

MAKING ISTANBUL A FINANCE CENTER:
A HEGEMONIC SPATIAL PROJECT OF THE AKP REGIME

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ABSTRACT

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Neoliberal financial transformation processes have permeated into the economic, social, spatial and daily spheres since the early 1980s in Turkey and similar countries. Meanwhile, the urban space has been put under pressure with competitiveness and through a bunch of policies such as urban transformation and gentrification projects. Since 2009 the Istanbul Finance Center project has been in progress as a state-run project which aims to turn Istanbul first into a regional, then a global finance center. This thesis aims to assess the AKP regime's attempt to make Istanbul a finance center as a hegemonic spatial project with regards to financialization of the state in Turkey. It is argued that the protection and elevation of interests of major capital groups and the state managers through the project forms an important example of ways in which the hegemony is reproduced through the financialization of the state.

Keywords: Istanbul Finance Center, financialization of the state, neoliberal financial transformation, hegemonic projects, state-finance nexus

ÖZ

AKP REJİMİNİN HEGEMONİK MEKANSAL PROJESİ OLARAK İSTANBUL’UN FİNANS MERKEZİ YAPILMASI

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Türkiye ve benzer ülkelerde neoliberal finansal dönüşüm süreçleri ekonomik, sosyal, mekânsal süreçlere ve gündelik hayata nüfuz etmiştir. Aynı dönemde yine neoliberal politikaların bir sonucu olarak kent mekanı da rekabetçilik, küresel şehirler gibi bir dizi kavram ve kentsel dönüşüm ve soylulaştırma projeleri ile yeni baskılar altına girmiştir. 2009 yılından beri ise devlet eliyle yürütülen İstanbul Finans Merkezi projesi kapsamında İstanbul’un önce bölgesel, daha sonra ise küresel finans merkezi haline getirilmesi hedeflenmektedir. Bu tezde, Türkiye’de devletin finansallaşması çerçevesinde AKP rejiminin hegemonik mekansal bir projesi olarak İstanbul’un finans merkezi yapılma hedefinin incelenmesi amaçlanmaktadır. Çalışmada, proje aracılığıyla büyük sermaye gruplarının ve devlet yöneticilerinin çıkarlarının korunması ve yükseltilmesinin, devletin finansallaşması yoluyla hegemonyanın yeniden üretilme biçimlerinin önemli bir örneğini oluşturduğu ileri sürülmektedir.

Anahtar Kelimeler: İstanbul Finans Merkezi, devletin finansallaşması, neoliberal finansal dönüşüm, hegemonik projeler, devlet-finans ilişkisi



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CHAPTER 1

INTRODUCTION

Complaints of people mainly living in the cities in western parts of Turkey about being have to wake up to dark mornings have lately rised a considerable public debate. Indeed, daylight saving time that has been applied since 1970 has been changed into “GMT +3” and become a permanent time zone of Turkey through a presidential decree since 2018 (Hurriyet Daily News 2018). Even though the decision on not to change the clock on winter was claimed to remain in order to conserve electricity and increase productivity as defended by the former Energy and Natural Resources Minister and also former Treasury and Finance Minister Berat Albayrak, it might rather point to a desire to be in the same time zone with Saudi Arabia and most of the Middle Eastern countries for a regional consolidation (Dogan 2016). This has brought me to reconsider the Istanbul Finance Center (IFC) project that aims to turn the megapolis into a regional finance center.

The still-ongoing IFC project takes attention not only as a mega construction complex relocating key financial institutions and the Central Bank of Turkey (*TCMB in Turkish Acronym*) from Ankara to Istanbul, the heart of the construction projects of the Justice and Development Party’s (*AKP in Turkish Acronym*) neoliberal hegemony, but also in its employment as an apparatus and arena for overcoming recurrent crises resulting from the growth model dependent on international capital inflows and on rising private sector and household debt. Considering that the project serves for the acceleration of financial deepening while its construction has been ‘awarded’ to the pro-AKP firms, the motives behind the project can be argued to comply with the logic of financialization that “what goes on outside of its borders is complex and varied

but far from independent of what goes on inside” (Fine, Bayliss, and Robertson 2016: 26). I argue that the main motive behind the making of the IFC as a hegemonic spatial project is to provide a gateway for international finance capital and a shield for the construction sector of Turkey in order to protect their interests during the economic crises.

The 2008-09 global economic crisis was triggered at the junction point of finance capital and city building, having crucial impacts on the urban space. Cities with their key role in the reproduction of neoliberalism were regarded as “critical entry points for finance capital in search of yield” which generated new burdens on the urban space, being reduced to be “a set of financial criteria” disregarding its political meaning (Fields 2017: 2-3). The literature linking financialization with the urban space including the conceptualization of it as a spatial process is extensive, thus I will focus on how finance centers response to crises and “how currencies and financial centers rise and fall in relation to their underlying economies and regulatory regimes” (Altamura and Daunton 2020: 296).

With neoliberalization the role of state has been opened for discussion in terms of its extent of control in the creation and reproduction of finance centers. The Istanbul Finance Center (IFC) project has been coming into the agenda since the 1980s when Istanbul was commodified in the goals of to-be-global-city that could link the economy of Turkey to the international markets. When the construction of the project started in 2016 after a long-winded process of debates on the relocation of Turkey’s key banking institutions and Central Bank from the capital to Istanbul, it brought up the questions like for what and whose interests has the IFC was set as a state strategy and national project and what roles does the state take in the reorganization of financial institutions and how do they relate with the political economic developments in Turkey during neoliberal financial transformation. This led me to inquire the narratives and discursive aspects of the construction of Istanbul’s finance district through state strategies.

Chapter 2 focuses on neoliberal financial transformation and its spatial pressures with a stress on financialization of the state. Debates on the financialization concept is provided in order to reveal the permeation of finance into the system with its logics and as a part in the financial expansion epoch. Financialization of the state implies the class-based character of Turkey's financial transformation, elevating the interests of major capitalist groups more than of the wage earners or the poor. Finance centers appear to function as passage points where state can coalesce with the international capital groups and local markets with favorable tax regimes for investors. As this thesis will handle the IFC as a state project of the AKP regime and mainly focus on the remobilization of the state lenders and the Central Bank of Turkey, 'financialization of the state' will be employed as a theoretical framework.

Chapter 3 focuses on the restructuring of Istanbul as a desired 'global city' with a strong role of the state and how this process was implemented with de-industrialization, meaning and the transformation of the inner city neighborhoods into a hub of finance and business services with the addition of their consumption and residential spaces. It will be stated that financialization of the state forms an uneven process constituted of a "tendency promoted by the financial elites, business groups and state managers" (Güngen 2012: 99). With socialization of losses of finance and business elites and prioritization of their interests, re-building of Istanbul as a passage point for capital flows as a state project provides an example of the contradictory characteristic of neoliberal financial transformation in Turkey.

Chapter 4 focuses on the ongoing state-run Istanbul Finance Center (IFC) project in the post-2008 period. A review of some of the speeches of state managers as well as representatives from capitalist class is provided to reveal how the desire to attract international capital was unveiled at a discursive level. This is explained through the increasing dependency of state and business groups to the international financial markets via financialization process (Güngen 2012: 103).

Making Istanbul a finance center thus can be evaluated as a part of the process of material reconstitutions of financial transformation in Turkey but specifically as “the accumulation of foreign reserves as a pot of capital ready for mobilization in the interests of preserving finance capitalism” (Marois 2018: 122). By enabling the ‘socialization of the loss’ of the capitalist class in times of economic crisis, the IFC provides an interesting example to rethink the implications of the financialization of state in Turkey and the variety of ways that the hegemony can be reproduced. It can be also told to form a spatial example of the distinctive patterns that can be differentiated from the financial transformation processes in the so-called developed Global North countries for various economic, political, social reasons (Yalman et al. 2019). The relations between the state lenders and the Central Bank of Turkey, the IFC, the TWF and the pro-government construction companies is still an open discussion with a need for more detailed analysis over the financialization of the state.

CHAPTER 2

NEOLIBERAL FINANCIAL TRANSFORMATION AND ITS SPATIAL PRESSURES

Since the 2001 financial crisis the economy of Turkey has turned into an attraction point for the international financial circles like the other emerging markets of the Global South has been starting from the 1980s. Yet this came hand in hand with a structure of economy that is dependent on the hot money flows, having chronic current account deficit (Yalman, Marois, and Güngen 2019: 1-3). The debt-laden structure of the Turkish economy directed the concern of observers towards the JDP (Justice and Development Party, *AKP in Turkish Acronym*) – ruling political party of Turkey since 2002. While the JDP has been receiving increasing criticism with regards to its growing authoritarian political behaviour, financial stability started to lose its importance as the country faces with currency problems. In order to understand the IFC as a state project within the financialization of the state, Turkey's financial transformation and its dependence on international financial flows and investments should be explored from a critical social sciences perspective. Since the the interests of major capital groups have been maximized throughout Turkey's financial transformation and via the IFC, this process is not evaluated as class-neutral in this thesis. This necessitates a brief review on different approaches to the financialization concept and its explanation as an epoch, as its permeation into the economic, social and political spheres and as in financialization of the state.

2.1. Debates on the financialization concept

One of the commonly used terms in the social sciences to explain the changes in the last thirty years in the world is financialization. While the literature dates

back to the mid-1990s onwards, the term began to gain a wide use in the social sciences particularly after 2008-09 by a wide range of scholars (Engelen 2008; Fields 2017). What can be simply understood by the term is the increasing involvement of the finance sector in economic, political and social spheres following the historical growth of financial industries since the 1970s. While the role of finance has grown in different spheres it also socially, economically and environmentally embedded itself into the system (Sawyer et al. 2016: 2). Indeed, from growing usage of credit cards to household debt, to changes in attitudes of individuals and increasing financial crises, financialization has had an effect upon both real and financial activity and everyday life.

Among various interpretations of financialization, it is possible to categorize these approaches in multiple ways. In the literature, there are dozens of approaches identified in multidisciplinary pursuits. For example, Orhangazi identifies three approaches to financialization (1) as a 'long-waves approach' in which financialization is evaluated as an era within capitalist history, (2) as a part of the structural transformations within neoliberalism after 1980, and (3) as the changing role of financial markets (2008: 41). On the other hand, French, Leyshon and Wainwright (2011) specify three schools as regulation theorists, critical social accountants and sociocultural approaches; while Pike and Pollard (2010) add them two more groups -institutionalists and heterodox economic approaches. I do not intend to extend the lists of approaches to financialization since ultimately they can overlap or intersect with each other. Still for convenience, four approaches that can be seen as significant for disambiguating financialization and for the purposes of the rest of the study.

2.1.1. Financialization as an epoch of financial expansion of the capital

The first type of approach is stated with reference to Arrighi (2005) who takes a historical outlook on financialization. In this approach, it is proposed that four cycles have passed since the 15th century in the world system. Each of these

cycles come consecutively, cover a century and named after the hegemonic power of the period. A Genoese cycle between the 1450s and 1600s, a Dutch cycle between the 1600s and late 1700s, a British cycle between the late 1700s and early 1900s and a United States cycle between the early 1900s and 2000s are identified (Arrighi 2005: 86-7). These four cycles are assumed as repeated hegemonic crisis, concluding from worldwide accumulation crises. During a hegemonic crisis, three phases can be observed: (1) Rivalries intensify between great powers, (2) a financial expansion is centered on the hegemon which is in decline, and (3) new loci emerge in the world economy (Arrighi et al. 1999: 65 cited in Orhangazi 2008). This can be a starting point for considering financialization within the developments after the breakdown of the Bretton Woods system. Yet, even if financialization can be said to have common characteristics with other systemic cycles of accumulation in the history, it takes a different form in the last three decades. Indeed, it is pointed out that “what makes current financialization era peculiar is the far more rapid and conspicuous development of financialization compared with the earlier financial expansions” (Arrighi et al. 1999: 88 cited in Orhangazi 2008: 43). Yet his view does not reflect financialization as such but financialization of capital “as a prominent feature of financial expansion epoch” (Güngen 2012: 22). Therefore what Arrighi’s systemic cycles of accumulation might contribute in this chapter is the need to highlight one approach towards financialization ‘as an epoch’ and to mention the different forms that the structural transformations take in the current era with respect to financialization.

2.1.2. Financialization as the permeation of financial logic into the system

A second set of scholars take a functional look at financialization focusing on the increasing importance of finance, financial actors and interests as well as how the role of financial markets have changed. One outstanding concern about this is that the rise of financial corporations come hand-in-hand with the rise of financial activities of non-financial corporations (Duménil and Lévy 2001: 600).

The non-financial enterprises involved in financial activities is significant since it reveals one important characteristic of financialization; that financial targets, ideas and practices also shape the economic actors that fall out of the lines of the financial sector.

Another scholar that concerns about this is Stockhammer (2010) who argues that (1) financial activity exceeding real activity, (2) increasing debt of the financial sector, and (3) deregulation of the financial sector and new financial institutions are the three developments that have made financialization possible. In this regard, financialization is considered as a set of developments that include increasing household debt, increasing incomes from financial activities, increasing frequency of financial crises and increasing international capital mobility (Stockhammer 2010: 2). It is also mentioned that some scholars define financialization as the dominance of a mode of corporate governance that aims to maximize so-called 'shareholder value' (Rutland 2010). Other examples for this approach can be given as Williams (2000) who study how shareholder value and financialization have changed behaviors in the current era; or Ertürk et al. (2007) who analyze how households are encouraged to purchase securities and funds by both the state and the financial service providers. Scholars focusing on these types of works are also named as institutionalists (Pike and Pollard 2010) and critical social accountants (French et al. 2011) in the literature.

