NEOLIBERALISM AND SURVEILLANCE IN TURKEY: THE INTERNATIONAL POLITICAL ECONOMY OF BANKING SECTOR REFORM IN THE 1980s

A Master's Thesis

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BILKENT 2022

To my parents

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ABSTRACT

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This thesis analyzes the impact of various banking sector policy reforms in Turkey in the 1980s from the critical perspective offered by surveillance studies. I argue that, with the proliferation of retail banking services, data on the economic assets of individuals in Turkey became increasingly transmitted to the national and international data vortex, creating advantages for power centers that had access to this data. I show the power hierarchies at the bank, state, and international levels through a wide range of qualitative sources. Neoliberal reforms were leading society to consume more, as well as enabling the collection of data on an individual basis. At all levels of analysis, I have found that surveillance mechanisms were mainly used for two purposes: to ensure transparency necessary for the functioning of the economy and to reinforce existing hierarchies. While the latter target is less visible at the corporate level, I have observed that information is collected and disseminated at the state level to remind people of their consumer identity and at the international level to position Turkey within the global economic system.

Keywords: 1980s, Turkey, Surveillance and Control Mechanisms, Neoliberalism, Retail Banking

ÖZET

TÜRKİYE'DE NEOLİBERALİZM VE GÖZETİM:
1980'LER BANKACILIK SEKTÖRÜ REFORMUNUN ULUSLARARASI SİYASİ EKONOMİSİ

Kaptan, Deniz
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Temmuz 2022

Bu tez, gözetim çalışmalarının sunduğu eleştirel bakış açısıyla, 1980'lerde Türkiye'deki çeşitli bankacılık sektörü politika reformlarının etkisini analiz etmektedir. Bireysel bankacılık hizmetlerinin etkinleştirilmesiyle Türkiye'deki bireylerin ekonomik varlıklarına ilişkin verilerin ulusal ve uluslararası veri girdabına iletildiğini ve bu verilere erişimi olan güç odakları için avantajlar yarattığını savunuyorum. Arşiv araştırması ve iki röportaj aracılığıyla, üç seviyede gerçekleştirdiğim analizde, banka seviyesi, devlet seviyesi ve uluslararası seviyede var olan güç hiyerarşilerini gösteriyorum. Reformlar, birey bazında verilerin toplanmasının yanı sıra toplumu daha fazla tüketmeye yönlendirdi. Tüm analiz seviyelerinde gözetim mekanizmalarının esas olarak iki amaç için kullanıldığını gördüm: şeffaflığı sağlamak ve mevcut olan hiyerarşik sistemi sürdürmek. İkinci hedef sektör düzeyinde daha az görünürken, devlet düzeyinde insanlara tüketici kimliğini hatırlatmak için bir araç olarak ve uluslararası düzeyde, ve Türkiye'yi küresel ekonomik sistem içinde konumlandırmak için bilginin hem toplandığını ve yayıldığını gözlemledim.

Anahtar Kelimeler: 1980ler, Türkiye, Gözetim ve Kontrol Mekanizmaları, Neoliberalizm, Bireysel Bankacılık

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1993 SNA- 1993 System of National Accounts

AP- Justice Party

ATMs- Automated Teller Machines

BDDK- The Banking Regulation and Supervision Agency

BKM- The Interbank Card Center

BIS- Bank of International Settlements

BPM5- 1993 Balance of Payments Manuel

CDs- Certificate Deposits

CHP- People’s Republican Party

GFSM 1986 & 2001- Manuals on Government Finance Statistics

IFIs- International Financial Institutions

IMF- International Monetary Fund, the Fund

İMKB- İstanbul Stock Exchange

MFSM- 2000 Monetary and Financial Statistics Manual

OECD- Organization for Economic Co-operation and Development

OPEC- Organization of Petroleum Exporting Countries

SEEs- State Economic Enterprises

SEKA- Cellulose and Paper Factories of Turkey

TBB- Turkish Banks Association

TDHP- Uniform Chart of Accounts

TMSF- The Savings Deposit Insurance Fund

TRT- Turkish Radio and Television Corporation

TÜSİAD- Turkish Industry and Business Association

WB- World Bank, the Bank

INTRODUCTION

Explaining Social Change Through Surveillance

The state apparatus, from which emerges the initial power asymmetry that is at the heart of much work in the international relations discipline, has long been a contentious topic in academia. Less frequently, however, have international relations scholars examined states' capacity to gather information as a part of social engineering projects. This thesis takes the Turkish state in the 1980s as a case study, and it draws on insights from the emerging field of surveillance studies to explore the connections between information-gathering and state power in modern political economy.

In his classic work *Seeing like a State,* James Scott referred to sedentarization, the systematic registering of surnames, and the standardization of weights and measures as a way to create "a standard grid" whereby the people "could be centrally recorded and monitored." These processes, he held, were essential for state control through taxation and conscription, the two most important resources for the premodern state.[1]

[1] James Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* (New Haven and London: Yale University Press, 1999), 1–4.

Thus, he argued that the premodern state initiated the mechanisms that states use today to create maps of and to control society. In other words, surveillance has long been conducted by the state as a way of making society more legible and enhancing state capacity to conduct social engineering.

More recently, Begüm Adalet has invited us to think about the way that mapping and social engineering have evolved as part of Turkey's foreign policy commitments. In *Hotels and Highways*, she identifies the Turkish government's participation in the American aid regime as a "venue for fact-gathering, theory development, and experimentation," and she argues that social engineering increased in postwar Turkey through surveys, hotel construction, and highway expansion.[2] According to her analysis, within a social engineering project encouraged for Turkey by the US, survey research had the role of testing attitudes towards American modernity, while hotels "showcased the fruits of free-market-oriented empire" as opposed to the rival system of state-led economy of the Eastern Bloc, and highways were important in that they "promised territorial and commercial integration."[3] The juxtaposition of Scott's and Adalet's work demonstrates not only the strong connection between surveillance and control but also how the expansion of information-gathering is part of national and global power asymmetries.

Turkey in the 1980s is a particularly illustrative example of the power dynamics involved in surveillance. On the one hand, the decade began with a military coup and

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[2] Begüm Adalet, *Hotels and Highways: The Construction of Modernization Theory in Cold War Turkey* (Stanford, California, 2018), 3.
[3] Adalet, *Hotels and Highways*, 195.

the imposition of state power in response to the political instability of the previous decade. On the other hand, it was a decade of liberalization—the reduction of the state's role in the economy and the dismantling of state protection of the domestic economy from global market forces. Privileging surveillance allows us to better understand the connections between these two seemingly contradictory processes.

To be sure, other scholars have studied neoliberal/free-market economic transformation as "hegemonic projects" and paid attention to surveillance practices and social engineering. Analyzing Turgut Özal's role in the formation of market culture in Turkey, Argun Akdoğan follows the path of the influential sociologist Stuart Hall and likens the neoliberal transformation period in Turkey to that of the "hegemonic project" that took place in Britain.[4] For Britain, the social theorist Michèle Barrett goes even further than Hall and claims that Thatcherism "was 'hegemonic' in its intention in that its project was to restructure the whole texture of social life, to alter that entire formation of subjectivity and political identity, rather than simply to push through some economic policies."[5] Similar dynamics of the hegemonic project are seen in Özalism, as Akdoğan posits.[6] From this perspective, neoliberal economic policies, rather than freeing the individual, steered Turkish society and individual behavior in a direction that was preferred by elite actors. In 1980s Turkey, where a repressive military administration collaborated with technocrats like Özal who argued for the benefits of the free-market economic

[4] Akdoğan, "Piyasa Kültürünün Yaygınlaştırılmasında Özal'ın Söyleminin İşlevi," 3; Stuart Hall, *The Hard Road to Renewal: Thatcherism And The Crisis Of The Left* (London; New York: Verso Books, 1988), 91.
[5] Michèle Barrett, *The Politics of Truth: From Marx to Foucault*, 1st edition (Stanford, California: Stanford University Press, 1991), 60.
[6] Akdoğan, "Piyasa Kültürünün Yaygınlaştırılmasında Özal'ın Söyleminin İşlevi."

system, the idea of a hegemonic project allows us to question whether the military administration suppressed political expression and supported "freedom" in economic behavior.

Although I have benefited from the explanatory power of the concept of a "hegemonic project," in this thesis I work with different a concept that comes from the surveillance studies literature. Surveillance studies is a trans-disciplinary field, involving various branches of the social sciences including sociology, economics, international relations, and political science.[7] Thus, the concept holds the potential to bear fruit at different levels of analysis, i.e., micro-, meso-, and macro-levels. Although the field gained much attention after Edward Snowden's revelations, surveillance, as a behavior, has found its roots in ancient civilizations where "the ideal 'universal king' had to be portrayed as an all-seeing icon of royalty"[8], which continued under more recent empires, the colonial rules[9], and the nation-states[10] as well, where its "purpose was to act on people, to change them."[11]

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[7] David Lyon, Kirstie Ball, and Kevin D. Haggerty, *Routledge Handbook of Surveillance Studies*, 1st ed. (New York: Routledge, 2012).

[8] C. A. Bayly, *Empire and Information: Intelligence Gathering and Social Communication in India, 1780–1870*, Cambridge Studies in Indian History and Society (Cambridge: Cambridge University Press, 1997), https://doi.org/10.1017/CBO9780511583285.

[9] Richard James Poppplewell, *Intelligence and Imperial Defence: British Intelligence and the Defence of the Indian Empire 1904-1924*, Cass Series: Studies in Intelligence 2 (London: Frank Cass & CO. LTD., 1995), https://www.routledge.com/Intelligence-and-Imperial-Defence-British-Intelligence-and-the-Defence/Popplewell-Popplewell/p/book/9780714642277; J.r. Ferris, *Tradition and System: British Intelligence and the Old World Order, 1715-1956, Imperial Defence: The Old World Order 1856-1956* (Routledge Taylor & Francis Group, 2007), https://search.ebscohost.com/login.aspx?direct=true&db=edselc&AN=edselc.2-52.0-84905896714&site=eds-live.

[10] Heidi Boghosian and Fred Sanders, *Spying on Democracy*, Unabridged edition (Audible Studios on Brilliance Audio, 2016).

[11] Peter Holquist, "'Information Is the Alpha and Omega of Our Work': Bolshevik Surveillance in Its Pan-European Context," *The Journal of Modern History* 69, no. 3 (1997): 415–50.

While the tools and reasons for surveillance and information-gathering have changed over time, it is possible to divide the practice into two basic forms: one being political surveillance and the other being economic surveillance. Political surveillance is related to governments' information-gathering for the purpose of ensuring regime security and/or overcoming national security concerns. Economic surveillance, on the other hand, is related to both governments' and corporations' information-gathering for the purpose of maximizing revenue to enhance the economic power of the tax collector or the business owner(s).[12]

While many studies of surveillance employ the framework of the nation-state, as Akdoğan does in his study of Özalism as a hegemonic project, some scholars have also recognized the international context. Stephen Gill, a scholar of global political economy, wrote in 1995 about "innovations in the workplace and everyday forms of social control and discipline," basing his argument on the "connections between the processes of economic globalization, and the way the outlook, expectations, and social choices of individuals and groups are being reshaped and reconfigured,"[13] which is the dynamic that he explained under the concept of "panopticism," or, "the application of practices of surveillance in the political economy."[14] According to his analysis, with the neoliberal state and its discourse there emerged the "limits of the possible" through the power hierarchy, which creates the "global panopticon." Focusing on the global scale surveillance power of international financial institutions

[12] The division of government (political administration) and bureaucracy (public administration) is taken from Boratav, Korkut, *1980'li Yıllarda Türkiye'de Sosyal Sınıflar ve Bölüşüm*, 3rd ed. (Ankara: İmge Kitabevi, 2016).
[13] Stephen Gill, "The Global Panopticon? The Neoliberal State, Economic Life, and Democratic Surveillance," *Alternatives: Global, Local, Political* 20, no. 1 (1995): 1–2.
[14] Gill, "The Global Panopticon?", 2.

(IFIs), Gill underscores practices that benefit only a few leading countries such as the United States, as opposed to the more democratic and accountable institutions that would "promote an improvement in not only global access to capital and other resources for those who most need them, but also conformity to civilized standards in the workplace and economy more generally."[15]

Gill is not the only scholar who has referred to surveillance practices by using Jeremy Bentham's famous "Panopticon", or "Inspection House."[16] The design of the Panopticon was "intended as a model for all kinds of institutions in which the control of humans or even animals was considered important,"[17] although it was associated mostly with a prison building. Importing what the panopticon symbolizes, it is referred to in surveillance studies to explain the observation and control of individual choices. In Bentham's words, the surveillance power similar to that which the Panopticon gave, provides "*a new mode of obtaining power of mind over mind, in a quantity hitherto without example.*"[18]

In one of the first comprehensive books on economic surveillance, Oscar Gandy deals with the value of consumer information as he argues that "businesses increasingly demand to know more about the *kinds* of people who bought and the kinds of people who did not."[19] Providing the business-level of analysis for economic surveillance in

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[15] Gill, "The Global Panopticon?", 1.
[16] Robin Evans, "Bentham's Panopticon: An Incident in the Social History of Architecture," *Architectural Association Quarterly* 3, no. 2 (1971): 1.
[17] Evans, "Bentham's Panopticon," 1.
[18] Jeremy Bentham, *The Panopticon Writings*, ed. Miran Božovič (London: Verso Books, 1995), 25.
[19] Gandy Oscar H. Jr, *The Panoptic Sort: A Political Economy of Personal Information*, 1st ed. (Oxford, England: Westview Press, Inc., 1993).

his book, *The Panoptic Sort*, Gandy demonstrates how companies emerged as another power as important as the states and the IFIs in conducting surveillance over consumers.[20] According to Gandy, consumers are categorized according to the aggregate information, which enabled them to be subjected to a "discriminatory process that sorts individuals on the basis of their estimated value or worth" as citizens, employees, and consumers.[21]

In this thesis, I examine a period that constituted a political and economic turning point, not only for Turkey but also for the rest of the world. The arrival of neoliberalism in 1980s Turkey was an important waypoint on the road to increasing citizens' legibility for the state. Although the increase in surveillance took multiple forms, this thesis focuses on one key set of reforms: the attempt to bring Turkish citizens' savings out from under the mattress and into banks. Many accounts of the liberalization of the Turkish economy in the 1980s highlight the role of banking sector reform. The evocative image of money being urged from inscrutable spaces underneath beds onto bank ledgers speaks to the banking sector's involvement in the drive for legibility. This thesis asks which actors and what factors drove the increased surveillance in a period that we associate with the reduced intervention of the state in economic affairs.

I evaluate the asymmetric power relations among businesses, states, and international financial institutions, all of whom sought to know more about Turkish

[20] Gandy Oscar H. Jr, *The Panoptic Sort: A Political Economy of Personal Information*, 1st ed. (Oxford, England: Westview Press, Inc., 1993).
[21] Oscar H. Jr, *The Panoptic Sort*, 1.

society and Turkish individuals. Specifically, I focus on the economic surveillance by banks that operated in Turkey, the Turkish state, and the international financial institutions (IFIs) that Turkey holds membership in, thereby revisiting existing accounts of Turkey's neoliberal transition from the specific perspective that the surveillance studies literature provides. Like Scott's and Adalet's accounts of different periods, I focus on surveillance. But I have taken a particular interest in what drove increased surveillance at an inception moment: the 1980s, a decade in which the neoliberal transition took place. I build an argument that banking reforms enabled more and more individuals in Turkey to use credit and bank cards, ATMs (Automated Teller Machine), and consumer loans, and that these were all part of a social engineering project whose aim was not only to collect information about citizens' economic assets in the banking system but also simultaneously transform those citizens by cultivating consumer identities. It is necessary to point out that I argue and find that surveillance was not built into neoliberalism but emerged as a tool to address crises within the Turkish case.

There are several reasons for choosing 1980s Turkey for this thesis. Firstly, the neoliberal transition in Turkey itself is one of the unique cases where a quick adoption of the Western economic system occurs while the country was still characterized by the economic elements that were associated with the Global South. However, there is another twist in the Turkish case with regards to the surveillance perspective. Most of the surveillance literature focuses on the conflictual nature of data-gathering activities of different actors. This is particularly a characteristic of the contemporary research that looks at how the Chinese government uses big data technology to develop a social credit system that suppresses the citizens, or how the

Google Corporation holds an enormous amount of data on consumer preferences, which other companies attempt to buy from Google. In other words, the general assumption when comes to data-gathering is that it is a zero-sum game, where the gain of one actor becomes the loss of another. Contrary to this assumption, during the neoliberal transition in Turkey, I observe that a range of actors, including the state, the private sector, and the IFIs, did not contest each other's surveillance activities. This win-win situation created among the actors makes the Turkish case even more interesting.

By analyzing banking sector reforms in 1980-1989, the consequent events, and the spirit of the decade, this thesis aims to provide a revisionist account of the change in the economic behavior of Turkish society that the neoliberal transition brought. I pose Turkey as a case study, with characteristics typical of other developing economies, in particular a government set on catching up with the wealth and prestige of more developed economies. Turkey in the 1980s shows how surveillance mechanisms were created on different levels and worked quite differently on each. I use three levels of analysis: on the micro-level, I look at the surveillance mechanisms concerning the banking sector; on the meso-level, I study the country-wide surveillance mechanisms used by the state institutions; and lastly, on the macro-level, I track the surveillance mechanisms that Turkey became subjected to because of its membership in international financial institutions. I demonstrate in this thesis that actors in different levels created and use different forms of surveillance mechanisms, uncontested by the other actors.

Although the thesis takes a structural approach to politics, a single individual appears prominently in both chapters. Indeed, the 1980s were a decade when larger-than-life political leaders redirected many of the world's societies. Most famously, two leaders who helped disperse new political, economic, and societal norms around the world were the American President Ronald Reagan and the British Prime Minister Margret Thatcher. They both expressed the success of their package of policies, which are generally accepted to be a mix of free-market economic policies and conservative societal policies. Both were also very open that they were engaged in massive social engineering projects. In his farewell speech in 1989, Reagan described his contribution humbly, saying, "they called it the Reagan revolution. Well, I'll accept that, but for me, it always seemed more like the great rediscovery, a rediscovery of our values and our common sense."[22] One of the rare moments when Thatcher used the word Thatcherism was in her speech during the campaign for the 1987 general elections, where after listing a comprehensive set of economic policies, she said, "That's what I call Thatcherism."[23] In Turkey, Turgut Özal was a close follower of this neoliberal trend, which comprised the common main norms and policies of Reagan's United States and Thatcher's Britain. And Özal, prime minister for much of the 1980s, was equally clear that he had been involved in social engineering. On the 18th death anniversary of Turgut Özal's death, a reporter asked his son, Ahmet Özal, "what was the legacy that your father left for you," and Ahmet Özal shared a memory: "I asked the deceased, "what was the biggest service you rendered in Turkey?" six months before his death, my father told me "the biggest thing I have done is I changed the mentality of people in Turkey. I changed thinking,

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[22] Gil Troy, *The Reagan Revolution: A Very Short Introduction*, Illustrated edition (Oxford University Press, 2009), xi.
[23] John Campbell, *The Iron Lady: Margaret Thatcher, from Grocer's Daughter to Prime Minister*, ed. David Freeman, Abridged edition (Penguin Books, 2011), 517.

working, living."[24] It is explicit from their statements that these key figures of neoliberalism were not hiding the fact that they spearheaded a social revolution, or, from a different perspective, launched social engineering through neoliberal policies, bringing change to the individual's mindset and choices. The perception of surveillance studies helps to see the connections between legal and institutional reforms, and the change in behavior they bring. Özal's clear emulation of Western trends is yet more evidence of the need to include an international perspective.

