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Impacts of the Crises on Fiscal Policies in Turkey: A Comparison between 2001 Crisis and 2007-2009 Global Crisis*

Aysel Arıkboğa
Istanbul University, Faculty of Economics Department of Public Finance

Abstract

There has been a striking change in Turkey's fiscal policy particularly since the 1990s. Since this time, rules-based fiscal policies have become the prevalent policy practice. While the use of discretionary policies during the 2007-2009 crisis constituted a major exception to the predominant rules-based fiscal policy paradigm, focus is once again on fiscal discipline and observing fiscal rules, especially after the transformation of the private sector's debt crisis into the fiscal crisis of the state.This paper analyzes the impact of economic crises on fiscal policies in Turkey. Within this context, the focus is on analyzing the 2001 crisis and the 2007-2009 global crisis, and the respective effects of each on fiscal policy practices in Turkey. The paper finds that fiscal policies were designed in favor of the accumulation process both prior to and during the crises. It is asserted that fiscal policies were designed in favor of the accumulation process both prior to and during the crises.

Keywords

Crisis, fiscal discipline, fiscal policy, Turkey.

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aysela@istanbul.edu.tr

Introduction

Neoliberal restructuring of the economic role of the state particularly for the last three decades have had significant effects on fiscal policies around the world. These effects have been concentrated on increasing efforts towards fiscal discipline with a special emphasis on rules based fiscal policies. Throughout this transformation process, discretionary fiscal policies have been held responsible for the exorbitant budget deficits and public debts, and depending on this perception rules based fiscal policies become a widespread practice with the assertion that the sustainability of public finances could only be attained via these policies.

Subordination of discretionary fiscal policies in favor of rules based fiscal policies is remarkable particularly since the 1990s. The crisis of 2007-2009 and its subsequent effects on fiscal balances have been one of the major exceptions to this predominant paradigm. Stimulus programs that the states implemented along with the decline of tax revenues resulted in huge budget deficits and public debts. However, fiscal discipline and fiscal rules have been advocated once again as a prevalent policy option while ignoring the fact that the enormous rise in public debts has been an outcome of the transformation of private sector's debt crisis into the fiscal crisis of the state.[1]

The aim of this paper is to evaluate the reflections of crises on fiscal policies in Turkey. For this purpose, two episodes of crises -2001 crisis and 2007-2009 global crisis- and their respective effects in terms of fiscal policy practices will be on focus. There is a major difference between these crises; the former represents one of the most severe financial crises of Turkey, while the latter originated from the developed world but has contagion effects on the developing economies including Turkey as well. Meanwhile, these two periods have some policy measures in common that depend on fiscal discipline, sustainability of public finances, and fiscal rules.

Alteration in Fiscal Policies: A General Overview

By the early 1970s, world economy has evolved into a new phase in which the way to development is perceived as strict commitment to liberalization of commodity and capital markets in order to achieve "efficiency" objectives. Since then, two main phenomena have emerged -with serious implications on fiscal policies- that were closely related with each other as they have been actually affected and determined by the basic needs of financialised capitalism. The first one is related to the scope of economic role of the state and consequent major "global" policy shift from demand creation to demand management policies. The second one is the steadily accumulation of the debt stock that evolved into an international "debt crisis" by the early 1980s. The evidence show that burden of the debt fell on labor either in the form of decreased social expenditures or increased taxes since capital could easily flee to "more friendly" regions (Altvater 1997, 66).[2] Therefore, toget-

1 According to O'Connor (1973, 9) as a result of socialization of costs of the accumulation process there appears fiscal crisis of the state via the "structural gap" between public expenditures and revenues.

2 For a detailed analysis regarding the burden distribution among labor and capital following a financial crisis please see Diwan (2001). See also Cornia (1999, 14), Tobin (2000, 1101), The World Bank (1995, 62-63).

her with the threat of unemployment and capital's increased capability of tax avoidance via accelerated mobility, the burden is put mainly on labor.

Deteriorating conditions for labor in terms of decreasing wage shares and increasing employment insecurity; restructuring of the economic role of state including particularly privatization and deregulation practices; and widespread view that the monetary policy should be directed towards the goal of price stability via inflation targeting were the main pillars of the transformation process within the general framework of neoliberal economic policies (Stockhammer 2007, 5-6).

