



municipal**services**project

OCCASIONAL PAPER No. 22 – DECEMBER 2013

# Reclaiming Turkey's state-owned banks

Thomas Marois and Ali Rıza Güngen

## Series Editors: David A. McDonald and Greg Ruiters

---

### ABOUT THE PROJECT

The Municipal Services Project (MSP) is a research project that explores alternatives to the privatization and commercialization of service provision in electricity, health, water and sanitation in Africa, Asia and Latin America. It is composed of academics, labour unions, non-governmental organizations, social movements and activists from around the globe who are committed to analyzing successful alternative service delivery models to understand the conditions required for their sustainability and reproducibility.

© 2013 Municipal Services Project



This project is funded by the Canadian government through the International Development Research Centre (IDRC).

### Partners

Africa Water Network | Queen's University | African Centre on Citizenship and Democracy | Red Vida | Centro de Estudios Superiores Universitarios | Regional Network on Equity in Health in Eastern and Southern Africa | Focus on the Global South | School of Oriental and African Studies | People's Health Movement | Transnational Institute | Public Services International Research Unit | University of Ottawa School of International Development and Global Studies

# Table of Contents

---

|   |           |
|---|-----------|
| <b>Executive summary .....</b>                                | <b>2</b>  |
| <b>Introduction.....</b>                                      | <b>4</b>  |
| <b>Are state banks different? .....</b>                       | <b>5</b>  |
| <b>A history of state-owned banks in Turkey.....</b>          | <b>6</b>  |
| <b>Market-oriented restructuring .....</b>                    | <b>8</b>  |
| <b>Turkey's state-owned banks today.....</b>                  | <b>9</b>  |
| <b>Evaluating Turkey's state-owned banks.....</b>             | <b>11</b> |
| Extra-market financial coordination .....                     | 13        |
| Support in times of crisis and instability .....              | 14        |
| Access .....  | 15        |
| A saver's safe haven and alternative funding .....            | 15        |
| Efficiency.....   | 16        |
| <b>Can SOBs survive Turkey's neoliberal government? .....</b> | <b>17</b> |
| <b>Conclusion.....</b>  | <b>18</b> |

## EXECUTIVE SUMMARY

Progressive public banking is essential for sustainable development. Turkey's experience illustrates this point, where state-owned banks have been at the centre of national developmental strategies and public infrastructure building since the early 20th century, collecting people's savings and using them for domestic loans to fund government projects. The Turkish government later encouraged private banking as part of an economic liberalization experiment, but frustrated by this process it turned to a state-led developmental strategy. Some 10 state-owned commercial banks and three development banks would come to control just over 70 per cent of the sector's assets by the 1970s, providing loans that far outstripped those of private and foreign banks.

Thirty years of neoliberal restructuring followed, with a renewed push for privatization after the 2001 Turkish banking crisis. Nonetheless, three large state-owned commercial banks and three small development banks continue to offer alternative sources of financing for national development. Together they control about 30 per cent of the sector's assets, equaling nearly US\$193 billion. They have worked sustainably toward achieving their institutionalized developmental mandates, funding industrialization, public infrastructure, other state-owned enterprises, agriculture, small trades, cooperatives, and so on.

This study builds an historical and qualitative perspective on the state banking experience of Turkey, exploring motivations behind changes in state-owned banks (SOBs) and examining differing perceptions of state banking, drawing on extensive interviews with more than 50 key actors in this sector. We conclude that the public banking model can allow these institutions to diverge from private, profit-maximizing imperatives with clear advantages:

- focus on extra-market financial coordination
- support in times of financial crisis
- access to finance
- provision of a savers' safe haven
- improved efficiency

However, for advocates of progressive alternatives to private provisioning today it is important to recognize that the SOBs' new profit mandates have eroded their social and developmental 'alternative' efficacy. The public banking model is clearly under threat and there is an urgent need to develop and discuss popular and political strategies that aim not simply to defend Turkey's SOBs but to reclaim their most progressive mandates and to innovate well beyond their present limitations.

In the context of an ongoing global economic crisis that has siphoned trillions of public dollars into private bank bailouts, the Turkish experience can offer important and timely insights into viable alternatives to private banking that can contribute to more sustainable and progressive patterns of development and the strengthening of the public sector as a whole.

## Introduction

State-owned banks (SOBs) have long provided alternative financing for development, but much like other public services they have undergone neoliberal processes of privatization and market-oriented restructuring over the past few decades. Nonetheless, important SOBs remain in dozens of countries around the world where they provide public financing for essential services such as water, health care and electricity, and offer stable developmental credits (see Marois 2013). Turkey is a case in point, where SOBs have managed to preserve important and unique functions, although they have not been leveraged to extend essential services.

This discussion is particularly timely as the US sub-prime crisis has triggered a costly financial calamity on a global scale, with trillions of public dollars spent on private bank bailouts. While advocates of the status quo still dominate the agenda, we see that contemporary experiences with state banking offer important and timely lessons that point to viable alternatives to private banking.

It is our contention that progressive public sector financing of development and public infrastructure is essential to promote non-neoliberal development strategies. Yet it is in this field of 'financing for development' where our collective knowledge of existing alternative banking practices is most lacking and where neoliberal financial orthodoxy is most entrenched.

In this regard, the case of public banking in Turkey is instructive. Despite 30 years of neoliberal restructuring, three large state-owned commercial banks and three small development banks continue to offer alternative sources of financing for development. State-owned banks have been at the centre of Turkey's national developmental and public infrastructure building strategies from the early 20th century. With branches spread across the country, the SOBs collected people's savings and used them for domestic loans to help fund government projects. For decades, the state banks have worked sustainably toward achieving their institutionalized developmental mandates, funding industrialization, public infrastructure, other state-owned enterprises, agriculture, small trades, cooperatives, and so on.

Problems periodically arose in the state banks' operations but it was not until the late 1990s – due to the instability generated by Turkey's neoliberal transition – that they ran into serious troubles. The 2001 Turkish banking crisis provided an opportunity for neoliberal advocates to enforce market-oriented restructuring, including ideological reforms imposed on the SOBs. Notwithstanding, we argue that Turkey's SOBs still offer a progressive alternative to the private provisioning of finance for development in the country, as they remain the only existing alternative banking option and their institutional foundations hold great potential to move beyond neoliberalism.

This paper looks specifically at the experience of SOBs in Turkey, situating the discussion within the larger debate about public versus private finance. We highlight the potential and challenges of

public banking in general, and the ways in which it may be used to finance public services in Turkey. Although Turkey has its peculiarities the hope is that this case study will help inform debates about public banking in other parts of the world.

## Are state banks different?<sup>1</sup>

It must be emphasized that our discussion and defence of Turkey's SOBs does not rest on idealized notions of 'state' ownership, as if it constituted a progressive alternative to private provisioning in and of itself. Our aim is rather to point out that the progressive alternatives suggested by Turkey's SOBs, real and potential, derive from their special reproductive foundations and roots in the public sector, enabling them to potentially diverge from the profit imperatives by which their private counterparts are structurally bound. This is not to say that state enterprises, including Turkey's SOBs, could not become profit-driven; such ideological choices depend on how relationships of power and class are crystallized in the state apparatus and in the state banks.

State-owned banks are themselves historically malleable institutionalizations of social power and class relations, and thus SOBs are open to collectively organized change (Marois 2012, 29; see also Hilferding 2006). This approach demands more case study and qualitative investigations of state banking institutions as understood within prevailing structures of accumulation. So while we, in the first instance, identify 'state' ownership quantitatively as one in which the state has majority ownership of a bank, with some forms of state management and political oversight (see McDonald and Ruiters 2012, 3-7), the deeper meanings of such ownership remains to be excavated qualitatively and historically within the structural confines of capitalism.

