T.C.
İSTANBUL ÜNİVERSİTESİ
SOSYAL BİLİMLER ENSTİTÜSÜ
ULUSLARARASI İLİŞKİLER ANABİLİM DALI

YÜKSEK LİSANS TEZİ

THE RELATIONSHIP BETWEEN NEOLIBERAL STRUCTURAL REFORMS AND FINANCIAL CRISIS: THE CASE OF 2001 ECONOMIC CRISIS IN TURKEY

Halit GÜLÇÜR
2501170968

TEZ DANIŞMANI
Dr. Öğretim Üyesi Ertan EROL

İstanbul-2021

ABSTRACT

THE RELATIONSHIP BETWEEN NEOLIBERAL STRUCTURAL REFORMS AND FINANCIAL CRISIS: THE CASE OF 2001 ECONOMIC CRISIS IN TURKEY

HALİT GÜLÇÜR

Turkey and many economies around the world have entered a comprehensive neoliberal restructuring process since 1980. In particular, international financial institutions have taken an important responsibility to make the neoliberal project possible in countries of various geographies. Likewise, neoliberalization movements in Turkey started and continued with the supervision of these institutions. The resulting economic program has had profound economic, social, and political consequences for Turkey. In general, considering the country's economic performance, political and social experiences, this experiment seems to have failed. The unmeasured liberalization and excessive deregulation movements carried out in the absence of a strong financial infrastructure and vital regulatory structures have dragged the country into an economic and political crisis. The corruption and wasteful environment created by the neoliberal state understanding also caused political collapses. Consequently, political and economic problems that fed each other led to twin crises in 2001. In this thesis, the development of this entire transformation process, the reasons for the failure of the country, and the responsible actors have been tried to be revealed. In this context, it has been determined that international financial institutions are as responsible as Turkish political actors. Our study includes analyzes that will set an example for the results of neoliberalization for developing countries such as Turkey.

Keywords: Political Economy, Neoliberalism, Financialization, International Financial Institutions, Turkey

ÖZ

NEOLİBERAL YAPISAL REFORMLAR VE FİNANSAL KRİZ İLİŞKİSİ: TÜRKİYE'DE 2001 EKONOMİK KRİZİ ÖRNEĞİ

HALİT GÜLÇÜR

Türkiye ve dünya genelindeki pek çok ekonomi, 1980'den itibaren kapsamlı bir neoliberal yeniden yapılanma sürecine girmiştir. Özellikle uluslararası finansal kuruluşlar, neoliberal projenin çeşitli coğrafyalardaki ülkelerde mümkün kılınması adına önemli sorumluluk almıştır. Türkiye'de de neoliberalleşme hareketleri, bu kurumların yön vermesi ile başlamış ve devam etmiştir. Neticede ortaya çıkan ekonomik programın Türkiye adına, derin ekonomik, sosyal ve siyasi sonuçları olmuştur. Genel anlamda, ülkenin ekonomik performansı, siyasal ve sosyal deneyimler göz önüne alındığında, bu deneyin başarısızlıkla sonuçlandığı görülmektedir. Güçlü bir finansal altyapı ve hayati öneme sahip regülatif yapıların yokluğunda gerçekleştirilen aşırı liberalizasyon ve ölçüsüz deregülasyon hareketleri ülkeyi ekonomik ve siyasal krize sürüklemiştir. Neoliberal devlet anlayışının oluşturduğu yolsuzluk ve israfa elverişli ortam, siyasi çöküşlere de neden olmuştur. Sonuçta, siyasal ve ekonomik sorunlar birbirlerini besleyerek 2001'de ikiz krizlere yol açmıştır. Bu tezde, tüm bu dönüşüm sürecinin gelişme şekli, başarısız olma sebepleri ve sorumlu olan aktörler ortaya konulmaya çalışılmıştır. Bu bağlamda, Türk siyasal aktörleri kadar, uluslararası finansal kuruluşların da sorumlu olduğu tespit edilmiştir. Çalışmamız, Türkiye gibi gelişmekte olan ülkeler için neoliberalleşmenin sonuçları bakımından örnek teşkil edecek tahliller içermektedir.

Anahtar Sözcükler: Politik Ekonomi, Neoliberalizm, Finansallaşma, Uluslararası Finansal Kuruluşlar, Türkiye

PREFACE

First of all, I would like to thank my supervisor, Ertan Erol, for his immense help, understanding demeanor, and valuable guidance throughout this process. The Political Economy lessons I took from him are one of the main factors that intensified my interest in this subject. This growing interest also had an impact on my career choice. During my thesis research, I gained a deeper understanding of the Turkish economy. Ultimately, I believe that an in-depth analysis of these years, which is a critical period for the Turkish economy, will contribute to my career and the literature.

Moreover, I am grateful to my mother, father, and brother. I am proud of them for everything they do. They have provided me with valuable insights, both academically and in many other ways. Finally, I would like to thank Betül Oflaz who supported me in every way and stood by me on this journey.

Halit GÜLÇÜR

Çamlıca, 2021

TABLE OF CONTENTS

ABSTRACT ..... **ii**

ÖZ ..... **iii**

PREFACE ..... **iv**

LIST OF TABLES ..... **vii**

LIST OF FIGURES ..... **viii**

LIST OF ABBREVIATIONS ..... **ix**

INTRODUCTION **1**

CHAPTER ONE

NEOLIBERAL RESTRUCTURING IN THE GLOBAL CONTEXT **7**

1.1. Transformation of the Global Economy 7

1.1.1. International Financial Institutions 10

1.1.2. Global Economic Trends 18

CHAPTER TWO

THE FIRST PHASE OF NEOLIBERAL STRUCTURING IN TURKEY 1980-1989 ..... **29**

2.1. Before 1980: ISI Policy and the Crisis of 1978-1980 29

2.2. First Phase of Liberalization 1980 – 1989: Historical Process 33

2.2.1. Breaking Point: 24th of January Measures 34

2.2.2. A New Economic Discourse 39

2.2.3. First Crisis of Liberalization: 1982 Banking Crisis 41

2.2.4. Return to Civil Administration: 1983-1989 Özal Governments 45

2.3. Economic Performance Between 1980-1989 58

2.3.1. The Macroeconomic Data 58

2.3.2. Trade and Budget 61

2.3.3. Finance 66

CHAPTER THREE

CONTINUITY AND CRISIS: THE SECOND PHASE OF NEOLIBERAL STRUCTURING IN TURKEY 1989-2001 74

3.1. President Özal 74

3.2. Fragmentation and Uncertainty: The Coalition Governments in Turkey 81

3.3. Turkey After Özal: The Crisis of the Neoliberal State 85

CHAPTER FOUR

THE ANALYSIS OF THE 2001 CRISIS..... 98

4.1. The Turkish Economy in the Second Phase of Neoliberalization..... 107

4.2. Turkish Politics in the Neoliberal Era 115

CONCLUSION..... 121

BIBLIOGRAPHY 126

LIST OF TABLES

Table 2.1: Major Developments in the 1980s **29**

Table 2.2: Recent IMF stand-by agreements with Turkey **34**

Table 2.3. Real Wages in the Manufacturing Industry in Turkey **52**

Table 2.4: The distribution of types of banks in Turkey, 1980-1989. ..... **64**

LIST OF FIGURES

Figure 1.1: Time series of value of world exports at constant prices, relative to 1913 5

Figure 1.2: Cumulative number of PTAs 7

Figure 1.3: Global revenue from privatizations 18

Figure 2.1: GDP growth (annual %) - Turkey (1980-1989) **54**

Figure 2.2: Inflation, GDP deflator (annual %) - Turkey (1980-1989) **55**

Figure 2.3: Exports of goods and services (as a % of GDP) - Turkey (1980-1989). **57**

Figure 2.4: Imports of goods and services (as a % of GDP) - Turkey (1980-1989). **57**

Figure 4.1: GDP growth (annual %) - Turkey (1989-2001) **103**

Figure 4.2: Current account balance (BoP, current US$)(Billions) - Turkey (1989-2001) **104**

Figure 4.3: Inflation, GDP deflator (annual %) - Turkey (1989-2001) **106**

Figure 4.4: GDP growth (annual %) - Turkey (2002-2020) **108**

Figure 4.5: Current account balance (BoP, current US$)(Billions) - Turkey (2002-2020) **109**

Figure 4.6: Inflation, GDP deflator (annual %) - Turkey (2002-2020) **110**

LIST OF ABBREVIATIONS

AKP: Adalet ve Kalkınma Partisi (Justice and Development Party)

ANAP: Anavatan Partisi (Motherland Party)

BRSA: Banking Regulation and Supervision Agency

BSEC: Black Sea Economic Cooperation

CD: Certificate of Deposit

CHP: Cumhuriyet Halk Partisi (Republican People's Party)

CMB: Capital Market Board

DSP: Demokratik Sol Parti (Democratic Left Party)

DYP: Doğro Yol Partisi (True Path Party)

EC: European Community

EEC: European Economic Community

ERBS: Exchange Rate-based Stabilization

EU: European Union

FDI: Foreign Direct Investment

GDP: Gross Domestic Product

IFI: International Financial Institution

IMF: International Monetary Fund

IPE: International Political Economy

ISE: Istanbul Stock Exchange

ISI: Import Substitution Industrialization

LMIC: Low and Middle-income Countries

MHP: Milliyetçi Hareket Partisi (Nationalist Movement Party)

MUSIAD: Müstakil Sanayici ve İşadamları Derneği (Independent Industrialists and Businessmen Association)

OECD: Organization for Economic Co-operation and Development

PSBR: Public Sector Borrowing Requirement

PTA: Preferential Trade Agreement

RP: Refah Partisi (Welfare Party)

SDIF: Saving Deposit Insurance Fund

SHP: Sosyaldemokratik Halkçı Parti (Social Democratic Populist Party)

SPO: State Planning Organization

TUSIAD: Türk Sanayicileri ve İş İnsanları Derneği (Turkish Industrialists' and Businessmen's Association)

UK: United Kingdom

USA: United States of America

WB: World Bank

WTO: World Trade Organization

INTRODUCTION

From the 1970s onwards, there was a dramatic shift towards neoliberalism in the political economy around the world, including underdeveloped countries as well as developed countries.[1] In general, the consequences of neoliberalism include deregulation, financialization, repression of labor, and a limited state in terms of its economic duties and authority.[2] The important point here is that the concept of neoliberalization can yield different results depending on the country in which it takes place. In this respect, specific country cases will provide the most accurate results in understanding the consequences of the neoliberal project.

Neoliberal transformation in developing countries is essentially a comprehensive, risky, and long-term process that requires not only a shift in economic policy but also the change of the complete institutional infrastructure with political and social ramifications.[3] Moreover, since neoliberalization is a multifarious, geographically uneven, and path-dependent process and factors such as the regulatory structure, policy transfer, and the formation of a transnational regime vary according to the countries,[4] analyzes in this regard should include aspects of the economy, politics, and international relations. Accordingly, when this project fails, as occurred in many examples, some scholars argue that the countries are not sufficiently committed to the reform packages or that the reform packages are flawed from the beginning, as well as those who argue that focusing only on economic factors is incompetent and that the

[1] Harvey, David. **A Brief History of Neoliberalism**. New York: Oxford University Press, 2005, p. 2; Hoffman, Lisa, Monica DeHart, and Stephen J. Collier. "Notes on the Anthropology of Neoliberalism." **Anthropology News** 47.6 (2006): p. 9; Duménil, Gérard, and Dominique Lévy. "Costs and benefits of neoliberalism. A class analysis." **Review of International Political Economy** 8.4 (2001): p. 579; Kotz, David M. "**Globalization and neoliberalism**." Rethinking Marxism 14.2 (2002): p. 64; Davies, Bronwyn, and Peter Bansel. "Neoliberalism and education." **International journal of qualitative studies in education** 20.3 (2007): p. 250

[2] Palley, Thomas I. "**Europe's crisis without end: The consequences of neoliberalism run amok**." No. 111. IMK Working Paper, 2013; Schmalz, Stefan, and Matthias Ebenau. "After neoliberalism? Brazil, India, and China in the global economic crisis." **Globalizations** 9.4 (2012): 487-501; Kotz, David M. "The financial and economic crisis of 2008: A systemic crisis of neoliberal capitalism." **Review of radical political economics** 41.3 (2009): pp. 305-317.

[3] Weyland, Kurt. "Neopopulism and neoliberalism in Latin America: how much affinity?" **Third world quarterly** (2003): pp. 1095-1115.

[4] Brenner, Neil, Jamie Peck, and Nik Theodore. "**After neoliberalization?**" Globalizations 7.3 (2010): pp. 327-345.

political institutions and practices of the countries are imperative in explaining the process and outcome.[5] We argue that in addition to these factors, the impact of international economic and political institutions on the process should be considered from the perspective of international relations. Therefore, in this thesis, while Turkey's neoliberalization process is being analyzed, all these elements will be taken into consideration.

One of the crucial entities observing the transition economies in this process is international financial institutions such as the International Monetary Fund, the World Bank, and the World Trade Organization. International financial institutions establish relations with the transition economies by providing mechanisms that will link these countries with the global financial system in general through the construction of infrastructure, privatization programs, funding, economic agreements, and loans. Another critical feature of these institutions is that they can force various rules on the contracting country under the conditionality principle in their agreements. In addition, as an element of being a transition economy, the scope of the decisions taken and stipulated by the international institutions, depending on the nature of the signed agreement, is not limited to the economy.

The changes envisaged in the state apparatus and the form of government create consequences that will affect the whole society. In emerging economies, when analyzing the transformation process of these countries, the role of international financial institutions with their economic practices and political guidance before and after the crisis episodes is of great importance. In the case of Turkey, these institutions have a great influence on the formation of the neoliberal experiment and the decisions taken in the pre-crisis and post-crisis periods. Therefore, in the second chapter, we will first examine the recent transformation in the global economy and the working methodology of international financial institutions, the programs they have created, and their possible advantages and disadvantages.

[5] Manzetti, Luigi. **Neoliberalism**, **Accountability, and Reform Failures in Emerging Markets. Eastern Europe, Russia, Argentina, and Chile in Comparative Perspective**. University Park, USA: Penn State University Press, 2021.

Owing to the policy space formed after the 1980 coup, Turkey started the neoliberal experiment with the guidance of the IMF and the World Bank. In the economic transformation process of the Republic of Turkey, its close relations with international financial institutions as well as political institutions such as the EU have had considerable results. Turgut Özal and ANAP, who found an advantageous isolation in the political field with the military coup, completely changed the economic policy during the 1980s, deregulated the field of finance in an overwhelming manner, and the economy was excessively liberalized.

The next decade was characterized by civil turmoil, economic instability, fragmentation, and disintegration, as a result of the actions taken in the 1980s. With the 2001 crisis, the collapse in both political and economic terms reached its final stage. In this context, in the second and third chapters, Turkey's economic and political transformation will be examined together with its relationship with international organizations. In the fourth chapter, together with the analysis of the 2001 crisis, the Turkish political economy in the neoliberal period will be examined. In particular, we will also focus on internal and external political developments so that we can examine how the environment that makes neoliberal transformation possible is formed.

Based on all these factors, the first question that arises is how the environment that makes this framework possible in economic terms is formed. This outlook became possible as a result of the ideological choices made by the country. In conjuncture with this, the idea that the causes of crises are purely political mistakes and mismanagement is not true. The Turkish case is presented as a mischievous student who does not do their homework[6] and a state doomed to crisis because it does not fight corruption. We argue that these claims, which degrades the main cause of the crisis to such reasons, adopt a superficial perspective in explaining this very complex issue and are insufficient to establish a cause-effect relationship for crises. The crises in Turkey are the result of a cascading process with a multidimensional mosaic, domestic and foreign triggers, and a series of conscious and unconscious choices.

[6] Yeldan, Erinç. **Behind the 2000/2001 Turkish crisis: Stability, credibility, and governance, for whom?** Universitäts-und Landesbibliothek Sachsen-Anhalt, 2002, p. 2.

The early 1980s and early 2000s are milestones in Turkey's history as they contain sweeping changes that fit in a short time. In this process, the 2001 crisis has special importance in terms of the developments before and after it, its effects on the future, and the fact that the traces of the economic model it established still continues to this date. So, where does the 2001 crisis fit within the course of neoliberalization? As it is openly claimed in this thesis, this crisis is not an outcome reached at the end of the notion of neoliberalization but one of the critical trigger points in a longer-term movement. The question of who the subjects are responsible for the formation of this model, in which a crisis has been encountered every decade since its establishment, contains an intricate answer. In order to answer this question in the thesis, the main developments in the important institutions and organizations that affect Turkey's economic policies and the evolution in their decision-making mechanisms, both nationally and internationally, are discussed in detail.

When the reasons behind the economic and non-economic problems faced by Turkey are examined, it has been determined that the adopted economic model has fundamental structural problems due to the fact that it includes an excessively wide reform package that covers many areas in a very short time compared to its broad scale. The World Bank has also acknowledged this situation in its report as "the simultaneous processes of developing a market economy, designing new political and social institutions and redistributing social assets have created fertile ground for corruption". This fact is substantial in terms of explaining that the 2001 crisis was not an outcome that completed the reform period, how the process continued in the post-2001 period, and how this economic model settled in the country. In the 1990s, increasing political conflict and corruption in Turkey, along with the increasing politicization of international financial institutions such as the World Bank, paved the way for the emergence of a new rhetoric in Turkey and other developing economies.

In the international sense, neoliberal codes have been placed, especially in transition economies, by using generally accepted concepts such as democratization, institutionalization, and prevention of corruption. In fact, from the early 1980s to 1995,

corruption studies quadrupled.[7] Many scholars argue that this nascent interest is not fundamentally driven by ethical concerns and strategically serves political aspirations by proposing a model that has distinctly neoliberal norms as a form of good governance directives to developing countries.[8] Accordingly, in Turkey, in the post-2001 period, in the context of neoliberal economic order, the status quo has preserved its existence. As a result, although some essential reforms have been made to address financial fragility in the aftermath of the crisis, the economic troubles continued due to the existence of the foreign-dependent economic model based on short-term solutions.

The main reason behind the crisis-prone status and the ongoing chronic inflation in Turkey is the neoliberal policies aiming to reduce domestic demand and to create cheap labor not only disrupted the macroeconomic balance but also reduced institutional quality and created an environment conducive to corruption and profiteering in state administration, leading to populist cycles and an electoral economy as the new political discourse settled. The 2001 crisis, with the wide policy space it created, presented a great opportunity to break this cycle. However, as a result of neoliberalization, low institutional quality, foreign dependency, and the populist cycles that have taken root, the new policy space has been used in the name of a more ingrained neoliberalization. In this context, the 2001 crisis is not an end-result, but an important building block in the neoliberalization process. Considering Turkey's increasingly foreign-dependent structure following the penetration of global capital into Turkish markets, it is not surprising that this crisis brought a deeper global integration.

There are various schools that interpret the economic turmoil that Turkey has experienced in the last fifty years. Some economists perceive the causes of depression

[7] Jain, Arvind K. "Corruption: A review." **Journal of economic surveys** 15.1 (2001): p. 103; Leiken, Robert S. "Controlling the global corruption epidemic." **Foreign Policy** 105 (1996): p. 58.

[8] Bedirhanoğlu, Pinar. "The neoliberal discourse on corruption as a means of consent building: reflections from post-crisis Turkey." **Third World Quarterly** 28.7 (2007): p. 1239; Hindess, Barry. "Investigating international anti-corruption." **Third World Quarterly** 26.8 (2005): pp. 1389-1398; Brown, Ed, and Jonathan Cloke. "Neoliberal reform, governance and corruption in the south: Assessing the international anti-corruption crusade." **Antipode** 36.2 (2004): pp. 272-294; Bukovansky, Mlada. "The hollowness of anti-corruption discourse." **Review of international political economy** 13.2 (2006): pp. 181-209.

and crises as a natural result of economic development, argue that they arise from global economic waves, or argue that they are due to avoidable causes due to management errors. At the same time, there is a wide academic community that deals with this era within the framework of a systematic model spread over decades and examines the developments in the context of the consequences created by this model.[9] According to this idea, it is not a coincidence that Turkey and other developing countries have been going through similar crises one after another, unable to find permanent solutions for many years, and even create chronic problems. In a similar vein, in the research conducted in this thesis, it has been concluded that the developments in the country stem from the established economic model, the system preserves its existence by renewing itself and that Turkey needs to enter a new reform process. In addition, while the causes of the 2001 crisis in a broad sense were revealed, Turkey's institutional response to the collapse and the possibility of a system that could prevent similar crises in the future were discussed. As a result, with the 2001 crisis, while decent progress was made towards some structural problems such as the regulation of the financial sector, it was revealed that the elements that form the basis of the economy and the growth model still have serious shortcomings.

We conclude that the neoliberal experiment has failed in Turkey. The way and reasons for this failure will be answered in the following pages.

[9] Sönmez, Ümit. "The political economy of market and regulatory reforms in Turkey: the logic and unintended consequences of ad-hoc strategies." **New Political Economy** 16.1 (2011): pp. 101-130; Yalman, G. and Marois, T. and Güngen, A.R. (Eds). 2018. **The political economy of financial transformation in Turkey**. Abingdon; UK: Routledge; Taymaz, Erol, and Ebru Voyvoda. "Marching to the beat of a late drummer: Turkey's experience of neoliberal industrialization since 1980." **New Perspectives on Turkey** 47 (2012): pp. 83-113; Boratav, Korkut. "The Turkish bourgeoisie under neoliberalism." **Research and Policy on Turkey** 1.1 (2016): pp. 1-10; Boratav, Korkut, and Erinç Yeldan. "**Turkey, 1980-2000: Financial liberalization, macroeconomic (in)-stability, and patterns of distribution.**" (2006): pp. 417-455; Özbay, Cenk, Mara Erol; Z. Umut Turem, Ayşecan Terzioğlu, eds. 2015. **The making of neoliberal Turkey**. London: Ashgate.

CHAPTER ONE

NEOLIBERAL RESTRUCTURING IN THE GLOBAL CONTEXT

The last quarter of the 21st century has witnessed a major neoliberal transformation which can be referred to as a top-down process in some cases and a more natural outcome or a necessity in others. Based on their political stances, scholars regard neoliberalism as just a form of government or a hegemonic ideology.[10] However, one of the key factors about this swift and staggering transition period is that it is an extensive, multi-layered process that can be hard to thoroughly analyze and generally needs to be analyzed in very small scales. Therefore, first, we will look at the global economy and its alteration, then, before concentrating on the main topics of this dissertation, we will focus on different regions of the world and how they are affected during this process.

1.1. Transformation of the Global Economy

Although the adoption of neoliberalism, the degree of its penetration, its effects, and consequences may vary according to countries and regions, it has common consequences such as financialization, excessive money flows, and related crises, especially in developing countries.[11]

The most relevant variable in this respect is "global trade". After the world wars, starting from the 1950s, and especially after the 1970s, the rate of expansion has increased considerably and has gone up to a great increase. Although technological developments, elements of increasing and developing means of transportation have an impact on this, one of the most important factors that cannot be underestimated is the deregulation, liberalization and softening of tariffs brought by the new world order.

[10] Springer, Simon. "Neoliberalism as discourse: between Foucauldian political economy and Marxian poststructuralism." **Critical discourse studies** 9.2 (2012): pp. 133-147.
[11] The data used in the following sections are taken from: Esteban Ortiz-Ospina, Diana Beltekian and Max Roser (2019) - "Trade and Globalization". Published online at OurWorldInData.org. Retrieved from: https://ourworldindata.org/trade-and-globalization (Online Resource)

Right before the 2008 economic catastrophe, the volume of world trade was twice that of 1997. More interestingly, it was six times as high as 1972 and 32 times as 1950.[12]

Figure 1.1: Time series of value of world exports at constant prices, relative to 1913 (i.e. values correspond to world export volumes indexed at 1913=100)



Source: Esteban Ortiz-Ospina, Diana Beltekian and Max Roser (2019) - "Trade and Globalization". Published online at OurWorldInData.org. Retrieved from: 'https://ourworldindata.org/trade-and-globalization' [Online Resource]

Data published by: Federico, Giovanni and Antonio Tena-Junguito (2016 b). 'A tale of two globalizations: gains from trade and openness 1800-2010'. London, Centre for Economic Policy Research. (CEPR WP.11128).

As figure 1.1. shows the path of the global economy and the situation it took in economic crises such as 2001 and 2008. Additionally, tariff rates around the world are reduced and kept low to the present. In this context, globally, tariff rates right now are almost one-third of the 1990s average.[13] This posed a major threat to the

[12] Federico, Giovanni, and Antonio Tena-Junguito. "**A tale of two globalizations: gains from trade and openness 1800–2010.**" Review of World economics 153.3 (2017): p.1.
[13] https://data.worldbank.org/indicator/TM.TAX.MRCH.WM.AR.ZS. (Online Resource)

underdeveloped countries and their underregulated, fragile economies that have not yet integrated into the capitalist system and have yet to establish companies that are strong enough to be competitive in the international market.[14] One of the noteworthy points here is that in the early stages of liberalization, the outward-opening strategy was generally welcomed by many, but in later studies, it was found that this strategy had negative consequences in different parts of the world.[15] However, the main reason for the negative results is not merely the decision to outward-oriented growth strategies, which can be successful under the right conditions, but rather the way this strategy is adopted, the timing of the reforms, the path followed in this process, and the policies implemented are problematic.[16]

Furthermore, countries have started to sign bilateral trade agreements between themselves, and the number of agreements has increased gradually. It can be concluded from figure 1.2, that the main target of the notion of neoliberal globalization is the underdeveloped countries.[17] However, it is important to address that for a long time, PTAs were more common among similar types of countries.[18] At this stage, international institutions were established such as International Monetary Fund

[14] Greenaway, David, Wyn Morgan, and Peter Wright. "Trade liberalization and growth in developing countries: Some new evidence." **World Development** 25.11 (1997): pp.1885-1892. Shafaeddin, Mehdi S. "Trade liberalization and economic reform in developing countries." **The IMF, World Bank and Policy Reform** 155 (2005): pp.2-20. Banerjee, Abhijit, and Andrew Newman. **Inequality, growth and trade policy**. MIT Working Paper, Cambridge, MA, 2003.

[15] Xu, Bin. "Trade liberalization, wage inequality, and endogenously determined nontraded goods." **Journal of International Economics** 60.2 (2003): pp.417-431, see also: Gallagher, Kevin P. **The clash of globalizations: Essays on the political economy of trade and development policy**. Anthem Press, 2013.

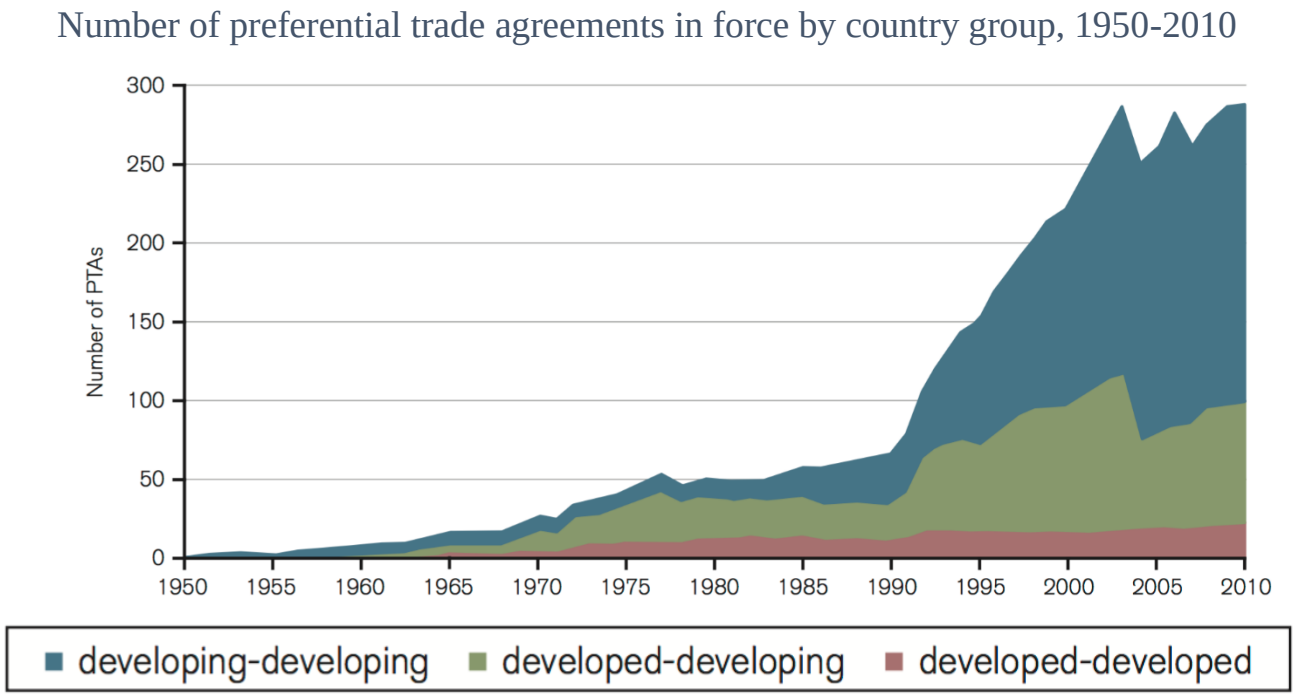
[16] Kutlay, Mustafa. "Internationalization of finance capital in Spain and Turkey: Neoliberal globalization and the political economy of state policies." **New Perspectives on Turkey** 47 (2012): pp.115-137. Santos-Paulino, Amelia U. "The effects of trade liberalization on imports in selected developing countries." **World Development** 30.6 (2002): pp.959-974. Banerjee, Abhijit, and Andrew Newman. **Inequality, growth and trade policy**. MIT Working Paper, Cambridge, MA, 2003. Demirgüç-Kunt, Asli, and Enrica Detragiache. **Financial liberalization and financial fragility**. The World Bank, 1999. Valckx, Nico. "WTO financial services commitments: Determinants and impact on financial stability." **International Review of Financial Analysis** 13.4 (2004): pp.517-541.

[17] Joyce, Joseph P. "The economic characteristics of IMF program countries." **Economics Letters** 38.2 (1992): pp.237-242. Bird, Graham. "**An analysis of drawings on the International Monetary Fund by developing countries.**" Managing Global Money. Palgrave Macmillan, London, 1988. p.112.

[18] Das, Satya P., and Subhadip Ghosh. "Endogenous trading bloc formation in a North-South global economy." **Canadian Journal of Economics/Revue canadienne d'économique** 39.3 (2006): pp.809-830.

(IMF)[19] and World Bank (WB) to respond to the need for change, regulate liquid money flows, control the capital, ensure stability and provide economic consultancy. Although this seems like a logical and positive step to help countries that are having debt crises and imbalance of payments or to help to reconstruct post-war economies,

Figure 1.2: Cumulative number of PTAs



Source: World Trade Organization. World Trade Report 2011: The WTO and Preferential Trade Agreements: From Co-Existence to Coherence. World Trade Organization (WTO), 2011, p:55.

there were problems.

1.1.1. International Financial Institutions

The institutions of this new order, dubbed as the "Washington consensus"[20] by Williamson, who by the way, made this nomenclature for a purpose different from the

[19] The objectives of the IMF are listed in the purposes section, the first article of the IMF Agreement. In general, these objectives can be listed as consultation and collaboration on international monetary problems, balanced growth of international trade, exchange stability, elimination of foreign exchange restrictions, resource allocation and to regulate inequalities in the balance of payments. International Monetary Fund (IMF). "**Articles of agreement of the International Monetary Fund.**" (2016).
[20] Williamson, John. "**What Washington means by policy reform.**" Latin American adjustment: How much has happened 1 (1990): pp.90-120.

negative reputations received by these institutions today;[21] have developed into a kind of supreme council for developing countries to which they entrust their economies. These countries have accepted many conditions required by the international financial institutions (IFIs), which are, in a general sense, institutions associated with the Washington consensus, such as the WB and the IMF,[22] in some cases, only to enter the global market,[23] which in turn, also created the danger of opening up their markets and fragile economies to severe competition. Even if it seems harsh, some argue that this was the plan of IFIs all along.[24]

The relationship between IFIs and underdeveloped countries continued, as those countries making policy adjustments and corrections in line with IFIs wishes to remain competitive which also widened their fiscal deficits and created more problems with the balance of payments and therefore once again forced them to return to these institutions to meet their immediate need for liquid money flows and signing economic austerity policies[25] which ultimately puts them into a dangerous cycle.[26] Extreme austerity policies have led to a deepening of crises in many regions around the world

[21] Williamson, John. "What should the World Bank think about the Washington Consensus?" **The World Bank Research Observer** 15.2 (2000): pp.251-264. In this article, Williamson states that lots of scholars are using the term Washington Consensus outside of its implied meaning. In the original study, Williamson discusses policy reforms that are recommended in different economic fields for Latin America. Therefore, the IFI abbreviation will be used when referring to these institutions.

[22] Güven, Ali Burak. "Whither the post-Washington Consensus? International financial institutions and development policy before and after the crisis." **Review of International Political Economy** 25.3 (2018): pp. 392-417.

[23] Wade, Robert Hunter. "What strategies are viable for developing countries today? The World Trade Organization and the shrinking of 'development space'." **Review of international political economy** 10.4 (2003): p.639.

[24] Ibid. See also: Walleri, R. Dan. "The political economy literature on North-South relations: alternative approaches and empirical evidence." **International Studies Quarterly** 22.4 (1978): 587-624. For a more comprehensive approach see: Serra, Narcís, and Joseph E. Stiglitz, eds. **The Washington consensus reconsidered: Towards a new global governance**. OUP Oxford, 2008.

[25] Austerity policies, when not carefully prepared, generally tend to be destructive. Legido-Quigley, Helena, et al. "Effects of the financial crisis and Troika austerity measures on health and health care access in Portugal." **Health Policy** 120.7 (2016): 833-839; Ortiz, Isabel, and Matthew Cummins. "Austerity measures in developing countries: Public expenditure trends and the risks to children and women." **Feminist Economics** 19.3 (2013): 55-81.

[26] Petras, James, and Howard Brill. "The IMF, austerity and the state in Latin America." **Third World Quarterly** 8.2 (1986): 425-448.

such as Europe[27], Latin America[28], Africa[29] , and Asia.[30] More importantly, the reason behind these negative consequences was not the lack of commitment from low and middle-income countries (LMIC) to the IFIs. Instead, the main problem was the issue of compliance.[31]

LMICs were generally cooperative[32] both from the start[33] when they were trying to enter into these organizations and also when they were given bitter prescriptions to recover from the economic crisis which turned out not to be effective in overcoming the crisis.[34] It is possible to find some concerns about the general policies of IFIs in this process.[35] In addition to one-to-one negotiations and assistance, establishments like IMF, WB, and WTO also organized collective negotiations[36] and made moves

[27] Monastiriotis, Vassilis, et al. "Austerity measures in crisis countries—results and impact on mid-term development." **Intereconomics** 48.1 (2013): pp.4-32; Hermann, Christoph. "Structural adjustment and neoliberal convergence in labour markets and welfare: The impact of the crisis and austerity measures on European economic and social models." **Competition & Change** 18.2 (2014): 111-130.

[28] Handelman, Howard, and Werner Baer. **Paying the costs of austerity in Latin America**. Routledge, 2019; Canak, William. "**Debt, austerity, and Latin America in the new international division of labor.**" Lost promises: Debt, austerity, and development in Latin America (1989): 9-27.

[29] Fonjong, Lotsmart. "Rethinking the impact of Structural Adjustment Programs on human rights violations in West Africa." **Perspectives on Global Development and Technology** 13.1-2 (2014): pp.87-110.

[30] Park, Mi. "Lessons from the Asian financial crisis for the eurozone: a comparative analysis of the perilous politics of austerity in Asia and Europe." **Asia Europe Journal** 11.2 (2013): pp.189-199.

[31] Vreeland, James R. "IMF program compliance: Aggregate index versus policy specific research strategies." **The Review of International Organizations** 1.4 (2006): 359-378.

[32] Knöbl, Mr Adalbert, and Mr Richard D. Haas. **IMF and the Baltics: A Decade of Cooperation.** No. 3-241. International Monetary Fund, 2003; Pop-Eleches, Grigore. **From economic crisis to reform: IMF programs in Latin America and Eastern Europe.** Princeton University Press, 2008, p.238.

[33] China, India, and Brazil dropped their rates to enter the WTO. Ortiz-Ospina, Beltekian, Roser. (2019)

[34] Pastor Jr, Manuel. "The effects of IMF programs in the third world: debate and evidence from Latin America." **World Development** 15.2 (1987): pp.249-262. Evrensel, Ayşe Y. "Effectiveness of IMF-supported stabilization programs in developing countries." **Journal of International Money and Finance** 21.5 (2002): pp.565-587. Abbott, Philip, Thomas Barnebeck Andersen, and Finn Tarp. "IMF and economic reform in developing countries." **The Quarterly Review of Economics and Finance** 50.1 (2010): pp.17-26.

[35] Edwards, Sebastian. "**The International Monetary Fund and the developing countries: a critical evaluation.**" Carnegie-Rochester conference series on public policy. Vol. 31. North-Holland, 1989. Frey, Bruno S., et al. "A formulation and test of a simple model of World Bank behavior." **Weltwirtschaftliches Archiv** 121.3 (1985): pp.438-447. World Bank (1992) (Wapenhans Report). '**Effective Implementation: Key to Development Impact**', World Bank, internal document

[36] The first leg of the multilateral trade negotiations under GATT agreement started in Geneva in 1947, and eight sessions took place until the 2001 Doha Round failure. Contrary to his name, however, in the early days of the sessions, the agreements were made bilaterally rather than multilaterally. With the establishment of WTO and the change of structures of the WTO and GATT, the structure of agreements also changed. For more information, see: Deardorff, Alan V., and Robert M. Stern. "**Multilateral trade negotiations and preferential trading arrangements.**" Globalization and lnternational Trade Policies, Singapore: World Scientific Publishing Co (2009): 153-210.

towards a total change, but these were also not really successful and raised lots of concern among LMICs.[37]

At this stage, IFIs were faced with various criticisms, such as inaccurate economic policy proposals, providing uniformized programs[38] to multiple countries, making unsuitable itineraries,[39] tight austerity policies, or over-shrinking the state apparatus.[40] In this regard, there seems to be no area where IFIs, particularly the IMF, are not subject to criticism, either economically or politically.[41] Critiques about these corporations continue with claims like; "there is no fair representation[42] mechanism, they are used as a tool to direct the surplus of LMICs to the rich North,[43] they keep those countries in a fragile economic position to continue to use them as a cheap source of labor[44] or they make unsustainable policies for developing countries."[45] Not

[37] The 2001 Doha Development round is an important example of this. See: Gallagher, Kevin P. "Understanding developing country resistance to the Doha Round." **Review of international political economy** 15.1 (2007): 62-85. Pritchard, Bill. "The long hangover from the second food regime: a world-historical interpretation of the collapse of the WTO Doha Round." **Agriculture and Human Values** 26.4 (2009): pp. 297-307

[38] Taylor, Lance. "**IMF conditionality: Incomplete theory, policy malpractice.**" The Political Morality of the International Monetary Fund 3 (1987) p.30. Lombardi, Domenico. "The development dimension of IMF lending policies." **The International Spectator** 42.1 (2007): p.103; Stiglitz, Joseph E. "**Failure of the Fund.**" (2001): 14-18; Stiglitz, Joseph E. "Capital-market liberalization, globalization, and the IMF." **Oxford Review of Economic Policy** 20.1 (2004): 57-71; Vreeland, 2006.

[39] Stiglitz, Joseph. "**Reflections on the Theory and Practice of Reform.**" Economic policy reform: The second stage (2000): 551-84; Taylor, Lance. "**Varieties of Stabilization Experience: Towards Sensible Macroeconomics in The Third World**", Clarendon Press Oxford, 1988. pp.164-165

[40] Chossudovsky, Michel. **The Globalisation of Poverty: Impacts of Imf and World Bank Reforms.** London: Zed Books, 1997. Gallagher, Kevin, ed. **Putting development first: the importance of policy space in the WTO and IFIs**. Zed Books, 2005. Akokpari, John K. "Globalisation and the Challenges for the African State." **Nordic Journal of African Studies** 10.2 (2001): 188-209.

[41] Auvinen, Juha Y. "IMF intervention and political protest in the third world: a conventional wisdom refined." **Third World Quarterly** 17.3 (1996): pp.377-400.

[42] Woods, Ngaire, and Domenico Lombardi. "Uneven patterns of governance: how developing countries are represented in the IMF." **Review of International Political Economy** 13.3 (2006): pp. 480-515. Swedberg, Richard. "The doctrine of economic neutrality of the IMF and the World Bank." **Journal of Peace Research** 23.4 (1986): pp. 377-390.

[43] Chossudovsky, Michel. **The globalization of poverty and the new world order**. Vol. 2. Montreal, CA: Global Research, 2003. Wood, Adrian. "Globalisation and the rise in labour market inequalities." **The economic journal** 108.450 (1998): 1463-1482.

[44] Chossudovsky, 1997; 2003; Susan, George. **A Fate Worse Than Debt,** London: Penguin Books, 1988, p. 234

[45] Nelson, Joan M., ed. **Economic crisis and policy choice: The politics of adjustment in the Third World**. Princeton University Press, 1990. Ghayur, Sabur, and Henri Ghesquiere. "IFIs' Conditionalities, Poverty Reduction, and Employment." **The Pakistan Development Review** (2001): 435-451.

surprisingly, these institutions are not being very welcomed by the mentioned states[46] as there are also works that tie them with the accusation of causing poverty.[47] Consequently, along with global crises, various criticisms are made from both sides of the political spectrum regarding IFIs. Although these criticisms arise from different backgrounds, they ultimately reach the same point and argue that the role of these institutions should somehow be limited or the necessity of making programs suitable for the cultural, structural, and existing economic conditions of the countries with which the agreement is made.[48]

Various approaches have been used to examine the effect of IFIs and their programs/policies on the low and middle-income countries in the form of cross-country analysis or one-by-one examination. Some of these applications are the "before-after" approach where the past and current conditions of the countries during the cooperation period are discussed, the "with-without" approach which compares the performance of countries that use IFI programs and countries that choose their own policies instead, and lastly, "comparison of simulations" approach which compares the simulations of IFIs policies and other options.[49]

However, focusing only on these institutions and declaring them scapegoats for all economic crises is not the right approach even though they can make crises worse.[50]

---

[46] Woodroffe, Jessica, and Mark Ellis-Jones. **States of unrest: resistance to IMF policies in poor countries**. London: World Development Movement, 2000. Chorev, Nitsan, and Sarah Babb. "The Crisis of Neoliberalism and the Future of International Institutions: A Comparison of the IMF and the WTO." **Theory and society** 38.5 (2009): 459-484.

[47] Stiglitz, Joseph E. **Globalization and its Discontents**. Vol. 500. Norton: New York, 2002. Ikejiaku, Brian-Vincent. "**Africa debt crisis and the IMF with a case of Nigeria: towards theoretical explanations.**" J. Pol. & L. 1 (2008): pp.1-6. Weisbrot, Mark, et al. "**Growth may be good for the poor-but are IMF and World Bank policies good for growth.**" Washington, DC: Center for Economic and Policy Research (2000). Stewart, Frances. "**Should conditionality change.**" The IMF and the World Bank in Africa: Conditionality, Impact and Alternatives (1987): 29-46. Mlambo, Alois S. "Towards an Analysis of IMF: Structural Adjustment Programmes in Sub-Saharan Africa (SSA): The Case of Zimbabwe, 1990-1994." **Africa Development: A Quarterly Journal of CODESRIA** 20.2 (1995): 77-98.

[48] Pereira da Silva, Luiz A. "The International Financial Institutions (IFIs) and the Political Lessons from the Asian Crises of 1997–1998." **International Social Science Journal** 53.170 (2001): pp.551-568.

[49] Ul Haque, Nadeem, and Mohsin S. Khan. "**Do IMF-supported programs work? A survey of the cross-country empirical evidence.**" (1998): p.8.

[50] Mody, Ashoka, and Diego Saravia. "**Catalyzing Private Capital Flows: Do IMF-Supported Programs Work as Commitment Devices?**" (2003): p.3.

States' own policies are also one of the crucial reasons for the crises.[51] Moreover, domestic politics is another important point in this issue, as when the country enters an economic recession and the government begins to lose social support, especially in developing countries they tend to blame these institutions[52] as an act of target diversion. Nevertheless, there is evidence that the policies of institutions such as the IMF are beneficial,[53] but they are mainly coming from the IMF itself as their research papers[54] and there are academic articles directly falsifying[55] these documents. There is also evidence that the IMF has changed its position regarding the economic policies they propose by taking criticisms into account.[56] In the case of Turkey, these parameters will be examined in detail.

Nonetheless, some of these studies do not focus on a sufficiently long time period and therefore may lead to incorrect conclusions. When a country is dragged into a crisis, as a last resort, it is obliged to demand international assistance, with the awareness that foreign interventions will be implemented in its economy. When the aid is not supported by a sustainable and developmental economic policy, a period of growth occurs first in the short term thanks to international cooperation and hot money flows[57] that improve the balance of payments for that period, but then, in the medium and long

[51] Kutlay, 2012; Garuda, Gopal. "The distributional effects of IMF programs: A cross-country analysis." **World Development** 28.6 (2000): 1031-1051. Beeson, Mark. "**The rise and fall (?) of the developmental state: The vicissitudes and implications of East Asian interventionism.**" Developmental states: relevancy, redundancy or reconfiguration (2004): pp. 29-40.

[52] Remmer, Karen L. "The politics of economic stabilization: IMF standby programs in Latin America, 1954-1984." **Comparative Politics** 19.1 (1986): p.21.

[53] Donovan, Donal J. "**Macroeconomic performance and adjustment under Fund-supported programs: the experience of the seventies.**" Staff Papers 29.2 (1982): pp. 171-203. Reichmann, Thomas M., and Richard T. Stillson. "**Experience with programs of balance of payments adjustment: stand-by arrangements in the higher tranches, 1963-72.**" Staff Papers 25.2 (1978): pp. 293-309.

[54] Dicks-Mireaux, Louis, Mauro Mecagni, and Susan Schadler. "Evaluating the effect of IMF lending to low-income countries." **Journal of Development Economics** 61.2 (2000): pp.495-526; Independent Evaluation Office. **Fiscal Adjustment in IMF-Supported Programs**. International Monetary Fund, 2003; Haque, Khan, 1998.

[55] Nooruddin, Irfan, and Joel W. Simmons. "The politics of hard choices: IMF programs and government spending." **International Organization** 60.4 (2006): pp.1001-1033.

[56] Oberdabernig, Doris A. "Revisiting the effects of IMF programs on poverty and inequality." **World Development** 46 (2013): 113-142. Bird, Graham. "Growth, Poverty and the IMF." **Journal of International Development** 16.4 (2004): 621-636.

[57] Martin, Michael F., and Wayne M. Morrison. "**China's' Hot Money Problems.**" LIBRARY OF CONGRESS WASHINGTON DC CONGRESSIONAL RESEARCH SERVICE, 2008; Guo, Feng, and Ying Huang. "Hot money and business cycle volatility: Evidence from China." **China & World Economy** 18.6 (2010): pp. 73-89.

term, the country goes into a financial crisis again as it does not have a strong financial infrastructure[58] to take on the crisis which is linked with their general dependence on foreign investment.[59] Countries like this, eventually face the phenomenon called boom and bust cycles.[60]

Financial institutions that are already aware of this situation have also developed sophisticated risk management models, thus while securing themselves in this way, they deepened the fragile economy and risk in the recipient country.[61] For the aforementioned financial actors, the most commonly used method in this regard has been to withdraw directly from the countries dragged towards the crisis. In order to increase their flexibility in this regard, when financial institutions do business with different countries, they have generally made short-term transactions.[62] For this reason, some developments occurring in the short term can be deceptive and evolve in different directions very quickly. It appears that the short-term economic situation, whether positive or negative, is not guaranteed to be reflected in the long term.[63]

---

[58] For the link between infrastructure and financial resilience, see: Peter Gray, H. "The quality of financial infrastructure and financial resilience: Contrasting Taiwan and Thailand." **Review of Pacific Basin Financial Markets and Policies** 5.02 (2002): 181-194; Rosengren, Eric S., and John S. Jordan. "Building an infrastructure for financial stability: an overview." **New England Economic Review** (2000): 3-10.

[59] Kentor, Jeffrey. "The long-term effects of foreign investment dependence on economic growth, 1940–1990." **American Journal of Sociology** 103.4 (1998): 1024-1046; Jorgenson, Andrew K. "World-economic integration, supply depots, and environmental degradation: A study of ecologically unequal exchange, foreign investment dependence, and deforestation in less developed countries." **Critical Sociology** 36.3 (2010): 453-477.

[60] Elekdag, Selim, and Yiqun Wu. "Rapid credit growth in emerging markets: Boon or boom-bust?" **Emerging Markets Finance and Trade** 49.5 (2013): 45-62; Edwards, Sebastian. **Capital inflows into Latin America: a stop-go story?** No. w6441. National Bureau of Economic Research, 1998; Von Hagen, Jürgen, and Iulia Siedschlag. "**Managing capital flows: experiences from Central and Eastern Europe.**" MANAGING CAPITAL FLOWS (2010): 192; Brixiova, Zuzana, Laura Vartia, and Andreas Wörgötter. "Capital flows and the boom–bust cycle: the case of Estonia." **economic Systems** 34.1 (2010): pp.55-72.

[61] Baily, Martin N., Diana Farrell, and Susan Lund. "The color of hot money." **Foreign Affairs** (2000): pp. 99-109; Wu, Ji, et al. "Does foreign bank penetration affect the risk of domestic banks? Evidence from emerging economies." **Journal of Financial Stability** 31 (2017): pp.45-61; Gnos, Claude, and Louis-Philippe Rochon. "The Washington consensus and multinational banking in Latin America." **Journal of Post Keynesian Economics** 27.2 (2004): pp.315-331; Ruiz-Porras, Antonio. "**Banking competition and financial fragility: Evidence from panel-data.**" Estudios Económicos (2008): pp. 49-87.

[62] Baily et. al., p.104.

[63] Calvo, Guillermo A. "Capital flows and capital-market crises: the simple economics of sudden stops." **Journal of applied Economics** 1.1 (1998): pp.35-54; Di Bella, Gabriel, and Francesco Grigoli. "Optimism, pessimism, and short-term fluctuations." **Journal of Macroeconomics** 60 (2019): pp.79-

We see that these institutions play an important role in the history of Turkey, which faces severe stagflation today. In this sense, it is seen that the existing literature on the subject is generally incomplete in various aspects, probably for justifiable reasons, and acknowledged this situation in their own studies. Therefore, in this thesis, we will try to approach the issue from a wider and more analytical perspective.

As such, while analyzing the situation of a country, both the domestic and foreign affairs of the country should be taken into account while considering the economic facts mentioned above. As will be seen in the following sections, it is important here for whom the political economy decisions are made by which motives, which pressures, and for what purpose. In connection with this, the questions of how the financial sector is regulated, whether adequate studies are done to eliminate risks, whether a proactive or reactive action plan is selected, and whether the impact of the crisis in the economic recession periods has been reflected to the whole society in a way that it increases inequality and poverty, are needs to be answered. Finally, it is necessary to examine the state of the domestic market, the liberalization efforts, and their speed, depth, and the state of the financial structure.

Therefore, while trying to stay away from ideological debates about neoliberalism, the question of whether these ideas and other accompanying political and economic solutions and trends give the desired result, especially in Turkey, the economic performance of the country in the historical process, the crises it has experienced, the actions of the political administrations will be discussed.

From a global perspective, even though there are studies opposing[64] the idea that neoliberalism has a hegemonic feature, with regards to developing and underdeveloped countries, it seems that neoliberal ideas and the institutions of this economic understanding were influencing and sometimes even dictating[65] their financial "solutions" that are generally consisting of elements from neoliberal agenda

96; Kiyotaki, Nobuhiro, and John Moore. "Credit cycles." **Journal of political economy** 105.2 (1997): pp.211-248.

[64] McCarthy, James, and Scott Prudham. "Neoliberal nature and the nature of neoliberalism." **Geoforum** 35.3 (2004): p.275.

[65] Harvey, David. **A brief history of neoliberalism.** Oxford University Press, USA, 2007, p.17; Chomsky, Noam. **Profit over people: Neoliberalism and global order.** Seven Stories Press, 1999; Klein, Naomi. **The shock doctrine: The rise of disaster capitalism.** Macmillan, 2007.

such as; privatization, deregulation and economic liberalization. It is important to address the fact that regardless of their political view, academics in IPE, describes the path of the global economy since the last quarter of the 20th century as a US-led notion. It is possible to come across US aid and accompanying economic-political programs, especially in regions such as Latin America, in many economic environments worldwide. This situation can be seen more clearly when the language used by academicians in their field is examined.[66]

1.1.2. Global Economic Trends

Neoliberal globalization began to deepen on the world-level at a higher pace since the 1980s.[67] Later, with the emergence of regional powers, although some minor economic policy changes and relatively different business insights developed, in this twenty-year period, due to the erroneous financial policies implemented in some of the developing countries, particularly in Latin America[68] and Asia[69], so-called lost decades[70] have occurred, and the mentioned countries have missed important opportunities to position

[66] It is not a coincidence that the name of the IFIs sits as "Washington consensus" and many studies can be found on this subject. Burki, Shahid Javed, and Guillermo E. Perry. **Beyond the Washington consensus: institutions matter.** The World Bank, 1998; Naim, Moises. "Washington consensus or Washington confusion?" **Foreign policy** (2000): pp.87-103; Williamson, John. "**The strange history of the Washington consensus.**" Journal of Post Keynesian Economics 27.2 (2004): pp.195-206. The important point here is that in his article in 1990 which he made the mentioned denomination for the first time, Williamson referred to the reform proposals as "the demands of Washington": Williamson, 1990.