Throughout this process, fiscal policy tools of demand creation that gave rise to public expenditures -which were to be financed particularly via tax revenues- have been subject to objections as the major contributing factor to the unsustainability of public finances. Furthermore all the macroeconomic policy instruments have been seriously constrained by the capital flight issue since then. It has been claimed by the advocators that the practices related to increments in tax rates specifically on capital gains or the increments in real wages would create distortions and lead to "inefficient use of factors of production". In fact, it was the pervasive recession of capitalism since the 1970s that necessitated restructuring of the economic role of state.

Concomitantly some new terms were introduced in the mainstream jargon. A significant one of these was the "market-friendly approach", by which the regulatory power of the state is underlined in order to avoid breakdowns and attain efficiency in the markets. The World Bank's 1991 World Development Report emphasized on "market-friendly approach" (The World Bank 1991); the attitude that has been displayed via this report could be viewed as the anchors of financial liberalization efforts in the 1990s and provide significant insights on the redesigned role of the state in the neoliberal era.[3]

As a matter of fact, state has always been an indispensable element in the economy albeit all the advocations concerning shrinking economic role of state. This appears either in the form of demand creation policies and/or building of the infrastructure that private capital utilize for its investments -thus, creating positive externality (Adelman and Yeldan 2000, 96-97) on behalf of it- or by the provision of regulatory framework for the operations of private capital. In other words, role of the state has been continuously restructured in harmony with the basic needs of capital accumulation process in either case.

The aforementioned policy change has been also reflected in fiscal policies. Accordingly, subordination of discretionary fiscal policies in favor of rules based fiscal policies is remarkable.[4] Discretionary fiscal policies have been criticized by the mainstream approach for being the cause of high levels of budget deficits and unsustainable public debts.[5]

Dominance of neoliberal economic policies since the 1980s and practices of rules based

3 For a critical assessment of the "market-friendly approach" please see Singh (1994).

4 It is important to note that the alteration in economic policies is striking for both monetary and fiscal policies particularly via the practices of inflation targeting and fiscal rules respectively.

5 Please see Kopits (2001), Kopits and Symansky (1998), Kydland and Prescott (1977), Taylor (1993, 2000).

fiscal policies are closely related to each other. Financialisation of the capital accumulation process[6] has been one of the determining factors regarding the alteration in fiscal policies. Neither a conceptual discussion nor indicators of financialisation will be presented in this paper as there is considerably wide literature on the issue.[7] Rather, possible effects of the financialisation process on fiscal policy design will be our main concern. In this regard, two stages can be distinguished. In the first stage, capital account liberalization and deregulation practices have paved the way for a favorable environment for financialisation which had its effects on potential government revenues and in the second stage as the financial instability and the crises unfolded public expenditures were increased while the loss in tax revenues due to the recession had serious and divergent effects on fiscal policies. In the first stage capital has been supported indirectly via increasing opportunities for tax avoidance throughout the liberalization and deregulation practices while in the second stage capital has been supported directly via austerity policies throughout the socialization of costs of the crises (Arıkboğa 2012). We will further explore this second stage with respect to the experience of Turkey for the last two crises episodes in the following sections.

Rationalization of Fiscal Discipline: Unsustainable Public Debts and Fiscal Crisis in Turkey

Neoliberal transformation in economic policies particularly since the 1980s had its reflections on fiscal policies via the widespread discourse of fiscal discipline and practices of fiscal rules. Fiscal rules were generally advocated within the "goals" of; sustainability of public finances, attainment of fiscal discipline, fiscal responsibility, and transparency. (Arıkboğa 2011, 14-15). However, the emergence and the prevalence of practices of fiscal rules cannot be explained by just fiscal responsibility, transparency or accountability issues. These practices cannot also be explained simply by the targets of reducing high levels of budget deficits and/or public debts without elucidating the causes behind the rise in public debts that are essentially an outcome not a cause -regarding both of the cases concerned in this paper. One of the striking features of the crisis periods with respect to fiscal policies is the concentrated efforts towards discretionary practices being followed by stricter measures in the form of austerity policies.

