

POLITICS OF NEOLIBERAL TRANSFORMATION:  
A COMPARATIVE ANALYSIS OF DEBT-LED CONSUMPTION AND CRISIS  
IN  
GREECE AND TURKEY

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## **ABSTRACT**

**POLITICS OF NEOLIBERAL TRANSFORMATION:  
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This thesis analyzes the neoliberal transformations of Greece and Turkey and the role of debt-led economic development strategy in this process. In order to explain historical specificities of these cases that identify the change today, a comparative historical analysis will be conducted. With this aim, the complex and multilateral relationship between state, market, international institutions and the constitutive of financial credits will be explored and the scope of this thesis will be confined to the relationship between indebtedness and neoliberal transformations. In this thesis, it will be argued that what has differentiated the Greek and Turkish paths of neoliberal transformation has been different political trajectories of the two countries after the 1980s, which based on the differentiated capabilities of their social oppositions, and the long term implications of these different paths in terms of the sustainable development of the Greek and Turkish societies have yet to be seen in the future.

**Keywords:** Financial Neoliberalism, Debt-led Consumption, Greece, Turkey

## ÖZ

### NEOLİBERAL DÖNÜŞÜMÜN SİYASETİ: YUNANİSTAN VE TÜRKİYE'DEKİ BORCA DAYALI TÜKETİM VE KRİZİN KARŞILAŞTIRMALI ANALİZİ

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Bu tez, Yunanistan ve Türkiye örneklerindeki neoliberal dönüşümü ve borca dayalı gelişme stratejisinin bu süreçteki rolünü analiz eder. Bugün ortaya çıkan farklılıkları yaratan tarihsel özellikleri açıklamak için, karşılaştırmalı bir analiz yürütülecektir. Bu amaçla, devlet-pazar, uluslararası kurumlar ve kredilerin kurucu gücü arasındaki karmaşık ve çok taraflı ilişki araştırılacak ve çalışmanın alanı, borçluluk ve neoliberal dönüşüm ilişkisi ile sınırlandırılacaktır. Bu tezde, Yunan ve Türk neoliberal dönüşüm gidişatlarını birbirinden ayıran şeyin, bu iki ülkenin 1980 sonrası dönemde, farklı toplumsal muhalefet modellerine dayanan, değişik siyasi eğilimler içine girmeleri olarak sunulmuş ve bu farklı siyasi eğilimlerin uzun dönemli sonuçlarının gelecekte ortaya çıkacağı savunulmuştur.

**Anahtar Kelimeler:** Finansal Neoliberalleşme, Borca Dayalı Tüketim, Yunanistan, Türkiye

The dedication of this thesis is split three ways:  
to my loving family,  
to my dear advisor Pınar Bedirhanoglu,  
and  
to the peoples on both sides of Aegean Sea

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## CHAPTER 1

### INTRODUCTION

Very few could have guessed what started as a mortgage crisis in 2007, will turn out to be full blown financial crisis in 2008 and a small country named Greece will become center of attention in 2009. Yet, here we are in 2015 and still discussing the future of Greece with or without EU, whether it will stay in Eurozone or Syriza will come up with an alternative proposition. In Turkey, on the other, we observed an apparently very confident crisis management as “crisis will not damage us (Kriz bizi teğət geçecek)” and after almost six years (since 2008), it turned out to be more or less true. How can two neighboring countries who share a great deal of history and story of economic development diverge from each other to establish such different cases?

In this thesis, I will analyze the neoliberal transformations of Greece and Turkey and the role of debt-led economic development strategy in this process. I will make a comparative historical analysis in order to explain historical specificities of these cases that identify the change today. With this aim, I will focus on the complex and multilateral relationship between state, market, international institutions and the constitutive role of financial credits. I will confine my study to the relationship between indebtedness and neoliberal transformations as finance constitutes a significant structural driving force in the process of neoliberal change.

In the second chapter, I will present my analysis of neoliberalism focusing on the new type of state-market relationship which I will explain as neoliberal interventionism. Then, I will look at how neoliberalism emerged out the structural problems of the 1970s and with this analysis, I will differentiate neoliberalism not only from classical liberalism but also from previous dominant political economy

approach of Keynesianism. To substantiate this analysis, I will explain the values that neoliberalism try to promote as wealth and security and then I will provide an analysis of how these values are consolidated with neoliberal institutions. To show the transformative power of institutions, I will present ECB for Greece and IMF for Turkey later in this chapter.

In the third chapter, my main focus will be upon the historical transformation of Greek political economy. I will start with Greeks independence from Ottoman Empire to show the conditions of its establishment as a nation state. I will make an analysis of external interventions in Greece with the specific cases of importing king to Greece from Bavaria and Greece's participation in WWI. Then, in order to show what historical base Syriza has in Greece, I will analyze civil war between communists and conservatives and American intervention in this process. Later, I will look at Cold War policies of Greece and US's eagerness to recruit Greece to capitalist block. With the case Papandreou and colonels coup d'état, I will mark the process of Europeanization in Greece and decline of American hegemony. Then, finally I will analyze the role of European Union, European Central Bank and the policy of common currency over the creation of Greek debt crisis.

In the fourth chapter, I will apply the same perspective to Turkish case. I will start with the late Ottoman period in order to show the continuing patterns of Turkish political economy from Ottoman Empire to Turkish Republic, from CUP (The Committee of Union and Progress) to RPP (Republican People's Party) and also AKP within the framework of common targets and common failures. Throughout this chapter, I will analyze the changing political economy visions in Turkey with a focus on the historical realities of the context. I will study the waves of liberalism, etatism, protectionism and neoliberalism the main historical dynamics that has brought about today's political economic conditions system in Turkey, and I will analyze AKP's debt-led consumption strategy, its peripheral discourse and increasing authoritarianism in this perspective.

In the last chapter, I will conclude my thesis in two parts. First, I will summarize my main arguments in the chapters, then in the second part I will make a comparative analysis of Greece and Turkey. In this analysis, I will present my findings.

## CHAPTER 2

### POLITICS OF FINANCIAL LIBERALISM

In the second chapter of this thesis, I will study the rise of financial neoliberalism, the creation of neoliberal hegemony, transformative powers of institution and the relationship between financialization and structural dependency over the cases of Greece and Turkey.

#### **2.1. The rise of Neoliberal Mission: Neoliberalism for All**

In this section, I will explore the rise and spread of neoliberalism as a constructed ideal for different states and economies in different geographies in the hands of structurally powerful international political economy actors. I will analyze the reorganization of state-market relationship with the spirit of neoliberal interventionism and argue that neoliberalism redirected state's influence over the market in order to create the desired neoliberal political economy. With reference to Strange (1994)'s definition of 'structural power', I will argue that neoliberal transition has been realized by the use of structural power; and it created an environment in which significance of the previous welfare politics emphasizing equality, justice and positive freedoms has withered away while the value attributed to capital accumulating activities enabled by the very hand of state increased. Then I will study the systemic nature of neoliberal transformations through taking into consideration the 'global requirements' and 'structural impositions' for this kind of reorganization of state-market relations. Later I will focus on the values of neoliberalism by analyzing the reasons behind and methods used. In the last part, I will mention TINA as a deliberate discourse used by structurally powerful policy makers in order to eliminate the alternative forms of state-market relations and consolidate the hegemony of neoliberalism as a dominant mode of international political economy.

### **2.1.1. State-market relationship and neoliberal interventionism**

Neoliberalism has been almost crusade like effort against the Keynesian economic settings in the hands of Western decision makers starting from the 1970s. With its mission to save economies from dated statist mentality, it has almost a religious side. In this sense, the promised land of wealth, freedom, competition and innovation was believed to be accessible through neoliberal transformation of state-market relations. Still, state has never lost its managing role in the economy but reformulated its agenda. In this first sub-section, I will study the nature of neoliberal interventionism as one of the defining characteristics of neoliberal reorganization of state-market relationship.

The idea, as it has been presented, freeing market from ineffective, uncompetitive, unsustainable and unnecessary rule of state would not only benefit all actors but also strengthen the profitable markets by letting actors to pursue their own interests independent from state's limitations, impositions and requirements. Yet, ironically, despite all the arguments made against state involvement in the economy, neoliberalism did not erase state form economic realm but instead it redirected state interventionism. In other words, neoliberalism has not disregarded the influence of the state, like the old or classical liberalism, but instead it has encouraged its involvement in the market as a necessary tool for the functioning of the market (Rüstow, 1963: 253). The neoliberal reconstruction of state-market relationship has been explained by Foucault as: "Neoliberalism differs radically from classical liberalism in that it does not aim at liberating markets, but at creating markets and subordinating government activity under this goal. Markets do not spontaneously spring into being, but have to be constructed and maintained by governments. Contrary to classical liberalism, neoliberalism thus requires permanent and profound state intervention (Foucault, 2008: 47)". Thus, the state power has never been undermined by neoliberalism when it comes to make

necessary tax arrangements, using police force or establishing capital-protecting laws and courts to judge whom are not abiding citizens.

With neoliberalism, the previous welfare policies where state uses its power to re-distribute wealth from richer to poorer groups of society have changed. As state's spendings have been cut significantly as opposed to increased ratios of taxes paid by ordinary citizens, state's re-distributive role started to widen the gap between the richer and the poorer. Many laws, rules and regulations established to strengthen entrepreneur class who has money to invest in the areas which are no longer state's responsibility; groups who are the previous primary targets of public spending are only left with state's authority to protect the new system. From this perspective, state has never lost its re-distributive role only its direction has been re-arranged according to neoliberal agenda. So, in other words, this new liberalism has been developed around the spirit of neoliberal interventionism.

### **2.1.2. Neoliberal transformation as a systemic phenomenon**

The transformation of dominant world economic system from Keynesianism to neoliberalism, was a response to certain economic developments in the hands of states who had structural power over others. The end of Keynesian ideals started with the decline of American hegemony and the abolishment of gold exchange standard. Following the catastrophic results of oil shock in 1973, western economies were failing to deal with rising unemployment, decreasing consumption and investment, currency problems, recession and stagflation; and they searched for an exit for their social responsibilities stems from Keynesian economic order (Engartnet, 2012: 3). And neoliberalism has been offered as the best way out. In this part of the first chapter, my main focus will be directed towards the global requirements and structural impositions for the neoliberal reorganization of state-market relations according to the agendas of structurally powerful actors.

Since structural power is the ability to shape and determine the structures of the global political economy within which other actors have to operate (Strange, 1994: 24-25), the powerful international actors or the ruling strata –who perceived neoliberalism as the solution for all the problems stemming from Keynesian system, became the designers, executers and leading advocates of neoliberal transformations. By using their structurally powerful positions in the world system, the policy makers of USA and UK tried to facilitate and accelerate the transition. As it turned out, structural power of main actors in the international political economy became the most vital element for the transition to neoliberalism.

This transition, by the simplistic definition, meant the replacement of welfare policies with a more Darwinistic arrangement of socio-economic relations. Without state involvement (in the Keynesian sense, not neoliberal involvement) in economy and welfare politics targeting justice, equality and positive freedom; neoliberalism has made individual the sole responsible for his/her life and by doing so it is believed that individuals could realize their true potentials through competition, constant innovation and self-discipline. However, the choice was not only based on ideas but also on real economic event, as I stated above. This transition towards neoliberalism was deliberately argued by structurally powerful groups since this individual-centered approach not only makes the “individual” the sole responsible of his/her life but more importantly, it relieves “state” from its so-called dated and useless welfarist responsibilities. And, in the period starting from 1970s and especially accelerated in 1980s, the previous policies of Keynesian era were no longer serving the interests of ruling strata; thus those policies needed to be changed in order to preserve structurally powerful positions of dominant groups. In this perspective, relieving state from its social responsibilities has changed the face of international economic relations at the end of the day.

### **2.1.3. The values neoliberalism: wealth and security**

Neoliberal transition has come with its own set of values in order to create the ‘ideal’ web of state-market relations. This ideal is composed of liberalized markets, decreased volume of state enterprises and free actors who can pursue their interests without any state permission but in a secure environment that is ensured by the use of state power. State’s protective and policing responsibilities are attributed special significance since neoliberalism predicts and values a more Darwinistic distribution of wealth which naturally cause conflict and unrest in any society in general. Thus, the process of wealth accumulation in the hands of a few capital owners –irrespective of their location whether in core or periphery country is tried to be secured with the use of state power as a part of neoliberal agenda. In this sub-section, I will analyze the values that neoliberalism promotes and also locate the questions of why and how.

The new vision about how the borders between politics and economy should be rearranged evolved around the idea that economic liberty should be given necessary attention to overcome the restrictive policies of Keynesianism. As the values of security, wealth, justice and freedom have been given different levels of importance in different political economy structures (Strange, 1994: 6); neoliberalism transformed the structure of international economic relations in a way that the value of wealth, especially wealth of international capital owners, and security of these assets overweigh the value of justice and freedom. When justice has lost its initial value with the overthrow of welfare politics, capital accumulation activities in a stable and secure environment became the primary objectives of neoliberal architects. To this end, neoliberal institutions, laws and regulations have been formulated, established and advocated by the policy makers or the architects of neoliberal transitions.

The architects of this new program have come up with a counter revolution against Keynesianism by raising their objections based on the assumption that “restrictive monetary policy and expansive economic policy were mutually

exclusive so in order to move ahead from the crisis, state's control over the economy must be abandoned (Engartnet, 2012: 2-3)". In the end, it has come to a point where neoliberal transformation of state-market relationship has been advocated widely because of its advantageous outcomes for some groups in the forms of concentration of wealth in the hands of a few capital owners and insurance of future gains under the state surveillance and management. Having locating the question of why now I will turn to the question of how: how did neoliberalism promote the values of wealth and security?

To grasp the multidimensional nature of the answer for this question, I believe, it is vital to understand the intertwined state of neoliberal policies not only in economy but also in politics and re-organization of social life as well. Since, the main idea of political economy of neoliberalism has been presented as the belief in competitive market forces for bringing real world capitalist economies to optimal output and employment growth paths that maximize the welfare potential of the stocks of productive forces employed (Felix, 2003: 3); neoliberal transitions have been sprung to life as a complete package of societal engineering whose main agenda is to promote wealth and security. The road map to reach the promised land of neoliberal setting of political economy is believed to be accessible through liberalization of labor rules, privatization of state assets, budget cuts in social programs, public education and public health, protecting the capital owners through sharp tax cuts and standing against any group resisting the collapse of the public sphere (Polychroniou 2011: 3-4). The comprehensive answer can only be found with the analysis of the elimination of alternative political economy models in order to substantiate the hegemony of neoliberalism.

#### **2.1.4. The Establishment of Neoliberal Hegemony: TINA**

The fast and widespread of neoliberalism has been realized with the establishment of a neoliberal hegemony. In this process political conservatism, liberal economy and religion have gone hand in hand in order to create a new power distribution so that the old ideas, beliefs and policies could be thrown out of window together

with their believers and perpetuators. It was resulted in the retreat of traditional left and the rise of charismatic right and together. More importantly, with very conscious discourses and policy choices, any alternative to neoliberalism has been made unthinkable. In the last sub-section, I will explore the use of TINA (There is no alternative) as a deliberate discourse by structurally powerful policy makers for the consolidation of neoliberal rule over the world.

This was a multi-faceted phenomenon requiring not only economic but also political and ideological transformation of existing state of relations. Without comprehensive and continuous efforts of different groups in different decision-making positions, it would certainly not been able to turn into a dominant structure in the globe. As Susan Strange put it, those whose exercise authority, who decide how big a role shall be given to markets, and the rules under which the markets work will derive power from all three sources –from force, from wealth and from ideas (1994: 23); thus it is not unexpected that neoliberalism has been designed, developed and implemented by the American and British policy-makers, who have significant structural power on politics, economy and ideology.

From this critical perspective, it is neither unexpected nor unreasonable the fact that Reagan and Thatcher became the spokespersons of neoliberal project and the leading figures of its ideological hegemony. More comprehensive analysis of “Margaret Thatcher’s famous justification of her policies as TINA –There is no alternative (Centeno and Cohen 2012: 326)” should be taken into consideration as an outcome of this project of perception management. The use of TINA for the legitimation of neoliberal policies was not a coincidence since it suppressed leftist adjustments and disregarded any other alternatives. The constructed priority of self-interested individual over other collective formations of existence made it impossible look for alternatives even though those alternatives are not prohibited or restricted by the dictates of a sovereign or the structures of disciplinary power (Read, 2009: 36). Following the constructed hegemony of neoliberalism, arguments of western policy makers turned out to be more than encouraging for

other states. Even Soviet Union and China took a pro-market stance with the leadership of Gorbachev and Xiaoping in their planned economies and helped to the elimination of any global alternative (Centeno and Cohen 2012: 324). So this nearly unchallenged new right projected its future plans about state-market relationship based on this neoliberal hegemony.

The summary of the points I have made in this section is as following: the vital steps for the emergence and development of neoliberalism should be analyzed in the forms of first reorganizing state-market relationship with a neoliberal interventionist perspective through the use of structural power; second the elimination of the previous welfare politics emphasizing equality, justice and positive freedoms and the creation of the perfect setting for capital accumulation through direct government actions. This process has continued with the decreased significance of welfare politics so that the place vacated from the retreat of state in the economy has been filled with new markets, new initiatives and new actors. Yet, these did not come into being despite the state intervention but rather their existence depended on the political decisions. Neoliberal transition took place as an outcome of global requirements and structural impositions which made previous mode of international political economy invalid for the interests ruling strata. The new agenda has been set by structurally powerful agents with use of deliberate discourse choices such as TINA. In this section, I argued that the use of structural power for the construction of neoliberal hegemony, elimination of alternative modes of state-market relationships, the retreat of traditional left and the rise of charismatic right are highly interlocked to one another which could not be realized without the existence of another.

In the following sections, I will focus on the financial neoliberalism by using the perspective of world system analysis, explore the central position of increasing financialism in the neoliberal agenda. Then, I will turn to the institutionalization of financial neoliberalism through analyzing the transformative roles of IMF and regulatory institutions of European Union as CU –Customs Union and ECB –

European Central Bank. Lastly I will examine their roles as a “goodwill ambassador” in the periphery countries.

## **2.2. Financial Neo-liberalism from the Perspective of World System Analysis**

As I tried to demonstrate above, neoliberalism has been the re-direction of world economy through the use of structural power. With the belief on the market principles as the only viable cure for the chronic diseases of old economic system, neoliberalism has been formed and executed by the powerful strata. In this process, increasing activities of financial sector, which I will mention as financial neoliberalism from now on, became the most influential part of neoliberalism in terms of creating deeper asymmetrical economic relations based on structural power positions. In this second section of the first chapter, I will focus on the significance of financialism for the spread and development of neoliberalism. I will start with the definitions of ‘finance’, ‘financialization’ and ‘financial structure’ in order to place financial neoliberalism into its right place in the world system. Then, I will locate the questions as why financialism is central to neoliberalism and what was targeted with increasing financial activities. In the last sub-section, I will analyze the interlocked nature of the relationship between global finance and structural dependency and explain what changed with the financial neoliberalism in the international political economy.

### **2.2.1. Some Definitions: Finance, Financialization and Financial Structure**

The rise of finance should be evaluated in the changing structure of international political economy. Having located the neoliberal transformation of world system as a systemic phenomenon through the use of structural power, now, I will focus on the centrality of financialism in the neoliberal world order. I will evaluate financial neoliberalism in the framework of Washington Consensus, and then I will clarify the terms of finance, financialization and financial structure.

Financial liberalization of national economies was one of the leading –if not the main, element of neoliberal vision of international political economy. This vision has been manifested in “Washington Consensus” in the form of collaboration between US officials and scholars on the hegemony of monetarist and orthodox neoliberal principles (Güven, 2013: 45). This group of influential individuals prescribed the cure for state intervention in the economy as 1) fiscal discipline, 2) readjustment of public spending, 3) tax reform, 4) financial liberalization, 5) competitive exchange rates, 6) liberalization of trade, 7) encouragement of foreign direct investment, 8) privatization, 9) deregulation, 10) securitization of property rights (Demir, 2013: 122). In time, these principles came to draw the framework of neoliberal transition of international political economy. Any policy formation for decreasing or abolishing state’s share in the economy for the sake of economic development through liberal initiative, competition and innovation based its arguments on this consensus. For the purpose of this study, I will focus on the financial liberalization principle and continue with the financialization of international political economy.

Fourastié defined sectors in economy as primary and secondary according to whether they are agricultural or industrial and he specified a third division of economy as tertiary sector with respect to the involvement of technical advancement (Fourastié, 1951: 219). Finance, which is a part of tertiary sector – developed from the technological enhancements of modern era, can be defined basically as the field of money which enquires its creation and management in the forms of real money or credit together with investments, assets and liabilities. In this sense, finance represents the other side of economic equation with its focus directed towards creating value from money rather than primary and secondary sectors of agricultural and non-agricultural economic activities. Susan Strange emphasized the significance of finance as ‘its power to determine outcomes in security, in production and in research is enormous’ and she pointed out the most striking fact about finance as ‘in an advanced economy what is invested, is not money but credit, and that credit can be created’ (Strange, 1994: 30). With the

power to create credit, finance has become the defining element of neoliberal transitions.

Neoliberal era has been marked with the growing financialization of economic interaction between various actors. What we mean by term "financialization" is the increasing importance of financial markets, financial motives, financial institutions, and financial elites in the operations of the economy and its governing institutions, both at the national and international levels (Epstein, 2002: 3). Interconnected and interdependent national markets in the modern neoliberal world system has been linked to one another with various liberalization policies (i.e. different 'foreign'—depending on your vantage point, actors—states, companies or individuals, can buy or sell valuable assets in other 'national' economies, conduct various overseas investments or simply choose to expand their market through franchising activities) and in the process of gradual globalization of national markets financialization of political economies both at national and international levels has become an integral part of neoliberal transition. Financialization, itself, has turned out to be the agenda-setter and path-definer principle of neoliberal political economy vision. It has transformed the way economic actors (households, workers, firms and financial institutions) perceive themselves and their goals by creating a political economy environment that is increasingly driven by movements in the prices of real estate and financial assets and by the burden of servicing financial obligations (Stockhammer, 2012: 40).

Financial neoliberalism has altered the modes of global interactions when it has been perceived as the answer for decreasing demand, economic stagnation and balance of payment. Although, financial system uses many instruments; providing credit to the ones who are in desperate need of liquidity, be it a small household, a middle-scale company or a whole state, has been the most powerful tool of financialism. Financial neoliberalism provided the opportunity of spending today and paying back tomorrow and this has changed the world economic system both

for debtor and indebted countries. In the next sub-section, I will study the debt-led consumption booms in the neoliberal era and show the central place of finance in the neoliberal vision of international political economy.

### **2.2.2. The Gravity of Finance for Neoliberalism: Debt-Led Consumption**

Neoliberalism through the use of financial instruments has promised going beyond the limitations imposed upon economic growth and growing GDP by the old form of state-market relations since it has opened new ways for capital flows and investments with the various liberalization policies. Looking at increasing inflation, stagnation and deteriorated balance of payments in many countries during the decade neoliberalism was emerged from, makes the picture clearer where the financial markets had been perceived as “magical” (Felix, 2003: 6). In this sub-section, I will analyze the relationship between financial neoliberalism and debt-led consumption booms.

Neoliberalism tried to solve the crisis of the golden age of capitalism through decreasing the bargaining power of labor and the real wages for working class; yet this solution created the problem of decreasing consumption which was tried to be solved through financial innovations enabling actors to use debts to continue spending (Onaran, 2011: 135). Debt-led consumption is especially important for newly liberalized countries to increase the purchasing powers of actors and following the rate of spending with the aim of creating economic growth in general. In the course of neoliberal transition process, international financial sources flew to the most profitable markets which turned out to be the newly opened previously state-dominated markets. Foreign actors interested in not only selling and buying economic assets but also providing credits to the various actor; states, companies and individuals. The following debt-led consumption created a slippery surface for countries with budgetary imbalances and high current account deficits since in case of a change in the winds of international financial flows, they fell into debt crises.

The charms of financial instruments should surely not to be undermined. From the perspective of the proponents of financialism in many developing countries, financial instruments opened the possibility of high speed economic growth despite the low rates of domestic production and investment. As a state policy, sustaining economy through domestic and foreign debts became the most famous discourse in developing countries and the international political economic system relied on financialism the more fragmentation between developed and developing countries took place. Still, those charms of financialism are proved to be not without their dangers and crises.

The liberalization of capital flows has allowed countries to temporarily sustain large current account deficits –as long as financial markets were willing to provide the corresponding capital inflows. Indeed, for many countries (in particular developing economies), boom-bust cycles driven by capital inflows and currency crises have been the most important feature of the finance-dominated accumulation regime. As countries have been able to run substantial current account surpluses (while others run deficits) international financial liberalization has created a new scope for different trajectories across countries. A second group of countries has relied on export-driven growth (and subdued domestic consumption) and run substantial current account surpluses. Two key sources of the crisis, debt-driven consumption and international imbalances, are thus linked to the interactions of financial liberalization and the polarization of income distribution (Stockhammer, 2012: 40).