The Turkish Economy Before Neoliberalism

Surveillance was a means rather than an end, and a work on Turkish neoliberalism must begin with some sense of the economic goals to which surveillance was harnessed. One place those goals are reflected is in the work of an institution that would play a key role in the 1980s. Founded in 1971, the Turkish Industry and Business Association (TÜSİAD) brought together business elites of similar socio-economic backgrounds in response to the "nature of the circumstances."[25] Mehmet Altun, in a book that examines the first decade of TÜSİAD, writes that the 1970s were stigmatized with the word "chaos."[26] One of the most prominent businessmen in Turkey and a founding member of TÜSİAD, Vehbi Koç, went further and wrote in 1987 that the period between 1973-1980 was a "nightmare," adding that every necessary measure should be taken in order not to experience the same chaos again.[27] In addition to the OPEC oil crisis and unpredictable shocks to the world

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[24] Argun Akdoğan, "Piyasa Kültürünün Yaygınlaştırılmasında Özal'ın Söyleminin İşlevi," *Toplum ve Demokrasi Dergisi* 4, no. 8 (July 25, 2016): 1; "Türkiye'de insanların zihniyetini değiştirdi," *Milliyet Newspaper*, March 18, 2011, https://www.milliyet.com.tr/gundem/turkiye-de-insanlarin-zihniyetini-degistirdi-1378972.
[25] Mehmet Altun, *Ortak Aklı Ararken*, 1st ed. (İstanbul: Doğan Egmont Yayıncılık, 2009), 19.
[26] Altun, Ortak Aklı Ararken, 19.
[27] Vehbi Koç, *Hatıralarım, Görüşlerim, Öğütlerim* (İstanbul: Vehbi Koç Vakfı, 1987), 60–61.

economy, Turkey faced hardship resulting from the social and economic transformation that began with the industrialization process of the 1950s.[28] The reforms of the 1980s were driven by a sense that the 1970s had been utter chaos and that radical and urgent change was needed.

To understand the neoliberal transition in Turkey in the 1980s, then, it is necessary to briefly mention the turmoil that preceded it. During the two decades before the 1980 coup d'état, Turkey saw two other military interventions: the 1960 coup d'état and the 1971 memorandum. Both were the military's reactions towards civilian governments and those governments' inability to ameliorate crises that emerged from political, economic, and social tensions in the country. These three aspects are mentioned together in the thesis multiple times because they have an intertwined relationship and, more often than not, the understanding of a single crisis necessitates tying the remaining two. Nevertheless, this thesis mainly focuses on economic policies and crisis, subsequently drawing connections with the political and social aspects where necessary.

One sense in which Turkey's 1980s shared much with other developing countries is that reforms shifted macroeconomic policy from the production-oriented understanding of development to the consumer-oriented free-market economy. The economic historian Şevket Pamuk has heavily influenced the standard narrative of the1947-1979 Turkish economy, and he identifies the central characteristics of a production-oriented economic model. He gives a clear sense of the economic

[28] Altun, Ortak Aklı Ararken, 21.

policies undertaken as part of the import-substitution strategy in Turkey, and how abrupt the break was when the government implemented a 180-degree turn with the 24 January Economic Package of 1980.[29] Pamuk defines Turkey's import-substitution as an economic policy where intense state intervention was intended to drive industrialization.[30] Heavy state intervention and protection was required to guide the industrialization process that shifted from consumer goods to intermediary goods and finally to investment goods.

Turkey's crisis in the 1970s was one version of the crisis that most countries pursuing import-substitution industrialization experienced that decade. Pamuk argues that there are four types of bottlenecks that Turkey faced, all of which prevented the country from reaching the desired level of industrialization and ensuring sustained economic growth. The four bottlenecks, each of which influenced Turkish policy in the 1980s, are: 1) Technological. As production started to capture goods with complex technologies, dependency on imported components increased, and so did the payments of for these imports. Domestic capital either had to pay for these imports or create associate status with foreign capital. 2) Investment. Imported technology and capital-intensive production coupled with the need for infrastructure investment, and, for these investments to be financed, there needed to be an increase in total savings. Yet the structural pressures of import substitution worked counter to this, which created an investment bottleneck, 3) Demand. The unequal distribution of increased wealth caused a demand bottleneck as the demand for consumer

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[29] Şevket Pamuk, Osmanlıdan Cumhuriyete Küreselleşme, İktisat Politikaları ve Büyüme - Seçme Eserleri - II, 4th ed. (İstanbul: Türkiye İş Bankası Kültür Yayınları, 2017), 239–62; Meltem Tekerek, 12 Eylül ve Ekonomi Politikaları (Ankara: Berikan Yayınevi, 2013), 125–27.
[30] Pamuk, Osmanlıdan Cumhuriyete Küreselleşme, İktisat Politikaları ve Büyüme - Seçme Eserleri - II, 239–62.

durables was limited to the urban middle classes, 4) Foreign currency. During this process, the demand for imports increased faster than foreign currency revenues. As the imports surpassed exports, the economy became dependent on imports and foreign currency flowed out without compensation, which created a balance-of-payment deficit.[31] The cycle of import substitution, state intervention, and the consequent bottlenecks leading to balance-of-payments crises was significant because it demonstrated the failure of decades of resource allocation for industrialization. This background explains the decisiveness of the Demirel government's search for a different line of economic policies and the context for Turgut Özal's appeareance in the spotlight as the technician of the 1980 economic package.[32]

The year 1977 was the beginning of the end for the import substitution industrialization strategy, although, as the next chapter demonstrates, the same is not true for state intervention in the economy. The Central Bank of the Turkish Republic came to a deadlock in February 1977, and all of the currency transfers were officially halted.[33] The country was also politically unstable, as Bülent Ecevit's the Republican People's Party (CHP) and Süleyman Demirel's Justice Party (AP) were switching from being in opposition to leading the government each year, and both were aware of the economic demise of Turkey and at pains to solve the crisis. There were five different economic stabilization programs between August 1977 and January 1980.[34]

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[31] Pamuk, Osmanlıdan Cumhuriyete Küreselleşme, İktisat Politikaları ve Büyüme - Seçme Eserleri - II, 245–46.
[32] Emin Çölaşan, *12 Eylül: Özal ekonomisinin perde arkası*, 10th ed. (İstanbul: Milliyet Yayınları, 1984), 13.
[33] Emin Çölaşan, *24 Ocak: Bir Dönemin Perde Arkası*, 15th ed., Milliyet Yayınları 16 (İstanbul: Milliyet Yayınları, 1985), 7.
[34] Çölaşan, 24 Ocak: Bir Dönemin Perde Arkası, 9.

The economic situation in Turkey drew global attention that foreshadowed the increased role of IFIs in Turkey's economy in the 1980s. In December 1978, the International Monetary Fund (IMF) Turkey Desk Chief Charles Woodward paid a visit to Ankara and announced to Turkish economists, "the economy is in a stalemate. Serious measures should be taken."[35] Most significantly, he urged a devaluation of the Turkish Lira. In March 1979, at a meeting devoted to providing aid to Turkey, the American Deputy Secretary of State George Vest advised the Turkish government to accept the IMF terms to secure economic aid urgently.[36] Towards the end of March, the OECD (Organization for Economic Co-operation and Development) General Secretariat Emiel Van Lennep had a meeting with Prime Minister Ecevit in Ankara, and, after the meeting, Ecevit stated that there would not be devaluation.[37] Indeed, as the prominent journalist Emin Çölaşan concluded in his detailed work that aimed to explain the background of the 24 January Decisions, IFIs such as the IMF and the OECD were consistently urging four ideas: austerity measures to control inflation, devaluation of the currency, a decrease in the rate of economic growth and reduction of investment allocations, and finally, trust in IFIs and reliance on international advice to solve the bottlenecks that had brought the Turkish economy to a standstill.[38] But, despite the consistency of the messaging, changes were happening in the international economic understandings and policies as well. As the Turkish government worked on the 24 January Economic Package, they would realize that demands from the IFIs were not limited to austerity measures and devaluation anymore.

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[35] Çölaşan, 24 Ocak: Bir Dönemin Perde Arkası, 11.
[36] Çölaşan, 24 Ocak: Bir Dönemin Perde Arkası, 12.
[37] Çölaşan, 24 Ocak: Bir Dönemin Perde Arkası, 13.
[38] Çölaşan, 24 Ocak: Bir Dönemin Perde Arkası, 9.

Renewed American Hegemony Under the New Economic System

Recent academic works help tie the economic story of the neoliberal transition in Turkey to a more political story of international relations. Although the subject is not narrowly Turkey, a striking example of this connection is observed by the historian Mark Mazower, who compares the 1950-70s administrations with the Reagan administration, writing that "Reagan connected development to the cause of economic freedom, private investment, and the liberalization of world trade." In other words, rather than seeking to ensure economic development in the developing economies by procuring short-term economic and financial policies and financing infrastructure projects like his predecessors, Reagan enacted a new American project with different contours.[39] Critical junctures such as the collapse of the Bretton Woods System in 1971 and the OPEC oil crisis of 1973, prevented Reagan from following Truman's path of financing allied countries' developmental projects. Under the new economic circumstances, Reagan pushed developing countries to liberalize and financialize their economies, and these policies created new dependencies.

Recognizing the transformation of the global economy in the 1980s requires us to think in less traditional terms. From 1944 to 1971, the contours of American hegemony were easily recognizable because American administrations encouraged policies within the boundaries of the Bretton Woods System, in which the American dollar became the single currency that could be pegged to gold. An older perspective is visible in the work of the economist Çağlar Keyder, who writes that the US

[39] Mark Mazower, Governing the World: The History of an Idea, 1815 to the Present (New York, NY, 2013), 223.

became the hegemonic state of the Bretton Woods international economic system, as it organized the other states in the world economic system, and provided the "world currency"[40] that ensured the stability of international economic activities through the establishment of the most important international financial institutions of the coming decades: the IMF, and its sister, the World Bank (the International Bank for Reconstruction and Development, IBRD (WB)).[41] In 1984, Keyder argued that the world economic system had been experiencing a crisis of hegemony since 1971, when the Nixon administration announced that the US Dollar would not be pegged to gold anymore, thus threatening the dollar's role as the primary currency of the world economy.[42] In hindsight, his argument for the crisis of a 25-year-period American hegemony has limited explanatory power because the US spearheaded the new economic system of neoliberalism. The collapse of the Bretton Woods System in 1971 led to an "agreement in late 1975 to amend the IMF's Articles of Agreement to permit floating exchange rates. Ratified in the Jamaica Agreement of January 1976, this accord was a key turning point in the reconstruction of the international monetary system along free market (or neoliberal) lines."[43] The new norms of neoliberalism were being spread in the form of conditionality through the IFIs to the countries who were trying to secure financial aid or credits from these institutions. This means that the role of these institutions changed as well.

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[40] İlhan Tekeli et al., "Kriz Üzerine Notlar," in *Türkiye'de ve Dünyada Yaşanan Ekonomik Bunalım* (Ankara: Yurt Tayınevi, 1984), 31–32.
[41] Altınok, Eken, and Çankaya, Küresel Mali Piyasalarda Yeniden Yapılanma ve Türkiye, 98–101.
[42] Tekeli et al., Türkiye'de ve Dünyada Yaşanan Ekonomik Bunalım, 31.
[43] Daniel Sargent, "The Cold War and the International Political Economy in the 1970s," *Cold War History* 13, no. 3 (August 1, 2013): 17, https://doi.org/10.1080/14682745.2013.789693.

Globally, crisis invited change. Indeed, Mazower quotes the *Financial Times* columnist Martin Wolf who wrote, “the age of financial liberalization was ... an age of crisis,” and supports this claim by noting that “between 1945 and 1971 there were just thirty-eight banking or currency crises globally; between 1973 and 1997 there were 139.”[44] The list includes Britain’s Sterling crisis of 1976, which led to a prominent clash between advocates of leftist/protectionist ideas and pro-IMF/pro-US officials in the administration, banking failures in Germany (most notably, the failure in 1973 of the risky foreign exchange business of the Herstatt Bank), the Norwegian banking crisis of 1988-1993 and the increased rise of banking failures in the US during the 1980s.[45] In this sense, Turkey is a representative rather than a unique case where experiences with neoliberalism led to a crisis, especially during the first decade following the 24 January.

Conditionality was an important part of Turkey’s neoliberal transition in the 1980s. While Daniel Sargent argues that the 1971-73 period triggered a “transition from a rules-based monetary order to an era in which international monetary cooperation has grown irregular and informal, in which the IMF has coordinated rather than governed, and in which financial markets and private financial actors have come to predominate,”[46] Mazower casts doubt on the coordinator role of the IMF, indicating that “the IMF became not merely a funder but an engineer at the global level of significant domestic policy changes. Once it had tasted the power of ‘conditionality,’

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[44] Mazower, Governing the World, 281.

[45] Basel Committee on Banking Supervision, “Bank Failures in Mature Economies,” *Bank For International Settlements (BIS)* Working Paper, no. 13 (April 29, 2004): 4, 15, 56 https://www.bis.org/publ/bcbs_wp13.htm; Altınok, Eken, and Çankaya, *Küresel Mali Piyasalarda Yeniden Yapılanma ve Türkiye*, 151.

[46] Sargent, “The Cold War and the International Political Economy in the 1970s”, 15.

there was no turning back. In the 1970s only 26 percent of IMF loans involved substantial conditionality; by the late 1980s the figure had risen to 66 percent."[47] The scope of Turkey's 24 January Decisions, as opposed to the four earlier stabilization programs, validates Mazower's argument for the IMF being an engineer rather than a mere coordinator. Although "the OPEC oil cartel's price hike in 1973 was cheered on by many of the developing countries since it was, as one put it, the first time that non-Western powers had taken the initiative in the world economy,"[48] with the transition to neoliberalism, countries, and most developing countries, experienced financial crisis, and socio-economic stalemate that left them more open to foreign interference.

Factors Explaining Turkey's Neoliberal Transformation

How do we account for change in Turkey that was both the product of domestic and international pressures? There are typologies and mechanisms that political scientists utilize to explain the spread of a policy among different states. David Marsh and J.C. Sharman gather the four mechanisms that are widely used in the literature: learning, coercion, mimicry/emulation, and competition.[49] These factors help to explain the neoliberal economic policy diffusion in Turkey from a state-level of analysis.

The learning mechanism, which was introduced by the political scientist Richard Rose, as he argued that when "confronted with a common problem, policymakers in

[47] Mazower, Governing the World, 280.
[48] Mazower, Governing the World, 244–45.
[49] David Marsh and J.C. Sharman, "Policy Diffusion and Policy Transfer," Policy Studies 30, no. 3 (June 1, 2009): 1, https://doi.org/10.1080/01442870902863851.

cities, regional governments and nations can learn from how their counterparts elsewhere respond."[50] Since balance-of-payment deficits and similar macroeconomic/financial problems were one of the most common deadlock situations that states found themselves facing in the 1980s, this mechanism applies to the mindset of the government officials and technocrats in Turkey. Neoliberal policies, in a way, were the recipe of the IMF, World Bank, and the OECD, which meant to provide a solution to these common macroeconomic problems.

Secondly, the coercion mechanism mainly looks at the hierarchical relations between actors and helps to express that "coercion may come from powerful states or international organizations like the IMF and World Bank via the conditions attached to their lending."[51] The upcoming chapters demonstrate that the IMF and World Bank used their leverage over Turkey (as with other developing countries), and formed their conditionality policy for lending money to cover the neoliberal policies to be implemented. Therefore, externally, Turkey was forced to reform its economic policies to obtain credit and financial aid, which was necessary at the time as the county was in an economic deadlock with an alarming amount of balance-of-payments deficit as described above.

The mimicry/emulation mechanism interprets that "states adopt the practices and institutional forms of social leaders (either states perceived to be more advanced or models provided by international organizations) and thereby are perceived by others

[50] Richard Rose, "What Is Lesson-Drawing?," *Journal of Public Policy* 11, no. 1 (January 1991): 2, https://doi.org/10.1017/S0143814X00004918.
[51] Marsh and Sharman, "Policy Diffusion and Policy Transfer," 5.

and themselves as being advanced, progressive and morally praiseworthy."[52] As an economic model followed by the US and Britain, neoliberalism surely was the symbol of the advancement of the time, at least for the Western Bloc, and implementing policies in line with the neoliberal system was a way to signal that Turkey was taking sides with the 'advanced world,' rather than the 'backward one.'

Lastly, the competition mechanism explains the policy diffusion from a particularly political economy perspective, which is observed more explicitly after the 1980-90 period, when the ideas of globalization and the global economy becomes more widespread. Still, in their work, Peter Drahos and John Braithwaite argue that "most of the significant globalization of rules occurred in the twentieth century, particularly since 1970," and, following this analysis, they conclude that when it comes to economic regulation, the dominant dynamic has been "globalizing deregulation."[53] A related suggestion following this mechanism is "that governments need to ensure their exports remain competitive in the global marketplace by keeping pace with rivals' domestic economic policies."[54]

The various models of diffusion help us to think beyond a simple relationship between the Turkish state and IFIs, and it is also important not to think too narrowly in terms of state actors. The economic rationale behind Turkey's neoliberal transformation that Anne Krueger, the World Bank Chief Economist between 1982-

[52] Marsh and Sharman, "Policy Diffusion and Policy Transfer," 6.
[53] John Braithwaite and Peter Drahos, *Global Business Regulation* (Cambridge University Press, 2000), 3–5.
[54] Marsh and Sharman, "Policy Diffusion and Policy Transfer," 4.

1986, rightly points out was that “by late 1979, there was universal agreement that the economy was once again in crisis. Unlike the earlier episodes, however, there were significant groups (including most prominently the association of Turkish industrialists) that had concluded that the earlier policies of import substitution had failed and would not generate future growth, even if the crisis was overcome.”[55] When the Turkish case is considered, this mechanism is useful not only in expressing the government officials’ mindset but also the mindset of the business elites in the country, which is captured best by following the TÜSİAD documents from the Association’s first decade. In their reports, TÜSİAD had always laid out economic mistakes that governments were making.

In a 1979 meeting of the Association, which was dedicated to discussing the situation of the Turkish economy, one of the leading industrialists and chairman of the executive board of Tekfen Holding, Feyyaz Berker, underlined the damage caused by inflationist policies that were implemented throughout the 1970s. Another prominent figure in the Turkish industry, Ali Koçman stated that, while statist policies had enabled an economic miracle in Turkey’s first decades after the founding of the Republic, these statist policies were no longer formed with an economic rationale and were used as mere tools in politics.[56] Composing most of the business elites in Turkey, the TÜSİAD members also had the language skills and personal relationships to be a part of an international business elite. In her ground-

[55] Anne O. Krueger, “Partial Adjustment and Growth in the 1980s in Turkey,” in *Reform, Recovery, and Growth: Latin America and the Middle East* (University of Chicago Press, 1995), 10, https://www.nber.org/books-and-chapters/reform-recovery-and-growth-latin-america-and-middle-east/partial-adjustment-and-growth-1980s-turkey.
[56] Türk Sanayici ve İşadamları Derneği, “Konuşmalar - 1979” (İstanbul: TÜSİAD, January 27, 1979), 17–19.

breaking book *State and Business in Modem Turkey: A Comparative Study*, Ayşe Buğra presents data on the educational background and foreign language skills and states that out of 217 TÜSİAD members, 194 of them held university-level degrees (either a bachelor's or a master's degree) and only 21 of them held a high school degree.[57] She interprets that 127 of the 217 members, due to their degrees or their missions outside of Turkey, spoke at least one foreign language fluently.[58] Language skills put these individuals in the position of a mediator, as they communicated with foreign and international businesses, which, at some point, become the international competitors of the Turkish industrialists and businessmen.