A third group of work can be called a sociocultural approach to financialization, which focus on the effects of financialization on everyday life and subjectivities. For instance, Langley explains how individuals are encouraged to perceive practices of financial-market investment and the returns that are assumed to follow as key to their freedom and security for both the medium term and in their retirement (2007: 75). In this case, individuals are regarded as autonomous neoliberal subjects who are expected to be involved in debt-based economies as risk-takers. Moreover, investment is also imposed upon households as self-realization (Langley 2007). This aspect of financialization is named as either

financial self-discipline or ‘financial inclusion’. This process is supported with different strategies such as microcredits and manufacturing the mechanisms of consent. Interdisciplinary studies can help show the impacts of financial inclusion on households. For instance, in one study, financialization is explored in the way that how it works among the poor in the urban periphery of Barcelona and how financial exploitation is rooted with a high degree of commodification (Palomera 2014). There are also other works in which the embedding of finance into daily life is handled in a more theoretical way. Here, “the role of finance in and also the economic, social and environmental embedding of finance in the system as a whole” is underlined while considering the consequences of processes of financialization in political, cultural and socio-spatial sphere (Sawyer et al. 2016: 2). Here, the embedding of finance into the system refers to the penetration and permeation of finance into not only economic and social spheres, but also into daily life as financial logic. Therefore, the embedding of finance into the daily life can be associated with a particular culture:

It ranges for example, from the shifting from admiration and envy to antipathy to those who work in finance, but equally is attached to an ethos of reliance upon the market and the use of the state merely as an agent of last resort. The material culture of financialization is much more than a set of ideas or images, or an ethos of being for or against the market, but is closely integrated with the public and private institutions that have evolved during the course of the rise of finance itself” (Sawyer et al. 2016: 4).

If it is possible to say that there is such a culture that the embedding of finance is attached to, then this might be pointing out to the “inescapability of finance as everyday life becomes increasingly financialized” (Hall 2012: 405). It is noted that there is a growing literature starting from the 2000s, which does not only cover the reproduction of everyday financial subjects but also examine the interrelationships between space, place and financial subjects (2012: 408). Some scholars ground this on the hyper-productive logics of financialization that rises upon the primacy of shareholder value, being imposed on all society through the

creative destructions of capital (Marazzi 2010: 65). That said, focusing solely on the role of shareholder value can be misleading, since

“money did not only become fully commoditized, traded in and of itself for profit without reference to the real economy, but it also has permeated almost every sphere of social and cultural activity, reducing such activity only to monetary calculation” (Christopherson et al. 2013: 351).

It can be further argued that with financialization, such activity is reduced even from calculation to speculation, from stability to instability, and from interest to gambling with the financial logic permeating almost every level of economic, social and political spheres (Brown 2015: 279). In other words, the assumption of neoclassical economic theory that the agents are rational and act on calculation can be no longer in use due to financialization. In sum, sociocultural approach to financialization can be beneficial not only to view financialization with its impacts from the individual level to the concentric political and socio-spatial levels of daily life, but also in the sense that case studies of financialization on different geographies need further study to show different and common characteristics in between.

Financialization was also handled as a systemic tendency within capitalism and a part of a broader global economic phenomena. One of the significant points that this group of scholars that approach critically to financialization is the emphasis on the term's framing. These scholars regard financialization as a development within capitalist production, rather than a distortion from it (Bryan et al. 2009; Sotiropoulos et al. 2013). Indeed, Sotiropoulos et al. stress the need to view financialization as an ‘organic development’, rather than a deviation from capitalist production. In other words, financialization is more of an innately capitalist process. This comes from Marx's “fictitious capital” through which he points out that capital assets can be comprehended as visible forms of social relations of capital. In this regard, financialization and derivatives can be understood as forms of innovations that promote exploitation strategies of the

circuit of capital as well (Sotiropoulos et al. 2013: 2). If it is possible to say that financial markets serve for the re-organization of capitalist power relations, then financialization can be discussed with the strengthening of the capital tendencies. Within this framework, financialization can be considered as a “set of transformations through which relations between capitals and between capital and wage-labor have been increasingly financialized” (McNally 2009: 56). Setting financialization as a part of the neoliberal period, McNally originates the process beginning from the collapse of Bretton Woods system in which one ounce of gold was fixed to 35 dollars and other currencies were fixed with respect to dollar. With the end of the dollar-gold convertibility, forming value became highly uncertain around the world as the dollar turned into an international credit money. This shook the measure-of-value character of money, resulting in finance compressing wages and huge global imbalances within the world economy (McNally 2009: 57). Similarly, Lapavistas also explains how the change in the capitalist regime of accumulation occurred in the monetary framework. With the instability in the exchange rates and interest rates, international financial markets grew as well as with the international capital flows. This led to the emergence of central banks, since financialization would not be possible “without active and continuous intervention by the state” (Lapavistas 2013: 794). According to this view, while households becoming involved in finance as ‘indebted man’ (Lazzarato 2012) and non-financial enterprises becoming financialized, state plays an abetting role via financial liberalization policies (Lapavistas and Mendieta-Muñoz 2016: 3). This is also supported in the way that the role of state has been transformed to meet the demands of financial actors as being the lender of the last resort, which is providing liquidity at short notice (Foster 2007: 6). On the other hand, one criticism objected towards at this is that state is reduced into a singular and homogenous entity, while financialization remains to appear abstract and anonymous (Zwan 2014: 106).

Still, the common concern for financialization in this approach, namely that of accumulation scholars, can be summed up as that it is a new regime of accumulation that occurs as a transformation within contemporary capitalism, where this pattern of accumulation is characterized with a shift from commodity to finance production. This shift is told to be marked with an expression of class, a control mechanism and a rationality with respect to late 20th century capitalism. This is also what makes the term political, that financialization does not imply a neutral allocation of capital (Zwan 2014: 102). The more financialization operates as a process at levels of economics, politics, sociology and culture; the more these levels strengthen each other. This is why financialization can maintain its function even after times of crises (Haiven 2014: 120). Moreover, while Zwan pointed out that the term is used to describe the shift from industrial to finance capitalism since the late 1990s and early 2000s in various disciplines (2014: 99), Fine identified financialization as the process in which “economic activity has become subject to the logic and imperatives of interest-bearing capital” (2010: 99). Other scholars claimed that financialization is symbolized with the “dramatic growth in the group of financial intermediaries and feedback effects on the calculation of firms and households” resulting from the “massification of household savings” (Ertürk et al. 2008: 26).

Another focal point in this approach is the stress on the role of interest bearing capital in defining financialization. Ben Fine explains this, borrowing from Marx, as when money is lent and borrowed to expand accumulation when a return of profit is expected becomes interest bearing capital and distinguished from money lent or borrowed for other purposes (2013: 49). In other words, the value of the loan can be bought and sold at a monetary value and circulates independently, thus it becomes fictitious capital and takes paper form as interest-bearing capital (IBC). Fine highlights that IBC is vital in the intensive expansion of financialization and each way that financialization is attached to social and economic consequences is sector and finance specific (ibid.). His approach to financialization is significant to reveal what makes this process peculiar from

other phases of capitalism: IBC is attached to credit relations in a wider scope with growing restructuring in the social and economic spheres with their specificities. Fine draws a frame for financialization in which it can be regarded as a development within capitalist production while identified with increasingly financialized relations between capital and capital, and capital and labor. While these relations are re-organized through interest bearing capital in an increasing number of ways, social and economic spheres are also restructured. State is seen to play an active role in the process of financialization with continuous intervention through financial liberalization policies. However, forms of financialization is seen to be unevenly distributed around the globe, since financialization is not a universally unique form of wage-revenue exploitation (Fine 2013: 56). Thus, the specificities of financialization are also to be taken into consideration with respect to finance, sector and place. Although financialization is examined as a shift within capitalism, the variegated ways that it leads to in terms of restructuring in the social and economic spheres and the specific ways it penetrates into daily life across space and time remains to be explored. While political economy approaches has mostly covered the drawbacks of financialization on real activity, they highlight the social costs often involving the “downsizing of employment and pressure on wages” (Stockhammer 2010: 5). This is not surprising as its logics centered around “the primacy of shareholder value” are imposed on all companies and on the whole society (Marazzi 2011: 65). The role of state is also stressed in the extent that financialization is the product of the state by two aspects; in terms of regulation and intervention by state in the financial sphere and in terms of the revenues and profits earned by financial agents (Lapavistas and Mendieta-Munoz 2016: 3). The increasing importance of finance and banking industries in national political economies of Global South countries such as Turkey and Mexico has been found to result from the recovery process from the economic crises (Marois 2011 cited in Bonizzi 2013). In the following parts, I will try to reveal how the aforementioned tendencies necessitated an active role of state for the financial capital to be able to move more quickly and comfortably.

2.1.3. Financialization of the state in relation to financialization of capital accumulation process

Güngen (2012) explains that financialization of the capital accumulation implies a sum of

growing importance of fictitious capital transactions, financial derivatives and risk management within capital accumulation; increasing involvement of non-financial corporations in financial investment (2012:11).

He finds that this process is dialectically related with financialization of the state in Turkey. Indeed, as Güngen finds and also to the contrary of the globalization scholars that will be mentioned in the following parts of this chapter, this thesis assumes that the nation-state remains as the main sphere of “decision-making, regulation and control as well as networks, strategies and struggle” which are reproduced and restructured in relation to the financialization of the capital accumulation process (Güngen 2012: 10). He defines financialization of the state as;

legal-political reforms in line with the debt-driven expansion of finance and/or financial deepening, strategies of depoliticisation and internationalisation in economic management, socialisation of the losses of the financial sector (Güngen 2012: 11).

Saad-Filho (2009) adds that financialisation of the state is linked to the stabilization of the neoliberal system of capital accumulation at three levels:

First, ideologically, only the state can lead the campaign for the transfer of control over the sources of capital to financial institutions and rationalize the neoliberal transition. Second, politically the state must provide the institutional platform supporting the neoliberal transition, because it is predicated on significant legal and regulatory changes and requires the repression of dissent for an extended period. Third economically, the state supports the consolidation of the new institutional structure including industrial and financial capital, and the

financialization of the economy through a variety of incentives. These include the increasing reliance of the state itself upon financial market processes and standards in a growing number of areas of public policy... The state increases its reliance on the financial markets through the public debt and its trading in secondary markets, which plays a fundamental role in the profitability of financial institutions, and the stabilization of the financial sector. The financialisation of the state is not only essential for the reproduction of neoliberalism; it has also been shown during the current crisis that the state remains the ultimate guarantor of the viability of neoliberalism (Saad-Filho 2009: 253-254).

What is striking about financialization of the state is that the interventions of the state that affect the relations of political institutions operate as “the promotion of particular strategies and interests under the guise of neutrality and unity” (Güngen 2012: 10). Indeed, steps that fall under financial deepening in the emerging economies of the Global South include “attempts for assuming the losses of the financial sector in times of crisis and the provision of support for the revitalisation of credit markets” (ibid.). This provides a fruitful theoretical framework to reconsider the IFC as a hegemonic spatial project.

2.2. Relationship between spatial reorganization and financial transformation

While most of the studies including finance and space in the literature focus on issues like the mortgage crisis and housing, there is a newly growing interest in rather understanding financial accumulation as a spatial apparatus and social sphere. Besides that finance is operating both inside and outside the realm of production as mentioned above, it is also the realm of capital’s own circulation itself, because “the importance of capital markets makes this social sphere ‘the headquarters of capitalism’ as it is the place where the motion of capital is governed” (Moreno 2014: 252). Financialization has emanated from and from particular places, “while subjecting other places and spaces to its structures and implications” (Bryan et al. 2009: 352). Pointing out to the relation between financialization and urban production process, Halbert and Attuyer states that

economic agents – e.g. households, business firms and states – tend to invest their savings that are pooled together by financial intermediaries into capital markets in the form of bonds, shares and securitized paper (Halbert and Attuyer 2016: 3). This allocation of finance is highly achieved by “distributional coalitions active in capital markets” which are mostly formed by the financial intermediaries (which are the institutions that hold funds to make loans for borrowers. It is the financial intermediaries that enroll in the urban fabric with the support of state policies (ibid.: 3). Here, it is stressed that “the interdependencies between capital markets and urban production are the outcome of a socially and technically mediated process involving multiple financial and non-financial actors” (ibid.: 4).

Harvey and Lefebvre’s analyses reflect financialization on the urban landscape in the sense that financialization can be a socio-spatial process which enables “the permeation and penetration of finance into the fabric of daily life” (Chen et al. 2012; Moreno 2014). To Harvey, financial-capitalism is central to the urban and geographical expansion of capital. Moreover, financialized capitalism is based on the intensification of “secondary circuits of exploitation” operating both inside and outside the realm of production. This is why the city and the urban process are major sites of political, social and class struggles (Harvey 2013). Neoliberalism, in this context, is defined as, “(i) a modality of urban governance, (ii) a spatially selective political strategy, and (iii) a form of discourse, ideology and representation” (Brenner and Theodore 2005: 103). However, although neoliberalism has been anchored by financialization as a “hegemonic model of the market economy”, the urban political economy literature seems lacking of a strong attention towards finance-capital and urban space (Lee et al. 2009). An account of the urban space enabling finance-capital to colonize space from global to local scale has been rarely tackled (Moreno 2014: 247).

It is stated that financialization represents a historic transformation in the process of capital accumulation that has been globally unfolding and locally evolving over the last decades and has now installed itself at all levels of everyday life. This view also involves that financial capitalism is based on the intensification of secondary circuits of exploitation, operating both inside and outside the realm of production, in parallel with Lefebvre and Harvey's views. The urban scale is essential to financialization while it puts new demands and pressures on cities. Cities are seen as "concentrations of expertise" where new demands and pressures are put on cities with "the realization of capital under conditions of financialized globalization" (Fields 2017: 5). The state plays a key role here through making the built environment amenable to investment, rescaling capital flows, and working to reinstate normal operations of capital markets after crisis" (Fields 2017: 5).

Considering financialization as a historical process could ease to see the urban space functions here as in finance centers. When the global hierarchy of capitalism has been shaken up, declining economic powers undertook financial expansion to maintain their hegemony, eventually leading to finance-led transformation of the social and economic life at various spatial scales. The urban space functions here as "obligatory passage point for the relatively assured realization of capital under conditions of financialized globalization" (Fields 2017: 3). Others also point out that urban space, but particularly finance centers are considered as the place where global capital, local markets and state structure coalesce through multiple interactions and processes, yet it is the finance capital investments that "touch base" (Halbert and Attuyer 2016: 7). During these processes, the urban built environment itself becomes a financial commodity and vice versa, finance capital inserts itself into specific urban elements.