The debt-led consumption model triggered structural problems as income polarization between countries with trade surpluses and deficits, growing rates of current account deficits financed by international flows of financial resources and a crisis-prone international political economy system. With the increased share of finance in the economy, real economy has receded. And this development of financial markets at the expense of real productions triggered a very dangerous situation for the indebted side of financial relationship since increasing levels of

debts despite the decreasing levels of real sector investments inhibit stable growth rates and create an economic system which is extremely vulnerable to crises. However, once the debtor-indebted relationship has been established, the continuous and ever deepening polarization between those structurally different positioned countries becomes more concrete. Countries with the comparative advantage ended up with trade surpluses while others financed those countries' surpluses with their deficits and consequently financialization of international political economy created its own web of relations.

International market has been divided between developed countries who managed to get current account surplus and developing countries who were stuck with current account deficits. Once this particular economic mode of exchange structured through institutions, agreements and collaborations; coming up with an alternative economic model became more and more difficult. As the relationship between core and periphery countries became especially solid, and this particular relationship benefits one party over the other, one can easily say that economic surplus depends on and develops from the deficits of periphery countries. The countries with economic surplus use their financial power to infiltrate the financial markets of developing countries –usually having trouble with balancing their payments, in the form of credits which also end up profitable for themselves.

The problems with balancing the budget in many developing countries, usually mean the existence of vested interests of powerful groups, who aim to benefit from the financial inflows. In such countries, the availability of international credit directed to bribery, kickbacks, and payoffs for the political class in charge (Polychroniou 2011: 6). The inability to ensure a balance between public spending and state revenues is often tried to be compensated through financial instruments, mainly domestic and international credits. In sum, societies with chronic corruption have a tendency to use debts for re-financing the budget deficits stemming from the ineffective populist policies, favoritisms and tax evasions.

### **2.2.3. The Interlocked Nature of Global Finance and Structural Dependency**

According to world systems approach, international relations is set of nested and overlapping interaction networks that link all units of social analysis -individuals, house- holds, neighborhoods, firms, towns and cities, classes and regions, national states and societies, transnational actors, international regions, and global structures (Chase-Dunn and Grimes 1995: 388). To put it simply, world systems approach studies international relations as a multilayered and multi-player web of interactions between of structurally positioned core, periphery, and semi-periphery countries. In this framework, core represents the presence of a strong state apparatus, a relative freedom from external control, an economic power based on the latest technology and skilled labor for the production of diversified and highly processed goods; and periphery stands for being politically weak and economically overspecialized in primary products with low-wage, unskilled labor and outmoded technology; there is also a an intermediate position which shares some characteristics of both core and periphery which is the semi-periphery (Dixon, 1985: 172-173). The power hierarchy between core and periphery in which powerful and wealthy "core" societies dominate and exploit weak and poor "peripheral" societies, which continuously reproduces their superior-subordinate relationship so much that core and peripheral countries generally retain their positions relative to one another over time (Chase-Dunn and Grimes 1995: 388-389). The unequal exchange between core, semi-periphery and periphery creates its own cycle of interaction, which is significantly hard to break. In this subsection, I will study the transfer of wealth from periphery and semi-periphery to core through the use financial neoliberalism's instruments.

From world system perspective, financial neoliberalism means continuous transfer of value from indebted countries to the ones providing those debts, in other words ever escalating transfer wealth from periphery to core countries. Since credit is something can be created (Strange, 1994: 30), the power to create credit has become the main instrument of the use of structural power. It involves the power

of deciding who can use credit and who cannot, which has a tremendous effect on purchasing power, markets for production and exchange rates relative to other currencies (Strange, 1994: 88). Being able to provide credit means also having the power to define the rules and conditions of financial relationship which does not allocate benefit in a symmetrical way. Relatively powerful and weak states, in terms of structural power, take their parts in an asymmetrical relationship. According to world-system approach, world economy has three layers; core, periphery, and semi-periphery that are a part of “unequal exchange” system and this system is enforced by strong states on weak ones, by core states on peripheral areas and an appropriation of surplus of the whole world-economy by core areas (Wallerstein, 2000: 86). The relatively weak part on this relationship develops a dependency on relatively strong part because the course of relationship deepens the already existing asymmetrical power positions. The gap between partners in terms of prosperity deepens and widens as the relationship continues. Boratav explains the inequality inducing effects of financial neoliberalism by using structural dependency as:

The emergence of structural dependency affects patterns of exploitative relationships between the metropolises and the periphery of the imperialist system. Relations of exploitation are generated through three channels: International trade, foreign investment leading to ownership of means of production (or, in more conventional terms, foreign direct investment) and lending/borrowing (finance capital). Exploitation via industrial and financial capital at the metropolises is represented by surplus in the form of profits and interest revenues (and realized capital gains). When surplus extracted within the peripheral economies is transferred abroad and when the magnitude exceeds net inflows, net resource transfer from the periphery to the metropolises becomes the dominant pattern (Boratav, 2009: 16).

The value obtained through financial means turns back to the initial capital owners and is re-invested in same financial activities, and because real production and investment in real sector are set aside in this process, any economic growth becomes short-lived and unstable.

The constant use of financial means may provide better looking economic figures at the moment but mostly these figures fail to create a substantiated development rate, real wage enhancement, more equal income distribution and lower unemployment rates. Trade deficits are element of the power relations since both political and economic dynamics make large import levels almost impossible to reverse which creates dependence upon impersonal markets and particular power-wielding actors (Moon, 2007: 389). From this perspective, neoliberalism is not a development model but rather a strategy of financial groups to extract and transfer wealth from other parts of the world towards the financial centers so capital accumulation in one area happens at the expense of increasing intra- and international inequalities (Herrera, 2006: 5). Thus, financial neoliberalism makes it possible to spend today by holding the future gains in pledge and in the end creates an artificial economic growth irrespective to the conditions of real economy. The most dangerous part is that the only way to prohibit over-dependent markets to collapse is to continue this unequal exchange and when the system changes, dependent political economies would have little alternative routes to follow.

In this section, I focused on the rise of financial neoliberalism, the hegemony of Washington Consensus over the liberalization process of developing countries. I argued that the debt-led consumption models produces and re-produces of the unequal exchange between core, periphery and semi-periphery countries based on their structural position.

### **2.3. Institutionalization of Financial Neo-liberalism and Asymmetrical Dependence**

In this part of my study, I will analyze the relationship between institutional re-adjustment of political economies and the following consolidation of financial neoliberalism. I will look at the transformative powers of International Monetary Fund (IMF), European Union (EU), Customs Union (CU) in Greece and Turkey. I

will argue that institutional involvement or anchor-ship has been extremely important for the consolidation of financial neoliberalism in those countries, the process of transition to neoliberalism was the reflection of core interests rather than the interests of countries in question.

### **2.3.1. Why Institutionalization? For the Socialization of International Financial Relations or Security of Financial Markets?**

The consolidation of neoliberalism has been realized through the process of institutionalization in which establishment of new institutions, prioritizing some of the existing institutions over others or creating new rules, regimes and frameworks for the actors reflected the new vision of international political economy. From neoliberal point of view, institutions provide necessary means for the manifestation of a wide range of ideas, views and interests of various group in the global politics with the creation of different decision-making mechanisms in different levels. Through institutions, different groups (countries, multinational companies, NGOs etc.) have a safer and more stable playground to pursue their goals in the relationship with one another because those interests and goals become transparent and thus reliable for the future changes with the existence of rules and regulations of institutions. The ability to foresee (more or less) the future is believed to overcome the limitations of the anarchic nature of international relations. From this vantage point, institutionalization means the processes of *Vergesellschaftung* (socialization) of international financial relations through long-term structural changes altering the non-cooperative framework of international financial relations towards a more social system composed of cooperative subsystems capable of self-organization and self- reflection (Pfister and Suter, 1987: 251). However, the series of financial crises in the neoliberal era of international political economy have shown what lies beyond the intended consequences of financial institutionalization in various parts of the world.

The evaluation of the institutionalization of international financial relations as “socialization” simply falls short to understand the grifted nature of core, periphery and semi-periphery relations. The role of institutions for the management liberal financial markets should be critically assessed from the perspective of world system analysis as the latest financial crisis made it visible both the success and failure of institutions in crisis-management changed the structure of existing web of political and economic international relations.

As transition to neoliberalism was directed by structurally powerful groups, the consolidation process has been planned and managed by the same strata. The new web of interests have been secured with these institutional arrangements, which supposedly would create stability and security for the international markets. It is very important to note that financial markets invests when the market is stable, thus secure and profitable so stability usually means continuation of existing state and predictability of the political and economic circumstances. However a closer look shows that stability has a deeper meaning as security for the upper class and large foreign enterprises, whose welfare must be preserved (Chomsky, 1999: 21). Thus, the value of stability for neoliberalism, especially for financial markets, lies in the value of profit; and any endeavor to protect stability and security of the existing form of relations in the particular part of the world should be evaluated from the perspective of predictability of investments and securing the future profits of capital owners in the neoliberal environment of world economy.

Institutionalization of financial neoliberalism has had stabilizing effects of institutions over the international political economy, in other words, institutions of neoliberal world system have opened and secured profit channels for the financial cores. Especially the times of crises were instrumentalized by the financial cores of neoliberalism with the use of structural power so that the constructed threat of the dissemination of insecure environment turned out to be the source of more profits (stemming from the high interest rates in the risky or insecure markets), more reforms and more liberalizations. As the case studies of this thesis are the

experiences of Greece and Turkey in terms of financial neoliberalism since mid-90s; I will work on IMF and EU (with special focus on ECB) –the main institutions which transformed the structure of political economy in those respective countries. In the coming parts of this section, the One Size Fit All approach of IMF will be displayed in line with the transformation of world system, its stance as a means of re-structuring periphery and semi-periphery political economies according to the positions of core neoliberal powers will be evaluated from the perspective of world system analysis.

### **2.3.2. IMF: One Size Fits All**

The times of crises are proved to be an excellent opportunity for the consolidation of neoliberal vision in the indebted countries. The opportunity to blame the old system of state-market relationship for everything went wrong has been exploited so well that almost no one criticized the policies of neoliberal transformations, which was the reason of crisis, for most of the cases. During such times, the heroes or saviors of the countries who were stuck in the crisis turned out to be IMF or World Bank; or more often than not, both. These institutions have willingly accept their roles as good-will ambassadors of neoliberalism towards the countries who had not have the chance to taste the neoliberal medicine for the illnesses of statism and protectionism of the dated political economy structures.

In this sub-section, I will work on transformative power of IMF; in what ways its policies shaped the core-periphery relations in the world economic system and how they contributed to the consolidation of neoliberalism throughout the globe. In the first section of this chapter, I have explained how neoliberal hegemony was established so that any other alternative was believed to be neither accessible nor reasonable; now I will argue that the strength of the policies of IMF arise from this constructed neoliberal hegemony and until the belief in neoliberalism is lost in the core parts of world system, it is very likely that periphery will continue to be the center of experiment for these respective institutions.

The hegemony of neoliberal vision of international political economy limited the scope of policy choices available to policymakers in various states since alternatives to neoliberalism lacked the opportunity to develop and present themselves as viable options. Through the spread of discourses on how the problematic results of systemic transformations are stemming from the state-level mismanagements, the fact about stagflation and debt crises in the different parts of the world being the most likely results of international financial liberalism has been disregarded (Centeno and Cohen 2012: 320). The solutions for the problems that are believed to be caused by incompetencies of old policies and their makers, which aimed to set right various political economies in line with the Washington Consensus, concealed the structural reasons behind the systemic failures. In the course of the rise of financial neoliberalism, unequal exchange between core and periphery countries continued to create rising current account deficits in periphery and semi-periphery parts of the world system as opposed to current account surpluses in the structurally powerful core countries.

The 1980s debt crisis was one of the opportunities that neoliberalism had through the course of its development when IMF acted as the rescuer of indebted countries (Felix, 2003: 6). Following the similar crises in different locations, IMF has developed an approach which is believed to be applicable to various scenarios. This approach of IMF later came to be named as One Size Fits All which conveyed the message that IMF's structural re-adjustment program is a magical cure that could fix every problem in every country. During the 1980s and 1990s, neoliberal policies based on general understanding of free trade and free flows of capital have been prescribed for over one hundred economies located in different geographies, having different income levels, sectorial profiles and structural problems (Güven, 2013: 45). IMF has welcomed its growing image as the savior of "mismanaged" economies and in this vein did its best for the further consolidation of neoliberalism in those countries with the help of different programs because it is believed that lack of neoliberal structural transformations is the cause for economic problems. Starting from the mid-1990s the semi-periphery

economies, the ones that were thought to benefit from liberalization, fell into financial crises one by one: Mexico (1994), Turkey (1994 and 2000-2001), Russia (1998) and Argentine (2001) (Güven, 2013: 47). When general idea of IMF involving in the economies which could not manage to direct their transition to neoliberalism on their own is particularly positive, many states have accepted their economies' redirection by IMF. And in time, while protecting the private foreign creditors, blaming crises on government failure, and conditioning its credits on "sound" macroeconomic policies and more market liberalizing reforms became the IMF's standard approach to future currency and financial crises of developing countries; its conditionality was believed to promote faster development by attracting more private foreign capital to compensate for decreasing domestic savings, skills and technology (Felix, 2003: 8-28). In this process, IMF's conditionality for its rescue missions consolidated the ideas of Washington Consensus in various economies by neoliberal re-adjustment of laws, rules and regulations and by the establishment of neoliberal institutions. IMF represented institutionalization of structural power, which is, in this case, in favor of the neoliberal transition of international political economy; and through the involvement of IMF in various economies, neoliberal hegemony has managed to spread its area of influence even further.

In the previous section, I have showed the relationship between financial neoliberalism and debt-led consumption from the perspective of indebted states and argued that credits, loans and funds did not only attract structurally weak economies to fall into the unequal exchange of financial neoliberalism but also provided them with the opportunity of continuing their short or middle-term policies regardless of the economic constrains. Those interests for the near future lead underdeveloped or developing countries to cooperate with the policy makers in core because their collaboration means the stability and continuity of their power positions. Loans allowed developing countries to absorb international crises through financing public expenditure and deficit spending (Centeno and Cohen 2012: 320), still it escalated the gravity of the debts, increased the

dependency over the constant flow of financial inputs and made their economies more prone to crises regardless of their origin. The institutionalization of this dependency and unequal exchange between core, semi-periphery and periphery countries with the use of financial instruments completes the picture of international political economy of financial neoliberalism. In the next sections, I will look at the transformative powers of the institutions in two semi-periphery countries: the role of European Central Bank as part of EU in Greece and the role of IMF and EU through the membership of Customs Union in Turkey.

### **2.3.3. The Role of EU and ECB in Greece's debt crisis**

Euro, as the common currency of European Union, stands for the high European ideals of a greater political power with a significant economic strength and a sui generis culture which defines and separates European-ness from its counterparts; to put it simply, Euro has never been just about currency. For centuries, money has been the symbol of sovereignty and state power as the notion of one nation/one money marked the boundaries of political entities; and from this point of view, making Euro the common currency definitely shows the will to unite Europe around common identity (Kaelberer, 2004: 161-162). With Euro, for the first time in the history, a currency independent from a nation-state has been released not just as means of deeper political integration in EU but also as a means of power accumulation in the international arena (Kutlay, 2013: 169). Euro is believed to open the way for a strong united Europe, who has a dominant stance over the world politics; however, the experience showed that being united does not necessarily mean being strong and interconnectedness could sink the whole ship of Europe when one of the parts springs a leak. The latest financial crisis proved that Euro might turned into be the seed of destruction for the European unity, thus it is important to understand the meaning of financial unity to make sense about latest financial crisis.

The process of uniting the member states of EU monetarily should be analyzed to locate the question how Euro affected the financial crisis in EU. Monetary union

was a direct result of the political pressures coming from European Commission (according those policy-makers, the fact that most of the member states failed to govern their own monetary policies necessitated the existence EMU) to liberalize the financial markets despite the national actors' reservations about decreasing national autonomy (Jabko, 1999: 3-4). Again, the neoliberal consensus in the cores of Europe defined the future of union since it was believed to be the one and only viable option. Especially liberalization and increasing financialization of national markets were planned to create one big European market with a single currency to boost the both economic and political power of the union. This idea was consolidated with the establishment of institutions, rules, laws and regulations. ESCB (European System of Central Banks) is especially significant in this sense, since it opened the path of monetary union. It was responsible for defining and implementing the monetary policy of the Community, conducting the foreign exchange operations, holding and managing the official reserves of the member States, and promoting the smooth operation of payment systems (Smits, 1996: 13). ESCB facilitated the transition to fully united European financial system.

International financial crisis of 2008 revealed a very important truth about European Union. With crisis, it has become clear that uniting different economies at different development levels creates incompetencies and imbalances among member states and most importantly the European Monetary Union with its Central Bank unarms the national economies and leaves them with no instrument to fight. It is widely accepted that EU lacked necessary institutions to carry out macro and micro interventions in the systemic level so Greece represented the first stone of a domino effect that could lead whole Eurozone fall apart (Kutlay, 2013: 172). Interdependence turned out to be a vulnerability rather than strength when it comes to the asymmetrical power positions of member states because the very system of European Union was based on the core position of German economy. Through financial liberalization, not only every financial regulation has been thrown out of window but also the policy of single-currency has been

established based on the core economy of Europe, Germany (Tayfur, 2013: 204). By doing so, it was hoped to create the dramatic economic performance of Germany for European Union (Hall and Franzese, 1998: 526). Yet, the dream of wider and deeper integrated union changed into a nightmare with financial crisis, and so modern tragedy of Greece began.

The debt crisis showed that global financial shock had asymmetric effects across the euro area countries based on the dependence over on external funding, especially international short-term debt markets (Lane, 2012: 55). It became the debt crisis when it strike the periphery members of EU with high debt ratios. When economy was smooth, those debts were easily overlooked for the sake of economic growth based on debt-led consumption but when the winds of global economy shifted, it created not only the risk of bankruptcy for highly indebted governments, but also the fall of highly dependent European markets. The risk of the total collapse of European economic system stemmed from the institutional failures. Under the normal circumstances, for an autonomous national economy, crisis means a decline in export rates, which triggers a devaluation of national currency in order to increase exports and reduce imports, and in the end decrease the initial unemployment resulted from loss of exports (Feldstein, 1998: 20: 21). This process is not an option for a member state because they do not have their national currency and only Central Bank of European Union has the power to intervene Euro. Since Central Bank of EU has not been formed as an institution for national governments to receive assistance during a time of crisis, it failed to intervene state debts of Southern European countries directly and immediately in 2009 Greek crisis (Tayfur, 2013: 205). Monetary Union not only limits the policy options available for the national central banks in the member states, but also lacks necessary mechanisms to settle various economies of member states. The latest financial crisis showed that the single currency policy of EU not only inhibited the competitiveness of Greek economy but also limited the instruments for dealing with such crises.

Greek debt crisis should actually be taken as the distinctive sign of dangers lie within the global markets. As financialization unites national markets on the global level, both risks and benefits are distributed on various actors and markets. Of course, this distribution follows the paths of asymmetrical relationship between core, periphery and semi-periphery countries in such a way that the more dependent a country to the international markets, exchange rates, and transactions, the more it will be dangerous in the times of crisis. The destructive waves of financial crisis in 2007 –erupted in USA, spread quickly into Europe and brought Europeans most severe financial and economic crisis since the 1970s (Polychroniou 2011: 2). And because Greece was more dependent on international flows of capital, it has become the Greek economy that the crisis hit most severely.

In this sub-section, I focused on the impact of Euro as a common currency and ECB over the Greek debt crisis and argue that the integration of Greek economy to European common market through single currency, ECB, common rules and regulations not only inhibited its competitiveness but also took away every instrument to fight against crisis expect increasing taxes.

#### **2.3.4. The Role of IMF and CU in the premature opening of Turkish economy**

Turkey's financial liberalization process accelerated after 1994 currency crisis through the involvement of IMF and the presence of EU as a powerful external anchor. The conditions of IMF became the necessary instruments for the transformation of Turkish economy in line with the neoliberal agenda. Capital account liberalization and fully convertible Turkish lira triggered the series of financial problems which resulted in 1994 currency crisis and following IMF programs. In addition to the transformative IMF reforms, Turkey had another partner in its economic re-adjustment process: EU. The CU affected only state-market reorganization in Turkey but also the future of EU-Turkey relations. In this sub-section, I will present the financialization decision made in Turkey since

mid-90s and I will argue that Turkey's financialization process has been put into practice rather untimely and inconveniently early to generate the best outcome for Turkey. Within this context, the following series of crises proved that the reforms were mainly for international financial core rather than the development of domestic markets in Turkey.

Turkish lira has become fully convertible in 1989 with capital account liberalization. This, however meant for Turkish economy, less populist cycles and more economic crises (1994, 2000, and 2001) since it created a highly fragile pattern of debt-led economic growth and economy extremely prone to financial crises (Öniş, 2003: 3-6). The structurally weak economy of Turkey was swamped with the constant entry and exit of international capital when policymakers let the exchange rate and interests to float freely based on the international fluctuations. The uncritical acceptance of the Washington Consensus pulled Turkey into a fragile, lop-sided pattern of development heavily dependent on inflows of speculative short-term capital (Öniş, 2009: 411). So, in this sense, the 1994 currency crisis was the result of poorly planned financial liberalization of Turkish economy. It created a dramatic depreciation in Turkish lira against US dollar followed by Central Bank's losing more than half of its international reserves, interest rates around %700 and %6 decline in economic growth (Özatay, 2000: 327). Yet, even the failure of neoliberal experiment turned out to be fortunate for the international vested interests in the financialization of Turkey since it opened the path of western core tutorial to restructure Turkish economy. In other words, Turkey's unsuccessful financialization experiment was instrumentalized in the hands of neoliberal financial institutions protecting the interests of core.

In the mid-90s, through the membership framework of Customs Union, EU helped the re-designation of Turkish political economy. The Customs Union was important in the sense that it finalized the transitional period of Turkey's association as foreseen by the Ankara Treaty and the 1970 Additional Protocol (Müftüler Baç, 2005: 20). This development also raised the hopes for EU

membership in a not so distant future. The transformative power of the possible EU membership should not be underestimated, since it provided a roadmap for many Turkish governments in an unstable political environment to take the necessary steps even though those steps hurt their electoral base in the short-run. The fact Turkish society perceived EU membership as economic prosperity and political stability, decreased the volume of criticisms directed against various reforms. The presentation of CU membership as a preventive measure for the dangers of Islamic, anti-Western and anti-European turn of Turkey (Kramer, 1996: 61), also contributed the process of acceptance of Turkey-CU relationship not only in Turkey but also in the EU, as well.

In the short-run, CU negatively affected small scaled companies that naturally had problems with competing the trade partners of CU in African and Asia. Such companies had to reduce their labor cost to increase their productivity, which created unemployment in the end (Erzan and Filiztekin, 1997: 891-892). Yet, there was no significant stance against neither CU nor the possible EU membership. The over frustrated Turkish citizens with political instability, clientalism and vicious cycles of economic crises, were ready the shoulder not so pleasant outcomes of reforms for the sake of EU membership and more importantly its following benefits. With CU, it was aimed to increase the international competitive pressure on Turkish industry and to align Turkey's institutional and regulatory framework for economic management with EU standards (Kramer, 1996: 63). Thus, CU helped to reorganize state-market relationship in Turkey by facilitating the transition from a closed and statist economy to a neoliberal competitive market which heavily collaborates with the international financial markets.

This necessary transition was encouraged by the leading structural power centers. US, IMF and EU had a consensus over the subject of Turkey's liberalization, westernization and possible EU membership, since it was believed Turkey as strong economy with the help IMF and as a democratic state through the

membership of EU would set an example of democratic, liberal and Muslim country in an especially problematic region (Öniş, 2009: 417). Above I have argued that stability of liberal markets has vital importance for the interests of financial core, again here Turkish case of financialization demonstrated the belief that Turkey's more and more integration with international political economy of neoliberal financialism would create not only economic prosperity but also a stable environment for international capital to invest and profit.

Stability in the highly changing political and economic environment of Turkey was tried to be ensured through series of structural adjustment programs of IMF. The politicians tried to convince their electoral base to go along with the reforms based on the promise of economic prosperity resulting from competitive and strong economy that they would get in the end of successful implementation of those reforms. The negative results of reforms in the short-run were hoped to be compensated in the long-run. Yet, the IMF's adjustment program which restricted public space, left the traditional economic and social infrastructural facilities of the public sector to the interests of foreign capital, opened the way for Turkey's resources to be siphoned-off by international speculators rather than orienting the Turkish economy on a sustainable and equitable growth path (Cizre and Yeldan, 2005: 403-404). The structurally weak position of Turkey became constantly reproduced when the untimely financial liberalization made it vulnerable against cores of neoliberal international political economy and with the establishment of institutional framework for this unequal exchange, the continuation of certain structural power positioning was secured.

