital movements as part of the neoliberal project in 1989 is considered the first stage. With this stage, an intense debt increase, high-interest rates, volatile capital flows, and high inflation were observed in the country. In the second stage, which can be seen as after the 2001 crisis, it is noteworthy that a mass-based financialization was started. That is to say, households were beginning to become increasingly indebted. Restructuring in the banking sector and the establishment of new regulatory institutions were also among other features that characterize this period, and these were consistent with IMF programs. The period lasting until 2013 after the 2008-2009 global crisis marks the third stage. The solutions of the post-crisis government, in this period, was to reinforce securitization and strengthen market-based finance. Another feature that characterizes this period is that the government made possible borrowing in foreign exchange-denominated loans for non-financial corporations (NFC) especially (Akçay and Güngen, 2022). This step has resulted in the rapidly increasing debt of NFCs and vulnerability of banks in terms of currency shocks later on. The fourth stage "is characterized by slow-motion drift" (Akçay and Güngen, 2022, p. 12) beginning after 2013. Household borrowing reached a peak in this period, while borrowing costs rose to higher levels. Also, with the depreciation of the Turkish lira, inflation increased gradually because Turkey is a country that needs imported goods for industrial and agricultural production. The transformation referred to here, as we know it today, is a transformation that leads to serious changes in many aspects. That is why they specifically address the period after 1989. Although I agree with the idea that this transformation started in the 1920s, I accept that we encounter the mentioned comprehensive change since the 1980s. As a result, when the financial transformation process is examined, it can be said that Turkey is in a dependent position due to dependency on capital inflows and financial capital.

Dependent financialization should not be thought of only in economic terms. Taken as a whole, it reveals important findings when it comes to examining Turkey's current conditions and history. According to the analysis by Apaydın and Çoban (2023), numerous studies assert that dependent financialization is connected to democratic regression in countries of the Global South. The authors underscore that Turkey's current autocratic structure is intricately linked to dependent financialization. Considering the aforementioned characteristics, it becomes challenging to refute the assertion that the Turkish economy has become both foreign-dependent and volatile. While various studies attempt to illuminate Turkey's current state through the lens of institutional erosion or cultural shifts (Mares and Young, 2018), a critical political economy perspective emphasizes that the issue transcends these factors alone. At its core, the fundamental problem lies in the sustainability of a credit-based accumulation model. Such a model, heavily reliant on foreign capital and grounded on household borrowing, inevitably leads to crises and conflicts. Contrary to prevailing narratives, the erosion of democratization in Turkey is not a cause but rather a consequence of this credit-led accumulation or growth strategy. The inherent dependency on capital inflows inherently generates economic instability, ending in crises. In this context, as Apaydın and Çoban (2023) highlight, dependent financialization heightens polarization and escalates the cost of redistribution, thereby posing a substantial threat to democratization.

Dependent financialization is a very proper term in terms of explaining the change in the state structuring. The desire to benefit from risk, which is the main emphasis of the neoliberal ideology, has had troubling consequences for the Turkish example. As Paul Cammack (2009) put, if neoliberalism is considered as a class project ensuring the hegemony of the capital over the labor across the globe, financialization can be recognized as the way of accumulation and social reproduction under that neoliberal project. Yet, it does not have a similar shape everywhere. As Görkem Altınörs (2020) brings forward, “the peripheral financialization is divergent from the global financial transformation in general” (Altınörs, 2020, p. 518). For this reason, Turkey’s experience is elaborated as a financial transformation so that county-specific characteristics can be differentiated. With its practices and features, Turkey can be considered as a peripheral country which needs to be compatible with the countries of the core. In the financial transformation process, the phases that Turkey undergoes show the similarities between other peripheral countries, such as increasing volatility, rising authoritarian features of the government, and excessive suppression of the working class and people. Although growth and investment are said to increase in all these countries, especially when capital market liberalization takes place, what has actually happened has been increased instability and decreased investment. Under such circumstances, all the above-mentioned developments happened especially after the 1980s are not surprising. In the process of neoliberal transformation, while the state, as always, has important roles, it has also been restructured. In this state, the government paved the way for the credit-led accumulation model and expanded it, while gradually increasing its authoritarian characteristics to settle the process. And as a result, inequalities and pressures have increased, the economy has become fragile and foreign dependency has reached its limit.

The reliance on foreign capital and markets lead to a significant shift in the state's relationship with external actors such as international financial institutions and powerful countries, particularly those in the core capitalist group. The state becomes increasingly involved in global financial dynamics, where decisions made by foreign entities can have profound impacts on domestic policies and economic stability. So, peripheral countries like Turkey often find themselves aligning their economic policies with those of core capitalist nations to attract foreign investment and maintain access to global financial markets. This alignment involves adopting measures recommended by international financial institutions like the IMF or World Bank, which can shape domestic economic policies and regulations. Also, policies aimed at attracting foreign investment and promoting economic growth may benefit certain segments of society while intensifying poverty and marginalization among others. This can lead to social tensions and pressures, which the state may respond to with increased authoritarianism or repression. Therefore, it is difficult to consider financial transformation completely similar when it comes to core and peripheral countries. There are much more serious problems that concern peripheral countries.

3.2. Financialization of the State in Turkey within the Scope of De-risking State

In this concluding section of the thesis, the concept of the financialization of the state, previously discussed in the second part of the second chapter, is examined within the context of Turkey. By revisiting sources utilized in the aforementioned section, the validity of this concept within the Turkish context is illuminated. Drawing from Güngen's (2012) study, which emphasizes that the financialization necessitates a distinct state structure, I previously established the financial transformation process in Turkey, and demonstrated its dependent nature. In this section, the focus shifts to revealing how this financial transformation impacted the restructuring of the state in Turkey. Through a careful examination of the interplay between financial dynamics and state restructuring, insights are obtained from the evolution of state institutions and policies in response to the imperatives of financialization. By employing the term dependent financialization, some specific characteristics and general characteristics that apply to similar countries are discussed. As the financial transformation of the dependent countries generally comes with authoritarian aspects, there emerged a discussion in terms of authoritarianism and its connection with financialization of the state itself. Subsequently, the CMF approach was examined in the context of the Turkish case, leading to the contention that Turkey provides an exceptionally suitable context for the analysis of the CMF approach's findings. The financial transformation in Turkey, alongside the restructuring of the state apparatus to accommodate this transformation, perfectly fits into CMF’s “de-risking state” if we think of PPPs of Turkey especially.

Turkey has historically been reliant on external sources of capital and investment to fuel its economic development. Foreign direct investment (FDI) and loans from international financial institutions have played significant roles in financing infrastructure projects, industrialization efforts, and economic reforms. Additionally, Turkey's economy is heavily dependent on exports, making it vulnerable to changes in global demand and market conditions. It is highly dependent on imported energy resources, particularly natural gas and oil. The country imports a significant portion of its energy needs from countries such as Russia, Iran, and Azerbaijan. Energy dependency exposes Turkey to geopolitical risks and fluctuations in global energy prices, affecting its energy security and economic stability. Besides, like many developing countries, Turkey faces challenges related to technological dependency, particularly in high-tech industries and advanced manufacturing sectors. The country relies on imported technology and expertise for various sectors of its economy, including telecommunications, automotive manufacturing, and defense industries. Hence, Turkey is in a disadvantaged position compared to advanced capitalist countries. As I previously mentioned, such dependencies and disadvantaged position of the country also brings forward a dependent type of financial transformation. On the one hand, the Turkish financial sector has seen significant growth in the last thirty years with the expansion of banks, insurance companies and other financial institutions. This growth has led to an increase in financial intermediation and a boost in the role of financial institutions in the Turkish economy. On the other hand, the rapid growth of the Turkish financial sector has introduced several vulnerabilities and challenges that can undermine economic stability. So, despite significant growth and development, Turkey has continued to maintain a dependent position. Turkey's economic development path has largely been influenced by the frameworks and policies prescribed by advanced capitalist countries and their institutions, leading to a continued and even deepened dependency on these entities.

As part of such dependency, Turkey has frequently implemented economic policies and structural adjustment programs recommended by international financial institutions like the International Monetary Fund (IMF) and the World Bank. Privatization policies have been implemented over the years, involving the transfer of state-owned assets and companies to the private sector. Foreign direct investments came with conditions and expectations that align with the strategic interests of the investing countries. This influenced Turkey’s economic priorities and policies, reinforcing dependency on the economic health and policy decisions of these advanced economies. Of course, all these developments raise the question of whether it could be possible without a change in the structuring of the state.

If we formulate financialization as a structural feature of neoliberalism and a condition for social reproduction, we need to talk about the role of the state in the various transformations Turkey has gone through especially since the 1980s. The distinction between the financialization of the state and the financialization by the state, which we have seen in the study of Schwan et al. (2021) mentioned earlier, seems to work for us here as well. Keeping in mind that this distinction does not have any theoretical meaning and is rather a distinction used to simplify the discussion, it is useful to discuss what the two might mean in the context of Turkey. The first stages of financial transformation in Turkey correspond to what we call financialization by the state. Financialization by the state refers to the active role the state plays in promoting and facilitating financialization through deliberate policy measures, which is not related to its direct involvement in the market as an investor. This has been a significant feature of Turkey’s economic transformation, especially in the initial stages of neoliberal reforms. According to this distinction, as Krippner (2005) emphasizes for the United States, financialization has actually settled through a number of policies implemented directly by the state. It is enough to take a look at the previous section to claim that this is also valid for the Turkish case. As a matter of fact, Melih Yeşilbağ's (2019) study on the financialization of housing in Turkey stands out as an important finding. The involvement of TOKİ (Mass Housing Administration), mortgage markets, and real estate investment trusts, all stand before us as a typical indicator of the inclusion of finance in the housing sector by the state (Yeşilbağ, 2019, p. 536). The housing sector is just one example; we observe that state-sponsored financialization is paving the way for many other areas such as pensions (Saritas, 2020; Saritas-Oran, 2017; Özgür, 2008) and healthcare (Vural, 2017). It is possible to discuss these developments within the scope of the concept of financialization of the state as well. The realization of financial transformations in various areas also points to some changes in the state itself. However, unlike what the concept of financialization of the state implies, here we are not talking about the risk-taking side of the state itself, such as an investor or a private sector actor. What we are talking about here is an entity that paves the way for the financialization of those areas.

Returning to the financialization of the state itself, here Schwan et al. points to the fact that the state itself acts as a financial market actor, primarily making innovations of financialization (Wang, 2015). The state itself becomes subject to financial market imperatives. This includes the increasing reliance on financial instruments, market-based funding mechanisms, and the prioritization of financial stability and market confidence in state policymaking. It actually points to the change in governance mechanisms, exactly as Santos (2023) claims. The change in decision-making mechanisms and the policy-making process brings us to the concept of financialization of the state. The state, which moves away from welfare practices and puts financial calculation at its center with its debt-based structure, inflicts the losses of the financial sector on society, especially on labor, as Hasan Acar (2019) puts. For example, according to Apaydın and Çoban (2023), former officials of the Central Bank of the Republic of Turkey (CBRT) argue that there is this “political pressure on the management” (Apaydın and Çoban, 2023, p. 1057) that leads to relying on risky solutions. The Turkish state increasingly relies on issuing bonds and other financial instruments to manage public debt. Monetary and fiscal policies are often designed to ensure investor confidence, manage inflation, and stabilize the currency, sometimes at the expense of broader social and economic goals. Therefore, the main emphasis here is on the new form that the state takes under neoliberal transformation and its accompanying financialization.