The competition mechanism also covers the globalization aspect, which, according to two academics, Çetin Bedestenci and Özlem Yardım, was the primary reason for increased competition, and the push to decrease the suppression of legal limitations.[59] Coupling their argument with Buğra's findings and interpretations, it is possible to state that members of TÜSİAD, belonging to different generations of Turkish industrialization, were in contact with individuals from foreign businesses and were able to observe the benefits of the free-market economy. Moreover, they understood that, if their business was to compete on the international level, they needed to break through the legal limitations that came with the import substitution model. Thus, the competition mechanism helps to analyze both the state-level

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[57] Ayşe Buğra, *Devlet ve İşadamları*, 8th ed., Araştırma İnceleme Dizisi 51 (İstanbul: İletişim Yayınları, 2013), 100.
[58] Buğra, Devlet ve İşadamları, 101.
[59] H. Çetin Bedestenci and Özlem Yardim, "Finansal Yenilikler; Ortaya Çıkış Nedenleri Ve Türleri," *Çağ Üniversitesi Sosyal Bilimler Dergisi* 3, no. 2 (December 1, 2006): 1.

rationale and the role of individual industrialists and businessmen in Turkey, in pushing the government to adopt neoliberal or free-market economic policies.

Jeffrey M. Chwieroth, scholar of international political economy, adds one last dimension, arguing for the significance of having a coherent team of neoliberal economists, as he disagrees with the effectiveness of interest group pressure since "considerable uncertainty and imperfect information surround the decision to liberalize the capital account, particularly in emerging markets."[60] Even though Chwieroth did not include Turkey in his quantitative analysis, looking at the team of neoliberal economists in Turkey suggests the need to move one step backward, to the individual-level analysis, focusing on Turgut Özal in his various positions within the state. The rest of this thesis mentions his role throughout the 1980s, not only as the political face of neoliberalism like Reagan or Thatcher but also as the lead figure in Turkey's team of neoliberal economists.

Why is Turgut Özal such a key actor? Feride Acar, Professor of Political Sociology and Turkish political life explains: "Although his style in interpersonal relations gave the impression of a soft and communicative personality often mistaken for a "democratic" exchange, those who worked with him concurred that, as party leader, prime minister, and president, his authority was absolute, and he had little patience with challengers."[61] Acar cites Yıldırım Akbulut, who was appointed as prime

[60] Jeffrey Chwieroth, "Neoliberal Economists and Capital Account Liberalization in Emerging Markets," *International Organization* 61, no. 2 (April 2007): 1, https://doi.org/10.1017/S0020818307070154.
[61] Feride Acar, "Turgut Özal: Pious Agent of Liberal Transformation," in Political Leaders and Democracy in Turkey, ed. Metin Heper and Sabri Sayari, Klaus Kreiser Offprint Collection (Lanham:

minister by Özal in 1989, saying that "he did not know about his appointment until the last minute," and she adds that "it was almost as if Özal deliberately conveyed to those around him the clear message that he could make or break them."[62] By appointing his protégés, people who were "considerably younger than him," Özal always tried and mostly succeeded in creating policy circles where he could dominate the others—in fact, "Throughout Özal's political life, his close family members and most of his former protégés remained the core of his support network,"[63] and they also formed the team of neoliberal economists. Among other things, such as strong and organic links with both the transnational financial networks[64] and domestic Islamist communities (i.e.: the Nakshbendi Brotherhood's İskenderpaşa Dergahı)[65] providing him political and economic support, his formation of a coterie of like-minded people means that most of the other key actors were following Özal's lead, both in their view of the economy and politics.

The second reason that I pose Özal as a key actor in disseminating information is his interactions with the public and his speeches. Akdoğan, in his work which considers the neoliberal transformation in Turkey as a hegemonic project, argued that Özal used a "mixing of liberal and conservative discursive components," which "facilitated the legitimization and dissemination of market rules and values in Turkey."[66] Therefore, Özal's role in the transition period and his ideas regarding the

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Lexington Books, 2002), 170, https://search.ebscohost.com/login.aspx?direct=true&db=cat00040a&AN=bilk.814576&site=eds-live.
62 Acar, "Turgut Özal: Pious Agent of Liberal Transformation," 170.
63 Acar, "Turgut Özal: Pious Agent of Liberal Transformation," 171.
64 Ziya Öniş, "Turgut Özal and His Economic Legacy: Turkish Neo-Liberalism in Critical Perspective," *Middle Eastern Studies* 40, no. 4 (July 1, 2004): 118, https://doi.org/10.1080/0026320041000170033.
65 Acar, "Turgut Özal: Pious Agent of Liberal Transformation," 165.
66 Akdoğan, "Piyasa Kültürünün Yaygınlaştırılmasında Özal'ın Söyleminin İşlevi," 1.

solution to the Turkish economic deadlock, driven by his educational background is another factor that should not be disregarded. This is also the reason that Özal's name comes up in the analysis.

Although the detailed analysis and calculation of the most effective mechanism is a different research topic, the introduction of each mechanism is necessary to put forth the factors driving the Turkish neoliberal transition, and the actors which were most interested in the transition. It seems that both the military government and the bureaucrats they called into the office, as well as Turkey's industrialists, converged around the idea that to end the economic deadlock of the country, and to become competitive in the global market, the neoliberal recipe was necessary as it would increase both the production and savings, as it was stated in a Central Bank report—depending on Akdoğan's article on the discourse of Özal, I would add that a third goal was to increase consumption.[67] Increasing surveillance was tied to many of these processes, and this thesis explores how and why.

Analyzing the Surveillance Mechanisms

The link between this neoliberal economic transformation and surveillance could be made from various points. This thesis looks at the spreading and deepening of the banking sector under the liberalized and financialized economy. I focus on the economic surveillance mechanisms that banks operating in Turkey, the Turkish state, and the IFIs could utilize more efficiently through the neoliberal policies, arguing that this was a win-win situation. The neoliberal economic policies brought to

[67] Akdoğan, "Piyasa Kültürünün Yaygınlaştırılmasında Özal'ın Söyleminin İşlevi."

Turkey various surveillance mechanisms that strengthened the power of all groups: the finance sector, the state, and IFIs.

In what follows, I present an analysis of the 1980s period in two body chapters and close with a discussion on the legacy that the 1980s left on Turkish society. I divide the purposes of surveillance mechanisms into two categories and present each in the body chapters. Accordingly, the first chapter is on the surveillance mechanisms on three levels that are used to ensure transparency, in other words, it is about information-gathering for the sake of maximizing the efficiency of the existing economic system. The second chapter examines the way that surveillance mechanisms were used to support a power hierarchy within Turkey and a power hierarchy within the global economy. As opposed to the goal of efficiency, the second chapter looks at the goal of the perpetuation of domestic and international power structures.

In the first chapter, I analyze the most prominent policy reforms of the banking sector and put forth a narrative where I argue that the neoliberal policies were rushed through without sufficient legal and institutional foundations. The haphazard process created crises of different sizes, most importantly “the Brokers’ Crisis” (*Bankerler Krizi*). Here, I introduce an argument for the necessity of surveillance mechanisms. As banking activities increased and dispersed on the individual level, the banks needed more transparency and better calculations of risk. Similarly for the IFIs, the necessity of surveillance mechanisms carried with it the standardizing economic data to calculate their risk analysis. The state, on the other hand, saw the necessity of providing these surveillance mechanisms to integrate the country into the global economy and end the economic deadlock, while reaching policy success and securing votes for the next elections.

The second chapter focuses on information-gathering for the sake of perpetuation of power hierarchies. At the banking sector level, I present research and a revealing interview that addresses whether the banks used aggregate data from applications of consumers for marketing of credit types. I argue that the overall aim was to ensure the legibility of the economic assets of individuals by keeping them and their information within the banking system. Later on, I sub-divide the state and international levels into two sections, one concerning the gathering and the other concerning the diffusing of information. According to the division, I present types of policies and Özal's speeches as tools that are used to get people to spend, save, and invest money, reminding them of their "consumer" identity daily, in the belief that increased consumption will ensure increased competition and production, which will lead to the affluence of the society overall. The intention in this direction is most explicit in Özal's speeches, as he disseminated market rules and values to the Turkish people, legitimizing them by mixing liberal and conservative discursive elements.[68] At the international level, I present the standardized methods of data gathering as a means to create a data whirlpool, and the publications of IFIs as means to diffuse the neoliberal norms and information to the member countries.

[68] Akdoğan, "Piyasa Kültürünün Yaygınlaştırılmasında Özal'ın Söyleminin İşlevi."

The novelty of surveillance studies means that there is not currently a single accepted or preferred methodology. For Turkey in the 1980s, I was not able to find any other work that tied surveillance to banking reform or even to the neoliberal transformation. Therefore, my methodology has been dictated by an attempt to reconstruct increased surveillance via a wide range of sources. I have used contemporary newspapers, followed reports and publications from various national and international financial institutions, used the memoirs of prominent individuals, contemporary investigative reporting, as well as secondary academic work from various disciplines such as economics, politics, and sociology. In two cases, I was able to conduct interviews with individuals with intimate knowledge of the Turkish banking sector in the 1980s. In all of these sources, I have analyzed the effect of neoliberal banking policies on the individuals who made up Turkish society, unveiling the surveillance and control mechanisms. In other words, I have tried to demystify the infamous statement: "neoliberalism turned the Turkish society into a consumer society." With this thesis, I demonstrate that surveillance was crucial in the increase in consumerism, and that surveillance came from different actors on the top of the power hierarchy and their preferences. By focusing on surveillance, the thesis aims to reach a revised analytical and partial explanation of the effect and legacy of the 1980s banking reforms on the Turkish society and Turkey's position within the world economy.

CHAPTER 1

STATE-LED REFORMS: THE NEOLIBERAL TREND SPREADS TO TURKEY

> "*Let's fill the shop windows, let's show everyone so that people's tenacity to work more will increase. Otherwise, national income will not increase. We cannot compete with other countries. They have gone out and away.*"[69]

The lines above are from a speech Turgut Özal made at the signing ceremony of the collective bargaining agreement for the employees of the Cellulose and Paper Factories of Turkey (SEKA) in 1989. At first glance, it seems odd that he mentions shop windows at such an event, where the audience is made up of people who represent the workers at Turkey's paper factories. But there is a connection between Özal's message and his audience, and there was certainly a purpose for these words. Always positing people as customers more than anything else, Özal's free-market-driven mindset prioritized the action of consuming, and people had to earn money to

[69] Turgut Özal, *Başbakan Turgut Özal'ın Resmi Geziler-Tesis Açılışları ve Toplantılarda Yaptığı Konuşmalar, 13.12.1988-31.10.1989* (Ankara: Başbakanlık, 1989), 56.

buy more. Wages provide people with the physical money, but in a developing economy where the neoliberal shock was imposed, the push for consumption was more than most people could earn from their labor since wages went down simultaneously. Moving from this observation, the four tools that I focus on in this chapter to demonstrate that the banking sector was utilized as an enlarging network that procures people non-physical liquid money, enabling them to buy goods and services with money that does not *yet* exist. Precisely because Özal's neoliberal reforms created an economy in which an increasing number of transactions were incomplete, surveillance grew to guarantee the future satisfaction of debts.

This chapter develops the idea that new mechanisms of economic surveillance were created on different levels, by presenting the 1980s banking reforms undertaken during the military administration and then during the two periods of Motherland Party governments, with Özal occupying critical positions throughout the decade. In doing so, the chapter first provides an analysis of certain policies that reformed the banking sector between 1980-89, as the sector was liberalized, financialized, and deepened. After explaining the atmosphere of the decade, the chapter lays out the new economic surveillance mechanisms arising from the necessity of transparency and risk analysis under increased banking activities.

The chapter makes three broad points. Firstly, the liberalization of the Turkish economy was driven by government policies that were instituted before the necessary and impartial institutions to oversee the process and provide regulations for the market operations had been established. The absence of such institutions is connected to the second point, which is that the decade-long liberalization period included state-led action in response to repeated crises.[70] One incident in 1982, which has left its mark in Turkish economic history under the name of the "Brokers' Crisis," demonstrates both these points quite explicitly. Lastly, this chapter revisits the core assumptions of neoliberalism, namely, that of a shrinking state and the bolstering of a competitive free market. In underscoring these characteristics of the decade, an important conclusion in terms of surveillance is made: through economic liberalization, state power expanded its mechanisms of surveillance and control indirectly through the bolstering of state-business and state-international organization relations.

State-Guided Liberalization

The period of neoliberal reforms started with the 24 January 1980 Decisions, in which current account liberalization was actualized, and ended on 11 August 1989, when capital account liberalization was actualized through the amendment of the Law on the Protection of the Value of Turkish Currency. In this sense, we see almost an ideal framework for economic liberalization, which starts with the supply side of the market through company-level deregulation, and, after nine years, reaches finally to the demand side of the market through the individual-level deregulation. In between, there were significant developments regarding the banking sector which were enabled by the framework of the 24 January Decisions, such as the freeing of the interest rates on loans and deposits, enactment of the Capital Market Law, the

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[70] Murat Aslan, "Political Economic Analysis of Turkish Economy: Structural Problems and The Role of the State," *Eskişehir Osmangazi Üniversitesi Sosyal Bilimler Dergisi* 6, no. 2 (June 1, 2005): 15–27; M. Zafer Baysal, "Convertibility : Theory and Evaluation of Turkish Lira Convertibility" (Ph.D. Thesis, Bilkent University, 1990), http://repository.bilkent.edu.tr/handle/11693/17274.

establishment of the Capital Markets Board of Turkey and the Istanbul stock exchange (İMKB), transition to a uniform chart of accounts (TDHP), increased use of ATMs, credit cards, consumer loans, and creation of the Interbank system within the Central Bank of Turkey.[71] Together, these developments can be understood as the cornerstones of increasing surveillance and control mechanisms that became available to national banks, companies, and the IFIs to which the Republic of Turkey holds membership. The Turkish state was able to use these mechanisms as well. Below, these developments are explained chronologically.

The locomotive: 24 January 1980 Decisions

The 1980s were marked by observers at the time and have been interpreted by later academics as a period when the Turkish government repositioned itself in line with the liberal international economic order, and almost all of the academic literature on the Turkish political economy points to the 24 January Decisions as a starting point of economic liberalization in the country. These decisions are the most explicit pieces of evidence for the Turkish government's effort to liberalize the country's economy and integrate it into the international value chain by adopting new policies advocated by IFIs such as the IMF and World Bank.[72] Indeed, if the document was the locomotive of economic liberalization, then the drivers of that locomotive was the small group of capitalists, bureaucrats, and politicians who supported the 24

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[71] Osman Uluyol, "1980-2000 Döneminde Türkiye'de Bankacılığın Gelişimi," *Muhasebe ve Finans Tarihi Araştırmaları Dergisi*, no. 17 (July 9, 2019): 73–107; Oguz Esen, "Financial Openness in Turkey," *International Review of Applied Economics* 14, no. 1 (January 1, 2000): 5–23, https://doi.org/10.1080/026921700101452; Gökhan Sümer, "Türk Bankacılık Sektörünün Tarihsel Gelişimi ve AB Bankacilik Sektörü ile Karşılaştırılması," *Gazi Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi* 18, no. 2 (December 1, 2016): 485–508.
[72] Emin Çölaşan, *24 Ocak: Bir Dönemin Perde Arkası*, 1st ed. (İstanbul: Milliyet Yayınları, 1987); Arslan Başer Kafaoğlu, *Türkiye Ekonomisi*, 1st ed., Kaynak Yayınları 530 (İstanbul: Analiz Basım Yayın, 2008).

January decisions. Estimates are that it was only Özal and a small team of less than ten people who were responsible for the overall content of the decisions.[73] After a twelve-hour cabinet meeting[74] and many conversations with high-ranking bureaucrats from the IMF and the World Bank that had begun as early as December 1978, on the 24 January, 1980, a new economic package was announced by the Demirel government.[75]

It was with the 24 January Economic Package that Turkish people heard Turgut Özal's name for the first time. He was called to serve as the Deputy Prime Minister in Charge of Economic Policy and to act as quickly as possible for a solution to the country's devastating economic deadlock.[76] Özal came to the first meeting prepared, having sketched out a new economic program, typewritten.[77] This document became the basis of the government decision made on the 24 January. Hasan Celal Güzel, a close associate of Özal, recalls that after the end of the cabinet meeting, he and Özal were on the way to make the announcement to TRT officials so that the decisions would appear on the 7 a.m. news. But there was another important audience. Güzel says that Özal wanted to go first to the Foreign Ministry, and, when they went to the Ministry after midnight, Özal sent a message to the IMF Headquarters saying "Job done. We're waiting for the currency."[78] Güzel's recollections, although retrospective, are an important indicator of the top-down nature of the decisions and

[73] Anne O. Krueger, "Partial Adjustment and Growth in the 1980s in Turkey," in *Reform, Recovery, and Growth: Latin America and the Middle East* (University of Chicago Press, 1995), 343–68, https://www.nber.org/books-and-chapters/reform-recovery-and-growth-latin-america-and-middle-east/partial-adjustment-and-growth-1980s-turkey.
[74] Cumhuriyet Bürosu, "Devalüasyon: Dolar 70 Lira," *Cumhuriyet Gazetesi*, 25 January 1980.
[75] Çölaşan, *24 Ocak: Bir Dönemin Perde Arkası*.
[76] 32.Gün Arşivi, *24 Ocak Kararları Nedir? | 1980 | 32. Gün Arşivi*, 2020, https://www.youtube.com/watch?v=l-hlV4bABWQ.
[77] 32.Gün Arşivi, 24 Ocak Kararları Nedir?
[78] 32.Gün Arşivi, 24 Ocak Kararları Nedir?

the locomotive of the neoliberal story in Turkey. Özal's path between TRT and the foreign ministry reflected his position—between Turkish society and an international audience.

Turkey's neoliberal policies were not only top-down from government to society, they were also top-down in the sense that they were applied according to the directives of the IFIs, namely the World Bank and the IMF. Despite contacts with the IMF, it is known that the 24 January decisions were "announced and implemented with no IMF program" in sight.[79] The decisions sought, however, to restart negotiations to ensure credit from the institution. While Krueger states that "an IMF agreement came into effect on June, 16, although its main provisions had already been met ahead of schedule,"[80] Turkish economist Arslan Başer Kafaoğlu interprets this six-month gap as the time spent to persuade the IMF and the World Bank because the bureaucrats there were not interested in short-term projects anymore, but were pushing for structural adjustment, "a demand that Turkish economists have heard for the first time."[81] Subsequently, "the International Monetary Fund, the World Bank, and the Organization for Economic Cooperation and Development, together with bilateral donors, provided substantial financial assistance in what was then one of the largest operations of its kind."[82] In other words, economic liberalization was both pushed from outside by using the credits as

[79] Krueger, "Partial Adjustment and Growth in the 1980s in Turkey," 352.
[80] Krueger, "Partial Adjustment and Growth in the 1980s in Turkey," 352.
[81] Kafaoğlu, *Türkiye Ekonomisi*, 81.
[82] George Kopits, *Structural Reform, Stabilization and Growth in Turkey*, (Washington, D.C.: International Monetary Fund, 1987), https://digitallibrary.un.org/record/10864, 1.

punishment or reward and pulled from inside as a solution to the economic deadlock of at least a decade.

