

# **DISTRIBUTION RELATIONS DURING THE TRANSITION OF TURKISH ECONOMY TO NEOLIBERALISM**

## **ABSTRACT**

From 1980s onwards, Turkey started a period of economic integration into the neoliberal global economy. For an inward-oriented economy, this was a very tough and uneven process in which forward steps, backward steps, crises and political struggles followed each other. Hence the integration process of Turkey into the neoliberal global economy is comprised of several periods with differentiated distribution relations in the each one of these periods. Following this insight, my aim in this paper is to map the huge variations of the distribution relations during these thirty years and demonstrate the winners and losers of these policies in the subsequent periods.

While mapping the distribution relations in the society, I make a normative preference to take the class relations in the society as my entry point. My theoretical framework to map the flows between the classes is borrowed from Resnick&Wolff(1987). There are several reasons for this. First, this framework helps us to overcome some questions born with the current state of the capitalism. Focusing on the “process” of extraction of the surplus value obviates the need to determine the “class” of a worker who owns some shares in a company or owns his own shop or is simply married and live off his wife. Second, Resnick&Wolff framework makes bare the heterogeneous economic relations in a society. For example, the surplus gained by an enterprise at the expense of the worker is separated from the other incomes gained by monopoly rents. This allows for the exact determination of the surplus value produced in an economy. Since the surplus value is the key Marxian concept, this framework allows me to map these terms from a truly Marxian perspective. Finally, the equation system focused on the enterprises, the state and the households helps us to better determine the winners and the losers of the neoliberal era.

I will start my paper by presenting a very brief overview of the neoliberal experience in Turkey. Then I will introduce the Resnick&Wolff framework in detail and finally I will focus on the changes in the budgets of states, industrial enterprises and the households. I will conclude by questioning the possible reasons for the households to generally concede to the economic changes that are negative for their budget.

## **PART 1: HISTORY OF THE INTEGRATION OF TURKEY WITH NEOLIBERAL POLICIES**

Until the end of 1970s Turkey had adopted an import substitution model and especially succeeded to reach relatively high growth rates in the first decade of this policy, i.e. the 1960s. Yet these days ended with a severe foreign exchange crisis by the end of 1970s. As a result of IMF conditionality, the solution was found at diverting the economy into an export-oriented model.

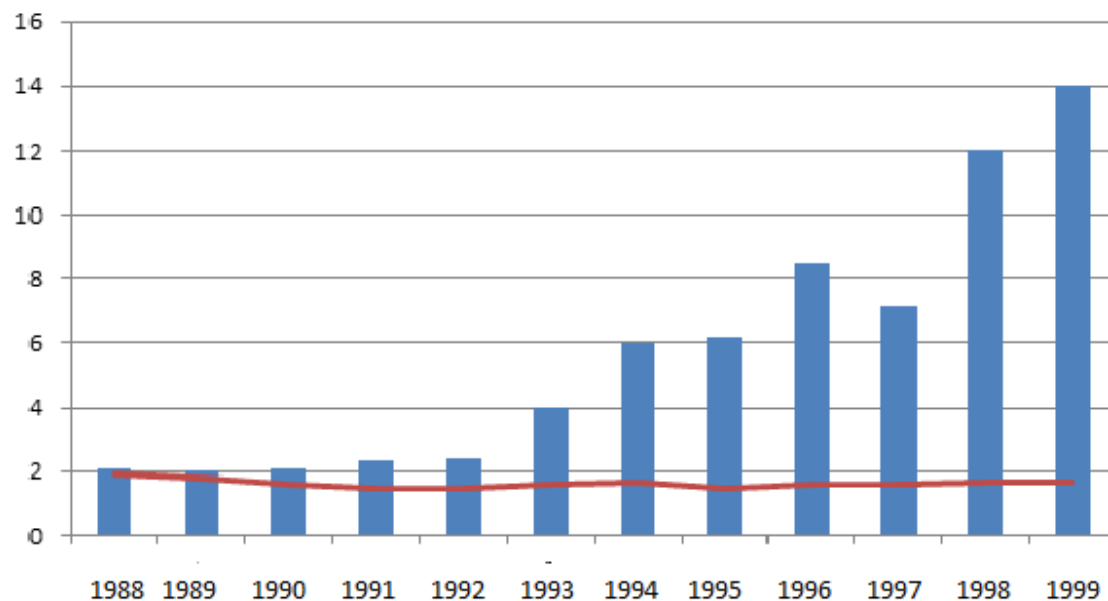
Hence, starting from 1980 Turkey experienced a gradual transformation into the global economy. The very first step was an abrupt devaluation of the currency and a following move towards export of nondurable goods. The defining characteristic of the first phase was termed ‘structural adjustment’ with export promotion and was carried under the auspices of a regulated foreign exchange system and controls on capital inflows. During this period, integration into the global market was achieved mainly through commodity trade

