

THE WASHINGTON CONSENSUS AND ITS REFLECTIONS ON THE TURKISH  
MAINSTREAM MEDIA

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THE WASHINGTON CONSENSUS AND ITS REFLECTIONS ON THE TURKISH  
MAINSTREAM MEDIA

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Title: The Washington Consensus and Its Reflections on the Turkish Mainstream  
Press Media

This study analyzes the reflections on the mainstream press of the Washington Consensus principles based transformation of the economy of Turkey during the past forty years through a study of *Hürriyet* and *Milliyet* newspapers with special emphasis on the years 1975, 1985, 1995 and 2005. It shows how the transformation of economic journalism and the displacement/transposition of the popular press against the ideological apparatuses of neoliberal order have occurred. Throughout this transformation process in which the global dynamics have the role to determine, the dramatic changes of discourses on the economy of the newspapers and the reflections of the normalized mentality shift that is introduced to society while constructing a new economic ideology were revealed. The purpose of this thesis is to show how these newspapers which acted as bridges between the governance of economy and the society are bound to the global discourses and practices and try to shape in detail the economic sense of society.

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Başlık: Washington Uzlaşısı İlkelerinin Türkiye Anaakım Yazılı Basınındaki Yansımaları

Bu çalışmada, Türkiye ekonomisinin son kırk yılda geçirdiği dönüşümün anaakım yazılı basınındaki yansımaları, 1975, 1985, 1995 ve 2005 yılları ,Hürriyet ve Milliyet gazeteleri üzerinden ve Washington Uzlaşısı prensipleri temel alınarak incelenmiştir. Bu analiz neticesinde, hem ekonomi gazeteciliğinin geçirdiği dönüşüm, hem de popüler yazılı basının neoliberal düzenin ideolojik enstrümanları karşısında edindikleri pozisyon değişiklikleri objektif bir bakış açısıyla göz önüne serilmiştir. Global dinamiklerin karar verici güce sahip olduğu bu dönüşüm sürecinde, gazetelerin ekonomiye dair söylemlerindeki çarpıcı farklılaşmalar ve yeni bir ekonomik ideolojinin inşasında topluma sundukları normalleştirilmiş zihniyet değişikliğinin yansımaları açıkça görülmüştür. Bu tezin amacı, ekonomi yönetimi ve toplum arasında bir köprü niteliğinde olan bu popüler gazetelerin, global söylem ve pratiklere ne derece angaje olduğunun ve toplumun ekonomi algısını ne yönde şekillendirmeye çalıştığının detaylı bir analizini çıkarmaktır.

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## PREFACE

The past two decades have witnessed a distinct development debate, focusing on the term Washington Consensus, which most commonly refers to an orientation towards free market policies. This issue found support and became influential among mainstream economists, politicians, journalists and global institutions like the IMF and the World Bank. The term, which was initially coined in 1989 by John Williamson, can refer to market-friendly policies that were generally implemented for developing economies which included advice to reduce government deficits, to liberalize and deregulate international trade and cross border investment, and to pursue export-led growth.

The Washington Consensus constitutes a set of ten specific economic policy prescriptions which are considered as standard reform package, but have proved not to be so by experience, and thus have witnessed many controversial ideas, especially in following the outbreak of the financial crisis.

This thesis analyzes the influence of the Washington Consensus issue on the speeches and ideologies of the Turkish popular media. This phenomenon found widespread acceptance for a certain period, but as soon as the results of the applications of the principles were experienced, oppositions started to emerge and somehow gained dominance. The policy shifts were even observable in the World Bank Development Reports, a term called the Post Washington Consensus, as a critique of the former emerged in order to reorder new policies for developing



countries. Eventually, the economic theories on which the Washington Consensus rested had long been discredited.

However, to most people, the Washington Consensus represents a set of policies predicated upon a strong faith. My intention is to analyze whether the Turkish popular media is one of them, whether the manifestations have been in parallel with the principles mentioned in the Washington Consensus. The investigation of the attitude of the Turkish media would be an interesting case since the influence of the Washington Consensus tenets on media is evident when we look before and after its emergence as a hegemonic ideology. Parallel to the transformation the Turkish economy has undergone, the prevalence of the basic tenets such as trade liberalization, competitive exchange rates, market-determined interest rates, deregulation, the financialization of capital-even though the Consensus did not encapsulate this, it emerged as a natural consequence of neoliberalism-, privatization and foreign direct investment, has gained widespread dominance in the press media. The perspective of the media in the last four decades would reflect the transition experience of the Turkish encounter with neoliberalism.

The other reason behind my choice of this subject is that there is a feasible and extensive newspaper archive on which I would base my analysis as representatives of the Turkish media. The principles the consensus offered are based certainly on the neoliberal ideology, thus, finding references to the principles would be direct and clear.

I will analyze the issue from within a political economy framework, since economic journalism has been much more than looking at the economic data and

making comments on them, but it is very much correlated to the political atmosphere both inside and the outside of the country.

I will read about many different viewpoints about the Washington Consensus, figure out the incentives which laid the groundwork for the emergence of such a phenomenon, the main purposes of it and the reasons behind the acceptance. I will take into account both the supportive thesis and controversial ideas together with the experiences of the developing countries in order to see the whole picture of the debate. The views of important figures such as Joseph Stiglitz, Dani Rodrik and John Williamson, the World Bank Development Reports will be included. The turning point of the changing viewpoints in the early 1990s, the beginning of the revival of radical ideas and oppositions will be mentioned. Leaving all these aside, how the Turkish popular media so internalized the imposed neoliberal ideology and what the incentives were behind this are also an important issues to be examined.

Secondly, I will look at the archives of journals and newspapers, go over the articles and declarations of the indicated journals, and analyze the basic points of their discernments on the basis of the mentioned principles. The main objects of my thesis would be the political economy articles that appeared in the most widely-circulated newspapers such as *Milliyet* and *Hürriyet* in the years 1975, 1985, 1995 and 2005. Given a certain political economic context of the neoliberal rules, to what degree the articles are correlated with the outside economic debates will be revealed. The Turkish economy can be seen as unique in many respects, so that one-size-fits-all policies may not be appropriate for the case of Turkey. Disregarding this issue, many of the mainstream views on Turkey seem to deafen against the dissident voices resounding in the economic agenda.

This issue can also be perceived from different perspectives; the sociological origins of the Turkish economy journalism, the ideological shifts it experienced are all other dimensions of today's economy journalism. However, my intention is to look at the subject from within a political economy framework on the basis of the New Right ideology governance on economic policies and to work on the reflections of the mindset of the press media. I would support my hypothesis with numerical ratios about the articles in certain periods. My contribution to the literature will be the provision of a systematic insight about the manifestations and ideological position of the popular media.

At the end of the thesis, I present an analysis of to what degree the perceptions of the two representatives of the Turkish popular media, *Hürriyet* and *Milliyet*, have been in parallel with the strict principles mentioned in the consensus from the beginning of the emergence of neoliberalism. Such a work seems interesting to me since, even though the sources (newspaper archives, TUIK, DIE) are open to the public, there is no such insightful work which provides a systematic understanding of the Turkish mainstream media.

### Organization of the Thesis

The sections of this thesis are as follows: Chapter One presents the contextual global economic environment giving rise to the emergence of neoliberal policies under the umbrella of the Washington Consensus. The main purposes of such a formation will be mentioned together with a brief summary of the results of the applications of the recommendations. Reactions against the policies and the debatable presence of the Washington Consensus will be presented. Chapter Two scrutinizes a brief summary

of recent Turkish economic history with a special focus on each decade. Chapter Three elaborates on the introduction of the issue into the two representative newspapers of the Turkish popular media, *Hürriyet* and *Milliyet*.

Taking 1975 as a starting point, a newspaper search will be conducted in order to analyze the transformation in the discourse of the economy news and columns. The emergence of a new economic journalism and the changing face of the economy pages in the context of the neoliberal hegemony in the global atmosphere will be emphasized. The tenets of the Washington Consensus, which are mostly internalized in the discourse, will be revealed through the years 1975, 1985, 1995 and 2005 as they were the central years of each decade and they do not exactly refer to crisis years. Trade liberalization, competitive exchange rates and market-determined interest rates and deregulation are the first three tenets to analyze in this chapter.

Chapter Four consists of the other three tenets, which are financial liberalization, privatization and foreign direct investment. This chapter also stands as an analytical chapter in which the collected data would be interpreted to produce an objective impression and a general conclusion of the attitude of the Turkish popular media in response to the dominant neoliberal transformation and the aftermath reactions happening around the world. Chapter Five consists of an evaluation of the findings in today's economic perspective and recommendations for further studies.

## CHAPTER ONE

### 1989 THE WASHINGTON CONSENSUS: A POLICY PACKAGE OF THE NEOLIBERAL AGENDA

#### The Economic Development Discourse since the Second World War and the Groundwork for the Washington Consensus

In today's global world, the economic policies countries implement can not be seen as isolated from the outside economic, social and political climate. Even though the inner dynamics should play a crucial part in shaping economic policies, deviations in accordance with the global environment are unavoidable. The dominant economic ideologies that countries adopt in implementing economic policies are not always the same and have undergone cyclical changes. The last seventy years point out a notable transformation in terms of the economic mentality of the world in general, bringing about policy changes enclosing most of the countries. Things are now different than they were in right after the Second World War.

The quarter-century after the Second World War saw the peak of the inward-oriented, state-oriented development paradigm driven by an acceptance of the pervasiveness of market failures (or non-existence of many markets) in developing countries. Export pessimism was the rationale for import-substitution strategies.<sup>1</sup>

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<sup>1</sup>Ravi Kanbur, "The Co-Evolution of the Washington Consensus and the Economic Development Discourse", paper prepared for the 2008 Macalester International Round Table, Macalester College, St. Paul, Minnesota, (October 2-4, 2008), p. 6

As for the 1970s, we can say that the decade represents a considerable rethinking of the economic development paradigm that had dominated the previous three decades. The macro level policies of trade protection and heavy state intervention in industry was criticized from the “left” for not giving distribution sufficient attention, and from the “right” for giving insufficient attention to trade and to the private sector.<sup>2</sup>

The 1980s, when the emergence of the Washington Consensus can be located, point out radical changes in the global economic sphere. The winds of change became more apparent, leading to more noticeable policy changes both in theory and the dominant ideology. As for the theory, the 1980s witnessed a swing away from postwar Keynesianism in Europe and North America, which had its own political economic logic. In addition, the debt crisis made a mark on the era. The oil shocks of 1973 and 1979 led to severe balance of payments troubles for non-oil exporting countries in Latin America, Asia and Africa. One other reason behind the unsustainable repayment burdens which were mostly dollar denominated for many countries in Latin America was the fact that, the US Federal Reserve, under Paul Volcker, raised interest rates dramatically to squeeze inflation out of the system in the US, which resulted in a rise in the dollar. These resulted in debt crisis and generalized macroeconomic crisis in those countries with heavy exposure to external debt.<sup>3</sup> There was an inextricable external dimension of the facts. In search for an immediate remedy to steer out the crisis for developing countries with lack of foreign exchange to service debts and purchase imports, the idea of trade liberalization was advanced as a solution to generate foreign exchange through exports. By the way,

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<sup>2</sup> Ibid., p. 7.

<sup>3</sup> Ibid., p. 8.

integration into the global economy in order to provide economic growth and reduce poverty was the main thrust of the argument.<sup>4</sup>

The ostensible reason which laid the groundwork for the Washington Consensus was related to the debt crisis the developing countries encountered. People needed an immediate solution to rescue themselves from the squeeze. The deliverer of the anticipated prosperity was seen as the ideology the Washington Consensus carried out.

A reform package for indebted governments was presented with a powerfully simple message: cutting back the role of the state in the economy through privatization, liberalization and welfare retrenchment would unleash market forces, promoting growth, while reducing fiscal demands on overstretched government budgets and international financial institutions resources.<sup>5</sup>

This offered an attractive solution to the countries in debt and was perceived as the only credible alternative. This was fortunate timing for the rule makers, since the profit rates in the developed countries had started to decline and their profit-seeking behavior required opening up to new markets. Therefore, the ideological vacuum helped the Washington Consensus to become a temporary substitute for all ideologies. It should also be stressed that the timing of the formulation of the Washington Consensus in the late 1980s was really fortunate since it coincided with the sudden collapse of the Soviet system and its ideological instrument. The Washington Consensus, by its self-reliant tone, its directional message, and its origin in Washington (which was analogic of victorious empire thus imposing the idea of authority, trust and power into the minds of people subconsciously); satisfied the urgent and widespread need for and alternative set of ideas about how to organize

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<sup>4</sup> Ibid., p. 8.

<sup>5</sup> Jean Grugel, Pia Riggiozzi, Ben Thirkell-White, "Beyond the Washington Consensus? Asia and Latin America in Search of More Autonomous Development," *International Affairs* 84, no.3 (2008), p. 499.

economic and political life and ran rampant in many developing countries outside the Soviet block disenchanted with socialist ideas and central planning.<sup>6</sup> In addition, what finally made the Washington Consensus really irresistible was the pressure from the IMF and the World Bank to make their loans conditional on the adoption of the policy reforms the Consensus prescribed.<sup>7</sup>

Not only supported by the powerful economic institutions managing the world economy, but also the Washington Consensus found acceptance among many politicians and economists.

Another reason for the easy adoption of the Washington Consensus policies can be perceived interrelated with its simplicity for politicians to understand and use in speeches. It also gave ministers a practical action plan with specific goals; it had the endorsement of prestigious institutions and individuals and, last but not least, it had the ring of money.<sup>8</sup>

The climate in the 1980s is worth analyzing in detail in order to have a comprehensive understanding regarding the initial atmosphere. Since the mid-1980s, during which the macroeconomic adjustment were an urgent need for almost all the countries, the question of who determines has had a very clear answer. However, the answers to the more significant questions were how adjustment would take place and to what degree it would be associated with radical changes to the development paradigm, always depended on the

interaction between what we might call the ‘rule-makers’, that is the Washington institutions, and the ‘rule takers’, often associated with the developing world. Outcomes depend not only on levels of external material pressure but also on the political economy of domestic reactions, which are, in turn, partly shaped by ideological and technical views at the international level.<sup>9</sup>

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<sup>6</sup> Moises Naim, “Fads and Fashion in Economic Reforms: Washington Consensus of Washington Confusion?,” *Third World Quarterly* 21, no.3 (June 2000), p. 509.

<sup>7</sup> *Ibid.*, p. 509.

<sup>8</sup> *Ibid.*, p. 508.

<sup>9</sup> Grugel et al., p. 499.



The apparent exhaustion of Keynesianism and the global economic conditions the countries were experiencing prepared suitable conditions for the transition to aneoliberal economic mind setting. As Robin Broad states,

This ‘free-market silent revolution’ (to use the words of the Heritage Foundation in its 1989 Mandate for Leadership [Heatherly and Pines, 1989, p. 674]) became a global revolution; thanks to an inter-related set of developments among multilateral institutions that moved center-stage during this period, the Washington Consensus became the global paradigm that dominated Third World development policy.<sup>10</sup>

### The Emergence and the Main Tenets of the Washington Consensus

Williamson writes that the Washington Consensus should become like democracy and human rights, a part of the basic core of ideas that we hold in common and do not need to debate endlessly.<sup>11</sup> He expressed his intention in the formation of the policy prescriptions in the Washington Consensus with the words above. However, the experience points to a different story.

The Washington Consensus, a term initially coined in 1989 by John Williamson, constitutes a set of ten specific economic policy prescriptions which are (i) fiscal discipline in order to eliminate public deficits, (ii) a change in the priorities of public spending, which means the withdrawal of subsidies and increased spending in education and health, (iii) tax reform broadening the tax bases and adopting

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<sup>10</sup> Robin Broad, “The Washington Consensus Meets the Global Backlash: Shifting Debates on Policies,” *Globalizations* 1, no.2 (December 2004), p. 131.

<sup>11</sup> John Williamson, “A Short History of the Washington Consensus,” for a conference *From the Washington Consensus towards a New Global Governance*, Barcelona, (September 24-25, 2004) p. 111.

marginal tax rates, iv) positive but moderate real interests, determined by the market, (v) competitive exchange rates determined by the market, (vi) liberalization of trade and opening of the economy with particular emphasis on the elimination of quantitative restrictions and low tariffs, (vii) no restrictions on the foreign direct investment; (viii) privatization of state enterprises; (ix) deregulation of economic activity and the prudential oversight of financial institutions, (x) a solid guarantee and legal security of property rights. These ten items mainly reflected the promotion of economic stability through fiscal adjustment and market orthodoxy and a dramatic reduction of the role of the state in the economy, which can be characterized as a development strategy markedly different from the import substitution strategy that dominated in the 1970s.<sup>12</sup>

This systematic set of rules emerged as a reform package and strengthened a certain ideological mentality of the countries in the world. In the late 1980s, the term "Washington Consensus" served to encapsulate the crystallization of a paradigmatic shift in economic policy making especially regarding Latin America among the developing countries. The intellectual impetus behind the consensus view clearly flowed from Washington, the U.S. Treasury, the International Monetary Fund, and the World Bank.<sup>13</sup>

The main elements of the Washington Consensus at the macroeconomic level can be characterized as its presumption that the world economy should be constructed on the capital mobility and the relentless advance of globalization. The possibility of rapid growth was somehow confined to the attraction of foreign

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<sup>12</sup> Joseph Stiglitz, Narcis Serra, Shari Spiegel, *The Washington Consensus Reconsidered: Towards a New Global Governance*, (Oxford University Press, 2008), p. 3.

<sup>13</sup> James M. Cypher, "The Slow Death of the Washington Consensus on Latin America," *Latin American Perspectives* 25, no.6 (1998, November), p. 47.

productive and financial capital, which can be achieved through the domestic policies conforming the short-term interests of the financial markets. In providing the attractiveness of a country, the interest rates became the most important economic policy tool. At the micro level, in parallel with the neoclassical theory, the Washington Consensus prompted the idea that the market rather than state should address some economic problems such as the industrial growth, international competitiveness and employment creation, which left little room for the state to be influential on the main economic policy areas. The given reason for this was that the Washington Consensus related poverty with misconceived state intervention, corruption, inefficiency and misguided economic incentives. The meaning of development which was seen as a process of systemic transformation through modernization and industrialization driven by domestic consumption and domestically financed capital accumulation was turned into the inevitable outcome of a set of economic policies such as including fiscal restraint, privatization, the abolition of government intervention on prices, labor market “flexibility”, and trade, financial and capital account liberalization.<sup>14</sup>

A point to be emphasized about the role of the state in managing the economy is that the state was rebuilt to intervene in a discretionary basis, systematically to promote the expansion of a globalizing and heavily financialized capitalism.<sup>15</sup> This is important since the economic continuity requires such support whether the market fundamentalism is the dominant ideology or not.

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<sup>14</sup> Alfredo Saad Filho, “From the Washington Consensus to Inclusive Growth: The Continuing Relevance of Pre-Poor Policy Alternatives,” *World Economic and Social Survey*, (2010) p. 9.

<sup>15</sup> *Ibid.*, p. 10.

Leaving all these aside and looking at the whole picture, what the Washington Consensus brings about related to the dependency of the developing countries on the developed ones. The main instrument of this development model has become the “conditionality” principle, which was first mentioned by the chairman of the World Bank in that period and which pointed out the control power of the application of the prescribed policy system by the World Bank. The World Bank set the agenda for the study of development, with the Bank and the IMF imposing the standards of orthodoxy within development economics itself, and enforcing the relevant policies through the conditionality imposed on poor countries facing balance of payments, fiscal or financial crises.<sup>16</sup> However, the conditionality principle did not work well in many cases and even worsened the economic situations in many countries. The policies would not result in better conditions for the poor, since poverty alleviation cannot be seen as a priority since the combination of policies, regulations and incentives are designed to reduce the economic role of state institutions, transfer to the financial markets control over the allocation of investment funds, the composition of output and employment, and the selection of the country’s competitive advantages. In these circumstances, distributive aspirations were tempered by “recognition” of their alleged growth-reducing and inefficiency-generating impact.<sup>17</sup>

Obviously, the policy reform package turned out to be a set of rules which were imposed on developing countries and exposed them to the hegemony of the neoliberal ideology with absolute commitment to the free market.

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<sup>16</sup> Ibid., p. 10.

<sup>17</sup> Ibid., p. 10.

## The Washington Consensus in Developing Countries: The Process and the Results

The prescriptions in the original text of the Washington Consensus can be seen as a reflection of the upcoming neoliberal agenda. However, the various implementations of those principles were conducted as neoliberal experience in different countries. Thus, the relative simplicity and presumed reliability of the Washington Consensus was not reflected by the experience with market reforms in this decade. It was an inevitable fate that the results were quite different from what politicians had promised, the people had expected, and the IMF and the World Bank's econometric models had predicted.<sup>18</sup>

The main problem was that the implementing institutions of the Washington Consensus treated almost all the developing countries with “one-size-fits-all” policies. By doing so, many of the cross country differences were disregarded, which signalled potential failure at first glance. The inner dynamics were postponed. Hence, at the beginning of the decade the different countries with distinct development backgrounds and various economic and political structures, ventured upon experiments with market reforms, guided by diversifying interpretations of the Washington Consensus.<sup>19</sup>

Many of these strict and easily understood tenets started to be executed immediately. Those “easy” ones were hard to decide but comparatively easy to

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<sup>18</sup> Naim, p. 509.