Briefly, the document posed eight problems and thus, attempted to solve the following:

1. Mistakes, deficiencies, and delays in taking and implementing economic policies
2. Inflation
3. Inadequacy in fuel oil and energy, transportation bottleneck, lack of import input, and usage of the marginal capacity due to financial difficulty
4. Slowing down in exports
5. Reduction in domestic savings
6. Worsening of the burden of debt, especially external debt
7. Increasing unemployment
8. Injustice in taxing[83]

Krueger summarizes the key initial measures as "1) devaluation of the Turkish lira from 35 to 70 per U.S. dollar, with an announcement that henceforth the Turkish lira exchange rate would be changed frequently to reflect the differential between domestic and foreign inflation; 2) increases in the prices of almost all goods produced by state economic enterprises (SEEs), with an announcement that SEEs would in future be free to set their own prices and would not be permitted to borrow from the Central Bank; and 3) a variety of changes in the organization of the various

[83] T.C. Merkez Bankası Meclisi, "T.C. Merkez Bankası A.Ş. Raporu 1980" (Ankara, April 30, 1981), 30-31.

ministries and bureaus that were responsible for economic policy, with the general purpose of reducing the power of some traditional groups and strengthening the hand of the deputy prime minister."[84] What these measures show is that the first step of liberalization was primarily about creating a competitive market in Turkey by abolishing restrictions on imports and exports. Surveillance played little to no role in these calculations. But it would gradually become clear that the broader aim was to set the free market economy with efficient and competitive production, be it domestic or foreign production, so that the people would see themselves first and foremost as consumers. Özal and his close circle would also engage in active social engineering.

Indeed, many academics associate the coup d'état of 12 September 1980 with the 24 January economic decisions, arguing that the main reason for the coup was to control political and social unrest while the liberalization policies were implemented.[85] As early as the end of January, CHP, under Bülent Ecevit's leadership, argued that the economic package which the 24 January decisions suggested was a Latin American model that could only be implemented if a military dictatorship was in charge.[86] This was a clear prediction that tied September's military takeover to an economic rationale. The Central Bank's annual report was in accordance with this expectation, as it stated that the outcomes of the 24 January decisions started to be seen only after the 12 September coup d'état, and the success of the stabilization program can only

[84] Krueger, "Partial Adjustment and Growth in the 1980s in Turkey," 351.
[85] Meltem Tekerek, *12 Eylül ve Ekonomi Politikaları* (Ankara: Berikan Yayınevi, 2013); Korkut Boratav, *1980'li Yıllarda Türkiye'de Sosyal Sınıflar ve Bölüşüm*, 3rd ed. (Ankara: İmge Kitabevi, 2016).
[86] Cüneyt Arcayürek, *Hapishanedeki Ecevit*, 2nd ed., Bilgi Dizisi 33 (Ankara: Bilgi Yayınevi, 1986).

be seen fully during the year 1981.[87] Thus, without descending into conspiracy theory-type speculation about whether the 12 September coup d'état was an evil plot against Turkish society, it is safe to argue that a political revolution eased the implementation of neoliberal policies. The natural conclusion from this point is that period of 1980-83 in Turkey was a period where political oppression and economic liberalization were seen simultaneously. This thesis seeks to question the level of liberalization in the economic sense, as it underscores the social engineering that policymakers engaged to obtain the all-consumer society, and poses the 24 January decisions as the first step of a wider social engineering project. It is in this context that the 1980s liberalization period and top-down policymaking are appropriate to associate with economic surveillance and control on different levels.

As will be elucidated below, the 24 January decisions were not only the package of reforms stated in the document, it was also a foreshadowing of the upcoming reforms. The next section is about the outbreak of a financial crisis that was inevitable according to some accounts written at the time but that was neglected at first by the government and bureaucracy under the influence of the neoliberal mindset of *laissez-faire laissez-passer*. When the crisis erupted, the state was forced to act contrary to the free-market economic norms and intervene heavily in the situation.

[87] T.C. Merkez Bankası Meclisi, "T.C. Merkez Bankası A.Ş. Raporu 1981" (Ankara, April 29, 1982).

Fall at the first hurdle

> *"In a period in which the Turkish nation strives to get our country's economy out of a very important bottleneck, the disorganized and disharmonious condition of our banking sector, despite being under the responsibility of such significant tasks and having the most valuable managers and personnel of our country, during such a serious state administration, is, in no way forgivable."*[88]

These lines from a statement sent to all of the banks in the country demonstrate the disappointment of Osman Şıklar, who wrote the document and signed it as the President of the Central Bank of the Turkish Republic, and the Head of the Turkish Banks Association on 7 March 1982.[89] As will be explained in this section, if the context of liberalization is considered, the statement stands out also as a controversial text.

First, we must rewind to 1 July 1980, the day that interest rates on loans and deposits were freed. It was, in fact, a path-dependent characteristic for the state to intervene in credit and interest rates, which continued after the founding of the Republic, and state interventions in accordance with industrialization strategy based on import substitution, until 1980.[90] Olcay Sezgin explains that state intervention was instrumental to allocate and transfer capital from people's savings to investors.[91]

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[88] Emin Çölaşan, *Banker Skandalının Perde Arkası*, 11th ed., Milliyet Yayınları 39 (İstanbul: Milliyet Yayınları, 1987), 267.
[89] *Çölaşan, Banker Skandalının Perde Arkası*.
[90] Olcay Sezgin, "1980 Sonrası Bankacılık Sistemimiz" (Banking, Ankara, Gazi University, 1988), https://tez.yok.gov.tr/UlusalTezMerkezi/tezDetay.jsp?id=TrCYxQ00Z3PSrLvyCw4quQ&no=TrCYxQ00Z3PSrLvyCw4quQ.
[91] Sezgin, "1980 Sonrası Bankacılık Sistemimiz".

With the decree that took effect in July, the government announced that interest rates for term deposits and the credits would be freely determined between banks and their depositors.[92] By allowing the banks to issue and sell certificates of deposit (CDs), the state was using the banking system as a tool to form a capital market and form the system in which capital was gathered in banks and funds for investors to be borrowed from the banks, instead of transferring the capital through state intervention. However, the oligopolistic nature of the banking sector in Turkey affected the way that banks responded to this deregulation.[93]

At this point, in the first major sign of neoliberal reform in the banking sector, deregulation brought competition for higher interest rates and an increase in savings in banks, together with a rapidly growing number of brokers (*banker* in Turkish) who had a share in the competition. Brokers had been around for a long time as the first two independent brokers in Turkey were entrusted with the management of the external debt of the Ottoman Empire already in the nineteenth centuy. However, the restrictions applied to banks, especially in the 1970s created unfair advantages for brokers who remained unaffected by these restrictions.[94] Over the course of the 1980s, given the high rate of inflation, the interest rates that banks could offer were getting lower.[95] In the absence of alternative financial intermediaries for banks to use, and with the deregulation of interest rates, the brokers found a gap to fill and

[92] Sezgin, "1980 Sonrası Bankacılık Sistemimiz".
[93] Sezgin, "1980 Sonrası Bankacılık Sistemimiz".
[94] Rabia Saliha Tutcuoğlu, "Dünyada ve Türkiye'de Bireysel Bankacılığın Gelişimi Nedenleri ve Bankacılık Sektörü Açısından Oluşturduğu Riskler" (İstanbul, T.C. İstanbul Ticaret Ünversitesi, 2010), http://acikerisim.ticaret.edu.tr/xmlui/bitstream/handle/11467/2349/39498.pdf?sequence=1&isAllowed=y; Uluyol, "1980-2000 Döneminde Türkiye'de Bankacılığın Gelişimi."
[95] Uluyol, "1980-2000 Döneminde Türkiye'de Bankacılığın Gelişimi."

increased in numbers. Banks were issuing certificates of deposit and these CDs were marketed through brokers.[96] In a short period, the competition for higher interest rates increased as people were promised higher gains in return for their savings, and brokers, in return, were able to raise more and more funds from these deposits.[97] The brokers' advertisements were regularly found in all newspapers: Banker Kastelli underlined "years of experience," guaranteeing "58 percent annual net income;" Hisarbank promised that customers would become "rich in deposit within a year;" and İstanbul Bankası argued that it was "time to make money with money."[98]

Figure 1: Banker Kastelli Advertisement, Cumhuriyet Newspaper, March 2, 1982.

Gradually, the brokers' position became untenable as they proved irrational in managing funds and financial risks: they sold CDs for ever-growing interest rates and were unable to recover the capital they borrowed on credit, and this eventually brought the whole financial sector to the brink of collapse.[99] In fact, it was calculated that there were around a thousand brokers in a market in which no credentials were

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[96] Esen, "Financial Openness in Turkey."
[97] Esen "Financial Openness in Turkey."
[98] Çölaşan, *Banker Skandalının Perde Arkası*,33-34.
[99] Baysal, "Convertibility."

necessary to receive certification to conduct the business of brokering.[100] In Çölaşan's account, it is evident that as early as the beginning of 1981 the whole banking system was sinking deeper into a swamp, and the uneasiness was explicit both in the streets, among the brokers themselves, and behind the curtains, among the dialogues of state officials and bank managers.[101] Çölaşan shows that several cabinet members, Osman Şıklar, and even Banker Kastelli himself articulated their concern about a crisis. Each time, however, mostly with directions from Özal, the case was closed by agreeing that "the weak will be wiped out from the market," "the Turkish people would learn eventually," and, with reference to what was the most important justification for the whole process, evidence of increasing savings being held in banks.[102] Another infamous statement came from Kaya Erdem, who inflamed the crisis when people saw his statement on the news on 22 September and went to withdraw their money, thus, chasing him for his entire carrier and even after his retirement:

> *"The topic is sensitive and we watched the developments very carefully, but our citizens do not protect themselves. If you lock all of the doors at home but the robber still finds its way into your home, do you blame the state? In this situation, all of the doors are left open, and people blame the state, asking what will happen to their savings. Turkish people gambled with their money for a two-bit increase."*[103]

[100] Süleyman Kale and Mehmet Hasan Eken, "Türk Bankacılığında Krizler Ve Çıkarılan Dersler," December 22, 2017, https://dergipark.org.tr/tr/pub/klujfeas/issue/32183/348983.
[101] Çölaşan, *Banker Skandalının Perde Arkası*.
[102] Çölaşan, *Banker Skandalının Perde Arkası*, 63, 67-68, 77.
[103] Çölaşan, *Banker Skandalının Perde Arkası,92-93*; Emin Çölaşan, "Halk Kumar Oynamıştır," *Milliyet Gazetesi*, September 22, 1981.

Simultaneously, the sequential meetings of bank managers and the President of the Central Bank of Turkey were proving fruitless as banks continued to disregard the decisions taken during these meetings (most notably, the decisions that aim to limit the interest rates of credits and savings). It was in response to this atmosphere of growing deterioration of the banking sector as a whole that Şıklar penned the lines of disappointment in 1982, a few months before the biggest broker Banker Kastelli fled the country and caused two-hundred-twenty-thousand customers to lose a total amount of 100 billion liras' worth of deposits and left 45 billion Turkish Liras of interest debt.[104]

With Kastelli fleeing the country, Özal, and two of his close associates resigned from their offices, accepting the failed policy outcome. While Özal stated that it was "a normal change of duties," Prime Minister Ulusu spoke to newspapers saying that the experience of such a crisis was seen as a lesson for the government and that they would be more careful and more aware as they continued to implement the original free-market based economic program, ensuring the stability of economic policies.[105] The experience of this crisis led to change in the implementation of neoliberal policies and an increase in state intervention.

[104] Cumhuriyet Bürosu, "Kastelli Tunus'ta," *Cumhuriyet Gazetesi*, September 8, 1982.
[105] Cumhuriyet Bürosu, "Ulusu: Ekonomik Politikada Değişiklik Yok," *Cumhuriyet Gazetesi*, July 15, 1982, https://egazete.cumhuriyet.com.tr/oku/192/1982-07-15/0.

Firstly, it was announced that the state would be responsible for paying back deposits and brokers' interest on deposits owed to their customers.[106] The Savings Deposit Insurance Fund (TMSF) system was enacted in 1983 to work as a "hospital for the banks," first with the care of the Central Bank of Turkey and later on, in 1989, after another round of reorganization was made, as a more impartial institution.[107] Secondly, Hisarbank, İstanbul Bankası, Ortadoğu İktisat Bankası, İşçi Kredi Bankası and Emekli Sandığı were obliged to be transferred to a public bank, Ziraat Bankası, that was under state control.[108] In this way, the state apparatus became an emergency exit to the crisis that occurred in an attempt to reduce state control. That is to say that the experience of the Brokers' Crisis in Turkey reinforced the importance of the state not only as rule-maker but also as savior, although the aim of freeing the interest rates was part of a mission to achieve quite the opposite. Indeed, it was the state that restarted controlling the interest rates again in 1983, and the second trial of lifting the state control in 1987 once again created a risky environment as the interest rates went higher due to the competition, which was why, to avert another crisis, the state implemented an upper limit on interest rates in 1989.[109]

It is a common observation, both at the time and in the academic work written in hindsight, that the sudden liberalization before introducing the necessary institutions

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[106] Uluyol, "1980-2000 Döneminde Türkiye'de Bankacılığın Gelişimi"; Kale and Eken, "Türk Bankacılığında Krizler Ve Çıkarılan Dersler," December 22, 2017.
[107] "Tarihsel Yolculuk," TMSF, accessed March 8, 2022, https://www.tmsf.org.tr; Bilal Çetin, "Bankalara 'Hastane,'" *Cumhuriyet Gazetesi*, May 24, 1989, https://egazete.cumhuriyet.com.tr/oku/192/1989-05-24/11.
[108] Uluyol, "1980-2000 Döneminde Türkiye'de Bankacılığın Gelişimi."
[109] Tutcuoğlu, "Dünyada ve Türkiye'de Bireysel Bankacılığın Gelişimi Nedenleri ve Bankacılık Sektörü Açısından Oluşturduğu Riskler."

backfired immensely. Based on a series of interviews conducted with bankers and professors, a news article from the *Cumhuriyet* newspaper in July 1985 reported that the total savings of individuals did not increase as expected and aimed by liberalizing the interest rate, but rather decreased.[110] Professor Özcan Ertuna wrote in 1986 that it was the intermingling of the money market with the capital market, together with the unchecked brokers' irrational calculations that led to the Broker's Crisis in December 1981 and then the Kastelli Shock in June 1982.[111] In his account in hindsight, Aslan concludes by adding that "the absence of a deposit insurance system in the early 1980s led to an economic collapse as people panicked and withdrew their deposits from the banks. This sudden loss of public confidence put the banking system in jeopardy of sinking many of the banks into bankruptcy."[112] On another level, the risk perception in economic ventures on the customer side remained unchanged since there was a savior even if the market failed, and this risk perception was one of the main factors preparing for the crisis, as people ran to brokers with their savings. This is true for the banks as well. One national journalist in 1987 proposed that what caused the banks to compete irresponsibly was the existence of a savior, the state.[113] In other words, the Brokers' Crisis indicates that, if "contrary to theoretical expectations, the opening of the capital account induced adverse effects on financial intermediation, savings, investment, growth, and foreign debt,"[114] then a major factor of this observation is the rush in taking policies without

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[110] Ekonomi Servisi, "Temmuz Bankacılığı Ne Getirdi?," *Cumhuriyet Gazetesi*, July 1, 1985.
[111] Özcan Ertuna, *Finansal Kurumlar* (Ankara: Teori, 1986), https://search.ebscohost.com/login.aspx?direct=true&db=cat00040a&AN=bilk.79581&site=eds-live.
[112] Murat Aslan, "Political Economic Analysis of Turkish Economy: Structural Problems and The Role of the State," *Eskişehir Osmangazi Üniversitesi Sosyal Bilimler Dergisi* 6, no. 2 (June 1, 2005): 19.
[113] Bilal Çetin, "Bazı Bankalar Batmaya Mahkum," *Cumhuriyet Gazetesi*, July 3, 1987, sec. Ekonomi.
[114] Esen, "Financial Openness in Turkey," 1.

thinking of the mentality of people and without necessary impartial institutions to oversee the procedure.

Conversely, there were Özal and his close circle, who oversaw the situation as people who agreed on the policies in the first place and thus proved unable to doubt a failure until the crisis was at the country's doors. Therefore, the Brokers' Crisis stands as the failure of the first major trial of liberalizing the economy and demonstrated continued state control of the market, while reflecting the main ideas of neoliberal economic understanding. The experience also proved that a sudden change of policy orientation bore huge consequences when the mindset of the customers and managers was not adequately reoriented before. The developments presented below are experiences where institutionalization and encouraging individual-level banking is seen together, in which bank-level and IFI-level surveillance are seen explicitly, unlike the Brokers' Crisis where control and surveillance proved almost impossible since the main activity was kept out of the banks and banking sector.

Restructuring the capital market

This section deals with the broader reforms of the Turkish financial market, which served the purpose of ensuring liquidity of the economy by mediating the collection of savings and directing these funds for the needs of the economy. Used as economic and financial tools by individuals, the two most valuable low-end markets are the money market, which operated through the banking system, and the capital market, which operated through the securities exchange.[115] While this section focuses on the capital market and the İstanbul Stock Exchange, I show how these were connected to the money market and the banking system.

The reform of the capital market was essential because it functions as an important mechanism in free-market economies by ensuring the transfer of funds to developing productive areas in the economy and generating information for the economy through prices formed under competitive conditions.[116] Therefore, the capital market channels savings, the main financing source, into investments, bringing them to the country's economy and spreading the ownership of investment instruments to large masses, allowing larger investments to be reached in a healthier risk structure.[117] Enactment of the new Capital Market Law, which was followed by the establishment of the Capital Markets Board of Turkey, provided a natural transition as the law was designed in light of the lessons learned during the Brokers' Crisis. Before the year 1980, Turkey did not have a capital market law, which, according to Coşkun, was one of the main reasons that brokers grew in numbers in a short span of time.[118] Therefore, the emergence of the Brokers' Crisis brought forth the necessity of having rules and regulations to prevent wrong-doings under the liberalization initiative, and

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[115] Güner Koç Aytekin, "Türkiye' de Sermaye Piyasaları ve Borsaların Gelişim Süreci," *International Journal of Humanities and Education*, 2018, https://atif.sobiad.com/index.jsp?modul=makale-detay&Alan=sosyal&Id=AWfus6u8HDbCZb_mQ_WV.
[116] Tevfik Altınok et al., *Finansal Yönetim*, ed. Tevfik Altınok and Targan Ünal (İstanbul: Finan Kulüp Yayınları, 2016).
[117] Aytekin, "Türkiye' de Sermaye Piyasaları ve Borsaların Gelişim Süreci."
[118] Yener Coşkun, "Repo ve Ters Repo Düzenlemeleri: Banker Krizi Sonrası Ortaya Çıkışı ve Finansal Başarısızlık Dersleri Işığında Politika Önerileri," *Business and Economics Research Journal* 3, no. 1 (2012): 59–09.

the Capital Market Law and the Board established by the law were among the consequences of the first experience with major deregulation.[119]

Even without the experience of such a financial crisis in 1982, liberalizing the capital market was fundamental in and of itself during the 1980s as the "global capital" emerged in the capitalist world, "especially with the disappearance of the obstacles to capital movements, the interactions of financial markets and institutions," international relations and transactions came to have a truly global sense.[120] Unleashing the capital market ensures several benefits, as Aytekin lists: providing long-term resources to the real sector through financial instruments and acting as a catalyzer in socio-economic issues through "spread of capital to the base, fair income distribution, and fight against the informal economy."[121]

I present the enactment of the Capital Market Law and the establishment of its Board as a reverse action, in which the state intervened within the process of liberalization, going against the very essence of "liberalization" in order to change the behavior of the supplier and the customer. The significance of the Capital Market Law in terms of social engineering, and reversing deregulation was evident in the *Official Gazette*, which announced:

> *"The subject of this Law is to enable the public to participate in economic development effectively and widely by investing the savings in*

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[119] M. Necat Coşkun et al., *Türkiye'de Bankacılık Sektörü Piyasa Yapısı, Firma Davranışları ve Rekabet Analizi* (İstanbul: Türkiye Bankalar Birliği, 2012), https://www.tbb.org.tr/Content/Upload/Dokuman/796/rekabetKitap.pdf.
[120] Aytekin, "Türkiye' de Sermaye Piyasaları ve Borsaların Gelişim Süreci," 1.
[121] Aytekin, "Türkiye' de Sermaye Piyasaları ve Borsaların Gelişim Süreci," 1.

securities; to regulate and supervise the operation of the capital market in trust, openness, and determination, the protection of the rights and benefits of the savers."[122]

Likewise, the Capital Markets Board, Turkey's first regulatory and supervisory supreme body, was established on 13 January 1982 "with the Capital Markets Law No. 2499 in order to ensure that the capital market operates with confidence, clarity, and determination, and to protect the rights and benefits of savers, namely investors."[123]

According to Gökhan Sümer, the Capital Market Law catered for the development of capital market tools, such as the establishment of the İstanbul Stock Exchange, the procurement of commercial papers, share certificates, and bond-trading activities. With these tools, banks lost their potential of working with low-cost funds, and thus, had to supply investment funds in order to increase their activities in the capital market.[124] In other words, following the new law, the behavior of banks changed and ultimately altered the whole outlook of the capital market, which, in turn, changed the customer behavior by making available some new choices and inaccessible, some others. Most importantly, the Capital Market Law and the Board are significant cornerstones of making the individuals able to save and invest money using different

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[122] Official Gazette, "Sermaye Piyasası Kanunu," 2499 § Legilation (1981), https://www.resmigazete.gov.tr/.
[123] Sermaye Piyasası Kurulu, "SPK'nın 25. Kuruluş Yıldönümü," Sermaye Piyasası Kurulu- Basın Duyuruları, January 23, 2007, https://www.spk.gov.tr/Duyuru/Goster/2007123/1.
[124] Gökhan Sümer, "Türk Vergi Sistemi Açısından Bankaların Ödev ve Yükümlülükleri" (Ph.D., Uludağ, Turkey, 2013), https://www.proquest.com/docview/2586376605/abstract/122FABCE1409494BPQ/1.

tools, and keeping their activities within the banking system so that another Brokersi Crisis is avoided.

