

**FINANCE CAPITAL and HEGEMONIC ATTEMPTS**  
**in the post-1980 period in Turkey\***

Duygu Türk - Yiğit Karahanoğulları

30/6/2005, ANKARA

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\* It is a preliminary draft. We would like to give a special thanks to Ferda Donmez and Benan Eres for editing our text.

*A janitor of a subcontracting firm in Banking Regulation and Supervision Agency (BDDK) committed suicide in 2005 when he became insolvent of credit card debt.*

*After this sad event, employees of the BDDK raised money to close their colleague's credit card balance. (24/2/2005, Hürriyet Newspaper)*

*People of Zonguldak city (the coal mining city in North Anatolia Region, the 100 thousand workers of which, organized one of the biggest demonstration witnessed after 1980 by marching to the capital in 4 days in January 1991) fell in the hands of usurers to finance their credit card debts (Birgün Newspaper)*

*Credit cards are like chickens laying golden eggs, and we will certainly not kill the chicken by our regulations. Tevfik Bilgin, The Chairman of BDDK, 11/10/2004 Sabah Dailynews)*

## **Abstract**

*In this study, our main concern is to understand how the finance capital (we used this concept within its historically specific form, that is amalgamation of industrial, commercial and finance sectors by the “holdings” of monopoly capital in Turkey), has gained an extensive capacity not only for the re-organisation of the balance of class relations, but also for the re-shaping the life style, consumption patterns, attitudes, norms and values, perceptions of the working classes throughout the 1990s. In other words, our contention is that the finance capital has been the hegemonic fraction that could articulate the other sections of society to its own project.*

Beginning from the end of 1970s and throughout the 1980s, most of the developing countries in the world have gone into a transformation process via implementation of neo-liberal economic and social policies. Trade policies, government budgets and capital accounts have been subjected to a “liberalisation reform”. Countries have firstly given up the government’s control mechanism over foreign trade and implemented liberalisation in their import policy that had been used as a tool in planned-industrialisation all through the 1960s and 1970s (the period certainly characterized by an industrialization paradigm). Liberalization process in foreign trade was defended as an answer given to chronic trade deficit problem. Along with the trade liberalisation, governments have also realized reforms in their fiscal policy in order to reduce the burden of state on market by arranging expenditures and revenues<sup>1</sup> in a market-friendly way. And this was an answer developed by the new neo-liberal paradigm to the budget deficit problem. Besides, the financial and capital account liberalisation were implemented. This was the answer given to domestic shortage of savings over investments. By all those policies, the governments have increased their countries' openness to the market-oriented arrangements that is supported by an aspiration of the "integration into the world economy" (Haggard & Maxfield, 1996). This event denotes two important non-exclusive aspects and has following consequences: First, the financialisation of the world at the international level. This is a consequence of the saturation of capital accumulation and declining profit rates at the centre, that is to say, capital needs to find some outlets against its tendency to fell into crisis through extending to the globe<sup>2</sup>. The second is that the capitalisation of all areas of social

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<sup>1</sup> One can refer to the O’Connor’s concept of “socialisation of cost of accumulation” and theory of “fiscal crisis of state” developed in 1973 for the fiscal crisis of US capitalism, interpretation of which opened a door to the Marxian fiscal analysis.

<sup>2</sup> The reasons behind the financialisation of the capitalism at the core can be summarized as follows: By referring Sweezy, the over accumulation of real capital has led to a tendency of decline in profits in centre and so the real capital has preferred to held in rather liquid forms. Another argument is the augmentation of pension funds, which has started to accumulate just after the Second World War. Or other reason is that the limitless power to print money gained by America after the demise of Bretton Woods system lead to increase in dollar supply up to 1980. One can also refers to Arrighi’s “Long Twentieth Century” and “crisis tendency in financial cycle of American Hegemony” for another dynamic behind the financialisation of developed capitalist world.

life at the specificity of national levels. Neo-liberal policies have re-shaped almost all social relations and subjected them to the market "mentality" through further subjugation of society to the capitalistic market relations (capitalisation of formerly un-capitalised areas of social life, that is to say non-market fields<sup>3</sup> be subjected to the capitalistic market relations)<sup>4</sup>. We may epitomize this process as the financialisation of economy and the *marketisation* of society in developing countries. As noted above, these two aspects of neo-liberal transformation of capitalism should not be taken as separate processes of in a mutually exclusive sense; rather they should be interpreted as interrelated aspects of the whole process of reproduction of capital and society. This requires a holistic approach.

Thus, before starting to dwell on this story, we should construct our theoretical background to understand the multi-dimensional character of social reality. We will try to grasp the social reality with its complexity rather than limiting the analysis with solely economic or political or cultural terms, if it is possible ever. Indeed, we believe, there is nothing that is purely economic, political or ideological etc. These can only be conceptualised as the different faces of the social reality.

However, a scientific investigation is not possible without abstractions from the complexity of highly determined reality. Our study refers to three levels of abstraction to give a meaning to the reality: Firstly, the existence of hegemony of capitalism in the world since the mid 19.c.c. Secondly, existence of hegemony of neo-liberalism in the "global" since the 1980's. And thirdly, existence of a particular aspect of capitalistic relations within one specific country in a specific time. The highest level of abstractions is capitalism in general; it is the inevitable

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<sup>3</sup> To this concept, we can refer to Karl Polanyi. He states that capitalism transformed the "society" into the "market society" when money, land and labour became the objects of trade, i.e. commodified, in the 19<sup>th</sup> Century. Today the institutional and legal security mechanisms of society (including public goods) are subjected to the market mechanism again, while the needed solidarity within the society is trying to be achieved through the networks of NGOs.

<sup>4</sup> It can be acclaimed that Rosa Luxemburg's statement of expansion of capital to non-capitalistic areas of globe is confirmed with both international and national levels in the second half of the twentieth century.

matrix for an investigation in social science. The second level of abstraction referred here is the hegemony of neo-liberalism given the evolution of global capital interests and emerging redefinitions of the capital and state. Besides, because our main orientation is the hegemonic relation of finance capital in Turkey, we are to concentrate on the specific aspects of the economic and political structure of Turkey. That means we will try to develop an investigation of the concrete level of political economy of Turkey, by keeping in mind the general context of the transformation of global capitalism via neo-liberalism.

In this sense, the object of inquiry of this paper, that is “the relation of finance capital to other classes within the period of neo-liberalism, will refer to a transformation of the social relations, changes in the balance of class/class fractions' forces, in the role of the state, in the perceptions, attitudes, beliefs, world-views. Gramsci's concept of "hegemony" provides an efficient means for this attempt to grasp the social process within its complexity and with its different faces.

### **Our Theoretical Reference: On Gramscian Hegemony and Its Forms**

Gramscian theory is characterised with being an attempt to transcend the dualities that divide the social reality into the domains on their own. Rather than division Gramsci emphasises on the relation or interconnection between different forms of the social reality. Although he still uses the structure and superstructure terminology, for instance, he conceptualises his term "historical bloc"<sup>5</sup> based on such a "necessary reciprocity" or dialectical process that goes beyond the simplicity of any deterministic, economic analysis. The same complexity and dialectical process can be observed in his conceptualisation of hegemony as an original fusion of consent and coercion.

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<sup>5</sup> “The historical bloc in which precisely material forces are the content and ideologies are the form, though this distinction between form and content has purely didactic value, since the material forces would be inconceivable historically without form and the ideologies would be individual fancies without the material forces” (Gramsci 1971: 377).