[67] Berberoglu, Berch, ed. **Globalization in the 21st Century: Labor, Capital, and the State on a World Scale**. Springer, 2010, pp.9-24; Pieterse, Jan Nederveen. "**History and hegemony: the United States and twenty-first century globalization.**" The Routledge international handbook of globalization studies. Routledge, 2013: pp. 118-135.

[68] Kydland, Finn E., and Carlos EJM Zarazaga. "Argentina's lost decade." **Review of Economic Dynamics** 5.1 (2002): pp. 152-165; Ocampo, José Antonio. "Latin America's growth and equity frustrations during structural reforms." **Journal of Economic Perspectives** 18.2 (2004): pp. 67-88; Santiso, Carlos. "Another lost decade? The future of reform in Latin America." **Public Administration and Development: The International Journal of Management Research and Practice** 23.4 (2003): pp. 297-305.

[69] Yeldan, A. Erinc. "**On the IMF-Directed Disinflation Program in Turkey: A Program for Stabilization and Usterity or a Recipe for Impoverishment and Financial Chaos?**" Available at SSRN 290539 (2001); Görmez, Yüksel, and Serkan Yiğit. "**The economic and financial stability in Turkey: A historical perspective.**" Economic and financial stability in SE Europe in a historical and comparative perspective, SEEMHN and NBS (2009): pp. 283-313.

[70] Easterly, William. "The lost decades: developing countries' stagnation in spite of policy reform 1980–1998." **Journal of Economic growth** 6.2 (2001): pp. 135-157; Hermann, Christoph. "Another 'Lost Decade'? Crisis and Structural Adjustment in Europe and Latin America." **Globalizations** 14.4 (2017): pp. 519-534.

themselves in global markets as a highly industrialized and competitive actor rather than just a cheap labor source and raw materials exporter. More importantly, as we mentioned earlier, these countries have entered into a chronic crisis cycle. During this period, regardless of the economic situation of the countries, various economic trends occurred, which can be found mostly in every country.

One of the clearest manifestations of the above-mentioned developments is privatization, which has become quite common worldwide since the 1980s. After some exceptional cases, the privatization practices that began in 1979 with Thatcher in the UK began to spread around the world in the mid-1980s.[71] From 1985 to 1999, around 8000 privatizations were made.[72] In terms of revenues obtained, although the largest share belongs to developed countries with two-thirds, in terms of the number of privatization transactions made the majority belongs to low-and-middle-income countries.[73]

So how has this practice, which has not been used for decades, become the basic economic procedure in a noticeably short time? In general, the aim[74] was based on ideas such as increasing the revenues of the state, encouraging competition and providing financial discipline. The credibility factor[75] can also be added to these goals in order to attract foreign investors and to get a bigger share from international markets. It can be said that IFIs have also made an important contribution to the acceleration and deepening of the privatization process, including the reasons

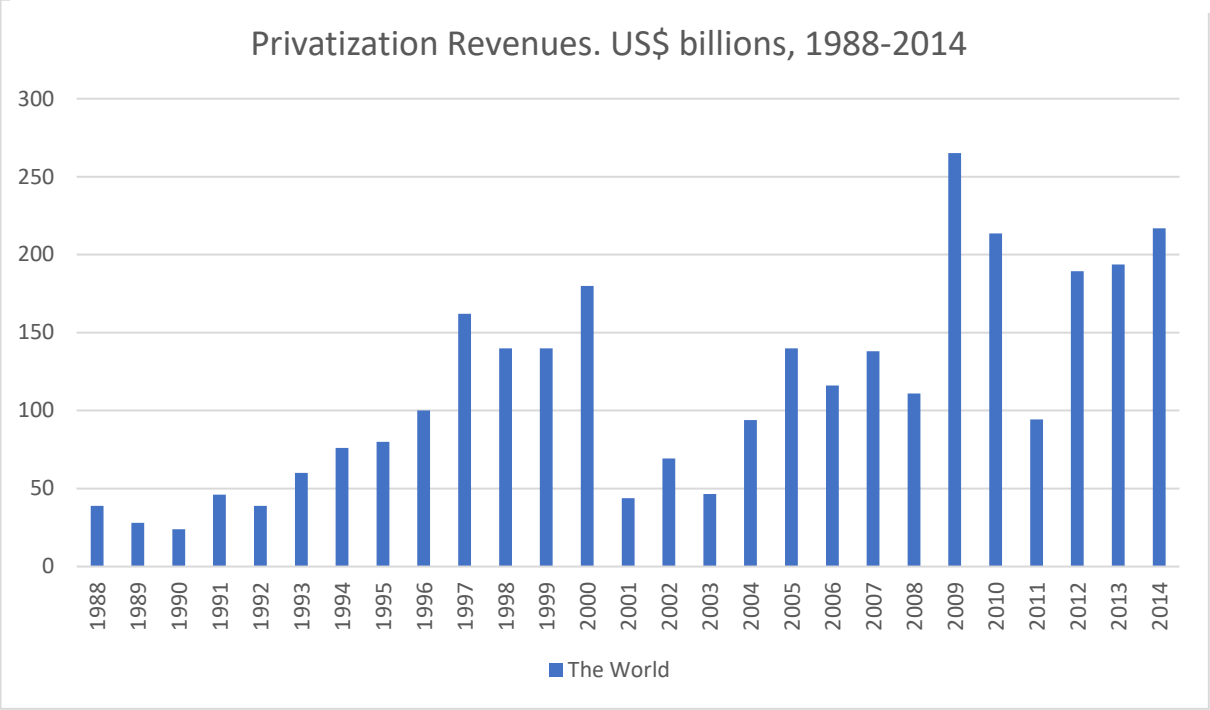
[71] Megginson, William L. **The financial economics of privatization**. Oxford University Press on Demand, 2005, pp.14-19.
[72] Brune, Nancy, Geoffrey Garrett, and Bruce Kogut. "**The International Monetary Fund and the global spread of privatization.**" Globalization and Self-Determination. Routledge, 2006, p.139.
[73] Ibid.
[74] Beesley, Michael E., and Stephen C. Littlechild. "**Privatization: principles, problems and priorities.**" Privatization, regulation and deregulation. Routledge, 2013, pp. 36-52; Bjorvatn, Kjetil, and Tina Søreide. "Corruption and privatization." **European Journal of Political Economy** 21.4 (2005): pp. 903-914; Boubakri, Narjess, and Jean-Claude Cosset. "The financial and operating performance of newly privatized firms: Evidence from developing countries." **The Journal of Finance** 53.3 (1998): pp. 1081-1110; Megginson, 2005, p.14.
[75] Perotti, Enrico C., and Serhat E. Guney. "**The structure of privatization plans.**" Financial Management (1993): pp. 84-98; Perotti, Enrico C. "**Credible privatization.**" The American economic review (1995): pp. 847-859; Boubakri, Narjess, Jean-Claude Cosset, and Houcem Smaoui. "Credible privatization and market sentiment: Evidence from emerging bond markets." **Journal of International Business Studies** 40.5 (2009): pp. 840-858; Ramamurti, Ravi. "A multilevel model of privatization in emerging economies." **Academy of Management Review** 25.3 (2000): pp. 525-550.

mentioned so far. Although there is no direct link between the transactions of the World Bank and the privatization movement, it has been observed that it is closely linked with IMF loans and it has been calculated that the developing countries privatize 50 cents from their own assets for each 1 dollar debt to the IMF.[76] The reason for this situation is that both the IMF has some tight austerity policies and the IMF's conditionality principle because the foreign investor sees the debtor countries as less risky thanks to the international partnership brought by the IMF.[77]

In the 1990s, the privatization movement, which has grown considerably in terms of the number of transactions and revenue, has entered a sharp decline with the 2000s.[78] During this period, as figure 1.3 shows, privatization proceeds, which reached their first peak in 1997, started to decline with the East Asian crisis that arose in the same year, and, the Russian debt crisis (1998), Brazil crisis (1998-99) and, finally, Turkey (2001) and Argentina (2001) crisis has accelerated this decline. It is observed that the privatization movements decreased to the levels of 1990 again in 2001, however, an increase was observed with 2002.[79] From this point forward, it has been fluctuating until 2010 and observed that it has been rising again since 2011.[80]

[76] Brune et. al. p.2.
[77] Ibid.
[78] Kikeri, Sunita, and Aishetu Kolo. **Privatization: trends and recent developments.** The World Bank, 2005.
[79] Ibid.
[80] Privatization Barometer. "**The PB Report 2015–2016: Two record years herald an ongoing privatization wave.**" Available (accessed 22 September 2018) at: http://www. privatizationbarometer.com/PUB/NL/5/9/PB_AR2015-2016.pdf (Online Resource) (2016).

Figure 1.3: Global revenue from privatizations.



Source: Privatization Barometer. "The PB Report 2014/2015." (2015).

A substantial amount of work has been conducted on privatization as an important tool of neoliberal restructuring and financialization. As with IFIs, it is possible to reach various approaches and conclusions in this regard. Privatization can have many different consequences at the company level, market level, country level, and international level and it seems that a consensus on this issue has not been reached. Bjorvatn and Eckel[81] draw attention to the fact that strong foreign companies can pose a danger in a country with weak infrastructure. Chao et. al.[82] while investigating short-term and long-term effects, draw attention to some problems that may occur in the long term. Barnett[83] and Plane,[84] together with some reservations, claim that

[81] Bjorvatn, Kjetil, and Carsten Eckel. "Strategic privatization in developing countries." **Review of Development Economics** 15.3 (2011): pp.522-534.
[82] Chao, C. C., Nabin, M., Nguyen, X., & Sgro, P. M., "Wage inequality and welfare in developing countries: Privatization and reforms in the short and long run." **International Review of Economics & Finance** 42 (2016): pp.474-483.
[83] Barnett, Steven. **Evidence on the fiscal and macroeconomic impact of privatization.** International Monetary Fund, 2000.
[84] Plane, Patrick. "Privatization and economic growth: an empirical investigation from a sample of developing market economies." **Applied Economics** 29.2 (1997): pp.161-178.

privatization has a positive effect on growth. Although Cook and Uchida[85] object to this result, however, they argue that if competition and regulation are achieved in the market, it can have positive results. Filipovic[86] agrees with this and adds that privatization can only yield positive results when used with some macroeconomic elements. Yoder et. al.[87] suggests that privatization is not a positive tool as expected but since relying only on the public is not the right choice either, there must be a balance between these two. Adams and Mengistu[88] join this group and they highlight the importance of macroeconomic policies and country-based studies.

Some studies at the firm level conducted in the developed countries show that privatization can increase profits and efficiency.[89] However, besides emphasizing the importance of macroeconomic policies in these studies, the fact that they were conducted in developed countries may cause misinterpretations on behalf of emerging economies. Rahbar et.al.[90], on the other hand, reaches results that vary by region in their article, which investigates the effect of privatization on economic growth. Abdou and Moshiri[91] argue that privatization has no significant impact on investments and capital accumulation, and again adds that the results vary by region and time zone. Nellis,[92] again, addresses the necessity of sustainable policies and regulatory institutions by drawing lessons from past mistakes from IFIs and governments. In a different study, Breen and Doyle[93] reveal that the main triggers of the privatization

[85] Cook, Paul, and Yuichiro Uchida. "Privatisation and economic growth in developing countries." **The Journal of Development Studies** 39.6 (2003): pp.121-154.
[86] Filipovic, Adnan. "Impact of privatization on economic growth." **Undergraduate Economic Review** 2.1 (2005): 7.
[87] Yoder, Richard A., Philip L. Borkholder, and Brian D. Friesen. "Privatization and development: the empirical evidence." **The Journal of Developing Areas** (1991): pp.425-434.
[88] Adams, Samuel, and Berhanu Mengistu. "Privatization, governance and economic development in developing countries." **Journal of Developing Societies** 24.4 (2008): pp.415-438.
[89] Boubakri, Narjess, Jean-Claude Cosset, and Omrane Guedhami. "Liberalization, corporate governance and the performance of privatized firms in developing countries." **Journal of Corporate Finance** 11.5 (2005): pp.767-790.
[90] Rahbar, Farhad, et al. "Investigating the effects of privatization on the economic growth in developing countries: A fixed effects approach." **Journal of Economics and Sustainable Development** 3.4 (2012): pp.61-66.
[91] Abdou, Abdella, and Saeed Moshiri. "Privatization and capital formation in developing countries: an empirical analysis." **International Review of Applied Economics** 23.5 (2009): pp.557-575.
[92] Nellis, John R. "Privatization in developing countries: a summary assessment." **SAIS Review of International Affairs** 27.2 (2007): pp.3-29.
[93] Breen, Michael, and David Doyle. "The determinants of privatization: A comparative analysis of developing countries." **Journal of Comparative Policy Analysis: Research and Practice** 15.1 (2013): pp.1-20.

decision are external factors, but the content and size of this process are determined by internal pressure groups. Otchere[94] and Bonin et. al.[95], who examine the effects of privatizations on the financial sector through different country groups, reach relatively different results. Otchere sees the advantage of privatization as insufficient, while Bonin et. al. claims that financial institutions show the highest performance through privatization.

Suleiman and Waterbury[96] touch on a remarkable point and mentions that the state has expanded its field of action in the economy and turned to interventionist policies after the economic crises to date. Therefore, particularly in developing states, they anticipate that the state intervention and the state apparatus will expand and contract according to the economic situation and especially the crises in the future. Since the restructuring and privatization process is generally carried out through government-backed subsidies based on credit and outward-oriented growth policies; they add that the fluctuations and financial developments in the global markets can spread regionally with a domino effect by creating a crisis in a country.[97]

All these studies show us that due to the many factors affecting the process, the privatization operations should not be evaluated in the short term and research on its results should be done by focusing on a single country. Comparative studies and articles with intervals of less than 20 years tend to reach inefficient results and to generate more questions than they answer. As stated by almost all of the mentioned studies, factors such as the countries' own macroeconomic policies, the situation in various sectors, financial structure, and the government's policy are more determinant than the privatization process in terms of economic results.

[94] Otchere, Isaac. "Do privatized banks in middle-and low-income countries perform better than rival banks? An intra-industry analysis of bank privatization." **Journal of Banking & Finance** 29.8-9 (2005): pp.2067-2093.
[95] Bonin, John P., Iftekhar Hasan, and Paul Wachtel. "Privatization matters: Bank efficiency in transition countries." **Journal of Banking & Finance** 29.8-9 (2005): pp.2155-2178.
[96] Suleiman, Ezra, and John Waterbury. **The political economy of public sector reform and privatization.** Routledge, 2019, p.1-19.
[97] Ibid.

Privatization can also be interpreted as marketization.[98] This situation is not always in the form of reducing the expenditures or decreasing revenues of the state, but in ways such as decreasing the state's intervention power, losing the distribution opportunities, decreasing the power to regulate; that is, it manifests in the form of quality-related problems rather than quantity.[99] Because, by looking at the statistics, it can be said that the state's spending has been fluctuating and even increased,[100] but due to the nature of social spending, research limited to statistics is doomed to give wrong or inefficient results.[101] Another important point here is that there is a difference between developed and developing countries in this regard, as in the previous issues and once again, emerging countries are more disadvantageous with their more fragile structures.[102] On this issue, states themselves have responsibilities in terms of their reactions[103] to these global trends in the form of expanding[104] or abandoning[105] welfare state practices. As stated in these studies, case studies that will be applied to individual countries will give more accurate results.

Another effective factor that occurred in this period is financialization. This can be interpreted as both the redefinition of financial power and its expansion in economic

---

[98] Yergin, Daniel, and Joseph Stanislaw. **The commanding heights: The battle for the world economy**. Simon and Schuster, 2002, p. 96; Parker, David, and David S. Saal, eds. **International handbook on privatization**. Edward Elgar Publishing, 2003, p. 31.

[99] Lobao, Linda, et al. "**The shrinking state? Understanding the assault on the public sector.**" (2018): pp. 389-408; Adelantado, José, and Eduardo Calderón Cuevas. "Globalization and the welfare state: the same strategies for similar problems?" **Journal of European Social Policy** 16.4 (2006): pp. 374-386.

[100] Esteban Ortiz-Ospina and Max Roser (2020) - "**Government Spending**". Published online at OurWorldInData.org. Retrieved from: https://ourworldindata.org/government-spending (Online Resource)

[101] De Deken, Johan. "**Identifying the skeleton of the social investment state: defining and measuring patterns of social policy change on the basis of expenditure data.**" Reconciling work and poverty reduction. How successful are European welfare states 260 (2014); Rudra, Nita. "Welfare states in developing countries: Unique or universal?" **The Journal of Politics** 69.2 (2007): pp. 378-396.

[102] Rudra, Nita. "Globalization and the decline of the welfare state in less-developed countries." **International Organization** 56.2 (2002): pp. 411-445; Wibbels, Erik. "Dependency revisited: International markets, business cycles, and social spending in the developing world." **International Organization** 60.2 (2006): pp. 433-468.

[103] Yoon, Jungkeun. "Globalization and the welfare state in developing countries." **Business and Politics** 11.2 (2009): pp. 1-31; Bowles, Paul, and Barnet Wagman. "Globalization and the welfare state: four hypotheses and some empirical evidence." **Eastern Economic Journal** 23.3 (1997): pp. 317-336.

[104] Cameron, David R. "The expansion of the public economy: A comparative analysis." **American political science review** 72.4 (1978): pp. 1243-1261; Levy, Jonah D., ed. **The state after statism: new state activities in the age of liberalization**. Harvard University Press, 2006.

[105] Cerny, Philip G. "Globalization and the changing logic of collective action." **International organization** 49.4 (1995): pp. 595-625.

activities.[106] The term financialization, which is closely related to neoliberal restructuring,[107] was also seen as one of the main causes of many regional[108] and global crises, especially the 2008 crisis.[109] Regardless of its role in crises, it is evident that financialization has significant economic impacts.[110] Together with internationalization, the expansion and deepening opportunities of financial institutions have increased even more.

The concept of financialization should be specially examined due to many effects, including the crises, it has created in emerging economies. The comprehensive study of Reinhart and Rogoff[111] shows that debt increases have a tendency to trigger bank crises and that there is a close relationship between debt crises and banking crises. With global capital movements, the striking growth of the financial sector compared

[106] Epstein, Gerald A., ed. **Financialization and the world economy**. Edward Elgar Publishing, 2005, p. 3; Aalbers, Manuel B. "**Financialization.**" International Encyclopedia of Geography: People, the Earth, Environment and Technology (2016): pp. 1-12; Dore, Ronald. "Financialization of the global economy." **Industrial and corporate change** 17.6 (2008): pp. 1097-1112; Sawyer, Malcolm. "What is financialization?" **International Journal of Political Economy** 42.4 (2013): pp. 5-18; Lapavitsas, Costas. "Theorizing financialization." **Work, employment and society** 25.4 (2011): pp. 611-626.

[107] Lazzarato, Maurizio. "Neoliberalism in action: Inequality, insecurity and the reconstitution of the social." **Theory, culture & society** 26.6 (2009): pp. 109-133; Lavoie, Marc. "Financialization, neo-liberalism, and securitization." **Journal of Post Keynesian Economics** 35.2 (2012): pp. 215-233.

[108] Ashman, Samantha, Ben Fine, and Susan Newman. "The crisis in South Africa: Neoliberalism, financialization and uneven and combined development." **Socialist Register** 47 (2011); Lee, Kim Ming, and Ching Yin Cheng. "Financialization, economic crises and social protection: the case of Hong Kong." **Journal of Asian Public Policy** 4.1 (2011): pp. 18-41; Gabor, Daniela. "(De) financialization and crisis in Eastern Europe." **Competition & Change** 14.3-4 (2010): pp. 248-270.

[109] Lapavitsas, Costas. "**3 Financialization and capitalist accumulation: a structural account of the crisis of 2007–09.**" Crises of Global Economy and the Future of Capitalism. Routledge, 2013, pp 77-96; Lane, Philip R. "Financial globalisation and the crisis." **Open Economies Review** 24.3 (2013): pp. 555-580; Tauss, Aaron. "Contextualizing the current crisis: Post-Fordism, neoliberal restructuring, and financialization." **Colombia Internacional** 76 (2012): pp. 51-79; Stockhammer, Engelbert. "**Financialization and the global economy.**" Political Economy Research Institute Working Paper 242 (2010): p. 40.

[110] Tori, Daniele, and Özlem Onaran. "The effects of financialization on investment: evidence from firm-level data for the UK." **Cambridge Journal of Economics** 42.5 (2018): pp. 1393-1416; Palley, Thomas I. "**Financialization: what it is and why it matters.**" Financialization. Palgrave Macmillan, London, 2013, pp. 17-40; Assa, Jacob. "Financialization and its consequences: The OECD experience." **Finance Research** 1.1 (2012): pp. 35-39.

[111] Reinhart, Carmen M., and Kenneth S. Rogoff. "From financial crash to debt crisis." **American Economic Review** 101.5 (2011): pp. 1676-1706.

to non-financial sectors in the same period in both developed[112] and developing[113] countries, and the debts[114] that increased rapidly in the same sector; boosted the risk and volatility[115] and paved the way for bank movements[116] leading to the global crisis. In addition, even if the financial assets of developed countries are seen as more risk-free,[117] the accumulation experienced in them has been another reason for the crisis,[118] which indicates a global risk caused by financialization.

Furthermore, another development of this period is the increasing IFI interaction in the country's economies.[119] Considering the economic problems that may be caused by the IFIs mentioned in the previous section, and while these countries already have fragile economies, it is obvious that their orientation towards more risk-free macroeconomic policies becomes more essential. Nonetheless, financialization both restricts the resources of industrialization[120] and especially the local industry and therefore

[112] Arestis, Philip, Ana Rosa González, and Óscar Dejuán. "Modelling accumulation: A theoretical and empirical application of the accelerator principle under uncertainty." **European Journal of Economics and Economic Policies: Intervention** 9.2 (2012): pp. 255-275; Orhangazi, Özgür. "Financialisation and capital accumulation in the non-financial corporate sector: A theoretical and empirical investigation on the US economy: 1973–2003." **Cambridge journal of economics** 32.6 (2008): pp. 863-886; Tori, Onaran, 2008.

[113] Demir, Fırat. "Financial liberalization, private investment and portfolio choice: Financialization of real sectors in emerging markets." **Journal of Development Economics** 88.2 (2009a): pp. 314-324; Karwowski, Ewa, and Engelbert Stockhammer. "Financialisation in emerging economies: a systematic overview and comparison with Anglo-Saxon economies." **Economic and Political Studies** 5.1 (2017): pp. 60-86; Correa, Eugenia, Gregorio Vidal, and Wesley Marshall. "Financialization in Mexico: trajectory and limits." **Journal of Post Keynesian Economics** 35.2 (2012): pp. 255-275.

[114] Palley, 2013.

[115] Botta, Alberto. "Dutch disease-cum-financialization booms and external balance cycles in developing countries." **Brazilian Journal of Political Economy** 37.3 (2017): pp. 459-477; Demir, Firat. "Capital market imperfections and financialization of real sectors in emerging markets: Private investment and cash flow relationship revisited." **World Development** 37.5 (2009b): pp. 953-964; Demir, 2009a, p. 6.

[116] Acharya, Viral V., and Philipp Schnabl. "Do global banks spread global imbalances? Asset-backed commercial paper during the financial crisis of 2007–09." **IMF Economic Review** 58.1 (2010): pp. 37-73.

[117] Hardie, Iain. "How much can governments borrow? Financialization and emerging markets government borrowing capacity." **Review of international political economy** 18.2 (2011): pp. 141-167.

[118] Caballero, Ricardo J., and Arvind Krishnamurthy. "Global imbalances and financial fragility." **American Economic Review** 99.2 (2009): pp. 584-88.

[119] Lane, 2012.

[120] Assa, Jacob. "Financialization and its consequences: The OECD experience." **Finance Research** 1.1 (2012): pp. 35-39; Araújo, Eliane, Miguel Bruno, and Débora Pimentel. "Financialization against Industrialization: a regulationnist approach of the Brazilian Paradox." **Revue de la régulation. Capitalisme, institutions, pouvoirs** 11 (2012).

undermines long-term sustainable[121] growth strategies and it also makes it difficult to manage the economy by restricting the state's ability to intervene in many critical financial decisions.

In his article that covers Argentina, Mexico, and Turkey; Demir reaches the findings that real short-term capital inflows and their volatility and foreign direct investment have increased exponentially in these countries where the majority of IFI investments are implemented since the transformation in the 1980s.[122] Nevertheless, at the same time, the public investment to GDP ratio has dropped significantly.[123] All three countries, as a common point, experienced severe financial crises in the last quarter of the 20th century. But unlike Mexico, Turkey and Argentina still could not improve their economic performance and has entered into a new period of economic depression.

In a different trajectory, East Asian countries, which have experienced similar economic crises and demanded help from international financial institutions, especially IMF, have come out of the crisis much more comfortably and strongly compared to Latin American countries.[124] So much so that they were able to open their investments abroad, especially to Latin America.[125] One of the main reasons for this success of the East Asian countries is the implementation of industry-based economic models with sustainable development and local investment priorities, instead of the mere deregulation and liberalization policies imposed by IFIs. As many of the studies cited above show, case studies must be conducted to examine this difference in results and the historical situation of these countries.

---

[121] Clapp, Jennifer, and S. Ryan Isakson. "Risky returns: The implications of financialization in the food system." **Development and Change** 49.2 (2018): pp. 437-460; Vercelli, Alessandro. "Financialization in a long-run perspective: an evolutionary approach." **International Journal of Political Economy** 42.4 (2013): pp. 19-46.

[122] Demir, 2009a.

[123] Ibid.

[124] Serra, Narcís, Shari Spiegel, and Joseph E. Stiglitz. "**Introduction: from the Washington Consensus towards a new global governance.**" The Washington Consensus reconsidered: towards a new global governance (2008): pp. 3-13; Kay, Cristóbal. "Why East Asia overtook Latin America: agrarian reform, industrialisation and development." **Third World Quarterly** 23.6 (2002): pp. 1073-1102.

[125] Berberoglu, 2010, p. 16.

In this context, Turkey's neoliberal transformation, its interaction with the IFIs, the political developments that opened up to the reform process, and the general political economy in this period will be examined.

CHAPTER TWO

THE FIRST PHASE OF NEOLIBERAL STRUCTURING IN TURKEY 1980-1989

2.1. Before 1980: ISI Policy and the Crisis of 1978-1980

As a country born out of the ashes of the Ottoman Empire, the Republic of Turkey began its political life with a ruined economy and Ottoman debts, deprived of the bourgeoisie and the private sector. As such, the state tried to develop the economy both by establishing its own economic enterprises and by creating resources for the private sector. This disadvantaged beginning can be considered as one of the reasons for the negative economic performance that became chronic in the following years and the "late development"[126] phenomenon.

The mixed economy[127] model was implemented in the early years of the republic, and although initially an increase in investments and economic growth was achieved,[128] inflation could not be brought under control and the army seized control in 1960 for both political and economic reasons.[129] From this moment onwards, Turkey made the transition to import substitution industrialization (ISI) policies. With the establishment of the "state planning organization" (SPO), these policies started to be planned in detail in 5-year periods, which was lacking in the 1950s.[130] Nonetheless, the resulting political instability has cast a shadow over the economy and has brought the country to a very sensitive point both in political and economic terms in the dawn of the 1980s. Moreover, the severe fluctuations and oil crises in the world economy in the 1970s made it difficult for the country to survive this period. Due to these reasons, the debt

[126] Öniş, Ziya, and Fikret Senses. "**Global dynamics, domestic coalitions and a reactive state: Major policy shifts in post-war Turkish economic development.**" Domestic Coalitions and a Reactive State: Major Policy Shifts in Post-War Turkish Economic Development (October 2007) (2007).
[127] Okyar, Osman. "Development background of the Turkish economy, 1923–1973." **International Journal of Middle East Studies** 10.3 (1979): pp. 325-344.
[128] Simpson, Dwight J. "Development as a process: the Menderes phase in Turkey." **The Middle East Journal** (1965): pp. 141-152.
[129] Ibid.
[130] Ibid, p. 151.

crisis occurred in the 1978-1980 period which was one of the main causes of the restructuring process, that Turkey has adopted in the 1980s.

Until this period, compared with other developing countries, Turkey, had established a fairly good industrial infrastructure capable of producing processed goods, with much more diverse outputs. Unfortunately, this situation could not be described as much success, because both the quality and pricing of the manufactured goods were not good enough to compete in the international markets. Furthermore, often while revenues remain at quite low levels, the number of employees in state enterprises was more than enough.[131] In this case, it can be seen that there are deficiencies in the principles of efficiency and competitiveness mentioned by those who advocate for an outward-oriented economy.[132] With this situation, although an unusual growth has been achieved in industrial production, economic indicators were alarming.

At the end of the 70s, the problems that Turkey faced, were not limited to a single one. The crisis began to deepen as the debt burden increased in the middle of 1977[133] when the liquidity crisis started, and foreign banks cut their loans.[134] The debt service ratio rose from 13 percent in 1973 to 33 percent in 1977,[135] while the ratio of the savings-investment gap to gross domestic product rose from -2.5% in 1972 to 9.4% in 1977. This deficit, which already presents a certain danger, was tried to be closed with foreign borrowing,[136] making the situation even more dangerous. Research shows that

[131] Yilmaz, Bahri. "The Role of Trade Strategies for Economic Development: a comparison of foreign trade between Turkey and South Korea." **Russian & East European finance and trade** 38.2 (2002): p. 62.
[132] Urata, Shujiro, and Kazuhiko Yokota. "Trade liberalization and productivity growth in Thailand." **Developing Economies** 32.4 (1994): pp. 444-459; Austria, Myrna S. **Liberalization and regional integration: The Philippines' strategy to global competitiveness.** No. 2001-09. PIDS Discussion Paper Series, 2001.
[133] Çağatay, Nilüfer, and Günseli Berik. "Transition to export-led growth in Turkey: is there a feminization of employment?" **Review of Radical Political Economics** 22.1 (1990): p. 121. Yeldan, Erinç. "Neoliberal global remedies: from speculative-led growth to IMF-led crisis in Turkey." **Review of Radical Political Economics** 38.2 (2006): 193-213.
[134] Aricanli, Tosun, and Dani Rodrik. "An overview of Turkey's experience with economic liberalization and structural adjustment." **World development** 18.10 (1990): pp. 1343-1350.
[135] Keyder, Çağlar. "**State and class in Turkey.**" London and New York (1987), p. 195.
[136] Aricanli, Rodrik, 1990, pp. 1343-1350.

a high saving-investment gap and excessive foreign borrowing increase foreign dependency as two negative features and affect the growth of the country negatively.[137]

After an 8-year break, beginning from 1978, Turkey signed new standby agreements with the IMF again.[138] With this development, while the current account deficit recovered nearly 2 billion dollars from 1977 to 1978, inflation had increased gradually to 50%.[139] ISI policies were tried to be financed generally by foreign currency inputs and central bank loans.[140] Strikingly, from 1963 to 1979, $15 billion of foreign debt was used; only $5 billion of it was paid.[141] Moreover, inflation has not been brought under control and has reached more than 90% in 1979,[142] the balance of payments has deteriorated gradually, foreign exchange shortage has reached an intolerable point, and when these developments combined with global oil shocks, the country has been dragged into one of the harshest crises in its recent history. The Turkish industry has suffered greatly as oil has become more expensive and its supply has decreased.[143]

Along with the oil crisis and the political instability that emerged afterward, despite the stability policies implemented, the balance of payments deficits, which could not be reduced in any way, further increased the need for the economy for foreign resources. By the 1980s, the maturity of external debt was shortened, and the country, including debt delays, became unable to pay its external reliefs.[144] In this context, Turkey has carried out the highest debt restructuring in its history at that time and this restructuring corresponded to seventy percent of the debt restructuring amount made

---

[137] Ganioglu, Aytül, and Cihan Yalcin. "Domestic savings-investment gap and growth: A cross-country panel study." **Central Bank Review** 15.1 (2015): p. 39.
[138] Erdinç, Zeynep. "Uluslararası para fonu-Türkiye ilişkilerinin gelişimi ve 19. Stand-By Anlaşması." **Dumlupınar Üniversitesi Sosyal Bilimler Dergisi** (2007).
[139] Lewis, Jeffrey D., and Shujiro Urata. "Anatomy of a balance-of-payments crisis: Application of a computable general equilibrium model to Turkey, 1978–1980." **Economic Modelling** 1.3 (1984): pp. 281-303.
[140] Nas, Tevfik F., and Mark J. Perry. "Inflation, inflation uncertainty, and monetary policy in Turkey: 1960–1998." **Contemporary Economic Policy** 18.2 (2000): pp. 170-180.
[141] Takım, Abdullah. "Türkiye'de 1960-1980 yılları arasında uygulanan kalkınma planlarında maliye politikaları." **Maliye Dergisi** 160 (2011): p. 168.
[142] https://www.inflation.eu/inflation-rates/turkey/historic-inflation/cpi-inflation-turkey.aspx. (Online Resource)
[143] Pamuk, Şevket. "**Economic growth and institutional change in Turkey before 1980.**" Understanding the Process of Economic Change in Turkey: An Institutional Approach: Economic Issues, Problems and Perspectives, Nova Science Publishers. Hauppauge NY, USA (2010): 13.
[144] Takım, 2011, p. 173.

by developing countries between 1978 and 1980.[145] In a prevalent fashion, to meet the burden of debt, Turkey requested the assistance of the IMF and the initial reaction about the IMF programs was positive,[146] however, later findings showed that IMF programs can also cause deepening of crises.[147]

[145] Celasun, Merih, and Dani Rodrik. "**Turkish experience with debt: macroeconomic policy and performance.**" Developing country debt and the world economy. University of Chicago Press, 1989, pp. 193-211.
[146] Bogdanowicz-Bindert, Christine A. "Portugal, Turkey and Peru: Three successful stabilization programmes under the auspices of the IMF." **World Development** 11.1 (1983): 65-70.
[147] Celâsun, Rodrik, 1989, p. 656; Aricanli, Rodrik, 1990, p. 1344.

2.2. First Phase of Liberalization 1980 – 1989: Historical Process

Table 2.1: Major Developments in the 1980s[148]

- **1980** January 24, IMF Stabilization Program
- **1981** Capital Markets Law No. 2499
- **1983** Decree 91 for Stock Exchange Market
  - thereby replacing Law for Stock Market enacted in 1929
- **1983** Decrees 30 and 70
  - important steps for financial liberalization
  - important changes to Banking Law 7129 dated 1958
- **1983** Establishment of Saving Deposit Insurance Fund (SDIF)
  - a state institution designed to guarantee Turkish bank deposits
- **1984** Establishment of the Housing and Public Partnership Directorate
- **1985** Shift of the financing of public sector deficit from the Central Bank to Government Debt Instruments (GDI) by the Treasury
  including foreign currency-denominated bonds, thus giving rise to substantial increases of interest burden on public finance
- **1985** Banking Law No. 3182
  to bring Turkey in line with BIS requirements, capital adequacy, accounting/reporting standards, deposit insurance
- **1986** Istanbul Stock Exchange (ISE) started trading
- **1986** Establishment of Interbank Money Market
- **1987** Establishment of the Capital Market Board
- **1989** Decree 32

From its establishment until this period, the Republic of Turkey adopted protectionist economic policies, looked for inward-oriented development strategies, and created government-led initiatives. Nevertheless, as one of the pioneers of neoliberal

[148] Bedirhanoglu, Pinar, et al. "**Financialisation, Economy, Society and Sustainable Development: Comparative perspective on financial system in the EU: Country report on Turkey** (Studies in Financial Systems, No 11)." (2013): p. 52

transformation, it has entered a severe and rapid outward opening process since 1980. In addition to the economic and political crisis, the government has taken the opportunity to reform the existing economic system with the reasoning that this system is doomed to eventuate with military coups and IMF standby agreements after every decade.[149] Table 2.1 lists the major developments throughout the decade.

2.2.1. Breaking Point: 24th of January Measures

By January 1980, Turgut Özal, who was previously the head of the State Planning Organization (SPO) and was appointed as the undersecretary of the prime ministry in December 1979, was appointed by the then Prime Minister Süleyman Demirel, announced the economic stability measures. These decisions were in complete contrast to the past[150] and are designed to make structural reforms in the economy in both the short term and the long term.[151] The import substitution policy, which has been implemented for decades, has been replaced by market-based, export-led, outward-oriented policies.[152] Because of these features, these measures differ from pre-1980 reform decisions.[153] Therefore, it is important and necessary to examine the actions taken to make such a unique change possible, to perceive the roots of Turkish neoliberalism.

Decisions were taken in the name of the first Turkish economic reform that occurred as a result of the economic crisis that continued until 1980. The reform process put forward to end the crisis has gained a different character with the involvement of IMF

[149] Yilmaz, 2002, p. 62.
[150] Cambazoglu, Birgül, and Hacer Simay Karaalp. "Does foreign direct investment affect economic growth? The case of Turkey." **International Journal of Social Economics** (2014); Çeçen, A. Aydın, A. Suut Doğruel, and Fatma Doğruel. **Türkiye'de ekonomik büyüme yapısal dönüşüm ve kriz.** Vol. 1. Egemen, 1990.
[151] Müftüler, Meltem. "Turkish economic liberalization and European integration." **Middle Eastern Studies** 31.1 (1995): p. 91; Turan, Zübeyir. "The Consequences of Crisis After 80's to Turkey's Economy." **Fiscaoeconomia** 2.2 (2018): p. 161; Yeldan, Erinç. **Küreselleşme sürecinde Türkiye ekonomisi: bölüşüm, birikim ve büyüme**. İletişim Yayınları, 2006, p. 44.
[152] Taymaz, Erol. "**Trade liberalization and employment generation: the experience of Turkey in the 1980s.**" Turkey: Economic reforms, living standards, and social welfare study 2 (1999): pp. 223-224.
[153] Şenses, Fikret. "Turkey's stabilization and structural adjustment program in retrospect and prospect." **The Developing Economies** 29.3 (1991): 210-234; Doğançay, Muharrem. "**Neoliberal Kuram Bağlamında Turgut Özal ve 24 Ocak Kararları.**" International Turgut Özal Symposium, (2016): p. 150.

and WB.[154] In addition to the measures taken to end the crisis, Turkey has made substantial structural reforms with the guidance of IFIs.[155] In this way, the economic package announced in January 1980 was born out of both stabilization and liberalization thoughts and includes steps to meet both concepts.[156] In terms of stabilization, inflation has been tried to be controlled with applications such as the devaluation of the Turkish Lira, change of exchange rate regime, price hikes on public goods, wage adjustments, and tight monetary policy practices.[157]

During this period, monetary policy instruments were used heavily in order to change the course of the economy. One of the areas in which comprehensive transformation is made is state economic enterprises. While the investments were lowered, the prices of the products were increased, and the salaries were also reduced.[158] In addition, regulations were made in the taxation procedure to increase revenues.[159] Perhaps more strikingly, in line with the practices mentioned in the second chapter, the steps towards liberalization have been taken gradually by trade liberalization and financial deregulations.[160] With these practices,[161] a new path was tried to be made in the articulation of the Turkish economy with the global economy.

The short-term goals of the program are mainly to lower inflation, solve payment difficulties and accelerate economic growth by increasing efficiency in production.[162]

---

[154] Pamukcu, Teoman. "Trade liberalization and innovation decisions of firms: lessons from post-1980 Turkey." **World Development** 31.8 (2003): p. 1443; Taymaz, 1999, p. 3.

[155] Aktan, Oktan H. "**Liberalization, export incentives and exchange rate policy: Turkey's experience in the 1980s.**" The economy of Turkey since liberalization. Palgrave Macmillan, London, 1996, p. 177; Şenses, 1991, p. 211; Taymaz, 1999, p. 1.

[156] Dibooglu, Sel, and Aykut Kibritcioglu. "Inflation, output growth, and stabilization in Turkey, 1980–2002." **Journal of Economics and Business** 56.1 (2004): pp. 43-61; Doruk, Ömer Tuğsal, and Hasan Bilgehan Yavuz. "1980'den sonra Türkiye'de Uygulanan İstikrar Politikalarının Ekonomik Büyümeye Etkisi." **OPUS Uluslararası Toplum Araştırmaları Dergisi** 8.15: p. 2244.

[157] Celasun, Merih. "Trade and Industrialization in Turkey: Initial Conditions, Policy and Performance in the 1980s" in G. K. Helleiner (eds.) **Trade Policy and Industrialization in Turbulent Times**, London: Routledge. (1994): p. 458; Tuğsal, Yavuz, 2018, p. 2244.

[158] Şenses, 1991, p. 216. Togan, Sübidey. "**Trade liberalization and competitive structure in Turkey during the 1980s.**" The economy of Turkey since liberalization. Palgrave Macmillan, London, 1996, pp. 6-7.

[159] Şenses, 1990, p. 60; Togan, 1996, p. 7.

[160] Pamukçu, 2013, p. 1444; Demir, Firat. "A failure story: Politics and financial liberalization in Turkey, revisiting the revolving door hypothesis." **World Development** 32.5 (2004): 851-869; Celasun, 1994, pp. 453-487.

[161] Tuğsal, Yavuz, 2018, p. 2244.

[162] Öztürk, Şinasi, Fethi Nas, and Ergün İçöz. "Ocak Kararları, Neo Liberal Politikalar ve Türkiye Tarımı." **Pamukkale Üniversitesi Sosyal Bilimler Enstitüsü Dergisi** 1.2 (2008): p. 17.

More importantly, the long-term goals that make this program a radical reform are, to shrink the structure of the state, to make large-scale privatizations, to remove the domination of the state on the market, and to create an export-oriented economy.[163]

It was not easy to make these changes in a country with a closed economy and a fairly large public sector. However, at this stage, many of the difficulties were eliminated with the economic assistance of the IMF and the military coup of the same year.[164] The absolute power that came with the military coup ensured that every reform movement could be made faster, decisions were taken faster and more effectively, and it also reduced the voice of the opposition such as universities, trade unions, and media outlets by banning certain social rights such as strikes and lockouts.[165] In fact, when the timing of the coup, the political environment that emerged, and the people appointed by the junta are examined, some claim that one of the aims of the coup is to be able to prepare the proper ground for carrying out this economic reform.[166]

The two areas that the military junta, which strictly controlled every element in the political, economic, and social sense, did not interfere in any way, were the January 24 decisions in the context of economic reform and Turkish foreign policy.[167] Regardless of the reason and purpose of the coup, the ideological background of the Turkish liberalization movement was set forth on January 24, and tangible steps towards the process were taken under the management of the post-coup administration. Interestingly, Özal has legitimized these measures in his own words by saying: "If it weren't for these decisions, Turkey would be like a poor South American country, inflation would skyrocket like Argentina."[168]

---

[163] Kopits, George. **Structural reform, stabilization, and growth in Turkey**. Vol. 52. Washington, DC: International Monetary Fund, 1987; Öztürk, Nas, İçöz, 2008, p. 17.
[164] Şenses, 1991, p. 214.
[165] Gürses, Didem. "Türkiye'de yoksulluk ve yoksullukla mücadele politikalari." **Balıkesir Üniversitesi Sosyal Bilimler Enstitüsü Dergisi** 10.17 (2007): 59-74; Şenses, 1991, p. 214.
[166] Koç, Yıldırım. "30. Yıldönümünde 12 Eylül Darbesi ve İşçi Sınıfı." **Mülkiye Dergisi** 34.268 (2010): pp. 43-74; Ercan, Fuat. "Sermaye Birikiminin Çelişkili Sürekliliği: Türkiye'nin Küresel Kapitalizmle Bütünleşme Sürecine Eleştirel Bir Bakış", Neşecan Balkan ve Sungur Savran (eds.), **2000'li Yıllarda Türkiye, Cilt 2: Neoliberalizmin Tahribatı, Türkiye'de Ekonomi, Toplum ve Cinsiyet**, İstanbul: Metis Yayınları, 2004, pp. 20-21; Mumyakmaz, Alper. "24 Ocak Ekonomik İstikrar Kararları ile 12 Eylül Askeri Darbesinin Neoliberalizm İttifakı ve Siyasal İslam'ın Süreçteki Rolü." **Third Sector Social Economic Review** 54.4 (2019): pp. 1899-1915.
[167] Ahmad, Feroz. **The making of modern Turkey**. Vol. 264. London: Routledge, 1993, p. 183.
[168] Ertüzün, Tevfik. **Özal ne dedi, ne oldu!**. No. 4. ABC Ajansı Yayınları, 1988, p. 8.

Ideologically, Özal's program is essentially similar to other political-economic liberalization movements of the period, as in the US and the UK, and is in line with the policies of IFIs such as the IMF.[169] In addition to international organizations, local capitalist groups also strongly supported this project, as in the case of TUSIAD[170] (Turkish Industrialists' and Businessmen's Association). The common characteristic with the classical IMF-based stabilization policies, the main source of the stabilization measures was directed primarily to the reduction of public spending and domestic demand, as the main source of imbalance and inflation was seen as the domestic residual demand.[171] In this respect, it is not surprising that the IMF and other international organizations such as WB[172], EC[173] , and OECD[174], help the government, which wants to increase the foreign currency inflow and open the Turkish markets to foreign capital, with debt delays, debt restructuring, and loans.[175]

It can be seen from Table 2.2 and the IMF's declarations, standby agreements are generally made for 1 or 2 years,[176] but in the agreement with Turkey in 1980, the duration of the agreement was determined as 36 months which is the maximum amount.

While the effectiveness of TUSIAD has increased gradually in the period up to the coup, TUSIAD has clearly stated their desire and the necessity to transform Turkish

---

[169] Doruk, Ömer Tuğsal, Ahmet Kardaşlar, and Ediz Kandır. "Turkish Economy's Great Transformation: Industry, Agriculture and Economic Growth in the Process after 1980: A Review from the Perspective of Kaldor's First Growth Law." **The Empirical Economics Letters** 12.6 (2013), p. 589; Ridvan, Karluk Sadik, and Küçüksakarya Sevilay. "Opening up the Economy of Turkey to the Outside World: The Stabilization Decisions of January 24th 1980, Economic Situation in pre and Post January 24th Period." **Chinese Business Review** 15.6 (2016): pp. 265-281.

[170] Çokgezen, Murat. "New fragmentations and new cooperations in the Turkish bourgeoisie." **Environment and Planning C: Government and Policy** 18.5 (2000): pp. 525-544.

[171] Çeçen, Doğruel, Doğruel, 1990, p. 112.

[172] Kurul, Nejla. "**Turkey under AKP rule: Neoliberal interventions into the public budget and educational finance.**" Neoliberal Transformation of Education in Turkey. Palgrave Macmillan, New York, 2012. 83-84; Kopits, 1987, pp. 6-8.

[173] Müftüler, 1995, p. 92.

[174] Lioi, Vittorio Corbo, et al., eds. **Growth-oriented adjustment programs**. International Monetary Fund, 1987, p. 128; Kopits, 1987, pp. 6-8.

[175] Özmucur, Süleyman. "Liberalization and concentration: Case of Turkey." **The Quarterly Review of Economics and Finance** 46.5 (2007): p. 763; Karabıyık, İlyas, and Metin Uçar. "Türkiye'de 1980 sonrası uygulanan IMF destekli istikrar programlarının ekonomik açıdan değerlendirilmesi." **Akademik İncelemeler Dergisi** (AID) 5.2 (2010): pp. 41-42.

[176] https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/20/33/Stand-By-Arrangement. (Online Resource)

economic policy to outward-oriented growth strategies with the reports they have prepared during 1979,[177] which will be formalized later with Özal's decisions, along with the allegations that they prepared the ground for the government to fall with some of their declarations against the Ecevit government during 1979.[178] After the coup, TUSIAD's influence on the economy will increase even more.[179] Furthermore, the idea that workers and labor movements should be brought under control, which is strongly advocated by the association,[180] is shared by the coup plotters.[181]

Table 2.2: Recent IMF stand-by agreements with Turkey

Date of Arrangement	Expiration Date	Amount Agreed*	Amount Drawn*	Prime Minister
24.04.1978	18.07.1979	300,000,000	90,000,000	Bülent Ecevit
19.07.1979	17.06.1980	250,000,000	230,000,000	Bülent Ecevit
18.06.1980	17.06.1983	1,250,000,000	1,250,000,000	Süleyman Demirel
24.06.1983	03.04.1984	225,000,000	56,250,000	Bülend Ulusu
04.04.1984	03.04.1985	225,000,000	168,750,000	Turgut Özal
08.07.1994	07.03.1996	610,500,000	460,500,000	Tansu Çiller
22.12.1999**	04.02.2002	15,038,400,000	11,738,960,000	Bülent Ecevit
21.12.2000**	20.12.2001	5,784,000,000	5,784,000,000	
04.02.2002	03.02.2005	12,821,200,000	11,914,000,000	Bülent Ecevit
11.05.2005	10.05.2008	6,662,040,000	4,413,602,000	R. Tayyip Erdoğan

[177] https://tusiad.org/tr/yayinlar/raporlar/item/9263-1979-yilina-girerken-turk-ekonomisi; (Online Resource) and https://tusiad.org/tr/yayinlar/raporlar/item/9241-konusmalar-1979. (Online Resource) Other reports of TUSIAD are available on their website: https://tusiad.org/tr/yayinlar/raporlar.

[178] Güzelsarı, Selime, and Saadet Aydın. "Türkiye'de Büyük Burjuvazinin Örgütlü Yükselişi: Siyasal ve Yönetsel Süreçlerin Biçimlenmesinde TÜSİAD." **Abant İzzet Baysal Üniversitesi Sosyal Bilimler Enstitüsü Dergisi** (2010), p. 64.

[179] Rıfat N. Bali, "Sivil Toplum Hareketinin İki Zaafı: İşadamları ve Elitizm", **Birikim**, 130, 2000, pp. 33-42.

[180] Güzelsarı, Aydın, 2010.

[181] Koç, 2010, pp. 49-50.

* in SDRs[182], ** Standby Arrangement of which Supplemental Reserve Facility[183]

The low-income working class, the group most affected by the crisis, was also the one most affected by the measures taken after the crisis. While the number of striking workers was 6,414 as of January 25, 1980, this number reached 60 thousand at the end of June.[184] During this period, both the large capital groups[185] that were members of institutions such as TUSIAD and the military junta[186] complained about the workers. In this context, While the activities of all kinds of unions, whether they were behind the workers' movements, were stopped and many administrators were sentenced,[187] close relations with institutions such as TUSIAD continued. As such, big capital owners in the country welcomed both the end of the turbulent political movements and the newly created economic order after the coup[188] despite the objections from other business circles.[189] In this way, Turkish economic reform has been implemented, which has been supported by both international markets and local capitalist groups.

2.2.2. A New Economic Discourse

One of the first moves after a well-planned and enforced coup was to make Turgut Özal, who is in close contact with both international financial institutions and major capitalist groups in the country, as the deputy prime minister responsible for the economy in the government[190], which is entirely composed of generals. During the

[182] SDR is an international reserve asset developed by the IMF in 1969, accommodating 5 different currencies and used to support the reserves of the member states. For more information, see: https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/14/51/Special-Drawing-Right-SDR. (Online Resource)

[183] A financial facility of the IMF, established in 1997, designed to provide financial assistance to member countries experiencing exceptional balance of payments difficulties due to a large short-term financing need related to a sudden and disruptive loss of market confidence. For more information, see: https://www.imf.org/external/np/exr/glossary/showTerm.asp#75. (Online Resource)

[184] Taş, H. Yunus. "Toplumsal sınıfların değişim sürecinde, sendikalar ve sendikaların geleceği." **Hak İş Uluslararası Emek ve Toplum Dergisi** 1.1 (2012): p. 74.

[185] Öztürk, Özgür. "Türkiye'de Sendikal Mücadele, Sermaye Birikimi, MESS ve Koç Holding." **Praksis** 19 (2009): pp. 337-361.

[186] Koç, 2010, p. 50.

[187] Ahmad, 1993, p. 182.

[188] Kurt, Enes, and Yasin Şehitoğlu. "**Devlet ve İş Adamlari İlişkisine Politik Bağlamda Bir Bakiş: 12 Eylül 1980 Askeri Darbesi Örneği.**" 2. İŞLETME TARİHİ KONFERANSI (2019): 87.

[189] Margulies, Ronnie, and Ergin Yildizoglu. "Austerity packages and beyond: Turkey since 1980." **Capital & Class** 12.3 (1988): p. 141.

[190] Yalçin, Erhat. "1980 Askeri Darbesi ve Sonrasinda Özal Dönemi Siyasal ve Ekonomik Yapilanma." **TURAN-SAM** 11.41 (2019): p. 172.

period from 1980 to 1983, the country was tried to be "normalized" both politically and economically. In this respect, this period can be described as a transition period.

The first step in this context was the devaluation of the Turkish Lira[191] (initially TL 47.1 per dollar to TL 70 per dollar[192]). One of the important factors behind the devaluation decision is to implement crawling peg in the exchange rate regime.[193] Along with these practices, it was aimed to gradually decrease the real value of the Turkish Lira.[194] In this way, the Turkish Lira has lost 50 percent of its value in a seven-year period.[195] These applications were realized in the framework of the request of organizations like the IMF and the World Bank which are Turkey's biggest creditors at that time.[196]

Furthermore, another especially important decision taken with the new policies is the removal of restrictions on interest rates. This decision reflects both the new dynamics of relations between state and local capitalist groups, and the transition from the leadership of productive capital in the national economy to the leadership of financial capital.[197] Besides, banks were allowed to issue "certificates of deposit". This ruling constituted the basis of the financial deregulation process in Turkey, together with the decision of removing credit ceilings at interest rates.[198] In his study at that time, Çelebican mentions that "certificates of deposit" is a new financial instrument, even though it may offer some opportunities, it also contains risks, and that the legal gap in this field must be filled in as soon as possible.[199] Once again, policymakers thought

[191] Dibooglu, Kibritcioglu, 2004, p. 46; Öniş, Ziya, and James Riedel. "**Economic crises and long-term growth in Turkey**." (1993) p. 39; Rodrik, Dani. **Premature liberalization, incomplete stabilization: the Ozal decade in Turkey**. No. w3300. National Bureau of Economic Research, 1990; Baysan, Tercan, and Charles Blitzer. "**Turkey's Trade Liberalization in the 1980s and Prospects for its Sustainability.**" The political economy of Turkey. Palgrave Macmillan, London, 1990, p. 11.
[192] Aktan, 1996, p. 178; Öniş, Riedel, 1993, p. 39.
[193] Bayar, Ali H. "The developmental state and economic policy in Turkey." **Third World Quarterly** 17.4 (1996): p. 778.
[194] Rodrik, 1990, p. 1344.
[195] Baysan, Blitzer, 1990.
[196] Bayar, 1996, p. 778.
[197] Ercan, 2004, p. 22.
[198] Atiyas, Izak. "**The private sector's response to financial liberalization in Turkey: 1980–82**." The Political Economy of Turkey. Palgrave Macmillan, London, 1990, p. 5.
[199] Çelebican, Gürgan. "Mevduat Sertifikalari." **Ankara Üniversitesi Hukuk Fakültesi Dergisi** 36.1.

they would create a competitive environment with these changes.[200] Nevertheless, these decisions and the legal gaps they created, together caused the first crisis of the new financial discourse.