New regulations and institutions are created and activated throughout the years of economic liberalization, to improve the functioning of the capital market in Turkey. The first legal change after the passing of the Capital Market Law was executive order no.91 of 1983, which amended the Law on Securities and Exchange. The following year, Regulation on Establishment and Working Principles of Stock Exchanges was published.[125]

Finally, in 1985, the İstanbul Stock Exchange (İMKB) was established, this time, the necessary laws and regulations were intact before the institution was ready to operate. Increasing operations inaugurated the era of auditing in the year 1987, when banks in Turkey became subject to independent external auditing.[126] While looking at the development of the capital market is meaningful as it reflects the state's preparations to disperse the savings among individuals, the spreading of consumption is equally important to follow. To examine how these structural changes allowed people to consume more, the two sections below elaborate on the related reforms of the banking sector.

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[125] Aytekin, "Türkiye' de Sermaye Piyasaları ve Borsaların Gelişim Süreci."
[126] Uluyol, "1980-2000 Döneminde Türkiye'de Bankacılığın Gelişimi."

Deepening on the individual level

After the first step to external financial liberalization in December 1983, the new government—now a civil administration led by the Motherland Party—allowed both residents and non-residents to open exchange deposits with commercial banks.[127] The second step was taken in 1989, with the famous Decree No. 32 on the Protection of The Value of Turkish Currency, "when all restriction on capital movements and borrowing by residents from international markets were lifted."[128] Yükseler, an adviser to the Central Bank of Turkey summarizes the main items as:

1. The residents can buy foreign exchange without any limitation from the banks and special finance institutions and they are not subject to any restrictions for keeping foreign exchange,
2. It is free for residents to purchase and sell foreign securities, bills and bonds through banks and special finance institutions, and to transfer abroad their purchase value,
3. Turkish residents are free to issue, introduce, and sell securities abroad,
4. Non-residents can buy and sell all the securities listed at the Stock Exchange in İstanbul and the securities issued upon the permission of the Capital Markets Board,
5. Non-residents are allowed to open Turkish lira accounts and to transfer principal and interest income of these accounts in Turkish lira or foreign exchange,

[127] Esen, "Financial Openness in Turkey."
[128] Baysal, "Convertibility," 1; Sümer, "Türk Bankacılık Sektörünün Tarihsel Gelişimi ve AB Bankacılık Sektörü ile Karşılaştırılması," 489; Tutcuoğlu, "Dünyada ve Türkiye'de Bireysel Bankacılığın Gelişimi Nedenleri ve Bankacılık Sektörü Açısından Oluşturduğu Riskler."

6. Non-residents are allowed to buy and transfer foreign exchange and send Turkish lira abroad without any limitation,
7. The proceeds of sales and liquidation of foreign capital may be transferred freely out of the country by the banks and special finance institutions.[129]

Although liberalizing the capital account after the current account is logical in the theoretical sense to ensure currency convertibility that would ease the transaction of goods, services, and capital, the specific situation that the Turkish economy faced was unfavorable for such a policy decision. Ziya Öniş, in a survey of Özal's legacy for Turkey, writes that it "was a premature decision in the presence of pervasive macroeconomic instability and a severely under-regulated financial system."[130] In fact, Turkey was one of the few emerging economies to fully liberalize its capital account, while the country was experiencing several significant economic problems simultaneously, such as the persistent trade deficit, and high inflation.[131]

Within this economic atmosphere, the Decree stated that the entrance of exchange currency to Turkey was free and that entrances cannot be registered and their origins cannot be traced, which demonstrates insufficiency on the part of state, in terms of surveillance of the money entering to the country, which, similar to the risks that led to the Brokers' Crisis, bore risks for the future.[132] The long-term effect of the

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[129] Zafer Yükseler, "The Financial Liberalization: The Turkish Experience," March 11, 2005, 4.
[130] Ziya Öniş, "Turgut Özal and His Economic Legacy: Turkish Neo-Liberalism in Critical Perspective," *Middle Eastern Studies* 40, no. 4 (July 1, 2004): 115, https://doi.org/10.1080/0026320041000170033 8.
[131] Kurtuluş Gemici, "Rushing toward Currency Convertibility," *New Perspectives on Turkey* 47 (ed 2012): 33–55, https://doi.org/10.1017/S0896634600001692.
[132] Official Gazette, "Türk Parası Kıymetini Koruma Hakkında 32 Sayılı Karar," 89/14391 § Yürütme ve İdare (1989), https://www.resmigazete.gov.tr/arsiv/20249.pdf.

financial opening in 1989 is evaluated in the literature as a turning point for the Turkish economy, where the "optimistic expectations on financial deepening within the domestic financial markets did not materialize," on the contrary, the characteristic of increasing dependence on short-term capital flaws emerged, making the economy increasingly fragile.[133]

In the article in which Kurtuluş Gemici attempts to explain the rationale behind the 1989 capital account liberalization, he argues that the decision was important in its short-term effects, as the policy decision "embodied a political rationality that put a premium on short-term expansion through funds from the rest of the world," which was a response to the slowing down of economic growth and to "organized labor's and public employees' demands for better working conditions and higher wages."[134] As an economist who worked both at the IMF and later on at the Central Bank of the Turkish Republic as an elected Governor, Rüşdü Saraçoğlu wrote that the capital account liberalization indeed contributed "to the growth of the securities markets by allowing nonresidents to invest in domestic securities quoted on the capital market," confirming the success of short-term goals.[135]

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[133] Korkut Boratav and Erinc Yeldan, "Turkey, 1980–2000: Financial Liberalization, Macroeconomic (In)Stability, and Patterns of Distribution," in *External Liberalization in Asia, Post-Socialist Europe, and Brazil*, ed. Lance Taylor (New York: Oxford University Press, 2006), https://doi.org/10.1093/acprof:oso/9780195189322.003.0014; Gemici, "Rushing toward Currency Convertibility," 50.
[134] Gemici, "Rushing toward Currency Convertibility," 35.
[135] Rüşdü Saraçoğlu, "Financial Liberalization in Turkey," in *Interest Rate Liberalization and Money Market Development*, ed. Hassanali Mehran, Marc G. Quintyn, and Bernard J. Laurens (International Monetary Fund, 1996), https://www.elibrary.imf.org/view/books/071/03637-9781557755636-en/ch05.xml.

Nevertheless, the discussion of the reforms of August 1989 is more telling about its long-term effects. The reforms were an integral part of the creation of a consumer economy because they allowed individuals to hold and save foreign currencies. The Central Bank report of 1989 concluded that the difficulties associated with both the classical collection of funds and existing crediting mechanisms had forced the banks to enlarge their area of activity and diversify their goods and customer groups starting from 1989.[136] According to the report, drawing individuals to banks through savings opportunities had then facilitated credit cards and consumer credits that allowed households from different economic backgrounds to become commercial bank customers. In light of the policy decision, the next section focuses on these tools and their effect on people as their usage increased after the 1989 capital account liberalization and throughout the 1990s, with the new emerging technology integrated into the banking sector.[137]

Dispersing on the individual level: ATMs, banking and credit cards, and consumer loans

It was towards the end of the 1980s that ATMs, bank cards, credit cards, and consumer loans came into common usage. I present these four as tools of the banking system which not only pulled customers, regardless of their socio-economic background, deep into the banking sector but also identified them as and reminded them of being consumers. This section elucidates how the state-led economic reforms led to an increase in individual banking services and came with the necessity of better risk analysis practices. Below, I gather these practices in three levels.

[136] T.C. Merkez Bankası Meclisi, "T.C. Merkez Bankası A.Ş. Raporu 1989" (Ankara, April 24, 1990).
[137] T.C. Merkez Bankası Meclisi, "T.C. Merkez Bankası A.Ş. Raporu 1989" (Ankara, April 24, 1990).

Turkey met ATMs in 1987 in the capital city, 20 years after the first of its kind started operating in England and 5 years after the ATMs were first advertised in Turkish newspapers.[138] The service, introduced by Türkiye İş Bankası, initiated an era of electronic banking that continues to this day, as bank cards continue to be "an indispensable part of our lives with card payments and the acceleration of contactless payments."[139] One of the advantages of the ATM banking system is reduced transaction costs and the elimination of the necessity to go to the branch office. Consumer credit, another key feature of the mass consumer economy, also dates to this period. Consumer loans were an early extension of retail banking.[140] They emerged as loans provided to individuals, with or without commercial purposes, to be repaid later under certain conditions, and were used to cover a wide range of costs such as automobiles, household appliances, housing, vacation expenses, and tuition payments.[141] While the main purpose of commercial and industrial credits had long been to increase production volume and profit, the purpose of consumer loans was to meet the desires and demands of consumers with tomorrow's income today.[142] This enabled customers to afford consumer goods with future income and enabled banks to employ their capital with less risk, as they used consumer loans as part of a

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[138] Rabia Tuğba Eğmir and İsa Sağbaş, "ATM Bankacılık Sistemi Ve Regülasyonlar," *Gümrük ve Ticaret Dergisi* 8, no. 24 (June 30, 2021): 24–36; Türkiye İş Bankası, "Türkiye İş Bankası Yeni ve Çağdaş Bir Hizmet Daha Sunuyor," *Cumhuriyet Gazetesi*, April 2, 1982, https://egazete.cumhuriyet.com.tr/oku/192/1982-04-02/11.
[139] Bankalararası Kart Merkezi, "2017 Faliyet Raporu" (İstanbul: Bankalararası Kart Merkezi, 2017), 9, https://bkm.com.tr/wp-content/uploads/2018/07/2017_BKM_FAALIYET_RAPORU.pdf.
[140] Selçuk Duranlar, "Ülkemizdeki Banka İşletmelerinde Tüketici Kredileri Üzerine Bir İnceleme," *Finans-Politik & Ekonomik Yorumlar Dergisi*, March 2005.
[141] Tutcuoğlu, "Dünyada ve Türkiye'de Bireysel Bankacılığın Gelişimi Nedenleri ve Bankacılık Sektörü Açısından Oluşturduğu Riskler."
[142] Selçuk Abaç et al., *Ekonomi Ansiklopedisi*, vol. 2, 3 vols. (İstanbul: Paymaş Yayınları, 1983); Nail Akyün, "Dünyada ve Türkiye'de Tüketici Kredileri" (İstanbul, T.C. İstanbul Üniversitesi, 1995), http://nek.istanbul.edu.tr:4444/ekos/TEZ/24778.pdf; Tutcuoğlu, "Dünyada ve Türkiye'de Bireysel Bankacılığın Gelişimi Nedenleri ve Bankacılık Sektörü Açısından Oluşturduğu Riskler."

marketing system when faced with shrinking demand for large-scale credit.[143] By encouraging people to spend more than their current income, the consumer loan was to become an essential tool for social engineering, as it altered consumption preferences in time, effectively increasing the marginal consumption tendency by encouraging consumerism.[144] Especially in times of recession, consumer loans play an important role in increasing domestic demand, thus creating an upswing in investments. Soon, these credits became an integral part of the banking system and the consumers' preferences after the first consumer loan provided by Yapı Kredi Bankası in 1988.[145]

Surveillance For the Sake of Efficiency

Transition to the free-market economy and preference for strategic growth changed the state's role in the sense that the economic activities were reduced to give way to the private actors. On the other hand, regulation, auditing, surveillance, and guidance functions increased.[146] This was a natural and vital necessity since the transition period came with various risks that could (and did) cause crisis and disrupt economic growth. The consequent necessity of risk analysis found its way both among the banks and within the banks themselves.

143 Selim Arsever, "Tüketici Kredisi Pazarlama Yöntemlerinden Bir Tanesidir," *Dünya Gazetesi*, April 6, 1989.
144 İstanbul Ticaret Odası (İTO), "Tüketici Kredileri ve Batı Ülkelerindeki Uygulamalar Paneli," 1990.
145 Akyün, "Dünyada ve Türkiye'de Tüketici Kredileri."
146 Süleyman Kale and Mehmet Hasan Eken, "Türk Bankacılığında Krizler ve Çıkarılan Dersler," *Kırklareli Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi* 6, no. 5 (December 22, 2017): 1.

Surveillance, by its very nature, is hard to analyze, and internal bank surveillance proved to be the form of surveillance that was hardest to access. I conducted an interview with a former banker, Kaan Eran, who started his career on the audit side of the banks and then moved to management departments. Based on his reflection on his experiences and other written sources, I argue that, within the triangular relationship of banks, the Turkish state, and the IFIs, the banks stand as the smallest unit where the information on the economic assets of individuals accumulate, creating rough data.

The development of the financial sector in Turkey following the neoliberal reforms provided credits and credit cards, which rapidly became the two main functions of the banks, but over time the risks accelerated.[147] Of corporations more broadly, Gandy has argued that "businesses increasingly demand to know more about the *kinds* of people who bought and the kinds of people who did not."[148] This was the case for Turkey's banks as well, since banks operate for profit, they can be categorized as one of the businesses that Gandy mentions. Another important observation that Gandy makes is that: "corporate decision-makers require accurate and timely information about their own competitive environments, the efficiency of their production process, and the extent of success that is currently enjoyed by each of their product lines. In addition, the modern business enterprise needs information about the future to use as a critical input into strategic planning."[149] This second observation is helpful for understanding the limits on the growth of surveillance in

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[147] Selim Caner Sayıcı, "İhtiyaç kredilerinde yapay sinir ağları uygulaması" (Doktora Tezi, İstanbul, Kadir Has Üniversitesi, 2018), 58–59, http://academicrepository.khas.edu.tr/xmlui/handle/20.500.12469/1877.
[148] Oscar H. Jr, *The Panoptic Sort*, 62.
[149] Oscar H. Jr, *The Panoptic Sort*, 60.

1980s Turkey. In the interview, when asked about the goals of the surveillance mechanisms in which he participated, Eran responded that there was no habit of strategic planning, at least in the banking sector, because there was no actual competition.[150]

Although Eran agreed that we should think about banks in Turkey in the 1980s as businesses aimed at profiting, he pointed out that these banks in Turkey colluded rather than competed. Under conditions without competition, it was less necessary for the banks to conduct surveillance for efficiency. In fact, he shared an anecdote, saying that there were people who considered themselves bankers who were giving out credit cards at bus stations, or set up shops for selling credit cards in front of malls, especially after the 1990s. Related to the absence of strategic planning, Eran shared that audit and surveillance were often used at times of crisis to save some people and to cut some others off rather than developing the business manner in any way, which is related to domestic political issues rather than strategic or economic worries.

With time, however, an interbank system emerged among the banks, and the banks transitioned to a uniform chart of accounts that provided standardized data to the Central Bank.[151] These systems of surveillance and planning then spread to the systems of individual banks, as risk analysis made them more credible in the sector. The method of credit scoring was applied to customers and potential customers

[150] Kaan Eran, Interview, May 29, 2022.
[151] Sümer, "Türk Vergi Sistemi Açısından Bankaların Ödev ve Yükümlülükleri," 37.

within the banks. With the addition of the international level, the relationship can be likened to that of a food chain. The IFIs, which provided loans to countries, first got to know those countries, to make sure that loans would be spent wisely and the debt repaid. The countries which have more banks that calculate risk analysis, plan their financial actions, and an active Central Bank collecting these data appear more credible in the international arena. In other words, surveillance on different levels fed the behavior of the rest of the actors in the relationship between the local banks, Central Banks, governments, and the IFIs.

When it comes to the state-level surveillance, the characteristic that liberalizing first, and then thinking in terms of the prevention of wrong-doings reappears. The following quotation from the 2008 Interbank Credit Center Report reveals the need for surveillance to prevent informal economic activities and money laundering: “Today, in many countries including Turkey, one of the largest problems of the economy is informality. Non-taxable revenues must be included in the records. Credit cards are found to be the most effective tool in combating informality in the economy.”[152] However, for a financial system that was reformed heavily during the 1980s, it is evident that this necessity and solutions (i.e.: the spread of credit card usage) are discussed quite late.

As a Chamber Counselor at the Central Bank, Baykal argues that, from the beginning of the 1990s, new regulations pertaining to the financial system were not

[152] Bankalararası Kart Merkezi, “Banka ve Kredi Kartları Kullanım Alışkanlıkları Araştırması 2008,” Kart Monitör (İstanbul: Bankalararası Kart Merkezi, 2008), 24, https://bkm.com.tr/wp-content/uploads/2015/06/kartmonitor_300508.pdf.

parallel to the international criteria, which prevented the banking sector to deepen relying on a solid ground of rules and regulations.[153] In his work which focuses on the legal aspects of financial crises in Turkey, Baykal observes that freeing interest rates, encouraging new banks to enter the market, opening up the banking sector to the international markets, easing the use of exchange currencies at national banks were all decisions taken under the concern of the ability to finance increasing government deficit.[154] Implemented in a hurry, without grounded rules, regulations, and institutions intact, and therefore without proper information gathering from the beginning, these policies left the Turkish economy fragile and prone to experiencing financial crises.