The comparison with private 'corporate' banks is nevertheless stark. Private banks must compete to constantly earn profits or they will cease to exist (Guttmann 1994, 19). State authorities can regulate this condition of capitalist reproduction (as has been done more heavily in the postwar era) but authorities can never eliminate this profit imperative without eliminating the private bank itself.

State banks, on the other hand, exist within the state's institutional and material matrix, and this gives them a different basis of reproduction that can allow them to potentially diverge from private, profit-maximizing imperatives. This is because governments generate incoming public revenue from different sources that are not restricted to market competition, such as taxation, surplus generation from state-owned enterprises and by borrowing against future public revenues (see O'Connor 2009, 179). In this way the state apparatus is, as Neil Brenner writes, "well equipped to channel flows of value" (1998, 469). All incoming public revenues can cross-subsidize different public operations. It follows that SOBs can (and do) lose money, can (and do) break even, or can (and do) profit – but this depends on their particular and changeable institutional and political priorities rather than any inherent behaviour attached to ownership.

This is what makes SOBs special credit granting institutions: they are not necessarily determined by profit mandates but can respond to other socially determined needs. However, this does not guarantee that SOBs will work in some general public interest. Market-oriented restructuring can set state banks on an aggressively profit-oriented path too. In short, it is not 'ownership' that distinguishes state from private banks but their objectively different institutional and material foundations of reproduction, which are subject to overarching political and social contingencies.

## A history of state-owned banks in Turkey

In Turkey, as in other parts of the world, finding capital to fund the transition to post-colonial capitalism was a challenge. The solution was to support the development of banks, with the capacity to collect money savings and mobilize them as loanable capital through a 'fractional reserve'<sup>2</sup> system.

Most of these early banks were private and/or foreign banks tied to the colonial and imperial ambitions of European powers. In Turkey, for example, the European-owned Ottoman Bank took control over the waning Empire's finances in 1863 (known as the odious 'Ottoman Public Debt Administration'), earning enormous returns by recycling official debts (Eldem 2005; see also Pamuk 2004). Where local private banks emerged they were often small-scale and integrated into extractive industries such as mining. It was never the case that the private sector seamlessly filled the need for investment funding and public infrastructure. Private banks simply were unwilling and unable to respond to Turkey's larger developmental financial needs (see Kuruç 1987). Turkish state authorities had to find alternative means of pooling and mobilizing domestic savings – and the creation of state banks became the only solution (see Gerschenkeron 1962). From the founding of the Turkish Republic in 1923, state banks have assumed an active and influential role in financing national development and state-building processes (BAT 1999).

---

**“The transition to capitalism in Turkey, while sharing problems of scarce resources like all other peripheral economies at the time, also faced the problem of Islam and religious injunctions against charging interest on top of the already weak Ottoman tax infrastructure. This made it difficult to accumulate capital in the new Republic of Turkey, and why banking was a focal point of the 1923 Izmir Economic Congress.”**

---

**Former high-ranking Treasury official, long-time state bureaucrat, academic. Author interview, April 2013, Ankara.**



Over the next decade or so Turkish state authorities crafted a powerful state-owned commercial banking apparatus (see Table 1). For our purposes, commercial banks can be understood as standard public deposit-taking, multi-branch, multi-service credit institutions. Development banks, by contrast, usually do not accept public deposits and are specialized institutions. Both, however, can extend loans well in excess of their reserves. While Turkish authorities experimented early on with development banking (for example, the Türkiye Sanayii ve Maadin Bank established 1925), 'development' banks as such have never been especially important in the country. Rather, authorities focused on building large state-owned and deposit-taking commercial banks that nonetheless had clearly mandated developmental orientations (Öztürk et al 2010, 161).

The oldest, largest, and most important example of such commercial banks that persists today is Ziraat Bank (Agriculture Bank, established 1863), whose mandate and credit operations have been tailored to supporting farmers and agrarian development. Ziraat is formally linked to the Ministry of Agriculture, which sets the agricultural rate of interest. A second important SOB was Sümerbank (established 1933), which was mandated to finance Turkey's state-led development strategy by channelling credits into other SOEs (Keser 1993, 77). Various local People's Banks also emerged at the same period to service their mandated communities of cooperatives, trades and crafts persons, and shopkeepers through their formal links to the Ministry of Industry; these SOBs have since merged into Turkey's second largest SOB, Halkbank. The Belediyeler (Municipalities Bank, established 1933), for its part, was merged into the development bank, İller Bank (Provinces' Bank), in 1945 and continues to support Turkey's municipal, village, and provincial authorities in funding infrastructure.

**TABLE 1:**  
State-owned commercial banks in the early Turkish Republic

| State bank              | Year established | Mandated development mission or target funding  |
|-------------------------|------------------|---|
| <b>Ziraat Bank</b>      | 1863/1888        | Agriculture   |
| <b>Emlak Bank</b>       | 1927             | Home mortgages and real estate loans  |
| <b>Sümerbank</b>        | 1933             | Other SOEs and industrialization  |
| <b>Belediyeler Bank</b> | 1933             | Municipal infrastructure projects such as water, electricity, drainage, and the preparation of building plans |
| <b>Etibank</b>          | 1935             | Electrical power generation capacity and the financing of mining and mineral marketing                        |
| <b>Denizbank</b>        | 1937             | Maritime development  |
| <b>Halkbank</b>         | 1938             | Cooperatives, artisans, tradespersons, and small-scale producers  |

Source: BAT 1999; BAT 2009.

From the mid-1940s and late 1950s, the Turkish government encouraged private banking as part of an economic liberalization experiment. Frustrated by this process, by the 1960s Turkey decisively turned to a state-led developmental strategy. Some 10 different state-owned commercial banks and three development banks would come to control just over 70 per cent of the sector's assets within a decade, providing loans far outstripping those of the private and foreign banks combined (BAT 1999, 24; 1971). These SOBs worked in collaboration with Turkey's State Planning Organization (Devlet Planlama Teşkilatı Müsteşarlığı), established in 1961 to coordinate investment, decide on subsidized credits, back new industrial investments and state-owned enterprises, and allocate foreign exchange as part of the coordinated Five Year Development Plans (Aydın 2005, 34-5; Keyder 2000, 204; Marois 2012, 55-6). Until Turkey's 1980s turn to neoliberalism the SOBs provided a stable, sustainable, and popular solution to the problem of funding national development.

## Market-oriented restructuring

By the mid to late 1970s the so-called golden age of state-led capitalist development was in its twilight years. A series of oil shocks had hit the global economy in the 1970s and the US entered a period of high inflation and recession. In response, the US Treasury allowed domestic interest rates to soar causing interest rates elsewhere around the world to go as high as 20 per cent or more. The well-known debt crises that erupted across the developing world as a result provided an opportunity for advocates of market-oriented development to press for structural changes that would have been impossible politically before the crisis, that is, to pursue neoliberalism (Cypher 1989; Harvey 2005).

Turkish society, too, suffered from this instability. The SOBs' profitability and stability began to erode in the late 1970s as authorities envisioned a much greater role for private banking and finance in Turkey's development model. The 1980s opened with a military coup and a subsequent authoritarian transition to neoliberalism and financial liberalization (Yalman 2009). However, authorities attempted no major ownership shifts in the banking sector. Over the next 20 years state bank control fell only by 6 per cent, from 45 per cent in the early 1980s to 39 per cent in the late 1990s (private domestic banks' assets, correspondingly, grew from 44 to 50%) (BAT 1999, 24).