Rules based fiscal policies are actually rather new practices that became prevalent particularly since the second half of the 1990s. Various rule like practices have been implemented in Turkey since then; the attainment of primary surplus[8] and the regulations that enable restrictions on debt stock were major examples of these types of practices. Amendments made on the Central Bank Law, restrictions on both to domestic debt and to debts of municipalities were among these regulations (Arıkboğa 2011, 17). The attainment of primary surplus in compliance with the Stand-by Agreements with International Monetary Fund

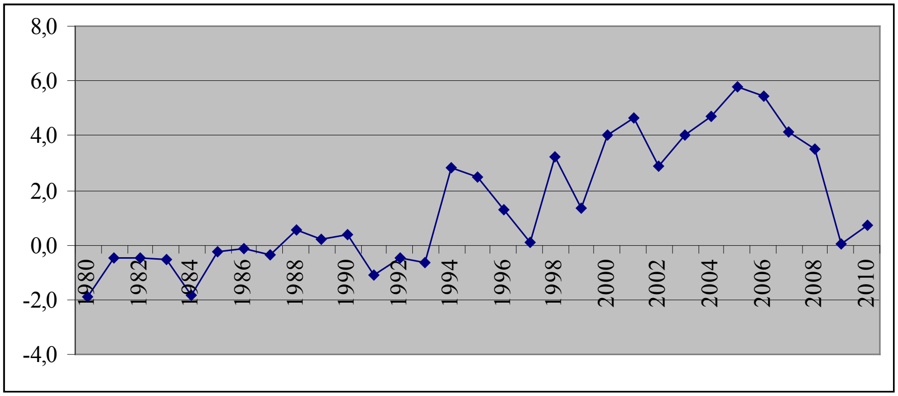
6 Please see Sweezy (1997).

7 See for example Krippner (2005), Lapavitsas (2009a, 2009b, 2010), Stockhammer (2010).

8 The goal of attaining primary surplus is often referred to as a fiscal rule. However, according to Kopits and Symansky, target for a primary surplus cannot be regarded as a fiscal rule if it is being implemented for a predetermined period of time and in the context of a "fiscal adjustment program". Accordingly, one of the prominent features of fiscal rules is the persistence of the constraints applied on fiscal policy tools (Kopits and Symansky 1998, 2).

had been a prolonged practice of the governments (see Graphic 1). Also a fiscal rule was announced to be implemented by 2011[9]; however the practice was postponed for an indefinite period of time.

Graphic 1. Primary Consolidated Budget Balance as Percentage of GDP (1980-2010)



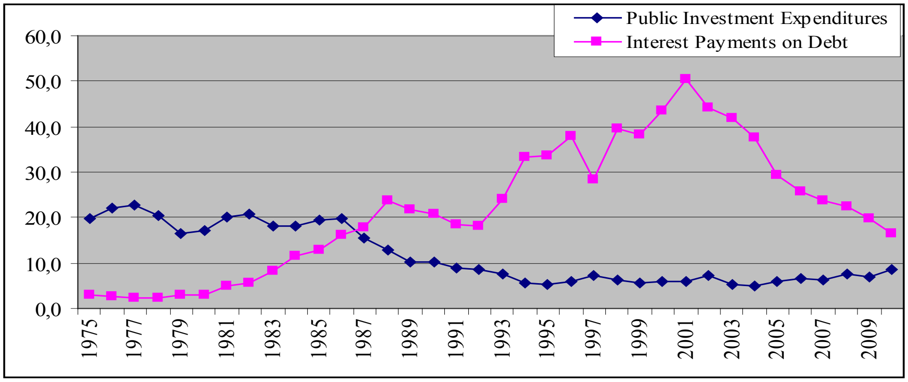
(*) Central Government Budget after 2006.
Source: Republic of Turkey Ministry of Development, Economic and Social Indicators.

Public debts -particularly domestic debt[10]- reached to unsustainable levels during the 1990s. High levels of debt stock and resulting interest burden along with the target of obtaining primary surplus -as the most influential practice among other rule like practices- had significant effects on real public expenditures. (Arıkboğa 2011, 17). Realization of primary surplus from 1998 to 2008 -the year when the devastating impacts of the recent crisis unfolded in Turkey - had critical outcomes; the burden on society as a result of cuts in real public expenditures particularly the repression of public investment expenditures was remarkable in this sense. Along this period, the ratio of interest payments to consolidated budget expenditures decreased with the exception of enormous level that was reached in 2001. However public investment expenditures have continued to be at dramatically low levels (see Graphic 2) which implies that goal of maintaining primary surplus has put a major constraint on public investment expenditures.

9 A deficit rule was announced to be implemented in 2011 by the Medium Term Program of 2010-2012 (Orta Vadeli Program 2010-2012). Therefore Turkey was at the outset of a general tendency towards the implementation of a fiscal rule concurrently with the effects of the global crisis on the economy.