To judge by public comments in national newspapers, throughout the 1980s there seems to have been a discussion regarding the details of supervision and surveillance of the banking sector. One of the significant changes that these discussions brought was the transition to the uniform chart of accounts. Due to the negative real interest rate policy implemented before 1980, companies that borrowed much more than their own resources faced a heavy financing cost with the rise in interest rates and faced difficulties in repaying the loans they received from banks.[155] As a result, the increase in non-performing bank receivables revealed the necessity of a more effective surveillance system and made it necessary to take measures in this direction.[156]

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[153] C. Murat Baykal, "Hukuki Boyutlarıyla Finansal Krizler," *Bankacılar Dergisi*, no. 60 (2007): 35.
[154] Baykal, "Hukuki Boyutlarıyla Finansal Krizler," 35.
[155] Sümer, "Türk Vergi Sistemi Açısından Bankaların Ödev ve Yükümlülükleri," 37.
[156] Sümer, "Türk Vergi Sistemi Açısından Bankaların Ödev ve Yükümlülükleri," 37.37.

The first of these measures was that the application of TDHP was prepared and put into effect at the beginning of 1986, to ensure uniformity in terms of accounting records and financial reporting for all banks operating or desiring to operate in Turkey, as the information required for the audit and surveillance of banks and statistical information requested from banks are obtained directly and healthily from TDHP.[157] Interpreted as the "breaking down of the banks' make-up," a *Cumhuriyet* news article announced in May 1985 that preparations had been completed for the application of a uniform chart of accounts, "which is brought to prevent banks from embellishing their closing balance sheets and accounts they conveyed to the Central Bank in a way that conceals the truth."[158] TDHP gave the banks and all other businesses a clear-cut format of data gathering and presentation of their financial records, such as their assets and debts of different categories.[159]

A news article from 1984 reflects the discussions on audit and surveillance of the banking sector prior to the transition to the uniform chart of accounts. Cengiz Turhan from *Cumhuriyet* explains that there are views that find the auditors of banks adequate and support that some of the information-sharing systems need to be developed, and there are others who find the auditors working under the banks inadequate and support the idea of a European-like model in which there is an

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[157] T.C. Başbakanlık Hazine Müsteşarlığı, "Bankalarca Uygulanan Tekdüzen Hesap Planı ve İzahnamesi," *T.C. Başbakanlık Hazine Müsteşarlığı Bankalar Yeminli Murakıplar Kurulu Yayını*, 1996, 33–35.

[158] Cumhuriyet Bürosu, "Bankaların Makyajı Bozuluyor," *Cumhuriyet Gazetesi*, May 31, 1985, sec. Economy, https://egazete.cumhuriyet.com.tr/oku/192/1985-05-31/9.

[159] İstanbul Serbest Muhasebeci Mali Müşavirler Odası, "Tekdüzen Hesap Çerçevesi, Hesap Planı ve Hesap Planı Açıklamaları," accessed June 7, 2022, https://www.ismmmo.org.tr/Mevzuat/V-Tekduzen-Hesap-Cercevesi-Hesap-Plani-ve-Hesap-Plani-Aciklamalari--3999.

autonomous body (i.e.: the Central Bank) that audits the banks and gives information to the Treasury.[160] In both views, the necessity to create "an early warning system" about the future of the banking sector demonstrates the existence of an idea of gathering information to prevent possible crises. Yet this idea, and indeed the assumption of responsibility, was slow to be actually implemented by state officials, leaving the Turkish economy fragile for almost two decades. When the calendars were showing June 23, 1987, economists in the bureaucracy were warning Prime Minister Özal about six key steps to be taken before the re-implementation of the free interest policy, one of which was to activate an effective mechanism of audit and surveillance to oversee the banking sector and the financial system.[161]

Lastly, at the international level, I focus most on the IMF as the concept of a "surveillance mechanism" is associated especially with the Fund, due to its creation of this mechanism out of a necessity to track its borrowers. The necessity emerged when the Fund's role was altered in the late 1970s, following the transnationally significant events such as the end of the gold standard in 1971, the oil crisis in 1973, the consequent fall of the Bretton-Woods System, and the Sterling Crisis in 1976. Mazower explains the change that the IMF underwent: "in the mid-1970s, amid fears that monetary instability might trigger off another Great Depression, the IMF took on more systemic responsibility, managing the precarious new regime of floating exchange rates in an agreement brokered by the Americans and the French that gave it a mandate to "exercise firm surveillance" over members' exchange rate

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[160] Cengiz Turhan, "Bankacılık Sektörüne 'Erken Uyarı' Sistemi," *Cumhuriyet Gazetesi*, September 4, 1984, sec. Economy, https://egazete.cumhuriyet.com.tr/oku/192/1984-10-04/0.
[161] Bilal Çetin, "Bürokraside Teknisyenlere Göre Serbest Faize Geçişin Önkoşulu: 'Önce Çürük Bankalar Ayıklansın,'" *Cumhuriyet Gazetesi*, June 23, 1987, sec. Economy, https://egazete.cumhuriyet.com.tr/oku/192/1987-06-23/9.

policies."[162] At a 1976 meeting, an interim committee formed within the IMF, despite their disunity on many other issues, agreed on rewriting the Article IV of the Articles of Agreement to add the Second Amendment, "which authorized the Fund to exercise 'firm surveillance' over the exchange rate policies of member countries" and "for the oversight of the Fund."[163] The necessity of conducting surveillance over a borrower was very similar to that of the banks—simply from the need to make sure that the borrower will comply with the terms of repaying the debt.

In order to collect meaningful and comparable data from the surveillance mechanism, there needs to be a standard method to gather and report data. The transnational financial network that was built around the 1980s filled this gap by creating a series of manuals that "concisely describes the principles" for financial calculations, an important example being the pamphlet on "the four main sets of macroeconomic accounts statistics, viewed as an integrated system" (i.e.: the national accounts, balance of payments and international investment position, monetary and financial statistics, and government finance statistics).[164] Therefore, it is also important to look at Turkey-IMF relations during the adoption of the IMF surveillance mechanism and the integrated system of data-gathering.

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[162] Mark Mazower, *Governing the World: The History of an Idea, 1815 to the Present* (New York, NY, 2013), 279.
[163] James M. Boughton, *Silent Revolution: The International Monetary Fund, 1979-89, Silent Revolution* (International Monetary Fund, 2001), 46.
[164] International Monetary Fund, Statistics Department, *The System of Macroeconomic Accounts Statistics: An Overview*, Pamphlet Series 56 (Washington, D.C.: International Monetary Fund, Publication Services, 2007), 1.

To get information about data-sharing between Turkey and the IFIs in the 1980s, I interviewed Tevfik Altınok, who, among other important missions, was active in the shaping of the 24 January Decisions in 1980, and was later appointed as the Treasury General Secretariat under the Finance Ministry 1982. When asked about the data-sharing procedure between the Treasury and the IFIs, he first mentioned the charter of agreements of the IMF, WB, OECD, and BIS all included items pertaining to acquiring stative data on the economy and finances of the members.[165] He further explained that this surveillance was necessary because these institutions were lending money to countries, and while it was natural for them to trace how the economy was doing in member countries, he said, the team of economists in Turkey was aware of the need of currency and foreign credits were the fastest way to obtain currency.

During the interview, I asked about the standardized data-gathering systems of the IFIs and whether the Turkish state used these data for making and developing economic policies or only presenting these data to the institutions. Altınok told that the data was only transmitted—pointing out that, despite the standardizations, it was very easy to play with the numbers, and therefore, both the state institutions and the IFIs could be deceived into thinking that the policies are working the way they are applied at the given moment.[166] On the other hand, he mentioned that the data presented to the IMF, made the quality of cooperation better, as the standardized data was understood by both parties.

[165] Tevfik Altınok, Interview, June 6, 2022.
[166] Tevfik Altınok, Interview, June 6, 2022.

While the surveillance mechanisms can be used by the smallest units of data-gathering, i.e.: banks and other businesses, to deceive the states and international institutions, it is also possible for these mechanisms to be used for the sake of perpetuating the existing power hierarchies between the banks-customers, states-citizens, and states-international institutions. This chapter established the 1980-89 period of Turkey in which the economic outlook was changed and the grounds for making the banking sector personalized was created, which came with increased financial activity, thus, the necessity of surveillance for efficiency. While increased surveillance was not part of the initial plans for neoliberal reform in the 1980s, repeated crises pushed both banks and the Turkish state towards greater surveillance in the attempt to avoid future crises. This tendency towards greater surveillance was strengthened by international financial institutions that encouraged increasingly standardized forms of data collection and held the promise of increased credit as a reward.

CHAPTER 2

THE SURVEILLANCE CHAIN CREATED: SOPHISTICATION IN THE BANKING SECTOR

When it was announced in December 1989 that the "Brokers' Crisis case" would be closed by covering fully the debts of brokers by January,[167] the new decade had already brought some recognition of a new "surveillance society." In the West, a few scholars pointed to the changing nature and scope of the government's information policies[168] and the value of consumer surveillance.[169] As early as 1988, one precocious observer invented the concept of "dataveillance."[170] When Roger Clarke wrote of dataveillance, he claimed that only two other works discussed data surveillance by computing, and most of the contributions were made by observers rather than practitioners at the time.[171] Although Clarke and his colleagues said

[167] Cumhuriyet Bürosu, "100bin Bankerzede," *Cumhuriyet Gazetesi*, December 25, 1989.
[168] David H. Flaherty, *Protecting Privacy in Surveillance Societies* (North Carolina Chapel Hill: The University of North Carolina Press, 1989), https://www.ojp.gov/ncjrs/virtual-library/abstracts/protecting-privacy-surveillance-societies; Roger Clarke, "Just Another Piece of Plastic in Your Wallet: The `Australian Card' Scheme," *ACM SIGCAS Computers and Society* 18, no. 1 (January 1, 1988): 7–21, https://doi.org/10.1145/47649.47650.
[169] Oscar H. Jr, *The Panoptic Sort*; Gill, "The Global Panopticon?"
[170] Roger Clarke, "Information Technology and Dataveillance," *Communications of the ACM* 31, no. 5 (May 1, 1988): 498–512, https://doi.org/10.1145/42411.42413.
[171] Clarke, "Information Technology and Dataveillance"

nothing about Turkey, it is clear that they were referring to processes that encompassed Turkey.

Since the 1980s, the rather vague accusations that computers are "harboring a potential to increase surveillance" have turned into accusations standing on solid ground.[172] One of the most recent and thought-provoking contributions to the idea of data surveillance is written by the academics Nick Couldry and Ulises Meijas, as they argue that "the systematic attempt to turn all human lives and relations into inputs for the generation of profit. Human experience, potentially every layer and aspect of it, is becoming the target of profitable extraction," calling this phenomenon "*colonization by data"* and making the point that this is the way capitalism evolves today.[173] Although Couldry and Meijas are less concerned with the capacity of surveillance to transform behavior, others have emphasized that aspect. An equally critical book was published in the same year by social psychology professor, Shoshana Zuboff, in which she defines surveillance capitalism as a new mode of capitalism that "claims human experience as free raw material for translation into behavioral data," writing that "just as industrial capitalism was driven to the continuous intensification of the means of production, so surveillance capitalists and their market players are now locked into the continuous intensification of the means of behavioral modification and the gathering might of instrumentarian power."[174]

[172] Clarke, "Information Technology and Dataveillance,"1.
[173] Nick Couldry and Ulises A. Mejias, *The Costs of Connection: How Data Is Colonizing Human Life and Appropriating It for Capitalism* (Stanford: Stanford University Press, 2019), ix–xiii.
[174] Shoshana Zuboff, *The Age of Surveillance Capitalism: The Fight for a Human Future at the New Frontier of Power*, 1st ed. (New York: Hachette Book Group, 2019), 14.

Inspired by both the firsthand accounts of changing surveillance patterns in the 1980s and the recent critiques of information-gathering techniques, this chapter focuses on how the surveillance mechanisms on three levels are used to perpetuate the power hierarchy between consumers and banks, citizens and the state, and the Turkish economy within a world economy grounded in neoliberal reforms. As the theoretical introduction of this thesis demonstrated, the actors differ in having political and economic motives that drive the surveillance mechanisms, and, more often than not, there are intertwined relationships between the actors who compose the political locus of power (the state) or the economic locus of power (the businesses). This chapter excavates the origins of economic surveillance mechanisms as we know them today, by taking the decade of spreading and deepening banking sector, together with a developing technology of computers that have the ability of new services of data gathering. Moreover, I move beyond the sector-state binary and include the international level. This provides additional analysis of Turkey's relations with the international financial institutions, which has been a contentious topic of criticism and praise for different governments in the country.

In what follows, I first examine the information-gathering of the banks as a tool of increased marketing and elucidate the finding that the systematic structure in the Turkish banks lacks such a motive. Then, I elaborate on the state level and international level, dividing these two further into two sub-headings. Accordingly, I argue that the position of the state and IFIs allow them to successfully use two mechanisms: gathering information from, and disseminating information to the individuals thereby aiming at mass behavioral change.

Bank-Level Surveillance: A Daily Reminder to Consume

The surveillance that banks conduct on their customers is instrumental in keeping the risk of non-repayment of the provided loans as well as making sure that the money entered into the system is not "dirty money," but the extension of information that is collected might not, as other academic accounts have demonstrated, be limited to preventing criminality and ensuring compliance. Providing bank cards, credit cards, consumer credits, and making ATMs a part of urban planning are effective tools for both gathering information about the individuals, and reminding them to consume.

Revealing the surveillance of businesses, Gandy mentions "the bureaucratic imperative demands that this information be 'auditable' or quantifiable so that it can be used more easily in analytical models of performance and potential. This demand for auditability leads organizations to increase the collection of those bits of information that are more easily gathered, including that which may be gathered more efficiently through automation."[175] Ultimately, he concludes that "information about the actual and potential consumers of goods and services represents an area of the most explosive growth and ultimate significance for the reach of the panoptic sort."[176] In an attempt to build on Gandy's observations in interpreting bank-customer relations in terms of surveillance, I tested to see if these observations made primarily based on American businesses would also be parallel to the operations of banks in Turkey. During an interview, Eran reflected on the early years of Turkish consumer banking and underlined that there were many customers having accounts and activities in multiple banks, so the banks did not need to create consumer categories and treat them accordingly, as he explained the situation with a Turkish

[175] Oscar H. Jr, *The Panoptic Sort*, 61.
[176] Oscar H. Jr, *The Panoptic Sort*, 61.

saying "alan memnun, satan memnun" ("willing buyer, willing seller").[177] In other words, due to a lack of competition in the banking sector, the banks did not (and still do not) change the existing channels of reaching new customers, which was to "sharing customers among each other."[178]

Evidence for potential categorization mechanism comes from the application forms, which are scrutinized by Gandy as well. To acquire credit or bank cards, along with all types of credits, customers are given a form that contains information regarding their age, sex, level of education, occupation, place of residence, personal and household income, and other information, especially on their financial assets. Although Gandy writes that "occasionally applications are required to classify the applicant in terms of eligibility or relation to the assignment in relation to the applicant to one or more classes of service,"[179] Eran points to a different situation in the Turkish banking sector, which is that consumers are deemed eligible, even when it is apparent that their income level or period would not allow them to repay their debt to the bank.[180] He provided the example that seasonal workers were (and still are) given the condition of a 12-month equally-divided repayment of their credits.[181]

The numbers below, gathered by Nail Akyün from various sources, summarize the distribution of consumer loans by occupational groups and by income level for the years 1989 and 1990.[182] Together with the increase in consumer loan users and

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[177] Eran, Interview.
[178] Eran.
[179] Oscar H. Jr, *The Panoptic Sort*, 62.
[180] Eran, Interview.
[181] Eran.
[182] Akyün, "Dünyada ve Türkiye'de Tüketici Kredileri," 69–71.

amounts, it is explicit that consumer loans are especially popular among the workers and civil servants who weigh most of the workforce and who are at the lower end of the wage scale. Moreover, even the students who naturally have the bare minimum income are seen as eager to access consumer loans. Thus, the tables demonstrate the dispersion of one of the key retail banking tools among the lower-middle class, in a short period, integrating them into the wheel of debt and repayment, increasing their life standards not with increasing wages but with the burden of debt.

Table 1: Distribution of Consumer Loans, 1989

Distribution of consumer loans by occupational groups in 1989		
Occupational Groups	Amount Used (in Millions)	Number of Customers
Laborer	59,950	20,819
Officer	65,907	81,217
Academic and Educational Staff	22,894	11,169
Self-employed	25,325	8,432
Managers	9,804	4,533
Agricultural Sector, Employees	1,548	1,192
Retirees	6,260	5,747
Other	5,214	4,363
Housewife	-	-
Student	-	-
Business Owner	-	582
Distribution of consumer loans by income level in 1989		
Level of Income	Amount Used (in Millions)	Number of Customers
Lower than 500,000	39,161	30,924
500,000 - 1,000,000	41,789	34,485
1,000,000 - 2,000,000	21,141	12,796
2,000,000 - 3,000,000	8,186	4,275
More than 3,000,000	9,314	3,990

Table 2: Distribution of Consumer Loans, 1990

Distribution of consumer loans by occupational groups in 1990		
Occupational Groups	Amount Used (in Millions)	Number of Customers
Laborer	504,974	240,919
Officer	908,815	335,258
Academic and Educational Staff	298,215	67,338
Self-employed	942,583	126,983
Managers	249,986	33,368
Agricultural Sector, Employees	81,229	16,122
Retirees	164,164	27,699
Other	392,755	56,735
Housewife	4,030	188
Student	73,047	2,749
Business Owner	68,804	814
Distribution of consumer loans by income level in 1990		
Level of Income	Amount Used (in Millions)	Number of Customers
Lower than 500,000	129,596	102,096
500,000 - 1,000,000	533,212	308,034
1,000,000 - 2,000,000	547,383	215,028
2,000,000 - 3,000,000	469,158	106,569
More than 3,000,000	1,011,129	121,717

Current research in behavioral economics on the credit card usage of students exemplifies how people under different pay circles and amounts are provided the same repayment conditions, normalizing the habit of consuming constantly, while paying the debt of a bank with credit from another bank.[183] This shows that what Eran problematized for the beginning of consumer banking in Turkey, still continues

183 Clarke, "Information Technology and Dataveillance"; Tülin Durukan, Halil Elibol, and Müzeyyen Özhavzali, "Kredi Kartlarındaki Taksit Uygulamasının Tüketicinin Harcama Alışkanlıkları Üzerindeki Etkisini Ölçmeye Yönelik Bir Araştirma: Kırıkkale İli Örneği," *Selçuk Üniversitesi Sosyal Bilimler Enstitüsü Dergisi*, no. 13 (February 1, 2005): 143–53; Gülten Yurtseven, "Üniversite öğrencilerinin kredi kartı kullanım alışkanlıkları," *İktisat İşletme ve Finans* 23, no. 264 (March 1, 2008): 119–45, https://doi.org/10.3848/iif.2008.264.0668; Özgür Burak Kaptan, "Bireysel kredilerin risk ve tüketici davranışı açısından analizi" (Ph.D., Ankara, Ankara Üniversitesi Sosyal Bilimler Enstitüsü, 2011), https://dspace.ankara.edu.tr/xmlui/handle/20.500.12575/34048; Meltem Ucal, Mary Lou, and Serkan Çankaya, "Effects of Gender on Credit Card Usage Among University Students in Turkey" 5 (October 16, 2011): 9023–30.

today without any effort to correct the system, while the indebtedness of the Turkish people is ever-growing over the years.