In this sub-section, I presented the untimely financialization of Turkish economy and the central positions of IMF and CU (indirectly EU) in this process. I argued that with the involvement of IMF and EU, the old political economy structure of Turkey has been redirected to facilitate its neoliberal transformation. The desired outcome was the complete adaptation of Turkish political economy to the

dominant neoliberal world system, which, as experienced showed, valued the interests of core rather than subject matter of national economy.

In this chapter, I have argued that neoliberal vision of international political economy has been consolidated with the use of structural power. The deliberate elimination of alternative designs presented neoliberalism as the only viable program for the contemporary world system. The structurally powerful actors designed the new system for the sake of continuation of their power positions, thus neoliberalism did not emerge on its own but rather created for the promotion of core interests.

While the debt-led consumption booms advocated by proponents of neoliberalism, in reality it was only exploited to compensate the decreasing real wages, demand and consumption with the growing availability of credits. In this process, the increasing financialization turned out to be defining feature of neoliberalism, which created unequal exchange between core, periphery and semi-periphery countries.

For the cases of Greece and Turkey, financialization meant following the path of core institutions with the target of creating economic prosperity and stability. Yet, the series financial crisis showed the problematic nature of unequal exchange between structurally different powers could not be overcome with time.

## CHAPTER 3

### NEOLIBERALISM AND FINANCIAL CRISIS IN GREECE

In this chapter, I will study the evolution of Greek debt crisis with reference to its constant developing status in the international political economy in a historical perspective. To this aim, I will start with Greece's changing subordination to different powerful actors in the different time period in history. Since, the seed of today's problems had been planted in the early liberalization of Greek political economy, I will focus on British and American hand for the integration of Greek political economy to the world. The change of surveillance in Greece with the rise of Europe will be my following subject and I will analyze the Europeanization of Greek political economy. Through the analysis of Greek's premature admission to EEC (later EU) and Eurozone, I will show the effects of Europeanness over the development of Greek debt crisis.

#### **3.1. The Evolution of the Political Economy of Greece: Some Historical Points**

Starting even before its independence, Greece has been subjected to the consistent supervision of more powerful states; Ottoman Empire, UK, USA and European Union. The change in the power distribution of world politics and –because it is the subject matter of this thesis– in the structure of international political economy has kept Greece's status in the middle in relation to changing hierarchy of leading states almost constant. Greece's internal political dynamics have always been evolved around the structure of global politics whether it is a matter of foreign policy or a domestic issue. In this sub-section, I will argue that the framework of the international political economy of Greece has been drawn by the leading or developed states of the system as a result of its less powerful or still developing status. I will focus on how the changing hegemonic positions of developed states

have been influential over the definition of Greek political economy in line with transition of international political economy. I will study the core surveillance over Greece in four parts: the Ottoman hegemony in the pre-independence period, the heavy interference of Europeans and Russians under the leadership of UK in the period between independence and the end of WWII, the hegemony of USA during the Cold War era and lastly the significant transformative power of EU in the political economy of Greece.

### **3.1.1. Ottoman Rule and the Seeds of Separation**

Until their independence, Greeks had been ruled by Ottoman Empire for nearly four hundred years, thus my preference to start the analysis of core surveillance over Greece with the late Ottoman period based on this long and defining relationship between Greeks and Turks. The independence movement of Greeks was not only the result of their long interaction with Ottoman Empire but also it was a reaction to the changing international political environment through the vital French Revolution, the rise of bourgeoisie and their irrevocable consequences over the redefinition of international relations. Thus, in this part, I will briefly explain the economic and socio-political situation of Ottoman Empire in the 18th and 19th centuries in relation to Greek independence.

Starting with Mehmet II, Greeks had been successfully incorporated into the rule of Empire. They were given important authority in the intra-community issues in exchange for their fierce support and loyalty towards Ottomans. Among other Orthodox communities, Greeks were holding the position of millet başı –highest authority over whole Orthodox millet since the Ecumenical Patriarch together with the members of the Holy Synod were always Greek (Clogg, 1973: 1). In time, Greeks especially in Istanbul became the most respected clergymen in Orthodox Church, powerful state officials in the key positions of state administration and a very rich non-Muslim community due to highly interconnected nature of Greek trade over the whole empire. Even the decline of Ottoman Empire's ruling power turned out to be beneficial for them since they

lent money with high interest rate to the Ottoman state which was having liquidity problem in the 19th century. However, the Greeks in Istanbul was only a part of Greek reality and the Greeks in Rumelia were facing a different Ottoman Empire. The secessionist ideas emerged not in the capital, as it is expected, but in the districts of empire.

The developments in 18th and 19th centuries paved the way Greek independence. In this period, the territory losses of Ottoman Empire had shaken its authority over non-Muslim millets who were already under the influence of nationalist ideas stemming from French Revolution. Territorial losses in Europe created a serious decline in man power and tax revenues which aggravated the already serious economic problems facing the Empire (Clogg, 1973: 3). As central authority tried to compensate the decline in revenues with a change in its policy of land administration from timar to çiftlik, the growing resentment in Greek population triggered the secessionist ideas resulting in the establishment of Modern Greek state in 1832. Economic and political problems in the empire resulting from the changes in the world economy divided Greeks between the ones suffered from those problems through paying excessive taxes and facing corrupt land lords in the districts and the ones benefited from them through making money by lending to government in the capital. The ones who wanted to cut themselves out from the rule of Ottomans, sought allies and found them in Britain, France and Russia –the cores of the time. In other words, Greeks bandwagoned with the greater powers in order to realize their agendas of independence.

### **3.1.2. The Effects Great Powers: The Story of the Imported Kingdom of Greece**

The effects of great powers over the establishment of independent Greek state can never be overstated. Through their involvement, Greeks not only gained their independence from Ottoman Empire but also ended up having an imported king and the institution of royalty which turned out to be so effective that brought Greece into wars and re-arranged the internal power distribution according to its

interests. The royal institution influenced political parties, business groups and military until its abolition in 1975. In this part, I will study the Greece's salvation from one oppressor only to be manipulated by other three: Britain, France and Russia with respect to the institution of royalty.

The support of great powers towards the Greek Revolution stemmed from the power politics and national targets since they wanted to speed up the dissolution process of Ottoman Empire (Zaharopoulos, 1977: 191). In this context, their contribution to the Greek cause should be considered as a part of competitive nature of international relations and how developed states uses developing ones in order to promote their national interests. When separation from Ottoman Empire caused chaos and disorder, it was the British who pointed out that Greeks needed a king for the establishment of order in the new-born state, which resulted in the import of Bavarian prince, Othon as the new king of Greece. Economic problems of the newborn state made its citizens actually welcome the intervention of great powers in the form of appointing a king to Greece as a means to unite the country and hopefully help to pay back the debts of independence war. The establishment of royalty in Greece shows to what extent great powers was able to manipulate Greece. The fact that even Greeks welcomed this kind of intervention and manipulation sheds some lights on the current situation of Greek political economy after the debt crisis.

Royalty started with Othon (later Otto), but it was the king Constantine, whose reign influenced the course of political affairs of modern Greece due to his ideational and governmental conflict with the rising popular leader Venizelos deeply affected the recent history. His role was so decisive that if he had been able to co-operate rather than compete with Venizelos, the course of twentieth century Greek history might have been entirely different (Zaharopoulos, 1977: 200). However, the critical point about ideational and personal differences between the King and the Prime Minister is that their rivalry was a reflection of the

polarization of world politics before and during the WWI. Thus, once again Greece turned out to be playground of developed states.

### **3.1.3. The Rise and Fall of Venizelos with the help of British Assistance**

Venizelos represents the case of how greater powers could actually affect domestic politics in a developing country. After WWI until the destructive waves of Great Depression, Venizelos tied his rule to the present conditions of international economy and politics, thus the change of those conditions triggered the redistribution of political authority in Greece.

Venizelos's sentiments were openly pro-Entente as the King's were pro-German; thus a conflict between the King and Prime Minister became unavoidable when the latter saw Greece's ambitions and interests closely connected with the fortunes of the Entente while the former insisted that Greece should remain neutral (Zaharopoulos, 1977: 200). Entente powers, Britain and France required the Greece's presence and exploited the conflict between the two most powerful men in the country which in the end resulted in the Greece's involvement in WWI and following defeat against Kemalist forces in Asia Minor. Venizelos used the assistance of developed states especially British in order to consolidate his rule while those states used Venizelos as a means to promote their national interests in the east Europe and western Ottoman territory.

The interwar years witnessed the fall of liberalism in Greece together with the appeal of Venizelos who had established his liberal policy of industrialization on the foreign financial support. Thus, when the Great Depression in 1929 cut the channels of this support, welfare of the people declined. As poor were getting poorer, the gap between rich and poor was widened; the order had been established upon liberal principles vanished. When Metaxas came to power to stop 24-hour-strike but declared his dictatorship, it was almost welcomed since the salvation from societal galvanization was seen in the suspension of liberal

ideas for the establishment of an autocratic rule. However the suffering of Greek people did not end when Metaxas dictatorship ended, they were left to deal with Nazi occupation and then civil war; that is why 1940s was named as “terrible decade”.

#### **3.1.4. The Change of Custody in Greece: From UK to USA**

The position of a powerful state in the world system stems from its ability to affect others and if this place becomes subject to a change in the structure, then its dominance over other states loses its foundations and collapses. This was the case for Britain in 1940s. When it was no longer able to provide financial support to Greece due to its own economic problems, the vacancy of its hegemonic position was filled by US. Starting from the civil war in Greece until the early 1970s, US reserved its dominance in Greece until its hegemony declined in the world in 1970s. It is important to note that this transition in Greece reflects the change of hegemons in the world system; as one hegemon leaves its position in the world system, the hegemons over developing countries also change accordingly.

Civil war between leftists or communists and conservatives turned out to be an excellent opportunity for American policymakers to exert their hegemonic position over Greece. From their point of view, even the possibility of leftist government in the strategic European countries presented a vital threat to their interest in the region, thus they instrumentalized the financial and military assistance into the means of establishing the desired political authority in Greece. In this process, US supported conservatives by sending military officers and modern equipment with the aim of containing Soviets and the spread of communist ideology and also establishing a liberal world economy in this process.

The interest of USA over the political economy of Greece was an extension of American global politics and the established elite in Greece was more than happy to welcome US involvement since it was believed that America would help Greek to pick up the pieces of war-torn economy. Yet, it turned out that it was the Greek

oligarchy –the Greek core within the society, who benefited most from the US hegemony. Greek core used the state power as a means to restructure political economy as US saw fit. Since they had state power to distribute American aid to the groups to whom they had organic links in economy, they acted as the intermediaries of American core in Greek semi-periphery.

These American supported interest groups created their own rivals who also wanted to grasp the state apparatus to rearrange the distribution of wealth. Papandreou who became the voice of “new” political elite and criticized the network of US, Greek state and economic elite. Through using anti-American, anti-monarchy and anti-army discourses, Papandreou was not only getting stronger but also disturbing Americans who had vested interests with the established elite in Greece. It is highly possible that because of these reasons, the Colonels of Greek army initiated coup before Papandreou was re-elected.

The military coup d'état in Greece was closely related with the Cyprus Issue, since the possibility of a collaboration between Greece and USSR in the case of a conflict with Turkey was what alarmed USA to take a preemptive step. The coup definitely served for American interests whether they were involved or not. With the Colonels' rule, Greek economy adopted a more liberal vision in line with the American way of handling world economy since WWII. The seeds of Greece's dependence over international markets today, might be planted in this period and increased in time and opened the path of debt crisis because Greece failed to produce enough economic development to close the gap between its economy and developed economies. Even though it generated a level of prosperity, liberal policies fell short for the establishment of strong economy since its continuity was tied to the favorable international economic conditions.

Since Colonels' economic policy increased the welfare of the people, there were no political demonstrations in the streets until 1973- the oil shock even though the majority of Greek population supported the previous rule of Yorgo Papandreou very fiercely. When the Bretton Woods system collapsed and Oil Price Shock

have shaken the system, it became clear that the global power of US declined. US was no longer able to support its “friends”. Greece, as a satellite state who was extremely dependent on American funds, fell into an economic crises. And when people started to demonstrate in the streets against Colonels’ rule, it marked the changing direction of Greek political economy from US to Europe. Like it did happen in the transition from UK to US, now the fate of Greece was in the hands of Europeans.

### **3.2. Europeanization of Greek Political Economy**

In this section, I will focus on firstly the changing structure of world system and how it affected Greek political economy, then I will explain the implicit agreement between Greek elite and leading policy makers of European project when it came to Greece’s premature admission to first EEC and second Eurozone. In the following section, I will analyze the significance of the governments of A. Papandreou and Simitis in terms of the neoliberal transformation of Greek political economy.

#### **3.2.1. Changing Power Structure and the Rise of Europe**

Starting from the beginning of 1970s, the world system has undergone serious transformations. In 1971 President Nixon marked the end of US’ role as the banker of the world when he suspended convertibility into gold. In 1973, the oil crisis struck world economy together with the lately discovered power of petrol exporting countries as a union. The war torn economies of Europe and Japan after the WWII started to show impressive comebacks which triggered a new distribution of power among international actors. As, the period that begin in the early 1970s corresponds to the relative decline of American hegemony and the emergence of Europe (the EC/EU) as a new and political center of power (Tayfur, 2003: 73), in this sub-section I will present this changing power structure and the increasing value of Europe for the Greek political economy.

Greece's approach to the first economic and then political unification project in Europe was mainly caused by the need for a powerful ally which could help Greece to sustain her already depended economy and political structure. The role that given Greece as a developing state to play had established its own winners and losers in the country and when the previous hegemon was no longer able to keep its promises, the losers (or the competitors of winners) looked for another alliance which would be for their benefit this time. Following the 1973 Oil Shock, economic conditions has deteriorated with many industries going bankrupt. As it is in the most of the cases, crisis was used to legitimize reforms changing country's dependence from US to Europe. When the end of Colonels' rule coincided with the lift of American close-surveillance together, it provided a significant space of maneuver for Karamanlis, the elected leader of Greece after the military rule.

Europe had been recovered from the devastation of WWII and getting closer to be a powerful actor in the new world order, so it is not surprising that Karamanlis pointed out European membership as Greece's most urgent desire. He accelerated the process of EEC membership of Greece and made democracy his number one priority in order to become a member of EEC as soon as possible. With notion of democracy in his mind, Karamanlis put into practice a tripart program based on three most important institutions of Greek politics: monarchy, army and parliament. Abolishing monarchy, controlling army and making parliament more democratic were the necessary steps to convince western allies that Greece was committed to reforms.

Karamanlis wanted to present a liberal picture of modern Greece, after the end of military rule, manipulative monarchy and not so liberal parliament, it has become obvious that political liberalization should also be accompanied by economic liberalization and so it did. He established that economic freedom as the main principle of his government but he also used his re-distributional power in the form of nationalizations to punish the established elite who collaborated with

junta (Tayfur, 2003: 74-76). As I stated above, new dominant created its power allies in the developing state of Greece. And in the process of structural transformation of Greek political economy, Karamanlis became both the object and the subject as a result of the structural re-distribution of power in the world system. Rising power center exploited his very personality to transform Greek political economy while he himself was given a space to conduct his vision of Greece.

### **3.2.2. Greece's Admission as a Political Decision**

Greece's admission to EEC in 1981 realized against the negative opinion of European commission presented in 1976. In a very short period of time, either this negative opinion turned to positive or member states decided to overlook the political and economic problems of Greece for the sake future gains of both Greece and the community. In this part, I will present why I believe that the latter was the case. From the perspective of EC, it was expected that Greece would eventually catch-up with developed member states by using financial and technical assistance from the community (Tayfur, 2003: 80). However, the latest financial crisis showed that premature opening of Greek economy without necessary competitiveness made not only Greece vulnerable to crisis but also put the future of European project in danger. The reason why Greece is in this position today is that member states made a political decision in the cases of Greece's admission to EEC and later EMU. This accelerated and deteriorated the already existing structural problems of Greece into the life-threatening problems for the union.

Greece's ambition to become a part of the rising European power is the continuation of her developing status. With the declining hegemonic power of US, Greece channeled her policies towards the next leading power center of the system, Europe. The short pre-accession period confirms that Europe accepted her

role as the new rising power in Mediterranean and approved the membership of not-so-ready Greece in 1981. This was also marked the power of Greek elite redirecting their profitable relations with the previous structural ally towards another structural power center, which in this case was Europe. The newly prioritized relationship between Greece and EEC has been utilized in the hands of Greek elite. Karamanlis' political and economic vision of Greece was identified with catching-up with the EC economies, and with full membership in the Community, and to this end, state took the economic initiative and cooperated with pro-EC, "core-like" economic actors in order to upgrade Greece in the world-system hierarchy of states (Tayfur, 2003: 78).

Karamanlis wanted to liberalize Greek economy but at the same make it competitive in the international markets and with this aim, state power was used. Yet, his period marked the Europeanization of Greek political economy opening the way of more liberalizations in the future. After him except the period of Papandreou, the liberal vision of political economy was put into practice and this process of liberalization accelerated especially with Simitis who took comprehensive reforms of privatization and liberalization. Europeanization of Greek political economy created a premature member of the community, uncompetitive actor in the common market and finally the experience showed that Greece became more and more dependent on the international market in the end.

### **3.2.3. An anti-European in the European Union: Papandreu Period**

European project, first EEC and then EU, acted as a third party in the process of neoliberal transformation of Greek political economy and it had been very effective. Whenever an assistance from Europe was on the picture, the reforms were made both by conservative and socialist governments. Despite their ideological differences and pre-election promises, their stance against Europe almost did not matter in the end. The only exception would be the period of Andreas Papandreu if his stance against liberalization would go beyond the discourse level.

The new rising liberal world order after the 1970s was shaped through new political and economic regulations which foresaw southern European countries including Greece to be part of “neoliberal” order under the framework of EEC (European Economic Community) in the hands of “socialist” governments (Tayfur, 2013: 189). In this perspective, the neoliberalization process of Greece represents an example of how governments of leftwing parties could and did become part of the neoliberal transition when leading European states required the realization of neoliberal reforms as a condition of European community membership. In the case of Greece, Papandreou was not so unlikely ally of Europeans, since this alliance was the result of a bigger plan: neoliberal transformation Southern Europe.

Between 1981 and 2004 (except for the conservative government between 1991 and 1993), PASOK (Panhellenic Socialist Movement) ruled Greece. Andreas Papandreou’s electoral victory was seen as a positive development for democracy because PASOK represented the long oppressed socialists in the Greek politics. A government with anti-American, anti-Atlanticism, anti-NATO, anti-Turkey, and anti-Europeanism and anti-EU references simply indicated the level of democratization in Greece. Yet the high hopes for democracy was soon to be replaced by the disturbance felt against Papandreou in Europe. With his anti-everything rhetoric, Papandreou became the problem child of EU. He was a Keynesian prime-minister in the neoliberal EU; he stood against the policies of de-regulation and privatization. However, most of his opposition stayed in the discourse level (Tayfur, 2013: 195).

Papandreou rule was briefly interrupted with Mitsotakis period in which the highest target was established as Greece’s preparation for single market (Dimas, 2011: 145). For the realization of this target government deliberately linked the process of privatization to the EU membership and made a strong connection between neoliberal reforms and Europeanization (Dimas, 2011: 145-146). All of the efforts given by Mitsotakis opened the way for deeper neoliberalization as

well as Europeanization under the coming governments. Even the very next government of Andreas Papandreou could not turn a blind eye to the requirements of European Community. When the conservative government of Mitsotakis took a pro-liberalization perspective and followed a structural re-adjustment program with an emphasis on privatization between 1990 and 1993, Papandreou condemned those developments however during his rule, he himself embraced the homework given by Europeans as a successor government with regard to strong public finance figures, low inflation, and stable exchange rates (Papazoglou, 2013: 61). And more than embracing the process of Europeanization, Papandreou expressed how he saw the future of Greece as an organic part of Europe (Dimas, 2011: 146).

This change in Papandreou's attitude towards reforms was very much shaped in the framework of possible future benefits from European Monetary Union. He continued to oppose European reforms but with possibility of a greater assistance from Europe, his opposition almost did not derail the process of neoliberalization. In fact, both Mitsotakis' and Papandreou's governments made it easier for Simitis to successfully end the process of EMU membership. In other words, the fact that Papandreou opposed the neoliberal reforms almost did not matter in the end since he only managed to delay those required reforms. Even though, Papandreou period seemed like an exception to the European style neoliberalizations, his Keynesian ideas disappeared when deeper involvement with Europe hinted the possibility of future benefits. Although, he supported the development of public sector (Tayfur, 2003: 94), and he encouraged state involvement in the economy, he could not totally stay out of this process, in the end he only managed to delay substantial Greek liberalization. Since his opposition was not shared widely with his colleagues in the party, after him even his successors in PASOK collaborated with European policy makers. In this framework, 2008 financial crisis showed even social democrat PASOK was not immune the pressures of European powers in the union.

### **3.2.4. Simitis Period**

Simitis, took over the government when Papandreu step down due to his health problems in 1996. He was educated on law and politics and one of the founders of PASOK, naturally he was the most suitable candidate for the realization of delayed neoliberal reforms. Thus it is no surprise that comprehensive installment of neoliberal reforms realized with his rule. The strategic target of meeting the EU Maastricht criteria for economic and monetary union started to be implemented more successfully than the previous period (Tayfur, 2003: 109). In this framework, Simitis' period was shaped under the discussions, plans and reforms for Greece's membership in the Economic and Monetary Union (EMU) not only within the borders of Greece but also outside.

The wide and efficient implication of neoliberal modernization policies came with the death of Papandreu and the successor "socialist" government of Simitis between 1996 and 2000 (Tayfur, 2013: 198). Successor to Papandreu, Simitis justified his reforms on public sector by arguing that the prosperity of Greek economy depended on the successful participation in the EMU (Dimas, 2011: 146). By connecting the future of Greece to her acceptance in the EMU, Simitis took significant steps in line with the neoliberalization of Greek political economy such as liberalization, deregulation and privatization. He followed a disciplinary economic policy in order to catch up with the required economic figures by the union. Since being left out of EMU was perceived as not being able to benefit the perks of single currency such as no exchange loses in trade, faster and easier transactions between member countries, government tried to comply with neoliberal reforms. In this process, Simitis managed to decrease the inflation rate to the satisfactory level of 3 percent with tight fiscal and monetary policies and accordingly in June 2000 Greece's membership was accepted by the EMU as of January 1st 2001 (Tayfur, 2003: 110).

Greece was nowhere near to be a part of the competitive environment of one market & one currency framework of EU. Greek economy had serious structural

problems in the time of Euro-zone admission however like it happened in the case of EEC membership, the Euro-zone admission also granted to Greece based on a political calculation of options. The economic figures necessary for the entry into euro zone were fabricated by Greek state with the help of Goldman & Sachs; budget deficit was announced as 2.0 percent for 2000, 1.4 percent in 2001 and 2002, and 1.7 percent in 2003 yet a few years after its admission into the euro zone, Eurostat presented the true figures as 4.1 percent in 2000, 3.7 percent in 2001 and 2002, and 4.6 percent in 2003 (Polychroniou, 2011: 7). However, the reluctance of European officials to check Greek figures as it turned out later Greece fabricated necessary economic outlook to be the member of EMU makes the acceptance of Greece to Eurozone a political much like its admission to EU in 1981.

Greece's untimely admission to Eurozone only represents a part of problem. In 1999 when monetary unification was established, there was no country prepared to limit its autonomy neither fiscal contingency plans in the supranational level (Papadimitriou, 2013: 108). Monetary union was still an abstract idea for its members since to what extent national sovereignty would be transferred to supranational entity and how this power would be used were not crystal clear during the establishment period, and they were not clarified until the financial crisis in 2008 when the institutional capabilities of Eurozone were significantly challenged.

In this section, I argued that Greek political economy was rearranged by the changing structure of world system and Greece's admission to both EEC (later EU) and Eurozone must be evaluated in this perspective.

### **3.3. Financialization and Debt crisis: Rising Insecurity in the Neoliberal Greece**

In this section, I will analyze the development of "debt crisis" with respect to the formation of neoliberal Europe and increasing financial activities in order to compensate decreasing state revenues which triggered debt-led consumption and

finally debt crisis. In this subsection of “troika” I will explain how the problems of too much financialization tried to be fixed by more liberalization and less regulation. In the part, I will evaluate the resignation of Papandreou as an indication of decreasing level of democracy in the democratic union of Europe.