10 It has been argued by Güngen (2010) that domestic debt instruments served to the development of financialisation process in Turkey.

Graphic 2. Percentage Share of Public Investment Expenditures and Interest Payments in the Consolidated Budget (1975-2010)



(*) Central Government Budget after 2006.
Source: Author's calculations from Republic of Turkey Ministry of Development, Economic and Social Indicators.

The goal of attaining primary surplus along with inflation targeting has been referred to as "twin targeting" (Yeldan 2011, 131).[11] Targeted inflation also signifies the upper limit of wage increases; the close relationship between inflation targeting practices and repressed real wages is striking following the 2001 crisis in Turkey (Yeldan 2011, 134-135). However extensive focus on the technical aspects of these policies have paved the way for concealing the repressive impacts of inflation targeting on wage income and realization of primary surplus on public sector wages, public investment and social expenditures.[12]

2001 Crisis and Fiscal Policies Implemented in Turkey

The severity and the frequency of crises have increased considerably after the financial liberalization process in Turkey. There are various studies on these crises and their impacts on the economy. Regarding our topic, these studies vary between the causes behind and the evaluation of the policies implemented in each of these crisis episodes.[13]

Turkey was implementing an anti-inflationary program with a crawling peg under the supervision of International Monetary Fund at the onset of the 2001 crisis; which was one of the most severe financial crises following the capital account liberalization in 1989. The crisis emerged after November 2000 crisis and unfolded major fiscal imbalances that were eventually argued to rationalize some strict measures to be implemented and hence cont-

[11] See also Telli, et al. (2009, 203).

[12] See International Monetary Fund (2001, 18-19).

[13] See for example Akyüz and Boratav (2005), Boratav (2001), Dufour and Orhangazi (2009) regarding 2001 crisis; Oğuz (2011), Öniş and Güven (2011), Taymaz (2010), Yeldan (2010) regarding the recent crisis and Rodrik (2009) regarding the recent crisis with a comparison of 1994 and 2001 crises.

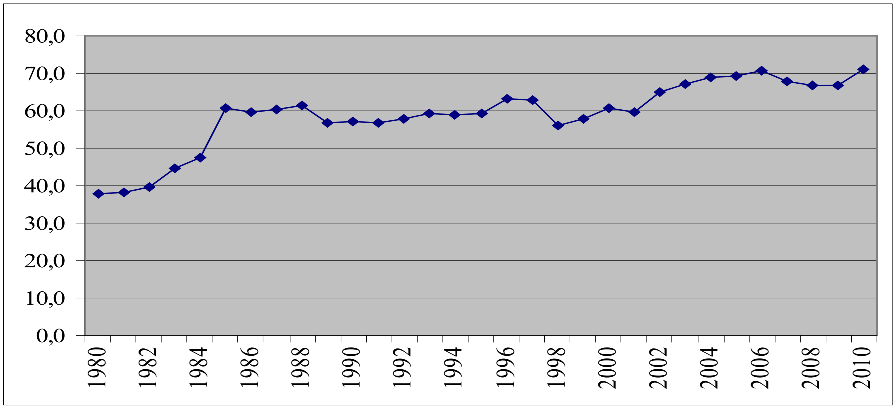
raction on the government expenditures in order to secure sustainability of public debts. Most likely to other crises of capitalism this was also an opportunity for the restructuring of capital at the expense of labor[14]; and real wages decreased rapidly after the crisis.

Fiscal policies implemented following the 2001 crisis focused on privatization, composition of tax revenues, and wage policies in the public sector. The remarkable policies of the period can be summarized as follows (Dufour and Orhangazi 2009, 102; 120):

- an increased focus and effort towards privatization,
- rising ratio of indirect taxes to direct taxes,
- the role of the Central Bank being restricted with the aim of sustaining price level stability,
- increasing flexibility in labor markets.

Ratio of indirect taxes to direct taxes is steadily rising in Turkey; which is an indicator of the tax system's regressive feature (Dufour and Orhangazi 2009, 115-119; Öniş and Güven 2011, 600). Graphic 3 reveals the rising and already very high share of indirect taxes in total tax revenues. The imposition of the Value Added Tax has initiated and accelerated this trend by 1985.

Graphic 3: Indirect Taxes as Percentage of Total Tax Revenues (1980-2010)



(*) Ratio for the year 2010 is provisional.
Source: Republic of Turkey Ministry of Development, Economic and Social Indicators.