2.2.3. First Crisis of Liberalization: 1982 Banking Crisis

With the deregulation of capital markets, while the existing large banks were trying to regulate their positions, on the other hand, holding-type structures and other small institutions that could not enter the financial field through banks were trying to take advantage of the new speculative status of this area with brokerage houses as an intermediary institution.[201] Due to the fact that the entrance to the sector was too easy in this period, many "small bankers" that could not be classified as banks but could perform bank transactions were derived.[202]

In consequence of the deregulation and the oligopolistic structure of the banking sector,[203] the big banks made agreements[204] that could be qualified as gentleman's agreements,[205] in which they kept interest rates constant. These banks initially agreed to implement a 30 percent deposit interest rate, but they soon had to sign a new deal due to the small banks and brokers exceeding this rate, thereby raising interest rates to 50 percent.[206] Despite the increasing gap between the real interest rates, which were around 15 percent at that time,[207] and the deposit rates, banks continued to raise deposit

[200] Ersel, Hasan. **The Structural Adjustment: Turkey (1980-1990)**. Central Bank of the Republic of Turkey, 1991, p. 7.
[201] Atiyas, 1990, p. 5.
[202] Özcan, Gül Berna, and Murat Çokgezen. "Limits to alternative forms of capitalization: The case of Anatolian holding companies." **World Development** 31.12 (2003): p. 2066.
[203] Esen, Oguz. "Financial openness in Turkey." **International review of applied economics** 14.1 (2000): p. 8.
[204] Snowden, Peter N. "**Financial reform in Turkey Since 1980: Liberalization without stabilization.**" The Economy of Turkey Since Liberalization. Palgrave Macmillan, London, 1996, p. 69.
[205] Akdoğu, Serpil Kahraman. "Türkiye'de Mali Serbestleşme Süreci ve Krizlerin Kisa Bir Özeti." **Afyon Kocatepe Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi** 14.2 (2012): p. 193; Snowden, 1996, p. 69.
[206] Pehlivan, Hatice, and Colin Kirkpatrick. "The impact of transnational banks on developing countries' banking sector: an analysis of the Turkish experience, 1980–89." **British Journal of Middle Eastern Studies** 19.2 (1992): pp. 188-189.
[207] Coskun, Yener. "Repo Ve Ters Repo Düzenlemeleri: Banker Krizi Sonrası Ortaya Çıkışı Ve Finansal Başarısızlık Dersleri Işığında Politika Önerileri (Repo and Reverse Repo Regulations in Turkey: Emergence of Regulations after 1982 Banking Crisis and Policy Suggestions in the Light of Financial Failure Lessons)." **Business and Economics Research Journal** 3.1 (2012): pp. 68-69.

rates and exceed the figures in the agreement as much as 80 percent.[208] Even worse, interest rates of small bankers reached up to 140 percent.[209] Thus, competition in the banking sector and deposit interest rates increased exponentially. In addition to the competition in deposit rates, the use of CDs has become increasingly widespread and created another area of competition.[210] Small banks sold CDs to brokers, and they sold them to the public at higher interest rates than previously made deals.[211]

As a result of the competition to attract as much capital as possible from the society and the community's response to this "Switzerlandization" attempt, the shortage of liquidity and the accumulation of unpaid debts caused the financial collapse of 1982.[212] Small entrepreneurs, who borrowed with very high-interest rates from bankers, could not repay their loans due to the loss of their profits due to the contraction of demand.[213] The speculative competition between big banks, small banks, and money brokers, and the dysfunctional relationship patterns they established have led to serious consequences. Due to the collapse of the financial sector, a total of 7 banks, 5 initially[214] and 2 later, went bankrupt.[215] Additionally, while 2 financiers were killed in this period, many of them were subjected to judicial prosecution and many of them went bankrupt.[216] These small bankers owed approximately 75 billion Turkish Lira to around 200,000 citizens who had traded with them.[217] Again, the burden brought by the 5 banks recovered in this period corresponds to 2.5 percent of the GNP.[218] Moreover, the total cost of the crisis was calculated to be around 200 billion TL.[219]

---

[208] Şükrü, Binay, and Kürşat Kunter. "**Mali Liberalleşmede Merkez Bankası'nın Rolü (1980-1997).**" Türkiye Cumhuriyeti Merkez Bankası Araştırma Genel Müdürlüğü, Aralık (1998).
[209] Özcan, Çokgezen, 2003, p. 2066.
[210] Atiyas, 1990, pp. 6-7; Esen, 2000, pp. 8-9.
[211] Snowden, 1996, p. 69.
[212] Balkan, Erol M., and A. Erinc Yeldan. "Financial Liberalization in Developing Countries: The Turkish Experience:' in Medhora, R. and J. Faneui, (eds.), **Financial Liberalization in Developing Countries**, London, Macmillan Press, 1998, p. 132.
[213] Kazgan, Gülten. **Türkiye ekonomisinde krizler (1929-2009): ekonomik politik açısından bir irdeleme**. İstanbul Bilgi Üniversitesi Yayınları, 2012, p. 208.
[214] Binay, Kunter, 1998.
[215] Caprio, Gerard, and Daniela Klingebiel. **Bank insolvencies: cross-country experience**. The World Bank, 1999, p. 37.
[216] Coşkun, 2012, p. 69.
[217] Ibid.
[218] Caprio, Klingebiel, 1999, p. 17.
[219] Ertuna, Özcan. **Finansal kurumlar**. Dokuz Eylül Üniversitesi İktisadi ve İdari Bilimler Fakültesi, 1986, p. 50.

The period between 1980 and 1982, which can be described as the first step of Özal's new liberalization program, failed due to fierce deregulation in finance and strong competition in the banking sector.[220] Even though it has not been studied much by academic circles, the 1982 crisis is important due to the social consequences it creates. The crisis also had financial effects and the old stock market in Istanbul was closed in 1982 due to the damage caused by the financial collapse.[221] As a result of the devastating results caused by the legal framework deficiency, the politicians, who remained inadequate in this regard from 1980 to 1982, have realized the need to intervene in some areas, even though they continue their liberalization and deregulation efforts without slowing down.[222] Initially, the oligopolistic status quo in the banking sector was preserved and the task of determining deposit rates was given to the nine largest banks.[223] Eventually, in 1983, this task was left from the major banks to the central bank without the establishment of rigid and solid authority.[224] As of this period, it has been observed that the positive interest policy has been maintained even though there are fluctuations in interest rate limits.[225]

Besides the social and economic implications of the crisis, it also had political consequences, and Özal resigned from his post at the ministry of economy.[226] However, this situation gave him the opportunity to work to establish the Motherland Party between 1982-1983.[227] After various resignations, the new economic management created by the junta issued some laws and decrees in order to strengthen

[220] Kibritçioğlu, Aykut. "Banking sector crises and related new regulations in Turkey." **Economia Exterior** 32 (2005).
[221] Pehlivan, Kirkpatrick, 1992, p. 189.
[222] Kandemir, Şenol. "**A behavioral analysis of the turkish banking in the financialization process**." (2019).
[223] Esen, 2000, p. 9; Özer, Mustafa. "Financial Liberalisation in Turkey during the period 1980-2000." **Journal of Economic Cooperation** 24.2 (2003): p. 5.
[224] Pehlivan, Kirkpatrick, 1992, p. 189; Esen, 2000, p. 9; Kandemir, 2019, p. 801; Kazgan, 2012, p. 135; Snowden, 1996, p. 69; Atiyas, 1990, p. 10.
[225] Aricanli, Rodrik, 1990, p. 1345.
[226] Öniş, 2004, p. 116; Kazgan, 2012, p. 135; Ayhan, Emrah. "Türkiye Düşünce Hayatında 1983-1993 Dönemi: Turgut Özal ve Liberalizm." Ş. A. Duman (Eds.)., **Turgut Özal içinde**, Ankara: Pelin Ofset Tipo Matbaacılık. (2016): p. 86.
[227] Öniş, Ziya. "Turgut Özal and his economic legacy: Turkish neo-liberalism in critical perspective." **Middle Eastern Studies** 40.4 (2004): p. 116.

the state's monitoring activities in the field of finance[228] while the country is getting closer to the general elections. Thus, decree 70 was issued to regulate and restructure the banking sector.[229]

The 1958 Banking Law, which starting to become archaic when Decree 70 was issued in July 1983, was still in force and although the decree brought many new regulations regarding banking, it did not officially repeal the 1958 law.[230] With this decree, it was aimed to rearrange some other decrees issued before the crisis and change the structure of the relationship between banking and other sectors.[231] Moreover, it was aimed to find solutions to problems in finance such as growing mistrust against the banking sector, undercapitalization, and concentration of power in terms of ownership.[232]

Since the seizure of the government, the legislative efforts of the generals have been the focus of criticism for various reasons such as creating risky sectors for the sake of competition, forming oligopolies, not taking precautions against structural deficiencies, or not regulating the market adequately and correctly, and decree 70 is not an exception to this situation.[233] One of the main causes of the "banker crisis" was insufficient regulation and excessive entry into the sector. Interestingly, despite this fact and tighter regulation intent,[234] entry into the banking sector has increased as a result of the decree no 70, which stretched the rules of banks to cooperate with other companies and provide financing. Furthermore, it is observed that the essential and crucial legal arrangements continued to be made through government decrees, not through new laws, as seen in previous years.[235]

---

[228] Yalman, Galip. The neoliberal transformation of state and market in Turkey: An overview of financial developments from 1980 to 2000. In G. L. Yalman, T. Marois, & A. R. Güngen (Eds.), **The political economy of financial transformation in Turkey**. London: Routledge. (2018): p. 59.
[229] Bedirhanoglu, P., Comert, H., Eren, I., Erol, I., Demiroz, D., Erdem, N., Marois, T., Topal, A., Turel, O., Yalman, G. and Yeldan, E., 2013. **Financialisation, Economy, Society and Sustainable Development: Comparative Perspective on Financial System in the EU: Country Report on Turkey**., p. 87.
[230] Ibid.
[231] Yalman, 2018, p. 61.
[232] Bedirhanoglu et. al., 2013, p. 88.
[233] Yalman, 2018.
[234] Bedirhanoglu et. al., 2013.
[235] Yalman, 2018.

In consequence of the crisis, several regulatory institutions were created, but they were also subject to various criticisms. The capital market board was established in 1982 to supervise and regulate the markets.[236] The independence and authority of the Capital Market Board (CMB) have been questioned in the context of its affiliation to the ministry of finance.[237] Likewise, the Savings Deposit Insurance Fund (SDIF) was established in 1983 by decree 70.[238] Similarly, SDIF was questioned in the context of its competence, authority, and regulatory power, and the actions it took against problems were described as passive.[239] Also, SDIF has taken the task of opening the financial sector to foreign banks in order to restructure the Turkish banking system and ensure competition.[240]

For all these reasons, this three-year process can be described as a failure, especially in terms of supervising and regulating the financial sector itself and its relationship with other sectors. A solid financial structure has not been established and a sustainable policy with long-term goals has not been adopted. Although this crisis was a serious warning of the negative effects of deregulation, there was no slowdown in this regard.

2.2.4. Return to Civil Administration: 1983-1989 Özal Governments

The junta, who wanted to make a lasting impact, had to make a general election decision due to the gradually increasing discomfort of the people and their desire to return to civil authority.[241] Since all the existing politicians were banned by the military administration, a total of three parties, two of them of military origin (Populist Party and Nationalist Democracy Party[242]) and the civilian party of Özal were able to participate in the election. Until that time, the junta, which had mixed feelings for

[236] Akyüz Y. (1990) **Financial System and Policies in Turkey in the 1980s**. In: The Political Economy of Turkey. Palgrave Macmillan, London, p. 102.
[237] Yalman, 2018, p. 58.
[238] Kocaoğlu, Necip Kağan. "Development of Competition Policy in The Turkish Banking Sector: 1994-2005." **Ankara Barosu Dergisi** 3 (2010): p. 145.
[239] Cengiz, Erol. "The Financial Efficiencies of Turkish Commercial Banks." **Ankara Üniversitesi SBF Dergisi** 46.1. p194
[240] Yalman, 2018, p. 60.
[241] Karpat, Kemal. H., **Kısa Türkiye Tarihi 1800-2012.** İstanbul: Timaş Yayınları, 2013, p. 172; Ahmad, 1993, p. 187.
[242] Respectively, "Halkçı Parti" and "Milliyetçi Demokrasi Partisi" in Turkish. These parties were soon closed or converted to other parties through mergers.

Özal,[243] but continued to keep him at the head of the economy with the pressure of the bourgeoisie,[244] supported the other parties it had established until the elections,[245] but Özal's Motherland Party[246] won the election with 45% of the votes.[247] Nevertheless, as one of the loyal members of the military regime, Özal's election victory was not considered negative for the generals.[248] Although, the banning of almost all other parties and politicians prevents this victory from being a victory reflecting the true support of the people.[249]

With the transition to civil administration at the end of 1983, Özal, who had always been in special duties and played active roles until that time, was able to continue the reform process as planned without interruption. As a result of the brutal prosecution and trial procedures[250] of the 3-year military administration and their antidemocratic laws and constitution,[251] the political environment has become silent with fear. The reform process continued without any effective opposition,[252] with the suppression of the working class[253] and any other political group that was seen as extreme by the generals. At the same time, the fact that inflation was relatively taken under control and reduced from 100 percent in 1980 to 30 percent in 1983,[254] and the substantial

[243] Bugra, Ayse. "**Economic Liberalism in Turkey: An Evaluation Based on Insights Derived from the Great Transformation.**" The Life and Work of Karl Polanyi (1990), p. 230; Harris, George S. "Military coups and Turkish democracy, 1960–1980." **Turkish Studies** 12.2 (2011): p. 211.
[244] Sönmez, Mustafa. **Kırk haramiler--Türkiye'de holdingler**. Vol. 1. Gözlem Yayıncılık, 1987, p. 157; Boratav, Korkut. "Türkiye'de burjuvazinin yapısı ve siyasi iktidarla ilişkileri." **Marksizm ve Gelecek** 1 (1989); Güzelsarı, Aydın, 2010.
[245] Akşin, Sina, **Kısa Türkiye Tarihi**. İstanbul: Türkiye İş Bankası Kültür Yayınları, 2007, p. 523; Ahmad, 1993, p. 190.
[246] "Anavatan Partisi" (ANAP) in Turkish.
[247] Akşin, 2007, p. 523; Karpat, 2013, p. 172; Ahmad, 1993, p. 190.
[248] Ahmad, Feroz. "The transition to democracy in Turkey." **Third World Quarterly** 7.2 (1985): p. 212.
[249] Ahmad, 1993, p. 190.
[250] Dagi, Ihsan D. "Democratic transition in Turkey, 1980–83: the impact of European diplomacy." **Middle Eastern Studies** 32.2 (1996): pp. 124-141.
[251] Ahmad, 1993, pp. 185-187.
[252] Şenses, 1991, p. 216.
[253] Koç, 2010.
[254] Özmucur, 2007, p. 763.

growth of foreign trade made the economic process of the country to be considered positive by both local and foreign sources.[255]

In this period, while many restrictions in the fields of trade and finance were gradually removed, a comprehensive liberalization was made and incentives for foreign trade were created. However, quite interestingly, the decisions that will shape the economy have been made by the trial-and-error method.[256] The absence of a framework and rules to control and regulate money flows and foreign currency inflows,[257] which will rapidly increase throughout this liberalization process, will also pose major problems in the future. Therefore, when compared with other emerging economies, it can be said that Turkey was faster to take the steps towards neoliberalism and embarking on the global trends that are mentioned in the second chapter.[258]

The period between 1980-1983 was mainly about stabilization and creating a competitive economy in the international markets with cheap labor, low wages, and depreciation.[259] In this regard, no significant steps were taken to change the import regime during military rule. Rather, exports were tried to be boosted heavily with these policies. The practices for developing exports with the exchange rate regime continued between 1980-1988[260] even though the main instrument used for exports was subsidies until 1983.[261] Besides, it is anticipated that imports and exports will complement and feed each other in this process.[262] Consequently, a substantial increase in exports was achieved in this era. As of 1988, the focus has been turned back to chronic inflation.[263]

---

[255] Bogdanowicz-Bindert, 1983; Ertuğrul, Ahmet, and Faruk Selçuk. "A brief account of the Turkish economy, 1980-2000." **Russian & East European finance and trade** 37.6 (2001): p. 8; Saracoglu, Rusdu. "**Economic stabilization and structural adjustment: the case of Turkey.**" Growth-Oriented Adjustment Programs (1987): pp. 119-43.
[256] Kazgan, 2006, p. 128.
[257] Boratav, Korkut, Erinç Yeldan, and Ahmet H. Köse. "**Globalization, distribution and social policy: Turkey, 1980-1998.**" CEPA and The New School for Social Research, Working Paper Series 20 (2000): p. 3.
[258] Gönensay, Emre. "**From Bankruptcy to Revival: The Turkish Experience with Restructuring Economic Incentives, 1980–1984**." Economic Incentives. Palgrave Macmillan, London, 1986, p. 362.
[259] Boratav, Yeldan, Köse, 2000, p. 3.
[260] Uygur, Ercan. **Policy, trade and growth in Turkey: 1970-1990**. Research and Monetary Policy Department, Central Bank of the Republic of Turkey, 1991, p. 20.
[261] Öniş, Riedel, 1993, p. 40.
[262] Ibid.
[263] Uygur, 1991, p. 24.

Import liberalization started more gradually compared to exports. In 1984, with a couple of decrees, the quota list was abandoned, and the import policy was transformed from a framework that only allows certain commodities to a framework that prohibits only certain commodities, in a way that will significantly trigger imports.[264] As a result of export-oriented economy policies, with such a negative list paradigm, basically, all quantitative limitations in foreign trade have been removed[265] and nearly 63 percent of 1983 imports were liberalized.[266] In this sense, decrees 28 and 30, which came into force at the end of 1983 and the beginning of 1984, is of great importance.[267] With these decrees, while the above-mentioned import quota list was removed, steps were taken to facilitate exports.

Another substantial practice implemented in the ongoing process is to enable banks to make transactions with foreign currencies and enable citizens to open deposit accounts with foreign currencies.[268] As a result, it is seen that the financial sector has expanded by relying on foreign currency.[269] Currency substitution that occurred during this period will increase even more, especially in times of crisis.[270] Again, due to the dollarization in this period, the Turkish lira was tried to be protected with high-interest rates, and the interest rates remained high throughout the reform period.[271] Likewise, with this liberalization, foreign exchange accumulation occurred in a way that monetary policy did not foresee and control.[272]

In 1985, legal activities were continued by enacting various laws and decrees. Probably the most notable of these is the 1985 banking law numbered 3182. This law can be considered as a continuation of the decree 70 issued in 1983[273] and it provided the

[264] Taymaz, 1999, p. 4.
[265] Altinkemer, Melike, and Nazim K. Ekinci. "Capital account liberalization: The case of Turkey." **New Perspectives on Turkey** 8 (1992): p. 92.
[266] Baysan, Blitzer, 1990, p. 17.
[267] Altinkemer, Ekinci, 1992, pp. 91-92.
[268] Yalman, 2018, p. 65.
[269] Ersel, Hasan, and Emin Ozturk. **The credit delivery system In Turkey**. Research and Monetary Policy Department, Central Bank of the Republic of Turkey, 1990, p. 2.
[270] Yilmaz, Gokhan. **Financial dollarization, (de) dollarization and the Turkish experience**. No. 2005/6. Discussion Paper, 2005, p. 6.
[271] Balkan, Yeldan, 1998, p. 132.
[272] Kopits, 1987, p. 18.
[273] Yalman, 2018, p. 66.

legal basis of the financial structure established by this decree.[274] The law enacted in parallel with the regulation intent of the decree, likewise, had contrary results to this purpose.[275] At the end of the process, banks were given more authority and freedom in their own transactions.[276] Besides, with this law, the burden and responsibilities imposed on the treasury and the degree of ability to fulfill the responsibility of regulatory responsibility were also criticized.[277] Plus, some of the articles in the new law are stated to be open to exploitation as it created a structure that is vulnerable to political intervention.[278]

In terms of institutional developments, with the Capital Markets Board's guidance, the Istanbul Stock Exchange was established in 1985 and started trading in 1986[279]. The same year, Interbank, which regulates inter-bank trade, became operational.[280] Moreover, along with several tax incentives for capital accumulation,[281] decisions to encourage direct foreign investment were also taken.[282] Another decision taken by 1987 is interesting. Contrary to previous experience with financial problems, deposit rates have been deregulated once again.[283] On the way to the recession of 1988, inflation was increasing, and banks were trying to take positions accordingly in terms of interest rates, and eventually, the central bank had to intervene once again.[284] In

[274] Conkar, Kemalettin, Abdullah Keskin, and Canturk Kayahan. "Banking crises and financial system in Turkey." **Journal of Modern Accounting and Auditing** 5.7 (2009): p. 27; Kibritçioğlu, Aykut. "**The Labour Market Implications of Large-Scale Restructuring in the Banking Sector in Turkey.**" MPRA Paper No. 2457. (2006): p. 6.
[275] Bedirhanoglu et. al., 2013, p. 88.
[276] Müftüler, 1995, pp. 94-95.
[277] Alper, C. Emre, and Ziya Öniş. "The Turkish banking system, financial crises and the IMF in the age of capital account liberalization: a political economy perspective." **new Perspectives on Turkey** 30 (2004): p. 33.
[278] Soral, B., Talan B. Iscan, and Gregory Hebb. "**Fraud and Banking Crises: Evidence from Micro-level Transactions Data.**" Unpublished manuscript (2003), p. 4.
[279] Yeldan, A. Erinc. "**Financial liberalization and fiscal repression in Turkey: Policy analysis in a CGE model with financial markets**." **Journal of Policy Modeling** 19.1 (1997): p. 83.
[280] Boratav, Korkut, and Erinç Yeldan. "Turkey, 1980–2000: Financial Liberalization, Macroeconomic (In)Stability, and Patterns of Distribution**.** In L. Taylor (Ed.), **External Liberalization in Asia, Post-Socialist Europe, and Brazil**. Oxford: Oxford University Press. (2006): pp 14-15.
[281] Yeldan, 1997, p. 83.
[282] Taymaz, 1999, p. 4.
[283] Esen, 2000, p. 9.
[284] Ibid.

addition, steps were taken in the fields of democratization and human rights with European influence.[285]

In the political field, a new era has begun, with the old names banned by the junta gradually returning into politics and being effective in the parliament in various ways. In this sense, 1987 represents a breaking point with the return of banned politicians and their political ideas to politics as a result of the referendum.[286] Immediately after this, Özal decided to hold an early election.[287] The election system, which was used for the first time in 1983 and made minor changes before 1987, was designed to eliminate small parties and to minimize the possibility of a coalition government.[288] In this election, while 19 percent of the people's votes remained unrepresentative due to the election system, the Motherland Party, which received 36 percent of the votes with a decrease of 8 points compared to the previous election, gained a majority of two thirds in the parliament.[289] Although the four parties could not pass the election threshold, a stronger opposition started to emerge from this moment against Özal.[290] Therefore, although he had avoided the populist economy to a certain extent until that time,[291] Özal, with a more prominent opposition, began to be more involved in politics and turned towards populism.[292] Such a development has negative consequences by increasing both government expenditures and government debt.

Nonetheless, by 1987, there was a mini-crisis in the stock market and the state intervened to adjust internal and external imbalances.[293] Consequently, by 1988, the country entered a recession when the liberalization program reached its economic

[285] Arat, Yeşim, and Şevket Pamuk. **Turkey between democracy and authoritarianism**. Cambridge University Press, 2019, p. 69.
[286] Gemici, Kurtuluş. "Rushing toward currency convertibility." **New Perspectives on Turkey** 47 (2012): p. 46.
[287] Ibid.
[288] Öniş, Ziya, Steven Benjamin Webb, and Banco Mundial. **Political economy of policy reform in Turkey in the 1980s**. Banco Mundial, 1992, p. 9.
[289] Tachau, Frank. "**An overview of electoral behavior: Toward protest or consolidation of democracy.**" Politics, parties and elections in Turkey (2002): p. 37.
[290] Öniş, Webb, 1992, p. 9.
[291] Gemici, 2012, p. 46.
[292] Boratav, Yeldan, Köse, 2000, p. 3.
[293] Bayar, 1996, p. 780; Öniş, Riedel, 1993, p. 47.

limits.[294] Facing increasing pressure in economic and political terms, the government had to make some decisions after the 1987 general elections. Thus, while the government was trying to adjust the stock market imbalances in 1987, inflation increased steadily and reached 70 percent.[295] Later, as a result of anti-inflationary policies, a recession occurred, and the government had to postpone some liberalization moves towards foreign trade to meet this.[296] As of the same year, growth figures started to decrease compared to previous years.[297] Another important feature of the era led by the Motherland Party is the decrease in real wages despite the high increase in commodity prices.[298]

Of course, these developments had concrete implications for the Motherland Party in the 1989 municipal elections. In this election, the votes of Özal's party decreased greatly and became the third party in the election. Naturally, this result is considered a failure.[299] This election and economic developments have had several consequences. In the political sphere, Turgut Özal saw the decline of his party, became a candidate for the Presidency in order to secure his political and economic influence in the following years over the country, and was elected president after three rounds of elections in parliament in late 1989.[300]

Until this period, Özal had created a very systematic administrative apparatus within the state that could implement his economic plans. He expanded the prime ministry's influence by connecting essential public economic institutions to the office and also appointed technocrats like him to the administrative duties in these organizations.[301]

---

[294] Boratav, Yeldan, Köse, 2000, p. 3; Bayar, 1996, p. 780; Duman, Anil, Hakki C. Erkin, and F. G. Unal. "The Determinants of Capital Flight in Turkey: 1971-2000." **Capital Flight and Capital Controls in Developing Countries** (2005): p. 127; Marois, Thomas. "**The lost logic of state-owned banks: Mexico, Turkey, and Neoliberalism.**" Canadian Political Science Association, 79th Annual Conference. 2007, p. 15.
[295] Bayar, 1996, p. 780.
[296] Öniş, Webb, 1992, p. 40.
[297] Ertuğrul, Ahmet, and Faruk Selçuk. "Turkish economy: 1980-2001." In: Kibritcioglu, A., Rittenberg, L., Selcuk, F. (eds.), **Inflation and Disinflation in Turkey**. Ashgate, Hampshire, England, 2002, p. 9.
[298] Boratav, Yeldan, 2006, p. 15; Yeldan, A. Erinc. "Conflicting interests and structural inflation: Turkey, 1980-1990." **The Pakistan Development Review** (1993): p. 307.
[299] Boratav, Yeldan, Köse, 2000, p. 11.
[300] Kalaycıoğlu, Ersin. "Elections and governance.", Sayari, Sabri, Yilmaz Esmer, and Yilmaz R. Esmer, (eds.) **Politics, parties, and elections in Turkey**. Lynne Rienner Publishers, 2002, p. 62.
[301] Jang, Ji-Hyang. "On the road to moderation: the role of Islamic business in transforming political Islamists in Turkey." **Journal of International and Area Studies** (2006): p. 98.

This group of technocrats, which Özal specially selected and appointed to certain positions, was called "Özal's princes".[302] The formation of these "princes" was not a coincidence, as during this period quite similar cliques of reformist bureaucrats that have parallel backgrounds emerged in developing countries, such as the "Chicago Boys" in Chile, the "Berkeley Mafia" in Indonesia.[303] Along with fierce objections to economic reforms, Ozal's princes have also created controversy due to their unconventional appointment processes to the key bureaucratic agencies.[304]

Özal not only ignored the existing rules of law and bureaucracy and stretched them by taking advantage of the loopholes, but also frequently changed these rules when he could, and created a deep imbalance and uncertainty in the business environment.[305] He took over the bureaucratic authority with rule changes and decrees and continued to centralize his power.[306] A highly centralized power meant that the distinction between political units has become vague and that the relationships within the state are much more personalized.[307] Despite the centralization of economic power in the prime ministry, the tension between bureaucrats and politicians continued to grow.[308] The fact that the tax system has undergone many changes and that the interest rates have been changed nineteen times[309] just in 1987 has created a high degree of uncertainty and insecurity in the business sector.[310] Certain politicians and technocrats were now steering the economy and the economic sector could only act within the framework drawn to them by the politicians.[311] In this context, economic actors, helpless in the uncertainty created in the environment where the rules change rapidly, tried to

[302] Özbudun, Ergun. "**State elites and democratic political culture in Turkey.**" Political culture and democracy in developing countries. Lynne Rienner Publications, 1993, p. 206.
[303] Parks, Bradley C., and Caroline Davis. "When do governments trade domestic reforms for external rewards? Explaining policy responses to the Millennium Challenge Corporation's eligibility standards." **Governance** 32.2 (2019): p. 351.
[304] Öniş, Webb, 1992, pp. 22-23; Ozel, Isik. "Beyond the orthodox paradox: the breakup of state-business coalitions in 1980s Turkey." **Journal of International Affairs** (2003): p. 102.
[305] Özen, Hayriye. "Informal Politics in Turkey During the Özal Era (1983-1989)." **Alternatives: Turkish Journal of International Relations** 12.4 (2013), p. 85.
[306] Ibid.
[307] Sönmez, Ümit. "The political economy of market and regulatory reforms in Turkey: the logic and unintended consequences of ad-hoc strategies." **New Political Economy** 16.1 (2011): p. 107.
[308] Bugra, Ayse. **State and business in modern Turkey: A comparative study.** Suny Press, 1994, pp. 160-161.
[309] Özen, 2013, p. 85.
[310] Buğra, 1994, pp. 148-149.
[311] Sönmez, 2011, p. 108.

establish personal relations.[312] Developing good relations with politicians and getting closer to them, especially for the private sector, has become critical in order to get their share of the cake in the new economic conduct.

As a result of the top-down reform process[313] created by Özal, serious cracks arose in the alliance he had previously established with the private sector.[314] However, while the new economic regime negatively affected the secular big businesses, including TÜSİAD, it fed the groups in Özal's close circle, and the newly formed corporations based in Anatolia and eventually constituted the winners and losers in the new order.[315] As confidence in government declined across the business world, TÜSİAD began to criticize the government through the media.[316] Industrialists interpreted this situation as the punishment of big businesses that moved away from ANAP, and Özal confirmed this with statements such as the oaths that he would end the reign of Istanbul.[317] After this chaotic process, which the big industrialists called an economic coup d'etat[318] and TÜSİAD was targeted in general, the composition of the business sector began to change, as small-medium-sized enterprises of Anatolian origin became closer to the government, their weight in the sector increased.[319]

As in political positions, certain individuals and corporations started to stand out and gain rank within the private sector. The new framework contributed to the expansion of the Anatolian capital and, accordingly, a new class called the Islamic bourgeoisie which will become an increasingly more significant force over the next decades.[320] After the action plan that Özal established, a group consisting of small and medium-

[312] Özel, 2003, p. 103.
[313] Jang, 2006, p. 98.
[314] Rodrik, Dani. **Premature liberalization, incomplete stabilization: the Ozal decade in Turkey**. No. w3300. National Bureau of Economic Research, 1990.
[315] Tok, Evren. "Does "Embeddedness" Create Miracles? The Case of the "Anatolian Tigers" in Turkey." **Canadian Social Science** 11.4 (2015): p. 37.
[316] Güzelsarı, Aydın, 2010, p. 57.
[317] Özel, Işık. **State-business alliances and economic development: Turkey, Mexico and North Africa**. London and New York, NY: Routledge, 2014, pp. 43-44.
[318] Ibid.
[319] Özel, Işık. "Political Islam and Islamic capital: the case of Turkey." in, Thomas Poguntke (eds.) **Religion and politics in Europe, the Middle East and North Africa**. Routledge, London/New York, 2009, p. 146.
[320] Kutlay, Mustafa. "Economy as the 'Practical Hand' of 'New Turkish Foreign Policy': A Political Economy Explanation" **Insight Turkey**, Vol. 13, No. 1 (2011): p. 75.

sized enterprises, whose headquarters are located in Anatolian cities and therefore called Anatolian Tigers, has started to experience a rapid boom.[321] This class, which is newly formed and growing until today, blends Islamic values and capitalist principles in an eclectic synthesis, is of particular importance.

This new petty bourgeoisie with a conservative character, founded MÜSİAD, an association of industrialists and businessmen, in 1990.[322] It is noteworthy that, unlike TÜSİAD, that frequently mentioned during the labor movements that intensified in the 1970s and ended with the military coup of 1980 and which was more deep-rooted and larger, almost all of the corporations that are members of the MÜSİAD association are newly established and the number of workers employed by the majority of the enterprises is less than 50.[323] Having a relatively limited economic impact compared to TÜSİAD, MÜSİAD's geographical distribution and membership are much greater.[324] Similar to the Islamic countries in Asia, this economic entity, whose traces can be seen in the presence of MÜSİAD, also known as green capital or Islamic capital,[325] has increased its effectiveness and expanded its field of activity in many basic sectors such as finance, media, and commerce. The conservative business segment represented by MÜSİAD established close relations with the government and started to benefit from public resources and opportunities such as public procurement.[326] Correlatively, new unifications are formed in business, as in politics. Such formations in business and their relationship with politics will continue to be examined in the following pages.

---

[321] Demir, Ömer, Mustafa Acar, and Metin Toprak. "Anatolian tigers or Islamic capital: Prospects and challenges." **Middle Eastern Studies** 40.6 (2004): p. 169.
[322] Lorasdağı, Berrin Koyuncu. "The relationship between Islam and globalization in Turkey in the post-1990 period: the case of Müsiad." **bilig** 52 (2010): pp. 105-128.
[323] Hosgör, Evren. "Islamic capital/Anatolian tigers: Past and present." **Middle Eastern Studies** 47.2 (2011): p. 348.
[324] Önis, Ziya, and Umut Türem. "Business, globalization and democracy: A comparative analysis of Turkish business associations." **Turkish Studies** 2.2 (2001): p. 100; Bugra, Ayse. "Class, culture, and state: An analysis of interest representation by two Turkish business associations." **International Journal of Middle East Studies** 30.4 (1998): p. 524.
[325] Karakas, Fahri, Emine Sarigollu, and Mustafa Kavas. "Discourses of collective spirituality and Turkish Islamic ethics: An inquiry into transcendence, connectedness, and virtuousness in Anatolian tigers." **Journal of business ethics** 129.4 (2015): p. 812.
[326] Jang, 2006, p. 99.

With the execution of the neoliberal program, all kinds of bureaucratic obstacles were removed, concordantly, a wide range of motion was allocated to the government, and more importantly, a new bourgeoisie in the private sector was created that would go hand in hand with the government's operations. With such a centralized power, it was quite easy to adopt and implement neoliberal policies. While neoliberal policies reduced real wages as planned, the problem of rising inflation was not addressed sufficiently and the burden placed on the lower-middle class gradually increased.[327] In response, labor movements spread across the country and reached the peak of this decade, particularly in the spring of 1989.[328] As the economic pressure of premature neoliberalization on the common people increased, coupled with the ongoing chronic inflation, popular support of the Motherland Party began to decline. As stated before, Özal, who saw the sharp decline of his party in the mayoral elections in March 1989, used his party's current majority in parliament and was elected president. Thus, he resigned from his long-term positions as both Prime Minister and Motherland Party chairman. This situation undermined the balance of power and communication both within the party and between state institutions in Turkish politics.

In the economic field, as a result of the economic downturn, the government made even deeper liberalization moves.[329] As real wages began to rise with the adoption of a more populist policy in the economy and the abandonment of wage constraints,[330] which can be seen in table 2.3, the government sought a new financial resource. Besides, macroeconomic equilibrium started to deteriorate with public deficits and high inflation.[331] Therefore, the government fully liberalized the capital account with the decree no. 32 and recognized the full convertibility of the Turkish Lira in international markets in order to create capital and ease the economy in the short

[327] Sönmez, 2011, p. 112.
[328] Blind, Peride Kaleağasi. "A new actor in Turkish democratization: Labor unions." **Turkish Studies** 8.2 (2007) pp. 296-300; Dogan, Mustafa G. "When neoliberalism confronts the moral economy of workers: The final spring of Turkish labor unions." **European Journal of Turkish Studies. Social Sciences on Contemporary Turkey** 11 (2010).
[329] Elveren, Adem Y., and James K. Galbraith. "Pay inequality in Turkey in the neo-liberal era, 1980-2001." **European Journal of Comparative Economics** 6.2 (2009): p. 7.
[330] Öniş, Webb, 1992, p. 44; Gemici, 2012, p. 35; Boratav, Yeldan, Köse, 2000, p. 3.
[331] Elveren, Galbraith, 2009, p. 7; Akyüz, Yilmaz, and Korkut Boratav. "The making of the Turkish financial crisis." **World Development** 31.9 (2003): p. 1551.

term.[332] With this decision, the government aimed to find a solution to budget deficits and as a result of this decision there was a huge capital inflow into the country,[333] but there was a problem.

Table 2.3. Real Wages in the Manufacturing Industry in Turkey

Real Wages in the Manufacturing Industry in Turkey (annual real change, %)						
1972-76	1977-80	1981-82	1983-87	1988	1989-93	1994
3,1	-1,1	-1,1	-3,9	-7,1	10,2	-36,3

Source: Yeldan, Erinç. "Küreselleşme sürecinde Türkiye ekonomisi." İstanbul: İletişim Yayınları (2001): p. 41.

With the new economic plan, public deficits were tried to be financed by short-term foreign capital flows.[334] With the fragile structure formed, while risks were rising, local interest rates continued to rise and remain high.[335] In this context, there was a high rate of short-term capital flows to the market, which became attractive due to the overvaluation of the Turkish Lira and high-interest rates.[336] This huge capital flow not only opened the economy to new risks, external shocks, and sudden volatilities due to its short-term nature[337] but also created new challenges economically by creating a foreign currency substitution effect as it completely liberalizes the currency circulation.[338] For that matter, with this liberalization move, the country's economy was built on a structure that even the strongest economies of the period could not

[332] Marois, 2007, p. 16; Özmucur, 2007, p. 763.
[333] Balkan, Yeldan, 1998, p. 132; Yeldan, 1997, pp. 82-83; Taymaz, 1996, p. 6.
[334] Boratav, Yeldan, 2006, p. 17; Yalman, 2018, p. 70; Demir, Firat. "A failure story: Politics and financial liberalization in Turkey, revisiting the revolving door hypothesis." **World Development** 32.5 (2004): p. 853.
[335] Denizer, Cevdet. **Foreign entry in Turkey's banking sector, 1980-97**. The World Bank, 1999, p. 5.
[336] Dibooglu, Kibritcioglu, 2004, p. 46; Boratav, Korkut, Oktar Türel, and Erinç Yeldan. "Dilemmas of structural adjustment and environmental policies under instability: Post-1980 Turkey." **World Development** 24.2 (1996): p. 385.
[337] Boratav, Yeldan, 2006, p. 17; Taymaz, Erol, and Ebru Voyvoda. "Marching to the beat of a late drummer: Turkey's experience of neoliberal industrialization since 1980." **New Perspectives on Turkey** 47 (2012): p. 84.
[338] Marois, 2007, p. 16; Balkan, Yeldan, 1998, p. 134.

bear.[339] "Turkey has even become one of the countries with the lowest restrictions on capital account transactions among the OECD members of the period."[340]

One of the most substantial results of this decision is that the central bank has lost control over two particularly important financial elements, the exchange rate, and the interest rate.[341] Thus, along with the foreign currency substitution that occurred with the liberalization of foreign currency transactions a few years ago, the Turkish economy has become quite unpredictable and volatile. This situation defined the Turkish economy in the period from 1989 to 1994 crisis.[342]

Consequently, the main criticism of this decision is that it is premature.[343] Likewise, the Central Bank objected to this decision especially in terms of its timing, but the government did not take a step back.[344] It is understood that the reason behind this insistence is due to the fact that the decision to lift the restrictions on capital accounts has a political attribute rather than economic.[345] In fact, removing financial restrictions is the last resort for the government to survive in the political arena.[346] Decree 32, which made this transformation possible, represents the last and perhaps the most important link in the liberalization movement of the 1980s.[347] Liberalization of capital movements represents the last and perhaps the most important link in the liberalization movement of the 1980s.[348] Although this decision was born of a political impulse, the

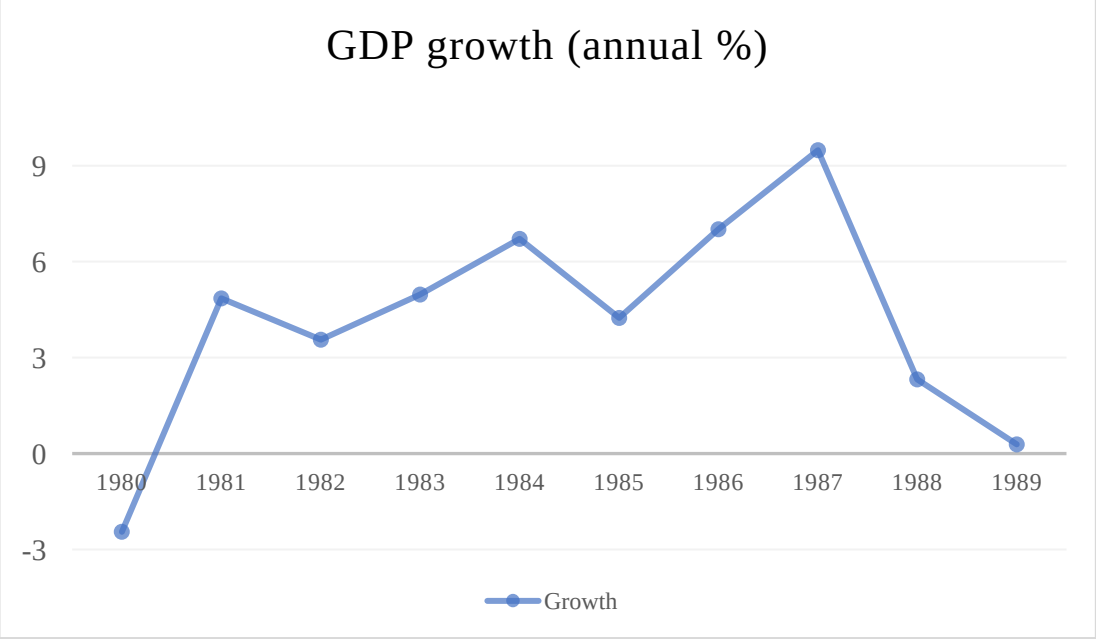
[339] Demir, 2004, p. 853; Yentürk, Nurhan. "Short term Capital Inflows and Their Impact on Macroeconomic Structure: Turkey in the 1990s." **The Developing Economies** 37.1 (1999): p. 89.
[340] Kumcu, Ercan. "Prospects for the Economy in 1998'." **Private View** 1.2 (1997): p. 31.
[341] Balkan, Yeldan, 1998, p. 142; Boratav, Yeldan, Köse, 2000, p. 4.
[342] Balkan, Yeldan, 1998, p. 132.
[343] Yalman, 2018, p. 69; Boratav, Türel, Yeldan, 1996; Gemici, 2012, p. 35; Öniş, 2004, p. 115; Elveren, Galbraith, 2009, p. 7; Ersel, Hasan. "The timing of capital account liberalization: The Turkish experience." **New Perspectives on Turkey** 15 (1996): p. 53.
[344] Öniş, Webb, 1992, p. 46; Ersel, 1996, pp. 46-48; Atiyas, Izak. "Enhancing Competition in a Post-Revolutionary Arab Context: Does the Turkish Experience Provide Any Lessons?" in I. Diwan (eds.). **Understanding the Political Economy of the Arab Uprisings**, World Scientific Publishing Co. Pte. Ltd., (2014): p. 171.
[345] Yalman, 2018, p. 69; Öniş, Webb, 1992.
[346] Ersel, 1996, p. 54.
[347] Demir, 2004, p. 853.
[348] Ibid.

fragile and weak economic structure that it created is one of the main reasons for the economic environment full of crisis and recession in the next decade.[349]

2.3. Economic Performance Between 1980-1989

2.3.1. The Macroeconomic Data

Figure 2.1: GDP growth (annual %) - Turkey (1980-1989)



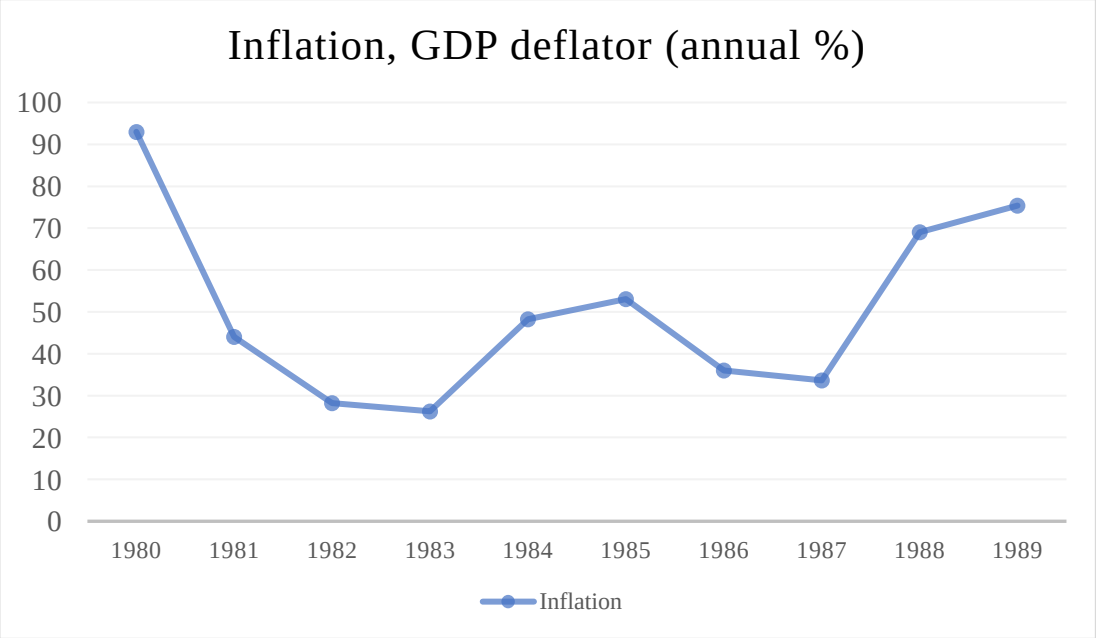
Source: World Bank national accounts data, and OECD National Accounts data files.

Figure 2.1 and Figure 2.2 show the basic economic indicators of Turkey between 1980 and 1989. Accordingly, it is observed that the country has recovered to a certain extent from the economic and political instability it has slid into in the late 70s. The growth rate, which fell to negative levels before 1980, returned to positive values again and exceeded 9 percent in 1987. Similarly, the inflation rate which approached hyperinflation values and exceeded 100 percent, was relatively brought under control and decreased to below 30 percent in 1983.

[349] Taymaz, Voyvoda, 2012, p. 84; Dibooglu, Kibritcioglu, 2004, p. 46; Demir, 2004, p. 853; Taymaz, 1999, p. 5.

The authoritarian and repressive military regime in the period between 1980-1983, while damaging certain civil and political rights, put an end to the violent conflict in the political sphere with extortion. Then, after the 1983 elections, the normalization process was initiated by returning to the civilian regime. In this respect, it is not surprising that the period between 1983-1987 was described as the "golden years"[350] by various scholars, considering both the positive growth values and the relatively reduced inflation rates, as well as the more peaceful political environment.

Figure 2.2: Inflation, GDP deflator (annual %) - Turkey (1980-1989)



Source: World Bank national accounts data, and OECD National Accounts data files.

Meanwhile, it is possible to see the effects of the mini-crisis experienced by the country in 1988 in figures 2.1 and 2.2. As of this year, the positive effects of the new economic period began to disappear, and the economic indicators started to approach the crisis environment in the late 70s. Consequently, it is possible to understand the point of origin of the government's decision to lift the restrictions on capital mobility

[350] Eryılmaz, Filiz. "Political Developments during Election Periods after 1980 in Turkey." **Social Sciences Researches in the Globalizing World** (2018): p. 232; Ediger, Volkan Ş., and Ozkan Huvaz. "Examining the sectoral energy use in Turkish economy (1980–2000) with the help of decomposition analysis." **Energy Conversion and Management** 47.6 (2006): p. 741.

almost completely despite the objections of the experts in 1989. Moreover, it can be seen more clearly that the decree 32, which formalized this decision, was issued as a last resort.

If some of the positive developments in this period are analyzed well, it is difficult to describe the economic process as successful in general terms. The momentum caught in economic growth has not occurred with structural improvements and a comprehensive framework, but with the expansionary policies implemented with deregulation on capital movements. Growth in the economy with expansionary policies can be considered a success, but if this expansion is not regulated by the necessary legal framework, an economy that is vulnerable and open to external influences and fluctuations will emerge. Thus, this economic system implemented by Turkey has reached its limits as of 1988.

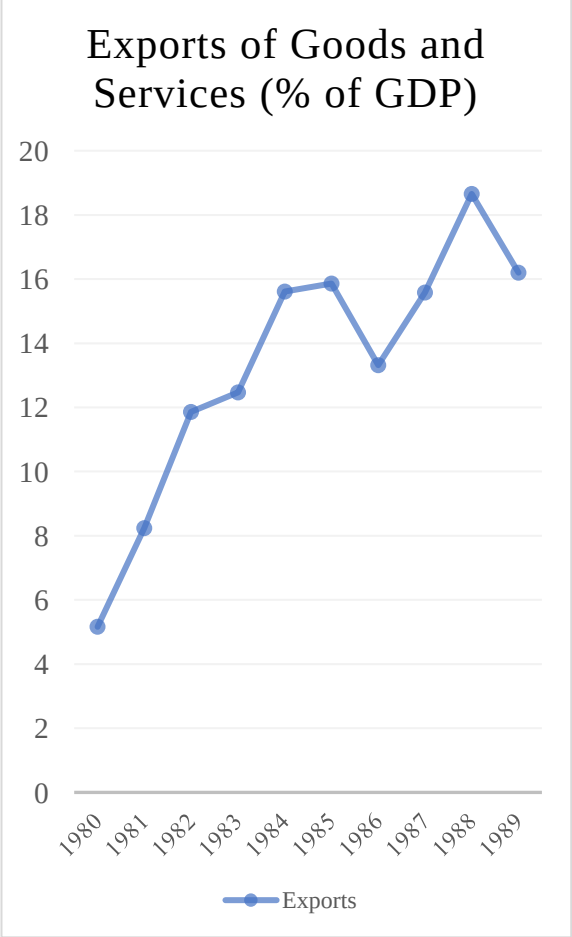
Furthermore, it is known that Özal considered high inflation to be expendable when it is appropriate, and rather sees it as necessary for economic growth.[351] On the other hand, in the eight-year period since 1980, the average growth rate was 4.6 percent, although this value is a decent rate, it was not as high as expected, and it was below the periods of import substitution industrialization, for example, 1963 and 1977.[352] Unemployment has tended to decrease since 1980, as in other macroeconomic risks, but by 1988 it has increased again and exceeded the previous data.[353] Although unemployment is not the biggest problem of this period, a solution could not be found against rising inflation coupled with rising unemployment. This situation indicates that there was some kind of stagnation in the 1980s.[354] The economic models applied by Turkey are insufficient to solve the unemployment problem.[355]

---

[351] Öniş, 2004, p. 127.
[352] Ahmad, 1993, p. 205; Özmucur, 2007, p. 763.
[353] Yılmaz, Ali. "Türkiye'de işsiz nüfus." **Fırat Üniversitesi Sosyal Bilimler Dergisi** 15.1 (2005): pp. 43-56.
[354] Uysal, Doğan and Savaş Erdoğan. "Enflasyon ile İşsizlik Oranı Arasındaki İlişki ve Türkiye Örneği (1980-2002)", **Selçuk Üniversitesi, İİBF Sosyal ve Ekonomik Araştırmalar Dergisi**, 2003, pp. 35-47
[355] Karaçor, Zeynep and Volkan Alptekin. "1980 Sonrası İstikrar Politikaları Işığında Türkiye Ekonomisinin Trend Analizi Yardımıyla Değerlendirilmesi", **Selçuk Üniversitesi İİBF Sosyal ve Ekonomik Araştırmalar Dergisi,** 11, (2006): pp. 306-342.