What changed was the way governing authorities used the SOBs' developmental funding mechanism, and with lasting consequences. For decades the SOBs fulfilled their developmental mandates and sustainably managed any assigned 'duty losses' – formally defined as a claim on the Turkish Treasury (and therefore on future public income) derived from officially subsidized lending and the accrued interest (BAT 2001). In other words, the SOB duty losses enabled state authorities to facilitate the post-war stability of capitalist development via value transfers to priority economic sectors and domestic capital (Marois 2012, 58, 116-118).

However, in the mid-1990s, and amid recurrent financial crises (from Mexico to East Asia to Russia and Brazil), Turkey's neoliberal project appeared in jeopardy. In response Turkey's ruling coalitions used the SOBs to hide government budget deficits in SOB books (BRSA 2003, 10; OECD 1999, 57). This allowed the government to kick the proverbial debt-can down the road with staggering public consequences. From a manageable 2.2 per cent of GNP in 1995, the unpaid duty losses swelled to 13 per cent in 1999 (\$2.77 to \$19.2 billion) (World Bank 2000, 96). In doing so, Turkey's neoliberal advocates used the SOBs to smooth the country's socially volatile transition to neoliberalism (Bilimciler 2001, 21; Ergüneş 2008; Marois 2012, 205).

The exposure of the government's malfeasance by the end of the 1990s, together with increasingly speculative private banking practices, triggered the massive 2000-2001 financial crisis in the country, which opened another phase of aggressive neoliberal restructuring (Akyüz and Boratav 2003). It took \$22 billion in public funds to cover the SOBs' duty losses and \$25 billion to bail out the failed private banks, for a total equalling roughly 30 per cent of 2002 GDP (Marois 2011, 178). The subsequent 2001 Banking Sector Restructuring Program (BSRP) brought structural changes to banking in Turkey. Specifically for the SOBs, the program established a two-stage restructuring project that involved the immediate financial reorganization of the state banks and their ongoing operational restructuring around market efficiency and profitability imperatives (see BRSA 2002; Marois 2012, 172-177). The political goal was to make the SOBs approximate private sector banking operations in preparation for privatization.

A decade later, mainstream accounts celebrate the long-term impact of the 2001 BSRP, pointing to the banking sector's relative stability and high profitability (BAT 2008; Kibritçi Artar and Atılgan Sarıdoğan 2012; Tiryaki 2012). Others are more critical of the process, suggesting that the SOBs were blamed for a crisis not of their own making but nonetheless forced to undergo market-oriented restructuring.

## Turkey's state-owned banks today

In advanced market economies, the current phase of capital accumulation is increasingly being defined as 'financialization', which broadly means "the increase in the size and significance of financial markets and financial institutions in the modern macroeconomy" (Orhangazi 2008, 863). So it has been in Turkey, where banking sector growth has outpaced GDP growth. While Turkey's GDP expanded nearly eightfold between 1980 and 2010, the country's total banking assets jumped nearly 32-fold (almost 90 per cent of GDP) and loans rose from \$10 to \$331 billion (BAT 2012, 27, 54).

As of September 2013, there were six majority controlled SOBs in Turkey – three large commercial and three small development banks (see Table 2). The three state-owned commercial banks (Ziraat, Halkbank and VakıfBank) are the second, sixth and seventh largest banks in Turkey (see Table 3).

Together they control about 30 per cent of the sector's assets equalling nearly US\$193 billion. The small state-owned development banks control a mere two per cent of the banking sector's assets combined.

**TABLE 2:**  
Ownership and control in Turkey's state-owned banks, 2013

| State-owned bank, type, and year established       | Ownership profile   |
|--|---|
| <b>Ziraat Bank;</b><br><b>Commercial (1863)</b>    | 100% Treasury   |
| <b>Halkbank;</b><br><b>Commercial (1938)</b>       | 51.11% belongs to the Turkish Prime Ministry's Privatization Administration; 48.86% belongs to individuals and legal entities (via a 24.94% December 2008 public offering and a 23.92% November 2012 public offering).  |
| <b>VakıfBank;</b><br><b>Commercial (1954)</b>      | 58.44% belongs to Turkish Foundations represented by the General Director of Foundations (by having privileged shares; 43% to Group A and 15.44% to Group B); 25.18% sold in a November 2005 public offering; remaining 16.38% belongs to individuals and legal entities. |
| <b>Kalkınma Bank;</b><br><b>Development (1975)</b> | 99.08% belongs to Treasury; 0.92% belongs to individuals and legal entities.  |
| <b>Eximbank;</b><br><b>Development (1987)</b>      | 100% Treasury   |
| <b>İller Bank;</b><br><b>Development (1933)</b>    | 82.56% belongs to municipalities; 10.39% to Special Provincial Administrations; 7.05% to villages.  |

Source: BRSA 2010, 5, 8.

All of Turkey's state-owned banks are joint-stock companies where different state or governing authorities own controlling shares. Of the six SOBs, Ziraat and Eximbank are fully owned by the federal state and the Turkish Treasury holds 99 per cent of Kalkınma Bank shares. İller Bank is also fully public but is controlled by provinces, municipalities and villages. VakıfBank is a special case where a cultural branch of the state, the Foundations Directorate, has controlling ownership on behalf of thousands of individual non-profit foundations (e.g. heritage sites) and has been partially privatized since 2005. Halkbank has had its shares transferred to the state's Privatization Administration (which receives dividend payouts from Halkbank's yearly returns). Two public offerings have sold off almost 50 per cent of its shares. Nonetheless, state authorities retain controlling shares in all six banks and this offers a potentially powerful lever of domestic extra-economic coordination unlike any other sector

of the economy because of the centrality of money and credit to modern society. At the same time this state-based material and institutional capacity can help to counterbalance the otherwise massive structural and concentrated power of private global finance over national developmental policy formation (McNally 2011; Soederberg 2004; Veltmeyer 2010). As David Harvey points out: "the raw money power wielded by the few undermines all semblances of democratic governance" (2010, 220). In the control over money, democracy too is at stake.

**TABLE 3:**  
Turkey's state-owned banks, December 31, 2011 (US\$ million)\*

| Bank             | Total assets<br>(sector<br>ranking: % of<br>total assets) | Total loans<br>and<br>receivables** | Total<br>deposits | Net<br>income/<br>loss | Number<br>of branch<br>offices | Number<br>of em-<br>ployees |
|------------------|---|-------------------------------------|-------------------|------------------------|--------------------------------|-----------------------------|
| <b>Ziraat</b>    | 85,066 (2nd;<br>13.8)                                     | 37,816                              | 59,858            | 1,112                  | 1,458                          | 24,374                      |
| <b>Halkbank</b>  | 48,242 (6th; 7.9)   | 29,761                              | 35,072            | 1,083                  | 771                            | 13,643                      |
| <b>VakıfBank</b> | 47,215 (7th; 7.7)   | 30,340                              | 32,262            | 649                    | 680                            | 12,222                      |
| <b>İller</b>     | 6,031 (14th; 1.0)   | 4,121                               | 0                 | 131                    | 19                             | 2,514                       |
| <b>Eximbank</b>  | 5,114 (15th; 0.8)   | 4,270                               | 0                 | 122                    | 2                              | 397                         |
| <b>Kalkınma</b>  | 1,479 (24th; 0.2)   | 984                                 | 0                 | 13                     | 1                              | 708                         |
| <b>Total</b>     | 193,147   | 107,292                             | 127,192           | 3,110                  | 2,931                          | 53,858                      |

\*Most recent year end data available as of August 2013.