liberalization. More importantly, both the exchange rate and direct export subsidies worked as the main instruments for the promotion of exports and pursuit of macroeconomic stability (Yeldan, 2001).

Second phase started in 1989 when Turkey abolished the restrictions on all capital controls. Prior to that decision, Turkey had decreased corporate taxes in the second half of 1980s to subsidize exports which effectively increased its internal debts. The increase in the internal debts was added to the pressures from organized labor movements and they compelled the government to abolish capital controls to finance its debts more easily. This resulted in a period of populism financed by internal and external debts. This transition was truly in line with the “populism” definition of Boratav. According to Boratav (2010), populism is a situation in which “laborers can *affect* the decision making processes owing to the parliamentary system but they cannot become an *alternative* or partner to the decision making units.” Turkey was an epitome of populism in 1990s: working classes received some concessions from the governments due to the political conjuncture<sup>1</sup>; however, these concessions were not financed by an increase in corporate taxes or other structural changes but with new debts. As such, they were only temporary concessions. These debts were provided mainly from domestic banks with very high interest rates and hence a new accumulation regime started. Gültekin-Karakas (2007) calls this new accumulation period as “financial protectionism”. It was a period in which nearly every big capitalist group had a bank to lend some money to the state. Banks’ main income source was not the credits given to the industrialists but the debts lent to the state.

We can show periods of economic policies and distribution relations in such a table:

Based on Yeldan(2001), we can show the extent of financial accumulation period in a graph: too:



Source: Yeldan (2001)

Here the columns depict the ratio of internal debt interest payments to GNP as a percentage while the line depicts the percentage of corporate taxes to GNP. As we see here, the state was transferring an increasing amount of its revenues to the banks. This age of populism and

<sup>1</sup> 1990s was a decade of political instabilities for Turkey. This partly explains the difference between 1990s and the following decade. I will write more on this below.

financial accumulation regime was obviously unsustainable. State debts were increasing and a crisis was not far away.

By 1997, Asian crises and the lessons learnt, had prompted IMF to deepen its institutional existence in Turkey. Similarly, the local bourgeoisie was unhappy with what they considered as unsustainable “populist” policies, although some of them had earned enormous profits as a result of these policies. According to Gültekin-Karakas, this discontent stemmed from the new global perspective these firms preferred instead of the clearly unsustainable profits of the populist era. Becoming a global player was only possible if Turkey got its place among “newly emerging economies” with a successful transformation (Gültekin-Karakas 2007). The leaders of the state also knew the probability of a crisis and thus the belief in the necessity of change combined with the desire for stability resulted in a structural adjustment program formed along the principles of IMF.

The IMF program of structural adjustment in Turkey relied upon three pillars:

- (1) Fiscal austerity that targets achieving a 6.5 percent budget surplus as a ratio to GDP,<sup>2</sup>
- (2) Related to the austerity program, structural reforms acceding to the traditional IMF demands (privatizations, depoliticization of the economic institutions, large-scale layoffs in public enterprises...)
- (3) Contractionary monetary policy (through an *independent* central bank) that exclusively aims at price stability (via *eventual* inflation targeting).

As it is clear from these articles, the program was mainly related to public finance and its first aim was to pay debts without any delay. The budget surplus and the supposed revenues from privatizations were the purported sources of these debt payments. However, the social result of these policies left millions of people in very harsh economic conditions.

In the following part, I will start employing Resnick&Wolff framework. My focus will be around 1998, the last phase of the IMF policies. I will search why Turkey had to concede with this program and how the program changed the distribution relations in Turkey.