Hegemony is defined as intellectual and moral leadership of one class (or class alliance) that articulates the others' interests and values and through which obtains their *consent*. In this sense, any attempt for hegemony should reach to and reflect the widespread beliefs of the masses, *common sense*, and should transcend the narrow corporate interests through making certain sacrifices which refers to the most developed moment of political consciousness<sup>6</sup>. In other words, hegemony in order to be succeeded should involve a formation of common will which can not be reduced to corporate class interests of the hegemonic class (Eagleton 1996; 175; Mouffe 1979; 184). Such creation of common will entails:

"that account be taken of the interests and the tendencies of the groups over which hegemony is to be exercised, and that a certain compromise equilibrium should be formed -in other words, that the leading group should make sacrifices of an economic-corporate kind. But there is also no doubt that such sacrifices and such a compromise can not touch the essential; for though hegemony is ethico-political, it must also be economic, must necessarily be based on the decisive function exercised by the leading group in the decisive nucleus of economic activity" (Gramsci 1988: 212).

So, Gramsci clearly puts limitations to the necessary sacrifices of leading group that can not renounce its 'basic interests' (Mouffe 1979; 183) and moreover he relates the ability of becoming hegemonic with 'fundamental classes' which holds their power from the decisive economic activity.

Hegemony refers to a continuous and dynamic *process* that is always temporary and recreated within the society through the hegemonic struggle. It can not be equalized to corporate interests of hegemonic class, although it is based on the hegemonic class' basic interests. Through a necessary compromise, hegemony is shaped by the common will, although the articulation of different elements is always realized around the hegemonic principle provided by the hegemonic class

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<sup>6</sup> The first two moments are *primitive economic* in which not the class but *groups' own professional interests* are hold and the *political economic moment* in which consciousness of *economic class interests* is gained.

(Mouffe 1979; 193). Moreover, hegemony is not established by a certain method or in a unique form. Gramsci mentions two main forms of hegemony: passive revolution and expansive hegemony.

Gramsci defines the passive revolution based on Italian case as "molecular changes which in fact progressively modify the pre-existing composition of forces, and hence become the matrix of new changes" (1971: 109). In this form, the interests of masses are neutralised and absorbed so that "development of their own specific demands is prevented". This indicates the case of passive revolution / transformism (Mouffe 1979; 183). In other words, passive revolution is realized when the control or interference of the masses over politics is eliminated specifically through "decapitating working class movement" or "elimination of its organizations" through the enlargement of the state's capacity (Sassoon 1982: 136). Gramsci formulated this essential aspect of passive revolution as "State which, even though it had limitations as a power, 'led' the group which should have been 'leading' and was able to put at the latter's disposal an army and a politico-diplomatic strength" (1971: 105).

On the other hand, the expansive hegemony is obtained when "an active, direct consensus resulting from the genuine adoption of the interests of the popular classes by the hegemonic class is created" and thus "[the way of articulation] promotes full development of interests of other classes", so that hegemony is built upon or through the creation of *national-popular will* (Mouffe 1979: 183).

Gramscian analysis is also essential in its emphasis on the crisis of attempts to build hegemony and the responses of the ruling classes to such a crisis. This denotes "(...) A 'crisis of authority' is spoken of: this is precisely the crisis of hegemony, or crisis of the state as a whole" (Gramsci 1988: 218)<sup>7</sup>. Gramsci points out that process is characterised by the "detachment of the social groups from their

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<sup>7</sup> "(...) the crisis of the ruling class's hegemony, which occurs either because the ruling class has failed in some major political undertakings for which it has requested, or forcibly extracted, the consent of the broad masses, or because huge masses have passed suddenly from a state of political passivity to a certain activity (...)" (Gramsci 1988: 218).



traditional parties" or in other words, a dissociation between the "represented and representatives" (ibid). This is also labelled as "organic crisis" by him which necessitates a radical response through the attempts for constructing a new "historical bloc" with a new balance of powers between the classes and class fractions, with new political and ideological considerations, projects, targets, values etc. (Hall 1998).

Here, one can remember Poulantzas's contribution to the conceptualization of hegemony. Poulantzas defines his term of "power bloc" based on the Gramscian notion of "hegemony", yet claims to enlarge the usage of the concept, especially for the case among the dominant classes and class fractions. Power bloc refers "a contradictory unity of politically dominant classes and fraction", but not a fusion or simple alliance. Rather, it is achieved "under protection of the hegemonic fraction" (1975: 239). It is up to the conjuncture, according to Poulantzas, whether or not this hegemonic class or fraction of power bloc also plays the hegemonic role vis-à-vis the dominated classes (in other words, whether or not it represents the general interest of the people-nation) (1975: 141). While appreciating his contribution to the conceptualization of hegemony, we think that the emphasis of Poulantzas coincides with Gramsci's notion of passive revolution.<sup>8</sup>

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<sup>8</sup> There also exist important debates over the applying hegemony to the specific historical cases such as between Jessop and Hall in their analysis of Thatcherism. We consider this debate as an essential contribution that exemplifies two aspects of hegemony that involves both economic domination and political-cultural and intellectual leadership. Keeping in mind the holistic essence of Gramscian theory in its formulation of hegemony and in general, we consider them as complementary.

As mentioned at the beginning, we acclaim that the development in Turkey during the post-1980 period in essence reflects such hegemonic formation and the organic crisis. In the next section, we will mainly focus on the manner of attempts of capital fractions and especially finance capital in building hegemony over the subordinated classes as well as other fractions of capital.

### **The Turkish Case**

The story began with 24<sup>th</sup> January Decisions in 1980. It was the date of declaration of the structural change in accumulation strategy from the planned import substitution regime to a market-oriented export-led growth strategy. The Decisions were composed of neo-liberal measures such as strict control over the wages, trade liberalisation, financial liberalisation, privatisation, reduction of social expenditures and elimination of state control mechanisms that would be realised step by step, throughout 1980s and 1990s.

The new model has been supported by the domestic capital in which the big conglomerates play the role of hegemonic fraction within a power bloc including foreign creditors and military. Indeed, through the late 1970s, the big conglomerates organised in TÜSİAD had already declared their demands for implementation of the strict economic measures. The main structure of the 24 January programme was inspired from the World Bank and IMF reports (Onder et al 1993). IMF had been putting pressure over the governments in pre-1980 period by conditioning the financial aid, which Turkey was in urgent need for, in order to be able to the implementation of the structural adjustment program (Aybar & Lapavitsas 2001). Only after the Decisions were declared, WB and IMF have respectively granted loans to Turkey. Thus, the “support” would only be provided by the declaration of the Decisions (Şenses 1998: 31). On the other hand, the trade-unions, opposition parties and organised left were strongly against the content of the Decisions. Simultaneously, the military immediately declared its support for the Decisions. According to the high rank military officers "those Decisions have no alternative", which was definitely impressed by Thatcher's famous slogan “TINA (there is no alternative)” (Ulagay 1987: 60). Yet, the advocates had also doubts

about the determination of the coalition government at power in putting them into practice. Indeed, opposition side of the debate had a fear too, in the sense that to what extent those Decisions would be implemented through the "democratic" means. It turned out to be a very realistic fear and the military took power in 12<sup>th</sup> September 1980, months after the declaration of the Decisions, and declared its great loyalty to the economic programme. Thus, just like the Latin American examples, the neo-liberal transformation programme in Turkey could only be realised by a coup d'etat through which all the opposition was suppressed by authoritative means. The "civil" architecture of the Decisions, Turgut Özal, who would be the Minister of Economics under military order, would explicitly declare this link between the 24<sup>th</sup> January Decisions and 12<sup>th</sup> September military take-over by his famous statement that "We could not have put the program into service, if the 12<sup>th</sup> September had not happened" (Republic Encyclopaedia 2003).

By inspiring from Hall's analysis of New Right in Britain, we evaluate the Turkish case of 1980 as a response to an organic crisis that attempted to construct a new historical bloc in the form of passive revolution, but this time not through the parliamentary means and actors, but through the military rule.