\*\*Total loans and receivables = loans and receivables + loans under follow up - specific provisions.

Source: BAT online (accessed July 25, 2013).

## Evaluating Turkey's state-owned banks

This brings us to a key question: do Turkish SOBs today still provide a viable alternative to the private financing of development and public infrastructure? To answer this we first need to reflect on the nature of research on banking. Most investigations of SOBs are rooted in mainstream neoclassical economic assumptions about self-maximizing egoistic individuals in conditions of scarcity (Caprio et al 2004). They also tend to adopt large-scale quantitative methodologies that test narrow parameters on the efficiency or developmental impact of state-owned banks (Boehmer et al 2005; Boubakri et al 2008; Dinç 2005; La Porta et al 2002). The outcomes are typically broad generalizations that cannot offer causal explanations as to why a given relationship prevails over another (the

classic ‘correlation does not equal causality’ caveat) (Bekaert et al 2005, 41). As such they say little about individual cases and do not contribute to understandings about agents’ motives in SOBs.

The most recent global financial crisis has, however, opened things up as academics and development institutions seek to reinvigorate the question of state banking’s impact on development (e.g. see, Brown 2013; Culpeper 2012; Lapavitsas 2009; Marshall 2010; von Mettenheim 2012). Still, there remains comparatively little reliable case study knowledge on the world’s vast array of SOBs, including those in Turkey (see Marois 2012; Öztürk et al 2010).

The methods employed in this study are an attempt to build a more historical and qualitative perspective on state banking experiences, exploring motivations behind why changes in SOBs have occurred and examining differing perceptions of state banking. In addition to primary and secondary document analysis we conducted a series of semi-structured interviews with a wide range of actors related to SOBs in Turkey. The majority of the interviews took place in the first half of 2013, mostly in Istanbul and Ankara but also in the central south (Adana) and the central north (Samsun). A total of 46 interviews were conducted, including five focus groups. Interviewees remain anonymous for purposes of confidentiality, but the list included branch managers, senior head office sector managers, regional supervisors, and frontline bank workers. We also spoke with worker union representatives, academic banking experts, large agricultural producers, and regional directors from a nationwide agricultural workers association. In addition, we interviewed high-level financial bureaucrats including past and current central bank officials, high ranking former Treasury officials, and a past official of the Savings Deposit Insurance Fund. Finally, these interviews were supplemented by 16 previous interviews conducted in 2007 and 2008 by one of the authors. While these interviews dealt specifically with bank privatizations in Turkey, those discussions contributed to our understanding of state banking today.

The interview questions were guided by an assessment criteria developed by the Municipal Services Project for evaluating the “success” of public enterprises (McDonald and Ruiters 2012). As the first such study of Turkish SOBs, these criteria are not all addressed or explored evenly. More often the interviews dealt with broad questions of equity, efficiency, sustainability, workplace quality, and public ethos in ways that allowed individuals to express their own experiences and understandings distinct from mainstream usage of such terms. Overall, the qualitative findings provide a wealth of unique and significant evidence hitherto unavailable and impossible to find within existing empirical research.

On the basis of these investigations we argue that Turkey’s SOBs continue to have significant performance advantages over private banks, with important impacts on development, equity and sustainability. We highlight five notable benefits below: (1) extra-market financial coordination; (2) support in times of crisis and stability; (3) access to finance; (4) a savers’ safe haven that at the same time provides an alternative source of funding; and (5) efficiency.

## Extra-market financial coordination

There is no replacement for being able to consciously and effectively guide economic policy, and being able to direct money is the most important coordination tool of all. Mainstream theory suggests that regulation is sufficient to incentivize the private banking sector in any given direction (increase credits, fund certain sectors, reduce interest rates, etc) but in practice this has proven unreliable, as the most recent global financial crisis has most dramatically demonstrated. By contrast, the Turkish SOBs have proven themselves adept at the extra-market coordination of finance and development policies.

Through Ziraat and Halkbank in particular, Turkish authorities can effectively direct subsidized credits through what is now termed 'income loss' payments – direct government transfers made to these banks in compensation for providing low interest credits (PER 2008, 15). For example, in 2004 the AKP (Adalet ve Kalkınma Partisi, or Justice and Development Party) government sought to boost agricultural production by enhancing financial supports. To this end the government permitted Ziraat to reduce certain agricultural interest rates by 25 to 100 per cent of the market rate (PER 2008, 134). The Treasury then compensated Ziraat for its associated 'income losses', which had grown to TRY 565 million by 2011 (roughly \$340 million) (PER 2012). The direct transfers such as these keep the SOBs on sustainable footings. The same process applies to Halkbank and subsidized credits to cooperatives, SMEs, trades, and so on that have grown to nearly TRY 250 million (roughly \$150 million) (PER 2008, 137). Since the Treasury payments represent the subsidized interest rates alone, the actual loan amounts granted far exceed the 'loss' payments. While such support could flow through the private banks, the geographical reach, institutional structure, and funding expertise of Ziraat and Halkbank enable the smooth unrolling of these supports in an accessible, effective and efficient manner. Moreover, control over these monies remains within the public sphere, with less of the profit imperatives faced by private banks. This has important consequences at times of individual distress and economic crisis.

While these two substantive programs are geared toward agriculture and trades, there are no necessary barriers to the SOBs developing greater expertise and funding capacity in other areas, such as in public sector development and infrastructure projects. There are existing practices that can be built on. Notably, Halkbank provides subsidized loans to municipalities with a letter of guarantee from the development bank, İller Bank. With this guarantee Halkbank can reduce the interest rate and offer loans according to the needs of municipalities. Halkbank neither receives subsidies nor makes a profit from these loans; it cross-subsidizes the costs from earnings made elsewhere, notably on SME loans (confidential author interview, Halkbank, senior regional manager, June 2013, Samsun).

A former high-ranking Treasury official and long-time state bureaucrat cited the important case of state-owned BOTAŞ (Petroleum Pipeline Corporation) and the building of a natural gas pipeline. In the late 1990s, and amid global economic instability, a lack of foreign exchange threatened the completion of this massive public infrastructure project. Turkey's private banks refused to lend to

the project but the Turkish SOBs, with a direct order from the Treasury, ended up funding the pipeline (confidential author interview, April 2013, Ankara).

Admittedly the level of public-public funding remains low (despite strong relationships between the state banks and other public sector enterprises). One Ziraat branch manager offers two reasons for this (confidential author interview, April 2013, Istanbul). First, the Turkish Banking Act sets limits on large credits, meaning big projects now require a syndicated loan (that is, made up of many banks), which are difficult to pull together for long-term, risky loans. Second, there is a fear of such loans being labelled 'political credit', which carries with it the risk that the state bank may be investigated if a new government comes into power. Nonetheless, the Ziraat manager believes the SOBs could play a larger role in public-public financing but faces political barriers.

### Support in times of crisis and instability

Extra-market financial coordination often works behind the scenes, invisible to most people. The utility of this extra-market capacity becomes strikingly apparent in times of crisis and instability when private banks typically withdraw lending and call in existing loans to protect profits and assets. Indeed, Turkish governing authorities harshly criticized the private banks for doing just that during the 2008-2009 crisis (another example where regulation alone proved insufficient). By contrast, the SOBs – including Ziraat, Halkbank, VakıfBank, İller and Kalkınma – all increased their loan portfolios. Ziraat reports that at the height of the crisis, from September 2008 to June 2009, it alone provided TRY 5 billion of the total TRY 7.5 billion in new loans (public and private) while also offering special repayment terms (Ziraat 2010, 13-14, 27). For the year 2009, VakıfBank reports increasing loans by 13.22 per cent (2010, 18) as does Halkbank by 25.6 per cent (2010, 5). Ziraat's General Manager, Can Akın Çağlar, wrote in the bank's Annual Report that this was a matter of "social responsibility... in order to minimize the pressures of economic recession on our farmers" (Ziraat 2010, 14). Likewise, a Halkbank branch manager expressed deep pride in that bank's decision to increase lending while most other banks were cutting back (confidential author interview, June 2013, Samsun).