The aforementioned policies can be compared to the austerity policies implemented during 2007-2009 crisis in Europe particularly with respect to the effects of the crisis on labor.

[14] See Dufour and Orhangazi (2009) for an evaluation of the impacts of 2001 financial crisis in Turkey with respect to capital and labor.

Freezing of and cuts in wages in the public sector, gradual reduction of public sector employment, deterioration of social benefits and pensions, rise of indirect taxes and privatization of key sectors (Lapavitsas, et al. 2010, 41) in peripheral Europe were striking with respect to their similarities to austerity policies implemented after 2001 crisis in Turkey.

It is also important to note which actions were not taken alongside the policies implemented during the crisis. In this sense no attempt was initiated for controlling capital outflows; rather, privatization of strategic industries such as telecommunication was on the agenda, tight fiscal policies were pursued, engagements for the take over of insolvent banks, and also provision of state guarantee to the foreign creditors were striking elements of the crisis measures. (Dufour and Orhangazi 2009, 105; see also Akyüz and Boratav 2005, 271; 284). By the end of April 2001, total public debt stemming from state-owned banks and take over of private banks amounted to 24 % of GNP (International Monetary Fund 2001, 10).

Transition to the Strong Economy Program which has been evaluated to be a rescue program for financial capital in order to overcome the crisis (Bağımsız Sosyal Bilimciler 2001, 1) was announced by May 2001. In this process the causes of the increasing frequency of crises since the 1990s were attributed to unsustainable level of domestic debt and structural problems of the financial system with a special focus on public banks. (Türkiye'nin Güçlü Ekonomiye Geçiş Programı 2001).

Another significant practice was the debt swap in June 2001 that helped for a reduction in open positions of the banking sector (Bağımsız Sosyal Bilimciler 2001, 16-17), the amount that was subject to debt swap was 7 billion USD and risks arising from open positions of the banking sector were undertaken by the Treasury; hence debt swap has been evaluated to be a rescue operation (Güngen 2010, 14-15) therefore an instrument for socializing costs of the crisis.

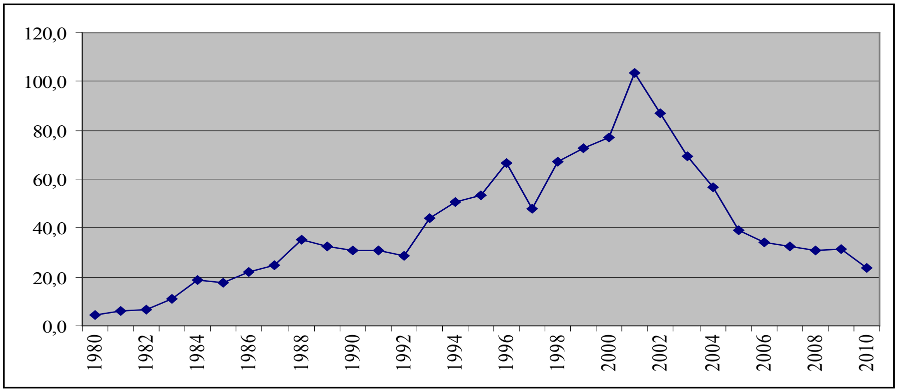
Dufour and Orhangazi (2009, 106) point out to bank bailouts as the major contributing factor for the rise in public external debt in the wake of the crisis.[15] High indebtedness of the country resulted in the "requirement" of combined efforts for the maintenance of primary surplus in order to gain credibility under the stabilization programs. Just after this enormous rise in public debts and consequent rise in debt service a rule like practice -namely primary budget surplus- was strictly enforced.

Graphic 4 depicts the devastating effects of 2001 crisis on public finances in Turkey. Accordingly, ratio of interest payments to total tax revenues of the government exceeded 100 % in 2001. This year was also a peak point after which the ratio of interest payments to tax revenues started to decline rapidly. Despite the substantial decrease in the ratio of interest payments on debt to tax revenues, still 23 % of the total tax revenue was disposed of by

15 In the European experience during 2007-2009 crisis initial attempts of intervention were state guarantee for bank deposits which were followed by direct support to banks (Becker and Jäger 2010, 16-17); these responses are striking with respect to their similarities to practices in Turkey in the wake of 2001 crisis.

interest payments in 2010. For a comparison with peripheral Europe; the ratio of interest payments to total tax revenues was 27 % for Greece, 10 % for Ireland, 13 % for Portugal and 16 % for Spain in 2009.[16]

Graphic 4: Interest Payments as Percentage of Tax Revenues (1980-2010)



(*) Central Government Budget after 2006.
(**) Ratio for the year 2010 is provisional.
Source: Republic of Turkey Ministry of Development, Economic and Social Indicators.