Hence, by embedding financial logic into various economic sectors, financialization by the state facilitates capital accumulation through financial channels. This can lead to increased investment in financial assets and the growth of financial markets as central components of the economy. Accordingly, it can be argued that financialization by the state shows the outcomes of financial transformation in general. Yet, financialization of the state refers to the transformation of the state's structure and functions due to the increasing influence of financial markets and institutions. This involves the state adopting financial practices and principles in its own operations and governance. It results in a shift in the state's priorities and functions. The state becomes more oriented towards facilitating financial market stability and growth, often at the expense of social welfare and public services. This can lead to reduced accountability and increased authoritarian practices, as the state aligns itself more closely with financial interests. In this way, the authoritarianism debate comes in. At this juncture, it is imperative to briefly address the issue of authoritarianism.

The process, starting from January 24, 1980, until the mid-1990s, was characterized by legal and institutional arrangements within the framework of neoliberal understanding (Güler, 2017). However, due to constitutional arrangements, many plans, such as the desired privatization initiatives, could not be realized in accordance with the neoliberal framework especially until the late 1980s. But 1989 was to be a turning point in terms of capital account liberalization. From that time on, Turkey faced speculative capital movements. This shift marked a critical juncture in Turkey’s financial integration with global markets. On the one hand, the capital inflows resulted in some developments, on the other hand, it produced negative consequences for the economic balance (Boratav, 1994). The 1990s, therefore, passed with the increase in interest rates due to budget deficits, loss of public enterprises and domestic borrowing. The influx of speculative capital contributed to financial instability and periodic crises. The 1994 crisis emerged when even households faced a debt crisis. Triggered by high budget deficits, rising interest rates, and growing domestic borrowing, the 1994 crisis highlighted the vulnerabilities in Turkey’s economic structure. Immediately after this crisis, a standby agreement was signed with the IMF, committing to structural adjustments and austerity measures aimed at stabilizing the economy. This marked the beginning of significant IMF influence on Turkey's economic policies. The 2001 crisis, another crisis that followed and was very important in Turkish history, was related to the unusual increase in domestic and foreign debt and the increasing volume of the banking sector. The crisis underscored systemic weaknesses and the fragility of the financial sector. There occurred again another IMF agreement, leading to extensive economic reforms. These included restructuring the banking sector, improving fiscal discipline, and enhancing regulatory frameworks to restore confidence and stability. The reason why these crises are mentioned here is that after each crisis, it is revealed that the state is shaped by the demands of both the IMF and other international and national actors and according to the disagreements over these demands. The repeated crises and subsequent IMF interventions illustrate how Turkey’s state apparatus was reshaped by external demands. The state's role transitioned from direct economic management to facilitating market mechanisms and ensuring financial stability. Surely, domestic political and economic actors also influenced this restructuring. Business groups, political parties, and other stakeholders engaged in continuous negotiations and struggles, shaping the direction and extent of neoliberal reforms. The interplay of international pressures and domestic dynamics has resulted in a varied form of neoliberalism, where policies and outcomes reflect the specificities of the Turkish context. The state’s responses to crises and reforms have been adapted to fit the local context, balancing the demands of international actors with domestic political and economic realities. Its role has evolved through these processes, so it has gained a new structure that favors market mechanisms, that relies on both domestic and international borrowing to finance development projects, and that aims at increasing flexibility and competitiveness, often at the cost of job security and labor rights.

This new structure of the state often leads to discussions of authoritarianism. As can be remembered from the work of Karwowski and Centurion-Vincencio (2018), the concept of financialization of the state describes a situation where the state puts accountability aside, especially by waiving some of its duties which could be vital in the lives of many. Those duties are generally considered within the scope of the welfare state. However, one of the pillars of neoliberalism, according to Wacquant (2010), is the reduction of welfare practices, while another is increased oppression. For these, it is clear that a strong state is needed, perhaps even more so than ever before. This can lead to an increase in policing, surveillance, and penal measures to control both political opposition and those marginalized by neoliberal policies. Therefore, compromise or 'peaceful' solutions are not so valid in neoliberal ideology. Rather, it is a project where there is aggressive violence and holding on to a tradition of suppressing dissent. In Turkey, there has been a notable increase in the use of advanced surveillance systems, enhanced policing capabilities, and stricter penal interventions. These measures are often justified as necessary for maintaining public order and national security but can also be used to suppress political dissent. While discussing the recent developments in Turkey within the framework of authoritarianism, it is important to realize that these are not unique to Turkey:

> "Turkey is not alone: the increasing use of force, technologically reinforced policing, penal intervention, surveillance systems, has been a recurring feature of the states around the world which have been relying on penal/security apparatus for controlling both the political and criminalized 'enemies' of the neoliberal order" (Gönen, 2017, p. 205).

In short, neoliberalism needs a state structuring as mentioned above in order to ensure the continuity of the accumulation regime. In this context, it is not surprising that authoritarian characteristics are observed for a dependent financialized country like Turkey. The intertwining of neoliberal economic policies and authoritarian governance in countries like Turkey reflects the complex dynamics of state restructuring and capitalist accumulation. Of course, it is beyond the scope of this thesis to discuss authoritarianism, yet it is important in terms of understanding financialization of the state. It is mentioned that financial transformation has caused serious crises especially in peripheral countries. This is explained with the concept of dependent financialization in the previous section. And for many scholars, "authoritarian politics' rise usually follows capitalist decline – or 'crisis'" (Gallo, 2022, p. 555). According to Özden et al. (2017), especially AKP's policies are both deepening the crises and creating responses towards them in the form of authoritarianism. Yet, surely, the beginning of such policies dates back to the 1982 constitution which enabled authoritarian neoliberal practices. Part of this effort, the decision-making process was centralized, the executive began to be dominant over the legislative and judiciary, and there occurred the suppression of the labor movement and the isolation of economic administration from the demands of the public. Therefore, the 1980s and 1990s were an arena for the crisis of hegemony due to the tensions of the power bloc (Özden et al., 2017). What was different with AKP's rule is that it brought about an 'expansive hegemony' in terms of:

> "(1) a neoliberal economic policy capable of reconciling the interests of different capital sections; (2) a populist social policy targeting the incorporation of new sections of the working class and urban poor; and (3) a political reformism aimed at enhancing the sphere of civil rule vis-à-vis the military-controlled tutelary regime" (Özden et al., 2017, p. 192).

Hence, the AKP's pursuit of an expansive hegemony reflects a strategic response to economic challenges and political dynamics.

It should also be noted here that the impact of the new working class, who had to leave agriculture and migrate from the villages to the big cities, is quite significant. They were "precarious, disorganized and distrustful of structures of representation" (Özden et al., 2017, p. 195). The working class, which has been increasingly suppressed and unable to organize over the years as part of the neoliberal restructuring, has become a part of the AKP's hegemonic and authoritarian project, as it has built its social foundation with new assistance programs implemented at a very basic level and the introduction of households to consumer credit. These were actually quite poorly designed and there were difficulties in implementation, but they still attracted the attention of the public. Thus, the country-specific aspect of the restructuring of the state in Turkey in the context of financialization of accumulation is the hegemonic project that the AKP could create. However, it would not be correct to say that authoritarianism is unique to Turkey. Across the globe, neoliberal policies have been associated with the erosion of democratic institutions, the concentration of power in the executive branch, and the suppression of dissent.

In general, it is peculiar to liberal understanding to emphasize authoritarianism as a phenomenon unique to Turkey and to restrict it to certain periods in the context of economic hardships (Bedirhanoğlu, 2021, p. 359). Most of the time, the principle that not doing what should be done the way it should lead to authoritarian consequences prevails in this understanding. However, such a perspective does not include the troubles and economic conflicts of the neoliberal understanding itself. As a matter of fact, as Bedirhanoğlu (2021) points out, when we look at the Turkey of Özal's era, we come across a conscious application of cronyism in order to soften the opponents of neoliberalism. What separates the AKP period from this period is Islamist priorities. However, as Bedirhanoğlu claims, they were already in harmony with neoliberal reforms, at least until 2013 when there occurred a conflict between the two.

Orhangazi and Yeldan (2021) emphasize that after 2013, the US Federal Reserve's statement about the change in global liquidity conditions is a turning point in the slowdown of capital flows to developing countries. Although they clung to high interest rates as a solution, low interest rates were necessary for debt-driven and construction-centered growth. For this reason, although high interest rates were applied for a while, when a currency crisis emerged, the strategy was changed, and various capital controls began to be implemented. It was now seen as focusing on short-term gains that mattered. Therefore, the solution to this dilemma was to provide a loan guarantee in order to continue mega-construction projects, which would result in even higher public debt. Meanwhile, a social policy implementation within the neoliberal framework was also observed. While the regulations in areas such as the labor market, retirement and health reflect the neoliberal framework, social assistance programs have also been implemented especially for electoral politics. These programs help secure political support for the ruling party, reinforcing its authoritarian grip on power. The provision of minimal relief creates a dependent electorate that is less likely to oppose the government. Thus, without intervention in the labor market, some policies that can be described as relaxing were implemented. At this point, it is difficult to distinguish between neoliberal policies and authoritarian policies. It can even be said that the crises that emerged due to the implementation of neoliberal policies played a role in the restructuring of the state and reproduced the neoliberal ideology. This reproduction, as expected, was made possible through authoritarian policies. So, this demonstrates how authoritarianism can be integral to the neoliberal project, particularly in dependent and financially fragile economies like Turkey.