---

**"Whereas the private banks do not place much limits on their loans, they charge much higher interest rates [around 20%]. Ziraat sets some limits but charges the lowest interest rates [around 5%]. When people fail to repay their loans, the private banks immediately confiscate their lands. But rather than selling any confiscated lands within three years, as per the law, the bankers transfer them to an associated foundation where they can hold onto them with no time limit [speculation on price increases]. Ziraat does not do this, but allows people time to sort out their problems."**

---

**Ziraat Branch Manager, confidential author interview, April 2013, Istanbul.**



While SOBs can increase lending in times of crisis, they also tend not to foreclose immediately on distressed or non-performing loans. According to one farmer in the Mediterranean region of Antalya, small-scale agricultural producers see Ziraat as their first banking choice (confidential author interview, April 2013, Antalya). This is because of Ziraat's favourable interest rates but also due to softer sanctions in cases of loan default. Ziraat staff's practice of offering several warnings and providing support services to the farmer was mentioned in interviews with other members of the national peasant farmer collective (TZOB), frontline bank workers, branch managers, and high-level supervisors as a positive aspect of Ziraat Bank.

By contrast, as the private banks in Turkey have moved into the agricultural market they have also acted swiftly to repossess farms when loans have become non-performing.<sup>3</sup> In some egregious cases, whole towns have seemingly come under private bank ownership due to credit defaults and repossessions. Neoliberals criticize the SOBs for keeping apparently unsustainable businesses and farmers afloat. Yet temporary liquidity problems do not amount to permanent unsustainability. Moreover, such responses fail to account for loss in national productivity, the impacts on individual and family income, and associated urban migration problems when farmland is repossessed and used for speculative gains (likely to be sold off to commercial farming ventures that are more environmentally taxing). Besides, all manner of farming subsidies are employed globally, especially in advanced economies, because policy-makers recognize the importance of a stable agricultural sector and the benefits of food security. The support offered by the SOBs should not be taken in isolation and simplistically labelled as 'corrupt' vote-getting (see ERF 2005, 106).

## Access

It is an underappreciated fact that Turkish SOBs provide a nationwide financial infrastructure comprised of nearly 3,000 branches (see Table 3). While many developing countries struggle with providing financial 'access' outside urban centres today – apart from the new, costly and ethically questionable private sector 'micro-finance' schemes (Bateman 2010) – Turkey's SOBs have been present in towns and villages for decades. Today more than 400 Ziraat branches are in localities where no other banks are present (Ziraat 2010, 23-4). The SOB provides a rural service that most private banks, and especially foreign banks, eschew due to fixed capital and staff costs. At the same time, state authorities make use of Ziraat's infrastructure to distribute various social supports, pensions and payments to individuals nationwide, without having to pay commissions to the private banks.

## A saver's safe haven and alternative funding

Turkey, like most emerging economies, has had its share of banking crises where speculative excesses have triggered spectacular financial collapses (Martinez-Diaz 2009). But since people often perceive the SOBs to be engaging in safer practices and because of implicit or explicit state guarantees backing them, they attract high levels of individual deposits. SOBs are viewed as a positive

alternative to the private sector, as a saver's 'safe haven'. This was made especially clear during the 2008-2009 crisis when Turks flooded the SOBs. During this period Ziraat's deposits grew by 17 per cent (2010, 14), Halkbank's by over 9 per cent (2010, 5), and VakıfBank's by over 13 per cent (2010, 18). It is no small matter that in 2012 Turkey's SOBs reported handling nearly 57 million savings accounts, which is more than half of all the bank accounts in Turkey. Ziraat alone had nearly 42 million accounts (equal to almost all private commercial banks combined) (BAT 2012, II-238). At the same time the SOB deposit base is augmented by state authorities requiring Turkey's public sector entities to channel deposits and payments through the SOBs. Consequently, the domestic savings deposited in the SOBs, which equal up to three quarters of the SOBs' funding base, constitute an important alternative source of funding (BAT 2009, 71-4; 2012, I-6).

Because the SOBs can attract large amounts of domestic savings they are not dependent on skittish international donors or flighty foreign capital (despite being able to access foreign finance regularly). This reduces Turkey's ever-present risk of capital flight, especially when instability or crisis erupts. In Turkey, as elsewhere, providing a credible safe haven for people's deposits means the SOBs can lend counter-cyclically, as noted above (also see von Mettenheim and Butzbach 2012, 592). This facilitates overall economic stability in a country where the private sector has increased foreign debts, and therefore financial risks, tremendously. The SOBs' alternative source of funding also means the government does not need to rely entirely on private or foreign capital for its borrowing requirements. The SOB deposit base can help fund government projects via purchasing Treasury bonds. During the recent crisis, for example, the AKP funded its modest stimulus package in this way rather than by increasing (socially regressive) VAT taxation as other countries did. Finally, holding a large domestic deposit base means that money held within the SOBs is less likely to be spirited abroad at times of crisis, unlike in private banks that rely on private and foreign investors for their funding base.

Whereas neoliberals explicitly seek to restrict people's as well as governments' savings and borrowing options by concentrating bank ownership in the private and increasingly foreign banking sector, the size, scale and geographical reach of Turkey's SOBs offer a safe and viable saving and funding alternative.

## Efficiency

The Turkish state banks, even in mainstream economic terms, are efficient, having made returns similar to private banks, averaging 1 per cent return on assets (ROA) prior to the 1980s (BAT 2009, 98). The neoliberal transition brought peaks and valleys but the SOBs maintained an average 1-2 per cent ROA during the following 20 years (BAT 2009, 183). Since 2001 they oscillated between 1.5 to 2.5 per cent ROA, pulling in billions in extra public revenue (similar to the private sector average). As the former Undersecretary of Treasury at the time of the country's 2001 crisis acknowledged, the economic sustainability (i.e. profitability) of SOBs undermines much of the mainstream case for

bank privatization in Turkey (confidential author interview, August 2007, Ankara).

Two comparative analyses of Turkey's private banks (foreign and domestic) and state banks conclude that the latter are in fact the most 'efficient' (Aysan and Ceyhan 2010; Kök and Ay 2013). One should add to this that the SOBs, unlike many private banks, duly pay their taxes and recycle profits back into public revenues (thus eliminating the costly chasing of lost public revenues into offshore tax havens by Turkish authorities). For example, in 2009 Ziraat paid TRY 906 million (\$545 million) in taxes and posted earnings of over TRY 4.4 billion (\$2.6 billion) (Ziraat 2010, 22). As a whole Turkish SOB returns, including those from the Central Bank, have helped reduce annual public debt from 0.6 to 1.2 per cent between 2006 and 2010 inclusively (IMF 2012, 63).

In sum, SOBs are not only efficient in narrow financial terms but translate into a range of beneficial public efficiencies impossible to capture by mainstream economics. The benefits can be found in socially desirable public infrastructure, in the pursuit of redistributive measures for the poor, or in a slower pace of accumulation that enables the 'efficient' use of human, natural and technological resources (see Gunn 2011; Spronk 2010). From this perspective we can recognize Turkey's SOB operations as socially efficient as well as financially efficient, given that they support key sectors such as agriculture, cooperatives and SMEs, providing loans in times of crisis, not foreclosing on overdue loans immediately, funding public infrastructure and backing green public initiatives.