## **PART 2: THE CRISIS OF THE STATE FROM THE RESNICK&WOLFF FRAMEWORK**

By 1998, the state had entered into a crisis stemming from the state budget. There was a deficit in the state budget for more than a decade but by 1998 the deficit had reached such big amounts that a debt crisis seemed very possible. To show in Resnick&Wolf’s equation:

$$SV + SSCR + NCR < \sum SC + \sum X + \sum Y$$

(Revenues)                      (Expenditure)

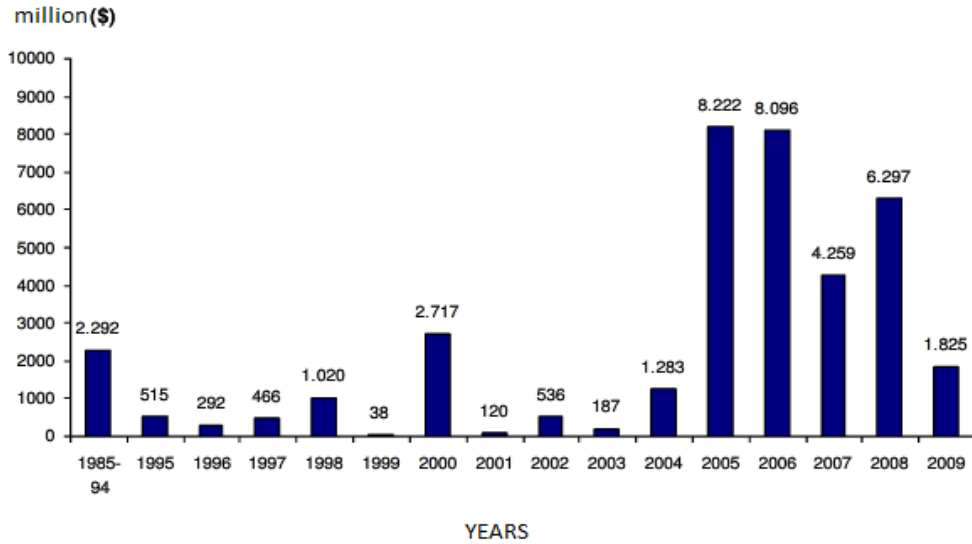
To explain briefly, in this equation SV stands for the total surplus value that the state gets from state-run enterprises while  $\sum SC$  stands for the amount of surplus value distributed to various subsumed classes (state industrial enterprise managers etc.) Thus, SV and  $\sum SC$  form together fundamental class process and subsumed class process within the state. In analyzing Turkish state’s budget, we can group the profits stemming from State Economic Enterprises

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<sup>2</sup> That means, the budget revenues minus the budget spendings (excluding the spendings on the interests) must be equal to 6.5 per cent of the GDP.

under SV group and the expenditure paid to its managers or the interest payments for the investments on State Economic Enterprises under  $\sum SC$  group.

In this equation privatization is a way to increase non-class revenues (NCR in the equation, meaning the revenues that was not got from the class processes) as they decrease both SV and  $\sum SC$  in the same time. In the diagram below, we see the amounts of privatizations in Turkey starting from the mid 1990s.



We see that the amounts of privatizations spiked in the last ten years. This means an important inflow in the shape of NCR and at the expense of SV.

The second dimension in the state's equation is its role in the capitalist subsumed class process of industrial enterprises. The state secures the process of exploitation of the working classes for the owning classes with economic, political and cultural processes and in return it is rewarded with taxes from capitalists and industrial enterprises. It is that  $\sum SCR$  indicates these taxes, and they are effectively the distributed shares of surplus value to the state in the form of taxes, interest, rents and so on. Alternatively  $\sum X$  is the expenditure the state makes to secure this process.  $\sum X$  may include payments made to have police units to secure the order, welfare payments made to unemployed individuals to retrain and relocate them, or add them to the reserve army, and especially welfare payments made to prevent social unrest.  $\sum X$  also includes payment of interest to bondholders if the state debt is used to establish state subsumed class position. (Resnick&Wolff, 1987)

For the Turkish state, changes in the ratio of corporate taxes can be taken as a proxy to evaluate the changes in  $\sum SCR$ . A crucial point is to decide where to put interest payments of state. If we accept that very high debts borrowed in 90s were used for populist policies as Boratav claims, then we should accept interest payments done to financial institutions as part of  $\sum X$ .