Reflections of 2007-2009 Crisis of Financialised Capitalism and Fiscal Policies Implemented in Turkey

Although the recent crisis originally emerged in the U.S. sub-prime markets it had devastating effects on the European economies particularly on the peripheral Europe by 2008. The major problem addressed for the European countries was the sovereign debt crisis. In fact the rapid increase in public debts was only an outcome of the crisis. However, once again, rather than focusing on the close relation between the crises emerging throughout the financialisation process and the rise in public debts, the concerns have been directed to how fiscal discipline could be entrenched via the implementation of fiscal rules. Public expenditures have risen to significant levels as a result of large transfer of resources to financial sector and stimulus programs. Within that period, fiscal rules which were determined by the Stability and Growth Pact were suspended initially; however, stricter rules were proposed immediately after the transformation of private sector's crisis into a fiscal crisis.

Turkey has been affected from the recent extensive crisis of financialised capitalism by the end of 2008 when the economy could not yet recovered from the 2001 crisis regarding socio-economic conditions[17]; although realization of high growth rates during the mid-2000s have generalized the facade that Turkey was one of the best performers among the so-called emerging markets.

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[16] Author's calculations from The World Bank, World Development Indicators Database.

[17] The most devastating impacts of 2001 crisis have been observed in the labor markets; high unemployment ratios with a concomitant rise in informal employment were significant outcomes of the crisis.

The main difference of the recent crisis from the previous ones following the capital account liberalization was that it did not originate as a result of internal imbalances of Turkey; yet sustained structural imbalances -particularly the reliance on short-term capital inflows and current account deficit as the price of the sustainability of relatively high growth rates- contributed to the severity of the crisis.

External trade with Europe constitutes a significant part of Turkey's export volume[18]; according to the data provided in Turkey's Statistical Yearbook 2011 (Turkish Statistical Institute 2012, 273) exports to the EU countries was 56,3 % in 2007, 48,0 % in 2008, 46,0 % in 2009, 46,3 % in 2010. Therefore it was already expected by the critical analysts that recent crisis affecting EU countries will have direct effects on Turkey as well. Relevantly, unlike most of the crisis affected economies, Turkey has been influenced via the real sectors in the first place. The impact of the crisis in Turkey is acknowledged to be "on the real economy: production and output, exports, and jobs" (The World Bank 2010, 54). The crisis has also affected public finances particularly via reduced tax revenues as a result of decreasing imports and stimulus packages that have been introduced throughout the late 2008 and 2009 (Bağımsız Sosyal Bilimciler 2011, 128-134).

Policies implemented in Turkey between the late 2008 and 2009 have been classified by Öniş and Güven (2011, 595) as measures on liquidity supports, banking regulation, demand stimulus, industrial supports and employment. Accordingly, with the Asset Peace Law tax amnesties for undeclared assets were insured; tax reductions were introduced; small and medium-sized enterprises were supported; an investment subsidy program was introduced with corporate tax reductions, social security premium reductions, and interest subsidies; various employment measures were taken such as extension of present subsidies for female and youth employment, new scheme for temporary public employment, public internship, and vocational training (Öniş and Güven 2011, 595).

Regarding the distributional impacts of these measures; the most important ones can be associated with industrial supports and employment measures. Accordingly, social security contributions for the young and the female workers were reduced in May 2008; employer's contribution to the social security premiums decreased by 5 % in October 2008 and undertaken by the Treasury; short-term work allowance[19] was increased by 50 %, and the utilization period was increased from 3 months to 6 months in February 2009[20]; employer's contribution to the social security premiums for any additional employment

18 Although Turkey has been expanding exports to countries particularly in Asia, North Africa and the Middle East; Öniş and Güven (2011, 595) cites a report which points out that this new trend could not compensate export losses of the country stemming from the crisis in EU.

19 Regulation regarding short-term work allowance is based on the Labor Law of 2003 and provides a significant opportunity for capital to transfer the labor costs to the public sector during crises periods (Oğuz 2011, 10).