As not an empirically uniform process, financialization can also be regarded as a 'situated' process. While no single financial logic spreading out itself from an abstract 'out there', capital markets situate themselves in the urban production,

in other words capital markets in urban sites are mediated, accommodated, contested and potentially resisted. However, these situated processes may differ between places and over time, in terms of actors and outcomes. Trends in financialization have not been found to be empirically uniform in their spatial or individual impacts (Bryan et al. 2009: 460). Yet even with the presence of contestations, “power relations may be found to be strongly asymmetric and to favor the hegemony of particular groups including financial intermediaries” (Halbert and Attuyer 2016: 4). As the urban space has become an increasingly important channel for finance capital, it became the arena for the search of profitable investment opportunities so that new ones can be created (Fields 2017: 4). These process can bring us to evaluate financialization as “a recursive process, wherein individual privatization events are moments in a longer chain of state transformation that actively engages public power to redraw

‘the spatio-temporal matrices within which capital operates’ and to ‘render capital’s temporal horizons and rhythms compatible with their statal and/or political routines, temporalities, and crisis-tendencies’” (Jessop 2008: 191 cited in Halbert and Attuyer 2016).

2.2.1. Neoliberalisation in the rising urban scale

Cities have been regarded as powerhouses since the 1980s in the way that they both function in protecting national prosperity and as axial points for the international investments (Çelik 2011). This shift in the power relations from global to local scale with neoliberalization has been explained through ‘the global city’ argument and the opposing ‘new urbanism’ approaches. Saskia Sassen proposed seven hypotheses that form the backbone of the global city model. She mentioned that emerging from the 1980s, (i) firms’ operations (e.g. managing, coordinating, servicing and financing) have turned to be more strategic and complex as economic activities have become more dispersed. (ii) This resulted in large global firms buying some of the services (e.g. services in

accounting, legal, public relations and telecommunication), in other words, outsourced from more specialized firms. (iii) While the necessity of the broad range of specialization in services turns the urban environment into an ‘information center’, (iv) this networked and specialized character of the services sector also becomes the distinctive advantage of global cities in production. Accordingly, (v) the transactions and networks between cities intensify while (vi) the socio-economic and spatial inequalities grow with the increasing number of high-profit making service firms and high-level professionals, along with (vii) demanded informal economic activities by them in these cities (Sassen 2005: 28-30). She argues that the regulatory role of the state has diminished while transnational actors have put such new claims on the city. Building on Sassen’s theorization that global control functions are produced by Advanced Producer Services, some scholars proposed that these service practices have become interdependent in the logic of financialization exceeding the finance centers shortlist, thus the so-called ‘world city archipelago’ remains as obligatory passage point for the realization of capital (Bassens and Meeteren 2015).

However, world or global cities approach has been powerfully challenged in the literature. While some methodological approaches searched for the particularities of urban places more than a limited number of world/global cities in the Global North, others rejected the thesis suggesting that conceptualizations of command and control is an illusion (Hoyler and Harrison 2017). Not less saliently, Sassen’s argument that place is essential to the circulation of people and capital that form globalization, leading to the decreasing importance of the nation-states has been contested by Neil Smith (2002). According to him, we have been experiencing the emergence of new urbanism in which nation-state did not weaken but rather the activities and relations between nation-states and cities have transformed. This transformation has turned into real through “the generalization of gentrification as a global urban strategy”, a neoliberal urban strategy that is based on the displacement of the lower-income class living in the inner neighborhoods of the cities with high rent potential and invasion of these

districts by upper-income groups, places for their consumption practices and elegant residences. Thus this process most often involves social and cultural displacement as well, as if ‘cleansing’ the showroom of the cities to attract investment and profit in the planning of the competitive cities. Therefore it may be asserted that new urbanism has turned the cities to turn global and changed their definitive features, in the way that they “represent the victory of certain economic and social interests over others, a reassertion of (neoliberal) economic assumptions over the trajectory of gentrification” (2002: 446). This is parallel with Henri Lefebvre’s view (2014) who wrote in the late 1970s that the city as a social space is ideological and embodies a class strategy. While real estate or construction based economic growth has been used as a mechanism in urbanism, Lefebvre argued that “if there is a consistency and logic this urbanism enables to dominate, it is the consistency and logic of the state” (2014: 151). The argument that urban space has become a commodity that is reproduced and territorialized through the urban strategies for the capital accumulation has also taken place in David Harvey’s work. According to him, the role and regulatory mechanism of the state has been redefined and structured to implement the urban strategies, opening door for profit-seekers. These strategies require competitiveness among cities, attraction of investment along with urban marketing to generate the demand side of the urban policies. The neoliberal urban policies are “characterized by a reconfiguration of state powers and the geographical concentration and centralization of political-economic powers within regional alliances (Harvey 2001a: 29). To conclude, this has not been a process that the state spontaneously withdrew and competitive forces and pressures emerged.

Rather, neoliberalism’s ascendancy has been associated with the political *construction* of markets, coupled with the deliberate extension of competitive logics and privatized management into hitherto relatively socialized spheres. ‘Entrepreneurial’ regimes of urban governance are, therefore, not simply local manifestations of neoliberalism; their simultaneous rise across a wide range of national, political, and institutional contexts suggests a systemic connection with neoliberalization as a *macro* process (Peck and Tickell 2002: 395-6).

I will try to shed light on the proactive role played by the state in neoliberal urban policies and de-industrialization in Turkey in Chapter 3.

2.2.2. State spatial projects and strategies in urban policies

Brenner and Theodore point that there are “moments of creation”; creation of new forms of socio-spatial inequality and polarization, of competition at global, national and subnational scales and new state policies to promote capital mobility in order to incentivize investments in strategic city-regions and districts. No single scale serves as a focal point for accumulation or sociopolitical struggles (2002: 363). As these moments are not unilinear transitions, they take place on newly emergent “projected spaces” which turn into new, unforeseen and often highly unstable layering of political economic space. These spaces create “a relatively stable regulatory landscape within which capital’s locational dynamics are articulated” for new regulatory strategies. These landscapes are either (i) inherited institutional forms and policy frameworks or (ii) “emergent strategies of state spatial regulation (ibid.: 356). That is why cities have become strategically crucial arenas where neoliberal forms of creative destruction have been unfolding (ibid.: 366-7). Within this context, creation of finance centers and international banking facilities form an example of creative moments of “actually existing neoliberalism” (ibid. 2002: 364). On one hand cities are highly uncertain economic environments with speculative movements of financial capital and global location strategies of transnational corporations. On the other hand cities are also geographical targets for various neoliberal urban policy experiments (ibid.: 368).

In his book “New State Spaces” Neil Brenner (2004) argued that from the 1980s onwards the major regulatory goals in the urban policies have been promoting economic growth, external capital investment and competitiveness in order to maximize the advantages of major cities and city-regions. In his view, in the post-1980 period, spatial planning has operated as a “key political mechanism in

the rescaling, differentiation and splintering of state space” (2004: 229). During the neoliberal state restructuring (i.e. rescaling process), subnational spaces (i.e. cities, regions, localities) have played an important role in the international circulation of capital and application of political strategies. State plays an active role in this process by privatizing institutions and shaping the central bank’s policy. According to Brenner, state spatial projects and strategies play an important role in facilitating the mobilization, institutionalization and generalization of urban locational policies (2004: 254). As national spatial planning puts more stress on strategic and globally competitive cities and city-regions, competition-oriented frameworks of urban governance facilitate urban policies by channeling “the strategic options and tactical behavior of local actors” (Peck 2002: 338 cited in Brenner 2004: 212).

Neoliberal requirement for cities is to “compete or die” that encapsulates the aggressively competitive spatial logic (Eisenschitz and Gough 1998: 762, cited in Brenner 2004: 212). The competitiveness-orientation of this urban framework stems from (i) exposing cities and regions directly to economic pressures and (ii) subjecting them to resource allocation based on market performance and efficiency rather than social needs (Brenner 2004: 212). Therefore, this can be understood as a “politically constructed imperative” imposed on local and regional economies rather than a collection of local policy responses to global market integration (ibid.). According to Brenner, states are “not static territorial containers” and actively promote aforementioned policies in order to promote “the strategic positioning of their major local and regional economies within global circuits of capital” (ibid.).

2.3. International finance centers

While cities have been treated as powerhouses of the global economy as they form the stage for capital accumulation and regulation, so-called world cities have been regarded as primary agents in the production of financial services

(Amin and Graham 1997 cited in Halbert and Attuyer 2016; Clark et al. 2015: 25). In the literature, there is not an agreed definition on international finance centers. While some have set certain characteristics that a finance center must have such as “to own stock markets, to host numerous international financial institutions, central banks, the headquarters of worldwide famous surveillance institutions, law firms and consultancy companies all in the same location” (Mionel et al. 2014: 2). Others have given the conditions that favor the formation of a financial center relating “to stable financial and currency systems” such as “long-term and short-term markets, options, commodities and future markets; an efficient infrastructure that allows efficacious clearing options and monetary transactions and skilled human capital such as consultants, lawyers and accountants” (Poon 2003: 138).

Finance centers are considered to function as “central production sites of complex financial activities” as financial services provide the necessary capabilities to conduct global operations to transnational corporations (Poon 2003: 136). Cassis has described a finance center as “grouping together in a given urban space of a certain number of financial services” and “the place where intermediaries coordinate financial transactions and arrange for payments to be settled” (2010: 2). Explaining the characteristics of the first modern finance center that has been preserving its almost unrivalled position since the end of the 19th century, the City of London, Cassis illustrated the independence of the City that this concentration led to:

It was a world unto itself, where people met continuously and where contacts were made orally among businessmen whose offices were a couple of minutes away from each other. The City had its dress code and its unwritten rules – but, above all, it jealously guarded its independence from government. This independence, which extended to all the institutions, including those carrying out duties of a public nature like the stock exchange or the Bank of England, was symbolized by its own municipal administration, led by the lord mayor of London and separate from the rest of the capital (2010: 84).

Later many of other major finance centers played important roles with strong global capital flows (Lizieri 2009). In the Bretton Woods era financial centers were integrated into the international financial system with functions similar to each other. During the financial transformation period, Sassen claimed that they were “strategic production sites benefiting from deregulation and privatized norm-making capacities” with standardized conditions and division of functions as a response to the demands of globalized system (2012: 56). Other characteristics of international finance centers cited in the literature are “a high concentration of financial intermediaries and service providers, favorable tax regimes and other benefits for investors, well-developed regulatory and legislative frameworks, lack of effective exchange of information and transparency” (Hatayama 2019: 3).

CHAPTER 3

AN OVERVIEW OF NEOLIBERAL FINANCIAL TRANSFORMATION IN TURKEY AND SPATIAL STRATEGIES ON ISTANBUL

As mentioned earlier regarding financialization of the state, state-finance nexus has been restructured and reproduced according to the neoliberal principles in the emerging economies of Global South countries. In Güngen's words, "changing form of state intervention in the era of financialization aimed to remove the obstacles against financial investments" (2012: 15). In this chapter, it will be revealed that the IFC constitutes a significant case of 'hegemonic projects' that function in the reformulation of specific forms of social, political and economic relations as countries like Turkey has been in seek of alternative adjustment strategies to the inconsistencies and crises in the financialized international economy. This will be followed by the proactive role of state in Turkey since the 1980s in the restructuring of Istanbul as a 'global city' that lies under the current aims of turning the megapolis into a regional finance center. It should be underlined that this has been carried out as a state project, contradicting with the so-called diminished role of state in regeneration processes. Such restructuring and transformation projects in the city has favored the interests of major capital groups, increasing spatial segregation, income inequality and social polarization. Steps to sustain the international capital flows has been practiced throughout the economic policies. In the case of IFC, de-industrialization in Istanbul can be argued to contribute in the making of Ataşehir-Ümraniye district an office area and a finance complex that includes residential and consumption spaces.

3.1. Neoliberal financial transformation process in Turkey

The financialization of the Turkish economy has its roots in the 24 January 1980 stabilization package or the structural adjustment reform program, which forms a radical shift in the relationship of the Turkish economy with the global economy and state's role in this process. It has been indicated that the process was characterized by the two objectives; "to remove the dominance of the state in key industries and in banking, and to minimize the state's intervention with the pricing and resource allocation processes of the market economy" (Taymaz and Yılmaz 2008 cited in Yalman 2019: 53). Partly as a result of withdrawal from import substitution industrialization policies and partly as a footprint of global neoliberal policies, the economic policies were built on an export-oriented growth model (Adaman et al. 2014). The crux of this model was trade liberalization, privatization and deregulation. Accordingly, with the Foreign Capital Framework Decree no. 8/168, bureaucratic processes and inflexibilities were to be reduced in order to incentivize foreign capital. In addition, the decree removed the restrictions on the investments of international organizations such as "Islamic Development Bank and international finance centers" (Kepenek and Yentürk 2009: 207-08). These developments were in parallel with the foreign-capital seeking direction of economic policies of early 1980s. The state remained the source and distributor of rents while selective rent distribution to conglomerates continued (Adaman et al. 2014: 11). Financial liberalization and deregulation resulted in the expropriation of the losses of private banks and transfer of public benefits to private banks. Such 'plundering' practices paved the way for capital exploitation through new struggles in the allocation of resources (BSB 2008). Some of the important developments in the 1980s in this context were the foundation of Capital Markets Board and of Istanbul Stock Exchange in 1982, a market-oriented institutionalization of a bank-based financial system in 1983 and the shift to fully convertible lira in 1989 with decree numbered 32 through which foreign capital started being effective.

When it came to the 1990s ‘hot money’ policy began to be effective with high interest rates for treasuring bills, which had two consequences. Firstly the Turkish lira appreciated, leading to the attraction of short-term capital inflows necessary for the government expenditures. Secondly, banks -mostly owned by big holdings- became extremely profitable. Generating large profits, banks financed the public sector debt so much that it turned to be the function of the banking sector. Thanks to the public sector debt financing and loans they accessed, these holdings expanded in national and international markets rapidly. The main motivation behind the financial liberalization during these years was maintaining stability and restoring growth, however it generated financial instability. Under conditions of high inflation, full internal and external deregulation posed serious problems to the economy (Balkan and Yeldan 2002). As a result of the increasing volatility, the economy became vulnerable which resulted in the 2001 economic crisis with eighteen banks either going bankruptcy or being transferred to the Banking Regulation and Supervision Agency. The crisis was followed by a restructuring program called “transition to strong economy” supported by the World Bank and the IMF (Topal, Çelik and Yalman 2015: 5).