The rate of  $\sum X$  to  $\sum SCR$  was a high burden for the state in the beginning of the 21<sup>st</sup> century. In years following 2001, state decreased  $\sum X$  by creating a primary surplus and paying its past debts with this surplus.

The State's equation also includes the non-class process.  $\sum NCR$  corresponds to the revenues of the state provided from the taxes paid by productive and unproductive laborers and by

occupants of the working class positions. Conversely,  $\Sigma Y$ , refers to other kinds of state expenditures; those to secure the conditions of existence of its non-class revenues,  $\Sigma NCR$ . This means there are direct benefits to those taxpayers who are not industrial capitalists distributing their surplus value to the state. For the Turkish state, we can take indirect taxes as a proxy for  $\Sigma NCR$ . By 2007, the ratio of indirect taxes for the all tax revenues of state reached from %67 to % 55 between 1991 and 2001 while the ratio of corporate taxes (a proxy for  $\Sigma SCR$ ) decreased %10 (Karahanoğulları, 130). There was not much change however in the ratio of total tax revenues to the budget. For  $\Sigma Y$ , some public services that aim to satisfy taxpayers can be included. In general, we can say that there was not much change in total expenditure of government.

To sum up, we see obvious increases in  $\Sigma NCR$  and obvious decreases in  $\Sigma X$ . The rest gives us some clues about the political choices of the government. There are however, unclear and strict jumps in  $\Sigma Y$ , and  $\Sigma SCR$ . The decreases in  $\Sigma V$  and  $\Sigma SC$  offset each other. So, clearly the equation has turned into equality by 2010.

Years	Budget real expenditure	Budget revenues	Primary equilibrium	Interest payments	Interest added expenditures	Last equilibrium
1975-79	18,76	17,10	-1,6	0,49	19,25	-2,15
1980-84	16,86	15,50	-1,3	1,17	18,03	-2,53
1985-89	13,40	13,60	0,2	3,0	16,40	-2,80
1990-94	16,46	16,70	0,2	5,0	21,46	-4,76
1995-99	18,10	20,44	2,3	10,04	28,14	-7,70
2000	20,90	26,60	5,7	16,30	37,20	-10,30
2001	22,40	29,20	6,8	23,30	45,70	-16,50
2002	23,40	28,10	4,7	19,10	42,50	-14,40
2003	22,97	28,42	5,4	18,45	41,42	-13
2004	20,12	28,00	7,8	15,73	35,85	-7,85
2005	20,59	28,86	8,2	11,73	32,32	-6,06
2006	23,30	30,60	7,7	8,20	31,20	-0,50
2007	23,80	29,80	5,7	7,60	31,40	-1,6
2008	23,20	28,50	5,3	7,80	31	-2,7
2009	22,70	27,90	5,3	6,30	29	-1,1
2010	21,90	27,20	5,3	5,5	27,40	-0,2

Source: (Önder, 2009)

This graph taken from (Önder, 2009) is a visual for what has been expressed so far. The Last equilibrium shows a steady deficit during 1990s. This was due to the increase in interest payments as the fifth column shows. The first primary surplus was obtained in 1999 with IMF structural adjustment, however the interest rates were still high due to the crisis environment. In the following years, the budget continued to create surpluses. The story ends with a happy final for the state: in 2010 last equilibrium is only -0.2 and so it confirms my argument that the public budget reached to equality in the end.

### **PART 3: INDUSTRIAL ENTERPRISES UNDER THE NEW CONDITIONS**

The specific importance of the equation showing the inflows and outflows of an industrial enterprise stems from its usefulness in showing the exploitation relations in the society. Therefore, I intend to show how the changes in public budget change the exploitation relations in the society by focusing on the equation of industrial enterprises.

To start with, capital's dual structure in Turkey is a hotly-debated topic. Usually Istanbul-centered monopolistic big industrialists are compared with Anatolian-centered small, export-oriented and dynamic newly emerging firms. There are valuable works discussing whether this dichotomy is meaningful, and one of them is surely Buğra&Savaşkan (2010). These works show that there are real differences in the interests of these groups.