### **3.3.1. The political motives for the economic Europe**

From the beginning, creation of a united Europe was a political decision so was the launch of monetary union. Reluctance to take into economic facts and structural differences among member states to in order to create a powerful supranational authority in a changing international environment was the failure of European policy makers, which became publicly visible in the financial crisis of 2008. In order to understand the escalation of a series of developments within the European project of unification to what came to be known as “debt crisis”, in this subsection I will revisit some historical turning points in the formation of European Union and Eurozone.

The seed of EU was initially planted by French policy makers to erase any possibility of war in the future through linking national economies to each other thus making them interdependent. As this project started to develop, proponents of unified Europe used neofunctional arguments to substantiate the validity of a future union. With separation of high politics and low politics, neofunctionalists assumed economic integration which was a matter of low politics could be used to create political integration in the form of a supranational entity, which belonged to the realm of high politics (Risse-Kappen, 1996: 56-57). Overcoming the realist security limitations over the cooperation between international actors was believed to be accessible with the power of spillover effect which predicted integration in one sector would create integration another (Haas 1958). The experience proves that arguments as what started as an economic union of coal and steel turned into a supranational entity with its own currency.

In the case of Europe, economic integration was desired to be the first step for the creation of a strong united Europe. With this object in the minds of founding members, firstly European Coal and Steel Community was established in 1951. For a wider and deeper cooperation among its members, it turned into European Economic Community in 1957 and then in 1993, European Union with European citizenship. The policy of single market and single currency policy aimed to overcome intra-member differences to open the floor for free flow of capitals, commodities and peoples under the stable exchange rate and monetary policy (Petrakis et al, 2013: 8). Thus, Europe Union became the project of unification of different European peoples, markets and currencies under this sui generis supranational administration.

Yet, the political ambition for the creation of a greater Europe ignored the structural differences between member states and it became obvious with the financial crisis between 2008 and 2010 that Eurozone failed to overcome those differences. Ignoring the actual deficits, public debt and inflation rates makes the decision to link European national markets one another with single currency a political one (Tsionas, 2014: 5) thus the EMU shares the responsibility of debt crisis in the Euro Area since it opened the way for the flow of cheap credits when policy makers ignored the structural differences between member economies such as productivity, innovation, economic environment, administrative performance and competitiveness (Kotios and Roukanas 2013: 94). With Eurozone, the gap of competitiveness between Southern and Northern Europe widened (Papadimitriou, 2013: 110) because the abundance of cheap credits directed the economies of Southern Europe towards debt-led consumption simply the increasing levels of public and private debt. In this process, the increasing availability of credits made governments more reluctant to carry out fiscal consolidation in order to catch up with the more competitive members of Eurozone and depend more and more international flow of funds for the normal operation of their economies. In the end, they fell into the vicious circle of high payment imbalances and low competitiveness (Papadimitriou, 2013: 111-112). The gravity of the situation of

countries stuck with high debt ratios cannot be overestimated since the Greek case proved whenever international financial flow stops, not only a single national economy but also a whole economic zone struggles with the crisis and its aftershocks.

Macroeconomic imbalance management, crisis management, institutional production of solutions and satisfactory banking supervision turned out to be problematic areas of Eurozone (Petraakis et al, 2013: 12) furthermore financial crisis showed the lack of instruments can be used by Eurozone to cope with extraordinary situations. Due to the very presence of Euro, government were not able to devalue their currencies in order to decrease import and increase export rates which can help to close budgetary deficits and huge current account deficits. Yet, this was not an option. In the euro zone, the Stability and Growth Pact and the statute of the European Central Bank (ECB) restrained discretionary macroeconomic policies during the crisis (Onaran, 2011: 137). Since the ECB has been prohibited from being a 'lender of last resort' in order to ensure budgetary discipline under the general agreement of 'no bailout' (Kotios and Roukanas 2013: 92), national governments were not able to seek assistance from ECB either. Thus, the institutional organization of Eurozone tied the hands of policy makers when it comes to the administration of financial crisis. This situation changed when ECB went beyond its defined responsibilities and purchased the government bonds of member states to ensure price stability in the union, I will analyze this process of institutional responsibility alteration in relation to Greek debt crisis in the part of "troika" later in this chapter and in the next subsection I will explain how Greece became more and more insecure through neoliberal reforms and rising financialization within Eurozone and under the surveillance of European Union.

### **3.3.2. Neoliberalism and rising insecurity in Greece**

Greece became an organic part of European ambition of single market and currency since the beginning and its financialization has been structured under the

European institutional framework. Even socialist governments of Greece applied neoliberal reforms through the encouragement of European Union. Deregulation, privatization and liberalization policies paved the way for Greek markets increasing financialization in line with the international financial flows and the use of their instruments. Greece's financialization took place thanks to the neoliberal transformation of world economic system. This argument becomes clearer if one connects this turn with Greece's historic and almost chronic dependence over the foreign surveillance and dominance. Even before the independence from Ottoman rule, Greece bandwagoned with greater powers: in independence period with British, French and Russian, later predominantly with British, then with US and currently with EU. The surveillance over Greece was passed from one great power to another with relation to their relative power positions. Neoliberal turn of dominant mode of international political economy influenced the political economy of Greece especially in the form of increasing financialization. In this sub-section, I will explore the process of financialization of Greek political economy and argue that the seeds of latest debt crisis have been planted with neoliberal policies directed to liberalization, privatization and deregulation under the nose of European Union.

From the oil crisis to EEC accession in 1981, unfavorable conditions in the world economy created an unfavorable setting for economic growth for Greece. Since decrease in real wages, domestic demand and import rates are usually accompanied with positive numbers of current account, Greece experienced decreasing growth rate and positive improvement in the current account until the admission to EEC, later EU (Moutos and Tsitsikas, 2010: 6). From that point on, the economic outlook started to change with the recovery of global markets and the membership benefits from EU. Greek policy makers took the opportunity of using European funds and loans to curtail the negative outcomes of neoliberal reforms in the short term but even European assistance could not save people from the miseries of financial crisis, which came to dominate Greek political economy in the form of harsh austerity measures.

As financialization, trade globalization and decreasing power of labor side means income polarization (Stockhammer, 2012: 56), middle and lower income groups experienced increasing insecurity resulting from the cuts in social spending, decreasing real wages and the bargaining power of unions. To make matter worse, political authorities of Greece failed to overcome inefficient tax policies and the chronic problem of tax evasion, which in the end inhibited the channels of revenues for government to be distributed to vulnerable groups in society. In a way, the tax privileges given to the most profitable and powerful economic actors in the sectors such as banking and maritime industries contributed substantially to Greece's high indebtedness (Markantonatou, 2013: 15) and made it possible a redistribution of wealth from the bottom to the top (Polychroniou 2011: 11).

Liberalization of markets, privatization of state enterprises and decrease in the scope of welfare spending mean shrinking budgets of governments. And because state has lesser responsibilities, the neoliberal logic requires a more humble budget. However since governments' spending for the realization of their political agendas through populist and ineffective policies became heavy burden on Greek budget, what came next was the increasing budget deficits. Thus, in order to meet the increasing government spending as opposed to decreasing revenues, public debts became the main source of government expenditures and Greece experienced an explosion in public debt (Moutos and Tsitsikas, 2010: 12). In this framework, financialization has been instrumentalized in the hands of governments as credits and loans started to be used to cancel out the effects of decreasing state revenues.

The loans from EC contributed to the of Greece's foreign debt with %8 in the early 1990s (Tayfur, 2003: 106). The use of those loans and other funds coming from Europe actually did fail to close the income polarization because the funds distributed to the people were lower than what neoliberal reforms cut. Since the minimum welfare benefits was set as such low levels that they left the income of recipient on or below the poverty threshold (Cheliotis and Xenakis 2010: 10-11),

it is important to note in terms of European restructuring funds that the first impression about increasing social spending of Greece is actually unfounded. Neoliberal reforms focusing upon deregulation, liberalization and privatization made Greek political economy insecure and vulnerable against the ups and downs in the world economy. Thus in the next subsection, I will locate the link between increasing availability of credits to the high risk markets and the impoverishment of lower income groups through neoliberal reforms in order to make sense of Greek debt crisis.

### **3.3.3. Debt-led consumption and Debt-crisis in Greece: Financialization as a method to cope with decreasing demand**

With the significant decreases in real wages, neoliberal policies promoted credits as the necessary means of continuous demand in the economy. As interest rates started to decline, it was hoped that Southern European countries would obtain economic prosperity but it has turned out that with cheap credits Southern Europeans are leaning to either consumption or real estate speculation, decreasing their savings and living more luxurious lives than their incomes (Tayfur, 2013: 204). In the end, rather than providing means for catching up with more developed European economies, credits have made economic actors to spend their future earnings before they actually earn them. Especially in the developing countries increased financial activities contributed to the high indebtedness and low saving rates. Thus like the other developing countries, the increasing availability of deregulated of credits created high levels of consumerism and indebtedness in Greece (Cheliotis and Xenakis, 2010: 15). Not only households but also governments started to heavily depend on credits since they used those domestic and international flow of hot money as a way to sustain their budgets in the environment of decreasing state revenues stemming from neoliberal policies shrinking the size of public sector. What became clear with the financial crisis was that credits turned out to be source of growth based on debt-led consumption

and also very vulnerable economic structure in Greece together with other developing countries.

If the economic stability is based on international and domestic flow of credits, the deterioration of credit channels and liquidity problem in the world economy means an abrupt end of previously continuous flows and following fall of payment system. However it is important to note that those developing countries continue to receive those flows of international credits as long as they are coming. Thus, the dependence does not come to an end with the actions of receiving markets but rather they are rearranged by the financial centers of developed markets. This was the case for Greece. Up to the point in 2008 when the credits disappeared in the thin air, Greece continued to import and consume rather than produce and this process ended up with high current account deficits and state's inability to find credits to finance its debts which is later named as debt crisis of state (Tayfur, 2013: 204). Full picture of Greek debt crisis can only be seen in relation to trade surpluses of developed European states in the Eurozone. For instance, Germany acted like the China of Europe with a large current account surplus, high savings and low levels of domestic demand as German firms enjoyed high levels of competitiveness compared periphery markets of the Eurozone (Onaran, 2011: 142). The volume of economic interaction between the members of Eurozone created its own winners and losers when it comes to a strong and balanced economy. The total current account deficit of Southern European countries is calculates as the equivalent of the current account surplus of Germany which has almost 200 billion foreign trade surplus, even worse those countries' current account deficits increased after they have become Eurozone members (Kutlay, 2013: 174). It must be clear that most of the credits provided to Southern members of Eurozone was originated from the Northern Europe thus, the very nature of single market, single currency and cheap credits paved the way for what was seen as Southern debt crisis.

In the process of transformation of debt-led consumption to debt-crisis, developing states became the next victim and a more of a scapegoat of the crisis erupted in somewhere else not even in their country, all because of their over-dependence on the hot money. And for the crisis originated from the core, but created more catastrophic results for periphery, developed states came up with rescue plans, of course not without of costs however little effort was made to extract payment from those either responsible or able to pay (Onaran, 2011: 147-154). When the whole economic system was based on the continuation of structural differences among different economies, it is not neither responsible nor right to name the problem as debt-crisis only to blame developing states for their mismanagement of the economy. In the Europe when a united finance market has been created through financial liberalization, not only every financial regulation has been thrown out of window but also the policy of single-currency has been established based on the core economy of Europe, Germany (Tayfur, 2013: 204). As one explanation for this policy formation may be the setting higher target for developing countries which should eventually catch up with the developed ones, the other might link the premature Eurozone membership to the increasing gap between developing and developed members of EU. And from the perspective of second explanation, debt crisis should be considered as an outcome as well as a cause (Kutlay, 2013: 174). Above, I tried to substantiate the latter argument. I believe that naming the problem as a separate national debt crisis prevent a deeper analysis of structural nature of the crisis and dislocate the burden of readjustment which came in the form of austerity measures so in the next subsection I will focus on the power of troika over Greek political economy.

#### **3.3.4. Troika: Modern Greek Tragedy**

In 2007, USA was hit by a severe financial crisis which spread in waves toward Europe (Polychroniou 2011: 2). This was the natural result of financially dependent national markets however in Europe, it turned into something else: Southern European (in Greece, Portugal and also Ireland) debt crisis. During the

course of financial crisis, the use of euro as the common currency within the borders of not only worsened the problem of unemployment but also produced huge transfers from peripheral parts of the Eurozone towards stronger economic areas (Polychroniou 2011: 6). The union of different markets enabled people, goods and services to leave the problematic areas for the sake of better conditions, thus the flee of investment in those problematic markets triggered unemployment, declining demand and productions in a stagnated economy. In 2009, as global markets were battling with declining production, rising unemployment rates, increasing budget deficits (Stockhammer, 2012: 44), Europe was forced to take care of its institutional flaws.

It was feared that if one of the linked markets falls, it could create an almost domino effect which could not be stopped till the fall of Eurozone. The possible default of highly indebted European members was avoided through some alterations with the Eurozone and with this aim the European Financial Stability Facility was established. The main agenda of EFSF was to ensure full repayment of the debts by saving European banks and the European financial sector as a whole; thus it would be misleading to assume that ECB's main target was saving the Greek economy because what it really did was to bailout European commercial banks which should have suffer from their wrong investment policies (Tsonas, 2014: 17-102). Since its establishment in 2013, ESM has been providing financial assistance to the members of Eurozone and it is still financing Greek economic program. It turned out that any possible bankrupt of Greece could not be tolerated. Particularly for this reason, big powers of EU who acted like the big brothers of the Eurozone took the matter into their own hands and troika was created out of EU, ECB and IMF.

Following the announcement of the fiscal deficit as % 12.7 of the GDP in October 2009, the confidence of international investors in Greek markets decreased significantly, which was revealed with the punishing grades of credit ranking agencies (Petrakis et al, 2014: 13). Lower grades meant increasing risks which

made it more expensive for Greece to turn things around for themselves, in other words to save Greece from default. When the first attempt of government failed to secure credibility of Greek markets in February 2010, a month later harsher cuts were imposed on Greek people with decreased wages and increased taxes (Kotios and Roukanas 2013: 95). Naturally recession deepened and as I stated above both financial capital and human capital started to flee the country. Domestic demand declined as stagnation worsened. On April, 2010, Greece applied IMF and the Council of EMU for funding and on May, the EU, the ECB, and the IMF decided to grant Greece a loan of 110 billion euros (80 billion from the 15 EMU countries and 30 billion from the IMF) but the loan was conditioned for the execution of necessary reforms which would be supervised by the troika (Kotios and Roukanas 2013: 95-96). Troika took control of the Greek economy when it conditioned its future assistance to the disciplined execution of austerity measures. In a way, troika represented the utmost embodiment of core surveillance over the political economy of Greece.

Under the tutorship of troika, Greece increased the speed of reforms in order to please political and economic elite who had power to reorganize its political economy structure. Greece was pushed to cut its deficit from 13.6 per cent of GDP in 2009 to 3 per cent in 2013 through a combination of dramatic cuts in spending, public sector wages and pensions, an increase in the retirement age and tax hikes along with a fight against tax evasion (Onaran, 2011: 143). The irony about the Greek economy is that even though there was data on the pre-crisis period showing that Greece's public expenditure was actually near or lower than the European average, the only way out of indebtedness and budget deficit was presented as public expenditure cuts and the downsizing of the public sector (Markantonatou, 2013: 15-16). In other words, with the first strike of financial crisis, the primary target has been set as the re-adjustment of welfare system through different austerity policies. Society was already marked with significant income polarization and unequal distribution of wealth when crisis in 2009 threatened to sink not only Greece but also the whole Europe.

The policies to deal with the catastrophic results of “being too much and too early integrated to the world economy” were established as more liberalization and less public spending. The price for “saving” the economy from “the debt crisis” was required to be paid by the social groups who had already been hit by those initial reverse financial flows. Deteriorating welfare structure of Greeks throughout the neoliberalization process was taken to a whole new level with those austerity measures. Between 2008 and 2012, income polarization has become even wider (Petrakis et al, 2014: 27). With the efforts to “save” Greece from default and to re-structure its mismanaged economy on the principles of the star economy of Germany, the loans were not only hypothecated the future wealth of Greece but also increasing the miseries of ordinary Greeks.

### **3.3.5. The Abduction of Democracy in Times of Crisis**

Finance capital are secured after any crises at the cost of public spending on social welfare and the costs are channeled towards subordinated classes in the forms of unemployment and impoverishment (Mahmud, 2010: 8). Thus, it is not unexpected when it has become evident that Greece could not deal with its debt crises, the EU and IMF came up with a rescue plan that included a structural adjustment program with an emphasis on austerity measures (Polychroniou 2011: 2). However what was new in the case of Greek neoliberal direction program was the abduction of democracy, since European policy makers took an undemocratic stance against Greek leaders who were not quite willing to comply with their imposed program. Since crises in anywhere, in anytime provide the perfect opportunity to re-structuring any political economy by the structurally powerful states, institutions and organizations, Greece was reshaped despite the predispositions of democratically elected government, which in the end “chose” to resign. In this last subsection, I will focus on the controversial role of EU in the resignation of Papandreou government.

With the use of austerity measures, deregulation and privatization policies, EU leaders wanted to use this crisis as an opportunity to complete the neoliberal

transition of Southern European countries so they projected the costs of crisis to the countries whom they made indebted via hot money, cheap credit and consumption for decades (Tayfur, 2013: 214). Especially German policy makers instrumentalized the crisis to spread their views on tight monetary policy and budget discipline throughout the Eurozone, Southern European countries were left alone with severe debt burden, which was believed to be caused by insufficient structural reforms, the existence of uncompetitive economies with ineffective public sector and unproductive welfare state spendings (Kutlay, 2013: 172). As it is expected, re-adjustment of Greek economy meant increasing unemployment, decreasing income, privatizations and degradation of public services following the public sector downsizing policies such as significant cuts government expenditure, dismissals, and closures and mergers of public organizations ranging from schools and universities through to hospitals, health centers, and psychiatric units, as well as the implementation of very tight recruitment restrictions (Markantonatou, 2013: 1). The harsh conditions of European assistance made George Papandreu hesitant to take responsibility alone, thus he announced that he would seek the approval of Greek people to comply with these terms. This development raised the negative reactions from European side since it was perceived as a disgraced and ungrateful answer to the gracious motives of European policy makers.

During the G20 summit, European leaders, especially Merkel and Sarkozy, informed Papandreu about their concerns regarding to the presence of Greece in the Eurozone and they openly expressed that if any referendum was to be held, it should be on this subject not on the austerity measures. Two days later Papandreou resigned and the responsibility to complete neoliberal transition passed on the Simitis government in which the elected deputies became the officers of troika in the parliament (Tayfur, 2013: 215). Papandreou was the first president forced to resign in the last 50 years. The way he resigned strengthened the view on democracy not as a “categorical good” but a concept applicable “only when conditions are suitable” (Kutlay, 2013: 181). And if democracy is only a

discourse rather than a higher idea, then EU and Eurozone must be based on easily bent principles. This particular incident shows the power of European leaders to navigate Greek politics when it comes to their interests lying in the future of united Europe.

In this section, I argued that “debt crisis” should be analyzed as a direct outcome of European financialization principle since it encouraged states with high debt ratios to continue liberalization, financialization and deregulation. I also explained how Greek political economy was redirected in the hands of troika as internal politics became only an obstacle to be overcome by European leaders.

To sum up this chapter, with the analysis of Greece’s developing state status in the world politics, I argued that Greek political economy has been shaped by powerful states since its independence and the seeds of today’s problems had been planted in the early liberalization of Greek political economy. I studied the British, American and European dominance over Greece to show the changing but continuous hand of powerful actors in Greece. In this framework I argued that this status of Greece with respect to powerful actors contributed to the current problem of Greek debt crisis and could not only be attributed to the state-level mismanagements.

## CHAPTER 4

### NEOLIBERALISM AND FINANCIALIZATION IN TURKEY

In this chapter, I will study the evolution of neoliberalism in Turkey with reference to its constant developing status in the international political economy in a historical perspective. To this aim, I will start with Turkey's asymmetrical relationship with different powerful actors in the different time period in history. Since, I am studying the cases of Greece and Turkey comparatively and try to make sense their experiences with neoliberalism, I will focus on the historically developed Turkey's late integration to the world economy starting from the Ottoman inheritance, then the establishment of Turkish Republic and following changes in the Turkish political economy.

#### **4.1. Transition from Ottoman Empire and Turkish Republic, from CUP to RPP: The Roots of Financial Dependence**

In this section, I will analyze the legacy of Ottoman Empire in terms of the political economy problems passed on to Turkish Republic and the transition of national economy vision from Center and Union Party to Republican People's Party. By arguing that Ottoman legacy is crucial for understanding not only the founding principles of Turkish Republic but also its chronic problems, I will show the continuing patterns of Turkish political economy. In the first sub-section, I will focus on the foreign dependency of Ottoman Empire since Baltalimani agreement and the establishment of Düyunu Umumiye, then I will look at the financial elite Ottoman Empire and their relations with European finance centers with the entrance of other players to the Ottoman market. In the third part, I will explain the late-integration of Ottoman market to the world economy through railways. Then, the transition of national economy vision from CUP to RPP with

the establishment of new republic and RPP's state-led industrialization policy together with the WWII interruption will be analyzed in this section.

#### **4.1.1. The 1838 Anglo-Ottoman Commercial Treaty of Baltalimanı**

The integration of Ottoman Empire to the world capitalist system had been shaped under the conditions of its economic and political dependence over developed states. As it was in relative decline politically, militarily and economically, Ottoman Empire became more and more relied on European powers in the 19th century. Because of this, Ottoman Empire became integrated to the rising capitalist system in the world rather than defining its path of development against the leading actors of this process. Its experience with capitalism was influenced by the developed states as Ottomans continued to depend on foreign assistance to survive. This dependence turned into the abduction of economic sovereignty with the establishment of OPDA (The Ottoman Public Debt Administration in Turkish *Düyun-u Umumiye-i Osmaniye*) in 1881.

The decreasing military power led the Ottoman officials to sign a very controversial agreement with Britain in exchange for their support against separatist movements of Mehmet Ali Paşa. In 1838, Ottoman Empire signed the agreement of Baltalimanı, which set the level of taxes as %12 for domestic merchants and %5 for foreigners. This was not only the end of monopolistic policy of Ottoman Empire for the export of raw materials, that foreigners gradually replaced the hand of state's had in the extraction of those materials, but also it created a gap between Ottoman exports and imports since it established a tariff system in favor of imports (Pamuk, 2014: 98). Thus, the domestic economic actors lost the competitiveness to their foreign counterparts when they were bombarded with inclusion of foreign products exposed to lesser tariffs.

The treaty of Baltalimanı ended the sovereignty of Ottoman Empire to sanction extraordinary taxes or impose limitations upon foreign trade, which turned extremely problematic during war times since the empire lost its ability to

generate extra revenue (Pamuk, 2014: 98). Soon after, in 1854 when government needed extra money for the war against Russia, Ottoman Empire was left with no choice than public borrowing from developed states. Thus, Crimean War increased military spending of Ottoman Empire and the government demanded more and more financial sources from British and French, and this triggered a series of incidents leading to the establishment of OPDA in 1881.

#### **4.1.2. Ottoman Bankers in the 19<sup>th</sup> century**

Until the Crimean War, Ottoman Empire were mainly borrowing form Greek and Armenian Ottomans. As the economic problems of Ottoman Empire created its own interest groups, the financial elite in Ottoman Empire, highly benefited from lending money to the state with high interests. I explained the relationship between Phanariot Greeks and Ottoman debts in the second chapter, this time I will focus on how the entrance of foreign financial actors affected Greek and Armenian Ottomans who had made fortunes out of lending money to Ottoman Empire. Following the competition that non-Muslim Ottoman bankers had with their European counterparts after the Crimean War, European banks started to replace domestic lending mechanisms owned by minorities in the empire.

The bankers of Galata tried to compete with developed European states, they lost their almost hegemonic position of lending money to Ottoman Empire but they adopted to the strategy of cooperating with European powers in the end. By the 1840s, government bonds of Ottoman Empire were being sold in the stock markets of London, Paris, Vienna and Frankfurt (Pamuk, 2014: 118), and Ottomans became more and more dependent upon European liquidity. In 1875, the foreign debt of Ottoman Empire was around 200 million sterling and the capital and interest payment of this debt was closer 11 million sterling; it is extremely essential that the state revenues of Ottoman Empire was 18 million sterling (Pamuk, 2014: 120). It came to a point that Ottomans' current wealth was only enough for paying their debts from previous years thus the government needed constant flow of credits. In the times of war, when credits became rare

despite the increasing need of empire to finance its military, it get especially problematic. Like it did during 1877-1878 Ottoman-Russian War, Ottoman Empire could not find credits to pay the interests of previously borrowed money let alone the capital (Okçuoğlu, 1999: 549).