The post-2001 crisis period resulted in “twin booms” in housing construction and credit markets, which deepened the household financialization through increasing the debt burden on households. Changing banking activities and increasing consumer lending by the banks led to the accelerating of ‘financial inclusion’ processes, the insertion of financial logics into everyday life of households as mentioned in Chapter 2. It has been underlined that state-led urban transformations combined with growing capital inflows into the construction sector and increasing domestic demand for housing led to the deepening of financialization of housing markets in Turkey through financial inclusion processes (Erol 2019). Meanwhile, the banking sector in Turkey was able to compete globally as it had become more stable and better regulated. Now the banking sector was internationally integrated with the function of processing the

financialization of the economy. It is underlined that implications of central banking in played a significant role in providing a basis for the upcoming changes in the debt structure of the economy of Turkey (Akçay 2017: 45).

Between 2003 and 2012, foreign direct investment (FDI) inflows increased eightfold. This in general resulted in the appreciation of Turkish lira, relatively cheaper imports and an increase in current account deficit. In this period, high growth rates, speculative inflows and consumption of imported goods created “jobless growth” (Yeldan, Ercan and Taymaz 2010: 5). These inflows mostly preferred financial sector. As a result, financial activities’ volume increased, so did the financialization of the Turkish economy. Even though FDI inflows and international reserves made it possible to achieve disinflation program with lower interest rates in this period, the costs of financialization were socialized through interest payments to foreign assets. The prioritization of interests of the international financial capital demonstrated itself in 2005 with the New Banking Law no. 5411 which showed that the needs of international financial investors should be met. While international finance capital was favored, policies that involve increasing control mechanisms over the labor force, such as extending working hours and limiting permits in labor-intensive sectors and regions have become consistent through these years. These policies, aimed at increasing competitiveness, were consolidated and become even more systematized following the 2008-9 crisis (Oğuz 2011). With the establishment of the Economy Coordination Board after the crisis, the state fulfilled its mediator role between different segments of capital and their contradictory interests (ibid.). A different role of state in the making of IFC can be observed among contradictory interests and demands of different capital groups. This can also be seen in the discourse of Justice and Development Party (JDP, *AKP in Turkish Acronym*) government emphasizing potential of turning crisis into opportunities. Prime Minister Erdoğan was expressing the direction of these policies in his speech in 2009, saying that “money or capital or labor has no religion, country or nationality, money flows immediately wherever it finds a suitable medium and that is why

they are determined to prepare this environment” (ibid.). This can be considered within “peripheral financialization” that includes economic steps to sustain the international capital flows, resulting in rising of financial assets in the national economies of so-called emerging markets (Güngen 2012: 152). This contradictory process is implemented through “state restructuring and political reforms” (ibid.).

Coming back to financialization process and the distinctive forms that it has taken in Turkey, three characteristics were given; (i) prioritization of financial interests through macroeconomic policy, (ii) over-development of financial sphere compared to productive and commercial sectors, and (iii) penetration of financial sector into social and daily life through consumer and housing loans. Güngen (2018) stated that the financialization process evolved differently in Turkey than other late capitalist countries because of the proactive role of the state. From 2014, this proactive role appeared in the campaigns on financial inclusion in order to further increase the household debt and penetrate the financial norms into everyday lives (ibid.). Another pillar of the debate was whether there has been a change in the mode of integration throughout the financial transformation process of Turkey as a part of integration with the global economy (Yalman 2019: 51-2). It is given that relations between states and markets in emerging economies like Turkey has been regarded as alternative strategies of adjustment to the vagaries of international financial markets since these countries have been experiencing political and economic crises through the financial transformation processes. These projects are considered to be “hegemonic projects” as they function in “the reproduction of particular forms of social relations in historically specific contexts” (ibid.). When it comes to state’s financial apparatus it has been observed that there is no single authority in charge of supervision of all the financial institutions in the financial sector in Turkey (Marois 2019: 115). There has been various authorities responsible for the supervision and regulation of the respective financial institutions, such as the Capital Markets Board, the Undersecretary of the Treasury under the Prime

Ministry of the Republic of Turkey, and the Banking Regulation and Supervision Agency (ibid.). To gather the main financial institutions in a selected spatiality and supervise them through the Finance Office of the Presidency could be one of the motives behind the IFC project by the state – also in order to strengthen its proactive role during the process. As pointed out by Güngen (2012) financialization of the state forms an important case for Turkey:

The Turkish case is important since it provides a model in which the policy of debt management, financial crises and restructuring of the financial arm of the state contributed in their own ways to financialisation. Indeed, in many “emerging markets” financial crises were followed by refurbished neoliberal programmes. It is, however, explicitly visible in Turkey that the policy shift in debt management, growing significance of financial sector in the face of mounting public debt rollover problems and the determination of policy makers to achieve financial deepening provided the mechanism for making huge profits out of financial investment for big business groups (Güngen 2012: 11-12).

Thus it can be appropriate to argue that the project might result in the households in Turkey suffering not only from the burdens of financial inclusion policies, but also being implicitly subjected to the economic burdens of the IFC project which turned to be a rewarding project for the construction firms.

3.2. Re-building of Istanbul as a passage point for the financial capital

Policies of “laissez faire urbanization” in Istanbul involving the plans prepared accordingly with the neoliberal agenda started to generate spatial outcomes during the financial liberalization years of Turkey (Çelik 2011: 41). Through following years of the 1980s, Istanbul witnessed the foundation of the Istanbul Stock Exchange, making of the Levent - Maslak axis as an office area and the opening of Tarlabaşı Boulevard as implementations of the neoliberal urban policies (Taşdemir 2008). In line with these policies, a land in Levent was bought and reserved for the finance center project in the late 1990s, yet the plan soon was put aside since the plan of 36-floor building was apparently situated in

the missile release line of the armed forces (Taşdemir 2008). Different characteristics of state's role in the goal of turning Istanbul into a global city have been given with three major terms:

Firstly, restructuring of Istanbul towards a 'global city' appears to involve a much stronger role of the state, in particular the nation state. This carries an important contradiction with the diminished role of the nation state in capitalist countries in the process of neoliberal urban regeneration. Secondly, eviction of the poor from their living areas in Istanbul has created mass resistance at local scale. Lastly, regeneration process in Istanbul is varied and changing from local to local (Çelik 2011: 27).

As Istanbul was a desired global city, making the megapolis also a finance center was among the goals of the administrations since then. Indeed, turning Istanbul into a 'global city' has been one of the ambitious projects of Bedrettin Dalan between 1984 and 1989, first mayor of Istanbul in the post-coup era (Angell, Hammond, and Schoon 2014: 649). Luxury hotels, shopping malls, schools, banks and foreign investments increased rapidly in the 2000s also created the illusion of globalization of Istanbul. However, the foreign investments of the Istanbul-based capital were generally small-scale and directed towards the Middle East and the Caucasus. Central and local governments, realizing this, have turned to search projects, practices and policies so-called "to sell Istanbul":

There is strong competition between cities to attract footloose capital and flows of all trade, tourists, and highly qualified labor. Cities aspire to be 'global' or at least 'regional' centers of finance, of culture, creativity and innovation, of tourism, and so on. Attempts to compete through these developments have tended to result in similar outcomes. Many critics have lamented the unimaginative 'cut-and-paste' urban redevelopment projects that have resulted (Swyngedouw et al. 2002 as in Enlil 2011: 6).

This process was carried out as a state project, which was claimed to have fallen out of favor in the globalization process (Çavuşoğlu and Yalçınan 2010). While restructuring and transformation projects in the city increased spatial segregation, income inequality and social polarization, they channeled the city's

resources to be ready for the interests of certain interest groups (Öktem 2006).

This was also operationalized via de-industrialization:

To this end, the JDP government set up a new planning authority for the city, Istanbul Metropolitan Planning (IMP) having strategic planning powers that overweigh the previous, smaller municipalities. It has adopted two essential aims: the decentralization of manufacturing industries towards outer edges of the built-up area, and the transformation of the inner city towards finance and business services and up-market consumption and residential spaces, thus moving the growth in the latter uses from periphery to centre. It has proposed large-scale urban (re)development projects as the main tools for this spatial restructuring. These include three large sea ports at Haydarpasa, Galata and Zeytinburnu, which incorporate trade centres, offices and hotels and which use existing public land, buildings and green spaces. In addition, new sub-centres are to be created in the outer east and west sides of the city to accommodate local, lower level commercial activities, enabling the inner city to be freed for higher-level business sectors (Gündoğdu and Gough 2009: 10-11).

Therefore, rooting from the restructuring of Istanbul as a desired ‘global city’ with a strong role of the state and backed up by de-industrialization processes along with the neoliberal urban regeneration projects has been an uneven process. With increasing household loans in consumption and housing contrasting with the over-growth of finance sector compared to non-financial sectors and prioritization of financial interests in macroeconomic policies reveal the other uneven side of neoliberal financial transformation through financialization of the state in Turkey. It is stated that financialization of the state forms an uneven process constituted of a “tendency promoted by the financial elites, business groups and state managers” (Güngen 2012: 99). Thus, as mentioned, it can be argued that re-building of Istanbul as a passage point for financial capital as a state project has been an uneven and contradictory process with socialization of losses of finance and business elites and prioritization of their interests.

CHAPTER 4

MAKING ISTANBUL A FINANCE CENTER THROUGH FINANCIALIZATION OF THE STATE

This chapter focuses on the ongoing state-run Istanbul Finance Center (IFC) project in the post-2008 period. The project has been coming to the fore at times since the end of the 1980s; it was issued in the Official Gazette with the Prime Ministry circular in 2009; the construction started in 2016 and still continues at the time of writing - December 2021 (Official Gazette 2009; Dünya 2016). The evolvement of the project has been discussed in the literature of varying disciplines from business and finance to history and to urban planning (Coşkun 2011; Gökgöz 2012; Yıldırım and Mullineux 2015; Ergüder 2016) but only in a very few from a critical social sciences perspective.

In my view, the project increases the burden on the city to be missionary passage point for the international finance capital comfortably as in line with the ‘global city’ claims on Istanbul that has also been continuing on and off since the 1980s, namely with the commodification of the city like an exchange value to be ‘marketed’. I intend to reveal the transformation and re-organization in state institutions through the relocation of Turkey’s key financial institutes to Istanbul. Therefore, the question in this chapter is based on the motivations and interests behind the remobilization of Turkey’s key financial institutions from the capital, in short, for whose interests and why this attempt has been sustained in the last decades. This will be evaluated through a review of some of the speeches of government officials and state institutions as well as the spokespeople from capitalist class. My focus on the discourses stems from Harvey (1996) pointing out that discourses are manifestations of power, thus we can best understand ‘the political’ through discursive aspects (cited in Keil 1998: 635).

4.1. Post-2008 debates and positions on the emergence of the IFC project

While the pressures on Istanbul to become a ‘global city’ has increased starting from the 1980s as mentioned in the previous chapter, the roots of making Istanbul a finance center also dates back to those years when Turkey was in the process of integration into the global economy. Yet it was 2008 that the debate on the project revived with the decision on moving of the Central Bank of Turkey (*TCMB in Turkish Acronym*) from Ankara to Istanbul (Yetkin 2008). When it came to 2 October 2009, the aim to turn Istanbul “firstly into a regional finance center and ultimately a global finance center” took place in the Official Gazette (2009). The plan argued that “Turkey, having an economic significance in the Middle East, Middle Asia, North Africa and Eastern Europe has a potential to gather the financial sources”, while the potential contributions of Istanbul being a regional and global financial center was mentioned as “the rise of employment and incoming international flows” (Official Gazette 2009). This was planned to be achieved through pouring resources to Istanbul instead of Ankara, by constructing a new central business district in the city that is designated to host the headquarters of key banking institutions; such as the TCMB, state lenders (Halk Bank, Vakıf Bank and Ziraat Bankası), Turkey’s Banking Regulation and Supervision Agency (BRSA or *BDDK in Turkish Acronym*), and the Capital Markets Board (CMB or *SPK in Turkish Acronym*) (Yıldırım and Mullineux 2015). The district was considered as a place that could ease doing business of international investors, as well as a new “city within the city” gathering congress centers, five-star hotels and restaurants that address the consumption practices of the financiers.

The Prime Ministry Circular of May 2010 no.11 designated the administrative structure of the project. In the circular, the coordinator of the project has been set as the Undersecretary of State Planning Organization (SPO). Eight committees were founded in the areas of law, finance markets, tax, regulation, infrastructure, technology, advertising and human resources. An advisory committee was

introduced including relevant ministers, the Mayor and the Governor of Istanbul as well as the presidents of the banking associations, private sector and trade organizations¹. However as of the institutional framework, The Supreme Council acts as the high-level decision maker; consisting of the relevant ministers, chaired by the Deputy Prime Minister. Therefore, the project is “being coordinated and implemented centrally by the governmental authorities” (Yıldırım and Mullineux 2015: 3). The circular ends with a stress on the IFC being “a Turkey project” (Official Gazette 2010: 4). It was also stated by Erdoğan that Istanbul was to be the hub “to host all business people who were willing to build financial relations over Istanbul and Turkey, thereby all the related governmental organizations, departments and NGOs such as MÜSİAD were appointed to carry out the project” (Hürriyet 2010b). Therefore, Turkey’s allegedly representative traders and industrialists on a ranging political scale started playing role in the re-building of narratives of the necessity and inevitability on the so-called national project of Turkey. Indeed, several reports have been prepared by these representatives such as Istanbul Chamber of Commerce (2008), Banks Association of Turkey (2007), Turkey Capital Markets Association (2019) or think-tanks such as SETA (2017) making suggestions regarding the scope of the project including political and economic actors and strategies. For instance, in the report prepared by Istanbul Chamber of Commerce some of the requirements of a finance center were given as “(i) The country's economy must be strong and large; (ii) there must be a qualified workforce specific to the finance sector; (iii) there should be a flexible labor market where unions work in harmony with the employer and low-performing staff should be easy to fire, (iv) and the Country should have a tax regime that provides convenience to foreigners” (Taşdemir 2008: 36-37). In addition to the prioritization of interests of finance capital at the expense of workers as can be seen in this expression, it is added that “Istanbul Finance *Cluster* is not only a

¹ Of the Central Bank of Turkey, Banking Regulation and Supervision Agency, Capital Markets Board, Istanbul Stock Exchange (ISE) and presidents of Union of Chambers and Commodity Exchanges of Turkey (TOBB), Istanbul Chamber of Commerce, Istanbul Chamber of Industry, Banks Association of Turkey and later included several other organizations such as MÜSİAD into the committees.

finance center but also a *financing* center, thus it will include not only financial actors but also industrial actors” (Taşdemir 2008: 69). Another report by the Banks Association of Turkey states:

Is the development of a world-class, value generative finance center in Turkey feasible? Yes... Turkey is a country with the resources, domestic and regional potential, latent skills-base, location and national pride ... but... *It will take strong leadership & political mobilization to make difficult decisions*, commitment of significant resources and a patient attitude to ‘return on investment (TBB 2007: 4).