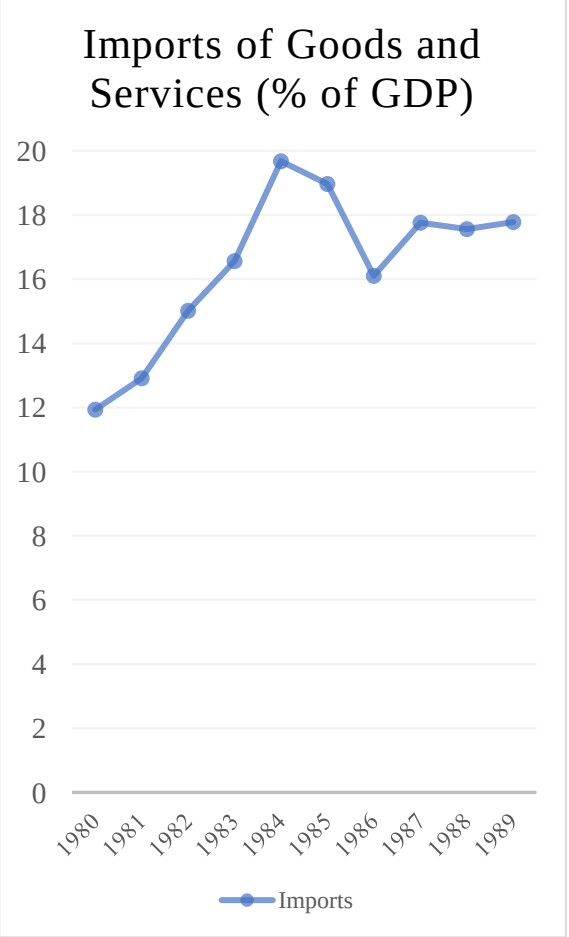
2.3.2. Trade and Budget

Figure 2.3: Exports of goods and services (as a % of GDP) - Turkey (1980-1989)



Source: World Bank national accounts data, and OECD National Accounts data files.

Figure 2.4: Imports of goods and services (as a % of GDP) - Turkey (1980-1989)



Source: World Bank national accounts data, and OECD National Accounts data files.

It is possible to see the results of the export-oriented and international trade-based strategy that defines the general financial policy of Turkey in the 1980s in Figure 2.3 and Figure 2.4. In this decade, both imports and exports have been considerably increased. Nevertheless, although the high success achieved in the export data in ten years seems impressive, this evolution needs to be examined in more depth. Looking at Figure 3.3, the slowdown in the economy and the economic strategy implemented

have reached their limits when coming to 1989. Moreover, in this process, some of the export data is known to be speculative and has a "fictitious export" nature.[356] The government was also criticized for not taking the necessary and adequate measures in this regard.[357]

In this process, the percentage of the trade in GDP increased compared to the 1970s. As a result of the facilities provided for commercial activities, many people turned to trade, and the trade volume naturally grew. As a result of the comprehensive tax incentives applied in commercial activities, the entry into the export sector, which has the feature of "low risk, high profit", has increased considerably. As such, fictitious exports have increased, many people who wanted to acquire government incentives have created an imaginary trade network and have exported the goods they do not have to the imaginary individuals and institutions who are not real.[358]

Concurrently, the content and structure of Turkish exports have changed dramatically. The agricultural sector, which had a weight of 60 percent in exports at the beginning of the decade, entered a rapid decline and initially fell to only one-third of this rate in ten years.[359] Agricultural products, whose weight decreased rapidly in the basic export goods, were replaced by the goods of low value-added and low-technology sectors. The weight of these products in exports has also approached from about 20 percent to 60 percent in the same period.[360] In this way, a revival has been achieved in the manufacturing industry.

Undoubtedly, these developments are not coincidental and emerged as a result of Turkey's new economic model. In line with this new economic model, in an attempt to gain surplus value through cheap labor, Turkey has been transformed into a cheap labor country. In this context, while the low-tech sectors mentioned above have started

---

[356] Özen, Hayriye. "Informal Politics in Turkey During the Özal Era (1983-1989)." Alternatives: Turkish **Journal of International Relations** 12.4 (2013), p. 86; Ceyhun, Fikret. "The politics of industrialization in Turkey." **Journal of contemporary Asia** 18.3 (1988): p. 341.
[357] Uluç, Vahap. (2014), "Liberal-Muhafazakar Siyaset ve Turgut Özal'ın Siyasi Düşüncesi", **Yönetim Bilimleri Dergisi,** Cilt: 12, Sayı: 23, p. 126; Özkan, Tuncay. "Hayali ihracatın mimarı Turgut Özal." (1993).
[358] Öniş, 2004, p. 122.
[359] Kaya, Yunus. "Proletarianization with polarization: Industrialization, globalization, and social class in Turkey, 1980–2005." **Research in Social Stratification and Mobility** 26.2 (2008): p. 168.
[360] Ibid.

to grow rapidly, such as apparel and textile, real wages have started to drop sharply. The share of wage labor has fallen by nearly half during this period.[361] Sectors producing high value-added and high-tech goods of medium and high grade lagged behind those sectors that are mentioned above in terms of exports and production in general and could not achieve a major increase.

Along with both increasing exports and changing the content and structure of it and decreasing worker wages, another operation for the realization of Turkey's new economic plan was the severe devaluation of the Turkish lira. With all these reforms, it was thought that Turkey could be more competitive in international markets and integrated into the global economy in this way. However, these uncoordinated and sudden changes that lack the consensus of interest groups have damaged the local economy. With an uncertain atmosphere dominating the economy, corporations had difficulties in integrating into the new economic order and had difficulty in taking steps and making plans.[362] Even worse, the goals of increasing competition and thus efficiency in domestic corporations, which is one of the main targets of the new plan, have not been realized. These reforms did not have a noticeable effect on improving the performance of domestic companies.[363]

Along with these reasons, as a result of changing dynamics in the economy, the public sector faced pressures on providing financing to the private sector which is normally in contrast to the desired outcome of the new model. The depreciation of the Turkish lira as a result of the devaluation policy also undermined the ability to meet external debts.[364] Large tax cuts and wide incentives for exports and many manipulative initiatives have also undermined the government revenues. In addition, with the socialization of the losses in financial crises, an undesirable pressure has occurred on

[361] Yeldan, A. Erinç, and Sabit Khakimzhanov. The Political Economy of Reform Failure and Macroeconomic Mismanagement; Turkey, 1980-2002. In: Lunndahl M, Wyzan ML (eds.) **The Political Economy of Reform Failure**. Routitledge, (2007): p. 94.
[362] Ersel, Hasan, and Emin Ozturk. **Liberalization attempts and the financial structure of Turkish corporations**. Research and Monetary Policy Department, Central Bank of the Republic of Turkey, 1990, p. 19; Bugra, Ayse. **State and business in modern Turkey: A comparative study**. Suny Press, 1994, p. 147.
[363] Pehlivan, Kirkpatrick, 1992, p. 194.
[364] Boratav, Yeldan, Köse, 2000, pp. 4-5.

public spending.[365] Although there are minor improvements in the trade deficit as a result of the increase experienced by the incentives given in the exports, these improvements are not so impressive compared to the import substitution period.[366]

Public sector spending and borrowing emerged as one of the main problems in this period.[367] It is observed that the budget balance, which gave a surplus for the last time in 1970 and started to deteriorate gradually, became more and more uncontrollable especially since 1980.[368] The budget deficit, which will become an increasingly important problem for Turkey, also has a negative effect on inflation, especially in the Turkish case.[369] Public sector borrowing requirements followed a fluctuant course in this period and especially domestic borrowing could not be restricted.[370] There are various criticisms that the government is not working devotedly enough to reduce both inflation and the debt throughout its duty term.[371] Interestingly, contrary to experts' conclusion that "overly expansionary monetary and fiscal policies may lead to rapidly accelerating inflation that, in turn, may result in a loss of external competitiveness,"[372] these elements were intended to be used as a driving force and necessary interventions were not made in this regard.

After the political normalization in the country has been achieved to a large extent and the formation of a competitive political arena, public sector borrowing requirement has increased in all election periods starting from the 1987 elections.[373] When the

---

[365] Ibid.
[366] Duman et. al., 2005, p. 126.
[367] Papi, Ms Laura, and Ms GC Lim. **An econometric analysis of the determinants of inflation in Turkey**. No. 97-170. International Monetary Fund, 1997.
[368] Kuştepeli, Yeşim, and Gülcan Önel. "Fiscal deficit sustainability with a structural break: An application to Turkey." **Eastern Mediterranean University, Review of Social, Economic and Business Studies** 5.6 (2005): p. 194.
[369] Metin, Kivilcim. "The relationship between inflation and the budget deficit in Turkey." **Journal of Business & Economic Statistics** 16.4 (1998): 412-422.
[370] Akçay, O. Cevdet, C. Emre Alper, and Süleyman Özmucur. "**Budget deficit, inflation and debt sustainability: Evidence from Turkey (1970-2000).**" Bogazici University Institute of Social Sciences Working Paper ISS/EC 12 (2001).
[371] Öniş, 2004, p. 127; Rodrik, Dani. "**Some policy dilemmas in Turkish macroeconomic management**." The Political Economy of Turkey. Palgrave Macmillan, London, 1990, pp. 183-198; Sönmez, Ümit. "**Market and Regulatory Reforms in the Turkish Case of Neoliberalism: Maladies of a Temporal Disjunction.**" Re-regulation in the Wake of Neoliberalism (2008): 1-20.
[372] Lombardi, 2007, p. 109.
[373] Denizer, Cevdet, Mustafa N. Gultekin, and N. Bulent Gultekin. "**Distorted incentives and financial development in Turkey.**" Financial Structure Conference Papers. 2000. P. 4

political history of the Turkish economy is analyzed, it can be seen that a considerable part of the decisions taken was made with populist and political motives. Public sector borrowings and budget deficits will emerge as a larger problem, especially in the 1990s, when a total of 11 governments served and discordant coalition groups prevailed.

The decision of Turkey to focus on exports and diversify the production scale can be seen as a very sensible decision. However, it is difficult to argue that this decision was taken in line with a long-term and comprehensive plan. While transitioning to the new economic model, neither a structure that will protect domestic corporations against international competition nor a strong legal infrastructure and a sustainable development plan has been put into effect in essential sectors such as agriculture, industry, and finance. As Yeldan pointed out, one of the main problems of this program is that the gains in exports could not be supported by sectoral investments in such a period that focused on export-oriented industrialization under the leadership of the private sector.[374]

Another reflection of the liberalization program is privatization. However, compared to the Latin American countries such as Argentina and the general trend of those years, the privatization move was rather slow in Turkey.[375] Despite Özal, who said that he could even sell the "Bosphorus Bridge" in the early 80s, both the number and scale of privatizations were small in Turkey in this decade. Unlike the financial sector, no "shock therapy" has been applied to privatizations.[376] Despite Özal's strong desire on this issue, one of the main reasons for the delays and the low number of privatizations is the workers' movement, which is still relatively strong despite the 1980 military coup, and the strong statist, nationalist feelings in the people.[377]

[374] Yeldan, 2006, p. 48.
[375] Marois, 2007, p. 16.
[376] Angın, Merih, and Pınar Bedirhanoğlu. "Privatization processes as ideological moments: The block sales of large-scale state enterprises in Turkey in the 2000s." **New Perspectives on Turkey** 47 (2012): p. 146.
[377] Palmer, Marc C., "**The Turkish Privatization Experience, 1984 to 2009**" (2010). Turkey: bridging two worlds. Paper 9, p. 82.

The first privatizations made in the mid-1980s can be described as partial privatization, as they were made as a kind of partnership using different sales techniques.[378] In 1986, after the report of Morgan Guaranty Bank drawing the road map and objectives for privatizations at the request of the Turkish government, larger privatizations started to be made especially since 1988.[379] The objectives of the privatization program were listed extensively in the report at first, but as a result of prolonged legal debates, troubles throughout the process, the main goal has evolved to earning solely revenue.[380] However, once again, as a result of the insufficient legal rules and the lack of necessary reforms, the first privatization practices were described as a failure.[381] In the first privatizations, public enterprises were sold to foreigners, bypassing domestic buyers.[382]

Actions that are intended to boost surpluses such as lowering real wages, reducing social expenditures, privatization of the public economic enterprises, and providing tax cuts and incentives to the private sector were not supported by a development plan to increase investment and production. Even during the boom period between 1983 and 1987, a small part of the surplus created was directed to the manufacturing area.[383] As pressures on public spending also increased, the government turned to short-term transactions in finance rather than investment and production. With the government turning to the financial sector, the lack of legal rules in this area and the fragility of the existing structure showed themselves as severe economic crises.

2.3.3. Finance

Another area where the speculative and short-term nature of the new economic program shows itself is the financial field. With the influence of wide-ranging liberalization, the government's speculative movements in domestic markets have been

[378] Öniş, Ziya. "The evolution of privatization in Turkey: The institutional context of public-enterprise reform." **International Journal of Middle East Studies** 23.2 (1991): p. 167.
[379] Yeldan, Erinç. "**Assessing the privatization experience in Turkey: Implementation, politics and performance results.**" Report Prepared for the Economic Policy Institute. Retrieved May 31 (2005): 2007, p. 12.
[380] Ibid.
[381] Palmer, 2010.
[382] Ibid.
[383] Boratav, Yeldan, 2006, p. 6.

paved. This action, which is generally referred to as financial deepening, has been organized entirely for the demands and needs of the public sector.[384] Indeed, considering the Banker crisis in 1982 and the financial crises over the next decade, it is clear that the area that is affected the most by the reform program was finance. Although the main feature of the reform package seems to be the export-led growth strategy, the most fundamental changes are seen in the capital markets, while the main reason for the crises is also exclusively related to the issues in finance.

Another point that needs to be highlighted in this era is that between 1982 and 1988, international financial institutions mentioned in the second chapter, especially the IMF, have been closely involved in the economic development of Turkey and the policies it has implemented on the road. Moreover, as stated earlier, these organizations were also influential in the beginning and emergence of the reform process before 1982. One of the striking products of this effect is the January 24 measures. In fact, according to Demir "Turkey emerged as a test case for the newly implemented WB-IMF joint program involving cross-conditionality."[385]

While the driving force of the financial sector in Turkey was banking,[386] it was previously mentioned that the banking field had an oligopolistic structure in the country. At the same time, Turkey was greatly influenced by the IFIs and the global approaches of the period, the paradigms of the Washington Consensus, and therefore shaped its policies accordingly. The crisis experienced in 1982 revealed that the sector was not ready for these resolutions, and it was necessary to establish a regulatory framework in a hurry. The introduction of regulatory institutions that started to be established in 1983 which is actually a very late decision, did not provide sufficient stability.

Financialization has matured by 1990 as a result of deregulation moves made in succession.[387] The ratio of total bank deposits to gross national product has almost doubled in this process. As in other sectors, one of the main objectives was to increase

[384] Pamukçu, Yeldan, 2005, p. 4.
[385] Demir, 2004, p. 52.
[386] Kibritçioğlu, 2005.
[387] Balkan, Yeldan, 1998, p. 133.

competition and therefore efficiency. In this context, banking transactions and structure were transformed. As one of the main objectives of the new program, there have been many domestic and foreign entries into the banking sector.[388] The concentration of the country's major banks in the sector, which is frequently mentioned in the problem of suppressing deposit interest rates, also decreased at the end of this period,[389] albeit still controlling about 50 percent of the assets.[390]

Table 2.4: The distribution of types of banks in Turkey, 1980-1989.

Type of Bank	Number of Banks (Percentage)		
	1980	**1985**	**1989**
State-owned Specialized Banks	12 (28%)	12 (24%)	8 (13%)
National Private Commercial Banks	24 (56%)	20 (40%)	24 (38%)
Foreign Commercial Banks	4 (9%)	15 (30%)	21 (34%)
Development Banks	3 (7%)	3 (6%)	9 (15%)
Total	43	50	62

Source: Pehlivan, Kirkpatrick, 1992, p. 197.

In Table 2.4, both the increasing number of banks and the change of the composition of the banking system towards private and foreign banks can be seen. While the number of state banks has decreased, the number of foreign banks has increased significantly, and new private banks have been opened. Apart from these, some mergers and acquisitions have also been experienced in banking.[391]

[388] Denizer, 1999, p. 11.
[389] Günalp, Burak, and Tuncay Çelik. "Competition in the Turkish banking industry." **Applied Economics** 38.11 (2006): p. 1335.
[390] Isik, Ihsan, and M. Kabir Hassan. "Financial deregulation and total factor productivity change: An empirical study of Turkish commercial banks." **Journal of Banking & Finance** 27.8 (2003): p. 1463.
[391] Denizer, 1999, p. 11.

Before the severe crises in the 1990s, Akkurt et. al. evaluated the developments in banking at first sight as positive in 1992.[392] Accordingly, the banking system has been harmonized with international trends, expanded to new markets and profitability has been increased, efficiency has been increased to a certain extent, and the banking sector has come to the forefront as the main capital distribution tool in the country.[393] However, with the benefit of hindsight, it is not difficult to see that there are serious problems in finance.

Firstly, Balkan and Yeldan opposed some points in the Akkurt et. al.'s article. In this context, the expansion in the sector is not well-balanced and is not fully consistent with the liberalization program.[394] Although the state's domination in the banking sector seemed to decrease with the decrease in the number of public banks, the banks generally used government bonds and other public financing tools, which they considered more reliable, in the unstable environment of the period.[395] Moreover, the impact of foreign banks on competition in the sector in the second half of the 80s is insignificant.[396] Besides, some vital financial institutions such as the Istanbul Stock Exchange started to operate in 1986, and the concrete effects of the reforms that started in 1980 began to be seen only from this year.[397]

Despite all these developments, the banking sector continued to be a very profitable field during this decade.[398] Of course, in this profitability, the behavior of banks is also effective. In this decade, both the increase in the number of branches, which is 4

[392] Akkurt, A., et al. "**Developments in the Turkish banking sector: 1980–1990.**" Issues in Banking Structure and Competition in a Changing World, Conference Proceedings. Central Bank of the Republic of Turkey, Ankara, Turkey. 1992.
[393] Ibid.
[394] Balkan, Yeldan, 1998, pp. 138-139.
[395] Özer, 2003; Yildirim, Canan. "Evolution of banking efficiency within an unstable macroeconomic environment: the case of Turkish commercial banks." **Applied Economics** 34.18 (2002): pp. 2289-2301.
[396] Balkan, Yeldan, 1998, p. 139.
[397] Atiyas, I. and Ersel, H. (1996) The impact of financial reform: the Turkish experience, in **Financial Reform: Theory and Experience** (eds) G. Caprio, I. Atiyas and J. A. Hanson, Cambridge University Press, Cambridge, p. 108.
[398] Isik, Hassan, 2003, p. 1463; Denizer, 1999, p. 14; Isik, Ihsan, and M. Kabir Hassan. "Technical, scale and allocative efficiencies of Turkish banking industry." **Journal of Banking & Finance** 26.4 (2002): pp. 719-766.

percent and the increase in the number of employees, which are about 15 percent, are quite low compared to the 1970s.[399]

Banks have meticulously selected the areas they operate in the newly deregulated financial market. Neither Turkish nor foreign banks have started operations outside the three major cities in Turkey.[400] The ratio of savings and commercial deposits of the banks, which had a very weak impact in retail banking and instead turned to more profitable areas, was also exceedingly small.[401] Lastly, as a result of excessive focus on banking during this period, operations on financial activities and institutions other than banking were weak and inadequate.[402] Interestingly, contrary to the general belief, public banks were found to be more efficient than private banks in this process.[403]

Consequently, the reason for the highly profitable and energetic momentum that Turkish banking has caught throughout the 80s is not a sectoral success, but the banks that benefit from the gaps and loopholes in the highly deregulated system have boosted their profits. As stated above, banks have gravitated towards specific areas they consider profitable, not adequately supervised by the state, and while a high level of financial deepening emerged, financial development was not at the expected level. In this context, the necessary development has not been achieved, especially in the investments.

There is extensive literature about the positive effect of foreign direct investment on economic growth, productivity, competition, and the performance of both domestic and foreign corporations.[404] Nevertheless, the emergence of the positive results of

[399] Zaim, Osman. "The effect of financial liberalization on the efficiency of Turkish commercial banks." **Applied Financial Economics** 5.4 (1995): p. 258.
[400] Denizer, 1999, p. 14.
[401] Ibid.
[402] Atiyas, Ersel, 1996, p. 132.
[403] Zaim, 1995, p. 263.
[404] Li, Xiaoying, and Xiaming Liu. "Foreign direct investment and economic growth: an increasingly endogenous relationship." **World development** 33.3 (2005): 393-407; Borensztein, Eduardo, Jose De Gregorio, and Jong-Wha Lee. "How does foreign direct investment affect economic growth?" **Journal of international Economics** 45.1 (1998): 115-135; Chuang, Yih-Chyi, and Chi-Mei Lin. "Foreign direct investment, R&D and spillover efficiency: Evidence from Taiwan's manufacturing firms." **The Journal of Development Studies** 35.4 (1999): 117-137; Barrios, Salvador, Holger Görg, and Eric Strobl. "Foreign direct investment, competition and industrial development in the host country." **European Economic Review** 49.7 (2005): 1761-1784; Mullen, John K., and Martin Williams. "Foreign

these investments depends first of all on the host country's own policies.[405] For example, making investments in the form of greenfield investment can contribute to technology, knowledge, and capital accumulation in the country more than other types of FDI.[406] Turkey, however, has not been able to attract sufficient foreign investments, let alone channeling incoming foreign investments.

Following the decrees first issued in 1983, which significantly liberalized capital movements, the capital inflow was not as high as expected.[407] In 1986, new regulations were made to encourage FDI.[408] Nonetheless, by 1989, FDI net inflows could not even reach 1 percent of GDP.[409] Despite the incentives made in 1986, there was still no breakthrough in FDIs, and the positive effects of the investments mentioned above have not been achieved. Presumably, in this case, the state's reluctance and the failure to act within a sharp framework that would enhance and channel FDIs efficiently also have a share.[410] In the two reports published by the Foreign Investment Advisory Service in 2001, it has been determined that there are both political and economic barriers against foreign direct investment in Turkey and an action plan for this issue has been proposed.[411] Consequently, foreign direct investments in Turkey until this

direct investment and regional economic performance." **Kyklos** 58.2 (2005): 265-282; Kutan, Ali M., and Goran Vukšić. "Foreign direct investment and export performance: empirical evidence." **Comparative Economic Studies** 49.3 (2007): 430-445.

[405] Zhang, Kevin Honglin. "Does foreign direct investment promote economic growth? Evidence from East Asia and Latin America." **Contemporary economic policy** 19.2 (2001): 175-185; Yu, Chwo-Ming Joseph. "The experience effect and foreign direct investment." **Weltwirtschaftliches Archiv** 126.3 (1990): 561-580; Herzer, Dierk. "How does foreign direct investment really affect developing countries' growth?" **Review of International Economics** 20.2 (2012): 396-414.

[406] Harms, Philipp, and Pierre-Guillaume Méon. "**Good and bad FDI: The growth effects of greenfield investment and mergers and acquisitions in developing countries.**" United Nations: Geneva (2014); Nocke, Volker, and Stephen Yeaple. "An assignment theory of foreign direct investment." **The Review of Economic Studies** 75.2 (2008): 529-557.

[407] Altınkemer, Ekinci, 1992, p. 92.

[408] Taymaz, 1999, p. 5.

[409] International Monetary Fund, International Financial Statistics and Balance of Payments databases, World Bank, International Debt Statistics, and World Bank and OECD GDP estimates.

[410] Erdilek, Asim. "A comparative analysis of inward and outward FDI in Turkey." **Transnational corporations** 12.3 (2003): pp. 79-106.

[411] Togan, Sübidey. "Turkey: Trade policy review." **World Economy** 28.9 (2005): p. 1232; Öniş, Ziya. "Beyond the 2001 financial crisis: The political economy of the new phase of neo-liberal restructuring in Turkey." **Review of International Political Economy** 16.3 (2009): p. 423.

year are very low and Turkey's FDI policy can be described as a failure, especially in the 1980s.[412]

Although there is not enough inflow from FDI, Turkey continued to make markets even more open, and this openness brought higher funding pressure. Since long-term sustainable financial solutions could not be realized, the country gravitated to short-term financial transactions. To meet this pressure and the urgent capital need, portfolio investments, which are prone to economic problems due to their structure and thus pose a risk, have been used.[413] In this process, fixed capital investments for the manufacturing industry are constantly declining, with the exception of 1985 and 1986.[414] Thus, the Turkish economy has turned into a speculative and short-term based environment rather than displaying a long-term and productive structure.[415] In other words, with capital flows such as portfolio investments, Turkey has diverged from industrialization and the period of financialization has begun.

Financialization and financial liberalization deepened the problems that are already existed in the economy.[416] The newly created economic environment, which is based on short-term transactions and lacks productivity and added-value, meant a fragile economy that is open to external shocks with its volatile and unstable nature and dragged the country to the spiral of crisis. With this relatively unsuccessful fiscal policy of the country, high inflation and high-interest rates emerged and this undermined the capital transferred to the manufacturing industry.[417] To address these problems Demir suggests that "there is a strong need to reorganize the financial system

[412] Erkilek, 2003; Erdal, Fuat, and Ekrem Tatoglu. "Locational determinants of foreign direct investment in an emerging market economy: evidence from Turkey." **Multinational business review** 10 (2002): pp. 21-27; Temiz, Dilek, and Aytaç Gökmen. "FDI inflow as an international business operation by MNCs and economic growth: An empirical study on Turkey." **International Business Review** 23.1 (2014): 145-154.
[413] Güriş, Selahattin, and Kutay Gözgör. "Trade openness and fdi inflows in Turkey." **Applied Econometrics and International Development** 15.2 (2015): p. 60.
[414] Öztürk, Özgür. "Türkiye'de Sendikal Mücadele, Sermaye Birikimi, MESS ve Koç Holding." **Praksis** 19 (2009): p. 351.
[415] Karwowski, Ewa, and Engelbert Stockhammer. "Financialisation in emerging economies: a systematic overview and comparison with Anglo-Saxon economies." **Economic and Political Studies** 5.1 (2017): p. 65.
[416] Balkan, Yeldan, 1998.
[417] Celasun, 1994, pp. 458-459.

in such a way that national (and foreign) savings are directed toward productive investments instead of financial ones."[418]

So how did the results of the reforms mentioned in the previous sections and the overall performance in finance take shape? This program, which can be described as neither heterodox nor orthodox,[419] obviously did not produce the expected and desired result. Citing from Alper and Öniş, Akın et. al. suggested two important reasons for this situation.[420] According to this, first of all, regulatory institutions could not act independently of the oligopolistic structure of banking and the pressure of politics which is closely related to the process. As such, these institutions could not attain the ability to act proactively, which is vital to them, and they adopted a rather passive and reactive attitude in their future. Secondly, the intentions and actions of the regulatory agencies and banks were contradicting, which also prevented effective decision-making.[421]

Boratav and Yeldan present four main outcomes regarding this situation in various articles.[422] "The first outcome is that, as expected, financial deepening did not yield the expected optimistic result. Secondly, with the capital account liberalization in 1989, the country has become much more open to the influence of financial cycles. Thirdly, substantial leakages from net inflows, i.e. through capital outflows and reserve accumulation transmuted the conventional linkages between growth, current account balance, and capital flows. Lastly, arbitrage-seeking ("hot money") inflows and outflows started to constitute a rising share within capital movements and contributed to rising external and domestic instability."[423]

[418] Demir, Firat. "The rise of rentier capitalism and the financialization of real sectors in developing countries." **Review of Radical Political Economics** 39.3 (2007): pp. 351-359.
[419] Karluk, Küçüksakarya, 2016, p. 277.
[420] Akin, Güliz Gülsün.; Ahmet Faruk Aysan; and Levent Yildiran. 2008. "**Transformation of the Turkish Financial Sector in the Aftermath of the 2001 Crisis.**" MPRA (Munich Personal RePEc Archive) Paper no. 17803, University Library of Munich, Munich.
[421] Ibid.
[422] Boratav, Yeldan, 2006, p. 17.
[423] Ibid.

CHAPTER THREE

CONTINUITY AND CRISIS: THE SECOND PHASE OF NEOLIBERAL STRUCTURING IN TURKEY 1989-2001

The year 1989 is an obvious milestone in Turkey's neoliberal transformation. The economic path followed by the country has evolved into a new phase from this year.[424] In the dawn of the 1990s, the most prominent development in the economic sense was the capital account liberalization, while politically, Özal's election as president of the republic and resigning from his position in the Motherland Party will seriously affect the balance of power in the political field in the following years. Consequently, Turkey experienced serious turmoil in both areas which marked the 1990s as the "lost decade".[425] According to Gemici, the main reason for this nomenclature is the economic decisions taken in 1989, namely capital account liberalization.[426]

3.1. President Özal

The prominent figures of Turkish politics, who are banned by the military coup, returned to active politics generally by establishing new parties, and the Motherland Party (ANAP) was only able to come out third in the 1989 municipal elections. Following the lifting of political bans, politicians in search of a new beginning and rank became the architects of the fragmented and uncooperative Turkish politics of the 1990s.

Multiple parties have arisen from both sides of the political spectrum that do not differ much from their counterparts.[427] In the center-right, which always has high support potential in Turkey, there were two major parties, ANAP and DYP. Interestingly, Özal and ANAP did not establish any partnership with the True Path Party (DYP), the

[424] Gemici, 2012, p. 35; Yeldan, 2006, p. 199; Boratav, Yeldan, Köse, 2000, p. 3; Balkan, Yeldan, 1998; Öniş, Ziya, and Fikret Şenses. "**The new phase of neo-liberal restructuring in Turkey: an overview.**" Turkey and the Global Economy. Routledge, 2009, p. 13.
[425] Taymaz, Voyvoda, 2012, p. 84.
[426] Gemici, 2012, p. 53.
[427] Kalaycıoğlu, Ersin. "The shaping of party preferences in Turkey: Coping with the post-cold war era." **New Perspectives on Turkey** 20 (1999): pp. 47-76.

second party with the most votes in the municipal election in 1989, and its leader Süleyman Demirel, although they share a similar political discourse.[428] As with other parties that share a similar political view, the main reason in this example is the rivalry between party leaders.[429]

The votes that could not be consolidated due to the cracks in the center-right and center-left led to an increase in the votes of the Islamist and nationalist extremist parties, which essentially appeal to a more niche audience, and therefore caused a wide range of political thought to have a say in political life and more importantly, in the parliament.[430] In all the elections held during the 1990 decade, none of the parties could get the majority of votes that would enable it to come to power alone, therefore, coalition governments were established each time.[431] Making decisions and producing policies in this multi-headed structure has become even more difficult, and the economy has also been adversely affected by this situation.

In November 1989 Özal became the 8th president of the Republic of Turkey as an escape from inter-party strife.[432] Following his Presidency, Özal somewhat steered away from economic issues and was deeply involved with political affairs, notably foreign policy. The Gulf War that broke out right at the door of Turkey and the Kurdish question were the main issues that the government focused on. Accordingly, foreign policy gained prominence as a result of Özal's ambitions to make Turkey a regional power.[433] Precisely in this period, important developments took place in the regions around the Republic of Turkey, the USSR disintegrated, and violent wars broke out in

[428] Gunes-Ayata, Ayse and Sencer Ayata. "Turkey's mainstream Political Parties on the Centre-Right and Centre-Left" in **Turkey since 1970: Politics, Economics and Society**, ed. Debbie Lovatt. New York: Palgrave, 2001, pp. 93-94; Tachau, Frank., "An Overview of Electoral Behavior" in Sabri Sayari and Yılmaz Esmer (eds.) **Politics, Parties and Elections in Turkey** (London: Lynne Riener Publishers, 2002), p. 37.
[429] Sabri Sayari, "The Changing Party System," in Sabri Sayari and Yılmaz Esmer (eds.) **Politics, Parties and Elections in Turkey** (London: Lynne Riener Publishers, 2002), p. 29.
[430] Ibid, p. 18.
[431] Çarkoğlu, Ali. "The Turkish party system in transition: party performance and agenda change." **Political Studies** 46.3 (1998): 544-571.
[432] Tachau, 2002, p. 37.
[433] Öniş, 2004, p. 123.

the Middle East. Turkey has adopted an active foreign policy in the face of these developments.[434]

In order to benefit from the potential of the geographic location of the Republic of Turkey, Özal approached the US and Europe in the west, while also concentrated upon the east and the close vicinity of the country, which was neglected in terms of foreign policy until then.[435] As a result of the new perspective of the country, strategic partnerships were initiated with a wide range of states ranging from the Turkic republics to the post-soviet countries, from the Black Sea region to the Middle Eastern nations.[436] Turkey openly supported the US during the Gulf War and aided the military operations extensively despite the reluctance of the generals.[437] Following its active role in the war, Turkey turned to the US and EEC with the expectations of tangible political and economic returns.[438] However, these expectations, such as full membership in the EEC, did not come true to their full potential.[439] Besides, the economic burden of the refugees fleeing the war, the return of many Turkish workers working in the region, the damage to trade as a result of the embargoes imposed on the neighboring country Iraq, and the regional destruction caused by the war environment caused great financial damage to Turkey.[440]

Another potential hot spot in Turkey's foreign policy plans was the black sea region and the former Soviet bloc. One of the substantial steps taken in the context of developing cooperation and expanding the influence of the Turkish economy by

---

[434] Aral, Berdal. "Dispensing with tradition? Turkish politics and international society during the Özal decade, 1983-93." **Middle Eastern Studies** 37.1 (2001): p. 77.
[435] Sayari, Sabri. "Turkey and the Middle East in the 1990s." **Journal of Palestine Studies** 26.3 (1997): pp. 44-55; Dinc, Cengiz, Mustafa Yetim. "Transformation of Turkish foreign policy toward the Middle East: From non-involvement to a leading role." **Alternatives: Turkish Journal of International Relations** 11.1 (2012): pp. 67-84.
[436] Ataman, Muhittin. "Özal leadership and restructuring of Turkish ethnic policy in the 1980s." **Middle Eastern Studies** 38.4 (2002): pp. 123-142.
[437] Taspinar, Ömer. "The Rise of Turkish Gaullism: Getting Turkish-American Relations Right." **Insight Turkey** 13.1 (2011): p. 13; Brown, Cameron S. "Turkey in the Gulf Wars of 1991 and 2003." **Turkish Studies** 8.1 (2007): pp. 87-89.
[438] Aral, 2001, p. 80; Sayari, Sabri. "Turkey: the changing European security environment and the Gulf Crisis." **Middle East Journal** 46.1 (1992): p. 14.
[439] Sayari, 1997, p. 46; Lesser, Ian. "Turkey and the West after the Gulf War." **The International Spectator** 27.1 (1992): pp. 33-46.
[440] Brown, 2007, p. 96; Hale, William. "Turkey, the Middle East and the Gulf crisis." **International Affairs** 68.4 (1992): p. 684.

establishing firm and stable ties with neighboring countries was the establishment of the Black Sea Economic Cooperation (BSEC).[441] In the same year, the Turkish Cooperation and Coordination Agency was established to support and cooperate with Turkic countries.[442] Özal had developed a comprehensive initiative towards the Turkic countries and in this context, Turkey aimed to become a prominent regional power as the leader of the Turkish states that gained their independence in Central Asia.[443]

The dream of being the spiritual leader of the Turkic world while bringing democracy and wealth to these countries could not be materialized due to the weak economic infrastructure of Turkey for such a big operation.[444] Additionally, the scarceness of commonalities in these countries and some substantial cultural differences proved that this initiative was too optimistic.[445] Turkey's lack of essential resources such as capital, expertise, and technology has limited its impact on these countries. Nevertheless, the ventures made to the Black Sea region and the near abroad yielded the expected result to a certain extent, and Turkey's foreign trade volume grew with these regions.[446]

Meanwhile, in internal affairs, political fragmentation was becoming increasingly more pronounced before the public and within the parliament.[447] In addition to the complications in the parliament, the presidents of the time Özal and Demirel, respectively, stretched their presidential powers and were integrally involved in many issues.[448] However, in this regard, Özal's interventionist aspect, which at times pushes

[441] Sayari, 1992, p. 14; Lesser, 1992, p. 36; Aydın, Mustafa. "Geographical blessing versus geopolitical curse: great power security agendas for the Black Sea region and a Turkish alternative." **Southeast European and Black Sea Studies** 9.3 (2009): pp. 271-285.
[442] Ipek, Pinar. "Ideas and change in foreign policy instruments: soft power and the case of the Turkish international cooperation and development agency." **Foreign Policy Analysis** 11.2 (2015): pp. 173-193.
[443] Aydin, Mustafa. "Foucault's pendulum: Turkey in Central Asia and the Caucasus." **Turkish studies** 5.2 (2004): pp. 1-22; Çaman, M. Efe, and M. Ali Akyurt. "Caucasus and Central Asia in Turkish Foreign policy: The time has come for a new regional policy." **Alternatives: Turkish Journal of International Relations** 10.2&3 (2011): p. 47.
[444] Aral, 2001, pp. 81-82.
[445] Ibid.
[446] Bilgin, Pinar, and Ali Bilgiç. "Turkey's "new" foreign policy toward Eurasia." **Eurasian Geography and Economics** 52.2 (2011): pp. 173-195.
[447] Karadag, Roy. **Neoliberal restructuring in Turkey: From state to oligarchic capitalism.** No. 10/7. mpifg discussion paper, 2010, p. 17.
[448] Heper, Metin, and Menderes Cinar. "Parliamentary government with a strong president: The post-1989 Turkish experience." **Political Science Quarterly** 111.3 (1996): pp. 483-503.

the constitutional boundaries, is more intense.[449] The president had a symbolic post due to the existing political system and administrative traditions of the Turkish Republic, nonetheless, Özal envisioned stronger powers and a much more active role, consequently a Latin American-style presidency.[450] Even though he could not officially introduce the presidential system to the country due to strong opposition, by continuing to being the de facto leader of ANAP, he achieved this to some extent.[451]

He handpicked his successor in ANAP, and Yıldırım Akbulut, a relatively obedient figure, became party president and prime minister.[452] Akbulut as well, made it clear from the very beginning that there would be no dichotomy between himself and President Özal and showed that Özal would take an active role.[453] Moreover, Özal was the person who determined the names to serve in the cabinet.[454] During the Akbulut period and afterward, he tried to obstruct any populist movement within the party that would undermine his influence and continued to act as a party leader and to intervene in the internal affairs of the party.[455] Özal continued to meet directly with politicians and bureaucrats, receive briefings, and give open directives regarding the state administration albeit the strong criticisms.[456] He bypassed existing decision-making channels in many issues, therefore, has made the already institutionally low-quality state apparatus even more obsolete.[457] These facts show that contrary to constitutional reality, some kind of semi-presidential system was in place in Turkey during this period.[458]

At the first stage, there was no strong opposition movement within the ANAP, however, Mesut Yılmaz, who had a different personality than Akbulut, came up

[449] Gönenç, Levent. "Presidential Elements in Government: Turkey." **European Constitutional Law Review**, vol. 4, no. 3, 2008, pp. 488–523.
[450] Öniş, 2004, p. 114.
[451] Aral, 2001, p. 74.
[452] Zürcher, Erik J. **Turkey: A modern history**. Bloomsbury Publishing, 2017, p. 292.
[453] Heper, Çinar, 1996, p. 494.
[454] Ibid.
[455] Erdoğan, Selami, and Feyzullah Ünal. "Problems of the Turkish Political Parties and Turgut Özal's Motherland Party (ANAP)." **Journal of US-China Public Administration** 10.6 (2013): p. 605.
[456] Heper, Çinar, 1996, p. 494.
[457] Özen, 2013, p. 83.
[458] Erdoğan, Ünal, 2013, p. 605.

against Akbulut in the intra-party elections after two years.[459] According to the Constitution, Özal, who has no organic ties to any political party and should not interfere with their internal affairs, rumors surfaced about his support on Akbulut, although he publicly did not support a candidate.[460] Nevertheless, Mesut Yılmaz won the election and was promoted to party chairmanship, and took on the post of prime minister. Unlike Akbulut, Mesut Yılmaz expressed his respect for Özal but declared that he would not be a prime minister overshadowed by the president and would fulfill the requirements of the constitution.[461] Presumably, Özal was not happy about this backlash.

A difficult task awaited Mesut Yılmaz, who formed the government after he took over the party. ANAP did not have a sharp identity like the parties on the far right or the far left, and the party identity was generally developed through Özal's personality.[462] Especially when it was first founded, ANAP was an unusual party in Turkish political history that united four different political wings (liberals, conservatives, social democrats, nationalists) under one roof.[463] Özal was able to unite all these segments under his own leadership. Therefore, even though it was on the central axis of the political spectrum in this respect, it assumed the identity of a center-right party, especially in the context of Özal's personality and the party policies followed.[464] Mesut Yılmaz, on the other hand, represented the urban bourgeoisie under the combination of the liberal wing and nationalism.[465]

As is common in the Turkish political tradition, ANAP also had an overpowered leader, a poor intra-party democracy, and party affiliation and party identity that formed largely around the leader.[466] Naturally, the party's founding leader Ozal's rise to the presidency has created an authority vacuum that caused conflict within his

[459] Kalaycıoğlu, Ersin. "The Motherland Party: The Challenge of Institutionalization in a Charismatic Leader Party." **Turkish Studies** 3.1 (2002): p. 49.
[460] Heper, Çinar, 1996, p. 495; Kalaycıoğlu, 2002, p. 49.
[461] Gönenç, 2008, p. 508. Heper, Çinar, 1996, p. 495.
[462] Erdoğan, Ünal, 2013, p. 604; Kalaycıoğlu, 2002, p. 59.
[463] Aral, 2001, p. 73.
[464] Kalaycıoğlu, 2002, pp. 41-61.
[465] Ibid. p. 51; Zürcher; 2017, p. 292; Gunes-Ayata, Ayata, 2001, p. 95; Özbudun, Ergun, and Alev Çınar. "**Mesut Yılmaz: from Özal's shadow to mediator.**" in Political leaders and democracy in Turkey. Lexington Books, 2002, pp. 181-198.
[466] Sayari, 2002, p. 25; Çarkoğlu, 1998.

former party.[467] Neither Akbulut nor Yılmaz could catch the unifying nature of Özal,[468] and as a result, the political downfall of ANAP, which started before Özal left, gained even more momentum.[469] Thus, ANAP lost the 1991 general elections to its center-right rival, DYP. DYP and Demirel could not obtain the majority to form a government in the election and formed the coalition government by allying with the Social Democratic Populist Party (Sosyaldemokratik Halkçı Parti, SHP) led by Erdal İnönü. Another feature that makes the 1991 general elections important is that as a result of the alliance it established with other parties, the Welfare Party (Refah Partisi, RP), which exceeded the 10 percent electoral threshold and had an openly Islamic tendency, entered the Turkish Grand National Assembly.[470] The RP's success was not limited to this, and support for political Islam grew even more in the following elections.

Stating that he will not play a submissive role against the president as the party leader, Yılmaz's relationship with Özal was also collapsing.[471] Özal began to criticize Yılmaz openly and undermine his leadership.[472] While this political dance was going on, Özal passed away unexpectedly in 1993. In the presence of stronger rivals in the center-right, it became clear in Özal's absence that ANAP's political success would not be long-term. However, in the politics of Turkey that lacked cooperation and stability in the 1990s, it still remained an instrumental organization.

The stalemate situation, in which political and non-political organizations were formed while striving to find alliances, recruit votes, or seek economic gains in the race to bring themselves to the fore, led to the waste of state resources and valuable time, and the emergence of social and economic crises.

[467] Öniş, Webb, 1992, p. 7.
[468] Erdoğan, Ünal, 2013, p. 605.
[469] Arat, Yeşim, and Şevket Pamuk. **Turkey between democracy and authoritarianism**. Cambridge University Press, 2019, p. 75.
[470] Selçuk, Ekin Kadir. "Evolution of Political Islam: From the Welfare Party to the Virtue Party." **Karadeniz Teknik Üniversitesi İletişim Araştırmaları Dergisi** 1.2: p. 28.
[471] Zürcher; 2017, p. 293; Gönenç, 2008, p. 508.
[472] Özbudun, Çınar, 2002, pp. 184-185.

3.2. Fragmentation and Uncertainty: The Coalition Governments in Turkey

The period between ANAP's loss in the 1991 elections and the return to the single-party government in 2002 can be perceived as a separate chapter in the history of Turkish politics. In this short time span, nine coalition governments were established.[473] All elections held in this decade, also including the 2002 general elections, were held earlier than their scheduled date.[474] During this period, none of the parties could achieve a sufficiently large majority, and different governments, whose legitimacy was constantly questioned, saw the general elections as a remedy. This meant that from the 1990s onwards, parties increasingly used communication tools for populist practices and negative propaganda against their rivals.[475] Moreover, important issues such as the increase in political assassinations, the rise of political Islam, and the deepening of the Kurdish issue shaped the political atmosphere of the period.[476] In particular, the increase in terrorist attacks led to the rise of the far-right, while economic concerns increased endorsement for leftist ideas, and the polarization between various factions within the population became more noticeable.[477]

It is important to note that, during this decade, the distinction between left and right politics in the classical sense is no longer relevant in Turkey and the political axes

[473] Sayari, Sabri, and Hasret Dikici Bilgin. "Paths to power: The making of cabinet ministers in Turkey." **Parliamentary Affairs** 64.4 (2011): p. 744.
[474] Çakır, Enes Malik. "1991-2002 Yılları Arasında Koalisyon Hükümetleri Yönetimi." **IBAD Sosyal Bilimler Dergisi** 7 (2020): pp. 19-37; Altan, Cemal. "Türkiye'de Erken Genel Seçimleri Etkileyen Faktörlerin İncelenmesi." **Sosyal Ekonomik Araştırmalar Dergisi** 8.16 (2009): pp. 142-158; Tokdemir, Kinem, and Aykut Karakuş. "1999'dan 2002 Genel Seçimlerine Giden Süreçte Türkiye'de Kritik Yeniden Saflaşma Ve Kritik Seçim Teorisi Üzerine Bir Değerlendirme." **IBAD Sosyal Bilimler Dergisi** (2020): pp. 757-775.
[475] Karahan, Zeynep. "1991 Erken Genel Seçimleri ve Reklam Ajansları'nın Etkinlikleri." **İstanbul Üniversitesi Sosyoloji Dergisi** 3.4 (1995): pp. 225-250; Balcı, Şükrü. "Türkiye'de Negatif Siyasal Reklamlar: 1995, 1999 ve 2002 Genel Seçimleri Üzerine Bir Analiz." **Selçuk İletişim** 4.4 (2007): pp. 122-142.
[476] Ozgur Donmez, Rasim. "Nationalism in Turkey: Political violence and identity." **Ethnopolitics** 6.1 (2007): pp. 43-65; Rabasa, Angel, and F. Stephen Larrabee. **The rise of political Islam in Turkey.** Vol. 726. Rand Corporation, 2008; Sezgin, Ibrahim Can. "The link between the foreign policy of states and escalating political violence: Turkey and the PKK." **Critical Studies on Terrorism** 6.1 (2013): pp. 167-188.
[477] Yavuz, M. Hakan. "**The politics of fear: The rise of the Nationalist Action Party (MHP) in Turkey.**" The Middle East Journal (2002): pp. 200-221; Cizre-Sakallioglu, Ümit, and Erinç Yeldan. "Politics, society and financial liberalization: Turkey in the 1990s." **Development and Change** 31.2 (2000): pp. 481-508.

occur in a different format that has more variables.[478] This indicates that society was divided into many different sections and that political division and polarization reached high dimensions. Following the liberalization and outward-oriented policies of the 1980s, internal conflicts in the uncertain environment of the 1990s paralyzed the state apparatus. On a social basis, the situation in the country can be defined as polarized pluralism.[479] All these factors have further reinforced the economically unstable and reactive position of the country.

Eventually, the 1991 elections were held which led to the first coalition government of the period, and the number of parties in the parliament reached eight as a result of the re-dissolution of alliances that succeeded in entering the parliament under the roof of a single party.[480] After the elections, the coalition formed by DYP and SHP, two opposing parties from the center-right and center-left, which is uncommon in the history of the country, is striking.[481] The grassroots of these two parties came from different backgrounds, nonetheless, they were generally composed of lower-middle groups from different segments of society, who were adversely affected by the economic policies followed by ANAP.[482] However, the left identity represented by the SHP in the government remained weak, as a result of the gradual relationship between the global liberal movements of the period and the Turkish center left, as the SHP focused on social issues much more than economics.[483] In this context, a cycle began in which coalition governments often turned to populist policies, and the state, which was incapable of taking even the most basic economic decisions, became the loser of this game and could not adopt a proactive attitude against global fluctuations.[484]

---

[478] Secor, Anna J. "Ideologies in crisis: political cleavages and electoral politics in Turkey in the 1990s." **Political Geography** 20.5 (2001): pp. 539-560.
[479] Kutlay, Mustafa. **The Political Economies of Turkey and Greece: Crisis and Change**. Basingstoke, UK: Palgrave, 2019, p. 4.
[480] Yüzbaşioğlu, Necmi. "Türkiye'de Uygulanan Seçim Sistemleri Ve Bunlara İlişkin Anayasa Mahkemesi Kararlarina Göre Nasil Bir Seçim Sistemi." **İstanbul Üniversitesi Hukuk Fakültesi Mecmuası** 55.1-2 (1996): pp. 103-150.
[481] Köse, Dilşad Türkmenoğlu. "**A Significant Transformation in the Right Politics at the Beginning of the 21st Century: Meltdown in the Center Right Politics.**" Social Sciences Researches in the Globalizing World (2018): p. 136.
[482] Kutlay, 2019, p. 39.
[483] Ayata, Sencer, and Ayşe-Güneş Ayata. "The center-left parties in Turkey." **Turkish Studies** 8.2 (2007): p. 216.
[484] Kutlay, 2019, p. 39.

In the exchange of ideas made by Türel and Leander, even though they disagreed on the potential of what the government could do in terms of economic policy and especially on the equitable policies for the distribution of capital, the issue that they both agreed on is that the new coalition government has adopted an economic course that is not that different from ANAP.[485] Despite the obvious need for comprehensive tax reform in the economy, the government's resolution was late and the reform efforts did not save the country from sliding into a crisis.[486] The weakening of economic performance has started to emerge to reflect on macroeconomic indicators, though international organizations continued to introduce Turkey as a success story.[487] Regarding the arguments about the government's options for redistribution policies, the main reasons why Turkey cannot pursue a more proactive macroeconomy is that there is not much room for leverage in the economic course drawn to the country by IFIs and the conundrum of the competition between segments of society in consuming state resources for their own interests.[488]

Considering the circumstances in the country, there were deeply rooted social problems aside from the economic depression. One of the first issues around which the new coalition also converged was the democratization process, and procedures were initiated in this regard both to accelerate the political development undermined by military tutelage and to reconcile polarized segments in the society.[489] The government's vision was to deepen the democratization process through

[485] Leander, Anna. "'Robin Hood' politics? Turkey missing the chance to adopt a new model in the 1990s." **Review of International Political Economy**, 3(1) (1996): pp. 132–163; Türel, Oktar. "Has anybody seen Robin Hood in post-1980 Turkey? Comments on leander's paper." **Review of International Political Economy**, 3(1) (1996): pp. 164–178; Leander, Anna. "Dubious dichotomies, restricted options, and deficient sight: A reply to Oktar Türel." **Review of International Political Economy**, 3(1) (1996): pp. 179–185.

[486] Önder, Nilgün. "Integrating with the global market: The state and the crisis of political representation: Turkey in the 1980s and 1990s." **International Journal of Political Economy** 28.2 (1998): p. 69.

[487] Türel, 1996.

[488] Ibid. p. 173; Atiyas, Izak. "**Uneven governance and fiscal failure: The adjustment experience in Turkey.**" Governance, leadership and communication: Building constituencies for economic reform. The World Bank, 1996, p. 308.

[489] Köse, 2018, p. 136; Çakır, 2020, p. 23; Heper, Metin, and Filiz Başkan. "Politics of coalition government in Turkey, 1961-1999: toward a paradigmatic change?" **International Journal of Turkish Studies** 7 (2001): p. 76; Öniş, Ziya. "Turkey in the post-Cold War era: in search of identity." **Middle East Journal** 49.1 (1995): p. 64.

demilitarization and improving the country's unfavorable human rights report, but the steps taken in this regard have not been extensive.[490]

The main triggers of democratization efforts were the intention to get closer to Europe and the West and to expand economic cooperation accordingly.[491] In accordance with the conditionality in the EU accession process, directives were given to Turkey to take positive steps in democracy and human rights issues, however, the impact of the EU on the Turkish democratization process was limited due to the distinctive structure of the relationship between EU and Turkey.[492] The developments that took place during these decades show that Turkey did not refrain from taking concrete steps to cooperate with international organizations both politically and economically, to keep on trying even when cooperation was rejected and consequently position itself in the orbit of these institutions.[493]

After the untimely death of Özal, the architect of these policies, in 1993, a crossroad was once again reached in Turkish domestic politics, however, his influence continued to be seen in the policies followed.[494] In foreign policy, on the other hand, Özal's unconventional and audacious policies were replaced by more conventional understandings as in the past.[495] Following the vacancy of the presidential office, the prime minister of the period, Süleyman Demirel, was elected president as a result of the voting in the parliament.[496] As in the example of ANAP and Özal, once again the influential leader of the party in the government, this time from DYP, left the prime ministry and took the presidency, where he was expected to be impartial as per the rules of law.[497] Despite his personality traits similar to Özal, Demirel was more

[490] Kilic, H. Ayla. "Democratization, human rights and ethnic policies in Turkey." **Journal of Muslim Minority Affairs** 18.1 (1998): pp. 106-107.
[491] Aral, 2001; Dağı, Ihsan. "Human Rights, Democratization and the European Community in Turkish Politics: The Özal Years, 1983-87." **Middle Eastern Studies** 37.1 (2001): pp. 17-40.
[492] EC Commission. "**Commission Opinion on Turkey's Request for Accession to the Community.**" SEC (89) 2290 Final (Brussels: EC Commission) (1989); Usul, Ali Resul. **Democracy in Turkey: the impact of EU political conditionality**, Routledge London, 2010, pp. 143-170.
[493] Aral, 2001; Dağı, 2001.
[494] Sönmez, 2011, p. 112.
[495] Ataman, 2002, pp. 138-140.
[496] Kalaycıoğlu, Ersin. "Turkish popular presidential elections: Deepening legitimacy issues and looming regime change." **South European Society and Politics** 20.2 (2015): p. 158.
[497] Abramowitz, Morton I. "Dateline Ankara: Turkey after Ozal." **Foreign Policy** 91 (1993): p. 172.

moderate in getting involved in internal party politics.[498] The more important development in terms of domestic politics is that the military regained supremacy and expanded its leverage after the death of Özal, who had held a successful state of balance between military and civil society until that time.[499] The oppressive dominance of armed power over the legislator further intensified the paralysis of the state throughout this decade.