Considering the relationship between authoritarianism and neoliberalism, it is relevant to recall Schwan et al.'s analysis of the financialization of the state, particularly in the context of Turkey. According to their discussion, a nation's financialization can be evaluated by several factors: the extent of its public debt, the degree of financial market liberalization, the volume of foreign capital inflow, and its level of participation in supranational economic integration. As these factors increase, so does the financialization of the state in that country. In the context of Turkey, I have noted the rising public debt attributed to neoliberal policies. This indebtedness ties the state's fiscal health to financial markets, as investors become stakeholders in the state's economic stability. An example of financial market liberalization includes implementing measures to attract foreign capital, such as reducing restrictions and streamlining investment procedures. This liberalization opens up the economy to international capital flows and exposes it to market forces, shaping economic policies to attract investment. Notably, since the AKP's ascension to power, numerous policies have been introduced to facilitate these processes. Consequently, various investors have been able to establish companies or invest in diverse sectors. Furthermore, since the 2000s, new financial institutions and instruments have been incorporated into the system, thereby creating new opportunities for finance capital (Oktayer, 2009). Within the scope of foreign direct investment (FDI), which serves as another indicator, the Investment Office of the Presidency of the Republic of Turkey reports that "up until 2002, total FDI into Turkey stood only at USD 15 billion, while the country attracted around USD 240 billion of FDI during the 2003-2021 period" (The Presidency of the Republic of Turkey Investment Office, 2021). This influx of investment capital, facilitated by neoliberal policies and investment-friendly regulations, contributes to the financialization of the state by deepening its integration into global financial networks. Finally, although Turkey is not a member of supranational economic integrations such as the European Union or the Eurasian Economic Union, it can still be considered a participant in supranational economic integration due to various economic agreements and partnerships. Examples include the European Union Customs Union, the Organization of Islamic Cooperation, and the Economic Cooperation Organization (Republic of Türkiye Ministry of Foreign Affairs Directorate for EU Affairs, 2022; Republic of Türkiye Ministry of Foreign Affairs). These collaborations contribute to the financialization of the state by facilitating trade, investment, and financial cooperation with other countries and regions. In Turkey, as in other countries, these four developments—public debt, financial market liberalization, foreign direct investment, and participation in supranational economic agreements—indicate the financialization of the state.

As emphasized by Fastenrath et al. (2017), contemporary governance mechanisms increasingly reflect a market-oriented approach. This evolution is not solely attributable to the state serving as a channel for capital demands; rather, it is a result of the interplay between global and national capital dynamics and internal conflicts within the nation-state. The pursuit of development through investment as the primary objective illuminates the rationale behind the state's progression towards financialization. Policy frameworks mandated by international institutions to attract investments, coupled with domestic pressures from national capital, have facilitated the expansion of financial markets and rendered the state reliant on capital inflows. Consequently, risk management has emerged as the paramount concern for the Turkish government. The financial transformation necessitates the adoption of measures to mitigate potential risks such as financial crises, inflation, currency fluctuations, and external shocks, while simultaneously ensuring social cohesion and political stability.

In fulfilling its political role, the government in Turkey safeguards the long-term interests of capital and reinforces short-term hegemonic dominance, thereby pacifying society. This entails reducing social policy objectives to the realm of social assistance and embracing financial logic. Dowling (2017) identifies this phenomenon as the financialization of the welfare state, where public policy objectives and service provision are subordinated to the imperatives of global financial markets. Consequently, the state's conduct mirrors that of a private sector actor, prioritizing risk and return calculations. Citizens are likewise expected to adopt a similar calculative mindset, being accountable calculators in their own right.

3.2.1. Critical Macro Finance Approach for the Turkish Case

As I mentioned in the previous section, the Critical Macro Finance (CMF) literature is crucial for understanding the concept of the financialization of the state. Notably, this concept has not been previously examined within the context of Turkey. However, the findings from CMF studies align with the Turkish example. The CMF literature primarily focuses on the countries of the Global South, with which Turkey shares several common features. According to CMF scholars, the global proliferation of American financial capitalism has led to a widespread shift towards market-based finance. This shift entails various consequences, such as the development of new methods for money creation, changes in liquidity regimes, and the establishment of hierarchies among balance sheets. These transformations bring about both favorable and adverse periods, during which states are expected to play specific roles to manage their economies and interact with global financial markets. Accordingly, during adverse periods, states are tasked with mitigating potential risks and vulnerabilities, while in favorable periods, they are expected to facilitate the creation of new asset classes (Gabor, 2020). The CMF literature refers to such a state, which performs these roles, as a "de-risking state." This terminology underscores a significant transformation in state restructuring, highlighting the evolving functions and responsibilities of the state in managing financial stability and economic development.

Turkey's increasing public debt and measures to liberalize financial markets align with the CMF's depiction of financialization. The state's efforts to attract foreign capital and integrate into global financial networks reflect its role in fostering market-based finance. While the significant inflow of FDI into Turkey since the early 2000s exemplifies the state's facilitation of new asset classes and financial innovation during favorable periods, the Turkish government's focus on managing financial crises, inflation, currency fluctuations, and external shocks illustrates the state's de-risking role. Measures such as providing loan guarantees for mega-construction projects highlight the state's efforts to maintain financial stability. Considering the previous authoritarianism debate, the interplay between authoritarianism and neoliberalism in Turkey's economic policies further underscores the state's evolving role. Authoritarian measures, such as centralizing decision-making and suppressing dissent, can be seen as tools to enforce neoliberal policies and manage economic risks.

In her study, Gabor (2020) highlights the crucial role of central banks, particularly in times of economic distress. Central banks are instrumental in reducing risks and maintaining financial stability under the dominance of financial capitalism. Historically, the primary role of central banks was to ensure economic stability through price stability and managing inflation. However, financial motives and practices have now become central to their operations. Central banks have adopted broader roles that include reducing financial risks and maintaining overall financial stability. This shift entails using a variety of unconventional tools and interventions to manage economic and financial conditions. In the context of the Central Bank of the Republic of Turkey (CBRT), Çamlıca (2016) notes a significant shift post-2010, with the CBRT adopting a new policy framework that prioritizes financial stability. This period marked the introduction of unconventional tools such as the policy corridor, reserve requirements, and various macroprudential measures to achieve this goal (Çamlıca, 2016). The CBRT has undertaken several measures to influence market interest rates, manage liquidity, and maintain financial stability. These include adjusting the range between the central bank’s lending and borrowing rates, modifying the reserve requirements for banks, and implementing policies aimed at mitigating systemic risks. This evolving role of central banks extends beyond their changing priorities and highlights a broader transformation in their functions and objectives. As Braun et al. (2018) argue, it is also important to consider the evolving state structure, which becomes apparent through interventions in central bank operations. This approach, known as governing through markets, is exemplified by the Turkish government's interventions aimed at implementing a high interest rate-high employment policy. According to Demiralp and Demiralp (2019), these interventions are driven by a desire to maintain political support, reflecting the intertwined nature of economic policies and political considerations. They argue that the core issue is the lack of a well-established institutional framework that would ensure the central bank's independence. However, whether an established institutional structure would resolve this issue remains uncertain. Turkey's financial transformation towards a market-based system has demonstrated that such interventions are, from a relational perspective, necessary given the associated challenges. The state thus perpetuates existing power relations over the long term and ensures societal cohesion through these interventions.

To summarize the approach that I discussed in the previous section: Critical Macro Finance (CMF) adds a new dimension to the concept of financialization of the state with Michael Mann's concept of infrastructural power which is the state's ability to organize social relations and penetrate society. Braun (2020) emphasizes that the state increases its capacity by using the market as part of its infrastructural power. However, this relationship should be understood in two dimensions. In its efforts to govern through financial markets, the state increases the power of private financial actors, and as the influence of these actors increases, it becomes more dependent on them to create economic growth and employment. Within this dependency relationship, the boundaries between state and finance blur and a hybrid public-private partnership are formed. In these arrangements, the government and the private sector collaborate on projects and share risks and rewards. In the previous section, I explained why I disagree with the concept of infrastructural power. For this reason, I do not accept the view that a state power that existed in the past was subsequently lost. However, I find CMF's statements about the countries in the Global South being forced to rely on financial capital for development and projects with high guarantees as if there was no other alternative useful. And I argue that this somehow happened as a result of various struggles and conflicts that took place both inside and outside the country. Moreover, this is not a smooth process.

The state's role in these partnerships often involves absorbing the majority of the risks to create a secure environment for private investment. Gabor (2021) posits that global finance has evolved to a level where international institutions such as the World Bank emphasize the need for new conditions to attract investment in development projects. States are thus expected to create new asset classes to draw investment from global finance, adopting a de-risking role to ensure easy entry and exit for investors. These include infrastructure projects, social services, and other public goods that are transformed into investment opportunities for private capital. Public-private partnerships (PPPs) emerge as necessary state-mediated projects in this context. Through PPPs, the state assumes the bulk of the risks, facilitating a favorable environment for private investment while reinforcing the intertwined nature of public and private sectors in the financialized state. In the Turkish context, public-private partnerships have been pivotal in developing large-scale infrastructure projects. Examples include the construction of airports, bridges, and highways, where the state has provided substantial guarantees and incentives to attract private investment. Also, the energy sector in Turkey has seen significant private investment facilitated by state policies. Through favorable regulatory frameworks and guaranteed purchase agreements, the Turkish state has de-risked investments in renewable energy and other energy projects.

While Critical Macro Finance (CMF) theorists like Braun and Gabor utilize this concept to illuminate the evolving role of the state in the financial era, it is important to recognize the historical and structural constraints on the so-called state power. I mentioned this in the previous chapter while explaining CMF in terms of financialization of the state. Historically, the state has never operated in isolation from class dynamics and economic structures. In a capitalist world order, the state has always been influenced by, and dependent on, various class interests and fractions of capital. This embeddedness means that the state’s capacity and power have always been negotiated and mediated through these relationships. CMF has a more optimistic understanding in terms of the past. Rather than viewing the state as having once possessed absolute power that has since diminished, it is more accurate to understand state capacity as relative and contingent on broader socio-economic conditions and power relations. Even during periods of strong state intervention (such as in the post-World War II era), the state’s actions were still shaped by the need to manage capitalist relations and ensure the conditions for capital accumulation. The relationship between the state and private capital has always been one of interdependence. The current era of financialization merely highlights and intensifies this interdependence, rather than fundamentally altering it. Yet still, the

CMF approach is particularly useful in explaining the rising interest in PPPs. These partnerships exemplify how states leverage private capital to achieve public goals, reflecting a blend of public and private interests by giving huge guarantees.

In this context, Ayhan and Üstüner's (2023) study is particularly relevant in order to understand the evolution of Public-Private Partnerships (PPPs) in Turkey. They define PPPs as agreements that distribute costs, risks, and benefits between the public and private sectors in the long term. Turkey stands out as a prominent implementer of such projects, ranking as the fourth largest user of PPPs among low- and middle-income countries and holding the title of the largest PPP market in Europe in terms of the value of financial closures (Ayhan and Üstüner, 2023). Between 1986 and 2001, Turkey launched 257 PPP projects in critical public infrastructure sectors such as airports, energy plants, highways, bridges, and hospitals, with a total contract value of 170.2 billion USD (Ayhan and Üstüner, 2023, p. 116). Thus, PPPs have already been prominent in Turkey. However, after the 2000s, its scope and features have changed. First of all, there is an expansion of PPPs beyond traditional sectors. The construction and operation of city hospitals across the country without considering if it will be useful or not (Şengül, 2017), and urban renewal projects that were criticized seriously such as Fikirtepe Urban Renewal Project (Köseoğlu and Sönmez, 2022) could be considered as the significant examples. Second, more sophisticated models and instruments are employed in new projects. Before the 2000s, the private sector had a very limited role in those projects, like construction and basic operational responsibilities. For instance, Fatih Sultan Mehmet Bridge was primarily funded by government resources and there was a limited private sector financial involvement. In recent projects, the private sector is involved in almost every aspect of the projects like designing, financing, building and operating, which in turn leads to bearing serious risks for the state as those processes are ensured with giving guarantees as it was the case for Yavuz Sultan Selim Bridge (Yusufoğlu, 2017).