In this period, government announced that they could not be able to pay up its debts and Europeans denied any more financial flows to Ottoman Empire, Ottoman turned to Galata bankers as substitute for European credits but this could not prevent European takeover of Ottoman economy. OPDA (The Ottoman Public Debt Administration) was not only an institution for making pay Ottoman Empire but also a foreign backed autonomous power center with in a sovereign state (Okçuoğlu, 1999: 551). OPDA took economic dependency of Ottoman Empire to a whole new level. Ottoman finance had already been controlled from London and Paris (Pamuk, 2014: 116-117), rather than from Galata, but OPDA established a state within a state. This shows that financial surveillance by developed financial markets started in the second half of 19th century for first Ottoman Empire and since Turkish Republic has inherited the political economy of Ottomans, it is important to note that Turks had a long history of financial dependence to developed countries.

#### **4.1.3. Producing for Export: Railway Construction in the Ottoman Empire**

I explained the financial dependence of Ottoman Empire above, in this subsection I will focus on the way Ottoman market was opened to world economy and the type of trade relationship established between them. The early railway construction in Ottoman Empire is significant in this respect. Since railways facilitated the transition of Ottoman Empire to the international division of labor, Ottoman economy became importer of industrial goods and exporter of raw material, which escalated its underdeveloped position in relation to developed economies.

Anatolian cities were pretty much cut off from any economic transaction with the big cities in empire let alone trade centers of the world before the construction of railway transportation. Since transporting grain from Anatolian cities to Istanbul was %75 more expensive than exporting from New York (Boratav, 2014: 28), production in Anatolia was for local consumption and there were no highly specialized division of labor within the empire. The effects of Napoleonic Wars over the economy of Ottoman Empire were important in this respect because, in the 19th century, the fighting powers of Europe gave Ottoman producers an incentive to produce more than domestic consumption; in other words the political disturbance opened the way of production for export. From the perspective of Ottoman government, the target of connecting countryside to the capital city was not only vital for transporting the agricultural production to the ports to be exported to foreign markets but also expanding central authority to the edges of empire (Pamuk, 2014: 105). The raw material rich but financially weak Ottoman Empire became the target of European industrially developed states when government decided railway construction.

With the aim of transporting goods to trading centers like Istanbul and Izmir, empire used significant level of foreign debts. Thus, in this process Ottomans used European credits to pay the work done by Europeans, which contributed to the financial dependence of Ottomans. Germans, British and French were in a competition with each other in order to lead railway construction of Ottomans because Ottoman Empire provided revenue insurance and OPDA was making sure that foreigners were getting their revenues (Okçuoğlu, 1999: 560-564). Railways not only became the means of integration of Ottoman economy to the world capitalist system and entrance of foreign actors taking part in railway construction and following export but also increased the level of financial dependence and placed Ottoman Empire as the exporter of agricultural goods and the importer of industrial goods in the international division of labor.

#### **4.1.4. The Committee of Union and Progress (CUP) and Republican People's Party: their vision for national economy**

Ottoman Empire became a constitutional monarchy in 1908 with the establishment of parliament and emperor shared his authority with the elected the government of the Committee of Union and Progress. CUP government is significant for Turkish political economy since its vision of national economy passed on to the founding officials of Turkish Republic and provided the framework for policy formations during the rule of Republican People's Party. The leaders of CUP wanted to create a national economy and overcome the limitations resulting from the previously signed agreements. They used the WWI as an opportunity to suspend capitulations unilaterally yet, they failed to understand capitalist mechanisms promoting dependency since they continued to encourage foreign debt (Boratav, 2014: 31). They perceived foreign debts as a necessary means to create national economy and since they only rejected the special treatment of foreign merchants in Ottoman Empire the lack of awareness on the operation of financial capital could not be overcome during their rule.

As I explained above, the annual state revenues of Ottoman Empire was not enough for paying up the previous debts and fulfilling the state responsibilities at the same time. Before WWI, annual debt payment was getting close to %40 of the state revenues, which had already been cut by %20 under the surveillance of *Düyun-u Umumiye* (The Ottoman Public Debt Administration –OPDA) thus when the military spending increased with WWI together with the disappearance of foreign debt channels, the state announced to suspend foreign debt payments alongside with the operations of OPDA (Pamuk, 2014: 171). The war ended for defeated Ottoman Empire in 1920 with the Treaty of Sèvres but not for the people in Anatolia. With the leadership of ex young Turks and Ottoman military officials, the foreign rule in Anatolia was rejected. The independence war in Turkey marked the continuation of national economy vision at the same time it triggered a more populist and pluralist turn of Turkish politics.

Since the most secure and easy way to ensure political control over somewhere was always managing its capital sources and foreign interests succeeded to establish economic and political control over Ottoman Empire, the Republic of Turkish State inherited the wide and deep influence of foreign financial interests over Turkey (Mears, 1924 and Boratav 2014). To put it simply, the most important Ottoman legacy for Turkey were the issues of capitulations and state debts. The suspension of capitulations and free trade agreements together with the restructuring and distribution of Ottoman debt among the sovereign states established upon Ottoman lands were the priorities of new government after the independence (Pamuk, 2014: 176). Step by step, they managed to reach their targets with a focus on establishing independent state and independent market in Turkey. The state officials were aware of the fact that with a weak economy their political success would not be sustainable.

To create a strong national economy and close the development gap between Turkey and developed states of Europe, new government held the economy congress in Izmir in 1923. They were in favor of fair economic relations with foreign investors so that they encouraged foreign investment which was believed to be necessary for the quick recovery of Turkish economy. International financial flows for investment and state involvement in the economy were taken as not mutually exclusive, but something to be supported at the same time. This continuity from CUP to RPP on the basis of national economy and international financial flows could be seen in the new republic until the Great Depression in 1929.

#### **4.1.5. State-led Industrialization in 1930s and WWII interruption in 1940s**

The period between 1923 and 1929 was the “reconstruction in the conditions of open economy” (Boratav, 2014: 49), however starting from 1929 the world economy went through a transition from liberalism to protectionism. This process affected Turkish economy since economic strategy of young republic as the

development through state-backed international investments became impractical when the volume of global economic interactions decreased significantly with the Great Depression in 1929. When the hegemony of United Kingdom was on the decline after WWI and USA was not fully equipped to replace its hegemonic position; states tried to protect their national economies from the chaos world economy fell into (Pamuk, 2014: 179-185). As the decreased rates of exports meant decreased export revenues, Turkish economy was tried to be directed through heavy state involvement. Protectionism and etatism became the markers of Turkish economy, the Turkish government adopted the strategy of state directed industrialization (Boratav, 2014: 59). The absence of international financial sources and domestic private capital accumulation to invest made the state biggest investor in the economy.

The officials of RPP, ruling party until 1950 had been witnessed the Balkan wars, WWI and Independence War, in this sense they were accustomed to stagnated economy. They knew about the inflationary results of expansionist policies of Ottoman Empire, thus they were very cautious about economic imbalances. Having witnessed the foreign dependency stemming from high debt ratios and the following inflation problem during the late Ottoman period, İnönü who was the Prime Minister between 1924 and 1937 did not deviate from strict monetary policies with an emphasis on balanced budget and strong money policy (Pamuk, 2014: 191-192). Turkish economy became more and more inward-oriented, the import/GDP ratios decreased from %15.4 in 1928 to %6.5 in 1938 through customs and quotas to foreign trade but between 1930 and 1939 the state-led industrialization did overcome the problem of foreign dependency (Boratav, 2014: 73 and Pamuk, 2014: 194). The important is that only after half a century, import ratio to GDP started to go beyond %10 in 1980s through the diffusion of neoliberal policies.

The etatist development was interrupted by the conditions of WWII. Increasing military expenditure and even more decreasing export revenues created a very

problematic economic environment in Turkey during the WWII. The seeds of political transformation from one party to multi-party system of Turkish politics were planted in this process. Economic problems strengthened the hands of opposition political views against RPP, growing resentment towards the war time policies of RPP opened the path of alternative political economy visions to thrive. In the period of WWII, Turkey was government two different approaches of Refik Saydam and Şükrü Saraçoğlu. The war time economic problems included increasing military spending, decreasing production due to the recruitment of civil male population to army, and decreasing export levels thus export revenues. Until 1942, Refik Saydam government wanted to solve these problems through applying strict price controls, rationing basic goods, confiscating agricultural products with targets of limiting inflation to a reasonable level and keeping the citizens in cities and soldiers fed (Pamuk, 2014: 200). Saraçoğlu dismissed the anti-inflationist policies, decreased the price controls and statist control over agricultural prices yet his government introduced “Varlık Vergisi” –a special wealth tax, which was mostly paid by non-Muslim citizens (Pamuk, 2014: 202). Even though, their methods were different, the two war time governments of RPP created unhappy farmer, land owners and workers in the city. Those groups blamed RPP for their miseries during WWII and composed electorate base for Democrat Party.

#### **4.2. Center Right and Its Economic Ambitions in Turkey: From Menderes to Özal**

In the second section, I will analyze the attempt to integrate Turkish economy to the world system in the hands of center right parties. First, I will look at Menderes period and his collaboration with new hegemon of the world, then I will explain the import substitution policy in 1960s. Then the economic and political problems in 1970s leading to the coup d'état in 1980 will be my subject, in this section I will focus on the military's and center right leader Özal's eagerness to adopt neoliberal policies popular in the world.

#### **4.2.1. 1950-1960: Economic development through the export of agricultural goods**

With rising opposition to RPP, Turkish politics was divided into two groups in the late 1940s. The first group separated from RPP to establish Democrat party while the second group stayed and eliminated the reformists within the RPP, who wanted to democratize the party in 1947 (Boratav, 2014: 96). In 1950, RPP government agreed to change electoral system, which resulted in the victory of Democrat Party that obtained majority of the votes and ended the one party regime in Turkey. This was the victory of agricultural elite over the founding republican elite and Menderes, the leader of DP used the changing structure of international relations to consolidate new power distribution in Turkey. As Americans used extensive financial resources to contain Soviet Union and communism, the international environment was in favor of pro-American less developed states thus Menderes took the advantage of American assistance to strengthen his electoral base: Anatolian, conservative, mostly Islamists and entrepreneur class.

The rise of US as the hegemon after WWII had been institutionalized in Bretton Woods Conference in 1944 where fixed exchange rate system based on American Dollar was established together with International Monetary Fund and World Bank. New liberal world order evolved around American interests made also US the responsible for American allies. In this respect, American investments, foreign aids and credits became the means of Turkish integration to only American domain but also to the world economy. American experts who often visited Turkish governments to establish the view that it was impossible to develop without foreign aid in the end, Turkish economy that had managed to stay out of trade deficit since 1930s, fell into the position of constant deficit (Boratav, 2014: 96-97). Very much like neoliberal TINA, Turkey adopted the hegemonic position of America over the international political economy.

The increased machinery in agriculture resulted in the rising production levels and since 1950s marked a favorable international conditions, Turkish economy found

an opportunity to sell agricultural products to various markets while US were stocking during the Korean War. During his time as prime minister, the economy went into boost which Menderes used to increase his appeal towards his voter base. After 1950, import of goods especially consumption goods was liberalized and in this process previously accumulated foreign exchange reserves (due to the unfavorable conditions of world war II) had been used, and when the second half of 1950s brought exchange shortages, government relied on American financial aid (Pamuk, 2014: 227).

The end Korean War also meant the end of open and uncompetitive market for Turkish exports, the export prices started to fall with the entrance of other players and for Turkey. The environment of decreasing exports and increasing imports in Turkey put an end the liberal political economy vision of DP and state interventionism replaced the open market exchanges in the second half of the 1950s (Pamuk, 2014: 232-233). High inflation, first devaluation in the history of republic, all came with expansionist monetary policies, populist approach, and then when economy turned upside down more autocratic rule. The current account deficit which was escalating with the liberal policies and the decreasing international credits led the DP government to turn to protectionism and controls in the foreign trade however the pressures from IMF for the full integration with world economy rather than protectionism tied the hands of government (Boratav, 2014: 110).

The externally dependent economic growth in the Menderes era turned upside down when the favorable conditions were no longer available. The increasing economic problems coincided with the authoritarian rule of DP when people demonstrated against government's decision to send troops to Korean War, dependence on American aids, and careless economic policies. Following the some bloody incident, democracy was suspended with the military intervention in 1960. Some perceive the military intervention of 1960 as a revolution since the security council helped the creation of democratic principles of modern Turkey

while some name it as the coup d'état of 1960 and blame this particular incident as opening a dangerous path for Turkey since the politics started to be conducted under the threat of future interventions of military from that on. Either way, the overthrow of Democrat Party changed irrevocably the flow of political economy in Turkey.

As the rule of DP broke the dominance of CHP over Turkish politics up until 1950, its unjust overthrow by the military strengthened the values represented by the center right in the eyes of conservative, Islamist and entrepreneur Turks living in the Anatolian cities so much that many more parties in the same political allegiance established after the shutdown of Democrat Party. Center right positioned itself against statist and secular founding core and by doing that it wanted a redistribution of power and wealth which would include the previously ignored interests. The conflict over this distribution between the founding core-representing the center left and the rising star of center right became the main element of politics since then. From this perspective, the contemporary socio-political and economic polarization in Turkey has their seeds planted in the period starting from that point in the history of Turkey.

#### **4.2.2. 1960s: Import substitution**

The military coup in 1960 not only reversed the undemocratic turn of Turkish politics (with the introduction of more pluralist political environment) but also re-introduced the planned economy with the emphasis on industrialization. The establishment of DPT (State Planning Agency) and the application of the First Five-Year Plan in 1963 came along in this process as the state-directed industrialization was encouraged by OECD (Pamuk, 2014: 235). Import substitution policies aiming to produce previously imported goods through national industries by using state subsidies and protection, hoping in the end this policy would create competitive national economy which could stand in the world

on its own after the protection was over. Thus, with the coup d'état Turkey adopted the popular political economy vision in the world.

In the early stages, these policies managed to provide economic growth and increase in real wages (despite the income inequalities); but they created their own seed of destruction by not paying enough attention to the export of manufactures since the successes obtained within a protected environment created vested interests for the continuation of the same model (Pamuk, 2007: 15-16). The industrialization policies of 60s created a business elite who kept their organic links both to the political and military officials in Turkey, the newly emerged economic elite played their role in the environment of clientelism and favoritism (Karadag, 2010: 13). By implementation of protectionist policies, the long desired Turkish bourgeoisie was managed to be established but they stayed dependent on the protective policies of ISI. The political authority preferred to create a voter base who was dependent on its ISI policies; and by doing that consolidate and deepen its area of influence. In terms of technology and basic inputs, Turkey continued to be dependent upon imports as Turkish production failed to overcome quality gap between them and their Western counterparts in order to be competitive (Boratav, 2014: 119). Thus, Turkey could not reach the success of Asian Tigers which became perfectly competitive with Western products.

Especially cold war environment, for Turkey who was under the surveillance of US, turned out to be particularly fruitful in terms of international funds, aids and credits. This created the belief that Turkey could find any financial resource from international society so the problem of growing deficit was overlooked with this confidence. Thus, the special place of Turkey in the American policy of containing Soviets only deepened Turkey's dependence over foreign aid, fund and credits (Boratav, 2014: 123). As Turkey's current account deficit was in a gradual increase, the foreign exchange sent by Turkish immigrants helped to sustain trade balance for limited time period. While European states recovered after WWII and experienced high speed economic development in 1960s, many Turkish workers

emigrated to those economies helped both to decrease the unemployment rate in Turkey and to close the current account deficit by sending foreign currencies to their families in Turkey (Pamuk, 2014: 238 and Boratav, 2014: 120). Together with the international funds in 1960s helped Turkey to keep its economic development in a reasonable level and delayed the waves of structural crisis in 1970s.

#### **4.2.3. 24 January Decisions and military intervention in 1980**

The economic prosperity that world economy had in 1960s started to be shaken in 1970s when exchange rates fixed to Dollar became unsustainable after the Vietnamese War. In this time period, President Nixon announced the end of Dollar's link to gold. For developing countries, it meant the end of American assistance, expensive petrol and increasing foreign debt. In this period, Turkey tried to fight with rising petrol prices with foreign debts and opened the escalating foreign debt problem (Pamuk, 2014: 242). This situation turned upside down after the oil shock in 1973, debt channels disappeared and Turkey was left with its growing deficits. After 1974, constant election environment, populist policies and short term debts became the markers of Turkish political economy (Boratav, 2014: 140). Thus, problems of 1970s should be evaluated within this framework of Turkish economic structure and the deterioration of world economy at the same time. When the known economic principles of world economy could not meet the requirements of post-1973 crisis, government expenditures and statist protective policies became no longer viable. In this perspective, Turkey fell into a chaos of political economy with its infant industries getting bigger and bigger but lacked any competitive advantage. Since it had failed to produce internationally competitive and powerful products, Turkey suffered the decreasing revenues of exports in the stagnated situation of world economy. Decreasing revenues from Turkish immigrants working abroad and the state of international economy after the oil crisis made Turkish economy even worse in the presence of political

turbulence inside (Karadag, 2010: 13). Severe economic problems in the highly politicized society of Turkey in 1970s made people to act according to their political allegiance.

In the late 1970s, economic stagnation created political and social frustration between different groups in the society. While workers unions were going on strikes to resist liberal reforms, business groups craved for an order, any kind of order for that matter. TÜSİAD, the union of big business owners, criticized the incompetence of Ecevit government so fiercely that they might as well cause his resignation from the government. Technocrat Turgut Özal was recruited by Prime Minister Süleyman Demirel laid down the “principles” for Turkey’s neoliberalization, which waited to be realized until the coup d’état, since military rule after the intervention not only adopted the principle but also use the undemocratic and very unified state power to consolidate those principles. Turgut Özal presented to Prime Minister Demirel what came to be known as January 24 decisions today. His argument was basically in favor of lowering wages resulting from the belief that Turkey could only sustain its economic development by increasing its competitive power (Boratav, 2014: 147). The decisions taken on January 24, 1980 aimed to solve balance of payment problem, to create economic stability by decreasing inflation and to promote an export-driven economy (Pamuk, 2014: 265). However, those decisions had to wait military intervention to be realized since the fragmented politics and highly politicized society resisted. It turned out that the leader of the opposition party, Bülent Ecevit was right by saying that they could not be executed in a parliamentary regime (Kafaoğlu, 2008: 41) because wide range opposition to the required reforms in the societal level prevented theirs realization, yet the military made any opposition unthinkable after the coup d’état and took the matters in their hands.

The problem with the period before the 1980 coup d’état might seem as the serious conflict between different ideologies which resulted in the fall of society into a dangerous power vacuum but the truth was that Turkey was experiencing

severe structural problems in the changing economic world structure so much that neither state nor the other power centers failed to continue their previously assigned roles. Structurally dependent Turkish economy lost its way when the known principles of politics and economy were longer valid or applicable. Still, the effects of 12th September cannot be underestimated since military rule turned out to be the only authority to “end” people’s agony and “placed” Turkey in her deserved place in the changing world structure, which is a neoliberal periphery country in the neoliberal world economy. Pamuk says that short-lived political coalitions with short-term political and economic interests could not come up with solution to the big economic problems such as balance of payment, inflation, shortages together with the vital social and political issues which nearly brought the country to the edge of civil war (Pamuk, 2007: 16), which implies the need for a powerful authority to take necessary steps which are giving up the protective policy choices and opening the uncompetitive national market to the world. Sadly, this powerful authority turned out to be a military rule which suspended the democratic gains of different social groups in Turkey with target of full application of January 24 decisions.

#### **4.2.4. Özal period in Turkish political economy**

It is not surprising that the military rule, not the any other political coalitions, took necessary steps for the implementation of January 24 decision considering the fact that it came to power with a coup d’état so it was immune to any form of populist pressures. Using its unchallenged power, military rule eliminated the obstacles namely different interest groups who had vested interests in the continuation of the existing system. Firstly, the democracy which was perceived as a luxury to Turkish people had been suspended. It was believed that too much democracy and political freedom dragged society into a deadlock, which must have overcome immediately. With this aim the political parties, trade unions, and civil society organizations were dissolved, the leaders of those political parties were banned from re-entering politics, yet the only societal organization to be exempted from

these repressive measures was TÜSİAD, the family holdings' business organization (Karadag 2010: 13). Economic elite desired the end of political turmoil in Turkey long before military intervened so that according to these capital-accumulators, any solution was better than no solution.

The economy in the hands of military meant suspension of labor unions and right to strikes, cuts in the government spending with the aim of fighting against the scarcity of the supply, black market, high inflation and establishing a control mechanism for the problems of banking system. The main objectives of the economic program came after coup d'état were to improve the balance of payments, reduce the rate of inflation, and create a market-based, export-oriented economy with the help of devaluation of Turkish lira, liberalization of the trade regime, elimination of price controls, freeing of interest rates, elimination of many government subsidies, substantial price increases for the products of the state economic enterprises, subsidies and other support measures for exports and promotion of foreign capital, reducing real wages and the incomes of agricultural producers (Pamuk, 2007: 17). Liberalizing economy in order to be a part of neo-liberal world economic system came with a price which was paid by the labor side of the economy. When real wages decreased in the cities and agricultural subsidies were cut in the rural areas, the general welfare for the middle and lower income groups decreased, yet it was not the only failure of military's economic program. Although export rates in the economy expanded, the long term development was not secured; the economic program failed to generate high levels of private investment, attract foreign investment, eliminate the risk of high interest rates, provide a common ground for the resolution of the political instability and more importantly the achievements of the program was gained at the expense of an escalating external debt (Pamuk, 2007: 17-18). External debt continued to increase in the following decades with the availability of international credits when extra-budgetary expenses were tried to be dealt with significant state borrowing.

September 12 regime made Özal the manager of the new Turkish political economy vision. By the time he seized ruling power, the former political leaders had been banned, trade unions and leftist groups had been suppressed (Karadag, 2010: 15) thus Özal was a very lucky politician for executing policies in line with his vision of Turkey. By using the autonomy he has been given, Özal did not mind the social costs of his program like rising unemployment, decreasing wages (Karadag, 2010: 15) in a way he became the means of neoliberal transition of Turkish political economy. As the counter revolution of capital owners was secured with military rule (Boratav, 2014: 148), Özal implemented the neoliberal reforms one after another like capital account liberalization, privatization of state-owned enterprises, applying fiscal austerity measures like decreasing public spending and introducing of value-added taxes. As a way to cope with economic troubles in the late 1970s, the export-led growth strategy was adopted, gradual import liberalization, more flexible exchange rate regime, and more effective export incentive programs were applied and additionally tariff reductions, elimination of import restrictions and bureaucratic controls over imports were introduced (Akkoyunlu, Kholodilin and Siliverstovs, 2006: 1). In this process, devaluation of Turkish lira relaxed the pressures on Turkish exporting business owners, which eventually met with the increased export rates in 1980s. The international environment also helped this development since the war between Iran and Iraq opened the Arabian market for the export of manufactured goods from Turkey (Pamuk, 2014: 269). However, export-led growth strategy also increased Turkey's exposure to international markets and its foreign debt and created a highly imbalanced export and import regime (Özcan and Turunç, 2011: 68).

The new vision of Turkish political economy required financial restructuring as the financial neoliberalism became the defining part of neoliberal policy transitions starting from the early 1980s. In this period, Turkish financial system has undergone serious reformations. It turned out that global paradigms and international institutions' recommendations and impositions were more than

instructive for the introduction of some financial liberalization measures such as decreasing entry barriers, abolishing loan and deposit rate controls, removing directed credit requirements; and after the bankers' crisis, under the surveillance and encouragement of IMF and World Bank further measures and regulations were applied (Akın, Aysan and Yıldırım, 2009: 6-8). In other words, Özal's liberalization policies brought crisis but it did not end there, because the surveillance of international financial institutions increased, as well. The willingness of Turkey under the direction of military rule and successor civil governments to be a part of world economic structure was very much welcomed through these policies of re-planning and monitoring Turkish political economy. Turkey transformed itself in order to find its place as a semi-periphery country in the changing neoliberal world structure so that in this process, not only economic but also ideas dominant in politics and society undergone serious revision.

Özal argued that high interest rates would encourage actors to invest thus governments should issue rewarding policies for those who would chose to save their money, however his vision led people to live on the interest revenues from their accounts in banks rather than making actual investments (Kafaoğlu, 2008). As it turned out, not every saving is an investment because high interest rate revenues actually encourage people to keep their money in the banks rather than investing in the economic activities. Yet, these increased interest rates and Özal' liberalization policies in the banking sector brought more harm than benefit to Turkish economy. As making money out of money rather than production became more and more attractive, people started lend their money to various individuals by hoping to be rich and this situation ended with Bankers' crisis in 1984. Thus, the financial liberalization accelerated after 1982 created the first failure of Özal rule in 1984 when liberalization turned to bankers' crisis.