To start with, most of the big industrial enterprises are parts of big groups that also have financial enterprises. These groups have gained enormous profits from their financial activities prior to 1998 and so they could sacrifice their industrial profits, and thus this group has its own special interests. The special relations these firms entered into with the state alter their eventual equations as well.

TUSIAD is the biggest business association of Turkey. By 2007 it produces %38 of GNP of Turkey, it realizes %45 of total exports of Turkey and it has only 576 members. This clearly shows the condensation of capital in TUSIAD and its wealthiest members clearly have their own financial interests. Ergüneş (2007) depicts the relationship between these members, their interests and the state in a detailed way. She claims that, by 1999 large companies such as TUSIAD, had a bank unto themselves through which they would have lending relationships with the state. By 1999, there were 81 such banks in Turkey each with its own relationship with the state..

The remaining industrial enterprises are very important as well since they comprise %55 of exports. These are smaller firms and there is not an umbrella organization that includes all of them. MUSIAD, the organization that realizes %11 of Turkish exports with 3000 members are one of the remaining big interest groups. TOBB, which is a semi-formal business association in which all enterprises are members, also represents the interests of small capital due to the democratic election principles. These groups do not have clear financial interests but they accuse big industrialists with financial interests as *rentier class*.<sup>3</sup>

In order to analyse the the effects of the transition, we can review how the interests of TUSIAD were affected at the transition period. Firstly, many groups inside TUSIAD had huge financial profits under the "financial accumulation regime". These groups with banks earned enormous profits from giving loans to the state in 1990s. For example in 1999 three biggest taxpayers were Akbank, İş Bankası and Garanti.<sup>4</sup> However, Gültekin-Karakas (2007) shows that by the end of 1990s, TUSIAD was uncomfortable with the huge financial profits that most powerful members of it were earning via giving more loans to the state. This way of capital accumulation was unsustainable and a crisis was probable. TUSIAD members saw that the state money paid to the banks was opposed to their long term interests based on being a global player. As previously mentioned, their final aim was to get a safe place in global division of labor. So they supported IMF policies.

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<sup>3</sup> President of ASO, now minister, Zafer Çağlayan says in 1999 that it was a disappointment for Turkish industry that biggest taxpayers belong to the biggest groups of Turkey.

<sup>4</sup>For a full list which shows the seriousness of the situation better, look at <http://arama.hurriyet.com.tr/arsivnews.aspx?id=-153769>

The state was still largely indebted to these groups in the beginning of 2000, so they had an interest in regular debt payment of the state. Further, privatizations created new interest areas for big industrialists. In the previous section, I had showed the records in the privatization ratio. The buyers of these state enterprises were generally big industrialists and they financed this buying by borrowing money from foreign banks<sup>5</sup>. Sonmez claims that:

*“80 % of all privatization that was done up to today, (September 2008) was sold to 13 big groups including Koc(Tüpraş), Erdemir(Oyak), PO(Doğan), KGM Levent(Zorlu), Arac Muayeneleri (Dogus)...”<sup>6</sup>*

The interests of small industrialists were different. They usually were not lenders to the state and that is why MUSIAD<sup>7</sup> could propose consolidation of state debts or payment of debts by printing new money for a number of times. They also did not have any interest in a valuable TL since they did not borrow from foreign sources as much as TUSIAD members did. Their interest was in the depreciated TL which kept a competitive advantage over their rivals. So they protested strictly against IMF policies.<sup>8</sup>

MUSIAD was also against austerity policies of the state. IMF structural adjustment had initiated a strict reduction in the state, as well as prompted the adoption of an anti-inflationary program which was to result in a decrease in demand. The shrinking of the state decreased the investment done by the state from 5.3 per cent of GNP in 2001 to 1.7 in 2010. (Önder, 2009) These austerity measures formed a constraint for small industrialists and we can see it in the objections done to this policy by MUSIAD. They advocated increasing public expenditures by rejecting “primary surplus” policies. This shows that, opposed to the general perception, MUSIAD members earn a lot from public projects.

To sum up, we can show the knowledge given so far in such an equation:

$$SV + NCR_e + NCR_s = SSCP + \sum Z$$

Evident are SV and SSCP.  $NCR_e$  stands for the profits that are earned from depreciated TL at the expense of other enterprises.<sup>9</sup>  $NCR_s$  stands for the profits earned through financial means at the expense of state revenues.  $\sum Z$  stands for the interest paid by firms to get foreign debts. It is an important figure for big firms and it depends on the value of TL as well.