The characteristics of the passive revolution can be observed in 12<sup>th</sup> September military rule where all the political parties, their rank and file were banned from politics, the trade-unions were banned, their cadres were judged and jailed, the opposing academicians were discharged from universities, artists were judged, even moderate journals in addition to the books were disbanded etc. The main target in these actions was the working class movement as well as the left in its general sense, since the class struggle in late 1970 had become became condensed and the politicisation had been enlarged. Within such an authoritative, repressive atmosphere that plugged all the conduits for opposition could only the labour and wages be disciplined (Boratav 1998: 121). In this sense, although the new accumulation strategy (export led growth) has been explicitly favouring one fraction of the capital (the big capital), the strict control over labour, both in the sense of wages and labour organisations, provided a common base for *unity among the fractions of capital* which is another condition for passive revolution strategy (Tünay 1993: 26). That is to say, the organic character of the crisis which created a

danger for the capital accumulation in general resulted in the unification of the capital fractions on responding the crisis.

Potential opposition to the export oriented accumulation regime which provided extensive privileges to the conglomerates of big bourgeoisie could have come from the small competitive capital which was the most damaged section, initially, from the liberalisation of market (Gülalp, 1993: 40). Yet, the hegemonic fraction could maintain the unity among the capital fractions thanks to the fact that “the bourgeoisie, as a whole, has preferred the limited democracy, ideological hegemony and disciplined labour force” (Keyder 2001: 296).

The characteristics of the hegemonic fraction, i.e. big conglomerates which contain financial, industrial and commercial branches (we will call such formation as holdings, as they are called in most of the Turkish literature), denote an intrinsic aspect of the capital accumulation in Turkey that requires more attention here.

### *On Holdings*

Turkish holding structure is peculiar in the sense that it is composed of predominantly family groups and (it is) strictly different from Hilferding type of monopolization process or South East Asian holding structure, both (of which are) characterised by the domination of finance capital over industrial and commercial capital. In contrast, in the Turkish case, finance capital should be thought as a step toward centralisation (process) of (these big family) capital(s) through combining circles of capital in their own groups. It is not a structure in which industrial, commercial and financial activities are dominated separately by different groups or the financial section dominates the others. Instead, each holding groups in Turkey has tried to expand and control these three sectors within their own institutional structure (Tekeli and Menteşe 1977; Sönmez 1992). Though holding capitals are perpetually confined to family cycles, this does not mean that they are pure nationalistic enterprises. On the contrary, from the very beginning, holdings have developed close connections with international capital (see. Sönmez 1992).

Their success stories can be traced to the proclamation of the republic. However, the private sector has essentially started to engage with industrial

investments only by the late-1950s. 1963<sup>9</sup> was the date of abolition of the restrictions over the institutionalisation of conglomerates as “holdings”<sup>10</sup>. Throughout 1960s, these companies have gained their economic power by industrial and commercial activities, while not overlooked establishing their own banking branches also. Almost all of these big national capital groups have succeeded in establishing their financial institutions before 1980.

It should also be noted that the “success stories” of holdings have been highly indebted to the relations developed with the high level cadres of bureaucracy and army as well as the collaborations developed with the international finance<sup>11</sup>. Only through these networks, some profitable decisions could be possible for their enterprises (Bugra 1997). This aspect should not be considered as a peculiarity of Turkish capitalistic structure.<sup>12</sup>

Now, we can return to the accumulation regime and general aspects of pre-1980 period. From the perspective of this monopolistic section, the period was quite stable in economic terms. Profitability in a closed and protected domestic market was high and secured. Industrial production was supported by protections, tariff rates, exchange rate and selective credit policies. Commerce was lucrative in protected domestic market. Demand for domestic consumption was satisfactory. Wages were not repressed, besides the domestic terms of trade was in favour of

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<sup>9</sup> At this date change in institutional tax structure provided the legal framework for holding organization. Koç (owner of the first holding in Turkey) endeavoured very much to this amendment (Tekeli and Menteşe 1977: 21).

<sup>10</sup> Interestingly, the regulations came previously by the Banking Law dated (to) 1958 (No: 7129) and which had already incited conglomerate structure (according to this regulation, if a bank owns more than %25 of the capital of one firm, it can credit this firm limitlessly, otherwise the credit is limited) (Tekeli and Menteşe 1977: 22).

<sup>11</sup> It is a common practice that retired military officers are employed as 'adviser' in holdings. But probably the most interesting example is Turgut Özal who worked as bureaucrat, in World Bank, for Sabancı Holding (one of the biggest holdings in the country), again as bureaucrat and then politician, respectively.

<sup>12</sup> As it is already known “corruption” has become a “natural” element of the ex-socialist countries’ transition into the market economy. Thus, this common aspect may be evaluated as a deliberate tendency towards accomplishment of a rapid capital accumulation.

agricultural production. This has constituted a base for required domestic demand in means of higher purchasing power of population. Thus, the general interest of capitals from point of view of the accumulation regime, did not contradict with the un-repressed wage structure (though, it has always been a subject of class struggle at the individual level of enterprises). Yet, in late 1970s, import substitution regime resulted in huge import dependency and a gigantic capital account deficit. The cost of accumulation that had formerly been carried and socialized through the government expenditures and tax policies reached its limits (that is, budget deficits reached unsustainable levels) and the profit levels in protected domestic market became impossible to be sustained. Furthermore, the rise of social opposition and class struggle mainly oriented towards the realms of capital threatened the continuation of accumulation regime and locked the parliamentary mechanisms. The crumbling of hegemony necessitated a radical re-orientation of the regime.

As it is mentioned, the response to this organic crisis could not be given within the parliamentary system. 12 September 1980 military takeover was “the real solution”. Previous attempts developed by the monopolistic holding capital and international financial organisations, as the regulations of 24 January could not have a chance of life within this political impasse. The big holding capital has been ready and eager to restructure according to the neo-liberal agenda and to be the benefactor of the new export-oriented accumulation regime.<sup>13</sup> However, they needed the explicit support of the military and the international capital (Gülalp 1993: 25).

1980 coup d’etat was neither the first nor would be the last. In Turkey, dealing with the crisis has often taken the form of military interventions in various degrees and forms (coup d’etat or memorandum) and technocratic governments. This fact can be considered as a sign of the instable and dependent character of the

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<sup>13</sup> Holdings have already had the required international connections for the business of export and easily established their export firms just after 1980 and have extensively benefited from export privileges, tax rebates, and subsidies. 28 of these so-called “privileged cooperation” were making %46 of Turkey’s total exports in 1986, (it increased to %55 in 1988) (Sönmez 1992; Buğra 1997).

economic structure besides the vulnerability of the link between the bourgeoisie and its political representation. These characteristics, in turn, clearly points out the hegemonic crisis in Gramscian sense. This may explain the reluctance of the bourgeoisie towards the representation of the interests of the subordinated classes and its limited ability to construct an "expansive hegemony" (Yalman 2002). The coercive means of the state and the expanded role of the military in political system are both explicable from this perspective<sup>14</sup>. Thus, the "consent" of the masses has taken a "passive" form more often than an active consensus.

Although the coercive or authoritarian characters and tendency to a passive revolution can easily be generalised to other specific periods of Turkish political history, 1980 coup d'etat has also some intrinsic aspects coming from the conjuncture.

#### *More on Passive Revolution: 1980-1983*

The rhetoric of being above the politics (and ideologies) and being the guarantor of the social security through both preventing the political chaos ("anarchy") and also taking the obligatory measures for the sake of the national economy which the politicians had failed to do were the means of military for not only legitimising the military rule but also for re-shaping the social structure. Since then, "de-politicisation" has been the main target to be achieved through the 1980s as well as the chief means for implementation of neo-liberalism.

This aspect indeed summarises the essence of the New Right, which is the new hegemonic form of politics in developed capitalist world. Political practices in

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<sup>14</sup> There exist many illuminating statements expressed by the actors from "power bloc" in 1980s. For instance, a pre-eminent figure from Turkish Industrialists' and Businessmen's Association (TÜSİAD) declared that "we should have done everything within the democratic system before the 12<sup>th</sup> September and it was taking for months to make decisions. Moreover, everything was being considered from political perspectives and economic approach was only coming from then. The difference of the military rule is that there is no obligation for the parliamentary process and this provides a much more quick decision-making, the ability to correct the false arrangements rapidly and the lack of the political attitudes" (quoted by Ulagay 1987: 64 –Cumhuriyet, 26<sup>th</sup> January 1982-).