<sup>19</sup> Ibid., p. 513.

implement which required just a change in the macroeconomic rules that could be accomplished by issuing a decree or through executive order. In the early 1990s, dismantling currency controls and adopting a single exchange rate, eliminating price controls, lowering import tariffs, easing restrictions to foreign investment, or deregulating the financial sector were decisions with formidable consequences that many governments found relatively easy to implement.<sup>20</sup>

For a certain period of time, these policies gained widespread dominance and proved to be true in some cases. However, without further loss of time, the reality was seen by the statistical data related with growth and poverty. The World Bank Development Reports and many other independent reports started to draw attention to the failure and the deficiencies of neoliberalism. Dani Rodrik, quoting “Learning from Reform” as an authority, called attention to the results of the neoliberal experience for the developing countries on the basis of numerical analysis. The results in 1990s were surprises. The transition to market economies resulted in an unexpectedly deep and prolonged output collapse that most of the countries had still not caught up the levels of output in the 1990s. In addition, since the capital flows began to reverse suddenly, the financial crises in many developing countries emerged, which remained unpredicted by economists and financial markets. During the decade the economies of China and India, which hardly looked like exemplars of the Washington Consensus witnessed rapid growth due to high levels of trade protection, incohesive fiscal and financial policies, lack of privatization, and extensive industrial policies together with the reliance on the market forces. The

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<sup>20</sup> Ibid., p. 513.

experience of these countries presented strong evidence about the failures of the Washington Consensus.<sup>21</sup>

In the line of all these discussions, the arguments of another public authority in economics, Joseph Stiglitz, may be stated which summarizes the whole process under the reign of the neoliberal rules. Stiglitz argues that, in the countries that followed the Washington Consensus policies, economic growth was limited at best, and disproportionately benefited those at the top. For the period as a whole in Latin America, growth under the Washington Consensus was half of what it had been from the 1950s through the 1970s when the region followed other economic policies, such as import substitution. Even though there were a seven years of strong growth in the early 1990s, the following seven years referred to stagnation and recession. Even in countries where the Washington Consensus policies did appear to promote growth, such growth was often not accompanied by significant reductions in poverty. Meanwhile, there were enormous success stories in the countries of East Asia, which followed different set of policies. Governments played significant roles in promoting particular industries and in some cases, government enterprises became global leaders in efficiency. In addition, they were not that fast to liberalize trade and capital markets in maintaining macro stability.<sup>22</sup>

There are many reasons behind the unavoidable failure, but undoubtedly, developing countries, not being ready for such a sharp integration to the free market and capital liberalization are the ones which should be taken into consideration. The inner dynamics, which had to play the central role in the determination of the

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<sup>21</sup> Dani Rodrik, "Good Bye Washington Consensus, Hello Washington Confusion?," *Journal of Economic Literature*, (January, 2006), p. 4-5.

<sup>22</sup> Stiglitz et al., p. 4.

economic policies, went into temporary eclipse of the one-size-fits-all policies. Also the main deficiency of the Washington Consensus was that it did not provide a set of policies that would enable reforming countries to better cope with the consequences of globalization, especially in the financial sphere. Hence, the periodic financial crashes that rocked these countries and spread across borders in quick and unpredictable ways while experiencing market reforms in the 1990s. The major financial crisis during the period can be characterized as bankruptcies in their banks, losing the economic gains they had accumulated through years of painstaking reforms and political turmoil. All these created the demand for reformation of the rules and institutions that govern the financial system.<sup>23</sup>

#### Reactions against the Ideology: A Look at the Media and the Elite Debate

The reign of the Washington Consensus encountered many controversial ideas and elite debate in the aftermath of the result of the experience were seen clearly. By the changes in the economic and political environment, especially in the late 1990s, the applications of the neoliberal policies ran into solid opposition. People started to question whether the financial opening, trade and capital account liberalization, free floating currencies were good ideas or not. It was understood that, the prescriptions of the IMF, such as the combination of hiking interest rates and tightening fiscal belts, were not seen as medicinal recipes any more. The global financial architecture was become questionable. Even the existence of the IMF as an economic entity

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<sup>23</sup> Naim, p. 517-518.



became a matter of discussion among experts.<sup>24</sup> Even though the governments of the aggrieved parties in the reforming countries took cognizance of the problems that had occurred by the implementation of the policies, the popular awareness was shaped around the elite debate. Joseph Stiglitz, the former Chief Economist of the World Bank and former Chairman of President Clinton's Counsel of Economic Advisors; Dani Rodrik, professor from Harvard and George Soros, the famous speculator were the ones standing at the forefront. For instance, Stiglitz identified several distinct problems, such as the incongruity between market fundamentalism and modern economic theory or historical experiences. He also mentioned that the IMF/Washington Consensus sometimes confused means with ends; but the set of ends that they pursued was also too narrow; they used too narrow a set of instruments to achieve even the ends they sought. All these contributed to the perception of the Washington Consensus being more than an economic agenda.<sup>25</sup> In fact, this debate was not limited by the elite debate but leaped to the media. Especially since the last decade, this confusion among the leading figures of development thinking has even spilled over from scholarly seminars to television shows and from the pages of technical journals to those of daily newspapers.<sup>26</sup>

The debate was mostly about the bad experience and the deficiencies of the prescriptions. The problems the Consensus did not envision or encompass forced a search for new answers in the intellectual climate. However, the promoters of the consensus have not made a retreat. The debate among the experts in the field of

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<sup>24</sup> Ibid., p. 518.

<sup>25</sup> Stiglitz et al., p. 45.

<sup>26</sup> Naim, p. 506.

economics is far from resolved since both sides declaring victory using the same facts in supporting their cases. A prominent figure, Joseph Stiglitz, the Chief Economist of the World Bank and former Chairman of President Clinton's Council of Economic Advisors, publicly denounced the IMF's handling of the financial crises in Asia and Russia. In response to that, Anders Aslund, a Russian expert at the Carnegie Endowment in Washington, stated that, "without knowing anything (Stiglitz) mouths any stupidity that comes to his head" in the *Economist*.<sup>27</sup> In the aftermath of the Asian crisis, MIT's Paul Krugman called for the governments beset by the crisis to impose controls on capital flows as a part of solution, but this was immediately rejected by deputy Lawrence Summers, the Secretary of the US Treasury Robert Rubin; the IMF's Michel Camdessus; and his deputy Stanley Fisher. Nobel laureate James Tobin called for a tax on currency transactions to "put sand in the wheels of international finance" and tame volatility while Nobel laureate Milton Friedman said that the problem was perhaps too much sand in the wheels of global finance and called for, among other measures, the abolition of the IMF.

Financier George Soros and Yale's Dean Jeffrey Garten as well as a blue ribbon commission sponsored by the New York-based Council on Foreign Relations claimed that a new financial architecture was needed. The establishment of new multilateral institutions like an international debt insurance agency, a global central bank or an international bankruptcy court was even urged. James Wolfensohn, the President of the World Bank, and Stiglitz, his Chief Economist, extolled a new approach, the "comprehensive development framework", that the Bank officially adopted in 1999 to guide its lending and advice to its client countries. The fallacies and mistaken assumptions of the framework by Stiglitz and Wolfensohn were

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<sup>27</sup> Ibid., p. 507.

examined by Columbia University's Jagdish Bhagwati in the pages of the *Financial Times*. He generously concluded that perhaps it was just the result of "plain ignorance". T. N. Srinivasan, another prestigious development economist at Yale, also assesses their arguments as "cliché ridden and banal."<sup>28</sup> "If this sample represents the Washington Consensus, then just imagine what a Washington Confusion would be like."<sup>29</sup>

A point worth reiterating is these are disagreements among some of the most respected and influential individuals in the field and ones that share favorable ideological pre-dispositions towards markets, private capital and free trade and investment, while harboring a deep distrust of socialist ideas, central planning and government intervention. The size of the rifts and the even bigger confusion that ensues when the opinions and policy prescriptions of less market-friendly experts are brought into the fray is hard to fathom.<sup>30</sup>

The increasing opposition to the Washington Consensus consolidated with the growing evidence of the 1980s as a "lost decade" for development across the portfolio of policies and countries that were subject to adjustment through conditionality imposed by the World Bank and the IMF. It was comprehended that there was no evidence of a correlation between the application of one-size-fits-all structural adjustment programmes and progress in development or poverty alleviation. Even more importantly, it also became evident that the Washington Consensus policies were not self-correcting, with failure often bringing about the

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<sup>28</sup> Naim, p. 507.

<sup>29</sup> Ibid., p. 507.

<sup>30</sup> Ibid., p. 507.

*intensification* of the conditionality under even closer supervision by the IMF, the World Bank, the US Treasury Department and many aid agencies.<sup>31</sup>

The Washington Consensus advocates, while calculating the costs of state intervention in order to press the case for market reforms, ignored the cost of the neoliberal policies which included the loss of dynamic benefits because of lower growth rates, the social and economic costs of high unemployment, foreign currency waste in the (liberalized) imports of luxury goods and capital flight, and the negative impact of the contraction of the manufacturing base which invariably followed the reforms. In addition, the Washington Consensus reforms introduce mutually reinforcing policies that destroy jobs and traditional industries which were defined as being inefficient, rarely compensated by the rapid development of new industries. This eventually led to structural unemployment, greater poverty and marginalization, the disarticulation of existing production chains, and a more fragile balance of payments. Eventually, the Washington Consensus policies systematically favored large domestic and foreign financial capital at the expense of smaller capitals and the workers. The continuing transfer of resources to the rich, and the growth slowdown triggered by the neoliberal obsession with very low inflation rates brought about higher unemployment, wage stagnation and concentration of income in almost every country. Ultimately, market freedom increased economic uncertainty and volatility, which lay the groundwork for financial and balance of payments crises among various developing countries such as Mexico (1994-95), East Asia (1996-98), Russia (1998), Brazil (1999) and Turkey and Argentina (2001). Moreover, the neoliberal faith attained the status of the interface between economics and politics. There

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<sup>31</sup> Filho, p. 7.

occurred tension in policy formulation through the deployment of democratic and supposedly *inclusive* political systems to enforce *exclusionary* economic policies.<sup>32</sup>

Beyond all the debates and discussions of the issue, in order to understand the whole process with an extensive point of view, John Williamson's article reexamining what he meant by the principles and what they all turned out to be, would be a helpful starting point. The origin of the Washington Consensus dates back to 1989 when the media in the United States was dealing with the issue that Latin American countries were not willing to undertake the reforms that might help them escape the debt crisis. This situation led Williamson to think that there was a major change in attitudes regarding economic policy taking place. In order to analyze the issue, the Institute for International Economics decided to convene a conference at which authors from Latin American nations would present papers detailing what really had been happening in the economic sphere. The ten policy reforms Williamson wrote as a background paper in order to fill a need in Latin America called the "Washington Consensus" was accepted by almost everyone. Williamson mentions that he thought that the ideas he laid out were consensual and he never dreamed that he was coining a term that would turn into a battle between ideological debates. Elaborating on the tenets and starting with the need of fiscal discipline, Williamson stressed the context of the region where almost all countries were running large deficits and balance of payment crisis. High inflation was disastrous for the poor since the rich could park their money abroad. As for the reordering of the public expenditure priorities, Williamson said that,

This suggested switching expenditure in a pro-growth and pro-poor way, from things like non-merit subsidies to basic health and education and infrastructure. It did *not* call for all the burden of achieving fiscal discipline to be placed on expenditure cuts; on the contrary, the intention was to be strictly

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<sup>32</sup> Filho, p. 13.

neutral about the desirable size of the public sector, an issue on which even a hopeless consensus-seeker like me did not imagine that the battle had been resolved with the end of history that was being promulgated at the time.<sup>33</sup>

The tax reform issue had a certain aim of broadening the tax base with moderate marginal tax rates. As for the liberalization of the interest rates, Williamson now writes that, “In retrospect I wish I had formulated this in a broader way as financial liberalization, stressed that views differed on how fast it should be achieved, and—especially—recognized the importance of accompanying financial liberalization with prudential supervision.”<sup>34</sup>

The competitive exchange rate issue is another one Williamson comments on as follows: “I fear I indulged in wishful thinking in asserting that there was a consensus in favor of ensuring that the exchange rate would be competitive, which pretty much implies an intermediate regime; in fact Washington was already beginning to edge toward the two-corner doctrine which holds that a country must either fix firmly or else it must float ‘cleanly.’<sup>35</sup> For the trade liberalization, he stresses on the point that there was a difference of view about the acceleration of the liberalization. In addition, he stresses that he did not include comprehensive capital account liberalization. As for privatization, Williamson says:

As noted already, this was the one area in which what originated as a neoliberal idea had won broad acceptance. We have since been made very conscious that it matters a lot how privatization is done: it can be a highly corrupt process that transfers assets to a privileged elite for a fraction of their true value, but the evidence is that it brings benefits (especially in terms of improved service coverage) when done properly, and the privatized enterprise either sells into a competitive market or is properly regulated.<sup>36</sup>

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<sup>33</sup> Williamson, p. 3-4.

<sup>34</sup> Ibid., p. 3-4.

<sup>35</sup> Ibid., p. 3-4.

<sup>36</sup> Ibid., p. 3-4.

Deregulation is thought to be focused specifically on easing barriers to entry and exit, without abolishing regulations designed for safety or environmental reasons and lastly, the legal security of the property rights is aimed to provide the informal sector with the ability to gain property rights at conceivable cost.<sup>37</sup>

Williamson, in his report rethinking the Washington Consensus experience, states that the applications in certain fields went much farther than intended. Dani Rodrik also mentions the same point. In addition to regulations on inflation, opening up the borders for trade, significant amounts of privatization, he stresses the fact that, in particular, financial liberalization and opening up to international capital flows went much farther than what Williamson had anticipated from the vantage point of the late 1980s. The original list of do's and don'ts came to look remarkably tame and innocuous in comparison with the misuse of the principles. The reform agenda eventually turned into an overtly ideological effort to impose "neoliberalism" and "market fundamentalism" on developing nations despite Williamson's protestations in his declaration in 2000.<sup>38</sup>

Stiglitz also concentrates on the issue misinterpretation of what Williamson intended. He states that, "Williamson never elevated capital market liberalization as one of the key policies that countries need to pursue, but this was at the heart of the IMF agenda."<sup>39</sup>

Even though the original text is said to have been in a good faith, misinterpretations and delinquencies obviously emerged. All these in mind, the critiques grounded by concrete examples led to a search for new policies. The recent

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<sup>37</sup> Ibid., p. 3-4.

<sup>38</sup> Rodrik, p. 2.

<sup>39</sup> Stiglitz et al., p. 4.

report of the Commission of Growth and Development in 2008, which Ravi Kanbur in his article asserts as the report in which the new consensus is perhaps best captured, can be seen as proof of incarnate challenge to the neoliberal interpretation applied in many countries. Kanbur indicates the importance of the report since it represents the policy making elite on economic development and it reflects the debates and discussions of the past two decades and earlier, and an evolution in stance as a result of those debates. Even though it is clearly more market-oriented than the consensus of the 1950s, 60s and 70s, in some ways it reflects inconsistencies with the Washington Consensus. According to the Growth Commission, it is clear that market orientation should play a central role, and that sustained growth cannot be attained without an outward orientation, but it is a departure from the consensus of the 1980s in many other ways. Kanbur writes “Here are no certainties of a “one size fits all” stance, and of the negotiating mindset. There is openness to country specificities. Distributional concerns are center-stage. A broader perspective on development—including education, health, and environment—is adopted.”<sup>40</sup>

In today’s world, the challenges are much more intensive and the global backlash is more apparent. Time will show that whether this is the end of the Washington Consensus story or not.

#### The End of the Story? : The Disputable Presence of the Washington Consensus in Today’s Global Atmosphere

Rodrik writes that “It is fair to say that nobody really believes in the Washington Consensus anymore. The question now is not whether the Washington Consensus is

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<sup>40</sup> Kanbur, p. 16.



dead or alive; it is what will replace it.”<sup>41</sup> This quote briefly represents the ideological debate of today’s search for a better developmental economic system for countries. The limitations and insufficiencies of mainstream development strategies made it essential for the poor majority to consider alternative development strategies since they have hardly benefited from economic development for an entire generation. Thus, the alternative strategies should respond to the delicacy of equality, democracy and social justice, and foster economic growth, mass employment, social inclusion, the satisfaction of basic needs together with the provision of welfare for the vast majority of the population.<sup>42</sup>

The term “Post Washington Consensus” coined by Joseph Stiglitz refers to the aftermath period. The Post Washington Consensus does not challenge the core elements of free market ideology, but pays more attention to the mistakes the Washington Consensus and takes lessons from them. For instance, the role of the state, which was restricted unconditionally to free market advocacy, has been balanced against the market in economy management. By the way, it can be claimed that the intellectual thrust of the Post Washington Consensus was to shift the analytical focus away from the neoclassical emphasis on competition and the virtues of markets towards the institutional setting of economic activity.

One of the main points the Post Washington Consensus rejects is its antipathy to state intervention and acknowledges that at the core of the development process lies a profound shift in social relations, the distribution of property rights, work patterns, urbanization, family structures, and so on, for which an analysis limited to macroeconomic aggregates is both insufficient and potentially misleading. Even

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<sup>41</sup> Rodrik, p. 3.

<sup>42</sup> Filho, p. 58.

though it should be noted that, the divergence between the Washington Consensus and the Post Washington Consensus is limited at some point and it still remains fundamentally pro-market, favoring a poorly examined deepening of globalization, the Post Washington Consensus offers a rationale for discretionary intervention across a much wider range of economic and social policy than the Washington Consensus with a human face and guiding hand.<sup>43</sup> The decade under the reign of the Washington Consensus has left a rich legacy in terms of the fields where the action is needed. International economic stability, investment, inequality, institutions, and ideology can be seen as the five general elements which are in need of new policy ideas that would attract a significant level of consensus in the future of economic reform.<sup>44</sup>

Stiglitz, who is one of those having a voice in the Post Washington Consensus issue, focuses on “accountability”, “transparency” and “participation” principles. In his well-known *Globalization and its Discontents* of 2002, he asserts that this new development paradigm distinguishes from the former by its focus on these principles, which provide the rule taker countries the advantage of controlling the implementations, participate in the decision making process both in national and local scales and give them the right to have a say.<sup>45</sup> Such approaches to development, with broader concerns for equitable and sustainable development would create a better system of global governance. Better risk sharing between wealthy and poor countries would be a part of fairer set of international agreements.

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<sup>43</sup> Ibid., p. 15.

<sup>44</sup> Naim, p. 523.

<sup>45</sup> Joseph Stiglitz, *Globalizations and Its Discontents*, (W. W. Norton&Company, June, 2002), p. 165.

Stiglitz continues, stressing the new consensus further recognizes the need for countries to be able to define their own policies, and the importance of experimentation in policy design. But this framework is only a starting point. Many questions remain to be answered, and many issues are still being debated. Hopefully, the discussion opened up in global sphere would bring about better economic conditions for each country.

## CHAPTER TWO

### AN OVERVIEW OF CHANGES IN ECONOMIC POLICIES IN TURKEY FROM THE 1970s UNTIL THE 2000s

The aim of this section is to elicit the recent conjuncture of the Turkish economy in a brief manner. In order to comprehend the redefinition of the economic policies in the post-1980s, the mindset of the pre-1980 period starting from the 1970s will be discussed. The fundamental themes of the 1960s' and 1970s' economic development discourses can be described as national development through industrialization by import substitution. Together with the overwhelming wave of globalization, the 1980s witnessed a completely distinct political economy framework in which there was no longer room left for national developmentalism ideology. The Washington Consensus, which functioned as a new hegemonic apparatus in neoliberal transformation, gained dominance in the political sphere and the economy regime has become compatible with the tenets afterwards. The 2000s on the other hand, witnessed some policy shifts and regulatory moves in the applications of the neoliberal rules. A more detailed analysis for each period is mentioned in the following parts.

## The 1970s: The Import Substitution Development Strategy

In analyzing the economic panorama in Turkey in the 1970s, it is obvious that the continuing prescription of industrialization by import substitution was the key element of the hegemonic strategy. The dominant ideology can be defined as statist, centralist and projectionist.<sup>46</sup> Different from the decade before, during which the economy was based on domestic savings and production was oriented mostly to the domestic market with limited foreign exchange resources, the industrialization process in the first half of the 1970s went hand in hand with emigrant remittances and foreign exchange abundance.<sup>47</sup>

As for the political atmosphere, these years point out political instability as the governance oscillated between different parties like Nihat Erim, Naim Talu, Ferit Melen who were supported by military, Süleyman Demirel the Justice Party and Bülent Ecevit from the Republican People's Party. That is to say, Turkey lacked a strong government with considerable autonomy for a long term at those times and this instable political sphere assisted in economic imbalances.<sup>48</sup> Furthermore, the

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<sup>46</sup> Oktay Yenal, *Cumhuriyetin İktisat Tarihi*, (İstanbul: Creative Yayıncılık, 2001), p. 130.