Following the IMF program, Turkey adopted policies that resulted in harm for the interests of small industrialists. These policies decreased  $NCR_e$  and since they did not get any  $NCR_s$  they were in trouble. These policies were not so harmful for big industrialists as they could generate income via  $NCR_s$ . However, they needed to increase SV as well to be able to compete in global markets.

<sup>5</sup> <http://bianet.org/bianet/bianet/80360-sicak-para-lobisinden-yeni-faiz-baskisi>

<sup>6</sup> <http://bianet.org/bianet/siyaset/109773-anadolu-kaplanlari-efsane-akp-istanbulu-ve-tusiadi-istiyor>

<sup>7</sup> MUSIAD does not have enough market shares to represent all non-TUSIAD exporters. Yet, I use it as a proxy since its interests are similar with other smaller exporters.

<sup>8</sup> For a clear manifestation of Musiad policies look at: <http://www.musiad.org.tr/detayBasin.aspx?id=107>. To see news reflecting the clashing interests look at <http://arsiv.ntvmsnbc.com/news/223571.asp>

<sup>9</sup> The importance of this unit for exporters can be seen from

[http://ekonomi2023.org/index.php?option=com\\_content&view=article&id=59:sanaycnn-yueksek-faz-dueuek-kur-syani&catid=6:ekonom-ve-hayat&Itemid=19](http://ekonomi2023.org/index.php?option=com_content&view=article&id=59:sanaycnn-yueksek-faz-dueuek-kur-syani&catid=6:ekonom-ve-hayat&Itemid=19)

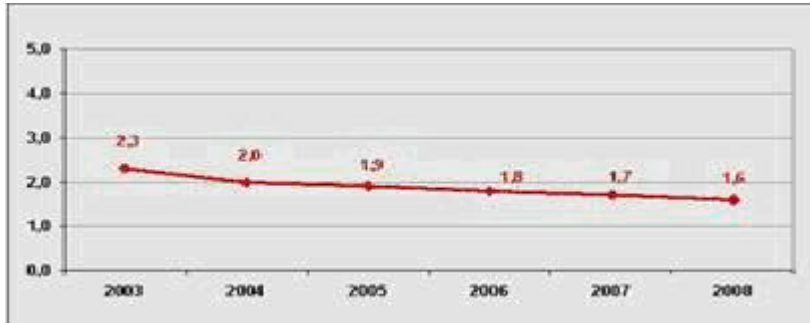
<sup>10</sup> A deeper analysis on this issue should include the ratio of intermediate imported goods in the final form of exported good. This creates a huge difference in today's globalized world as Mustafa Sönmez puts it: <http://bianet.org/bianet/bianet/80360-sicak-para-lobisinden-yeni-faiz-baskisi>. Yet, we do not have such kind of a classification.

The most critical dimension here is SV. As a result of the constraints owing to the new policies, state and industrialists pressured workers' labor and increased labor productivity. Due to the importance of this point I will show this result in various ways:

Years	Real wages <sup>11</sup>	Labor productivity 1	Labor productivity 2	Unemployment(narrow)	Unemployment(large)
1998	100	100	100	6.9	8.5
1999	119.2	105.8	87.8	7.7	10.7
2001	101.6	114.3	91.9	8.4	12.3
2002	91	124.5	90.2	10.3	14
2007	93.1	167.0	124.3	10.3	16.6
2009	85.9	165.4	121.5	14	20.6
2010	87.5	176.8	-	11.9	18.3

Source:<sup>12</sup>

Here two indicators of labor productivity acquired by different sources show the same result.<sup>13</sup> How did this productivity increase emerge? One reason can be ascribed to increasing work hours in industrial enterprises. As Social Policy Forum (2010) puts it, the per cent of workers working more than 50 hours in a week to all workers were %28,9 in 1998, it was %37,6 in 1999 and %46,6 in 2008. A WB data shows that in 2004, average work hours in Turkey (52 hours) were a world record, even higher than South Korea. The workers working more than 72 hours doubled in 10 years from 7.2 to 13.3. Another data set by ISO shows that the firms needed less and less worker for the same revenue:



This increase in productivity is a direct result of IMF policies. As the table above shows unemployment in Turkey increased year by year. This is a result of decreasing state employment due to increasing privatizations and austerity policies of the state. Decreasing ratio of state employment creates a reserve army for industry and this army forces workers to endure longer working hours. We should also add that governments did everything to guarantee the availability of cheap labor. Law permitting flexible labor passed in 2003 and job security for the half of total work force was abolished in one night. (Celik, 2003) Increasing work hours without paying extra money became possible under these regulations. We also see that there is a decrease in the real wages which means further increase of SV.