Turkey, with the existence of capital endeavouring to articulate into the world capitalism, have predominantly reshaped by this dominant way of politics of the neo-liberal era. The New Right, assumes a strict separation between economics and politics. Accordingly, economics has certain "laws" to be obeyed. The market is coded as a 'natural' domain that loses its harmony when the 'self-interested politicians' interfere into it by irrational actions. In other words, the very basis of the New Right understanding depends on the perception of a "dirty politics" as an irrational activity that generally leads to corruption in contrast to the domain of economics that has its own rationality. The argument goes on with the aspiration of minimising the state by eliminating its productive economic functions and diminishing its control mechanisms over the market in order to let market realise its potential. Such a technical vision of economics underlies the Thatcherist slogan TINA. Thus if there is no alternative, there is no need for politics, too. Another ironic aspect of this neo-liberal ideology is that the state has been the main actor of the neo-liberal transformation process, in addition to the radically ideological essence of the discourse that implies the end of ideologies. In other words, although the neo-liberal project has finally declared the end of class politics and the individualisation of the class itself in a new age, the content of the project is still obviously class based.

Just as in the other New Right experiences, the neo-liberal policies and arguments in Turkey were completed or mixed with conservative themes and propaganda. The military regime and its representatives enlarged and strengthened the authoritarian regime by rhetoric composed of Islamic and nationalist elements and by promoting the transformation of the society towards a more conservative manner. Changing the education system, imposing control mechanisms over universities, promoting nationalist and Islamic cadres in public offices, using an offensive discourse against the left and using the rhetoric of "the sake of national security" as a means against any opposing voice can be given as the examples of this strong tendency. In other words, the neo-liberal transformation process has been started to realise within a totality that goes beyond the institutional or political re-organisation and it aimed to influence, and (to) penetrate into the social textures as a whole --just as in other cases of managing organic crises. 1982 Constitution



has been the heritage of the military regime that aimed to guarantee such a penetration (Özkazanç 1997: 1220).

These main themes have been successfully maintained by military regime and taken over by Özal Governments when parliamentary regime has been revitalised by 1983 elections. Özal was defining himself as "a technocrat more than a politician" as a brilliant executor of neo-liberal policies and the New Right discourse.

### *Attempts to an Expansive Hegemony: 1983-1989*

The accumulation regime based on export promotion has continued in addition to the promotion of nationalist-conservatism within the state institutions and society. Yet, the Motherland Party led by Özal also attempted to realise an expansive hegemony (Tünay 1993: 21). This attempt is visible in the discourse of "war against inflation" presented as the common enemy of whole society and the discourse of being the party that comprehends the four strands in Turkish political scene: economic liberalism, conservative Islam, nationalism and social democracy (Kalaycıoğlu 2002: 47). Özal Governments presented themselves as the party of whole society but especially of the *ortadirek* ('main pillar' is a term refers to most of the population, i.e. low-middle and middle classes, and by which the "classes" in the society becomes invisible in rhetoric). This strategy was a reflection of the claims of going beyond the narrow ideological positions and being "supra-politics" (Kahraman 1995: 195). In this way, we can assert, the party tried to give the message of representing all the groups within the society in contrast to the political polarisation of 1970s (Ergüder 1991: 152). Here, we will concentrate on some of these social and economic aspects of the progress.

Özal Governments indeed constructed its strategy upon the "future promises" to the working classes. In contrast to the pre-1980 period in which "planning" and "industrialisation" were the main hegemonic apparatuses, post 1980 period give the priority to the decreasing inflation like all other neo-liberal policies. Development planning of the previous accumulation regime has been

replaced by the inflation targeting policies. Inflation was presented as an enemy for the all groups within the society, although in reality capital has benefited most from it.

Similarly, it was alleged that by “financial liberalisation and financial deepening” and with proliferation of financial instruments, the prices of loans would decline and this regulation would be for the sake of all sections of capital. However, this promise or expectations did not fulfil. Interest rates for both loans and deposits stayed high. Other side of the discourse on the very same economic policy was that the high interest rates on deposits was claimed to be the means for achieving the social equity. The high interest rates have promoted a notion of "easy profit". Indeed, it was a social phenomenon that people sold even their houses in order to benefit from really high interest rates. Those early 1980s were characterised with ordinary citizens' "assault on the interest rate" whereas the gains from interest were subjected to the high inflation rates. Thus, far from being a means to achieve the social equity, the high interest rate policy functioned as the means of increasing the gap between the living standards within the society since it was the chief conduit for capital accumulation of finance capital (Ulagay 1987: 161). Moreover, the gains from inflation did not be taxed (ibid: 243).

Increasing imports of consumer goods created a perception that everything is abundant and reachable. Proliferation of consumption goods have been used highly by the government as a sign of success of implemented policies throughout 1980s, although the capacity of the working classes to buy those imported goods has dramatically decreased at those years.

It may be asserted that the foremost important regulation of the new accumulation regime was the alleviation of the tax burden for private sector. Throughout the period, governments would prefer to finance the public spending by borrowing, instead of increasing the tax on capital. Composition of tax share has also been modified. In 1985, value added tax come into practice. “Direct to indirect tax” proportion has changed in favour of the latter. Thus, the tax burden has mainly been transferred to the shoulders of lower classes.

In this sense, although one of the aspects that the accumulation regime was depended on the cheap and unorganised labour, the hegemonic strategy attempted to involve 'all', through giving subordinated classes promises that could not be kept within the existing accumulation strategy. It is very the same with Jessop's notice on the vulnerability of Thatcherist project which could persuade the masses to that "future benefits will follow from present suffering" for a while but inevitably would fail when the benefits became late. In the Turkish case, the obtained benefits were very far from being for all to articulate their interests to the hegemonic project. That is to say, the expansive hegemonic strategy was not corresponded with the accumulation regime (which has a "two nations" character) and could not transfer any material gain to the subordinated classes. The foremost important regulation of export oriented accumulation regime was the subjugation of the real wages, which has been invigorating for accumulation regime in two senses. Firstly, it decreased the costs, which was functional for international price competition in an economy where capital is technologically dependent. Secondly, declining real wages dampened the domestic consumer demand. Domestic market is repressed in order to lead the capital to the foreign markets. This served as an indirect way of export promotion (Oyan 1987). Thus, repression of huge body of population (workers, peasants, unemployed peoples) and the division of the society accordingly in "two nations" has been intrinsically embedded in economic arrangements as pre-requisites of accumulation regime. The material gains could only be achieved through the huge labour marches and strikes, when the society regained its strength to make political opposition and the working class movement became activated for the first time after the trauma of 1980 in nine years. As explored in the next sections, this will be one of the signs of change in accumulation regime from export orientation towards a need for "expansive" hegemony.

Notwithstanding, the attempt for constructing a new "historical bloc" in the 1980s has included the means to shape perceptions and values within the social life, besides the new strategies for accumulation entailing the re-organisation of the balance of class forces. Given the current social structure of Turkey, we think that the attempts in post-1980 period have succeeded in transforming society towards a

market-oriented structure, through coercive practices but also through obtaining consent for a specific version of world-view. We want to take notice to the embedded character or the interrelation of coercion and consent within this assumed hegemony.

"(...) Market is a coercive force, capable of subjecting all human values, activities and relationships to its imperatives. No ancient despot could have hoped to penetrate the personal lives of his subjects --their life chances, choices, preferences, opinions and relationships-- in the same comprehensive and minute detail, not only in the workplace but in every corner of their lives (...)" (Wood 1995: 254-255).

