

Private Indebtedness in Turkey after the 2001 Financial Crisis: An Inquiry on Class and Inequality

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Declaration of Originality

The intellectual content of this thesis, which has been written by me and for which I take full responsibility, is my own, original work, and it has not been previously or concurrently submitted elsewhere for any other examination or degree of higher education. The sources of all paraphrased and quoted materials, concepts, and ideas are fully cited, and the admissible contributions and assistance of others with respect to the conception of the work as well as to linguistic expression are explicitly acknowledged herein.



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Abstract

Private Indebtedness in Turkey after the 2001 Financial Crisis:
An Inquiry on Class and Inequality

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for Modern Turkish History at Boğaziçi University, 2019

Professor Nadir Özbek, Thesis Advisor

The meaning of debt augmentation is clarified in the formation of the distinction between different classes or of different socio-economic levels and these different dispositions proliferate a vague world of meaning for the universal meaning and definition of the debt. The difference in meaning here will be handled over the private debts in this study. The proliferation and domination of the new form of capitalism, the financialization as a world sphere phenomenon has brought unprecedented economic inequalities and a very serious indebtedness trend. The aim of this study can be defined as a modest introduction to relationality between class relations, inequality and debt in particular case and context in Turkey. First, this study aims to investigate four types of level of income's new patterns about the debt phenomena via the consequences of the becoming debtor. In this inquiry, I want to briefly explain and argue the problematic issues that what the indebtedness in the this specific comparison by the toolkits of new economic sociology and economic anthropology. Additionally, in particular I want to argue that the function of debt stimulates and strengthens the debt relations for the lower class or low-income groups, on the other hand debt supplies expansion and accumulation for the at the middle and upper class groups end of this process. Briefly stated, debt has a dissimilar function for different income groups or classes. Finally, in this context, I will conduct a discussion on the morality of debt.

43,000 words

Özet

2001 Finansal Krizi Sonrası Türkiye'de Özel Borçlanma:
Sınıf ve Eşitsizlik Üzerine Bir Araştırma

Yunus Babacan, Yüksek Lisans Adayı, 2019
Boğaziçi Üniversitesi Atatürk İlkeleri ve İnkılap Tarihi Enstitüsü

Profesör Nadir Özbek, Tez Danışmanı

Bu tez 2001 krizi sonrası artan finansallaşma ile birlikte Türkiye’de yaşanan eşitsizlikler arasında borç durumu üzerinden bir pozitif bir korelasyon olduğunu iddia eder. Finansallaşma ve eşitsizlik arasındaki ilişki borcun farklı sınıfsal pozisyonlara mensup insanlar için sahip olduğu farklı anlamlara, işlevlere ve pratiklere sahip olmasıyla ilgili. Borç ve borçluluk herkes için geçerli olduğunu varsaydığımız sözlük anlamına aslında sahip değil. Burada yaşanan anlam farklılığı insanların bireysel borçları üzerinden ele alınacaktır. Bu çalışmada özel borçlar arasında yapılan ayırım mantığının karşısında ticari krediler ve tüketici kredileri aynı kategori içerisinde ilişkilendirilecektir. Kapitalizmin yeni formunun tahakkümü ve yayılması olarak finansallaşma yer kürede eşi görülmemiş iktisadi eşitsizlikleri ve hayli yüksek derecede borçlanmayı getiren bir fenomen oldu. Bu çalışmanın amacı Türkiye bağlamında hususi bir vaka üzerinden borç, eşitsizlik ve sınıf ilişkileri arasındaki ilişkişelliğe mütevazi bir giriş mahiyetinde değerlendirilebilir. Bu çalışmada yeni ekonomik sosyolojinin ve ekonomik antropolojinin sağladığı araçlarla borçluluğu sorunsallaştırarak açıklamaya ve tartışmaya çalışacağım. Ayrıca, borcun işlevinin alt gelir gruplarını borç ilişkileri içerisinde tahkim eden ve sürdüren işlevini ve diğer tarafta orta ve üst gelir gruplarının sınıfsal pozisyonlarını tahkim etme ve genişletme aracı olarak borcun farklılaşan işlevini özellikle belirtmek isterim. Kısacası borç farklı gelir gruplarında veya sınıflarda benzer olmayan işlevler icra eder. Son olarak bu bağlamda borcun ahlakiliği üzerine bir tartışma yürüteceğim.

43.000 kelime

To my mother and father

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Abbreviations and Acronyms

ATM	Automated Teller Machine
BDDK	Banking Regulation and Supervision Agency (BRSA)
BKM	Interbank Card Center (ICC)
DISK-AR	Confederation of Progressive Trade Unions of Turkey Research Center
EUROSTAT	European Statistical Office
EVDS	Electronic Data Distribution System, Central Bank of the Republic of Turkey
FED	Federal Reserve Board
FRBNY	Federal Reserve Bank of New York
IIF	Institute of International Finance
ILO	International Labour Organization
ISO	Istanbul Chamber of Industry
IMF	International Monetary Fund
OECD	Organisation for Economic Co-operation and Development
POS	Point of Sale
SBB	Presidency of Strategy and Budget
TBB	Banks Association of Turkey (BAT)
TCMB	Central Bank of the Republic of Turkey (CBRT)
TUIK	Turkish Statistical Institute (TurkStat)
UYAP	Statistics of National Judiciary Informatics System
WID	World Inequality Database

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وَأَخِرُ دَعْوَاهُمْ أَنِ الْحَمْدُ لِلَّهِ رَبِّ الْعَالَمِينَ

Introduction

After the 2001 crisis over Turkey's experience and socio-economic transformation was explained and materialized by debt. Today the number of credit cards in Turkey, leaving behind all of OECD countries was 223.883.500 million as of June 2019 and the average credit card debt in Turkey is TL 4482tl for the next month as September 2019. In addition to this the number of retail customers with unpaid consumer loans and credit card debts has increased month to month. This going from bad to worse, the number of customers with ongoing debts within the customers with unpaid consumer loans or credit card debts who could not pay this debt in 2009, under 500 thousand, today exceeded 3.5 million people according to data of The Banks Association of Turkey. Moreover, household debt rose from 7.5% in 2003 to 54% in 2015 and is now 43%. In the meantime, things are not going too bright in the rest of the world, according to the International Institute of Finance, the total debt in the world as of 2019 is 3.5 times the total GDP in the world and one-fourth of this debt is household debt.

One of the most severe economic problems of the last decade is debt trouble or literally indebtedness that has been rapidly increasing over the past decade. Currently, global debt has arrived its highest level and debt as a proportion of GDP has never been higher than today. Particularly, the financial crisis

and recession of 2008 was seemed as a signal flare of the present debt enclosure. After 2008, academicians from different branches such as economy, anthropology, sociology etc. produced significant literature about debt matter.

This research claims inequalities experienced in Turkey before and after the economic crisis of 2001 with increasing financialization that there is a positive correlation with indebtedness. The relationship between financialization and inequality is related to the different meanings, functions, and practices that debt has for people of different class positions. The concept of debt and indebtedness do not actually mean the lexical inference we assume is valid for everyone and every time.

The meaning of debt augmentation is clarified in the formation of the distinction between different classes or of different socio-economic levels and these different dispositions proliferate a vague world of meaning for the universal meaning and definition of the debt. The difference in meaning here will be handled over the private debts in this study. The concept of debt or loan are divided into public debt and private debt in economic literature: Private debt is divided into commercial loans and consumer loans. However, this study will not make a distinction between private debts, in other words the title of the study is the private debt rather than two different kinds debt categorization. The proliferation and domination of the new forms of capitalism, the financialization as a worldwide phenomenon has brought unprecedented economic inequalities and a very serious indebtedness trend. In recent years and particularly after the 2008 financial crisis, many social scientists have clearly demon-

strated the gravity of the situation by providing important works on financialization¹, inequalities² and debt phenomena³. In Turkey in 2001 and the world in general rising financialization process in the post-Cold War economic crisis after 2008, and quickly passed a new phase. The subject of this research draft will be the use of macro explanations in the economic transformations, but beyond that a particular focus will be on a series of micro issues around debates of indebtedness and the production of borrowed lives.

The aim of this study can be defined as an modest introduction to relationality between class, inequality and debt in particular case and context in Turkey. The matter of indebtedness is not merely economic, in just the same way as any economic issue, problem or relation cannot be reduced to the “economy”. This study theoretically depends on a perspective of social sciences that does not fall into economic reductionism. However, due to its narrow scope, it was built mainly on seemingly economic issues.

This work particularly focuses on the differentiation between lower, middle and upper class indebtedness. First, this study aims to investigate four types of level of income’s new patterns about the debt phenomena via the consequences of the becoming debtor. I want to compare roughly the indebted condition of subcontractor workers as lower class, small and medium-sized enterprises, white-collar managers or experts as a middle class, and shareholders, merchants or managers who belongs to upper income group. Second, in

-
- 1 Rogoff, Kenneth S. and Carmen M. Reinhart. *This Time Is Different: Eight Centuries of Financial Folly*. Princeton University Press, 2011. Lapavistas, Costas. *Profiting Without Producing: How Finance Exploits Us All*. London: Verso, 2014.
 - 2 Tilly, Charles. *Durable Inequality*. Berkeley: University of California Press, 1998. Therborn, Goran. *Inequalities of the World: New Theoretical Frameworks, Multiple Empirical Approaches*. London: Verso, 2006. Atkinson, Anthony B. *Inequality: What Can Be Done?*. Harvard University Press, 2015. Piketty, Thomas. *Capital in the Twenty First Century*. Belknap Press, 2014. Piketty, Thomas. *The Economics of Inequality*. Belknap Press, 2015. Milanovic, Branko. *Global Inequality: A New Approach for the Age of Globalization*. Belknap Press, 2016. Stiglitz, Joseph. *The Price of Inequality: How Today’s Divided Society Endangers Our Future*. W. W. Norton & Company, 2013.
 - 3 Graeber, David. *Debt: The First 5,000 Years*, Melville House, 2012. Lazzarato, Maurizio. *The Making of the Indebted Man*, Semiotext(e), 2012. Dienst, Richard. *The Bonds of Debt*. London: Verso, 2011.

this inquiry, I want to briefly explain and argue the problematic issues that what the making of the indebted man in the neoliberal era through this specific comparison. Additionally, in particular I want to argue that the function of debt stimulates and strengthens the debt relations for the lower class or low-income groups, on the other hand debt supplies expansion and accumulation for the at the middle and upper class groups end of this process. Briefly stated, debt has a dissimilar function for different income groups or classes. For instance, the borrowing aim of the subcontractor workers is the sustaining for their daily life or even basic needs such as health or daily life but this indebtedness process encircles with debt relations and absorb their future time. Other side of that wall, the indebtedness works as an apparatus moving up the social status for middle and upper income groups.

The main research question of this investigation is “What are the basic impulses of different income groups and class positions enterprises going into debt in last two decade in Turkey”. In addition to this, what are their motivations and future expectations as underlying reasons for indebtedness? Why he or she take out a loan or mortgage from a bank? Perhaps they have better future expectations such as become a homeowner or set up his - her own business. After all, how can being indebted differentiate between various class positions?

Following the main question, there are various sub-questions; ‘What are the consequences of indebtedness?’ in the everyday life. These questions contain three different crucial issues and I want to briefly refer these topics; 1 which historical context can provide this debt process and how, 2 how becoming financialization and indebtedness enforces the inequalities 3 what the cognitive and emotional logic of indebtedness is, 4 How indebtedness and credits transform and re-produce the social world? 4 What kind of morals or ethics is generated by indebtedness process?

One of the reasons I study this issue is that the debt is a moral and political issue. The indebtedness phenomenon as a moral matter it needs to be reassessed in the social sciences, particularly far from the dominant economic doctrines, utilitarian rationality, and even the human conception of rational action, which has greatly inflicted on the social sciences. We forget that when all these happenings are reduced to numbers, proportions, symbols and

graphs, barely it is a reduction and a rough assumption, at best a convergent assumption about reality. There is no life in what we see, no tragedy of all this catastrophe and what is happening.

At this point, I would like to mention that. The premise of this study was performed in Turkey. Başak Kuş⁴, Elif Karaçimen⁵, Ali Rıza Güngen⁶ and Ümit Akçay⁷ published very important works. Among these, Başak Kuş first dealt with the issue in a more sociological sense. Elif Karaçimen presented an important framework for the style I want to do here with her field work. But ultimately the background I tried to follow in this study is different.

§ 1.1 Why Debt

Who is the debtor? How much is it possible to talk about a debt that is valid for everyone here? How is it possible to portray everyone as a consumer society with the same motives, focused on consumptionism, driven to loans with the ambition of growth, chasing interest rate cutting for mortgage and spending in an unlimited amount with credit card? I don't think there is a concept of debt that applies to everyone. When we talk about debt, we have to question who we are talking about debt, and what motives are produced in what circumstances. While debt has become an imperative aspect for a group to sustain their lives, vice versa it can be a means of reproduce wealth for another group.

In this thesis, I am not focusing solely on financial debts. Debt is still preserved in the informal field as non-explanatory misconception, which still dominates the literature, and the financial network has not yet absorbed these

-
- 4 Kus, Basak. "Sociology of Debt: States, Credit Markets, and Indebted Citizens". *Sociology Compass*, 9, 2015, p. 212– 223. Kus, Basak. "Credit, Consumption, and Debt: Comparative Perspectives." *International Journal of Comparative Sociology* 54, no. 3 (June 2013): 183–86.
 - 5 Karaçimen, Elif. *Türkiye’de Finansallaşma: Borç Kıskaçında Emek*. SAV, 2015.
 - 6 Güngen, Ali Rıza. *Debt management and financialisation as facets of state restructuring The case of Turkey in the post 1980 period*. ODTU, PhD, 2012.
 - 7 Akçay, Ümit and Ali Rıza Güngen. *Finansallaşma, Borç Krizi ve Çöküş Küresel Kapitalizmin Geleceği*. Notabene Yayınları, 2016.

relations. But in contemporary conditions, this financial network dominantly determines the debt.

Debt can only be comprehend by taking into consideration at the complex structure of class relations and the effect of income inequality and particularly wealth inequality. And in relation to this, it can be understood by focusing on how discursive superiority and moral judgments are shaped in debt-specific. At this point, leaning directly into people's lives and making an in-depth ethnographic outline of their experience will obviously be more descriptive and elucidative than the hypothetical readings of social and economic relations.

The concept of debt is supposedly an apparatus of large purchases that she/he could not afford under normal conditions. Debtor uses this method for daily consumptions, enrichment or possession new home or car. First, I have tried to elaborate the main impulsions of the indebtedness. In addition to this, there can be analytically separations among the forms of debt. Thus, the different actors are distinguished for their income levels or class structures. It can be said that three categories for the debtor; 1 who took on secured debt or mortgage loan or commercial loan as a large-scale credits, 2 who took on unsecured debt such as credit cards debt or consumer debt as small scale credits 3 who intersectionally had two types of debts.

The matters of indebtedness and borrowing should be inquiring through credit cards, bank loan or borrowing and various financial instruments that penetrating the all aspects of everyday life. This field research tries to enlighten how significant transformation of credit and debt issues make an impression in a micro context. Credit card usage, credit card debt statistics, long-term loans or short mid-term installment loans, individual amount of debt has upsurged since 2001 in Turkey.

§ 1.2 Methodological Perspective

The methodological route of this work cannot be reduced to a technique as described in the classic method books, but of course there are many names that directly affect this work and their approaches identified with it. At this point, I try to modestly follow the efforts of Michela lemont and Ann Swidler

to overcome a duality that makes a distinction between sociology and anthropology, but which generally shapes the social sciences until recently. They briefly clarify the methodological pluralism and pragmatism and against methodological tribalism.⁸ In other words, it is necessary to embark at a particular methodological technique in sociology without being conditioned and to establish opposite relations between different orientations and techniques. It is possible to use both interviewing and ethnography according to their place and to think jointly with each other.

In general, I will benefit from class analysis debates, labour studies, economic sociology and economic anthropology literatures. A qualitative study is designed to understand this indebtedness phenomena and its complex process. The study will be based on semi structured and in-depth interviews aiming to analyze the certain groups' patterns, motivations, practices, discourses, thoughts and imaginations. However, groups on which will be studied and researched are spatially organized in Istanbul. The study will be based on in-depth interviews to analyze the differentiation of debt effects between two different classes. There will be 40 interviews with subcontracted workers and small and medium-sized enterprises. The data of interviewees will be collected via semi - structured interview method as a subcategory of in-depth interviews.

In general, I will benefit from class analysis debates, social stratification and labour studies in Turkey, economic sociology and economic anthropology literatures. Unfortunately, debt literature in Turkey is quite limited with pure financial and economical perspective. Only few studies are available in a broad sense as a social science works. On the other hand, statistics are also essential resources for majors changing and historical evolution. In this manner, this study combines the qualitative and quantitative methods via collecting the data on level of income, inequality and debt statistics from TBB, BDDK, TUIK, OECD, IMF, World Bank, Central Bank of the Republic of Turkey, ILO, World Inequality Database and so forth.

8 Lamont, Michèle, and Ann Swidler. "Methodological Pluralism and the Possibilities and Limits of Interviewing". *Qualitative Sociology*, 37 (2: 153-171, 2014.

From this point, I have to make some technical explanations on the scale of the study. At this point, the methodical technique followed in this study is an in-depth interview, but I also took observation notes to a certain extent. I took notes in a 60-page 15cm by 10cm pocket notebook to interviewers, to the places I met with them, and to associate them with the thesis on different occasions. Then I used some of them here.

The following criterias were taken into consideration when selecting interviewers in this study: In the first stage, a distinction was made between different income groups according to their monthly average income. Secondly, the interviewees were roughly classified according to the following four income levels: Lower, lower-middle income, upper-middle income and upper incomes. At this point, we are faced with the problem of how to determine the income groups. In this respect, I used a certain extent the distinctions classified according to the declared income in the household surveys which are divided into 20% layers determined by TurkStat. Before I started working, I partially recognize the limits of this classification, because I was aware of the criticisms in various class, inequality and labor studies about the margins of TurkStat's household income segregation and lack of upper income levels interviewees in the participant profile.⁹ Hence, although I took into account the classification that TurkStat had made, I didn't follow to it. In the end, I included the idea that, as Piketty et al. particularly emphasized, it was not enough to think about income, but it should be focused on wealth.¹⁰ Third, in addition to these factors, I used the distinctions of professional groups by made the ILO and constructed a sample according to the specific occupational lines.¹¹ In this context, interviewees's average monthly income, their professions and positions in the occupation were considered together.

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- 9 Birelma, Alpan. *Ekmek ve Haysiyet Mücadelesi: Günümüz Türkiye'sinde Üç İşçi Hareketinin Etnografisi*. İletişim Yayınları, 2014. Alvaredo, Facundo, et al. *World Inequality Report 2018*. The Belknap Press of Harvard University Press, 2018.
 - 10 Alvaredo, Facundo, et al. *World Inequality Report 2018*. The Belknap Press of Harvard University Press, 2018..
 - 11 ILO, International Standard Classification of Occupations (ISCO-o8 and International Classification of Status in Employment (ICSE-93).

In this study, although I had a semi-structured questionnaire in accordance with the technical interviewing method to a certain extent, I did not rely solely on these questions and often conducted interviews with different sub-questions. It is clear that this is not an abuse or distortion of data. I pursued statements only to dig out the answer. During the interviews, participants were allowed to reach forgotten or different dimensions of the matter in the face of situations such as language accidents and memory games. It is significant that Bourdieu expresses mere reflexivity that is not sufficient against the resistance objectification.¹² Participants interview during the research verbally permitted for voice recording. Their personal identifying information have been kept confidential and names used anonymously.

Accordingly, this study particularly focuses on 12 people from different income and profession groups in Istanbul. First, this study aims to investigate subcontractor workers' new patterns about the debt phenomena via the consequences of the becoming debtor for lower income group. Second, Although the middle income group is a rather vague definition, I look at the middle class on the scale of two expert/civil servant and two different white collar managers/ directors. Finally, two different high-income employers were interviewed. One of them partner and manager of a SME and the other owns a technology company.

Another crucial issue is related to the imperative moral and political situation it contains while working in debt. without questioning the procedural error, he asks the question directly for a specific purpose with the reference to the conscious and controlled construction of the distance to reality when necessary, and actually constructs the problematic with an intervention.¹³ I follow Bourdieu's approach when discussing the debt issue.

In fact, this discussion extends to a more complex place. I will discuss this in detail later. Indeed, a similar discussion came into re-question in all social sciences, particularly among economists after the 2008 crisis. Actually, anthropologists, historians and sociologists have already made these discussions

12 Bourdieu, Pierre. *Dünyanın Sefaleti*, Heretik Yayınları, 2015, p.923 and 936-937..

13 *Dünya'nın Sefaleti*.

in all dimensions before this turbulence. For example, the Nobel Prize-winning economist Akerlof brings a very clear criticism of the mainstream logic of economics.¹⁴

§ 1.3 The Impact and Limitation of This Research

The matter of debt is studied almost all by the angle of economics and finance, in particularly Turkey. Accordingly, a few researches were produced as a non-mainstream-economist point of view but, the anthropological or sociological study about debt issues do not exist as an empirical research in the context of Turkey.

I anticipate, this research on debt issue will be provided a tangible field-work through empirical study and sociological analysis. Finally, as far as possible I want to refer to the limitations of this project. This research mainly focuses on highly limited territorially; just Istanbul is in case of this study. Another limitation relates the quantity of interviewees that is much more important in the sense of generalizability and validity in the scale of Turkey. Despite all these limitations, I hope, this investigation will present a comprehensive sketch and an introductory debate for contemporary indebtedness phenomenon in the last 20 years of Turkey.

14 Akerlof, George. *Sins of Omission and the Practice of Economics*, 2018.

The Articulation of an Indebted World

Dream is over ... People woke up like they fell out of bed, didn't they? Not with a caressing music, but with a kick.

– Petros Markaris, *Lixiprothesma dania*¹

§ 2.1 Introduction

In this chapter, I will briefly address the sources that I first relate to while working on the matter of debt and which shaped this thesis theoretically. Then, to elaborate these sources, the answer to the question of what are the concepts of money, credit and debt will be sought first. I will then briefly address the fundamental debates that debt is associated with today in two separate sections; 1 neoliberalism and financialization, and 2 class and inequality. Finally, the general lines of the approach followed in this study on debt will be summarized and this section will be completed.

1 Markaris, Petros. *Batık Krediler (Lixiprothesma dania)* . Can Yayınları, 2017, p. 63.

§ 2.2 Nexus Rerum

Here, the question of money becomes intriguing. For who could claim that money is not part of economics? It is omnipresent in our daily lives. We are all obsessed by money. When we cannot access it, we are excluded from society, or at least subject to humiliating social palliatives that make our existence a matter of survival rather than living.

Michel Aglietta, *Money: 5,000 Years of Debt and Power*²

“Global debt has arrived highest level” or “debt has never been higher than today”. We have been hearing these kinds of headlines for almost from the beginning 2000’s, particularly after 2008. Global debt is rising and debts are at the highest level in history. The world breaks a new record for its own highest debt level at every historical moment. After the 2008 crashed *The Economist* launched interactive indicator about public debt across the world, its called “The global debt clock”. The Economist’s debt clock was ticking in every moment until 2015.³ But what happened to the *time’s arrow* also happened to the global debt clock.⁴ By 2015, the thermometer was stuck where it was, and it came to a deadlock, just it was ticking towards the future debt horizon. Towards an fuzzy future.⁵

2 Aglietta, Michel. *Money: 5,000 Years of Debt and Power*. Verso Books, 2018, p.11.

3 “Economist clock is ticking as global public debt rises by the second”, Guardian, First published on Thu 17 Sep 2009. <https://www.theguardian.com/business/2009/sep/17/economist-global-debt-clock>. “The global debt clock”: https://www.economist.com/content/global_debt_clock?page=56#sort-comments.

4 “Time’s arrow is broken; it has no trajectory in a continually reengineered, routine-hating, short term political economy”. Richard Sennett, *The Corrosion of Character*, New York: W.W. Norton, 1998, p. 98.

5 All the graphics and figures in this thesis are prepared by the author from the relevant data sources.

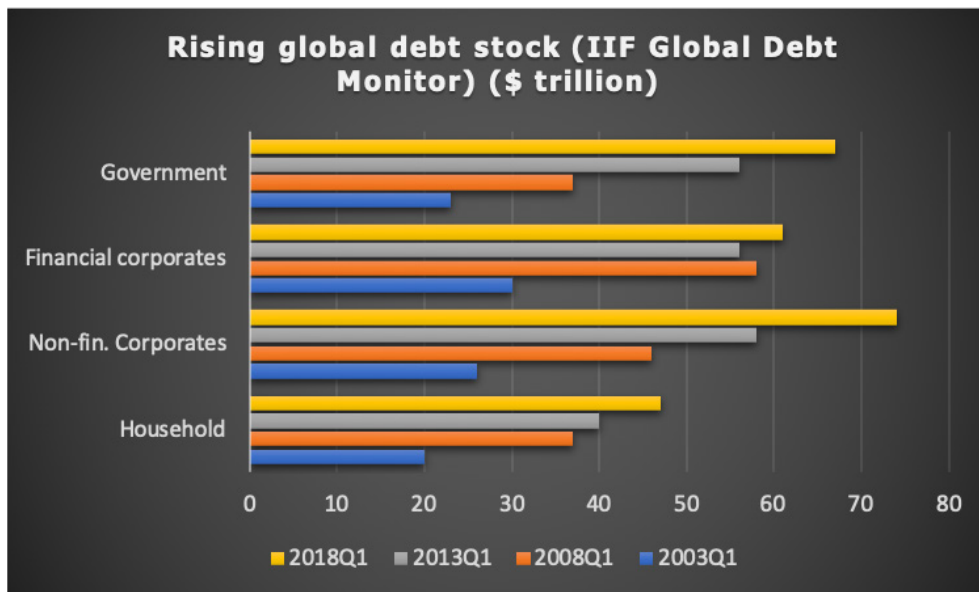


Figure 2.1 Distribution of Global Debt. Source: IIF

In the meantime, the struggle between creditors and debtors go a while. On the other hand, the catastrophe generated by debt have spread from the micro-fields of everyday life to the macro-scale of the economy to all capillaries of the social life. Indeed, debt has always been an grievous matter in history.⁶ However, as an one of the most severe nuisance of the our lives, debt trouble or literally indebtedness that has been expeditiously dominating the last two decade.

The 2008 financial crisis was seemed as a signal flare for disillusion of the contemporary debt enclosure. According to the IIF the global debt had risen \$99 trillion by the 2003, \$178 trillion in the 2008 crisis and “hitting a new record over \$250 trillion” by the 2019 Q2.⁷ This debt level is more than 320% of the world’s GDP.⁸

6 Graeber, David. *Debt: The First 5,000 Years*, Melville House, 2012.

7 The Institute for International Finance (IIF) was established after the international debt crisis of the early 1980s by 38 banks of industrialized countries in 1983 and now their members reached 450 across the 70 countries. 14 banka, bir holding ve BAT

8 IIF Global Debt Monitor, November 2019.

What should we see and infer when we look at these numbers and figures? Capitalism, class, globalization, financialization, state, individual, company, private, public, structure, agency, inequalities, equality of opportunity, world wealth, development and progress or collapse, what should we see? What is the debt, how was it experienced and what does it tell us? Sassen is right in saying that one of the underlying problems of all this is interpretation.⁹ The numbers and figures about debt do not actually sign anything, but they only have a voice when they make an explanation about them. Because when the debt is a matter, you can approach it with the fictional assumptions of mainstream economics like Neil Ferguson, the faithful representative of the Friedman tradition, and on the other side, the persistent attitude of avoiding false questions like David Graeber.¹⁰ In this study, the style of explanation I try to follow is exactly close to the latter.

I am trying to deal with the debt around three related issues. First, I engage in the concept of money, debt and credit in relation in a broad sense Maussian tradition (i.e. human economy explained by Keith Hart and Chris Hann and new economic sociology, secondly I take advantage of different variants of class discussion and finally try to relate the issue with the literature of the inequality. By combining these three approaches and explanations in relation to each other, it is possible to have a more explanatory framework for economic relations in general and debt in particular. And in relation to all this, in the particular issue of the debt, economic relations cannot simply be reduced in economics; the debt as a moral and political issue is a matter of people's emotional, cultural and complex relations network beyond the classical economic assumptions. All of these convergences will be evaluated using the literature of the new economic sociology and the economic anthropology. Frankly, although I know that the carrying out I mentioned from the beginning is difficult, at least it is difficult for me to do, and although it may be argued that I made a successful presentation in this study, but I would like to emphasize the importance of these approaches in the questions I try to ask.

9 Sassen, Saskia. *Expulsions: Brutality and Complexity in the Global Economy*. Belknap Press, 2014, p. 7.

10 Graeber, David. *Debt- The First 5,000 Years*. Melville House, 2012, p. 388-390.

§ 2.3 What is Economy, Money and Debt?

2.3.1 *Economy or Human Economy?*

Chris Hann and Keith Hart propose the term human economy rather than the use of the concept of economy. So what is the economy, that we can talk about the human economy? First we need to talk about a general understanding of the economy and what it includes as a scientific discipline. By its understood use until the late nineteenth century, the term economy meant the production and sale of products and services on a national scale. Later, with the emergence of the modern economy, the understanding that international market logic prevailed and that people completed an evolutionary development, made rational choices and maximized their marginal utility prevailed. At the same time, as a system based on what can be considered economics, it also includes distribution and exchange within the relations between production and consumption, as a system based on the economy being countable and quantifiable.¹¹ Thus, the order of the capitalist market economy and the dominance of the liberal political system are revealed. At this point, as a social science, economics is the area closest to natural sciences. It is a metric, formal, mathematical and biological hybridity that studies the world of motivated people with numerable dimensions, rational actions and profit maximization. And there is a scientific expert and spokesperson in this field: Economist. Bourdieu briefly said:

Economics is, with a few exceptions, an abstract science based on the absolutely unjustifiable separation between the economic and the social which defines economism.¹²

One of the long debates about the crisis is how economists cannot foresee the 2008 crisis, and why they fail, despite their superior position as a science, endless modeling, mass statistics, and so many technical infrastructure, resources and institutions. For example, Krugman (in a frequently cited article stresses

11 Hann, Chris and Keith Hart. *Economic Anthropology*. Polity Press, 2011, p. 6-15.

12 Bourdieu, Pierre. *Acts of Resistance*. Polity, p.51.

that economists are “faith-based” and therefore fail to predict the 2008 crisis.¹³ Adam Tooze presented the historical development of the 2008 crisis in a very detailed and interesting way. And to summarize sketchily,¹⁴ there were actually economists those who foresee the crisis, but because the world is completely focused on inflation or monetary policy and the agenda of the politicians (in this case particularly Obama works differently, an early action on the crisis could not be developed here.¹⁵ But the problem is not an inter-economist or politicians actions, but the problem is fundamentally within economics. In fact, the problem is not essentially about whether economists can predict or not. When you take the issue from here, there is a lot of things that are not discussed and ignored. As the economy has its own sphere of scientific superiority and the logic of separation between fields in social sciences still carries the positivist balance on it. The problem is related to the epistemological logic inherent in economism, although conflicting economic theories, when it comes to the emergence of money and the debate of exchange, the theory of rational action, the evolutionist progress comes to a connected reading of history or to political moral questions. The problem is that economics and its performers need to get rid of any superiority of themselves and see that there are other epistemological, moral, and scientific aspects of the issue. Marion Fourcade and colleagues showed this quite terse:

When we refer to the “superiority of economists,” our double entendre has both a descriptive and an explanatory purpose. Economics occupies a unique position among academic disciplines. It is characterized by far-reaching scientific claims linked to the use of formal methods; the tight management of the discipline from the top down; high market demand for services, particularly from powerful and wealthy parties; and high compensation. This position of social superiority also breeds self-confidence, allowing the discipline

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- 13 Krugman, Paul. “How Did Economists Get It So Wrong?”. *New York Times Magazine*, Sept. 2: 36, 2009.
 - 14 For example Carmen M. Reinhart and Kenneth Rogoff recognized the dangers of the financial crisis. For detailed explanations see also Reinhart, Carmen M. and Kenneth S. Rogoff. *This Time Is Different: Eight Centuries of Financial Folly*. Princeton, 2009.
 - 15 Tooze, J. Adam. *Crashed: How a Decade of Financial Crises Changed the World*. Allen Lane, 2018.

to retain its relative epistemological insularity over time and fueling a natural inclination towards a sense of entitlement. While the imperialistic expansion of economics into aspects of social science that were traditionally outside the economic canon has spurred some engagement with noneconomics scholarship, the pattern of exchange remains deeply asymmetrical, causing resentment and hostility in return. And while economists' unique position gives them unusual power to accomplish changes in the world, it also exposes them more to conflicts of interests, critique, and mockery when things go wrong.¹⁶

If we talk about it in the context of our own subject, it is not possible to grasp the issue of debt based on this kind of economic understanding. Beyond any doubt, the story is very different from what happened here. This approach is a form of historical reading asserted by the mainstream economics narratives, the idea of *homo economicus* and prevailing liberal political comprehension.¹⁷ However, the perspective adopted here is to act against this dominant narrative with not merely from a reductionist in economic terms, but from a set of unconstructed notions of rational choice and utilitarianism about the social in different aspects. Caille is right about the critics of utilitarian approach to the social sciences, but on the other hand, critical and non-reductionist attitudes are now a considerable collection within the disciplines of sociology, anthropology and economics.¹⁸ Hart and his co-workers explain their alternatives as follows:

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- 16 Fourcade, Marion, Etienne Ollion, and Yann Algan. "The Superiority of Economists". *Journal of Economic Perspectives*, Vol. 29/1, 2015, p.91. In fact, what Fourcade said widely resonated in positive manner, especially among economists, but ironically it also related to the fact that this article appeared in a very famous journal of the field of Economics. For example, in the context of Turkey, we can see this case clearly in the article of Asaf Savaş Akat, a well-known economist in both academic and popular terms. See also Akat, Asaf Savaş, "İktisat Eğitimi Üzerine Gözlemler". *İktisat ve Toplum*, Vol. 79, 2017, pp. 15-16.
 - 17 For *Homo economicus*, see also Callon, Michel. "An Essay on the Growing Contribution of Economic Markets to the Proliferation of the Social." *Theory, Culture & Society*, 24, no. 7-8, 2007, pp. 142-143.
 - 18 Caille, Alain. *Faydacı Aklın Eleştirisi*. İletişim Yayınları, 2007, p. 52-53. Moreover, it would be very wrong to think that even Bourdieu is embedded in this utilitarianism or mainstream economics, even though there are some justifications for the way Caille did. See: Christoforou, Asimina and Michael Lainé. "Re-thinking economics – why Pierre Bourdieu?" in *Re-Thinking*

The project of economics needs to be rescued from the economists. The mask of neoliberal ideology has been half-ripped from the politics of world economy. It is up to us to propose an effective replacement.¹⁹

The concept of Human Economy is generated precisely on this critical axis. As an elastic idea, 1 it is made and remade by people, 2 it refers multiplicity and institutional complexity 3 inclusive perspective for everyone's wellbeing 4 it appeal to a whole humanity.²⁰ At this point, I adopt this kind of economic view.