<sup>47</sup> Korkut Boratav, Çağlar Keyder and Şevket Pamuk, "İthal İkamesi, Döviz Darboğazları ve Türkiye, 1947-1979" in *Krizin Gelişimi ve Türkiye'nin Alternatif Sorunu*, (Kaynak Yayınları, 1984), p. 54.

<sup>48</sup> Şevket Pamuk, "Economic Change in Twentieth Century Turkey: is the glass more than half full?," in *Cambridge History of Turkey*, ed. Reşat Kasaba. (Cambridge University Press, 2008), p. 285.

landing operation in Cyprus in 1974 brought forth the US reaction of imposing an embargo on Turkey, contributed the political turmoil.<sup>49</sup>

Turning back to the economic conditions in the 1970s, a prominent feature of the period which is the unexpectedly high amount of emigrant remittances should be remarked. These remittances which were close to zero in 1963 rose to 749 million dollars in 1972, becoming almost equal the export revenues.<sup>50</sup>

However, these high revenues could not be well-governed. Together with the high import ratios as a result of the increasing money supply and high consumption affinities, the government performed a huge investment attack, which was compensated by external borrowing. After 1974, the remittances declined sharply, bringing an end to the temporary dollar overhang period. As a result, credit sources were no longer available and foreign debt ascended dramatically. External borrowing with tough conditions and high interest rates throwed the economy in bankruptcy.<sup>51</sup>

Besides all these, the major event in the 1970s was the energy crises shocking the oil importing countries. Since Turkey was among those, the economy was affected badly by the crises. Since oil is a basic item in many industrial sectors, the scarcity in oil resulted in a decline in industrial output and increased the burden in the balance of payments. In 1975, Turkey was labeled as a country in moratorium position by The World Bank.<sup>52</sup> After 1977, foreign exchange crises broke out.

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<sup>49</sup> Yenal, p. 130.

<sup>50</sup> Ibid., p.131, the share of the export revenues in GDP were less than 4 per cent in 1970s. The tender point of Turkey's import substitution strategy is that, the government policy did not pay necessary attention to the exports of manufactures, but focused on the domestic market, see Pamuk 2008.

<sup>51</sup> Ibid., p. 131.

<sup>52</sup> Yenal, p. 132.

Inflation jumped to 90 per cent in 1970.<sup>53</sup> The industrial production inclined to deterioration. In addition to the fact that the domestic saving ratios could not be increased, the technological dependency and the unequal income distribution have become other deficiencies of the economy.<sup>54</sup> The interferences of government for stabilization were incompetent. The picture of the economy in the second half of the 1970s was comprised of high money supply, high prices, high import rate, high foreign debt, low export rate and low foreign exchange reserves.<sup>55</sup>

The dollar overhang prevented the emergence of less import dependent industrial structures, thus the industrial sector could not be viable enough to contribute to high and permanent economic growth. As a matter of fact, the easy success laid the ground for the industrial depression.<sup>56</sup>

#### The 1980s: The Neoliberal Transformation in the Turkish Economy

The 1980s indicated a breaking point in the Turkish economy. The governing power shifted from Bülent Ecevit to Süleyman Demirel. Demirel entrusted Turgut Özal, the Undersecretary of Prime Ministry, with framing a new comprehensive and radical economic stabilization program. The accelerated reform process began by the January 24<sup>th</sup> Decisions, a standard stabilization policy package imposed by the IMF and the World Bank, which indoctrinated the abandonment of import substitution

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<sup>53</sup> Pamuk, "Economic Change", p. 285.

<sup>54</sup> Boratav et al., p. 54.

<sup>55</sup> Yenal, p. 13.

<sup>56</sup> Boratav et al., p. 65.

strategy and gearing towards a more outward-oriented economic policies. The ideological campaign was promoted by the nonappearance of any survival alternatives. By the endorsement of the military regime that came to power in September 1980, the new program started to be implemented. Trade liberalization was initiated to overcome the balance of payment crises. In addition, within the framework of these decisions, export subsidies were granted and exchange rates were allowed to depreciate in order to be competitive in the market and hastening exports.<sup>57</sup> The quota restrictions on import regime were abolished in 1981 within the context of decisions.<sup>58</sup> The privatizations of the State Economic Enterprises came onto the agenda. Price increases were made in the products and services provided by the State Economic Enterprises, price controls were abandoned and consistent with the recommendations of the IMF, a 48 per cent devaluation was implemented. An export boom was witnessed since the devaluation rates grew faster than the inflation rates.<sup>59</sup>

All these reforms increased credibility and eventually resulted in a stand-by agreement with the IMF and debt postponement.<sup>60</sup> On top of all these, the financial liberalization process was complemented step by step, and the capital account was liberalized in 1989.<sup>61</sup> The capital account liberalization played a key role in integration to the world economy since the economic conjuncture of the world carried the countries with low wage rates in an advantageous position in the

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<sup>57</sup> Central Bank of the Republic of Turkey, *The Impact of Globalization on the Turkish Economy*, (May 2002), <http://www.tcmb.gov.tr>.

<sup>58</sup> Yenil, p. 132.

<sup>59</sup> Ibid., p. 141.

<sup>60</sup> Ibid., p. 133.

<sup>61</sup> Central Bank of the Republic of Turkey, “*The Impact of Globalization.*”



corresponding era. The technology and finance liquidity was increased in favor of them.

It should be highlighted that all these adjustments were the preeminent productions of the Özal period. The Özal period is unique in many respects. Many successful reforms took place, many of which, such as opening up to foreign trade and the convertibility of parity, provided short-term gains. Notwithstanding, the irresponsible fiscal management, the gradually ascending budget deficit, underestimation of the rule of law, economy governance with personal decrees without a strong legal infrastructure<sup>62</sup> brought about long-term chronic deficiencies to the Turkish economy such as permanent current account deficits, high inflation and high interest rates. The infrastructure to provide permanency to these reforms were disregarded, obedience to some certain rules to afford discipline in public finance was ignored.<sup>63</sup>

The prohibition of unionist actions and collective bargaining agreements were other dimensions of the decisions. With the coup in 1980, the right to strike was banned, deterioration in wage rates occurred, income of agricultural producers was repressed and subsidies were eliminated.<sup>64</sup>

Shortly after the implementations of such policies, the discomfort among the workers and agriculture producers brought forth criticisms about the deterioration of wages and Özal's arbitrary implementation of policies. Therefore, as a reflection of

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<sup>62</sup> Pamuk, "Economic Change", p. 288.

<sup>63</sup> Ercan Kumcu and Şevket Pamuk, *Artık Herkes Milyoner*, (Doğan Kitap, 2001), p. 141.

<sup>64</sup> The real wage rates were much higher in the period between 1961 and 1976. Boratav assesses the impetus behind the 24<sup>th</sup> January Decisions as a reaction of industrial bourgeoisie to abolish that, for a full discussion of these points see Korkut Boratav, *Türkiye İktisat Tarihi 1908-2002*, (İmge Kitabevi, 2003).

the populist mindset, wages, salaries and agricultural incomes were increased at the end of the decade and whereupon the deficits of public sector and borrowing requirements increased.<sup>65</sup>

### The 1990s: A Lost Decade

1990s point out a lost decade with political instability in the sense that even though the economy was always on the agenda, there were no solutions proposed. The crisis due to both internal and external dynamics took place in this some of which were the Gulf War and the crisis in Russia that all led to destruction in the economy.<sup>66</sup> The liberalization of the capital account in 1989 contributed to the spread of crisis into Turkey and even though there was an increase in the interest of foreign investors in Turkey, the economy became much more dependent on these capital inflows which tended to leave the country in the case of any risk increases. The gross national product declined between six percent and nine and a half percent in 1994, 1999 and 2001. The macroeconomic indicators underwent serious decays and uncertainties. The Turkish economy, which compensated the cost of its growth with moderate current account deficit, increased its foreign debt quickly with the contribution of capital flows that can be mostly defined as hot money and took place near the top

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<sup>65</sup> Pamuk, "Economic Change", p. 298.

<sup>66</sup> Kumcu et al., p. 196.

among the developing countries. This phenomenon and the frequent financial crisis made the IMF and the World Bank permanent actors of economy management.<sup>67</sup>

The beginning of political instability that emerged with the presidency of Özal in a sense<sup>68</sup> corresponded with the capital account liberalization. The leadership race for being the governing power and the increase in oil prices due to the Gulf War resulted in capital outflows from Turkey, hence interest rate increases and inflationist pressure which brought about deterioration in public finance.<sup>69</sup>

These deficits that remained from the 1980s continued to widen in the 1990s, which can be portrayed as a combination of high interest rates, high inflation which was over one hundred percent in the 1994<sup>70</sup> and unequal income distribution vulnerability to external shocks.<sup>71</sup> The unregulated and extreme increase in foreign debt led to the redemption of debts via borrowing capital from another institution, thus perpetuation of the surveillance of the IMF and the World Bank in the economy and the United States in foreign politics, in a sense.<sup>72</sup>

The Customs Union Agreement with the European Union in 1996 can be defined as the most significant economic progress in the 1990s. However, the Customs Union issue was rushed in order to gain a political triumph without maximizing economic interests. The populist policies of governing parties during their reign both by the Motherland Party in reaction to 89 Spring Demonstrations

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<sup>67</sup> Korkut Boratav, *Türkiye İktisat Tarihi 1908-2002*, (İmge Kitabevi, 2003), p. 173.

<sup>68</sup> Kumcu et al., p. 197.

<sup>69</sup> Ibid., p. 197.

<sup>70</sup> Pamuk, *Economic Change*, p. 290.

<sup>71</sup> Ibid., p. 290.

<sup>72</sup> Boratav, 2003, p. 184.

(*89 bahar eylemleri*)<sup>73</sup> and the coalition of True Path Party and the Welfare Party were all temporary and ostensible bereft of permanent solutions to economic problems.<sup>74</sup> The purchasing power of the labor wages did not increase in parallel with the forty per cent increase in gross national product and the unionization ratio has declined to twenty one percent when we come to 2000 with the threat of unemployment, financial crisis and the privatization practices that resulted in losses for the public sector.<sup>75</sup>

There were no radical provisions made against the economic problems under the chaos of political debates and populist practices. The economy was again in need of a new economic recovery program prescribed by the IMF.<sup>76</sup>

### The 2000s: The Global Era

The macroeconomic imbalances could not be sustained permanently. In 1999 an IMF stabilization programme was implemented to bring down the inflation, via an exchange rate anchor. However, this did not help the economy as anticipated in terms of price movements and resulted in the interest rates rising up to astronomic digits during the capital outflows, which paved the way for the collapse in the financial sector. The 2001 financial crisis was broke out incidentally. The 2001 crisis is important in the sense that the reasons behind this crisis are disputable. The problem

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<sup>73</sup> Ibid., p. 176.

<sup>74</sup> Kumcu et al., p. 199.

<sup>75</sup> Boratav, 2003, p. 176.

<sup>76</sup> Kumcu et al., p. 199.

of mismanagement in the economy was obvious, but the primary reason can be assessed as the executions of the prescriptions by the IMF itself, in a country which was not ready to experience such an extensive liberalization and deregulation.<sup>77</sup>

Interestingly, the solution to the crisis was offered by IMF again. In the aftermath of the crisis, Kemal Derviş from the World Bank, supported by the IMF, developed a programme based on fiscal discipline and budget surpluses. This programme also attempted to set apart the public sector banks and state economic enterprises from the interference of governments and strengthened the independence of the Central Bank.<sup>78</sup> In addition, seven autonomous institutions were established that were charged with the management and regulations in areas such as energy, telecommunication, public procurement, banking and agriculture.<sup>79</sup>

On the basis of macroeconomic indicators, this programme can be defined as successful. The recovery in the economy in terms of quantitative measures pronounced itself in many dimensions of the economy. The real GDP, which was 9.5 per cent in 2001, rose to 35 per cent by the end of 2005.<sup>80</sup> The annual inflation descended to 8 per cent and both nominal and real interest rates also declined. The fiscal discipline helped the substantial amount of foreign direct investment flow into Turkey. Under the period of rule of the Justice and Development Party from 2001 to the present, besides all these mentioned above, the privatization of state enterprises was proceeded. Notwithstanding, the economic well-being in recent years did not

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<sup>77</sup> Erinç Yeldan and Ümit Cizre. "The Turkish Encounter with Neo-Liberalism: Economics and Politics in the 2000/2001 Crises," *Review of International Political Economy* 12, no.3 (August, 2005), p. 389.

<sup>78</sup> Pamuk, "Economic Change", p. 290.

<sup>79</sup> Boratav, 2003, p. 183.

<sup>80</sup> Pamuk, "Economic Change", p. 290.

pass through the public employment. The unemployment ratio was around 11 per cent in November 2010.<sup>81</sup>

The 2000s can also be characterized as the presence of a political struggle between the ruling Justice and Development Party and the state-centered secularists.<sup>82</sup> The electoral success of the Justice and Development Part dominated the agenda which can be linked to the economic policies that aimed at increasing outward orientation and export-oriented industrialization.<sup>83</sup> In addition the European Union anchor contribution to the reform progress can be assessed as an impetus behind the composition of a new vision of Turkey.<sup>84</sup>

### Concluding Remarks

The historical context of the Turkish economy since the 1970s with critical divergences among the decades was summarized above. The uniqueness of the transformation of the economy was shaped mostly by inner dynamics, but as a matter of fact, the world economies also were experiencing transitions from interventionist rules to neoliberal ideology in the corresponding period. The role of the crisis in the legitimization of the replacement of a particular political regime that is unsustainable by an new one is significant. The hands of the external actors are also strengthened in

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<sup>81</sup> [www.tuik.gov.tr](http://www.tuik.gov.tr).

<sup>82</sup> Şevket Pamuk. "Globalization, Industrialization and Changing Politics in Turkey." *New Perspectives on Turkey*, (Istanbul, 2008), p. 267.

<sup>83</sup> *Ibid.*, p. 267.

<sup>84</sup> *Ibid.*, p. 273.

eliminating the resistance by the supporters of the previous mindset and ease the implementation of a new policy regime.<sup>85</sup> The situation was similar in the Turkish experience. The manifesto of neoliberalism imposed by the United States, the Washington Consensus, began to pronounce itself in the post-1980s with the help of the governing parties and the crisis experience in Turkey created an impetus in embracing the new neoliberal agenda.

In parallel to the developments in many other parts of the capitalist world, the underlying rationale of the hegemonic strategy in the Gramscian sense can be defined as the New Right thinking over both the discourse and the policies.<sup>86</sup> Developmentalism lagged behind the new global agenda. The most stunning evidence of this transformation at the discursive level is that the notion of the “developing countries” is replaced by the phrase “emerging markets.”<sup>87</sup> The interferences to modify the mode of articulation of Turkey into the world economy and the adjustment process were familiarized to the public mostly by the instruments of government itself.

At this point, the press media was used as an influential instrument (especially in Özal period) in imposition of the new ideology to masses. By this, I don't mean that the press media was completely compatible with the governing powers and always in a supportive position; on the contrary, criticisms against the

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<sup>85</sup> Ziya Öniş, and Fikret Senses. “Global Dynamics, Domestic Coalitions and a Reactive State: Major Policy Shifts in Post-War Turkish Economic Development.” ERC Working Papers 0706, Middle East Technical University, Economic Research Center (September, 2007), p. 252-253.

<sup>86</sup> Galip L. Yalman, *Transition to Neo-Liberalism: The Case of Turkey in the 1980s*, (İstanbul: Bilgi University Press, December 2009), p. 237.

<sup>87</sup> Yeldan, Erinç. “Neoliberal Küreselleşme İdeolojisinin Kalkınma Söylemi Üzerine Değerlendirmeler”, *Rethinking Development Economics: Active Growth and Social Policies under Globalization*, International Development Economics Associates (IDEAs), II. Dünya Sosyal Forumu, , Port Allegre, Brezilya. (31 Ocak – 5 Şubat 2002), p. 8.

government appeared particularly in columns ever so often. However, the contribution of the press media to the normalization process of the transition to neoliberalism period cannot be disregarded. Actually, the attitude of the media towards the breakthrough forms the basis of this study. The conspicuous tenets of the neoliberal ideology which frequently took place in two prominent representatives of the Turkish popular media, *Hürriyet* and *Milliyet* in the years 1975, 1985, 1995 and 2005 will be elaborated on with a particular emphasis on the ambience of each cycle in the following section.



## CHAPTER THREE

### NEOLIBERALISM IN THE TURKISH MAINSTREAM MEDIA: TRADE LIBERALIZATION, COMPETITIVE EXCHANGE RATES AND MARKET-DETERMINED INTEREST RATES AND DEREGULATION

Many countries around the world have experienced structural and ideological transformations in order to adapt the changing conditions of the world. In the period in which the interventionist mindset took a backseat and the neoliberal rules came to power; Turkey's economy, as one of the emerging economies in the world, also engaged in this transformation process, shaped both by the global and its internal dynamics. Based on their prevalence gained around the world, these transformations can be examined in six separate themes as trade liberalization, free exchange rate and interest rate practices, deregulation, financial liberalization, privatization and foreign direct investment. These themes, which point out the fundamental changes societies are stranger to, need societal support in order to justify their applicability. The acceptance and internalization of these principles by the society are absolutely necessary in order for the continuity of the process. Thus, this process necessitates an absolute relationship between economic policies and the media. In this thesis, the projection of the transformation process the Turkish economy has undergone in the last forty years in the mainstream media is analyzed.

Parallel to the experience in the real economy, the themes of the news and columns of the press media show salient alterations in between 1975 and 2005. Particularly, it is possible to say that a completely different understanding of

economy dominated the newspapers of 1975 in compared to other periods. What is interesting is that the transition from 1975 to 1985 is submitted to the reader in a highly normalized manner by the news and columns writers. Subjects never even mentioned in 1975 can find place as the most common themes, even in the headlines of the newspapers as of 1985. When we come to 2005, together with an insight of being fully integrated into the global agenda, an economic journalism intended to steer the investment decisions of the readers, who are no longer strangers to the money, market and stock exchange issues comes onto the agenda.

On the other hand, it is also interesting that there is not enough space left to the "Post-Washington Consensus" phenomenon which had been put forward by the elites who have a voice in the world economy and which recommended the re-formulation of the state intervention, social issues, redistribution and the necessity of financial regulation in the newspapers of 2005, except the emphasis on independent regulatory institutions,.

These four sample years chosen to create a pattern of these forty years reveals the stunning magnitude of the differentiation of the mindset and ideological transformation from that day to this.

The discourse, which shows sharp transitions of moderate shifts according to the conditions of each phase, assumes a decisive role in the transformation process by its preliminary position in between the economic policies and the perception of society.

## A Brief Analysis of Each Phase

*Hürriyet* in 1975 does not have a page devoted to economy. Economic news and comments are given under the title "İş ve İşçi Dünyası" (Work and Workers' World). *Milliyet* in 1975 was rather different. Economic phenomenon are submitted to the reader under the title "İktisat ve Ticaret" (Economics and Trade) in an academic language. The development of domestic industry, paradigms of developmentalism, labor and social security rights constitute the agenda of *Hürriyet* and *Milliyet* in general, since the neoliberal dominance has not become hegemonic in Turkey yet. As compared to the other years, there are the reflections of praise of a much more independent and self-sufficient Turkish economy, especially in terms of the relations between the United States and IMF. Even though there are reflections of a quest for alternatives against the protectionist policies and statist approach from time to time, generally, the economic panorama points out self confidence and reckless attitude towards the external dynamics.

The agenda of 1985 contains the reflections of a sharp economic transformation since it is the first year examined after the January 24 Decisions in 1980. In addition to the sensation of the hegemony of a new ideological mechanism, abandoning the import substitution model and the protectionist approach and applying the minimization of state intervention and free market biased policies, adaptation problems and interrogations of neoliberalism stand out in patches. However, the fear of a possible regeneration of the recent past economic crisis experience entailed societies to attribute hope to these neoliberal policies, which were presented as unrivaled. Moreover, it can be seen that, the government used the

media as a means of obtaining the support of the masses and legitimizing the policies in an effective way.

Although not very different from 1985, 1995 stands out as a year in which the principles examined in this thesis are less frequently questioned. The basic points of the new economic order in 1985 now secure their positions in 1995. On the other hand, the potential problems and social order deficiencies of the neoliberal package are interrogated from time to time, on the basis the experiences of the developing countries which apply similar economic rules.

In 2005, the questioning of neoliberalism that takes place in many countries in the world finds place in the Turkish media in a partial manner. Without undermining the basic principles of neoliberalism, recommendations about establishing autonomous agencies in order for the controls and regulation of financial and banking systems take place, with a partial focus on social aspects. However, this tendency as a policy tool is limited and an appreciable change in the political atmosphere of the newspapers is nonexistent. It can be said that this period in which the neoliberal rules are reformulated with the regulatory and redistributive instruments does not take sufficient attention in media as an inclusive policy change.