3.3. Turkey After Özal: The Crisis of the Neoliberal State

Demirel's successor to the DYP leadership and prime ministry post was Tansu Çiller, an economics professor who was educated in the USA and resembling Özal with her liberal and pro-American attitude towards the economy.[500] The decisions Çiller made as a politician and the rhetoric she followed are a matter of debate, and albeit being an important figure as the first female prime minister of the republic, she was subsequently criticized in many ways.[501] As soon as Çiller took office, she faced serious issues to deal with, such as social segmentation and conflict, terrorist activities across the country, especially in the eastern provinces, and the declining economy, as evidenced by the economic indicators. Aware of this situation, Çiller tried to both please the members of the different factions within the highly divided DYP by giving them ranks within the bureaucracy and to unite them under her own leadership, and to consolidate strong interest groups in the country with statements that would get the support of those prominent actors in the country's politics, such as the military and the bourgeoisie, to secure her place in the government.[502]

---

[498] Heper, Çinar, 1996, pp. 497-498.
[499] Karabelias, Gerassimos. "Dictating the Upper Tide: Civil–Military Relations in the Post-Özal Decade, 1993–2003." **Turkish Studies** 9.3 (2008): p. 459.
[500] Zürcher; 2017, p. 299
[501] Arat, Yesim. "A woman prime minister in Turkey: Did it matter?" **Women & Politics** 19.4 (1998): pp. 1-22; Cizre, Ümit. 'Tansu Çiller: Lusting for power and undermining democracy', in M. Heper and S. Sayarı (eds) **Political Leaders and Democracy in Turkey**, Lanham, Boulder, New York, Oxford: Lexington Books, 2002, pp. 199–216.
[502] Mutlu-Eren, Hande; "Turkey: Cabinet dynamics and ministerial careers, 1950–2011" in K. Dowding and P. Dumont (eds) **The Selection of Ministers around the World**. London: Routledge, 2015, p. 170; Cizre Sakallioğlu, Ümit. "Liberalism, democracy and the Turkish centre-right: the identity crisis of the true path party." **Middle Eastern Studies** 32.2 (1996): pp. 142-161.

Çiller's lack of self-esteem, insufficient connections at the international economic level, and contrasting statements were instrumental in her failure to gain the trust of the broader segments of the society.[503] She designated flexible rhetoric according to the political conjuncture of the moment, nevertheless, she essentially adopted a more conservative stance instead of the democratic framework introduced by the first DYP-SHP coalition until 1993.[504] Indeed, the militarist atmosphere in foreign policy, especially as a result of the tension with Greece, also contributed to the defensive stance of Çiller.[505] In the economic sense, the reformist neoliberal policies of the predecessor Özal administration were preserved, with Çiller, who had a more pro-market attitude contrary to Demirel's perception of a mixed economy with a strong state, becoming the head of the government.[506]

Çiller's vision of a shrinking liberal state did not materialize due to her populist style of governance, greedy election ambitions, and the state's still-dominant position in the management of the economy.[507] The call for welfare policies created by the worsening economic injustice across the country and the more equitable income distribution promised by the DYP to its voters is caught in financial constraints, as the state's passive stance on economic matters continued while the dire need for a tax reform became more evident with delays.[508] As the DYP could not support the party's redistributive welfarist image that prioritized the lower-middle class, that was negatively affected by neoliberal policies, with practices after coming into power, the identity crisis of the party became clearer and the new rhetoric embraced by Çiller, who rose to leadership among various class factions within the party, was very different from the initial image of the party shaped in Demirel's thought.[509]

---

[503] Kutlay, 2019, p. 53; Kesgin, Barış. "Tansu ciller's leadership traits and foreign policy." **Perceptions: Journal of International Affairs** 17.3 (2012): pp. 29-50.
[504] Cizre, Ümit. "From Ruler to Pariah: The Life and Times of the True Path Party." **Turkish Studies** 3.1 (2002): p. 90.
[505] Mufti, Malik. "Daring and caution in Turkish foreign policy." **The Middle East Journal** (1998): pp. 32-50.
[506] Heper, Metin, and E. Fuat Keyman. "Double-faced state: political patronage and the consolidation of democracy in Turkey." **Middle Eastern Studies** 34.4 (1998): pp. 268-269.
[507] Cizre Sakallioğlu, 1996, pp. 155-156.
[508] Önder, 1998, p. 69.
[509] Cizre, 2002, pp. 201-202.

All these events have once again plunged the Turkish Republic into a crisis. The gradual decline in confidence in the economy was reflected in the reports of two different credit rating agencies, which led to the serious amounts of money outflows and speculative transactions that triggered the crisis.[510] The crisis brought with it a rapid IMF intervention, and the Çiller government announced a large-scale austerity package under the guidance of the IMF on April 5, 1994.[511] The package had rather drastic measures, demanding targets in the short and medium terms with structural reforms, and was ultimately geared towards the problems of inflation and excessively high public spending, which the country still failed to solve.[512] To finance the severe measures taken by the package, which the IMF is also closely involved in, Turkey once again applied for a loan to the IMF nine years after 1985.[513]

The point that needs attention regarding the economic situation of Turkey is that following the profound neoliberal economic reforms it has implemented, Turkey has approached the IMF yet again for the remarkably similar issues of the past, such as liquidity shortage, high chronic inflation, and excessive public spending and domestic debt[514] which those reforms promised to address. This package has failed to bring about a structural change and resolve the chronic problems inherent in the Turkish economy as well, despite its ambitious goals.[515] Considering that one of the main causes of the crisis is the populist cycles,[516] it is not possible to describe the pre-crisis and post-crisis management of the government as successful.[517] The economic nature

[510] Rivlin, Paul. "Two middle eastern inflations: Israel and Turkey 1980–2001." **British Journal of Middle Eastern Studies** 30.2 (2003): 211-235.
[511] White, Paul J. "Economic marginalization of Turkey's Kurds: the failed promise of modernization and reform." **Journal of Muslim Minority Affairs** 18.1 (1998): p. 147.
[512] Kutlay, 2019, p. 55.
[513] Rıdvan, Karluk Sadik, and Küçüksakarya Sevilay. "Opening up the Economy of Turkey to the Outside World: The Stabilization Decisions of January 24th 1980, Economic Situation in pre and Post January 24th Period." **Chinese Business Review** 15.6 (2016): p. 278.
[514] Bayar, 1996, p. 783; White, 1998, p. 147; Öniş, Ziya, and Ahmet Faruk Aysan. "Neoliberal globalisation, the nation-state and financial crises in the semi-periphery: a comparative analysis." **Third World Quarterly** 21.1 (2000): p. 130.
[515] Kose, Nezir, Furkan Emirmahmutoglu, and Sezgin Aksoy. "The interest rate–inflation relationship under an inflation targeting regime: The case of Turkey." **Journal of Asian Economics** 23.4 (2012): p. 478.
[516] Alper, C. Emre, and Ziya Öniş. "Financial globalization, the democratic deficit, and recurrent crises in emerging markets: The Turkish experience in the aftermath of capital account liberalization." **Emerging Markets Finance and Trade** 39.3 (2003): pp. 5-26.
[517] Kutlay, 2019, p. 53.

of the crisis will be examined in later chapters, however, in a political sense, DYP's crisis management and the response to the crisis is a failure.[518]

What could be described as a probable success on behalf of Tansu Çiller is the conclusion of a customs agreement with the EU in 1995, which, in addition to its potential economic benefits, can be seen as an important possible step towards political rapprochement with Europe and full membership to the EU.[519] However, in reality, it is not possible to qualify this initiative as an accomplishment because, in hindsight, it became clear that the agreement has important shortcomings concerning the Turkish side, somewhat restricts the Turkish trade from a global point of view, and did not deliver the optimum result for the future.[520]

The asymmetrical nature of the agreement on behalf of Turkey, unlike other trade agreements, forced the Turkish side to comply with the EU trade policy without any role in decision making, which put Turkey at a very disadvantageous position in agreements with third parties.[521] Recently, the minister of economy of the Republic of Turkey also touched upon this issue and called for the annulment of this agreement, which harms commercial independence, and accused Tansu Çiller of not negotiating adequately.[522] In this context, Çiller's aim in signing this agreement was political rather than economic, as she intended to Europeanize the society by establishing close relations with the EU with a sociological scheme in order to prevent the growing Islamist movement.[523]

---

[518] Ibid, p. 55; Rıdvan, Küçüksakarya, 2016, p. 278.
[519] Bağcı, Hüseyin. "Turkey's Foreign Policy in A Changing Strategic and Regional Environment" Foreign Policy Issues in the 55Th Government Program Under Mesut Yilmaz." **Informationen Zur Sicherheitspolitik: Die Türkei und Europa** 5 (1998): p. 20.
[520] Kutlay, Mustafa. "Why Should Turkey Revisit the Customs Union With the EU?" **USAK Yearbook of Politics and International Relations** 6 (2013): pp. 229-232.
[521] Altay, Serdar. "Toward a "Privileged Partnership" The EU, Turkey and the Upgrade of the Customs Union." **Insight Turkey** 20.3 (2018): pp. 186-188.
[522] Ibid; Balkir, Canan. "Europeanization of trade policy: an asymmetric track." in **Europeanization of Turkish Public Policies**, (eds). A. Guney, A. Tekin, Routledge Studies in Middle Eastern Politics, New York (2015): p. 19.
[523] Müftüler-Bac, Meltem. "The never-ending story: Turkey and the European Union." **Middle Eastern Studies** 34.4 (1998): p. 253; Eder, M. (1999). "Becoming Western: Turkey and the European Union," in J. Gruel and W. Hout (eds), R**egionalism across the North–South Divide: State Strategies and Globalization.** London: Routlege, pp. 79–94.

At this stage, a swinging atmosphere prevailed in Turkish politics: two major parties in the center-right lost their influential leaders and were unable to keep up with political transformations with their archaic structures;[524] In the center-left, a leadership struggle between Deniz Baykal's new Republican People's Party (Cumhuriyet Halk Partisi - CHP) and SHP emerged which resulted in the merger of the two parties,[525] thus, while polarization increased in certain segments of society, the ambivalent attitude towards the existing political parties also increased. The excessive devaluation caused by the crisis combined with the corruption accusations against Çiller[526] meant that the DYP suffered a great deal of damage in the 1995 elections. Although DYP received almost the same vote as ANAP in the elections, it only became the third party behind ANAP by a small margin.[527]

Under the leadership of Çiller, the DYP moved away from its welfarist identity and took on a more neoliberal path,[528] so much so that concerns arose about the continuation of some social services,[529] especially after the April 5 austerity package.[530] The power struggle and the cracks in the center-right and center-left parties hampered their success,[531] as the Welfare Party (Refah Partisi - RP), which has an Islamic ethos, continued its rise with a sharper identity and got the highest vote with 22 percent.[532] Nonetheless, the Welfare Party could not reach the majority to form a government as well, and coalition talks between the parties began. This marked one of the most chaotic and insoluble cases of the republic as the combination of many

[524] Kalaycıoğlu, 2002, p. 59; Yeşilada, Birol. "Realignment and Party Adaptation: The Case of Refah and Fazilet Parties." in Sabri Sayari and Yılmaz Esmer (eds.) **Politics, Parties and Elections in Turkey** (London: Lynne Riener Publishers, 2002), p. 164.
[525] Massicard, Elise. "The Uses of Team Rivalry: Reconsidering Party Factionalism in Turkey." in Massicard, Elise, and Nicole Watts, (eds.) **Negotiating Political Power in Turkey: Breaking Up the Party**. Vol. 49. Routledge, New York, NY, 2013 p. 61; Güneş-Ayata, Ayşe. "The Republican People's Party." **Turkish Studies** 3.1 (2002): p. 106.
[526] Baran, Zeyno. "Corruption: The Turkish Challenge." **Journal of International Affairs**, vol. 54, no. 1, 2000, pp. 127–146.
[527] Akarca, Ali T., and Aysit Tansel. "Social and economic determinants of Turkish voter choice in the 1995 parliamentary election." **Electoral Studies** 26.3 (2007): p. 637.
[528] Cizre Sakallioğlu, 1996, pp. 155-156.
[529] White, 1998, p. 47.
[530] Coşar, Simten, and Aylin Özman. "Centre-right politics in Turkey after the November 2002 general election: neo-liberalism with a Muslim face." **Contemporary Politics** 10.1 (2004): p. 61.
[531] Altan, Cemal. "Türkiye'de Erken Genel Seçimleri Etkileyen Faktörlerin İncelenmesi." **Sosyal Ekonomik Araştırmalar Dergisi** 8.16 (2009): pp. 142-158.
[532] Sezgin, Şennur. "Ekonomik oy verme teorisi: Türkiye örneği (1998-2003)." **Amme İdaresi Dergisi** 40.2 (2007): p. 29.

variables made it impossible to maintain a successful coalition government or even forming one.

During the election process, many parties actively campaigned against the Welfare Party (RP),[533] and the military's rigorous stance against the RP, whose influence was gradually expanding, eliminated many coalition scenarios,[534] while the conflicts and policy differences among other parties entering the parliament also undermined many possible combinations, and lastly, the fact that no party had an overwhelming majority of votes in the election also made many options mathematically impossible.[535] After many long negotiations and unsuccessful attempts, the arch-rivals ANAP and DYP tried to form a government, but the fate of this government was no different, and it fell before even reaching the one-year mark.[536] Following this attempt, the RP-DYP coalition was established in June 1996, though this partnership was a shock to some people,[537] while Çiller's essential goal was to establish an alliance where she could escape the growing charges against her and seek immunity from legal proceedings.[538] The reason for the shock element was that Tansu Çiller never saw the RP's policies as legitimate, in fact, the rhetoric she had adopted was excessively hostile.[539] Moreover, in the customs agreement signed with the EU, one of the main arguments Çiller put forward to persuade the EU was the need for Turkey to get closer to Europe against the increased support for RP.[540]

[533] Özbudun, Ergun. "Democratization in the Middle East: Turkey-How Far from Consolidation?" **Journal of Democracy** 7.3 (1996): p.123; Toprak, Binnaz. "Islam and democracy in Turkey." **Turkish Studies** 6.2 (2005): p. 172; Yilmaz, Muzaffer Ercan. "The rise of political Islam in Turkey: the Case of the Welfare Party." **Turkish Studies** 13.3 (2012): p. 371.
[534] Savvides, Philippos K. "Legitimation crisis and securitization in modern Turkey." **Critique: Journal for Critical Studies of the Middle East** 9.16 (2000): pp. 55-73.
[535] Aleskerov, Fuad, Hasan Ersel, and Yavuz Sabuncu. "Power and coalitional stability in the Turkish parliament, 1991–99." **Turkish Studies** 1.2 (2000): pp. 28-30.
[536] Cornell, Svante E. "Turkey: return to stability?" **Middle Eastern Studies** 35.4 (1999): p. 212.
[537] Meyer, James H. "Turkey's leaders-Çiller's scandals." **Middle East Quarterly** (1997).
[538] Idiz, Semih. "Erbakan is far from unencumbered power." **Mediterranean Politics** 1.3 (1996): p. 379.
[539] Jensen, Jane S. "**Political Leadership.**" Women Political Leaders. Palgrave Macmillan, New York, 2008, p. 217.
[540] Müftüler-Bac, 1998, p. 253; Ayaz Avan, Esengül. "Turkey's security understanding and its relation with the European Union in the 1990s." **Turkish Studies** 18.3 (2017): p. 13.

The Islamist RP's Necmettin Erbakan became prime minister with this coalition.[541] The presence of a pro-Islamic prime minister changed the balance of power in business circles, and especially the Anatolian bourgeoisie, which emerged during Özal's ANAP period, started to gain momentum.[542] Until this period, TÜSİAD had enjoyed being the only prominent representative of the business world. Since the late 1970s, TÜSİAD has openly expressed its views on the government's economic policy and played a keen role in the economic restructuring of Turkey, but onwards the 1990s, it has also started to provide strong opinions on political matters, including issues such as the EU accession process, democratization, and human rights.[543] TÜSİAD, acting as a common voice of large-scale businesses, being able to benefit from public resources as a result of its close relationship with politicians,[544] and ultimately being a notable part of civil society, eventually had expanded its sphere of influence to the point of addressing political issues.[545]

Realizing how necessary it is to establish close ties with the political environment and seeing how much TÜSİAD has benefited from it, the Islamic segment also considered the rise of the RP to the government as an opportunity.[546] In parallel with the political success of the Islamic movement, a religious class, mostly of small and medium-sized enterprises established after 1980, began to grow rapidly in the business sector.[547] Consequently, this devout group, which was also known as the Anatolian tigers,[548] that proliferated during the export boom in the 1980s,[549] founded the MÜSİAD against the

[541] Makovsky, Alan. "How to deal with Erbakan." **Middle East Quarterly** (1997).
[542] Yavuz, M. Hakan. **Nostalgia for the Empire: The Politics of Neo-Ottomanism**. Oxford University Press, 2020, p. 61, 137.
[543] Yılmaz, Hakan. "Business notions of democracy: The Turkish experience in the 1990's." **CEMOTI, Cahiers d'Études sur la Méditerranée Orientale et le monde Turco-Iranien** 27.1 (1999): pp. 183-194.
[544] Eligür, Banu. **The Mobilization of Political Islam in Turkey**. Cambridge: Cambridge University Press, 2010, pp. 201-202.
[545] Ulusoy, Kivanc. "Turkey's reform effort reconsidered, 1987–2004." **Democratisation** 14.3 (2007): p. 485.
[546] Eligür, 2010, p. 201.
[547] Gülalp, Haldun. "Globalization and political Islam: The social bases of Turkey's Welfare Party." **International Journal of Middle East Studies** 33.3 (2001): pp. 433-448.
[548] Keyman, E. Fuat, and Berrin Koyuncu. "Globalization, alternative modernities and the political economy of Turkey." **Review of International Political Economy** 12.1 (2005): 112-121.
[549] Kirişçi, Kemal. "The transformation of Turkish foreign policy: The rise of the trading state." **New Perspectives on Turkey** 40.1 (2009): p. 43.

dominance of TÜSİAD[550] in the business sector with the idea that they had no representation[551] and with a quick expansion, it became one of the largest association of Turkey by the mid-1990s in terms of the number of members.[552] The link between MÜSİAD, which was established by these enterprises, and the RP that came to power, dates back to the 1960s, albeit under different parties and organizations, but on the same political base.[553] During its reign in power, the RP created its own winners and losers by nurturing the religious segment that was trying to enrich themselves as an economic elite, and those who could be described as the losers of the new economic order, with the program they called the "Just Order", which envisions a fairer distribution.[554]

After Erbakan took office, his establishment of a policy based on Islamic principles in a spectrum ranging from economy to foreign policy in the state administration[555] drew the reaction of the secular segment.[556] Reactions came from various segments of the society and political circles against this shift of axis,[557] yet the main trigger that put the government in a troubled position was the army, which saw itself as the protector of the secular republic,[558] forced the government to take measures against reactionary activities with the memorandum issued at the National Security Council on February 28, 1997.[559] The memorandum and other activities of the army were implicitly intended to force the resignation of the government, and hence the operation, known as the "February 28 process", is also called the postmodern coup.[560] Although Erbakan

---

[550] Eligür, 2010, p. 201.
[551] "**MÜSİAD: Proving that business and faith do mix,**" Akif Beki's interview with Ali Bayramoğlu, Turkish Daily News, June 7, 1996.
[552] Keyman, Koyuncu, 2005, p. 117.
[553] Öniş, Ziya. "The political economy of Islamic resurgence in Turkey: The rise of the Welfare Party in perspective." **Third World Quarterly** 18.4 (1997): pp. 757-758.
[554] Gumuscu, Sebnem. "Class, status, and party: The changing face of political Islam in Turkey and Egypt." **Comparative Political Studies** 43.7 (2010): p. 845.
[555] Mango, Andrew JA. "Testing time in Turkey." **Washington Quarterly** 20.1 (1997): pp. 2-20.
[556] Yavuz, M. Hakan. "Political Islam and the welfare (Refah) party in Turkey." **Comparative Politics** (1997): pp. 63-82.
[557] M. Hakan Yavuz, **Secularism and Muslim Democracy in Turkey** (Cambridge: Cambridge University Press, 2009), p. 65.
[558] Burak, Begüm. "The role of the military in Turkish politics: To guard whom and from what?" **European Journal of Economic and Political Studies** 4.1 (2011): pp. 143-169.
[559] Cizre-Sakallioglu, Umit, and Menderes Çınar. "Turkey 2002: Kemalism, Islamism, and politics in the light of the February 28 process." **The South Atlantic Quarterly** 102.2 (2003): p. 309.
[560] Öniş, Ziya. "**The political economy of Turkey's Justice and Development Party.**" Available at SSRN 659463 (2004), p. 8.

did not sign the memorandum and resisted for a while, he had to resign from the prime ministry in June 1997,[561] following the pressure of many interest groups from different sectors and a call for an end to the tension.[562]

The military's dominant presence in politics continued after the government's resignation, and the judicial system, which had already taken action, completed its investigation and shut down the Welfare Party in early 1998, banning many of its members from politics for up to five years.[563] It is noteworthy that TÜSİAD, which has been calling for democratization for decades and criticizing politicians for not taking adequate steps in this direction, has joined the social alliance against RP and called the government to resign.[564] Another remarkable point is that, after these events, the Islamic segments and organizations that represent them, such as MÜSİAD, abandoned their anti-European views and adopted a much softer line as they joined Europe's democratization bandwagon.[565] Moreover, the reformist wing emerging from the RP criticized the traditional wing, including Erbakan, on the grounds that the actions taken during the February 28 process such as the Prime Minister's trip to Libya and the invitation of various sect leaders to the prime ministry were excessive.[566] The Welfare Party, and its predecessor, the Virtue Party (Fazilet Partisi), founded by this wing, were also closed by the constitutional court on the grounds that various articles of the constitution were violated.[567]

---

[561] Narli, Nilüfer. "Civil-military relations in Turkey." **Turkish Studies** 1.1 (2000): p. 116.
[562] Taniyici, Saban. "Transformation of political Islam in Turkey: Islamist Welfare Party's pro-EU turn." **Party Politics** 9.4 (2003): p. 466.
[563] Mecham, R. Quinn. "From the ashes of virtue, a promise of light: the transformation of political Islam in Turkey." **Third World Quarterly** 25.2 (2004): p. 345; Hermann, Rainer. "Political Islam in Secular Turkey." **Islam and Christian-Muslim Relations** 14.3 (2003): pp. 271-272.
[564] Çağlar, İsmail. "The Welfare Party and the February 28 Process: A Historical Analysis of Turkish Conservatives' Move to the Center." **Turkish Journal of Politics** 3.1 (2012): p. 31.
[565] Ali Resul Usul, "The Justice and Development Party and the European Union: From Euro-skepticism to Euro-enthusiasm and Euro-fatigue," in Ümit Cizre, (eds) **Secular and Islamic Politics in Turkey: The Making of the Justice and Development Party**, (London and New York: Routledge, 2008), p. 177; Yankaya, Dilek. "The Europeanization of MÜSİAD: Political opportunism, Economic Europeanization, Islamic Euroscepticism." **European Journal of Turkish Studies. Social Sciences on Contemporary** Turkey 9 (2009).
[566] Burak, 2011, p. 153; Cizre-Sakallioglu, Çınar, 2003, p. 326; Çağlar, 2012, p. 27; Hakan, 2000, p. 39; Mecham, 2004, p. 343.
[567] Yeşilada, Birol A. "The virtue party." **Turkish Studies** 3.1 (2002): pp. 62-63; Gunter, Michael M., and M. Hakan Yavuz. "Turkish paradox: Progressive Islamists versus reactionary secularists." **Critique: Critical Middle Eastern Studies** 16.3 (2007): p. 289.

Following the resignation of the Erbakan government, the task of forming the new government was given to Mesut Yılmaz, the head of ANAP, by President Demirel, not to Tansu Çiller because of her role in the RP-DYP coalition.[568] In June 1997, Yılmaz announced a government made up of parties from different political backgrounds that needed outside support to reach a sufficient majority to form a government.[569] As a minority government, this fragile alliance, which is not expected to be long-term at all, has managed to make joint decisions contrary to expectations at first.[570] One of the first actions of the new government was to abandon the political line introduced by the RP and restore the secular image of the republic by taking decisions in line with the February 28 National Security Council declaration.[571] However, in the year after the establishment of the government, while privatizations continue and the wounds of the 1994 crisis are still recovering, the chain of events that will lead to the fall of the government has shown how vital banking has become in Turkey as both a political and an economic tool.[572]

Towards the end of the 1990s, many political scandals came to light involving different politicians. Some of these are the "lost trillion incident" in which the Welfare Party embezzled state assets that were supposed to be returned to the treasury during the party's closure phase,[573] the embezzlement of millions of dollars worth of state assets through off-shore accounts by the nephew of President Süleyman Demirel, using certain shell companies and banks,[574] and finally the Turkbank scandal that led to the

[568] Cornell, 1999, p. 219; Ali, Imtiaz. "Reflections on the Army and the Islamists in Turkey." **Pakistan Horizon** 51.1 (1998): pp. 63-72.
[569] Aydın, Senem, and Ali Çarkoğlu. "**EU Conditionality and Democratic Rule of Law in Turkey.**" Center on Democracy Development, and the Rule of Law Working Paper (2005), p. 5.
[570] Hale, William. "Turkey's domestic political landscape: A glance at the past and the future." **The International Spectator** 34.1 (1999): p. 33.
[571] Lochery, Neill. "Israel and Turkey: Deepening ties and strategic implications, 1995–98." **Israel affairs** 5.1 (1998): pp. 51-52; Sozen, Süleyman, and Ian Shaw. "Turkey and the European Union: Modernizing a traditional state?" **Social Policy & Administration** 37.2 (2003): p. 111.
[572] Bakır, Caner, and Ziya Öniş. **The emergence of the regulatory state: The political economy of Turkish banking reforms in the age of post-Washington consensus**. No. 0905. Working Paper, 2009, p .7.
[573] Gençkaya, Ömer Faruk. "Financing Political Parties and Electoral Campaigns in Turkey." in, Sabri Sayari, Pelin Ayan Musil, and Özhan Demirkol (eds.), **Party Politics in Turkey, A Comparative Perspective**, Routledge, London/New York, 2018, p. 73.
[574] Kimya, Fırat. "Political economy of corruption in Turkey: declining petty corruption, rise of cronyism?" **Turkish Studies** 20.3 (2019): p. 8.

fall of the government.[575] The Türkbank scandal once again revealed the link between politicians, civil servants, businesspeople, mafia, and criminal organizations, like the Susurluk scandal, a traffic accident involving a member of parliament, a police chief, an ultranationalist hitman, and his mistress that occurred in November 1996.[576] In this case, the privatization process of the state-owned Türkbank was rigged by the mafia,[577] and Prime Minister Mesut Yılmaz, who was among the instigators, was also found guilty of misuse of power.[578] After the scandal broke out, the government failed to win a vote of confidence in the parliament, and Mesut Yılmaz resigned.[579] For the first time in the history of the republic, a government resigned due to a political scandal.[580]

Thus, in April 1999, following the CHP's motion of no confidence, the Turkish Republic once again went to early elections.[581] As a result of the events before the election, the Democratic Left Party (Demokratik Sol Parti - DSP), headed by Bülent Ecevit, was expected to gain the highest rate of votes with an overwhelming advantage.[582] DSP indeed came out as the first party in the election, but it received only 22 percent, and to a great surprise, the second party was the Nationalist Movement Party (Milliyetçi Hareket Partisi - MHP), headed by Devlet Bahçeli with 18 percent.[583] Once again, neither party won enough seats in the parliament to form a government on its own, and a tripartite coalition of DSP, MHP, and ANAP was formed.[584] This alliance, developed around nationalism as a result of the support of the media and

---

[575] Kayhan Delibaş, The Collapse of the Turkish Party System and its Effects on Citizenship and the Legitimacy of Governance, in, Italo Pardo and Giuliana B. Prato (eds.), **Citizenship and the Legitimacy of Governance**, (Ashgate Publishing: Surrey), 2011, p. 184.

[576] Arslan, Hasan, and Vatandaş, Aydoğan. "Government corruption and authoritarian rule in Turkey." in Petter Gottschalk & Perry Stanislas (eds.), **Public corruption: Regional and national perspectives on procurement fraud.** (New York: Taylor and Francis, 2017), p. 224.

[577] Bakır, Caner, "Governance by supranational interdependence: domestic policy change in the Turkish financial services industry", in, J. Batten and C. Kearney (eds.), **Emerging European Financial Markets: Independence and Integration Post- Enlargement**, Elsevier, London, 2006, p. 182.

[578] Zeynep Sarlak and Besim Bulent Bali, "Corruption in Turkey: why cannot an urgent problem be a main concern?", **Crime and Culture**, 14, 2008, p. 10.

[579] Warf, Barney. **Global corruption from a geographic perspective**. Springer International Publishing, 2019, p. 87.

[580] Delibaş, 2011, p. 184.

[581] Turan, İlter. "Old soldiers never die: The republican People's Party of Turkey." **South european society & politics** 11.3-4 (2006): p. 563.

[582] Çarkoğlu, Ali. "The geography of the April 1999 Turkish elections." **Turkish Studies** 1.1 (2000): p. 150.

[583] Kubicek, Paul. "The 1999 Turkish Elections." **Mediterranean Politics**, 4.2 (1999): p. 188.

[584] Çınar, Alev, and Burak Arıkan. "The nationalist action party: Representing the state, the nation or the nationalists?" **Turkish Studies** 3.1 (2002): p. 31.

business networks, including TÜSİAD, became the longest-serving coalition government in the history of the republic.[585] Nonetheless, the fact that some of the biggest disasters in the history of Turkey were experienced in this period brought the end of this coalition with an early election.[586]

In the summer and autumn of 1999, the biggest earthquake in the history of the republic hit the country, and the response of the state and society to the events and aid efforts were insufficient.[587] Behind the failure in the crisis management after the earthquake lies the state's lack of infrastructure and preparation to respond to such a disaster, and the fragmented social structure caused by the ongoing polarization that occurred in different axes, which emerged on a scale ranging from the state level to the individuals, and as a result, the inability of the state apparatus to mobilize.[588] Immediately after this disaster, the burden of public debt that could not be taken under control for decades, the economy in the grip of political manipulation due to greedy politicians in pursuit of state opportunities distributed in the neoliberal restructuring, and the strain created by years of uncertainty on behalf of investors led to an unprecedented crisis.[589]

After the crisis in 1994, the growth rate bounced back to positive, yet chronic inflation still existed with high values, public expenditures continued to hover at excessive levels, and domestic and foreign borrowing was gradually increasing.[590] In the fragile balance of popular support of the coalition governments, despite the threatening signals of the economic crisis, the parties did not want to be a scapegoat by implementing austerity policies with bitter prescriptions and endanger their position in

[585] Başkan, Filiz. "At the crossroads of ideological divides: cooperation between leftists and ultranationalists in Turkey." **Turkish studies** 6.1 (2005): pp. 63-64.
[586] Akarca, Ali T., and Aysit Tansel. "Voter reaction to government incompetence and corruption related to the 1999 earthquakes in Turkey." **Journal of Economic Studies** 43.2 (2016): pp. 309–335.
[587] Jalali, Rita. "Civil society and the state: Turkey after the earthquake." **Disasters** 26.2 (2002): pp. 120-139.
[588] Jacoby, Tim, and Alpaslan Özerdem. "The Role of the State in the Turkish Earthquake of 1999." **Journal of International Development: The Journal of the Development Studies Association** 20.3 (2008): pp. 297-310.
[589] Çarkoğlu, Ali. "The rise of the new generation pro-Islamists in Turkey: The Justice and Development Party phenomenon in the November 2002 elections in Turkey." **South European Society and Politics** 7.3 (2002): p. 131.
[590] Bildirici, Melike, and Ozgur Omer Ersin. "Domestic debt, inflation and economic crises: a panel cointegration application to emerging and developed economies." **Applied Econometrics and International Development** 7.1 (2007).

parliament that is already on the edge.[591] After years of populist cycles and an unsustainable economic system trying to be fed by excessive domestic borrowing, when pro-worker Ecevit, with his left-of-center identity, took office in 1999, he had a difficult choice and an even more difficult task in front of him.[592] Consequently, negotiations with the IMF started once more at the end of 1999, and a new disinflation program was implemented.[593]

[591] Sayari, Sabri. "Towards a new Turkish party system?" **Turkish Studies** 8.2 (2007): p. 199.
[592] Kınıklıoğlu, Suat. "Bülent Ecevit: The transformation of a politician." **Turkish Studies** 1.2 (2000): p. 6.
[593] Yucel, Fatih. "Causal relationships between financial development, trade openness and economic growth: the case of Turkey." **Journal of Social sciences** 5.1 (2009): p. 37.

CHAPTER FOUR

THE ANALYSIS OF THE 2001 CRISIS

The same scenario was being experienced in Turkey once again, while the country was dragged into an economic crisis with similar chronic problems, the response with an IMF program proved to be insufficient, and large money outflows as a result of uncontrollable inflation and interest rates led to the liquidity crisis and the collapse of the financial sector.[594] The crisis, which started to show its effects in November 2000, reached a colossal magnitude in February 2001 after a political conflict triggered by the new president Ahmet Necdet Sezer, thus, inflation skyrocketed while the Turkish lira crashed, and the exchange-rate-based stabilization program collapsed.[595] While recovery could not be achieved, the fixed exchange rate regime and the original agreement were abandoned when it was understood that the IMF program was insufficient.[596]

The twin crisis emerged in Turkey in February 2001 with a political breakdown and the collapse of the domestic markets as the banking crisis and the currency crisis followed each other.[597] According to economists, IFIs, in particular the IMF, and the Turkish authorities, stand out as those responsible for the crisis, and the responsibilities imposed on these actors can change in varying degrees.[598] Stabilization programs are one of the main starting points of the criticisms against the IMF.[599] The exchange rate-based stabilization (ERBS) program, which the IMF put into practice in nearly forty countries and could not achieve even a 10% success rate, was also unsuccessful in

[594] Taydas, Zeynep, Yasemin Akbaba, and Minion K. C. Morrison. "Did secularism fail? The rise of religion in Turkish politics." **Politics and Religion** 5.3 (2012): p. 542.
[595] Robins, Philip. "Confusion at home, confusion abroad: Turkey between Copenhagen and Iraq." **International Affairs** 79.3 (2003): p. 549.
[596] Uygur, Ercan. **The global crisis and the Turkish economy**. No. 2010/3. Discussion Paper, 2010.
[597] Yilmazkuday, Hakan. "Twin crises in Turkey: a comparison of currency crisis models." **The European journal of comparative economics** 5.1 (2008): p. 107.
[598] Alper, C. Emre. "The Turkish liquidity crisis of 2000: what went wrong." **Russian & East European Finance And Trade** 37.6 (2001): pp. 58-80; Arpac, Ozlem, and Graham Bird. "Turkey and the IMF: A case study in the political economy of policy implementation." **The Review of International Organizations** 4.2 (2009): p. 142.
[599] Akyüz, Boratav, 2003.

Turkey and the IMF received heavy criticism.[600] The disinflation program adopted at the end of 1999, the main features of which was a tight monetary policy, important structural reforms, and a fixed exchange rate regime, collapsed in November 2000 with a severe liquidity crisis.[601] Nevertheless, there were also structural problems inherent in the Turkish economy, particularly in the finance sector.[602]

From an objective point of view, with the benefit of hindsight, it would not be correct to blame solely one actor. Turkish legislators, especially governments in the 1980s, ignored important regulatory parameters while carrying out the neoliberal financial transformation.[603] In this context, both these governments and the IFIs are responsible for the neoliberal transformation process that created Turkey's fragile economic infrastructure and the establishment of a political economy conducive to populism and corruption. Deregulation practices were indeed carried out under the supervision of the IFIs, and the structure created in this manner made the Turkish economy dependent on hot money flows and therefore made it vulnerable to internal and external shocks.[604] However, contrary to the January 1980 decisions, the capital account liberalization in 1989, which had disastrous economic consequences, was carried out without the pressure of the IMF, and the impact of international organizations such as the OECD on the issue was not more than policy recommendations.[605]

Despite its weak structure, Turkey's financial structure was dominated by the banking sector, and there was a serious risk accumulation.[606] Alper and Öniş list the main features of the banking sector in this decade as follows:[607] "the negative repercussions of the public banks' duty losses which assumed special significance after the crisis and

[600] Çapoğlu, Gökhan. "Anatomy of a Failed IMF Program: The 1999 Program in Turkey." **Emerging Markets Finance & Trade** (2004): pp. 84-100.
[601] Ekinci, Nazim K., and Korkut Erturk. "**Turkish currency crisis of 2000-1, Revisited.**" Center for Economic Policy Analysis Working Paper 1 (2004): p. 2.
[602] Öniş, Ziya. Domestic Politics versus Global Dynamics: Towards a Political Economy of the 2000 and 2001 Financial Crises in Turkey, in: Ziya Öniş and Barry Rubin (eds), **The Turkish Economy in Crisis**, London: Frank Cass, 2003, p. 14.
[603] Ünal, Emre. "An institutional approach and input–output analysis for explaining the transformation of the Turkish economy." **Journal of Economic Structures** 7.1 (2018): pp. 1-38.
[604] Yeldan, 2006.
[605] Gemici, 2012, p. 50.
[606] Yayla, Münür, Alper Hekimoğlu, and Mahmut Kutlukaya. "Financial stability of the Turkish banking sector." **BDDK Bankacılık ve Finansal Piyasalar Dergisi** 2.1 (2008): p. 13.
[607] Alper, Öniş, 2004, p. 27.

the associated stabilization program of 1994; the granting of new bank licenses based on political criteria and the resultant negative ramifications; and the limited presence of foreign banks in the Turkish banking sector." In the formation of this order, the regulations created by the conditions of foreign powers, which work against the local dynamics, the high impact of politics on the regulations, the insufficient recovery capabilities of the banks, and the existence of various and contradictory goals on behalf of regulatory authorities have been effective.[608]

The necessity of strict regulations in the field of banking came to the fore only after the Asian and Russian crises in the late 1990s, and the establishment of the Banking Regulation and Supervision Agency (BRSA) with a new banking law numbered 4389 was accepted in 1999, which was quite late.[609] However, the establishment of the BRSA was not enough to absorb the accumulated risk, and the negative effects of the Asian and Russian crises and the need for regulation in the Turkish banking system could not be addressed until the end of the 2000s.[610] The banking sector in Turkey has moved away from its basic functions and started to operate as institutional rentiers, and the general economic structure of the country has taken on a form that can be defined as "speculation-led economic development".[611] The main problem in the poorly regulated banking sector, which is the backbone of Turkish finance, was the creation of a mechanism that tried to finance the high PSBR through banks and domestic borrowing.[612] As the government increased its financing needs by issuing new debt instruments, the commercial sector became the main customer of such securities. The fact that the government's financial policy is based on short-term borrowing has caused commercial banks to change their asset management policies. They have moved from direct loan extensions to purchasing government bonds. Thus,

---

[608] Ibid.
[609] Ersel, Hasan. "**Managing Financial Liberalization in Turkey: Consistent Banking Regulation.**" Third Mediterranean Development Forum Financing Development Workshop Paper, Cairo, Egypt. 2000, p. 8.
[610] Ozkan, Serdar, Cagnur Kaytmaz Balsari, and Secil Varan. "Effect of banking regulation on performance: evidence from Turkey." **Emerging Markets Finance and Trade** 50.4 (2014): p. 197.
[611] Balkan, Erol, F. Gül Biçer, and A. Erinç Yeldan. "**Patterns of financial capital flows and accumulation in the post-1990 Turkish economy.**" METU International Conference on Economics, VI, Ankara. 2002, p. 6.
[612] Ozatay, Fatih, and Guven Sak. "**Banking Sector Fragility and Turkey's 2000-01 Financial Crisis.**" Brookings Trade Forum. Vol. 2002. No. 1. Brookings Institution Press, 2002, pp. 144-146.

domestic actors, who increasingly borrowed from abroad, began to finance public deficits. This form of indirect borrowing by domestic intermediaries has replaced the direct borrowing of the public sector from international capital markets.[613] Therefore, banks have accumulated great risk, are exposed to debt rollover problems, and are consequently became highly vulnerable to changes in exchange rates and interest rates.[614]

Özatay and Sak, on the other hand, explains the problematic relationship process between the public and the banking sector as: "first, this situation led to an increase in government debt instruments, especially in the balance sheets of private banks. Second, it caused a significant deterioration in public banks by accumulating duty losses. Risk accumulation is an important element of crisis dynamics in order to carry the domestic debt stock on bank balance sheets. Due to the excessive risks accumulated in their balance sheets, credit lines were cut to some banks that act as market makers (thus, accumulating larger than average GDI portfolios), especially in the government debt instruments market. Thus, the banking sector problem turned into a debt rollover problem, increasing interest rates. The rise in interest rates changed the nature of the problem into a debt sustainability issue directly making rollover impossible. This happened despite an ongoing policy of fiscal discipline under an IMF-backed program."[615]

Although the financial sector suffered relatively less damage from the 1994 crisis, the lessons learned from the crisis were not sufficiently reflected in practice, and the 2001 crisis brought a total collapse.[616] As a result, more than twenty banks went bankrupt, twenty of which were transferred to the SDIF.[617] While one-fourth of the banks are directly affected by the crisis, their total cost is around 50 billion dollars.[618] At this stage, it is clear that IFIs bear a certain responsibility for the collapse of the Turkish

[613] Öniş, 2003, p. 7.
[614] Ozatay, Sak, 2002, p. 146.
[615] Ibid.
[616] Celasun, Merih. "2001 Krizi, Öncesi ve Sonrası: Makroekonomik ve Mali Bir Değerlendirme." **Küreselleşme, Emek Süreçleri ve Yapısal Uyum** (2002): pp. 27-102.
[617] Information about the banks transferred to the fund can be found on the fund's own website. https://www.tmsf.org.tr/tr/Tmsf/Cozumleme/fon.devredilen (Online Resource)
[618] Ecer, Fatih. "Comparing the bank failure prediction performance of neural networks and support vector machines: The Turkish case." **Economic research-Ekonomska istraživanja** 26.3 (2013): p. 82.

economy due to the calls for neoliberalization and deregulation, even though some of them were advisory,[619] but the IMF, in particular, should be carefully scrutinized in terms of the stabilization programs it has set up and their consequences.

ERBS programs constitute a significant part of the criticisms brought to the IMF.[620] In fact, Turkey has also unofficially used the exchange rate as a stabilization tool in the economy since the 1980s with the neoliberal transformation.[621] However, the necessity of supporting this framework with an appropriate monetary and fiscal policy and matching it with the relevant macroeconomic policies has been ignored.[622] Similarly, in the IMF's ERBS program in 1999, some fundamental shortcomings in the Turkish macroeconomy, as well as critical institutional regulatory requirements, were overlooked.[623] The most important of these mistakes is not addressing the above-mentioned problems of the Turkish banking system and a reliance on short-term money flows that has repeatedly proven fatal for emerging economies.[624] In the case of Turkey, with its relatively small and highly fragile financial structure, trying to create liquidity through an exchange rate-based disinflation program is extremely risky.[625] The structure created by the IMF in Turkey with the ERBS program is a trilemma known as "the impossible trinity" in the macroeconomics literature, which notes that a fixed foreign exchange rate free capital movement (absence of capital controls) and an independent monetary policy cannot exist at the same time.[626] After

[619] Gemici, 2012, p. 50.
[620] Alper, 2001; Alper, C. Emre, and Ziya Önis Alper. "Emerging market crises and the IMF: rethinking the role of the IMF in light of Turkey's 2000–2001 financial crisis." **Canadian Journal of Development Studies/Revue canadienne d'études du développement** 24.2 (2003): pp. 267-284; Yeldan, A. Erinc. "**Turkey and the Long Decade with the IMF: 1998-2008.**" International development economic associates (2008): pp. 1-5.
[621] Aytac, Ozlem. "Macroeconomic Developments and Exchange-Rate Policy in Turkey, 1980-2001." **Accounting And Finance Research** 5.2 (2016).
[622] Ibid.
[623] Çapoğlu, 2004.
[624] Özlale, Ümit, and Erinç Yeldan. "Measuring exchange rate misalignment in Turkey." **Applied Economics** 36.16 (2004): p. 1839.
[625] Ertuğrul, Ahmet, and Erinc Yeldan. "3 On the Structural Weaknesses of the post-1999 Turkish Disinflation Program." **Turkish Studies** 4.2 (2003): p. 54.
[626] Gençay, Ramazan, and Faruk Selçuk. "Overnight borrowing, interest rates and extreme value theory." **European Economic Review** 50.3 (2006): p. 547.

the implementation of this program, which is expected to increase volatility, volatility has indeed increased, and naturally, the fixed exchange rate regime collapsed.[627]

So, what was the cause of the crisis, and who were the actors responsible for this collapse? The perception that sees the causes of the crisis as political mismanagement, a few wrong decisions, and an avoidable notion is naive,[628] and we argue that it is the result of a long-standing process and cultivated by chronic issues. The IMF's ERBS program is also a part of the wide-ranging process that spanned decades, which we discussed in this thesis. In terms of economic figures, three main reasons for the 2001 crisis can be listed. The first is the deterioration of the financial balance. An unsustainable domestic debt dynamic has emerged in the economy due to the record-high interest payments of domestic debts. The second is the disruption of the external balance. Due to the overvalued TL and the fixed exchange rate regime, the external debt burden of the economy increased; competitiveness in international markets has decreased. The third is the weak structure of the financial system and banking sector-specific to developing countries.[629]

Aside from the economic underpinnings of the crisis, when viewed from a broader perspective, reasons such as over-deregulation, over-liberalization, the transition from industrialization to financialization, fragile financial and industrial sectors, and ultimately, an unsustainable economic model that is dependent on hot money flows underlie all of Turkey's crises since 1980.[630] The economic and political crisis in Turkey is not the result of a series of technical errors or administrative mismanagement on the Turkish part, but the result of a series of pressures stemming from the integration process with global capital markets.[631] After the developing countries entered into extensive liberalization periods one after the other and their economic structures took on an identity dependent on hot money flows and experiencing great expansion in the

[627] Ibid.
[628] Tunç, Hakan. 2003. "The Lost Gamble: The 2000 and 2001 Turkish Financial Crisis in Comparative Perspective." pp. 31-52 in Ziya Öniş and Barry Rubin, (eds.) **The Turkish Economy in Crisis**. London: Frank Cass.
[629] Ökte, M. Kutluğhan. "Para krizi modelleri: Türkiye 2001 krizi örneği." **Finans Politik ve Ekonomik Yorumlar Dergisi** 47.550 (2010): p. 26.
[630] Cizre, Ümit, and Erinç Yeldan. "The Turkish encounter with neo-liberalism: economics and politics in the 2000/2001 crises." **Review of International Political Economy** 12.3 (2005): pp. 387-408.
[631] Yeldan, 2006.

short term with arbitrage-seeking behaviors, successive economic crises occurred in these regions.[632] At the dawn of the 21st century, the economic crises of Mexico, Argentina, Russia, Far East Asian countries, and Turkey are prominent examples of this case.[633]

The resemblance underlying the crisis episodes in these countries is also striking. The fundamental similarity in these cases is that the vulnerable economic structure, dominated by excessive deregulation and liberalization, is overly dependent on short-term money flows.[634] The contagious nature of these crises poses a different risk for these economies as well.[635] Besides the other similarities between these crises, another important common point is that they emerged after the ERBS programs brought by the IMF.[636] Considering the crises experienced by both Turkey and other emerging economies, although the IMF programs create a positive atmosphere in the short term with the money flow they bring, in the long run, it gives negative results for the program countries due to its structure that is prone to high budget deficits.[637] In this manner, in the example of the 2001 crisis, with the increasing financial fragility, high budget deficit, and subsequently the ERBS program, both the program and the economy collapsed.[638]

Apart from its destructing economic impact, the crisis had devastating social effects, and Ecevit, searching for a solution, invited Kemal Derviş, a senior executive in the World Bank, for crisis management.[639] Meanwhile, the deteriorating health of Prime Minister Ecevit also gave rise to negative signals for the future of the government.[640]

---

[632] Alper, 2001.
[633] Ibid.
[634] Öniş, Aysan, 2000.
[635] Alper, 2001, p. 2.
[636] Keyman, Koyuncu, 2005, p. 106.
[637] Özdemir, Yonca. "**Does IMF Help Really Help? The Recovery of Argentina and Turkey after the 2001 Financial Crises.**" 3rd Annual Conference on The Political Economy of International Organizations (PEIO), DCMortara Center for International Studies, Georgetown University, Washington, DC. 2009.
[638] Orhangazi, Ozgur. "Turkey: bankruptcy of neoliberal policies and the possibility of alternatives." **Review of Radical Political Economics** 34.3 (2002): pp. 335-341.
[639] Miller, Calum. "Pathways through financial crisis: Turkey." **Global Governance: A Review of Multilateralism and International Organizations** 12.4 (2006): p. 456.
[640] Baslevent, Cem, Hasan Kirmanoglu, and Burhan Senatalar. "Voter profiles and fragmentation in the Turkish party system." **Party Politics** 10.3 (2004): p. 310; Kınıklıoğlu, Suat. "The Democratic Left Party: Kapikulu Politics Par Excellence." **Turkish Studies** 3.1 (2002): p. 8.

In stages when a major transformation or a comprehensive adjustment is made in the Turkish economic policy, the names assigned to carry out this operation form a resemblance.[641] In this respect, Kemal Derviş has some fundamental similarities to the US-educated technocrats that Özal appointed in charge of critical economic institutions in the neoliberal period, given his background, his position at the World Bank, his international connections, and the role he was assigned to in Turkey.[642] Moreover, the fact that Derviş took the helm of the economy and carried out the adjustment process under the close supervision of institutions such as the IMF and WB is similar to the Özal period, however, he could not show the same political success as he did not have Özal's domestic influence and abilities.[643] Although Derviş has not been able to replicate Özal's political success, his influence continues as the Justice and Development Party (Adalet ve Kalkınma Partisi - AKP), which came to power in 2002, built its economic policy mainly on the program created by Derviş.[644]

As a result of the collapsed economy, social turmoil, and endless speculations about Ecevit's health, early elections were held once again in 2002.[645] In this election, all parties that were in the coalition government during the economic crisis were severely punished by the public, and none of them could enter the parliament.[646] Furthermore, the fact that Turkish politics has been shaken by political scandals and corruption many times in the last decade has greatly reduced the credibility of the parties in the parliament. At this stage, although DSP's impressively clean record on corruption[647]

---

[641] Öniş, Ziya, and Fikret Senses. "G**lobal dynamics, domestic coalitions and a reactive state: Major policy shifts in post-war Turkish economic development.**" METU Economic Research Center Working Paper 20636 (2007): p. 8.
[642] Ibid.
[643] Öniş, 2004, p. 117.
[644] Patton, Marcie J. "The economic policies of Turkey's AKP government: Rabbits from a hat?" **The Middle East Journal** 60.3 (2006): p. 534; Öniş, Ziya. "Turkey under the challenge of state capitalism: the political economy of the late AKP era." **Southeast European and Black Sea Studies** 19.2 (2019): p. 5; Dorlach, Tim, and Osman Savaşkan. "**The political economy of economic and social policy in contemporary Turkey: An introduction to the special issue.**" (2018): pp. 1-3; Gumuscu, Sebnem, and Deniz Sert. "The March 2009 local elections and the inconsistent democratic transformation of the AKP party in Turkey." **Middle East Critique** 19.1 (2010): p. 58.
[645] Avcı, Gamze. "The Nationalist Movement Party's euroscepticism: Party ideology meets strategy." **South European Society and Politics** 16.3 (2011): p. 441.
[646] Turhan, Ibrahim M. "Why did it work this time: A comparative analysis of transformation of Turkish economy after 2002." **Asian-African Journal of Economics and Econometrics**, 8. (2008): p. 268.
[647] Akarca, Tansel, 2016, p. 22; Gunes-Ayata, Ayata, 2001, p. 107.

and the high credibility that Ecevit has built over the years[648] presented a positive exception in the parliament, it did not have much impact on the election results. Unluckily, the DSP suffered the heaviest punishment, having been in the government in an economic crisis that was not actually its product, and their vote rate almost fell to 1 percent in the 2002 elections.[649]

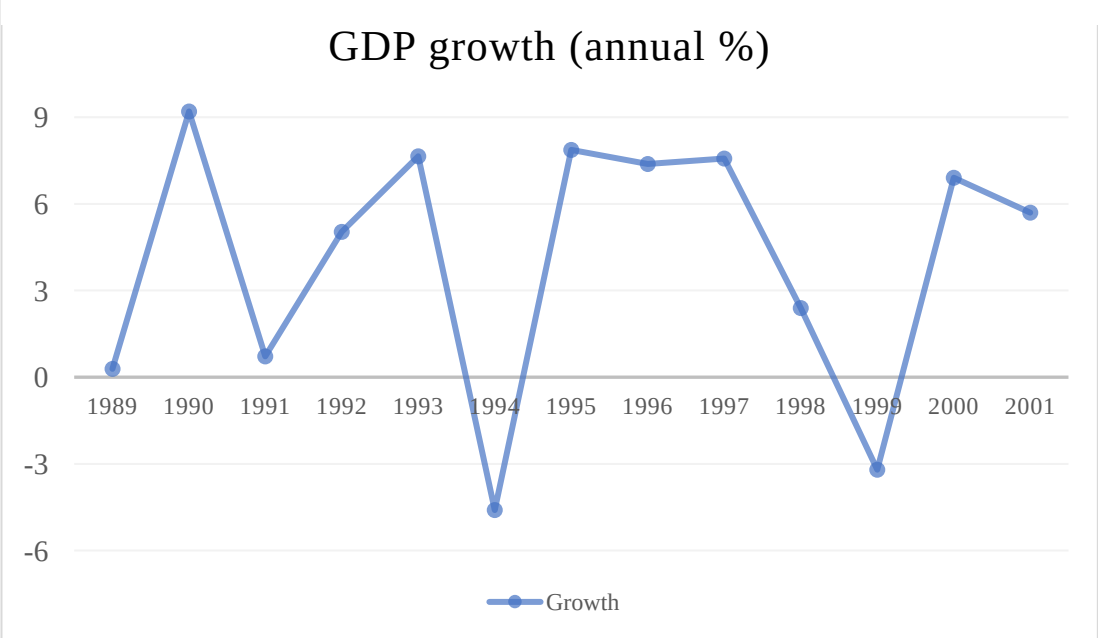
Neither DYP nor ANAP could build an identity on the image of their former influential leaders, and therefore they could not pass the election threshold and enter the parliament.[650] Since the voting rate of many parties remained below the electoral threshold, the votes of almost one out of every two people were left without representation, and in this way, the AKP, formed by the reformist wing of the disbanded Welfare Party,[651] came to power alone.[652] However, the change of government did not bring any change in Turkey's economic infrastructure and macroeconomic policies.[653] The AKP government also followed in the footsteps of previous governments in the context of neoliberalism, and as a matter of fact, in this period, neoliberalism in Turkey took on deeper and more different phenomena.[654]

[648] Çarkoğlu, 2000, p. 53.
[649] Başlevent, Cem, Hasan Kirmanoğlu, and Burhan Şenatalar. "Empirical investigation of party preferences and economic voting in Turkey." **European Journal of Political Research** 44.4 (2005): p. 558.
[650] Arat, Pamuk, 2019, p. 75; Kalaycıoğlu, 2002, p. 59; Heper, Metin. "Conclusion-The Consolidation of Democracy versus Democratization in Turkey." **Turkish Studies** 3.1 (2002): pp. 138-146.
[651] Tepe, Sultan. "Turkey's AKP: a model" Muslim-Democratic" party?" **Journal of Democracy** 16.3 (2005): p. 71; Çınar, Menderes. "Turkey's Transformation under the AKP Rule." **Muslim World** 96.3 (2006): p. 473; Somer, Murat. "Moderate Islam and secularist opposition in Turkey: Implications for the world, Muslims and secular democracy." **Third World Quarterly** 28.7 (2007): p. 1275.
[652] Ömer, Çaha. "Turkish election of November 2002 and the rise of "moderate" political Islam." **Alternatives: Turkish Journal of International Relations** 2.1 (2003).
[653] Boratav, Korkut. "The Turkish bourgeoisie under neoliberalism." **Research and Policy on Turkey** 1.1 (2016): pp. 1-10.
[654] Bozkurt-Güngen, Sümercan. "Labour and authoritarian neoliberalism: Changes and continuities under the AKP governments in Turkey**." South European Society and Politics** 23.2 (2018): pp. 219-238.