It may be argued that the coercive force of the market, an intrinsic character of the capitalist market as Wood expresses, and its ideological functions become more explicit and impressive upon our personal lives compared to the pre-neo liberal era. This aspect can be observed in the following phases neo-liberalism: in deliberate policies that eliminate any obstacles in front of the capital and diminish the welfare measures of the states that to some extent retarded social miseries; in New Right's rhetoric of the "there is no alternative except from obeying the laws of economics"; in the promotion of the ideology of "end of the ideologies / end of the history" which implies the a-historic perception of the market; in the deny of class politics as well as the existence of classes etc. All can be categorised as the deliberate policies or arguments that support the market-oriented strategies of neo-liberalism. In other words, the penetration of the market rationality into our lives (Hall 1977: 324) was realised through our own experiences and our subjugation to its "wild" conditions as well as the impressive rhetoric and supportive discourses upon the market.

The success of this composition lies under its ability to *normalise* the market rationality. Promotion of marketisation of the social relations has been realised through some direct means such as privatisation and as well as re-organisation of the public sector upon market principles while there were also some underlying mechanisms that re-shaped our norms and attitudes.

The key word that epitomises the period is "competition". Since the protective mechanisms of state policies were retired in an already backward economy with high rates of unemployment we have been experiencing that we exist individually within the life. The ones who cannot compete will fail have no opportunity to survive and this "Economic Darwinism" is something natural (deliberative promotion of competitive culture). Yet, at the same time it is succeeded to persuade us to the opportunities of the market for reaching to the "ideal life" that is expected to come by consuming more from market. Thus, the discourse of the market accomplishes to revive our hopes and desires for a better life while shaping the perceptions and the images of the 'better life'.

Promotion of ideal type referring to the managers, employees in finance sector and media, popular persons who live in high standard was another effective means that created a desire to imitate and that gave hope to the people. This specific life style based on over-consumption has been permanently promoted by media (and the ones in high position in media has functioned as "organic intellectuals" of the bourgeoisie) (Bali 2002). Although this group was not many in number, promotion of their lifestyle have deeply influenced and reshaped the tastes and ideal images of large masses, who in reality will never have a chance to even closing to that standards (Kozanoglu 1997: 741).

As the heritage of 1980, a new generation have been raised as an opposite model of the youth of pre-1980, by praising individualism or egoism, depolitisation and competitiveness (Kozanoglu 1997: 740). Egoism and vigilance have become the legitimate norms. One not seeking for his/her interest is labelled as stupid (Belge 1997). In other words, the post-1980 era "has taught Turkish people to behave as a homo-economicus" (Özkazanç and Kozaklı 1997).

### *Islamic Counter-Attempt*

The failure of expansive hegemonic strategy together with the economic crisis has reflected to the successive period as the instability of the politics and increase in coercive means of the regime (again, just like Thatcherism as Hall

states) in 1990s. Yet, there were also successive elements of the process in the sense of transforming the society towards a more market oriented one.

We will interpret all the 1990s as a permanent hegemonic crisis that has entailed the increase in coercion (against the working class movement, Kurdish movement, opposing left). Big bourgeoisie failed to lead not only the working classes, opposing groups but also to other fractions within the power bloc. Besides the rise of coercive means of the state, the crisis of hegemony displayed itself in the discussions between conglomerates and the governing parties that reciprocally accused one another of being unsatisfactory or being responsible for economic crisis. In that era, the big conglomerates have expressed their demand for declaration a "state of emergency" (Republic Encyclopaedia 2003) and also made known by the reporters that they have the alternative of military rule in their mind (Savran 2002). The dissociation between bourgeoisie and the political representatives can also be observed in the endeavours of businessmen, though failed, for establishing their own political parties<sup>15</sup>.

While there existed a continuous hegemonic crisis going deeper, the small and medium sized capital groups, whose economic interest intrinsically conflicts with the interests of big conglomerates, attempted to produce their own hegemonic project based on their recent economic success and fed with the expectations of support arising from the widespread social discontent in the country. These groups were labelled as 'Anatolian tigers' (an imitation of East Asian tigers, although these two were shaped within different models) and were characterised by flexible, small size productive units with cheap and disorganised labour. Islamic discourse and networks for solidarity among themselves were the characteristic elements of this fraction of capital. This group has taken notice to the speculative, rent mechanisms with high rates of profits by saying that it meant a resource transfer to the monopolistic finance capital whereas the productive units, like themselves without financial occupations, were being discouraged. It is noteworthy that this argument

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<sup>15</sup> There were two example of such political 'enterpreneurship', although both of them failed with very low rates of votes in elections, despite (of) the extreme support of the media.

gains a 'counter' force against the promotion of 'respected businessman' of finance capital by labelling it as 'parasite'. In mid-1990s this small manufacturing and commerce sector and its political representative, Welfare Party, were making stress on the "equity" in the society with over-dosed Islamic motives.

Demand for equity was indeed referring to the demand for more resources and state subsidies (to themselves). When the Welfare Party came into power as the bigger shareholder of the coalition government, this counter force of capital fraction has become a real threat for the big bourgeoisie. Then, the military, once again, played the chief role and intervened to the restoration of the balance of power between the class fractions in favour of conglomerates, in 28<sup>th</sup> February 1997.

The regime was suffering from a hegemonic crisis, in the sense of both dissociation of the links between bourgeoisie and its representatives and also the lack of the ability for persuading masses to the future benefits.

### *1990s Promises of Finance Capital Continuing*

Behind the story of socio-political changes and difficulties in hegemonic process, ceaseless mechanism of an ever-extending economic power continued to operate through the late 1980s and the 1990s: Finance.

Without the economic support of state to the holding capital and capital in general (sense), that is, without the crises of state budget in 1980s, the export-oriented accumulation regime would have a chance to be implemented. Besides, without the "support" of finance capital, the legitimacy of these public debts could be sustained and attempt to "expansive hegemony" would be possible:

The liberal tax policy (besides the non-decreasing budget expenses favouring market and capital) was an important aspect of the (capital) accumulation regime of 1980s. The private capital accumulation was said to be the motor force

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behind the growth and development achievements in a “free market economy”. In this sense, the tax burden of private sector has not been increased, even diminished, so that private sector could make positive savings. Not surprisingly, this has accompanied by the negative savings of government, that is, the budget deficits of the 1980’s. So, the public sector borrowing requirement (PSBR) has been in tendency to rise through 1980s. (PSBR is %4,9 for 1981 and 12,6 for 1992. These figures were larger than those recorded during the deepest economic crisis of 1978-1979, which has been referred as the worst years by neo-liberal language (Önder, *at al* 1993: 161). The second half of the 1980’s, came by new arrangements proposed as a solution for this finance problem: apply to capital for borrowing, that is, neo-liberal solution was that, “borrow from the market, instead of taxing the capital”. Central Bank finance of treasury had been gradually abandoned. So, the only way left for the government has become issuing securities.

Borrowing has become the usual way of fiscal management in neo-liberal era. Even the SOEs persuaded to borrow from abroad for their expenditures. Simultaneously “borrowing requirements of SOEs increased from 2.5 percent of GNP in 1984-1988 to 4.1 percent in 1991-1992” (Uluğbay and Zaim 2001: 88).

Private accumulations (private sector savings), which was said to be invested in industrial or commercial activities, has instead channelled into debt-financing of the public sector. Therefore, private capital accumulations have transformed into financial sector. We believe that, “financialisation” was not an unplanned, or unexpected, or something align to the market mentality and the capital. The capitalists are free to make their profits by whatever mechanism they can develop in market economies.