The highlight on the “need for political mobilization and a strong leadership” may bring one to discuss the significance of the IFC project as a part of the “2023 goals” of JDP and of later personalized goals with respect to President Erdoğan. Indeed, when it later came to 2020, Head of the Finance Office of the Presidency of Turkey, Göksel Aşan stated that the project has been Erdoğan’s “belated dream” rooting from his time as the Mayor of Istanbul (CNN Türk 2020). Indeed, Erdoğan stated in the IMF-World Bank meeting in 2009:

Istanbul is one of the most important cities in the world in terms of trade and economy. I had a goal of making Istanbul a finance center. It didn't happen then, but now we have both the central government and the municipality. We sat and talked and decided to make Istanbul a finance center and we put it in the Medium Term Program. (...) Istanbul and Turkey are ready for such a big and ambitious project. Istanbul will be the finance center of the future. Turning Istanbul into a finance center is a very old dream of mine, the planning is over and it is time to implement it. We accelerated our efforts to make it a global finance center (IHA 2009).

The project has been implied to be inevitable with “Istanbul and Turkey being ready for such an ambitious project and the planning is over” thus through a narrative of inevitability it is insisted that efforts to make Istanbul an allegedly global finance center are necessary. Aside from being personalized by President Erdoğan, the IFC as the “much-publicized prestige project” of the JDP can be also evaluated in terms of the “2023 goals” of the ruling party since the IFC has been an integral part of “President Erdoğan’s intentions of increasing Turkey’s

regional economic and financial importance by the Republic's centenary in 2023" (Yıldırım and Mullineux 2015; Marois 2018: 128). At the core of the long term 2023 vision – even though later further goals have also been set as 2053 and 2071 – there lies the "Istanbul 2023 vision" consisting of mega projects such as the IFC (Logie and Morvan 2017). The vision of 2023 of the JDP, announced at the onset of 2011 general elections, included "a promising future for Istanbul to take part among the top ten finance centers of the world and become the 'global brand city' of Turkey" (Aksoy 2014: 27). This was announced among other "crazy projects" for Istanbul such as the remarkable Istanbul Canal project planned to be built as a second strait. With the slogan "Let stability continue, let Istanbul grow", the JDP's projects have gained admiration of the masses who believe in the myth of modernization and flourishing, as well as the great support of the landowners and developers who take a share from the growth (Çavuşoğlu 2017b: 141-143).

In addition, the structural transformation made in the sake of the 2023 vision required an expansive financial transformation in and through the urban space. These structural transformations included (i) the decrease of the share of production sector to the one out of four employees in city employment, (ii) the shift of service industry's infrastructure to finance and technology sectors, (iii) to reshape Istanbul's city profile in order to enhance attractiveness of the urban space international investors (Aksoy 2014: 31). This need to "structurally transform" the urban space in Istanbul was implemented by the Istanbul Metropolitan Planning and Urban Design Center (IMP) established in 2004. The IMP, founded by Mayor of the time Kadir Topbaş, prepared the Istanbul Environmental Plan, which underlined that the city shall be transformed into "an information society that can compete on a global scale" (ibid.). Considering this with the decision-making processes in the IFC project, such urban institutions appear to function as "intermediaries between particular local interests and global political, social and economic relations through using power and constituting the hegemonic discourse" (Harvey 2001: 245). Istanbul does not

only become a stage for the display of the JDP's global image but also the arena for the implications of financial transformations in the urban space. In addition, through the construction of the goals and expectations on the IFC project, history was also used as strengthening of justification. Since the design of the center was told to be "inspired by Grand Bazaar and Topkapı Palace" it would be "carrying the lines of the past and the future together would emerge by being associated with the historical texture of Istanbul" (Sakarya 2012; CNN Türk 2012). As pointed out by Gökgöz (2012: 96-7), "national-cultural influences constitute the cultural 'infrastructure' of an economy that tends to fully articulate with the global arena in the process of financialization" in the making of financially competitive cities and this could form an example for the perception of the future being enclosed at a cultural level (Haiven 2014). While heavily invested financially and politically, the project has been symbolically invested as well and this can lead to further discussions on the project in terms of on Bourdieu's 'social capital'. Capital acquiring a social character through the reproduction of financialization process opens ways to further debates on the nodal points of the financialization process, urban space and finance centers in the Global South countries with their own historical and social specificities (Gökgöz 2012: 58).

Another aspect of the IFC project starting from 2008 has been whether it could be contemplated as a response to the 2008-09 financial crisis. It has been evaluated that when considered together with other economic policies, the strengthening of the idea of a finance center could be a part of "the state's faster and more effective mediation role between the conflicting demands of different capital segments" (Oğuz 2011: 20-1). Indeed, in his speech titled "The Global Economic Crisis and Turkey" President Erdoğan emphasized "the potential to transform the crisis into an opportunity demanded by all segments of capital with the economic policies to be implemented" and said that "money or capital has no religion, country, nationality, (...) if it finds a suitable environment, it will flow there" (ibid.: 11). Additionally, in the report of pro-government think-tank

SETA, the seek for turning the crisis into opportunity over the IFC and Istanbul was expressed clearly:

The 2008 global economic crisis that affected both developed and developing countries, led countries to seek new financial architecture. In this period, when international investments were minimized Turkey, like many other countries, started to search for new financial architecture. In this sense, it is important to implement the IFC project so that Istanbul can play an important role in the re-direction of regional and global capital and can have a competitive power (Karagöl, Koç and Kızılkaya 2017: 12).

As supporting the construction companies and the acceleration of major investment projects compose a critical point for maintaining “the balance established by the political power between development, construction and investment”, it is not surprising that “the government has accelerated the building of the IFC as one response to global financial instability” (Güngen 2015: 151; Marois 2018: 128). This was also uttered by then Deputy Prime Minister Ali Babacan as “Turkey's rapid recovery from the global downturn was giving a new boost to the government's plan to turn Istanbul into an international finance center to rival Dubai or eventually even London” while his words were reported with the headline “Istanbul woos financiers” in the Wall Street Journal (Hürriyet 2010a; Champion and Parkinson 2010). Again in the SETA report the IFC was projected to be effective and to ensure long-term gains in “the Balkans and North Africa, with its high potential in Islamic finance and its expanding economic business network with the Caucasus region” (Karagöl, Koç, and Kızılkaya 2017: 16). Post-2008-09 crisis marks the addition of the search of Islamic finance and the emphasis on the ‘first regional finance center’ goal as Babacan stated. Yet it has also been pointed out that “perhaps ironically, this new phase of financial transformation is being championed not by the private sector per se, but by the government and through the three remaining large state-owned commercial banks: Ziraat Bank, Halk Bank and Vakıf Bank” (Yalman, Marois, and Güngen 2019: 13).

4.2. Remobilization of the state-owned banks and its spaces: Consecutive income transfers

The announcement of the relocation of the TCMB was done by Prime Minister of the time Recep Tayyip Erdoğan during a press statement of the 60th Government Program Action Plan where he told that “the decision is made and they would not ask to anyone else about it” (Hürriyet 2008a). The decision on the move faced with resentment and resistance from varying officials from public institutions and some opponents, such as Minister of Justice Mehmet Ali Şahin pointing that “it is the Turkey Grand National Assembly who is the decision-maker on this” adding that the laws of the TCMB and state commercial banks (Vakıf Bank, Halk Bank and Ziraat Bank) required these banks to locate in Ankara (CNN Türk 2008). On the other hand Durmuş Yılmaz, President of the TCMB at the time, told that “there were prerequisites to become a finance center, the announcement alone would not be adequate to make the city a finance center” while also mentioning that “the staff² of the TCMB did not support the relocation” (Hürriyet 2008c; Yücel 2007). Even with the presence of opposing opinions towards the project, the decision-making process can be summed to be isolated from democratic control. This can be explained through the increasing dependency of state and business groups with the financial transformation on international financial markets (Güngen 2012: 103).

The relocation of the TCMB and state lenders was also regarded as a transfer of income from Ankara to Istanbul as well as the emptying of the capital city. President of Ankara Chamber of Commerce Sinan Aygün stated the relocation would leave “Ankara as capital only by its name (losing its economic significance)” while President of Ankara Chamber of Industry Nurettin Özdebir told that “an amount worth of 1.5 million USD leaving Ankara should have been

² When it came to 2021, it was given that the relocation process made many the TCMB staff unhappy and more than ten key executives of the Bank resigned from their positions. This points to “a loss of qualified workforce and the corporate memory which was very valuable for the Bank” (Soydan 2021).

compensated” (Milliyet 2008a). By some scholars, the opposition by political opponents was found “ideological as it has no basis in economic realities” as the opponents saw the relocation of the TCMB, the symbol of national sovereignty, “as a first step in a bid by the government to move the capital from Ankara to Istanbul” (Yıldırım and Mullineux 2015: 2). Some other opponents defended that the TCMB should better stay in the capital city, “close to the government and the treasury, to better coordinate the monetary policy in times of economic crisis” (ibid.). On the other hand, Prime Minister Erdoğan insisted that “what matters is to present a vision that the political and administrative capital of the country remains as Ankara, yet the financial capital is Istanbul” and added that “nothing can be more reasonable than the TCMB, state lenders, the SPK and the BDDK to operate in Istanbul when headquarters of local and international finance companies have already based in there” (Hürriyet 2008c). Another level of criticism came from the RPP (Republican People’s Party or *CHP in Turkish Acronym*) Ankara City Council with a demonstration in front of the TCMB building with a statement that Ankara as a capital would lose its qualification and Istanbul would become not only the finance center but also the center of the state that has been reorganizing” (Cumhuriyet 2010).

The project that is to be built on 2.5 million square meters was announced to be located in Ataşehir³ in the master plan approved by Municipal Council of Istanbul in 2008 (Radikal 2008). Ataşehir has been considered to have a quintessential location as being on the intersection point of highways accessing to two bridges over the Bosphorus. The district used to consist of yielding agricultural lands until the 1950s and 1960s when housing areas and squatters

³ On 16 March 2009, in the coordination meeting with the participants of the IFC project held in the Turkish Statistical Institute, it was discussed whether Istanbul could be a ‘free zone’. It was stated that financial centers which are also free zones mostly consist of city-states such as Dubai, Abu Dhabi, Luxembourg, Qatar and Singapore, whereas Istanbul could rather be “the finance center of Turkey”. Taxational and financial market regulations and incentives were also mentioned to be increased while attraction towards Istanbul should be raised in means of office space, telecommunications and arbitration. The alternatives for the IFC area were also held in the meeting by the Infrastructure Committee, where Maslak, Ataşehir, Kartal and Ümraniye districts were considered as possible locations at the time for the project.

started to appear as a result of urban growth and migration from the rural to big cities (Logie and Morvan 2017; Okumus and Eyuboglu 2017: 449). The 1980s witnessed a series of change of owners of the lands in the area, which was followed with the confiscation of property by the state-owned Real Estate Bank (*Emlak Bankası*), later by the Housing Development Administration of Turkey (*TOKİ in Turkish Acronym*) and ended with the sale through huge real estate operations (Logie and Morvan 2017). In the 1990s, Ataşehir was a satellite city project and yet became a center of attention for investors and land developers following the 1999 Marmara Earthquake, in the extent of high-rise residences and office buildings. After the 2000s the district was already built up as “a constellation of gated communities and shopping malls” while also announced as a new central business district, the Ataşehir Finance Center (Firidin Özgür et al. 2017: 47). In 2008, the satellite Ataşehir did not only become a country independent from Kadıköy with the law of 5747, but also emerged as a new center of Istanbul (Okumus and Eyuboglu 2017: 449). As a result of Ataşehir being announced as first degree national and international finance center in the new Master Plan in 2009, real estate projects enlarged accordingly. While these projects were developed on empty areas in partnership with TOKİ, the state housing developer, they led to the doubling of real estate prices again (ibid.). One of the popular areas for urban transformation projects that boosted after 2012 was Barbaros Neighborhood. Although the neighborhood was not defined as a risky area in terms of earthquake hazards by the Ministry of Urban Planning and Environment at the time, it was still designed and enterprised for urban transformation. It is stated that the residents of Barbaros Neighborhood were passivated during the regeneration process since they had to either reject or accept it and had no other choice as stakeholders (ibid.). The construction of the IFC project started in 2016 in the neighborhood built on this background (Dünya 2016a).

Barbaros Neighborhood was a part of Kadıköy Municipality until the establishment of Ataşehir Municipality following 2009 municipal elections. The

project area was designated as a “center focused on high-level service or as an international finance center” in the 1/100000 Scale Istanbul Environmental Plan and the strategy and action plan of the project was later published in the Official Gazette (Istanbul Metropolitan Municipality 2009: 62; Resmi Gazete 2009). Work on architectural design and other project preparations were launched by Emlak Konut, a subsidiary of TOKİ. The first tender was held in 2012 but the construction⁴ could start in 2014 (Sönmez 2019). Barbaros neighborhood later was transferred from the opposing party-ruled Ataşehir to the ruling party-run Ümraniye as a part of the Omnibus Law in September 2014 (Hurriyet Daily News 2014). This was regarded and criticized by the opposition parties and authorities as a transfer of income. While government officials explained the transfer with an attempt “to define the limits between the two municipalities”⁵, Mayor of Ataşehir Municipality Battal İlgezdi stated that the conflict was rather a transfer of revenue exceeding 150 million TL and they would “resist to this decision with the residents of the neighborhood” (Güvemli 2014). According to him, the name of the project was turned from “Ataşehir Finance Center” into “Istanbul Finance Center” after their intervention as Ataşehir Municipality, asking for the tax fees from the contractors (Altuncu and Can 2014). Moreover the main opposition party accused the JDP for searching ways to further enrich Ali Ağaoğlu, constructor who has been known with his closeness to the government and with having several residences in the area, mostly targeting upper-income families (Hurriyet Daily News 2014).

⁴ The inauguration of the center, set for 2016 originally, was first rescheduled to 2018 and then was delayed further to 2020 and 2022 (T24 2021).