## Can SOBs survive Turkey's neoliberal government?

Much more can and should be done with the SOBs in Turkey. What lacks is a progressive vision among Turkey's neoliberal AKP government. On the one hand, there seems to be a broad-based acceptance among Turks, from farmers to past finance ministers, that the SOBs are an important historical legacy and that their sustainable operations lend them real credibility. There also appears to be social sympathy, support and interest in the SOBs. But this has not translated into active and preventative social mobilization against further market-oriented restructuring and privatizations. Banking and finance in general tend to be an alienating and threatening subject for most people – a problem exacerbated by the highly technical and exclusionary research of most mainstream analysts.

On the other hand, the AKP is firmly committed to privatization, having sold off far more SOE assets in the first few years after coming to power in 2002 than in the previous 20 years combined (Önis 2011). The AKP party platform clearly states that SOE privatizations are necessary for an efficient economy, committing to carrying them out in a fast and transparent way.<sup>4</sup> The main opposition, the centrist CHP, has a party program critical of AKP's rapid privatizations but nonetheless supports SOE

sell-outs if appearing in the public interest or if increasing efficiency and competition.<sup>5</sup> That said, the SOBs generate a lot of public revenue now and represent proven economic stabilizing forces. Any government, however neoliberal, may find it difficult to relinquish control over such powerful economic tools.

One must not romanticize Turkey's state banks, of course. It is important to acknowledge that there have been instances of corruption in the Turkish SOBs. Corruption, however, is by no means restricted to the SOBs and privatization by no means provides a sure-fire solution to the problem (to the contrary, often the magnitude of corruption increases). Rather, different institutional and governance mechanisms need to be explored that eliminate the potential for short-term political abuses of the SOBs while still enabling democratic, extra-market coordination of financing for development. Fortunately, there are many existing alternative governance structures from which to draw creative and effective ideas: from the stakeholder model of European savings banks (Butzbach 2012), to the legal incorporation of worker and sectoral representatives directly on the boards of Indian SOBs (Chakrabarti 2012), to more radical ideas around a worker-owned and controlled public cooperative bank as seen in Costa Rica.<sup>6</sup> It remains true, however, that SOBs always seem to be under more scrutiny than private banks, such that any problem is magnified (confidential author interview, Ziraat Branch Manager, April 2013, Istanbul). Neoliberal advocates have long assaulted the integrity of public service, which exacerbates the problem (see Fine 2008). Whereas failed private banks are 'but a few bad apples', state banks ('efficient' or not) are deemed inherently and endemically 'corrupt'. Recognizing state banks as viable alternatives requires exposing this distortionary perspective.

## Conclusion

There is much to be said for the alternative operations of Turkey's state-owned banks despite neoliberal restructuring. Yet for advocates of progressive alternatives to private provisioning it is important to recognize that the SOBs' new profit mandates have and may further erode their social and developmental 'alternative' efficacy. This should not be taken as the end of the story, though. Even in an era defined by intense financial and profit imperatives, the Turkish SOBs can and do challenge market orthodoxy. The fact that the SOBs have changed over time, moreover, should be read positively: it means that they are historically malleable institutions, which are neither inherently corrupt nor inefficient but capable of moving beyond capitalistic goals. Profit imperatives can be reversed, developmental mandates institutionalized, democratic governance enforced, public-public financing enhanced, privatizations halted, and SOB assets amplified. To say this is not to support an idealized Keynesian post-war model in Turkey. Rather, the point is to build on the state banks' credible and developmentally progressive successes to craft even better, more sustainable, and substantively democratic institutions for the financing of development and public infrastructure, without which a break with neoliberalism is inconceivable.

There is thus an urgent need to develop and discuss popular and political strategies that aim not simply to defend Turkey's SOBs but to reclaim their most progressive mandates and to innovate well beyond their present limitations. Below we identify seven strategies of defence and innovation that can help guide popular forces toward more substantive banking alternatives. These include the following:

- **Moving beyond a legal defence:** In Turkey, SOB privatization was halted by constitutional challenges but this legalistic strategy failed to build a social basis of support. Privatization advocates subsequently eliminated these legal barriers, showing that legal strategies have limits when neoliberal governments are committed to privatization.
- **Collective organization in the banking sector:** Bank workers are often unorganized; in Turkey, where unions exist, they are fragmented and sectarian, and any collective bank worker action is illegal. There is a need to organize bank workers in both the state and private banks. Any progressive changes to the SOBs will require internal support and private bank workers also benefit from a strong public sector as part of building a broader labour movement. Worker solidarity should cut across the public-private divide in banking.
- **Solidarity across sectors:** There is little dialogue, let alone solidarity, between banking workers and other 'traditional' labour unions, either within the public sector or between the public and private sectors. Yet the defence of the SOBs requires society-wide support given the powerful financial forces associated with neoliberal capitalism. Bank workers must link strategically to other unions in other economic sectors. It is also evident that many other sectors (public and private) could derive long-term benefit from establishing links to the SOBs, notably in terms of building access to sustainable finance.
- **Public finance as a common good:** Finance really constitutes the nerve centre of the modern capitalist society; it touches all aspects of life, work, and social reproduction. Workers must move toward building a coordinated, popular sector resistance against bank privatization as a common social goal drawing in NGOs, activists, women's organizations, minority communities, charity organizations, and so on. The point here is not simply to resist privatization but to: (a) craft an effectively representative social base; and (b) in the process build real social capacity against the mounting dominance of private financial capital.
- **Democratized banking:** Social solidarity must be institutionalized within the banking sector. The seemingly obvious point that the banks depend on

controlling our collective resources but do so without democratic representation needs to be exposed and built on. The push to defend SOBs must be an integrated push toward radically different and democratized banking foundations.

- **Collective ownership and control:** In the current conjuncture the defence of state ownership is necessary to confront existing power structures. Yet rescuing state ownership alone is also unable to fulfill the strategies above. Unchecked political abuse can be a real problem in SOBs. Thus, new forms of collective democratized ownership and control must be institutionalized in order to pursue social developmental goals. This need not be idealistic as different models of ownership and control already exist elsewhere, even if imperfect.
- **Radical scholarship:** Knowledge of existing alternatives to private corporate bank ownership and imagination for what is possible is lacking. Radical and progressive scholars have almost entirely abandoned questions of finance and development to conventional neoclassical and development economists that reinforce either market-led imperatives or the supposed benefits of an elitist, statist economy. Both approaches have failed to achieve democratized ownership and control over society's collective money resources. Much work needs to be done to reveal the alternative histories, contemporary practices and authentic alternatives of banks in Turkey and in dozens of other societies.

The Turkish state-owned banks' material reproduction is fundamentally rooted within the state apparatus. This means that the SOBs need not rely on profit imperatives to reproduce themselves. In this way the Turkish SOBs worked sustainably for decades. In doing so they pursued specific developmental mandates from supporting agriculture to cooperatives to small trades to infrastructure. In the process the SOBs built up significant institutional expertise. While neoliberal restructuring has eroded much of the state-led developmental logic, important alternative institutional operations continue to prevail in the SOBs. In contrast to private banks that regularly engage in capital flight, transfer funds abroad, cut funding at times of crisis, refuse to finance infrastructure, exploit farmers, and so on, the SOBs tend not to engage in the worst of these profit-maximizing practices.