Between 1980 and 1989, exports increased from 2.9 billion US dollars to 12.9 billion US dollars and together with established IMF and World Bank loans, Turkey entered international capital markets (Karadag, 2010: 14). The decision to

complete the capital account liberalization in the summer of 1989 with the declaration of the Turkish lira as fully convertible in foreign exchange markets, in fact signified the increasing dependence of the economy on private financial sources (Bedirhanoglu and Yalman, 2009: 113). Since 1980, the tax regime has gained more and more unjust nature since it was transformed in favor of the shareholders and business owners (Boratav, 2014: 154). Özal's economic program was evolved around strengthening market at the expense of state through deregulation and privatization (Özcan and Turunç, 2011: 67). In this period, exports were tried to be encouraged by providing cheap export credits, which in the end introduced another problem; namely “fictitious export” (Kafaoğlu, 2008: 67). The populist policies of Özal were presented as beneficial for everyone in the society through making money by the easiest way became more and more famous. The discourses of “liberal market economy”, “private enterprise”, “orta direk” meaning “middle class”, “köşeyi dönmek” meaning “hitting the jackpot” were used by politicians to legitimize neoliberal transition (Boratav, 2014: 154). Through presenting private enterprise as good for everybody, policies also conveyed the message of public investments as outdated and unsuccessful. The deliberate misrepresentation of the relationship between state and society as the first exploiting the latter, covered the real transfer of income from the labor to capital that had been taking place in the course of the structural adjustment (Bedirhanoglu and Yalman, 2009: 115).

Turgut Özal was a critical figure in Turkey's transition to a neo-liberal development model in the 1980s. There can be no question that his bold initiatives helped accelerate the opening and market orientation of the economy. His legacy is not wholly positive, however. Özal preferred to govern by personal decisions and decrees and tended to underestimate the importance of rule of law and a strong legal infrastructure for the effective operation of a market economy. His rather relaxed attitude towards the rule of law had devastating long-term consequences. The significant rise in corruption in Turkey during the 1990s should be considered a direct legacy of the Özal era.

### **4.3. Turkey in the Neoliberal World Order**

In this section, I will focus on the development of neoliberal reforms after Özal and the structural problems and series of crisis in Turkish economy. First, I will look at the lost decade of 1990s in terms of political instability, high inflation, public debt and interest rates which created low levels of economic development, saving rates, investments and employment. Then, I explain the surveillance of IMF and World Bank over Turkey following the series of crisis throughout 1990s and early 2000s. With the analysis of IMF reforms, I will turn to AKP's high speed neoliberalization, privatization and deregulation policies. I will argue that AKP's strategy to rely on international financial markets for economic development failed to create neither sustainable nor competitive economy that is necessary to overcome Turkey's underdeveloped status compared to developed states.

#### **4.3.1. 90s lost decade: Corruption, clientalism and favoritism**

Since 12 governments were established in 10 years, 1990s was the period of short-lived coalitions and instability in Turkey. Following the 1980s' first wave of neoliberalization, the legacy of Özal as undermining rule of law and political accountability together with creating discretionary funds and almost encouraging bribery in the public space, 1990s became the decade of corruption, populism, fictitious exports and banks siphoned off their depositors' savings. Extremely volatile growth rates, macroeconomic and political instability, lower growth rates, chronic inflation, weak budgetary performance and the outbreak of several financial crises made this second phase of neoliberalism defined as the "lost decade" (Karadağ, 2010: 18, Öniş and Bayram, 2008: 7). Governments tried to balance the budget which was used to finance or cover up the corruptions and clientalist policies by relying on public borrowing. Banks became the means of governments borrowing from abroad since they borrowed money from international financial market only to lend it or sell it, if you like, with high

interests to Turkish government. In this process, both private and state-owned banks were mainly used by political authority to accomplish their political objectives (Akin, Aysan and Yıldiran, 2009: 3). In order to attract more and more short-term capital inflows, high interest rates were used, and following the high interest rates private banks were more than willing to borrow from abroad and lend to the government (Pamuk, 2007: 19). As public debt continued to increase throughout 1990s, economy increasingly depend on hot money inflows thus, became extremely vulnerable to external crisis and sudden outflows.

Burdened with severe distributive tensions and intense party fragmentation, the weak coalition governments of the 1990s were caught in a destructive cycle of populist side payments, soaring fiscal deficits, and high inflation (Öniş and Güven, 2010: 6). Political ambitions were realized by populist policies aimed to appease their electorate base such as cheap credits to business groups, lower retirement age and generous retirement benefits which were financed through increasing public debts. In the name of obtaining and keeping powerful political positions, leaders of prominent political parties preferred to rely on favoritism. Policies, deviated from their ideal objectives, became the instruments of this patron-client relationship between the ruled and ruler. This unhealthy web of vested interests created very high PSBR, inflation and interest rates (Akin, Aysan and Yıldiran, 2009: 9). And, in the end, politically insecure environment stemming from the short-lived coalitions turned into a chronic disease in the hands of political leaders.

In addition to borrowing, governments often used inflationary policies like issuing money whenever state fell short of liquidity. High inflation became a part of daily life so that people came up with different defense mechanisms like unionized workers used contracts, farmers used state's support purchases, and tradesmen used low interested credits (Pamuk, 2014: 277-278). The crisis in 1994 was the expected result of expansionist and inflationary policy of governments in the 1990s. Prime Minister Çiller tried to stop the significant devaluation of Turkish

lira by increasing interest rates and attracting foreign exchange to balance Turkish lira but in the end she burdened the state enormously with skyrocketed interest rates and economy came to a deadlock (Kafaoğlu, 2008: 114). Huge capital outflows and catastrophic devaluation of Turkish liras made depositors to run on banks in 1994 (Pamuk, 2014: 282). Depreciation of lira and high inflation rates made Turkish lira unreliable so that economic actors came to use dollar as a substitute to national currency in almost every transaction. Dollarization became the defining problem of 1990 together with high inflation. Governments' failure to come up with a sustainable solution for the chronic problems: high interest rates, high inflation, short-termism, favoritism and high public debt made Turkish economy highly dependent on international markets. In 1991, Turkish growth rate declined to 0.35 percent due to the adverse effects of Gulf War, in 1994 due to capital outflows national currency depreciated by almost 70 percent and GDP fall by 6.08, in 1999 both Russian economic crisis and two major earthquakes hit Turkish economy and in 2000 and 2001 twin crises came with liquidity problems and failures in the banking-system (Berument, Dogan and Tansel, 2008: 3-4).

The second half of 1990s was influenced Turkey's admission to Customs Union of Europe. From the perspective of Turkish politicians, Customs Union was a necessary step to become a member of EU and it was believed that uneven obligations between the members of CU and Turkey would be short-lived since Turkey would become a member of EU soon. Yet, after 20 years Turkey is still not a member but still obligated to accept EU's trade agreements concerning the third parties. For the sake of being a member of EU, with Customs Union Turkey agreed to cancel out tariffs against member states but also accept the common tariffs of EU towards third parties like USA, Japan and Russia (Kafaoğlu, 2008: 215). Although Customs Union increased the level of Turkish exports to Europe to a certain point, as soon as EU signed a trade agreement with China, Turkish product lost competitiveness to their Chinese counterparts not only in EU but also in domestic market as well (Pamuk, 2014: 280-281). Thus, the very nature of

customs union with EU which had already trade agreements with third parts became a handicap for the exports from Turkey.

#### **4.3.2. IMF and Dervis Relationship**

In the course 2000s, Turkey remained vulnerable to external crisis as it continued to rely on much more increasing import levels compared to exports which helped to widen trade deficit more and more. Turkey's strategy to grow by high consumption levels, which were ensured by significant level capital flows in the forms of credits and privatization revenues rather than the developments in the production structure. Under the leadership of Kemal Derviř who was imported from World Bank by Prime Minister Bülent Ecevit to put the economy back on track, Turkish economy undergone series of reforms like some harsh austerity measures and cuts in public spending as a part of IMF's conditions to lend money. In this sub-section, I will focus on the influence of Dervis over the neoliberalization of Turkish economy.

The decade was inherited the problems of 1990s, which led to the twin crisis in 2000 and 2001 resulted in withdrawal of foreign capital, sharp decrease in growth rate and severe unemployment. Under the conditions of chaotic economy, Turkey wanted to look more trustworthy for the twin organizations: IMF and World Bank in order to secure credits. Thus, Kemal Dervis was given the job to make Turkish economy reliable, his position was almost above government. Any opposition to his reforms was ended with the elimination of opponent by coalition government. His presence meant a lot to the government that desired Derviř to become some sort of bridge between government and international organizations. Derviř came up with a plan aiming at fiscal discipline and large budget surpluses through the adoption of a floating exchange rate regime, reforming vulnerable financial system, separating public sector banks and state economic enterprises from the interference of politicians and strengthen the independence of the central bank

(Pamuk, 2007: 20). Following GDP declined by % 9.54 in 2002, Derviş actually managed to increase GDP by %35 to bring inflation rate below %8 in the next four years (Berument, Dogan and Tansel, 2008: 4 and Pamuk, 2007: 20). Although the program had created a success in terms of some numbers, this was not felt by ordinary citizens who continued to fight with high unemployment rate, thus it seemed as “jobless recovery”.

When speculative attacks created crises of 1994, 2000 and 2001, it has become evident that capital account liberalization was realized before necessary institutional adjustment (Öniş and Bayram, 2008: 9). Thus after the economic crisis of 2001, Turkey turned to floating exchange rate regime with the central bank having control over short-term interest rates (Bakır, 2006: 185) and in this process, 2001 crisis became a “window of opportunity” for restructuring of Turkish economy in line with the neoliberal world order under the surveillance of IMF and World Bank. It paved a way for a new phase of neoliberalism in Turkey since the aftermath of the crisis regulatory reforms were implemented in order to restructure the state in line with the requirements of a globalized market economy (Bedirhanoğlu and Yalman, 2009: 117). Governance by supranational interdependence was institutionalized with Dervis and his team since EU accession process, IMF’s and World Bank’s conditional loans provided the basic framework for structural readjustment of Turkish economy (Bakır, 2006: 186). Fiscal discipline established through transparency and accountability measures, as well as improvements in the tax administration; the weakness in the banking sector was overcome by the sector specific reforms and the central place of the Banking Regulation and Supervision Agency (BRSA); and the shadows of populism over economy was handled through providing the Central Bank necessary autonomy (Öniş and Bayram, 2008: 14).

### **4.3.3. 2002-2008: AKP style neoliberalism**

The 2001 crisis was different from other economic crisis not only because of its depth and intensity but also because of the fact that it has shaken the interests of big business groups together with the middle and lower income classes (Öniş and Bayram, 2008: 15). Crisis provided the opportunity to re-shape Turkish political economy in line with the principles of neoliberal world order. Kemal Derviş opened this path with the help of IMF and World Bank but it was AKP that took reforms to the next level. The parties in the coalition during the crisis were held responsible for the devastation in the economy so that they were put out parliament in 2002 general elections. This was the start of one party government of Justice and Development Party (Adalet ve Kalkınma Partisi, AKP) which is still continuing today and AKP style neoliberalization in Turkey. When Welfare Party separated into political parties, one of which continued to follow its Islamist, more nationalist and anticapitalistic vision, the other was AKP which adopted a neoconservative political stance with the emphasis on open market economy. In this subsection, I will focus on the period between 2002 and 2008 by explaining the influence of world economy over AKP's monetary policies and growth strategy through debt led consumption. I will argue that AKP was a powerful agent of neoliberalism with its policies of privatization, liberalization, deregulation and changing characteristics of welfare state.

The program set by Derviş and the supervision of “twin organizations” IMF and World Bank towards the readjustment process were not only adopted by AKP government but also revised in 2002 to cover the 2002-2004 (Bakır, 2006: 189). In 2002, AKP presented the Immediate Action Plan which was composed of introduction of a new tax system, financial liberalization, privatization of KİTs (state economic enterprises), public institutions in the sectors of mining, telecommunication and energy, allowing foreigners to buy lands in Turkey, encouraging foreign direct investment and export led economic growth. Furthermore, the membership requirements of EU became instruments for not

only domestic but also foreign policy visions of AKP. The government used the constructed relationship between EU membership and economic prosperity, development and wealth among public to justify high speed reforms but also in this process, EU adjustment reforms became the means of establishing secure and investable market for attracting more and more foreign direct investment. From the perspective of European policy makers, AKP (the continuation of long suppressed political Islam) government marked the level of democracy in Turkey which had economic prospects for the union. Thus, neoliberal reforms of AKP were supported not only by different income groups in Turkey but also by western political leaders, foreign investors and financial officials in the key institutions. As I explained in the first chapter security and stability were the primary values of capital owners, the stability came with AKP after the numerous coalitions in 1990s was applauded by masses. Yet, the economic vision depend on privatization of limited state enterprises, borrowing from abroad with high interest rates and encouraging consumption turned out to become problematic with the world economic crisis.

AKP's economic markers were strict monetary policy aiming to decrease inflation and attracting foreign direct investments through liberalizing and privatizing economic assets (Pamuk, 2014: 288-289). Through the execution of IMF backed reforms, the level of privatization and FDI reached the 10 billion US\$ threshold, an amount equivalent to the size of the budget deficit in the post 2001 era (Öniş and Bayram, 2008: 13-14). Turkey achieved a successful growth rate higher than the regional averages and most of the emerging markets, with the exception of China, India and Russia with the growth rates of 9.8, 7.4 and 6.4% per annum, respectively. The fact that the GDP in Turkey fell by 9.5% in 2001 due to a major financial crisis makes the Turkish success in terms of growth performance even more striking (Öniş and Bayram, 2008: 24). Macroeconomic stability, privatizations and EU membership negotiations increased the volume of foreign direct investment however most of these investments took place as buying the existing domestic companies thus they failed to create employment (Pamuk, 2014:

289). For instance, “Tüpraş” was bought by Koç Group with the help of international credit and “Erdemir” was acquired by OYAK but OYAK sold %50 percent of its shares to foreigners in this process (Kafaoğlu, 2007: 24-25). Foreign investment which was supposed to fill the space as government was rolled back in the economy, however as it turned out international actors did not invest in new production sectors which would create employment. Thus the steps for creation of liberal market economy with increasing privatization, liberalization and deregulation were welcomed by big business owners who collaborated with international investors but they fell short for meeting the expectations of mid and low income groups. This situation was referred as 'jobless growth' as the increases in labor productivity have not been accompanied by an improvement in either real wages or labor participation rates (Bedirhanoğlu and Yalman, 2009: 120-121).

In the environment of neoliberal restructuring of social state, AKP managed to create a sense of ‘paternal state’ that is responsible for its citizens’ well-being. The practices of AKP like decreasing share of state in the health expenses, increasing indirect taxes which have negative effects on the re-distribution of wealth between different income groups, abolishing the applications like establishing minimum price for agricultural products for the protection of farmers, ignoring the agricultural problems like high gas prices and imports of genetically engineered seeds had been successfully covered by its paternal state practices. AKP’s policies like free textbooks for the students in primary schools and direct financial aids to low income groups became not only a substitute for decreasing welfare state spendings but also created a sense of AKP bestowing its subjects upon. In this process, government spending became something given to people by their generous rulers, rather than something ought to be based on the norms of human rights, welfare state and democratic society. This is important in the sense that AKP managed not to look like its conservative neoliberal counterparts in the western societies while carrying out the similar reforms. However, this outlook

started to change with the changing financial situation of world economy starting in 2006 and eventually leading to 2008 financial crisis.

#### **4.3.4. From 2008 up to now: AKP after financial crisis**

Until 2006, the world was filled with flowing capital between markets some of which came to Turkey as foreign direct investment, like other developing countries. However the decreased volume of economic transaction hinted the upcoming crisis first in US, then in the world. 2008-09 global crisis caught Turkey when Turkish economy was already in a slowing path since 2006. Together with the slowing pace of economic growth and increasing dependence over financial inflows, AKP's paternal authority became more and more repressive. The discourses used by ministers for the unemployment rate increase from %9.9 in 2007 to %11 in 2008 and to %14 in 2009 (Kayra, 2014: 294) exemplify this situation. Finance Minister Mehmet Şimşek said "the unemployment rate is high because women are looking for jobs" in 2008. In 2009, Minister of Environment and Forestry asked women who demanded jobs if housework is not enough for them. In 2011, Minister of Health Recep Akdağ scolded a blind citizen who complaint about minimum wage by saying that we gave you a job despite your condition and you are still complaining. As the constructed welfare of people on debt-led consumption became more and more influenced by the financial crisis, AKP transitioned from moderate Islam and conservatism to authoritarianism, thus the changes in the international political economy triggered domestic some re-configurations on the socio-political and economic level.

Even before the financial crisis in 2008, Turkish economy showed the elements of deterioration. In 2007, foreign trade deficit was 62 billion \$, current account deficit was 38 billion \$ outstanding external debt was around 40 billion \$ (Kayra, 2014: 284). The decrease in the amount of financial inflows and economic growth hinted the 2008 economic crisis. Through privatization, 4.3 billion \$ gained and 7.5 million \$ transferred to the treasury, which used for balancing 13.9 billion \$

budget deficit (Kayra, 2014: 285). By 2008 and 2009, Turkish economy got worse. As the insecurity rises with neoliberal reforms, the most disadvantaged groups were the ones most affected negatively. Low income group started to face longer work hours, significant pay cuts while self-employed individuals experienced income losses (Öniş and Güven, 2010: 5). GDP only increased %0.7 in 2008 and it decreased %4.7 in 2009 (Kayra, 2014: 295). The experiences of 2001 crisis helped to the creation of more secure banking system, anti-inflationary monetary policy and decreased public debt but it failed to protect economy from volatile flows of capital which became especially problematic for the economy dependent on foreign investment. After 2001, public debt decreased but private debt ratios gradually increased as the channels of financial flows opened to Turkish consumers. The current account deficit and foreign debt dependency became the major challenges to sustainable growth in Turkey, especially with the reversion of favorable global liquidity conditions (Öniş and Bayram, 2008: 27).

Since economic growth strategy was planned as based on privatization, foreign direct investment and consumption through foreign debts, Turkish economy lacked necessary production levels for a strong and independent economy. For fast and high economic development, international financial flows were encouraged but it created a consumption boom which could not be sustained without production revenues. Privatizations became the number one priority of the government, which help to eliminate public debt inherited from the governments of 1990s but this was not a permanent solution since government exhausted the limited wealth of the republic which accumulated in 80 years. Throughout the neoliberalization process of Turkish political economy, between 1985 and 2013, public shares in 270 institution, 22 unfinished facilities, 1416 real-estate, 8 highways, 2 bosphorus bridges, 120 facilities, 6 ports were privatized (Kayra, 2014: 296). This shows the commitment of governments to the notion of privatization. However, as economy continues to grow through consumption and foreign investment and credits continues to determine the fate of Turkish political economy at the expense of real economy production, Turkey as a developing state

continues to follow the ups and downs of international political economy with its ever increasing dependence over financialization.

In this chapter, I studied the roots of Turkey's underdeveloped political economy in the world system starting from the late Ottoman period. By explaining how the early republican period was founded on the ideas of late Ottoman reformists, I emphasized the legacy of Ottoman Empire on the continuing patterns of Turkish political economy throughout the one party rule of RPP. Then, I analyzed the attempt to integrate Turkish economy to the world system in the hands of center right parties and the effects of world structure on the formation of socio-political and economic policies. I argued that Turkey's underdeveloped status in the international division of labor following the adoption of neoliberal policies had been established first in the hands of military, then center right leader Özal. Ignoring Turkey's structural problem like low competitiveness and labor-intensive production created series of crisis of throughout 1990s and early 2000s. More interestingly, the late crisis happened during the IMF interventions, which makes it more questionable to rely on international financial institutions and monetary policies for the sustainable economic development. Unfortunately, the long term one party government of AKP continued to ignore those problems and came up with debt-led economic development strategy, which in the end increased Turkey's dependence over the neoliberal structure of international financial relations, thus failed to overcome Turkey's underdeveloped status compared to developed states.

## CHAPTER 5

### CONCLUSION

In this thesis, I have questioned how Greece and Turkey, as two developing countries who share common historical characteristics, have been affected differently by the global capitalist crisis of 2008. In order to answer this question, I have made an analysis of political economic transformation in these two countries focusing on their historical specificities that identify their present conditions. I have compared and contrasted their experiences with neoliberalism in order to show how their similarities and differences were shaped under the transformative power of financial neoliberalism and debt-led consumption strategy as well as political struggles in times of crisis.

In this last chapter of the thesis, I will conclude my analysis in two parts; first I will review the basic arguments that I have proposed throughout the chapters and will compare and contrast the analyses made on Greece and Turkey.

#### **Review of the second chapter –Politics of Financial Neoliberalism, and its main arguments**

In the second chapter, I have worked on the central place of financialization over the processes of neoliberal transformation. I have started with explaining neoliberalism as a constructed idea, which has been spread by the structurally powerful international actors in order to reorganize state-market relationship in accordance with the new mode of state interventionism. By differentiating neoliberalism from classical liberalism, I have explained that contrary to popular belief about state's withdrawal from the market, neoliberalism required constant state involvement because markets do not naturally emerge on their own. The cases of Greece and Turkey present the effective use of state power for the

realization of neoliberal transformations in the forms of new tax arrangements, new laws and regulations to liberate trade and finance, launch privatizations, and repress labor, strategies to protect capital even by the heavy use of police force when required.

I have placed the neoliberal interventionism of state in the framework of changing structure of international political economy in the 1970s and early 1980s, and argued that the previous welfare politics emphasizing equality and justice was put aside for the sake of more Darwinistic state-market relationship. With the decreasing state expenditures for social services and the restructuring of taxes to the favour of corporate interests, states have become the means of widening the gap between the rich and the poor, consolidating new forms of economic and socio-political relations through the introduction of laws, regulations and policies along with the institutions. Thus, I have argued that states have not lost their redistributive role but their targets have been altered in line with the neoliberal agenda and those targets have been realized through neoliberal interventionism. What are those targets? Washington Consensus and its post version have imposed on the state's fiscal discipline, readjustment of public spending, tax reform, financial liberalization, competitive exchange rates and liberalization of trade, increasing foreign direct investment, privatization, deregulation and securitization of property rights. In time, financialization of social and economic relations have become the defining element of the neoliberal world order.

The increasing volume of financial relations and the introduction of debt-led consumption as a "development strategy" reconstructed international political economy on the basis of Washington Consensus. I have decomposed this strategy by arguing that financial relations among various actors have taken place in the form of unequal exchange and that relationship has created dependency of less-developed partners over the international financial markets which could not be sustained during the times of crisis. Through the diffusion of credits into developing markets, neoliberal project has tried to solve the problem of

decreasing demands however the latest crisis of 2008 has shown that indebted developing states is actually problematic for the sustainability of the capitalist system itself. I have argued that “spending today and paying back tomorrow” has changed the world economic system both for the debtor and indebted countries through their relationship of unequal exchange. In this process, income polarization between countries with trade surpluses and deficits, current account deficits increasingly financed by international financial flows have created a ticking bomb, namely a system of crisis-prone international political economy.

In the process of neoliberal transformation, I argued that the constructed discourse about the lack of alternatives as TINA – there is no alternative-, have been quite influential for the hegemony of the neoliberal project. Through the use of no other alternative argument, not only the retreat of traditional left has been ensured but also the formation of alternative policies has been inhibited. Under this kind of hegemony, neoliberal values of wealth and security (of capital) have been consolidated through various institutionalization processes by the help of the IMF pressures over the developing countries. Later in the first chapter, I have analyzed the transformative roles of the IMF and ECB for Turkey and Greece. I have argued that the economic crises which were in fact triggered by neoliberal policy applications in developing countries have turned out to be excellent opportunities for the consolidation of the neoliberal vision. After the 1980s debt crisis, IMF developed “One Size Fits All” approach to save statist economies with the cure of neoliberalism. In this framework, IMF credits have conditioned to the necessary neoliberal reforms thus represented institutionalization of structural power to shape international political economy in line with neoliberal project. The case of neoliberal transformation of Turkey shows that IMF and EU (through Customs Union) have acted like supervising actors for the full adaptation of Turkish political economy to the dominant neoliberal world system. The case of Greece, more strikingly, presents the failure of debt-led consumption strategy and lack of institutional ability of European unification project to manage a debt-crisis on a supranational level. Thus, I have argued that the dream of a wider and deeper

integrated union turned into a nightmare with the Eurozone crisis, which has led to the modern tragedy of Greece.

### **Review of the third chapter –Neoliberalism and Financialization in Greece, and its main arguments**

In the third chapter, I have analyzed the historical transformation of Greek political economy in order to compare and contrast its neoliberal experience with the case of Turkey later. Starting from the formation of the modern nation state of Greece and its independence from the Ottoman Empire, I have aimed to show that the seeds of today's problems had been planted historically. In this framework, I have argued that Greek debt crisis is actually not a new phenomenon or not unexpected since Greece has always been shaped by the limitations of its developing status within the global political economy and its dependence over changing hegemons throughout history. Thus, I studied Greece's dependence on first Britain, then US and lastly EU in order to analyze today's debt crisis. From its independence in 1832 until 1929, Greece was heavily influenced by the British (other dominant external powers were France and Russia) interests in southern Europe. The incidents of establishing royalty by importing a Bavarian prince, Othon as the new king of Greece and supporting Venizelos to acquire Greece as ally in WWI show the level of Western intervention in the country. I have especially marked the date 1929 because until the Great Depression, Venizelos instrumentalized British financial flows to support his political vision of liberalization of Greek political economy in line with British interest. When Britain however was no longer able to support Greece, the liberal reforms went down together with the rule of Venizelos. I have argue that it is important to notice Greece's externally dependent development and its unstable foundations in order to make sense of the Greek debt crisis today.

