Effects of the Financial Crisis on the Turkish Banking Sector: A Research on Turkish Banking Crisis in 2000-2001

Dr. Mustafa ÖZYEŞİL, Jahan Behistanti, Taimur A. Qadir
Assist. Prof. İstanbul Aydın University / Anadolu Bil Vocational School – Business Management (English)
İstanbul Aydın University / Accounting and Audit

Abstract
The objective of this paper is to give a theoretical structure that incorporates the inward development and elements of money related markets and organizations hypothesis keeping in mind the end goal to look at how the financial market and the managing an account part create pointers that influence financial development in Turkey. Incredibly, the choice of capital putting resources into request to obstruction against different sorts of dangers is a noteworthy issue for the banks. At this stage, an essential strategy to decide stretch testing is imperative whether the capital proportions of the banks are satisfactory or not.

The financial crisis of 2000-2001 was turned out to be devastating for Turkey after the plenitude of cash peg around the same time. The emergency being referred to originated from the deficient usage of controls, the insufficient profundity of the capital markets, the absence of evaluation of hazard, extreme loaning to consolidated establishments by national banks, confined financing costs, observed outside trade operations, constrained remote resource holding, the absence of rivalry, obstructions to remote section and high liquidity, endless swelling and a shortfall to be determined of installments.

Bank performance is one of the vital issues for the healthy functioning of the Turkish economy. I use surrogate scenarios to test flexibility of the banking sector. In this research I check how much banking sector is flexible to external shocks under the planned scenarios.

In this paper you can find so many objectives mean how you can examine your performance currently or in the past. The different panel data are collected that shows different perspective and views about the functionalism of the banking sector before and after the financial and economic crisis.

Key Words: Stress Test, Turkish Banking, Economic Growth, Bank Performance Measurement, Financial Stability, IMF Standby Agreements.

JEL Classification: G00, G101, G21

1. Introduction
The Turkish economy was hit by two crises in the most recent decade. The first happened at the start of 1994, at which time there was an overseen coast. Turkey encountered the second serious managing a banking crisis amid 2000 and 2001 amidst a conversion standard based adjustment program (Özatak & Sak, 2002).

To begin with I need to cover the primary parts of the crisis. Second, the fundamental beginning and start of the emergency are depicted. At last, the results for both the household and worldwide keeping money system are examined. The emergency majorly affected managing an account surveillance and control, as both were to a great extent reinforced.

This paper cure is disregard by analyzing the differential effects of the Turkish emergency on capital and work through an examination of financial pointers, a survey of institutional and complementary adjustments,
and different essential arrangement decisions, rather than a conceptual general hypothesis or an overwhelmingly measurable investigation (Diwan, 2000, 2001), (Jayadev, 2005), or (Onaran, 2007).

Chain reaction occurred in a crisis in overall money related markets hit the honest to goodness economy, as well and spread transversely finished domestic edges through shutting credit lines and unequivocally directing central inflows. This example was moreover evident in the dormant private use and theory figures wherever all through the world. The moderating worldwide request forcefully decreased the universal ware costs, helping the worldwide inflationary prospects. Then again, this sudden fall in item costs extremely hit the financial dependability of a few product trading nations. The worldwide improvements prompted a quick constriction on the planet economy and money related markets and deceleration in exchange volume.

In November 2000, banks begin to shut down their interbank credit lines to helpless Turkish banks, after stresses over the soundness of the sparing cash range have extended distinctly. The stresses also incite outside theorists to pull back resources by unloading treasury bills and qualities. In this way, on 20 November 2000, Demirbank, a private normal size bank, can't get any more in the interbank advertise (Akyüz & Boratov, 2003). Hence, it needs to offer piece of its administration securities portfolio, causing a further fall in the estimation of government securities and an expansion in secondary market loan fees, raising questions about the supportability of open obligation and the creeping peg swapping scale administration that had been set up since December 1999 (Özatak & Sak, 2002).

The pressure in the market quieted down not long after another letter of purpose was displayed to International Monetary Fund (IMF). Be that as it may, as of the finish of December, the normal loan costs, both overnight rate, and the optional market security rate were just about four times higher than the starting level of November and the level of pre-reported year-end deterioration rate of the lira (₺) was more than five times and this unsatisfactory circumstance was finished on February 2001, when the government announced that there was a genuine political emergency that erupts an emergency in the profoundly alarmed markets and this rebellion circumstance because of what had occurred toward the finish of the previous year. On that day the overnight rates bounced to phenomenal levels of 6200 percent in total terms. Soon after, after three days, the conversion scale system tumble down and Turkey declared that they will execute the diverse system which is called skimming swapping scale system from that time onwards.

In this paper, it is go for noting these inquiries. Our consequences is that the fundamental starting point reason for the emergency was the blend of a sensitive managing an account area and an arrangement of shimmering factors that influenced this delicacy precious stone to clear.