## Trade Liberalization

### Trade Liberalization and the Free Market Economy in 1975

Trade liberalization is selected as the first tenet to be looked at in the newspapers since the major implication of the neoliberal ideology can be conceived as the free market ideology discourse. The articulation with the world markets required opening

up the borders of the economy and internalizing the new global system. In this section, certain aspects related to the perception of trade liberalization and free market biasness on the basis of news and columns by *Hürriyet* and *Milliyet* in 1975 will be discussed.

At first, it should be underscored that the free market economy practices are not on the agenda. Import substitution industrialization, the development of the domestic industry and emphasis on interventionist solutions to economic problems dominated the pages. On account of such an economic atmosphere dominated by this mindset, the significance of local industry and agriculture attract attention. Particularly, the fact that Turkey takes place near the top in world ranking in terms of export volume of agricultural products such as nut and raisins is frequently stressed.<sup>88</sup> There is a self confidence that paves the way for the production of its own rockets and presuming to create a weapon industry.<sup>89</sup>

On the other hand, the rapidly increasing foreign trade deficit becomes another chronic affair on the agenda. During the period, in addition to the fact that the increases in the import ratios are relatively higher than the export ratios, the import prices also increase at a faster rate than the export prices, hence contributing to the foreign trade deficit. In this way, it can be said that the discourse of nationalization of the industry is unable to go beyond the presence of an import dependent industry, which is fascinated by the temporary dollar overhang by the emigrant remittances. The inadequacy of technological infrastructure triggers the continuation of import dependency. The saying that “*Gemi Satın Almak*

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<sup>88</sup> *Hürriyet*, 24 January 1975.

<sup>89</sup> *Hürriyet*, 16 February 1975.

*Yaptırmaktan Daha Ucuza Mal Oluyor*<sup>90</sup> (Buying ships costs less than producing them) demonstrates the situation of economy in real terms.

At this juncture, the manifestations of businessmen also receive widespread press coverage. Although there is no general opinion stressing the necessity of trade liberalization and free market system, such an alternative is implicitly mentioned by the elites and businessman. For instance, Sabancı states that the foreign trade regime should be reformulated as compatible with the interests and in a free market order in *Milliyet*.<sup>91</sup> Koç, in *Hürriyet*, emphasizes that even though the integration to the European Economic Community is not provided, opening up the industry to export is an exigency since the size of the domestic market is not sufficient to industrialize as desired.<sup>92</sup> We can reach a conclusion that there are signals of the creation of an opinion leadership in favor of a free market, spearheaded by the businessmen accredited by society.

The main difference between the free trade manifestations in each newspaper is that *Milliyet* has a much more skeptical stance toward the idea of a free market. The incompatibility between the free market and societal reality is pointed out by Ali Gevgilili, the editor of the economy page. He asserts that a free market is impossible in an era in which the societies are much more aware of their own rights and the myths of pure free market do not any more constitute the basis of the modern economies.<sup>93</sup>

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<sup>90</sup> *Hürriyet*, 2 April 1975.

<sup>91</sup> *Milliyet*, 13 August 1975.

<sup>92</sup> *Hürriyet*, 12 January 1975.

<sup>93</sup> *Milliyet*, 14 July 1975.

Another issue popular among the headlines related to trade is the American embargo on the exports of Turkey, which came as a reaction to the military operation on Cyprus. The restrictive policy pursued by the United States on its imports from Turkey employs a basis for the mistrustful attitude towards free market ideology.<sup>94</sup>

### Trade Liberalization and the Free Market Economy in 1985

In the newspapers of 1985, there is the expectation of hope from the export-led development model, free trade and market economy, as a projection of the transformation the real economy has underwent. On the other hand, the contradiction between the free market fundamentalist policies the United States imposes on the developing countries and its own protectionist economic applications in at home, supports the suspicious viewpoints against free market practices.

1985 points out a time at which a salient transformation in the overall pictures of the newspapers can be witnessed. There are traces of the imposition of the change in mentality in economic ideology, since the new rules ordered a neoliberal framework, uses the media to legitimize its existence and persistence.

In fact, through the newspapers scanned, contradictory views are common. In *Hürriyet*, the effects of the transition period are defined as painful in a sense. On the one hand, there is praise for liberalization of trade, yet there is the pain of the execution of a system which is shorn of the standards of West and cannot easily

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<sup>94</sup> *Milliyet*, 11 January 1975.

become internalized. The accuracy of the order does not mean that it would fit any economy and be successful.<sup>95</sup> This view was mentioned in *Hürriyet*.

The same point is also emphasized in *Milliyet*. The idea that liberalism will create chaos in an economy that has been used to a statist tradition for years is mentioned. This is not a possible turnover from today to tomorrow under these circumstances.<sup>96</sup>

However, in general context, January 24 model is introduced as the “*Umut Model*” (Hope model).<sup>97</sup> The main reason behind this promise can be related to the immediate recovery the economy experienced after the moratorium position in 1975. There might be an anxiety in minds about turning back to those lean times unless a new order was interiorized and this might have contribute to the easy adoption of the neoliberal package.

What is remaining in the newspapers since 1975 is the problem of quotas imposed by the United States, impeding the persuasion on the behalf of trade liberalization. This issue even takes place in the political arena. The statement of State Minister Kaya Erdem as “the ones that motivated Turkey to adopt a free market system, implement protectionist policies against our products” is reported in *Hürriyet*.<sup>98</sup> The United States is depicted as problematic in the sense that it seems to wish for a powerful Turkey, but it prevents technological information flow and an independent defense industry in Turkey; it seems to open up its borders, but imposes

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<sup>95</sup> *Hürriyet*, 21 August 1985.

<sup>96</sup> *Milliyet*, 2 December 1985.

<sup>97</sup> *Hürriyet*, 24 January 1985.

<sup>98</sup> *Hürriyet*, 3 March 1985.



quotas on trade. I should also note that the unequal equality between the United States and Turkey in the negotiations related to free trade is also indicated in *Hürriyet*.<sup>99</sup>

The shared inference in each newspaper can be said to be that there is no hostile attitude towards the liberalization of trade. The opposition is against the way of mode of administration of this phenomenon, disregarding the power balancing among the developed countries and developing ones. There is the focus on how the hastily implementations of this new policies makes the adaptation process of the sectors worse. In addition, I can objectively say that the reflections of advocating the previous economic system are becoming rare through the newspapers scanned.

#### Trade Liberalization and Free Market Economy in 1995

Although the free market ideology has become an inherent part of the Turkish economy particularly by the integration to the Customs Union, it is possible to see samples of inquisitorial views against free market, particularly based on the crisis experiences of the developing countries which were not ready for a transition to free market applications.

As for 1995, the main subject matter becomes joining the Customs Union. Although there are some questions related to the accuracy of free trade, it seems to have become a fact of the Turkish economy. Especially *Hürriyet* creates a positive atmosphere on the basis of joining the Customs Union. However, the relief on behalf

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<sup>99</sup> *Hürriyet*, 20 October 1985.

of the Customs Union is submitted as subject to the fact that export volume should exceed the import volume. The headlines such as “*Resmen Avrupalıyız!*”<sup>100</sup> (We are officially European any more!), “*Bugün Mutlu Gün!*”<sup>101</sup> (Today is a red-letter day!), “*Dünyayla Bütünleşmemizin Yolu Gümrük Birliği’nden Geçiyor*”<sup>102</sup> (The integration into the world markets would be provided by the Customs Union), in *Hürriyet* on the day Turkey became a member of the Customs Union, signifies the contention of the newspaper towards free trade.

Another reason behind the sympathy to Customs Union is related to the expectation that the increase in competition will result in price reductions, thus bringing the consumer to an advantageous position.

The “consumer” becomes a worth-stressing notion in the 1990s during with the construction of an apolitical generation oriented to consume. There is a phrase in *Hürriyet* that “*Yerli Malları Haftası Yok, Okullarda Tüketici Dersi*” (The week of domestic goods is abandoned, there are consumer education lessons at schools from now on).<sup>103</sup> This phrase points out an attempt for construction of a consumer society and can be assessed as indirectly related with trade liberalization.

The Customs Union issue is much more contested in *Milliyet*. The Mexico example is taken as a reference from an analytical perspective, since it has experienced an economic crisis in 1994 due to opening up its borders to competition within stronger economies in order to integrate into the world markets. In this way,

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<sup>100</sup> *Hürriyet*, 14 December 1995.

<sup>101</sup> *Hürriyet*, 14 December 1995.

<sup>102</sup> *Hürriyet*, 14 December 1995.

<sup>103</sup> *Hürriyet*, 7 March 1995.

the difficulty of transforming an economy in order for the integration into the world markets without being ready to compete with stronger economies is mentioned. The idea that the key of the success is the provision of macroeconomic stability together with the structural transformations at micro level.<sup>104</sup> As for Turkey, the similarities between Mexico and Turkey are emphasized and the absence of an industry which is completely ready to compete in world markets is stressed in specifying the standpoint in relation to the Customs Union in the same article. On the other hand, another column in the same newspaper mentions that there is the existence of an entrepreneurial class to carry out industry and trade and the Customs Union is essential for Turkey due to the necessity of an outward-oriented growth of the industrial sector.<sup>105</sup>

The diversity of views among academics and businessmen are also included. For instance, Yahya Tezel mentions that the Customs Union comes to mean a renunciation from the sovereignty rights for Turkey.<sup>106</sup> On the other hand, Refik Erzan has sympathy for the Customs Unions due to the fact that competition will increase efficiency and accelerate the foreign capital inflows.<sup>107</sup> Another stance by Ziya Öniş refers to the constitution of a free trade zone would be a better idea than joining the Customs Union.<sup>108</sup>

An article in *Milliyet*, which is quoted from *The International Herald Tribune*, is meaningful in understanding the nature of the newspaper in relation with

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<sup>104</sup> *Milliyet*, 25 January 1995.

<sup>105</sup> *Milliyet*, 8 March 1995.

<sup>106</sup> *Milliyet*, 14 December 1995.

<sup>107</sup> *Milliyet*, 6 December 1995.

<sup>108</sup> *Milliyet*, 14 December 1995.

the free market ideology. The heading of the article is “*Yalnızca Piyasa İyi Bir Toplum Kurabilir mi?*” (Would the free market alone be able to construct a decent society?) and initiates an opposition against the views which insist on market-determined social policies and increasing the volumes of world trade would bring about welfare. At this point, the discomfort in both the United States and the European Union due to the increasing unemployment ratios in reaction to the increasing competition is underscored. On top of it, the reality that the United States owes its richness to the implementation of preferential policies over upholding free trade is mentioned.<sup>109</sup> However, free trade, in general, seems to secure its position in 1995 at least for the basic dynamics.

#### Trade Liberalization and the Free Market Economy in 2005

By the 2000s we don't find many traces of questioning of the free market in the mainstream press. That is to say, in 2005, the ideology of free market was undisputed and not questioned any more. The necessity of independent regulatory agencies was emphasized in the framework of certain free market rules.

The January 24 Decisions were affirmed in terms of it provided the transition to free market economy which helped the Turkish people gain self-reliance and eliminate the fear from competition.<sup>110</sup> Ercan Kumcu in *Hürriyet* draws attention to the fact of the relapse of the protectionist instinct in the world and elaborates on the potential problems of such an inclination. He mentions that understanding the

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<sup>109</sup> *Milliyet*, 23 January 1995.

<sup>110</sup> *Hürriyet*, 4 January 2005.

benefits of free trade has taken a long time and a potential shrinkage in the volume of world trade will damage all of the world economies.<sup>111</sup>

Even though there is no salient antagonism against free market ideology in *Milliyet*, an article by Meral Tamer, titled “*Piyasanın Aksesuarı Mı Oluyoruz?*” (Are we transforming into the property of the market?) brings a new perspective. In the article, the Karl Polanyi Conference is taken as the subject matter and a pursuit of a way to get rid off the domination of the market on nature, human, money, labor is accentuated.<sup>112</sup>

### Concluding Remarks

In brief, it would be safe to say that the transition to free market has been internalized by the Turkish economy. It is not that surprising for a country that is deplored of the economic system which disappointed the society with the crisis experience. Trade liberalization was applied as a remedy for the balance of payment crisis and together with the other constituents of the neoliberal package, resulted in recovery of the economy for a short term. This first success of trade liberalization can be assessed as an important step in terms of the espousal by society and media.

The reign of the free market ideology continues in the 2000s and is almost not challenged at all both by the policy makers, economic elites and society. Certainly, there were some criticisms but in fact, the criticisms about the free market system was not generally intended to the ideology but the mode of administration of

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<sup>111</sup> *Hürriyet*, 16 September 2005.

<sup>112</sup> *Milliyet*, 12 October 2005.

it. The fear that market fundamentalism may go too far than intended and the adaptation problems constituted the basis of the criticism related to trade liberalization. On the other hand, the Post Washington Consensus also supports the essentiality of the free market system together with the elimination of the obstacles in front of its functionality in a regular way. Even though there were some doubts in the newspapers in the earlier stages of the neoliberal transformation related with the availableness to such a radical attempt, they seem to have internalized this phenomenon without challenging or at least without offering an alternative in the aftermath of 1995. The reactions against globalization were not directly oriented to the elimination of trade liberalization. In addition, trade liberalization is seen as a basic constituent of both the Washington Consensus and the Post Washington Consensus, in a sense. In the face of these global conditions, it is not surprising for the newspapers to internalize the existence of the free market system. We can say that although not that easily, this tenet achieves its aim in both transforming the economy and transforming the views in the newspapers on behalf of its legitimization in application at all.

### Competitive Exchange Rates and Market-Determined Interest Rates

#### Competitive Exchange Rates and Market-Determined Interest Rates in 1975

The point of order related to the exchange rates and interest rates in 1975 is again very different from the overall agenda of the next, since the Turkish Lira was not convertible and the interest rates were not market-determined. However, the speculations about a probable devaluation and the idea that the Turkish Lira does not

have a commercial exchange value outside can be said to have paved the ground for the future applications.

The unrest related to devaluation which is prescribed by the institutions close to the United States dominates the pages of both newspapers. The prescriptions are assessed as strategically policies on behalf of the United States itself in terms of competition facilities that will be allowed to develop and the reduction of internal imbalances. It is claimed that through the instrument of devaluation in Turkey, the United States would guarantee a Turkish economy confined to the United States itself, and prevent a potential domination of the European Economic Community on Turkey, which would be undesirable for the United States in terms of fiscal matters.<sup>113</sup>

In opposition to the idea of devaluation, newspapers come up with reasons such as the prior devaluations were ineffective and devaluation can be replaced by the implementation of multiple exchange rates practices.<sup>114</sup>

On the other hand, there are some opinions promoting the necessity of devaluation in the sense that it would help exporters.<sup>115</sup> However, devaluation is opposed in the sense that it would lay the burden of rantability to taxpayers.<sup>116</sup>

The most stunning theme related to the issue is the idea that the Turkish Lira does not have an exchange value because it is not convertible. The Turkish Lira has a calculation value in order to conduct economic relations with third parties. In order

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<sup>113</sup> *Milliyet*, 20 February 1975.

<sup>114</sup> *Milliyet*, 3 November 1975.

<sup>115</sup> *Milliyet*, 11 December 1975.

<sup>116</sup> *Milliyet*, 2 November 1975.

for the determination of the value of a domestic currency in the exchange market, that currency needs to be convertible, but it is claimed impossible for underdeveloped countries in which the export rate is below the import rate, to adopt convertibility. This overarching between underdevelopment and absence of convertibility refers to a creation of a perception that convertibility would come up with development.<sup>117</sup>

### Competitive Exchange Rates and Market-Determined Interest Rates in 1985

In 1985, the transition to convertibility is affirmed especially by the columnists on the basis of the financial and psychological advantages of the Turkish Lira becoming a currency. In the meantime, the idea that transition to convertibility would be possible and beneficial as long as a reduction in inflation is provided is stressed. The construction of the relation between the economy management and society is crucial at this stage since this period is important in the sense that there occur legislative amendments and new decisions related to the issue.

The affirmation of transition to convertibility is based upon its psychological and fiscal advantages in *Hürriyet*. Psychologically, convertibility is said to bring about self reliance to people in terms of being respected by foreigners, since the value of the domestic currency would be confirmed in real terms. Fiscally, the idea that a country whose currency is circulated in foreign exchange holdings would not suffer from any shortage of foreign exchange. With this in mind, the critical point is emphasized as inflation again. The fact that no country would see the Turkish Lira as

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<sup>117</sup> *Milliyet*, 30 July 1975.



a foreign currency whose value is constantly declining due to high inflation is underlined.<sup>118</sup>

*Milliyet* makes a similar point. On the one hand, the vitality of convertibility is stressed but, the fact that a sudden rise and fall of dollar in a country which experiences high inflation would be harmful or at least inefficacious for the economy in case the Central Bank is retired from the subject.<sup>119</sup>

In this period, as I mentioned above, the role of the Central Bank has undergone some changes. The Central Bank, which used to govern the other banks, has started to follow the free market rate. In *Hürriyet*, the governor of the Central Bank in Turkey also emphasizes that convertibility under high inflation and high interest rates would bring about capital flows and more importantly, capital flight. He continues as that, unless the economy is completely liberalized together with the provision of balance between the interest rates in the country and outside the country, convertibility would not be meaningful.<sup>120</sup>

In an article in *Milliyet*, the reluctance about the release of the interest rates and exchange rates to market reveals another viewpoint. What is interesting is that there is a fear that a potential depression due to this release would be imputed to free market principles that are not executed properly.<sup>121</sup> Here we can see a clue about how the free market is assimilated among some segments of society. On the other hand, I

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<sup>118</sup> *Hürriyet*, 13 January 1985.

<sup>119</sup> *Milliyet*, 5 July 1985.

<sup>120</sup> *Milliyet*, 22 December 1985.

<sup>121</sup> *Milliyet*, 26 February 1985.

do not intend to make a generalization about *Milliyet* as a proponent of free market ideology, but there are some marginal shifts in views in concern with the tenets.

The transition to convertibility, by the decision of the government, is assessed as an important and concrete step on the way of complete liberalization.

#### Competitive Exchange Rates and Market-Determined Interest Rates in 1995

Since convertibility was accepted in 1989 as one of the last links of the neoliberal package, the agenda in 1995 was not closely related to convertibility issues. Instead, reactions to the interest rate policies of the government often appear. The main concern is about the high interest rate, low exchange rate regime which is criticized to lay the ground for hot money.

The influence of the IMF in the determination of basic economic policies also receives extensive coverage in the newspapers from a critical viewpoint. In line with the targets the Central Bank assured the IMF, which required the suppression of foreign currency, the foreign trade deficit soared and this situation is stated under the heading “*Maalesef Hedefler Tutuyor*”<sup>122</sup> (Unfortunately the objectives are accomplished.)

The criticisms related to the interest rate policies the government implemented becomes popular in both newspapers. On the account of the fact that high interest rate low exchange rate policies would pave the way to the virus of “hot money,” speeches suggesting an urgent decrease in the interest rates based on the discourse of the State Planning Organization find place.<sup>123</sup>

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<sup>122</sup> *Milliyet*, 14 November 1995.

<sup>123</sup> *Hürriyet*, 20 May 1995.

### Competitive Exchange Rates and Market-Determined Interest Rates in 2005

In 2005, the interest rate, exchange rate and market can be considered together. The critical importance is paid to interest rate policies of the Central Bank.

The debates about floating exchange rates, convertibility, market-determined interest rates now lag behind the agenda in 2005. The system is inherent now and the virtues of the system are more in the foreground. For instance, Ercan Kumcu in *Hürriyet* writes that the floating exchange rate regime is beneficial in the sense that it is the remedy for the short run capital flows.<sup>124</sup>

The high interest rate policies continue to be criticized severely by both newspapers. Güngör Uras in *Milliyet* draws attention to the fact that the treasury channels a huge amount to interest expenses<sup>125</sup> and the burden of this expense is laid on the public.<sup>126</sup> Ercan Kumcu deals with the high interest rate issue from another perspective and claims that although the high interest rates would create expectations towards depreciation of money in the long run, which connotes instability and naturally would be an undesired outcome for the Central Bank, the Central Bank is obliged to implement high interest rates policies in order to finance the current account deficit.<sup>127</sup>

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<sup>124</sup> *Hürriyet*, 9 August 2005.

<sup>125</sup> *Milliyet*, 21 February 2005.

<sup>126</sup> *Milliyet*, 10 March 2005.

<sup>127</sup> *Hürriyet*, 2 February 2005.

Güngör Uras in *Milliyet* elaborates on the issue from an analytical perspective. He states that the high interest rate low exchange rate policy which was implemented in order to reduce inflation by the Central Bank, has brought about increases in imports together with the decrease in exports. In this way, the foreign exchange gap has widened and borrowing with heavy interest has entered the picture. This has led to an increase in budget deficit and there is no budget left to public services since a large amount of money is appropriated for debt repayments under the name of primary surplus.<sup>128</sup>

This is to say, there was an unstable balance in the Turkish economy in 2005 which was stabilized by the appreciated Turkish Lira, high real interest rates, high current account deficit and foreign exchange deficit and short term capital movements.<sup>129</sup>

### Concluding Remarks

The transition to convertibility and market-determined interest rates is another tenet that has been internalized by the economy in these forty years. There have been oppositions to the timing of such radical changes and the dimensions of their permissiveness by the elimination of regulatory powers but, with the economic conjuncture of globalization brought into it does not seem to allow the implementation of any other alternatives. Briefly, we can say that convertibility is embraced by the contribution of the exhaustion of devaluation suspense and the need

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<sup>128</sup> *Milliyet*, 19 August 2005.