In addition, it is possible to relate the matter to another remarkable statement. Laurent Thévenot clarifies:

Economic sociology currently aims at unveiling the hidden social part of economic phenomena that economists ignore or misrepresent. We would rather work in parallel with the two disciplinary traditions, bringing out common fundamental issues about coordination, cognition and evaluation, and qualification of the human and material world, questions which are blurred by disciplinary antagonisms.²¹

2.3.2 Money and Debt

It is important for Marx to understand the various dimensions of money, not merely a means of circulation.²² In Marx, the relationship between value and money is as follows. Marx was influenced by the classical economists. Classical school sees capitalism as the natural order of economic life. The theory of Marx draws on the historical specificity of capitalism. Classics (even though

Economics: Exploring the work of Pierre Bourdieu. ed. Asimina Christoforou and Michael Lainé, Routledge, p.8-9, 2014. See also for Turkish: Özatalay, Cem. "Ekonomi Teorisi ile İlişkisi İçinde Bourdieu: Bir Komprador mu, Bir Eleştirmen mi?". *Sosyoloji Dergisi*, 3/25, pp. 57-83, 2012.

19 Hart, Keith, Jean-Louis Laville and Antonio David Cattani eds. *The Human Economy: A Citizen's Guide*. London: Polity Press, 2010, p. 5.

20 *Ibid.*, pp. 4-11.

21 Thévenot, Laurent. "Answers ten questions about economic sociology". *Economic Sociology*, 8(1, 2006, pp.36-40.

22 Lapavistas, Costas and Makoto Itoh. *Para ve Finansın Ekonomi Politikası*. Yordam Kitap, p. 27, 2012.

they have different approaches regard money as a means of exchange first of all. Marx finds a solution to the conundrum of money based on the separation of value forms and essence. Capital is based in the first part on the assumption that commodities are exchanged directly in the footsteps of classical economists. At this point, the essence of value is abstract human labor crystallized in commodities. But there are two fundamental distinctions about Marx's theory of value. 1-value production 2-value circulation.²³ Lapavistas does not base both the logical implications of value forms and the explanation of the spontaneous emergence of money on the value of crystallized labor. But at least Marxism says something about the spontaneous emergence of the process of monopolization of exchangeability.²⁴

According to Simmel in the modern economy, the function of money is both to establish the distance between goods and individuals and to provide the opportunity to overcome all difficulties of this distance. The current prices of things in the modern economy create a distance between us and them; only the money that makes it possible for us to overcome that distance and reach them.²⁵ David Frisby asserts the pathos of distance between subject and object that is Simmel's distinguishing money economy in his general perspective.²⁶ For Simmel money is a purely sociological phenomenon and a form of human practices, and the texture of money based on intensified to the extent that social relationships are connectable to each other via cultural interactions.²⁷ Simmel says that it is possible to borrow for consumption purposes as a productive model of money and to produce money through debt. Simmel expresses the relations between money and debt as follows:

The dual role of money that is lent should also be considered here, first in the ideal but very significant form of active debts, and second as a reality in the hands of the debtor. As a claim it counts among the assets of the creditor, and although it is not immediately available it is still

23 *Ibid.*, p. 48-49.

24 *Ibid.*, p. 52-53 and footnote 26 in p. 254.

25 Simmel, Georg. *The Philosophy of Money*. Routledge, 2011, pp.136-137.

26 *Ibid.*, p. XXV.

27 *Ibid.*, p. 184.

very effective; on the other hand, although it does not form part of the debtor's property he can still achieve the same economic effects as if it did. The lending of money divides its activity into two parts and increases enormously the product of its economic energy.²⁸

Aglietta elaborately presents the meaning of money that is not belong to the concept of economy, especially the market capitalism, but as something that depends on social relations, which is produced and processed through these relationships and, accordingly, is collected in value, change and payment itself.²⁹ He clearly elaborates the meaning of debt in the current context.

Market relations are constituted by debts. No matter what motivations or obligations have given rise to these debts, they are validated by society itself. The fact that such debts constitute a system is thus fundamental to the debt relation. For society, the system of debts is inextinguishable. If all debts had to be settled simultaneously, society would disappear. That is why we can only properly understand money's social nature by addressing the question of the payment system, through which the settling of debts takes place. Whoever speaks of 'debt' in a market society is referring to a constraint on the solvency of whoever bears that debt. It is money that clears a debt or defers it in time in a manner that society recognises as legitimate. It is the payment system that makes this social constraint operational. The logic of debt validation – the settlement obligation – operates independently of the reasons for the debts' contraction.³⁰

Nigel Dodd point outs the six fundamental classification about origins of money in his well detailed book. 1 Barter (Menger: Metalism, 2 Tribute (Laum: Chartalism, 3 Quantification (Simmel: Cultural alienation, 4 Mana (Mauss: Human economy, 5 Language (Saussure: Digital money, 6 Vio-

28 *Ibid.*, p. 183.

29 Aglietta, Michel. *Money: 5,000 Years of Debt and Power*. Verso Books, 2018, p.31-32.

30 *Ibid.*, p. 39-41.

lence (Aglietta & Orléan: Social power. The framework money is quite versatile and multidimensional and Dodd explores “money’s social life in all of its myriad complexity”.³¹

§ 2.4 Before Debt Became A Rule of Life

Although the concept of neoliberalism is highly exhausted in the social science literature, it has still operational and explanatory for the contemporary social and economic condition of the world. David Harvey makes one of the most common definitions of neoliberalism:

Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade.³²

Neoliberal domination began when Keynesian liberal demand management was collapsed in the inflation crisis of the 1970s.³³ Contrary to general opinion, neoliberalism is not a new version of liberalism. But, inevitably, to gain an understanding of neoliberalism, “we need to know what liberalism is or was, and what is meant by the prefix.”³⁴ Classical liberal paradigm, in other words Keynesian economic policy, based on state intervention for market regulation. Keynesian demand management had Achilles heel: The inflation. Countries that practiced Keynesian methods were quite vulnerable to inflationary shocks. At the beginning, neoliberals demanded controlling the printing of money via government macroeconomic policy deal with only the price level. The ideas of monetarism and other neoliberal tendencies were extraordinarily spread against Keynesian economic policies since 1970s in the global extent.³⁵

31 Dodd, Nigel. *The Social Life of Money*. Princeton University Press, 2014, p. 47.

32 Harvey, David. *A Brief History of Neoliberalism*. Oxford University Press, 2007, p. 2.

33 Crouch, Colin. *The Strange Non-Death of Neoliberalism*, Polity Press, 2011, p.10.

34 *Ibid.*, p. 12.

35 *Ibid.*, pp. 27-29

Neoliberal policies around the world began the aftermath of the oil price increases in the 1970s. Thus the Bretton Woods system was disintegrated. For Graeber, as most prominent economists, the story of financial neoliberalism started with the disintegration of the Bretton Woods system via Richard Nixon “announced that foreign-held U.S. dollars would no longer be convertible into gold” on the August 15, 1971.³⁶ He expressed this process as a “The Beginning of Something Yet to Be Determined”.

In the Fordist era, as Sennett expression *the secret of this industrial order lay in its precise routines*.³⁷ Taylorite logic of *metric time* never allow for the workers to understand that complexity of their own working process. But, according to Sennett, “routinized time had become an arena in which workers could assert their own demands, an arena of empowerment”. Although workers are squeezed in the time-motion management, they had basic unions rights and “stable” job that will be provided retirement. Sennett shortly epitomizes the new neoliberal condition in *Corrosion of Character*: “Time’s arrow is broken; it has no trajectory in a continually reengineered, routine-hating, short term political economy”.³⁸

However, in the contemporary labour condition, precariat was occurred as a tragic and amorphous concept. This concept as a neologism that combines an adjective ‘precarious’ and a related noun ‘proletariat’.³⁹ When we use the precariat, we do not refer to classical understanding of “class” or “working class”.⁴⁰ However, precariat is defined by what it is not. Thus, Standing claim that the precariat is a class-in-the-making as Marxist idiom. In the present time, four working groups are outside of the concept of precariat. These are ‘elite’, ‘salariat’, ‘proficians’ and ‘working class’.

These all kinds of class classifications ambiguously represent as active borrowers or debtors new economic order. Neoliberal changes fundamentally have developed via financialization and the new way of indebtedness. After

36 Graeber, David. *Debt: The First 5,000 Years*, Melville House, 2012, p. 361.

37 Sennett, Richard. *The Corrosion of Character*. W.W. Norton & Company, 1998, p. 34.

38 *Ibid.* p. 98.

39 Standing, Guy. *The Precariat*. Bloomsbury, 2011, p. 7.

40 *Ibid.* p. 7-8.

the disintegration of Bretton Woods system, new institutional changes deeply had transformed economic structure of global world. IMF and World Bank mainly had influenced developing countries within the frame of The Washington Consensus.⁴¹ Thus developing countries were imposed accepting new financial market order. Crouch said: “the history of financial markets is not one of long-standing smooth adjustments, but of successive crises”.⁴² Historically, over the past decade severe economic crisis occurred the 2008–2009 crisis, there had been the large Asian debt crisis of 1997–1998, the dot.com bubble of 1999–2000, and the Argentinian crisis of 2002. However, Michael Burawoy describes neoliberalism as the third wave of Great Transformation that has delivered new and wild forms of commodification of money. Particularly Burawoy follows and criticizes Karl Polanyi and with his own words he tries to offer “a different rendering of Polanyian historicized account of capitalist globalization that centers on commodification of labor, money and nature and their inter-relations”.⁴³ This Third Great Transformation consists of the articulation of (de)commodification of labor, money and nature. This process is highly related with structural and institutional changes that are crystallized at International Monetary Fund, World Bank, World Trade Organization and OECD. The engagement of these institutions in neoliberal reconstruction has been extended to most developing countries in a wide range of policy areas.⁴⁴ For example, the Organization for Economic Cooperation and Development (OECD, which had usually recommended Keynesian demand management to its member states, began to promote free markets by the late 1970s. During the same period the World Bank turned from supporting government projects in developing countries to backing mainly private ones.⁴⁵ Crouch explicitly demonstrates substantial differentiation of two manners of approaching:

41 Pamuk, Şevket. *Uneven Century – Economic History of Turkey since 1820*, Princeton University Press, 2018, p.263.

42 Crouch, Colin. *The Strange Non-Death of Neoliberalism*, Polity Press, 2011, p. 101.

43 Buroway, Michael. “From Polanyi to Pollyanna: The False Optimism of Global Labor Studies”, *Global Labour Journal*, v.1, 2010, p. 307.

44 Öniş, Ziya and Fikret Şenses. “Rethinking the Emerging Post-Washington Consensus”, *Development and Change*, Vol. 36, Issue 2, 2005, p. 285.

45 Crouch, Colin. *The Strange Non-Death of Neoliberalism*, Polity Press, 2011 p. 29

The protection of employment levels had been the central preoccupation of postwar demand management policies. Neoliberals argued that trying directly to do this would in the long run be self-defeating, as it relied on an artificial support for demand levels that would become increasingly inflationary.⁴⁶

This new wave gradually intervened and enlarged towards people micro lives that insist of labour, working conditions, interest, occupational pensions, health system and Welfare Regimes. The neoliberal wave not only criticize labour markets at the macro-level of demand management policies, but extended in micro level of working life. They claimed that governments or trade unions do not establish to standards for working hours, working conditions and occupational pensions, “unless these emerged from market competition”.⁴⁷ However, Burawoy clearly claimed that the true character of third-wave marketization has immanently severe commodification of nature that contains land, water and air.⁴⁸ This kind of commodified nature perception has been rapidly spreading all over the world.⁴⁹ These kind of critical matters utterly relate with the debt regimes of neoliberalism rather than just financialization. Because, “what we reductively call “finance” is indicative of the increasing force of the creditor-debtor relationship” in this phase of capitalism. According to Lazzarato,

Neoliberalism has pushed for the integration of monetary, banking, and financial systems by using techniques revelatory of its aim of making the creditor-debtor relationship a centerpiece of politics. For integration clearly reflects a power relation based on property. In the current crisis, the relation between owners (of capital and non -owners (of capital has expanded its hold over al l other social relations.⁵⁰

46 *Ibid*, p.17.

47 *Ibid*, s. 31.

48 Michael Burawoy, “From Polanyi to Pollyanna: The False Optimism of Global Labor Studies”, *Global Labour Journal*, v.1, 2010, p. 309.

49 *Ibid*. p. 310.

50 Lazzarato, Maurizio. *The Making of the Indebted Man*, Semiotexte, 2011, p. 23.

Historically, in the most societies, debt has been related with wealthier groups. The last three decades were distinctive that spread high debt levels among modest incomes people and “whose only wealth is a house that is heavily mortgaged”.⁵¹ The credit markets have been expanded for poor and middle-income people, and the new financial derivatives and futures markets have been concentrated among the very wealthy. According to Crouch this new order produced “a model of ‘privatized Keynesianism’ ... which gradually became a crucial matter for public policy”. No longer governments struggle with debt to accelerate the economy, on the contrary, ordinary individuals and families even poor ones have to cope with new severe “economic” consequences.⁵²

From the early times of capitalism to Fordist model of capitalism, the struggle for time and control of time are the most crucial aspect of working life. E.P. Thompson expresses explicitly vital position of time for primitive people to moderns but with absolute difference between two categories. “The measurement of time is commonly related to familiar processes in the cycle of work or of domestic chores” among primitive peoples and even Bourdieu’s description of the attitudes towards time of the Kabyle peasant substantially incompatible with the time perception and notation of modern capitalism.⁵³ The discipline of time had emerged the synchronization of labour in the manufacturing industry or farm but this intense labour discipline did not easily accept by workers. Workers certainly know the importance of time and what is the meaning of piece work since 19th century and historically and explicitly, E.P. Thompson showed that: “They had accepted the categories of their employers and learned to fight back within them. They had learned their lesson, that time is money, only too well.”⁵⁴

Although E. P. Thompson is still right; Fordist production era transformed the perception of time and the using of time. This economic mentality tended

51 Crouch, Colin. *The Strange Non-Death of Neoliberalism*, Polity Press, 2011, p. 110.

52 *Ibid.*, p. 114.

53 Thompson, E. P. “Time, Work Discipline and Industrial Capitalism”, *Past and Present*, vol.38, 1967, pp. 58-59.

54 *Ibid.* p. 86.

to mass production for mass consumption items. Particularly, Fordist imagination completely harmonized with Taylorism as the model of scientific management approach that can be defined to try achieving most effective using of time.⁵⁵ Time motion studies consider that workers can arise effectivity via time discipline on assembly line. Harry Braverman briefly summarizes Taylorist way of thinking: “Scientific management and the whole “movement” for the organization of production on its modern basis have their beginnings in the last two decades of the last century. And the scientific-technical revolution, based on the systematic use of science for the more rapid transformation of labor power into capital, also begins, as we have indicated, at the same time.”⁵⁶ In the contemporary era, this perception of time was entirely ruptured by the new mode of market mentality. Scientific management, time discipline and routine are no longer matter of fact in a broad sense.

§ 2.5 After 2008

After 2008, many institutions began to keep the scoreboard of debt attentively than ever. Starting with many major institutions around the world, the debt reports have spread to local institutions. The World Bank, IMF, IIF began publishing regular statistics and reports on the global debt. Surely, the history of statistics and reports produced on debt dates back to a very long time, but particularly after the 2008 the debt was gained a new context and attention. For instance The Federal Reserve Bank of New York (FRBNY introduced Consumer Credit Panel “a new longitudinal database with detailed information on consumer debt and credit”, began reporting on US household debt every quarter.⁵⁷ And in the following process, the Center for Microeconomic

55 Braverman, Harry, *Labor and Monopoly Capital*. New York and London: Monthly Review Press, 1998, pp. 59-60.

56 *Ibid.* p. 175.

57 Lee, Donghoon and Wilbert van der Klaauw. *An Introduction to the FRBNY Consumer Credit Panel*. Federal Reserve Bank of New York Staff Reports, no. 479 November 2010. For the history of Quarterly Report on Household Debt and Credit “The FRBNY Consumer Credit Panel has made possible our Quarterly Report on Household Debt and Credit, first issued in the

Data as a new research data center including previous credit panel, which was launched in 2013 and publishes statistics on household debts in more detail, has a symbolic importance. The data contained in this reporting began in 1999, but it became more detailed after 2003. For instance, there is a remarkable question among the Consumer Credit Panel FAQ and this question is “Why do the student loan data begin in 2003 when the information on other types of debts begins in 1999?”. And the answer is “Student loans did not consistently appear on credit reports until 2003, when the major servicers of federal loans began reporting on both current and delinquent loans. Thus, we do not have reliable information on student loans prior to 2003.”⁵⁸ After 2010, student loans rose to the second place in household debts by passing credit cards and vehicle loans, and it became an “indispensable tool for education” as the Fed’s experts declared.⁵⁹ Student loan was barely catching up with 4% of total household debt in the first quarter of 1999 data, but today it has become the largest share debt after mortgage with 11%.⁶⁰

Therefore, even though the 2008 crisis occurred due to the mortgage market, all types of debt are rising last two decades. The household loan outlook had diversified, and not just house and car loans, but credit card debts and student loans were starting to take a huge place. The highlighted objectives in bringing both CCP and CMD in practice are crucial; understanding the individuals in more comprehensively, understanding the households more thoroughly, and focusing more closely on the private debt. All of this has led to closer, detailed and regularly monitoring and analysis of the data of people’s daily lives. By reason of, there is a permanent risk of the crisis, and that the risk should be kept under surveillance via monitoring and analyzing. Although this analysis appears to be a highly technical issue, the debt is extremely

second quarter of 2010.” https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr479.pdf

58 https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr479_faq.pdf

59 Brown, Meta, Andrew F. Haughwout, Donghoon Lee, Maricar Mabutas,* and Wilbert van der Klaauw. *Grading Student Loans*. Liberty Street Economics blog of FRBNY. 2012. <https://libertystreeteconomics.newyorkfed.org/2012/03/grading-student-loans.html>

60 *Quarterly Report on Household Debt and Credit, 2010 Q2 and Quarterly Report on Household Debt and Credit, 2019 Q3*.

vital to perceiving how the moral justification and the construction of moral superiority are shaped beyond just representation economic inequalities. In this manner, even risk monitoring brought about a detailed observation of which race members were paying their debts, who had the debt, who did not. The experts from FRBNY recently published a study called “*Racial Disparities in Student Loan Outcomes*.”⁶¹ This analysis focuses on borrowers looking at their ZIP codes to show which race is dominant in the area they live in and those who don’t pay their debt in those areas. They necessarily focus on ZIP codes instead of individual race information with regard to borrowers’ personal information is kept legally confidential by the Acts. The moral justification of technical experts language is clear: Blacks and Hispanics don’t pay their debt, whereas Whites do. Beyond solely focus on the public debt, the debt is now an unavoidable matter of calculation that spread across all spheres of the life. And that comes with all their political and moral justifications. At this point, it is necessary to remember Wacquant’s conceptualization of neoliberalism. The penalisation of poverty includes two core aspects of the neoliberal projection as political imagination that consist the unification of penal state’s ‘iron fist’ with the invisible hand of the market overlap the erosion of the social safety net.⁶²

61 Haughwout, Andrew F., Donghoon Lee, Joelle Scally, and Wilbert van der Klaauw. *Racial Disparities in Student Loan Outcomes*. November 2019. <https://libertystreeteconomics.newyorkfed.org/2019/11/just-released-racial-disparities-in-student-loan-outcomes.html>

62 Wacquant, Loic. “Three steps to a historical anthropology of actually existing neoliberalism”. *Social Anthropology*, 20, 2012, p.67.

Turkey's Economic Adventure after 1980

In this section I will try to present Turkey's economic transformation process and adventure after 1980. Last four decades, there have been significant transformations in the state mechanism, urbanization, demographic context, educational situation and different dimensions of the economy. This sequence of events include fundamentally the history of crises. The components of crises history are not simply economic themes but the entire aspects of social life. At the certain stage of this process with all tumultuous aspects, in other words 2000's years present the current indebted life.

In this section first, I will try to explain the featured elements of economic crises via referring to the main corpus of this literature. Second part briefly mentions financial crisis of 2001 and 2008. Then I will try to elucidate the re-contextualization and reconceptualization of *Prudential Indebtedness* term via statistical data about numbers and amounts of credit cards, debit cards, private and household credits. In last part of this section, I will frame and discuss the condition of class and inequality in Turkey after 1980 to present time .

§ 3.1 From One Crisis to Another

The macro developments in the 1980s, the transition to a flexible production regime began to seriously affect the characteristics of work and business life. A shift from the Global North to the Global South took place as a particular

space, stable business life and job definition became increasingly distant, flexible, and production lines shifted to cheap labor. Burawoy describes this process as the third-wave marketization based on the commodification of labor, money and nature after the 1974 Oil Crisis.¹ All these developments brought about the transition from production economies to consumption economies on a global scale, accelerating the time with the acceleration of technological developments similar to the 19th century. The virtualization of the real economy and the rise of fictitious capital with the dominance of financial markets corroded the different worlds boundaries and formed all actors in the World Interior of Capital.²

Turkey's story of neoliberal policies and deregulation process made by state's regulations started the new policy package launched in January 1980 in the context of the drastic economic and political crisis. Throughout following decades, Turkey's political economy and domestic policies have extremely influenced neoliberal imagination.³ This story is often mentioned generally in the literature that way and I also elaborate this framework with the some critics.

The financial markets liberalization progressively occurred. Particularly, some institutional changes occupied significant place in the process of Turkey's alteration. Firstly, The position of Central Bank was significantly changed in the matter of the determination of nominal interest rates on domestic deposits, after that the market declared own sovereignty. After 1985, public bonds were sold to banks and private individuals by the Treasury and private banks could buy new credit from international private and public sources. As a result of this process, the credit borrowing of private banks from foreign institutions to supply the domestic market actors increased the bonds of risk based on international fragilities. Political and economic instability produces deficiency of fiscal discipline and the severe increase of budget defi-

1 Burawoy 2010, pp. 308-310.

2 Sloterdijk, Peter. *In the World Interior of Capital*. Polity, 2005, p.12-13.

3 Pamuk, Şevket. *Uneven Century – Economic History of Turkey since 1820*, Princeton University Press, 2018, p. 246.

cits and for these bitter consequences effects very high rates monetary expansion and inflation and at last public borrowing and debt accumulation rates upsurge.⁴

In the same years, Turkey's transformation tended to acceleration after the end of the military regime in 1983.⁵ However, Turkey regime and politicians tried to practice the so-called structural reforms and short-term stabilization in the direction of neoliberal era's effects. These implementations were undoubtedly reasons of the long period of high and variable inflation, permanent debt stock and the deep economic crises that Turkey suffered in subsequent years. The new policies in 1989 were imported from international institutions before an appropriate regulatory system it was occurred. Şenses briefly express:

This was a major factor behind the speculative hot money flows, high real rates of interest, and deep economic crises that Turkey suffered in 1994, 2000-2001, and 2008-2009, with devastating socio-economic consequences; most notably on labor markets.⁶

The new policies did not follow Keynesian paradigm, linear way as laissez faire method, free-market competition or far from state intervention. Although this new transformation, Turkish state's presence in the economy was still going on. Fundamentally, the style of government economic interventionism had changed anymore.⁷ The new economic policies aimed to alter the 1930's interventionist and inward oriented model in the first period 1980-1987. After 1980's coup d'état, dictator regime relied on free markets and more open to international trade and capital flows. By force of military regime, wages and agricultural incomes reduced, on the other hand, there was important increas-

4 Pamuk, Şevket. *Uneven Century – Economic History of Turkey since 1820*, Princeton University Press, 2018, p. 247.

5 Şenses ,Fikret, "Turkey's experience with neoliberal policies since 1980 in retrospect and prospect", *New Perspectives on Turkey*, Vol. 47, 2012, p. 14.

6 *Ibid.*, p. 14.

7 Buğra, Ayşe. *State and Business in Modern Turkey: A Comparative Study*, SUNY Press, 1994, p.142-143.

ing of manufactures in exports and wide range of imports, especially consumer goods. The new economic and political arrangements provoked to the liberalization of the financial sector and opening the world economy.⁸

What is missing in this narrative and what is understood from political intervention or first and foremost the concept of the state? Before answering this question, it is necessary to briefly mention the prevailing narrative in the literature. One of the approaches that dominates the Turkish economic literature and even the social sciences oeuvres is based on an institutionalist or neo-institutionalist perspective. Özatalay had previously addressed this issue in the economic sociology particularly, which had taken out the balance sheet of the literature.⁹ The relationality between the bourgeois and the state is mostly based on the assumption that economic policies and distribution relations are determined by a single authority, in other words the state. This implies an absolutely direct relationship and to some extent takes shape according to the change of governments. The main problem here is essentially about the state theory, how to contextualize the state in its repertoire of social struggles. Leo Panitch and Sam Gindin showed a very convincing account of state activism in their study of how American capitalism became dominant and operative in global scale.¹⁰ There are also some studies that differ from classical approaches in this particular literature produced by economists. A notable one of these is Yalman's reading of Bob Jessop's state theory in Turkey particular case.¹¹ This text seeks to solve the state/economy and state/society dualities that took place within the texts of mainstream literature. The period when neoliberal imagination was rising in Turkey in the 1980s, is analyzed beyond methodological individualism, institutionalist and state-centric approach.

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- 8 Pamuk, Şevket. *Uneven Century – Economic History of Turkey since 1820*, Princeton University Press, p. 249-250, 2018.
 - 9 Özatalay, Cem. "Türkiye'de ekonomi sosyolojisi: Bilanço ve perspektifler". *Sosyoloji Dergisi*, 3. Dizi, 29. Sayı, 2014/2, s.29-72
 - 10 Panitch, Leo and Sam Gindin. *Global Capitalism: The Political Economy of American Empire*. London: Verso, 2013.
 - 11 Yalman, Galip. *Transition to Neoliberalism: The Case of Turkey in the 1980's*. İstanbul: Bilgi Üniversitesi Yayınları, 2009.

The perspective about the state followed in this study is as follows. Philip Abrams, an important figure in historical sociology, emphasizes that the state as an object of analysis is subjected to both a superficial simplification and a mystification at the same time, and that the sociologist's duty is to demystify the concept of the state.¹² This demystification will be possible only by putting the concept of the state in its historical and social context. In other words, using the concept of state in an analytical way without idealizing and mystifying them, and to focus on the meaning of the concept in different fields that emerged. Thus, the state is historicized by taking the meaning that concepts point to within a certain field and the inter-field relationality of the concept. Bourdieu substitutes the concepts of social space and field, leaving the society aside as a tautological concept.¹³ In Bourdieu, what connects the concept of social space with the relationship between history and sociology are the two modes of existence of the social. The concept of habitus is *history objectified in things* and the concept of field is *history incarnate in bodies*.¹⁴ The field in Bourdieu's sociology determines the structure of the social environment in which habitus operative.¹⁵ According to Bourdieu, the modern society, though relatively autonomous, consists of structurally homologous areas and consists of the production, circulation and consumption areas of various cultural and material capital. The fields provide the dialectic between social structure and practices.¹⁶ Thus, in Turkey, the contextualization of political power, the capitalist class, economic activities, economic policies, redistribution relations and struggles in this kind of perception of the state field offers a more analytical framework.

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- 12 Abrams, Philip. "Notes on the Difficulty of Studying the State", in *The Anthropology of the State: A Reader*, edited by Aradhana Sharma & Akhil Gupta. Wiley-Blackwell, 2006, p. 126. "The task of the sociologist is to demystify; and in this context that means attending to the senses in which the state does not exist rather than to those in which it does."
 - 13 Bourdieu, Pierre & Loic Wacquant. *Düşünsel Bir Antropoloji İçin Cevaplar*. İletişim Yayınları, 2011, s. 25.
 - 14 Wacquant, Loic. "Durkheim and Bourdieu: The Common Plinth and its Cracks", in Bryan S. Turner & Simon Susen ed., *The Legacy of Pierre Bourdieu: Critical Essays*. Anthem Press, 2011, p. 98.
 - 15 Swartz, David, *Kültür ve İktidar*. İletişim Yayınları, 2011, p. 167.
 - 16 *Ibid.*, s. 22.

§ 3.2 Financial Crisis of 2001 and 2008 to Time of Prudential Indebtedness

I have tried to elaborate the main framework of historical background factors of the financialization until 2000's. First, briefly the focus will be on the financial situation of Turkey without comprehensively going into the historical details of crises. In order to clarify the role of debt among classes and the point it has reached today, it is necessary to comprehend the labour structure, income inequality but more substantially, wealth inequality. In this section, first of all, the situation of working life, sectoral distribution of employees and wages will be examined. The focus will then be on income and wealth inequality in light of the data at hand. In other words, nowadays probably at all times, debt is closely encircled by non-debt issues that spread out social, political, economic, juridical and symbolic matters. All these determinative elements have a long history in the liberal to neoliberal transformation of Turkey. However, there is something brand new phenomena. After 1980's, Turkish economy has deeply engaged to debt and money that is not his own. Until the 2001 crisis, it was a burnout based on state borrowing and public finance, and most households or commercial enterprises had to cope with the public sector losses of this debt. The past two decade in other words after 2001 process, this process was based directly on tackling public debt, privatizations reached their highest level in history, while the Central Bank just focused on struggle with inflation and unemployment ceased to be the main item on the agenda. One of the most distinctive aspects of the 2000s concerns the establishment of international standards, methods and laws for the regulatory qualifications of the state with deregulationist invitation. A class of experts, now carrying the effects of the new spirit of capitalism, built the economic and political interests of the inter-national in a period that they fully embraced in association with the IMF, the World Bank and the OECD. As Bourdieu's parlance "right hand of the state, the technocrats of the Ministry of Finance, the public and private banks and the ministerial *cabinets*" was now at work.¹⁷ As an expert with ex-

17 Bourdieu, Pierre. *Acts of Resistance: Against the Tyranny of the Market*. New Press, 1999, p.2.

actly the qualifications we are looking for, the vice president of Banking Regulation and Supervision Agency (BRSA just before 2001 financial crises and after the crisis became the Undersecretaries of Treasury, in an interview with him on the 2001 crisis, he says experts “today believe that floating exchange rate is the solution to every problem, before, fixed exchange rate would be an ointment to every wound.”¹⁸ The experts imagination based on an axiomatic universe of certain codes and the operational logic of the economic field. Tilly’s codes as a justifying apparatus consist of categories, procedures, and rules. The idea of self-regulation of market leaves its place to *institutionalist* logic and mentions the substantial necessity of regulative mechanisms/institutions for the economic sphere.¹⁹ The management logic based on developmentalism, planning and public economy centered from the 1960s to 2001 always was determined by the economenality, but after 2001 the dominant imagination changed the mood. After 2001 crisis and the time of 2008 the logic of economization²⁰ or economenality²¹ as a modes of government dominated the political economy. The structural reforms, the fiscal discipline and the *prudential* borrowing, these are three magnificent mottos of 2000’s transformations.²² Mr. Hans Tietmeyer at work in Turkey context.²³

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- 18 Aydoğdu, Hatice and Yönezer, Nurhan. *Krizin Sözlü Tarihi, Kasım 2000-Şubat 2001 Ekonomik Krizi’nin Tanıkları Anlatıyor*. Ankara: Dipnot Yayınları, 2007, p.370.
- 19 Tilly, Charles. *Why*. Princeton University Press, 2008, p.102.
- 20 Caliskan, Koray and Callon, Michel. “Economization, Part 1: Shifting Attention from the Economy towards Processes of Economization,” *Economy and Society* 38.. 2009. p. 378.
- 21 Mitchell, Timothy. “Economenality: How the Future Entered Government.” *Critical Inquiry*, 40, no. 4, 2014, p.485.
- 22 For instance, *prudential indebtedness* (*basiretli borçlanma*) is constantly on the agenda in “a chain of authorities which runs from the mathematician to the banker, from the banker to the philosopher-journalist, from the essayist to the journalist” (Bourdieu, *Acts of Resistance*, p. 55, in other words the President of Central Bank or a columnist or the an economist in Turkey context: “Chairman Çetinkaya: prudential indebtedness of the real sector should be encouraged”, *Yeni Safak* online, March 08, 2017. Kerem Alkin ”Prudent indebtedness” message from Başçı to the real sector”, *Yeni Safak* online Wednesday, November 26, 2014, Cüneyt Başaran, “Basiretli borçlanma bankalar için ne ifade ediyor?”, HT Bloomberg, Saturday, July 11, 2015.
- 23 Bourdieu, Pierre. *Acts of Resistance*, 2000, p. 49.

As a result of the obsession with *financial equilibrium*²⁴ the first way to withdraw public sector debt was through privatization. Contrary to common belief, privatization did not experience its golden age from the 2001 crisis to the mid-2000s in Turkey. After the 2001 crisis, privatization is an extremely important apparatus that is still ongoing. The revenue of the privatization realized between 1986-2003 was \$ 8.2 billion, but the total amount of privatization applications realized was \$ 62 billion between 2004-2018 period.²⁵ In other words, privatization became a rule, not an exception after the 2001 crisis, and the largest privatization proceeds which took place within a year in the history were achieved in 2013, \$ 12,5 billion. However, the loss of public ownership and the changing of resources between different actors is not only unique to Turkey, but there is also an aspect of this condition that coincides with the general economization context. The cadres of *World Wealth and Income Database* (WID.world) presented the new findings on global inequality Dynamics and here is a graph about the decline of public property in the following six countries, i.e. the United States, China, Japan, Germany, France and the United Kingdom, in the period between 1978 and 2014. All other countries' public property except China are below the 5% level when debts from country assets are deducted, even Japan, Britain and USA are minus.²⁶ On the other hand, this coincides with the proliferation of wealth inequalities in the countries. As a result of this transition my main argument in this part is located this brand new phenomena.

All income groups or commercial enterprises in regardless of what is his/her socio-economic level, they permanently have tended to become the debtor via commercial loans, mortgage loans, consumer loans, or credit cards. After 1984, the fluctuant and uncertain economic developments, public debt stock was risen all-time high rate that reach up to from %40 of GDP in 1990

24 *Ibid.* p.5.

25 Özelleştirme İdaresi Başkanlığı, 2018 Faaliyet Raporu (Privatization Board of Turkey, 2018 Annual Report. P.54.