⁵ The RPP suggested that the change was made after a complaint filed by residents of a neighboring housing complex about the contractor company using explosives on the construction site (Hurriyet Daily News 2014).

4.3. Financial deepening and the IFC project in post-2013 period

Some of the strategies following 2008-09 have been “transferring and implementing reforms and orientations supported by international financial institutions to Turkey” and “creating new strategic projects within the state apparatus in this direction” (Güngen 2015: 151). These in practice point to "a bigger consideration of the demands of financial actors and markets in policy making, the socialization of risks" and most importantly "the re-shaping of the state apparatus as a whole in line with financial standards", in other words "financialization of the state" (ibid.). Also back in 2012, statement by Minister of Finance Mehmet Şimşek that “the project of making Istanbul a finance center was essentially relevant with the deepening of financial markets” and that “it was important for the population to be financially educated and for citizens to participate in the market especially through institutional investors” was a sign for the upcoming of the acceleration of financial inclusion policies, supporting the private sector and deregulation of the labor market implied by the JDP government (Hürriyet 2012; Akçay and Güngen 2016: 228). He was supported by the President of Turkish Industry and Business Association Ümit Boyner who stated that “IFC project should not be seen as a real estate project” and that “it is very important and necessary steps should be taken in regards with it” (Hatisaru 2012).

The insistence on the financial deepening policies - or “even more neoliberalism”- has been realized in the IFC project as the revival of the need for participation finance, namely the need for the Middle Eastern capital (Akçay and Güngen 2016: 229). Güngen explains that the capital inflow stopped after 2008-09 since when the efforts for a deepening in Islamic financial instruments have intensified by the JDP (Adal 2019). Initiatives such as Ziraat Participation and Vakıf Participation were also established to grow the share of Islamic banking to 15 percent (ibid.). The intention behind this attempt is “to attract the Middle Eastern capital to Turkey in the event of a credit collapse” (ibid.). The desire to

attract international capital was also unveiled in Prime Minister Binali Yıldırım's words, that "the world's hard cash is in search of a new address since the US and Europe are more frequently questioning the international investors regarding their assets", whereas "Turkey sets the perfect place for investors" (Daily Sabah 2016). Supportive of this statement, the President of MÜSİAD Nail Olpak was telling that "they are not supportive of laundering money" but still "money does not 'want too much stress' otherwise it becomes 'uncomfortable'" (Dünya 2016b). Later in 2021, President Erdoğan was referring Turkey with having "a very attractive legislation for international investors in terms of business establishment and business opportunities such as VAT exemption, tax reduction, customs duty exemption and investment location allocation that offer favorable conditions especially for strategic investments" and added that they "expect investors to make the most of these opportunities" (Cumhuriyet 2021). It appears that Istanbul, formulated as a finance center and a national project, "has been constructed as a place where both international funds and individual savings would be directed simultaneously", therefore the urban space of Istanbul has been constructed as a finance center based on this duality (Gökgöz 2012: 96). When it later came to the aftermath of state of emergency in Turkey from July 2018, Minister of Finance Naci Ağbal was telling that the IFC project still requires "more liberal regulations that can correspond to the free market economy, regarding the institutions and organization of the financial system" (Sputnik Türkiye 2018). Similarly, the President of International Investors Association was referring to the IFC project as "an important step for diversification of financing sources and strengthening the Turkey perception of investors" (Şahin 2019). These goals would be realized through "the center's own law that will determine what exceptions, incentives and services will be" (Birinci 2021). An arbitration center is told to facilitate the arrival of foreign investors including "Islamic arbitration" which is explained to "comply with sharia" as a part of the financial system in Turkey (Güngen 2021).

By September 2017 Erdoğan told that “reorganizing the wealth fund is a must” which appeared to be the appointment of himself as the chairman of the fund, and naming his son-in-law and Treasury and Finance Minister Berat Albayrak as his deputy, while the representatives of banking associations and chambers who are also active in the decision-making processes of the IFC were appointed to the executive board. Since its establishment, two notable activities of the TWF have been (i) transferring the shares of major public capital companies including the state lenders Ziraat Bank and Halk Bank as well as giant entities such as Türk Telekom and the Turkish Airlines; and (ii) borrowing (Sönmez 2019). Main objectives of the TWF that was established in 2016 were described as

contributing to economic growth by ensuring value increase of key public assets, supporting the development of assets suitable for participation financing, actively deepening capital markets by supporting introduction of a variety of products, attracting further investments to Turkey and providing capital for new investments and ... further developing strategically important industries and participating in large-scale investments (Sönmez 2019).

In 2019 the fund, having a net value of 30 billion USD, acquired a treasury-guaranteed loan⁶ of 1.1. billion USD, in order to buy liabilities from the financially troubled contractors of the IFC (ibid.). The builders were Ağaoğlu – who completed all the infrastructure and rough construction in 2014 – and İntaş and YDA who won the tenders previously from Emlak Konut and TOKİ. Thus the TWF has become the partner of the IFC by making the payments and redistributing tenders through Emlak Konut (Şahin 2020).

Through “investments made of cement” the aforementioned construction giants have not been only dominating the sector in Istanbul “for the past 12 years with their residence, office, mall, urban infrastructure and reinforcement projects, operating as construction firms and real estate investment trusts” but are also accused of several urban crimes and work murders (Sönmez 2014). It could be

⁶ led by Citibank NA/London and China’s ICBC (Sönmez 2020).

also recalled that the mega projects led by these firms compose the most insecure work areas with job insecurities and total disregard for the rights of workers—which never goes uncontested as in the urban transformation and gentrification projects held in Istanbul. In addition, another pro-government holding Limak in a closed-doors agreement won the tender of the new building of TCMB which is planned to be “the tallest building of Europe” (Şahin 2021). While the costs of the building have not been shared with the public, the builder takes place among the construction firms that have been “exempted from tax payments for a total of 128 times” (Evrensel 2020). Limak Holding was reportedly submitted the lowest price offer and has been known to receive lucrative contracts for mega projects including Istanbul's new airport (Duvar English 2020). These processes may lead one to reconsider the role of the construction sector in the reproduction of capitalist strategies in Turkey over the IFC project. As Marois (2018) points out, this process has been contradictory but not straightforward and has been enabled through the

building up greater material capacity to intervene and protect the interests and accumulation opportunities of capital, in particular finance capital, with little regard to privileging the needs of popular classes, workers, or democracy (Marois 2018: 122).

The question of ‘for whose interests’ was also raised in a session of Turkish Grand National Assembly (*TBMM in Turkish Acronym*) on December 2012 by Peace and Democracy Party’s deputy Idris Baluken who criticized the project, expressing that “the incoming of hot-money will not only lead to the expropriation of Turkey but also result in the TCMB increasing the foreign exchange reserves and a decrease in public expenditures which will result in the disadvantage of the workers of Turkey” (TBMM 2012). Making Istanbul a finance center thus has been evaluated as a part of the process of material reconstitutions of financial transformation in Turkey but specifically as “the accumulation of foreign reserves as a pot of capital ready for mobilization in the interests of preserving finance capitalism” (Marois 2018: 122). The treasury-guaranteed loan by the TWF that included major public companies to save the

financially troubled construction groups forms an example of the socialization of the losses of major capital groups in a form of state intervention. The IFC having its own law, claimed to determine the potential incentives for the capital groups, provides a legal framework in the reproduction of changing state-finance relationship. As stated by Güngen (2012),

Changing form of state intervention in the era of financialisation aimed to remove the obstacles against financial investments. Provision of legal framework for such transactions and socialisation of the losses of financial sector were also aspects of the state intervention. The restructuring of the state can also be explained by focusing on processes such as placing public finance at one step away from political decision making and the internalisation of neoliberal creed within the financial arms of the state (2012: 15).

This can be kept in mind with again Güngen's words that financialization of the state is not a predetermined tendency but is promoted by the state managers and business groups, yet is subject to struggle (2012: 99). This becomes more apparent with the struggle of the construction workers of the IFC recently fighting for a humane conditions of housing and with the union of building workers, İnşaat-Sen questioning the reasons "why the state closes its eyes to (the conditions of) construction workers while bosses making billions" (Yol Haber 2022). Therefore as a part of the continuous financialization of the state, the project does not only has its inherent contradictions but is also taking place for contestations and resistance.

CHAPTER 5

CONCLUSION

It has been pointed out that it might be a more appropriate approach to aim to become a ‘regional’ finance center rather than global for Istanbul, while regional financial centers are referred as financial centers that “have developed financial markets and infrastructure and intermediate funds in and out of their region, but have relatively small domestic economies” (IMF 2000: 12 cited in Hatayama 2019). Report of Association of Capital Markets Intermediary Institutions of Turkey has found that the factors that will support Istanbul to become a regional finance center are banking consolidation in the purchases of foreigners, development of the legal infrastructure of the financial sector, improvement of the autonomy of supreme boards and Istanbul Stock Exchange (TSPAKB 2007). Indeed, in GFCI index of September 2021, Istanbul did not rank among the top fifty finance centers (Z/Yen Group 2021). Turkey has also been found to be contributing to the mobilization of investment in land-locked GS countries such as Kazakhstan, Ethiopia, Azerbaijan, Mongolia and Turkmenistan (Hatayama 2019: 20). The data of the Central Bank of Turkey in 2018 provides that most of the foreign direct investment from Turkey were received by countries in Europe, North America and Near and Middle East (cited in Hatayama 2019). The Long Finance initiative established by Z/Yen Group, the leading commercial think-tank of the City of London, has been publishing The Global Financial Centers Index reports twice a year since 2007. The GFCI index rates and compares cities in five areas that create competitiveness; business environment, human capital, infrastructure, financial sector development and reputation (Z/Yen Group 2021: 30). In the latest GFCI index published on September 2021, Istanbul ranked 61st among 116 cities (Z/Yen Group 2021: 5). While this thesis opposes the hegemony of the GFCI index and the urban competitiveness on a global scale, a

regional consolidation can be observed among the Middle East countries, including Turkey where is in the same time zone with Saudi Arabia and most countries in the Middle East (Dogan 2016).

In Global South countries international finance centers play role in the mobilization of public and private investments. A report on the role of regional finance centers in development finance has shown that international finance centers play role in the facilitation of investment inflows in Global South countries in “mobilizing foreign direct investment (FDI), facilitating private equity funds and intermediating funds from development finance institutions (DFIs)” (Hatayama 2019: 2). This is in parallel with financialization in Global South countries that According to the regulation of Istanbul Finance Center, 75 percent of the earnings of financial companies that will operate at IFC will be exempt from tax, while 80 percent of personnel expenses will be exempt from income tax (NTV 2021). Yet the role of finance centers for development finance in Global South countries is open to research and discussion with respect to the link between finance centers and tax avoidance (Hatayama 2019: 3).

The subordination of the finance centers and cities to the rated competitiveness of the GFCI index can be framed with Powell’s concept of “subordinate financialization” (2013; cited in Bonizzi 2013). It refers to the subordinate nature of the distinct character of financialization in Global South countries, which is limited and shaped “by imperial relations between states” (Powell 2013: 3 cited in Bonizzi 2013: 86). This can lead to a disproportionate seek for to foreign capital, allowing the extraction of a share of the domestically-generated surplus” as a feature of the shift to market-based finance (Powell 2013: 19 cited in *ibid.*). The IFC project can be further evaluated with the employment of subordinate financialization with a critical perspective towards the mainstream literature on regional finance centers.

In sum, as I have sought to demonstrate throughout the thesis, financialization is strongly linked with neoliberalism in the sense that its policies empower financial capital not only through privatization, downsizing and pressuring employment and wages or penetrating the logic on the priority of shareholder value into all facets of life, but also strengthening the power of finance in the social and political structure of Global countries (Bonizzi 2013: 86).

Therefore, the project enables the socialization of the loss of major capital groups and investors in times of economic crisis. The IFC project can be told to form a spatial example of the distinctive patterns that can be differentiated from the financial transformation processes in the Global North countries for various economic, political, social reasons (Yalman et al. 2019). The IFC project forms an example of the “dual meaning” of financialization of the state in Turkey, meaning “restructuring of the state contributing to the financialisation and restructuring of the state as attempts to contain contradictions emanating from financialization” (Güngen 2012: 12). The protection and elevation of interests of major capital groups and the state managers through the state project of making Istanbul a finance center poses an important example of the “ways in which the hegemony is reproduced and the constellation of social forces in and through the financialization” (Güngen 2012: 100). By proposing it as a ‘project of Turkey’ and offering to turn Istanbul into a regional finance center as a way to develop Turkey’s economy, what is actually presented is the interests of financial sector and major capital groups as the ‘general interest of Turkey’. If one rethinks of the IFC recalling Cassis’ (2010) words from Chapter 2 on the City of London and its guard of its independence from government and the extension of this independence to the political institutions, the project can seem to be isolated and ‘depoliticized’ at a mega complex, supported under the name of neoliberal norms like neutrality and strategies that are ‘otherwise unrealistic’. Through the aforementioned discourses in Chapter 4, consent has been generated among the society by the state managers and spokespeople of the capitalist class. This is

why I have argued that the project has been a hegemonic spatial project of the AKP regime.



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APPENDICES

A. TURKISH SUMMARY / TRKE ZET

AKP REJİMİNİN HEGEMONİK MEKANSAL PROJESİ OLARAK İSTANBUL’UN FİNANS MERKEZİ YAPILMASI

Bu alıřma kentsel mekan ve finansallařma iliřkisinden hareketle İstanbul Finans Merkezi (İFM) projesine odaklanmaktadır. Bunun iin eleřtirel siyasal iktisat perspektifiyle mekânsal bir sre olarak finansallařma eksenindeki literatrden faydalanarak proje ile ilgili 2008’den bugne bazı sylem ve geliřmeler incelenecek, bu yolla projenin kimlere ait ve ne gibi ıkarlar iin geliřtirildięi sorusuna yanıt aranacaktır. İFM projesinin hegemonik bir mekânsal proje olarak yapılandırıldıęı iddia edilecek ve projenin uluslararası finansal sermayeye aılan bir kapı ve egemen sınıf ierisindeki fraksiyonları olası krizlerde koruyacak bir kalkan aracı ve mekanı olduęu savunulacaktır. Bu krizlerin tam da uluslararası sermaye giriřlerine, artan zel sektr ve hane halkı borcuna ve inřaat sektrne baęlı byme modelinden kaynaklanan Trkiye’ye has finansal dnřm srelerinin tekrarlayan bir sonucu olduęu vurgulanacak ve projenin inřasının sylemsel ynleri incelenecektir.