<sup>129</sup> *Milliyet*, 17 November 2005.

to carry out the trade issues functionally. The attitude of the media can be assessed as a warm welcome in the face of the transformations related to convertibility unless the inflation problems are on the agenda. It can be said that the reactions against the implementations of governments in 1995 and 2005 related to interest rates are much more obvious on the basis of the threat of hot money. The politically instable times witnessed a much more advisory stance of the media especially on the basis of interest rate policies. Thus, it can be said that the liberalization of the interest rates can be defined as a much more disputable issue and brought about problems to the detriment of public.

## Deregulation

### Deregulation in 1975

In the direction with the interventionist policies, planning and the significance of the state expenditure are mentioned in overcoming the economic problems. The central position of the state as an arbiter of the economy is at the forefront in the newspapers.

While scanning the newspapers in 1975, I encountered more articles related with the prominence of the role of the state in *Milliyet*. The key nostrum against the depression in 1975 is said to be the combination of the enhancement of production by state via credits, policies oriented to reduce unemployment and the collaboration

of private and public sector.<sup>130</sup> The significance of the role of the state generally is supported by the quotations from external media.

What is essential in overcoming the turmoil the neocapitalism has generated itself is a new Keynesian reformation is presented by elite newspapers and social scientists abroad. Governments cannot be unconcerned in the face of potential crisis due to the scarcity of resources like oil; hence, it would take a stand in favor of social aims and planned economies, instead of market forces.<sup>131</sup>

As for Turkey, there is a reaction against the government's attitude to planning. Mümtaz Soysal in *Milliyet* stresses the point that the economic policies implemented by the government would create pseudo dynamism in the short run, but would yield to inflation in the long term. The fact that a real and permanent development would be provided through planned development constitutes the substance of the article.<sup>132</sup>

In addition to the opinion that the state has a significant function in economy management such as planning, the role attributed to state on sectoral basis is also a topical issue. There are recommendations about the provision of competition between private sector and public sector, elimination of privileges the private sector has created and nationalization of firms are on agenda in 1975.<sup>133</sup>

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<sup>130</sup> *Milliyet*, 21 November 1975

<sup>131</sup> *Milliyet*, 14 March 1975.

<sup>132</sup> *Milliyet*, 16 August 1975.

<sup>133</sup> *Milliyet*, 21 March 1975.

Briefly, we can see the reflections of a mindset that is composed of the ideas of development by planning, the importance of public sector, the necessity of state intervention in the economy and Keynesian remedies in terms of state expenditures.

### Deregulation in 1985

This idea of minimization of the state intervention into the economy, which is supported by the international institutions, is said to be intended to provide functionality to free market and elicit the redistribution of the rent income to every segment of society. On the other hand, we can see variations in views related to this issue since this is a radical shift and cannot be approved easily by people from all strata who would like to preserve the statist tradition.

In a speech by Mkerrem Hi in *Milliyet*, an academic, we can see tributes on behalf of state intervention. However, what is overemphasized is the essentiality of a mixed economy, which would necessitate substantial state intervention and public investments beside the market mechanism and private investments, in order to obtain development and social justice.<sup>134</sup>

In 1985, the idea that the separation of state and economy would increase the efficiency and the reduction of the state intervention in the economy by the stipulation of government is justified generally on the basis of the idea that the state uses the State Economic Enterprises as a policy tool. Even though it is not an easy job to abandon the presence of the state in an economy, the State Economic Enterprises played a crucial role in creation of a perception related to the inefficiency

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<sup>134</sup> *Milliyet*, 6 August 1985.

of state in an economy. There are denunciations about state using the SEEs, which move into profit by means of extremely high prices, as policy instruments. This may refer to a harassment policy in the minds of society against state, since reactions against the huge price increases by the SEEs receive wide media coverage and the reactions naturally target the government, which exerts its monopoly power. Hence, the SEEs that are characterized as the humpback of the economy, become an indirect tax creator and instruments of settling the budget deficit through pumping money into the state in *Milliyet*.<sup>135</sup>

There is an inscription in *Milliyet* under the heading of “*Ekonomide Devlet Yok*” (There is no state in the economy in Turkey). In the content of this caption, there is the survey result by the World Economic Forum about the state intervention into the economy in twenty-two countries. What is surprising is that Turkey is identified as the country in which the state intervention into the economy is the least.<sup>136</sup> This may refer to reflections of an attempt to create of a success story, in which the key instruments were defined as the obedience to prescriptions of the arbiter international institutions.<sup>137</sup> Turkey, at this point, seems to be chosen the hero of this narration. The continuous acclaiming of this idea in the ensuing years evokes such an idea.

On the sectoral basis, even though there are manifestations of some entrepreneurs in favor of this new economic order, the governor of İstanbul Chamber of Industry makes a point that the Turkish industrial sector should not open its

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<sup>135</sup> *Milliyet*, 8 November 1985.

<sup>136</sup> *Milliyet*, 20 August 1985.

<sup>137</sup> Boratav, *Türkiye İktisat Tarihi*, p.161.



borders to world markets without being treated with a caution provided by state. He claims that even the most liberal countries in the world protect their industrial sector with special precautions.<sup>138</sup>

In brief, it can be said that in accordance with the policies implied, the role of the state in economy becomes an interrogable issue. In addition, this seems to be narrated as a success story by the psychological and political interferences of the foreign forces.

#### Deregulation in 1995

We can say that 1995 refers to a time period in which ideas espousing the minimization of the role of the state in the economy gained widespread coverage. The idea is clearly seen in the declarations of the businessmen and columnists that there is no room for state to have a voice in economy and state is an exaggerated concept is underlined. Apart from some basic regulations in the field of finance, some speculative movements and manipulations, the surveillance of the state is confronted.

The exaggeration of the notion of state is denounced in terms of this is an institution established by the citizens themselves through the speech of the former governor of the Central Bank, Rüştü Saraçoğlu, in *Hürriyet*. On account of the toughness of the bureaucratic structure of the state in the face of necessary changes

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<sup>138</sup> *Hürriyet*, November 1985.

and reformations, a reformulation of the structure of the state is recommended in the framework of public finance principles.<sup>139</sup>

TÜSİAD's and businessmen's views also were oriented to the same target and suggest restrictions on the policy arena of the state. In *Milliyet*, there is a headline as “*TÜSİAD'in Optimal Devleti*” (The optimal state according to the Turkish Industrialists' and Businessmen's Association) in which the roles attributed to state by TÜSİAD are expressed. The optimal state is supposed to be small and effective whose functions are formulated in accordance with the free market system.<sup>140</sup>

We can say that there is a parallel tendency among the column writers on the basis of definitions of the roles and authorizations of state. In an article by Salih Neftçi in *Hürriyet*, there are claims about the responsibility area of state which are claimed as provision of infrastructure, security and justice mechanisms. On the other hand, the state is recommended to be eliminated in finance and production. Neftçi also emphasizes that, categorization of the roles of state in a modern society was much more difficult ten years before today, but it is relatively easy to identify the necessary restrictions. The protection of the citizen in the face of speculations and manipulations is defined as the role of the state in the financial arena.<sup>141</sup>

The tendency to see minimization of the role of state in the economy as a successful attempt from 1985 continues with acceleration in 1995. A headline which is “*Demirel'den Pembe Tablo*” (Demirel puts a brave face on economy) in *Milliyet*,

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<sup>139</sup> *Hürriyet*, 17 November 1995.

<sup>140</sup> *Milliyet*, 26 April 1995.

<sup>141</sup> *Hürriyet*, 31 May 1995.

touches on this point. The content of the news refer to a praise of the country in which the trade liberalization regime implemented and state intervention is minimized which resulted in a good image in the eye's of foreign investors.<sup>142</sup> In *Milliyet*, the presence of declarations of the government officials towards the idea that state intervention would increase discrepancies thus, free market system would not work efficiently, is a good reflection of the mindset of the government in the current period.<sup>143</sup> Again, in an article by Şahin Alpay, state intervention is criticized from a historical perspective, taking the previous experience as references. The growing extension of the power of the state in the aftermath of the Second World War by the welfare state implementations resulted in economic and political problems. The redistributive practices of the state is said to keep the investment, competition, technological innovation in the background.<sup>144</sup>

In short, drastic changes were witnessed towards the existence of state in economy in the newspapers in 1995. An article by Muharrem Karşlı in *Milliyet* puts in a good word for the declining role of the state. He claims that although the statist approach could not be completely eliminated by the transition to free market mechanism, this prevented the share of the state in the economy from exceeding forty percent. Otherwise, the economy could not be shaped up.<sup>145</sup>

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<sup>142</sup> *Milliyet*, 2 February 1995.

<sup>143</sup> *Milliyet*, 30 December 1995.

<sup>144</sup> *Milliyet*, 3 January 1995.

<sup>145</sup> *Milliyet*, 23 January 1995.

## Deregulation in 2005

In 2005, after facing with one of the most severe financial crisis in Turkey in 2001, a consciousness has been created about the problems of the minimal role the neoliberal understanding attributed to state. The necessity of the establishment of independent regulatory and supervisory mechanisms are stressed.

The world agenda related to the role of the state has undergone changes in the wake of the financial crisis. The notion of the Post Washington Consensus is mostly related to the reformulation of the minimized roles attributed to state by the Washington Consensus. These reflections of the reformulation of regulatory powers has an impact in Turkey on the basis of the emergence of regulatory institutions which are established by the state but have autonomous structure.

Erdal Sağlam in *Hürriyet* also points out the necessity of these regulatory institutions in order for the perpetuation and operability of a free market system. He asserts that these regulatory institutions help provide consistency in the market mechanism by superseding the state intervention. On the other hand, he claims that these institutions are not “independent” in real terms since they cannot get rid of the sense of bureaucracy and cannot generate their own independent culture.<sup>146</sup>

Ercan Kumcu elaborates on the same point exemplifying the Banking Regulation and Supervision Agency in the sense that it is not entitled to prepare and adjust its own budget independently.<sup>147</sup>

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<sup>146</sup> *Hürriyet*, 14 November 2005.

<sup>147</sup> *Hürriyet*, 12 July 2005.

In investigating the relation between state and employment issues, we can say that, in the previous years, the existence of state institutions was important in the sense of employment generation and the difficulty of laying off. Ercan Kumcu makes mention of the relations between the industry and state which is said to not have changed since the 1960s. He says that in the aftermath of 1980, the heart of the state was competitive but its mind was statist. Whereas, the heart of the private sector was statist and its mind was competitive. This situation leads to the fact that, in case the private sector is not successful in competition, the state is supposed to pay the penalty for it, since it takes refuge in the state. He furthermore claims that the permanency of employment can be provided through freestanding sectors which are not under the shadow of the state. Otherwise, employment creation would be temporary and a waste of resources.<sup>148</sup>

Erdal Sağlam enunciates his viewpoint in an article in which he stresses the redundancy of state intervention. He claims that the state should rather provide the functionality of economic units instead of governing the economy. The independency of monetary policy is mentioned as fundamental.<sup>149</sup>

The attitude of *Milliyet* is rather different. In analyzing the changing position of state, Güngör Uras quotes from an article written by academics such as Korkut Boratav, Erinç Yeldan, Oktar Türel and Bilsay Kuruç, who call themselves Independent Social Scientists, and declares that he absolutely shares the idea. This is a critical review about the deterioration of the role of the state and hands the future of

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<sup>148</sup> *Hürriyet*, 22 June 2005.

<sup>149</sup> *Hürriyet*, 10 February 2005.

the country to international finance capital, which would potentially bring about financial crisis due to chronic fragility.

This transition related to the perception of the state is constructed upon the characterization of the old state as cumbersome due to bureaucratic rituals, permissive to unions demanding high prices, dominant in the economic sphere by inefficient the SEEs; and the new state as reformative, controllable, and restricted by constitution. Again, this new state conveyed its exercise powers to independent institutions which were dependent on global institutions together with leading labor off politics and allowing global capital and its local intermediaries.

However, the fact that these applications have submitted the redistribution of the resource allocation to the undemocratic market is ignored. The potential economic and social turmoil due to a potential despair in redistribution process provided by market are paid no sufficient attention.<sup>150</sup>

### Concluding Remarks

Similar to the previous tenets, the deregulation issue also points out a radical change in economy management. A comparison between the phrases in 1975 and 2005 shows the stunning rates of transformation in perceptions in the newspapers. The redeemer position of the state intervention in the economy in the 1970s, turned out to be an inefficient instrument which should be eliminated from the economic sphere except for some infrastructural policies. This is interesting since the change in the attitude towards the necessity of the state in economy is more obvious in comparison with the previous tenets. Even though this situation can be related to the dominant

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<sup>150</sup> *Milliyet*, 7 March 2005.

economic ideology of free market and turbulent political atmosphere in the country especially in the 1990s, such a sharp transition in the views by both newspapers was unexpected for me. The external dynamics and the attempts to create an image of a country that the state is eliminated from the economy in order to attract the foreigners can be another reason behind the change in the discourse of the newspapers. On the other hand, in some areas the essentiality of state is emphasized since the mindset seems not to be able to completely dissociated from the statist tradition in the case of problems particularly on a sectoral basis. The essentiality of regulatory powers in the context of successive financial crisis, the deficiencies of such kind of an unbounded liberalization were experienced, thus an appeal for state in economy emerged to a certain degree. The newspapers do not mention this fact that much, but the regulatory autonomous powers are emphasized in relation with the reformulation of regulation system.

## CHAPTER FOUR

### NEOLIBERALISM IN TURKISH MAINSTREAM MEDIA: CAPITAL ACCOUNT LIBERALIZATION, PRIVATIZATION, FOREIGN DIRECT INVESTMENT

#### Capital Account Liberalization and the Financialization of Capital

#### Capital Account Liberalization and the Financialization of Capital in 1975

In 1975 the financialization theme is limited by the internal process composed of the trading of bonds. However, the need for a well-regulated capital market is mentioned on every occasion which is supposed to be managed by state policies and laws.

As was mentioned above, the export of bonds is the central theme in 1975 and debates are shaped around this issue which can be characterized as internal financialization. On the one hand the record-breaking export rates of bonds is perceived as compulsion of the need of financialization the size of Turkish industry required, and some views assess the bonds as the most efficient investment, on the other.<sup>151</sup>

The sentiments of TÜSİAD also find place on behalf of the development of capital markets in order to extend equity ownership. They imply their aim as

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<sup>151</sup> *Hürriyet*, 3 April 1975.



generating a system in which small account owners and workers are allowed to contribute the industrialization process of the country.<sup>152</sup>

### Capital Account Liberalization and the Financialization of Capital in 1985

In 1985, when the capital account was not liberalized yet, the banking issues come into prominence. The opening of the stock market sensationalizes the media in terms of the fact that it will bring heat to the capital markets.

The one central theme related to financialization is the establishment of the İstanbul Stock Exchange, which is introduced as a platform on which each and every citizen will be allowed to get premiums through investing money to bonds, equities and revenue partnership certificates. To be more precise, this points out a new era in which money making via money is allowed.<sup>153</sup>

However, there are some suspicions related to the functionality of the stock exchange in the sense that it is commanded and controlled by the state. There also are comments in both newspapers, signifying the fact that citizens will not show demand for equities unless the inflation rate is under twenty-five percent and the company statements are transparent.<sup>154</sup> The complaints of the Turkish Industrialists' and Businessmen's Association (TÜSİAD) about the state control finds place in *Milliyet*, a month before the opening up the stock exchange.<sup>155</sup>

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<sup>152</sup> *Hürriyet*, 15 May 1975.

<sup>153</sup> *Hürriyet*, 26 December 1985.

<sup>154</sup> *Milliyet*, 7 May 1985.

<sup>155</sup> *Milliyet*, 16 October 1985.

Another component of financialization can be characterized as banking policies, as was mentioned above. Contrary to the newspapers in 1975, the banking issues have broad repercussions in the press in 1985. Transition to a transparent banking system through the implementation of auditing systems via newly established auditing firms in two years come onto the agenda.<sup>156</sup> In addition, in order for the provision of the bank money under tight control, the rearrangements in the system of reserve requirements is instituted. A certain amount of money collected in banks is required to be invested in the Central Bank.<sup>157</sup>

Before the establishment of the stock exchange, the financialization is said to have been made up of borrowing from banks for fund raising. Because of the fact that there were no capital markets as they exist in West, the comprehensiveness of the finance system which is the central theme of capitalism and the functionality of banks were narrowed.<sup>158</sup>

#### Capital Account Liberalization and the Financialization of Capital in 1995

Due to the fact that capital account liberalization came into effect in 1989, one of the most prominent parts of the newspapers is composed of the news related to this financial liberalization in 1995. In fact and more specifically, the problematic parts concerning the issue are more on the agenda. The financial crisis in Mexico obtains a significant position in making an analogy with Turkey in terms of the affinities between some inner dynamics. It can be said that each newspaper put a special focus

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<sup>156</sup> *Hürriyet*, 13 March 1985.

<sup>157</sup> *Hürriyet*, 21 March 1985.

<sup>158</sup> *Hürriyet*, 7 April 1985.

on the face of the danger of hot money. Briefly, we can say that, in 1995, the notion of the increasing money inflows by the liberalization of capital account, started to be perceived as a threat in the long run. There is an anxiety about potential financial crises because of sudden outflows, since financialization was marginalized from the necessary regulatory powers.

Again in this period, we see that the most basic policy instruments which are interest rate, exchange rate and capital flows are interlocked dissociable in accordance with the free market system. The fact that the high interest rate low exchange rate regime paves the way for the inflow of hot money, which was mentioned briefly in the previous chapter, is the central theme of the critiques by columnists. The artificial affluence provided without producing anything but attracting hot money is defined as an illusion which would increase prosperity in short run but would drive the economy into financial crisis in the long run.<sup>159</sup> The policy suggestions in order not to experience a similar crisis in Turkey are made referencing Kemal Derviş and Ege Cansen. The debates mostly are related to whether the hot money would constitute an impediment to economic stability. On the basis of this, the discussion shifts to an interrogation of the unrestrained liberalization in an underdeveloped country like Turkey.<sup>160</sup> It is noteworthy to mention that this is an important indicator of the unrest the unfettered liberalization that has evoked.

Turkey is introduced as “the heaven for hot money” in *Milliyet* since Turkey is seen as an income yielding country due to the information of that dollar would at

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<sup>159</sup> *Hürriyet*, 5 January 1995.

<sup>160</sup> *Hürriyet*, 13 July 1995.

most increase parallel to the inflation increases in accordance with the promises to the IMF.<sup>161</sup>

It appears that the hot money, which is identified as “the invisible cabinet managing the world” and the “emperor of the world”<sup>162</sup> is anticipated to change all the balance and create financial terrorism in the following years. In concurrence with the increasing capital accumulation that will be canalized to financial assets instead of fixed investments, this kind of a financial terrorism will be unavoidable. Each newspapers draw attention to the fact that Turkey will pay for the hot money in the long term.<sup>163</sup> The dramatic part of this is that the society will be obliged to pick up the bill since the main purpose of hot money in countries that apply high interest rate low exchange rate policies like Turkey is to gain interest yields through portfolio investment instead of long term fixed investments to the country.<sup>164</sup> This kind of a circulation is defined as a “ponzi scheme” to which Turkey is subjected via the indoctrinations of the IMF.<sup>165</sup>

#### Capital Account Liberalization and the Financialization of Capital in 2005

In the 2005 newspapers, there is the idea to prevent stray financialization and constitution of the necessary structure in order to inspect the capital markets. However, the importance of financialization is not disregarded since the economic conjuncture necessitates the permanence of the system.

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<sup>161</sup> *Milliyet*, 7 July 1995.

<sup>162</sup> *Milliyet*, 18 March 1995.

<sup>163</sup> *Milliyet*, 16 May 1995.

<sup>164</sup> *Milliyet*, 13 February 1995.

<sup>165</sup> *Hürriyet*, September 1995.

As a natural consequence of the financial crisis experience in 2001, restrictions of the borders of financialization are brought onto the agenda. The development of the banking system through the establishment of supervisory and regulatory institutions is mentioned. Even though the presence of capital markets is not challenged since they are considered necessary in the sense that they obtain funds for the private sector, the functionality of it is interrogated. The capital inflows are mentioned not to be prompted to the private sector but as interest payments.<sup>166</sup>

In addition, Osman Ulagay in *Milliyet* puts emphasis on the fact that with the flow of hot money to the emerging markets, these economies could not get rid of fragility and could not provide sustainable growth and development.<sup>167</sup> In another article, he stresses the incorrectness of selling banks to foreigners by asserting that financialization has gone too far.<sup>168</sup> This extreme extensiveness of financialization contributes to creation of a better image for foreign investors but draws reactions from almost each and every segment of society, particularly in terms of tax issues and unemployment problems.<sup>169</sup>

It cannot be denied that hot money performs a critical role in financing the current account deficit but it leads national currency to be overvalued and deteriorate the external balance.<sup>170</sup> In this way, the fact that Turkey cannot stand any shrinking in the volume of capital inflows, because the economic success in the short run is due to these capital inflows. Hence, the elimination of the sore points in the economy

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<sup>166</sup> *Milliyet*, 4 May 2005.