26 Alvarado, Facundo & Lucas Chancel & Thomas Piketty & Emmanuel Saez & Gabriel Zucman. "Global Inequality Dynamics: New Findings from WID.world" *American Economic Review*, *American Economic Association*, vol. 107(5), 2017 May, p.16, see Figure 2b.

to 90% in 2001.²⁷ Thus, the most severe economic recession in 2001 had occurred that one of the most important aspects is “creating a serious hump in debt payments for 2000” and “banks borrowing from abroad or taking foreign exchange deposits” as the “debt game”.²⁸ According to Cameoglu & Ucer, after the Turkey’s severe financial crises of 2001, first AKP’s period between 2002-2006 was illustrated “solid, inclusive and reasonably high-quality growth” era.²⁹ This approach is in fact the most concrete form of institutionalism we have mentioned before. Indeed, this period is the years when the economic field, the political field and the legal field are engaged in global capitalism and financial markets. This is the historical experience that makes it possible under hypothecation into the present and future of the life for the indebtedness. End of the this process, the private sector in other words, industrial companies, SMEs or craftsmen borrowed to a large extent from banks. Large companies borrowed beyond their capital to finance their investments from banking sector. Turkish banks borrow from international banks to provide this financing. Pamuk briefly said:

The banking sector brought in record amounts from the international banks, direct most of these funds to private sector and using the rest to finance private consumption. The shopping malls rising in big cities and the growing number of housing and office building projects were symbols of an economic model based on consumption and construction funded by external borrowing.³⁰

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- 27 Pamuk, Şevket. *Uneven Century – Economic History of Turkey since 1820*, Princeton University Press, 2018, p. 273. Türkiye İstatistik Kurumu. *İstatistik Göstergeler 1923-2013*, Ankara, 2014.
 - 28 Van Rijckeghem Caroline & Murat Ucer. Chronicle of the Turkish Financial Crises of 2000-2001. Boğaziçi Üniversitesi Yayınları, 2005, pp. 10-11.
 - 29 Acemoglu, Daron & Murat Ucer. “The Ups and Downs of Turkish Growth, 2002-2015: Political Dynamics, the EU and the Institutional Slide”, *NBER Working Paper*, No. 21608, 2015, p. 4.
 - 30 Pamuk, Şevket. *Uneven Century – Economic History of Turkey since 1820*, Princeton University Press, 2018, p. 283.

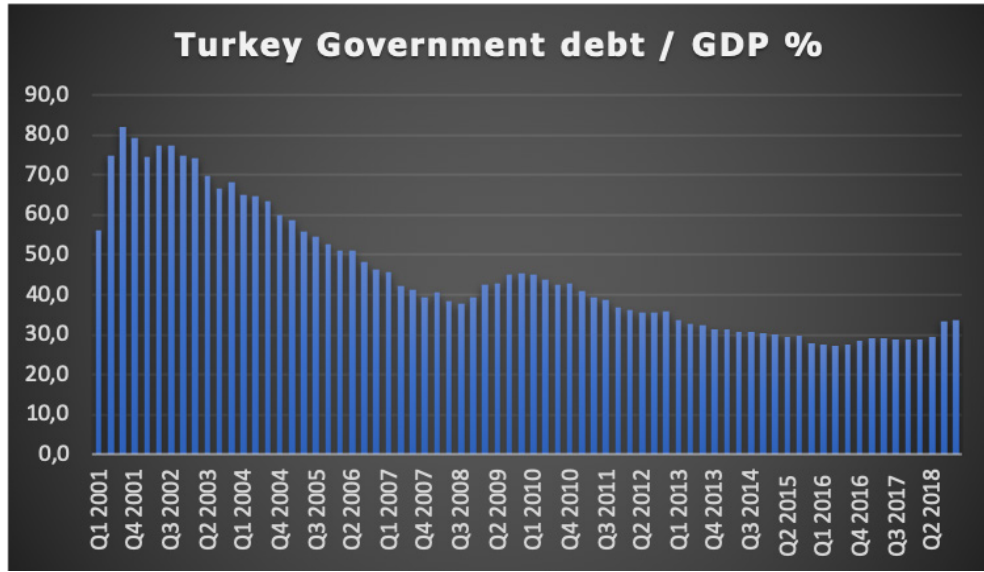


Figure 3.1 Turkey Private Debt, Loans and Debt Securities to GDP % (1986-2017. Source: IMF.

Until 2017 public sector debt burden had decreased as a ratio to GDP and also public sector debt burden had declined. However, on the other side of the coin, debt were moving in reverse direction, the private sector and the household has reached the most indebted period in the country history. Although the fact that public debt stock proportionally has been gradually decreasing during the AKP era, private debt stock reached top level in the Turkish economy. Post-1980 times, public domestic debt and external debt stock has a dual-process relationship with the crises. On the one hand, the public debt stock is the cause of the crisis, while on the other hand, the debt stock increases after the crisis.³¹ This dramatic transformation in the change of the intermediary of indebtedness fundamentally altered the future form of the economic sphere. Particularly, private sector brought vast loans and thus, the external debt significantly has been rising in this period with new mediator.

In addition to this, according to IMF, Turkey is one of the most vulnerable and fragile countries among developing countries from 2011 to current time

31 Kazgan, Gülten. *Türkiye Ekonomisinde Krizler (1929-2009)*. Bilgi Üniversitesi Yayınları, İstanbul, 2012, p. 239-247.

and always finds a place in “Top Ten Borrowers in External Debt Stocks” list.³² Within this direction, external debt quantity had dramatically risen after 2000’s. In addition to this household debt level according to spendable income had severely increased.

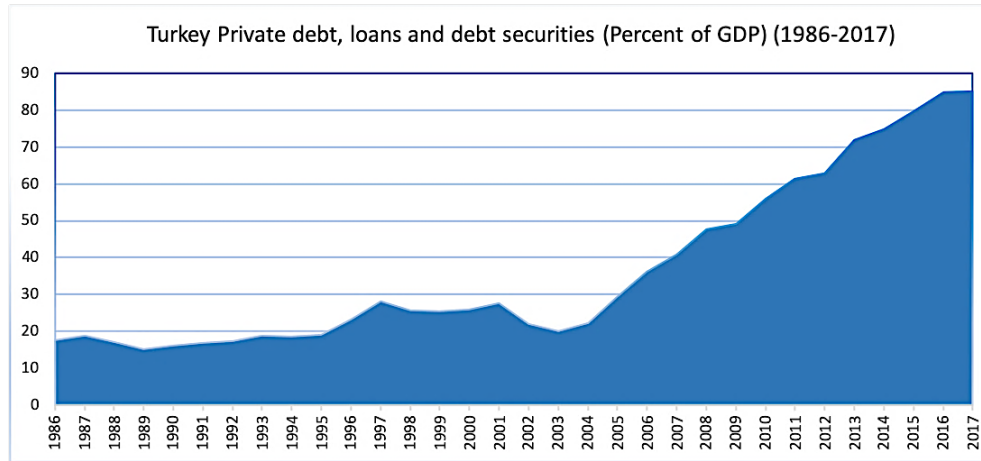


Figure 3.2 Turkey Government debt to GDP % (2001-2018. Source: TCMB.

Sector-Domestic Loans dramatically has risen 175 billion liras³³ to 2.5 trillion liras as September 2019.³⁴ In addition, in this period, credit volume level had shifted the total GDP’s %10 from %64 in the 2013 and currently %85.³⁵ Another eminent parameter is the USD exchange rate particularly for current deficit. USD / TL currency exchange rate at 2002 second quarter was 1,18 TL and almost two decade later 2019 second quarter this exchange rate was 5,87.³⁶ In the case of Top 500 Industrial Enterprises in Turkey, if we examine the debt and capital structure of industrial enterprises, we will give a more elaborated example. Total and financial debt increase in real terms at private sectors from 2002 to 2018. On the other hand, real equity of remained almost at the same level. The distribution of debt and equity is the substantial signifier for the

32 World Bank International Debt Statistics 2011 and World Bank International Debt Statistics 2020.

33 Inflation adjusted according to September 2019. TUIK, İstatistik Göstergeler, 1923-2013, p. 568.

34 TBB, Risk Merkezi Aylık Bülten Mayıs 2015. TBB, Risk Merkezi Aylık Bülten Eylül 2019.

35 TUIK, İstatistik Göstergeler, 1923-2013, p. 568.

36 EVDS, The Central Bank of Turkey.

financial structure of enterprises. After 2001 crisis the share of debts increased while equity continued to decrease in the industrial enterprises capital structure. The share of debts, which rose to 62.9 percent in ISO 500 in 2017, increased by 4.1 points in 2018 and rose to 67 percent. The share of equity decreased from 37.1 percent to 33 percent in 2018. These ratios historically point to the most negative capital structure.

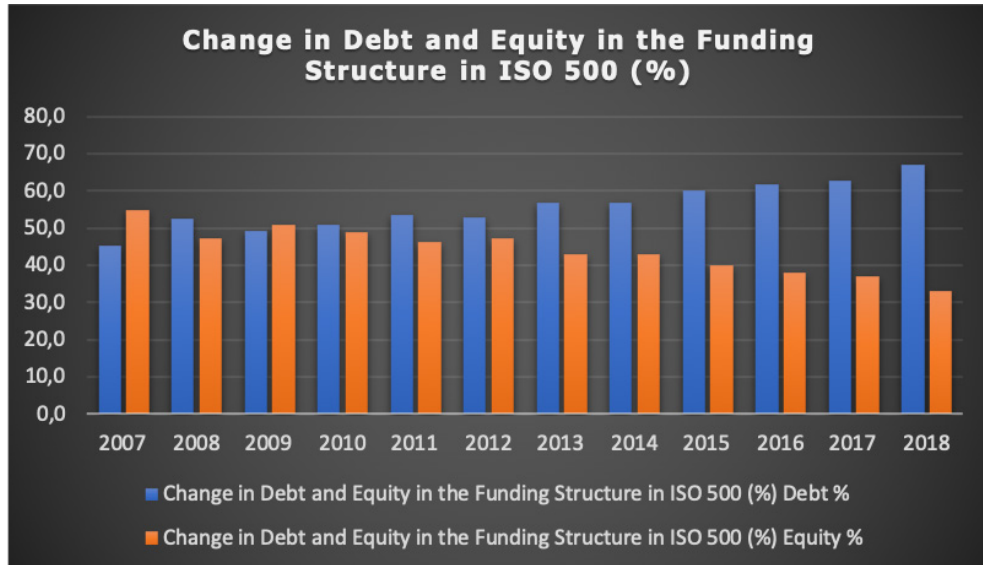


Figure 3.3 Change in Debt and Equity in the Funding Structure in ISO 500 %. Source: ISO 500 (2013, 2017, 2018, Istanbul Chamber of Industry).

PRIVATE INDEBTEDNESS IN TURKEY

	A 500 Top Industrial Enterprises TL	B 489 Private Enterprises TL	C 11 Public Enterprises TL	B/A (%)	C/A (%)
2011					
Total Debts	178.770.588.167	No data	No data	No data	No data
Equity Capital	154.074.779.442	No data	No data	No data	No data
2016					
Total Debts	379.080.634.920	356.796.393.003	22.284.241.917	94,1	5,9
Equity Capital	233.608.888.699	192.473.657.555	41.135.231.144	82,4	17,6
Financial Debts	207.366.601.032	197.326.398.702	10.040.202.331	95,1	4,9
Other Debts	171.714.033.888	159.469.994.302	12.244.039.586	92,8	7,2
2017					
Total Debts	447.231.461.383	421.793.723.972	25.437.737.410	94,3	5,7
Equity Capital	263.286.047.867	221.060.163.727	42.225.884.140	84,0	16,0
Financial Debts	242.877.446.345	228.947.607.208	13.929.839.138	94,2	5,8
Other Debts	204.354.015.037	192.846.116.764	11.507.898.273	94,3	5,7
2018					
Financial Debts	328.598.000.000	No data	No data	No data	No data

Figure 3.4 500 Top Industrial Enterprises Debt and Equity Structure.
Source: ISO 500 (2013, 2017, 2018, Istanbul Chamber of Industry).

In 2018, the financial debts of ISO 500 increased by 35.3 percent from 242.9 billion TL to 328.6 billion TL. Financial debts continued to grow in real terms by doubling the rate of increase compared to the previous year. Another important aspects of this changing is the upward trend in short-term financial debts. Short term financial debts increased by 46.3 percent in 2018 from 101.8 billion TL to 149 billion TL. In other words, negative changes in the maturity structure of borrowing as well as the increasing tendency in borrowing are noteworthy.³⁷ An important long-term trend for the industrial sector is the decline in the share of national income. Turkey's manufacturing industry has declined rapidly from 15.0 to 17.0 percent and has dropped to the range. The share which decreased to its lowest level with 15.1 percent in 2010 increased to 16.5 percent in 2011. While the share did not change significantly in the following years, the share of manufacturing industry in national income was realized as 16.7 percent in 2015 and 2016. It was 22.3% in 1998.

37 ISO 500 2013, 2017, 2018. Istanbul Chamber of Industry.

At this point, I will make a perspective that the hypotheses of an prominent study on the financialization do not fully fit the context of Turkey. However, in the literature, there is a reversal in this particular Turkey in terms of theoretical framework. One of the most original contributions in the field of financialization belongs to Lapavitsas. He argues that financialization is based on the understanding of three basic aspects. The first is that large companies can increasingly finance their investments from undistributed profits, while at the same time providing external financing from the open market. Thus, they become less dependent on banks and financial markets. Secondly, banks are transforming themselves as a result of first transition. Banks provided a new balance by directing their loans to individuals rather than companies; at the same time, instead of directly lending interest, they turned to fees and commissions by intermediating in financial markets. Third, the household and individuals were drawn into the financial system. In developed capitalist countries, real wages have been stagnant or declining for decades. The erosion of welfare state practices has led people to different channels mediated by banks and other financial institutions. A change in attitude towards debt and private financial gains encouraged the household and individuals to borrow and leading to mortgage or credit cards. This process is called as financial expropriation by Lapavitsas.³⁸ According to Lapavitsas financialization represents the increasing distance between non-financial enterprises and banks.³⁹ His main remarks differ in two basic points with the context of Turkey. First, the largest companies in Turkey are increasingly in need of banks and loans. Additionally, capital structures have deteriorated in favor of financial liabilities, and as of 2018, debt in the capital structure is almost 70%. Second, as can be seen further, there is a tremendous way of making a profit in Turkey that still keeps the banks at the point of profitability: Interest.

The capital structure of the top 500 and 1000 companies, which are the cornerstone of the Turkish economy in every sense, was seen to be overwhelmed with financial debt. Interest is the only profit tool of banking activity in Turkey. Another difference that matters interest is the only profit tool of

38 Lapavitsas, Costas. *Profiting Without Producing: How Finance Exploits Us All*. Verso, London. 2013, p.38-39.

39 *Ibid.* p.15.

banking activity in Turkey. According to The Banks Association of Turkey's Our Banks in 60 Years report; interest income is the main source of income for banks. Between 2007-2018, 75% of interest income consists of interest received from loans. While 56% of total interest income in 2007 consisted of interest from loans, this ratio increased to 77% in 2018 with the increase in loan stock. Hence, the increase in credit liquidity for banks under normal circumstances increases enormously interest income. On the other hand, with the 8% decline in deposit rates between 2007-2018, interest expenses paid by banks to deposits decreased significantly from 50% to 39%. While the ratio of interest income to phase expenses declined to an average of 195% between 2009-2013 and 166% between 2014-2018, it is extremely high.⁴⁰

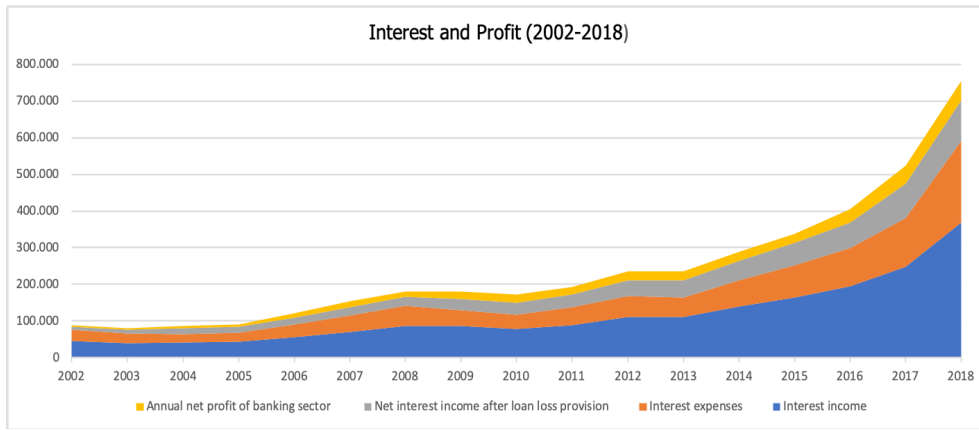


Figure 3.5 Interest and Profit of Banks in Turkey. Source: TBB.

§ 3.3 Current Labor Context

Debt is generally considered with globalization, financialization and macro variables, but one of the most significant elements is the structure of labor regimes. The financialization debates generally refer the households and individuals' indebtedness, but mostly this is not frame or mention work and labor, which is one of the underlying elements of inequality that causes households

40 60. Yılında TBB ve Türkiye Bankacılık Sistemi 1958-2018. 2019, s.85.

and individuals to indebted. Before focusing on the sequences of Turkey's financialization and the distribution of inequalities, this study will firstly point out the labor market. The first question to be asked about the debt was who owed. Therefore, answering who is indebted to the most primarily relates the question of how his/her working and living conditions, income status. It is necessary to focus on the labour issue not only to understand the relationship between the transformation of Turkey's labour market and the economy, but also to understand the production, distribution and functions of the debt. At this point we need to look at the conditions of working life, which is one of the main factors that significantly affect indebtedness, income inequality and class positions.

The era starting from late 1970's and lasting until today, which it seems will be sustained in the near future, has had mainly four results for the working class of Turkey. In the context of post-Fordist era, labour market was reshaped during the economic and political fields at the end of the 1980s in Turkey. As Çam conceptualizes: The rise of temporary employment, decline of trade unions and unionization, absorbing more people to working life and a downfall in wages.⁴¹ This breakdown of working life condition of labour market not only in Turkey but also in many countries impels the employment structure from secure jobs towards temporary ones. Amongst the EU countries, for example, temporary employment grew from 5% to 8% in the UK, from 4% to 12% in Italy and from 6% to 13% in France between 1985 and 1997. As for Turkey, temporary employment has risen from 5% in 1985 to 14% in 1997 and currently %12.5 according to EuroStat.⁴²

After the 1980, real wages have terrifically slow increasing rate, on the contrary, labor productivity has tremendously raised. The gap between the real wages and the labor productivity has been severely raised in Turkey labour market. According to TurkStat Labour Force Statistics; the number of unemployed in Turkey increased by 980 thousand persons compared to the same period last year, during August 2019 was 4 million 650 thousand people. Unemployment rate rose with 2.9 points increase to 14%. In the same period; the

41 Çam, Sürhan. "Neo-liberalism and labour within the context of an 'emerging market' economy – Turkey", *Capital & Class*, Issue 77, 2002, p. 91. Eurostat Products News, 24/05/2019.

42 *Ibid.* pp. 94-95 and <https://data.oecd.org/emp/temporary-employment.htm>.

non-agricultural unemployment rate increased by 3.5 percentage points to 16.7%. While the unemployment rate in the young population (15-24 years) rose to 27.4% with a 6.6 percentage point increase, this rate rose to 14.3% with a 2.9 percentage point increase in the 15-64 age group.⁴³ The state still remains one of the most important intermediators in the employment sector, despite the fact that the total amount of privatization reached \$ 65 billion after 2000, that is, the liquidation of a huge economic network. The public sector is still an significant way to employ. While the number of public sector employees has increased significantly in the last decade, there were 2.9 million employees in 2007, and as of August 2019, 4.612.199 people were employed.⁴⁴

According to brand new research on Turkey current labour outlook, Turkey is the lowest labor force participation and employment rates in among the OECD countries. While the average labor force participation rate in the OECD countries is 60.3% and the rate is 53.6% in Turkey. Thus Turkey's labor force participation rate is ranked third to last among the OECD countries. A similar trend look to the employment rates. While the average employment rate of this rate was 57.1% in the OECD countries is 47.6% in Turkey. Turkey is ranked once again third to last among the OECD countries in terms of employment rate.⁴⁵ Turkey has the third highest unemployment rate in the OECD countries with 11.2% . Greece's unemployment rate is placed on top 18.9% and Spain is 15%. The average unemployment rate of OECD countries is 5.3% in and 6.8% in EU countries.⁴⁶

The economic crisis has slowed the annual increase in employment and new job creation capacity seriously declined with the crisis of Turkey's economy. According to SSS data, the number of insured workers decreased by 433 thousand between January 2018 and January 2019. According to the number of employees with minimum wages was around 5.6 million in 2016 and the

43 Turkstat *Labour Force Statistics*, August, 2019.

44 Turkstat *Labour Force Statistics*, August, 2019. *Macro Analysis of Developments in the Labor Market*, Department of Economic and Social Development Research, Presidency of Turkey, Presidency of Strategy and Budget.

45 Çelik, Aziz. *DİSKAR Emek Çalışmaları 2016-2019*. Istanbul: 2019, p.26

46 Ibid. P. 27

share of minimum wages workers among total insured employees was 41%. The share of minimum wage workers rate among compulsory insured persons is decreasing for the period 2001-2016. In addition, daily average earnings increase. However, both the ratio of those receiving wages below the daily average earnings and total wage earners under the weighted average daily earnings to total employees is observed.⁴⁷

On the other hand in the broad sense, the economic neoliberalism has extended risk and fragility in the labour market. According to Şenses “the degree of slack in the labor market is of alarming proportions.” According to TUIK statistics -based only on those looking for a job- unemployment in 2011 stood at 10.8 percent, representing a considerable improvement over the 14 percent and 11.9 percent registered in 2009 and 2010, respectively. However, these statistics do not show the all aspects of labor market slack. If we will take broad definition of unemployment -which also takes into account those ready to work but not looking for a job -this rate jumps to 16.9 percent.⁴⁸

One of the most important characters of Turkey’s employment regime is that agricultural employment had had significant pattern until 2000’s. According to TUIK statistics, over %50 of the work force was employed in agriculture in 1988 and %40 of the work force was still employed in agriculture in 1999.⁴⁹ Also according to TUIK statistics, %25,5 of the work force was employed in agriculture in 2005 and %20 of the work force was employed in agriculture in average of 2016 first eight months. The (unemployment problem is quite significant not only for economic reasons but mostly social injustices and inequalities. However, neoliberal mentality do not regard a serious problematic for next generations. After the Post-Washington Consensus, the matter of the employment does not have an crucial place in itself.⁵⁰

47 Ozyigit, Mehmet and Çelik, Ali and Petek, Ali. Türkiye’de 1980 Sonrası Reel Asgari Ücretin Belirleyicileri. *Çalışma ve Toplum: Ekonomi ve Hukuk Dergisi*, 61, 2019, pp. 1029-1068.

48 Şenses, Fikret, “Turkey’s experience with neoliberal policies since 1980 in retrospect and prospect”, *New Perspectives on Turkey*, Vol. 47, 2012, pp. 24-25.

49 TÜİK, *İstihdam Edilenlerin Yıllar ve Cinsiyete Göre İktisadi Faaliyet Kolları (1988-1999)*, http://www.tuik.gov.tr/PreTablo.do?alt_id=1007

50 Öniş, Ziya and Fikret Şenses. “Rethinking the Emerging Post-Washington Consensus”, *Development and Change*, Vol. 36, Issue 2, 2005, p. 280.

According to CBRT Inflation Report 2018⁵¹ wage distribution in Turkey, when analyzed classify by income groups, who declared incomes of less than 1,200 TL is seen that 11.3 percent of wage and casual workers. While 37.5 percent of salaried and casual employees are in the minimum wage neighborhood (1,200-1,600 TL, 44.3 percent of them have declared earnings of 1,600-4,000 TL.⁵² In short, 93% of people working in the turkey with a monthly income of less than 4,000 TL. The results of a recent similar study are as follows. As can be seen from the average monthly net income of workers is vested in 1894 TL. Considering that the net minimum wage for 2017 is 1404 TL, the average net earnings of the workers are very close to the minimum wage level. In the study, it is observed that approximately 16% of the workers earn less than minimum wage; the ratio of workers with minimum wage and net income between 2000 TL is 50%.⁵³ Thus, approximately 66% of the workers earn less than 2000TL. In other words, the minimum wage increased nominally in Turkey, a large proportion of wage earners are employed in wage levels close to minimum wage. This shows that there is a minimum wage in the economy as a sovereign paradigm. Therefore, although a nominal increase in minimum wages has been observed in recent years, it can be seen that employees are increasingly employed at wage levels close to the base wage.

According to this research, while the rate of workers with an average net monthly income between 2000 TL and 3000 TL is 23 percent, the number of workers with monthly income exceeding 3000 TL is limited to 7 percent. The rate of workers with a monthly net income of over TL 4000 is only 3 percent. Monthly net income of uninsured workers falls to 1377 TL. According to the results of the research, unionism creates an important wage differentiation. While the average monthly earnings of non-unionized workers is 1869 TL, this amount increases to 2260 TL in unionized workers. On average, unionized workers earn 21 percent more income than non-unionized workers.⁵⁴

51 After that, the wage dynamics section was not made yet .

52 CBRT Inflation Report 2018-IV.

53 Disk-AR's report "Turkey working class reality", 2017. p.6.

54 *Ibid.* p.13.

For the wisely understanding of indebtedness phenomena in the AKP era, we have to widely elaborate the changing structure of socio-economic condition of this historical term. However, the new policies caused two main severe effects that consist of oppression of labor and agricultural incomes by the state and opening to foreign capital flows by the international institutions and corporations. On a global scale, one side, employees' dependency on market for to earn his/her own living has been dramatically increasing, on the other side, the expansion of capital and the global financialization has been continuing to pressure on wages and also the competition between international capitals caused convergence of lowest wages all over the world.

§ 3.4 Asymmetrical Relations in the Field

According to TBB Customer Complaints Arbitration Committee annual report, the number of direct applications to the member banks of TBB in 2018 increased by 10 percent compared to the previous year's from 2,063,371 applications to 2,224,939 applications received in 2018. 55% of these complaint applications are related to Debit Cards and Credit Cards, 41% to Other Banking Products and Services, 3% to Consumer Loans and 1% to Insurance Transactions. Almost 1 million applications were added to the number of complaints during the 10-year period. According to the 2008 TBB Customer Complaints Arbitration Committee annual report direct applications to the member banks of TBB in the period between September 1, 2007 to June 30, 2008, the aggregated data was collected and 7-month results were obtained. In the said period, 1,323,088 complaints for bank and credit cards, 70,055 complaints for consumer loans and 432,505 complaints regarding other banking products and services. In addition to this, another way to make a complaint at this point is to apply directly to TBB. According to same annual report in 2008, at this eleven-month period 922 complaint applications were made in total. One-third of the applications were rejected as they did not comply with the Communiqué, 40% of the applications were directed to the related banks, 79 applications were withdrew as a result of the fulfillment of the customers demands by related banks and finally only 26 applications were decided in favor of the customer and 40 applications were decided in favor of the banks. After one

decade later, 15,740 complaint applications were received in the period between 1 January 2018 - 31 December 2018. Compared to the previous year, applications increased by 13%. 67% of the applications are related to debit and credit cards, 18% is related to other banking products and services, 10% is related to consumer loans and the remaining 5% is related to insurance transactions. 20% of the applications were rejected due to non-compliance with the communiqué, 35% of the applications did not submit adequate information and documents, 2005 applications were withdrawn as a result of the fulfillment of the customers demands by related banks and only 694 applications were decided in favor of the customer. On the other hand, in this period 3737 applications were decided in favor of the banks.

As a result of all these data, the scene shows that legal cases, disputes and struggles in debt regime have increased significantly. But the primary focus is on the asymmetrical relationship. We face with four mediators and various intermediary mechanisms. In the first instance we can make a mention of the mediator in field. The first is the communiqué itself, in accordance with the Banking Law. Secondly, TBB (The Banks Association of Turkey as an institution operated by the public-private partnership in which this communiqué was notified. Another actor is the plaintiff or debtor individual, and ultimately the bank in which the individual is the contested. If we clarify the matter a little more, there here is a law, two institutions and a person. An crucial question that folds this asymmetry is a second asymmetry, as I mentioned before, about conceptualizing institutions. The most serious matter is to comprehend the institutions as a pure bureaucratic entity and to unquestioningly recognize all legal forms (law, legislations, communiqués, decisions, judgments and legal provisions they produce as a objective and neutral outputs of natural law. The approach adopted in this study is that institutions are not entities in their own right and that institutions have emerged as a result of certain historical conditions within the struggle process of certain status groups or complex social networks.

One of the most significant asymmetries of the financial system is information asymmetry. Information asymmetry has a dual content in itself. The first is the asymmetry of the financial system itself, its driving mechanism. The asymmetry of financial system driving mechanism has proliferated with the

exorbitant complex nature brought by technology to the financial sector. Precisely, it was the experts who gave it its spirit, there is no system that is happening by itself, there is a system that is being built, and there is a sociality that is advancing according to this construction. There can be no other meaning for banks to start employing physicists and even astrophysicists for a long time. Contrary to general opinion, these physicists, mathematicians and engineers do not want to be employed mainly for information technologies, but directly for the banking field.⁵⁵ Following the destruction of the 2008 financial crisis, some have reasons to celebrate the crisis. Institute of Physics (IOP has close to 50.000 members and has been established since 1874 in UK. IOP calls to members in an exciting chord: *Even after the global financial crisis*, banking remains a popular career choice for physics graduates (emphasis mine).⁵⁶ City Jobs is one of the most major recruitment companies in financial sector and the company is feverishly metion about the financial industry increasingly relying on mathematical modeling⁵⁷, moreover, this incident was quoted in the newspapers with a surprising tone: Why do physicists gravitate towards jobs in finance?⁵⁸ BBVA, the second largest bank in Spain and the 27th most valuable banking brand in the world⁵⁹, is trying to take a role from the IOP at the other side and released a different kind of job announcement: Financial entities have large volumes of high-potential data that is even more interesting than the data Facebook has.⁶⁰ Meanwhile, Turkey financial market is definitely moving in a similar line. Similarly, the science world in Turkey promotes the

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- 55 *Physics World* is the magazine of the Institute of Physics and they interviewed with two young physicists and they ask them “What does your job involve on a day-to-day basis?” and one of them said that “I’m an equities analyst on the construction desk, which means that I spend my days researching a wide range of construction firms – from cement companies to UK house builders” and the other one said that “I also work in UBS’s equities division, but as a quantitative equities trader.” *Physics World*, Volume 23, Number 12, December 2010, p.46-47.
- 56 https://www.iop.org/careers/workinglife/articles/page_45763.html
- 57 <https://www.cityjobs.com/cityblog/2015/05/06/banks-physics-maths-grads/>
- 58 <https://www.theguardian.com/science/2013/jul/21/physics-graduates-gravitate-to-finance>
- 59 Brand Finance Banking 500, 2019.
- 60 Title is “Are you an engineer? Physicist? Mathematician? The banking industry has a job for you.” <https://www.bbva.com/en/engineer-physicist-mathematician-banking-industry-job/>

new orientation between natural sciences and economics. In one of Turkey's most prestigious universities, Koç University Department of Mathematics provides information about the department on its website and highlights the their assurance and promise to prospective students: "We would like to emphasize that the mathematical background of Koç University Mathematics Department is a preferred undergraduate education in business, especially in the fields of banking, finance, consulting and informatics."⁶¹ *Even after the global financial crisis*, this adverb still stands at the most critical point.

§ 3.5 The Inequalities of Debt

After showing the situation of the debt in Turkey through macro data and statistics, we will focus directly on the experiences of people from different living conditions, classes and income levels next chapter. Considering these two data sources together, the status of the private debt will be evaluated. Here we have to go back to the meaning of money and remember what Maurer said. Maurer rightly called *money as a means of payment*, and pointed to the concept of *infrastructures of money* in order to understand the ways in which it happened, technological and geographical differences.⁶² In addition to this, I would like to say that plastic cards are not just a means of payment, but a means of borrowing. And to some extent I'm trying to look at infrastructures of debt. And to some extent I'm trying to look at *the infrastructures of debt*.

First, the previously mentioned details about the working life in Turkey will reconsider the macro data through visualization. Later, as an indicator of wealth it will focus on deposits owned by individuals in Turkey. These two important issues provide a more meaningful perspective to clarify the inequality of debt. It will then look at the historical changes in Turkey's total foreign debt and to focus on the public-private distinction here. Then, to show the development of total loans and household debt in Turkey. After a detailed presentation of consumer loans, one of the most major items of the household

61 In the University's website information about the Mathematics Department, English and Turkish versions are different from each other, the expressions mentioned here are only available in the Turkish version.

62 Maurer, Bill. *How Would You Like to Pay- Future of Money*. Duke University Press, 2015, p. 28.

debt, the household debt structure consists the four elements and then will be focused on personal loans, credit cards, mortgage loans and vehicle loans. This will continue to focus on loans that are unable to pay off their debts in other words non-performing loans. Finally, the profit and debt of the financial sector will be examined. The element that makes all this data interrelated is the existence of fundamental inequalities generated by debt. Firstly, the concept of debt for people of different income and class patterns has fundamentally distinct meanings.

3.5.1 *Labour Structure*

Turkey's economic transformation works together with its demographic transformation. After 1955, Turkey experienced an increasing migration movement from villages and rural areas to cities due to various technological, economic and political reasons.⁶³ Post-1950 migrations caused society to experience a drastic demographic change and the growth of modern cities. Since the 1980s, Istanbul has gained a metropolitan character and has experienced a rapid and complex urbanization process from the slums to the apartment buildings along with the intensive immigration. The waves of internal migration brought about intense urbanization and problems related to it as well as fundamentally transforming employment regimes. According to TURKSTAT data, while 50% of the labor force was in the agricultural sector in 1988, this rate was 40% in 1999, %25,5 of the labour force was employed in agriculture in 2005 and decreased to 18.5% as of October 2018.⁶⁴

Istanbul since the second quarter of the twentieth century the population brought about by the migration waves fold by going to several times the squatters process of significant transformations related to housing and land production in while Turkey essentially begin after 1980.⁶⁵ Since the 1980s, albeit unplanned, the adaptation to the globalization process is achieved with the investment of physical infrastructure that will increase Istanbul's relationship

63 Karpaz, Kemal. *Türkiye'de Toplumsal Dönüşüm*. İmge Yayınları, s. 105, 2003.

64 TÜİK, İstihdam Edilenlerin Yıllar ve Cinsiyete Göre İktisadi Faaliyet Kolları (1988-1999 and TurkStat Labour Force Statistics, October 2018.