Finance has become a more profitable business throughout the late 1980s. At this period, the big industrial and commercial capital have already begun to pursue financial profits through their enterprises. The appetite for financial profits has replaced the incentive of industrial accumulation. This can be traced by the balance sheets of big enterprises. Sources of income for monopolistic sector of capitals have changed over the 1990’s. According to the statistics of the Istanbul Chamber of Industry’s survey of Turkey’s Top 500 Industrial Enterprises, profits



of firms from interest income have reached over the %50 percents on average for 1990's.<sup>16</sup>

However, the primary institutions in financing budget deficits have been the banks. It should be underlined that most of the private banks are owned by holdings. In financing the budget deficit, banks have become the main creditors, who also represent almost the entire financial sector in Turkey.<sup>17</sup> Private banking has gradually become the leading section of the sector in accordance with the logic of neo-liberalism where persuasion has been towards to retreat of public enterprises in favour of private capital. Private commercial banks accounted for 57,4 percent of total assets of the whole banking system in 2004; in contrast, this ratio was 34,9 percent for public commercial banks. Today, there are 19 private and 3 public commercial banks in the sector.

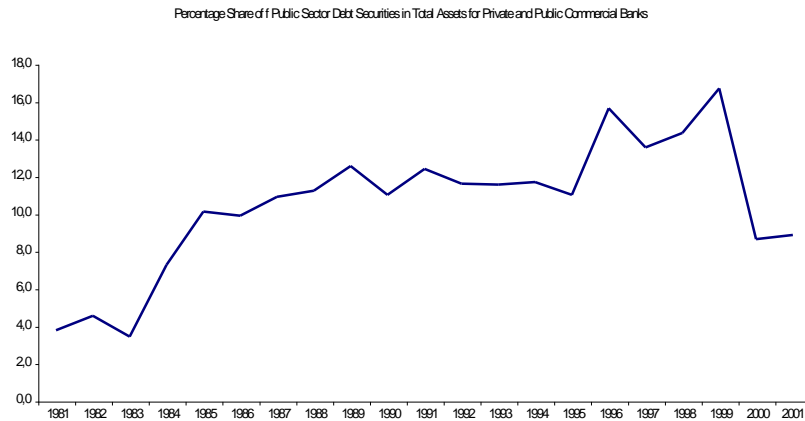
Main characteristic of the private banking activity is its oligopolistic structure, which is a consequence of their organic affiliation with the holdings. In 2004, 5 private banks held the 43,9 percent of the sector and 76,7 percent of the private commercial banks (in terms of assets) (Source: Banks Association of Turkey).

As noted above the main holder of the government securities has been banking sector. The share of public sector debt securities (government bonds and treasury bills) in the asset side of the balance sheet of the banking sector has increased through the 1990s. (Before the crisis it reached its peak.)

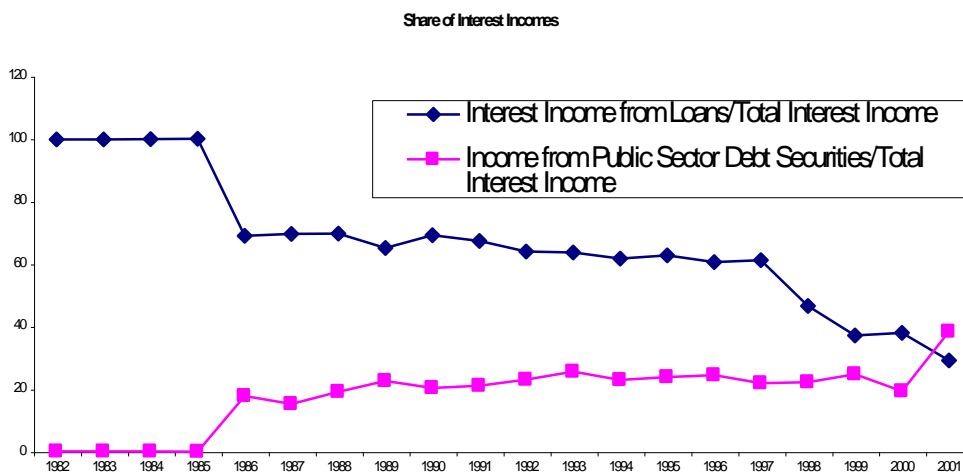
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<sup>16</sup> Today, in everyday language the word "investment" refers to the financial investment and interest revenues.

<sup>17</sup> Finance sector is mainly bank dominated. The capital and security market has underdeveloped and dominated by public securities in Turkey. Firms do not prefer to issue bonds and securities, but applies to bank loans. Almost ninety percent of the newly sold shares, besides the operations in the secondary market consist of the public securities. (Esen ve Seyrek 1998).



In relation with that, gradually, interest income from the public sector securities become the most important means of profit, which reached and passed the share of interest income from the loans. The usual way of making profit for banking sector, i.e. giving loans to public, has been surmounted by opportunities of high income from state finance.



This profit potential has also reshaped the liability side of banks' balance sheets. Throughout the 1990s, banks have made open position in order to buy government securities. In the conjuncture that the interest rate is expected to appreciate (it is the usual practice in the post 1989 era and especially in after the disinflation programme implemented in 1999) borrowing in foreign currency dominated funds and lending it in TL is a lucrative business. The exchange rate policy was changed in 1989 leaving the currency to appreciate. This was not

conducive to export promoting programme implemented since 24 January. Removal of the export incentives and leaving the currency to appreciation should be considered as complementary arrangements for this financialisation process. Because favouring finance capital by high arbitrages, this can be taken as a turning point within the neo-liberal accumulation regime toward financialisation. Share of the Dollar deposits in liabilities has been increasing and banks increasingly resorted to borrowing from abroad in this period.

The possible private risks of the open position have been backed socially. Firstly, in the 1994 crisis the deposits have taken under the full insurance coverage of treasury<sup>18</sup> and secondly, just after the 2000 crisis, all debts of private commercial banks were put under the full insurance of treasury. By this regulation<sup>19</sup>, repayments of debts of banks to foreign banks were guaranteed. The finance capital (domestic and foreign) has attained the complete treasury guarantee for their activities through this period (the socialisation of costs of the finance sector). According to a report prepared by the Saving Deposit Insurance Fund, the total costs of the 22 banks, which have been taken over by the Fund since 1997, is 27,8 billion Dollars at the current exchange rate (it is 42 billion Dollar in today prices in reel terms calculated for the interest rates). After receipts and expected receipts of the Fund subtracted, the net burden falling upon the Treasury becomes 19,8 and 37,6 million Dollars respectively.

### *The meanings of the financial crises for the banking sector*

Turkish economy has experienced several economic crises through the neo-liberal process, three of which has had a profound impact on the socio-economic structure of the country. Surely, these crises were detrimental for (on) some individual banks. However if the collapse and restructuring process is read from the macro perspective(s), the story resolves another picture. Whole process is

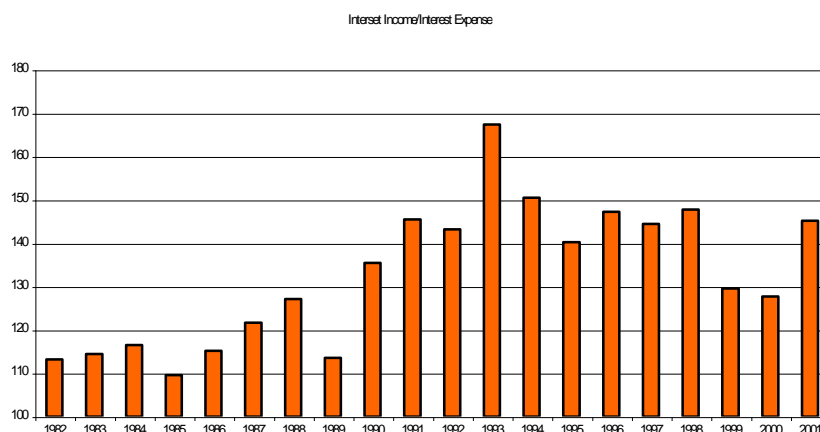
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<sup>18</sup> Limited deposit insurance first implemented in 1983 (Damar 2004).

<sup>19</sup> An article of the stand-by agreement signed at the end of 2000.

indicative of increasing power of finance capital by its strengthened organisational structure.

The 1990s has been very profitable years for banking activities in terms of the interest income.