Dnyada son otuz yılda yařanan deęiřimleri aıklamak iin sosyal bilimlerde yaygın olarak kullanılan terimlerden biri finansallařmadır. Kavram literatrde 1990’ların ortalarından itibaren sıka yer alırken, sosyal bilimlerde zellikle 2008-09 finansal krizinden sonra eřitli disiplinlerde krizin yansımalarını aıklamakta kullanılmıřtır (Engelen 2008; Fields 2017). Basite 1970’lerden bu yana finans sektr ve mantıęının ekonomik, politik ve sosyal alanlara artarak nfuz etmesi anlařılmaktadır. rneęin finansallařmanın gnlk yařam ve

özellikler üzerindeki etkilerine odaklanan sosyokültürel yaklaşım, bireylerin “finansal piyasa yatırımı uygulamalarını ve getirilerini hem orta vadede hem de emekliliklerinde özgürlük ve güvenliklerinin anahtarı olarak algılamaya nasıl teşvik edildiğini” açıklar (Langley 2007: 75). Bu durumda, bireyler risk alan kişiler olarak borca dayalı ekonomilerdeki özerk neoliberal öznelere kabul edilirken, hane halklarına da yatırım yapmaları empoze edilmektedir (a.e.).

Finansal özdisiplin ya da finansal içerilme diye de adlandırılan finansallaşmanın bu yönü, mikro krediler ve rıza mekanizmalarının üretilmesi gibi farklı stratejileri de içermektedir. Dolayısıyla siyasal, kültürel ve sosyo-mekansal alandaki etkileri ve gündelik hayatın içerisinde yeniden üretilmesi düşünüldüğünde sermayenin yaratıcı yıkımları yoluyla tüm topluma dayatılan, hissedar değerinin önceliği üzerine yükselen bir süreçten söz etmek mümkündür (Marazzi 2010: 65).

Tarihsel olarak finansallaşma “sermaye ile ücretli emek arasındaki ilişkilerin giderek finansallaştığı bir dönüşümler dizisi” olarak da düşünülebilir (McNally 2009: 56). Finansallaşmayı neoliberal dönemin bir parçası içerisinde değerlendiren McNally, başlangıcı bir ons altının 35 ABD dolarına, diğer para birimlerinin de dolara göre sabitlendiği Bretton Woods sisteminin çöküşünden sonraki döneme götürmektedir. Dolar-altın konvertibilitesinin sona ermesi ve doların uluslararası bir kredi parasına dönüşmesiyle birlikte, değerlendirme dünya çapında oldukça belirsiz hale geldi. Paranın değer ölçüsü olma işlevinin sarsılması dünya ekonomisinde dengesizliklere yol açtı (McNally 2009: 57). Döviz kurları ve faiz oranlarındaki istikrarsızlıkla birlikte uluslararası sermaye akımlarının yanı sıra uluslararası finans piyasaları da büyümüş, bu da “devletin aktif ve sürekli müdahalesi” ile mümkün olmuştur (Lapavistas 2013: 794). Devletin finansal serbestleşme politikaları ve finansal aktörlerin taleplerini karşılamak için rolünün dönüştürülmesiyle, hane halklarından “borçlandırılmış insana” imal edilmesi el ele ilerlemiştir (Foster 2007; Lazzarato 2012). Öte yandan devletin tekil ve homojen bir yapıya indirgenmesi, finansallaşmanın

soyut ve anonim olarak kalmasına yol açan sebeplerden biri olarak eleştirilere yol açmaktadır (Zwan 2014).

Kent mekanı ile finansallaşma ilişkisinden bahsedileceğinde ise, kentsel siyasal iktisat literatüründe sıkça değinildiği üzere Harvey'in (2001) "mekânsal sabitlik" kavramına ve kentsel mekanın yeniden üretiminin, aşırı birikim krizlerinin üstesinden gelinmesi ve var olan sermayenin güvence altına alınması için bir araç olarak kullanıldığına değinilebilir. Bu da Lefebvre'nin (1970) bahsettiği mekanın yaşam alanı fonksiyonundan çıkıp artı-değerin yeniden şekillendirildiği, gerçekleştirildiği ve dağıtıldığı bir fonksiyona indirgenmesi ile birlikte düşünülebilir. Bu görüşe göre şehircilik, devletin mantığını ve bir sınıf stratejisini ya da "mevcut üretim ilişkilerini, bu ilişkilerin sürdürülmesini ve bekasını, genişletilmesini ve iyileştirilmesini" kapsarken, kentsel mekan da bir ideolojiyi barındırmaktadır (ibid. 149). Harvey ve Lefebvre'nin analizleri, finansallaşmanın finansın günlük yaşamın dokusuna nüfuz etmesini sağlayan sosyo-mekansal bir süreç olabileceği anlamında, finansallaşmayı kent mekanına yansıtmaktadır. Harvey'e (2013) göre finansal-kapitalizm, sermayenin kentsel ve coğrafi genişlemesinin merkezinde yer alırken, kent mekanı da sınıf mücadelelerinin başlıca alanıdır. Bu bağlamda neoliberalizm "(i) bir kentsel yönetim modeli, (ii) mekansal bir siyasi strateji ve (iii) bir söylem, ideoloji ve temsil biçimi" olarak tanımlanmaktadır (Brenner ve Theodore 2005: 103).

Neoliberal ideolojinin yeniden üretildiği alanlar olarak kentler aynı zamanda "verim arayışındaki finansal sermaye için kritik giriş noktaları" olarak görülmeye başlamıştır (Fields 2017). Kentler 1980'lerden itibaren hem ulusal refahı koruma işlevi görmeleri hem de uluslararası yatırımların eksen noktaları olmaları bakımından birer güç merkezi olarak görülmüştür (Çelik 2011). Neoliberalleşmeyle birlikte güç ilişkilerinin küresel ölçekten yerel ölçeğe kayması, "küresel kent" argümanı ve buna karşı çıkan "yeni şehircilik" yaklaşımları üzerinden açıklanmıştır. Küresel şehir modelini ortaya atan Sassen'e (2005) göre 1980'lerden itibaren hizmetler sektöründe geniş bir

uzmanlaşma yelpazesinin gerekliliği, küresel kentleri uzmanlaşma ve bilgi merkezi haline getirirken aynı zamanda üretimde küresel şehirlerin ayırt edici avantajı haline gelir. Şehirler arasındaki işlemler ve ağlar yoğunlaşırken sosyo-ekonomik ve mekânsal eşitsizlikler ile yüksek kâr amacı güden hizmet firmalarının üst düzey profesyonellerinin taleplerine yanıt veren kayıt dışı ekonomik faaliyetler de artar. Fakat bu görüşe göre, ulus ötesi aktörler şehre bu tür yeni iddialar koyarken devletin düzenleyici rolünün azalmaktadır. Buna karşılık Smith'e (2002) göre ulus-devletin zayıflamadığı, aksine ulus-devletler ve şehirler arasındaki faaliyetlerin ve ilişkilerin dönüştüğü yeni şehircilik dönemi yaşanmaktadır. Bu dönüşüm, çoğunlukla rant potansiyeli yüksek olan merkezi mahallelerde yaşayan alt gelirli sınıfın yerinden edildiği 'soylulaştırma'nın küresel bir kentsel strateji olarak gerçekleştirilmesi ile görünür olmuştur. Dolayısıyla bu dönüşüm rekabetçi şehirlerin planlanmasında yatırım ve kâr çekmek amacıyla merkezi semtlerdeki sosyal ve kültürel yerinden edilmeyi de içerir. Bu nedenle, yeni şehirciliğin, belirli ekonomik ve sosyal çıkarların diğerleri üzerindeki zaferini temsil ettiği, şehirleri küresel hale getirirken onların belirleyici özelliklerini değiştirdiği iddia edilebilir (Smith 2002). Bunun da kentin bir sosyal alan olarak aynı zamanda 'ideolojik' olduğunu ve bir sınıf stratejisini somutlaştırdığını yazan Lefebvre'nin (2014) görüşüyle paralel olduğu söylenebilir. Gayrimenkul veya inşaata dayalı ekonomik büyüme, şehircilikte bir mekanizma olarak kullanılırken, Lefebvre'ye göre "şehirciliğin hakim olmasını sağladığı bir tutarlılık ve mantık varsa, bu devletin tutarlılığı ve mantığıdır" (2014: 151). Kentsel mekânın, sermaye birikimi için kentsel stratejiler aracılığıyla yeniden üretilen bir meta haline geldiğini söyleyen Harvey (2001) de, devletin rolü ve düzenleyici mekanizmasının, kentsel stratejileri uygulamak için yeniden tanımlandığını ve yapılandırıldığını, bu yolla kâr amacı güdenlere kapı açıldığını anlatır. Bahsedilen stratejiler, kentsel politikaların talep tarafını oluşturmak için kentler arası rekabeti, yatırımın cazibesini ve kentsel pazarlamayı gerektirir. Neoliberal kentsel politikalar da bu doğrultuda "devlet güçlerinin yeniden yapılandırılması ve politik-ekonomik güçlerin bölgesel ittifaklar içinde coğrafi olarak yoğunlaşması ve merkezileşmesi" ile karakterize

edilir (Harvey 2001a: 29). Özetle bu süreç devletin kendiliğinden geri çekildiği, rekabet güçlerinin ve baskılarının ortaya çıktığı bir süreç olmamıştır. Aksine, kentsel yönetişimin 'girişimci' rejimleri, çok çeşitli ulusal, politik ve kurumsal bağlamlarda eşzamanlı olarak yükselmişlerdir ve bu da makro bir süreç olarak neoliberalleşme ile sistemik olarak bağlantılıdır (Peck ve Tickell 2002).

Finansallaşma süreci neoliberalizmin “piyasa ekonomisinin hegemonik bir modeli” olmasını destekleyen ayaklardan biridir (Lee vd. 2009). Bu dönemde devlet, yapıyı çevreyi yatırıma uygun hale getirir ve sermaye akışlarını yeniden ölçeklendirirken kentsel mekan kriz sonrasında sermaye piyasalarının normal işleyişinin yeniden sağlanması için kilit rol oynamaktadır. Finansallaşma döneminin “iktidar ilişkilerinin güçlü bir şekilde asimetric olduğu ve finansal araçlar da dahil olmak üzere belirli grupların hegemonyasını desteklediği” bir süreç olduğu ileri sürülmüştür (Halbert ve Attuyer 2016: 4). Bu süreç, sermayenin işlemesi adına kamu kaynaklarının aktif olarak devreye sokulduğu, devlet içerisinde uzun ve tekrar eden bir dönüşüm zinciri olarak da anılmaktadır (Jessop 2008; akt. Halbert ve Attuyer 2016).

Finansallaşmanın mekânsal bir süreç olarak kavramsallaştırılması ise büyük ölçüde finansal sermaye ile kentsel mekan inşasının kesiştiği noktada çıkan 2008-09 küresel ekonomik krizinin sonrasına rastlamaktadır. Literatürde finans ve mekânı içeren çalışmaların çoğu emlak-finans ilişkisi, konutun finansallaşması gibi konulara odaklanırken, finansal birikimin bir mekânsal aygıt ve sosyal alan olarak anlaşılmasına yönelik ilgi artmaktadır. Finans merkezlerinin ele alındığı çalışmalarda, bu merkezler küresel sermayenin, yerel piyasaların ve devlet yapısının çoklu etkileşimler ve süreçlerle birleştiği yerler olarak bahsedilse de, uluslararası finans merkezleri üzerine uzlaşmış bir tanım bulunmamaktadır (Halbert ve Attuyer 2016; Hatayama 2019). Finansal hizmetler, ulus ötesi şirketlere küresel operasyonları yürütmek için gerekli yetenekleri sağladığından, finans merkezlerinin “karmaşık finansal faaliyetlerin merkezi üretim yerleri” olarak işlev gördüğü düşünülmektedir (Poon 2003: 136).

Cassis (2010: 2) ise finans merkezlerini “belirli sayıda finansal hizmetin belirli bir kentsel alanda bir araya toplanması” ve “aracıların finansal işlemleri koordine ettiği ve ödemelerin yapılmasını düzenlediği yer” olarak tanımlamıştır. Finans merkezleri üzerine yapılmış anaakım çalışmalarda bir finans merkezinin sahip olması gereken özellikler arasında, “çok sayıda uluslararası finans kuruluşunu, merkez bankasını, dünyaca ünlü gözetim kurumlarının genel merkezlerini, hukuk firmaları ve danışmanlık şirketlerini aynı yerde barındırmak” ve “uzun vadeli ve kısa vadeli piyasalar, opsiyonlar, emtialar ile etkili takas seçeneklerine ve parasal işlemlere, danışmanlar, avukatlar ve muhasebeciler gibi vasıflı insan sermayesine izin veren verimli bir altyapı” gibi kriterler sayılmıştır (Mionel vd. 2014: 2; Poon 2003: 138). Bretton Woods döneminde finans merkezleri, birbirine benzer işlevlerle uluslararası finans sistemine entegre edilmişken, finansallaşma döneminde küreselleşen sistemin taleplerine yanıt olarak standartlaştırılmış koşullara ve işlev dağılımına sahip olan “kuralsızlaştırma ve özelleştirme normlarını oluşturma kapasitelerinden yararlanan stratejik üretim yerleri” olarak da işlev gördüler (Sassen 2012: 56).

Finans merkezleri ile ilgili çalışmalar, özellikle de Küresel Güney ülkeleri için düşünüldüğünde henüz geliştirilmeye açık bir alan olarak görünmektedir. Gerçekten, Türkiye özelinde de mekânsal bir süreç olarak finansallaşma ekseninde borcun ve “borçlunun” üretilmesi, tüketici ve özellikle de konut kredileri ile hane halkının borçlandırılması, finansal içerilme, mikrokrediler gibi temalar etrafında yapılmış önemli çalışmalar bulunsa da, İstanbul’un finans merkezi yapılması projesinin eleştirel siyasal iktisat perspektifinden çok fazla değerlendirilmediği görülmektedir. İstanbul Finans Merkezi (İFM) projesi ise, İstanbul’un Türkiye ekonomisini uluslararası piyasalara bağlayabilecek küresel bir şehir olma hedefleri ile metalaştırıldığı 1980’lerden beri zaman zaman gündeme gelmiştir. 2000’li yıllarda hızla artan lüks oteller, alışveriş merkezleri, okullar, bankalar ve yabancı yatırımları kentsel dönüşüm projeleri izlemiş, bu süreçte mekânsal ayrışma, gelir eşitsizliği ve toplumsal kutuplaşma artarken, kentin kaynakları belirli çıkar gruplarının çıkarlarına hazır hale getirilmiştir

(Öktem 2006). Bu aynı zamanda şehir merkezinin finans sektörü, iş merkezleri ve lüks tüketim ve konut projelerine dönüştürülürken imalat sanayilerinin şehrin dış çeperlerine yerleştirilmesiyle mümkün olmuştur (Gündoğdu ve Gough 2009).