20 An interesting point to note is the perception of short-term work allowance as "transfers to the households" in an OECD document (see Organisation for Economic Co-Operation and Development 2009, 37), another example is related to the reductions in employer's contribution to social security premiums by 5 % that is being presented in the context of "contributions for public pensions, unemployment, healthcare, invalidity…" (Organisation for Economic Co-Operation and Development 2009, 37); rather than being classified as a contribution to the capital these measures are presented to be social contributions.

after April 2009 would be undertaken by the Unemployment Insurance Fund; export oriented small and medium sized enterprises could utilize from the government credit supply with no interest and with longer repayment period; excise taxes in automotive, electronics sector were reduced for a predetermined period of time, until 30 September 2009 (Yeldan 2010, 20-22).

Despite relatively high share of stimulus measures as percentage of GDP[21], employment generation has been calculated to be very low with respect to the OECD data and persistency of unemployment since 2001 crisis throughout the decade has generated a dualistic economic structure in Turkey (Yeldan 2010, 9-11). High level of unemployment was also emphasized by Rodrik (2009) along with the possible implications of a more appreciated currency -when compared to 1994 and 2001 crises. Increasing the flexibility of labor markets via flexicurity policies which has been emphasized in the Medium Term Program of 2010-2012[22] was another significant distributional outcome of the crisis. Meanwhile it is noteworthy that Euro Plus Pact's objective of fostering employment was targeted to be achieved via flexicurity policies.[23]

In a similar way to the disappointment of the stimulus measures in generating employment, excise tax reduction in automotive sector has been criticized with respect to its limited success in increasing production while bringing out substantial revenue losses as a result of the tax reduction (Taymaz 2010). This practice has been also criticized for being an instrument of stock reduction in the sector, rather than increasing production and therefore employment levels.

Although evolving distress of the financialised capitalism has been signaling its incidence since 2007, its severity could only be perceived by the end of 2008 when the crisis exploded. The recent crisis was defined as a sub-prime crisis and Turkey was praised for especially banking sector reforms[24] that took place at the beginning of the decade and government announced initially that Turkey would not be affected from the crisis. However discourse has to be changed as the economy has been exposed to the crisis via particularly the real sector.

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21 Please see (Yeldan 2010, 21) for an estimation of the fiscal costs of stimulus packages implemented in Turkey during the recent global crisis.

22 See Orta Vadeli Program 2010-2012.

23 See European Council (2011).

24 Competence and strength of the institutional structure that was affiliated with the establishment of independent regulatory agencies was the main argument behind the assertion that Turkey will be immune from the 2007-2009 crisis. Prominent regulative actions took effect regarding both private and public sectors in Turkey. The establishment of Banking Regulation and Supervision Agency in 1999 was one of the important examples for the regulative actions on the banking sector. Also recent steps were taken in terms of the public sector; the preparation of Medium Term Programs in the context of the Public Financial Management and Control Law No: 5018 was a significant one among them.

Conclusion

The impacts of crises on fiscal policies in Turkey with respect to 2001 crisis and 2007-2009 global crisis are evaluated thus far. These two episodes of crises have some common points regarding capital outflows, public debt stock and subsequent fiscal policy practices, and burden of adjustment after the crises.

In the first episode massive volume of rapid capital outflows -that end up with the collapse of the stabilization program- was due to the inner dynamics of the economy which the International Monetary Fund had also contributed to (Boratav 2001, 17); while in the current episode massive capital outflows which has been followed by a quick resumption to its pre-crisis levels[25] was a prominent outcome of the global crisis of financialised capitalism. Therefore, rapid capital outflows were one of the common features of the two crises episodes but with differentiating resumption processes.

Rising level of public debt stock and related focus on fiscal discipline was another common point regarding the outcomes of these crises at the first glance. The relatively new concepts and practices of fiscal discipline and fiscal rules were easily rationalized with the concern of deteriorating fiscal balances; while the extensive focus on sustainability of public finances overlooked real causes behind the rise in public debts. Besides the common policy measures that depend on sustainability of public finances and fiscal discipline, there is also a significant difference between these two crises. The attainment of primary surplus in compliance with the Stand-by Agreements had been a prolonged practice of the governments until 2008; austerity policies were grounded on unsustainable level of public debts in the wake of 2001 crisis. However, during the recent crisis orientation towards fiscal discipline was primarily related to the concerns on current account deficit not on unsustainable public debts as it was the case for Turkey in the previous episode or the case for European countries in the recent crisis.