4.1. The Turkish Economy in the Second Phase of Neoliberalization

In economic terms, the 1990s were accompanied by high inflation, deteriorating budget balance, excessive public spending, and rising PSBR. In this period, growth was possible with a high inflation rate, and the country was exposed to high inflation and periodic crises for a long time.[655] Figure 4.1 indicates that the growth is not stable at all, it has experienced a serious decline from time to time, thus, shows that it has a more speculative nature with high expenditures and excessive money flows. This notion can be seen more clearly when analyzed together with figure 4.2, which shows the budget deficit. The Turkish economy, during this period, grew not with long-term investments, successful industrialization, or a strong manufacturing sector, but with financialization, short-term money flows with arbitrage-seeking behaviors.

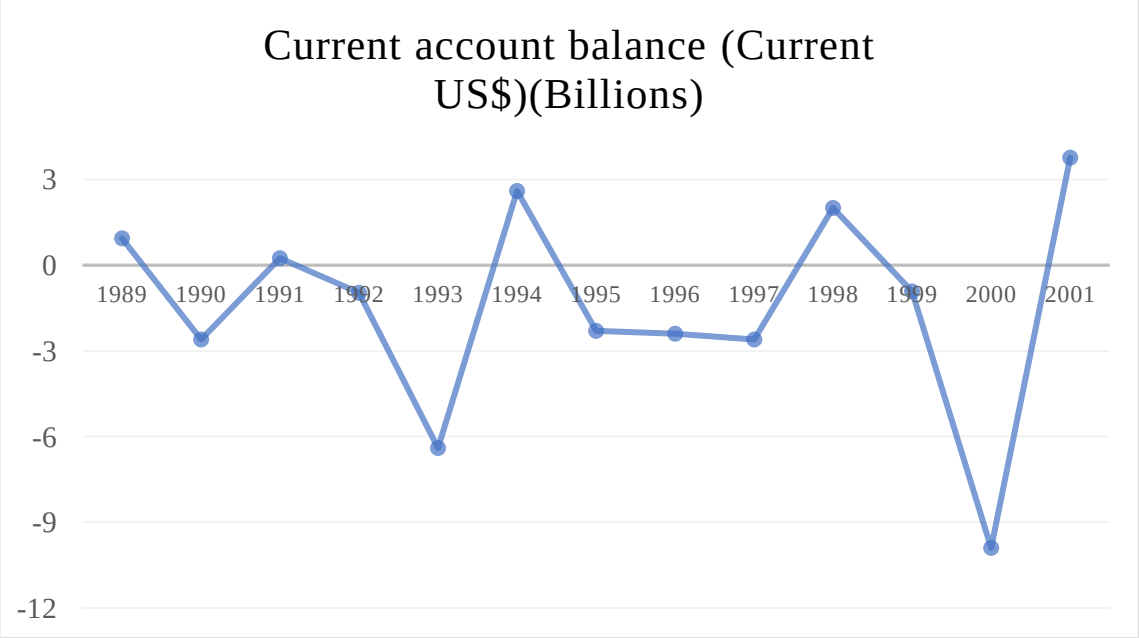
Figure 4.1: GDP growth (annual %) - Turkey (1989-2001)



Source: World Bank national accounts data, and OECD National Accounts data files.

[655] Göcen, Serdar. "Türkiye'nin 1990-2015 Dönemindeki Ekonomik Performansi Üzerine Bir Değerlendirme." **Marmara İktisat Dergisi** 1.1 (2017): p. 61.

Figure 4.2: Current account balance (BoP, current US$)(Billions) - Turkey (1989-2001)



Source: World Bank national accounts data, and OECD National Accounts data files.

The abandonment of strong industrialization and the dominance of financialization instead has been devastating for the Turkish economy. Contrary to developed economies with safe-haven status, financialization in emerging economies undermines debt sustainability and is a factor that increases the frequency and severity of crises.[656] In the Turkish case, the financialization that is realized with the absence of the necessary regulations has been one of the prominent reasons that destabilized the country's economy.[657] High growth parameters were mostly formed artificially as a result of the above-mentioned money flows, the economy was crushed under the risk of reversing this flow in case of the slightest risk, and ultimately, the government tried

[656] Hardie, Iain. "How much can governments borrow? Financialization and emerging markets government borrowing capacity." **Review of International Political Economy** 18.2 (2011): pp. 141-167.
[657] Yılmaz, Hakan. "**Neoliberalism and Financialization in Turkey.**" City University of New York (CUNY) Working Paper, (2020).

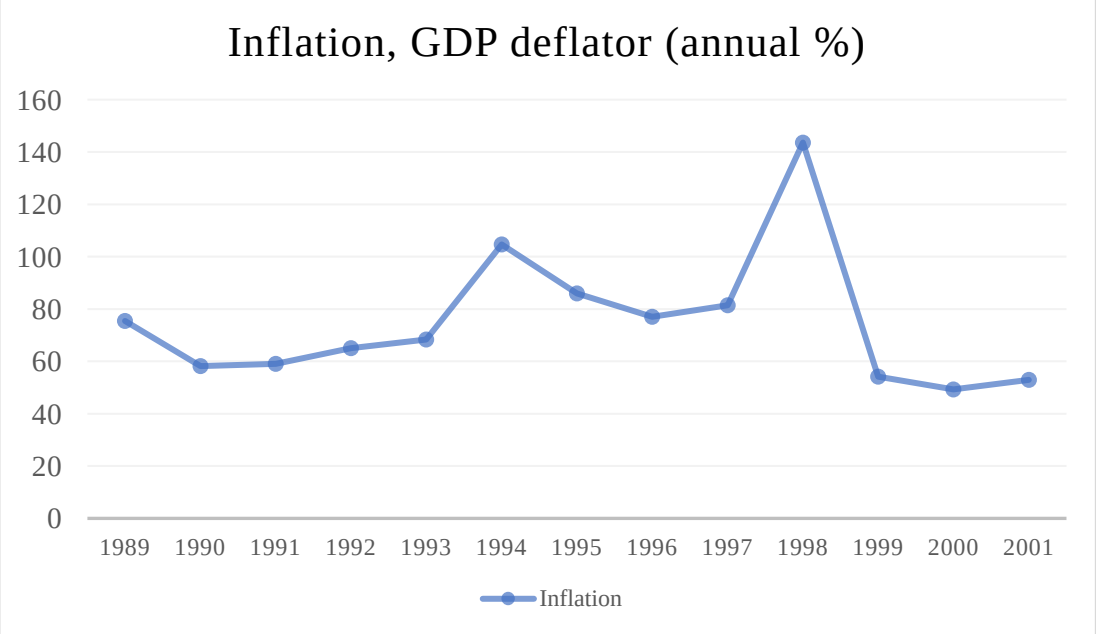
to use the financial sector as an artificial production tool hence, the banks, in general, were used for services outside their field of activity.

Akın et. al. summarizes the transformation in the banking sector in this period as "the government turned mainly to commercial banks, which in turn relied on short-term capital inflows, for deficit financing. Banks had little function as financial intermediaries; their main business was to lend to the government at high rates and borrow from abroad by exposing themselves to serious currency risk. State banks, which constituted a significant portion of the banking sector, were also largely used by the government to accomplish political objectives. They suffered duty losses for which they engaged in short-term borrowing at high-interest rates, subjecting themselves to interest rate risk."[658]

In addition to the nonproductive transformation in the financial sector, inflation has always remained high and could not be brought under control, as shown by figure 4.3. Moreover, in this period, interest rates on government debt exceeded the inflation rate by more than 30 percent.[659] "This led to a rapid build-up of public debt, acceleration of currency substitution, and the emergence of a banking system that came to depend on arbitrage margins offered by high rates on government debt in comparison with international borrowing and domestic deposits, including forex deposits, at the cost of large currency risks."[660] The fiscal structure of the 1990s, in this context, can be summarized as being fragmented, disintegrated, and losing its budget balance as a result of ineffective banking and political competition, dominated by populist regimes.[661]

[658] Akin, Güliz Gülsün.; Ahmet Faruk Aysan; and Levent Yildiran. 2008. "**Transformation of the Turkish Financial Sector in the Aftermath of the 2001 Crisis.**" MPRA (Munich Personal RePEc Archive) Paper no. 17803, University Library of Munich, Munich.
[659] Akyüz, Boratav, 2003, p. 1551.
[660] Ibid.
[661] Atiyas, Izak. "Enhancing Competition in a Post-Revolutionary Arab Context: Does the Turkish Experience Provide Any Lessons?" in I. Diwan (eds). **Understanding the Political Economy of the Arab Uprisings**, World Scientific Publishing Co. Pte. Ltd. (2014): pp. 165-192.

Figure 4.3: Inflation, GDP deflator (annual %) - Turkey (1989-2001)



Source: World Bank national accounts data, and OECD National Accounts data files.

After the capital account liberalization in 1989, the expected capital return did not occur, and it was observed that the growth rate first decreased and then fluctuated frequently. In this period, many negative factors, both locally and globally, have had an impact on the economy. While political instability, populist and short-term policies, 1994 economic crisis, 1999 earthquake, election-oriented economic policies, and frequent government changes take place as internal factors, Gulf Crisis, Asian and Russian crises have significantly affected Turkey's economic performance as external factors.[662] Of course, these are the visible reasons for Turkey's low economic performance in this decade. However, these facts show that the neoliberal project has failed in Turkey and that, contrary to its promises of democratization, transparency, effective economy, and high economic performance, a political environment conducive to populism and corruption, low economic performance, and inefficient economy has emerged. These data show that the neoliberal transformation did not

[662] Apaydin, Ferhat and Süleyman Açikalin. "Türkiye'de 1980 Dönüşümü Sonrası İstikrarsız Büyümenin Ekonomi Politiği." **Dumlupınar Üniversitesi Sosyal Bilimler Dergisi / Dumlupınar University Journal of Social Sciences**, 43 (2015): pp. 202-203.

bring an advantage to Turkey in the 1990s, on the contrary, it caused the Turkish economy to take on a more speculative and fragile structure and left it in a position unable to compete in the sudden integration with global markets as a result of excessive liberalizations without adequate infrastructure. The foundations of the tumultuous nature of the 1990s, both economically and politically, were laid with the neoliberal transformation initiated in 1980. In this context, Turkey suffers for the steps it took in the 1980s. This is where the origins of the crises, which have severe economic and social consequences, lies.

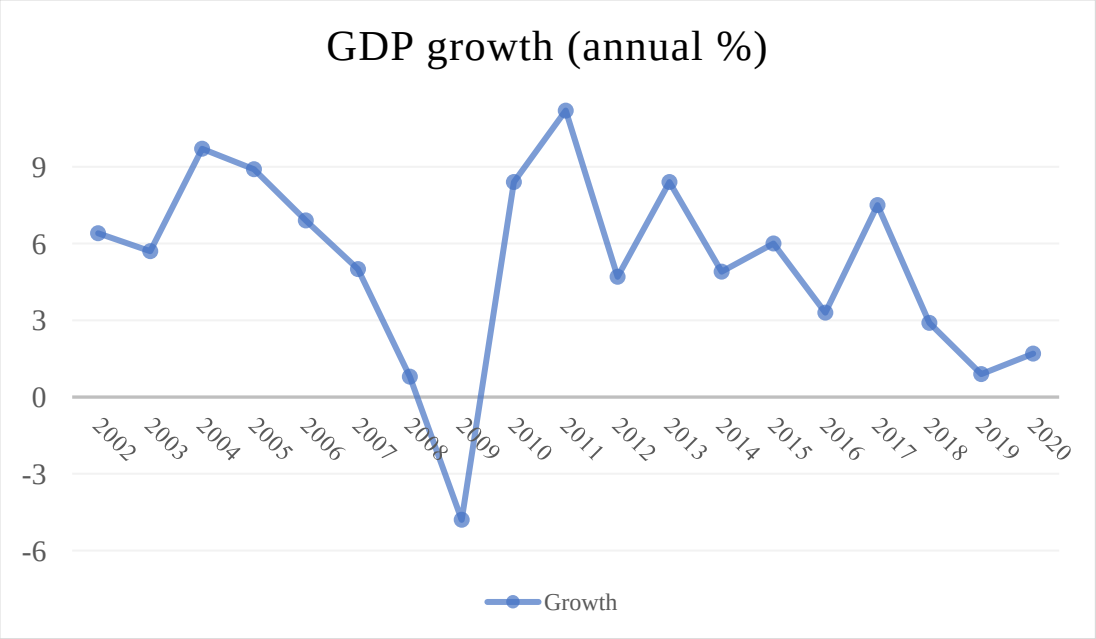
One of the important reasons for the wide and deep influence of neoliberalism in the Turkish case is the expedient environment that emerges after each crisis. With the economic decline of the late 1970s and the policy space created by the incontestable authority that the military junta had forcibly acquired in 1980, neoliberal codes were embedded in the country's economy. In this context, with the liberalization policies that were made possible by this political vacuum, the Turkish market was opened to the penetration of international capital, while the interests of the working class and social groups were suppressed by the military junta. After the 2001 crisis, a similar process took place in the country.

All of the factors such as the need for a new economic model with the 2001 crisis, the fact that all political parties in the parliament were severely punished by the people due to the devastating effects of the crisis, and all of them were excluded from the parliament in the 2002 election, while the AKP came to power alone, the signing of the biggest standby agreement in bilateral relations with the IMF in history, and the negotiations for full membership with the EU created policy space for a new neoliberal restructuring model for the post-2001 period.[663] Dufour and Orhangazi summarize the situation during the aftermath of the crisis as that the domestic and international capital benefited from the crisis by increasing their profits, money flows, and influence, industrial capitalism benefited by suppressing workers, and the structural changes introduced to recover the economy from the damage of the crisis also created a ground

[663] Öniş, Ziya. "Beyond the 2001 financial crisis: The political economy of the new phase of neo-liberal restructuring in Turkey." **Review of International Political Economy** 16.3 (2009): p. 410.

that serves the interests of global capital.[664] As a result, after the crisis, financialization and neoliberalism took an even more overwhelming status in Turkey.[665] Strikingly, the speed and severity of this process continued to increase after the 2008 crisis.[666]

Figure 4.4: GDP growth (annual %) - Turkey (2002-2020)

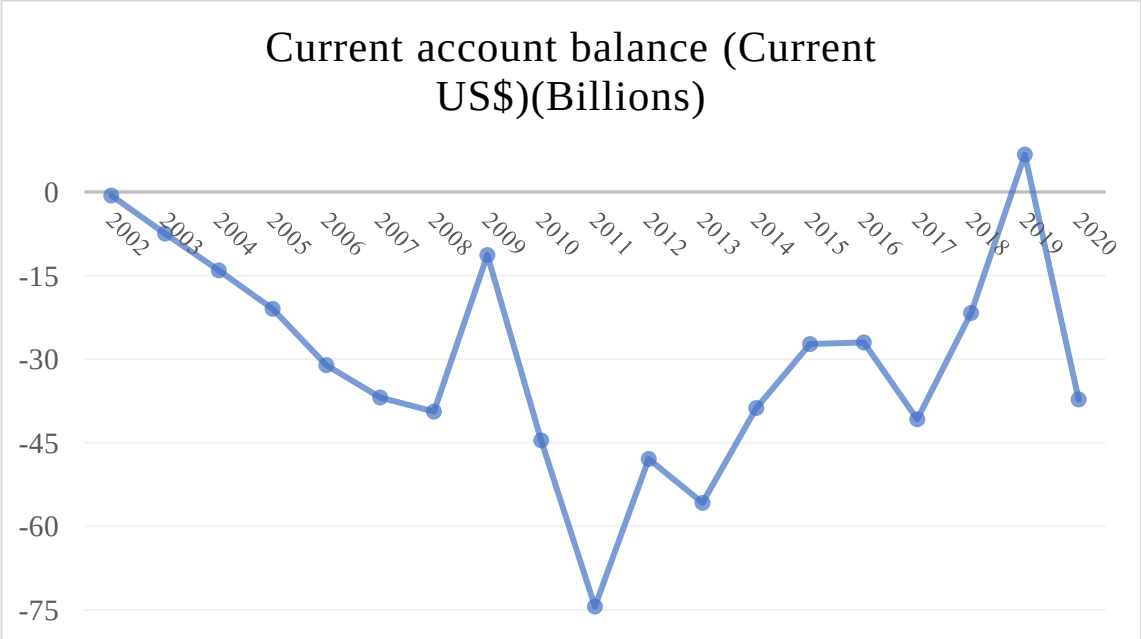


Source: World Bank national accounts data, and OECD National Accounts data files.

When Turkey's post-2001 economic situation is analyzed by figure 4.4 and figure 4.5, it can be seen that Turkey has embraced neoliberalism even more prominently.

[664] Dufour, Orhangazi, 2009.
[665] Gönenç, Defne, and Günseli Durmaz. "The politics of neoliberal transformation on the periphery: a critical comparison of Greece and Turkey." **Southeast European and Black Sea Studies** 20.4 (2020): pp. 617-640.
[666] Ibid.

Figure 4.5: Current account balance (BoP, current US$)(Billions) - Turkey (2002-2020)

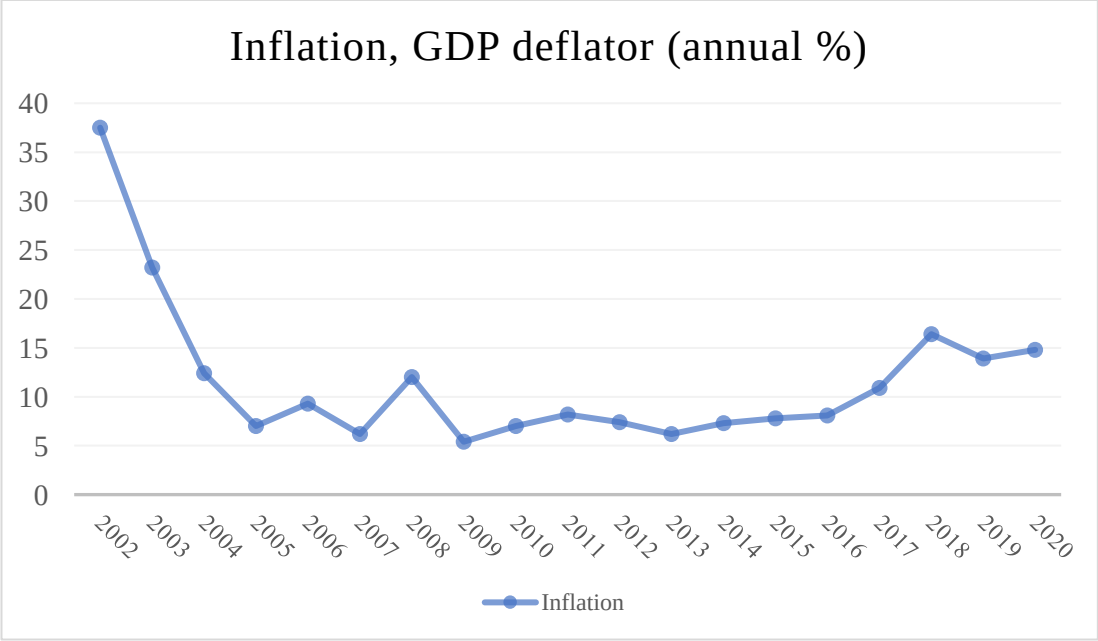


Source: World Bank national accounts data, and OECD National Accounts data files.

In this period, although the government of Turkey moved away from institutions such as the IMF and EU with political motives and started to get closer to actors such as Qatar, China, and Russia, the economic structure based on neoliberal rhetoric and depending on money flows did not change and even got advanced.[667]

[667] Kaya, Ayhan. "Islamisation of Turkey under the AKP rule: Empowering family, faith and charity." **South European Society and Politics** 20.1 (2015): p. 5; Öniş, Ziya, and Mustafa Kutlay. "The anatomy of Turkey's new heterodox crisis: the interplay of domestic politics and global dynamics." **Turkish Studies** (2020): pp. 1-31; Yeşilyurt Nuri and Mustafa Yetim. "Emergence of the Turkish/Qatari Alliance in the Middle East: Making of the Moderate Resistance Bloc." in: Amour P. (eds.) **The Regional Order in the Gulf Region and the Middle East**. Palgrave Macmillan, Cham (2020).

Figure 4.6: Inflation, GDP deflator (annual %) - Turkey (2002-2020)



Source: World Bank national accounts data, and OECD National Accounts data files.

As seen in Figure 4.6, although inflation was seriously under control in this period, it has recently started an upward trend again, accompanied by a currency crisis.[668] Currently, although the recent crisis in Turkey is the last link of the crises stemming from the unsustainable neoliberal economic model mentioned in this thesis,[669] it will not be the last one unless structural reforms are introduced in the economy.

[668] Özatay, Fatih. "**Paving the Way for an Economic Crisis with High Leverage and Currency Mismatches: 2018-19 Crisis in Turkey**." Tobb University of Economics and Technology the Economic Policy Research Foundation of Turkey (TEPAV) Working Paper No: WP202003 (2020); Taskinsoy, John. "**COVID-19 Could Cause Bigger Cracks in Turkey's Fragile Crisis Prone Economy**." Available at SSRN 3613367 (2020).

[669] Orhangazi, Özgür, and A. Erinç Yeldan. "The Re-making of the turkish crisis." **Development and Change** (2021); Akcay, Ümit, and Ali Riza Güngen. **The making of Turkey's 2018-2019 economic crisis**. Berlin School of Economics and Law, Institute for International Political Economy Berlin, 2019.

4.2. Turkish Politics in the Neoliberal Era

Considering the events examined so far, it is necessary to address the persistent problems in Turkish politics. Different social groups in the republic, which has not yet completed its democratic development, still cannot achieve co-existence in harmony.[670] The existence of significant threats against the republic and the regime is undeniable,[671] however, the fact that the armed forces are the sole authority in eliminating the threats and their harsh interventions in democracy have undermined political participation.[672] In this respect, while the interventions that hinder the political development in the country continue, a solution has not been found for the growing corruption and degeneration within the state apparatus.[673] Due to the fragmented structure of the society, successive ruling parties that do not have sufficient leadership qualities and seek legitimacy quickly adopted populism and abandoned long-term investments in the name of short-term returns.[674] Longstanding political patronage has also prevented the breaking of this cycle to a great extent, and its influence has even expanded to the smallest units of the parties.[675] Populist policies and ruthless competition among politicians have also largely prevented the reduction of public expenditures and public debt.[676] For these reasons, each time the ruling party changes, which has happened quite often in this decade, a constant reshuffle and uncertainty prevailed in every field, from the parties' own organizations to government ministries

---

[670] Öniş, Ziya. "Political Islam at the crossroads: From hegemony to co-existence." **Contemporary Politics** 7.4 (2001): pp. 281-298.
[671] Cline, Lawrence E. "From Ocalan to Al Qaida: the continuing terrorist threat in Turkey." Studies in **Conflict & Terrorism** 27.4 (2004): pp. 321-335; Rodoplu, Ulkumen, Jeffrey Arnold, and Gurkan Ersoy. "Terrorism in Turkey." **Prehospital and Disaster Medicine** 18.2 (2003): pp. 152-160.
[672] Cizre, Ümit. "Demythologyzing the national security concept: The case of Turkey." **The Middle East Journal** (2003): pp. 213-229.
[673] Mousseau, Demet Yalcin. "Is Turkey democratizing with EU reforms?: an assessment of human rights, corruption and socio-economic conditions." **Southeast European and Black Sea Studies** 12.1 (2012): pp. 63-80.
[674] Elçi, Ezgi. "The rise of populism in Turkey: a content analysis." **Southeast European and Black Sea Studies** 19.3 (2019): pp. 387-408; Sunar, İlkay. "Populism and patronage: The Demokrat Party and its legacy in Turkey." **Il Politico** (1990): pp. 745-757.
[675] Sayari, Sabri. "Interdisciplinary approaches to political clientelism and patronage in Turkey." **Turkish Studies** 15.4 (2014): pp. 655-670; Kalaycioğlu, Ersin. "Turkish democracy: Patronage versus governance." **Turkish studies** 2.1 (2001): pp. 54-70; Köse, Sakine Arslan. "Faith-based organizations in Turkey as indirect political patronage tools." **Palgrave Communications** 5.1 (2019): pp. 1-12.
[676] Gürbüz, Yeşim, Thomas Jobert, and Ruhi Tuncer. "Public debt in Turkey: evaluation and perspectives." **Applied Economics** 39.3 (2007): pp. 343-359.

and their entire sub-scheme, from bureaucratic officials to key positions in the fields of law and economy.[677] It is not uncommon for all these factors to be presented as the root cause of the country's crises. In examining the cycles Turkey has gone through, we have determined that the political factors are not the root cause of the crises, but the consequences of neoliberal policies, and that, in turn, also contributed to the formation of the crises.

Accordingly, the question that arises is what caused the crisis in 2001 that shook Turkey in a way it had never experienced before, and what was the role of Turkish politics in this process. As an emerging economy, Turkey's political transformation and the economic crises, with a special focus on the 2001 crisis, aroused wide international attention.[678] Among these studies, extensive articles can be found linking the corruption scandals and economic crises that Turkey has experienced to its cultural codes or historical traditions.[679] Accordingly, in similar studies, the cause of the economic crisis is associated with the avoidance of implementing stabilization programs or their shelving altogether and with political mismanagement.[680] In this vein, the Turkish case is presented as a mischievous student who does not do their homework[681] and a state doomed to crisis because it does not fight corruption. We argue that these claims, which degrades the main cause of the crisis to such reasons, adopt a superficial perspective in explaining this very complex issue and are insufficient to establish a cause-effect relationship for crises.

Regarding the 2001 crisis, firstly, Turkey did not show any reluctance to implement a stabilization program and almost met all the targets.[682] Secondly, about a year before the crisis, Turkey had already implemented a stabilization program under IMF

---

[677] Günay, Cengiz. "Flags against Fears and Uncertainties." **Turkish Policy Quarterly** 5.4 (2006).
[678] Öniş, Ziya "**Argentine Crisis, IMF and the Limits of Neoliberal Globalization: A Comparative View from Turkey**", SSRN, 350340, (2002).
[679] Yılmaz, Gözde, and Diğdem Soyaltın. "Zooming into the 'domestic' in Europeanization: promotion of fight against corruption and minority rights in Turkey." **Journal of Balkan and Near Eastern Studies** 16.1 (2014): p. 13; Hooker, John. "Corruption from a cross-cultural perspective." **Cross Cultural Management: An International Journal** (2009): pp. 12-15.
[680] de Beaufort Wijnholds, Onno. "**Fighting Financial Fires an IMF Insider's Account**." Palgrave Macmillan, London, 2011, p. 112.
[681] Yeldan, Erinç. **Behind the 2000/2001 Turkish crisis: Stability, credibility, and governance, for whom?** Universitäts-und Landesbibliothek Sachsen-Anhalt, 2002, p. 2.
[682] Dufour, Mathieu, and Özgür Orhangazi. "The 2000–2001 financial crisis in Turkey: A crisis for whom?" **Review of Political Economy** 21.1 (2009): p. 105.

supervision and made considerable progress.[683] Thirdly, both the Turkish authorities and the IMF expressed that they were satisfied with the process,[684] and in the IMF reports, it was stated that the implemented program had "clear and beneficial effects on the economy,"[685] and that "Turkey met all performance criteria for the end of 1999 (on the primary fiscal surplus, net domestic assets, external debt, and foreign exchange reserves) with a comfortable margin."[686] Moreover, the Turkish example is not an anomaly in terms of political development, and it is generally compatible with democratization theories in other parts of the world.[687] Thus, it is clear that the formation of this crisis and the environment that led to the crisis did not arise solely from political inertia.

Many of the issues in Turkish politics, which are presented as the cause of the economic decline, are not causes but are end-results that become chronic and deepened with neoliberalization policies.[688] At the same time, Turkey, both as a unique case and as a peripheral country, has fundamental financial problems that international institutions failed to identify.[689] Therefore, it is necessary to carefully examine the link between economic transformations and political developments in this phase.

It is a recurring theme that since the beginning of the neoliberal restructuring process, which Turkey first initiated as a short-term adjustment and transformed into a comprehensive structural reform with the directives of the World Bank and the IMF,[690] in the early 1980s, the republic repeatedly applied to the IMF in search of a solution to the deteriorating economy. Strikingly, in each subsequent program implemented with the IMF, Turkey is generally in a worse economic position than the previous one.[691] However, as a result of the bureaucrats that are in close relations with the

[683] Tokatli, Nebahat, and Yonca Boyaci Eldener. "Globalization and the changing political economy of distribution channels in Turkey." **Environment and Planning** A 34.2 (2002): p. 230.
[684] Dufour, Orhangazi, 2009, p. 104.
[685] IMF. **Turkey Letter of Intent**, Washington, DC: IMF, 22 June. (2001a)
[686] IMF. **Turkey Letter of Intent**, Washington, DC: IMF, 10 March. (2001b)
[687] Selçuk, Orçun. "Strong presidents and weak institutions: populism in Turkey, Venezuela and Ecuador." **Southeast European and Black Sea Studies** 16.4 (2016): p. 572.
[688] Karataşlı, Şahan Savaş. "The Origins of Turkey's "Heterodox" Transition to Neoliberalism: The Özal Decade and Beyond." **Journal of World-Systems Research** 21.2 (2015): p. 406.
[689] Öniş, 2003, p. 14.
[690] Şenses, 1991, p. 210; Taymaz, 1999, p. 1.
[691] Evrensel, Ayse Y. "IMF programs and financial liberalization in Turkey." **Emerging Markets Finance and Trade** 40.4 (2004): pp. 5-19.

international capital, who have been increasingly entrenched at the state level[692] since the Özal period, and the systematic criticisms brought against the economy in academia and media circles,[693] the way out of the crises has always been sought in international finance.[694]

At the same time, neoliberal rhetoric has begun to scrutinize issues such as democratization and corruption through various channels. The media and academia's interest in corruption began to increase at the end of the 20th century in parallel with the neoliberalization movements, and it has been on a sharp rise, especially since the mid-1990s.[695] In fact, from the early 1980s to 1995, corruption studies quadrupled.[696] Many scholars argue that this nascent interest is not fundamentally driven by ethical concerns and strategically serves political aspirations by proposing a model that has distinctly neoliberal norms as a form of good governance directives to developing countries.[697] For example, this can be seen in the increasing politicization of the World Bank despite its non-political mandate, to the point of meddling in the internal affairs of sovereign countries.[698] Even more striking, despite being very vocal about the issue, there are many examples of corruption being further expanded by the neoliberal agenda.[699] The World Bank has also acknowledged this phenomenon in the corruption report it published as "the simultaneous processes of developing a market economy,

[692] Miller, 2006, p. 452.
[693] Kaya, Raşit, and Barış Çakmur. "Politics and the mass media in Turkey." **Turkish Studies** 11.4 (2010): p. 530.
[694] Aydın, Zülküf. "Global crisis, Turkey and the regulation of economic crisis." **Capital & Class** 37.1 (2013): p. 97.
[695] Tanzi, Vito. "**Corruption around the world: Causes, consequences, scope, and cures.**" Staff papers 45.4 (1998): p. 560.
[696] Jain, Arvind K. "Corruption: A review." **Journal of economic surveys** 15.1 (2001): p. 103; Leiken, Robert S. "Controlling the global corruption epidemic." **Foreign Policy** 105 (1996): p. 58.
[697] Bedirhanoğlu, Pinar. "The neoliberal discourse on corruption as a means of consent building: reflections from post-crisis Turkey." **Third World Quarterly** 28.7 (2007): p. 1239; Hindess, Barry. "Investigating international anti-corruption." **Third World Quarterly** 26.8 (2005): pp. 1389-1398; Brown, Ed, and Jonathan Cloke. "Neoliberal reform, governance and corruption in the south: Assessing the international anti-corruption crusade." **Antipode** 36.2 (2004): pp. 272-294; Bukovansky, Mlada. "The hollowness of anti-corruption discourse." **Review of international political economy** 13.2 (2006): pp. 181-209.
[698] Marquette, Heather. "The creeping politicisation of the World Bank: the case of corruption." **Political Studies** 52.3 (2004): pp. 413-427.
[699] Bedirhanoğlu, Pınar. "**Corruption of anti-corruption: Deconstructing neoliberal good governance.**" New rules for global justice: Structural redistribution in the global political economy (2016): p. 59.

designing new political and social institutions and redistributing social assets have created fertile ground for corruption".[700]

Likewise, in the case of Turkey, the political process on the issue of corruption has progressed in a similar way.[701] After the deregulation with the financial reforms carried out under the supervision of IFIs in the 1980s, a favorable environment for corruption, neopatrimonialism, and clientelism were created in Turkey, and the ruling Motherland Party easily distributed and misused public resources in this way.[702] Furthermore, the privatization programs proposed by the IMF and WB have also led to the establishment of corruption at every level of the state.[703] In this environment conducive to both political and economic corruption created in 1980,[704] the order that emerged after the MP's loss of leadership was the fierce struggle of political parties to access the public resources that Özal easily exploited.[705] Thus, as a result of this competition between the parties, Turkey entered a dark sequence, which Öniş described as populist cycles[706] and dominated by the excessive increase of PSBR, which is one of the important causes of the economic crisis.[707] With the creation of an economic environment dependent on hot money inflows, a fragile infrastructure was formed, a new Islamic bourgeoisie class emerged, and populism became the modus operandi in politics.[708] More importantly, the central presence of populism in politics and the damage it caused has increasingly continued until today with the AKP, which took office after the 2001 crisis.[709]

---

[700] WorldBank. **Anti-Corruption in Transition: A Contribution to the Policy Debate**. Washington D. C.: The World Bank. (2000): p. vii.
[701] Bedirhanoğlu, 2016.
[702] Özen, 2013.
[703] Özyürek, Esra. **Nostalgia for the modern: State secularism and everyday politics in Turkey**. Duke University Press, 2006, p. 16.
[704] Gultekin, Recep. "Corruption in Turkey: An Overview." in R. Sarre, D. Das & H. J. Albrecht (eds.) **Policing Corruption: International Perspectives**, London: Lexington Books, (2005): p. 196.
[705] Karadağ, 2010, p. 19.
[706] Öniş, 2003, p. 2.
[707] Karadağ, 2010.
[708] Yalvaç, Faruk, and Jonathan Joseph. "Understanding populist politics in Turkey: a hegemonic depth approach." **Review of International Studies** 45.5 (2019): pp. 786-804.
[709] Boyraz, Cemil. "Neoliberal populism and governmentality in Turkey: The foundation of communication centers during the AKP era." **Philosophy & Social Criticism** 44.4 (2018): pp. 437-452.

Indeed, neoliberal populism has reached new heights under AKP rule.[710] In this context, the economic program created by the AKP takes a neoliberal form by acting in parallel with the interests of Anatolian capital, which constitutes a small fraction of the bourgeoisie, while on the other hand, in a populist fashion, it provides social aid to the religious lower classes, which form the main core of its electorate, with social funding similar to that of Özal.[711] However, the social assistance provided does not meet the interests of the working class in general, and it targets certain groups in a particularistic and clientelistic manner.[712] On the other hand, the cost of the ongoing neoliberal economic transformation has been socialized.[713] This economic model based on neoliberal foundations laid in 1980 in Turkey, "prioritizes economic growth over social development and puts international support before national sovereignty."[714]

The impacts of premature liberalization in the economy and the dysfunctionality created by the polarization in politics on different axes such as right-left, secular-religious cultivated each other, leaving the country vulnerable to external interventions and sometimes even dependent on the international institutions such as the IMF and the EU with agreements that have a hegemonic nature. In such an environment where internal and external interventions in democracy and economy are so dominant, it is impossible to create a social unity blended by stability, build sustainable growth and economic infrastructure, and establish a democratic tradition in every unit of the state.

[710] Akçay, Ümit. **Neoliberal populism in Turkey and its crisis.** No. 100/2018. Working paper, 2018; Bozkurt, Umut. "Neoliberalism with a human face: Making sense of the justice and development party's neoliberal populism in Turkey." **Science & Society** 77.3 (2013): pp. 372-396; Madra, Yahya M., and Sedat Yılmaz. "Turkey's decline into (civil) war economy: from neoliberal populism to corporate nationalism." **South Atlantic Quarterly** 118.1 (2019): pp. 41-59.
[711] Dorlach, Tim. "The AKP between populism and neoliberalism: lessons from pharmaceutical policy." **New perspectives on Turkey** 55 (2016): pp. 55-83.
[712] Özdemir, Yonca. "AKP's neoliberal populism and contradictions of new social policies in Turkey." **Contemporary Politics** 26.3 (2020): pp. 245-267.
[713] Demiralp, Seda. "Making winners: urban transformation and neoliberal populism in Turkey." **The Middle East Journal** 72.1 (2018): pp. 89-108.
[714] Emrence, Cem. "After neo-liberal globalization: The great transformation of Turkey." **Comparative Sociology** 7.1 (2008): p. 59.

CONCLUSION

The Republic of Turkey has been presented as an exemplary model for developing and underdeveloped countries many times in terms of its political and economic characteristics.[715] It has also established close relations with international organizations throughout its history and received extensive funds from them from time to time.[716] With the influence and supervision of these institutions, the political economy of Turkey has undergone a deep transformation since 1980. After the program was adopted in 1980, the new government followed a similar path to the contemporary liberalization efforts of the period,[717] and the newly adopted policy received great support from both local and international capital groups.[718]

Aiming to increase stability and reduce inflation, this new IMF-based economic program aimed to reduce public spending and domestic demand since domestic surplus demand was seen as the main cause of inflation.[719] Subsequently, the target of reducing inflation was not achieved, the purchasing power of the citizens decreased, and public expenditures continued to remain high. But these were just the tip of the iceberg for Turkey's new economic policy. ANAP governments, which ruled until the end of the 1980s, made unprecedented deregulation in the economy, even surpassing the most developed economies of the time in terms of financial openness.[720] Therefore, as a result of excessive deregulation, the country's economy was built on a structure that even the strongest economies of the period could not bear.[721] Although Turkey seems to have shown a high growth rate in some years, the reason for the growth is excessive financial openness and the resulting increased capital flows, and such a foreign-dependent economic growth poses serious risks. The risks of such an aggressive

[715] Akçay, 2018; Aydın-Düzgit, Senem, Bahar Rumelili, and Seçkin Barış Gülmez. "Turkey as a model for the Mediterranean? Revealing discursive continuities with Europe's imperial past." **Interventions** 22.6 (2020): pp. 741-762.
[716] Yeldan, 2006.
[717] Doruk, Kardaşlar, Kandır, 2013; Karluk and Küçüksakarya, 2016.
[718] Çokgezen, 2000.
[719] Çeçen, Doğruel, Doğruel, 1990, p. 112.
[720] Kumcu, 1997, p. 31.
[721] Demir, 2004, p. 853; Yentürk, 1999, p. 89.

economic policy manifested themselves with the 1982 banking crisis, but the lack of regulatory structures in the country continued throughout the years.

As stated by Balkan and Yeldan, financial liberalization, by way of reliance on short-term capital inflows, intensified the already existing problems such as budget deficits, monetary instability, and market distortions.[722] Especially in the context of emerging economies, the worsening of basic economic indicators increases the risk perception of foreign investors.[723] This situation leads to the sudden outflow of foreign capital, which the country relies on and which has key importance for the economy, and then possible crises. As a natural consequence of these flows, instability, and volatility increase.[724] In the case of Turkey, this notion has been increasingly evident since the 1980s. Another source of instability in the economy is the uncertain environment, which stems from the fact that the political power bypasses legal processes through some decrees, seizes the economic authority, and makes constant changes in institutions and rules.[725]

The export-oriented growth strategy that was conducted since the 1980s, when combined with the fundamental flaws in the financial system, did not yield a positive result. Although a certain acceleration was achieved in the field of manufacturing with this economic program, this was not coupled with a stable capital accumulation model, and the investments in the country did not reach a sufficient level. In this period, the view that perceived high inflation not as a critical problem but as an expendable cost of high growth rates also deepened the economic issues.[726] In addition, due to the mediocre performance in the economy, it was not possible to reduce government expenditures, and the financial needs were tried to be met with short-term portfolio investments. In emerging economies, there is a negative correlation between reliance on foreign capital flows and macroeconomic performance.[727] This economic order

[722] Balkan, Yeldan, 1998.
[723] Mercan, Muhammet, et al. "The effect of scale and mode of ownership on the financial performance of the Turkish banking sector: results of a DEA-based analysis." **Socio-Economic Planning Sciences** 37.3 (2003): p. 187.
[724] Balkan, Yeldan, 1998.
[725] Özen, 2013, p. 85.
[726] Öniş, 2004.
[727] Prasad, Eswar S., Raghuram G. Rajan, and Arvind Subramanian. **Foreign capital and economic growth**. No. w13619. National Bureau of Economic Research, 2007.

established in Turkey, combined with the paralyzed politics of the 1990s, dragged the country into disaster.

Interestingly, behind the fragmented and crisis-ridden political life of the 1990s, fundamentally, the neoliberal transformation project lies. The comprehensive transformation process of neoliberalization encompassing the economy, politics, and society has created an environment conducive to degeneration and corruption. The World Bank has also acknowledged this phenomenon in the corruption report it published as "the simultaneous processes of developing a market economy, designing new political and social institutions and redistributing social assets have created fertile ground for corruption".[728] Bakır and Öniş argue that "Turkey's deepening democratic deficits, in turn, were at the heart of the deteriorating macroeconomic performance."[729]

The implementation of the main economic norms of the Washington Consensus in such infrastructure has led to the replacement of sustainable development by a speculative and rent-seeking structure. With the neoliberal reforms, corruption reached unprecedented levels in Turkey in the 1990s.[730] According to Elder, "the Turkish case provides further evidence that neo-liberal technocrats suppress and/or circumvent mechanisms of accountability and weaken institutional links between society and the state for the sake of 'efficient economic decision-making'. Therefore, accountability and representation, two fundamental pillars of any given democracy, are systematically undermined."[731]

This period of Turkey was characterized by high budget deficits, high inflation, economic and political instability, and financial fragility. However, despite the unfruitful results, the Republic of Turkey continued to sign new agreements with the IMF and to receive funding that comes with conditions. In the second section, we revealed the necessity of evaluating the work of IFIs in emerging economies as individual case studies. In the case of Turkey, IFIs are quite unsuccessful in terms of

[728] WorldBank, 2000.
[729] Bakır, Öniş, 2009.
[730] Warf, 2019, p. 87.
[731] Elder, Mine. "Populism as a Barrier to Integration with the EU: Rethinking the Copenhagen Criteria." In Mehmet Uğur and Nergis Canefe, eds., **Turkey and European Integration: Prospects and Issues in the Post-Helsinki Era**. London: Routledge, 2004, p. 84.

the reform process they trigger, their advisory practices, and the stabilization and austerity programs they coordinated. They bear a certain responsibility for the collapse of the Turkish economy.[732] The economic policy created does not have a sustainable structure, and while it regresses the Turkish economy in certain aspects, it also ignores the deficiencies and deficits in various sectors. Although Turkish governments also bear a certain responsibility in this process, at the heart of the problem lies the decision of neoliberalization based on financialization and deregulation, taken jointly in 1980.

Premature liberalization in the absence of financial infrastructure has been disastrous for Turkey. While PSBR increased due to political concerns, the lack of liquidity was tried to be met through short-term money flows, so the economy became increasingly dependent on foreign capital and speculative money movements. These money flows have led to further financialization, distancing Turkey from a productive economy model. Financial openness increased the risk, which triggered shocks and left the country vulnerable to currency crises. In case of high growth and excessive financial openness, an environment conducive to unexpected shocks is created, which undermines stable growth.

Despite the failures of the neoliberal agenda and the damages caused by the deregulation movements, the accusations of culture-based corruption against Turkey by the IFIs and international institutions such as the EU continued in a way that would expand the penetration of foreign capital.[733] After this transformation, which also has a political aspect with internal and external support, Turkey has been articulated with the global markets as an emerging economy dependent on hot money flows.[734] Following the 2001 crisis, after signing the largest agreement in its history with the IMF and adopting the IMF-backed stabilization program, Turkey was once again presented as a great success story.[735] Nevertheless, while this program was still new,

[732] Önis, Ziya. "Varieties and crises of neoliberal globalisation: Argentina, Turkey and the IMF." **Third World Quarterly** 27.2 (2006): pp. 239-263.
[733] Jacoby, Tim. "**Turkey and Europe: culture, capital and corruption.**" Review of International Studies (2010): pp. 663-684.
[734] Tutan, Mehmet Ufuk, and Al Campbell. "**Turkey's Economic Fragility, Foreign Capital Dependent Growth and Hot Money.**" Journal of Balkan and Near Eastern Studies 17.4 (2015): pp. 373-391.
[735] Akçay, Ümit. "**Formation of the 'Competition State' as a New Capital Strategy in Turkey.**" How Class Works 2012 Conference. 2012.

the global crisis of 2008 caused great damage to the Turkish economy, and despite great hopes and high expectations, in the relatively stable environment of the 2010s, a major recession took place in 2018, and the Turkish Lira depreciated excessively which has proven once again that this economic model is not sustainable despite the deliberate praises.

The 2001 crisis was a reasonable opportunity for Turkey to change its economic policy and develop a new growth model. However, neoliberalism continued to exist intensively in the post-2001 period as a result of both the pressures of international capital and its roots in local politics. In this context, mainstream theories such as the prevention of corruption and democratization have been used to place renewed economic codes in the state. In retrospect, foreign dependency, chronic inflation, and instability, which are some of the main economic problems of Turkey, continue to exist, and only the actors with which the country interacts to find solutions for these problems are changing.

Although the IMF is no longer an option due to political motives, in the new neoliberal order of the AKP, relations with different investors such as Qatar and China were established instead of the IMF, and the economic order did not change even though the actors changed. However, high dollarization, rising unemployment, still fragile financial sector, and excessively depreciating TL reveal that the revised neoliberal program established by the IMF after the 2001 crisis also failed, and structural reforms are urgently needed to escape a severe crisis.[736] Turkey's economic and political demise stems from the transformation that started in 1980, and even to this day, a sustainable economic model could not be adopted.

[736] Taskinsoy, John. "**We Need No Dime from the IMF: Is This a Temporary Illusion or Can the Turkish Economy Recover from the Current Recession without the IMF Loans?**" Available at SSRN 3417431 (2019).

BIBLIOGRAPHY

Aalbers, Manuel B	"Financialization." **International Encyclopedia of Geography: People, the Earth, Environment and Technology** (2016): pp. 1-12.
Abbott, Philip, Thomas Barnebeck Andersen, and Finn Tarp	"IMF and economic reform in developing countries." **The Quarterly Review of Economics and Finance** 50.1 (2010): pp. 17-26.
Abdou, Abdella, and Saeed Moshiri	"Privatization and capital formation in developing countries: an empirical analysis." **International Review of Applied Economics** 23.5 (2009): pp. 557-575.
Abramowitz, Morton I.	"Dateline Ankara: Turkey after Ozal." **Foreign Policy** 91 (1993): pp. 164-181.
Acharya, Viral V., and Philipp Schnabl.	"Do global banks spread global imbalances? Asset-backed commercial paper during the financial crisis of 2007–09." **IMF Economic Review** 58.1 (2010): pp. 37-73.
Adams, Samuel, and Berhanu Mengistu.	"Privatization, governance and economic development in developing countries." **Journal of Developing Societies** 24.4 (2008): pp. 415-438.
Adelantado, José, and Eduardo Calderón Cuevas.	"Globalization and the welfare state: the same strategies for similar problems?" **Journal of European Social Policy** 16.4 (2006): pp. 374-386.
Ahmad, Feroz.	"The transition to democracy in Turkey." **Third World Quarterly** 7.2 (1985): pp. 211-226..
-	**The making of modern Turkey**. Vol. 264. London: Routledge, 1993.
Akarca, Ali T., and Aysit Tansel.	"Social and economic determinants of Turkish voter choice in the 1995 parliamentary election." **Electoral Studies** 26.3 (2007): pp. 633-647.

-	"Voter reaction to government incompetence and corruption related to the 1999 earthquakes in Turkey." **Journal of Economic Studies** 43.2 (2016): pp. 309–335.
Akçay, O. Cevdet, C. Emre Alper, and Süleyman Özmucur.	"**Budget deficit, inflation and debt sustainability: Evidence from Turkey (1970-2000).**" Bogazici University Institute of Social Sciences Working Paper ISS/EC 12 (2001).
Akcay, Ümit, and Ali Riza Güngen.	**The making of Turkey's 2018-2019 economic crisis**. Berlin School of Economics and Law, Institute for International Political Economy Berlin, 2019.
Akçay, Ümit.	"**Formation of the 'Competition State' as a New Capital Strategy in Turkey.**" How Class Works 2012 Conference. 2012.
-	**Neoliberal populism in Turkey and its crisis**. No. 100/2018. Working paper, 2018.
Akdoğu, Serpil Kahraman.	"Türkiye'de Mali Serbestleşme Süreci ve Krizlerin Kisa Bir Özeti." **Afyon Kocatepe Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi** 14.2 (2012): pp. 189-208.
Akin, Güliz Gülsün. Ahmet Faruk Aysan and Levent Yildiran.	2008. "**Transformation of the Turkish Financial Sector in the Aftermath of the 2001 Crisis.**" MPRA (Munich Personal RePEc Archive) Paper no. 17803, University Library of Munich, Munich.
Akkurt, A., Hakioglu, D., Karayalcin, A., Koc, O. C., Senel, A., Usta, N., & Varol, O.	"**Developments in the Turkish banking sector: 1980–1990.**" Issues in Banking Structure and Competition in a Changing World, Conference Proceedings. Central Bank of the Republic of Turkey, Ankara, Turkey. 1992.

Akokpari, John K. "Globalisation and the Challenges for the African State." **Nordic Journal of African Studies** 10.2 (2001): pp. 188-209.

Akşin, Sina, **Kısa Türkiye Tarihi**. İstanbul: Türkiye İş Bankası Kültür Yayınları, 2007.

Aktan, Oktan H. "**Liberalization, export incentives and exchange rate policy: Turkey's experience in the 1980s.**" The economy of Turkey since liberalization. Palgrave Macmillan, London, 1996.

Akyüz Yılmaz. (1990) **Financial System and Policies in Turkey in the 1980s. In: The Political Economy of Turkey**. Palgrave Macmillan, London.

Akyüz, Yılmaz, and Korkut Boratav. "The making of the Turkish financial crisis." **World Development** 31.9 (2003): pp. 1549-1566.

Aleskerov, Fuad, Hasan Ersel, and Yavuz Sabuncu. "Power and coalitional stability in the Turkish parliament, 1991–99." **Turkish Studies** 1.2 (2000): pp. 21-38.