To recognize this is not to idealize state banks. Much can and must be done to create more progressive, democratic and developmentally responsive banks, which will include reversing aspects of neoliberal restructuring to date. But it also means struggling for better models of alternative banking. The Turkish example, in this regard, has a lot to offer to those interested in understanding what options exist. Turkey is but one of many examples that have yet to be fully identified and examined. There is great need for further research into existing public banking and financial alternatives to private provisioning. This is the sine qua non for building sustainable and progressive alternatives to neoliberalism.

## Endnotes

1 For a more detailed discussion see Marois 2013.

2 That is, banks developed the political right to augment the savings held well above their actual amount; for every unit of currency held in reserve a banker could loan out on average 10 more units.

3 Önal (2013) summarizes the recent changes in the agricultural loan market as privatization of the sources of funds.

4 See <http://www.akparti.org.tr/site/akparti/parti-programi#bolum> (accessed on May 2, 2013).

5 CHP, Çağdaş Türkiye İçin Değişim Cumhuriyet Halk Partisi Programı, <http://www.chp.org.tr/wp-content/uploads/chpprogram.pdf> (accessed on May 2, 2013). Also validated in an interview with a senior CHP economic advisor.

6 The following comes from the Banco Popular website (<https://www.popularenlinea.fi.cr/bpop/>), including its audited financial statements and president's directives. See also Marois 2013.

## ABOUT THE AUTHORS

**Thomas Marois** is a Senior Lecturer of Development Studies at SOAS, University of London and author of the book *States, Banks and Crisis: Emerging Finance Capitalism in Mexico and Turkey* published by Edward Elgar in 2012. His research currently focuses on alternatives to the private provisioning of finance for development in emerging capitalisms.

**Ali Rıza Güngen** teaches at the Department of Political Science, Ondokuz Mayıs University, Samsun. His research focuses on public debt, state restructuring and democracy in Turkey. His dissertation on debt management and financialization was awarded the Young Social Scientist, Behice Boran Award by the Turkish Social Sciences Association in 2013.

## Bibliography

Akyüz, Y. and Boratav, K. 2003. The making of the Turkish financial crisis. *World Development* 31(9): 1549-1566.

Aydın, Z. 2005. *The political economy of Turkey*. London: Pluto Press.

Aysan, A. F. and Ceyhan, S. P. 2010. Efficiency of banking in Turkey before and after the crises. *Banks and Bank Systems*, 5(2): 179-198.

Banking Regulation and Supervision Agency (BRSA). 2010. Structural developments in banking (issue 5). Ankara: BRSA. [http://www.bddk.org.tr/WebSitesi/english/Reports/Structural\\_Developments/10132byg5\\_eng\\_final\\_230911.pdf](http://www.bddk.org.tr/WebSitesi/english/Reports/Structural_Developments/10132byg5_eng_final_230911.pdf) (accessed November 29, 2013).

Banking Regulation and Supervision Agency (BRSA). 2003. Banking sector restructuring program progress report – (VII). October. Ankara: BRSA. [http://www.bddk.org.tr/websitesi/english/reports/other\\_reports/2653bsrp\\_102003.pdf](http://www.bddk.org.tr/websitesi/english/reports/other_reports/2653bsrp_102003.pdf) (accessed July 16, 2013).

- Banking Regulation and Supervision Agency (BRSA). 2002. Banking sector restructuring program progress report – (V). November. Ankara: BRSA. [http://www.bddk.org.tr/WebSitesi/english/Reports/Other\\_Reports/2651BSRP\\_Progress\\_112002.pdf](http://www.bddk.org.tr/WebSitesi/english/Reports/Other_Reports/2651BSRP_Progress_112002.pdf) (accessed July 16, 2013).
- Banks Association of Turkey (BAT). 2012. *The banking sector in Turkey, 1960-2011*. Istanbul: BAT. [http://www.tbb.org.tr/en/Content/Upload/Dokuman/20/The\\_Banking\\_Sector\\_in\\_Turkey\\_\\_1960\\_-\\_2011.pdf](http://www.tbb.org.tr/en/Content/Upload/Dokuman/20/The_Banking_Sector_in_Turkey__1960_-_2011.pdf) (accessed November 29, 2013).
- Banks Association of Turkey (BAT). 2009. *Banks in Turkey*. Istanbul: BAT.
- Banks Association of Turkey (BAT). 2008. *Banks in Turkey*. Istanbul: BAT.
- Banks Association of Turkey (BAT). 2001. *Banks in Turkey*. Istanbul: BAT.
- Banks Association of Turkey (BAT). 1999. *In its 40th year: The Banks Association of Turkey and the Turkish banking system, 1958–97*. Istanbul: BAT.
- Banks Association of Turkey (BAT). 1971. *Banks in Turkey*. Istanbul: BAT.
- Bateman, M. 2010. *Why doesn't microfinance work? The destructive rise of local neoliberalism*. London: Zed Books.
- Bekaert, G., Harvey, C. R. and Lundblad, C. 2005. Does financial liberalization spur growth? *Journal of Financial Economics*, 77: 3-55.
- Bilimciler, B. S. 2001. Güçlü Ekonomiye Geçiş Programı Üzerine Değerlendirmeler. BSB Metinleri. [http://www.bagimsizsosyalbilimciler.org/Yazilar\\_BSB/BSBgegp.pdf](http://www.bagimsizsosyalbilimciler.org/Yazilar_BSB/BSBgegp.pdf) (accessed March 17, 2013).
- Boehmer, E., Nash, R. C. and Netter, J. 2005. Bank privatization in developing and developed countries: Cross-sectional evidence and the impact of economic and political factors. *The Journal of Banking and Finance*, 29: 1981-2013.
- Boubakri, N., Cosset J.-C. and Guedhami, O. 2008. Privatisation in developing countries: Performance and ownership effects. *Development Policy Review*, 26(3): 275-308.
- Brenner, N. 1998. Between fixity and motion: Accumulation, territorial organization and historical geography of spatial scales. *Environment and Planning D: Society and Space*, 16(5): 459-481.
- Brown, E. 2013. *The public banking solution: From austerity to prosperity*. Baton Rouge, Louisiana: Third Millennium Press.
- Butzbach, O. 2012. European savings banks and the future of public banking in advanced economies: The Cases of France, Germany, Italy and Spain. *Public Banking Institute Journal*, 1(1): 34-78.
- Caprio, G., Fiechter, J. L., Litan, R. E. and Pomerleano, M. (eds.). 2004. *The future of state-owned financial institutions*. Washington, DC: Brookings Institution Press.
- Chakrabarti, R. 2012. State Bank of India: The opportunities and challenges of being a state-owned bank in India. In Yi-chong, X. (ed.), *The political economy of state-owned enterprises in China and India*, 247-272. Houndsmills, Basingstoke, UK: Routledge MacMillan.
- Culpeper, R. 2012. Financial sector policy and development in the wake of the global crisis: The role of national development banks. *Third World Quarterly*, 33(3): 383-403.