City hospitals based on PPP, recently, have received significant attention in the literature, with numerous studies highlighting the high risks associated with these projects. For instance, according to Erdem et al. (2024), the five most critical risk factors in Turkish PPP city hospital projects are "foreign exchange rate fluctuations," "inflation rate volatility," "high finance costs," "fiscal issues," and "economic crises," yet this does not change the fact that these projects were contrarily preferred. Another study examining PPPs in healthcare emphasizes that Turkey has embraced the "global wave of health reform" driven by neoliberal policies (Aydın and Altındağ, 2023). The country embarked on this journey in the 1990s with the assistance of World Bank projects. Despite challenges to their sustainability, these reforms have gained substantial momentum in the healthcare sector. Here, one can relate the debate on dependent financialization to the "global wave of health reform" (Aydın and Altındağ, 2023, p. 497). Moreover, despite criticisms towards those projects in terms of their risks and the burden assumed by the public, starting from 2017, in "six years, the government has established 17 City Hospitals through the build-lease-transfer model, The City Hospitals collectively offer a bed capacity exceeding 27,000 (avg. 1636 beds/hospital)" (Aydın and Altındağ, 2023, p. 500). When it was eventually discovered that these projects were quite costly, the idea of building new city hospitals was abandoned, but the burden of the existing city hospitals continues.

Considering their functionality for both the state and capital, PPPs in Turkey are deeply political, with the state playing a significant role in selecting the private partners. The state's involvement underscores the political nature of these partnerships and their alignment with neoliberal economic policies. As Ayhan and Üstüner note, these bankable infrastructure projects represent substantial opportunities for global finance by opening new markets for capital accumulation. This has significant implications for the public that warrant close attention. Compared to traditional public procurement, PPPs pose more severe issues concerning public debt. It is well-known among the public that the guarantees provided by the state are ultimately funded by the users of these projects and taxpayers. Also, these projects create long-term financial obligations for the state, potentially straining public finances and limiting fiscal flexibility. Moreover, in terms of transparency and accountability, these projects are often shrouded in commercial confidentiality, making the actual costs and benefits obscure to the public. This underscores the need for critical scrutiny of PPPs, particularly regarding their financial and social impacts, to ensure that such arrangements serve the broader public interest rather than disproportionately favoring private capital.

The use of PPPs reflects the broader trend of financialization and the shift towards market-based approaches in governance. By engaging in these partnerships, the state leverages private capital to achieve public goals, reinforcing the integration of public and private sectors. The state's active role in facilitating and managing PPPs highlights its involvement in financial markets. Besides, the proliferation of PPPs aligns with neoliberal policies that prioritize private sector involvement and market mechanisms. These policies often result in the commodification of public services and infrastructure. Going back to the authoritarianism debate, the political nature of PPPs and the centralization of decision-making can contribute to authoritarian tendencies. The state's role in selecting private partners and managing projects can lead to concerns about cronyism, lack of democratic oversight, and the marginalization of public interests, as it is the case in Turkey.

The Turkish example aligns closely with the Critical Macro Finance (CMF) theory. For instance, a 2012 evaluation by the General Directorate of Investment Programming Monitoring and Evaluation, which was affiliated with the Ministry of Development (now merged with another ministry), claimed that Turkey adopted a private sector-oriented development model in the 1980s. This model emphasized a decrease in public investments in industry and a shift towards infrastructure investments within the investment budget. This trend highlights the significant role of Public-Private Partnerships (PPPs) in executing these infrastructure projects. The evaluation acknowledged the importance of PPPs but also cautioned against their risks, referencing the financing difficulties faced by the United Kingdom, a country once prominent in PPP implementation. It argued that while PPPs are necessary for Turkey, they should be used judiciously, with thorough analysis and appropriate risk-sharing, and should complement projects that are genuinely necessary. However, recent developments indicate that since 2012, Turkey has embarked on much larger PPP projects, demonstrating an intensified reliance on this model. This escalation reflects the broader trend of financialization of the state and the growing intertwining of public and private financial actors, consistent with the CMF framework. This approach underscores the need for careful management and scrutiny of PPP projects to balance their benefits with the associated risks and ensure they serve the public interest effectively.

As suggested in the Critical Macro Finance (CMF) framework, Turkey provides minimum revenue return guarantees for its Public-Private Partnership (PPP) projects, often without realistic financial projections. These guarantees, typically denominated in dollars, manifest as transit and passenger guarantees for infrastructure such as bridges and airlines. Over time, the cost of these guarantees has increased, yet the projects continue despite their potentially unsafe financial implications. According to Buğra Gökçe, Deputy Secretary General of the Istanbul Metropolitan Municipality, the financial burden on the public due to projects like the Yavuz Sultan Selim Bridge, Osmangazi Bridge, Eurasia Tunnel, and Çanakkale Bridge is approximately $4.9 billion (Yeniçağ, 2023). Furthermore, as of March, the treasury-guaranteed external debt stock was calculated at $15.9 billion (Çakır, 2023). Uğur Zengin (2023) reports that according to the 2023 government budget prepared by the Ministry of Treasury and Finance, the payments for PPP projects are projected to be 102 billion 62 million liras in 2023, 131 billion 529 million liras in 2024, and 373 billion 627 million liras in 2025. The primary reason for the AKP government's interest in such projects is generally related to attracting capital inflows from abroad, as highlighted by Ayhan and Üstüner. This strategy aligns with the CMF's assertion that states increasingly depend on finance to generate growth and employment, thereby transforming the state into a direct participant in financial markets. The significant financial commitments and guarantees underscore the intertwined nature of public and private sectors in Turkey's financialized state, necessitating careful consideration of the long-term implications for public finances and economic stability.

The contribution of Critical Macro Finance (CMF) to the concept of financialization of the state is particularly significant for understanding the Turkish case. It is essential to recognize that the developments in Turkey are not solely linked to cultural factors specific to the country, as often emphasized in mainstream literature. Instead, the CMF literature sheds light on the changes brought about by neoliberal transformation and financialization, which ultimately puts the burden on the public.

Hence, CMF emphasizes the structural changes prompted by neoliberalism and so financialization, which in turn shape the state's role. The state increasingly aligns its policies and actions with capital interests. Then, there occurs a shift in priorities and objectives. While the capitalist state has historically served capitalist interests, it would be perfect to analyze the CMF perspective as highlighting how neoliberal policies and financialization have strengthened this alignment although their aim was not that. The concept of the de-risking state is crucial as it illustrates the form that the state assumes at the culmination of the restructuring process triggered by neoliberal transformation. In this context, the state is characterized by the proliferation of Public-Private Partnerships (PPPs), the provision of guarantees, and the reinforcement of capital dominance over labor. This underscores the broader implications of financialization, where the state increasingly aligns its policies and actions with the interests of finance capital, often at the expense of the public welfare. Understanding these dynamics is essential for comprehending the complexities of the financialized state in Turkey and its impact on society.

A final discussion of the concept of the de-risking state is based on the claim that the socialization of risk is nothing new. For example, Stiglitz (2010) focuses on how socializing risks leads to income inequality and impairment of social cohesion in the case of the 2007-2008 global financial crisis. Posner (1974) examines how it undermines regulatory effectiveness and reduces public trust in governance. In terms of environmental considerations, Sandel (2012) states that it would be detrimental for the society as enterprises do not care about accountability as long as the costs of their efforts are assumed by the society. In East Asian debates, it is revealed that after the 1997 Asian Financial Crisis, the state socialized risk by providing bailouts to financial institutions to stabilize the market (Wade, 1998). As can be seen from these studies produced at different times and in different contexts, the socialization of risk is an old concern. Therefore, the concept of risk was not used for the first time by the CMF. However, their difference is that they discuss the concept of risk as a new role attributed to the state. They introduce the concept of de-risking state as a change in the way the state intervenes in the economy. To the extent that they present this as a difference in state-market relations, they are talking about a change compatible with Poulantzas's form of state discussion. It is possible to talk about a differentiated state-market relationship to the extent that the state begins to produce policies aimed at reducing or eliminating risks associated with economic activities, often through partnerships with private sectors or innovative financial instruments, rather than simply regulating or reducing risks. For this reason, de-risking state can be considered a form of state in Poulantzas's sense as it reflects shifts in class relations and managing economic crisis.

All in all, PPPs exemplify the financialization of state functions, as they often involve sophisticated financial instruments and reliance on global financial markets for funding. In this sense, the state's role shifts from direct provider to regulator and facilitator, with a focus on creating favorable conditions for private investment. While PPPs can alleviate short-term fiscal pressures by deferring costs, they can lead to long-term fiscal obligations, affecting the state's financial health. In the Turkish case, Public-Private Partnerships (PPPs) have been extensively used as a mechanism for infrastructure development and service provision. Turkey has relied on external borrowing to finance its development projects and cover budget deficits. This reliance exposes the country to fluctuations in global financial markets and potential currency risks. PPPs have been instrumental in the development of critical infrastructure projects in Turkey, including transportation (such as airports, highways, and bridges) and healthcare (city hospitals). A country like Turkey, where PPPs play a significant role in infrastructure development and economic policy, warrants examination through the lens of the CMF approach. Given the extensive reliance on PPPs and their implications for financialization of the state, understanding how these partnerships shape economic dynamics and power structures is crucial. By analyzing Turkey's experience through this lens, we can gain a deeper understanding of how neoliberal transformations and financialization have influenced state policies, public finances, and societal dynamics. Moreover, examining Turkey within the CMF framework allows for a nuanced analysis of the complex interactions between state actors, financial institutions, and private investors, shedding light on the broader implications for governance, accountability, and social welfare.

CHAPTER 4

CONCLUSION

The concept of financialization of the state, arising from the extensive phenomenon of financialization, has acquired serious attention in contemporary literature, which reflects a shift towards understanding not just the role of the state within financial transformation processes (Schwan et al., 2021), but also its fundamental transformation in response to neoliberal accumulation regime with its strategy of financialization. This transformation is not merely confined to sectors like pensions or health. Therefore, the role played by the state in the financial transformation processes of the mentioned sectors is not mentioned here. However, its own transformation, which enables it to fulfill its role in these areas, is considered as the main focus. This involves profound changes in law-making, implementation processes, and broader state functions. Hence, there occurs a comprehensive reconfiguration of the state's relationship with finance and capital accumulation, affecting governance structures and policy frameworks. In Turkey, while the concept has historically received limited scholarly attention, Ali Rıza Güngen's seminal doctoral study on public debt management in the context of deepening financialization laid a foundational groundwork for its exploration (Güngen, 2012). This study provides a critical starting point for exploring how Turkey's state apparatus has evolved in response to deepening financialization. It also offers insights into the dynamics of financial governance and policy-making processes.