<sup>11</sup> I should add that there was an increase in minimum wages between 2002- 2005. However, even this increase did not change the downwards trend in the overall picture. For further information you can look at BSB 2011, page 38

<sup>12</sup> <http://haber.sol.org.tr/yazarlar/korkut-boratav/on-iki-yillik-bir-bolusum-bilancosu-40202>

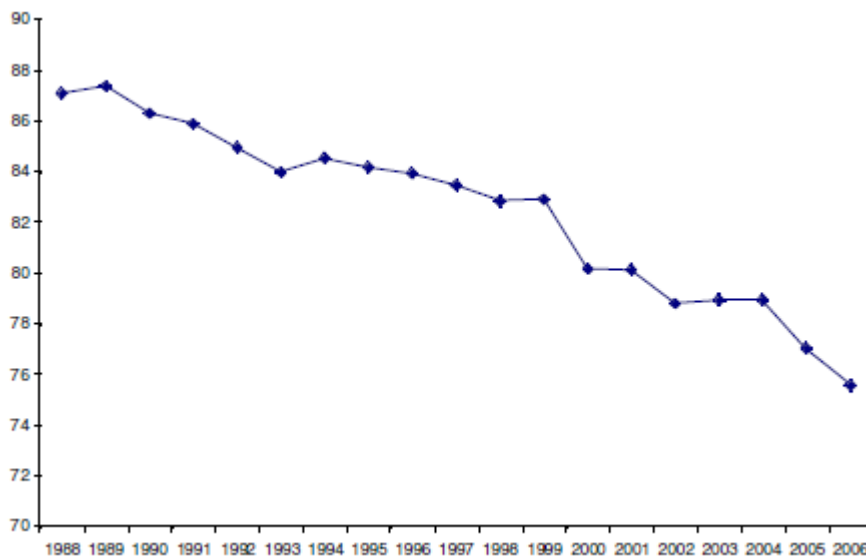
<sup>13</sup> A surplus value analysis for Turkey made according to the framework of Shaikh and Tonak also presents same results from a different framework. See BSB 2011, page 50



It is clear that SV for firms has increased in this process due to the recipes imposed. This increase of SV was vital for small industrialists to survive. Big industrialists who bought privatized state enterprises with foreign debts became richer with increasing SV and they tolerated the decrease in  $NCR_s$ . In total it was increase in exploitation that helped the neoliberal policies to survive.

#### **PART 4: TOUGHER LIFE CONDITIONS FOR HOUSEHOLDS AND THEIR REACTIONS**

After analyzing the equation of state and capitalist enterprises, we are now ready to see how the income of the households has changed along these years. Firstly, let's analyze the magnitude of productive labor in Turkey. In Turkey, there are 14 million wage earners and this corresponds to 60% of all employment<sup>14</sup>. An analysis prepared by BSB (2011) gives us the ratio of productive labor to unproductive labor in Turkey within years<sup>15</sup>:



So, the downward trend<sup>16</sup> in the number of productive labor is obvious and it roughly corresponds to 70 % of all employment. So our surplus value analysis based on increasing work hours and decreasing real wages affects millions of people directly. Millions of people work more hours; create more wealth; yet earn less real income. As we remember from the equation of the state, there was also an increase in the ratio of indirect taxes, which means a new outflow for the household budget. We should also remember the people got unemployed or forced to work in worse conditions due to the shrinkage of the state.

Yet, there was virtually no sizable or organized societal backlash. The governing party, AKP, got nearly one of two votes in 2007 elections. According to our equation system there must be some mechanisms that compensate laborers and prevent social unrest. What are these mechanisms? There are some answers in the literature to this question. I will present these answers and comment on the plausibility of these answers.