Ali Resul Usul, "The Justice and Development Party and the European Union: From Euro-skepticism to Euro-enthusiasm and Euro-fatigue," in Ümit Cizre, (eds) **Secular and Islamic Politics in Turkey: The Making of the Justice and Development Party**, (London and New York: Routledge, 2008).

Ali, Imtiaz. "Reflections on the Army and the Islamists in Turkey." **Pakistan Horizon** 51.1 (1998): pp. 63-72.

Alper, C. Emre, and Ziya Önis. "Emerging market crises and the IMF: rethinking the role of the IMF in light of Turkey's 2000–2001 financial crisis." **Canadian Journal of Development Studies/Revue canadienne d'études du développement** 24.2 (2003): pp. 267-284;

- “Financial globalization, the democratic deficit, and recurrent crises in emerging markets: The Turkish experience in the aftermath of capital account liberalization.” **Emerging Markets Finance and Trade** 39.3 (2003): pp. 5-26.
- “The Turkish banking system, financial crises and the IMF in the age of capital account liberalization: a political economy perspective.” **new Perspectives on Turkey** 30 (2004): pp. 25-54.

Alper, C. Emre. “The Turkish liquidity crisis of 2000: what went wrong.” **Russian & East European Finance And Trade** 37.6 (2001): pp. 58-80.

Altan, Cemal. “Türkiye’de Erken Genel Seçimleri Etkileyen Faktörlerin İncelenmesi.” **Sosyal Ekonomik Araştırmalar Dergisi** 8.16 (2009): pp. 142-158.

Altay, Serdar. “Toward a “Privileged Partnership” The EU, Turkey and the Upgrade of the Customs Union.” **Insight Turkey** 20.3 (2018): pp. 186-188.

Altinkemer, Melike, and Nazim K. Ekinci. “Capital account liberalization: The case of Turkey.” **New Perspectives on Turkey** 8 (1992): pp. 89-108.

Angın, Merih, and Pınar Bedirhanoğlu. “Privatization processes as ideological moments: The block sales of large-scale state enterprises in Turkey in the 2000s.” **New Perspectives on Turkey** 47 (2012): pp. 139-167.

Apaydin, Ferhat and Süleyman Açikalin. “Türkiye’de 1980 Dönüşümü Sonrası İstikrarsız Büyümenin Ekonomi Politiği.” **Dumlupınar Üniversitesi Sosyal Bilimler Dergisi / Dumlupınar University Journal of Social Sciences**, 43 (2015).

Aral, Berdal. "Dispensing with tradition? Turkish politics and international society during the Özal decade, 1983-93." **Middle Eastern Studies** 37.1 (2001): pp. 72-88.

Arat, Yeşim, and Şevket Pamuk. **Turkey between democracy and authoritarianism**. Cambridge University Press, 2019.

Arat, Yesim. "A woman prime minister in Turkey: Did it matter?" **Women & Politics** 19.4 (1998): pp. 1-22.

Araújo, Eliane, Miguel Bruno, and Débora Pimentel. "Financialization against Industrialization: a regulationnist approach of the Brazilian Paradox." **Revue de la régulation. Capitalisme, institutions, pouvoirs** 11 (2012).

Arestis, Philip, Ana Rosa González, and Óscar Dejuán. "Modelling accumulation: A theoretical and empirical application of the accelerator principle under uncertainty." **European Journal of Economics and Economic Policies: Intervention** 9.2 (2012): pp. 255-275.

Aricanli, Tosun, and Dani Rodrik. "An overview of Turkey's experience with economic liberalization and structural adjustment." **World development** 18.10 (1990): pp. 1343-1350.

Arpac, Ozlem, and Graham Bird. "Turkey and the IMF: A case study in the political economy of policy implementation." **The Review of International Organizations** 4.2 (2009): pp. 135-157.

Arslan, Hasan, and Vatandaş, Aydoğan. "Government corruption and authoritarian rule in Turkey." in Petter Gottschalk & Perry Stanislas (eds.), **Public corruption: Regional and national perspectives on procurement fraud.** (New York: Taylor and Francis, 2017).

Ashman, Samantha, Ben Fine, and Susan Newman. "The crisis in South Africa: Neoliberalism, financialization and uneven and combined development." **Socialist Register** 47 (2011).

Assa, Jacob. "Financialization and its consequences: The OECD experience." **Finance Research** 1.1 (2012): pp. 35-39.

Ataman, Muhittin. "Özal leadership and restructuring of Turkish ethnic policy in the 1980s." **Middle Eastern Studies** 38.4 (2002): pp. 123-142.

Atiyas, I. and Ersel, H. (1996) The impact of financial reform: the Turkish experience, in **Financial Reform: Theory and Experience** (eds) G. Caprio, I. Atiyas and J. A. Hanson, Cambridge University Press, Cambridge.

Atiyas, Izak. "Enhancing Competition in a Post-Revolutionary Arab Context: Does the Turkish Experience Provide Any Lessons?" in I. Diwan (eds.). **Understanding the Political Economy of the Arab Uprisings**, World Scientific Publishing Co. Pte. Ltd., (2014).

- "**The private sector's response to financial liberalization in Turkey: 1980–82**." The Political Economy of Turkey. Palgrave Macmillan, London, 1990.

- "**Uneven governance and fiscal failure: The adjustment experience in Turkey**." Governance, leadership and communication: Building constituencies for economic reform. The World Bank, 1996, p. 308.

Austria, Myrna S. **Liberalization and regional integration: The Philippines' strategy to global competitiveness**. No. 2001-09. PIDS Discussion Paper Series, 2001.

Auvinen, Juha Y.	"IMF intervention and political protest in the third world: a conventional wisdom refined." **Third World Quarterly** 17.3 (1996): pp. 377-400.
Avcı, Gamze.	"The Nationalist Movement Party's euroscepticism: Party ideology meets strategy." **South European Society and Politics** 16.3 (2011): pp. 435-447.
Ayata, Sencer, and Ayşe-Güneş Ayata.	"The center-left parties in Turkey." **Turkish Studies** 8.2 (2007): pp. 211-232.
Ayaz Avan, Esengül.	"Turkey's security understanding and its relation with the European Union in the 1990s." **Turkish Studies** 18.3 (2017): pp. 459-481.
Aydin, Mustafa.	"Foucault's pendulum: Turkey in Central Asia and the Caucasus." **Turkish studies** 5.2 (2004): pp. 1-22.
-	"Geographical blessing versus geopolitical curse: great power security agendas for the Black Sea region and a Turkish alternative." **Southeast European and Black Sea Studies** 9.3 (2009): pp. 271-285.
Aydın, Senem, and Ali Çarkoğlu.	"**EU Conditionality and Democratic Rule of Law in Turkey**." Center on Democracy Development, and the Rule of Law Working Paper (2005).
Aydın, Zülküf.	"Global crisis, Turkey and the regulation of economic crisis." **Capital & Class** 37.1 (2013): -p. 95-109.
Aydın-Düzgit, Senem, Bahar Rumelili, and Seçkin Barış Gülmez.	"Turkey as a model for the Mediterranean? Revealing discursive continuities with Europe's imperial past." **Interventions** 22.6 (2020): pp. 741-762.
Ayhan, Emrah.	"Türkiye Düşünce Hayatında 1983-1993 Dönemi: Turgut Özal ve Liberalizm." Ş. A. Duman (Eds.).,

Turgut Özal içinde, Ankara: Pelin Ofset Tipo Matbaacılık. (2016).

Aytac, Ozlem. "Macroeconomic Developments and Exchange-Rate Policy in Turkey, 1980-2001." **Accounting And Finance Research** 5.2 (2016).

Bağcı, Hüseyin. "Turkey's Foreign Policy in A Changing Strategic and Regional Environment Foreign Policy Issues in the 55Th Government Program Under Mesut Yilmaz." **Informationen Zur Sicherheitspolitik: Die Türkei und Europa** 5 (1998): pp. 20-33.

Baily, Martin N., Diana Farrell, and Susan Lund. "The color of hot money." **Foreign Affairs** (2000): pp. 99-109.

Bakır, Caner. "Governance by supranational interdependence: domestic policy change in the Turkish financial services industry", in, J. Batten and C. Kearney (eds.), **Emerging European Financial Markets: Independence and Integration Post-Enlargement**, Elsevier, London, 2006.

Bakır, Caner, and Ziya Öniş. **The emergence of the regulatory state: The political economy of Turkish banking reforms in the age of post-Washington consensus**. No. 0905. Working Paper, 2009.

Balcı, Şükrü. "Türkiye'de Negatif Siyasal Reklamlar: 1995, 1999 ve 2002 Genel Seçimleri Üzerine Bir Analiz." **Selçuk İletişim** 4.4 (2007): pp. 122-142.

Balkan, Erol M., and A. Erinc Yeldan. "Financial Liberalization in Developing Countries: The Turkish Experience:' in Medhora, R. and J. Faneui, (eds.), **Financial Liberalization in Developing Countries**, London, Macmillan Press, 1998.

Balkan, Erol, F. Gül Biçer, and A. Erinç Yeldan.	"**Patterns of financial capital flows and accumulation in the post-1990 Turkish economy.**" METU International Conference on Economics, VI, Ankara. 2002.
Balkir, Canan.	"Europeanization of trade policy: an asymmetric track." in **Europeanization of Turkish Public Policies**, (eds). A. Guney, A. Tekin, Routledge Studies in Middle Eastern Politics, New York (2015).
Banerjee, Abhijit, and Andrew Newman.	**Inequality, growth and trade policy**. MIT Working Paper, Cambridge, MA, 2003.
Baran, Zeyno.	"Corruption: The Turkish Challenge." **Journal of International Affairs**, vol. 54, no. 1, 2000, pp. 127–146.
Barnett, Steven.	**Evidence on the fiscal and macroeconomic impact of privatization**. International Monetary Fund, 2000.
Barrios, Salvador, Holger Görg, and Eric Strobl.	"**Foreign direct investment, competition and industrial development in the host country.**" European Economic Review 49.7 (2005): pp. 1761-1784.
Başkan, Filiz.	"At the crossroads of ideological divides: cooperation between leftists and ultranationalists in Turkey." **Turkish studies** 6.1 (2005): pp. 63-64.
Başlevent, Cem, Hasan Kirmanoğlu, and Burhan Şenatalar.	"Empirical investigation of party preferences and economic voting in Turkey." **European Journal of Political Research** 44.4 (2005): pp. 547-562.
-	"Voter profiles and fragmentation in the Turkish party system." **Party Politics** 10.3 (2004): pp. 307-324.

Bayar, Ali H. "The developmental state and economic policy in Turkey." **Third World Quarterly** 17.4 (1996): pp. 773-786.

Baysan, Tercan, and Charles Blitzer. "**Turkey's Trade Liberalization in the 1980s and Prospects for its Sustainability.**" The political economy of Turkey. Palgrave Macmillan, London, 1990.

Bedirhanoglu, P., Comert, H., Eren, I., Erol, I., Demiroz, D., Erdem, N., Marois, T., Topal, A., Turel, O., Yalman, G. and Yeldan, E., 2013. **Financialisation, Economy, Society and Sustainable Development: Comparative Perspective on Financial System in the EU: Country Report on Turkey** (Studies in Financial Systems, No 11)." (2013).

Bedirhanoğlu, Pınar. "**Corruption of anti-corruption: Deconstructing neoliberal good governance.**" New rules for global justice: Structural redistribution in the global political economy (2016).

- "The neoliberal discourse on corruption as a means of consent building: reflections from post-crisis Turkey." **Third World Quarterly** 28.7 (2007): pp. 1239-1254.

Beesley, Michael E., and Stephen C. Littlechild. "**Privatization: principles, problems and priorities."** Privatization, regulation and deregulation. Routledge, 2013, pp. 36-52.

Beeson, Mark. "The rise and fall (?) of the developmental state: The vicissitudes and implications of East Asian interventionism." **Developmental states: relevancy, redundancy or reconfiguration** (2004): pp. 29-40.

Beki, Akif. "**MÜSİAD: Proving that business and faith do mix,**" Akif Beki's interview with Ali Bayramoğlu, Turkish Daily News, June 7, 1996.

Berberoglu, Berch,	ed. **Globalization in the 21st Century: Labor, Capital, and the State on a World Scale**. Springer, 2010.
Bildirici, Melike, and Ozgur Omer Ersin.	"**Domestic debt, inflation and economic crises: a panel cointegration application to emerging and developed economies**." Applied Econometrics and International Development 7.1 (2007).
Bilgin, Pinar, and Ali Bilgiç.	"Turkey's "new" foreign policy toward Eurasia." **Eurasian Geography and Economics** 52.2 (2011): pp. 173-195.
Bird, Graham.	"**An analysis of drawings on the International Monetary Fund by developing countries.**" Managing Global Money. Palgrave Macmillan, London, 1988.
-	"Growth, Poverty and the IMF." **Journal of International Development** 16.4 (2004): pp. 621-636.
Bjorvatn, Kjetil, and Carsten Eckel.	"Strategic privatization in developing countries." **Review of Development Economics** 15.3 (2011): pp. 522-534.
Bjorvatn, Kjetil, and Tina Søreide.	"Corruption and privatization." **European Journal of Political Economy** 21.4 (2005): pp. 903-914.
Blind, Peride Kaleağasi.	"A new actor in Turkish democratization: Labor unions." **Turkish Studies** 8.2 (2007) pp. 296-300.
Bogdanowicz-Bindert, Christine A.	"Portugal, Turkey and Peru: Three successful stabilization programmes under the auspices of the IMF." **World Development** 11.1 (1983): pp. 65-70.
Bonin, John P., Iftekhar Hasan, and Paul Wachtel.	"Privatization matters: Bank efficiency in transition countries**." Journal of Banking & Finance** 29.8-9 (2005): pp. 2155-2178.

Boratav, Korkut, and Erinç Yeldan. "Turkey, 1980–2000: Financial Liberalization, Macroeconomic (In)Stability, and Patterns of Distribution. In L. Taylor (Ed.), **External Liberalization in Asia, Post-Socialist Europe, and Brazil**. Oxford: Oxford University Press. (2006).

Boratav, Korkut, Erinç Yeldan, and Ahmet H. Köse. "**Globalization, distribution and social policy: Turkey, 1980-1998.**" CEPA and The New School for Social Research, Working Paper Series 20 (2000).

Boratav, Korkut, Oktar Türel, and Erinç Yeldan. "Dilemmas of structural adjustment and environmental policies under instability: Post-1980 Turkey." **World Development** 24.2 (1996): pp. 373-393.

Boratav, Korkut. "The Turkish bourgeoisie under neoliberalism." **Research and Policy on Turkey** 1.1 (2016): pp. 1-10.

- "Türkiye'de burjuvazinin yapısı ve siyasi iktidarla ilişkileri." **Marksizm ve Gelecek** 1 (1989).

Borensztein, Eduardo, Jose De Gregorio, and Jong-Wha Lee. "How does foreign direct investment affect economic growth?" **Journal of international Economics** 45.1 (1998): pp. 115-135.

Botta, Alberto. "Dutch disease-cum-financialization booms and external balance cycles in developing countries." **Brazilian Journal of Political Economy** 37.3 (2017): pp. 459-477.

Boubakri, Narjess, and Jean-Claude Cosset. "The financial and operating performance of newly privatized firms: Evidence from developing countries." **The Journal of Finance** 53.3 (1998): pp. 1081-1110.

Boubakri, Narjess, Jean-Claude Cosset, and Houcem Smaoui. "Credible privatization and market sentiment: Evidence from emerging bond markets." **Journal of**

International Business Studies 40.5 (2009): pp. 840-858.

Boubakri, Narjess, Jean-Claude Cosset, and Omrane Guedhami. "Liberalization, corporate governance and the performance of privatized firms in developing countries." **Journal of Corporate Finance** 11.5 (2005): pp. 767-790.

Bowles, Paul, and Barnet Wagman. "Globalization and the welfare state: four hypotheses and some empirical evidence." **Eastern Economic Journal** 23.3 (1997): pp. 317-336.

Boyraz, Cemil. "Neoliberal populism and governmentality in Turkey: The foundation of communication centers during the AKP era." **Philosophy & Social Criticism** 44.4 (2018): pp. 437-452.

Bozkurt, Umut. "Neoliberalism with a human face: Making sense of the justice and development party's neoliberal populism in Turkey." **Science & Society** 77.3 (2013): pp. 372-396.

Bozkurt-Güngen, Sümercan. "Labour and authoritarian neoliberalism: Changes and continuities under the AKP governments in Turkey." **South European Society and Politics** 23.2 (2018): pp. 219-238.

Breen, Michael, and David Doyle. "The determinants of privatization: A comparative analysis of developing countries." **Journal of Comparative Policy Analysis: Research and Practice** 15.1 (2013): pp. 1-20.

Brenner, Neil, Jamie Peck, and Nik Theodore. "After neoliberalization?" **Globalizations** 7.3 (2010): pp. 327-345.

Brixiova, Zuzana, Laura Vartia, and Andreas Wörgötter. "Capital flows and the boom–bust cycle: the case of Estonia." **economic Systems** 34.1 (2010): pp. 55-72.

Brown, Cameron S. "Turkey in the Gulf Wars of 1991 and 2003." **Turkish Studies** 8.1 (2007): pp. 85-119.

Brown, Ed, and Jonathan Cloke. "Neoliberal reform, governance and corruption in the south: Assessing the international anti-corruption crusade." **Antipode** 36.2 (2004): pp. 272-294.

Brune, Nancy, Geoffrey Garrett, and Bruce Kogut. "**The International Monetary Fund and the global spread of privatization.**" Globalization and Self-Determination. Routledge, 2006.

Buğra, Ayse. "Class, culture, and state: An analysis of interest representation by two Turkish business associations." **International Journal of Middle East Studies** 30.4 (1998): pp. 521-539.

- "**Economic Liberalism in Turkey: An Evaluation Based on Insights Derived from the Great Transformation.**" The Life and Work of Karl Polanyi (1990).

- State and business in modern Turkey: A comparative study. Suny Press, 1994.

Bukovansky, Mlada. "The hollowness of anti-corruption discourse." **Review of international political economy** 13.2 (2006): pp. 181-209.

Burak, Begüm. "The role of the military in Turkish politics: To guard whom and from what?" **European Journal of Economic and Political Studies** 4.1 (2011): pp. 143-169.

Burki, Shahid Javed, and Guillermo E. Perry. **Beyond the Washington consensus: institutions matter**. The World Bank, 1998.

Caballero, Ricardo J., and Arvind Krishnamurthy. "Global imbalances and financial fragility." **American Economic Review** 99.2 (2009): pp. 584-588.

Çağatay, Nilüfer, and Günseli Berik. "Transition to export-led growth in Turkey: is there a feminization of employment?" **Review of Radical Political Economics** 22.1 (1990): pp. 115-134.

Çağlar, İsmail. "The Welfare Party and the February 28 Process: A Historical Analysis of Turkish Conservatives' Move to the Center." **Turkish Journal of Politics** 3.1 (2012): pp. 21-36.

Çakır, Enes Malik. "1991-2002 Yılları Arasında Koalisyon Hükümetleri Yönetimi." **IBAD Sosyal Bilimler Dergisi** 7 (2020): pp. 19-37.

Calvo, Guillermo A. "Capital flows and capital-market crises: the simple economics of sudden stops." **Journal of applied Economics** 1.1 (1998): pp. 35-54.

Çaman, M. Efe, and M. Ali Akyurt. "Caucasus and Central Asia in Turkish Foreign policy: The time has come for a new regional policy." **Alternatives: Turkish Journal of International Relations** 10.2&3 (2011): pp. 45-64.

Cambazoglu, Birgül, and Hacer Simay Karaalp. "Does foreign direct investment affect economic growth? The case of Turkey." **International Journal of Social Economics** (2014).

Cameron, David R. "The expansion of the public economy: A comparative analysis." **American political science review** 72.4 (1978): pp. 1243-1261.

Canak, William. "Debt, austerity, and Latin America in the new international division of labor." **Lost promises: Debt, austerity, and development in Latin America** (1989): pp. 9-27.

Çapoğlu, Gökhan. "Anatomy of a Failed IMF Program: The 1999 Program in Turkey." **Emerging Markets Finance & Trade** (2004): pp. 84-100.

Caprio, Gerard, and Daniela Klingebiel. **Bank insolvencies: cross-country experience**. The World Bank, 1999.

Çarkoğlu, Ali. "The geography of the April 1999 Turkish elections." **Turkish Studies** 1.1 (2000): pp. 149-171.

- "The rise of the new generation pro-Islamists in Turkey: The Justice and Development Party phenomenon in the November 2002 elections in Turkey." **South European Society and Politics** 7.3 (2002): pp. 123-156.

- "The Turkish party system in transition: party performance and agenda change." **Political Studies** 46.3 (1998): 544-571.

Çeçen, A. Aydın, A. Suut Doğruel, and Fatma Doğruel. **Türkiye'de ekonomik büyüme yapısal dönüşüm ve kriz.** Vol. 1. Egemen, 1990.

Celasun, Merih, and Dani Rodrik. "Turkish experience with debt: macroeconomic policy and performance." **Developing country debt and the world economy**. University of Chicago Press, 1989, pp. 193-211.

Celasun, Merih. "2001 Krizi, Öncesi ve Sonrası: Makroekonomik ve Mali Bir Değerlendirme." **Küreselleşme, Emek Süreçleri ve Yapısal Uyum** (2002): pp. 27-102.

- "Trade and Industrialization in Turkey: Initial Conditions, Policy and Performance in the 1980s" in G. K. Helleiner (eds.) **Trade Policy and Industrialization in Turbulent Times**, London: Routledge. (1994).

Çelebican, Gürgan. "Mevduat Sertifikalari." **Ankara Üniversitesi Hukuk Fakültesi Dergisi** 36.1.

Cengiz, Erol. "The Financial Efficiencies of Turkish Commercial Banks." **Ankara Üniversitesi SBF Dergisi** 46.1.

Cerny, Philip G. "Globalization and the changing logic of collective action." **International organization** 49.4 (1995): pp. 595-625.

Ceyhun, Fikret. "The politics of industrialization in Turkey." **Journal of contemporary Asia** 18.3 (1988): p. 341.

Chao, C. C., Nabin, M., Nguyen, X., & Sgro, P. M. , "Wage inequality and welfare in developing countries: Privatization and reforms in the short and long run." **International Review of Economics & Finance** 42 (2016): pp. 474-483.

Chomsky, Noam. **Profit over people: Neoliberalism and global order**. Seven Stories Press, 1999.

Chorev, Nitsan, and Sarah Babb. "The Crisis of Neoliberalism and the Future of International Institutions: A Comparison of the IMF and the WTO." **Theory and society** 38.5 (2009): pp. 459-484.

Chossudovsky, Michel. **The globalization of poverty and the new world order**. Vol. 2. Montreal, CA: Global Research, 2003.

Chuang, Yih-Chyi, and Chi-Mei Lin. "Foreign direct investment, R&D and spillover efficiency: Evidence from Taiwan's manufacturing firms." **The Journal of Development Studies** 35.4 (1999): pp. 117-137.

Çınar, Alev, and Burak Arıkan. "The nationalist action party: Representing the state, the nation or the nationalists?" **Turkish Studies** 3.1 (2002): pp. 25-40.

Çınar, Menderes. "Turkey's Transformation under the AKP Rule." **Muslim World** 96.3 (2006).

Cizre Sakallioğlu, Ümit. "Liberalism, democracy and the Turkish centre-right: the identity crisis of the true path party." **Middle Eastern Studies** 32.2 (1996): pp. 142-161.

Cizre, Ümit, and Erinç Yeldan. "The Turkish encounter with neo-liberalism: economics and politics in the 2000/2001 crises." **Review of International Political Economy** 12.3 (2005): pp. 387-408.

Cizre, Ümit. 'Tansu Çiller: Lusting for power and undermining democracy', in M. Heper and S. Sayarı (eds) **Political Leaders and Democracy in Turkey**, Lanham, Boulder, New York, Oxford: Lexington Books, 2002, pp. 199–216.

- "Demythologyzing the national security concept: The case of Turkey." **The Middle East Journal** (2003): pp. 213-229.

- "From Ruler to Pariah: The Life and Times of the True Path Party." **Turkish Studies** 3.1 (2002): pp. 82-101.

Cizre-Sakallioglu, Ümit, and Erinç Yeldan. "Politics, society and financial liberalization: Turkey in the 1990s." **Development and Change** 31.2 (2000): pp. 481-508.

Cizre-Sakallioglu, Umit, and Menderes Çınar. "Turkey 2002: Kemalism, Islamism, and politics in the light of the February 28 process." **The South Atlantic Quarterly** 102.2 (2003): p. 309.

Clapp, Jennifer, and S. Ryan Isakson. "Risky returns: The implications of financialization in the food system." **Development and Change** 49.2 (2018): pp. 437-460.

Cline, Lawrence E. "From Ocalan to Al Qaida: the continuing terrorist threat in Turkey." **Studies in Conflict & Terrorism** 27.4 (2004): pp. 321-335.

Çokgezen, Murat. "New fragmentations and new cooperations in the Turkish bourgeoisie." **Environment and Planning C: Government and Policy** 18.5 (2000): pp. 525-544.

Conkar, Kemalettin, Abdullah Keskin, and Canturk Kayahan. "Banking crises and financial system in Turkey." **Journal of Modern Accounting and Auditing** 5.7 (2009).

Cook, Paul, and Yuichiro Uchida. "Privatisation and economic growth in developing countries." **The Journal of Development Studies** 39.6 (2003): pp. 121-154.

Cornell, Svante E. "Turkey: return to stability?" **Middle Eastern Studies** 35.4 (1999): pp. 209-234.

Correa, Eugenia, Gregorio Vidal, and Wesley Marshall. "Financialization in Mexico: trajectory and limits." **Journal of Post Keynesian Economics** 35.2 (2012): pp. 255-275.

Coşar, Simten, and Aylin Özman. "Centre-right politics in Turkey after the November 2002 general election: neo-liberalism with a Muslim face." **Contemporary Politics** 10.1 (2004): pp. 57-74.

Coskun, Yener. "Repo Ve Ters Repo Düzenlemeleri: Banker Krizi Sonrası Ortaya Çıkışı Ve Finansal Başarısızlık Dersleri Işığında Politika Önerileri (Repo and Reverse Repo Regulations in Turkey: Emergence of Regulations after 1982 Banking Crisis and Policy Suggestions in the Light of Financial Failure Lessons)." **Business and Economics Research Journal** 3.1 (2012): pp. 68-69.

Dagi, Ihsan D. "Democratic transition in Turkey, 1980–83: the impact of European diplomacy." **Middle Eastern Studies** 32.2 (1996): pp. 124-141.

- "Human Rights, Democratization and the European Community in Turkish Politics: The Özal Years, 1983-87." **Middle Eastern Studies** 37.1 (2001): pp. 17-40.

Das, Satya P., and Subhadip Ghosh. "Endogenous trading bloc formation in a North-South global economy." **Canadian Journal of Economics/Revue canadienne d'économique** 39.3 (2006): pp. 809-830.

Davies, Bronwyn, and Peter Bansel. "Neoliberalism and education." **International journal of qualitative studies in education** 20.3 (2007): pp. 247-259

de Beaufort Wijnholds, Onno. "**Fighting Financial Fires an IMF Insider's Account.**" Palgrave Macmillan, London, 2011.

De Deken, Johan. "Identifying the skeleton of the social investment state: defining and measuring patterns of social policy change on the basis of expenditure data." **Reconciling work and poverty reduction. How successful are European welfare states** 260 (2014).

Deardorff, Alan V., and Robert M. Stern. "Multilateral trade negotiations and preferential trading arrangements." **Globalization and lnternational Trade Policies, Singapore: World Scientific Publishing Co** (2009): pp. 153-210.

Demir, Firat. "A failure story: Politics and financial liberalization in Turkey, revisiting the revolving door hypothesis." **World Development** 32.5 (2004): 851-869.

- "Capital market imperfections and financialization of real sectors in emerging markets: Private investment and cash flow relationship revisited." **World Development** 37.5 (2009b): pp. 953-964.

- "Financial liberalization, private investment and portfolio choice: Financialization of real sectors in emerging markets." **Journal of Development Economics** 88.2 (2009a): pp. 314-324.

-	"The rise of rentier capitalism and the financialization of real sectors in developing countries." **Review of Radical Political Economics** 39.3 (2007): pp. 351-359.
Demir, Ömer, Mustafa Acar, and Metin Toprak.	"Anatolian tigers or Islamic capital: Prospects and challenges." **Middle Eastern Studies** 40.6 (2004): p. 169.
Demiralp, Seda.	"Making winners: urban transformation and neoliberal populism in Turkey." **The Middle East Journal** 72.1 (2018): pp. 89-108.
Demirgüç-Kunt, Asli, and Enrica Detragiache.	**Financial liberalization and financial fragility**. The World Bank, 1999.
Denizer, Cevdet, Mustafa N. Gultekin, and N. Bulent Gultekin.	"**Distorted incentives and financial development in Turkey.**" Financial Structure Conference Papers. 2000.
Denizer, Cevdet.	**Foreign entry in Turkey's banking sector, 1980-97**. The World Bank, 1999.
Di Bella, Gabriel, and Francesco Grigoli.	"Optimism, pessimism, and short-term fluctuations." **Journal of Macroeconomics** 60 (2019): pp.79-96.
Dibooglu, Sel, and Aykut Kibritcioglu.	"Inflation, output growth, and stabilization in Turkey, 1980–2002." **Journal of Economics and Business** 56.1 (2004): pp. 43-61.
Dicks-Mireaux, Louis, Mauro Mecagni, and Susan Schadler.	"Evaluating the effect of IMF lending to low-income countries." **Journal of Development Economics** 61.2 (2000): pp. 495-526.
Dinc, Cengiz, Mustafa Yetim.	"Transformation of Turkish foreign policy toward the Middle East: From non-involvement to a leading role." **Alternatives: Turkish Journal of International Relations** 11.1 (2012): pp. 67-84.

Dogan, Mustafa G. "When neoliberalism confronts the moral economy of workers: The final spring of Turkish labor unions." **European Journal of Turkish Studies. Social Sciences on Contemporary Turkey** 11 (2010).

Doğançay, Muharrem. "**Neoliberal Kuram Bağlamında Turgut Özal ve 24 Ocak Kararları.**" International Turgut Özal Symposium, (2016).

Donovan, Donal J. "Macroeconomic performance and adjustment under Fund-supported programs: the experience of the seventies." **Staff Papers** 29.2 (1982): pp. 171-203.

Dore, Ronald. "Financialization of the global economy." **Industrial and corporate change** 17.6 (2008): pp. 1097-1112.

Dorlach, Tim, and Osman Savaşkan. "**The political economy of economic and social policy in contemporary Turkey: An introduction to the special issue.**" (2018).

Dorlach, Tim. "The AKP between populism and neoliberalism: lessons from pharmaceutical policy." **New perspectives on Turkey** 55 (2016): pp. 55-83.

Doruk, Ömer Tuğsal, Ahmet Kardaşlar, and Ediz Kandır. "Turkish Economy's Great Transformation: Industry, Agriculture and Economic Growth in the Process after 1980: A Review from the Perspective of Kaldor's First Growth Law." **The Empirical Economics Letters** 12.6 (2013)

Doruk, Ömer Tuğsal, and Hasan Bilgehan Yavuz. "1980'den sonra Türkiye'de Uygulanan İstikrar Politikalarının Ekonomik Büyümeye Etkisi." **OPUS Uluslararası Toplum Araştırmaları Dergisi** 8.15.

Dufour, Mathieu, and Özgür Orhangazi. "The 2000–2001 financial crisis in Turkey: A crisis for whom?" **Review of Political Economy** 21.1 (2009): pp. 101-122.

Duman, Anil, Hakki C. Erkin, and F. G. Unal. "The Determinants of Capital Flight in Turkey: 1971-2000." **Capital Flight and Capital Controls in Developing Countries** (2005): pp. 120-141.

Duménil, Gérard, and Dominique Lévy. "Costs and benefits of neoliberalism. A class analysis." **Review of International Political Economy** 8.4 (2001): pp. 578-607.

Easterly, William. "The lost decades: developing countries' stagnation in spite of policy reform 1980–1998." **Journal of Economic growth** 6.2 (2001): pp. 135-157.

EC Commission. "**Commission Opinion on Turkey's Request for Accession to the Community.**" SEC (89) 2290 Final (Brussels: EC Commission) (1989).

Ecer, Fatih. "Comparing the bank failure prediction performance of neural networks and support vector machines: The Turkish case." **Economic research-Ekonomska istraživanja** 26.3 (2013): pp. 81-98.

Eder, M. (1999). "Becoming Western: Turkey and the European Union," in J. Gruel and W. Hout (eds), R**egionalism across the North–South Divide: State Strategies and Globalization**. London: Routlege, pp. 79–94.

Ediger, Volkan Ş., and Ozkan Huvaz. "Examining the sectoral energy use in Turkish economy (1980–2000) with the help of decomposition analysis." **Energy Conversion and Management** 47.6 (2006): pp. 732-745.

Edwards, Sebastian. "The International Monetary Fund and the developing countries: a critical evaluation."

Carnegie-Rochester conference series on public policy. Vol. 31. North-Holland, 1989.

- **Capital inflows into Latin America: a stop-go story?** No. w6441. National Bureau of Economic Research, 1998.

Ekinci, Nazim K., and Korkut Erturk. "**Turkish currency crisis of 2000-1, Revisited.**" Center for Economic Policy Analysis Working Paper 1 (2004).

Elçi, Ezgi. "The rise of populism in Turkey: a content analysis." **Southeast European and Black Sea Studies** 19.3 (2019): pp. 387-408.

Elder, Mine. "Populism as a Barrier to Integration with the EU: Rethinking the Copenhagen Criteria." In Mehmet Uğur and Nergis Canefe, eds., **Turkey and European Integration: Prospects and Issues in the Post-Helsinki Era**. London: Routledge, 2004.

Elekdag, Selim, and Yiqun Wu. "Rapid credit growth in emerging markets: Boon or boom-bust?" **Emerging Markets Finance and Trade** 49.5 (2013): 45-62.

Eligür, Banu. **The Mobilization of Political Islam in Turkey**. Cambridge: Cambridge University Press, 2010.

Elveren, Adem Y., and James K. Galbraith. "Pay inequality in Turkey in the neo-liberal era, 1980-2001." **European Journal of Comparative Economics** 6.2 (2009): pp. 177-206.

Emrence, Cem. "After neo-liberal globalization: The great transformation of Turkey." **Comparative Sociology** 7.1 (2008): pp. 51-67.

Epstein, Gerald A., ed. **Financialization and the world economy**. Edward Elgar Publishing, 2005.

Ercan, Fuat. "Sermaye Birikiminin Çelişkili Sürekliliği: Türkiye'nin Küresel Kapitalizmle Bütünleşme

Sürecine Eleştirel Bir Bakış", Neşecan Balkan ve Sungur Savran (eds.), **2000'li Yıllarda Türkiye, Cilt 2: Neoliberalizmin Tahribatı, Türkiye'de Ekonomi, Toplum ve Cinsiyet**, İstanbul: Metis Yayınları, 2004.

Erdal, Fuat, and Ekrem Tatoglu. "Locational determinants of foreign direct investment in an emerging market economy: evidence from Turkey." **Multinational business review** 10 (2002): pp. 21-27;

Erdilek, Asim. "A comparative analysis of inward and outward FDI in Turkey." **Transnational corporations** 12.3 (2003): pp. 79-106.

Erdinç, Zeynep. "Uluslararası para fonu-Türkiye ilişkilerinin gelişimi ve 19. Stand-By Anlaşması." **Dumlupınar Üniversitesi Sosyal Bilimler Dergisi** (2007).

Erdoğan, Selami, and Feyzullah Ünal. "Problems of the Turkish Political Parties and Turgut Özal's Motherland Party (ANAP)." **Journal of US-China Public Administration** 10.6 (2013): pp. 601-607.

Ersel, Hasan, and Emin Ozturk. **Liberalization attempts and the financial structure of Turkish corporations**. Research and Monetary Policy Department, Central Bank of the Republic of Turkey, 1990.

- **The credit delivery system In Turkey**. Research and Monetary Policy Department, Central Bank of the Republic of Turkey, 1990.

Ersel, Hasan. "**Managing Financial Liberalization in Turkey: Consistent Banking Regulation.**" Third Mediterranean Development Forum Financing Development Workshop Paper, Cairo, Egypt. 2000.

- "The timing of capital account liberalization: The Turkish experience." **New Perspectives on Turkey** 15 (1996): pp. 45-64.
- **The Structural Adjustment: Turkey (1980-1990)**. Central Bank of the Republic of Turkey, 1991.

Ertuğrul, Ahmet, and Erinc Yeldan. "3 On the Structural Weaknesses of the post-1999 Turkish Disinflation Program." **Turkish Studies** 4.2 (2003): pp. 53-66.

- "A brief account of the Turkish economy, 1980-2000." Russian & East European finance and trade 37.6 (2001): pp. 6-30.
- "Turkish economy: 1980-2001." In: Kibritcioglu, A., Rittenberg, L., Selcuk, F. (eds.), **Inflation and Disinflation in Turkey**. Ashgate, Hampshire, England, 2002.

Ertuna, Özcan. **Finansal kurumlar**. Dokuz Eylül Üniversitesi İktisadi ve İdari Bilimler Fakültesi, 1986.

Ertüzün, Tevfik. **Özal ne dedi, ne oldu!.** No. 4. ABC Ajansı Yayınları, 1988.

Eryılmaz, Filiz. "Political Developments during Election Periods after 1980 in Turkey." **Social Sciences Researches in the Globalizing World** (2018).

Esen, Oguz. "Financial openness in Turkey." International review of applied economics 14.1 (2000): pp. 5-23.

Evrensel, Ayşe Y. "Effectiveness of IMF-supported stabilization programs in developing countries." **Journal of International Money and Finance** 21.5 (2002): pp. 565-587.

- "IMF programs and financial liberalization in Turkey." **Emerging Markets Finance and Trade** 40.4 (2004): pp. 5-19.

Federico, Giovanni, and Antonio Tena-Junguito. "A tale of two globalizations: gains from trade and openness 1800–2010." **Review of World economics** 153.3 (2017).

Filipovic, Adnan. "Impact of privatization on economic growth." **Undergraduate Economic Review** 2.1 (2005).

Fonjong, Lotsmart. "Rethinking the impact of Structural Adjustment Programs on human rights violations in West Africa." **Perspectives on Global Development and Technology** 13.1-2 (2014): pp. 87-110.

Frey, Bruno S., et al. "A formulation and test of a simple model of World Bank behavior." **Weltwirtschaftliches Archiv** 121.3 (1985): pp. 438-447.

Gabor, Daniela. "(De) financialization and crisis in Eastern Europe." **Competition & Change** 14.3-4 (2010): pp. 248-270.

Gallagher, Kevin P. "Understanding developing country resistance to the Doha Round." **Review of international political economy** 15.1 (2007): pp. 62-85.

- **The clash of globalizations: Essays on the political economy of trade and development policy**. Anthem Press, 2013.

- ed. Pu**tting development first: the importance of policy space in the WTO and IFIs**. Zed Books, 2005.

Ganioglu, Aytül, and Cihan Yalcin. "Domestic savings-investment gap and growth: A cross-country panel study." **Central Bank Review** 15.1 (2015).

Gemici, Kurtuluş. "Rushing toward currency convertibility." **New Perspectives on Turkey** 47 (2012): pp. 33-55.

Gençay, Ramazan, and Faruk Selçuk. "Overnight borrowing, interest rates and extreme value theory." **European Economic Review** 50.3 (2006): pp. 547-563.

Gençkaya, Ömer Faruk. "Financing Political Parties and Electoral Campaigns in Turkey." in, Sabri Sayari, Pelin Ayan Musil, and Özhan Demirkol (eds.), **Party Politics in Turkey, A Comparative Perspective**, Routledge, London/New York, 2018.

Ghayur, Sabur, and Henri Ghesquiere. "**IFIs' Conditionalities, Poverty Reduction, and Employment.**" The Pakistan Development Review (2001): pp. 435-451.

Gnos, Claude, and Louis-Philippe Rochon. "The Washington consensus and multinational banking in Latin America." **Journal of Post Keynesian Economics** 27.2 (2004): pp. 315-331.

Göcen, Serdar. "Türkiye'nin 1990-2015 Dönemindeki Ekonomik Performansi Üzerine Bir Değerlendirme." **Marmara İktisat Dergisi** 1.1 (2017).

Gönenç, Defne, and Günseli Durmaz. "The politics of neoliberal transformation on the periphery: a critical comparison of Greece and Turkey." **Southeast European and Black Sea Studies** 20.4 (2020): pp. 617-640.

Gönenç, Levent. "Presidential Elements in Government: Turkey." **European Constitutional Law Review**, vol. 4, no. 3, 2008, pp. 488–523.

Gönensay, Emre. "**From Bankruptcy to Revival: The Turkish Experience with Restructuring Economic Incentives, 1980–1984.**" Economic Incentives. Palgrave Macmillan, London, 1986.

Görmez, Yüksel, and Serkan Yiğit. "The economic and financial stability in Turkey: A historical perspective." **Economic and financial stability in SE Europe in a historical and comparative perspective**, SEEMHN and NBS (2009): pp. 283-313.

Greenaway, David, Wyn Morgan, and Peter Wright. "Trade liberalization and growth in developing countries: Some new evidence." **World Development** 25.11 (1997): pp. 1885-1892.

Gülalp, Haldun. "Globalization and political Islam: The social bases of Turkey's Welfare Party." **International Journal of Middle East Studies** 33.3 (2001): pp. 433-448.

Gultekin, Recep. "Corruption in Turkey: An Overview." in R. Sarre, D. Das & H. J. Albrecht (eds.) **Policing Corruption: International Perspectives**, London: Lexington Books, (2005).

Gumuscu, Sebnem, and Deniz Sert. "The March 2009 local elections and the inconsistent democratic transformation of the AKP party in Turkey." **Middle East Critique** 19.1 (2010): pp. 55-70.

Gumuscu, Sebnem. "Class, status, and party: The changing face of political Islam in Turkey and Egypt." **Comparative Political Studies** 43.7 (2010): pp. 835-861.

Günalp, Burak, and Tuncay Çelik. "Competition in the Turkish banking industry." **Applied Economics** 38.11 (2006): pp. 1335-1342.

Günay, Cengiz. "Flags against Fears and Uncertainties." **Turkish Policy Quarterly** 5.4 (2006).

Gunes-Ayata, Ayse and Sencer Ayata. "Turkey's mainstream Political Parties on the Centre-Right and Centre-Left" in **Turkey since 1970: Politics, Economics and Society**, ed. Debbie Lovatt. New York: Palgrave, 2001.

Güneş-Ayata, Ayşe. "The Republican People's Party." **Turkish Studies** 3.1 (2002): pp. 102-121.

Gunter, Michael M., and M. Hakan Yavuz. "Turkish paradox: Progressive Islamists versus reactionary secularists." **Critique: Critical Middle Eastern Studies** 16.3 (2007): pp. 289-301.

Guo, Feng, and Ying Huang. "Hot money and business cycle volatility: Evidence from China." **China & World Economy** 18.6 (2010): pp. 73-89.

Gürbüz, Yeşim, Thomas Jobert, and Ruhi Tuncer. "Public debt in Turkey: evaluation and perspectives." **Applied Economics** 39.3 (2007): pp. 343-359.

Güriş, Selahattin, and Kutay Gözgör. "Trade openness and fdi inflows in Turkey." **Applied Econometrics and International Development** 15.2 (2015): pp. 53-62.

Gürses, Didem. "Türkiye'de yoksulluk ve yoksullukla mücadele politikalari." **Balıkesir Üniversitesi Sosyal Bilimler Enstitüsü Dergisi** 10.17 (2007): 59-74.

Güven, Ali Burak. "Whither the post-Washington Consensus? International financial institutions and development policy before and after the crisis." **Review of International Political Economy** 25.3 (2018): pp. 392-417.

Güzelsarı, Selime, and Saadet Aydın. "Türkiye'de Büyük Burjuvazinin Örgütlü Yükselişi: Siyasal ve Yönetsel Süreçlerin Biçimlenmesinde TÜSİAD." **Abant İzzet Baysal Üniversitesi Sosyal Bilimler Enstitüsü Dergisi** (2010).

Hale, William. "Turkey, the Middle East and the Gulf crisis." **International Affairs** 68.4 (1992): pp. 679-692.

-	"Turkey's domestic political landscape: A glance at the past and the future." **The International Spectator** 34.1 (1999): pp. 27-46.
Handelman, Howard, and Werner Baer.	**Paying the costs of austerity in Latin America**. Routledge, 2019.
Hardie, Iain.	"How much can governments borrow? Financialization and emerging markets government borrowing capacity." **Review of international political economy** 18.2 (2011): pp. 141-167.
Harms, Philipp, and Pierre-Guillaume Méon.	"**Good and bad FDI: The growth effects of greenfield investment and mergers and acquisitions in developing countries.**" United Nations: Geneva (2014).
Harris, George S.	"Military coups and Turkish democracy, 1960–1980." Turkish Studies 12.2 (2011): pp. 203-213.
Harvey, David.	**A Brief History of Neoliberalism**. New York: Oxford University Press, 2005.
Heper, Metin, and E. Fuat Keyman.	"Double-faced state: political patronage and the consolidation of democracy in Turkey." **Middle Eastern Studies** 34.4 (1998): pp. 268-269.
Heper, Metin, and Filiz Başkan.	"Politics of coalition government in Turkey, 1961-1999: toward a paradigmatic change?" **International Journal of Turkish Studies** 7 (2001): pp. 68-89.
Heper, Metin, and Menderes Cinar.	"Parliamentary government with a strong president: The post-1989 Turkish experience." **Political Science Quarterly** 111.3 (1996): pp. 483-503.
Heper, Metin.	"Conclusion-The Consolidation of Democracy versus Democratization in Turkey." **Turkish Studies** 3.1 (2002): pp. 138-146.

Hermann, Christoph. "Another 'Lost Decade'? Crisis and Structural Adjustment in Europe and Latin America." **Globalizations** 14.4 (2017): pp. 519-534.

- "Structural adjustment and neoliberal convergence in labour markets and welfare: The impact of the crisis and austerity measures on European economic and social models." **Competition & Change** 18.2 (2014): 111-130.

Hermann, Rainer. "Political Islam in Secular Turkey." **Islam and Christian-Muslim Relations** 14.3 (2003): pp. 271-272.

Herzer, Dierk. "How does foreign direct investment really affect developing countries' growth?" **Review of International Economics** 20.2 (2012): 396-414.

Hindess, Barry. "Investigating international anti-corruption." **Third World Quarterly** 26.8 (2005): pp. 1389-1398.

Hoffman, Lisa, Monica DeHart, and Stephen J. Collier. "Notes on the Anthropology of Neoliberalism." **Anthropology News** 47.6 (2006).

Hooker, John. "Corruption from a cross-cultural perspective." **Cross Cultural Management: An International Journal** (2009): pp. 12-15.

Hosgör, Evren. "Islamic capital/Anatolian tigers: Past and present." **Middle Eastern Studies** 47.2 (2011): pp. 343-360.

Idiz, Semih. "Erbakan is far from unencumbered power." **Mediterranean Politics** 1.3 (1996): pp. 376-381.

Ikejiaku, Brian-Vincent. "**Africa debt crisis and the IMF with a case of Nigeria: towards theoretical explanations**." J. Pol. & L. 1 (2008): pp. 1-6.

IMF. **Turkey Letter of Intent**, Washington, DC: IMF, 10 March. (2001b)

-	**Turkey Letter of Intent**, Washington, DC: IMF, 22 June. (2001a)
Independent Evaluation Office.	**Fiscal Adjustment in IMF-Supported Programs**. International Monetary Fund, 2003.
International Monetary Fund (IMF).	"**Articles of agreement of the International Monetary Fund.**" (2016).
Ipek, Pinar.	"Ideas and change in foreign policy instruments: soft power and the case of the Turkish international cooperation and development agency." **Foreign Policy Analysis** 11.2 (2015): pp. 173-193.
Isik, Ihsan, and M. Kabir Hassan.	"Financial deregulation and total factor productivity change: An empirical study of Turkish commercial banks." **Journal of Banking & Finance** 27.8 (2003).
-	"Technical, scale and allocative efficiencies of Turkish banking industry." **Journal of Banking & Finance** 26.4 (2002): pp. 719-766.
Jacoby, Tim, and Alpaslan Özerdem.	"The Role of the State in the Turkish Earthquake of 1999." **Journal of International Development: The Journal of the Development Studies Association** 20.3 (2008): pp. 297-310.
Jacoby, Tim.	"Turkey and Europe: culture, capital and corruption." **Review of International Studies** (2010): pp. 663-684.
Jain, Arvind K.	"Corruption: A review." **Journal of economic surveys** 15.1 (2001)
Jalali, Rita.	"Civil society and the state: Turkey after the earthquake." **Disasters** 26.2 (2002): pp. 120-139.
Jang, Ji-Hyang.	"On the road to moderation: the role of Islamic business in transforming political Islamists in

Turkey." **Journal of International and Area Studies** (2006): pp. 95-110.

Jensen, Jane S. "**Political Leadership**." Women Political Leaders. Palgrave Macmillan, New York, 2008.

Jorgenson, Andrew K. "World-economic integration, supply depots, and environmental degradation: A study of ecologically unequal exchange, foreign investment dependence, and deforestation in less developed countries." **Critical Sociology** 36.3 (2010): pp. 453-477.

Joyce, Joseph P. "The economic characteristics of IMF program countries." **Economics Letters** 38.2 (1992): pp. 237-242.

Kalaycıoğlu, Ersin. "Elections and governance.", Sayari, Sabri, Yilmaz Esmer, and Yilmaz R. Esmer, (eds.) **Politics, parties, and elections in Turkey**. Lynne Rienner Publishers, 2002, p. 62.

- "The Motherland Party: The Challenge of Institutionalization in a Charismatic Leader Party." **Turkish Studies** 3.1 (2002): pp. 41-61.

- "The shaping of party preferences in Turkey: Coping with the post-cold war era." **New Perspectives on Turkey** 20 (1999): pp. 47-76.

- "Turkish democracy: Patronage versus governance." **Turkish studies** 2.1 (2001): pp. 54-70.

- "Turkish popular presidential elections: Deepening legitimacy issues and looming regime change." **South European Society and Politics** 20.2 (2015): pp. 157-179.

Kandemir, Şenol. "**A behavioral analysis of the turkish banking in the financialization process.**" (2019).

Karabelias, Gerassimos. "Dictating the Upper Tide: Civil–Military Relations in the Post-Özal Decade, 1993–2003." **Turkish Studies** 9.3 (2008): pp. 457-473.

Karabıyık, İlyas, and Metin Uçar. "Türkiye'de 1980 sonrası uygulanan IMF destekli istikrar programlarının ekonomik açıdan değerlendirilmesi." **Akademik İncelemeler Dergisi (AID)** 5.2 (2010): pp. 41-42.

Karaçor, Zeynep and Volkan Alptekin. "1980 Sonrası İstikrar Politikaları Işığında Türkiye Ekonomisinin Trend Analizi Yardımıyla Değerlendirilmesi", **Selçuk Üniversitesi İİBF Sosyal ve Ekonomik Araştırmalar Dergisi,** 11, (2006): pp. 306-342.

Karadag, Roy. **Neoliberal restructuring in Turkey: From state to oligarchic capitalism**. No. 10/7. mpifg discussion paper, 2010.

Karahan, Zeynep. "1991 Erken Genel Seçimleri ve Reklam Ajansları'nın Etkinlikleri." **İstanbul Üniversitesi Sosyoloji Dergisi** 3.4 (1995): pp. 225-250.

Karakas, Fahri, Emine Sarigollu, and Mustafa Kavas. "Discourses of collective spirituality and Turkish Islamic ethics: An inquiry into transcendence, connectedness, and virtuousness in Anatolian tigers." **Journal of business ethics** 129.4 (2015): pp. 811-822.

Karataşlı, Şahan Savaş. "The Origins of Turkey's "Heterodox" Transition to Neoliberalism: The Özal Decade and Beyond." **Journal of World-Systems Research** 21.2 (2015): pp. 387-416.

Karpat, Kemal. H., **Kısa Türkiye Tarihi 1800-2012**. İstanbul: Timaş Yayınları, 2013, p. 172; Ahmad, 1993.

Karwowski, Ewa, and Engelbert Stockhammer. "Financialisation in emerging economies: a systematic overview and comparison with Anglo-

Saxon economies." **Economic and Political Studies** 5.1 (2017): pp. 60-86.

Kay, Cristóbal. "Why East Asia overtook Latin America: agrarian reform, industrialisation and development." **Third World Quarterly** 23.6 (2002): pp. 1073-1102.

Kaya, Ayhan. "Islamisation of Turkey under the AKP rule: Empowering family, faith and charity." **South European Society and Politics** 20.1 (2015): p. 47-69.

Kaya, Raşit, and Barış Çakmur. "Politics and the mass media in Turkey." **Turkish Studies** 11.4 (2010): p. 521-537.

Kaya, Yunus. "Proletarianization with polarization: Industrialization, globalization, and social class in Turkey, 1980–2005." **Research in Social Stratification and Mobility** 26.2 (2008): pp. 161-181.

Kayhan Delibaş, The Collapse of the Turkish Party System and its Effects on Citizenship and the Legitimacy of Governance, in, Italo Pardo and Giuliana B. Prato (eds.), **Citizenship and the Legitimacy of Governance**, (Ashgate Publishing: Surrey), 2011.

Kazgan, Gülten. **Türkiye ekonomisinde krizler (1929-2009): ekonomik politik açısından bir irdeleme**. İstanbul Bilgi Üniversitesi Yayınları, 2012.

Kentor, Jeffrey. "The long-term effects of foreign investment dependence on economic growth, 1940–1990." **American Journal of Sociology** 103.4 (1998): pp. 1024-1046.