- Cypher, J. M. 1989. The debt crisis as 'opportunity': Strategies to revive U.S. hegemony. *Latin American Perspectives*, 16(1): 52-78.
- Dinç, I. S. 2005. Politicians and banks: Political influences on government-owned banks in emerging markets. *Journal of Financial Economics*, 77: 453-479.
- Economic Research Forum (ERF). 2005. *Turkey country profile: The road ahead for Turkey*. Cairo, Egypt: ERF.
- Eldem, E. 2005. Ottoman financial integration with Europe: Foreign loans, the Ottoman Bank and the Ottoman public debt. *European Review*, 13(3): 431-445.
- Ergüneş, N. 2008. *Bankalar, Birikim, Yolsuzluk: 1980 Sonrası Türkiye'de Bankacılık Sektörü*. Istanbul: Sosyal Araştırmalar Vakfı.
- Fine, B. 2008. Privatization's shaky theoretical foundations. In Bayliss, K. and Fine, B. (eds.), *Privatization and alternative public sector reform in Sub-Saharan Africa: Delivering on electricity and water*, 13-30. New York: Palgrave Macmillan.
- Gershenkeron, A. 1962. *Economic backwardness in historical perspective: A book of essays*. Cambridge: Belknap Press of Harvard University Press.
- Gunn, C. 2011. Workers' participation in management, workers' control of production: Worlds apart. *Review of Radical Political Economics*, 43(3): 317-327.
- Guttmann, R. 1994. *How credit-money shapes the economy: The United States in a global system*. New York: M. E. Sharpe.
- Halkbank. 2010. *2009 Annual report*. Ankara: Halkbank.
- Harvey, D. 2010. *The enigma of capital and the crises of capitalism*. London: Profile Books.
- Harvey, D. 2005. *A brief history of neoliberalism*. New York: Oxford University Press.
- Hilferding, R. 2006 [1981]. *Finance capital: A study of the latest phase of capitalist development*. London: Routledge.
- International Monetary Fund (IMF). 2012. Turkey: 2011 Article IV Consultation. Country Report No. 12/16. Washington, DC: IMF.
- Keser, İ. 1993. *Türkiye'de Siyaset ve Devletçilik*. Ankara: Gündoğan.
- Keyder, Ç. 2000. *Türkiye'de Devlet ve Sınıflar*. Istanbul: İletişim.
- Kibritçi Artar, O. and Atılgan Sarıdoğan, A. 2012. Küresel Finansal Krizin Türkiye'de Bankacılık Sektörü mali Yapısına Etkileri". *Marmara Sosyal Araştırmalar Dergisi*, 2.
- Kök, D. and Ay, O. E. 2013. 2008 Küresel Finansal Krizin Türk Bankacılık Sektörü Etkinlik Düzeylerine Yansıması Üzerine bir Araştırma". *Uluslararası İktisadi İdari İncelemeler Dergisi*, 10: 155-170.
- Kuruç, B. 1987. *Mustafa Kemal Döneminde Ekonomi*. Ankara: Bilgi.
- Lapavitsas, C. 2009. Systemic failure of private banking: A case for public banks. Discussion Paper no. 13. London: Research on Money and Finance.

- La Porta, R., Lopez-de-Silanes, F. and Shleifer, A. 2002. Government ownership of banks. *Journal of Finance*, 57(1): 265-301.
- Marois, T. 2013. State-owned banks and development: Dispelling mainstream myths. MSP Occasional Paper No. 21. Cape Town: Municipal Services Project.
- Marois, T. 2012. *States, banks, and crisis: Emerging finance capitalism in Mexico and Turkey*. Cheltenham, UK: Edward Elgar Publishing
- Marois, T. 2011. Emerging market bank rescues in an era of finance-led neoliberalism: A comparison of Mexico and Turkey. *Review of International Political Economy*, 18(2): 168-196.
- Marshall, W. C. 2010. Banco del Sur and the need for downstream linkages: The role of national publicly owned banks. *International Journal of Political Economy*, 39(3): 81-99.
- Martinez-Diaz, L. 2009. *Globalizing in hard times: The politics of banking-sector opening in the emerging world*. Ithaca, NY: Cornell University Press.
- McDonald, D. A. and Ruiters, G. (eds.). 2012. *Alternatives to privatization: Public options for essential services in the global South*. Cape Town: HSRC Press.
- McNally, D. 2011. *Global slump: The economics and politics of crisis and resistance*. Pontypool, Wales, UK: The Merlin Press.
- O'Connor, J. 2009 [1973]. *The fiscal crisis of the State*. New Brunswick, NJ: Transaction.
- OECD. 2010. *Bank profitability: Financial statements of banks 2000-2009*. Paris: OECD.
- OECD. 1999. *OECD economic surveys: Turkey 1998-1999*. Paris: OECD.
- Önal, N. E. 2013. Tarımın Borçlanma Kaynakları Özelleşiyor. *Sol (Sol Bakış – Tarım ve Çiftçilik)*, April 6.
- Öniş, Z. 2011. Power, interests and coalitions: The political economy of mass privatisation in Turkey. *Third World Quarterly*, 32(4): 707-724.
- Orhangazi, Ö. 2008. Financialisation and capital accumulation in the non-financial corporate sector: A theoretical and empirical investigation on the US economy: 1973-2003. *Cambridge Journal of Economics*, 32: 863-886.
- Öztürk, H., Gultekin-Karakas, D. and Hırcıklılar, M. 2010. The role of development banking in promoting industrialization in Turkey. *Région et Développement*, 32: 153-178.
- Pamuk, Ş. 2004. The evolution of financial institutions in the Ottoman Empire, 1600-1914. *Financial History Review*, 11(1): 7-32.
- PER. 2012. *Public enterprises report 2012*. Ankara, Turkey: Undersecretariat of Treasury, Directorate General of State Owned Enterprises.
- PER. 2008. *Public enterprises report 2007*. Ankara, Turkey: Undersecretariat of Treasury, Directorate General of State Owned Enterprises.
- Soederberg, S. 2004. *The politics of the new international financial infrastructure: Reimposing neo-liberal domination in the global South*. New York: Zed Books.

Spronk, S. 2010. Water and sanitation utilities in the global South: Re-centering the debate on 'efficiency'. *Review of Radical Political Economics*, 42(2): 156-74.

Tiryaki, G. (2012). Finansal İstikrar ve Bankacılık Düzenlemeleri (1990-2010 Türkiye Tecrübesi Işığında). TBB Yayın No. 289. İstanbul: Türkiye Bankalar Birliği.

VakıfBank. 2010. *2009 Annual report*. Ankara: VakıfBank.

Veltmeyer, H. 2010. The global crisis and Latin America. *Globalizations*, 7(1-2): 217-233.

von Mettenheim, K. 2012. Public banks: Competitive advantages and policy alternatives. *Public Banking Institute Journal*, 1(1): 2-34.

von Mettenheim, K. and Butzbach, O. 2012. Alternative banking: Theory and evidence from Europe. *Brazilian Journal of Political Economy*, 32(4): 580-596.

World Bank. 2000. Turkey country economic memorandum, structural reforms for sustainable growth. Report No. 20657-TU. Washington, DC: World Bank.

Yalman, G. L. 2009. *Transition to neoliberalism: The case of Turkey in the 1980s*. İstanbul: Bilgi University Press.

Ziraat Bank. 2010. 2009 Annual report. Ankara: Ziraat Bank.

## LATEST IN THE OCCASIONAL PAPER SERIES

### 20 UNIVERSAL HEALTH COVERAGE

Beyond Rhetoric

### 19 UNIVERSAL HEALTH CARE IN INDIA

Making it Public, Making It a Reality

### 18 GENDER JUSTICE AND PUBLIC WATER FOR ALL

Insights from Dhaka, Bangladesh

### 17 SHIELDS AND SWORDS

Legal Tools for Public Water

### 16 THE CUPBOARD IS FULL

Public Finance for Public Services in the Global South

[www.municipalservicesproject.org](http://www.municipalservicesproject.org)

**Canadian office**

Queen's University  
Global Development Studies  
152 Albert St.  
Kingston, Ontario, K7L 3N6  
CANADA

**South African office**

University of the Western Cape  
School of Government  
Private Bag X17  
Bellville 7535  
SOUTH AFRICA