After the fall of the liberal vision in the 1930s, Greece became more and more authoritarian under Metaxas' rule but the picture was only about to get worse with the Nazi occupation during the WWII. In my analysis, I have argued that

making sense of this historical development is vital to understand the rise of Syriza today since it reminds the strong legacy of left-wing ideology who fought for their country against the Nazis as well as the conservatives collaborating with them in Greece. From American point of view, the civil war between communists and conservatives was not only a threat to their interests (because communists might have turned Greece into a communist country in case of their victory) but also an opportunity to consolidate their newly found hegemony in the southern Europe. US support for conservatives against communists later affected Papandreou government's anti-American and anti-NATO stance which was believed to be pave the way for the Colonels coup in Greece.

Later in the third chapter, I placed Greece's turn to Europe in the 1970s. The end of America's world banker position in 1971, rise of recovered Europe and Asia, and the 1973 Oil Shock helped to the process of US' decreasing interventions in Greece and this process was completed with the end of Colonels' rule and Karamanlis' European ambitions. Karamanlis, the first democratically elected leader after colonels' rule, set the target of being part of the rising European power and started with democratization of three most important institutions of Greek politics: monarchy, army and parliament. He aimed to convince the founding members of European unification project that Greece is a worthy ally to be reckoned with. In this framework, I have argued that the fact that Greece was not ready to be a member of EEC was overlooked by European policy-makers, indicating that Greece's admission to European project was a political decision. In the process of neoliberal transformation of Greek political economy, I have argued that first EEC and then EU acted as a third party and directed neoliberal reforms with the help of financial assistance. European hand in Greece became so powerful that not only conservatives but also socialist governments defined themselves in line with the European development strategy. Simitis, the leader of the Socialist Party –PASOK–, was particularly influential in this process, since during his government, being left out of EMU (European Monetary Union) was presented as not being able to benefit from the single currency (which was

expected to increase volume of economic activities among member states). Europe supported accelerated neoliberal transformation with Simitis so much so that its admission to Eurozone was accepted on the basis of fabricated economic figures. I have argued that “euro” itself unarmed Greek political economy against international shocks and the fact that European Union’s lack of any institution to cope with the financial crisis on the supranational level has only helped to deteriorate the problem.

Having analyzed Greek debt crisis within the structural framework of EU, I have argued that Greece’s debt was actually originated from mainly German and French banks, which used these credits to boost their economies. The unequal relationship between member states within the EMU stemmed from the very nature of the monetary union itself, which has made one member’s trade surplus dependent on the other’s deficits. I have already explained the gravity of debt-led consumption model to neoliberalism in the first chapter, and the case of Greece shows that bombarding developing countries with cheap credits is only beneficial for financial cores because when they continue to borrow, it means they continue to pay for credits; and when they fail to pay their debts, they can easily be made to pay them with the introduction of technocratic organizations. The Troika management, composed of EU, ECB and IMF, was imposed on Greece in return of loans necessary for Greece to pay its current debts. I have argued that the way troika took control of the Greek economy represented the embodiment of core surveillance over the political economy of Greece. Reforms expected from the Greek governments have been extremely harsh and aimed to cut the already lowered government spending further throughout neoliberal transformation process. The societal support for Syriza surely has something to do with this foreign hand in the Greek political economy.

The securitization of the interests of international finance after any crisis in any given market could have been expected because neoliberal transformations have always benefited from crises but what was not expected was the resurgence

of democracy in Greece when the government rejected the imposed austerity measures and look for alternative solutions. As soon as George Papandreou decided to hold a referendum in the case of required reforms, prominent European leaders Merkel and Sarkozy perceived this as an ungrateful act to the good-hearted actions of Europe and they even went further to threaten Greek Prime Minister that Greece's place in EU depends on the successful application of reforms. It is extremely important that two days later, Papandreou resigned as the first president to resign in 50 years in Greece, which I have evaluated as the abduction of democracy within European unification project that indeed has been identified with democracy, human rights and development.

#### **Review of fourth chapter –Neoliberalism and Financialization in Turkey, and its main arguments**

In the fourth chapter, following the historical analysis of Greek political economy and its current problem of debt crisis, I have applied the same perspective on the Turkish case. I have questioned how the political economy of Turkey evolved from its Ottoman roots ending up ultimately with contemporary Turkish experience with crisis. In three sections, I have showed the historical specificities of Turkish case. I have studied the late Ottoman period and one party rule in the newly established Turkish Republic in the first section and emphasized the continuing patterns of Turkish political economy from CUP (The Committee of Union and Progress) to RPP (Republican People's Party) within the framework of common targets and common failures. I have argued that new republic inherited the CUP's ideology on national economy creation yet they, too, failed to recognize the dangers of foreign dependency. I have analyzed Ottoman dependency over both domestic and foreign financial flows as a survival mechanism of state since not being able to borrow would have meant not only problems in government spending but also problems in paying previous debts. In this framework, I have placed the establishment of OPDA (The Ottoman Public

Debt Administration, or in Turkish *Düyun-u Umumiye-i Osmaniye*) in 1881 as an abduction of imperial sovereignty both economic and political.

Later in this chapter, I have studied railway construction as a case to show the modes of Ottoman Empire's late integration to capitalist world economy and the interests of foreigners to open Ottoman lands to the capitalist products. In this process, Ottoman Empire encouraged foreign investors to take part in the process of connecting inner Anatolian cities to the important ports like Istanbul and Izmir with the hope that it would help empire's economy to run on its own. However, it turned out that railway construction not only made Ottoman economic actors to hardly compete with their European counterparts but also it added to the debt ratio of state. By explaining asymmetrical relationship between the Ottoman Empire and developed capitalist states, I have aimed to show the roots of underdeveloped political economy structure in Turkey and from this framework, I have moved to one party rule and its economic vision until the 1950s. The economic program set by new republic was in favor of foreign investment because it was seen necessary for the quick recovery of Turkish economy after long lasting wars. This vision was shown in the economy congress held in Izmir in 1923 and put into practice accordingly even though it was a short-lived project due to the hit of the Great Depression in 1929. Government tried to replace foreign investment with direct state involvement in the economy in this period, so protectionism and etatism became the new strategy of economic development as state became the biggest investor in the economy. I have analyzed the rise of opposition to RPP within the framework of WWII and argued that the economic limitations imposed upon the government during the War were manipulated by opposition parties to influence electorate base. Democrat Party, the first political party came to power after the end of one party rule instrumentalized the discourse of alternative political economy management.

In the second section of this chapter, I have analyzed the center right parties in Turkey and their contribution to the Turkish economy's dependence from the rule

of Menderes, leader of DP to Özal, leader of ANAP. The period of DP in Turkey was heavily influenced by US' Cold War policies and Turkey developed a foreign-fund-dependent development model which failed in the early 1970s with the decline of the US hegemony. In the second half of the 1950s, DP could not handle economic problems well for they used expansionary monetary policy to continue with populist policies but high inflation required the first devaluation in the history of republic during their rule. The growing authoritarianism of DP created social unrest which resulted in the first military coup of Turkish Republic. However, this would not heal the economy in the 1960s. Although, Turkish citizens working abroad helped to decrease current account deficit, the increasing deficits could not be overcome and Turkey paid for its increasing dependence over external resources (starting from 1950s) with the worsening economic conditions and almost civil war in 1970s when world economy was stuck as well. After the 1973 Oil Crisis as world economy stagnated, Turkey fell into an economic chaos together with the decreasing revenues from Turkish immigrants working abroad and ineffective infant industries protected throughout the 1960s. High level politicization in the society led people to look for alternative options. Under these historical conditions, the attempt to transform Turkish political economy by the elimination of left-wing political ideology and integrating it to the neoliberal world order indeed started with the 1971 military declaration and was completed with the 1980 military intervention. Later in the chapter, I have argued that Turkey's underdeveloped status in the international division of labor following the adoption of neoliberal policies was ensured first in the hands of military, then center right leader Özal.

The decisions taken on January 24, 1980 was, in a sense, the manifesto of neoliberal transformation project but they had to wait military rule to be realized because no politically elected leader could be successful to convince highly politicized society that only "neoliberal cure could save" Turkey. Organized and stronger left-wing political groups opposed to the implication of such reforms thus less than a year later, military itself finished what was started in 1971. In this

section, I have argued that from this point of view, the effects of 12th September, 1980 cannot be underestimated since the military rule turned out to be the only authority to “end” people’s agony and “placed” Turkey in her “deserved” place in the changing world structure, which is a periphery country in the neoliberal world economy. During military rule itself and later under the re-organized political environment with the civilian rule, I have explained how Turkey’s socio-political life was rearranged with the neoliberal project. In this framework, I have explained how only TÜSİAD, the union of big businesses, was left aside when every other social and political organization was attacked, crippled and in the end eliminated. At the end of the day, Turkey became more and more a-politicized which was the general desire of policy makers to ensure smooth transition to neoliberalism.

Following the analysis of the military intervention in 1980, I have moved to the period of Turgut Özal and discussed how he managed to discipline state-market relationship in an unprecedented way. He managed to make neoliberal reforms one after another, turning the already suppressed and crippled society into a miserable social formation. However, Turkey’s agony was only about to get worse during 1990s when the results of Özal’s reforms hit as high inflation, public debt and interest rates despite low levels of economic development, saving rates, investments and employment, Turkey became a case study for IMF and World Bank. I have argued that the path defined in the 1980s and acknowledged in the 1990s was also not rejected by AKP’s one party rule since 2002. In this sense, I have analyzed the long-lasting results of neoliberal transformation in order to understand Turkey’s current political economy environment. For instance, I have showed how unilateral acceptance of Customs Union made Turkey not only open to diffusion of competitive imported goods in the domestic market, but also suffer from third party agreements of EU and losing her competitiveness in this process. I have evaluated the series of crises in 1994, 1998, 2000 and 2001 in the framework of IMF’s involvement in the neoliberal re-structuring of Turkish political economy and argued that the reforms themselves were the causes of

crises in Turkey but ironically the solution set by the IMF was to demand more reforms. This is especially striking in the case of 2001 crisis since the crisis itself was taken as “window of opportunity” to complete neoliberal transformation by the elimination of the remaining bits of the welfare state, social expenditure, social justice and equality. I have argued that the reason why Turkey did not experience economic breakdown in 2008 crisis like Greece is that Turkey had already had its lowest point in 2001 and neoliberalism already won the battle unlike Greece.

2001 crisis established the technocratic rule of Kemal Derviş and he was definitely not hesitant to take bold steps towards the completion of neoliberal re-regulation. It is however more interesting to see that the AKP accepted the framework of reforms drawn by Derviş and continued to transform political economy on a neoliberal basis. Fiscal discipline, establishment of the Banking Regulation and Supervision Agency (BRSA), an autonomous Central Bank, efficient tax policies were some of the main features of Derviş’s program but they all found themselves central place during the AKP rule as well. Lastly in this chapter, I have argued that even though, the strategy of the AKP for economic growth through privatization and de-regulation generated some sort of economic growth in economic figures, it did not turn into reality with a sustainable development trend. I have explained that like Greece, Turkey has adopted debt-led consumption model and relied upon international financial flows, which failed to overcome what was defined as “jobless recovery” up until today. If economy continues to grow through consumption and foreign investment, and credits continues to determine the fate of Turkish political economy at the expense of real economy production, Turkey as a developing state will continue to follow the ups and downs of international political economy with its ever increasing dependence over financialization in the future.

## **Main findings of this thesis**

I have analyzed the historical specificities of Greek and Turkish neoliberal transformations in order to compare and contrast their experiences, and show how their similarities and differences have been shaped by the transformative power of financial neoliberalism and debt-led consumption strategy as well as political struggles in times of crisis.

Having explore the historical bases of the neoliberal re-structuring process in the two case, I have found that both Greece and Turkey as nation states inherited a pre-capitalist mode of relationship from Ottoman Empire and became integrated to world economy rather late. As in the case of their imported kings, Greece however was more explicitly directed by the West while Turkey took the form of a less powerful ally which must be supervised. WWI established a unified national front in Turkey while two most powerful men in Greece, King and Prime Minister adopted confronting positions to support fighting parties in the war and that conflict was manipulated by Britain. Their experiences in the WWII also shows their vulnerability to external pressures since while Greece was occupied by Nazi Germany, Turkey was threatened by Russia.

The political economy visions of these two states were very similar. They both adopted liberal perspective after WWI, they both suffered from Great Depression in 1929 and also they both turned to protectionism and etatism in 1930s. In this process, their approach differed a little bit in terms of their willingness to use state power. Although Turkey became more and more central and authoritarian in the 1930s (later in 1940s), it was Greece who was openly ruled by a dictator and adopted a more corporatist stance.

During the Cold War period, both Greece and Turkey became allies with the US and used financial aids –as part of Marshall Plan in this process they also became NATO members. Yet, in the 1950s Greece and Turkey took two different paths; the leader of Greece, Papandreou was openly anti-American and anti-NATO while the leader of Turkey, Menderes was a loyal follower of American policies

not only in his region but also in other places like Korea. Papandreou defined himself against American interests while Menderes was proud to be an American ally. This shows ideological divergence between Greece and Turkey which is important to make sense the different forms of political struggle in these societies today.

The government of Papandreou that was defying the hegemony of US was overthrown by Colonels coup d'état and Greece was tried to be made more conservative, nationalist and economically liberal but these plans were interrupted with two developments: first was the mistake of Colonels in the Cyprus issue, which led society to question their political choices even more and second was the relative decline in the American hegemony. Greece separated itself from the previous political path and targeted the European unification project. This was what has differentiated then the Greek experience from the Turkish one.

My main result in this thesis is that Greece and Turkey has experienced similar developments since their establishment as nation states but starting from the 1980s they have diverged from each other in terms of state-market relationship, democracy, the form of political struggle, the realization of neoliberal reforms and the management of their increasing debt burdens. Today's different pictures of Greek and Turkish political economy have been originated from this divergence. The memorandum of 1971 started the harsh neoliberal transformation in Turkey which was completed with the 1980s, however Colonels coup d'état in 1967 was never completed. In Turkey, left was crippled by the military and later state in order to promote new political economy vision, while in Greece, left-wing ideologies continued to exist in the political arena, thus they continued to provide alternatives to the hegemonic position of neoliberalism.

In Turkey, American neoliberal vision has continued to be *primus inter pares* in Turkey since the European train was missed in the 1970s due to high political instability and 1980 military coup d'état shaken the last democratic decency of Turkey. Turkey lacked not only political and social but also economic figures

necessary to become a worthy candidate for European project. Özal enforced all his power to transform Turkish political economy through the neoliberal reforms and what we have ended up with was “economic liberty” (liberalization, deregulation and privatization) against “political liberties” in Turkey. On the other hand, even though it became a premature member of the European project, Greece has experienced a relatively smooth reform process. The very personality of Papandreou became an obstacle for the full and wide realizations of neoliberal reforms. What is more, the financial assistance of Europe helped to ease the harsh transformation of Greek political economy, which was negotiated by the left wing political parties.

1990s continued to be a decade of divergence for Greece and Turkey. With the rule of Simitis, who was the successor to Papandreou, Greece accelerated the pace of neoliberal reforms. The belief that was also shared by PASOK, socialist party, was Greece needed to be a full member of the European unification project, thus late Papandreou’s Keynesian approach was perceived as a handicap for this target. When we look at Turkey at the same decade, we see that the neoliberal transformation process has been hijacked by the various coalition governments through their political short-termism, favoritism and corruption. The ill-planned and one-sided ambition to be a part of European political economy project was tried to be realized through Customs Union agreement, it worsened the economic outlook of Turkey even further. Under the IMF’s tutorship, economy became a test ground neoliberal cure and reforms were almost experimented upon Turkish political economy. The outcome was far from being flawless. The second half of 1990s and early 2000s, in this sense, reflected the series of economic crisis, for some despite while others because of IMF’s involvement in Turkey.

The nature of debt is also a point of difference. Greece’s debt has always been mainly public debt while in Turkey, debt changed from public to private debts through changing monetary policies after 2001 crisis. This also shows that Turkey has come to a higher level of neoliberalization in comparison to Greece.

My other important finding is that the rise of Syriza in Greece and the 13-years of Islamist rule of AKP in Turkey needs to be understood within the context of the social struggles in both countries. . Some may argue that the premature admission of Greece to first EU then EMU have aimed to turn Greece the peripheral market of the EU with service based economy, cheap labor, high demand for credits and value-added products. Yet, the political culture in Greece has proved to powerfully oppose this project in the times of crisis. The deep-rooted and continued leftist political opposition in the society has reacted the further peripheralization and consequent impoverishing policies. In Turkey, we cannot talk about such an opposition for the military rule in 1980 crippled left and re-framed political environment where a-politicization was praised as a virtue. What we have in Turkey is AKP government, who did exactly what Derviş would have done but used center-periphery and/or Islamist-secular antagonisms in order to manage this neoliberal transformation.

To conclude, it can be argued that what has differentiated the Greek and Turkish paths of neoliberal transformation has been different political trajectories of the two countries after the 1980s, which based on the differentiated capabilities of their social oppositions. The Greek left, having enjoyed the liberal democratic culture of Europe has managed to reproduce itself powerfully and legitimately up to today and contest the austerity imposed by the Northern European countries, while the weakness of the Turkish left due to the destructive impact of the 1980 military rule has curbed the Turkish society's capabilities of resistance to neoliberalism and its Islamist follower, AKP, creating ultimately an illusionary economic success and political stability. We have yet to see though the long term implications of these different paths in terms of the sustainable development of the Greek and Turkish societies.

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## APPENDICES

### A.TURKISH SUMMARY

Dünya finansal krizi 2008’de sadece gelişmekte olan ülkeleri değil gelişmiş ülkeleri de sarsmış ancak gelişmekte olan ülkeler üzerindeki etkileri çok daha çarpıcı olmuştur. Bu tez, birbirine komşu, önemli tarihsel gelişmeleri paylaşan, benzer sosyal dönüşümleri geçirmiş ve ekonomik gelişmişlikleri bakımından görece geri kalmış Yunanistan ve Türkiye’nin 2008 finansal krizinden nasıl farklı biçimlerde etkilendiklerini göstermeyi amaçlamaktadır. Bu sorunsalın çözümü için tez boyunca, iki ülkenin geçirdikleri tarihsel dönüşümlerin altında yatan tarihsel özellikler analiz edilmek yoluyla bu iki ülkenin siyasi iktisadi dönüşümleri incelenmektedir. Söz konusu iki ülkenin neoliberalleşme deneyimlerinin farklı ve benzer yönlerinin, bu ülkelerdeki finansal neoliberalizm ve borçla tüketim stratejisinin dönüşürücü gücü ve kriz zamanlarında ortaya çıkan siyasi mücadelenin aldığı şekil üzerindeki etkisini analiz etmek için karşılaştırmalı bir yöntem izlenmiştir.

Giriş bölümünde genel olarak tezin konusu, araştırma sorusu ve yönetimi sunularak tezin diğer bölümlerine geçiş sağlanmıştır. “Finansal Neoliberalizmin Siyaseti” bölümünde, finansallaşmanın neoliberal dönüşüm üzerindeki rolü çalışılmıştır. Bu bağlamda, neoliberalizmin oluşturulmuş bir ideoloji olarak devlet-piyasa ilişkilerini neoliberal müdahalecilik biçiminde nasıl yeniden düzenlediği açıklanmış ve bu yönüyle de neoliberalizm klasik liberal düşünceden ayrıldığı vurgulanmıştır. Bu tezde çalışılan Yunanistan ve Türkiye örneklerinde, yeni vergi kanunları, yeni yasalar ve düzenlemeler ile emeğin baskı altına alınıp, sermayenin korunduğu ve bu süreçte polis gücünün ne kadar baskın olduğu gösterilerek, devletin bu dönüşüm sürecinde nasıl etkili bir aktör olduğunun tarihsel bir değerlendirmesi yapılmıştır.

1970ler ve 80lerde deęişen dünya siyasi iktisadi yapısında, neoliberal müdahalecilięin daha önceki sosyal devlet ve refah düzenine karşı nasıl konumlandığı analiz edilerek devletin kaynakları yeniden dağıtılması konusunda sermaye lehine geçirdiğı dönüşüm ifade edilmiştir. Bu süreçte, Washington Konsensüsü ile üzerinde anlaşmaya varılan mali disiplin, kamu harcamalarının düzenlenmesi, vergi reformu, finansal serbestleşme, rekabetçi kur politikası, serbest ticaret, artan doğrudan yabancı yatırımı, özelleştirme, de-regülasyon ve mülkiyet haklarının güvence altına alınması gibi prensipler neoliberal düzenin tanımlayıcı özelliklerini oluşturmuştur. Finansal ilişkilerin artan hacmi ve borca dayalı tüketimin bir gelişim strateji olarak sunulması uluslararası politik ekonominin Washington Konsensüsü temelinde yeniden yapılandırılmasının temel itici gücü olduğu görülmektedir. Bu çalışma, böyle bir yaklaşıma karşı çıkarak, bu stratejinin aslında gelişmeye deęil taraflar arasında eşitsizlik yaratan finansal ilişkilerinin devamını sağlayan ve güçlendiren bir strateji olduğu öne sürülmüştür. Bu borca dayalı tüketim ile ekonomik büyüme stratejisinin ise kriz zamanlarında sürdürülebilir olmadığı ortaya konmuştur.

Yaratılan bir şey olarak kredinin gelişmekte olan ülke piyasalara nüfuzu yoluyla neoliberal proje azalan talep krizini aşmaya çalışılmış ancak 2008 finansal krizinin de gösterdiği gibi gelişmekte olan ülkelerin borçlandırılmasının aslında kapitalist sistemin devamlılığı açısından problemliliği ortaya çıkmıştır. “Bugün harca, yarın öde” politikasının, kurulan eşitsiz uluslararası finansal ilişki yoluyla, hem borçlu hem de borç sağlayan ülkelerin siyasi iktisad deęiştirdiğı ileri sürülmektedir. Bu süreçte, ülkeler arasındaki gelir dağılımında kutuplaşma ile ticaret fazlası ve açıkları, gittikçe daha fazla oranda uluslararası finansal akışlar ile beslenen cari açık sorunu krize meyilli patlamaya hazır bir bomba diye tarif edebileceğimiz bir uluslararası siyasi iktisadi düzen yarattığı görülmektedir.

Bu tezde, üretilmiş ve kurgulanmış bir söylem olarak deęerlendirilen “Başka alternatif yok” argümanının neoliberal hegemonyanın oluşturulmasında oldukça etkili olduğu tespiti yapılmıştır. Bu şekilde, sadece geleneksel solun gerilemesi

sağlanmamış aynı zamanda alternatif politikaların da gelişmesi engellendiği söylenebilir. Böyle bir hegemonya altında, neoliberal sistemin üzerinde yükseldiği, servet ve güvenlik (sermaye güvenliği olarak) değerlerini çeşitli kurumsallaşma süreçleri ile sağlamlaştırdığı görülmekte ve bunun da en bariz örneği IMF (Uluslararası Para Fonu) ve gelişmekte olan ülkeler üzerindeki dönüştürücü gücü olduğu belirtilmektedir. Tezin ikinci bölümünün ilerleyen kısımlarında, Yunanistan ve Türkiye örnekleri üzerinden IMF ve AB Merkez Bankası'nın dönüştürücü rolleri analiz edilmiştir. Aslında bizzat neoliberal politikaların uygulanması ile ortaya çıkan krizler bu politikaların daha da derinleştirilmesi için birer fırsat olarak kullanıldığı görülmektedir. 1980'deki borç krizi sonrasında, IMF "her soruna uygun tek çözüm" yaklaşımını geliştirmiş ve bu sayede eski devletçi ekonomileri "neoliberal tedavi" ile kurtacakları söylemini geliştirmişlerdir. Bu şekilde daha fazla reform koşuluna bağlanan IMF kredileri neoliberal dönüşümün çok etkili birer aracı haline gelmiştir ki bu da yapısal gücün kurumlar aracılığı ile siyasi iktisadi yapıyı nasıl dönüştürdüğünü göstermektedir. Türkiye'nin neoliberal dönüşümü, IMF ve Gümrük Birliği yoluyla AB (Avrupa Birliği)'nin Türk siyasi iktisadının neoliberal dünya sistemine eklenmesi açısından nasıl bir idare edici ve yönlendirici pozisyonda hareket ettiğini gösteren önemli bir örnek olduğu söylenebilir. Daha çarpıcı bir biçimde Yunanistan örneği ise borca dayalı tüketim politikasının ve Avrupa bütünleşme projesinin borç krizinin ulus-üstü düzeyde yönetilmesi açısından ne kadar başarısız kaldığını açıkça ortaya koymaktadır. Bu sebeple, daha geniş ve derin birlik rüyasının finansal kriz ile birlikte kabusla dönüştüğü ve devamında modern Yunan tragedyasını tetiklediği ileri sürülmektedir.