<sup>167</sup> *Milliyet*, 27 February 2005.

<sup>168</sup> *Milliyet*, 10 October 2005.

<sup>169</sup> *Milliyet*, 8 May 2005.

<sup>170</sup> *Milliyet*, 17 May 2005.

which would lead to a decline in capital flows should be provided by new rules, especially in case of transparency and accessibility to information.<sup>171</sup>

Ercan Kumcu in his article implies that Turkey cannot pass the test about the supervision and regulation of the capital markets successfully.<sup>172</sup> In short, financialization and the running of the new system has not yet been completely well-defined.

### Concluding Remarks

Capital account liberalization played a key role in transforming the economy to its present situation in the context of globalization. The newspapers in 1975 and 1985 were interrelated with some certain aspects related to financialization since the capital account liberalization had not yet occurred. The bond issuance and banking issues constituted the general framework in those years. The necessity of capital markets was always mentioned in these years until the opening up of the İstanbul Stock Exchange in December 1985. However the viewpoint to financialization was changed in 1995 with the emergence of capital account liberalization in 1989. The suspicious stance in the face of financial liberalization, particularly by *Milliyet*, refers to uneasiness in internalizing such kind of permissiveness. The problematic parts of such an attempt found place in both newspapers, especially on the basis of the threat of hot money. The essentiality of regulatory institutions in the aftermath of financial crisis in 2001 was mentioned in the newspapers of 2005, but there is no serious challenge to financialization as a phenomenon that Turkey was in need of on the

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<sup>171</sup> *Milliyet*, 22 April 2005.

<sup>172</sup> *Milliyet*, 1 December 2005.

basis of its dependence on foreign capital inflows to compensate the current account deficit. The newspapers in 1995 were important in the sense that warnings about a potential financial crisis due to this kind of liberalization free of regulatory ties were emphasized. The manner of the newspapers is generally shaped around the limitations of financialization without challenging its existence in the economy. This is normal since the global era points out the realm of finance which interconnect the world markets. It is noteworthy to mention that, both newspapers approach the issue with caution and give warnings to economy administration. The media can be assessed as the fourth governing power of economy in terms of the qualified origins of the column writers and their positions as opinion leaders. The increasing focus on financial issues are reflections of the demand for them.

### Privatization of State Economic Enterprises

#### Privatization of State Economic Enterprises in 1975

The notion of privatization can be perceived as a kind of utopia in the newspapers of 1975. The State Economic Enterprises are the basic agenda item in the 1975 newspapers since that period points out not privatization but nationalization. On the other hand, there is an analysis of the situation intended for a quest for an alternative, since they are not efficient and have become costly.

Analyzing the reasons of the costs of the SEEs, the wage price policies and the excessive number of staff are to be condemned. Moreover, the bi-yearly raises in

wages without making any discrimination among the type and quality of the work are mentioned as other conditions increasing the costs<sup>173</sup>

Furthermore, the usage of this excessive work force is said to be not directed to production and the fact that there is no room left for the accumulation of experience in technical staff is said to help to reach a conclusion that the SEEs are inefficient in a sense.<sup>174</sup> This inefficiency yields to reductions in the investment rates of the SEEs and compulsion regarding the procurement of internal and external financing.<sup>175</sup>

The views and critiques of the businessmen and the private sector in terms of the allocation of resources in convincing amounts to themselves are among the issues handled in the newspapers.<sup>176</sup> The news that is complimentary to the private sector frequently finds place in both newspapers. The denotation of high profits the private banks make<sup>177</sup> and the realization of objectives of the private sector by 123.8 percent<sup>178</sup> can be characterized as examples of this sympathy.

In a nutshell, the costs of the SEEs and the reduction in their investment capacities are at the heart of the agenda. However, despite the praise to the private sector, there is no place for marginal ideas under the name of privatization in the newspapers in 1975.

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<sup>173</sup> *Milliyet*, 22 December 1975.

<sup>174</sup> *Milliyet*, 28 August 1975.

<sup>175</sup> *Milliyet*, 6 June 1975.

<sup>176</sup> *Hürriyet*, 12 January 1975.

<sup>177</sup> *Hürriyet*, 19 June 1975.

<sup>178</sup> *Milliyet*, 12 January 1975.



## Privatization of the State Economic Enterprises in 1985

1995 refers to a period in which the notion of privatization comes into effect not practically but theoretically. The privatization program has started to be implemented in 1985 and there is general consensus about the necessity of useful privatizations whose returns would be channeled to the right places. However, we don't see many firms privatized until the 2000s.

The idea of privatization is wheeled out on the basis of the SEEs as might be expected, notwithstanding, in another dimension in 1985. The costly SEEs are now in a position that makes huge profits by implementing high prices and paying low wages. As a result of these policies, the wages in public sector get behind the wages in the private sector for the first time.<sup>179</sup> In addition, the SEEs are criticized in terms of the inert mechanisms, growth difficulties and bureaucratic character.<sup>180</sup>

In fact, even though the SEEs are condemned, the critiques target the government policies which exploit the SEEs as political instruments. For obvious reasons, it would be impossible for the frustrated SEEs whose appropriations are eliminated to make investments. As for the reduction in wages in the public sector, the stance of the newspapers on behalf of the public sector workers is apparent through their assertions about their performance.<sup>181</sup>

The headlines in 1985 are stunning. Among them there are “*24 Ocak’ın son halkası: Devlet Kuruluşlarını Özelleştirmede Ana İlkeler Belli Oldu*” (The last

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<sup>179</sup> *Hürriyet*, 7 March 1985.

<sup>180</sup> *Hürriyet*, 25 February 1985.

<sup>181</sup> *Hürriyet*, 4 June 1985.

phenomenon of the January 24: The main principles in privatization of the SEEs are identified), “*KİT’leri Eđer İsterlerse Yabancı Firmalar da Satın Alabilecek*” (Foreign Firms are Allowed to Buy the SEEs)<sup>182</sup>, “*32 KİT’e Patron Aranıyor*” (Governor wanted for 32 SEEs)<sup>183</sup>, “*KİT’ler de Satılıyor*” (The SEEs are on the market)<sup>184</sup>. These SEEs, which are supposed to break profit records, are to be privatized by the most comprehensive privatization plan by the United States in 1986 which aims to bail out the state budget via boosting competitiveness and efficiency.<sup>185</sup>

Even though there is no sharp opposition to privatization in *Milliyet*, the potential obstacles are underlined. The success of these privatization efforts is mentioned to be depend upon the persuasion of the private sector to the captainship of the industry. In addition, the reactions of the workers in the SEEs and trade unions, the difficulty for the capital markets which do not have a stock market and objectively defined pricing standard in coping with the increasing SEE shares that are burst into the scene.<sup>186</sup> The other reason behind the suspicious views against privatization can be related to where the privatization income was to be channeled to. The assertion that the privatization income would be used for the benefit of the vast majority of public to attain more shares in national income is mentioned as the ostensible legitimization ground for the privatization practices.<sup>187</sup>

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<sup>182</sup> *Hürriyet*, 30 July 1985.

<sup>183</sup> *Hürriyet*, 30 July 1985.

<sup>184</sup> *Hürriyet*, 30 July 1985.

<sup>185</sup> *Hürriyet*, 25 October 1985.

<sup>186</sup> *Milliyet*, 5 August 1985.

<sup>187</sup> *Milliyet*, 17 September 1985.

On the other hand, considering the previous experiences, there are many critiques about the sales of the SEEs, especially in *Milliyet*. There are statements claiming that the sales of the SEEs are expected to cut off the burden on the state is composed of an illusion,<sup>188</sup> and the process steps oriented to privatization by government are not that pragmatic in the sense that it would sell all of the efficient SEEs and subjugates the inefficient ones to remain inefficient in fear of being sold.<sup>189</sup>

The outside image of Turkey is underscored in both newspapers, too. In *Milliyet*, there is a quotation from the *Economist*, which sheds light on Turkey, positioning itself as European in terms of the emphasis on privatization of the SEEs.<sup>190</sup> In an assembly of *Business International*, the Deputy Prime Minister Kaya Erdem is questioned by foreigners and one of his answers to the question “Is there a danger of nationalization?” catches attention. Erdem replies that they should not worry and focus on that, there is no nationalization danger in Turkey; on the contrary, it speedily proceeds to privatization.<sup>191</sup> This news is reflected in an ironical way in the newspaper.

As for the attitude of firms, it can be said that the support of the government to the firms with a mindset that is “what is good for big firms is good for the country” naturally strengthens the relation between the government and businessmen,<sup>192</sup> and leads resentment in the society.<sup>193</sup> The firms are claimed as hopeful since they have the accessibility to foreign credit in this period.<sup>194</sup>

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<sup>188</sup> *Milliyet*, 2 December 1985.

<sup>189</sup> *Milliyet*, 20 October 1985.

<sup>190</sup> *Milliyet*, 26 December 1985.

<sup>191</sup> *Milliyet*, 25 October 1985.

<sup>192</sup> *Hürriyet*, 8 March 1985.

Although there are not many practices of privatization in this period, this issue finds a repercussion in the press on the discursive level.

### Privatization of the State Economic Enterprises in 1995

In 1995, the presence and continuity of the ideas related to privatization are much more in the foreground. The ideology in 1975 is completely reversed that the delays and the inadequacies of privatization practices meets with reaction in the newspapers. Articles reflect the dissatisfaction with the privatizations both by levels of it and the method. The transfer of the Meat and Fish Authority to workers forms a basis for the formation of the opposition to the method in the sense that this is rather unionization.<sup>195</sup> In addition such a privatization is characterized as a waste of time instead of gains and the implementations of privatizations are identified as shiftless by Sabancı in *Hürriyet*.<sup>196</sup> The Turkish Industrialists' and Businessmen's Association also labels these attempts as sensational that are executed by political concerns and claims that these attempts may result in making a clean break in privatization.<sup>197</sup> The repercussions outside are also related to the inadequacy of privatization practices.<sup>198</sup>

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<sup>193</sup> *Hürriyet*, 9 July 1985.

<sup>194</sup> *Hürriyet*, 4 April 1985.

<sup>195</sup> *Hürriyet*, 3 February 1995.

<sup>196</sup> *Hürriyet*, 11 February 1995.

<sup>197</sup> *Hürriyet*, 17 February 1995.

<sup>198</sup> *Milliyet*, 18 April 1995.

In another article by Şeref Oğuz, privatization attempts are identified as insufficient and aimless and the lagging reform are said to bring harm instead of gain.<sup>199</sup>

It is noteworthy to indicate that both newspapers stipulate permanency of privatization in order to attain democracy and efficiency. According to an article by Şahin Alpay and Nilüfer Kuyaş in *Milliyet*, the developmentation of the free market system is suggested as a synonym for the developmentation of democracy; hence, privatization is supposed to contribute much to the functionality of free market system, by the way, to democracy. The minimization of the role of the state is mentioned to be meaningful in the sense that a state which both owns the economic and political power will bring about tyranny and insolvency to citizens.<sup>200</sup> In another article in the same newspaper, the idea of privatization is said to have emerged by the disappointment of the collapse of state capitalism and etatism throughout the world in the previous fifteen-twenty years and claims that the idea that the state is the only means of provision of social justice is dead.<sup>201</sup>

Counter to the oppositions to privatization from social arenas, the long-term benefits of privatizations are propounded. The support of this claim by Ege Cansen in *Hürriyet* is exemplified as the fact that although the loss of jobs for some people is inevitable in the short run, by the balance within the efficient usage of national resources and capital formation, there would be an employment generated for millions.<sup>202</sup> In addition, the director of the Privatization Administration, Ufuk Söylemez says that these privatizations are not against the public, but in favor of the

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<sup>199</sup> *Milliyet*, 8 May 1995.

<sup>200</sup> *Milliyet*, 20 April 1995.

<sup>201</sup> *Milliyet*, 24 March 1995.

<sup>202</sup> *Hürriyet*, 23 February 1995.

public and demands the support and affinity of each and every segment of society.<sup>203</sup> Sale without the permission of the public with the mentality of “*ben sattım oldu*” (I decided to sell and did it) is reflected as impossible as it is appeared in Erdemir example.<sup>204</sup> At this juncture, we can say that consensus among the public about privatization is tried to be acquired by the manifestations that stipulate privatization for democracy and an emphasis on the importance of persuasion.<sup>205</sup>

### Privatization of the State Economic Enterprises in 2005

The 2000s have been an era in which the issue of privatization has gained momentum not only in theory but also in practice. Hence, it is not surprising that this subject matter were common theme in the newspapers in 2005. Even though the societal reactions are also represented from time to time; there is not an observable deviance from the insistence of the vitality of privatization, especially in *Hürriyet*.

The opposition to privatization is generally shaped around neonationalist discourses and the reactions in the newspapers generally target and criticize this stance by arguing neonationalism is not meaningful in this era of globalization. The economic conjuncture is reflected to entail continuous privatizations consistent with free market system.<sup>206</sup>

The formation of an idea that is “*Devletin malını peşkeş çekiyorlar*” (They make benefits of the state property available) is tried to be falsified through the articles especially in *Hürriyet*. In an article by Vahap Munyar under the heading

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<sup>203</sup> *Hürriyet*, 23 April 1995.

<sup>204</sup> *Milliyet*, 21 July 1995.

<sup>206</sup> *Hürriyet*, 8 September 2005.

“*Turkcell’i yabancıya satan vatan haini mi?*” (Is he a traitor who sells Turkcell to foreigners?), the inadequate capacity of the private sector is presented and privatization under these circumstances is introduced as unprecedented.<sup>207</sup>

Ercan Kumcu also takes a stand on behalf of the privatization from a different perspective. He complains about the excessive employment in the state-owned firms and mentions that, whoever gets the share of the state the situation would be better than it is now. In this way, the state would be eliminated from the production sphere and do its own duty as a control mechanism.<sup>208</sup>

Ercan Kumcu, who perceives privatization as an important parameter in terms of minimizing state intervention in the economy and reduction of the public debt ratio, claims that the government does not put the privatizations that were carried out in the previous two and three years into words due to public restraint. However, he mentions that, this performance would have made by the previous governments go into raptures.<sup>209</sup>

There is a distinct stance in *Milliyet* particularly in the articles by Güngör Uras. In an article that is about the privatization of SEKA, he mentions that he is not an opponent of privatization in case it is executed for obtaining a better management in inefficient state enterprises, but the privatization of SEKA is a sorrowful case in the sense that it is sold by the piece.<sup>210</sup> He also does not hide his astonishment in the face of the vigorous advocates of privatization. He finds the excitement in the

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<sup>207</sup> *Hürriyet*, 26 September 2005.

<sup>208</sup> *Hürriyet*, 28 June 2005.

<sup>209</sup> *Hürriyet*, 15 September 2005.

<sup>210</sup> *Milliyet*, 10 January 2005.

presence of the sales of big business firms on the basis of the exchange and stock market issued that is hewed out as meaningless.<sup>211</sup> In addition, the privatization of the SEEs that function properly and are free of market, technology and investment problems are claimed to be purposeless.<sup>212</sup> Everything aside, the privatization income is said to be channeled with interest payments, as expired cost.<sup>213</sup>

The attitude of Hurşit Güneş in *Milliyet* is different. He focuses on the sale of “*Türk Telekom*” and labels this privatization a “lucky sale.” On the other hand, he stresses that the specification of essential regulations according to protection of both competitiveness and consumer.<sup>214</sup>

### Concluding Remarks

Privatization can be characterized as the tenet which is most challenged especially by the public. There is nothing about privatization in the press in 1975, but 1985 has come up with a tremendous repercussions at least in the discursive level. However, it should be noted that the stance of the newspapers in 1985 is almost completely different than in 1995. Privatization is not easily adopted and there was not sufficient progress in implementations. The influence of the governing parties privatization administration in internalization of this tenet cannot be disregarded.

We see a sharp change in 1995 about the viewpoints against privatization. Similar with the other tenets, the advocacy of privatization issues reached its peak in

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<sup>211</sup> *Milliyet*, 28 March 2005.

<sup>212</sup> *Milliyet*, 20 April 2005.

<sup>213</sup> *Milliyet*, 1 September 2005.

<sup>214</sup> *Milliyet*, 22 June 2005.



1995. At this period, the critiques are not oriented to the necessity of privatization but the insufficient implementations of privatizations and corruptions in practices. The addiction to the IMF remedies were much more acceptable and the nationalist discourse was less effective in the 1990s, thus we can reach a conclusion that if the privatization practices in the 2000s were on the agenda at those times, the reactions might be less than they are in the 2000s. When we come to 2005, we cannot say that the privatization has been completely adopted since the nationalist discourses due to high levels of privatizations have come onto the agenda. However, this cannot be defined as hegemonic discourse and *Hürriyet* continues its viewpoint on behalf of the privatization in contradistinction to *Milliyet*. This difference might be related to their self-descriptions of the ideological stance.

## Foreign Direct Investment

### Foreign Direct Investment in 1975

In 1975, it can be said that there are not many articles related to foreign direct investment. The perception related to foreign capital was constructed upon the economic policies of the United States related to this theme. The suspicious contention against the policies of the United States is the case in point as it is mentioned in the analysis of other tenets. For instance, there is a phrase in *Hürriyet*, which dwells upon the fact that the United States does not let the foreign capital in itself but it prescribes elimination of the barriers in front of foreign capital inflows.<sup>215</sup>

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<sup>215</sup> *Hürriyet*, 23 April 1975.

In *Milliyet*, it is stated that there are two billion dollars foreign capital in one hundred and eighteen firms with foreign partnership.<sup>216</sup>

The rareness of the expressions about foreign capital should be taken as normal since Turkey was experiencing moratorium condition in 1975, and the credibility was a problem for the country then. Thus it would not be meaningful to expect foreign investment for that period.

### Foreign Direct Investment in 1985

In 1985, foreign investment becomes one of the main themes on the agenda, particularly on the basis of the policies of the government and efforts in order to attract foreign capital. An investment boom is expected and attraction of foreign capital is promoted by the newspapers.

This issue receives extensive coverage in both newspapers particularly on the basis of the frequency of the government in the pursuit of foreign investment abroad.<sup>217</sup> However, despite Özal's efforts to attract foreign investment by pledging the sustenance of the free market ideology<sup>218</sup> and the suggestions of *Business International* focusing on the advantages of investment in Özal's Turkey,<sup>219</sup> the high

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<sup>216</sup> *Milliyet*, 18 February 1975.

<sup>217</sup> *Hürriyet*, 2 February 1985.

<sup>218</sup> *Hürriyet*, 23 March 1985.

<sup>219</sup> *Hürriyet*, 23 October 1985.

inflation and Turkish firms that are reflected as unable to offer a suggestion<sup>220</sup> lead to the inadequacy of foreign investment.

However, the presence of a government that warrants investment risk guarantee agreements<sup>221</sup> that would not let them sorry in the case of investment<sup>222</sup> and the permanence of the free market system can be portrayed as the first steps to high amounts of investment in the coming years. To be more precise, the Özal period can be defined as distinctive in the sense that the market of Turkey is perceived as utilizable and exciting.<sup>223</sup> The foreign investors place reliance in Özal and assess the political left as not statist like before. This implication of these neoliberal tenets that are seen as internalized by Turkey points out an irremovable transformation in the eyes of foreign investors.<sup>224</sup> Business International here again plays the leading role.

All the indicators among the newspapers signify sympathy to foreign direct investment. The importance and essentiality of foreign investment would form a basis for source creation in transform the ideological prescriptions in January 24, to growth and development. The foreign direct investment plays a crucial role in preventing a potential insolvency in neoliberalism applications.<sup>225</sup>

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<sup>220</sup> *Hürriyet*, 11 January 1985.

<sup>221</sup> *Hürriyet*, 26 July 1985.

<sup>222</sup> *Hürriyet*, 23 March 1985.

<sup>223</sup> *Hürriyet*, 6 February 1985.

<sup>224</sup> *Milliyet*, 23 October 1985.

<sup>225</sup> *Hürriyet*, 23 March 1985.

## Foreign Direct Investment in 1995

The request for foreign capital continues in 1995 and the obstacles related to inadequate foreign direct investment flowing in the country are analyzed.

Turkey can be characterized as one of the most popular potential markets in 1995 and investment appeals are called on in manifestations of foreign banks<sup>226</sup> and the United States.<sup>227</sup> Despite the appeals to foreign investment through the foreign forces and internal instruments, the President of the Foreign Capital Association Yavuz Canevi, says that the foreign capital is oriented to portfolio investment and in pursuit of rent, which can be assessed as rather unpreferable.<sup>228</sup>

What remains from 1985 is the ongoing sympathy for foreign direct investment in newspapers. Both businessmen and column writers are in praise of it.<sup>229</sup> However, the macroeconomic conditions are presented to blame in analyzing the inadequacy of foreign investment.<sup>230</sup> Still, it can be said that Turkey is perceived as a creditworthy market in the eyes of foreigners on the basis of the Governor of Inter Continental, who says that Turkey would be an arbiter in the medium term in its region.<sup>231</sup> The World Bank also comes up with a new guarantee system by making the infrastructure investment and undertakes the risks of the firms of foreigners.<sup>232</sup>

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<sup>226</sup> *Milliyet*, 2 June 1995.