To be able to clarify the basics, in the first part of Chapter 2 of the thesis, the concept of financialization is thoroughly examined so that a comprehensive understanding of its global implications and its specific manifestations within Turkey can be provided. Through a historical review, the evolution of financialization was traced and its multifaceted dimensions and theoretical underpinnings were highlighted. It becomes evident that financialization is not a distinct accumulation regime but rather an integral component of the neoliberal framework. Developed countries have played a central role in promoting financialization as a solution to the overaccumulation crisis while preserving the existing capitalist system. However, it is important to note that the implementation of financialization has been far from uniform. It was characterized by struggles at both national and international levels. In the analysis, financialization was conceptualized as a complex phenomenon shaped by various factors, including economic, political, and social dynamics. Its effects are not confined to economic realms but extend to state structures and societal relations. By examining general similarities and specificities across countries, the analysis set the stage for a deeper exploration of the Turkish case in subsequent chapters. Understanding the global context of financialization enables a more nuanced understanding of its impact on Turkey's state restructuring and economic development trajectory. Ultimately, this section laid the groundwork for examining how financialization intersects with state dynamics in Turkey and sheds light on the unique challenges and opportunities facing the country in the context of global capitalism. By situating Turkey within broader debates on financialization, this analysis facilitated a deeper understanding of the complexities inherent in contemporary economic systems and their implications for state-society relations. According to the conclusion of this part, it was reached that the crisis of capitalism in the 1970s, accelerated by overaccumulation, necessitated the search for new avenues to expand capital. This search ended up in the neoliberal accumulation regime characterized by privatization, commercialization, and commodification. The corresponding accumulation strategy, financialization, emerged from the liberalization of capital movements and capital accounts. However, this does not mean that financialization is a process that comes above suddenly after that liberalization process. Its history goes back, yet in terms of the intensification of it, the dates generally referred to that liberalization process. Although financialization is employed in various contexts and has sparked diverse debates—some deeming it meaningless due to its extensive application— it ultimately emphasizes the growing dominance of finance.

In the second part of Chapter 2, the focus shifted to the theoretical foundations concerning the state, particularly examining the state theory that this thesis adopts.

Mainstream literature often treats the state as the explanan— the element that explains crises, problems, and various phenomena. However, this approach is problematic for accurate scientific inquiry. For a study to be considered scientifically potent, it is crucial to clarify and explain the concept that serves as the explanan, turning it into the explanandum— the element being explained. Having a coherent theory about the state, and explaining it thoroughly, is essential for accurately analyzing changes in state restructuring. Thus, that part of the chapter began by treating the state as an explanandum. It systematically explored the concept of the state, laying a theoretical groundwork to understand its role and transformations in the context of financialization. In this sense, Nikos Poulantzas's theory of the capitalist state was employed as the theoretical framework. Poulantzas suggests that any political theory must focus on the relationship between the state, power, and social classes, emphasizing the interconnectedness of state and civil society, which prevents viewing them as independent spheres (Koch, 2021). Within this framework, the state is seen as the site and center of power exercise, but it does not possess inherent power of its own (Türk and Karahanoğulları, 2019). Instead, it is defined as the "relationship of forces or more precisely the material condensation of such a relationship among classes and class fractions" (Poulantzas, 1978, pp. 128-129). Subsequently, the concept of financialization of the state was considered with the same logic. Accordingly, building on Poulantzas's theory of the capitalist state, the capitalist class inherently strives for continuous expansion. The previous accumulation regime, characterized by the welfare state, also embodied this expansionist drive. However, this exploitative order eventually reached its natural limits, prompting the search for new areas of expansion. Neoliberalism, and consequently financialization, represent these new areas that capital seeks and exploits. While financial practices existed before, financialization has now become the primary avenue for expansion. The state, in its role as an organic ensemble of relations, assumes the responsibility of managing financial transformation and overseeing subsequent processes. This involves fulfilling its two crucial functions: facilitating the long-term interests of the capitalist class and ensuring social cohesion. Given the increasing power and influence of the financial elite within the capitalist class—an entity not homogenous in its interests—the state adapts to the evolving dynamics of capitalism. By enacting policies and regulations, the state enables financial transformation and creates an environment conducive to financial interests. This transition as the primary accumulation strategy compels the state to undergo significant restructuring so that it can effectively manage and facilitate this process.

Financialization of the state can be understood as a new form of the capitalist state that emerges in response to the dominance of financial interests and practices within contemporary capitalism. Building on Poulantzas's theory of the capitalist state, it can be considered a new state form. Besides, the concept of the "de-risking state" from Critical Macro Finance (CMF) can be seen as synonymous with financialization of the state, notwithstanding the problematic parts that I explained before of that theory. It is important to distinguish between Poulantzas's theory of the capitalist state and the CMF approach. Poulantzas criticizes the view of the state as a subject with intrinsic rationality since it treats the state and social classes as external entities to each other (Türk and Karahanoğulları, 2019). This perspective leads to political consequences where the relationship between the state and classes (or between the state and social groups in civil society) is seen as a confrontation between two separate entities. In this framework, classes are viewed as influencing the state from the outside, each trying to control different aspects of the state or the state as a whole. However, Poulantzas contends that this perspective fails to grasp the internal contradictions within the state itself. By reducing classes to external influences on the state, it overlooks how the state embodies and mediates conflicting interests and forces within society (Poulantzas, 1976).

Poulantzas challenges the notion that the state is simply a collection of institutions wielding independent power. He criticizes the concept of "state power," arguing that it falsely attributes inherent power to these institutions. Instead, he asserts that power resides with and is exercised by social classes, and state institutions serve as focal points where the political power of these classes is enacted (Türk and Karahanoğulları, 2019). This critique directly opposes the theoretical stance of statist institutionalists, who attribute power directly to the state itself. CMF, like statist institutionalists, attribute such a meaning to the state. In this sense, they are not compatible with each other. While there is harmony in emphasizing various power dynamics, CMF's analysis focuses on external relationships, which is a departure from Poulantzas's relational analysis. This difference should be kept in mind. However, CMF and the theory of the capitalist state can be used together in terms of the compatibility of the de-risking state conceptualization with financialization of the state and, as such, with Poulantzas's state form discussion. He considers specific state-market relationships and the way the state intervenes in the economy in a different manner as a form of state. Therefore, if we focus on the intensification of financial transformation after a specific time period, the de-risking state or financialization of the state is a new state form.

In the first part of Chapter 3 of the thesis, a comprehensive exposition of Turkish financial evolution was undertaken to facilitate the analysis of financialization of the state within the Turkish context. Given the disparities in regional histories, political frameworks, and economic structures, the term "financial transformation" is utilized rather than “financialization”. Consequently, a detailed portrayal of Turkey's financial transformation, spanning from the 1920s to contemporary times, was delineated. This was followed by a closer examination of the financial transformation in Turkey, employing the lens of subordinate financialization to offer deeper insights into its dynamics and implications. It was contended that Turkey's financial transformation is an enduring phenomenon, spanning several decades. However, a notable intensification and deepening of this transformation are observed particularly during the tenure of the AKP (Justice and Development Party) government as in this era, the focus is mainly on attracting foreign investment and enhancing financial markets. While framing this transformation, the concept of subordinate/dependent financialization was employed. Accordingly, developing countries experience financialization differently compared to developed countries. Due to their dependence on the advanced developed countries, countries such as Turkey exhibit differences in their state structures compared to developed ones. Unlike developed countries, where financialization often entails sophisticated financial markets and instruments, Turkey's experience involves a more complex interplay of external dependencies and domestic transformations. The reliance on foreign capital, exposure to global financial fluctuations, and the adoption of policies favorable to international investors illustrate this dependence. This inevitably leads to the debate on authoritarianism. It was demonstrated in the thesis that authoritarianism is not unique to the Turkish case; rather, it is a common occurrence in subordinate countries that implement a neoliberal agenda so that they can ensure this process smoothly.

In the second part of Chapter 3, the concept of the financialization of the state within the context of Turkey was examined, building upon the groundwork laid in the preceding chapters. By revisiting the sources utilized in the earlier discussions, the aim was to illuminate the validity of this concept within the Turkish socio-economic landscape. Central to the examination was the exploration of how this financial transformation has impacted the restructuring of the state apparatus in Turkey. Through a detailed examination of the nexus between financial dynamics and state restructuring, insights were uncovered into the evolution of state institutions and policies in response to the imperatives of financialization. This scrutiny revealed a series of specific characteristics and general trends that typify similar countries undergoing financial transformation. Of particular significance is the emergence of authoritarian aspects intertwined with financial transformation. As observed in many dependent countries, including Turkey, the pursuit of financialization often accompanies tendencies towards authoritarian governance.

The restructuring of the Turkish state in response to financialization reflects the dynamics of capitalist development, wherein various class struggles, and international conjunctions shape the trajectory of state transformation. One key manifestation of this restructuring is evident in the proliferation of public-private partnerships (PPPs), which have become increasingly prominent in Turkey's development landscape. While PPPs are not novel to Turkey, their recent surge underscores significant shifts in the country's economic and political fabric, prompting critical scrutiny and debate surrounding issues of public debt and financial risk. This reflects concerns about the long-term implications of PPPs on the country's fiscal health and sovereignty. As it is frequently emphasized in the literature in terms of policy discussions, emerging economies must develop their infrastructure to foster economic growth, which in turn brings forward the suggestions of PPPs. The PPP model aims to create an environment conducive to global investments by implementing regulatory and institutional reforms. It also establishes new market intermediaries to facilitate project financing and promotes market rationality in governance. In the pursuit of promoting market-based infrastructure provision, the PPP model has played a significant role in advancing neoliberalization and financialization in the developing world (Anguelov, 2024). Besides, PPPs not only reshape the relationship between the state and the private sector but also introduce market rationality into governance structures, influencing decision-making processes and resource allocation mechanisms as these projects require more complicated financial instruments.

The Critical Macro Finance (CMF) approach, in this sense, offers a valuable analytical framework for understanding the financial hegemony underlying PPPs, particularly in the context of the Global South. The concept of "de-risking state" employed by CMF scholars parallels the notion of financialization of the state, shedding light on how countries like Turkey become deeply involved in financial dependencies and obligations. In this sense, PPPs exemplify the financialization of state functions, as they often involve sophisticated financial instruments and reliance on global financial markets for funding. Moreover, while there are serious criticisms about these projects, their implementation still points to an important point. While analyzing city hospitals, Şengül (2017) reveals that before even one of them was completed, the construction of another one started. Therefore, new projects are created regardless of whether the projects in question will actually be useful or not.

Another discussion related to this last section was regarding the concept of socialization of risk. This concept has been discussed extensively in the literature before, and it is possible to find a wide range of studies, both in the East Asian context and in various other contexts, that contain criticisms of the socialization of the risks that enterprises must take. Therefore, a criticism of CMF may be that this concept of risk is not new. Although this is true, the remarkable aspect of the CMF is not that it discusses this concept for the first time, but that it presents it as a new role attributed to the state. In other words, the de-risking state approach, in which they emphasize that a new context regarding the state-market relationship has emerged, can be seen as another way of stating the restructuring of the state. For this reason, it appears as an important concept. This is why I claim that the concept is compatible with Poulantzas's discussion of state form, because he revealed that different state forms can be mentioned depending on the way the state intervenes in the market.