Tezin üçüncü bölümünde, Yunan siyasi iktisadının dönüşümü örneğinin sonraki bölümlerde Türkiye deneyimi ile karşılaştırmalı bir analizini mümkün kılması amacıyla tarihsel bir analizi yapılmıştır. Osmanlı İmparatorluğu'ndan bağımsızlığını kazanmasıyla başlayan modern Yunan ulus devletinin kuruluşunun incelenmesiyle, bugünkü Yunan borç krizinin temellerinin tarihsel süreç içerisinde nasıl ortaya çıktığı gösterilmeye çalışılmıştır. Bu çerçevede, Yunan

borç krizinin aslında yeni bir oluşum olmadığı aksine Yunanistan'ın tarihi boyunca ne ölçüde gelişmekte olan ülke statüsü ile sınırlandırıldığı ve bu sebeple de değişen hegemonyalara nasıl bağımlı hale geldiği ortaya konmaya çalışılmıştır. Buradan hareketle, Yunanistan'ın önce İngiltere'ye, sonra Amerika'ya ve en son olarak da AB'ye bağımlılığı bugünkü borç krizinin temellerinin anlaşılması amacıyla incelenmiştir. Bağımsızlığından Büyük Dünya Buhranı'na kadar geçen süre içerisinde, ağırlıklı olarak İngiliz çıkarları doğrultusunda yönlendirilmiş, bu durum Bavyera'dan Prens Othon'un Yunanistan'a ithal edilmesi sürecinde daha da belirginleşmiştir. Takip eden dönemde, Kral Othon ile Başbakan Venizelos arasındaki güç yarışı İngiltere ve Almanya'nın malzemesi haline gelmiş ve Yunanistan'ın 1. Dünya Savaşı'na hangi tarafta gireceği sorunu ülkedeki politik düzeni altüst etmiştir. Bu özel tarihsel gelişmeler ışığında, Yunanistan'ın dışa bağımlı gelişiminin içinde bulunduğumuz ekonomik krizinin anlamlandırılması bakımından çok önemli olduğu vurgulanmıştır.

Metaxas diktası dönemi incelenirken, 1929 krizi ve Venizelos'un kurduğu liberal siyasi iktisadın düşüşü açıklanmış ve Yunanistan'ın içine girdiği daha korumacı politikalar belirtilmiştir. Bu sürecin devamında, Nazi işgali ve bu işgali takip eden iç savaş dönemlerinin Yunanistan siyasi iktisadi dönüşümünü etkilediği belirtilerek Syriza'nın bugünkü seçim başarısının temellerinin aslında Nazi işgalinde ülkenin savunmasını yapan ve iç savaşta tutuculara karşı taraf olan kommunist ideolojiye bağlı olarak 1940'larda atıldığı ileri sürülmüştür. Bu tarihsel çerçevede, iç savaşa Amerika'nın nasıl müdahil olduğu gösterilerek Amerika'nın bölgede artan "komünist tehlikesine" karşı tutucular ile birlikte solculara karşı verdiği savaş ortaya konmuştur. Papandreou döneminde ise, Amerikan çıkarlarının nasıl gözardı edilmeye çalışıldığı ifade edilmiş, 1967'deki Albaylar cuntası ile Papandreou'nun etkisiz haline getirilmesinde Amerika'nın olası eli tartışılmıştır.

Bu bölümün devamında, 1970'lerin değişen dünya sisteminde, başka bir ifade ile Amerika'ya karşı Avrupa ve Asya'nın görece olarak pozisyonlarını

güçlendirmelerinin Yunanistan'ı nasıl etkilediği değerlendirilmiştir. 1971'de Amerika'nın dünyanın bankeri olma iddasının sonuna gelindiğinde Yunanistan'daki Amerikan yönlendirmesi de bir derece azalmıştır. 1974'de cuntanın sona ermesiyle başa gelen ilk demokratik lider Karamanlis, bu süreci Yunanistan'ın rotasını Amerika'dan Avrupa'ya doğru kırmak için kullandığı görülmektedir. Bu amaçla, en önemli üç kurum olan; kraliyet, ordu ve parlamentoyu disipline etmiş ve Avrupa normlarına uygun hale getirmiştir. Bu bölümde, Yunanistan hazır olmadan Avrupa Ekonomik Topluluğuna üye yapılmasının politik bir karar olduğunu ve Yunan borç krizinin de bu çerçevede değerlendirilmesi gerektiği savunulmuştur.

Tezin önemli bir argümanı olarak, Yunan siyasi iktisadının ekonomi politiğinin neoliberal dönüşümü sürecinde, AB'nin ve kurumlarının oldukça etkili bir şekilde müdahil olduğu ve finansal akışların da yardımıyla reformları yönlendirdiği öne sürülmüştür. Avrupalı elinin gittikçe güçlendiği ve sadece muhafazakar hükümetler değil PASOK gibi sosyalist yönetimler üzerinde de etkili olduğu görülmektedir. Avrupa Para Birliği üyeliğinin, bir çeşit “ya hep, ya hiç” durumu olarak sunulması, Simitis dönemi reformlarını hızlandırmış ve ortak para birimine ekonomik çıkarlar yanında siyasi anlamlar da yüklenmiştir. Krizle birlikte, Yunanistan'ın bu birliğe girişinde kullanılan ekonomik değerlerin de aslında gerçeği yansıtmadığı ama AB komisyonlarının da bu bilgileri yeterince tetkik etmediği ortaya çıkmıştır. Bu bağlamda, “avro”nun Yunan siyasi iktisadını uluslararası şoklara karşı savunmasız bıraktığı ve bu durumun AB'nin de gerekli kurumsal mekanizmalara sahip olmaması nedeniyle daha da kötüye gittiği savunulmuştur. Öyle ki, AB'nin hataları krizi ulus-üstü düzlemde sorunlu hale getirmiştir.

Yunan borç krizi AB çerçevesinde incelendikten sonra, Yunanistan'ın borcunun aslında Alman ve Fransız bankalarından kaynaklandığı ortaya çıkmıştır. Bu açıdan ele alındığında, başka bir ifadeyle Alman ve Fransız ekonomilerinin krediler ile genişlediği ortaya konulduğunda, Yunan borç krizinin sadece

Yunanistan ekonomisinin deęil aynı zamanda AB ortak para birimi politikasının, ucuz kredi yoluyla harcama ve genişleme stratejisinin de bir yansıma orduęu görülecektir. Bu nedenle, Avrupa Para Birlięi'ne üye ülkeler arasındaki eşitsiz bir şekilde ortaya çıkan bu finansal ilişkiler bir üye ülkenin ekonomik fazlasının aslında bir dięerinin ekonomik açığından kaynaklandığı öne sürülmüştür. Yunanistan, ilk bölümde açıklanan borca dayalı ekonomik büyüme stratejisinin ve geliřmekte olan pazarlara ucuz krediler pompalanmasının finansal olarak sadece bu krediyi sağlayabilecek pazarların işine yaradığının mükemmel bir örneğini oluşturmaktadır. Kredi yoluyla borçlanmaya devam etmek, ödeyemeyecek duruma gelirse bile, en son krizde olduęu gibi, teknokratik yönetimlerin başa geçirilmesi ile her şekilde ödemek zorunda bırakılmayı ihtiva ettiğinden ve bu sistemik olarak kurumların varlığı ile güvence altına alındığından finansal kredileri sağlayanlar en kötü durumda dahi karlı çıkacaktır.

AB, AB Merkez Bankası ve IMF'den oluşan troyka borçların ödenebilmesi için gerekli daha fazla borcun verilmesi karşılığında Yunanistan'a empoze edilmiştir. Bu açıdan, troykanın Yunan ekonomisinin iplerini ele alması, finansal sermayenin çıkarlarının Yunan siyasi iktisadınmekonomi politięini etkilemekte geldięi son nokta olarak deęerlendirilmiştir. Yunanistan'dan talep edilen sert kemer sıkma politikaları, neoliberal dönüşüm sürecinde çoktan aşağıya çekilmiş kamu harcamalarını neredeyse ortadan kaldırmayı amaçlamaktadır ve Syriza'nın seçim başarısının bu kemer sıkma politikalarına karşı çıkan sosyal tabanın genişlemesiyle doğrudan ilgili olduęu ileri sürülmektedir.

Herhangi bir pazarda ortaya çıkan herhangi bir krizin ardından finans sermayesinin koruma altına alınması beklenebilir bir durumken, Yunanistan örneğinde ortaya çıkan yenilik kemer sıkma politikalarına karşı direnen ve alternatif çözüm için baskı yapan Yunanistan'a karşı AB politika yapıcılarının demokrasinin kendisini bir ilke olarak askıya almasıdır. Eski başbakan Papandreou kemer sıkma politikalarını referanduma sunmaya karar verir vermez, Merkel ve Sarkozy gibi AB'nin sözü geçen liderlerince AB'ye uyum

sağlamamakla suçlanmış ve dahası üyelikten çıkarılmakla tehdit edilmiştir. Bu baskının sonucunda ise Papandreou son 50 yılda ilk istifa eden Yunan başbakanı olarak sahneden çekilmiştir. Tüm bu gelişmeler, bu tezde, demokrasi, insan hakları ve gelişmeye dayanan Avrupa Birliği projesinin finansal sermayenin güvenliği söz konusu olduğunda demokrasiyi askıya alabileceğinin göstergesi olarak değerlendirilmiştir.

Tezin dördüncü bölümünde, Yunan siyasi iktisadının ve borç krizinin tarihsel analizine benzer şekilde Türkiye'deki dönüşümünde tarihsel bir analizi yapılmıştır. 2008 krizinden Türkiye ekonomisinin etkilenmeyeceğini savunanların argümanlarını tarihsel dönüşüm içerisinde değerlendirerek, Türk siyasi iktisadının Osmanlı kökenlerinden nasıl evrildiği analiz edilmiştir. Bu bölüm üç ana kısma ayrılmış ve Türkiye örneğinin tarihsel özellikleri gösterilmiştir. Geç Osmanlı dönemi ve yeni kurulan Türkiye Cumhuriyeti tek parti dönemi ilk kısımda ele alınmış ve ortak hedefler, başarılar ve başarısızlıklar çerçevesinde İttihat ve Terrakki Partisi'nden Cumhuriyet Halk Partisi'ne geçen gelişme modelleri vurgulanmıştır. Bu bağlamda, yeni cumhuriyetin İttihat ve Terrakki'den ulusal bir ekonomi üretmek gelişme vizyonunu devraldığı ve aynı şekilde dışa bağımlılığın tehlikelerini farkedemediği savunulmuştur. Osmanlı'nın iç ve dış kaynaklı finansal sermayeye bağımlılığı analiz edilerek, bunu bir hayatta kalma mekanizması olarak değerlendirilmiştir çünkü ekonominin borç almadan ekonominin sürdürülemeyeceği bir noktaya ulaştığı ifade edilmiştir. Bu bağlamda 1881'de kurulan Düyun-u Umumiye-i Osmaniye, imparatorluk gücünün ve bağımsızlığının kaybedilişinin bir göstergesi olarak değerlendirilmiştir.

Bu bölümün ikinci kısmında, Türkiye'deki merkez sağ iktidarların Türkiye ekonomisinin dışa bağımlı olarak gelişmesine katkıları Menderes'ten Özal'a analiz edilecektir. Demokrat Parti dönemi, ABD'nin soğuk savaş politikalarından önemli ölçüde etkilenmiş ve Türkiye'nin dış fon kaynaklı gelişme stratejisi bu dönemde tehlikeli boyutlara ulaşmıştır. 1970'lerde ABD'nin görece olarak azalan hegemonyası ABD temelli politikaları da boşa çıkarmıştır. 1950'lerin ikinci

yarısından itibaren, Demokrat Parti ekonomik problemleri iyi idare edememiş, popülist politikalarına devam edebilmek için enflasyonist para politikası gütmüş bu da ülke tarihinin ilk devalüasyonunu getirmiştir. Artan otoriterleşme sosyal memnuniyetsizlik yaratırken, modern Türkiye tarihinin ilk askeri darbesi de yine bu dönemde ortaya çıkmıştır. Yine de, ekonominin iyileştirilmesi başılamamıştır. 1960'lar boyunca, yurt dışında özellikle Almanya'da çalışan Türk vatandaşlarının gönderdikleri dövizler, sürekli artan açıkları bir miktar kapatmaya yardımcı olsa da bu sorunun sürdürülebilir çözüme ulaşmasını sağlayamamıştır. 1970'lerin neredeyse iç savaşa varan siyasi kaos ortamı ve petrol krizinden sonra durgunluğa giren dünya ekonomisi, Türk siyasi iktidarı için önemli problemlerin ortaya çıkmasına neden olmuştur. Toplumun ileri derecede politize olması, sorunlara alternatif çözüm talebini getirmiştir, fakat bu demokratik talepler 1980 askeri darbesi ile bastırılmıştır. 1971 askeri müdahalesi ile başlayan solun bastırılması ve bu yolla Türkiye ekonomisinin neoliberal dünya düzenine boyun eğmesi projesi 1980 askeri darbesi ile tamamlanmış, bu süreçte sol ağır darbe alıp, sakat bırakılmıştır. Sakatlanmış bir sol, ardı ardına ortaya çıkan neoliberal dönüşüm politikalarına karşı koyamamış, apolitileştirilen toplum ise düzen adına eşitsizliği kabul etmiştir. Bu çerçevede, Türkiye'nin geri kalmış pozisyonu ile uluslararası iş bölümü sistemine entegre olması önce bizzat askeri yönetimin kendi eliyle başlamış daha sonra Özal'ın sivil hükümetiyle devam ettirilmiştir.

24 Ocak kararları bir anlamda neoliberal dönüşüm projesinin manifestosu olmuştur ancak hayata geçirilmek için askeri darbeyi beklemek zorunda kalmıştır çünkü demokratik yollarla seçmenine karşı sorumlu olan hiçbir hükümet böyle bir dönüşümü gerçekleştirmemiştir. Son derece organize ve güçlü sol yelpazeden politik gruplar 1970'ler boyunca bu dönüşüme karşı koymuş and 1971'de başlayan askerin solu bastırması yoluyla neoliberal dönüşüm için alan açılması projesi 1980'de tamamlanmıştır. Tüm bu tarihsel gelişmeler ışığında Türkiye'nin sosyo-politik ve ekonomik hayatının neoliberal görüş ile nasıl şekillendirildiği anlatılarak bu süreçte solun sakat bırakılması özellikle vurgulanmıştır. 1980 darbesinin analizinin ardından, Özal dönemi devlet-piyasa ilişkilerinin eşi

görülmemiş bir şekilde neoliberalleştirildiği açıklanmıştır. Birbiri ardına yaptığı reformlar ile 1990'larda su yüzüne çıkacak sorunların (yüksek enflasyon, kamu borcu, yüksek faizler, düşük birikim oranları, yavaş ekonomik gelişme, zayıf yatırım ve işsizlik) temellerini de yine bu dönemde Özal atmıştır. Bu tezde 1980'de tanımlanan, 1990'da devam eden siyasi iktisat vizyonu, 2002'den beri Türkiye'yi yöneten AKP iktidarı tarafından reddedilmek bir tarafa, aynen benimsenmiştir. Bu amaçla Türkiye'nin mevcut siyasedi iktisadını anlayabilmek için neoliberal dönüşümün uzun süren sonuçları analiz edilmiştir. Örneğin, bu çerçevede Gümrük Birliği'nin tek taraflı olarak kabul edilmesi Türkiye'yi sadece rekabet gücü yüksek ithal mallara açık hale getirmemiş, aynı zamanda birliğin üçüncü aktörlerine karşı savunmasız bırakmıştır.

Türk siyasi iktisadının neoliberal vizyonla yeniden yapılandırılması çerçevesinde IMF müdahaleleri , 1994, 1998, 2000 ve 2001 krizleri çerçevesinde değerlendirilmiş ve süreçte gerçekleşen reformların aslında bu krizler serisine neden olduğu savunulmuştur. Bu durum özellikle 2001 krizinde belirgin bir şekilde ortaya çıkmıştır. Krizin, IMF'in müdahaleleri devam ederken ortaya çıkması bir yana, krizle mücadele için tanımlanan reformların da neoliberalleşmeyi kelimenin tam anlamıyla tamamlamak adına bir fırsata dönüştürüldüğü savunulmuştur. Bu tezin önemli bir çıkarımı olarak, Türkiye'nin 2008'de krizden derin bir şekilde etkilenmemesinin sebebinin, gerekli sert neoliberal dönüşümünü (emeğin sermaye lehine bastırılması, kamu harcamalarını kısıtlanması, serbestleşme politikalarıyla rekabetçi piyasa koşullarının toplumda baskın olması, vs.) 2001 krizinin ardından çoktan geçirmiş olmasıdır. Bu sebeple, Yunanistan ve Türkiye arasındaki temel farkın neoliberalizme karşı verilen savaşın Yunanistan'da henüz kaybedilmemiş olmasıdır. 2001 krizi bürokrat kökenli Derviş tarafından tanımlanan teknokratik çözümler ile ortadan kaldırılmaya çalışılmış, ama daha ilginç olan ise bu Derviş'in programının AKP yönetimi tarafından olduğu gibi kabul edilip, uygulanmasına devam edilmiş olmasıdır. Bu bölümün sonunda, özelleştirmeler yoluyla elde edilen rakamsal büyümenin sürdürülebilir bir büyüme stratejisine dayanmadığı için ekonomik büyümenin

uzun vadede geçerli olmayacağı ve işsizlik gibi önemli sorunların üstesinden gelinemeyeceği savunulmuştur. Bu çerçevede, tıpkı Yunanistan gibi, Türkiye'nin de borca dayalı tüketim ile ekonomik büyüme elde etme politikasını kullandığı gösterilerek bugünkü "işsiz iyileşme" durumunun da aslında var olmayan parayı harcayarak ve katma değer üretecek yatırımlara gerekli ilgiyi göstermeyerek bilinçli olarak ortaya çıkarıldığı ileri sürülmüştür. Ekonomi bu şekilde, borca dayalı genişlemeye devam ederse uluslararası piyasalarda çıkacak herhangi bir krize karşı çok tehlikeli bir duruma düşeceği öngörülmüş ve finansallaşmanın Türkiye'nin geri kalmış ülke pozisyonunu daha da sağlamlaştıracağı belirtilmiştir.

Tezin sonuç kısmında, önce tez boyunca ortaya konan temel argümanlar özetlenmiş, sonrasında ise Yunanistan ve Türkiye örneklerinin karşılaştırılmalı analizi yapılmış ve tezin çıkarımları sıralanmıştır. Bu amaçla, Yunanistan ve Türkiye örneklerinin neoliberal dönüşüm hikayelerinin tarihsel özellikleri açıklanarak benzer ve farklı yönlerinin finansal neoliberalleşme, borca dayalı tüketim stratejisini ve kriz zamanlarındaki siyasi mücadelenin formunu nasıl etkilediği gösterilmiştir.

İki örneğin de incelenmesinin ardından, Yunanistan ve Türkiye'nin kapitalist sisteme geç entegra olan iki geri kalmış ülke olarak 1980'lere kadar benzer sosyal, siyasi ve ekonomik dönüşümleri geçirdiği ancak 1980 itibarıyla birbirlerinden farklılaşan durumların varlığı sebebiyle bugünkü krizden oldukça farklı etkilendiği, krize karşı farklı siyasal ve sosyal tepkiler verdiği ortaya konmuştur. 1929'a kadar liberal, 1930'larda devletçi ve korumacı, 1940'larda otoriter, 1950'lerde ve 60'larda soğuk savaşın etkisinde, Birleşmiş Milletler ve NATO üyesi, bir takım askeri müdahaleleri maruz kalmış iki ülke olan Yunanistan ve Türkiye 80 sonrası dönemde, demokrasi, insan hakları, siyasi mücadele formları, neoliberalleşmenin hacmi ve etkileri bakımında birbirinden ayrıldığı görülmektedir.

Yunanistan'da 1967'de Albaylar Cuntası ile Türkiye'de ise 1971 Muhtırası ile solun baskı altına alınması süreci başlamış, bu süreç Türkiye'de 1980 darbesi ile

tamamlanırken, Yunanistan’da yarım kalmış, Yunanistan sol fraksiyonları sisteme entegre edip, siyasi hayat içerisinde devamlılığını sağlamıştır. Türkiye’de ise askeri darbe ile solun üzerinden tankla geçilmiş ve sol sakat bırakılmıştır. Bu farklılığın ortaya çıkmasında Yunanistan’ın 1981’de AB üyesi olması, sosyal politikalar ile neoliberalleşmenin sertliğini bir ölçüde kırması, sol fraksiyonların korunması ve alternatif politika üretilmeye devam ederek sistemi emek yararına kontrol altında tutması etkili olmuştur.

Diğer çıkarım ise, Syriza’nın yükselişi ve 12 yıllık AKP iktidarının kıyaslanması konusunda olmuştur. Çünkü bu farklılık krize karşı gösterilen siyasi mücadelenin formunu da belirlemektedir. Kimilerince Yunanistan’nın hazır olmadan birliğe üye yapılmasında, AB’nin içerisinde bir çevre alan oluşturulmak istenmesinin yattığı savunulurken, Syriza gibi bir siyasi oluşumun böyle bir projeye demokratik yollarla karşı koyması çok önemlidir. Syriza, 2. Dünya Savaşı sırasında Nazilere karşı ülkeyi savunmuş, iç savaşta muhafazakarlara karşı savaşmış bir sol geleneğin devamını ifade etmektedir. Yunan toplumu, bu anlamda, sol fraksiyonlara Türk toplumundan çok daha farklı bakmaktadır. O nedenledir ki 2008 krizinde Yunanlılar sokağa dökülerek kemer sıkma politikalarına karşı ayağa kalkmışken, 2001 krizinde Türkiye’de önemli bir sosyal hareket ortaya çıkmamıştır.

Sol hareketin gücü, 1980’lerden itibaren hayata geçirilen neoliberal reformların hacminin belirlenmesinde de etkili olmuştur. Türkiye IMF’in elinde denek olurken, sakat bırakılmış sol gerekli reaksiyonu gösterememiş, Türkiye merkez sağ partilerin elinde neoliberal vizyon ile yeniden düzenlenmiştir. Yunanistan’da ise eski jenerasyonların deneyimleri yeni jenerasyonlara aktarılmış, sol kültürün devamlılığı sağlanmıştır. Böyle bir ortamda, neoliberalleşme yavaşlamış, AB fonlarının da etkisiyle sert politikalar törpülenmiş (Türkiye’ye göre) daha eşitlikçi, daha adil bir sistem kurulabilmiştir. Türkiye’de sakatlanmış sol, neoliberal projenin bir zaferi ise, Yunanistan’daki Syriza’nın yükselişi sosyal demokrasinin neoliberal dönüşüme karşı kazandığı bir savaştır. Türkiye, sağlam bir sol

geleneğin yokluğunda, 1980 sonrası dönemde siyasal islamın çevresel söylemlerinin akımına kapılmıştır ve bugün AKP'nin 12 yıllık iktidarını sağlayan da aslında toplumun çok da farkında olmadan neoliberalleşme ve fakirleşmeye verdiği tepkinin parlamentoya yansımış halidir. AKP'nin başarısı ise, tüm neoliberal dönüşüm süreçlerinin etkili bir şekilde gerçekleştirirken siyasal islamcı ve çevresel söylemi oldukça etkili bir şekilde kullanıp seçmen kitlesini elinde tutabilmesinde saklıdır.

Özelle, 1980'lere kadar Yunanistan ve Türkiye benzer tarihsel dönüşüm süreçlerini geçirmiş ancak 1980 sonrası dönemde neoliberal sisteme eklemlenmelerindeki farklılık bugünkü ayrışmayı doğurmuştur. Bu ayrışmanın kaynağı iki ülkede siyasi mücadelenin aldığı form ve devletin kendisinin bu mücadeleye karşı konumlama şekli olmuştur. Devlet-piyasa ilişki bu çerçevede kendi kendini yeniden üretmiş, sadece şuan ortaya çıkan farklılıkları değil aynı zamanda gelecekte gelişmeleri de belirlemiştir.

## B.TEZ FOTOKOPİSİ İZİN FORMU

### ENSTİTÜ

Fen Bilimleri Enstitüsü

Sosyal Bilimler Enstitüsü

Uygulamalı Matematik Enstitüsü

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### YAZARIN

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Bölümü :

TEZİN ADI (İngilizce) :

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