<sup>227</sup> *Hürriyet*, 3 November 1995.

<sup>228</sup> *Hürriyet*, 20 May 1995.

<sup>229</sup> *Milliyet*, 7 November 1995.

<sup>230</sup> *Milliyet*, 18 May 1995.

<sup>231</sup> *Milliyet*, 2 June 1995.

<sup>232</sup> *Milliyet*, 29 April 1995.

Naturally, the capital account liberalization also contributes to the increase in the volume of the capital inflow in a sense. Nevertheless, Turkey is in need of a much more inflow that would not only be oriented to portfolio investment. The general atmosphere in the newspapers refers such a conclusion

### Foreign Direct Investment in 2005

As for the newspapers in 2005, the presence of the stress on the validity of foreign investment continues and the elimination of reasons such as the informal economy and high current account deficit behind the inadequate ratios of foreign direct investment are emphasized.

It would not be wrong to claim that foreign direct investment is one of the most central themes in the newspapers of 2005. Even though the praise for it is still present in 2005, the criticisms cannot be disregarded, which target the orientation of the foreign capital to arbitrage profit that are ineffective for the country.

Similar to the reactions to privatization, the public is mentioned to side against foreign capital. Vahap Munyar stresses the invalidity of this point of view in his article under the heading “*Sermayeye Yabancı Demek Bize Yakışmıyor*”<sup>233</sup> (We should not label capital as foreign). Erdal Sağlam also draws attention the concerns about the increases of the shares of foreigners in banks and focuses on the meaninglessness of nationalism discourse under the penetration of globalization.<sup>234</sup> Ercan Kumcu also implies that this nationalist discourse cannot mean further than

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<sup>233</sup> *Hürriyet*, 25 November 2005.

<sup>234</sup> *Hürriyet*, 3 February 2005.

drawing the country into an excluded position in the framework of globalizing trade relations.<sup>235</sup> He insists that the financing of the current account deficit is subject to maintenance of foreign investment.<sup>236</sup> Yet he suggests that Turkey is at the starting point in the foreign capital experience and the large part of the foreign capital flows in the country via buying the operating companies which does not create production capacity. Without underestimating this type of capital inflow, he mentions the useful foreign capital should increase production capacity and employment.<sup>237</sup>

Güngör Uras in *Milliyet* also elaborates on this point. In an article titled “*Yabancılar Yatırım Yapmıyor, Satın Alıyor*” (Foreigners do not invest, they buy) he puts emphasis on the fact that, foreign capital comes to the country in order to buy the public and private firms that can be actually public domain. This should be named as credit, not investment he suggests. The welcomed type of foreign capital is supposed to increase the production and employment capacities with technology intensive investments, that would solve the problems about foreign exchange reserves, thus relieve the economy from the financial distress and pursuit of foreign debt.<sup>238</sup> In another article, he says “*Yabancı Sermayenin Fabrika Kuranından İstiyoruz*” (We want productive foreign capital) and mentions that this type of investment is actually more than thought.<sup>239</sup>

Meral Tamer touches on a different point and proposes that what is important is not whether the capital is foreign or domestic, but the management of this

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<sup>235</sup> *Hürriyet*, 31 July 2005.

<sup>236</sup> *Hürriyet*, 17 August 2005.

<sup>237</sup> *Hürriyet*, 8 December 2005.

<sup>238</sup> *Milliyet*, 1 February 2005.

<sup>239</sup> *Milliyet*, 12 July 2005.

investment capital by national authorities.<sup>240</sup> As for the previous subject, she positions herself in an article titled “*Yabancı Sermayeye Evet, Yabancı Firmaya Hayır.*”<sup>241</sup> (Yes to foreign capital, no to foreign firm.) In questioning whether a restriction should be put on foreign capital, she suggests that, foreign capital is essential for employment but setting bounds to foreign capital as part of privatization would be applicable and emphasizes on the fact that, “capital has a nationalistic character in this context.”<sup>242</sup>

### Concluding Remarks

Foreign direct investment in the newspapers can be defined as a theme that receives favorable reception on the condition that it is not in the form of hot money. By the 1985, the repercussion of this tenet in the newspapers is significant with the help of the governing power in search of foreign capital outside the country. 1995 also points out a sympathetic stance of both newspapers against the productive foreign investment. As for 1995 and 2005, we can say that foreign direct investment seems a necessity to compensate the current account deficit but critiques related to the form of foreign capital are also on the agenda. Moreover, it can be seen that there is the emergence of a nationalist discourse against the sales of banks and firms to foreigners. The sympathy for foreign direct investment shows some fragmentations especially in *Milliyet* on the basis of this nationalist discourse. *Hürriyet*, on the other hand, continues its reliance in foreign investment and foreign capital. Shortly, the

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<sup>240</sup> *Milliyet*, 5 May 2005.

<sup>241</sup> *Milliyet*, 6 October 2005.

<sup>242</sup> *Milliyet*, 19 July 2005.

2005 witnessed a skeptical stance in general in comparison with the rhapsodical praise to foreign investment in 1985.

Briefly, it can be said that foreign direct investment find place in the press media parallel with permanent requirement of the economy in order to continue its sustainability. It is normal for the press that welcomes the foreign direct investment in the sense that the economy that is adopted to neoliberal rules would appreciate the foreign direct investment without discriminating the form of it since it is in fact a system requirement. In short, all these tenets refer to rings of the chain and cannot stand any deficiencies in any component. The reflections of this situation in the press media shows parallelism with the realities of economic and political sphere of the country.



## CHAPTER FIVE

### CONCLUSION

This thesis analyzed the reflections of a distinct development debate, the Washington Consensus in two representatives of the Turkish mainstream media, *Hürriyet* and *Milliyet*. The six basic principles of the Washington Consensus, which are the most influential and suitable ones for the Turkish case were chosen to be studied: trade liberalization, competitive exchange rates and market-determined interest rates, deregulation, capital account liberalization, privatization and foreign direct investment.

The guiding spirit for me to conduct this analysis was a work by Robin Broad, a professor at the American University, in which the attitude of the two representative journals in the United States, New York Times and Business Week, were analyzed in the face of the Washington Consensus principles. Her methodology has been the major guideline for me. It was the mainstream media of a developed and a powerful country with special emphasis on the stance of these journals after the Washington Consensus experience that she worked on, yet, in this thesis the media of a developing country was examined from the very beginning of the emergence of the influence of the Washington Consensus in the economy. Hence, in this study, the differences in the prior perception of the Turkish economy before

the dominance of the neoliberalism and the aftermath of the neoliberal transformation was revealed with a comparative perspective.

Indeed, this study problematizes the Turkish media experience with the neoliberal transformation taking the manifestations of two popular newspapers in the corresponding period. During the research, I looked up the archives of the newspapers, went over the articles and declarations of the indicated journals, and analyzed the base points of their discernments. The main objects of the thesis are the political economy articles that appear in the most widely-circulated newspapers that are *Hürriyet* and *Milliyet*, as it is mentioned. Given a certain political economic context of the neoliberal era, to what degree the articles were correlated with the outside economic debates and neoliberal prescriptions are revealed.

The first chapter elaborated on a literature review about the emergence of the Washington Consensus as a neoliberal package and the debates around this phenomenon. The economic conjuncture of the developing countries that obliged them to accept the neoliberal remedy and results of the neoliberal experience were presented. The reactions and debates related to the deficiencies of the Washington Consensus were mentioned, taking the economic elites such as Joseph Stiglitz, Dani Rodrik and John Williamson as references. Theorization of the formation of a new ideological mindset as a reformulation of the Washington Consensus aiming to broaden the development goals via the redistributive policies under the name of the Post Washington Consensus was made. It is claimed that the general opinion among these elites and the World Bank Development Reports emphasizes the revision of this paradigm by smoothing the strict prescription of the Washington Consensus. The

literature that was scrutinized in Chapter One and summarized above constitutes the theoretical basis of this study.

The second chapter constructed a historical context of the last forty years of the Turkish economy. The presence of different mindsets in each decade represented a base point for this thesis in the sense that the newspapers' perceptions of the economy were somehow parallel with the economic transformations that were experienced. Keeping this in mind, the basic economic and political policies in these forty years which would be reference points to this work were reflected in the second chapter. The dominant ideological mindset and the economic conjuncture of the country for each decade were expressed briefly.

The third chapter elaborated on the emergence of a new economic journalism given the context of the neoliberal era. For an accurate understanding of the issue, a detailed analysis of the chronological transformation that is obvious in the economy pages is done. The most striking headlines and quotations representing the internalization of the new trend were discussed. The first three tenets, which were trade liberalization, competitive exchange rates and market-determined interest rates and deregulation were elaborated with reference to related news and articles. In fact, we cannot claim that these tenets were not challenged by the newspapers.

Notwithstanding, the internalization of these tenets through the period scrutinized is apparent despite the opposing ideas. In fact, the challenging views were mostly unable to go beyond the criticisms about the functionality of the neoliberal economic apparatuses. This stance also proves the irreversible hegemony of neoliberal principles. Trade liberalization among these can be characterized as the most intact one. There were no signs of the idea about closing the borders of the

economy and implementing the import substitution development model again. The principle of deregulation which suggests the minimization of the role of the state in the economy can be defined as the tenet which witnessed the sharpest shift of views. Exchange and interest rates were always perceived as a problematic issue, so that, except the management of these instruments and the timing of the transition to convertibility and market determined interest rates, this issue was not that challenged in the context of global economic conditions. As for the differences of the viewpoints between *Milliyet* and *Hürriyet*, we can say that, *Milliyet* made more challenging argumentations against the free market system and deregulation in the early years of neoliberalism in Turkey. The ideological shift in *Hürriyet* was much more apparent throughout the period. Even the differences between the economy pages in 1975 and 1985 would demonstrate the stunning transformation. On the other hand, except some column writers, *Milliyet* could never be defined as a vigorous advocate of the neoliberal principles in these four sample years. Consensus among the ideas on behalf of the neoliberalism was much more obvious in *Hürriyet*. However, the reader should keep in mind that, these generalizations are for a certain period and certain articles.

The fourth chapter continued to explore the evolution of the newspapers' positions vis-à-vis the neoliberal tenets of financial liberalization, privatization and foreign direct investment. How often the mentioned key areas appeared at the economy pages was explored and bounded by the sample, the ratios were set out, which yielded to a systematic insight to the issue. The findings were supported by the quotations both from the articles and news. In addition, the changing face of economy pages in these newspapers, especially in the sense of the issues they handled demonstrates how much the media was affected by the dominant flow of the

neoliberal ideology. The increase in the ratios of the headlines about the financial markets, interest rates, privatization, stock markets, exchange rates etc. can be seen as the main implications of the transformation. Among these three, privatization can be mentioned as the most disputable tenet, particularly in the years 1985 and 1995, in which the ideological debates rather than privatization practices were on the agenda. Especially 1995 witnessed the reverse of the viewpoints related to privatization that the newspapers became full of privatization praises. Financial liberalization was seen as a necessity for a developing country to balance the payments. Consistent with the interest rate liberalization and convertibility, the financial liberalization played a decisive role in reformulation of the economic policies. The deficiencies of unregulated financial markets are mentioned especially on the basis of the threat of hot money. On the other hand, foreign direct investment was perceived as an essential part of the sustainability of the economic performance through these years. The positions of the newspapers in the face of these tenets did not differentiate much. Each newspapers focused on the deficiencies of financial liberalization and the need of foreign direct investment that creates employment and contribute to production. Nevertheless, privatization was somehow challenged in *Milliyet* in 2005 while it was intensely ordered in *Hürriyet* 2005.

As for the Post Washington Consensus phenomenon, we can say that, it did not find much place in the mainstream media. There is not much awareness about what the Post Washington Consensus brought about due to the fact that it did not refer to a clear-cut consensus with a certain framework. It can be said that the mainstream media seemed somehow negligent of not carrying out the critical debates in the world but not without exceptions. In *Milliyet*, which acted with more deliberation during this neoliberal transformation, the essentiality of autonomous

regulatory institutions instead of state intervention and the social security deficits were emphasized by each columnist. The importance of regulatory bodies and the necessity of the elimination of the corruptions in financial markets appeared in *Hürriyet*, too. In fact, it can be said that in *Hürriyet*, the reflections of the Post Washington Consensus debate was generally limited by the establishment regulatory bodies in banking system and anti corruption attempts in parallel with the prescriptions of the European Union and IMF. Briefly, it can be said that, suggestions about some economic policies related to regulations, the banking sector, anticorruption that are compatible with the Post Washington Consensus were emphasized in each newspaper.

However, these cannot be said to be based on a certain reformulation of the ideology in a specified framework. In other words, the constituents of the neoliberal tenets of the Washington Consensus were not that challenged by the newspapers, especially by *Hürriyet*. In fact, this is not that surprising in the sense that, unless a world-shaking deviance from the neoliberal mindset comes into existence in the global economy that comes up with radical alternatives instead of the former; expectation of a radical change in the viewpoints of the media would be unrealistic. The economic and political conjuncture of the country which draws the attention to some other aspects related to the ethnic and religious debates, also contribute to keep the outside debates about the economic ideology in the background.

Keeping all these in mind, this thesis came up with a coherent analysis of the transformation of the mainstream media in forty years. Together with the inner dynamics of the country, to what degree the internalization of the neoliberal prescriptions was substantiated was revealed on the basis of the popular press media. The changing discourse in these two representative newspapers provided an insight

in achieving a systematic understanding of recent Turkish economic history and the manipulative attempts of the media in shaping the perceptions of the readers.

At this stage, there are some challenges. One of the challenges is that there is a lack of literature investigating the overall tendency of the mainstream media towards the neoliberal transformation in Turkey. In fact, I could not find any similar work that has been done about changes in the attitude of popular media except Ercan Kumcu and Şevket Pamuk's work that briefly analyzes the last fifty years of the economy in the pages of *Hürriyet*. The second challenge stems from the fact that the literature of media research in Turkey is mostly related with the power relations of the political government. The Özal and Justice and Development Party era would be good examples in terms of their dominant influence on media. Although the transformation in the perception of economic debates were the most striking part of the neoliberal era, the government-media relations, religious or nationalist approaches and partisan media issues have been mostly worked on throughout the period.

In order to contribute new evidence to this literature, this thesis scrutinized different dimensions of media study. Looking at economy pages in the newspapers and collecting substantial data about the changes of the issues handled both just before and in the aftermath of the Washington Consensus has been a systematic, objective and considerably accurate study. Actually, this is the dimension to which this study aims to contribute.

It is worth reemphasizing that this study did not aim to understand the whole reflections of the neoliberal era on the press media primarily; instead, this thesis focused on two major popular newspapers of the mainstream media of Turkey for a

certain time period. The contribution of this study to the literature is the provision of a systematic insight about the manifestations and ideological position of the two most popular representatives of the mainstream media.

However, if some other newspapers had been examined, the results would have been different from these. The ideological position of the newspaper is the prominent determinant of the discourse evaluated. These newspapers analyzed in this thesis are daily newspapers, thus their contents are correlated with the economic and political atmosphere then in the country. For instance, the media and the government were so strongly interrelated in the 1980s that the news and articles were shaped according to their stance via the government. The prominent figure Özal was always involved in interaction with the media. The widespread advocacy of the neoliberal discourse by the newspapers in the 1990s would be a result of the political and economic instability the country experienced and the weakness of the governing powers which yielded the perception of a management that was not self-sustained. The press members emphasized the need for the international financial institutions for recovery. The anti-globalization discourse of some newspapers in the early 2000s can be assessed as a reaction to the 2001 and 2009 crises in which the preliminary reason was unrestrained globalization.

Whether these results are normal or not are somehow obscure due to the fact that the media of some other developing countries were not examined in this thesis. For instance, it would be very useful to analyze the mainstream press media of the Latin American countries and their stance in the face of the Washington Consensus principles. It would be an interesting case since the Washington Consensus first emerged as a remedy package for especially the Latin American countries. In order to look at the issue in a comparative perspective, the viewpoints of the other



developing countries that experienced the Washington Consensus is essential. Then, the Turkish case would be more explicable and the assessment of the attitude of the Turkish press media would be more meaningful.

This issue also could be perceived from different perspectives; the sociological origins of the Turkish economy journalism, the ideological shifts it experienced are all the other dimensions of the today's economy journalism. In addition the newspapers in the critical years such as the 1980, 1994, 2001 could be analyzed in order to see the first reactions to the economic turbulences. Notwithstanding, the reason behind the choice of the 1975, 1985, 1995 and 2005 is that they represent the middle of each decade and they don't exactly point out the crisis years which might yield to deviations from the general viewpoints. In contemplation of this, the relatively peaceful years were chosen.

My intention in this thesis was to examine the subject from within a political economy framework for a certain period of time and to work on the reflections of the mainstream mindset. The inadequacies are obvious. The mainstream media is a comprehensive field in which to work. I could only focus on two representatives, so I could not generalize the findings and I could not arrogate the ideology that was figured out for the whole mainstream media. However, this work would provide a future for further research since it offers a strong evidence of looking the media research from a different lens: "analysis of the reflections of a turbulent era on daily manifestations." This points out a gradual, slow, but a radical shift in the end.

Apart from the mainstream media, the leftist attitude towards the global atmosphere is also worth analyzing. The behavior of television channels, the video news reports would be good working areas in order to have a better understanding.

The relations between government and media in each period would also be an interesting case to analyze. Journalism has always been an important instrument in constructing the mindset of the public in Turkish Republic, hence requires critical attention in order for a systemic understanding.

During this study, I had the chance to see the panorama of the change in the last forty years, which gave me a distinguished prospect in mastering the recent history of the Turkish economy with the help of these analytical tools.

Finally as aimed at this study, in order to evaluate the impacts of the neoliberal era on the mainstream media, this study represents a good starting point. Media is a very important instrument in shaping and transforming the perceptions of people. Consciously or unconsciously, our turn of mind has become a product of the impositions we witness in the media. The manipulative force of the media cannot be disregarded, thus, this study will be helpful in understanding the impetus behind the adaptation of the mind setting of people to the neoliberal transformation.

## APPENDIX A

### FIGURES

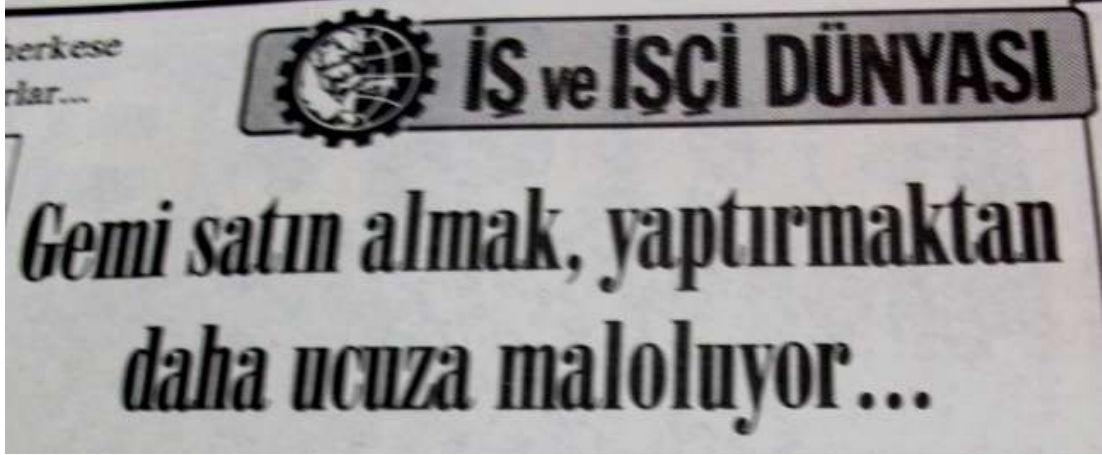


Figure 1



Figure 2

Dış ticaret açığımız tahminin iki katına çıktı



İŞ ve İŞÇİ DÜNYASI

# İthal fiyatları ihraçtan daha hızlı artıyor

1974 yılı içinde Türkiye'nin ithalat ve ihracat dengeleri programı dahilinde açıklanan dış ticaret verileri de programda açıklanmış çok önemli göstergelere sahip. İthalatın büyüme hızı, ihracatın büyüme hızına göre 17,5 kat daha fazla. İhracat ise 17,5 kat daha fazla. İhracatın büyüme hızı ise 17,5 kat daha fazla. İhracatın büyüme hızı ise 17,5 kat daha fazla.

1974 yılı içinde toplam ihracat değeri 1973 yılına oranla yüzde 17,5 artarken toplam ihracat miktarı yüzde 14,5 oranında artmıştır. 1974 yılında ihracat miktarının fiyatları ise bir önceki yılın fiyatlarına göre yüzde 34,4 oranında bir artış göstermiştir.