65 Erder, Sema. *İstanbul Bir Kervansaray mı?* . İstanbul Bilgi Üniversitesi, 2015, p. 205.

with the world.⁶⁶ In addition, globalization prevents proposal be transferred to the markets of the privatization mongering and social security that preach the ideology of technological areas of the world at the time of exchange and production accelerates in countries where cheap labor such as Turkey, along with The flexibility of the institutional means by supplying informal markets in the formation of a social security system.⁶⁷

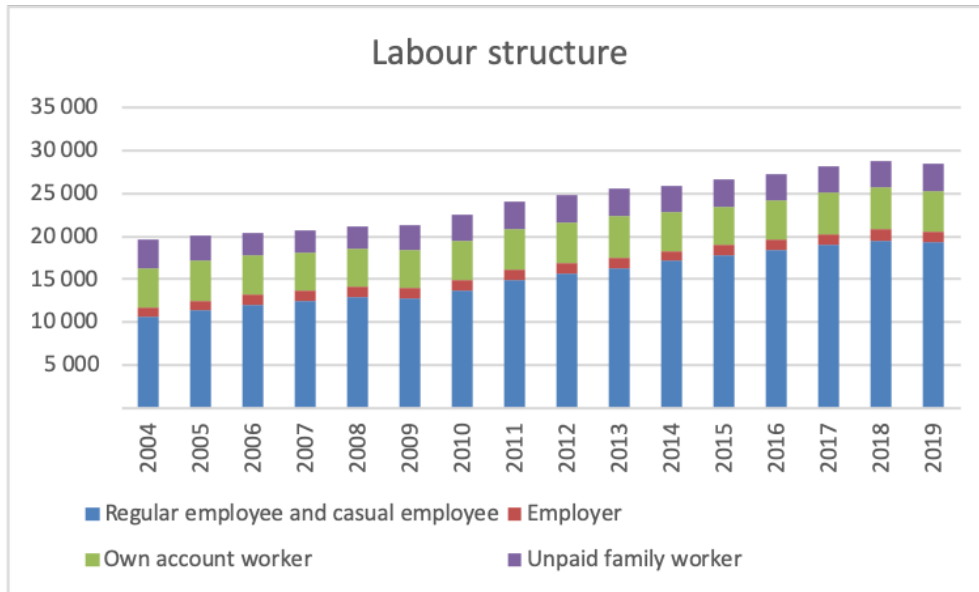


Figure 3.6 Labour Structure in Turkey. Source: TurkStat

⁶⁶ *Ibid.*, p. 258.

⁶⁷ *Ibid.*, p. 73.

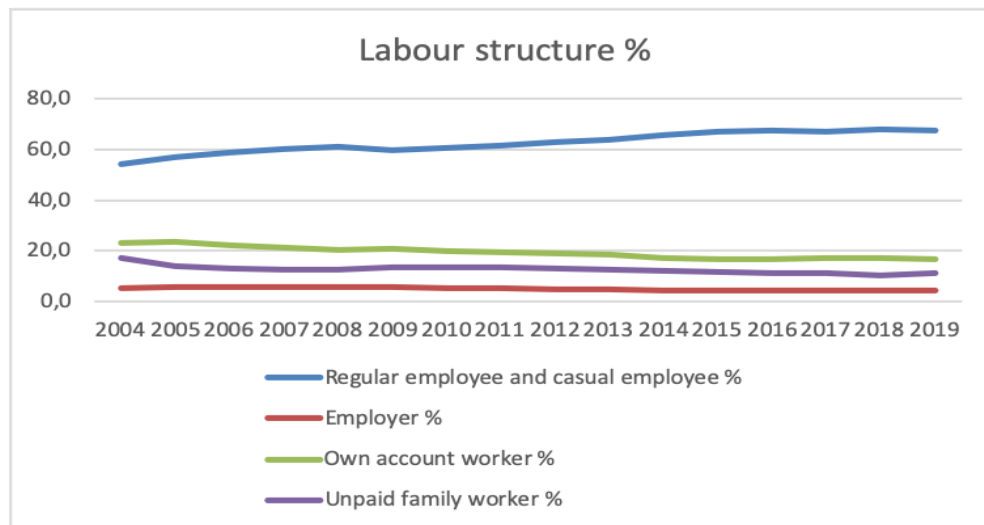


Figure 3.7 Labour Structure according to number of person. Source: TurkStat

As can be seen from the graphs, historically there is a gradual accumulation of the paid group. On the other hand, the proportion of self-employed people is declining, and unpaid family workers tend to decline. There is a decrease in the proportion of employers, albeit relatively less. Historically changing employment structure becomes an element affecting income and wealth distribution. This inference will be a more meaningful and valid interpretation when read together with next data to increase the disparity in the distribution of resources. We can move from here to deposits.

PRIVATE INDEBTEDNESS IN TURKEY

Years/Month	1 TL - 10 Thousand TL (Person/Real amount TL)	10 Thousand TL - 50 Thousand TL (Person/Real amount TL)	50 Thousand TL-250 Thousand TL (Person/Real amount TL)	250 Thousand TL -1 Million TL (Person/Real amount TL)	1 Million TL and over (Person/Real amount TL)	Total (Net Person Number/Real amount TL)
2002/12	113.610.029.000	130.636.277.000	145.919.092.000	82.331.167.000	151.625.880.000	624.122.444.000
2003/8	92.688.316.000	116.660.155.000	124.042.197.000	64.139.222.000	154.456.012.000	551.985.903.000
2004/8	104.802.005.000	135.123.505.000	141.186.184.000	76.491.374.000	193.994.111.000	651.597.179.000
2005/8	57,670,913 / 85.226.104.089	3,655,263 / 156.670.180.063	424,341 / 164.488.225.606	53,052 / 98.713.158.617	11,709 / 299.495.012.506	58,514,179 / 804.592.644.781
2006/8	69,390,467 / 85.304.491.351	2,334,002 / 167.513.918.315	684,224 / 197.473.908.472	86,681 / 126.086.009.707	15,973 / 364.009.319.696	70,349,610 / 940.387.647.542
2007/8	68,945,103 / 85.538.337.012	2,356,043 / 175.679.258.463	678,045 / 226.624.070.379	94,018 / 144.202.006.244	19,075 / 400.503.377.921	67,875,112 / 1.032.547.080.505
2008/8	67,119,626 / 79.915.968.982	2,611,672 / 173.732.605.210	799,366 / 236.976.234.661	114,531 / 156.921.210.182	23,843 / 437.435.371.926	68,557,309 / 1.084.981.390.961
2009/8	68,244,267 / 76.297.825.506 ~	2,827,622 / 182.026.236.874	947,709 / 270.643.909.354	137,547 / 185.969.221.816	28,409 / 516.782.545.878	70,173,531 / 1.231.719.713.533
2010/8	47,856,558 / 74.438.221.230	3,024,760 / 180.817.427.080	1,069,987 / 283.358.469.551	161,939 / 196.805.942.078	34,692 / 618.679.744.312	48,807,598 / 1.354.099.780.348
2011/8	50,815,453 / 78.109.106.113	3,354,814 / 184.223.792.703	1,293,917 / 316.791.427.684	211,533 / 230.904.190.192	45,098 / 715.120.042.597	52,271,872 / 1.525.148.559.290
2012/8	51,484,834 / 70.218.362.782	3,386,892 / 173.885.524.622	1,357,863 / 310.023.352.840	232,321 / 234.721.153.637	51,982 / 704.600.173.965	52,643,612 / 1.493.448.547.264
2013/8	55,361,435 / 70.953.659.479	3,444,670 / 180.172.807.136	1,613,142 / 332.113.123.514	289,915 / 261.066.926.754	63,376 / 831.762.434.809	57,040,583 / 1.676.068.932.662
2014/8	55,794,733 / 68.481.022.667	4,231,617 / 181.091.479.614	1,836,041 / 346.482.183.869	338,826 / 278.031.684.204	75,387 / 848.255.936.416	58,161,060 / 1.722.342.306.769
2015/8	60,589,546 / 67.810.269.350	4,624,019 / 185.945.308.763	2,099,457 / 372.630.011.913	394,900 / 318.008.968.232	96,307 / 1.048.330.910.008	63,556,197 / 1.992.725.468.268
2016/8	68,668,079 / 69.587.299.246	4,985,927 / 185.640.026.275	2,271,288 / 373.352.742.916	455,485 / 323.523.338.999	103,888 / 1.030.994.417.264	72,041,797 / 1.983.097.824.700
2017/8	79,011,686 / 78.629.962.356	5,691,748 / 194.628.336.832	2,701,709 / 407.521.463.393	560,746 / 360.415.148.444	129,440 / 1.129.802.717.743	83,314,189 / 2.170.997.615.210
2018/8	88,723,653 / 67.952.524.857	6,105.326 / 179.265.804.654	3,232,076 / 418.093.797.538	765,658 / 423.619.872.175	192,419 / 1.471.038.864.924	91,392,576 / 2.559.970.864.148
2019/8	98,438,121 / 66.383.850.000	6,883,666 / 179.323.230.000	3,855,692 / 435.957.300.000	889,560 / 427.807.350.000	210,054 / 1.244.225.240.000	100,549,663 / 2.353.696.960.000

Figure 3.8 The Number of Depositors and Real Amounts in Deposits.
Source: BDDK

3.5.2 Deposits and Wealth Distribution

One of the key indicators of wealth distribution is deposits. Deposits are savings of cash denominated money (TL or foreign currency or precious metals owned by real persons in the accounts of banks.

In this table, the number of depositors according to the ranges of deposit amounts and the inflation adjusted amount of deposits are presented.⁶⁸ The fact that these inflation adjusted amounts provides a very meaningful indicator. The number of depositors in the total column is not equal to the total number of depositors in the deposit layers, as the same depositors in the different deposit layers are shown as one depositor in the total column. In addition, if the same depositor has different deposit accounts in more than one bank, the same depositor may appear more than once in the total column, as each bank reports the depositor separately. This is the case because a person can have more than one deposit account. The total number of people with different accounts is 10 million. 100.5 million real people in Turkey have total deposit accounts. It shows the number of real persons, official, commercial and other institutions' deposit accounts in a bank. Depositors whose balance

68 BDDK/BRSA's note: Metadata note: In March 2005, the Official, Commercial and Other Corporate Deposit item was divided into two as Official Deposit and Commercial and Other Corporate Deposit. In addition, the Number of Depositors line has been added.

is zero are not included in the depositors' numbers as of June 2010. A bank may have deposits of different sizes belonging to the same depositor.

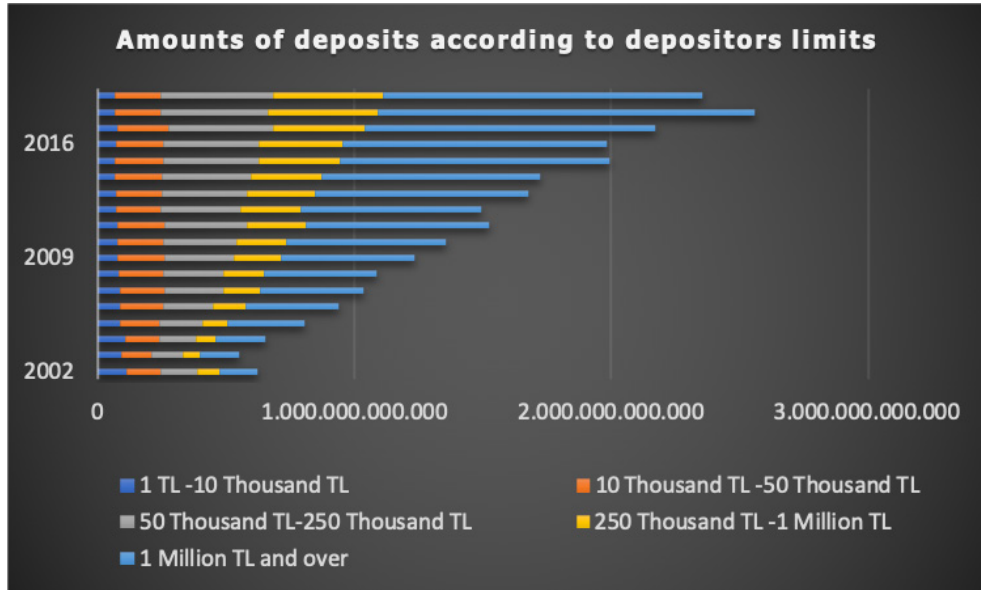


Figure 3.9 Amounts of Deposits According to Depositors Limit. Source: BDDK

There are two separate problems with the deposit data, the first being that the deposit ranges were the same from 2002 to 2019. Another is that the number of deposit account holders before 2005 is unclear. One of the most crucial theme is the inflation change during and this time period was 424%. But their quantity ranges have remained the same. Since the deposits here are arranged according to inflation, it is possible to understand the difference better. Although the number of people between TL 1 and TL 10 thousand increased considerably and there were 98.4 million people, the wealth in the deposits gradually decreased. Of course, the inflation effect mentioned earlier, and also the fact that zero account holders were not deducted from the depositors until 2005.

When we look at Figure 10, we can make the situation more clear. Although the number of the lowest deposit tranches increased, the amount increased while the top tranche (+1 million) increased the quantity, number of people and their proportional growth. There is no significant change in the second lowest level, but the amount of deposits in the other two upper income

positions in the middle has increased gradually as well as the size of the highest deposits.

In Figure 10, the decrease in their wealth in 2018 and 2019 is due to the sudden increase in the USD / TL exchange rate. On the other hand, the high course of inflation in Turkey in the last two years has increased the depositors to foreign currencies and gold. Currently, the ratio of foreign currency in deposit accounts has exceeded the Turkish lira. On the other hand, there has been an increase in gold account in the last two years. We do not know exactly what income level these deposit accounts are allocated to. In other words, a person is both a millionaire and can have another 50 liras deposit account in theory. But if we go through real persons, there are 10 million repetitions in 110 million deposit accounts and 100 million deposit accounts belong to real persons. As a result, if we go over the assets in the deposits, it would not be wrong to speculate that the classic motto is that the rich is richer and the poor is poorer. On the other hand, it should be noted that the assets of the middle class have increased.

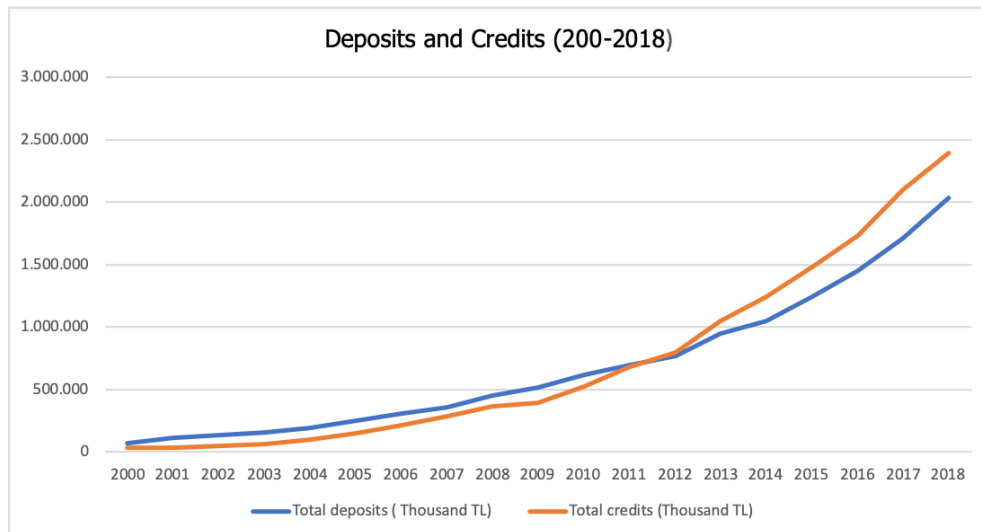


Figure 3.10 Deposits and Credits, 2000-2018. Source: TCMB

Finally, another critical indicator related to deposit accounts is that while the amount of deposits remained above the loan amount until 2011, the scissors between the loan amount and the deposits increased in 2011 and the opposite

direction was growing. This situation in itself creates a more favorable environment for crises. In terms of banking terms, deposits as an asset and deposits as a liabilities have become quite disproportionate and risky. Turkey's banks are borrowing from foreign banks to generate loans, and with this borrowing the country's foreign debt is rising even higher, so on the one hand deposits are disproportionate compared to previous years with loans, while on the other hand focusing on rising foreign debt will make the situation more clear.

3.5.3 *Infrastructure of Debt*

Turkey's external debt has been mentioned here before, but credit will be more explanatory and pass through once more in relation with debt. As shown in Figure 12, the 2000s are the largest external indebtedness in Turkey's history.

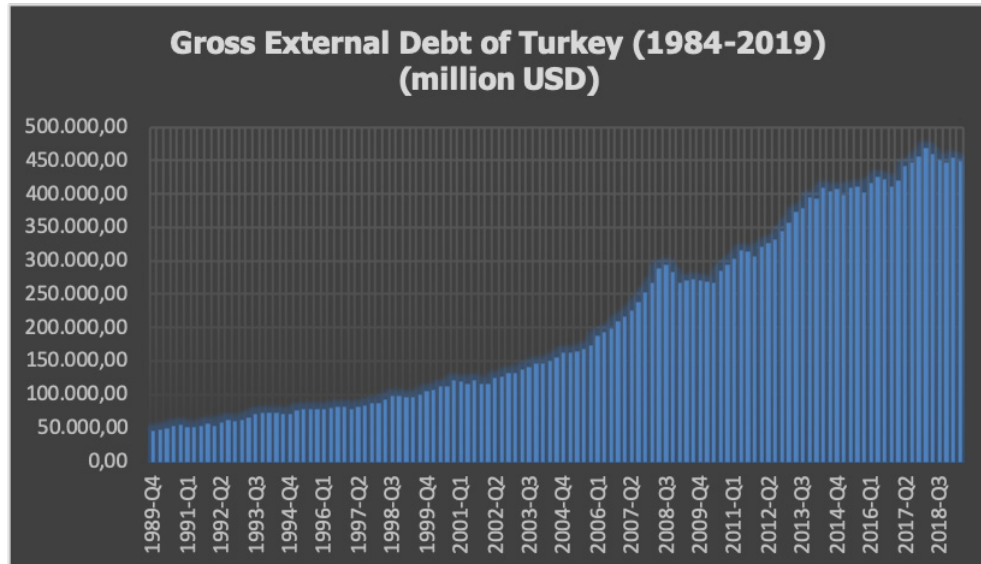


Figure 3.11 Gross External Debt of Turkey. Source: IMF

PRIVATE INDEBTEDNESS IN TURKEY

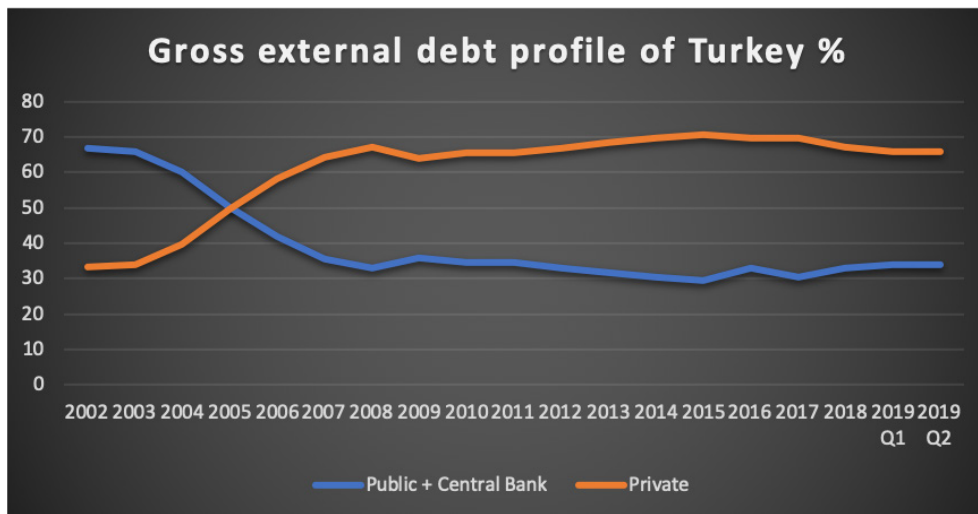


Figure 3.12 Gross External Debt Profile. Source: TCMB

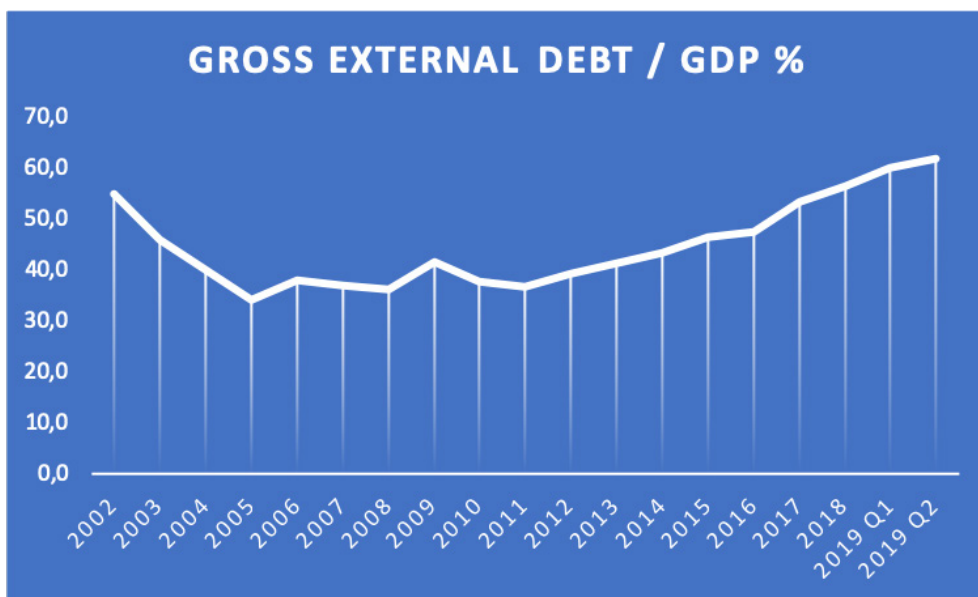


Figure 3.13 Gross External Debt to GDP. Source: TCMB.

In an argument over the height of the amount of debt, the ratio of debt to GDP can be asked. As this chart shows, debt has risen to a much greater level than in 2001, the most severe economic crisis in Turkey. As has been pointed out before, there is also a significant change here. From a situation where public

debt was always high, a new situation emerged where private debt peaked and roles changed at the borrowing point. See Figure 14.

3.5.4 *Consumer Loans*

After the devastating effects of the 2001 crisis, Turkey experienced a serious transformation in the economic field. The economic ideals of the IMF and the World Bank brought with them legal, bureaucratic and institutional changes with the support of political leaders, capitals and experts. It is associated with the logic of economism based on public private segregation and dichotomy, which is essential here. After that, the public-private distinction became more and more emphasized, but on the other hand, the state began to provide a more powerful distribution of wealth to capital groups through many public projects and tenders. Ultimately, these fictional distinctions have become even more pronounced today. On the other hand, it is necessary to state that those who never actually get separated from each other and that the assumed position of the state as withdrawn from the market is actually not correct. Moreover, with the execution of the distribution of resources, we had the opportunity to see that the practical operation is different.

The wave of deregulation from the beginning of the 80s has now brought about the process of the state withdrawing itself from the economic field with the support of the political power of the national and international capital together with the creative destruction provided by the 2001 crisis. As mentioned earlier, the privatizations were based on a logic in which the state withdrew from the economic sphere and transferred the use and profitability of resources to certain companies and capital groups.

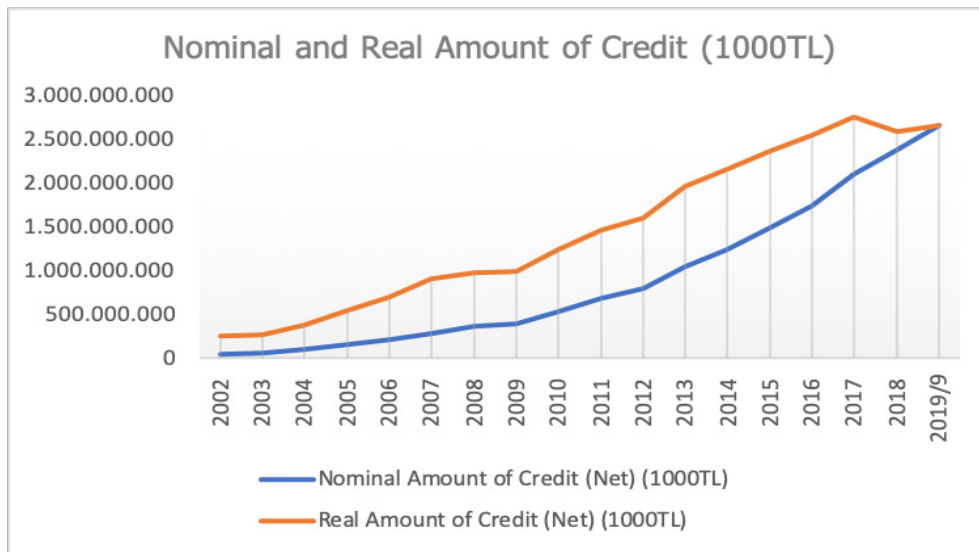


Figure 3.14 Nominal and Real Amount of Credit. Source: BDDK

This process brought with it a very serious credit expansion. Because Turkey had become a positive outlook for international capital. Behind all this, the AKP has a very substantial influence on the indebtedness phenomena. There was a period when the acquis of the European Union was highly adopted and articulated, and the economic logic marketed by the IMF and the World Bank was exercised locally. But on the other hand, the policy instruments and the form of governance were operating in different ways than the logic mentioned. For example, the previously emphasized prudential borrowing is actually based on the prudential/prudent concepts often used by Friedman's heir, Alan Greenspan. This whole process brought about a period when international capital significantly increased its direct investments in Turkey, but also experienced hot money inflows, and Turkish banks received loans from other international financial institutions until 2009.

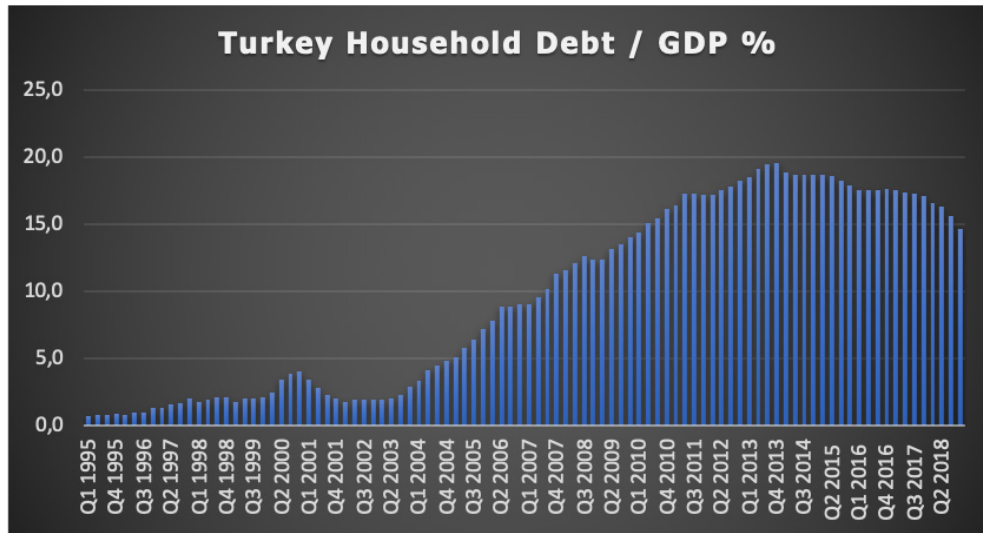


Figure 3.15 Turkey Household Debt/GDP. Source: TCMB

As seen in Figure 15, there is a serious credit expansion that lasts until 2017 after the effects of the 2001 crisis. In this graph, there is a nominal and the inflation adjusted real amount of credit volume in Turkey. This credit volume has already reached 2.6 trillion pounds and until 2017, there was no real decline in credit volume. Consequently, a serious borrowing climate emerged and households entered the highest years of indebtedness in history. At this point, we will first share some graphs related to household debts and consumer loans and then evaluate them.

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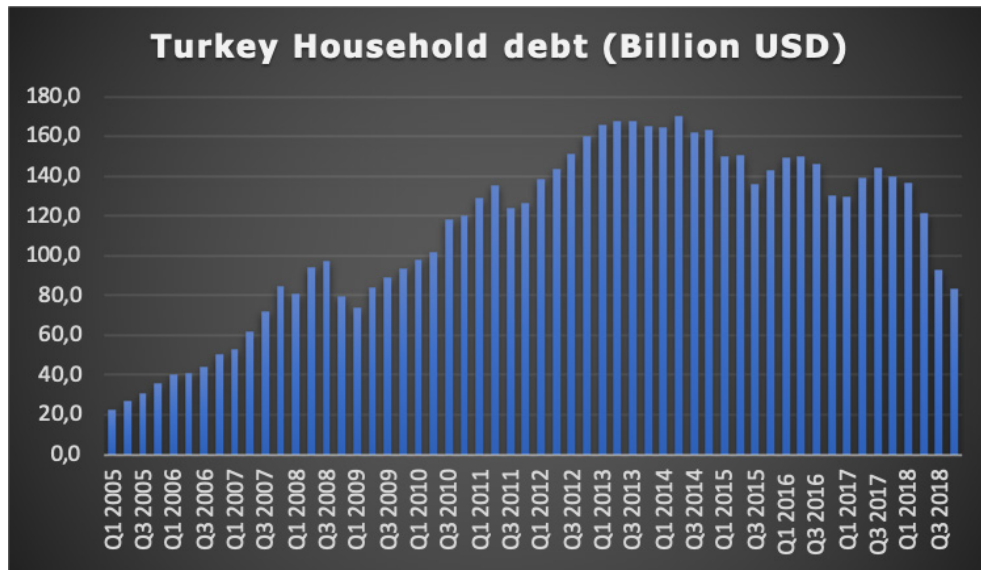