Kesgin, Barış. "Tansu ciller's leadership traits and foreign policy." **Perceptions: Journal of International Affairs** 17.3 (2012): pp. 29-50.

Keyder, Çağlar.	"**State and class in Turkey**." London and New York (1987).
Keyman, E. Fuat, and Berrin Koyuncu.	"Globalization, alternative modernities and the political economy of Turkey." **Review of International Political Economy** 12.1 (2005): 112-121.
Kibritçioğlu, Aykut.	"Banking sector crises and related new regulations in Turkey." **Economia Exterior** 32 (2005).
-	"**The Labour Market Implications of Large-Scale Restructuring in the Banking Sector in Turkey.**" MPRA Paper No. 2457. (2006).
Kikeri, Sunita, and Aishetu Kolo.	**Privatization: trends and recent developments**. The World Bank, 2005.
Kilic, H. Ayla.	"Democratization, human rights and ethnic policies in Turkey." **Journal of Muslim Minority Affairs** 18.1 (1998): pp. 106-107.
Kimya, Fırat.	"Political economy of corruption in Turkey: declining petty corruption, rise of cronyism?" **Turkish Studies** 20.3 (2019): pp. 351-376.
Kınıklıoğlu, Suat.	"Bülent Ecevit: The transformation of a politician." **Turkish Studies** 1.2 (2000): pp. 1-20.
-	"The Democratic Left Party: Kapikulu Politics Par Excellence." **Turkish Studies** 3.1 (2002): pp. 4-24.
Kirişçi, Kemal.	"The transformation of Turkish foreign policy: The rise of the trading state." **New Perspectives on Turkey** 40.1 (2009): pp. 29-56.
Kiyotaki, Nobuhiro, and John Moore.	"Credit cycles." **Journal of political economy** 105.2 (1997): pp. 211-248.
Klein, Naomi.	**The shock doctrine: The rise of disaster capitalism**. Macmillan, 2007.

Knöbl, Mr Adalbert, and Mr Richard D. Haas. **IMF and the Baltics: A Decade of Cooperation.** No. 3-241. International Monetary Fund, 2003

Koç, Yıldırım. "30. Yıldönümünde 12 Eylül Darbesi ve İşçi Sınıfı." **Mülkiye Dergisi** 34.268 (2010): pp. 43-74.

Kocaoğlu, Necip Kağan. "Development of Competition Policy in The Turkish Banking Sector: 1994-2005." **Ankara Barosu Dergisi** 3 (2010): p. 135-179.

Kopits, George. **Structural reform, stabilization, and growth in Turkey**. Vol. 52. Washington, DC: International Monetary Fund, 1987.

Köse, Dilşad Türkmenoğlu. "A Significant Transformation in the Right Politics at the Beginning of the 21st Century: Meltdown in the Center Right Politics." **Social Sciences Researches in the Globalizing World** (2018).

Kose, Nezir, Furkan Emirmahmutoglu, and Sezgin Aksoy. "The interest rate–inflation relationship under an inflation targeting regime: The case of Turkey." **Journal of Asian Economics** 23.4 (2012): pp. 476-485.

Köse, Sakine Arslan. "Faith-based organizations in Turkey as indirect political patronage tools." **Palgrave Communications** 5.1 (2019): pp. 1-12.

Kotz, David M. "Globalization and neoliberalism." **Rethinking Marxism** 14.2 (2002): pp. 64-79.

- "The financial and economic crisis of 2008: A systemic crisis of neoliberal capitalism." **Review of radical political economics** 41.3 (2009): pp. 305-317.

Kubicek, Paul. "The 1999 Turkish Elections." **Mediterranean Politics**, 4.2 (1999): pp. 186-192.

Kumcu, Ercan. "Prospects for the Economy in 1998'." **Private View** 1.2 (1997).

Kurt, Enes, and Yasin Şehitoğlu. "**Devlet ve İş Adamlari İlişkisine Politik Bağlamda Bir Bakiş: 12 Eylül 1980 Askeri Darbesi Örneği.**" 2. İŞLETME TARİHİ KONFERANSI (2019).

Kurul, Nejla. "**Turkey under AKP rule: Neoliberal interventions into the public budget and educational finance.**" Neoliberal Transformation of Education in Turkey. Palgrave Macmillan, New York, 2012.

Kuştepeli, Yeşim, and Gülcan Önel. "Fiscal deficit sustainability with a structural break: An application to Turkey." **Eastern Mediterranean University, Review of Social, Economic and Business Studies** 5.6 (2005): pp. 1-20.

Kutan, Ali M., and Goran Vukšić. "Foreign direct investment and export performance: empirical evidence." **Comparative Economic Studies** 49.3 (2007): 430-445.

Garuda, Gopal. "The distributional effects of IMF programs: A cross-country analysis." **World Development** 28.6 (2000): pp. 1031-1051.

Kutlay, Mustafa. "**Economy as the 'Practical Hand' of 'New Turkish Foreign Policy': A Political Economy Explanation**" Insight Turkey, Vol. 13, No. 1 (2011).

- "Internationalization of finance capital in Spain and Turkey: Neoliberal globalization and the political economy of state policies." **New Perspectives on Turkey** 47 (2012): pp. 115-137.

- "Why Should Turkey Revisit the Customs Union With the EU?" **USAK Yearbook of Politics and International Relations** 6 (2013): pp. 229-232.

-	**The Political Economies of Turkey and Greece: Crisis and Change**. Basingstoke, UK: Palgrave, 2019.
Kydland, Finn E., and Carlos EJM Zarazaga.	"Argentina's lost decade." **Review of Economic Dynamics** 5.1 (2002): pp. 152-165.
Lane, Philip R.	"Financial globalisation and the crisis." **Open Economies Review** 24.3 (2013): pp. 555-580.
Lapavitsas, Costas.	"3 Financialization and capitalist accumulation: a structural account of the crisis of 2007–09." **Crises of Global Economy and the Future of Capitalism**. Routledge, 2013, pp 77-96.
-	. "Theorizing financialization." Work, employment and society 25.4 (2011): pp. 611-626.
Lavoie, Marc.	"Financialization, neo-liberalism, and securitization." **Journal of Post Keynesian Economics** 35.2 (2012): pp. 215-233.
Lazzarato, Maurizio.	"Neoliberalism in action: Inequality, insecurity and the reconstitution of the social." **Theory, culture & society** 26.6 (2009): pp. 109-133.
Leander, Anna.	"Dubious dichotomies, restricted options, and deficient sight: A reply to Oktar Türel." **Review of International Political Economy**, 3(1) (1996): pp. 179–185.
-	"'Robin Hood' politics? Turkey missing the chance to adopt a new model in the 1990s." **Review of International Political Economy**, 3(1) (1996): pp. 132–163.
Lee, Kim Ming, and Ching Yin Cheng.	"Financialization, economic crises and social protection: the case of Hong Kong." **Journal of Asian Public Policy** 4.1 (2011): pp. 18-41.

Legido-Quigley, Helena, et al. "Effects of the financial crisis and Troika austerity measures on health and health care access in Portugal." **Health Policy** 120.7 (2016): pp. 833-839

Leiken, Robert S. "Controlling the global corruption epidemic." **Foreign Policy** 105 (1996).

Lesser, Ian. "Turkey and the West after the Gulf War." **The International Spectator** 27.1 (1992): pp. 33-46.

Levy, Jonah D., ed. **The state after statism: new state activities in the age of liberalization**. Harvard University Press, 2006.

Lewis, Jeffrey D., and Shujiro Urata. "Anatomy of a balance-of-payments crisis: Application of a computable general equilibrium model to Turkey, 1978–1980." **Economic Modelling** 1.3 (1984): pp. 281-303.

Li, Xiaoying, and Xiaming Liu. "Foreign direct investment and economic growth: an increasingly endogenous relationship." **World development** 33.3 (2005): pp. 393-407.

Lioi, Vittorio Corbo, et al., eds. **Growth-oriented adjustment programs**. International Monetary Fund, 1987.

Lobao, Linda, et al. "**The shrinking state? Understanding the assault on the public sector.**" (2018): pp. 389-408.

Lochery, Neill. "Israel and Turkey: Deepening ties and strategic implications, 1995–98." **Israel affairs** 5.1 (1998): pp. 51-52.

Lombardi, Domenico. "The development dimension of IMF lending policies." **The International Spectator** 42.1 (2007).

Lorasdağı, Berrin Koyuncu. "The relationship between Islam and globalization in Turkey in the post-1990 period: the case of Müsiad." **bilig** 52 (2010): pp. 105-128.

Madra, Yahya M., and Sedat Yılmaz. "Turkey's decline into (civil) war economy: from neoliberal populism to corporate nationalism." **South Atlantic Quarterly** 118.1 (2019): pp. 41-59.

Makovsky, Alan. "How to deal with Erbakan." **Middle East Quarterly** (1997).

Mango, Andrew JA. "Testing time in Turkey." **Washington Quarterly** 20.1 (1997): pp. 2-20.

Manzetti, Luigi. **Neoliberalism, Accountability, and Reform Failures in Emerging Markets. Eastern Europe, Russia, Argentina, and Chile in Comparative Perspective**. University Park, USA: Penn State University Press, 2021.

Margulies, Ronnie, and Ergin Yildizoglu. "Austerity packages and beyond: Turkey since 1980." **Capital & Class** 12.3 (1988): p. 141.

Marois, Thomas. "**The lost logic of state-owned banks: Mexico, Turkey, and Neoliberalism.**" Canadian Political Science Association, 79th Annual Conference. 2007.

Marquette, Heather. "The creeping politicisation of the World Bank: the case of corruption." **Political Studies** 52.3 (2004): pp. 413-427.

Martin, Michael F., and Wayne M. Morrison. "**China's' Hot Money Problems**." LIBRARY OF CONGRESS WASHINGTON DC CONGRESSIONAL RESEARCH SERVICE, 2008.

Massicard, Elise. "The Uses of Team Rivalry: Reconsidering Party Factionalism in Turkey." in Massicard, Elise, and Nicole Watts, (eds.) **Negotiating Political Power in Turkey: Breaking Up the Party.** Vol. 49. Routledge, New York, NY, 2013.

McCarthy, James, and Scott Prudham. "Neoliberal nature and the nature of neoliberalism." **Geoforum** 35.3 (2004).

Mecham, R. Quinn. "From the ashes of virtue, a promise of light: the transformation of political Islam in Turkey." **Third World Quarterly** 25.2 (2004).

Megginson, William L. **The financial economics of privatization**. Oxford University Press on Demand, 2005, pp.14-19.

Metin, Kivilcim. "The relationship between inflation and the budget deficit in Turkey." **Journal of Business & Economic Statistics** 16.4 (1998): 412-422.

Meyer, James H. "**Turkey's leaders-Çiller's scandals**." Middle East Quarterly (1997).

Miller, Calum. "Pathways through financial crisis: Turkey." **Global Governance: A Review of Multilateralism and International Organizations** 12.4 (2006).

Mlambo, Alois S. "Towards an Analysis of IMF: Structural Adjustment Programmes in Sub-Saharan Africa (SSA): The Case of Zimbabwe, 1990-1994." **Africa Development: A Quarterly Journal of CODESRIA** 20.2 (1995): pp. 77-98.

Mody, Ashoka, and Diego Saravia. "**Catalyzing Private Capital Flows: Do IMF-Supported Programs Work as Commitment Devices?**" (2003).

Monastiriotis, Vassilis, et al. "Austerity measures in crisis countries—results and impact on mid-term development." **Intereconomics** 48.1 (2013): pp. 4-32.

Mousseau, Demet Yalcin. "Is Turkey democratizing with EU reforms?: an assessment of human rights, corruption and socio-economic conditions." **Southeast European and Black Sea Studies** 12.1 (2012): pp. 63-80.

Mufti, Malik.	"Daring and caution in Turkish foreign policy." **The Middle East Journal** (1998): pp. 32-50.
Müftüler, Meltem.	"The never-ending story: Turkey and the European Union." **Middle Eastern Studies** 34.4 (1998).
-	"Turkish economic liberalization and European integration." **Middle Eastern Studies** 31.1 (1995).
Muhammet Mercan, Arnold Reisman, Reha Yolalan, Ahmet Burak Emel,	"The effect of scale and mode of ownership on the financial performance of the Turkish banking sector: results of a DEA-based analysis." **Socio-Economic Planning Sciences**, Volume 37, Issue 3, 2003, pp. 185-202,
Mullen, John K., and Martin Williams.	"Foreign direct investment and regional economic performance." **Kyklos** 58.2 (2005): 265-282.
Mumyakmaz, Alper.	"24 Ocak Ekonomik İstikrar Kararları ile 12 Eylül Askeri Darbesinin Neoliberalizm İttifakı ve Siyasal İslam'ın Süreçteki Rolü." **Third Sector Social Economic Review** 54.4 (2019): pp. 1899-1915.
Mutlu-Eren, Hande;	"Turkey: Cabinet dynamics and ministerial careers, 1950–2011" in K. Dowding and P. Dumont (eds) **The Selection of Ministers around the World**. London: Routledge, 2015.
Naim, Moises.	"Washington consensus or Washington confusion?" **Foreign policy** (2000): pp. 87-103.
Narli, Nilüfer.	"Civil-military relations in Turkey." **Turkish Studies** 1.1 (2000): p. 116.
Nas, Tevfik F., and Mark J. Perry.	"Inflation, inflation uncertainty, and monetary policy in Turkey: 1960–1998." **Contemporary Economic Policy** 18.2 (2000): pp. 170-180.
Nellis, John R.	"Privatization in developing countries: a summary assessment." **SAIS Review of International Affairs** 27.2 (2007): pp.3-29.

Nelson, Joan M., ed. **Economic crisis and policy choice: The politics of adjustment in the Third World**. Princeton University Press, 1990.

Nocke, Volker, and Stephen Yeaple. "An assignment theory of foreign direct investment." **The Review of Economic Studies** 75.2 (2008): 529-557.

Nooruddin, Irfan, and Joel W. Simmons. "The politics of hard choices: IMF programs and government spending." **International Organization** 60.4 (2006): pp. 1001-1033.

Oberdabernig, Doris A. "Revisiting the effects of IMF programs on poverty and inequality." **World Development** 46 (2013): pp. 113-142.

Ocampo, José Antonio. "Latin America's growth and equity frustrations during structural reforms." **Journal of Economic Perspectives** 18.2 (2004): pp. 67-88;

Ökte, M. Kutluğhan. "Para krizi modelleri: Türkiye 2001 krizi örneği." **Finans Politik ve Ekonomik Yorumlar Dergisi** 47.550 (2010).

Okyar, Osman. "Development background of the Turkish economy, 1923–1973." **International Journal of Middle East Studies** 10.3 (1979): pp. 325-344.

Ömer, Çaha. "Turkish election of November 2002 and the rise of "moderate" political Islam." **Alternatives: Turkish Journal of International Relations** 2.1 (2003).

Önder, Nilgün. "Integrating with the global market: The state and the crisis of political representation: Turkey in the 1980s and 1990s." **International Journal of Political Economy** 28.2 (1998): pp. 44-84.

Öniş, Ziya, and Ahmet Faruk Aysan. "Neoliberal globalisation, the nation-state and financial crises in the semi-periphery: a comparative

analysis." **Third World Quarterly** 21.1 (2000): pp. 119-139.

Öniş, Ziya, and Fikret Senses. "**Global dynamics, domestic coalitions and a reactive state: Major policy shifts in post-war Turkish economic development.**" Domestic Coalitions and a Reactive State: Major Policy Shifts in Post-War Turkish Economic Development (October 2007) (2007).

- "The new phase of neo-liberal restructuring in Turkey: an overview." **Turkey and the Global Economy**. Routledge, 2009.

Öniş, Ziya, and James Riedel. "**Economic crises and long-term growth in Turkey.**" (1993).

Öniş, Ziya, and Mustafa Kutlay. "The anatomy of Turkey's new heterodox crisis: the interplay of domestic politics and global dynamics." **Turkish Studies** (2020): pp. 1-31.

Önis, Ziya, and Umut Türem. "Business, globalization and democracy: A comparative analysis of Turkish business associations." **Turkish Studies** 2.2 (2001): pp. 94-120.

Öniş, Ziya, Steven Benjamin Webb, and Banco Mundial. **Political economy of policy reform in Turkey in the 1980s**. Banco Mundial, 1992.

Öniş, Ziya "**Argentine Crisis, IMF and the Limits of Neoliberal Globalization: A Comparative View from Turkey**", SSRN, 350340, (2002).

- "Beyond the 2001 financial crisis: The political economy of the new phase of neo-liberal restructuring in Turkey." **Review of International Political Economy** 16.3 (2009): pp. 409-432.

- "Political Islam at the crossroads: From hegemony to co-existence." **Contemporary Politics** 7.4 (2001): pp. 281-298.
- "The evolution of privatization in Turkey: The institutional context of public-enterprise reform." **International Journal of Middle East Studies** 23.2 (1991): pp. 163-176.
- "The political economy of Islamic resurgence in Turkey: The rise of the Welfare Party in perspective." **Third World Quarterly** 18.4 (1997): pp. 757-758.
- "**The political economy of Turkey's Justice and Development Party.**" Available at SSRN 659463 (2004).
- "Turgut Özal and his economic legacy: Turkish neo-liberalism in critical perspective." **Middle Eastern Studies** 40.4 (2004): pp. 113-134.
- "Turkey in the post-Cold War era: in search of identity." **Middle East Journal** 49.1 (1995): pp. 48-68.
- "Turkey under the challenge of state capitalism: the political economy of the late AKP era." **Southeast European and Black Sea Studies** 19.2 (2019): pp. 201-225.
- "Varieties and crises of neoliberal globalisation: Argentina, Turkey and the IMF." **Third World Quarterly** 27.2 (2006): pp. 239-263.
- Domestic Politics versus Global Dynamics: Towards a Political Economy of the 2000 and 2001 Financial Crises in Turkey, in: Ziya Öniş and Barry

Rubin (eds), **The Turkish Economy in Crisis**, London: Frank Cass, 2003.

Orhangazi, Özgür, and A. Erinç Yeldan. "The Re-making of the turkish crisis." **Development and Change** (2021).

Orhangazi, Özgür. "Financialisation and capital accumulation in the non-financial corporate sector: A theoretical and empirical investigation on the US economy: 1973–2003." **Cambridge journal of economics** 32.6 (2008): pp. 863-886.

- "Turkey: bankruptcy of neoliberal policies and the possibility of alternatives." **Review of Radical Political Economics** 34.3 (2002): pp. 335-341.

Ortiz, Isabel, and Matthew Cummins. "Austerity measures in developing countries: Public expenditure trends and the risks to children and women." **Feminist Economics** 19.3 (2013): pp. 55-81.

Otchere, Isaac. "Do privatized banks in middle-and low-income countries perform better than rival banks? An intra-industry analysis of bank privatization." **Journal of Banking & Finance** 29.8-9 (2005): pp.2067-2093.

Ozatay, Fatih, and Guven Sak. "**Banking Sector Fragility and Turkey's 2000-01 Financial Crisis.**" Brookings Trade Forum. Vol. 2002. No. 1. Brookings Institution Press, 2002, pp. 144-146.

Özatay, Fatih. "**Paving the Way for an Economic Crisis with High Leverage and Currency Mismatches: 2018-19 Crisis in Turkey**." Tobb University of Economics and Technology the Economic Policy Research Foundation of Turkey (TEPAV) Working Paper No: WP202003 (2020).

Özbudun, Ergun, and Alev Çınar. "Mesut Yılmaz: from Özal's shadow to mediator." in **Political leaders and democracy in Turkey**. Lexington Books, 2002, pp. 181-198.

Özbudun, Ergun. "Democratization in the Middle East: Turkey-How Far from Consolidation?" **Journal of Democracy** 7.3 (1996): pp. 123-138.

- "State elites and democratic political culture in Turkey." **Political culture and democracy in developing countries**. Lynne Rienner Publications, 1993.

Özcan, Gül Berna, and Murat Çokgezen. "Limits to alternative forms of capitalization: The case of Anatolian holding companies." **World Development** 31.12 (2003): pp. 2061-2084.

Özdemir, Yonca. "AKP's neoliberal populism and contradictions of new social policies in Turkey." **Contemporary Politics** 26.3 (2020): pp. 245-267.

- "**Does IMF Help Really Help? The Recovery of Argentina and Turkey after the 2001 Financial Crises.**" 3rd Annual Conference on The Political Economy of International Organizations (PEIO), DCMortara Center for International Studies, Georgetown University, Washington, DC. 2009.

Özel, Işık. "Beyond the orthodox paradox: the breakup of state-business coalitions in 1980s Turkey." **Journal of International Affairs** (2003): pp. 97-112.

- "Political Islam and Islamic capital: the case of Turkey." in, Thomas Poguntke (eds.) **Religion and politics in Europe, the Middle East and North Africa**. Routledge, London/New York, 2009, pp. 155-177.

- **State-business alliances and economic development: Turkey, Mexico and North Africa**. London and New York, NY: Routledge, 2014.

Özen, Hayriye. "Informal Politics in Turkey During the Özal Era (1983-1989)." **Alternatives: Turkish Journal of International Relations** 12.4 (2013).

Özer, Mustafa. "Financial Liberalisation in Turkey during the period 1980-2000." **Journal of Economic Cooperation** 24.2 (2003).

Ozgur Donmez, Rasim. "Nationalism in Turkey: Political violence and identity." **Ethnopolitics** 6.1 (2007): pp. 43-65.

Ozkan, Serdar, Cagnur Kaytmaz Balsari, and Secil Varan. "Effect of banking regulation on performance: evidence from Turkey." **Emerging Markets Finance and Trade** 50.4 (2014).

Özkan, Tuncay. "**Hayali ihracatın mimarı Turgut Özal**." (1993).

Özlale, Ümit, and Erinç Yeldan. "Measuring exchange rate misalignment in Turkey." **Applied Economics** 36.16 (2004): pp. 1839-1849.

Özmucur, Süleyman. "Liberalization and concentration: Case of Turkey." **The Quarterly Review of Economics and Finance** 46.5 (2007).

Öztürk, Özgür. "Türkiye'de Sendikal Mücadele, Sermaye Birikimi, MESS ve Koç Holding." **Praksis** 19 (2009): pp. 337-361.

Öztürk, Şinasi, Fethi Nas, and Ergün İçöz. "Ocak Kararları, Neo Liberal Politikalar ve Türkiye Tarımı." **Pamukkale Üniversitesi Sosyal Bilimler Enstitüsü Dergisi** 1.2 (2008).

Özyürek, Esra. N**ostalgia for the modern: State secularism and everyday politics in Turkey**. Duke University Press, 2006.

Palley, Thomas I. "**Europe's crisis without end: The consequences of neoliberalism run amok.**" No. 111. IMK Working Paper, 2013.

- "Financialization: what it is and why it matters." **Financialization**. Palgrave Macmillan, London, 2013, pp. 17-40.

Palmer, Marc C., "**The Turkish Privatization Experience, 1984 to 2009**" (2010). Turkey: bridging two worlds. Paper 9.

Pamuk, Şevket. "Economic growth and institutional change in Turkey before 1980." **Understanding the Process of Economic Change in Turkey: An Institutional Approach: Economic Issues, Problems and Perspectives**, Nova Science Publishers. Hauppauge NY, USA (2010).

Pamukcu, Teoman. "Trade liberalization and innovation decisions of firms: lessons from post-1980 Turkey." **World Development** 31.8 (2003): pp. 1443-1458.

Papi, Ms Laura, and Ms GC Lim. **An econometric analysis of the determinants of inflation in Turkey**. No. 97-170. International Monetary Fund, 1997.

Park, Mi. "Lessons from the Asian financial crisis for the eurozone: a comparative analysis of the perilous politics of austerity in Asia and Europe." **Asia Europe Journal** 11.2 (2013): pp. 189-199.

Parker, David, and David S. Saal, eds. **International handbook on privatization**. Edward Elgar Publishing, 2003.

Parks, Bradley C., and Caroline Davis. "When do governments trade domestic reforms for external rewards? Explaining policy responses to the Millennium Challenge Corporation's eligibility standards." **Governance** 32.2 (2019): pp. 349-367.

Pastor Jr, Manuel. "The effects of IMF programs in the third world: debate and evidence from Latin America." **World Development** 15.2 (1987): pp. 249-262.

Patton, Marcie J. "The economic policies of Turkey's AKP government: Rabbits from a hat?" **The Middle East Journal** 60.3 (2006): pp. 513-536.

Pehlivan, Hatice, and Colin Kirkpatrick. "The impact of transnational banks on developing countries' banking sector: an analysis of the Turkish experience, 1980–89." **British Journal of Middle Eastern Studies** 19.2 (1992): pp. 188-189.

Pereira da Silva, Luiz A. "The International Financial Institutions (IFIs) and the Political Lessons from the Asian Crises of 1997–1998." **International Social Science Journal** 53.170 (2001): pp. 551-568.

Perotti, Enrico C. "Credible privatization." **The American economic review** (1995): pp. 847-859.

Perotti, Enrico C., and Serhat E. Guney. "The structure of privatization plans." **Financial Management** (1993): pp. 84-98.

Peter Gray, H. "The quality of financial infrastructure and financial resilience: Contrasting Taiwan and Thailand." **Review of Pacific Basin Financial Markets and Policies** 5.02 (2002): 181-194.

Petras, James, and Howard Brill. "The IMF, austerity and the state in Latin America." **Third World Quarterly** 8.2 (1986): pp. 425-448.

Pieterse, Jan Nederveen. "History and hegemony: the United States and twenty-first century globalization." **The Routledge international handbook of globalization studies**. Routledge, 2013: pp. 118-135.

Plane, Patrick. "Privatization and economic growth: an empirical investigation from a sample of developing market

economies." **Applied Economics** 29.2 (1997): pp. 161-178.

Pop-Eleches, Grigore. **From economic crisis to reform: IMF programs in Latin America and Eastern Europe**. Princeton University Press, 2008.

Prasad, Eswar S., Raghuram G. Rajan, and Arvind Subramanian. **Foreign capital and economic growth**. No. w13619. National Bureau of Economic Research, 2007.

Pritchard, Bill. "The long hangover from the second food regime: a world-historical interpretation of the collapse of the WTO Doha Round." **Agriculture and Human Values** 26.4 (2009): pp. 297-307

Rabasa, Angel, and F. Stephen Larrabee. **The rise of political Islam in Turkey**. Vol. 726. Rand Corporation, 2008;

Rahbar, Farhad, et al. "Investigating the effects of privatization on the economic growth in developing countries: A fixed effects approach." **Journal of Economics and Sustainable Development** 3.4 (2012): pp.61-66.

Ramamurti, Ravi. "A multilevel model of privatization in emerging economies." **Academy of Management Review** 25.3 (2000): pp. 525-550.

Reichmann, Thomas M., and Richard T. Stillson. "Experience with programs of balance of payments adjustment: stand-by arrangements in the higher tranches, 1963-72." **Staff Papers** 25.2 (1978): pp. 293-309.

Reinhart, Carmen M., and Kenneth S. Rogoff. "From financial crash to debt crisis." **American Economic Review** 101.5 (2011): pp. 1676-1706.

Remmer, Karen L. "The politics of economic stabilization: IMF standby programs in Latin America, 1954-1984." **Comparative Politics** 19.1 (1986).

Ridvan, Karluk Sadik, and Küçüksakarya Sevilay. "Opening up the Economy of Turkey to the Outside World: The Stabilization Decisions of January 24th 1980, Economic Situation in pre and Post January 24th Period." **Chinese Business Review** 15.6 (2016): pp. 265-281.

Rıfat N. Bali, "Sivil Toplum Hareketinin İki Zaafı: İşadamları ve Elitizm", **Birikim**, 130, 2000, pp. 33-42.

Rivlin, Paul. "Two middle eastern inflations: Israel and Turkey 1980–2001." **British Journal of Middle Eastern Studies** 30.2 (2003): 211-235.

Robins, Philip. "Confusion at home, confusion abroad: Turkey between Copenhagen and Iraq." **International Affairs** 79.3 (2003): p. 549.

Rodoplu, Ulkumen, Jeffrey Arnold, and Gurkan Ersoy. "Terrorism in Turkey." **Prehospital and Disaster Medicine** 18.2 (2003): pp. 152-160.

Rodrik, Dani. "**Some policy dilemmas in Turkish macroeconomic management**." The Political Economy of Turkey. Palgrave Macmillan, London, 1990.

- **Premature liberalization, incomplete stabilization: the Ozal decade in Turkey**. No. w3300. National Bureau of Economic Research, 1990.

Rosengren, Eric S., and John S. Jordan. "Building an infrastructure for financial stability: an overview." **New England Economic Review** (2000): 3-10.

Rudra, Nita. "Globalization and the decline of the welfare state in less-developed countries." **International Organization** 56.2 (2002): pp. 411-445.

- "Welfare states in developing countries: Unique or universal?" **The Journal of Politics** 69.2 (2007): pp. 378-396.

Ruiz-Porras, Antonio. "Banking competition and financial fragility: Evidence from panel-data." **Estudios Económicos** (2008): pp. 49-87.

Santiso, Carlos. "Another lost decade? The future of reform in Latin America." **Public Administration and Development: The International Journal of Management Research and Practice** 23.4 (2003): pp. 297-305.

Santos-Paulino, Amelia U. "The effects of trade liberalization on imports in selected developing countries." **World Development** 30.6 (2002): pp. 959-974.

Saracoglu, Rusdu. "Economic stabilization and structural adjustment: the case of Turkey." **Growth-Oriented Adjustment Programs** (1987): pp. 119-143.

Savvides, Philippos K. "Legitimation crisis and securitization in modern Turkey." **Critique: Journal for Critical Studies of the Middle East** 9.16 (2000): pp. 55-73.

Sawyer, Malcolm. "What is financialization?" International Journal of Political **Economy** 42.4 (2013): pp. 5-18.

Sayari, Sabri, and Hasret Dikici Bilgin. "Paths to power: The making of cabinet ministers in Turkey." **Parliamentary Affairs** 64.4 (2011).

Sayari Sabri, "The Changing Party System," in Sabri Sayari and Yılmaz Esmer (eds.) **Politics, Parties and Elections in Turkey** (London: Lynne Riener Publishers, 2002).

- "Interdisciplinary approaches to political clientelism and patronage in Turkey." **Turkish Studies** 15.4 (2014): pp. 655-670.

- "Towards a new Turkish party system?" **Turkish Studies** 8.2 (2007): p. 199.
- "Turkey and the Middle East in the 1990s." **Journal of Palestine Studies** 26.3 (1997): pp. 44-55.
- "Turkey: the changing European security environment and the Gulf Crisis." **Middle East Journal** 46.1 (1992): pp. 9-21.

Schmalz, Stefan, and Matthias Ebenau. "After neoliberalism? Brazil, India, and China in the global economic crisis." **Globalizations** 9.4 (2012): pp. 487-501.

Secor, Anna J. "Ideologies in crisis: political cleavages and electoral politics in Turkey in the 1990s." **Political Geography** 20.5 (2001): pp. 539-560.

Selçuk, Ekin Kadir. "Evolution of Political Islam: From the Welfare Party to the Virtue Party." **Karadeniz Teknik Üniversitesi İletişim Araştırmaları Dergisi** 1.2.

Selçuk, Orçun. "Strong presidents and weak institutions: populism in Turkey, Venezuela and Ecuador." **Southeast European and Black Sea Studies** 16.4 (2016): pp. 571-589.

Şenses, Fikret. "Turkey's stabilization and structural adjustment program in retrospect and prospect." **The Developing Economies** 29.3 (1991): 210-234.

Serra, Narcís, Shari Spiegel, and Joseph E. Stiglitz. "Introduction: from the Washington Consensus towards a new global governance." **The Washington Consensus reconsidered: towards a new global governance** (2008): pp. 3-13.

Sezgin, Ibrahim Can. "The link between the foreign policy of states and escalating political violence: Turkey and the PKK."

Critical Studies on Terrorism 6.1 (2013): pp. 167-188.

Sezgin, Şennur. "Ekonomik oy verme teorisi: Türkiye örneği (1998-2003)." **Amme İdaresi Dergisi** 40.2 (2007).

Shafaeddin, Mehdi S. "Trade liberalization and economic reform in developing countries." **The IMF, World Bank and Policy Reform** 155 (2005): pp. 2-20.

Simpson, Dwight J. "Development as a process: the Menderes phase in Turkey." **The Middle East Journal** (1965): pp. 141-152.

Snowden, Peter N. "Financial reform in Turkey Since 1980: Liberalization without stabilization." **The Economy of Turkey Since Liberalization**. Palgrave Macmillan, London, 1996.

Somer, Murat. "Moderate Islam and secularist opposition in Turkey: Implications for the world, Muslims and secular democracy." **Third World Quarterly** 28.7 (2007): p. 1275.

Sönmez, Mustafa. **Kırk haramiler--Türkiye'de holdingler**. Vol. 1. Gözlem Yayıncılık, 1987.

Sönmez, Ümit. "Market and Regulatory Reforms in the Turkish Case of Neoliberalism: Maladies of a Temporal Disjunction." **Re-regulation in the Wake of Neoliberalism** (2008): 1-20.

- "The political economy of market and regulatory reforms in Turkey: the logic and unintended consequences of ad-hoc strategies." **New Political Economy** 16.1 (2011): p. 107.

Soral, B., Talan B. Iscan, and Gregory Hebb. "**Fraud and Banking Crises: Evidence from Micro-level Transactions Data.**" Unpublished manuscript (2003).

Sozen, Süleyman, and Ian Shaw. "Turkey and the European Union: Modernizing a traditional state?" **Social Policy & Administration** 37.2 (2003): p. 111.

Springer, Simon. "Neoliberalism as discourse: between Foucauldian political economy and Marxian poststructuralism." **Critical discourse studies** 9.2 (2012): pp. 133-147.

Stewart, Frances. "Should conditionality change." **The IMF and the World Bank in Africa: Conditionality, Impact and Alternatives** (1987): 29-46.

Stiglitz, Joseph E. "Capital-market liberalization, globalization, and the IMF." Oxford **Review of Economic Policy** 20.1 (2004): 57-71.

- "**Failure of the Fund.**" (2001)i

- **Globalization and its Discontents**. Vol. 500. Norton: New York, 2002.

- "Reflections on the Theory and Practice of Reform." **Economic policy reform: The second stage** (2000): pp. 551-84.

Stockhammer, Engelbert. "**Financialization and the global economy**." Political Economy Research Institute Working Paper 242 (2010).

Şükrü, Binay, and Kürşat Kunter. "**Mali Liberalleşmede Merkez Bankası'nın Rolü (1980-1997).**" Türkiye Cumhuriyeti Merkez Bankası Araştırma Genel Müdürlüğü, Aralık (1998).

Suleiman, Ezra, and John Waterbury. **The political economy of public sector reform and privatization**. Routledge, 2019, pp. 1-19.

Sunar, İlkay. "Populism and patronage: The Demokrat Party and its legacy in Turkey." **Il Politico** (1990): pp. 745-757.

Susan, George. **A Fate Worse Than Debt**, London: Penguin Books, 1988.

Swedberg, Richard. "The doctrine of economic neutrality of the IMF and the World Bank." **Journal of Peace Research** 23.4 (1986): pp. 377-390.

Tachau, Frank., "An Overview of Electoral Behavior" in Sabri Sayari and Yılmaz Esmer (eds.) **Politics, Parties and Elections in Turkey** (London: Lynne Riener Publishers, 2002).

Takım, Abdullah. "Türkiye'de 1960-1980 yılları arasında uygulanan kalkınma planlarında maliye politikaları." **Maliye Dergisi** 160 (2011).

Taniyici, Saban. "Transformation of political Islam in Turkey: Islamist Welfare Party's pro-EU turn." **Party Politics** 9.4 (2003).

Tanzi, Vito. "**Corruption around the world: Causes, consequences, scope, and cures**." Staff papers 45.4 (1998).

Taş, H. Yunus. "**Toplumsal sınıfların değişim sürecinde, sendikalar ve sendikaların geleceği.**" Hak İş Uluslararası Emek ve Toplum Dergisi 1.1 (2012).

Taskinsoy, John. "**COVID-19 Could Cause Bigger Cracks in Turkey's Fragile Crisis Prone Economy.**" Available at SSRN 3613367 (2020).

- "**We Need No Dime from the IMF: Is This a Temporary Illusion or Can the Turkish Economy Recover from the Current Recession without the IMF Loans?**" Available at SSRN 3417431 (2019).

Taspinar, Ömer. "The Rise of Turkish Gaullism: Getting Turkish-American Relations Right." **Insight Turkey** 13.1 (2011).

Tauss, Aaron. "Contextualizing the current crisis: Post-Fordism, neoliberal restructuring, and financialization." **Colombia Internacional** 76 (2012): pp. 51-79.

Taydas, Zeynep, Yasemin Akbaba, and Minion K. C. Morrison. "Did secularism fail? The rise of religion in Turkish politics." **Politics and Religion** 5.3 (2012).

Taylor, Lance. "**IMF conditionality: Incomplete theory, policy malpractice.**" The Political Morality of the International Monetary Fund 3 (1987).

- "**Varieties of Stabilization Experience: Towards Sensible Macroeconomics in The Third World**", Clarendon Press Oxford, 1988.

Taymaz, Erol, and Ebru Voyvoda. "Marching to the beat of a late drummer: Turkey's experience of neoliberal industrialization since 1980." **New Perspectives on Turkey** 47 (2012).

Taymaz, Erol. "**Trade liberalization and employment generation: the experience of Turkey in the 1980s.**" Turkey: Economic reforms, living standards, and social welfare study 2 (1999).

Temiz, Dilek, and Aytaç Gökmen. "FDI inflow as an international business operation by MNCs and economic growth: An empirical study on Turkey." **International Business Review** 23.1 (2014): 145-154.

Tepe, Sultan. "Turkey's AKP: a model" Muslim-Democratic" party?" **Journal of Democracy** 16.3 (2005).

Togan, Sübidey. "**Trade liberalization and competitive structure in Turkey during the 1980s.**" The economy of

Turkey since liberalization. Palgrave Macmillan, London, 1996.

Togan, Sübidey. "Turkey: Trade policy review." **World Economy** 28.9 (2005): p. 1232;

Tok, Evren. "Does "Embeddedness" Create Miracles? The Case of the "Anatolian Tigers" in Turkey." **Canadian Social Science** 11.4 (2015): p. 37.

Tokatli, Nebahat, and Yonca Boyaci Eldener. "Globalization and the changing political economy of distribution channels in Turkey." **Environment and Planning A** 34.2 (2002): p. 230.

Tokdemir, Kinem, and Aykut Karakuş. "1999'dan 2002 Genel Seçimlerine Giden Süreçte Türkiye'de Kritik Yeniden Saflaşma Ve Kritik Seçim Teorisi Üzerine Bir Değerlendirme." **IBAD Sosyal Bilimler Dergisi** (2020): pp. 757-775.

Toprak, Binnaz. "Islam and democracy in Turkey." **Turkish Studies** 6.2 (2005).

Tori, Daniele, and Özlem Onaran. "The effects of financialization on investment: evidence from firm-level data for the UK." **Cambridge Journal of Economics** 42.5 (2018): pp. 1393-1416.

Tunç, Hakan. 2003. "The Lost Gamble: The 2000 and 2001 Turkish Financial Crisis in Comparative Perspective." pp. 31-52 in Ziya Öniş and Barry Rubin, (eds.) **The Turkish Economy in Crisis**. London: Frank Cass.

Turan, İlter. "Old soldiers never die: The republican People's Party of Turkey." **South european society & politics** 11.3-4 (2006).

Turan, Zübeyir. "The Consequences of Crisis After 80's to Turkey's Economy." **Fiscaoeconomia** 2.2 (2018).

Türel, Oktar. "Has anybody seen Robin Hood in post-1980 Turkey? Comments on leander's paper." **Review of International Political Economy**, 3(1) (1996): pp. 164–178.

Turhan, Ibrahim M. "Why did it work this time: A comparative analysis of transformation of Turkish economy after 2002." **Asian-African Journal of Economics and Econometrics**, 8. (2008): p. 268.

Tutan, Mehmet Ufuk, and Al Campbell. "Turkey's Economic Fragility, Foreign Capital Dependent Growth and Hot Money." **Journal of Balkan and Near Eastern Studies** 17.4 (2015): pp. 373-391.

Ul Haque, Nadeem, and Mohsin S. Khan. "**Do IMF-supported programs work? A survey of the cross-country empirical evidence.**" (1998).

Uluç, Vahap. (2014), "Liberal-Muhafazakar Siyaset ve Turgut Özal'ın Siyasi Düşüncesi", **Yönetim Bilimleri Dergisi**, Cilt: 12, Sayı: 23.

Ulusoy, Kivanc. "Turkey's reform effort reconsidered, 1987–2004." **Democratisation** 14.3 (2007).

Ünal, Emre. "An institutional approach and input–output analysis for explaining the transformation of the Turkish economy." **Journal of Economic Structures** 7.1 (2018): pp. 1-38.

Urata, Shujiro, and Kazuhiko Yokota. "Trade liberalization and productivity growth in Thailand." **Developing Economies** 32.4 (1994): pp. 444-459.

Usul, Ali Resul. **Democracy in Turkey: the impact of EU political conditionality**, Routledge London, 2010.

Uygur, Ercan. **Policy, trade and growth in Turkey: 1970-1990**. Research and Monetary Policy Department, Central Bank of the Republic of Turkey, 1991.

Uygur, Ercan. **The global crisis and the Turkish economy**. No. 2010/3. Discussion Paper, 2010.

Uysal, Doğan and Savaş Erdoğan. "Enflasyon ile İşsizlik Oranı Arasındaki İlişki ve Türkiye Örneği (1980-2002)", **Selçuk Üniversitesi, İİBF Sosyal ve Ekonomik Araştırmalar Dergisi**, 2003, pp. 35-47

Valckx, Nico. "WTO financial services commitments: Determinants and impact on financial stability." **International Review of Financial Analysis** 13.4 (2004): pp. 517-541.

Vercelli, Alessandro. "Financialization in a long-run perspective: an evolutionary approach." **International Journal of Political Economy** 42.4 (2013): pp. 19-46.

Von Hagen, Jürgen, and Iulia Siedschlag. "Managing capital flows: experiences from Central and Eastern Europe." **MANAGING CAPITAL FLOWS** (2010).

Vreeland, James R. "IMF program compliance: Aggregate index versus policy specific research strategies." **The Review of International Organizations** 1.4 (2006): pp. 359-378.

Wade, Robert Hunter. "What strategies are viable for developing countries today? The World Trade Organization and the shrinking of 'development space'." **Review of international political economy** 10.4 (2003).

Walleri, R. Dan. "The political economy literature on North-South relations: alternative approaches and empirical evidence." **International Studies Quarterly** 22.4 (1978): 587-624.

Warf, Barney. **Global corruption from a geographic perspective**. Springer International Publishing, 2019.

Weisbrot, Mark, et al. "**Growth may be good for the poor-but are IMF and World Bank policies good for growth.**" Washington, DC: Center for Economic and Policy Research (2000).

Weyland, Kurt. "Neopopulism and neoliberalism in Latin America: how much affinity?" **Third world quarterly** (2003): pp. 1095-1115.

White, Paul J. "Economic marginalization of Turkey's Kurds: the failed promise of modernization and reform." **Journal of Muslim Minority Affairs** 18.1 (1998): p. 147.

Wibbels, Erik. "Dependency revisited: International markets, business cycles, and social spending in the developing world." **International Organization** 60.2 (2006): pp. 433-468.

Williamson, John. "The strange history of the Washington consensus." **Journal of Post Keynesian Economics** 27.2 (2004): pp.195-206.

- "What should the World Bank think about the Washington Consensus?" **The World Bank Research Observer** 15.2 (2000): pp. 251-264.

- "What Washington means by policy reform." **Latin American adjustment: How much has happened** 1 (1990): pp. 90-120.

Wood, Adrian. "Globalisation and the rise in labour market inequalities." **The economic journal** 108.450 (1998): pp. 1463-1482.

Woodroffe, Jessica, and Mark Ellis-Jones. **States of unrest: resistance to IMF policies in poor countries**. London: World Development Movement, 2000.

Woods, Ngaire, and Domenico Lombardi. "Uneven patterns of governance: how developing countries are represented in the IMF." **Review of International Political Economy** 13.3 (2006): pp. 480-515.

World Bank (1992) (Wapenhans Report). '**Effective Implementation: Key to Development Impact**', World Bank, internal document.

- **Anti-Corruption in Transition: A Contribution to the Policy Debate**. Washington D. C.: The World Bank. (2000).

Wu, Ji, et al. "Does foreign bank penetration affect the risk of domestic banks? Evidence from emerging economies." **Journal of Financial Stability** 31 (2017): pp. 45-61.

Xu, Bin. "Trade liberalization, wage inequality, and endogenously determined nontraded goods." **Journal of International Economics** 60.2 (2003): pp.417-431,

Yalçin, Erhat. "1980 Askeri Darbesi ve Sonrasinda Özal Dönemi Siyasal ve Ekonomik Yapilanma." **TURAN-SAM** 11.41 (2019).

Yalman, Galip. The neoliberal transformation of state and market in Turkey: An overview of financial developments from 1980 to 2000. In G. L. Yalman, T. Marois, & A. R. Güngen (Eds.), **The political economy of financial transformation in Turkey**. London: Routledge. (2018).

Yalvaç, Faruk, and Jonathan Joseph. "Understanding populist politics in Turkey: a hegemonic depth approach." **Review of International Studies** 45.5 (2019): pp. 786-804.

Yankaya, Dilek. "The Europeanization of MÜSİAD: Political opportunism, Economic Europeanization, Islamic Euroscepticism." **European Journal of Turkish Studies. Social Sciences on Contemporary Turkey** 9 (2009).

Yavuz, M. Hakan. "Political Islam and the welfare (Refah) party in Turkey." **Comparative Politics** (1997): pp. 63-82.

- "The politics of fear: The rise of the Nationalist Action Party (MHP) in Turkey." **The Middle East Journal** (2002): pp. 200-221.

- **Nostalgia for the Empire: The Politics of Neo-Ottomanism**. Oxford University Press, 2020.

- **Secularism and Muslim Democracy in Turkey** (Cambridge: Cambridge University Press, 2009).

Yayla, Münür, Alper Hekimoğlu, and Mahmut Kutlukaya. "Financial stability of the Turkish banking sector." **BDDK Bankacılık ve Finansal Piyasalar Dergisi** 2.1 (2008).

Yeldan, A. Erinç, and Sabit Khakimzhanov. The Political Economy of Reform Failure and Macroeconomic Mismanagement; Turkey, 1980-2002. In: Lunndahl M, Wyzan ML (eds.) **The Political Economy of Reform Failure**. Rouitledge, (2007).

Yeldan, A. Erinç. "**Assessing the privatization experience in Turkey: Implementation, politics and performance results.**" Report Prepared for the Economic Policy Institute. Retrieved May 31 (2005).

- "Conflicting interests and structural inflation: Turkey, 1980-1990." **The Pakistan Development Review** (1993): pp. 303-327.

- "Financial liberalization and fiscal repression in Turkey: Policy analysis in a CGE model with financial markets." **Journal of Policy Modeling** 19.1 (1997).
- "Neoliberal global remedies: from speculative-led growth to IMF-led crisis in Turkey." **Review of Radical Political Economics** 38.2 (2006): pp. 193-213.
- "**On the IMF-Directed Disinflation Program in Turkey: A Program for Stabilization and Usterity or a Recipe for Impoverishment and Financial Chaos?**" Available at SSRN 290539 (2001).
- "Turkey and the Long Decade with the IMF: 1998-2008." **International development economic associates** (2008): pp. 1-5.
- **Behind the 2000/2001 Turkish crisis: Stability, credibility, and governance, for whom**? Universitäts-und Landesbibliothek Sachsen-Anhalt, 2002.
- **Küreselleşme sürecinde Türkiye ekonomisi: bölüşüm, birikim ve büyüme.** İletişim Yayınları, 2006.

Yentürk, Nurhan. "Short term Capital Inflows and Their Impact on Macroeconomic Structure: Turkey in the 1990s." **The Developing Economies** 37.1 (1999).

Yergin, Daniel, and Joseph Stanislaw. **The commanding heights: The battle for the world economy**. Simon and Schuster, 2002.

Yeşilada, Birol A. "The virtue party." **Turkish Studies** 3.1 (2002): pp. 62-63;

- "Realignment and Party Adaptation: The Case of Refah and Fazilet Parties." in Sabri Sayari and Yılmaz Esmer (eds.) **Politics, Parties and Elections in Turkey** (London: Lynne Riener Publishers, 2002).

Yeşilyurt Nuri and Mustafa Yetim. "Emergence of the Turkish/Qatari Alliance in the Middle East: Making of the Moderate Resistance Bloc." in: Amour P. (eds.) **The Regional Order in the Gulf Region and the Middle East.** Palgrave Macmillan, Cham (2020).

Yildirim, Canan. "Evolution of banking efficiency within an unstable macroeconomic environment: the case of Turkish commercial banks." **Applied Economics** 34.18 (2002): pp. 2289-2301.

Yılmaz, Ali. "Türkiye'de işsiz nüfus." **Fırat Üniversitesi Sosyal Bilimler Dergisi** 15.1 (2005): pp. 43-56.

Yilmaz, Bahri. "The Role of Trade Strategies for Economic Development: a comparison of foreign trade between Turkey and South Korea." **Russian & East European finance and trade** 38.2 (2002).

Yilmaz, Gokhan. **Financial dollarization, (de) dollarization and the Turkish experience.** No. 2005/6. Discussion Paper, 2005.

Yılmaz, Gözde, and Diğdem Soyaltın. "Zooming into the 'domestic' in Europeanization: promotion of fight against corruption and minority rights in Turkey." **Journal of Balkan and Near Eastern Studies** 16.1 (2014).

Yılmaz, Hakan. "Business notions of democracy: The Turkish experience in the 1990's." **CEMOTI, Cahiers d'Études sur la Méditerranée Orientale et le monde Turco-Iranien** 27.1 (1999): pp. 183-194.

- “**Neoliberalism and Financialization in Turkey.**” City University of New York (CUNY) Working Paper, (2020).

Yilmaz, Muzaffer Ercan. “The rise of political Islam in Turkey: the Case of the Welfare Party.” **Turkish Studies** 13.3 (2012).

Yilmazkuday, Hakan. “Twin crises in Turkey: a comparison of currency crisis models.” **The European journal of comparative economics** 5.1 (2008).

Yoder, Richard A., Philip L. Borkholder, and Brian D. Friesen. “Privatization and development: the empirical evidence.” **The Journal of Developing Areas** (1991): pp. 425-434.

Yoon, Jungkeun. “Globalization and the welfare state in developing countries.” **Business and Politics** 11.2 (2009): pp. 1-31;

Yu, Chwo-Ming Joseph. “The experience effect and foreign direct investment.” **Weltwirtschaftliches Archiv** 126.3 (1990): 561-580.

Yucel, Fatih. “Causal relationships between financial development, trade openness and economic growth: the case of Turkey.” **Journal of Social sciences** 5.1 (2009): p. 37.

Yüzbaşioğlu, Necmi. “Türkiye'de Uygulanan Seçim Sistemleri Ve Bunlara İlişkin Anayasa Mahkemesi Kararlarina Göre Nasil Bir Seçim Sistemi.” **İstanbul Üniversitesi Hukuk Fakültesi Mecmuası** 55.1-2 (1996): pp. 103-150.

Zaim, Osman. “The effect of financial liberalization on the efficiency of Turkish commercial banks.” **Applied Financial Economics** 5.4 (1995): p. 258.

Zeynep Sarlak and Besim Bulent Bali, "Corruption in Turkey: why cannot an urgent problem be a main concern?", **Crime and Culture**, 14, 2008.

Zhang, Kevin Honglin. "Does foreign direct investment promote economic growth? Evidence from East Asia and Latin America." **Contemporary economic policy** 19.2 (2001): 175-185.

ONLINE SOURCES

	http://www.privatizationbarometer.com/PUB/NL/5/9/PB_AR2015-2016.pdf (Online Resource) (July 1, 2021)
World Bank,	**Tariff rate, applied, weighted mean, all products (%)** https://data.worldbank.org/indicator/TM.TAX.MRCH.WM.AR.ZS (Online Resource) (July 1, 2021)
Esteban Ortiz-Ospina and Max Roser,	**Government Spending**, https://ourworldindata.org/government-spending (Online Resource) (July 1, 2021)
Esteban Ortiz-Ospina and Diana Beltekian	**Trade and Globalization**, https://ourworldindata.org/trade-and-globalization (Online Resource) (July 1, 2021)
TÜSİAD,	**Raporlar** https://tusiad.org/tr/yayinlar/raporlar (Online Resource) (July 1, 2021)
-	https://tusiad.org/tr/yayinlar/raporlar/item/9241-konusmalar-1979 (Online Resource) (July 1, 2021)
-	**1979 Yılına Girerken Türk Ekonomisi** https://tusiad.org/tr/yayinlar/raporlar/item/9263-1979-yilina-girerken-turk-ekonomisi (Online Resource) (July 1, 2021)
IMF	**Special Drawing Rights (SDR)** https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/14/51/Special-Drawing-Right-SDR (Online Resource) (July 1, 2021)

-	IMF Stand-By Arrangement (SBA) https://www.imf.org/en/About/Factsheets/Sheets/2016/08/01/20/33/Stand-By-Arrangement (Online Resource) (July 1, 2021)
-	**Glossary** https://www.imf.org/external/np/exr/glossary/showTerm.asp#75 (Online Resource) (July 1, 2021)
	Historic inflation Turkey - CPI inflation https://www.inflation.eu/inflation-rates/turkey/historic-inflation/cpi-inflation-turkey.aspx (Online Resource) (July 1, 2021)
TMSF	Fona Devredilen Bankalar https://www.tmsf.org.tr/tr/Tmsf/Cozumleme/fon.devredilen (Online Resource) (July 1, 2021)