Above, the ratio of interest revenue to interest expenses are graphed for the commercial banks of Turkey. The definition of interest income includes all types of interest incomes such as those accrued from government debt securities and from interbank loans. It can be easily grasped from this chart that, the primary indicator of profitability i.e. the ratio of interest income to interest expense, has been in a tendency to increase throughout the period, despite a small decrease for the crisis years. It is evident that, the minimum level attained in the 1990-2001 period is higher than the maximum level reached between 1982-1990. IMF highlighted this development in the “2000 IMF Staff Country Report” by referring Turkish Banking Sector as the most profitable sector among the OECD countries.<sup>20</sup>

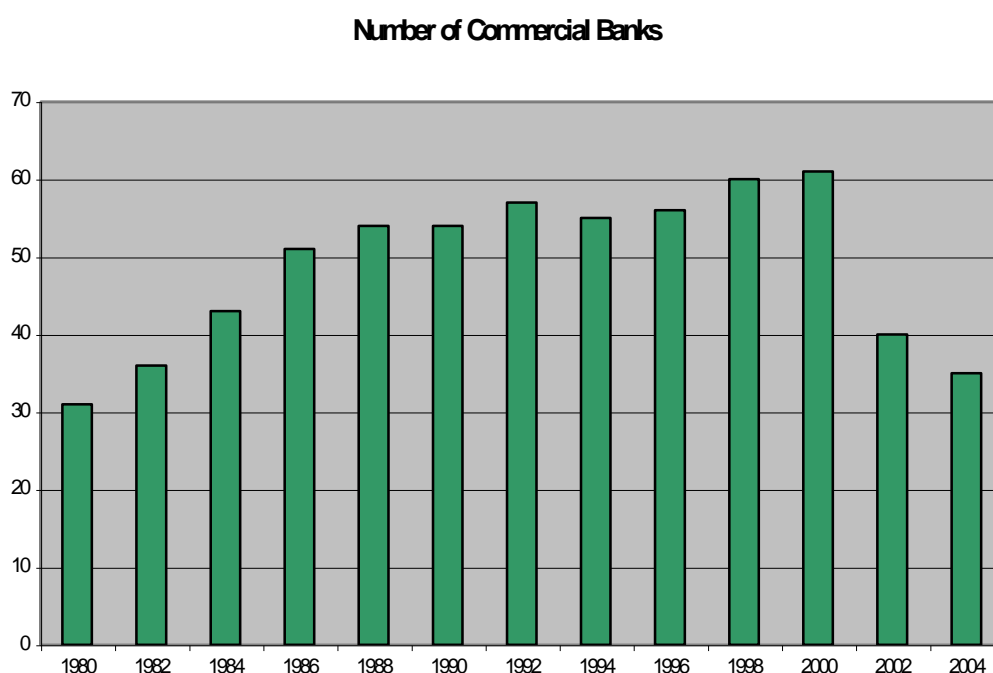
(The) economic power of the banks has been increased throughout the period. Relation and causality between the crisis and banking activity should be

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<sup>20</sup> “Net interest margins reported by Turkish banks are twice as large as those for comparable OECD countries and greater still relative to industrialized countries” (IMF 2000: 37) –reports adds that it is the case even if the figures are adjusted for high inflation rates of Turkey (2000: 42). Report also refers an interpretation of Euromoney in 1997 as “Turkey’s banks are among the most profitable in the world. Why? Because the government reward them royally for getting Turkish citizens to pay for its debts” (IMF 2000: 37).

interpreted by considering the financial process as a conflicting class relation. The crisis of 1994 explicitly revealed this conflict. Apparently, crisis is burst due to the myopic behaviour of the Treasury who cancelled a series of auction by declaring that the interest rates on the government paper was so high and should be diminished. However, just upon that, the finance capital has showed their immediate reaction (it can be considered as a class reflex) by not demanding treasury bills and by a speculative attack on the currency. At the end of story, the interest rates skyrocketed.<sup>21</sup> This “unexpected end results” led to some other “unexpected” consequences, which end up with 5 April austerity package. This has two important consequences. First, real wage gains of 1989 annihilated by this package. And second, governments made to run primary surpluses, which is a required international guarantee for repayment of debts.

Through 2000 and 2001 crises, banking sector has gained its stability. Mergers and acquisitions and liquidation of insolvent banks have been a regulatory effect on the increasing competition of pre-crisis years.



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<sup>21</sup> For a detailed economic analyse of the process see Ozatay 1995.

By new regulations all illegal business activities are tried to eliminate from the sector. Besides, the sector becomes more open to the international capital to mergers and acquisitions and all international investments in consequence of this process.

After the so-called “crisis” periods the need to further apply finance capital have intensified and thus the political and economic power of finance capital have increased all-over. Likewise, after the 2000-2001 crisis, saviours were again the domestic and international components of finance capital.<sup>22</sup> The idea that “the country could be rescued only with new IMF programmes and new debts” is operationalized effectively. By stand-by agreements, structural adjustment package is implemented and positive primary balances become primary prerequisites for continuation of the programme. Turkey has even over- targeted the programmed primary surplus level in last two post crisis years. However, at the end of the day, Turkey was caught in a situation where she both attains a primary surplus and also increases its debt stocks (that is a break off between investment saving gap and borrowing requirement of state).

At the end, the economic situation is like that: real wages are decreased, unemployment rates are increased, unstable but high growth rates and low inflation rates are attained.

### *Seductiveness of Consumer Credits for Working Class*

Since the end of the 1990s, finance capital has expanded its promise to the working classes by consumer loans and credit cards. Wonder of finance capital was the promise of being reach by easy way. Or simply, ‘spending more than what you

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<sup>22</sup> Kemal Derviş, who was a vice-president of World Bank, was invited to Turkey and appointed as a state minister with great authorities in March 2001 just after the second crisis. The event was headlined in BBC’s news as “World Bank Man to Turkish ‘Rescue’”. As underlined in all news, expectations and enthusiasms were due to his connections with the international finance capital.

earn'. Banks have started to finance the households who are in a position similar to that of 1980's public sector. In a short period of time, for households, the credit card usage has become inevitable and vital requirement for sustaining a level of life standard. Similar to what happened in the neo-liberal model of state budget financing, peoples have become locked in a debt circle. The number of credit cards, 7.118.358 in 1998, has reached in 2004 to the 26.681.000<sup>23</sup>, that means an almost three times increase over this 6 years period (remember that 1999, 2000 and 2001 were crisis years). Number of workers (all salary earners) is approximately 21 million. It is at least theoretically correct that every worker have one credit card today. These cards "if used correctly" is only an instalment instrument. However in practice, its usage turns out to be a borrowing tool with high interest burdens.<sup>24</sup>

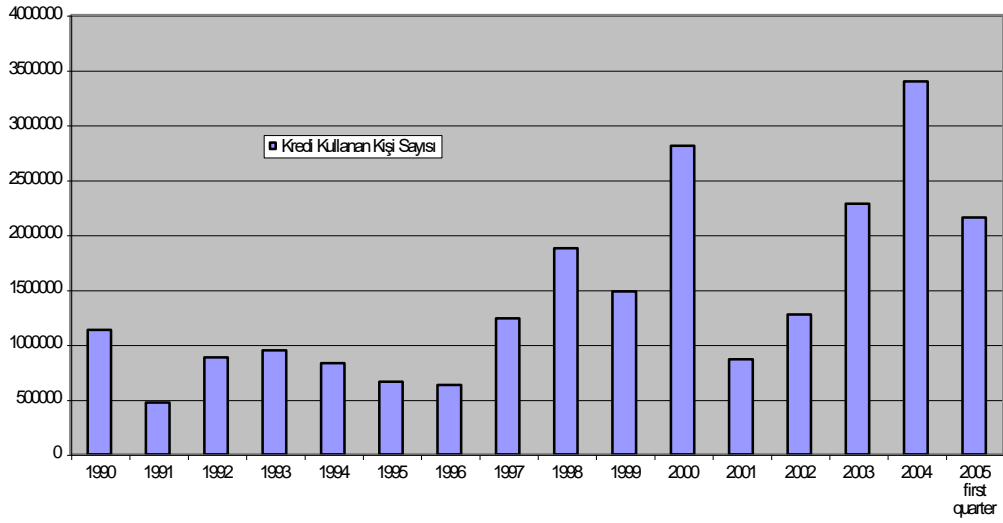
Also consumer loans have been increased at an immense rate. In 2003, 2.3 million people benefited from consumer loans; one year later this number reached to 3.4 million. Besides, the loan amount borrowed on average has increased by 36% in a year (which is greater than the growth rate of GNP).