Another significant tool is ATMs on the streets. Within a decade of their introduction in Turkey in 1978, ATMs became a part and parcel of urban life to remind people to consume, together with both the bank and credit cards available to them. The advantages that drew banks to initiate and increase their ATM services inevitably brought the increase of banking cards and their usage in shopping.[184] In their examination of the regulation of the ATM banking system, Tuğba Eğmir and İsa Sağbaş find that, starting from the 1980s, the activation of ATM services by banks increased, and parallel to this, they observe that the average population per ATM decreased.[185] The report written by the Turkish Banks Association demonstrates that the number of credit cards in 1992 jumped from around 1 million to 13,4 million in 2000, where the ATMs increased to 11.91 from 3.209, which shows their strength of them as a tool in everyday life.[186]

Overall, by getting the individual into the banking system, the banks were providing the services which give the imperative to consume on a daily basis. From a critical and analytical perspective on the surveillance mechanisms, the application of these systems in Turkey creates a controversy. Despite little research and therefore little evidence from the literature, I found that the banks operating in Turkey stand out as

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184 Eğmir and Sağbaş, "ATM Bankacılık Sistemi Ve Regülasyonlar."
185 Eğmir and Sağbaş, "ATM Bankacılık Sistemi Ve Regülasyonlar."
186 Coşkun et al., *Türkiye'de Bankacılık Sektörü Piyasa Yapısı, Firma Davranışları ve Rekabet Analizi*.

the primary unit gathering information and passing on the data to the state institutions which demand it. Thus, the data accumulated at the banks are rough and other than pulling individuals into the system and getting them to adopt a habit of consuming with money that does not exist yet, the banks do not use the collected data for marketing.

State-Level Surveillance

The next level of analysis is the state level. Here, I scrutinize how the state channels absorbed and also distributed information. I believe the information absorbed from the individuals is as significant as the information diffused to the public from the state apparatus. Therefore, I briefly analyze Özal's speeches as a tool to shape the individuals' self-perception. In contrast with the private sector, where low levels of competition placed little pressure on banks to create new clients, Özal demonstrates a much more consistent attempt to create "customers." His speeches were similar to, and perhaps even more prominent than the existence of ATMs in every corner.

Diffusion of free-market norms by Özal

To begin with, Özal understood the dynamics of the macroeconomy just like the other neoliberal minds of his time. Therefore, within the system explained in this section, where the banks are left free of proper surveillance by the state, Özal stands as both the main driver of these policies and the main voice explaining to individuals their roles. The quotes below demonstrate that Özal was an important actor in explaining and normalizing the free-market norms, and changing citizens' perceptions while he was a popular politician and a Prime Minister.

"Good stuff drives out the bad stuff. The consumer is best protected in free economies."[187]

The statement above helps to explain both Özal's positioning of all citizens as customers, and his adherence to the foundations of neoliberal economic thought as he underlines competition. A similar idea is seen in his speech introducing the Fifth 5-Year Development Plan in 1984. He stated that the transition to the free-market economic model saved the Turkish economy when it was on the brink of bankruptcy because this model removed the bureaucratic barriers, enabling the true economic potential of Turkey.[188]

"The transition to a free-market economy rewarded those who worked hard."[189]

Underlining hard work fits the mentality of earning more, thus saving and consuming more. However, subsequently, he stated that:

"The role of planning in the free-market economy is to encourage cheap and quality productions. Through planning and guidance of other kinds, the ones who produce poor quality and expensive goods will be forced to produce cheap and quality goods. This is the most effective way to protect the consumers."[190]

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[187] Nalbantoğlu Muhiddin, *Turgut Özal'la Konuşmalar* (İstanbul: Anakent Yayınları ve Turizm, 1986), 133.
[188] Turgut Özal, *Başbakan Turgut Özal'ın Konuşma, Mesaj, Beyanat ve Mülakatları, 1983-84* (Ankara: Başbakanlık, 1984), 651.
[189] Özal, *Başbakan Turgut Özal'ın Konuşma, Mesaj, Beyanat ve Mülakatları, 1983-84* (Ankara: Başbakanlık, 1984), 651.
[190] Özal, *Başbakan Turgut Özal'ın Konuşma, Mesaj, Beyanat ve Mülakatları, 1983-84* (Ankara: Başbakanlık, 1984), 651.

While positing the citizens as consumers once again, his statement is controversial on another level because cheapening the production ultimately comes with lower wages and poorer working conditions under the race to the bottom created between the countries in the world market, especially those countries that have developing economies and more flexible human rights and labor rights records. Falsifying this trend in international and national production chains, in a separate speech he made during the opening ceremony of the new additional service area of Ankara Hospital, he mentions his cabinet's health policies. He compares hospitals in Turkey with the ones in the developed economies which work like factories for 24 hours, concluding that the latter has more qualified services due to the higher prices.[191] He generalizes private, high priced, and quality services and argues that:

> *"There is no free life in this country. Everyone wins with their work and develops with their work. If you can go somewhere better without working in that country, it means that the biggest injustice is being done."*[192]

With the two quotes above, Özal underlines the importance of the workforce in increasing individual and household revenues, thereby making the whole society prosperous in time. In other statements, he is seen to go further to bend the reality about how the neoliberal policies worked in Turkey. However, observers of the time were at pains to explain the lack of competition under the oligopolistic nature of the vertical holding companies linking businesses with banks by origin;[193] current

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[191] Turgut Özal, *Başbakan Turgut Özal'ın Tesis Açılışları, Çeşitli Toplantılarda Yaptığı Konuşmaları, 13.12.1987-12.12.1988* (Ankara: Başbakanlık, 1988), 64–65.
[192] Turgut Özal, *Başbakan Turgut Özal"ın Tesis Açılışları, Çeşitli Toplantılarda Yaptığı Konuşmaları, 13.12.1987-12.12.1988* (Ankara: Başbakanlık, 1988), 65.
[193] Besim Üstünel, "Anaparayla Endekslemeyle Faizin Belirlenmesi," *Cumhuriyet Gazetesi*, September 4, 1984, sec. Economy, https://egazete.cumhuriyet.com.tr/oku/192/1984-10-04/9; Sezgin,

narratives also reflect on this characteristic as a deficiency that prevented the economic policies from bringing benefit to the people.[194]

Meanwhile, Özal's speeches also reflected on the changing economic behavior through the increased range of products in the domestic market as a sign of development. In a speech he made at a ceremony at Keçiören Municipality, Ankara, he stated that, despite the criticisms against the opening up of the Turkish economy, these policies helped Turkish citizens achieve the same products that their relatives living outside of Turkey could achieve. In this context he said:

> *"Let me tell you why we import: No one should be left hankering for anything... whether to buy or not is another story… The important thing is that there is no shortage. But today Turkey has everything."*[195]

In a separate speech, he embellished on this expanding range of products with an appealing emotion, together with signaling an emerging equality among citizens from various socio-economic backgrounds:

> *"Isn't it a happiness that the shop windows are full and everything can be found in poor districts, too?"*[196]

"1980 Sonrası Bankacılık Sistemimiz," 24; Mustafa Sönmez, *Türkiye'de Holdingler* (Ankara: Arkadaş Yayınları, 1990).

[194] Tutcuoğlu, "Dünyada ve Türkiye'de Bireysel Bankacılığın Gelişimi Nedenleri ve Bankacılık Sektörü Açısından Oluşturduğu Riskler," 12; Uluyol, "1980-2000 Döneminde Türkiye'de Bankacılığın Gelişimi," 76.

[195] Turgut Özal, *Başbakan Turgut Özal'ın Konuşma, Mesaj, Beyanat ve Mülakatları, 1984-85* (Ankara: Başbakanlık, 1985), 173.

[196] Turgut Özal, *Başbakan Turgut Özal'ın Konuşma, Mesaj, Beyanat ve Mülakatları, 1985-86* (Ankara: Başbakanlık, 1986).

As the previous section on banking and credit cards and consumer credits demonstrated, while the problem of product shortage was solved as Özal indicated, another problem emerged which brings the individuals into the endless cycle of debt and consumption. Özal's understanding, on the other hand, like that of most other free-market economists, prioritized consumption and reinforced the importance of the means of spending money. Gathered by Nail Akyün, the data below shows the upswing of the number of consumers and credits drawn from banks, which proves that the banking system that was prepared to increase consumerism was actualized.[197] In hindsight, it is evident that Özal was disseminating misinformation using the state channels, pursuing a hegemonic project to change the economic behavior of citizens, and bringing forth their consumer identity.

Table 3: Consumer Loans Provided in the 31.12.1989-31.12.1993 Period

	Cumulative Total (Million Turkish Lira)	Number of Customers
As of 12.89	548,593	195,318
As of 03.90	962,799	358,580
As of 06.90	1,442,369	490,195
As of 09.90	2,587,048	850,062
As of 12.90	4,170,701	1,132,954
As of 03.91	4,863,692	1,271,586
As of 06.91	4,750,051	1,465,934
As of 09.91	5,803,528	1,580,410
As of 12.91	7,897,851	1,603,981
As of 03.92	8,788,220	1,559,391
As of 16.92	10,841,722	1,654,552
As of 09.92	13,768,728	1,857,228
As of 12.92	16,685,412	2,097,624
As of 03.93	21,477,019	2,216,971
As of 06.93	30,567,425	2,540,965
As of 09.93	39,538,235	2,784,354
As of 12.93	51,473,147	3,252,946

[197] Akyün, "Dünyada ve Türkiye'de Tüketici Kredileri," 80.

Accumulated data: economic summary of a country

As mentioned in the previous chapter, starting in 1986 the TDHP, or the uniform chart of accounts system, was applied in Turkey to procure cumulative and comparable data. While the uniform chart of accounts provides a standardized methodology for banks to report their activities losing the ability to embellish the numbers, these new reports also make the sector more legible to the international arena, providing the economic summary of a country—meaning that the standardized methodology was used and understood by the global banking system, which consists a part of the surveillance mechanism that this thesis scrutinizes. Perhaps this is not unexpected since the preparations for the application involved the assistance of the American accounting and financial consultancy company, Arthur Anderson.[198] Nevertheless, the new application is welcomed as a better way of surveillance, which "will ensure a healthy flow of information."[199]

Data collection gains a different meaning when they are gathered by the country-level institutions such as the Central Bank of the Turkish Republic, the Turkish Association of Banks (TBB), the Interbank Card Center (BKM), and the Banking Regulation and Supervision Agency (BDDK). Apart from the Central Bank's establishment and information gathering, the activities of others appear only for the most recent decades. The TBB was established in 1958, but most of the data gathered started after the 2000s, the BDDK was established in 1999, and in response to the lack of efficient regulations and surveillance, its data go back until 2002, and the BKM was established in 1990, however, their meaningful data also start from the

[198] Cumhuriyet Bürosu, "Bankaların Makyajı Bozuluyor."
[199] Cumhuriyet Bürosu, "Bankaların Makyajı Bozuluyor."

2000s. These dates reveal an important inclination about the banking sector and financial system in Turkey: Turkish banks were left with no standard operations and criteria to collect data and provide their services to customers. This means that the existing data is collected based on what the banks decide they need; moreover, the gathered country-wide economic data by the Central Bank shows the aggregate economic situation transparently, without much intention of observing the economy for providing new regulations to prevent potential economic and financial crises. In other words, individuals are left to the mercy of banks and their profit-driven applications while easily being watched by national and international financial institutions. It is in this sense that the financial system and the hands-off approach of the Turkish state toward the operations of banks can be likened to the observations of Gandy, regarding the businesses and their relations with the state and customers.

Thinking of the bank-level and state-level surveillance together, I reach the conclusion that the Turkish state in the 1980s utilized the neoliberal reforms and opened up the economy in a way that freed the hands of banks but also both the state and the banks could get a grip on the economic assets of citizens and through the spreading of consumer banking services and advertisements to change their consuming behaviors. Moreover, through his speeches, Turgut Özal stands out as an important actor in both creating and using these systems of surveillance by defining citizens as consumers benefiting from the market economy.[200]

[200] Akdoğan, "Piyasa Kültürünün Yaygınlaştırılmasında Özal'ın Söyleminin İşlevi."

International-Level Surveillance

"What the IMF means to Özal, Europe means the same to Turkey."[201]

As an agent applying neoliberal economic trends, Özal was extremely important in his relations with Western countries and the Western bloc's IFIs. The quote above is from the economist Yalçın Doğan's opinion column in which he criticized Özal, following the observation that Özal was willing to make peace with the IMF by visiting the institution's headquarters personally while threatening the Council of Europe that Turkey could leave the organization, even over a minor issue. Doğan explained that the IMF was important for Özal's career in Turkey, but that the Council of Europe was important for the democratic structure to endure in Turkey. Özal's fidelity towards the Americans, seniors at the IMF and the World Bank, and his simultaneous negligence against the European institutions of liberal democracy was a common observation of his opponents. Indeed, he was criticized on the grounds of being "an opportunistic leader who lacked such important requisites of statecraft as a sense of rule of law and proper behavior in government."[202] With regard to his affinity for the Americans, he was labeled "a puppet of foreign interests."[203] Despite all the criticisms, Özal knew intimately how the IMF and World Bank were acting as important barometers of international reputation, with other countries and foreign banks keeping a close watch on the reports and warnings of these IFIs.[204]

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[201] Yalçın Doğan, "Avrupa, IMF, Özal...," *Cumhuriyet Gazetesi*, January 10, 1984, sec. Economy.
[202] Hasan Cemal, *Özal Hikayesi* (Ankara: Bilgi Yayınevi, 1989), 116–17.
[203] Osman Ulagay, *Özal 'ı Aşmak İçin, 22.* (Ankara: Afa Yayıncılık, 1989), 22.
[204] Osman Ulagay, *Özal Ekonomisinde Paramız Pul Olurken Kim Kazandı Kim Kaybetti*, 2nd ed. (İstanbul: Bilgi Yayınevi, 1987), 29.

The last section of this chapter deals with international-level surveillance. Turkey's membership in key IFIs and close contact with officials from these institutions gave the Turkish state an advantage in receiving financial aid and locating Turkey within the global market economy, and it simultaneously made the Turkish economy susceptible to economic surveillance from these IFIs. While helping to reveal the effect of IFI membership on Turkey and explaining analytically the reasons behind the comments contending Özal's fidelity towards the IFIs, the perspective of surveillance literature casts doubt on the American hegemony versus sovereignty binary narrative by tracing the relationship of the Turkish state with these IFIs. In the Turkish case, there seems to be a resonance that works between abiding by global market norms and strengthening sovereign state power through increased control over the economic assets and consumer behavior of the citizens. In short, through economic liberalization, state power in Turkey expanded its mechanisms of surveillance and control through state-international organization relations.

Recreating the global market

To briefly go back to the origins of neoliberalism in the US and the UK, Mazower defines the moment of change in the international economic understanding with the following lines:

> *"Neoliberalism is a convenient label for what followed: the rejection of the postwar social corporatism that had underpinned Western growth, the turn to monetarism and to deregulation."*[205]

[205] Mazower, *Governing the World*, 277.

The neoliberal understanding was part of an evolution that affected all elements of the transnational financial network, including the IMF's mandate on "firm surveillance," a rather vague term. This evolution process, together with the lending practices and the strategy for resolving the international debt crisis of the 1980s, "unfolded in more of a continuum than one might have expected."[206] A new set of standard procedures was to be implemented, diffusing new ideas and norms alongside them, as Mazower's quote on neoliberalism hints. In this sense, the Fund created and used surveillance and control mechanisms in different ways which were unanticipated. As if aware of such a change, the IMF publication elaborating on this evolution is named as a "*silent revolution*."[207]

To start with, Turkey's neoliberal transition itself was initiated under the demands and expectations of the IMF and the World Bank. The intertwined nature of the Turkish neoliberal transition and relations with the IMF is not kept a secret, IMF economist Rüşdü Saraçoğlu explained, "An important step was the August 1989 issuance by the government of Decree No. 32, regarding capital account transactions. This was followed, in March 1990, by the formal acceptation of the obligations of Article VIII of the IMF's Articles of Agreement."[208] Both the proponents and opponents of neoliberal transition in Turkey reflect on the effect of the IMF and the World Bank on the economic policies of the time. It does not go without saying that the Özal government was not the first government to knock on these IFIs' doors for funds, similar stand-by agreements with the IMF were signed

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[206] Boughton, *Silent Revolution*, 40.
[207] Boughton, *Silent Revolution*.
[208] Saraçoğlu, "Financial Liberalization in Turkey," 120.

over the years between 1961-2002 by political actors from various sides of the political and economic spectrum, including the left-leaning military government, the center-left Ecevit government, and the center-right Erdoğan government.[209]

As in the two other levels of surveillance, here too there is a distinction between the goals. Similar to the banks, for the IFIs to work efficiently conducting surveillance over the borrower and making sure the borrower would comply with the terms was part and parcel of the lending business. However, the Fund's "exercise of firm surveillance" must be seen as transformative in the same way that ATMs and Özal's speeches sought to create Turkish consumers. Mazower problematizes the asymmetry of power and influence that the IMF brings thus: "the U.S. Treasury hid behind the Federal Reserve and the Fed hid behind the IMF, which thus provided valuable political cover for the U.S. officials who were the ones really dictating terms"[210] and mentions the consequent issue that, "while for the rest of the world, financialization brought the discipline of the market and the risk of surveillance, for the United States it brought apparently unlimited inflows of capital and an abundance of credit… New rules of the game are defined by the world's most powerful states"[211], and others abiding. The defining and disseminating of new rules, or new information, is analogous to the Özal government's use of power and resources to spread information, which shows that surveillance on every level is not only about absorbing the existing information but also disseminating new ones to change the behavior of the ones that follow.

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[209] International Monetary Fund, "History of Lending Commitments: Turkey," June 30, 2002, https://www.imf.org/external/np/fin/tad/extarr2.aspx?memberKey1=980&date1key=2002-06-30.
[210] Mazower, *Governing the World*, 281.
[211] Mazower, *Governing the World*, 287.

Another form of surveillance mechanism within the economic system built around international financial institutions was the issue of drawing out mass information. The IMF pamphlet introduced in the previous chapter has a second side. In terms of diffusing new norms and methods, this pamphlet demonstrates the integrated nature of the financial system by building on the previous manuals, such as the 1986 and 2001 Manuals on Government Finance Statistics (GFSM 1986 and GFSM 2001), 1993 System of National Accounts (1993 SNA), 1993 Balance of Payments Manual, fifth edition (BPM5), 2000 Monetary and Financial Statistics Manual (MFSM).[212] These manuals show the development of new methods and the spreading of these to the member countries. Therefore, the manuals for systematic calculation are also cases of information-gathering for perpetuating the power hierarchy in the world economy.

It is also worth mentioning that even though the publication at hand is from the IMF Publishing Services, the content and methods are ostensibly "developed by the IMF in close consultation with country experts and other international agencies."[213] the most prominent document among these manuals, the SNA 1993 "was published jointly by the Commission of the European Communities-Eurostat, the IMF, World Bank, and the UN."[214] The power asymmetry that Mazower identified for the IMF is seen here on a larger scale, as Western countries are seen as effective in developing

[212] International Monetary Fund, Statistics Department, *The System of Macroeconomic Accounts Statistics: An Overview*.
[213] International Monetary Fund, Statistics Department, 2.
[214] International Monetary Fund, Statistics Department, 1.

these calculation methods and making them “recognized as the international standard for the sector.”[215]

Taking into account the three levels of surveillance together, it is seen that aggregate data on the Turkish economy was collected according to the common methods of the IFIs, making the economic conditions legible to the international standard, while the discussions on domestic surveillance and audit systems continued without a strong foundation, creating a gap in banking regulations, leaving the banks free to collect data from customers.

Similar to many other developing countries, one of the historically economic problems of Turkey is the balance of payments, which basically means that a calculation of the revenues and expenses presents that Turkey’s expenditures are more than its revenues. The severe balance of payments crisis at the beginning 1970s was dealt with by methods similar to the preceding one in 1954-58.[216] However, simultaneous changes were developing in the translational economic structure and the domestic economic, political and social structure in Turkey, that the 1980s came with a different set of remedies, ideas, and norms. I In January 1980, Turkey embarked on a far-reaching stabilization and structural adjustment program.[217]

[215] International Monetary Fund, Statistics Department, 2.
[216] Kopits, *Structural Reform, Stabilization and Growth in Turkey*, 1–2.
[217] Kopits, *Structural Reform, Stabilization and Growth in Turkey*, 1–2.