1980'lerin sonundan itibaren zaman zaman gündeme gelen İstanbul'un finans merkezi yapılması projesi ise 2009 yılında Başbakanlık Genelgesi ile Resmi Gazete'de yayımlanarak yürürlüğe girdi. Türkiye Cumhuriyeti Merkez Bankası (TCMB) ve Türkiye'nin kilit bankacılık kuruluşlarının başkentten İstanbul'a taşınmasına ilişkin uzun soluklu bir tartışma sürecinin ardından, 2016 yılında projenin inşaatına başlandı. Aynı zamanda “şehir içinde şehir” diye tarif edilebilecek bir konut ve tüketim alanı olarak Ataşehir - Ümraniye bölgesinde tasarlanan kompleks ile İstanbul'un önce bölgesel, nihai olarak da küresel bir finans merkezi yapılmasının amaçlandığı belirtilmektedir. Bu amaçlar, AKP yönetiminin “2023 hedefleri” arasında olduğu kadar, projenin ilan edildiği Resmi Gazete'de (2009) belirtildiği şekliyle “bir Türkiye projesi” olarak da tanıtılmıştır. Ne var ki, mekânsal bir süreç olarak finansallaşmanın “sınırlarının dışında olup bitenler karmaşık ve çeşitli olsa da, içeride olanlardan bağımsız olmayışı” finans merkezleri ve özel olarak İFM projesi için de düşünülebilir (Fine, Bayliss ve Robertson 2016).

İstanbul'un “önce bölgesel bir finans merkezi ve nihayetinde küresel bir finans merkezi” haline getirilmesi hedefi 2009 yılında Resmi Gazete'de yer aldı. Planda, “Orta Doğu, Orta Asya, Kuzey Afrika ve Doğu Avrupa'da ekonomik bir öneme sahip olan Türkiye'nin finansal kaynakları bir araya getirme potansiyeline sahip olduğu” savunulurken, TCMB, kamu bankaları (Halk Bank, Vakıf Bank ve Ziraat Bankası), Türkiye Bankacılık Düzenleme ve Denetleme Kurumu ve Sermaye Piyasası Kurulu'nun bölgede yer alması planlandı (Yıldırım ve Mullineux 2015). Mayıs 2010 tarih ve 11 sayılı Başbakanlık Genelgesi ile projenin koordinatörü Devlet Planlama Teşkilatı Müsteşarlığı olarak belirlenirken hukuk, finans piyasaları, vergi, düzenleme, altyapı, teknoloji, reklam ve insan kaynakları alanlarında sekiz komite kuruldu. İlgili bakanlar,

Belediye Başkanı ve İstanbul Valisi ile bankacılık birlikleri, özel sektör ve ticaret kuruluşlarının başkanlarından oluşan bir danışma kurulu oluşturuldu. Merkezi olarak koordine edilen projenin bir Türkiye projesi olduğu vurgulanmıştır (Yıldırım ve Mullineux 2015; Resmi Gazete 2010: 4). Proje ile ilgili İstanbul Ticaret Odası'nın hazırladığı raporda bir finans merkezinin gereksinimleri arasında, ülke ekonomisinin güçlü ve büyük olması, finans sektörüne özgü nitelikli işgücünün bulunması; sendikaların işverenle uyumlu çalıştığı esnek bir işgücü piyasası, düşük performans gösteren personelin işten kolayca çıkarılabilmesi ve ülkede yabancılara kolaylık sağlayan bir vergi rejimi sayılmıştır (Taşdemir 2008: 36-37). Proje aynı zamanda İstanbul'un dünyanın ilk on finans merkezi arasında yer alması ve Türkiye'nin 'global marka şehri' olması için umut verici bir gelecek olarak AKP'nin 2023 vizyonu arasında da yer almıştır (Aksoy 2014). Proje kapsamında (i) kent istihdamında üretim sektörünün payının dörtte bire düşürülmesi, (ii) hizmet sektörü altyapısının finans ve teknoloji sektörlerine kaydırılması ve (iii) uluslararası yatırımcılar için kentsel mekanın cazibesini artırmak amacıyla İstanbul'un kent profilinin yeniden şekillendirilmesi yer almıştır (Aksoy 2014: 31). İstanbul'daki kentsel mekanın “yapısal olarak dönüştürülmesi” ihtiyacı, 2004 yılında kurulan İstanbul Büyükşehir Planlama ve Şehir Tasarım Merkezi tarafından hayata geçirilirken, kentin “küresel ölçekte rekabet edebilen bir bilgi toplumuna” dönüşmesi gerektiği vurgulanmıştır (a.e.). Bu amaçlar İFM projesindeki karar alma süreçleriyle birlikte ele alındığında, bu tür kentsel stratejilerin “iktidarı kullanarak ve hegemonik söylemi oluşturarak belirli yerel çıkarlar ile küresel siyasi, sosyal ve ekonomik ilişkiler arasında aracılar” olarak işlev gördüğü değerlendirilmesi yapılabilir (Harvey 2001: 245).

İFM projesinin bir başka yönü ise 2008-09 ekonomik krizine bir yanıt olarak düşünülüp düşünülemeyeceğiydi. Diğer ekonomi politikalarıyla birlikte düşünüldüğünde, finans merkezi fikrinin güçlenmesinin “devletin farklı sermaye kesimlerinin çatışan talepleri arasında daha hızlı ve etkin arabuluculuk rolü” oluşturmasının bir parçası olabileceği değerlendirilmiştir (Oğuz 2011: 20-21).

Gerçekten, hükümete yakın düşünce kuruluşu SETA'nın raporunda, İFM ve İstanbul üzerinden “krizi fırsata çevirme” arayışı, “İstanbul'un bölgesel ve küresel sermayenin yeniden yönlendirilmesinde önemli bir rol oynayabilmesi ve rekabet gücüne sahip olabilmesi için” önemli olarak değerlendirilmiştir (Karagöl, Koç ve Kızılkaya 2017: 12). Diğer yandan, inşaat şirketlerinin desteklenmesi ve büyük yatırım projelerinin hızlandırılması “siyasal iktidarın kalkınma, inşaat ve yatırım arasında kurduğu dengenin” korunmasında kritik bir nokta oluşturduğundan, hükümetin küresel finansal istikrarsızlığa bir yanıt olarak İFM'nin inşasını hızlandırması şaşırtıcı bulunmamıştır (Güngen 2015: 151; Marois 2018: 128). Yine SETA raporunda İFM'nin “İslami finans alanındaki yüksek potansiyeli ve Kafkaslar bölgesi ile genişleyen ekonomik iş ağı ile Balkanlar ve Kuzey Afrika'da” etkili olması ve uzun vadeli kazanımlar sağlaması öngörülmüştür (Karagöl, Koç, ve Kızılkaya 2017: 16). Bu da İstanbul'un bölgesel finans merkezi olma hedefi ile Bahreyn, Doha, Abu Dhabi, Tel Aviv ve Dubai gibi diğer bölgesel finans merkezlerinin de anıldığı Orta Doğu ve Afrika bölgesinde rekabet ve işbirliği imkanlarının arandığını göstermektedir (Santosdiaz 2021).

“Uluslararası finans kuruluşlarının desteklediği reform ve yönelimlerin Türkiye'ye aktarılması ve uygulanması ile devlet aygıtı içinde bu doğrultuda yeni stratejik projeler oluşturulması” 2008-09 sonrası siyasal iktisadi stratejilerin doğrultusunu oluşturmuştur (Güngen 2015: 151). Uygulamada bunlar, "politika yapımında, risklerin sosyalleştirilmesinde finansal aktörlerin ve piyasaların taleplerinin daha fazla dikkate alınmasına" ve en önemlisi "devlet aygıtının bir bütün olarak finansal standartlar doğrultusunda yeniden şekillendirilmesine" yani devletin finansallaşması ile mümkün olmuştur (a.e.). Gerçekten, 2012'de Maliye Bakanı Mehmet Şimşek'in "İstanbul'u finans merkezi yapma projesinin esasen finans piyasalarının derinleştirilmesiyle ilgili olduğunu" ve "nüfusun finansal açıdan eğitilmiş olması ve vatandaşların katılımının önemli olduğunu" açıklaması; TÜSİAD Başkanı Ümit Boyner'in İFM projesinin “yalnızca bir gayrimenkul projesi olarak görülmemesi gerektiğini, “çok önemli olduğunu ve bu konuda

gerekli adımların atılması gerektiğini” belirten açıklaması da finansal içerilme politikalarının hızlanması, özel sektörün desteklenmesi ve işgücü piyasasının serbestleştirilmesi gibi politikaların işaretleridir (Hürriyet 2012; Hatisaru 2012; Akçay ve Güngen 2016: 228). İFM projesinde ve finansal derinleşme politikalarındaki ısrar, katılım finansmanı ihtiyacının, yani Orta Doğu sermayesine duyulan ihtiyacın canlanması olarak gerçekleşmiştir (Akçay ve Güngen 2016: 229). Bölgesel finans merkezi ve ulusal bir proje olarak formüle edilen İFM’nin “hem uluslararası fonların hem de bireysel tasarrufların aynı anda yönlendirileceği bir yer olarak” kurgulandığı görülmektedir (Gökgöz 2012: 96).

2016 sonrasına gelindiğinde Maliye Bakanı Naci Ağbal, finansal sistemin serbest piyasa ekonomisinin taleplerine yanıt verebilecek daha liberal düzenlemelere ihtiyaç duyduğunu belirtir ve Uluslararası Yatırımcılar Derneği İFM projesinden “finansman kaynaklarının çeşitlendirilmesi ve yatırımcıların Türkiye algısının güçlendirilmesi için önemli bir adım” olarak bahsederken, bu hedeflerin “istisnaların, teşviklerin ve hizmetlerin ne olacağını belirleyecek olan merkezin kendi kanunu” aracılığıyla gerçekleştirileceği açıklanmıştır (Sputnik Türkiye 2018; Şahin 2019; Birinci 2021). 2019’a gelindiğinde ana hedefleri “kilit kamu varlıklarının değer artışı sağlayarak ekonomik büyümeye katkıda bulunmak, katılım finansmanına uygun varlıkların gelişimini desteklemek, çeşitli ürünlerin tanıtımını destekleyerek sermaye piyasalarını aktif olarak derinleştirmek, Türkiye’ye daha fazla yatırım çekmek, yeni yatırımlar için sermaye sağlamak ve stratejik öneme sahip endüstrileri geliştirmek ve büyük ölçekli yatırımlara katılmak” olarak belirtilen Türkiye Varlık Fonu, İFM’ye ortak olmuştur (Sönmez 2019; Öcal 2019). 2016’daki kuruluşundan bu yana fonun iki önemli faaliyeti kamu bankaları Ziraat Bankası ve Halk Bankası’nın yanı sıra Türk Telekom ve Türk Hava Yolları gibi dev kuruluşların da aralarında bulunduğu büyük kamu sermayeli şirketlerin hisselerinin devri ve borçlanma olarak belirtilmiştir. (Sönmez 2019). 2019 yılında net değeri 30 milyar ABD doları olan fon, İFM’nin mali açıdan sorunlu müteahhitlerinden borç satın almak için Londra ve Çin

merkezli bankalardan 1,1 milyar ABD doları tutarında hazine garantili kredi almıştır (a.e.). Bahsi geçen inşaat şirketleri, 2014'te İFM'nin altyapı ve kaba inşaatını tamamlayan Ağaoğlu ile daha önce Emlak Konut ve TOKİ'den ihaleler kazanan İntaş ve YDA şirketleridir. Merkez Bankası'nın İstanbul Finans Merkezi'nde yapılan ve "Avrupa'nın en yüksek binası" olması planlanan yeni binasının ihalesini en düşük fiyat teklifi ile kazanan Limak Holding'in ise "toplam 128 kez vergi ödemesinden muaf tutulan" inşaat firmaları arasında yer aldığı ve İstanbul'un yeni havalimanı da dahil olmak üzere mega projeler için kazançlı sözleşmeler aldığı belirtilmektedir (Şahin 2021; Evrensel 2020; Duvar English 2020).

Bu firmaların öncülük ettiği mega projelerin, İstanbul'da gerçekleştirilen diğer kentsel dönüşüm ve soylulaştırma projelerinde de olduğu gibi işçi haklarının hiçe sayıldığı en güvencesiz çalışma alanlarını oluşturduğu da hatırlanmalıdır. Böylece Türkiye Varlık Fonu, Türkiye'nin finansman ihtiyacına cevap vermesi ve ödemeleri yaparak ve ihaleleri Emlak Konut aracılığıyla yeniden dağıtarak İFM'nin ortağı olmuştur (Şahin 2020). Çelişkili biçimde, özellikle 2014 sonrasında artan yabancı sermaye girişi ihtiyacından dolayı ve dış sermaye girişlerine bağımlı, borç artışına dayanan ve inşaat sektörüne odaklı büyüme modelinin sınırlarına gelindiği için bir 'finansman merkezi' olarak da düşünülen ve ihtiyaç duyulan İstanbul Finans Merkezi'nin inşaat aşamasında yine küresel finans merkezlerindeki bankalardan borç alınarak bahsedilen inşaat sektörünün önde gelen şirketleri adeta 'kurtarılmıştır' (Orhangazi 2020). Tüm bu süreçler, Türkiye'de kapitalist stratejilerin yeniden üretilmesinde inşaat sektörünün rolünü İFM projesi üzerinden yeniden düşünmeye sevk edebilir. Kamu bankaları, Merkez Bankası, İstanbul Finans Merkezi, Türkiye Varlık Fonu ve hükümete yakın inşaat şirketleri arasında dönüşen ilişkiler, devletin finansallaşması çerçevesinde daha detaylı bir analize açıktır.

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