In conclusion, the exploration of financialization of the state in Turkey offers valuable insights to be able to grasp the evolving relationship between the state and financial capital. By situating Turkey within broader debates on financialization and state restructuring, this thesis contributes to a deeper understanding of the complexities inherent in contemporary capitalist development. Through a nuanced analysis of PPPs and their implications, it becomes increasingly apparent that Turkey's financial transformation is not just a domestic phenomenon but is linked to global financial dynamics with its sui generis characteristics. As Turkey navigates its path within the global economy, dealing with issues of governance, accountability, and economic development become vital. So, it necessitates comprehensive understanding of financialization of the state for shaping equitable and sustainable development pathways. When considered in terms of PPPs, the increasing interest in these projects in Turkey becomes more understandable with the help of CMF as it emphasizes the role of the state in managing risks and facilitating private investment in infrastructure. Turkey’s dependent financialization involves significant reliance on external sources of capital. PPPs allow Turkey to leverage private sector investment to bridge the funding gap as they can be structured to attract foreign investors by offering them stable, long-term returns. By offering guarantees and minimum return assurances, the Turkish state effectively reduces the financial risks for private investors, thereby facilitating the flow of private capital into public infrastructure projects.

This thesis can serve as a foundation for future research. I was motivated to conduct this study with the belief that Critical Macro Finance (CMF) could offer a valuable framework for analyzing Turkey's financial transformation process and financialization of the state in the Turkish case, although I have disagreement at some points. Given that this thesis intended to establish a foundational understanding, incorporating detailed case studies would make it overly extensive and that would be beyond the scope of a master's thesis. Therefore, future studies can explore the validity of CMF's approaches in Turkey through focused case studies. By being more specific, future research can also delve into concepts such as "transparency" or examine "public perception" in terms of PPPs.

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APPENDICES

A. TURKISH SUMMARY

1970'lerin aşırı birikim krizinden sonra birtakım değişiklikleri beraberinde getiren neoliberal projenin parçası olarak kabul edilen finansallaşma, özellikle 2008 krizinden sonra, literatürde oldukça ilgi görmüştür. Bilhassa, kapitalizmin niteliksel bir dönüşüm geçirip geçirmediği tartışmalarında kavramdan sıkça bahsedilmiştir. Bu ilgi, aynı zamanda, kavramın birbirinden oldukça farklı bağlamlarda kullanılmasına neden olmuştur. Bu sebeple, artık teorik anlamda kullanılabilirliğini yitirdiğine dair bir kanıya da sebep olmuştur. Literatürde finansallaşmanın anlamını yitirdiği yönündeki bu eleştiriler, kavramın, her şeyi açıklayacak biçimde geniş ve farklı anlamlarda kullanılması sonucu ortaya çıkmıştır. Bu eleştiriler, finansallaşmanın belirli bir tanımının yapılamaması ve bu nedenle analitik bir araç olarak etkinliğinin azalması üzerine odaklanmaktadır. Ancak, finansallaşmanın anlamını yitirdiği iddiasına rağmen, kavram hala ekonomik ve sosyal değişimleri anlamak için önemli bir çerçeve sunmaktadır. Finansal sektörün yükselişi, gelir ve servet eşitsizliğinin artışı, finansal krizlerin sıklığı ve etkisi gibi birçok güncel mesele, finansallaşma perspektifiyle analiz edilmektedir. Sözü edilen tartışmaya rağmen, bu tezde de finansallaşma önemli bir kavram olarak görülmekte ve neoliberal birikim rejimin bir parçası olarak kabul edilmektedir. Buna göre, eğer birikim rejimi bir ekonomide sermaye birikiminin belirli bir dönem boyunca nasıl gerçekleştiğini ve organize olduğunu tanımlıyorsa, neoliberal birikim rejimi de bir önceki dönemden çeşitli farklılıklar nedeniyle ayrılmaktadır. Finansallaşma, yeni birikim rejiminin kapsamında bir dönüşüme işaret etmektedir. Nitekim özelleştirme gibi neoliberal politikalar, finansal dönüşüm için yolu açmıştır. Dolayısıyla, sermaye birikim süreçlerinin finansal araçlar, piyasalar ve kurumlar aracılığıyla giderek daha fazla şekillendiği ve yönlendirildiği bir dönemden söz etmekteyiz. Bu daha önce finansın olmadığı, birden hiçlikten ortaya çıktığı anlamına gelmemektedir. Burada bahsedilen dönüşüm, artan oranla karakterizedir. Dolayısıyla, 1970'lerden itibaren neoliberal politikaların yükselişiyle birlikte, ekonomik yapı ve birikim süreçleri, finansallaşma ekseninde yeniden yapılandırılmıştır. Yani değişim, bir kopuşu değil, bir sürekliliği ifade etmektedir.

Finansallaşma kavramıyla ilintili olarak, son zamanlarda, devletin finansallaşması kavramı da literatürde sıklıkla tartışılan bir kavram olmaya başlamıştır. Öncesinde, literatürde daha çok çeşitli sektörlerde gerçekleşen finansal dönüşüm sürecinde devletin rolü tartışılırken, son yıllarda devletin kendisinin, bu rolünü gerçekleştirirken yaşadığı dönüşüm de incelenmeye başlanmıştır ve buna genel olarak devletin finansallaşması denmektedir. Dolayısıyla, bu kavramla, doğrudan devletin kendi işleyişinde ve yapısında gerçekleşen değişimlerden söz edilmektedir. Bu süreçte devlet, kamu yararı kavramından giderek uzaklaşarak finansal piyasalarla daha da iç içe geçmekte ve finansal mantıkla hareket etmektedir. Tabii bu, devletin öncesinde tamamen kamu yararını öncelediği anlamına gelmemektedir, yani bir kopuş söz konusu değildir. Ancak devletin, giderek artan oranda bu düşünceden uzaklaşması ve bir özel sektör aktörü gibi kâr önceleyen bir varlık haline gelmesi dikkati çekmektedir. Örneğin, emeklilik sistemlerinde veya konut özelinde gerçekleşen finansal dönüşüm sürecinde devletin rolü sıklıkla tartılmıştır, fakat devletin kendisinin risk hesaplaması yapan ve bir kamu aktörü olmaktan uzaklaşarak kâr amacı gütmeye başlayan bir varlık halini almaya başlaması görece az tartışılmıştır denebilir. Bu nedenle, devletin finansallaşması kavramı, neoliberal dönemin ekonomik ve sosyal dinamiklerini anlamada kritik bir öneme sahiptir ve bu dinamiklerin devlet yapıları üzerindeki etkilerini analiz etmek için önemli bir analitik araç olarak karşımıza çıkmaktadır.

Kavramın son zamanlarda oldukça popüler olduğunu belirtmiştim. Bu popülerlik sebebiyle, farklı perspektiflerden kavrama ilişkin kapsamlı analizler yapılmıştır. Örneğin Karwowski ve Centurion-Vicencio’nun (2018) çalışmaları, devleti belirli görevleri olan ve vatandaşına karşı sorumluluğu olan bir varlık olarak tanımlayarak, devletin son dönemde bu görevlerini giderek azalttığını ve halka karşı sorumluluğunu göz ardı ettiğini bu kavram aracılığıyla iddia etmektedir. Devletin çok sınırlı bir tanımı yapılarak bir kopuş olduğu düşünülmüştür. Bu kopuşu ise şöyle ifade ederler: Kamu hizmetleri aktif olarak alınıp satılan finansal varlıklara dönüştürülmeye başlanmıştır ve enflasyon hedeflemesi ile piyasaya dayalı likidite yönetimi devlet için öncelik haline gelmiştir. Bu durum, finansal piyasa istikrarının öncelik olarak belirlendiğini gösterir, dolayısıyla devletin yapısında bir değişim hatta bir kopuş söz konusudur denebilir. Karwowski (2019), bir başka makalesinde, devleti kendi çıkarını düşünen bir varlık olarak kurgulayarak bu dönüşümün sebebinin de yine devletin kendi çıkarları ve hedefleri doğrultusunda gerçekleştiğini vurgulamaktadır. En başından, finansal dönüşümün bir kopuşa işaret ettiğini kabul etmediğimi belirtmiştim. Ayrıca, devleti kendine özgü çıkarları olan bağımsız bir varlık olarak görme fikrine katılmayarak, onun uzun vadede sermayenin çıkarlarını korumak ve sözüm ona toplumsal ahengi bozmamak adına, finansal dönüşüme uygun politikalar izlediğini iddia ediyorum. Ancak bu, tek başına bir dinamik olarak görülemez, zira daha geniş kapitalist dinamikler ve sınıf mücadelelerinin bu süreci şekillendirdiğini, dolayısıyla da çeşitli toplumlarda farklı çıktılarla karakterize olduğunu vurgulamak gerekir. Kimileri de seçim kaygısı ve kamu görevlilerinin çıkarlarının bu süreçte belirleyici olduğunu iddia etmektedir (Davis & Walsh, 2016). Buna göre, bakanlar ve devlet memurlarının çıkarları bu sürecin gelişmesinde belirleyici bir rol oynamıştır. Benzer bir şekilde, yukarıda açıkladığım üzere bu yaklaşıma da katılmıyorum çünkü burada da devleti, devlet yöneticileri ve çalışanlarıyla bir tutarak basitçe açıklama yaklaşımı söz konusudur. Halbuki devletin bundan çok daha fazlasına işaret ettiğini düşünerek bunu tezde açıkladım.

Kavrama ilişkin bir başka önemli analiz, Schwan vd.'nin (2021) çalışmasında karşımıza çıkıyor. Onlara göre, bir ülkede devletin finansallaştığını iddia edebilmek için, dört gelişmenin varlığından söz etmek gerekir. Bunlardan ilki, ülkenin kamu borcu ile ilgilidir. Bir ülkede kamu borcu ne kadar fazlaysa, o ülkede devlet o kadar finansallaşmış demektir. İkincisi, bir ülkede finansal piyasa ne kadar serbestse, devletin finansallaşmış olması ihtimali o kadar artar çünkü bu sayede sermaye akışı kısıtlamaları azalacak, finansal kurumlar serbest kalacak ve finansal piyasalarda rekabeti artıracak politikalar oluşturmak için alan yaratılmış olacaktır. Bunlar gerçekleştikçe ise, devlet mali piyasalarla daha fazla iç içe geçerek bu yönde politikalar oluşturmaya devam edecektir. Üçüncüsü, ülkede yabancı sermayenin, hisse senedi, gayrimenkul ve tahvil gibi finansal varlıklarla anlaşılacak olan fazlalığı da bir işaret olarak görülebilir. Artan yabancı sermaye, devletin davranışlarının şekillenmesinde, dış etkilerin oldukça etkili olabileceğini gösterir. Bu şekilde devlet, giderek küresel finansal ağların bir parçası haline gelir. Son olarak, ülkenin uluslararası ekonomik kuruluşlara entegrasyonunun ne kadar fazla olduğu da bir göstergedir. Bu tür organizasyonların üyesi olmak, o ülkelerle uyum içerisinde politikaların gerçekleştirileceği anlamına gelir.