Figure 3.16 Turkey Household Debt (\$). Source: TCMB

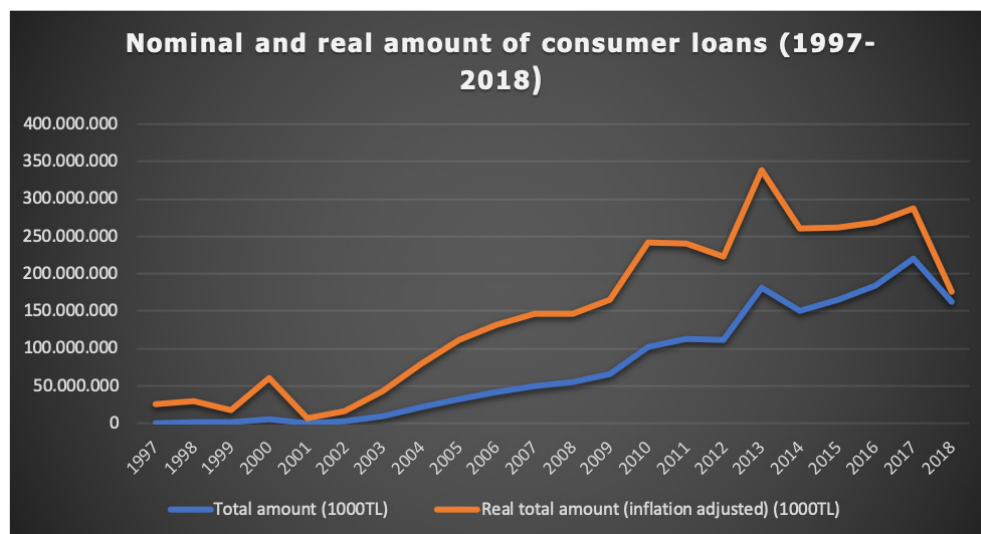


Figure 3.17 Nominal and Real Amount of Consumer Loans. Source: BDDK

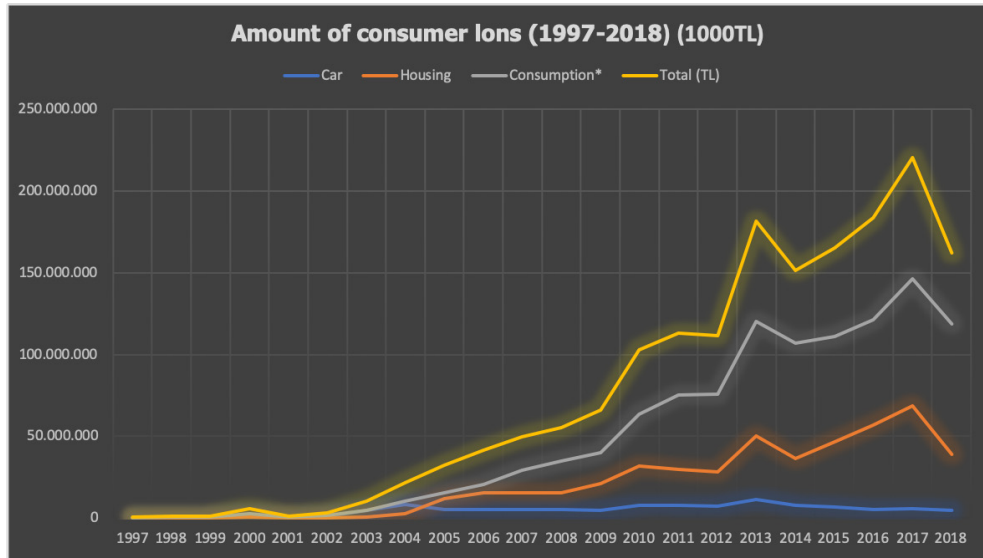


Figure 3.18 Amount of Consumer Loans. Source: BDDK

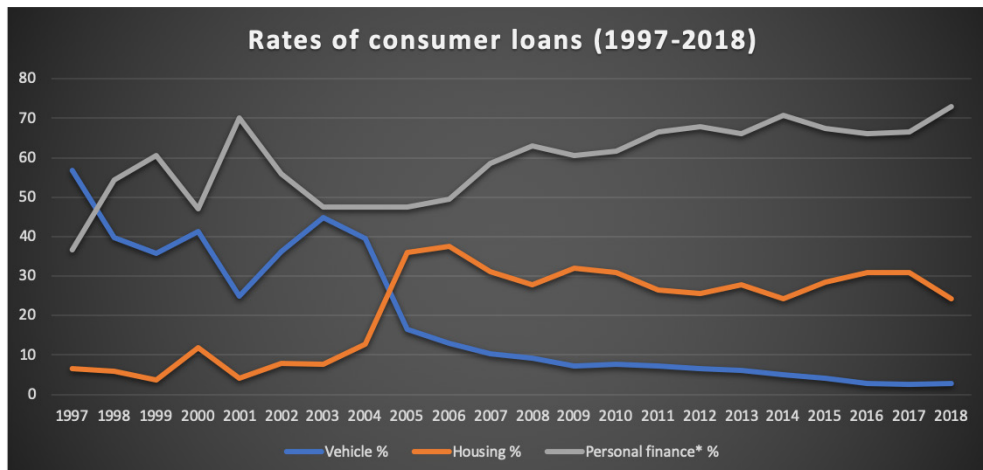


Figure 3.19 Rates of Consumer Loans Types. Source: TBB

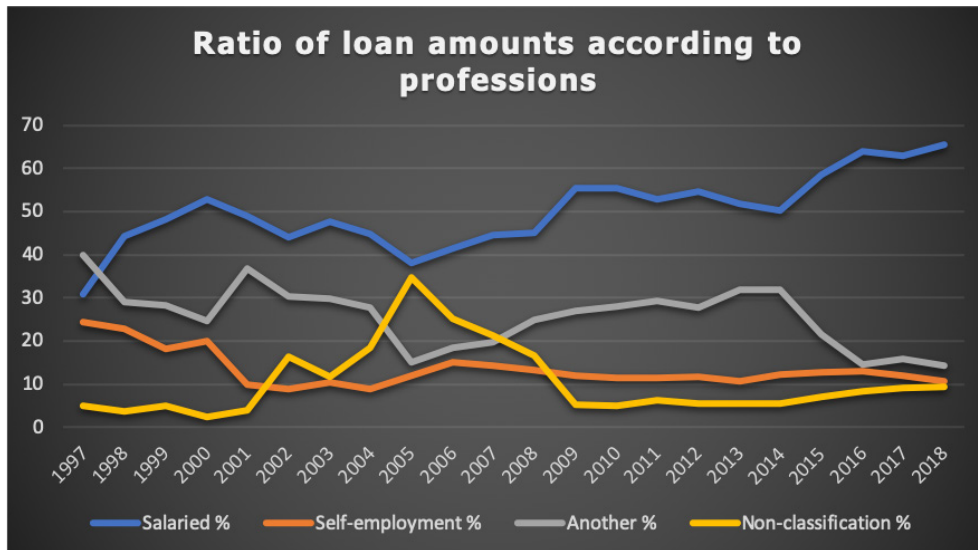


Figure 3.20 Ratio of Loan Amounts According to Professions. Source: TBB

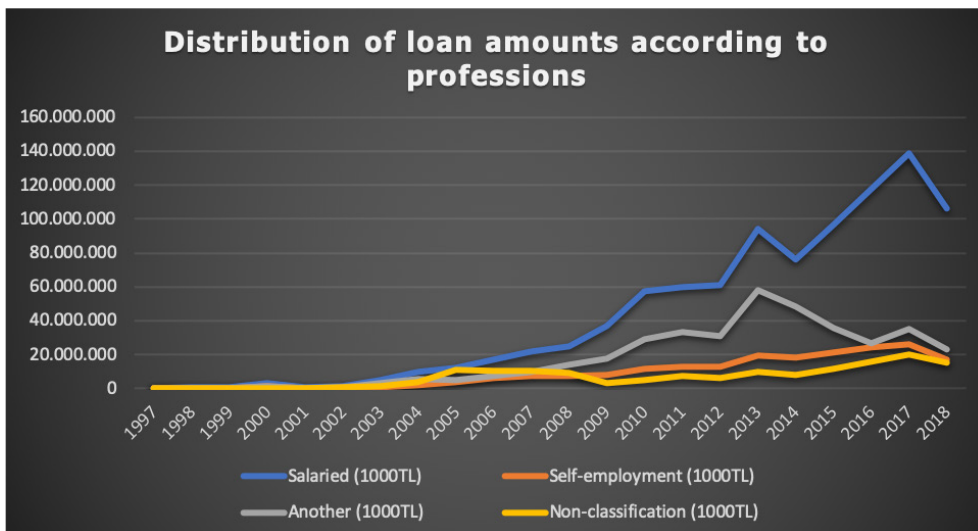


Figure 3.21 Distribution of Loan Amounts According to Professions. Source: TBB

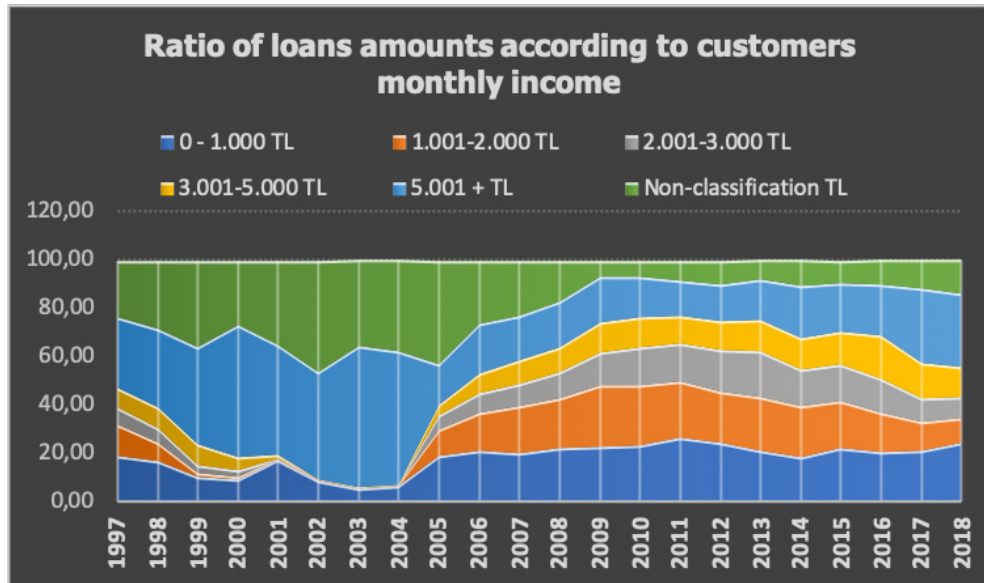


Figure 3.22 Loans Amounts According to Customers Monthly Income.
Source: TBB

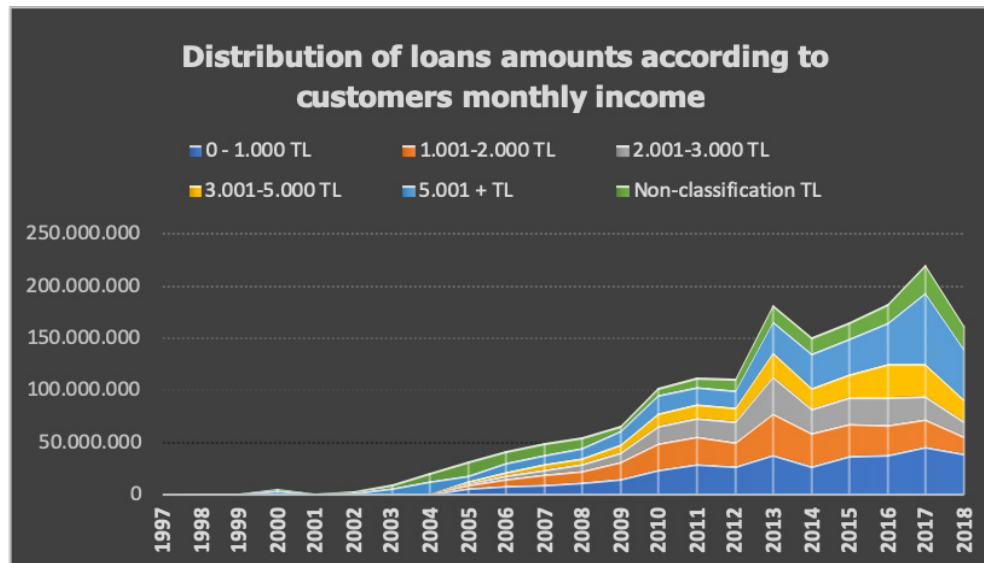


Figure 3.23 Ratio of Consumer Loans Amounts According to Customers Monthly Income. Source: TBB

While public debt declined rapidly in the 2004-2005 band, the difference widened with the rapid increase of private debt (see Figure 13). In the same parallel, the level of household debt in the 2001 crisis had reached its highest period in history, and this level was rapidly increased and exceeded in the 2004-2005 band (see Figure 16). Figure 17 shows household debt on a dollar basis, so there seems to be a sharp decline after 2017, but when you look at the household debt/GDP ratio, there is no such sharp decrease. The difference here is due to the sudden fluctuation in the exchange rate. Therefore, there is no improvement in household indebtedness. The reason for the decrease in the household debt / GDP ratio is the decrease in real credit supply and the horizontal course as shown in Figure 15, and this is related to the fact that banks have to slow down in real credit supply in case of crisis and on the other hand, housing and vehicle loans sharp decline is effective in the relative decline in household indebtedness. Particularly in this context, it is necessary to focus on the serious decline in consumer loans after 2017 (see Figure 18 and 19).

As seen in Turkey, transformation occurred after the 2001 crisis, brought on a debt swap between public and private. The change in the address at which the debt was endorsed was directly reflected to non-financial companies and households. It can be questioned to establish pure direct causal links between them, but historically, these processes necessarily interact with each other. (On the other hand, there are pure and direct causal ties in which social phenomena are, which is a separate problem. The transformation in the labour market, the international mobility of capital, the accumulated debt burden in the world and the development of households as an important actor of debt have also occurred in Turkey. The concept of financial expropriation, which Lapavistas used to describe the financialization of households, applies here as well.⁶⁹ But in addition to this in Turkey, non-financial enterprises are seriously indebted. In this context, the prudent borrowing adventure in Turkey actually means nothing more than trying to advance economic growth through debt. It is based on an inexplicable tautological argument that people are relatively wealthy and have access to many items of consumption, such as getting on a plane.

69 Lapavistas, Costas. *Profiting Without Producing*. Verso Books, 2013, p. 145, 162-163.

On the other hand, while the expansion of capital continued, legal, bureaucratic and institutional arrangements mutually fortified each other both as a cause and as a result of this expansion. The mediators who made this transformation possible continued the process, believing in the reality of the rule they actually set themselves or the economic forecasts they assumed. To the contrary, the rules or institutions did not bring them to this point. What I want to express at this point is not about law, regulations and institutions not being important, but about how these intermediary mechanisms that occupy an extremely important place should be handled. Because, justification works through these mechanisms.

When we look at Figure 20, the developments here are quite remarkable. When we look at the dominant consumer loans in Turkey since the beginning of the 90s, in an interesting way, the vehicle loan. (At this point, Levent, the top 0.1% income group that I will mention in the future, had taken out a car loan in 1992 when he first started his job. This was followed by personal loans and mortgage/house loans remained very low until 2004. The 11% level in which mortgage reached the highest level was just before the 2001 crisis and declined sharply with the crisis to the previous level. Vehicle loans, which had a significant share in consumer loans until 2004, have gradually decreased after this date. Mortgage also declined sharply in 2017. At this point, an significant issue for this study is about personal loans which have the highest weight among loans. Personal loans, which reached their highest level proportionally during the 2001 crisis, reached this level again in 2014 and went into decline, followed by a rapid rise from 2017. The claim of this study is that personal loans are actually about people's livelihoods. As seen in figures 21 and 22, after the 2001 crisis, largely salaried employees receive consumer loans.

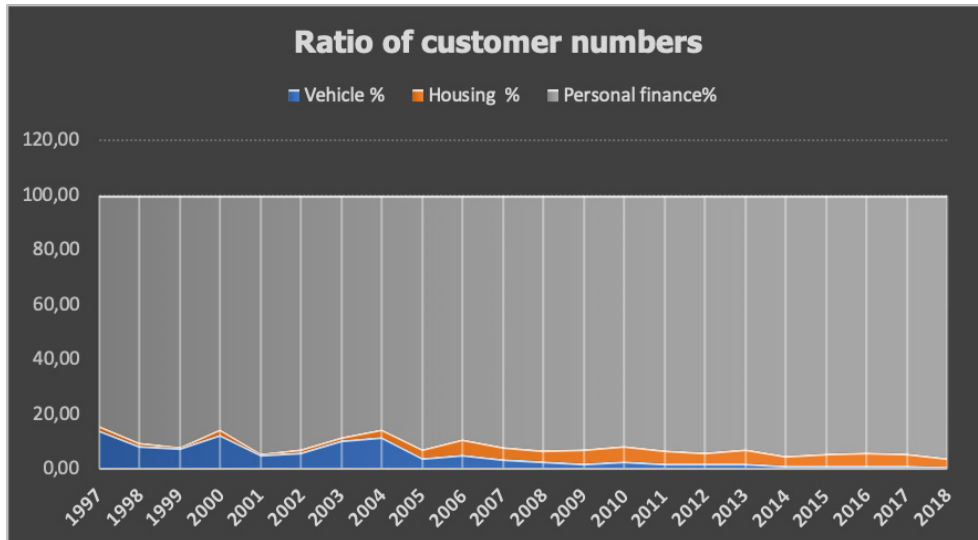


Figure 3.24 Ratio of Customer Numbers of Consumer Loans. Source: TBB

At this point, it is necessary to mention the significant differences between salaried employees. This data alone is an inadequate claim to say that people are being borrowed for not getting along. Because while the individual employees say that they receive the loans, it can be understood that all paid employees are workers from the lower income group. Therefore, it is necessary not only to look at the employment position but also the income situation, because there has long been a class profile of salaried employees as a high income earners. Combining this data with Figures 23 and 24, a table appears as follows; in fact, a small portion of the debt in the amount of 0-1000 lira and 1000-2000 liras income level people receive, those with income of +5000 liras and non- classified have a large share in debt. (I think non-classified is a high income group. Here, workers from the lower income group are unable to make a living and they receive small amounts of personal loans to maintain their livelihoods and daily needs. This was true for all of the subcontractors I interviewed. It is possible to conceptualize this situation in the form of subsistence debt.⁷⁰ The distinction here is about the morality and meaning of the

70 Dagdeviren, Hulya, Jiayi Balasuriya, Sheila Luz, Ali Malik and Haider Shah. "Financialisation, Welfare Retrenchment and Subsistence Debt in Britain." *New Political Economy*, 2019.

debt. People from a large number of lower income groups are experiencing a debt they are forced to live on, for their families and needs. On the other hand, while the number of people borrowing in this position is extremely high, total debts are quite low. As a result, as shown in Figure 25 and 26 the number of personal loan borrowers today is almost all of those receiving consumer loans.

Another significant issue is related to the average loan amount per capita in Figure 27. Here, we see that the inflation-adjusted real capita loan amount reached its peak just before the 2001 crisis and then fell very hard. It comes to the top just after the 2008 crisis and then sees the highest level in history in 2013 and falls sharply since 2017.

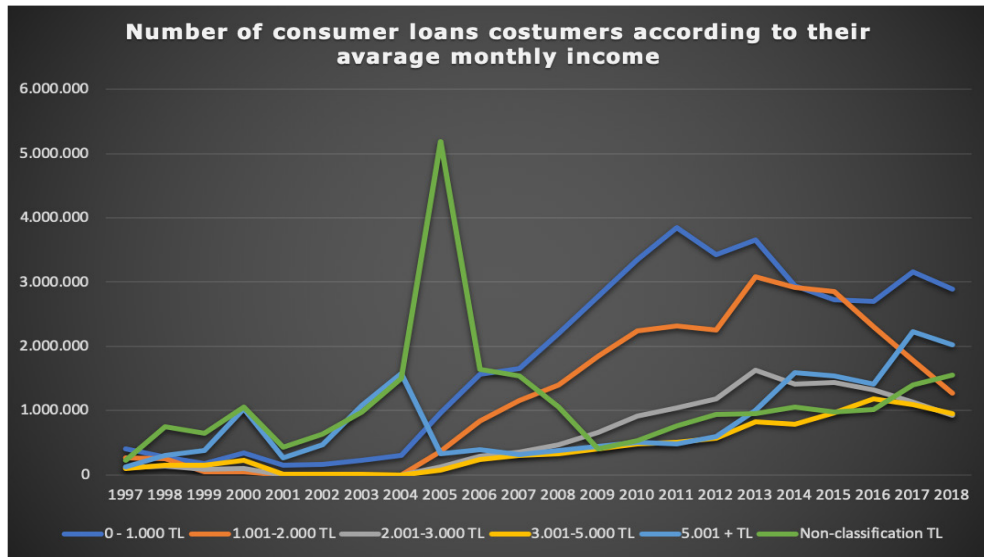


Figure 3.25 Number of Consumer Loans Costumers According to Their Monthly Income. Source: TBB.

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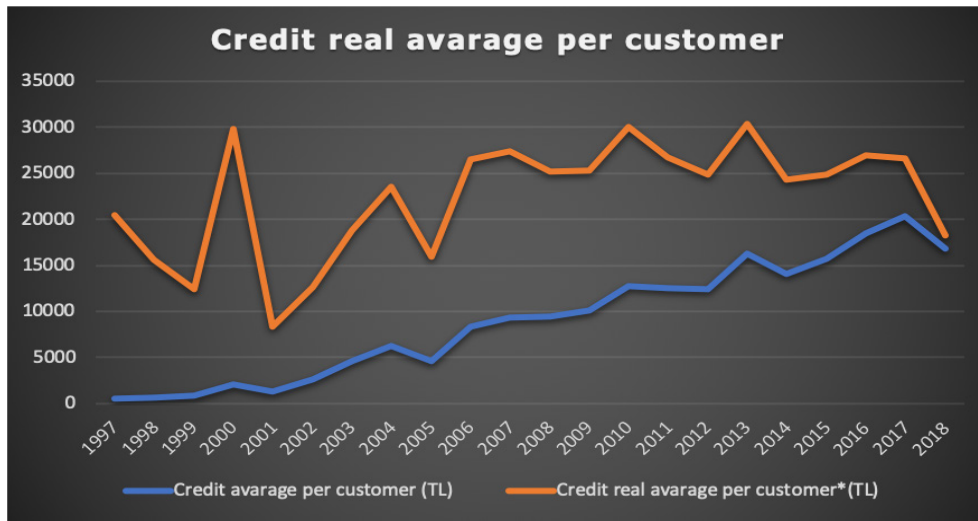


Figure 3.26 Credit Real Average per Customer. Source: TBB.

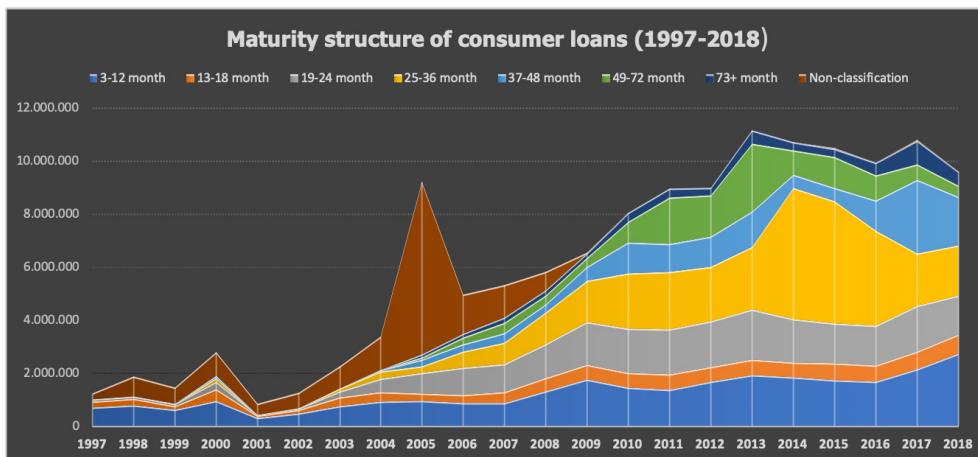


Figure 3.27 Maturity Structure of Consumer Loans. Source: TBB.

As previously seen, people in the lower income group constitute the majority of the working life in Turkey numerically and have the largest share in the number of users of personal loans and credit cards proportionally. This is about people from the lower income group having to borrow money to make a living and sustain their lives. The middle income group has diversified its needs and produced appropriate spending areas. There is a tendency to devote more resources to their children's education after basic needs such as buying a house, buying a car, or going on holiday abroad in more advanced patterns.

So the function of debt here is to reconstruct the content and scope of its reproduction in a much different way than the continuation of life. The upper income group is the addressee of a large portion and amount of the total debt, but it has a mechanism that further doubles its income and wealth with that debt. On the other hand, an average of 10 million people have been using personal loans in the past six years.

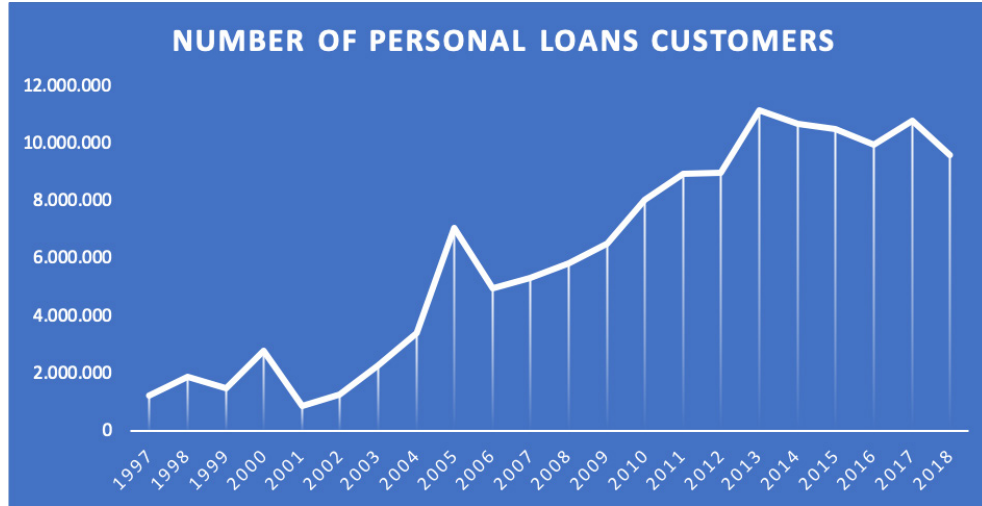


Figure 3.28 Number of Personal Loan Customers. Source: TBB.

3.5.5 Plastic Cards

Once upon a time, the numbers of credit cards in the September of 2001 were 13,5 million and the numbers of debit cards in the last quarter of 2001 were 30,8 million.⁷¹ Moreover, the size of quantities shows quite dramatic change. At the end of October 2016, there are 58,5 million credit cards and 115,9 millions debit cards in the Turkey. Accordingly, by the September of 2016 the amount of domestic and foreign credit carts usage of domestic spending were 50 billion liras and 2016 the quantity of domestic and foreign debit cards usage of domestic spending were 54 billion liras.⁷² This spending level just 6,3 billion (according to old Turkish lira 6.3 trillion liras in the 2002. Currently, there

71 BKM Bulletin October 2002.

72 BKM, Seçilen Aya Ait Genel İstatistik, 2016/9 and BKM Bulletin October 2016.

are 162,4 million debit cards and 68,6 million credit cards in Turkey and there are 231 million plastic cards in total.⁷³ According to BKM data, a total of 86.4 billion liras was paid out by debit cards and credit cards in October. Of this amount, 73.9 billion liras was paid by credit cards, while 12.5 billion liras was used by debit cards in the October 2019.

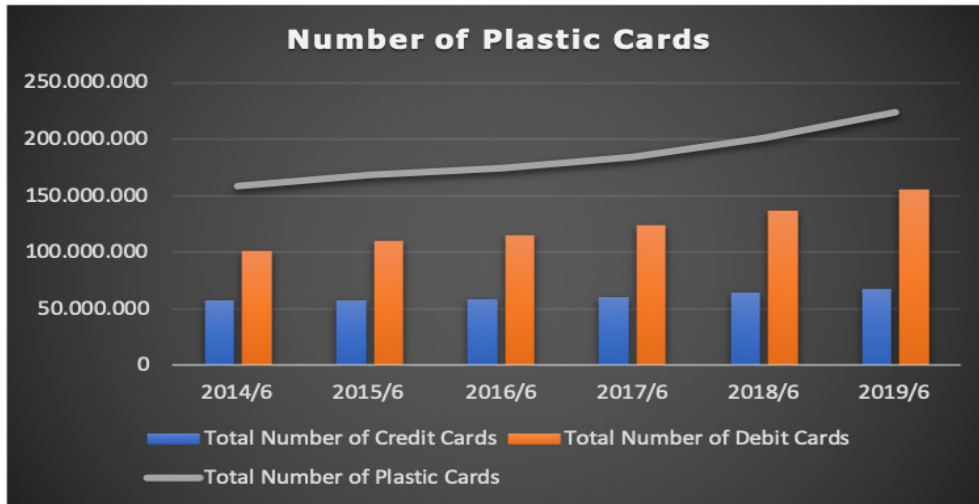


Figure 3.29 Number of Plastic Cards. Source: BKM.

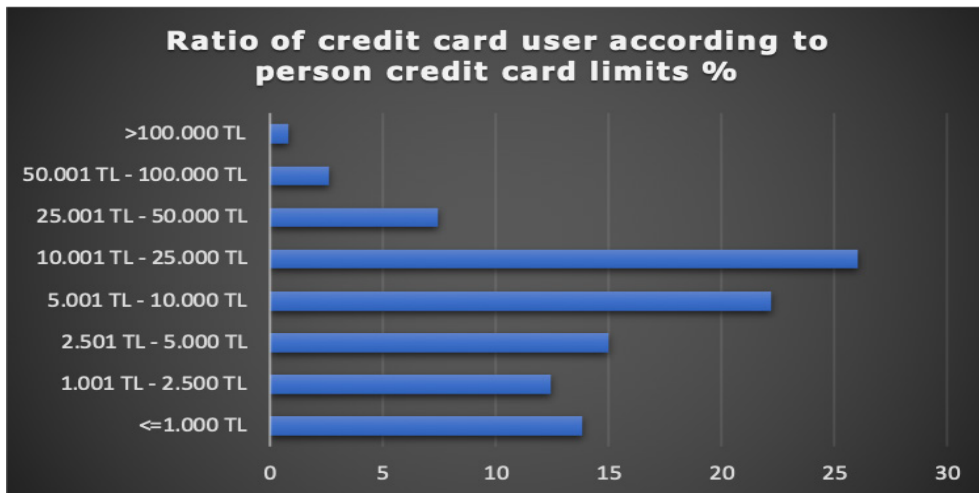


Figure 3.30 Number of Credit Cards According to Limits. Source: BKM.

73 BKM Bulletin October 2019.

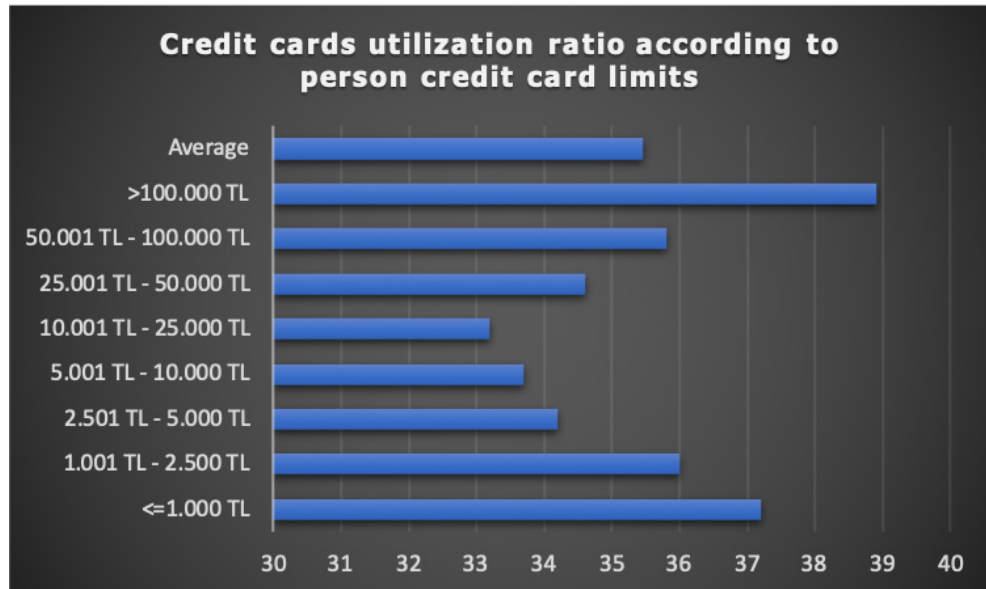


Figure 3.31 Credit Card Utilization Ratio According to its Limits. Source: BKM.

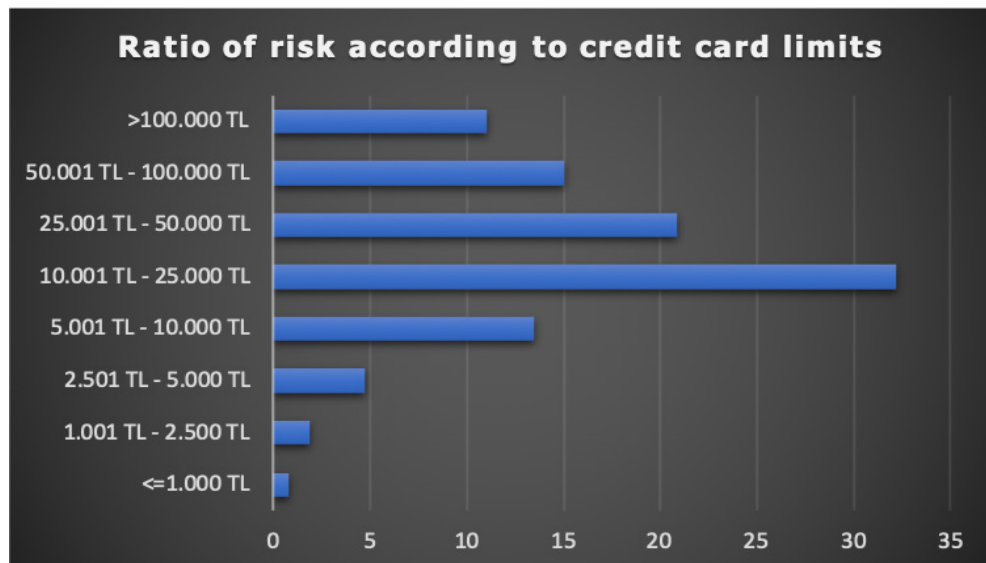


Figure 3.32 Ratio of Risk According to Credit Card Limits. Source: BKM.

In the case of credit card statistics, the amount of debt previously unequally distributed between different income groups and different classes, and more

importantly the unequally distributed meaning and moral burden can be explained in a wider context. We talked about the advent of plastic cards become the dominant payment method in Turkey. And who and how do they use these cards?

The rate of credit card limits in the range of 5000-25000 thousand liras is 60%. 26% of credit card limits are 2500 liras or less. The limit of 930 thousand credit cards is 100 thousand liras and above (see figure 31. The credit card limit of the average utilization ratio across all of Turkey we look at the occupancy rate of 35% (see Figure 32. However, when we focus on credit card risk, the share of cards with a limit of 2500 liras or less is 2.5%. The share of credit cards with a limit of 5000 liras and above within the total risk is 92.5% (see Figure 33. By law, a person who wants to own a credit card can have a limit of up to four times their monthly income. It is very unlikely that a person living on minimum wage in Turkey will have a credit card limit of 5000 liras and above. Of the six workers I interviewed, the maximum limit was 4600 liras. The risk that their spending can generate is 2.5% of the total risk. But the pressure and moral burden that this risk generates on the middle and upper income groups, who on the other side are burdened with a huge chunk of the debt, is virtually nonexistent. You have to pay off your debt is a golden rule that is often first in line for subsistence people. A prime minister in Turkey was able to smile at a worker who told him he couldn't get along and was looking for a job, saying, "but look, he's got a smartphone."

3.5.6 *Debt Burden in Households*

In this condition, the quantity of debt follow-up for the debts of credit cards and private loans had arrived to more than one million people in 2015. Another this kind of news the credit cards and private loans debtors' amount had passed the population of 66 cities of Turkey.⁷⁴ Now, the number of execution and bankruptcy files in the Enforcement and Bankruptcy Offices is 21.071.741.

74 <http://www.hurriyet.com.tr/kredi-ve-kredi-karti-borclu-sayisi-66-sehrin-nufusunu-gecti-29482953>

In the last year alone, more than 3.4 million files have been added.⁷⁵ Payment difficulties, payment of the minimum amount of debt, payment of credit card debt by taking personal loans, the effort made to pay the debt, the obligation to continue working in difficult conditions, payment of debt by debt and finally the inability to pay the debt. All these are very real experiences for today's people and households.

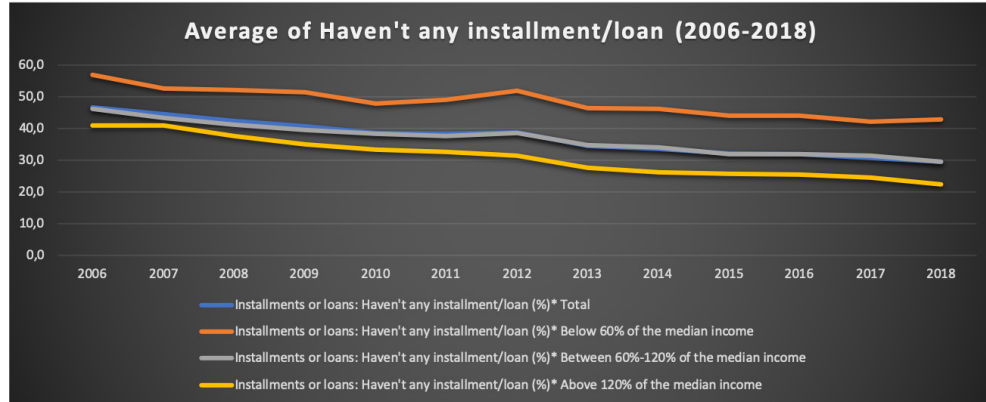


Figure 3.33 Average of Haven't Any Installment or Loan. Source: Turk-Stat.

75 Statistics of National Judiciary Informatics System in Turkey. <http://www.istatistikler.uyap.gov.tr/>

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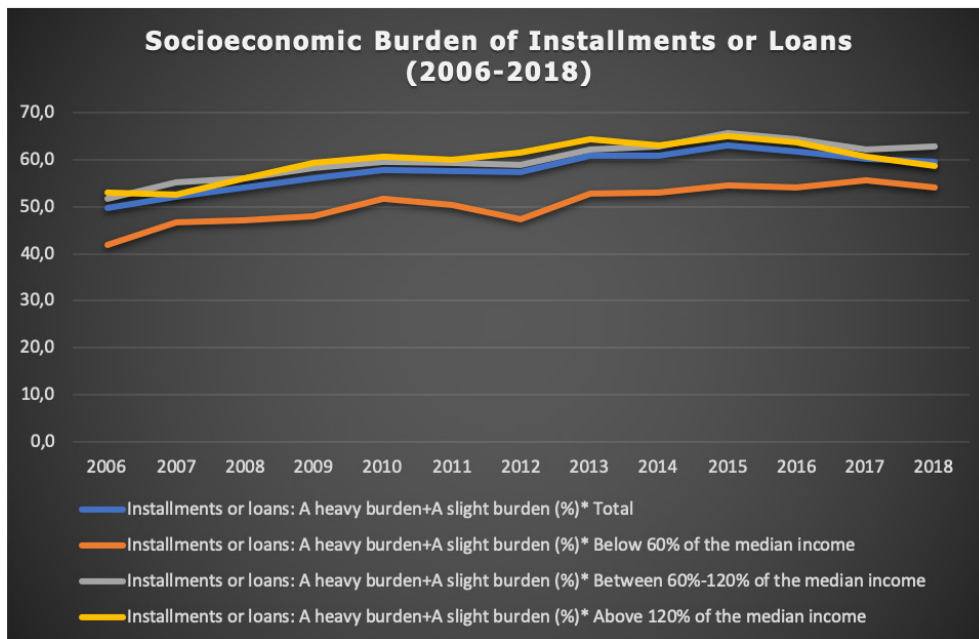


Figure 3.34 Socioeconomic Burden of Installments or Loans. Source: TurkStat.

