

## A Tale of Two Decades: Financialisation in Turkey and its Anomalies

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The focus of this study is to investigate the process of financialisation in Turkey and its effect on manufacturing sector and capital accumulation. Turkey went through a significant liberalization agenda in collaboration with IFIs that favoured financial capital from the mid-1980s. Since then Turkey has been through two distinct growth trajectories. The liberalization of capital accounts and financial markets at the beginning of 1990s created financial volatilities and instabilities with corresponding effects on capital accumulation. On the other hand, despite the bitter experience of 1990s, Turkey furthered its neoliberal agenda and recorded a continuous growth (except 2008-2009 due to world financial crises) during the 2000s. The moderate GDP growth between 1989 and 2001 of an average of 3 percent was followed by an impressive average of 7 percent between 2002 and 2007 (Demir 2009: 19)

The qualitative and quantitative differences between two decades raise questions over the changes in the nature of capital accumulation in Turkey. These diverse outcomes of financialisation in Turkey require critical engagement with Turkey's post-1980 period and a sound analysis of manufacturing as the leading sector in capital accumulation. This paper suggests that qualitatively distinct forms of integration with international financial capital and global markets during the last two decade prioritised different forms of financialisation and therefore culminated in different results in Turkey. In 1990s, the integration of manufacturing industry with international financial capital has been through state and corresponding forms of financialisation while, after the crisis in 2001, the integration generated a more direct relation of manufacturing firms with the financial system along with indirect relations through state and society. This study, in this sense, will not only shed light on the last two decades of Turkish political economy and explain the diverse trajectories but also will inform the way in which financialisation can impact on capital accumulation.