Schwan vd.'nin çalışmasından bahsetmişken Türkiye açısından da bu hipotezlerini tartışmak yerinde olur. Türkiye'de kamu borcu ciddi oranlarda artmıştır, bu kamuoyunda da zaten sıklıkla tartışılan bir konudur. Üstelik, mali piyasalara ilişkin çeşitli düzenlemeler yapılarak, sermayenin önündeki kısıtlamalar azaltılmış ve yatırım prosedürleri kolaylaştırılmıştır. Bu yolla ülke, uluslararası sermaye akımlarına açık hale gelmiş ve ülkede yabancı sermaye giderek artmıştır. Buna yönelik politikalar da bilhassa AKP döneminde gerçekleştirilerek çeşitli yatırımcıların burada şirket kurma ve yatırım yapma olanağı önündeki engeller neredeyse kaldırılmıştır (Oktayer, 2009). Ülke ayrıca, Avrupa Birliği Gümrük Birliği gibi çeşitli uluslararası ekonomik kuruluşlara üyedir ve bu doğrultuda düzenlemeler yapmaya meyillidir.

Yine de Türkiye özelinde kavramın neredeyse hiç tartışılmadığı dikkati çekmektedir. Çeşitli iktisat makalelerinde söz konusu dönüşüm yer almasına rağmen, bir devlet teorisi ışığında tartışılmamıştır. Ancak elbette ki Ali Rıza Güngen'in (2012) doktora tezi bu konuda istisnai bir durum teşkil etmektedir. Söz konusu doktora tezinde Güngen, devletin finansallaşması kavramını, birikim rejiminin finansallaşması kavramı ile ilintili olarak açıklamaktadır. Buna göre, neoliberal sınıf projesinin altında gerçekleşen birikimin finansallaşması süreci, yeni bir devlet yapılandırmasını gerektirmiştir. Sözü edilen bu yapılandırmaya da devletin finansallaşması denmektedir. Bu tezde de devletin finansallaşması kavramı bu şekilde kullanılmış ve yukarıda bir kısmını özetlediğim gibi kavrama ilişkin çeşitli yaklaşımlar da incelenmiştir. Tıpkı finansallaşma kavramı gibi, devletin finansallaşması kavramının da çok çeşitli bağlamlarda tartışıldığı gözlemlenmiştir. Dolayısıyla, birbirinden farklı anlamlara sahip pek çok anlam ortaya çıkmıştır, bu da kavramın dikkatle analiz edilmesi gerekliliğini gösterir. Türkiye açısından ise, Güngen'in çalışması dışında

Siyaset Bilimi kapsamında kavramın analizi olmadığından, farklı ülkeler bağlamında yapılan tartışmalar, Türkiye örneği ile benzerlikleri üzerinden incelenmiş ve Türkiye'de geçerlilikleri analiz edilmiştir.

Devletin finansallaşması tartışmalarında spesifik bir devlet teorisine yaslanılmadan analizler gerçekleştirildiği, bu sebeple de söz konusu analizlerde devletin kendisinin ne olduğuna ilişkin belirgin bir çerçeve sunulmadığı da dikkati çekmektedir. Çeşitli gelişmelerin sebebi olarak ortaya konan kavram, yukarıda özetlediğim gibi, genel olarak, bir zamanlar vatandaşlara karşı sorumluluğu ve hesap verebilirliği olan devletin, artık bunu geride bırakarak tümüyle bir özel sektör aktörü gibi davranış göstermesi üzerine kurulmuştur. Bunun, tartışmayı eksik bırakacağı ve anlaşılmaz kılacağı gibi düşünceler sebebiyle, tezde, devletin finansallaşması kavramının tartışması elbette ki bir devlet teorisine yaslanmadan yapılmamıştır. Nikos Poulantzas'ın (1978) kapitalist devlet teorisi baz alınarak devletin kapitalist sınıfın doğrudan bir aracı olmadığı, aksine göreli bir özerkliğe sahip olduğu savunulmuş ve bu haliyle devletin çeşitli sınıfsal çıkarlar arasında denge sağlamaya çalıştığı iddia edilmiştir. Buna göre devlet, sınıf mücadelesinin arenası olarak kavramsallaştırılır ve sınıfsal güç dengelerinin devlet politikalarını şekillendirdiği üzerinde durulur. Bir yandan toplumsal sınıflar arasında denge kurmaya çalışan devlet, kapitalist sistemi meşrulaştırır ve toplumsal rızayı sağlar. Diğer yandan ise, hâkim sınıf içerisindeki çatışmaların dengelenmesini sağlar ki bu da sözünü ettiğim göreli özerklik sayesinde olur. Kapitalist sınıf homojen bir sınıf değildir, devlet de mutlak bir özerkliğe sahip değildir. Dolayısıyla, dönem dönem belirli fraksiyonlar hâkim pozisyona gelir. Finansallaşma da bu çerçevede düşünülmüştür, zira 1970'lerin aşırı birikim krizinden sonra finansal sektörün önemi arttı ve neoliberal politikalar bu süreci hızlandırdı. Devlet, finansal piyasaların büyümesi ve finansal sermayenin güçlenmesiyle birlikte, bu sektörün çıkarlarını koruma ve destekleme görevini üstlendi ve bu da kendisinin de bu süreçte bir dönüşüm geçirmesiyle sonuçlandı. Devletin finansallaşması bu bağlamda kavramsallaştırılmıştır. Burada yine Güngen'in sözünü ettiği, birikim rejiminin finansallaşması nedeniyle devletin yeniden yapılandırılmasının gerekliliği üzerinde durulmuştur.

Finansal dönüşümün her ülkede benzer şekilde gerçekleşmediğini de burada belirtmekte fayda var. Her ülkenin kendine özgü koşulları ve dinamiklerinin bulunması, o ülkedeki sınıf mücadelelerinin ve dış müdahalelerin kapsamının farklılıklar gösterdiğine işaret eder. Bu, literatürde bağımlı finansallaşma kavramıyla incelenmiş (Bonizzi vd., 2019; Musthaq; 2021; Lapavitsas & Soydan, 2022) ve Türkiye de bağımlı ülkelerden biri olarak karakterize edilmiştir (Akçay & Güngen, 2022; Alaybeyoğlu & Tanyılmaz, 2022). Bunun sebebi, Türkiye'nin tarihsel olarak ekonomik kalkınmasını destekleyebilmek için dış sermaye ve yatırımlara bağımlı olmasıdır. Doğrudan yatırımlar ve uluslararası finans kuruluşlarından alınan krediler, sanayileşme çabalarının da ekonomik reformların da önemli bir bileşenidir. Ülke aynı zamanda enerjiye bağımlı bir ülkedir, dolayısıyla sürekli olarak doğalgaz ve petrol ithal etmek zorunda kalmaktadır. Böyle bir geçmişe sahip olan ülke, elbette ki finansal dönüşüm sürecini de bağımlı olarak geçirmektedir. Uluslararası Para Fonu (IMF) ve Dünya Bankası gibi kuruluşların önerdiği ekonomi politikalarını ve yapısal uyum programlarını uygulayan ülkenin finansal dönüşümünü ve bu doğrultudaki devletin yeniden yapılandırılması sürecini de bu bağlamda düşünmek gerekir.

Devletin finansallaşması kavramıyla ilgili olarak bir başka akademik çaba ve bu tezin de odak noktası, Eleştirel Makro Finans (EMF) olarak çevirebileceğimiz Critical Macro Finance çevresi tarafından gerçekleştirilmiştir. Her ne kadar kurumsalcı bir çerçeveden bakmak suretiyle devletin geçmişte toplumsal sınıfların üstünde bir konumda gücü ve kapasitesi olduğunu iddia ederek bir değişimin gerçekleştiğini ve artık küresel finansın sözü edilen güce ve kapasiteye sahip olduğunu kurgulasalar da "de-risking state" olarak kullandıkları ve "riskten arındıran devlet" veya "risk alan devlet" olarak çevrilebilecek olan kavram ile literatüre önemli bir katkıları olmuştur denebilir. EMF çalışmaları daha çok Küresel Güney ile ilgilidir çünkü sözü edilen riskten arındıran devletin daha çok bu ülkeler için bir mecburiyet haline geldiğini ortaya konmaktadır. Dolayısıyla, altyapı problemlerini çözmüş ve kalkınmayla ilgili kıyaslandığında bir problemi olmayan gelişmiş ülkeler temel odak noktası değildir. Aksine, bu gelişmiş ülkelerdeki finansal kuruluşların, bilhassa Dünya Bankası gibi kuruluşların, Küresel Güney'deki ülkelere, finans kapitali çekebilmek adına, devlet tarafından sağlanacak olan yüksek garantili projeleri hayata geçirmelerini öne sürdüklerini iddia etmişlerdir.

Aslında, temel altyapı projeleri ve kalkınma projeleri için yeterli imkanları olmayan bu ülkelerin, karşısına küresel finans çözüm yolu olarak çıkmaktadır. Bu yolla yapılacak projeler için, sermayeyi çekebilmek adına devletin riski omuzlaması gerekmektedir, yani çeşitli garantiler öne sürerek devlet, bu projeleri özel sermaye için çekici hale getirmelidir. Bunun aracısı olarak da Kamu Özel İşbirlikleri (KÖİ) kullanılmaktadır. EMF, bu projeleri talep edenin, küresel finansın kendisi olduğunu iddia etmektedir. Gabor (2020), bu iddiayı ise Michael Mann'ın (1984) altyapısal iktidar kavramını kullanarak açıklar. Buna göre, bir zamanlar yüksek kapasiteye ve özerkliğe sahip olan devlet, topluma nüfuz edebilmek adına altyapısal bir iktidar kullanır. Böylece, siyasi kararları isteği doğrultusunda uygulayabilme yetisine sahip olmuş olur. EMF'ye göre, finans da bir altyapısal iktidar aracı olabilsin diye devlet tarafından kullanılmaya başlanmıştır. Ancak zamanla bu durum tam tersine dönmüş ve küresel finans söz konusu iktidarı ele geçirmiştir. EMF, küresel finansın hegemonyasını bu kavramla açıklar. Tezde bu yaklaşım, gerçekte bir geçerliliği olmadığı için eleştirilmiştir, zira en başında devletin söz konusu bir mutlak iktidarından bahsetmek mümkün değildir, böyle bir anlatı gerçeği yansıtmamaktadır. Aksine, devletin, sınıflardan bağımsız düşünülebilecek kendine ait bir iktidarı yoktur, onun ancak göreli bir özerkliğinin olduğu söylenebilir ve bu da ancak toplumsal ahengin bozulmaması ve kapitalist üretim biçiminin devamlılığı için var olabilmiştir. Bu sebeple, ciddi bir kopuştan söz etmek mümkün değildir, daha çok finans kapitalin hegemonyasına bağlı bir değişimden söz edilebilir. Ancak EMF'de devlet kurumsalcı bir perspektife göre kavramsallaştırılır ve yer yer de devlet yöneticilerinin çıkarlarının finansallaşma sürecini başlattığı iddia edilir.