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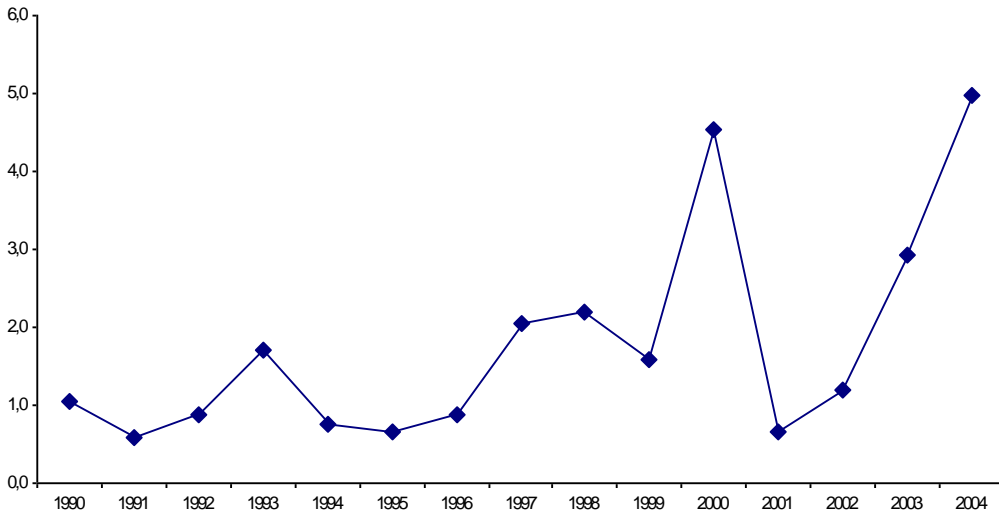
<sup>23</sup> The accuracy of these numbers attracts attention. They publicised by an inter bank organisation called, Credit Bureau of Turkey, which deals with credit accounts. About 49 million personal credit account information have been stocked and shared between banks. It compromise 90 percent of all credit accounts in Turkey. This reveals the power of finance capital in terms of dominating information. [http://www.kkb.com.tr/content/\\_index/index/index\\_eng.php](http://www.kkb.com.tr/content/_index/index/index_eng.php)

<sup>24</sup> According to the calculations of BDDK, compounded nominal interest rates applied to the credit card drawings (weighted average of 20 banks) for the year 2004 and 2005 (up to 31st of March) are %103,19 and %103,3 respectively. 9,32 percent was the annual inflation rate (CPI) in 2004. <http://www.bddk.org.tr/turkce/yayinlarveraporlar/aylik/KKRT.htm>

Kredi Kullanan Kiři Sayısı



Kullanılan Kredinin GNP'ye Oranı

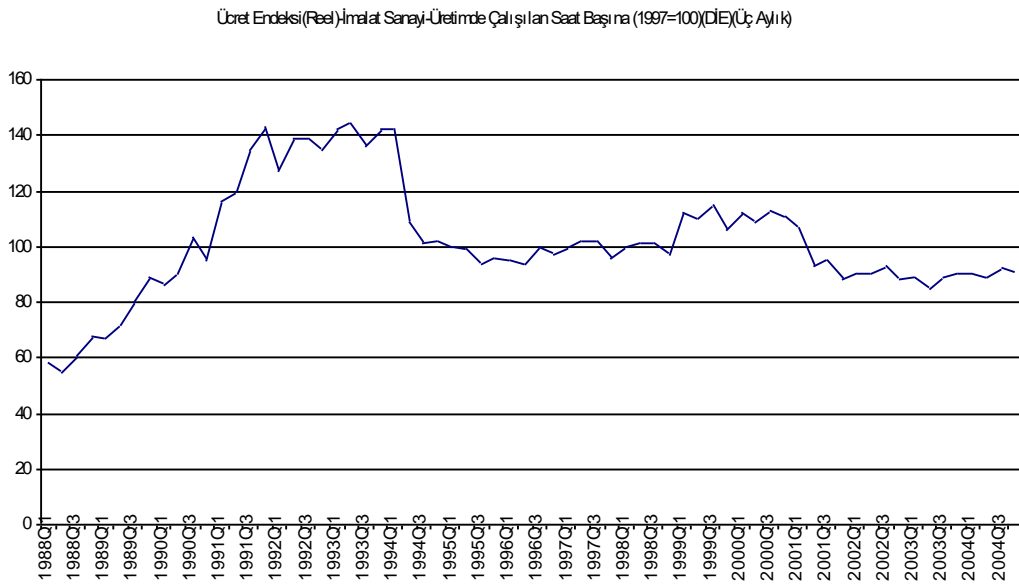


This “support” of finance capital had reshaped the consumption patterns, lifestyles and daily life of (an) ordinary people (easily). That helped to create a base for the continuity of neo-liberal policies and marketisation of society. It serves a great deal to the commodification of the social areas that was previously free and constitute reproduction of the society, like education, health and other public good



or public services. Gradually, society turns into Polanyi's 'market society' in Polanyi's sense at the end of this process. "That the money is made available to almost whoever wants" eased this commodification process. This illusion of "everything is accessible in the market" has developed legitimacy for the change. However, promise of finance capital was fictitious.

Although, temporarily, people enjoy an increase in their well-being, the new consumption pattern comes about with de facto debt dependency. Continuation of this level of consumption is not possible by wage earnings. However, once consumptions are made by credits, continuation of debt repayments<sup>25</sup> (because it includes interest payments) by wage earning becomes even more impossible. As more credits are taken, unpaid credit debts also accumulate more. And this can possibly create a legitimacy problem to the hegemony. Indeed, such a "disaster" has already signalled itself in the lives of individuals. This is the weak point of the hegemony success of which is intrinsically develops its own end on the other side.



<sup>25</sup> At the beginning of 2005, Ziraat Bankası, the biggest public banks, opened a new type of loan to workers who have accretion from compulsory saving ('nema'). The chief manager of the bank declared that, "by this credit facility, we are expecting to alleviate the stress caused by the increased debts of credit cards". It is ironic that the 'nema's were instruments expected to create interest benefits for workers and now it turns out that this savings are mortgaged for their debts. Thus, expected interest benefits have been transferred into banking sector. <http://www.sabah.com.tr/2005/02/11/eko109.html>

## **Concluding Remarks**

As it is mentioned above in relevant chapters we think that the attempts in post-1980 period have succeeded in transforming society towards a market-oriented one, both through coercive practices and also obtaining consent of the other sections of the society for a specific version of world-view. Finance capital was reinforced by the state at the time of the attempts for an expensive hegemony in 1983-1989 periods. Throughout the 1980s, state frequently resorted to the domestic and international capital to finance its deficit policies. During the late 1990s and especially by the financial restructuring in 2000-2001 crises, the finance capital has been further strengthened and reinforced its connections with the society mainly at three levels. Firstly, at the level of public finance (it has been the financier of public deficit since the second half of 1980s), secondly, at the level of households (by credit cards and consumer loans) and finally, based on its strength obtained at these two levels, finance capital has achieved to be the hegemonic fraction that can re-shape and lead the working classes in the sense of persuading them to its own project and its own vision of reality.

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