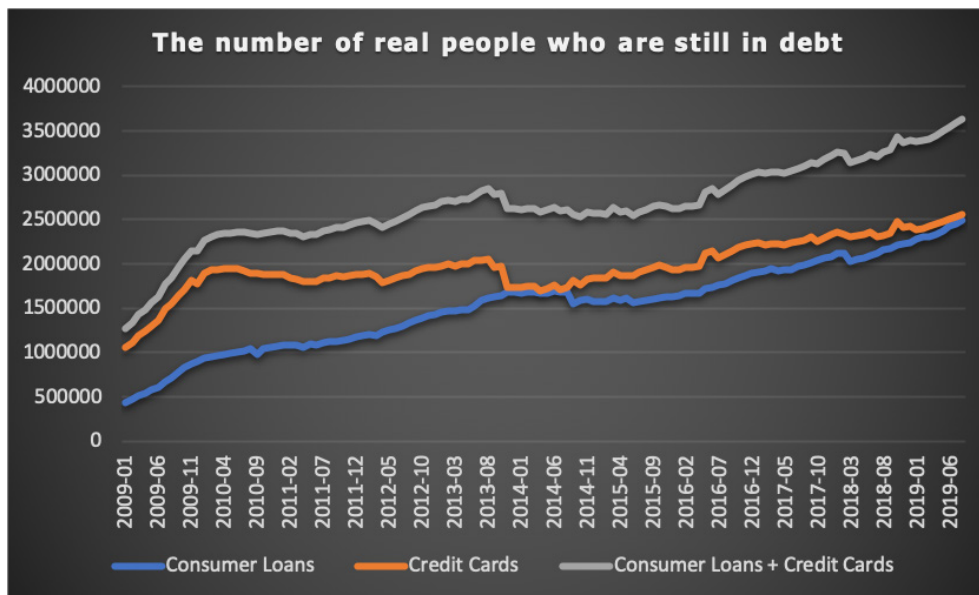


Figure 3.35 The Number of Real People Who are Still in Debt. Source: TBB.

TurkStat provides data on the burden of indebtedness to people from different income groups except for their mortgage and housing cost in their household surveys. According to this data, the proportion of non-borrowers in Turkey has decreased from 48% in 2006 to 30% today. At best, 70% of households in Turkey are indebted at present time (see Figure 34). In Figure 35, the percentage of people who say that the burden of debt is more or less challenging, shows that this process increased from 50% to 60%. But there are two of the clearest and most significant statistics on this matter. First, the number of enforcement and bankruptcy cases we just mentioned, and the dramatic increase in that. Another is the number of people already in debt. When we look at the latest statistics, there has been a dramatic increase in the last 10 years from 2009 to 2019 (see Figure 36. From 1.3 million permanent borrowers in 2009, there are now 3.6 million.

There were two things I wanted to explain in the whole story. The first is the infrastructure of the debt, and the second case, which will be dealt with in the rest of the study, is the relationship of debt and financialization to inequalities. I was inspired by Maurer in the first, and Godechot in the second.⁷⁶

3.5.7 *Financial Sector*

Finally, I would like to focus on the condition of the banks, the most apparent representative of the financial sector, which is the nexus rerum of financialization around this issue. In the course of this process, people, households or all non-financial companies, that is what we call “private”, are in debt. In the course of this process, the first one of the truly profitable actors is the banking sector. Interest profits that we have left as a result of crises and debt. As in Lapavistas' elegant conceptualization *profiting without producing*.

76 Godechot, Olivier. “Financialization Is Marketization! A Study on the Respective Impact of Various Dimensions of Financialization on the Increase in Global Inequality”. MaxPo Discussion Paper 15/3, Max Planck Sciences Po Center on Coping with Instability in Market Societies, December 2015. Godechot, Olivier and et al. “The Great Separation: Inequality, Segregation and the Role of Finance”. in Destabilizing orders - Understanding the consequences of neoliberalism. Proceedings of the MaxPo Fifth-Anniversary Conference, Paris, January 12-13, 2018.

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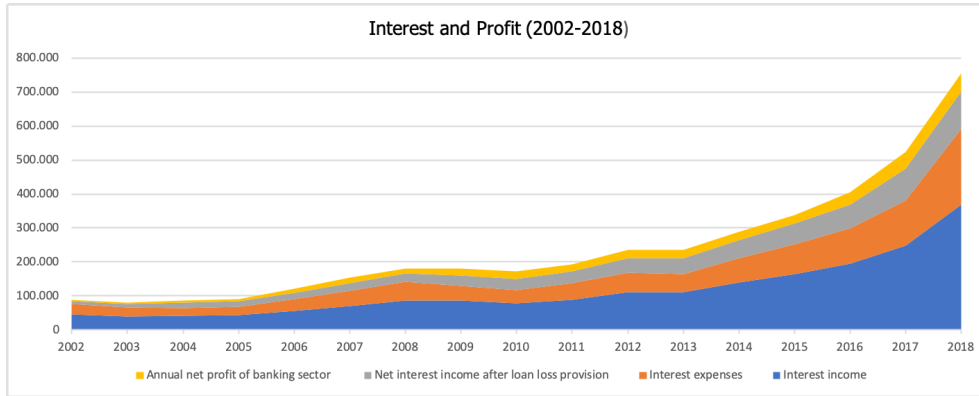


Figure 3.36 Banking Sector Interest and Profit. Source: BDDK.

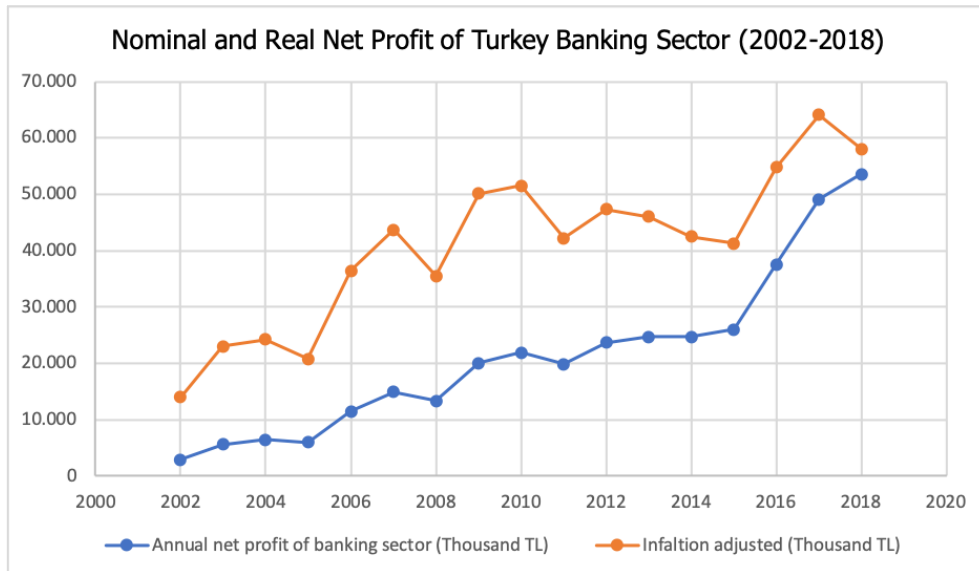


Figure 3.37 Nominal and Real Net Profit of Turkey Banking Sector. Source: BDDK.

Interest income is the only profit element in the banking sector in Turkey. The banking sector is not in the pros in any other item. In fact, the interest production of banks is much higher than the amount here. But even after the banks dropped their own interest payments and other losses, the remaining interest amount was 60 billion liras in the sector as of 2018, and the real amount of this profit rate was 13 billion liras in 2002. The increase in financial-

ization is related to the rise in debt and the profitability of the banks. Additionally, non-interest revenues in the Turkey are lowest level among the OECD countries, developing and developed countries. Non-interest revenues in the Turkey is %24,3 and in the developing countries, this rate approximately %35 and in the developed countries approximately %45.⁷⁷

77 TBB, Seçilmiş Göstergelerle, Türkiye’de Bankacılık Sektörü ve Uluslararası Karşılaştırması 22 March 2016.

The Voices of Field

There are also usurers today who make excessive gains by lending money. The difference is that old usurers keep the account of the interests by notching tally sticks of the exchange counter.

– Petros Markaris, *Lixiprothesma dania*¹

This research aimed to analyze the debts of different income groups and their working lives through a relational approach. In this final chapter there will be a analysis and a description of in-depth interviews with people from different class positions and income groups. Through these discussions, the place, meaning and functions of the debt in people's lives will be explained and the inequalities in debt will be emphasized. Then, with the conclusion part, this study will come to an end.

§ 4.1 Sequences of the Debt

In this section, the interviewees will be divided into four groups as follows: 1 Zeynep, Hacer, Ayşe, Rıdvan, Ali, Ahmet, they are subcontracted workers

1 Markaris, Petros. *Batık Krediler (Lixiprothesma dania)* . Can Publishing, p. 105, 2017.

from the lower income group also receive very little share of the distribution of wealth, with the lowest 10% (6 persons. ² Aslı and Burak belong to middle - upper income group of professional managers and wage earners but not working class, the top 10% in the distribution of wealth. ³ Levent and Faruk, both employers / shareholders, both cultural capital owners, Faruk is likely to enter the top 1% in the distribution of wealth, but Levent is certainly at the top 0.01. ⁴ Yusuf and Mehmet, both in the middle income group, differ among the interviewees even though their share income from the distribution of wealth, civil servants, pairs with the highest cultural capital is the same. In the general draft, the reason for making such a four-group distinction is due to the distinctive similarities that allow the formation of a cluster between them. I can express these similarities as: Working conditions, monthly income, social status, class positions according to the Bourdieu's forms of capital, and the share they receive from wealth. From this point on, these four groups' indebtedness will be analyzed respectively.

The research questions can be summarized basically as follows. They were asked about chronologically their working life since the first time they have started working in either formally or informally. In addition to this, they were asked how and when they have started their current work and the daily running of their work in this university. Furthermore, we talked about their "perception" or with a more accurate expression how to talk about their current work and what kind of discourse has been referred. After that, it has been learned that their household income and whether or not their partner works. In addition, they whether or not have alternative sources of income. On the other side of the income, there are fixed costs as one of the most crucial issue; rent expense, food expenses, bills, school expenses and naturally debts. Besides these, there are unexpected expenditures. In addition to this, particularly health issues or funeral expenses are the most common cases of these unexpected expenditures. The capacity of workers to encounter these kinds of unexpected expenditures is an important issue for them. In such unexpected cases there are two options for subcontracted workers who have limited savings opportunities: Borrowing from relatives or friends and receive a bank credit or using credit card. However, as well as these unexpected cases widely occur, main issue is the continuing debts such as credit card installments that

are immanent in everyday life. Mainly this daily issue is the primary agenda of the research. In this kind of daily debts, what is the type of debt, what purpose they are used for, and the maturity of debts is very important for workers. In addition to this, one of the most challenging issues for interviewed workers is trying to balance and manage these debts at a certain level.

Another important question concerns the issue of savings or financial accumulations. Although the interviewed workers almost never to find the possibility of saving with monthly the minimum wage, but they may see access to debt through the rise of financialization is itself a kind of savings or a “new opportunity.” For example, a worker took a mortgage loan and then bought a house, or the other worker bought a minibus with a vehicle loan and thus, they imagined debt as a borrowed investment and savings instrument. However, they were asked about their relationship with banks such as how they communicate with banks, how they are informed, how they access bank services. On the other hand, it is very important what interviewees think about banks, credit cards and debt.

At the end, questions were asked about the relationship between debt and working life, which connects the main agenda of research. None of the interviewed workers have had a fixed job for many years. A worker had worked for a maximum of 6 years in a certain place. The research focuses on the relationship between changes in their working life and borrowing practices from they have started their working life to present. They may be maintain the minimum subsistence level by applying for a credit card or may be pay off debt with debt or may be lost his / her own business or possessions (home, car, gold, land and so on due to loan debts in times of national or international economic crisis and in times of unemployment as a individually economic crisis. Such stories could find their place in this brief and micro field study.

Questions / Interviewees	Zeynep (28 minutes)	Hacer (42 minutes)	Ayşe (40 minutes)	Rıdvan (45 minutes)	Ali (36 minutes)	Ahmet (41 minutes)	Levent (83 minutes)	Faruk (56 minutes)	Burak (49 minutes)	Aslı (74 minutes)	Yusuf (45 minutes)	Mehmet (55 minutes)
1) Date of birth & place	1976 (Sivas)	1964 (Erzurum)	1972 (Manisa)	1980 (İstanbul)	1974 (Cankırı)	1963 (Tokat)	1972 (Kütahya)	1955 (Zonguldak)	1971 (Yalova)	1979 (İzmir)	1980 (Bingöl)	1983 (Karaman)
2) Educational status and date of graduation	High School (1993)	Out-of-school (She went to Public Education Center for literacy)	Secondary School (1987)	Industrial Vocational High School (1997)	Secondary school (1988)	Primary School (1974)	ITU, Electronics and Communications Engineering (Dropout Three Different MA Programs) (1993)	Gazi Uni., Civil Engineering (1979)	ITU, Electronics and Communications Engineering and MSc degrees from Marmara (1992)	İstanbul Uni., Public Relations and Publicity (2001), Galatasaray Uni., Int. Relations MA (2004), Kocaeli Uni., Administration and Org. MA (2009)	Boğaziçi Uni., History (2004), Boğaziçi Uni., History MA (2010), PhD student in Sabancı Uni. MA (2006)	Marmara Uni., Theology (2004), Marmara Uni., Educational Administration Non-thesis MA (2006)
3) Profession	Cleaner and Helper / Kitchen Helper	Domestic Cleaner and Helper	Domestic Cleaner and Helper	Domestic Cleaners and Helper	Security Guard	Domestic Cleaner and Helper	Telecommunications Engineer	Civil Engineer	Telecommunications Engineer	Sales, Marketing and Public Relations Professional	Social and Religious Professional / Religious Professional	Social and Religious Professional / Religious Professional
4) Current job position	Kitchen Personnel (Subcontracter)	Cleaning Worker (Subcontracter)	Cleaning Worker (Subcontracter)	Kitchen Personnel & Cleaning Worker (Subcontracter)	Security (Subcontracter)	Cleaning Worker (Subcontracter)	CEO (Com. Technologies)	Partner and Manager of the SME with his two brothers (Kitchen Equipments)	Director (Com. Technologies)	Director (Textile & Retail)	Civil Servant (Libraries and Publishing)	Civil Servant (Libraries and Publishing)
5) Marital status, number of household member	Married, 2 children and 4	Married and 3 children	Married and 2 children	Married and 2 children	Married and 1 children	Married and 3 children	Married and no children	Married and 3 children	Married and 2 children	Married and 1 children	Married and 3 children	Married and 2 children and 4

Figure 4.1 Interviewees Profiles

§ 4.2 Aspects of the Indebtedness for Workers

There are three severe pushing factors for becoming debtor in the case of sub-contracted workers. These can be summarized 1 the condition of real wages, 2 the condition of neoliberal labour market, 3 the condition of subcontracted working.

After the 1980, real wages have terrifically slow increasing rate, on the contrary, labor productivity has tremendously raised. The gap between the real wages and the labor productivity has been severely raised in Turkey labour market. The real wages of the public workers has decreased 13% in the last twenty years. However, the real wages of the private sector workers has raised only 0.9%.²

During the JDP era, the subcontracted labour has considerably been rising as a one of the most severe and precarious working method. According to DISK report, the privatization of public sector is main reason of the rising subcontracted labour methods and the ratio and quantity of subcontracted labour has been systematically increasing since the 2002 up to nowadays. The numbers of subcontracted labors were 387.000 in the 2002 but this figure overcame 1.611.000 in the 2011.³

This fieldwork about the impact of their indebtedness practices on their working lives who subcontractors workers in a private university in Istanbul that was founded in 2010. In the most general sense, the practices of borrowing, living life as a debtor and surviving this indebtedness are directly associated with economical, legal, social and psychological issues. But in this investigation, we particularly focus on the relationality between shaping work life of subcontractors workers and workers' practices of borrowing and dealing with debt. In addition to this, how debt has been shaped their working life up to now and how future projections of their working life are affected by debt.

The most basic deduction of borrowing is the obligation of paying the debt. This is a compulsory process or agreement that is guaranteed by legal,

2 Şenses, Fikret. "Turkey's experience with neoliberal policies since 1980 in retrospect and prospect", *New Perspectives on Turkey*, Vol. 47, 2012, pp. 24.

3 Öngel, F. Serkan. *Türkiye'de Taşeronlaşmanın Boyutları*. Türkiye Devrimci İşçi Sendikaları Konfederasyonu Araştırma Enstitüsü (DİSK-AR. 2014.

governmental and economical authorities. The debtor has to either pay the debt or work for the debt. Subcontractor workers as debtor are almost completely deprived of monetary accumulation or financial assets; they just struggle to make a living. Their income level in the scope of formal employment is at the lowest level, so they get minimum wage. On the other hand, they mainly different from other workers about precarious working conditions, lack of some important rights, health and safety at work.⁴ As a result, subcontractor workers are often most fragile and precarious group in formal working life. In addition to this, as they try to get rid of their debt's legal, economic, social and psychological sanctions, they would have to work under all kinds of conditions. Thus, their vulnerability will be doubled. Furthermore, subcontracting workers trying to maintain their daily livelihoods with limited income and at the same time they are much more disadvantaged than other income groups in terms of developing various dealing strategies against their debts that well above their own budget. Because of that reason, their relationship with debt is a very remarkable research topic.

Another important issue is the number of unionized workers and unionization rates, and in this respect Turkey is experiencing one of the worst possible time. The number of unionized workers and the rate of unionization were stated as follows. Accordingly, as of July 2019, out of a total of 13 million 764 thousand 63 workers in Turkey, 1 million 894 thousand 170 had membership in a trade union, while the unionization rate was 13.7 percent.⁵

§ 4.3 The Mediator of The Field

Questions have been asked so as to find out subcontracted workers' relationship with debt not only in current case but also their own historical contexts, which is a necessary aim for his research. At first hand, as a result of fieldwork,

4 Birelma, Alpkan. "Türkiye'de Taşeron Çalışma", *Toplum ve Bilim*, sayı 133, 2015, s. 65.

5 Pursuant to the Law on Trade Unions and Collective Bargaining Act No. 6356 prepared by the Ministry of Labour, Social Services and Family; The Communiqué on the Statistics of July 2019 on the Number of Workers in the Branches and the Number of Members of the Trade Unions was published in the Government Gazette. 31 July 2019 Wednesday, Issue: 30848. <https://www.resmigazete.gov.tr/eskiler/2019/07/20190731-4.pdf>

it is possible to produce some particular typologies from the relationality between indebtedness and working life: Those who 1 have been become over - indebted far above their income levels by obtaining loan or using credit cards by virtue of confidence of having, in a particular period, a fixed income and because of perpetual insistence of banks, 2 have been indebted for housing or mortgage loan as a basic need, 3 used credit card in order to sustain minimum living conditions and to pay off any debt with another debt in periods of unemployment or economic crisis. While this work is somewhat small-scale and not having an ability to represent, it is possible to create such typologies, which are, in a sense, products of trying partially to indicate the results of my findings in advance. Beyond this, I will convey what interviews show in as plain and direct a way as possible, by adding annotations and including, when needed, personal explanations and interpretations. I will, ultimately after all these working environment descriptions, make some inferences.

The subcontractors are interviewed in this study are divided into three groups as domestic cleaner, kitchen helper and security. Those workers who are all work under the roof of the same subcontractor firm in this private university. Actually, this subcontractor firm is actually connected to a front company that the university has indirectly established. There are 164 subcontractor workers who undertake all these services in university. The total number of employees of the subcontractor firm is 164 that undertake all these services in the university. 102 employees work in cleaning and gardening. 42 workers in security, 10 workers in technical services, 10 in kitchen services are employed. In this context, I made a 6 in-depth interviews were conducted with workers, 3 of these participants were working in cleaning, 1 was working in kitchen, 1 was working in security and 1 was working in both kitchen and cleaning. The demographic information of interviewed workers can be summarized as follows: 3 female workers and 3 male workers were interviewed. These figures more or less reflect the gender distribution of the total employees. The rate of female and male workers of all subcontractor workers is 55% man and 45% female. There are workers under 30 years of age and over 45 years of age in the age range of all workers, but the age range is predominantly in the 30 to 45 years old. Educational status of interviewed persons varies within the following classification: Primary school graduate, junior high school graduate or

high school graduate or middle school leave and high school leave. At the same time, these educational statuses can be generalized to all working workers as far as our observations and interviews. A worker who graduated or is studying at university was not found in the field. All but one of the interviewed workers are married and they have a child of all but one married. 1.6 children per person when compared to all interviewed workers and all these children except three of them are studying in a formal education program. All but one of the interviewed workers migrated to Istanbul from their hometown since their first years of youth. Most of them have migrated with their family; on the other hand, some of them came to Istanbul to work and settled permanently in here.

§ 4.4 Environments of Work

I would like to share some of the results of an outstanding field study conducted in 7 neighborhoods in Istanbul to investigate urban transformation and gentrification in 2008-2010. This ethnographic study conducted by an 11-member researchers team covers 7 neighborhoods (Başıbüyük, Derbent, Aydınlı, Tarlabası, Tozkoparan, Ayazma and Tepeüstü. In the following chapters, when I analyzed my discussions on the indebted workers, I compared this fieldwork with my data validity and resemblances between two studies. They investigate the question of “How old and new immigrants of Istanbul were able to improve their situation?”. The definition of situation based on their’s educational levels, occupations, labor conditions and income levels. According to final findings of this question show that a significant proportion of those who have been trying to hold onto this city for 50-60 years have not been able to improve their opportunities. Moreover, in some indicators even below the average of Turkey. They substantially try to live daily by producing family life strategies.⁶

Another important issue is the administrative organization of workers. All of these workers are working at the university on behalf of the subcontractor

6 Türkün, Asuman ed. *Mülk, Mahal, İnsan: İstanbul’da Kentsel Dönüşüm*. İstanbul: İstanbul Bilgi Üniversitesi Yayınları, 2014, p.403

firm. The two female and one male officials of the firm are permanently working in the university, but all workers are actually working under the supervision of the administrative officer of the university and workers are de facto responsible for them. Even the head of the department of administrative affairs or the university's administrative officials decides on requests of workers such as shift change or department change. At the same time, the university's administrative officials are authorized for unexpected situations or annual leave of the subcontracted workers. On the other, this information may not be interesting by itself. But there are three different subcontractor firms that are currently underway in the university are making three different types of construction and the university administration has no relation with these firms working or operations. The main reason for this difference between four different subcontractor firms is one of them are operating in the service sector which is already under the administration of the university. So, the university indirectly established this subcontractor firm. Thus, the university established this subcontractor firm to get rid of the "possible risks" of employing permanent workers. According to the expectation of the university, subcontractor workers are docile, easily dismissible and then a possible strike can be prevented, and the working hours can be determined flexibly and so forth. This field study focuses on workers in this kind of a working environment and .

"What do we do, sir, I'm writhing in the grip of capitalism" the food handler always said so. He is always smiling and caring, but on the other hand he has a restless, intense work tempo, he is always standing up, sometimes he likes to talk a broadly (age 47, he likes to converse with and also he is worry, waiting for a meal during the refectory and behind the long buffet where the food is we are thankful for the state while accompanying us. It was he who made the position he felt uncomfortable among the people I interviewed more clear. Of course, this is a different company from school. The cafeteria company is a catering company that the university gives to a firm that is familiar with the tender. So it has different business conditions.

Zeynep is a cleaner and her husband's work went bankrupt for trying to closing debt with debt (borcu borç ile kapatmak into a his work, but when he was ill, she has come to work, and the woman alone, 2 children. In 2010, due to the debts of her husband came to the executive and the last 1 year, but they

were able to pay their debts, but difficult situations. Zeynep says the kids should at least save themselves. First, he entered a textile company worked for 3 years, they said they had invested in this workplace insurance, but one day when he went to the hospital and learned that the insurance and was shocked, he says. Then when I asked this situation at work, they fired me and said I was indifferent and I couldn't call my right.

Ahmet, after working for 20 years as an assembler of household furniture, decided to start his own business quitting his job. Then he received compensation and quit. Since his intention for a new business came across with very 2008 crisis, his dream of his own workshop could not actualize. He hired a place but soon released because he could not have started at same month. He did not also want to invest his money in this business since he was worried about his little money would go for nothing in that process. He remained unemployed for a while and worked at various places until 2014 when he found a job as a subcontracted janitor in university, where he is still working. Subcontracted workers in the university gain averagely 1800 liras in total for month. This amount includes take-home pay minimum wage plus 350 liras (transportation and meal for 6 days a week, 8 hours a day. Laborer's, especially security guards, are working in shifts. They receive overtime pay from university. All of these mentioned demonstrate the current and common working conditions of all participants. Ahmet, at his previous jobs, had been working at least 11-12 hours a day, with irregular - sometimes even no any-overtime payments. When asked another participant whether his wage could provide his monthly family subsistence, "it doesn't, but it's going head-to-head" he says. His house rent (650 liras counts 750 liras when stoop cleaning added. He tells, "in today's conditions, I give the child five liras every day when he goes to school, not enough, but we give five liras getting by" adding, "if we hit the monthly average of bills and tube costs total 300-350 liras.". House rent of interviewees is 850 liras on average, thus appearing to be highest output among household expenditures.

A representation of a typology, we continue with Ahmet. His wife is a housewife. They do not have any extra income. When his father was alive yet, he was taking care of the farm, and sent some of the crops to Ahmet and his

family. Currently, he does not use any credit cards. When once he became indebted, first, he paid up his debts, then has cancelled all his credit cards. He used credit cards for ten years before this incident. In regard to his regular salary, even before Ahmet bey has started this job, the bank raised his credit limit to 35 thousand liras. Ahmet describes those days as while smiling “this, we thought this credit cards as free of charge”. Then later, when his spending exceeded his regular salary, he says he called his bank and cancelled his credit card. After that, he has never applied again to another credit card. When we ask him “After this incident, did you have any drawbacks for using credit card or any other credits from banks?”, he answers “one way or another, when you caught up in this business, they push you into haram.” Currently, he owes 8 thousand liras to the bank. This loan ends in this year. Additionally, he is indebted to some of his acquaintances who he describes “will not put pressure on me”. We can see these informal networks are still important in unexpected cases. When some emergency happened, he says, firstly he applies to his close relatives and family acquaintances.

All participants emphasize that they all are tired of never-ending calls and text messages from banks, which implies they can get credits. As an instance, a subcontracted worker who works for minimum wage gets a call from bank: The officer on the phone says his 20 thousand liras credit is ready without any application from the worker himself. For our participants, these provocative calls are odd and disturbing at the same time, while being inviting due to their need for money. Here, it should be emphasized emotional and cognitive part of capitalism, because in every interview we had, in the end we asked, “what do you think about banks?”, all participants say, “Allah forbid everyone from their hands”. However, one participant adds this “...but in other way, anyone can go and get 100 thousand liras loan and buy a home by adding his 50 thousand liras, but of course it will be paid in anyway...” while revealing that elusive emotional and cognitive part of capitalism. This debt order and banks are a specter for most, an object of fear, while being the only choice to realize everyday dreams of people at the same time, whether relatively small or unattainable.

Another crucial issue is savings. When we asked a question related with savings, a participant said hesitantly “people like us who has low incomes understand saving as standing on our own legs, not much then”. In this manner, for workers who gets a little bit higher incomes from minimum wage, it is impossible to save some money after meeting basic expenses of home. Moreover, besides basic expenses, each worker give away sixty percent per capita of their wage to credit card/credit payments next month.

When I grumble “there are too many debtors”, Ayşe reproached “many, too many people indebted”. She started his working life in 1992. For ten years while working as a housekeeper, she worked without any insurance. For the first time in 2002, she had got an insured job when she entered a textile company as a tea maker. But after working for two years, she noticed that her company did not pay her insurance payments except the first month. After that, she left the job here and has started to work as a housekeeper for a long while. Then, she entered a job at Acibadem Hospital for six and a half months. But due to her family and health problems, she left this job either. She did not work for eight months after quitting her last job. Then through a friend of her, she enters this job at this university, and works for a year right now. Ayşe and her family’s household income reaches five thousand liras per month including extra and overtime works and her husband’s income. This household income is more than almost every participant to this research except one worker who has an extra job as a minibus driver. Ayşe and her husband bought a house through using housing loan. They took out credit for 175 thousand liras from Garanti Bank for a ten-year term to buy a house. In the end, they will pay 320 thousand liras back with its interest. This a servient selling of the house when it is bought through housing loans. Monthly payment of the debt is 2650 Turkish liras (fifty percent more than a subcontracted worker’s wage. In accordance with the contract, when monthly payments did not discharged in a three months row, the house becomes an issue for court due to this debt. It has been one year, they took the loan out. At the same time, they lend some money from their informal network, some of their relatives and others and sold their private car to complete the money for the house.

Ayşe used a credit card in 2003, for the first time in her life. She says that she uses her credit card for basic food expenses of home in a balanced way.

She says she does not use the credit card for other payments. They used their credit card in emergency cases such as unexpected health issues. In the past, they had several months which they exceeded their credit limit and, in these days,, she says she had five different credit cards. This is a practical solution for refunding to clear the debt from other banks. Nowadays, she puts a mental limit a self-disciplined way for herself not to exceed the limit again besides the real credit limit. She develops a certain way of discourse as she inserts and follows to use her credit card for only specific expenses of home such as food and other limited things.

This form of government of self brings to mind rather than an external governance, the intrinsic self-regulation and self-surveillance as a result of indebted way of life. But of course this process has very practical and subjective reasons. Explaining this self-governance with the spirit of purely neoliberal time or financialization of life bring with a kind of reductionism. Although, the concept of neoliberalism or financialization is worthwhile to point out that a vital aspect of complex phenomenon, it would be wrong to limited the issue entirely to such a neoliberal process. Ayşe is now only spending according to the 500-lira limit that is fixed by her. And she said that I have not had a problem for the last 3 years. She rarely reached 700 liras, but says she balanced it. But as she sees “the oppressed people under the debt burden” around her, reinforce her own “careful attitude.” Her husband has two credit cards and only uses it in emergency situations such as illness, funeral, and so on. Her explanation for this situation is as follows: “rather, because we have a lot of credit debt, we try not to be too burdened there [on credit cards].”

On the other hand, when asked about the question of savings, the explanation for this situation is as follows; far from doing any accumulation due to the debt burden, she has also canceled the compulsory Individual Pension Insurance (BES which entered into force recently. Ayşe said that “actually, it would be great if it stayed.”, but there is always the inevitable reality of paying home loans in her minds. She talked about leaving the Individual Pension Insurance which she thought would be useful: “if we fired from work the day after tomorrow, we’ll have some money so we can pay our loan.” In this sense, commitment to work and dependence on work seriously intersect with the bonds of debt.

Another aspect of indebtedness is borrowing practice to keep a minimum standard of living instead of borrowing to get an extra possessions or commodities. In addition to this, particularly the times of economic crisis are very difficult for the individuals who have such precarious and changeable working life. Mehmet was unemployed after the 2008 crisis and there had also been a decrease in the cleaning work of his wife. He describes this period as “we were overloaded on credit cards, then overloaded.” In this period, the unavoidable increase in the credit card expenditures and the sharp decline in household income brought with it serious debts. He explains this process as “and when you can't pay, when you go to the end [when the amount of debt and interest increases], people are forced, people are going to be hard, so we always decided after that we go regularly.”

Another participant took out an auto loan of 80 thousand lira and with the support of his father's retirement bonus and then he goes out of service with a minibus outside working hours. He actually works in a tea service and his hours of work are relatively more comfortable than cleaning workers' hours. Because cleaning workers have to work early in the morning and late in the evening. But later, soon after he bought the minibus his department changed and he was assigned as cleaning staff. Thus, a change in his working hours or his department would have ruin all his plans because these minibus services carry employees of corporate firms in rush hours. After this changing of working conditions, he was very worried that he would lose his new minibus and new income opportunity. The debt of his loan will continue to pay for the next five years. But if he does not pay for three months, then all the money his had paid so far is wasted and bank will start file a lien for his minibus. Later, he talked to the university administrators and they arranged his working condition. But, if the university administrators did not accept his request, he would be willing to let his minibus go away, instead of leaving his subcontractor job in university. At this point, insurance premiums and health rights are much more important to him because one of his daughters recently had a serious illness. That is to say, a constant work is much more valuable for him, instead of take a new job and accordingly an unpredictable risk. The reason for this is that there is a restrictive debt and basic vital minimum requirements.

Apart from all these, it is possible to mention the byproduct consequences of the research. These topics were not designed at the beginning of research. These results are perhaps not a surprise. One of the secondary products of the research relates to the future imagination and expectations of the participants. They are particularly quite sensitive to the education of their children. In a sense, it takes seriously the expectation that their children will be a receive university education, thus they will not be condemned to as their parents working lives and family lives. In this way, their children will have better circumstances in the future via university education. One participants said that: “if the kid wins college, and I hope he wins public university, we can't teach in places like this, we can't afford it here.” However, these workers are currently using one-sixth of a family income to pay for their children’s education costs.

When I asked the question of “How many debit cards and credit cards do you currently have and what are their limits?”, interviewees do not or could not remember complete details of their debit card and credit card information at the first glance. One of the possible reason of this form of oblivion is they could not remember cards that they don’t already use or rarely use. But on the other hand, this presentment presents the image of a conscious consumer by expressing the small number of cards ownership. In the meanwhile, I do not imply a reductionist and superficial inference as they actually remember here but act as if they have forgotten.