In the accompanying segment, it verifies that the weight exceptionally expanded in the business sectors toward the finish of 2000. The third area concentrates on the parts of basics and self-achieve predictions. It initially demonstrates that all things considered, the macroeconomic essentials were somewhat frail and temperamental in 2000; the necessities of the original emergency models were absent. At that point, it examines the nuts and bolts of self-fulfill predictions. By assessing the execution of the economy in the repercussions of the crisis, it contends that the Turkish crisis is for all intents and purposes a moment age sort.

As a result, in the second half of November 2000, 'good' banks close down their credit lines to 'awful' banks. In the venture, the fundamental debate about the initial two contrasts was not palatable to trigger an emergency. Principle touching off elements were the postponements in modifying the managing an account division and the activities that instigate the polarity in the saving money area to rise to the top. The last area finishes up.

All in all, it finds that the significance of the Turkish monetary crisis of 2000-2001 was comprehensively gainful to capital, to the impediment of laborers. Among entrepreneurs, the impact of the emergency varied for both universal and local capital and also mechanical and money related capitals. It is exceptionally concentrated due to world-wide capital that can increase the total resource base in the economy and, in addition, pay advance it gets (Hristov, 2001).

However, the consequence of the emergency extensive number of local money related capital likewise figured out how to help up its benefits, and the circumstance is that the residential mechanical capital was in
the support to decrease the genuine wages and the quality of the work development additionally declined. At long last, various outcomes happened from the structural changes implemented after the financial crisis.

These changes focused on accelerating the privatization procedure with the Washington Consensus, irrevocably backward tax assessment, freedom from the Central Bank, adaptability to labor markets, and the progress of the agricultural sector and so on (Bhagwati, 1998; Stiglitz, 2002; Wade, 1998; Wade & Veneroso, 1998, Dufour & Orhangazi, 2007).

While our examination concerns Turkey, it trusts that few of our determinations may have an expansive level of sweeping statement. The path in which the Turkish government has grasped arrangements profiting universal capital, and in addition the pretended by the IMF, seems informational. Additionally, not exclusively is work lopsidedly hurt by the emergency, yet it is likewise assaulted on numerous fronts through different administrative arrangements, uncovering that there is some level of the organization associated with an option to unoriginal financial procedures. In general, the shifted measurements through which universal capital may pick up from the Turkish emergency proposes that emergencies assume a strong part in the present entrepreneur system and that global capital may benefit from them.

This can be predicted with the contention that indicates game plans for universal money should be viewed as an existing kind of “new sovereignty:: the formation of conditions that compel the world's funding to enhance their wealth and strengthen the control of creating economies (Duménil & Lévy, 2003 and Harvey, 2003) (Duménil & Lévy, 2006 and Crotty & Lee, 2001).

2. Literature Review
2.1. The Background of Financial Crisis in 2000-2001
The most sensitive time for Turkish economy were in 1990s and the banking sector also insecure because they were facing the anarchy situation so financially it was an unstable period. Turkey encountered a boom-and-bust episode with yearly development wavering between 9.3 percent to - 5.5% of GDP. Normal development speeds were very low, annual swelling was over 60% for the whole decade (at times achieving higher than 80%), and the legislature had substantial spending shortages (Akyüz & Boratav, 2003). Instead of facilitating public getting, capital record advancement constrained the legislature to provide higher spreads with respect to the USD resources which were openly accessible next progression. Genuine financing costs on government obligation took off; making arbitrage open doors for private banks to abuse the distinction between the immense rates on government preservation contrasted with remote getting and local deposit (Akyüz & Boratav, 2003). Rising loan fees constrained the legislature to obtain to meet intrigue instalments (which had come to 75 percent of duty incomes before the decades over). At last the blend of high premium and expansion rates and an open capital record annoyed instability in budgetary markets, incorporating a vital emergency in 1994. Loan rates on government obligation surpassed the expansion rate, by and large, by more than 30% rate focuses (see Figure 2.1). A few financial sectors, for example, the telecom division, were overwhelmed by state undertakings and most parts working at low levels of productivity and speaking to a weight on the administration spending plan (EC, 2009). The macroeconomic unpredictability and insecurity brought about an exceptionally poor business atmosphere.

The Asian and Russian crisis in 1997 and 1998 contrarily influenced the certainty of remote financial specialists in Turkey (IHS, 2000). Accordingly, capital inflows into Turkey go down strongly and financial development backed off from 7.5 percent of every 1997 to 2.5 percent out of 1998. The delay in development additionally undermined the certainty of outside financial specialists. In August 1999, a staggering earthquake hit the modern heartland of Turkey, additionally crumbling Turkey's financial execution. The solid fall in capital inflows and the overwhelming earthquake depress the economy into a profound subsidence.

Figure 1: Treasury Bill Rates
In collaboration between IMF and Turkey composed in 1998 an adjustment program to decrease expansion (IMF, 1998). The IMF and residential policymakers ascribed expansion to vast spending shortfalls, so the adjustment program included procedures for obligation decrease, prominently a yearning privatization plot. To encourage outside possession, a protected correction permitting worldwide assertion for commitment between the country and remote speculators was performed (IMF, 1999a). The legislature additionally swore to keep capital streams free from any confinement and to forgo escalating exchange limitations (IMF 1999a, 1999b). The administration declared it would compress expenditure through a decline in cost of labor and a difference in ventures; salary of open part agents were to be cemented in certified conditions, while the financing and receptiveness of basic social activities, for instance, government disability (IMF, 1999b).