What is observed in the economic reforms undertaken throughout the 1980s in Turkey are attempting to integrate the economy according to the expectations of the transnational financial standards, prioritizing free-market norms such as privatization, and reducing state interference in general. Specific to the banking sector, these standards entailed opening banking tools to individuals and increased the relationship between banks and individual customers, making them internalize a customer identity. In a way, by reducing the government expenditures and promoting private consumerism, the Turkish government distributed debt rather than wealth. Citizens were promoted by the new policies to take part in a financial system with lagging legal and institutional grounds. Especially through the use of credit cards and consumer credits, the "debt" item of account within the balance of payment became the problem of every individual, rather than only being the responsibility of the government. The concluding chapter presents a discussion of this point.

While increasing its power at home through its relations with the banks and the IFIs, successive governments in the 1980s Turkey allowed for arbitrary data collection and surveillance on both the banking level and the international level, disregarding one of its primary roles, especially following the neoliberal norms, which is to ensure the legal rights and freedoms of citizens. Relatedly, this analysis has also demonstrated that, counter to one of the prominent international political economy narratives, embracing norms of globalization and increasing the sovereign power are not necessarily mutually exclusive. The diversification of tools created a larger number of customers from different backgrounds, which meant that more people became part of the data that banks collect, the state institutions gather, and international institutions have access to, through Turkey's membership. This circle of relations creates the surveillance and control mechanisms that make legible the economic assets of individuals that have records in the banking system. Moreover, these mechanisms were used to diffuse information to the masses. The observations of changing consumption habits after the 1980s which became clearer with the 1990s, therefore, stands as an alternative linkage between consumerism and neoliberal norms, institutions, and policies. Within the triangular relationship among the states, international institutions, and individuals, surveillance created a new concentration of political and economic power from which individuals were excluded.

DISCUSSION AND CONCLUSION

The Journey of the Idea of "Unlimited Checkbook"

Individual banking services in Turkey went through a voyage from the exclusive Diners Club card in the late-1960s to a total of 242,020,124 cards (bank and credit cards) as of March 2022.[218] When the charge card of Diners Club of Turkey started to be issued, it was advertised as an unlimited checkbook, where the audience was an exclusive group of people from the business world; in other words, the "millionaires," because all of the expenditures made with the card had to be paid by the due date.[219] An advertisement from 1972 (Figure 2 below) clearly shows the audience. It portrays a businessman, who is not a member of the Diners Club, paying the bill by doing the dishes because he did not have enough cash with him. Until 1975, the members of Diners Club cards in Turkey did not exceed ten thousand, and this made the card owners feel prestigious.[220] Transactions were delayed but guaranteed, and hence required little change in surveillance practices.

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[218] Akdoğan Özkan, *Anılarla ve Fotoğraflarla Türkiye'nin Kartlı Ödeme Sistemleri Tarihi* (İstanbul: Aryan Basım Tanıtım ve Matbaa Hizmetleri San. ve Tic. Ltd. Şti., 2015), 62, https://bkm.com.tr/en/tr-anilarla-ve-fotograflarla-turkiyenin-kartli-odeme-sistemleri-tarihi/; Bankalararası Kart Merkezi, "Kart Sayıları," accessed June 10, 2022, https://bkm.com.tr/kart-sayilari/.
[219] Özkan, *Anılarla ve Fotoğraflarla Türkiye'nin Kartlı Ödeme Sistemleri Tarihi*, 62–65.
[220] Özkan, *Anılarla ve Fotoğraflarla Türkiye'nin Kartlı Ödeme Sistemleri Tarihi*, 62–64.

Figure 2: Diners Club of Turkey Advertisement

This abstraction presumably made the rest of the society curious about owning such a card when they could, as would become the case later in the 1980s when the banking system was unleashed to serve individuals from various backgrounds with different income cycles and amounts. Between 1980-89, when the legal grounds lacked clarity, the economic and financial actions became liberalized through policies, credit cards, bank cards, along with related services such as the ATMs and consumer credits. All these became tools for including as many individuals as possible into the banking system and its whirlpool of data. Payment by card started to be an inclusive rather than an exclusive activity, and to be able to pay by card, people needed to bring their cushion of capital into the records of banks. In the time after 1989, people with various pay grades from workers to students, started to own "unlimited checkbooks" in their pockets with due dates while the banks have diversified the risk of repayment of credits.

The Turning Point of the Voyage: the Neoliberal Transition

While I point to the relation between neoliberalism and surveillance, I deem it necessary to note that the main argument has not been that surveillance was the essence or the key characteristic of neoliberalism. Instead, it has been that surveillance was a responsive behavior towards emerging crises, which is to say that I find it to be a means, rather than an end in itself. In Turkey in the 1980s, a decade which this thesis has considered as an inception moment due to the introduction of many neoliberal economic policies at once, surveillance mechanisms appeared as important sources to trace the responses of actors when faced by crisis. In this sense, one should acknowledge that the mass spread of surveillance in Turkey becomes recognizable in the decades that came after 1989. The contribution of the current thesis, however, is to understand what we learn about the later process from a formative moment at the beginning, about an increase of surveillance and the texture of relations among actors that used these mechanisms. In doing so, I analyzed surveillance and control mechanisms that have emerged from existing power hierarchies on different levels and used for mainly two separate purposes: 1) surveillance to guarantee the existence and the efficiency of the economic system, and 2) surveillance for the perpetuation of power hierarchies.

Chapter one established a key dynamic in the development of surveillance in Turkey: the absence of necessary institutions and regulations before the transition to neoliberal economic policies created structural deficiencies; the last section of the same chapter showed how the resultant crises increased the necessity for surveillance mechanisms, for banks, and for IFIs to continue working efficiently. The second chapter demonstrated a different rationale: surveillance mechanisms that were used differently at each level to target changes in the behavior of particular parts of the system. Accordingly, I put forth the idea that banks emerged as a primary source of services that reminded individuals to consume frequently, and they collected individual economic data which were then transmitted to various institutions that conducted state-level and international-level surveillance. The state acted—and continues to act—both as the accumulator and distributor of information, where state-level data are transmitted to the IFIs and norms regarding free-market economy and consumption are distributed to citizens by individuals who can use the channels of the state apparatus, as this thesis exemplified through Turgut Özal's speeches. Lastly, at the international-level of surveillance, the IFIs stand as having two major roles again: collecting standardized economic data from the member countries and distributing new information regarding the international financial and economic system, casting roles for different groups of states by forcing particular policies under the conditionality and surveillance mechanisms.

This thesis set out a timeline for economic liberalization in Turkey that starts with current account liberalization in 1980 and reaches the second step of capital account liberalization in 1989. The first experience of deregulation caused the Brokers' Crisis, a major shock to the system, creating a brief crisis of confidence, which ended with the Turkish state stepping back into the economy. The coming experiences both in the capital market and banking reforms saw a more careful path to liberalization. In terms of altering economic activities, however, they are equally instrumental. While the restructuring of the capital market brought new choices, especially during the period that started with the 1989 financial liberalization and diversified consumer banking services, individuals started to be involved both in the capital market and in consumer banking. The availability of money became the driving force of a phenomenon that can be called a changing of spirit, as consumption became as natural a watchword of the free-market economy as development had been during the preceding period of import-substitution industrialization.[221]

In underscoring these characteristics of the decade at hand, the perspective of surveillance studies helps to arrive at several important conclusions in terms of the Turkish case and possibly in other cases as well. First of all, as opposed to a fundamental premise of some versions of free-market economic theory, state power in Turkey was not reduced through economic liberalization. The set of policies that reformed the Turkish economy and the Turkish banking sector created new surveillance mechanisms working at the state level and the state expanded its control, indirectly through the state-business and state-international organization relations. This was not necessarily a planned expansion of state control but rather a response to the lack of structural support for reform and the resulting crises. This idea is significant in showing that the increased power of the state in the 1980s does not necessarily come from economic growth but rather from the quest to reposition the country within the global economy, which the government pursued by following the free-market policies and maintaining a parallel path with the agents of the transnational financial network. The most important part of international prestige in terms of positive economic relations with these agents was what Osman Ulagay calls the "external debt profile", which was instrumental in ensuring new credits and thus

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[221] Akdoğan, "Piyasa Kültürünün Yaygınlaştırılmasında Özal'ın Söyleminin İşlevi." Citing Gunn, "Revolution of the right: Europe's new conservatives."

creating an inflow of foreign currency.[222] In other words, by following the recipe of the IFIs, the Özal governments were applauded and Turkey was pointed to as a model that "is widely seen as a successful case of economic liberalization and stabilization" for other developing economies.[223] Moreover, the publications of these IFIs did not shy away from signaling thorough surveillance of the implementation of these policies, where "the international community is particularly interested in how far the Turkish adjustment record justifies the financial assistance provided, in part through substantial use of Fund resources."[224]

In the Turkish case, state power increased with the endorsement of the global norms of political economy and free-market economic values. The state mechanism remained key to leading the policy reforms and saving both the banks and the depositors in the case of a financial crisis. The public banks remained in business, affecting the market as the state institutions saw it necessary. The involvement of the state as such prevented actual competition and sought to limit the emergence of risks. By acting as the savior on the one hand and gathering and transmitting domestic data from the banks to the IFIs on the other, the Turkish state kept its sovereign power while increasing its globalist tendencies simultaneously.

This thesis casts doubt on any narrative that posits for Turkey in the early 1980s separate processes of political suppression and economic liberalization if the latter is understood in terms of state power. I argue and demonstrate that efforts to control

[222] Ulagay, *Özal Ekonomisinde Paramız Pul Olurken Kim Kazandı Kim Kaybetti*, 215.
[223] Kopits, *Structural Reform, Stabilization and Growth in Turkey*, 1.
[224] Kopits, Structural Reform, Stabilization and Growth in Turkey, 1.

and direct the citizens in their economic choices actually increased, which only seems less decisive than political oppression because the military did not play as visible a role in the economy as in politics. At this juncture, it is explicit that the military administration and two democratically elected civilian governments all have a common line of economic policies, which are aimed at directing society towards less involvement in politics and increased consumption. Even though I focused on Özal's speeches throughout the thesis, various politicians, economists, and technocrats were making speeches and justifying the economic policies, which, according to some other economists, were beneficial to a very small group that there needed to be a dictatorial regime for the implementation.[225]

As for the banking sector surveillance mechanisms, it was contradictory—at least according to my expectations—to realize that competition among banks in Turkey did not drive increased surveillance over their customers and prospective customers. Under the circumstances of the market for consumer banking services in Turkey, the research showed that banks did not need to strategize for future sales and customers. This situation may change as the developing technology on payment systems, as they create an alternative to the banking sector on the whole, thus creating true competition for the banks.

On the international level, the surveillance mechanisms I traced were related to the judgment of the credibility of Turkey for efficiency of the IFIs' lending systems and presenting the "one and only" recipe to the country's economic problems. The latter

[225] Ulagay, *Özal Ekonomisinde Paramız Pul Olurken Kim Kazandı Kim Kaybetti*, 52–54.

included positioning the country within the world economy, thereby perpetuating the political-economic power hierarchies through transnational financial networks, primarily the Fund, and the Bank. The literature on IFI credits and conditionalities and their effects on other economies, under the international political economy subfield, is already hefty. The time and space constraints of a master's thesis prevent making comparative casework in addition to the existing content. But research on other developing countries that are hooked by the conditionalities of their debt and narratives, especially on the opening of these economies, would, I believe, draw pictures that are similar to the case of Turkey as I put together in this thesis.

Consumption as a Social Construct of Neoliberalism

Today, despite the growing use of alternative payment systems, the use of credit cards and bank cards is still increasing. There were 56,835,221 credit cards and 95,447,366 bank cards in use in 2013, and at the end of 2021 the total of credit cards reached 83,791,396 and bank cards reached 150,099,166.[226] At the beginning of 2022, the burden of consumer credit debt in Turkey passed the threshold of one trillion.[227] In this concluding discussion, I present a brief and preliminary argument on the relation between the 1980s neoliberal transition and Turkey's becoming a "consumer society," in an attempt to explain the rate of individual debt of Turkish consumers today.

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[226] Bankalararası Kart Merkezi, "Kart Sayıları."
[227] Cumhuriyet Bürosu, "Bireysel kredilerde 1 trilyon eşiği aşıldı: Ödeyemiyoruz!," January 25, 2022, https://www.cumhuriyet.com.tr/ekonomi/bireysel-kredilerde-1-trilyon-esigi-asildi-odeyemiyoruz-1902717.

I believe that the co-authored work of an anthropologist and an economist, Mary Douglas and Baron Isherwood's *The World of Goods: Towards an Anthropology of Consumption*, helps us to understand how consumption in Turkey can be seen as a "series of rituals" which were socially constructed with the opening up of the Turkish economy.[228]

Douglas and Isherwood anthropologically define consumption as "a use of material possessions that is beyond commerce and free within the law," and they define saving as an investment for future consumption, or simply, as "consumption postponed."[229] Through these broader definitions, they argue against the traditional economics theory on rational consumption, since "it is clearly absurd to aggregate millions of individuals buying and using goods without reckoning with the transformations they affect by sharing consumption together."[230] According to them, the consumption decisions of individuals are affected by and become the source of the culture of the moment.[231] The two-way relationship between consumption decisions and culture, in turn, is explained by Douglas and Isherwood through emotions. As they criticize the fact that economists know very little about the concept of demand, and that "no one knows why people want things," they offer analysis through emotions that appear as people socialize, specifically, the emotion of envy and fear of envy.[232]

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[228] Mary Douglas and Baron Isherwood, *The World of Goods*, 2nd edition (London; New York: Routledge, 1996).
[229] Douglas and Isherwood, *The World of Goods*, 37, 10.
[230] Douglas and Isherwood, *The World of Goods*, 37, viii.
[231] Douglas and Isherwood, *The World of Goods*.
[232] Douglas and Isherwood, *The World of Goods*, 3–6.

This thesis highlighted the 1980s banking sector policy reforms not merely as an outcome of the economic transition, but as a social engineering project geared towards altering the consumption behavior in Turkey, thereby setting in motion the domestic market. The increased supply and demand for banking services over the years shows that the surveillance and control mechanisms were used successfully to reach the goal of interpolating individuals consistently to the banking system, ensuring that new data enters the system, and to consume, ensuring the active use of the services of consumer banking. There seems to be a socio-economic dynamic that enabled this social engineering project to succeed, alongside the policies, banking services, and speeches at play. Douglas and Isherwood’s work sheds light on the link between increased consumption and Turkey’s neoliberal transition: the increased ability of individuals to achieve excess money -liquid or non-liquid, owned or borrowed- in turn, fed the enthusiasm to pay for the higher quality goods, which were mostly imported and more expensive.

The social information on imported goods and the feeling of envy related to owning imported goods would, I believe, explain change in another side of the demand and consumption in Turkey. This is especially the case when technological goods are concerned, which either did not have domestically produced alternatives at the time, or those alternatives were bad quality, compared to the imported goods. Moreover, the Turkish people who migrated to different Western countries were bringing back these advanced goods to their relatives living in Turkey. One of Özal’s observations that he shared in 1985 as he was mentioning the reforms his government undertook in thirteen months, reveals this point: “millions of citizens residing outside, visit Turkey each year. As they visit, they bring many gifts. They own cars. They bring televisions and videos. In the beginning, we were gazing in admiration. This is the reason that we opened to foreign countries."[233] It is very plausible that this transaction created a string of social information in which the imported goods were showing signs of esteem and connections with the Western world, and thus the feeling of envy towards these imported goods and the people who already own these goods.

Through the surveillance and control mechanisms, new social constructions were diffused not only by Özal but by the collective initiative comprised of the Western states, IFIs, the business elites (most importantly the TÜSİAD members), academics, and other intellectuals who influenced masses.[234] The changed consumer behavior and social information on goods created the loop of continued demand for consumer banking and guaranteed the continuance of surveillance mechanisms over the economic assets of individuals. The ultimate aim of this concluding discussion is to point at the self-perpetuating nature of the surveillance mechanisms of the neoliberal transition and long-term social effects that directed individuals' economic choices.

Further Research

Özal was right in arguing for changing people's minds and spearheading the neoliberal transition with other actors, unleashing these changes in economic behavior. The journey of the idea of an "unlimited checkbook," which started with the Diners Club membership in the 1960s, continues to haunt millions in Turkey

[233] Özal, *Başbakan Turgut Özal'ın Konuşma, Mesaj, Beyanat ve Mülakatları, 1984-85*, 173.
[234] Akdoğan, "Piyasa Kültürünün Yaygınlaştırılmasında Özal'ın Söyleminin İşlevi," 15–17.

through debt enforcement proceedings as people act upon the "consuming by debt" habit.[235] It is possible to follow the argument on changes in consumption and demand in Turkey, as buttressed with the consumer banking services through the academic literature; however, there is very limited research on behavioral economics conducted in Turkey and the role that surveillance has played. For example, in presenting her survey research on credit card usage habits of university students in Ankara in 2008, Gülten Yurtseven writes that such research was the first of its kind in the Turkish literature.[236] Most of the research on credit usage in Turkey is conducted based on provinces. One of the most recent articles presents comprehensive research that looks at the effect of socio-economic and demographic variables on consumer credit usage habits.[237] The use of credit cards, bank cards, and consumer credits became indispensable habits of people, and scientific scrutiny of these habits would be meaningful and valuable.

I believe that the critical perspective of surveillance studies has a lot more to offer, not only for the sociological studies with which it has been mostly associated thus far, but also for other fields in political science and economics, especially works scrutinizing international power asymmetries and hierarchies. First of all, rather than roughly connecting the 1980s reforms to the economic behavior in Turkey today, more detailed research would uncover the nuances that appeared during the loops of economic and financial crises in Turkey. Indeed, looking at the mass spread of surveillance mechanisms after 1989, particularly between 1990-2001, where

[235] Yurtseven, "Üniversite öğrencilerinin kredi kartı kullanım alışkanlıkları."
[236] Yurtseven, "Üniversite öğrencilerinin kredi kartı kullanım alışkanlıkları."
[237] Arzu Şener, Yakup Güzel, and Esna Buğday, "Tüketicilerin Bireysel Kredi Kullanım Davranışlarının Analizi (Analysis of Consumers Use of Individual Credit Behavior)," *Journal of Business Research - Turk* 12 (June 24, 2020): 1130–48, https://doi.org/10.20491/isarder.2020.901.

technology that has enabled data-gathering developed, and the banking sector in Turkey gets more popularized, would make an interesting contribution to the Turkish political economy and the surveillance literature. It is a puzzle beyond this thesis, how, despite the cyclical financial crises, the demand for consumer banking services continued increasing as more citizens reached the lawful age to participate in the banking sector, entering the radar of surveillance and control mechanisms. 2002-2022 is another interesting period to trace the social engineering projects and the uses of economic surveillance and control mechanisms, in which the sequential governments in Turkey were held by the same political party, but with different inclinations over the 20 years.

More research that brings different disciplines together would be instrumental in explicating the economic and social transitions in other cases of developing economies and provide a contribution to various kinds of literature which are still occupied by research focused on the United States and other developed economies. Research and findings related to the Turkish case may in turn encourage similar work focused on different developing economies, and it would also popularize thinking critically about the connections between political and economic locus of power and the messages they disseminate, the data they gather, and the ways they bring change to the social, economic, and political texture of countries.

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