The focus on fiscal discipline and tight fiscal policies in Turkey has been grounded particularly on the rapid rise of domestic debt stock and interest expenditures since the second half of 1990s.[26] Throughout the 1990s public investment expenditures were undermined and budgetary process has been used as an effective instrument for the redistribution of income in favor of financial sector (Yeldan 2001, 124).[27]

Regarding the burden of adjustment after the crises, the outcomes of 2001 crisis had been pointed out with respect to its unfavorable effects on labor and favorable effects on capital[28] which are common to the outcomes of 2007-2009 global crisis. Accordingly, policies implemented during these crises can be viewed as part of a long-term perspective for capi-

25 See Rodrik (2009) for a comparison of net financial flows during 1994, 2001 and 2008-2009 crises in Turkey.

26 See International Monetary Fund (2001, 18); Türkiye'nin Güçlü Ekonomiye Geçiş Programı (2001).

27 See also Cizre-Sakallıoğlu and Yeldan (2000, 489-491); Telli, et al. (2009, 209); Yeldan (2004, 368-373).

28 See Dufour and Orhangazi (2009).

tal accumulation process in Turkey and crises periods have been utilized as opportunities to accomplish this long-term goal.[29]

One of the significant socio-economic consequences of 2001 crisis was the rapid rise in unemployment. The high level of unemployment has been the grim reality for a long period following the crisis and Turkey has been influenced by the recent global crisis with already a high unemployment level. As already mentioned policies implemented during 2008-2009 did not generate employment -particularly in the form of formal employment. The most viable effects of fiscal stimulus programs implemented during the period have been the rise of informal employment and the use of Unemployment Insurance Fund for purposes other than unemployment compensation. By June 2010, 28 % of the total expenditures of the fund were used for unemployment compensation (Yeldan 2010, 29). Despite all the privileges provided to the capital -as practices involving reductions in social security premiums of the employers- industrial production did not reach to its pre-crisis level and unemployment is still at very high rates.

Capital accumulation has been a complex, conflict bearing and crisis prone process. The financialisation process and concomitant crises had significant impacts on the rise of public debts and therefore on the designation of fiscal policies with respect to the restraints put on budgetary policies. Therefore, rather than blaming discretionary policies for the rapid rise in public debts; it would be more plausible to argue that the requirements of capital accumulation process and its recurrent crises actually shape fiscal policies to be implemented. As observed via the current crisis of financialised capitalism, recently after stimulus expenditures and bailout programs of the governments as a response to the private sector's financial crisis, budget deficits and public debts have soared to unsustainable levels. Concurrently with the transformation of the private sector's crisis into the fiscal crisis, fiscal discipline and fiscal rules have been proposed and advocated as being the major policy options while ignoring the real causes behind the fiscal crisis. (Arıkboğa 2011, 21-22).

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29 See Oğuz (2011).

Bağımsız Sosyal Bilimciler İktisat Grubu. 2001. *Güçlü Ekonomiye Geçiş Programı Üzerine Değerlendirmeler*. http://www.bagimsizsosyalbilimciler.org (accessed 03 May 2012).

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Özet

Ekonomik Krizlerin Türkiye'deki Mali Politikalar Üzerine Etkileri: 2001 Kriziyle 2007-2009 Küresel Krizin Bir Karşılaştırması

Özellikle 1990'lı senelerden sonra uygulanan mali politikalarda çok çarpıcı değişimler yaşandı. Bu süreçte kurala dayalı mali politikalar egemen oldu. İsteğe bağlı (ihtiyari) politika uygulamarıyla 2007-2009 krizleri hakim paradigmaya karşı birer istisna olarak görülse de mali disiplin ve mali kurallara yönelik söylem, özel sektörle başlayan borç krizinin devletin mali krizine dönüşmesiyle, tekrar baş göstermeye başladı. Bu makalede krizlerin Türkiye'de uygulanan mali politakalara etkileri incelenmektedir. Çalışmanın odak noktası Türkiye'de yaşanan 2001 kriziyle 2007-2009 yılları arasında yaşanan küresel kriz ile bu krizlerin mali politika uygulamalarına etkileridir. Çalışmada hem kriz öncesinde hem de sonrasında mali politikaların birikim sürecini destekleyici bir biçimde tasarlandığı öne sürülmektedir.

Anahtar Kelimeler

Kriz, mali disiplin, mali politika, Türkiye.