§ 4.5 (ReProduction of Middle Class or Top %10: Aslı and Burak

In terms of introduction, I would say that the two profiles have incomes close to each other as singular, even Burak has relatively higher income. But there are serious differences between them in their own stories, and these differences are related to very tangible reasons and material conditions. And as a result, Aslı’s position differs from Burak to a more advanced class. The term middle class is a very controversial and even problematic concept. It can be stated here that the two profiles have similar class positions considering the ambiguity expressed by the concept of middle class rather than making a reduction based on the concept. Turkey in the top income quintile as they entered the top 10% income and the transmission and reproduction capacity of

the next generation quite possible. At the same time, they are not wage workers, but they are certainly not part of the working class, and their most distinctive qualification is that they belong to the class of experts. On these terms, I position them in the ambiguity of the middle class, but I try not to explain the concept itself but to build it on the field. Asli's class position and a background on the state of business life will be transferred to the relationship with the debt. We can start with Asli first:

I started my undergraduate education in 1997 and graduated in 2001. After graduation in 2001, I started two different graduate programs. I began to attend all the courses at the same time, which was three days a week at Galatasaray University and two days a week at Kocaeli University. I was working, by the way, at Garanti Bank's call center in the evenings. I passed all my courses somehow, but the writing stage of the dissertation didn't go well as the courses. It was too intense and heavy. Then I had to make a decision between universities. I chose Galatasaray University and finished my graduate studies there. I was expelled from Kocaeli University when my time was up. In 2008 though, I went back there using amnesty program. In 2009 my girl was born. 15 days after she was born, I went to Kocaeli for thesis defence.

Aslı and Burak's stories are not success stories that start from the bottom and go up. There are different forms of capital, both of which are inherited from their families. Both of these families are families with a certain level of education and higher than average income. Asli has gained a serious impetus to her career, especially through her educational capital. English and French languages in the early 2000s have gained an important position in Turkey by taking different courses in different universities and adding them. Asli says that he took this whole education process with great efforts and with his work life and his marriage life. These difficulties have not been a stopping occasion for him and she says continues to work unabated. In this sense, compared to Burak, it is possible to say that he is more determined/ambitious.

(In 2001 I was earning I guess somewhat 3500 liras in today's terms. Because I was very happy to earn this kind of money during my education. Because I was saying like I am doing a good job. Because it is

nice for me to communicate with people. Plus they were giving me money for it and I was gaining experience, and also I was earning more than my pocket money. It was such a nice feeling for me.

The basic logic of the narrative about working life is that Aslı is important, add value and in a key position in every job and position. With this myth of working diligently, it is shaped with flexibility and also on the other hand with certain principles of working life (such as not working at the weekend but working with the computer on the honeymoon).

On the other hand I was making extensive research about where the world was heading and what I wanted to do. I decided doing human resources. I asked them if they can give me such a position, and they said no, they can't. They offered to put me in the employee pool and wait until such a position come up. I did not accept that and I started looking for job everywhere. Garanti Bank has a subcompany called Garanti Emeklilik (Retirement. My path crossed with there. In this company there was a position concerning more analytic sides of human resources, and about headcount planning. I applied and accepted. So I was back to finance at Garanti Emeklilik but it was a little different job. It was a period when the private pension system was introduced. The year was 2006-2007. So I started working there. Later, in the human resources my department also changed again. I became the manager of training and employee relations. There was also something about the certification of the trainees of private pension systems. I directed them all. I worked there until my daughter was born in 2009. After my daughter was born, I continued to work for a while. I took a leave of absence for about six months. I've used only six months long term leave for 19 years, from 2000 to 2019, all my life. Apart from that, I actually worked. So after the first six months there, I went back to the company but there were extensive work loads. The financial sector is very difficult you know. I decided that I should not work such heavily for a while to spend some time with my family.

Could you explain the process a little more? In what ways has it become weary for you? Emotional or physical?

The shifts were quite hard and weary. I could not leave until 11 pm.

Were they paying you extra for your overtime?

There were no extra hours. In white collar jobs there is overtime. Some people can't quit until the job ends, and I'm such a person. Even if no one asked me to stay, I would have stay there until the work was finished. There were long-term jobs there and so for them to be completed, I stayed. I restructured the entire human resources system. So their tests, transition stages, planning and so on were very feverish work. So I made the decision at last and I said I need to ease this a bit. I wanted to do this with some sectoral preference. I've always worked five days in my life. Even let me say that everyone has certain principles, I do not find it right to work more than 5 days in life. Because one needs rest. But there is one thing I must say. We have our computers with us constantly... When I was on my honeymoon my computer was with me and I worked. I mean I worked there, too. So there is a 7/24 pace, but one has a kind of freedom. It's really important to spend that weekend at ease. So I said that if I go back to TELKO (telecommunications sector, because flexible working hours were important to me. At least the freedom to leave the company anytime, the freedom to complete my work wherever I want. At least staying with my baby a little longer... So I went back to search for work at TELKO.

We are faced with a case that is quite equivalent to the third kind of the new spirit of capitalism, which Boltanski and Chiapello explains in a very detailed and explanatory way. A new form that emerged from the conditions of the industrial revolution in the Fordist era and post-fordism, was flexible, free from constants, susceptible to any kind of work, and where time became the most important issue. Boltanski and Chiapello conceptualize this forms of working life *being someone* and *being flexible*.⁷

7 Boltanski, Luc and Eve Chiapello. *The New Spirit of Capitalism*. Verso Books, p. 461, 2007.

As for Aslı's family circuit and relationships, we can analyze the scope and nature of the network of relationships in which she is involved, and understand how the means of class dispositions and reproduction apparatus are mobilized.

We live in Suadiye and my daughter's school is in Kazasker. The reason we chose it was that it was close to home. So she won't wear out on the road. And Çevre Private High School is actually a good college. Well-established school. And it motivates the students. Though I don't like to run her like in a race. Because there are people from my family studying abroad. My sister and my brother have children. One of the daughters of my brother is already resident in England. Graduated from Durham University. Clinical Psychology. He settled there. Her mother's English. From there, she has a background, but all her efforts have been her own. I mean she prepared proposals. She was studying at Sezin Private High School here. She did her best to apply to that department. She also took the university entry exams in Turkey and won Middle-East Technical University (ODTÜ). She said she wants to study there (Dunham University, and she had only one choice and it was Clinical Psychology. And the acceptance came. She studied there, graduated this year, and now she has a job. She continues to work and live there. My brother's younger daughter is still studying in Turkey, but her plan is probably also going abroad to her older sister and continue her education there. But she's a water ballet in the national. She was very worn out though. She was also attending Çevre Private College. But she went to Sezin with her sister for a while. When her older sister went abroad, she also returned to the Çevre College. But she has to do very hard training, it is very tiring and very difficult to be in the national team. They had been participating in the European championship four or five times a year. They also participated in the world championship. They do incredible training. But she couldn't continue, and when she didn't get any support from the school, she changed it. Now in another college in Ataşehir she continues. As you can imagine it is a difficult thing in Turkey. So they have something like that. When I look at my other nephews, my sister's son is studying Bussiness in

Izmir. Now he is senior but for two years in summers he has gone to USA as part of the Work and Travel program. He is still in America and will return in the next 1-2-weeks. He is also making such overseas plans. He has a brother and graduated from computer engineering in Özyeğin. He also continues to his studies.

Such an circuit is of course quite different from the position of subcontractors. The annual fee of the Çevre College is 60 thousand liras, plus with other school expenses, it reached 70 thousand liras. Ahmet is struggling to give his child 5 liras each day. Therefore, since they are both paid employees, but certainly they cannot be considered in the same category, it is necessary to try more productive ways to explain and frame the complex structure of class positions, i.e. as Erik Olin Wright did. But since it exceeds the limits of this discussion, I place Aslı and Burak in the top 10% and in the middle-upper class.

On the other hand, Aslı's capacity to cover the fees of the elite college she sent to provide quality education to her child is directly related to her ability to borrow. Aslı's İş Bank credit card only serves to divide her daughter's college expenses into 9 installments. In other words, an average of 7,700 liras per month is only paid for her daughter's school expenses. This capacity to borrow and the function of debt among classes occupy the central position of this thesis. Debt is changing for everyone, when we talk about debt, we need to know who is in debt for the cause, the addressee of the debt. A subcontractor is a person who defers the term to the next month by paying the minimum amount of a permanent small-size consumer credit borrower or credit card in circumstances where income is not sufficient to sustain his life, and then applies to the infinite delay of time by doing the same again the next month. But on the other hand, it is about the borrowing capacity of the middle class that makes it possible to invest in the reproduction of the class position in the way of the accumulation of wealth. As we have seen before, in terms of the number of people who owe the most on credit cards, those who are in the lowest limits, that is, the bottom 50% of society. But the middle class and upper classes, which are numerically much less, have the largest share of the debt. At the same time, the biggest risk is in the credit card limits of the middle class. It is possible to say that this condition increases wealth inequality. Because mate-

rial conditions work in different planes and realms for different positions. Ahmet's child is socially reproduced in an impossible intersection with Asli's child.

At this point, Asli's family background should be mentioned. Because intergenerational transmission has certain historical routes, and if these routes cannot be reproduced, an exception is made.

My husband's mother was a banker, retired from the Ottoman Bank. His father was in fact worked in a private company, lived in the Netherlands for 5 years, then returned to Turkey and worked as a manager in an international company. My mother was a housewife and my father worked for Singer for about 40 years. He went there and retired from there. We are three siblings, my sister and my brother. My father had all three of us go to college. They have their own homes. Therefore, the executive positions at that time in American company Singer, that's how my father was able to take care of his family alone. He was able to make his investments. Dad said he could buy a car for a month's salary. That's how he compares. So I came from something like that, but there wasn't like... I mean there was a certain prosperity in both sides of the family but I always think like: I should go by public transport today and not take a taxi, it is not necessary. In other words, we have endeavored to allocate money for all the resources that need to be used efficiently and that will add something to us. His mother is a high school graduate. His father is also high school graduate. My parents are high school graduates, too. Of course there was no such thing (university requirement at that time. Foreign language is critical. My husband's father is fluent in Dutch. My father speaks English. He stayed in Netherlands for 5 years anyway.

Of course, Asli is very hardworking, a manager who loves her job and has a projection that coincidence with the Boltanski's explanations practically in the social life. But with all these, there is an acquired knowledge about the path. The main issue here is that construction of personality type. It is about how that the form of personality is established and how that this form is substituted

with a soul. The fact that the person I interviewed is a human resources manager brings with it the background of this situation. The sentence she has formed for her own child should be herself, she must find herself, a discourse based on not directing, and the choices in front of her are presented as if they are listed on an endless possibilities scale. To some extent this is about Bourdieu's account of what can be thinkable and imaginable between the working class and the others.

Aslı is a human resources manager who is affiliated with four directors and they all affiliated with one assistant general manager. He receives a salary of 23,000 liras per month, and a VW Passat car with a minimum rent of 6,000 liras has been allocated to him by the company. They don't have any extra benefits in this sector, but he always said his salary was brut up to this job but he was making a net here. It also receives a minimum of 2,5 months of premium per year. His wife is a senior manager at Garanti Bank. His wife's mother worked at the Ottoman Bank, and his wife was a physicist (remember the discussion of physicists and asymmetry, and his wife started working in the same bank. Later, when Garanti bought the Bank, he became an employee of Garanti. His wife gets almost the same salary as Aslı, and he has high travel allowances in foreign travel for his overseas travels. In addition, the benefits of Aslı's company further, his wife receives his monthly fee instead of taking the car the company gave him, this amount is in the range of 3-4 thousand liras per month minimum supplement. They have a house given to them from their families and they live in Kadıköy when they get married. Later, this house was renewed from urban transformation, they bought them another house from Suadiye with a 10-year mortgage loan and this old house now has 4 thousand liras rent income. Aslı said, as her husband is a banker, he knows how to manage his money, and as the only child of his family (the sole heir to all his family), he manages his parents' wealth. They run and increase their existing savings with options such as euro-bond or to earn monthly interest income by depositing them into a deposit account. In short, if we collect all the monthly salary, bonuses and rent income in this household is 60 thousand pounds on average. In addition, there is 10 thousand pounds of vehicle support, overseas expenditures, and other side rights. In addition to these, Aslı and her husband

have interest income from the deposit accounts and income from FX transactions.

Now we can focus on this family's relationship with debt. They bought the houses in suadiye with a maturity of 10 years. The interest on this home loan ran out in the past few months and it was time for the principal. When they bought the house they used 1 million 300 thousand lira, 500 thousand lira from their savings, the remaining 800 thousand lira from the bank withdrew the loan. When the debts are finished 800 thousand pounds against 1 million 600 thousand pounds will be paid to the bank. Average monthly home loan payments have 7 thousand pounds. In addition, periodic payments have been installed periodically and their families have been supported in these payments. I would like to share a long passage about this family's history of debt and their narratives about their relationship with debt.

What do the words debt and credit mean to you?

Let me put it this way, we are not a family that loves a lot of debt and credit. My spouse is a banker so he doesn't take much risk. We were lucky to have our own house when we got married. My husband's family gave us a house. We started with such ease and we also had the opportunity to travel abroad. We did what we were doing to our own tastes. But we did not constantly say let's spend. We always made a plan. We've always planned what we want to do next.

We don't like debt much. This kind of.. I mean what we did most often was to change cars every year after marriage. That may be a bit of... But I mean the finance of the first (car was our wedding jewelry. We were young then. I was 24 and my husband was 25. The only thing we did not have until that day was a car.

I mean, how much jewelry did you get and how much car did you buy?

I can't recall exactly but I mean if a car was 50.000 liras, we had like 25.000 liras in jewelry. Our first car was VW Golf. So we got into debt for the other 25.000 liras to the bank.

You got a personal need loan from the bank, right?

Yes, yes.

How much was the loan's credit period?

It wasn't too long, I guess. We don't like long-term debt. Two years it was I guess.. We made a plan for it. Of course, we did not completely break with family... From time to time parents said let's support you to have your car, you know, things like that happened. But in the next period of our lives without any support from our families, we made all the planning ourselves. I mean you know it is very important for a person to have a house and car.

Did you take university loan at university from KYK?

I did just for university admission credit, not the monthly credit. At that time, I was getting pocket money from my father. Now I have always had cold feet towards loans. I like to do with what I have. I got a loan for annual university admission. I've been miserable to pay that loan. Because the recordings turned to digital, but my record didn't. We moved to a different location that time, so the notification came to the wrong house etc. Years later, I was aware of it after coming to the administrative level. ... Anyway, I figured it out somehow and I paid it back.

Do you remember how much it was?

I really don't recall, but it was somewhat heavy amount. I mean I don't wanna lie but I guess it was around 3000-4000 liras then.

Have you been using cash?

I did not use cash very long. I started using credit cards eventually.

Do you roughly remember when? I mean like in the first stages of your work life?

Yes, after I got used to the work life. I mean I earn money but will it keep coming? I had a principle. I decided after I started working in

Garanti Bank I would not take any money from my parents. Because it meant to be able to stand on my own feet and prove my adequacy. According to this principle, I mean I am married all these years, our accounts and credit cards are separate with my husband. We plan together but it is different.

So you had credit cards from Garanti Bank, did you get any other cards?

At one stage I had so many cards. I guess. It was my Turkcell years. The competitive atmosphere in Turkcell, transition to comfort life... I guess I had 6-7 seven cards.

Have you ever not been able to pay your debt?

For my personal spending. I mean to clear out my credit card debt, but I made calculations and took credit and paid my other debt. Then I finished the monthly payments of the credit debt. Later I also had mortgage loan for buying a house.

Can you talk a bit more about that first loan?

It was again short-term, I mean a year I guess. But still the total of the loan was at most twice my salary. It was under control. I paid it in a year. After that I have never taken a personal need loan. But I took mortgage loan as I said. It was 2014? No 2015. But again it was.. I never liked the concept of debt. Our house was in Ethemefendi. It became an area of urban transition. We'll leave the house, it will become a house. I have a thing with paying rent, I don't like it. So I said let's take a loan and pay it monthly instead of paying rent and also have a house. By the way, we had some savings at some point. So we had like 500.000 liras as savings, we wanted to buy a house and I wanted it to be in Suadiye neighbourhood. So we were thinking like what to do and while we were planning we found a house for sale and we needed to take a loan for it. And we did, from Akbank. I did in fact. In that time period, I had started working here. All the procedures executed through me. But like I said we had some money, that's why we were able to do it comfortably.

How much did you pay to buy your house? And what was the content of the loan like?

1.2 million turkish lira. 500 thousand TL was already there. We took a loan of 800 thousand or so. Currently, our loan payments continue. It was a 10-year loan and we have monthly payments of 7 thousand TL. Were there any interim payments? There were interim payments and we paid. We paid 200 thousand TL in total in two installments. But there was the money that we knew to come from my husband's parents. We added that money to the payment. We could pay off the loan today if we wanted to. But at the moment the loan continues to be more advantageous for us. It's been four years. The loan has six more years to go. But we have a little bit of interest left to pay then we'll be paying the principal. Now we're talking about whether we should pay the loan off.

What was the interest rate?

It was something around 0.9. My husband is a banker, so he wouldn't get a loan with a high interest rate. Because he hates debts. So with this in consideration, in the worst case, if both of us quit our jobs, what would we do? We'd already have a house.

Why would your choice be a bank for borrowing?

When it comes to struggling with money issues, we're not in favor of solving it with friends or relatives etc. We most of the time decide together. Usually even our parents hear our decisions in the end. We decide for ourselves. If we need an opinion, we would ask for an advise, but we would not involve anyone in our money issues.

If we talk about Aslı's family's monthly expenses in general, a total of 15 thousand liras in school and mortgage installments, plus her and her husband's credit card debts and each one is spending between 10-15 thousand liras on average. On the other hand, in addition to the wealth of the family, Aslı has a gold investment that she does not much care about in the bank. Earlier the transfer of wealth from their families was mentioned.

They don't like debt, but they owe it many times. How to explain this situation. I can say that all the people I interviewed have such an attitude and precaution. No one thinks that he has done or achieved anything by borrowing, or when he borrows, he encodes it as a necessity, not an arbitrary one. Sometimes words that interfere with the meaning of debt come in, for example; As we've always acted by calculating. Another problem is the recall of the debt. There was a recall of the interviewees' credit cards, their expenses and debts, the consumer loans they used, home loans or loans for corporate finance. Keith Hart said money was a memory bank. Debt, on the other hand, evokes the abandoned face of this memory. What I want to say so far may seem to be too structuralist or shifting to the economism I have criticized, but essentially I don't mean it at all. What I want to show here is that these class and unequal relationships are affected by very different complex networks of relations and cultural formations. I hope I can explain this better in future cases.

Now we can talk about Burak, a high-income and a little anxious profile who is almost hard-to-live with his own narrative. Burak graduated from the same university and the same department as Levent, who was Burak's staff in Turkcell many years ago, is now a director working alongside him.

Turkey managed to start development of the telecommunications sector on the date that that one of the most important engineering schools in the country at the beginning of the 90s, Burak ve Levent graduated from the Electronics and Communication Engineering Department, in ITU. At a time when it was impossible to predict that this newly developing field would transform today's capitalism to such a degree, Burak ve Levent entered the class of experts in 1992 as a telecommunications engineer. After that, they both work in the same sector but in different companies. After working for Turkcell and Telsim for many years, Burak started to work for Levent's company. From the very beginning, they receive relatively high salaries, especially if they are paid in dollars or pounds, protecting them from the inflationary fluctuations of the 90s and gaining the opportunity to accumulate. But when we look back, there is an extremely high income and wealth difference between Levent and Burak. He can better explain how this is possible through Levent. Let's focus on Burak's income, living and debt conditions.

What do the words debt and credit mean to you?

Debt is risky. I don't usually borrow from a friend, and if I do, I try to pay it back as soon as possible, those are short-term and small things. But when taking out a loan, I consider the risk, if I can foresee it. Not having it longer than four or five years, you know. I used a mortgage, I used car loans for almost all of my cars, except one; I changed four cars and I didn't use credit for on. I usually used credit, because it made sense to spread it out. I'm paying one off now. In order to be able to pay for a house anyway, I'd saved up maybe 50 or 60% and I'm spreading the rest over years and pay it that way. For the first car, I paid half in cash and took out a credit for the other half, I paid it off in a year. For the second car, I paid it off in about a year and a half. Then I sold it and added the rest, I started moving in that direction. I didn't want to, um, I had very little saved up. We thought at least we would save that for a rainy day, so instead let's act by taking out credit, but of course the credit debts I took on back then were sensible things, they weren't at the levels they're at now.

Burak has two children and they both study at private universities. His wife is a housewife, has previously worked as a teacher and retired but has not yet received his pension. Burak says that he receives a salary of 22 thousand pounds per month. He is an engineer who has received high salaries since 1991, when he first started working, and worked in specialist and executive positions. One of the most important differences between them is the wealth transferred to them from their families. Burak has no such "additional source" in this sense. He talks about the difficulties of maintaining a home and teaching children. In this sense, I ask him about his monthly expenses and credit card expenses.

My wife says she's careful, but I don't know how much. Sometimes you look at it, she wanted to withdraw cash, but later we saw that she's still using a credit card and such. Last month, for instance, prices rose so much that everyone was surprised. For instance, last month it was 8,500 liras, but she covers all food costs, but not the children's (costs). They come up to maybe 1,200 to 1,500 per month. But I haven't felt

that yet. Because the school is only just starting, I don't know what to do. We would give the kids a weekly allowance, for instance it was at most 100 liras, but this year it will go up to maybe 250 per week, or maybe 300. They will pay for their own food and transportation, so it will go up a little....

It's like this, for instance my total limits at Garanti are at 90,000, I absolutely (don't exceed them, but all the school stuff for two kids, high school and middle school, because they're al-ways been in private schools, their payments come out of those cards. Also, we buy things in installments, but education, 30% of all my yearly earnings go towards that. So, a certain part of that is earmarked. Speaking of installments, one third of my salary goes to living, clothing, food and expenses, other expenses for the house; as for the rest, close to half of it, 30% of it you hand it out here and there, and once everyone gets a share, the rest falls to me. What was your question, was it my credit card limit? No more than 30%. But now, for example, when I buy a car, that 30% is going to go up to around 50%.

Then we talk about getting a car which is a major problem for the last year. He's always used bank loans in his cars so far. He talks about changing his car every two or three years. There are actually Audi Q3 cars at present, but he uses more public transport and says that buying a car for his daughter is an important issue, but that is not possible in the current economic context.

I'm going to buy a small car. Whatever we can afford, maybe second hand or something. Prices have all gone up, so I hesitate. I mean, because I have money saved up, but I can't just use it. I was caught so off balance I can't do anything. In terms of credit, let me tell you about one of my expenses. Three years ago, when I started my (current job, at Vodafone and other places I had company cars, so we didn't need a second car at home. But now that I don't have one here, I rented one. You make this calculation there: The money you would spend on it for a year or two was almost the same as investing in a car, maybe it was even more advantageous. I couldn't see beyond the third year. We fin-

ished two years and I wanted to extend it, because the prices and exchange rates have gone soaring up, so I wanted to extend it, but they didn't. So I gave the car back in late April, and now I travel using public transport, shuttles and such. But there's such a turbulence that I want to wait. I keep my money at the bank in foreign currency, maybe it will go up, maybe it won't, if it does maybe I'll buy something at a reasonable price. So I'm in standby now, maybe there will be another discount.

One of the most important common points of Aslı and Burak is his travels abroad. Aslı and her husband emphasize that they have traveled abroad many times with their daughters and that this has a central importance in their lives, and she even says that her husband wants his children to become "a world citizen". By this time the approach said that they had seen fifty cities around the world, of course mostly in Europe and beyond. Although it is not such a vital place for Burak, his family travels abroad are quite important. They travel in the country once a year and abroad once a year. Burak notes that he is sometimes reluctant to do so, but agrees with the insistence of the children.

Every year, regularly, we go abroad every other year, and the last five years, with the whole family, it's a bigger burden; you can't stay more than a week. We've been having domestic holidays one years and going abroad the next, it was because my wife pushed me. If it were up to me, I wouldn't do much, I would say the kids should go by themselves. This year, for instance, we had a holiday in England for about 8 days, we traveled a lot, it was where we first went as well, about five or six years ago. We went to Italy, we went to Spain together, my wife also goes on tours with a friend she gets along with once or twice a year, for three or four days.

The two individuals mentioned here have similar conditions and monthly income on an individual basis, even historically in a far more advantageous position Burak than Aslı. Of course, the fact that Aslı's husband works in a high-income job is a decisive factor in terms of incomes. But the transfer of wealth from Aslı's own family and especially from her husband's family differentiates the situation.

§ 4.6 Faruk and Levent: Top %1

With two people who are included in the top 1% of the income distribution in Turkey, we can try to understand the place of debt in their lives. First, let's start with Faruk's business as a more classic business. Faruk was originally from Trabzon, but grew up in Zonguldak, where his father, bird emir, was a craftsman and ran a small shop that included his own produce. His first start was his father's shop when he was seven or eight years old. Then Faruk goes to Ankara to study at the University and on his return they continue the profession of father again. The three brothers and partners with an equal share together, Faruk is the eldest of the brothers. Due to patrimonial ties, he was until recently the head of the company, but this is not the case, as his father is still in charge of the business despite his advanced age. As a family business, they produce and sell a wide range of kitchen supplies. Today they have a factory and shops in İstoç.⁸ They are engaged in both production and retail. The company they own is a medium-sized SME.⁹ There are three sons of three brothers and 30 other employees. Faruk is married and has three children. All of his children studied at a private university for free and graduated.

At this point, I would like to state that; there is no guarantee of the exactness of the word spoken when interviewing people about their income, wealth and debts. However, the information was sometimes reached through repetitive questions and interventions to elaborate answers. There are also moments

8 İstoç: A major and important trade center of Istanbul.

9 From KOSGEB sites: Provisions of the Regulations About Definition, Qualifications and Classification of SMEs, 30/4/2018. *Definition, Qualifications and Classification of SMEs* was changed by Decision of the Council of Ministers in 2018. According to this provisions of the regulations; Micro-enterprise: Businesses that employ less than 10 employees and their annual net sales revenue or financial statement do not exceed 3 million Turkish liras. Small business: Businesses that employ less than 50 employees and their annual net sales revenue or financial statement do not exceed 25 million Turkish liras. Medium-sized enterprise: Businesses that employ less than 250 employees and their annual net sales revenue or financial statement do not exceed 125 million Turkish liras. In the 2012 provisions of the regulations, the upper limit of annual net sales revenue or financial statement was determined as 40 million Turkish liras. Before the last in the 2005 provisions of the regulations, the upper limit of annual net sales revenue or financial statement was determined as 25 million Turkish liras.

where you have to settle for what is described. The fact that the issue is a sensitive and intimate matter sometimes prevents us from revealing everything in full clarity. When I asked Faruk about their annual turnover, he said that there were 6 million lira in 2018. When I asked my nephew how much turnover they had last year in a different context, he said it was 11.5 million pounds. So I would like to note here that there are such cases.

When I met with Faruk, he stated that he was a person against banks, credit cards and bank loans, and that this was both due to the fact that interest is haram in Islam and that the credit debt system of banks was making unfair gains over people. Now here I will try to quote with a long passage how this opposition can be normalized and implemented under mandatory conditions within the market.

Could you expand on that, why do you prefer not to use bank credits?

Now, there's also an Islamic side to that, but for years I haven't found it right to work with banks. It is usually said that the banks take away your umbrella when it's raining, hand it back to you when the sun is out. (At this point he switches to an entirely different story I managed a co-op at the organized industrial zone. When I was director in 2006, the co-op was completely locked up. Members were in no condition to pay. So we sat down and applied to more than 30 banks for credit. They brought me a number of alternatives. I was the first director to use (cred-it. The members authorized me to use credit, to the tune of 10 trillion in old currency. I made my plans, arranged all my calculations, we put our profits against the credit rates and did a serious work; we figured each member would pay this much and we would pay off that much cred-it, but at least we will be able to kickstart the system, and I got all my calculations right. But that's when I saw that with the banks, I took it out from Vakıfbank, but İş Bank and all those thirty-some banks came to us with great appetite. Then, after we reached a certain point, I started laying down my own conditions; they showed up with such appetite, I started presenting our payment terms, what we can allow, what advantages they could provide for us. Finally, I decided to take it from Vakıfbank. A new manager had been appointed, he came

to me one day; we had two plots of land, one where the co-op building is, and the other that's still undeveloped in Kayaşehir, 240 acres. My plot, the one where construction for the co-op is now ongoing, that one was worth 100 billion back then. The credit he was extending me was 10 billion. I already put up this place that's worth 100 billion. No, they wanted the other plot too. I said no. That wouldn't do. You're already giving me as credit one tenth of what my land is worth. You've already secured yourself in every way. I said I would not give it. All hell broke loose. This was argued for a week. I said I wouldn't put it up, and I didn't. They set me a condition, said you will direct all your financial circulation to our bank, I said no, I won't do this, and I won't do that. I can only direct my members' dues to your bank, but if there's something that requires me to work with some other bank, or it would be advantageous for me to do so, I would transfer those to some other bank, and I will make a promise as well but I won't sign anything as a protocol, that's my own initiative and I will use it to direct the money to your bank. Do we receive interest from the money deposited in the bank, yes they give interest, it's not possible for me to prevent that, but if some bank is giving 5% and you're giving 4%, I won't keep it with you, I will transfer it to the other bank, but if you provide the same rate I will keep it with you, I will do that, but I won't do anything beyond that, I won't accept it, I will only put it verbally but won't write it down as protocol, I had them accept that too. Finally, and this was something important, one day he came to me and said, we're in the final stage, that if the credit rates changed, they would do away with the present schedule and may ask us to pay off the credit. Adapt the credit rate to the present day. I said no. I won't get along with that, I won't accept that either, this and that. These things went on for a week; one week later they accepted that, too. Now they're trying to use us. I'm looking out for the benefit of my own co-op. Unfortunately banks in Turkey are like that, a lot of my friends went bankrupt because of them, I saw it; according to my beliefs and considering what the banks in the market did to shopkeepers and traders to whom they gave credit, I steered away from such things for years.

Faruk and Aslı come from very different cultural circles and have different working and life experiences. But the emphasis on them, the attribution of their position in the course of events, and the discourse on their capacity to shape events are quite similar. Another similarity, of course, they do not like and prefer the debt and staying away from it, but in practice things are moving differently. And another issue is about remembering and forgetting.

Did you use credit elsewhere, other than the co-op?

For instance, we had a house built in the first urban transformation. We used credit then. When I bought real estate, we took out a short-term loan. Regarding the urban transformation, the credit was 100,000 per apartment, we took it from İş Bankası.

What was the amount, and the term?

36 months. 100,000 per apartment, we used it for three apartments.

How much did you pay back in total?

I don't exactly recall but it was a low-rate credit, I remember paying about 30,000. And there was a shop that we bought, we were short by maybe 500,000 or so, we took out a credit with a one-year term then. And also, as I said, when we were importing something and were short by about 100-200,000, we used credit and paid it back within a couple of months.

If you made the comparison, would you say that it's more reasonable to borrow from people you know, or from the bank?

From the banks, I mean, we don't use that unless we have to. Anyway, this is a social thing between us shopkeepers or acquaintances.

Apart from that, he uses a credit card, spending 3-5 thousand pounds with a monthly credit card, a total of 10 thousand pounds, sometimes 15 thousand pounds, he says. In fact, Faruk was never obligated to such loans. But there is a transformative aspect of market functioning.

Is Levent's story a kind of success story, but how? Levent has gained foreign currency since the year he started working at 1992. He borrowed his first

loan in the year he started work so he could buy the Opel car he wanted so much. During this period, he paid a significant portion of his salary to car loans. But now he thinks it's an unnecessary expense, and he gives it to the mood of youthful at this time. Levent is also graduated from the Electronics and Communication Engineering Department, in ITU. Currently the software company employs 250 people, most of them experts and engineers in the qualified employee category. It exports to 16 countries and its turnover in 2018 is 25 million dollars. Of course, the increase of the exchange rate of dollar always serves him. When I asked him what the company's costs were, he laughed and cheerfully responds; human. Fragments of another Boltanski story that is exactly in line with the New Spirit of Capitalism are found in the story of Levent. In his company, which represents an exemplary model of cognitive capitalism, employees experts as an army of engineers with computers in front of them and smartphones in their pockets that have the flexibility to work almost anytime and respond to problems, and he is the chief engineer and the idea father of this technology. Exactly and briefly what they do is provide optimization services to telecommunications companies. Here I will convey Levent's story in long passages from his own mouth.

There used to be this Selanik Passage towards Karaköy, the electronics market... We had a relative who used to import security alarm systems there; those systems were not widespread back then. He used to bring them as a distributor, with his father. He was married to my niece. He told me we should do it together, and I had an idea too; central alarm systems were still new, you know how that pro-net does it, I wanted to do that then. This guy's father was rich, I worked on the design, saw that it wasn't going anywhere, we had to go to Taiwan for an exhibition and everything... he told me to go to his summer house with him... They were setting up Telsim back then... it came to the passage at the time; Germans were the ones who first set up Telsim, they were looking for things at the Selanik passage. Nobody knew English there at the time, so I helped them. At the time, they invited me there. They said they were setting up a GSM network and that I should go with them... And then NETAŞ was a well-known company, our electronic communication guys would go there, and there was also TELETAS. I'd applied

to them as well, but there was a crisis that year, they were not hiring anyone....

I was interested, I applied, most of our friends did not even apply to NETAŞ, thinking they weren't hiring anyway. On the other hand, when Telsim arrived, the GSM sector was new, they were hiring there. Later NETAŞ came calling and they accepted, and I chose NETAŞ. I was interested in R&D software, that's what I preferred. As for Telsim, I told my classmates they were hiring, and they were easily hired. My classmates all went there. Later, they became my clients at Vodafone... That's how we got started. We worked at NETAŞ for four years, R&D was good there, I learned a lot. They were doing business with various countries... NETAŞ had its own product, it was sold from Russia and Eastern Europe all the way to Argentina; it was a product we developed at R&D, Nortel made it, it was produced locally. I was inspired by that a lot; at R&D, I oversaw that product's software, testing and initial field application.

So, you're the one who got this work started?

No, we had elders working on this, they're still there, of course we learned from them, but we were there at the time when this product was being developed. But later, when GSM got started, NETAŞ had a general manager then, they had an analysis prepared; they were supposedly expecting 500,000 mobile phone users... Remember how they said these things would get lost in a pocket (laughs... NETAŞ, TELETAS and the like, they have long been landline phone companies, so people can't see things clearly, expecting 500,000 users in Turkey... And I was surprised, thinking this cannot be, at that point I started a job at Turkcell. And Turkcell is growing at the time, and I'm in R&D, of course the number was not 500,000 even then, it was growing beyond that. I worked there for two years, right around the time of their rapid growth, but I noticed a shortcoming; they don't think like R&D people there, they treat everyone like operators, they considered the job to be providing a service, that's sort of the mentality I applied there....