1974 yılı içinde toplam ithalat değeri bir önceki yıla oranla yüzde 78,7'lik bir artış göstermiş, buna karşılık toplam ithalat miktarında bir önceki yıla oranla yüzde 3,2 artış olmuştur. İthalat miktarları fiyatları da aynı yıl içinde artışına yüzde 53,8 oranında yitmiş olduğu bir artış göstermiştir.

İhracat miktarında belgelin artışına yüzde 14,5 ve ithalat miktarında az da olsa artışa yüzde 3,2 girerken, ihracat miktarından artışına fiyat artışının yüzde 34,4'ine karşılık ithal mallarının fiyatları yüzde 53,8 oranında artışına karşın, 1974 yılına da dış ticaret açığının rekor düzeyde çıkması beklenmektedir.



## Ereğli' de geçmiş izin ücretleri ödeniyor

Ereğli Kömürleri İşletiminde çalışan 20 bin işçinin emekli olduğu tahmin ediliyor. Geçmiş izin ücretleri ödeniyor.

Bu konuda bir görüşme gerçekleştiren TSKİ Müdürü, emeklilik izin ücretleri ödeniyor. Geçmiş izin ücretleri ödeniyor. Geçmiş izin ücretleri ödeniyor.

## Emlak Kredi

## Deri satın deri alıyoruz

Hayvan derilerinin son derece kaliteli ve standartlara uygun olmaması nedeniyle dış ülkelerden deri satın alıyoruz. Deri satın alıyoruz.

## Sanayi tesisleri Aydın-Denizli yöresine

## Olaylara bakış Dünyada pahalılık

Dr. Atilla C. Tunçoğuz

Geçen yılın ithalat ve ihracat rakamları kesine yakın şekilde belli olurken, karşımıza önemli bir olgu çıkıyor: Dünyadaki pahalılık...

Fakat dünyadaki fiyatlar artmakta ve bizim aldığımız mallara ödediğimiz para yükselmektedir. Bir ülkenin dışarı sattığı malların, aldığı mallara oranına, "İhracatın ithalata karşılığı" adı verilir. Şimdi burada geniş hesaplarına girmeden söylemeliyiz ki, 1972 yılında yüzde 56,5 olan bu oran, geçen yıl 40,8'a düşmüştür. Eğer elimizde geçerli bir uluslararası enflasyon oranı olsaydı, bu yıl için de bu oranı bulabilirdik. Fakat kaba bir tahminle bunun yüzde 30'un altına düşeceğini söyleyebiliriz. Yani dışarıya aldığımız malların parası olarak ödeyeceğimiz her 100 liradan sadece 30 lira, dışarıya sattığımız mallardan aldığımız dövizlerle ödeyebileceğiz. İthalat açığımızı kapatmak için milli bütçemizin 70 lirası daha katılacak, demek istiyoruz.

Bu 70 lirası da toplamak için devletimiz vergiler koyacak, ücretleri çeğirecek, yurt dışına işçi gönderecek. Dünyadaki pahalılık bizi de etkiliyor sonuç olarak...

Figure 3

## “Bizi serbest piyasaya itenler korumacı oldu”

●Erdem, “Biz ticarete serbestleşmeyi uyguladıkça, ihraç mallarımıza karşı endüstriyel ülkelerden gelen korumacılık tedbirleri artmaktadır” dedi.

**L**UDWIGSBURG (Almanya), (ANKA)- Devlet Bakanı ve Başbakan Yardımcısı Kaya Erdem, “Türkiye’yi serbest piyasa ekonomisine geçmeye itenler, bugün bizim ürünlerimize karşı korumacılık politikaları uyguluyorlar” dedi.

Federal Almanya’nın Ludwigsburg Kenti’nde düzenlenen “Dünya Ticareti, Ekonomik İyileşme ve Dış Borçlar” konulu uluslararası toplantıda konuşan Kaya Erdem, dünya ticaret ve ödemeler sisteminde korumacılık önlemlerinin giderek arttığına dikkati çekti. Erdem, şunları söyledi:

“Son yıllarda gördüğümüz tecrübe odur ki, biz ticarete serbestleşmeyi uyguladıkça, ihraç mallarımıza karşı endüstriyel ülkelerden gelen korumacılık tedbirleri artmaktadır. Bu, bizim için çok rahatsız edici ve şaşkıncı bir durumdur. Zira, aynı endüstriyel ülkeler, Türkiye’ye üye olduğu birçok uluslararası ortamda, yıllarca ‘iç pazarı koruma politikasından vazgeçmesini’ tavsiye etmişlerdir.”

Erdem, Türkiye’nin “serbest ticaret ve pazar felsefesi”ni, temelinde kabul eden Avrupa Ekonomik Topluluğu’na (AET) entegre olma çabalarını sürdürürken, aynı topluluktan korumacılık tedbirleriyle karşılaştığını kaydetti.

Figure 4



**KOZLAR MASADA** Türk-ABD Ekonomik ve Savunma İşbirliği Anlaşması’nın güdülenmesiyle ilgili görüşmeler, Dışişleri Bakanlığı’nda başladı. Görüşmelerde Türk Hava Kuvvetleri Komutanı, Dışişleri Bakanlığı Müsteşarı Güvencü İleri Genel Müdürü Büyükelçi Selçuk Karatay katılmak üzere.

Büyük pazarlıkta Amerika kendine yontuyor  
**Vermeden istiyorlar**

Türkiye’den talep konusunda talepkâr olduğu bildirilen “Sani Amca”, Türkiye’nin hakkı isteklerine ses kulak tutuyor.

**KARAKODA:** Savunma İşbirliği Anlaşması görüşmeleri başladı. Amerikalı yetkililer, “Anlaşmanın uygulanmasını istediklerini” belirttiler.

● WASHINGTON’DA: Amerikan yönetimi, Ozal’ın anlaşmanın olumlu sonuçlanması için “ticaretin geliştirilmesi” şartının işi bütünüyle güvence altına almasını istedi.

● 8. sayıya

● ABD, bağımsız Türk silah sanayii istemiyor

● Ekonomi’de

Figure 5



Figure 6



Figure 7

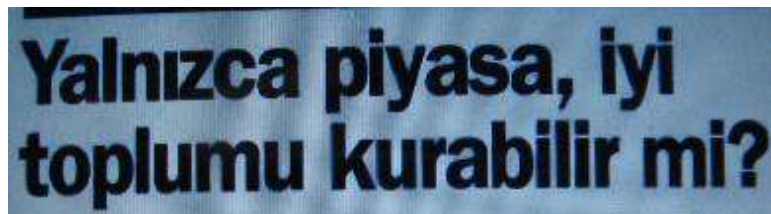


Figure 8



Figure 9



Figure 10



Figure 11

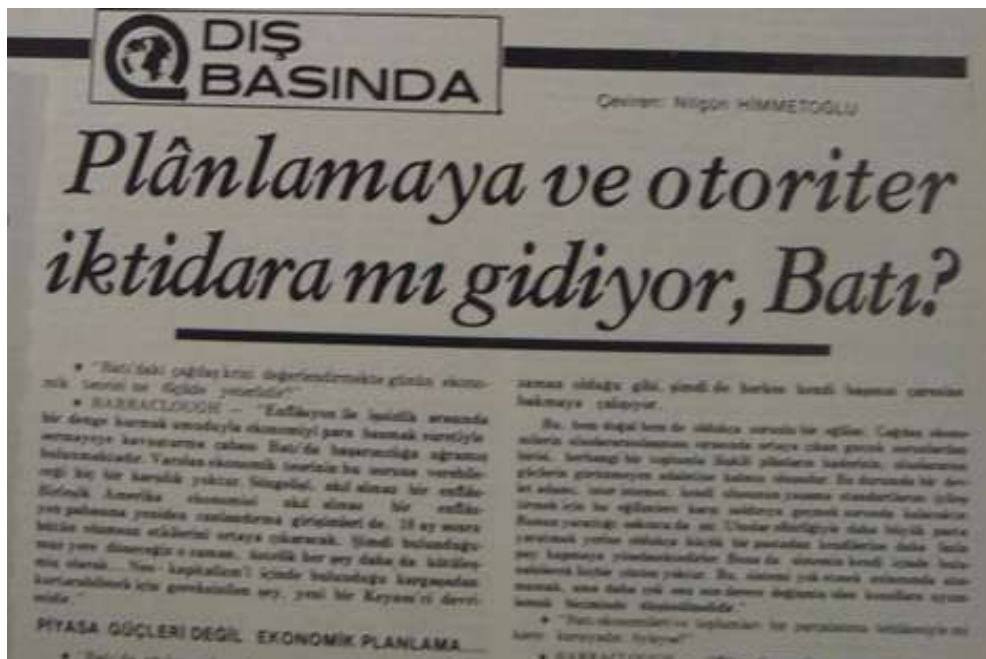


Figure 12







Figure 15



Figure 16

# Sıcak paranın cenneti Türkiye

**SICAK PARADAKİ STİPER KAZANÇ DEVAM EDİYOR.** Özellikle geçen yılın ikinci yarısından bu yana bükümetin benimsediği sıcak para politikası, geçtiğimiz altı ayda da sürdü. İlk altı ayda dövizin getirisi enflasyonun çok altında kalırken, Türk Lirası yatırım araçları enflasyonun üzerinde kazanç sağladı.

**GERİLER**

**Yılbaşında 1 milyar dolar seviyesindeki sıcak para bugün 2.5 milyar dolan aştı. Sıcak para, ilk 6 ayda dolar bazında yüzde 41'lik getiri elde etti**

Nisan ayı başındaki faizler üzerinden alınan üç ay vadeli Hazine bonosunun Ocak - Haziran dönemindeki bileşik getirisi yüzde 59.9 olarak hesaplandı. Buna göre yılbaşındaki Türk Lirası nispeten Hazine bonosuna yatırılan 100 dolar, Haziran sonunda 141.3 dolara çıktı. Böylece dolara altı ayda yüzde 41.3

**SICAK PARA NASIL KAZANIYOR?**

Geçen yıl IMF'ye verilen sözlü doğrultusunda dolarda en fazla enflasyon oranında artış olacağını bilen yabancı yatırımcı için Türkiye'nin iyi bir kazanç kapısı olacağı belliydi.

Yurtdışından gelen 100 dolar yılbaşındaki 38 bin 500 liralık kurdan TL'ye çevrildi.

3 milyon 850 bin lira yılbaşında 6 aylık Hazine bonosuna yatırıldı. Bono Ocak-Haziran döneminde bileşik olarak yüzde 59.9 faiz getirisi sağladı.

Böylece Türk Lirası'na

Figure 17

## Yıllardır sözü edilen İstanbul Menkul Kıymetler Borsası bugün açılıyor

# Borsa oyunları da başlıyor

**Hürriyet EKONOMİ**  
Yöneten Necati DOĞRU

Borsada her gün üç pazar kurulacak. 1-Sabahtan öğlene kadar "Hisse Senedi Pazarı" açık olacak. 2-Öğleden sonra "Küçük Pazar" kurulacak. 3-Öğleden sonrasını bir bölümünde "Küçük Kapan" gibi Kamu Değerleri Pazarı faaliyet gösterecek.

**BANKALAR:** Akbank, Anadolü Bankası, C Bank, Denizbank, İtfak Bankası ve İtfak Yatırım Bankası (İYB), İş Bankası, Kredi Bankası, Marmara Bankası, Menkul Yatırım Bankası, Ortakbank, Vakıflar Bankası, Ziraat Bankası, Ziraat Yatırım Bankası.

**BANKERLER:** Borsa Bankası, Borsa Yatırım Bankası, Borsa Yatırım Bankası, Borsa Yatırım Bankası.

**BİR GÖRÜŞE GÖRE BORSA "DEVLET GÜDÜMÜNDE" KURULDUĞU İÇİN İŞLEMİYECEK**

**IMKB**

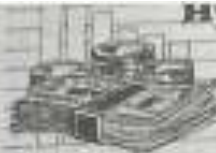
**H**ER para ormana girer veya toplanır kurum gibi borsa da arz talep dengesiyle işlem yapar. İstanbul Menkul Kıymetler Borsası'nın yönetimi, "devlet güdümünde" kurulduğu için işlem yapamayacağı konusunda görüşler birleştiriliyor. Bu görüşe göre, "Borsaya işleme kazandırmayacak düzenlemeler" yapılmıştır.

Borsada işlem alan, fiyatın oluşmasını "devlet güdümü" adı verilen, yeni yönetmelikle gözetilen borsa düzenlemeleriyle mümkün değil. Zira, spekülatör müessesesi getirildi. Bu speküler, düzenli anda alınıp satılabilir.

Borsada işlem alan, fiyatın oluşmasını "devlet güdümü" adı verilen, yeni yönetmelikle gözetilen borsa düzenlemeleriyle mümkün değil. Zira, spekülatör müessesesi getirildi. Bu speküler, düzenli anda alınıp satılabilir.

Geçmiş dönemdeki bankaların batışı yüzünden sermaye piyasasıyla ilgili hükümler düzenlemeler adeta bir "karakol" yasası gibi getirildi. Böyle bir yaklaşımla sorunların çözülebileceği düşünülmüştü. Ancak "yarı açık" burada başladı.

Figure 18



# KİT adaleti (!)

ARILIK ÖZGÜR

1984 yılında işletmelerin ücretleri artarak, 1 Ocak'tan itibaren işyeri başına maaşlarda zam yapan Kamu İşleri Bakanlığı'nın bu kuruluşlarla çalışan işçilere olan zammını geç düzeltti. Üstelik 9000'e yakın yasadışı "halkın keşfiyle" alınan işçilerin "ay kapı ile yaran" KİT'lerin bu zam sonunda Türkiye'de ilk kez devlet işçilerinin ücretleri özel sektör işçilerinin ücretinin gerisine düştü.

1 Ocak 1984'ten itibaren başlanan yeni sendikâli dönemde, özel kesimdeki ücret artışıyla kamu kesiminin öne geçti. Kamu kesiminde çalışan bir işçi yüzde 30 artı 3 bin lira artışında bir ücret artışına uğramazken, özel sektördeki bir işçi, maaşına yüzde 40-45 dolayında bir artış aldı. Özel kesimde teşkilatçıların ücretlerinde ücretlerin

•Yüksek zamlarla "halkın keşfiyle alan" KİT'ler ücret zamlarını düşük tutarak "işçilerine ay kapı ile yaran" bir tutuma girdi.

•Kamu kuruluşlarının düşük ücret zammı politikası sonunda Türkiye'de ilk kez devlet işçisinin geliri, özel sektör işçisinin gelirinin gerisine düştü.

•Devletin Sömerek fabrikasında çalışan bir tektel işçisine yüzde 30 artı 3 bin lira zam yapılırken, özel sektör tektel fabrikalarında çalışan işçiyse yüzde 35 artı 10 bin lira zam verildi. Devletin Türkiye Kömür İşletmeleri'nde (TKİ) çalışan işçiyse yine yüzde 30 artı 3 bin lira ücret zammı verilirken, özel sektör madenlerinde çalışan işçiler yüzde 40 zam aldı.

düşükliği, zam oranının diğer tarafta fazla olmasında mihyandı.

Kamu kesimindeki ücret artışlarında Kamu Kesimi Tektel İşçileri Sendikası Koordinasyon Kurulu'na "İlke kayıdan" tavsiyeleri oluyor. Devlet Bakanı Kırım Ok-

say'a bağlı Koordinasyon Kurulu'nun direktörleri sonucu, hiçbir KİT'e gerek olmadığı, işçisine yüzde 30'un üzerinde zam verilmeyeceği, ilk kez bu oranın üstünde işçisine zam verilmeye kalkarsa Antitröstik Genel Müdürlüğe şikâyet edilir. Şah-

incaar da Koordinasyon Kurulu'nun bu ilke kararını "bütçesi tepsi pasatı düzenine bir müddet" olarak değerlendirmiyor.

DEVLETİN DÜŞÜK ÜCRET VERMESİNİN TSK BİLE RAHATSIZ

Türkiye İşveren Sendikaları Koordinasyonu (TİSK) Başkanı Necati Melik İplikçi, devletin fazla ücretler ödememesi gerektiğini belirttikten sonra, "Biz MESS olarak birçok sözleşmede yüzde 30-40 oranında zam verdiğimiz. Kamu Koordinasyon Kurulu ise yüzde 30'da sınırlıyor. İşçiler açısından da zengin doğuyor. Eğer kamu işverenleri adına TSK sözleşme görüşmelerine katılına, daha sağlıklı sonuçlar elde edilir" dedi.

Melik İplikçi, kamu işverenlerinin TSK banyosunu ısmarlatmasını halinde, Kamu Koordinasyon Kurulu'na da gerek görmeyeceğini belirtti. İplikçi, şikâyet yapıldı.

"Başbakan'a şikâyet verdiğimiz raporla, kamu işverenlerinin TSK banyosuna girme ihtiyacı ortadan kalktı. Başbakan'a çok taraflı görüşmelerde de MESS Başkanı ile bu görüşü aktarıyoruz. Herhalde doğru yolu bulacak. Böyle olunca işçiler için de iyi görülebilir işçilerin ücreti artar. Çünkü işçiler için kamu ya da özel kesimde bulunmasın bir sendikâlin farkı yoksa, aynı olarak sendika adı ile, her bir sendikâli getiren işverenler için de aynı sendikâlin, özel kesim sendikâlinin diye bir ayrılmaması gerekir."

**Devlet  
sektöründe  
çalışan  
işçi**



Sendika	İşyeri	Ücret Zammı
Kamulaşım	Türkiye	Yüzde 30 + 3 bin
Tekstil	Sömerek	Yüzde 30 + 3 bin
Teşkilatçı	ÖSK-Ç-AY	Yüzde 30 + 3 bin
Madenler	TKİ-ÖSK-Mİ	Yüzde 30 + 3 bin
Çalışanlar	ÇSK-Sen-Şİ	Yüzde 30 + 3 bin
Özellikler	Tekstil	Yüzde 30 + 3 bin

**Özel  
sektörde  
çalışan  
işçi**



İşyeri	Ücret Zammı
Özel SP. Maden	Yüzde 50
Tekstil İşç.	Yüzde 35 + 10 bin
Armaçlar Halat	Yüzde 40 + 3 bin
Türkiye İşç.	Yüzde 40
T2 Çimento Fab.	Yüzde 25 + 11.500
MESS	Yüzde 25 + 7 bin

Figure 19





Figure 22



Figure 23

Yerli ve yabancı yatırımcıya teşvik yağmuru

# LÜTFEN yatırım yapın

- Sanayicilere teşvik üstüne teşvik veriliyor. DPT Teşvik Uygulama Başkanlığı'nca hazırlanan yeni kararname taslağı kalkınmada öncelikli yörelerde yapılacak yatırımlara biraz daha kolaylık sağlıyor. Tasarıyla yerli makine ve teçhizat kullanımı da özendirilirken, 1 milyar lira ya kadar olan yatırımlara fizibilite aranmaması hükme bağlanıyor
- Yabancı sermayeye de teşvikte kusur kalmıyor. DPT Yabancı Sermaye Başkanlığı'nca hazırlanan çerçeve kararnamesinde, yabancı sermayeyi özendirmek amacıyla önemli değişikliklere gidiliyor. Yap - İşlet - devret modelinin daha da yaygınlaştırılması öngörülürken, özellikle 50 milyon dolara kadar olan yabancı yatırımlarda bürokrasi engeli biraz daha kaldırılıyor

Figure 24

## Yabancı sermayeye "garanti..."

# "Devletleştirme yok"

• Haberler YALÇIN — ANKARA

**T**ÜRK Hükümeti, Türkiye'ye yabancı sermaye yatırımını ve ikili ticareti geliştirmek amacıyla, yabancı sermayeye yapılacak yatırımları "devletleştirilme-yacağı" garantisini veriyor. Bu konuda bilgileri başvurduğumuz DPT Müsteşarı Yusuf Özel, "Türkiye'ye yabancı sermayeye daha fazla ve yapma şekilde girilmesi teşvik için, bu yatırımlara sebopsüz şekilde devletleştirilmesinin ya da el konmasının karta tabii olarak verilmemesi"

**DPT Müsteşarı Yusuf Özel yabancı yatırımlara devletçe el konmayacağı konusunda ikili anlaşmalara gidileceğini açıkladı.**

ci yatırımların tepki konusunu değil, iki ülke arasında ticaretin artırılması ve ekonomik işbirliğinin geliştirilmesi için gerekli önlemler ayrıntılı şekilde ele alınacak.

Bu konudaki "hareketlenme"nin, Başbakan Özel'in ABD ziyaretiinden sonra başladığına dikkati çeken yetkililer, Türkiye'nin Batı'da

zincirleriyle ticareti geliştirilmesi ve yabancı sermayeye çeşitli sektörlerde çekilebilmesi için, böyle bir temelini kapsayan ikili anlaşmalar yapılabilirliğini, bunun Yabancı Sermaye Yasası çerçevesinde geliştirilmesini vurguladılar. Hükümetin aynı amaçla İngiltere, Belçika gibi Avrupa ülkeleriyle de temasa geçtiği bildirildi.

Figure 25



Figure 26



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