Tabii söz konusu ülkelerde, KÖİ'lere olan artan ilgiye bakılacak olursa, bu projelere olan talepler, devletlerin artan oranda risk alma sürecini başlatmıştır. Dolayısıyla, her ne kadar talebin ne taraftan geldiğine ilişkin bir kargaşa olsa da EMF'nin, özellikle KÖİ'ler aracılığıyla devletin sözü edilen riskten arındırma faaliyetine yaptıkları vurgu önemlidir. Üstelik, Türkiye gibi çok çeşitli KÖİ projeleriyle gündeme gelen bir ülke EMF'nin araştırma alanına henüz girmemiştir. Bu sebeple de tezde EMF'nin yaklaşımı incelenmiş ve Türkiye için geçerliliği tartışılmıştır. Nitekim, geçiş garantili köprüler, hasta garantili hastaneler gibi pek çok projenin, tam da iddia edildiği gibi, devletin, kamuoyunda da sıklıkla tartışıldığı üzere, vatandaşın üstünde ciddi bir yük oluşturduğu, fakat devletin bir özel sektör aktörüymüş gibi, kamu yararını gözetmeden risk alarak bu projeleri gerçekleştirdiği düşünülürse, Türkiye'nin EMF açısından oldukça değerli bir çalışma alanı olduğu iddia edilebilir.

Türkiye'de KÖİ'lerin, finansman detayları ve proje içerikleri anlaşmalar nedeniyle gizli kalırken, kamu garantisiyle harcanan yüksek meblağlar dikkat çekmektedir. Bazı politikacıların tartışmalarında 'tiksindirici borç' kavramıyla öne çıkan bu garantiler, daha önce belirttiğim gibi, kamuoyunun da ilgisini çekmektedir (Sözcü, 2021). Buna göre, kamu zararına olan borçlanmalar reddedilmelidir. Türkiye'de bu kavram ilk kez İYİ Parti kurucusu ve önceki lideri Meral Akşener tarafından dile getirilmiş ve KÖİ'lerle ilişkilendirilmiştir (Kozanoğlu, 2021). Elbette, KÖİ'leri Türkiye'de ilk kez uygulanan projeler olarak görmemek gerekir, gerçekte uzun bir geçmişleri vardır (Ayhan & Üstüner, 2023). Ancak, son yıllardaki projelerin öncekilerden hem nitelik hem de nicelik olarak farklı biçimlerde ortaya çıkması ve bu projelere yönelik şikayetler, ciddi bir değişimin gerçekleştiğini göstermektedir. Son dönem KÖİ'lerindeki ana fark, daha kapsamlı ve finansal olarak daha önemli projelere yönelme ve detayları konusunda artan gizliliktir. Ayrıca, geçmişte KÖİ'ler daha çok altyapı, yol ve köprülerin inşasında ve kısmi işletmesinde kullanılmıştır. Fakat yeni projeler daha karmaşık ve büyüktür ve ciddi özel sektör yatırımlarını içermektedir (Biçer & Girgin, 2020). Ayrıca, bu projelerin daha sorunsuz bir şekilde uygulanabilmesi için vergi teşvikleri ve muafiyetlerini de içeren birtakım yasal kolaylıklar sağlanmıştır.

Önceki projelerden neyin farklı olduğuna ilişkin detaylara burada odaklanmakta fayda var. Örneğin, şehir hastanelerini incelediği yazısında Şengül (2017), bu projelerden öncelikle biri tamamlanmadan hemen bir yenisinin inşasına başlandığını belirtiyor. Bu hakikaten de dikkat çeken bir farklılıktır zira eğer projelerden birinin tamamlanması beklenseydi, bu projenin ne denli faydalı veya zararlı olduğunu analiz etmek de mümkün olabilirdi. Normal şartlarda yapılması gereken budur ki toplu bir şekilde mağduriyet yaşanmasın. Fakat çok maliyetli olmalarına rağmen, 2017 yılından itibaren, 6 yıl içinde tam olarak 17 şehir hastanesi kurulmuştur (Aydın & Altındağ, 2023). Bu projelerin birbiri ardına, gerçekten kamunun yararına olup olmadığına bakılmadan gerçekleştirilmeleri, bu yeni dönem projelerin dönüşümüne işaret etmektedir. Yine bir başka örnek, Köseoğlu ve Sönmez'in (2022) makalesinden yola çıkılarak verilebilir. Kamuoyunda çeşitli tartışmalara yol açan Fikirtepe Kentsel Dönüşüm Projesi'nden bahsedilen bu makalede, çok maliyetli olmasına ve halkın mağduriyetinden ve belirsizlikten kaynaklı tepkisine neden olmasına rağmen bu projenin ısrarla sürdürülmesine ve fakat bir türlü bitirilememesine işaret ediyor.

KÖİ'lerin yaygın kullanımı, yönetimde piyasa temelli yaklaşımlara eğilime işaret ediyor. Devlet, bu ortaklıklara katılarak, kamu ile özel sektörün entegrasyonunu güçlendiriyor. Bu projelerin gerçekleştirilmesi için çeşitli kolaylıkların sağlanması ve devletin bunları yönetmedeki aktif rolü, onun finansal piyasalara aktif katılımını da gözler önüne sermektedir. Böylece, kamu hizmetleri ve altyapı metalaşmaktadır ve kamu yararı düşüncesinden giderek uzaklaşılmaktadır. Şimdi kapatılmış olan ve görevleri çeşitli bakanlıklara ve başkanlıklara devredilmiş olan Kalkınma Bakanlığı'nın, 2012'de yaptığı bir değerlendirmede, KÖİ'lerin risklerinden söz edilmiştir. Bir zamanların KÖİ ülkesi Birleşik Krallık'ın karşılaştığı finansman zorluklarına atıfta bulunularak, bu projelerin tehlikelerine işaret edilmiştir. Ancak 2012'den bu yana gerçekleştirilen projelerin kapsamlarına ve büyüklüklerine bakılacak olursa, söz konusu değerlendirme dikkate alınmamıştır denebilir.

Tıpkı EMF yaklaşımında bahsedildiği gibi, Türkiye'de KÖİ projeleri, gerçekçi mali öngörülerde bulunulmadan, minimum gelir getirisi garantisi verilerek gerçekleştiriliyor. Yeniçağ'ın (2023) haberine göre, Yavuz Sultan Selim Köprüsü, Osmangazi Köprüsü, Avrasya Tüneli gibi projelerin kamuya getirdiği mali yük yaklaşık olarak 4,9 milyar dolar. Çeşitli başka haberlerde de hatta Hazine ve Maliye Bakanlığı tarafından hazırlanan hükümet bütçelerinde de ne denli yüksek maliyetten söz edildiği fark edilebilir. Özellikle AKP hükümetinin bu projelere olan ilgisi, yurtdışından sermaye akışının sağlanmasıyla alakalı olarak kabul ediliyor (Ayhan & Üstüner, 2023). Bu haliyle, EMF'nin anlattığı, finansa bağımlı ve finansal piyasaların bir aktörü haline gelen devlet biçimi karşımıza çıkıyor.

Yukarıda bahsettiklerim bizi, neoliberal dönüşümün ve dolayısıyla finansal dönüşümün getirdiği değişimlere götürüyor. Bu süreçte devlet, politikaları yapım ve uygulama sürecini giderek artan oranda finans kapitalin çıkarlarıyla uyumla hale getiriyor. Tezde dolayısıyla, riskten arındıran devlet ve devletin finansallaşması kavramları birlikte düşünülmüştür. Riskten arındıran devlet, meselenin daha spesifik bir boyutuna odaklansa da ikisi birlikte, birikim rejiminin finansallaşmasının bir çıktısı olarak devletin yeniden yapılandırılmasına ışık tutmaktadır. Böylece Poulantzas'ın tartıştığı haliyle ortaya yeni bir devlet biçimi çıkmaktadır. Bu devlet biçimi ise, hane halkının en küçük bireyine kadar yaşamları olumsuz etkilemektedir çünkü sıradan bir vatandaşın bile risk alarak kazanç sağlamanın yolunu bulması gerekmektedir. Devletin aldığı bu yeni biçim, kamu yararı kavramından giderek uzaklaştığından, bireylerin yaşamlarını sürdürebilmelerinin yolu finansal okuryazarlık gibi birtakım yeni süreçlere bağlanmış görünmektedir.

Bu noktada bir eleştiri, riskin toplumsallaştırılması meselesinin yeni olmadığına, dolayısıyla EMF'nin yeni bir tartışmaya yol açmadığına odaklanabilir. Zira gerçekten de literatürde çeşitli bağlamlarda risk meselesi tartışılmıştır (Stiglitz, 2010; Posner, 1974; Sandel, 2012; Wade, 1998). Ancak fark, EMF'nin bunu devlete atfedilen yeni bir rol olarak ele almasından gelmektedir. Buna göre, riskten arındıran devlet, devlet-piyasa ilişkilerinde bir değişime işaret etmektedir. Devletin, ekonomik faaliyetlerle ilgili riskleri basit bir şekilde düzenlemek veya azaltmak yerine, yeni finansal araçlar ve özel sektörle kapsamlı ortaklıklar yoluyla, riskleri özel sektör için neredeyse ortadan kaldırarak toplumsallaştırması, yeni bir devlet-piyasa ilişkileri konjonktürüne işaret etmektedir. Böylece, sınıf ilişkilerinde ve kriz yönetiminde birtakım değişikliklerden söz edilmektedir. Bu bağlamda, EMF'nin riskten arındıran devleti, yeni bir devlet biçimi olarak kavramsallaştırılabilir.

Bu tez, gelecekteki araştırmalar için bir temel oluşturabilir. Eleştirel Makro Finans'ın yaklaşımları, Türkiye'nin finansal dönüşüm sürecini analiz etmek için değerli bir çerçeve sunabileceği düşüncesiyle, katılmadığım çeşitli noktaları olmasına rağmen tezin temel odak noktasını oluşturmuştur. Bu tezin Türkiye açısından temel bir analizi amaçladığını göz önünde bulundurduğumda, ayrıntılı örnekler vermenin ve onları incelemenin, tezi aşırı derecede kapsamlı hale getireceği ve bir yüksek lisans tezinin kapsamını aşacağı kanısına vardım. Bu nedenle, gelecekteki çalışmalar, spesifik KÖİ örneklerine odaklanarak daha derin bir analiz gerçekleştirebilir veya daha özelde, KÖİ'lerin proje tasarım ve gerçekleştirme aşamalarında, "şeffaflığın" ne derece söz konusu olduğu incelenebilir. Yalnızca KÖİ'lere yönelik kamusal bakış açısına bile odaklanacak çalışmalar yürütülebilir.

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