When I first started at NETAŞ, it was a regular engineer's salary, maybe around \$1,000. When I started at Turkcell it went up a bit, I guess maybe it was \$1,500, but I rose quickly there to the management level, I think maybe there it was around \$2,000-2,5000. Our director at the time was Mr. Selçuk, he's now working with us (laughs. I would ask him why he wouldn't amend our salaries; tell him it would not do. And he would tell us he was trying, working with Human Resources, etc. It was always the same story. Then I left and started consulting (at Ericsson. ... Of course, I did not go there just for the money, I also wanted to gain some experience abroad. I'd already grasped the relationship between operator and render, understood that it needed to be looked at impartially, and I already had thoughts of starting a business, so I thought this could be done. I was also curious about the workflow abroad, so I left. Ali abi then told me that I'd become a manager and would go even further and asked why I was leaving; I told him he would not be able to stay there either, there was too much politics. Mr. Mehmet at CTO told me not to leave either; I told Ali abi that I was giving him five years, and later they fired him too. Really, politics change over time at big companies, and in terms of personnel, one person comes and changes all... I went abroad on a three-month contract. My father told me to go, but my mother was upset, asking me what I was doing, telling me I was a manager, all that... I left in late 1999.

I later went back to Dubai, found their mistakes and fixed them in three months. I worked some software magic; it was a challenge, of course, toiling all by myself, and they (the company in Dubai don't share much, they have a general tendency to not let you do things. And the people at Ericsson don't want me to do it either, because they couldn't figure it out... I did it all by myself. I identified the problem, which was caused by a big mistake made by Ericson. Of course, they did not let the other side know about it, and the manager told me to stay as long as I wanted. They raised the number and asked me to stay, and I told them I should go to İstanbul, that it was hot there (laughs, that I would think about it. They raised the offer even more. They maxed out the conditions, for instance accommodations and such,

with plane tickets there and back every month. I had a friend at Turkcell who was trying to climb to my position, he asked me, and I asked them, so they brought him to Dubai as well. That guy later became my partner. I stayed in Dubai for about a year, and in August when it got too hot, I came back. Around that time, I received a few invitations, including from Mexico. It did not pay as much, maybe around \$10,000, but I thought I'd see Mexico too. And that was in 2001, I actually wanted to go to the U.S. but after 9/11, they froze the visas and such.

And this time we got to know the Mexicans; I was a consultant again. I came and went for a week and there was no manager around, so I went up to the director to explain the situation and ask where the guy was, I had my laptop with me! He told me our manager was out sick and that I should wait a little. So I waited but nobody came, so I asked again. Then he asked me if I would be the manager there, and I told him I would. There were maybe thirteen or fourteen Mexicans who started working under me, the manager came after a month and became my employee. I stayed there for about two years and I came back in 2003.

How did you experience the 2001 crisis?

It was quite good over there; I was not here and was earning dollars. Mexicans are very laid back anyway, they don't really work. I saw the same things there, same problems, they're selling equipment and everything, they even became contractors but as I said, there was no manager, workers would leave for lunch and come back at 4 pm, all drunk. It was a terrible environment, there was no discipline. Mexicans are like that anyway; you can't force it. I improved things there. There was another guy, a consultant like me, from South Africa, he was quite heavily built, maybe twice my size, he was originally English. He worked alone, he was quite harsh, nobody would go near him. He used to say even Titanic sank but Mexican't, they never take any risks, never take any responsibility.

The cell towers that they'd installed were inadequate, something else had to be done and we would do it with scripts and such, we would add some things. Then we asked them for certain things to do this job, and the company said something like they would do it in three months for \$500,000, and I thought then that this was nonsense. I told John we could do this, and we did in a week; what they said would take three months, we did exceedingly in one week. John did not believe it either, initially; I told him we would, and we did. Mexicans were surprised, so was Ericsson. They were really interested and pleased, they started building every-thing upon our work.

I stayed in Mexico for about two years, and then this Carlos Slim started expanding worldwide. They were establishing a new operator in Nicaragua in Central America at the time. They asked me if I would manage it, asked me to build it from scratch. We went there with a Brazilian guy to establish the network; he'd had the cell towers sent from Mexico in trailers, whatever they had lying around, and told me to set it up and get it working. I actually like the challenge at the time. From scratch... Talking to the state's minister and such, there's nobody, no personnel, you're there in this country trying to establish a network there. They'd sent a trailer which of course didn't work, Mexicans sent this non-functioning thing, we worked really hard to get it working.

That's when I told John that I was thinking of starting a company, that I'd made my decision. You know how there's a period for ideas, that idea needs to be global. I talked to friends in the U.S. and saw that the tales, the problems were all the same, and that's when I thought this is a global problem and worked towards that. I asked John if he would join me in this, and he said okay. I must have had some courage, he's a difficult man, doesn't talk to anybody, snaps at people (laughs. So we started the company. This Croatian guy, Boris, he's a genius who speaks seven languages and he's fluent in each. Of course, people like that may have some shortcomings in other aspects. We're all engineers, they said they had a friend who would be a fit, I said the team is good but there's no salesperson. I had a salesman friend at NORTEL, he was

in the U.S. then, I thought we should recruit him as well. They said it made sense, and we decided to get started. We were in Mexico, sitting around having a meal, when I told them we should have a goal. We decided that the company's; it was the Englishman's idea. What's our goal? They said we would do something big, make money, etc. I said our goal should be to make it to Nasdaq. You know, the tech stock exchange. They laughed at it. I told them I was serious, so they said it could be done, why not. Ultimately this problem exists everywhere, and they know it, but we didn't write it, we didn't do it, and it needs to get done. You put forward your knowledge, we put up money, we put up \$500 at the time, it was initially registered in the U.S., our friend was in Dallas. This very bright friend of ours brought me five \$100 bills, I asked him what he was doing, whether he was a cab driver. As I said, the state of the share-holder is crucial; what happens to the shares when someone leaves and all that, you need to set these down in writing. You're not putting up a serious amount of money but there is an idea and energy. That changes over time. I was thinking of doing it in the U.S., but the crisis and the geopolitical situation was not too good. Xenophobia was high and all that, so we said never mind, let's do it in Turkey. And Turkey was accelerating at the time, around 2004-2005, with the EU talks, investments, technology parks and all that, the air was good. I told the other part-ners to join if they wanted to; everyone went back to their own country or some other country. I came back, I was about to set up the company, our salesperson partner was still working in the U.S. and all that. We first submitted a project to the Gebze technology park, they accepted, we went there. That's how we got started.

Upon being asked about his investments so far after 2001

Of course, we earned money up to that day, I think I had about \$200,000. I converted it into Euro-bond at the bank, I bought a house, that was during the 2001 crisis, a lot of people here were in a bind, I paid cash. I bought it for a good price, then sold it for three times what I paid for it. You see, you can buy a house now as well (laughs).

I had money; we were using that. And on the other hand, the funding from the American company where I consulted was still coming in. I somehow converted it into company revenue. They became the company's first clients, in something like a consulting capacity. We officially founded the company in 2005 in Gebze. I went to Turkcell, we went to Avea back then. We're talking about the product, of course they know me at Turkcell, I'd gone abroad and come back, and my friends there were still in the same place (laughs. So, there were those who were kind of mad at me a little, but others also helped. They said okay, let's run tests, that system I was talking about that was in Mexico, we were going to set that up instead.

We put together the server ourselves over the weekend and added it to the testing system at Turkcell. There were many mainframes and such back then, the machine that we put together outperformed those in terms of speed. They were surprised, I said it's the software, it happens (laughs. I said don't make a big deal out of it, if you make it, if you work at it, it happens. They said okay, good. We did the same at Avea as well; Aria and Aycell were merging, we ran a test for them, they saw it too. Then Turkcell told us that they were quite big, and we were so small, so we should work with this partner that they had. I said okay, let's talk about it, and we did. One of them was Swedish, one an Arab, one a Turk and such ... their boss told us they had the desks, we should go work there, work together with them. I told him there's nothing to work on together, but we can sell it together; that's not an inconvenience, you earn something from it too, but when it comes to making it together, we're already making it. They had 30 or 40 engineers working for them.

How many employees did you have at the time?

There were five of us then. They think there's something big behind the scenes, but some of the guys were still abroad. We ran the tests, and it was time for orders; Avea made a small order that would cover İs-

tanbul, and the other ones, Turkcell, said they were setting up an operator in Ukraine, that we should do it there first, and we said okay. We received a \$150,000 order from one, \$100,000 from the other.

What were your costs then?

Zero costs (laughs. But we were working day and night, everybody working out of office. Then I told the guys that they should come in now, it was getting serious. And if you don't, that's your business, but I'm going to keep going.

Then of course we grew, we went to 15 countries over the next five or six years. Everywhere we went we would make sales; they would buy it. When we came to them with a different solution, and we had testimonials that what we did was working, I suppose they found us likeable, and bought it. We had no salespeople, but we were making sales.

When you first started in 2005, what was your turnover?

We started in August 2005, and in 2006 I think it was around \$300-350 thousand. We're also growing at the same time, going to Kazakhstan, going everywhere. There was a New York-based international organization called Endeavour, they chose us to be the entrepreneurs of the year. I know them all very well. Investors came in, looking to invest.

Did you receive an offer? How much did they want to invest?

Of course, we got offers. We didn't receive any investment (laughs. Let's say it wasn't meant to be, but looking back, it was a good thing (that it didn't happen. A Turkish company was interested, they offered 10 million, this is around 2008 when our capital was approximately \$1 million. Later, 2010, an Arab offered us \$30 million. For instance, we were talking with owner of Yemeksepeti at the time, the same Arab offered them 15 or something, he was angry (laughs. Did you keep working with your other partners? No, they all left over time. I was the only one left by mid-2012 ... We were still at the \$1-2 million level at the time, this is 2009-2010. I think we had 20 to 30 employees. They all left in 2010, except for one partner, and we're making a profit but it's

always a slim profit, you're growing so you have to keep hiring, you went to 15 countries, you make mistakes as well.

How's your profit in 2010s?

As I said, we were breaking even or making a small profit then. We got a job in 2010, that company that I mentioned, Abraj, they offered us \$30 million. Our budget then was about \$2 million. They were dreaming of \$100 million, I told them it would happen (laughs and it did happen too, but we didn't go through with it, there was no need for it either. Why was there no need for it? They were going to give us \$5 million and get maybe 16% or something, we hadn't worked with Tel-sim up to that point, it was then bought out by Vodafone. So I visited them, and saw a classmate of mine from İTÜ, Burak. I hadn't seen him in a long time, I told him about the situation, he vouched for me, he said if Levent says he can do it, he can do it, so they bought it. Their first order was maybe to the tune of €800,000. Later, their purchasing person called me, said they were receiving domestic incentives, there were subsidies for those who invest in 3G and such, they picked us as the most suitable domestic company, and their people knew us as well, so they wanted to buy from us. I said okay, asked them how much their offer was, they said \$3 million or something, and we had a \$3,5 million offer, so we received that \$5 million all at once. That being the case, I explained the situation to Abraj, told them I wouldn't want to offend them either, but if they were still interested, conditions would have to change, I would not give up much power. They backed down...

Credit cards were always around. I took out a loan when I was a student and paid it back. I had a credit card when I first started working... and I got one when I went abroad, I can't exactly recall. I think I had a credit card from Garanti, maybe Garanti was the first one, and I also had an account at Citibank because I was working abroad, money transfers and such were easier with it.

What were your limits like compared to your salary?

I think it was maybe about half. I don't use it much.

So, you did not have much loan/credit card debts?

There is, of course, a fondness for cars early on. I graduated and started working at NETAŞ, I took out a loan to buy a car. My manager back then asked me why I took out a loan that big, I'd bought an Opel then, I was interested. I told him I bought it because I wanted to. Do you remember what your credit period was? I don't remember at all, maybe it was two or three years, I guess... but half my salary went there. It was a silly, unnecessary thing.... I did not have any serious trouble with banks so far.

Did your company take out any loans?

We made that big sale in 2010. We grew to the size of \$6-7 million. Our revenue fell in 2011, I think to \$4 million. More important than the revenue was that we had some problems with our team. Because we were exporters, we were not seriously affected due to external factors.

So, you were not affected in 2008?

No, maybe we were affected to a certain extent, but nothing serious. It must have affect-ed our clients in Turkey. When I think about it, crises have been good for us. And after that change (after partners left and the company was overhauled, we have been constantly growing since 2012. We needed a loan in 2011, so we took one out.

Where from?

Garanti. And somewhere else too, but Ahmet knows those things better. We took it from whoever offered better terms. I think our loan debt was maybe about two million.

What was its period?

Some were like spot loans, some had longer terms. We had a friend who was a financier, we converted the short-term loans into longer-term ones, we fixed that, but we were also making sales. Numbers were even better in 2013, I think it was 8 and later went up to 15. Now it must be around 25 million, but our profitability grew even more.

Did you have to take out any other loan later?

At some point, I think in 2014, we cleared those loans. We did not need any afterwards, there are many who would extend us one, but we only use them maybe as letters of guarantee or such. We don't use them otherwise. We didn't receive any venture capital either, we only had an angel investor, I skipped that. In 2009, when Boris was leaving, we had to pay them. In order to pay them I received \$500,000 from my cousins and such, as an investment, as an angel investor, in 2009; angel investors don't get any special rights, we paid them \$5 million. Afterwards, we didn't take anyone else's money.

How many credit cards do you have now?

I mean, I think I have two.

How many does your wife have?

Zero, she doesn't use them, doesn't like them, she's against them (laughs).

For instance, when you buy something, do you use cash or credit card?

Credit card.

What's your limit?

I think around 150,000, they raised it.

How much of that do you use each month?

After getting married ... Before I would spend maybe 10,000 or 15,000 towards credit cards. After getting married, of course with the needs ... I used to live in a normal house but after getting married, you know how women are, we moved into a new house. I think it's now around 20-30,000, more when I'm on vacation.

Do you ever give out loans, or buy bonds, bitcoin, etc.?

No, not much. I bought stocks once in a while, but nothing came of it. It's because I didn't follow up... We bought dividends at some point

with my partner, I bought a stock worth 100,000 back then, maybe 2011, but it was a bust... You know how they say that buying stocks is a long-term thing, that's nonsense, nothing comes of it if you don't follow up. I was not interest-ed, so it all sank. I earned from Eurobonds once or twice, and I look at foreign exchange in my own way.

Did you ever buy gold or real estate?

No, I bought nothing. I don't own a house, for instance, I rent. I drive a company car. I used to buy my own, but this time I'm using a company car. Maybe now I'll buy a house. Investing in gold is actually more sensible now, with the trade wars and such. This is the field of my investments, so I don't go in any other direction. Of course, you may end up losing it all, there's no predicting these things, but whatever, I have enough money.

Other than bank loans, did you borrow from people around you?

I used to. I borrowed from a friend; I think when I was paying for my car. Then I paid it back, of course. Me and my brother, we would borrow from each other back and forth back then. But sometimes I lend people money. Especially during the crisis, I don't usually lend much, but I lend to people I can't offend, or those who I know will pay it back. For instance, I have a friend, a classmate, he needs it to get some business done. Once in a while I send him \$10,000, he does his business and sends it back to me, like a partner.

What do the words debt and credit mean to you?

I'm traditional on that matter; my parents were teachers. My father went into business, making furniture, and I used to work with him during summers; I don't take on much debt, but do I take risks? I did back then, it must have been what the company needed. I controlled everything, and the banks trusted us enough to grant us loans. I had nothing myself, but the company had its balance sheets. Reasons we took out loans stemmed from cash flow. It was cash flow issues. In our

business the sales process is long, the work takes 18 months, then another six months for the payment, the process is long; that's why we took out loans. The bank knew about it, we came up with different solutions. TEB did it, by transferring the receivables, but without transferring them. On the trading side, we used loans when necessary, but I don't take one out as, I mean, for instance I don't take out a loan for something I can't see coming. I take out a loan for something that has a future, not something imaginary.

Levent's narrative is the story of a top 0.1% that can be applied to other geographies globally today. He has taken the three executives he has worked with as an employee to his own company, and he gives examples of the point that capitalism has come to today as a human being of people who realize and marvel at what they are doing, not boast with the magnitude of his earnings, but who are the people of difficulties and superior efforts. The most crucial feature is that what it sells is not tangible, and even when they first enter this business, they do not completely have the software in their hands, they have been able to develop the software and make it work as a result of long efforts. Although Levent himself has less emphasis on this issue, his company's current position and the his wealth it has acquired is related to its ability to borrow money. In the business where he works, earning and entering into the company's coffers takes place between 3 and 6 months from the delivery of the business, so the cycle approach is 18 months, just at the point where things go bad, the loans he receives are a function that keeps the company going and saves it. And so Levent's success becomes what it is today.

§ 4.7 Yusuf and Mehmet: Solidarity Economies

Now we're going to start a different story about debt. Yusuf and Mehmet are two civil servants among the interviewees whose cultural capital is more developed, has entered an academic orientation after university education and works in the field of publishing and cultural activities. The relationship between these two and the debt is obviously different from the debt cycle of the

financial system that has been emphasized and emphasized so far. Yusuf received a KYK loan and had trouble paying it, but even though both of them occupied a very central position in their lives, these debt relations had no relationship with the bank, credit or credit card. One is more indebted, the other is usually in lending positions, but there are situations where the opposite is the case.

What I want to say here is that all class positions, wealth accumulation and transference are not independent and separate from the cultural realm. Therefore, the relationship that people establish with debt and money cannot be understood in relation to the purely economic field. In this dual example, we can recall Mauss' theory of gift and change. There is a debt cycle, but this debt has no interest, no penalty, no due date or even repayment. The vitality of gift relations functions well beyond the theory of rational action and the assumption that individuals maximize their own interests. Debt relations often play a prominent role in the production of class and wealth inequalities, but on the other hand, money and debt inherent in human relations may have a meaning for the common good of people in the face of these inequalities. What I want to say here is that the repertoire of the social world is quite large and complex. This complexity cannot be understood by relying solely on the micro-field, and the macro data is extremely explanatory about how obvious changes are taking place. But the main issue is not to distinguish between such a macro micro or private, household, public, and to see intersections taking into account all the circles of the social sphere.

At this point I will present some passages respectively from Yusuf and Mehmet.

What do debt and bank loan mean to you?

Debt is not something big for me, but bank loan means rip off (laughing). I took a student loan, but didn't pay again and again, I delayed it, graduate school, Ph.D. Then started the you know applications. I have always feared. Damn I mean I'll go and restructure the debt, but you need to pay up something first, and I've got nothing. My last salary was partly seized. Every month it is partially cut, can't withdraw it. I said damn this is getting worse, and I called them. They said you need to

come and restructure your debt etc. But you know I am like waiting that there will be some kind of general cancelation, but I did go essentially. I mean just before I went to restructuring, there had been a cancelation, but I missed it. I have not finished paying, I restructured it though 9 months, then there came a new cancelation.

What about bank loan, you've said it means rip off?

Yeah, I mean it became a little worry for me that one (laughing. I was upset that I'd missed it (restructuring but apart from that, I have never taken a bank loan or something.

What is the total amount of your debt?

It was around 15 thousand lira. Now the university fees do not exist but our debt do. Before us there was a cancelation that I did not apply, I missed. I restructured it and paying then again another cancelation. We were upset, but we made new debt to pay the old. Now we are paying them.

Did you owe to pay your debt?

Yes.

How and to whom did you owe?

I mean I asked from near friends and relative. Either in cash or sometimes in gold. Not for this though. I owed in gold for the wedding, I mean a lot, may be we can talk about later seperately... When I got married, I had nothing. All of it was thorough loan. A home and the wedding? Yes. Most of the debt was to my wife. She had some savings. I said I'll pay you back (laughing. But I took loans from my friends and relative.

So, not from the banks?

Yes, I mean from my brother in-law from my uncle, friends etc.

Was there any set of dates?

I mean we said we'll pay as we can. Sometimes we took gold sometimes dollars, we took and took. We took TL too, but It became nothing at all. I married, get into loans, lots of it.

How much approximately?

Then (2009, I guess the wedding costed me 30 thousand liras. Yeah we calculated it. It was all through debt, no savings. (20 thousand dollars in 2009 parameters. It stayed and then I get into debt for military service. The paid military service was 18 thousand liras and my salary was little above 3000 liras. 6 times of my salary. So I got into new debt, but I paid it back fairly swiftly, month by month.

Who did you owe that?

I took it from family, friends, university friends, friends in my community. I took 5000 from some, 500 liras from the other, and I took 2000 liras from some, like that... God bless them, they gave me in proportion to their abilities. Some said you can pay me back whenever you can, some said if you can't it doesn't matter. Some asked I am going to get married, can you pay me back before that month. That's how we prioritized (in paying back.

You took loans beside the banks, from family, friends and relatives?

Yeah, always from them. God bless them. So I mean I know that situation so whenever someone asks a loan from me I try not to deny it.

Why did you stay away from the banks?

Interest is forbidden by our religion as you know. As a Muslim we have to stay away from it, that's the principle. Secondly, we see and hear that people suffer from the banks.

Can you ellaborate? Suffer how?

I mean what do the banks do? Nothing. It takes money from someone and loans it to you by interest. That's how they gain money. Besides the

fact that it is something Allah forbid, they earn that money by doing nothing without producing anything. That profit is something they do not deserve. I do not want to be a part of it. The second thing they make profit on is by interest, they show no mercy, let's say they did and you extended paying your debt, the debt multiplies this time by higher interest. I did not see from my immediate environment but we hear the stories of people who take a second loan to pay the first one etc. Therefore, it is something that makes people suffer. There has been some attempts that I heard from some people to help people in debt like gift giving or moneybanks.

What kind of money bank?

Bank of good loans (Karz-ı Hasen. My friends told me their intent to establish such a thing. They founded it 5 or 6 years ago and I am a member of it. They found it and it continues well. They keep accounts regularly etc. I always wanted to pay my due since the beginning but I was in a lot of debt. After I am a bit more comfortable, I will also pay my due monthly. Their priorities are people who want to get married, things like funeral, I mean urgent needs, and thirdly people who are in credit card debt and want to save themselves from it. They support these kinds of people... Once I gave a reference about one of my friends, once myself took some money from there. My brother wanted to buy a house, so I take a loan of 5000 liras from them and send him. I mean it is interest free, a nice thing, God bless them. I mean it is nice. I wish I could be a part of it. There was a friend from my work place who was planning to get married and took a 5000 liras, again another friends who wanted to get married. Three people that I know used it.

Would you like such an organization to expand or grow?

Yes, very much. I mean I wish it could be wider, though they know better than me. I mean they said over 30 people it is difficult to manage or something. You could found a similar organization, but it has to be limited to a number of people. I mean the accounting system, the inputs and outputs, I mean it could be a problem in high amounts. There

has not been though as far as I know... Everybody pays his dues, but for example someone can make a withdraw when his share reaches a point. You do not give as a charity. Let's say you gave 300 liras every month and your saving reached 3000 liras. You can say that I want to withdraw my share and you can. Since the loans that are given away are paid back to the system month by month... I mean if too many people did not pay their debt back to the system, then it would crash. But there has not been any problem.

For example, Mehmet's lending story supports what Zelizer says about hostile worlds doctrines, money is not in a position that destroys and injures relations in Ahmet's story. It is an issue that maintains human relationships over debt, but I think the focus here is the relationship between debt and gift.

Mehmet's story:

What do the words debt and loan mean to you?

Debt is more humane (laughs and a loan is a bit crueler. In general, I don't look at the loan system very positively as a part of my religious understanding. I don't find it as a humanitarian method, so I never used it so far. And I hope not to. But I find debt more humane. There have been times I've become indebted but more likely I have lent to others. I always try not to turn down people when they ask for a debt if I have my circumstances available. I believe we shouldn't make people dependent on bank loans.

Can you tell us more about your relationships when it comes to lending money?

As I said before, I have a cause to help people for them not to be dependent on the banks. All my life, my friends have always conveyed their appreciation to me on this matter, I never said no to anyone asking for a debt if I had the chance to help them. Only once I rejected a friend. I was thinking about buying a car and all the money I had was the one I saved up for the car. That friend was also thinking of buying a car. He had found a car. I said "if I find a car meantime, I'll buy it, so I can't give it to you right now. Excuse me." Apart from that, I have

almost never turned down anyone who asked me for a debt. I lent money to many friends. Among my brothers, among my family, I lent money many times. Sometimes we'd meet and he'd say, he's going through tough times, considers a bank loan, I'd say I have some money let me give it to you, just don't get involved in the bank. And I was single at that time, had the money for myself. That kind of occasions occurred. Among friends, it was the same as well. Once when I was in university, I borrowed from a friend, but then I paid back. Other than that, I have been the one lending it, rather than borrowing.

Can you tell us about your relationship with the people who borrowed from you? How did it affect your relationship with them?

Friends whom I lent money to are the friends I'm still the closest with. That is something that happens vice versa I think. Asking for money from each other happens out of sincerity and the sincerity increases due to asking money from each other. I don't know which one feeds the other more. For instance, I had this friend whom I had known for many years. We met at the beginning of the university. I lent him money many times. Because we were close, he could come up to me and ask for money. Fondness, my support to him when he needed, his positive effects on me. All feed each other I think. Mostly friends that were close would come and ask to borrow money. You don't go to a stranger and ask for money, right? So I believe asking to borrow money from friends should have positive effects on both sides. But as I said, I can't say it was like this and then became like that etc..

My relationship with my brothers when it comes to money issues is very good. We are five siblings, four brothers and a sister. With my elder brother money wouldn't be an issue at all. Back in the days when I was single, I supported him a lot. He is a tradesman. I would go to him, he wouldn't ask for anything from me. We have that kind of a relationship. Our communication is good in that sense. When I was working and single, I didn't give those to my family as a debt. I granted it. There was a need, I had the money. I would send it. If I had the money, and a need occurred, I would give what I had. I worked like

this for 6-7 years. So I didn't save up much. Did not have much of an expense as well. Our salary was good. The institution I was working at was giving us a good amount of salaries. I would get the amount of a teacher's salary (he was a dorm manager).

When you lend money to people, is there a kind of loan maturity?

Let me put it this way, I still have some debts owed to me from five or six years ago. I sometimes have lent money to the same person before him paying his previous debt back. Some borrow and pay back a month or two months later or a year later. I wouldn't ask for a specific date to be paid back when I'm lending money to anyone. "You may pay me back whenever you're available brother" I'd say. I would let them feel comfortable about that. To invest in the after-life. (laughter)

My father used to tell us, my grandfather never had anything to do with the banks. And a friend of mine tells us about his grandfather, he wouldn't even walk in front of the bank, he'd cross to the other side of the road and say "I won't even pass through the shadow of the Bank" Due to our proximity, this is our approach. This is how I evaluate the banks and the banking system. Although we're using the credit card, I'm putting that aside. Of course, it has benefits as well, and it's inevitable to use it nowadays. But this way, unfortunately, we are contributing to the system. But I think the banking system, in general, is oppression.

Why do you think it is oppression?

Normally, in our religion, there is debt. If a person needs to borrow, you lend it to them. And this lending does not include any interest. But when you look at the banking system today, it lends you a loan, but it asks for it back in an amount more than you borrowed in the first place. And the difference is a lot. Really a lot. When the inflation rate was %7, %8 or %10 the bank gives you the loan with an interest rate of %15. In some cases, lenders may also demand the difference in the inflation rate. But the interest rate of the debt given by the banks is much higher than the inflation rate. The banks make a six-month profit of 2 or 2,5

billion without even producing anything. They do not use their own money. You take your money, deposit it to the bank. Then the bank takes your money, gives it to me and it makes a lot of money. This system seems to be problematic. It's about making money without producing anything. This is something that our religion forbids. We try to avoid it as much as possible.

Conclusion: *On the Edge of All (Im)Possibilities* ¹

In this micro-field study, it has been tried to describe how different income groups people borrowing and indebtedness practices are experienced through their life. The relationship between the labour condition and their indebtedness tried to be illuminated and investigated in this research. Increasingly borrowing loans of low income workers that surround themselves and their families and thus they are oppressed under the burden. As a result of this difficult circumstances, they are necessarily connected to their working lives in a way, whether it is precarious or not. It can be said that the debt, financialization and living conditions subordinate them in the current conditions.

On the other hand, in the middle income and upper-middle income groups, debt practices, relations with banks and the financial world differ from each other's. One of the distinctive aspects of debt relations that determined by the world view of people, the way they interpret life. This is not superficially reducing the matter to ideologies or purely cultural codes. But the different modes of existence in the form of life produces a significant mechanism of distinction. These modes of existence do not imply merely reduction on one particular reason, i.e. economic conditions. In other words, material conditions always have a relationality between all aspects of life.

1 This phrase is transformed version with negation particle derives from Turgut Uyar's *Tütünler Islak* (Wet Tobacco poetry book's epigraph "*bütün mümkünlerin kıyısında*" (on the edge of all possibilities. Uyar, Turgut. Büyük Saat, İstanbul:YKY, 2011, p.202.,

In particular, basic needs such as owning homes and housing in the scope of middle class and upper-class formations are transformed into a more refined, more luxurious desire. In the basic needs' category, the house and the car are directing their contents towards high-value signifiers, which expand their boundaries as class status. The culture of necessity leads to more peculiar experiences, to apparatus with more intense comfort and to gain a function that strengthens the status. Two different situations, such as unreciprocated lending to someone or taking out loans from a bank for mortgage, include both material conditions and moral and emotional tendencies. Thus, hypothetical approaches that dominate the discourse of mainstream economics and, more generally, the social sciences remain reductionist. The conditions for engaging in financial markets with debt evolve depending on the practical aspects of material life. However, again it is not only rational choices, economic actions and calculations that affect this engagement at the material level alone. Debt has always different nexus.

On the other hand, the most important distinction between different income groups indebtedness is based on the inequality of wealth and the reproduction of this inequality through various mechanisms. For instance, in this micro case class positions, income gaps and wealth inequality continue to maintain the distortion inherent in material conditions and life-form. Additionally, it is possible to say that those with a higher income groups are more engaged in financial markets than middle income groups.

Another crucial matter concerns the mis-distinction between the private and the public and related with that commercial and household/individual within the private field. Wealth does not accumulated by corporations and high-income salaries, luxury consumption does not produced by institutional structures. These distinctions involve much deeper imaginative distinctions about the what is social being and this paradigm re-produce unequal relationships than analytical convenience. Debt as an intermediary or conductor that solves this distinction at this joint. When we look at the situation of debt and debtors, we see an intermediary activity, whether it is an institution, a household or a just individual, there is a field of struggle. Institutions do not lend themselves. Households are not an entity in their own right. On the other side, individuals are not isolated from their environment or habitus.

The mechanism of debt as an intermediary to increase inequality between individuals and between class positions. On one side there is a parent who has the option of having nine installments for college expenses that exceed the child's 70 thousand liras annually for class reproduction, on the other side there is a figure that is forced to give the child 5 liras on the way to high school. Debt is the mediating mechanism that makes the distinction and inequality between the different positions. Debt has made this social bifurcation sustainable.

On the other hand, it is necessary to say that the debt somehow strengthens the cooperation bonds between people. It can be a symbol of an alternative worldview other than the axioms of utilitarianism and rational action. In the particular case, debt as a method of the culture of gift. The reason why it contains dual contradictory elements about the structure of debt is to establish financial capitalism, namely the formal, institutional and economic spheres and on the other side, solidarity areas in the externality of economization that the new spirit of capitalism cannot absorb, yet.

In this thesis, what I want to conclude that if we are talking about debt in the first place, we need to know who we are talking about and his/her material conditions. It is then necessary to clarify the mediation of the debt between the different positions. This opening allows us to understand that the debt has different mechanisms and meanings. One of them is an increase in inequalities with financial borrowing with impossibilities of the moral aspect and the other is a symbol of solidarity within the possibility of a different modes of social existence.

Simmel said:

The profit that accrues to money because it is detached from any particular content or process of the economy is also shown in other ways, and particularly in the fact that owners of money usually profit from violent and ruinous economic upheavals, often to an extraordinary extent. However many bankruptcies and business failures result from price slumps or from commodity market booms, experience has

shown that the big bankers usually make a steady profit out of these dangers that confront sellers and buyers, creditors and debtors.²

Today there are no more commodity market booms, there are debt market booms.

2 Simmel, Georg. *The Philosophy of Money*. Routledge, 2011 ,p.231.

Appendix A Interview Permission Form

In my MA thesis that I conduct in Atatürk Institute of Boğaziçi University, entitled “Private Indebtedness in Turkey after the 2001 Financial Crisis: An Inquiry on Class and Inequality (*2001 Finansal Krizi Sonrası Türkiye’de Bireysel Borçlanma: Sınıf ve Eşitsizlik üzerine bir Araştırma* ”, I study on individual indebtedness in Turkey after 2001 crisis. I would like to interview you within this framework. This interview will then be recorded via a voice recorder to use for my research. As part of social scientific ethics, I need your permission to record the interview before starting the interview. The voice recording will not be shared with any party and will be destroyed after the research is completed. When directly referring to your views during the writing phase of the thesis, only the pseudonyms will be used. Thank you in advance for your contribution.

Appendix B Interview Questions

- 1 What is your date of birth?
- 2 What is your education?
- 3 What is your marital status?
- 4 How many persons are there in your family, and if so, what is the number, age, educational background and occupation of your children?
- 5 When did you start your business life and in what jobs did you work? 6 When did you start your current job?
- 6 Could you please explain the nature of your current job/occupation? (The content of the job, employment status, tradesman/craftsman, white collar, blue collar, owning your own business, employing workers, etc.
- 7 What is your monthly average income?
- 8 What is your household income currently?
- 9 If so, what is your external income?
- 10 What is your average monthly income during your work life? Can you explain in detail?
- 11 Can you explain what the terms debt and credit mean for you?
- 12 Do you remember when you first borrowed? If you borrowed, would you share the reasons and details?
- 13 If you borrowed, how often did you borrow your life? What was the amount and maturity of the debt you received? Did you pay your debts in time?
- 14 What if you couldn't pay?
- 15 What are your thoughts and attitudes about banks?
- 16 What do you think about credit and debit cards?
- 17 When did you first have a debit or credit card and if so, how many credit or debit cards have you used from different banks?
- 18 How many bank accounts and bank cards do you currently have?
- 19 How many debit cards and credit cards do you currently have and what are their limits?
- 20 What is your average monthly credit card spend?
- 21 Can you elaborate how often and for what expenses you use the credit card?
- 22 Have you ever been unable to pay your credit card debt? If so, why and how often?

- 23 Have you used or borrowed a bank loan? If you have received a bank loan, for what, with what maturity and late charge did you receive? (Miscellaneous consumer loans: Vehicle, housing, consumer loans and / or commercial loans, corporate loans
- 24 Did you borrow from non-bank channels (family, friend, relative, colleague, loan shark, etc.?)
- 25 Can you talk about your living standards and expenses, monthly consumption, and personal expenses?
- 26 What is your ability to meet planned or unexpected expenses in your life?
- 27 Can you save money? If so, how do you intend to evaluate this savings in the future?
- 28 Can you talk about your investments?
- 29 Is your residence yours? Do you own real estates?
- 30 Do you have one or more cars?
- 31 What is your relationship and access with other financial institutions other than the bank?
- 32 Do you have information about the stock market, stocks, bonds, virtual currency, leveraged transactions? Would you use it? Can you elaborate if you are interested in?
- 33 Do you shop/trade with interest? If so, can you provide information about the content? If not, can you explain why?

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