First obvious argument is on the increase in the social spending of the state. The governments of the last ten years certainly did not establish a welfare state. As we remember from the

<sup>14</sup> For more detailed information look at: <http://www.yildirimkoc.com.tr/usrfile/1332452886a.pdf>

<sup>15</sup> In this work, BSB(2011) defines unproductive labor includes trade, finance and bureaucracy while productive labor includes agriculture, industry, construction, mines etc...

<sup>16</sup> This downwards trend may be taken as another reason of increasing exploitation.

equation of the state, there was not a change in the total amount of social welfare spending of the state. However, it is generally accepted that social expenditures were distributed more efficiently in the last decade compared to populist decade.<sup>17</sup> There were also increases in some expenditure financed by decreases in other expenditures. For example health expenditures doubled from 0,8 to 1,5 of GNP while personnel expenditures decreased 7,9 to 6,3 in the same time. It seems that public deemed the overall result of these changes as positive.

Another key argument on the election success of AKP governments focuses on the increase in consumption; which was financed by the increase in personal debts. For example Karahanoğulları(2012) argues that last ten years in Turkish economy was a period of increasing indebtedness of households. The ratio of Turkish households' consumption financed by debts is 21.7% by 2010. This ratio was only 2% in 2002. Some other statistics show that 30% of all wage earners use consumer credits. This indebtedness became possible with the new economic regime of Turkey: increasing hot money inflows and valuable TL makes it easy both to borrow money and consume imported luxury goods. Karahanoğulları argues that this structure is a new form of populism; which is not much different for the laborers from the populism of 1990s. In both styles of populism it will be the laborer that will pay the debt in the end.

## CONCLUSION

Two arguments presented above partly explain how AKP's economic policies did not create a very serious social reaction. Yet, I think that to explain the popularity of the AKP government, and its policies in the economic realm, we have to turn our faces to the wisdom of critical theorists who produced very valuable works on the subjectivities produced in particular historical epochs. In this sense what Karahanoglu describe may be seen as a new form of Foucauldian "biopolitical control". It could be claimed that debt relations create new forms of subjectivities in which being indebtedness is getting normalized and a consumer culture based on consuming luxury goods is constructed. This trend is also in line with the normalization of the increase in work hours. The subject who sees the meaning of the life in consuming imported luxury goods will possibly not bother working long hours with the same amount of wage as long as s/he can consume more luxury goods with more debts.

Yet another strand of explanations may follow the Gramscian or post-Marxist path and focus on the hegemonic constructions in Turkey. In 2002, Tayyip Erdogan emerged as the new charismatic leader of Turkey. Due to the election system of Turkey, he had gained a parliamentary majority far before the rate of his votes (%65 of all parliament with %32 of all votes). From that time on Turkey experienced an increasing political polarization built on the historical fault lines of Turkish society: i.e. secularism vs. Islamic values. It did not take long for Tayyip Erdogan to build a discursive antagonism between his "us" and a frustrating "them". His "us" was formed of low-income groups of the society: most ardent supporters of Erdogan were poor people working with minimum wages. However, political polarization in the country took such a form that the roots of the economic problems emerged as the secular "others". Along this framework, we can delve more into the political construction of the meaning attached to the economic phenomena during AKP governance. During these years "growth" became an empty signifier; which dominated the meaning in economic area. The success of "us" against "them" was creating a growth rate that was "never succeeded by the secular regimes of Turkey". The understanding of economic phenomena was framed around

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<sup>17</sup> For further information, see <http://bianet.org/bianet/diger/130856-akpnin-secim-basarisinin-garipligi-ve-anlasilabilirliigi>

the numbers of GDP growth rates, images of the newly-built highways, media news on the new trade relations built with other states and an overall neo-mercantilist mentality diffusing throughout the society.

To sum up, the neoliberal transformation experienced in Turkey has many dimensions and it is very difficult to understand it by reducing everything to economic relations. The framework employed by Resnick&Wolff presents us a starting point that allows theorizing the heterogeneity of the economic relations, web of dependencies and the processes of surplus extraction. This analysis may be further supported with the analyses focusing on the hegemonic constructions of the interest relations and the subjectivities constructed in the neoliberal era.

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