Turkey is a creating nation that has been encountering a financial and budgetary rebuilding process for around two decades keeping in mind the end goal to guarantee financial development and money related proficiency in the financial markets. Be that as it may, this procedure was hindered by progressive emergencies. The first was a saving money emergency in 1994, which was the herald of the prospective ones. Despite the fact that Turkey was following an IMF sponsored deflation period, she endured two significant emergencies one in November 2000 and the other one in February 2001. Because of these emergencies, the economy was hard – hit, the cash, capital, and securities exchanges debilitated and the money related framework practically fallen (Yörü, Erdem, Erdem: 2006; Bahmani – Oskooee, Karacal: 2006). The period before the 2000s can be best recognized by high direc, confined financing costs, controlled remote trade operations, constrained outside resource holding, low force of rivalry, boundaries to remote section and lacking liquidity, unending expansion, and a shortage to be decided of installments. In this manner, the circumstance was totally open to capital flight because of deficient financial and money related conditions. Hence, keeping in mind the end goal to deal with the helpless financial condition Capital Markets Board and the Istanbul Stock Exchange were built up (Günay, Tektaş, 2006; Şengönül, Thorbecke, 2005; Alper, Berumet, Malatyali, 2001; Güncavdı, Küçükçifçi, 2005).

2.2. Considerate the Main Causes of the Crisis:

The 2000-2001 money related emergency in Turkey is one among many emergencies that portray the present universal financial system (Eichengreen, 2001). I feel that it's essential to highlight – shockingly, before long—the key driver and the assistant wellsprings of the crisis in the Turkish setting, as a creating business part. The crisis, which at first uncovered itself as a notice development in November of 2000, and jump-started out in full scale in February 2001, is cleared up in the official circles and in the well-known media in light of "... the failure of the Turkish organization to execute the indispensable essential modification changes after some time, along these lines angering the market administrators and giving remote money a chance to stream to leave the country." As indicated by this view, the 2000 change program was painstakingly thought and coordinated, yet by then, Turkey neglects to meet its objectives. Therefore, "the emergency is the final product of Turkey's inability to take after its program", and the issue is because of "Turkey's terrible record as far as getting its work done in time, which should be extremely punished".

Source: (EIU, Akvuz & Boratav, 2003)
In whole, jumbled with foolish nearsightedness and theoretical group conduct of residential and outside money related mediators, the IMF coordinated Turkish disinflation scene very obviously spells the threats of limiting the fiscal arrangement of an economy to speculative in-and-out-streams of here and now remote capital, which without anyone else's input, is too much fluid, too much unpredictable, and is liable to crowd brain research. The program, by devastating each one of the contraptions of change and cash related domination of the Central Bank, has left the economy uncovered against a hypothetical run and a "sudden stop". Gotten inside the points of confinement of a pre-revealed program of swapping scale degradation, and of a cash-related control oversaw feasibly by without a moment's hesitation arbitrage hypothesis, the Turkish Central Bank's economic ampleness was diminished to the minuscule piece of a "bookkeeping officer". Under this part, the Central Bank lost all its energy to guide the economy in the appearance of a troublesome stun or an adjustment in the financial specialists' discernments prompting a "sudden stop" (Boratav, Korkut & Yeldan, 2002).

2.3. Crisis Impact on the Capital:
Worldwide capital developed to a great extent unscathed from the emergency, because of assurances presented that ensured remote speculations at open cost. Truth be told, global capital expanded its benefits, prominently by means of remote direct venture and outer obligation, which thusly expanded wage repatriated from Turkey. In addition, while various residential banks went bankrupt amid the emergency, their misfortunes were likewise secured by the general population. Extensive local banks even profit by the emergency because of expanded premium salary. At last, after the emergency, the Central Bank of the Republic of Turkey (CBRT) looked to dissuade next precariousness with collecting more prominent remote trade saves, which made an extra weight that by implication profited global capital.

2.4. External Debt and Financial Capital:
The IMF adjustment program joined a dragging peg planned to downsize the trade out agreement with centered swelling. As development objectives were unattained, the Turkish Lira ended up being dynamically overstated in the midst of (IMF 2000a, c). This urged that banks in Turkey to build fleeting outside obligation by around 28% in 2000 (IMF, 2000b, 2000c; Akyüz & Boratav, 2003), despite of genuine endeavours by the state to confine outer obtaining, eminently through high save necessities for outside positions surpassing a preset roof. Before the finish of 2000, the aggregate outer obligation was 59% of GDP, contrasted with 47% just two years previously.

Table 1: External Debt Indicators as Percentages of GNP

| Years | Total External Dept. | Public Sector | Central Bank | Private Sector | External Dept. Service |
|-------|----------------------|---------------|-------------|---------------|-----------------------|
| 1996  | 43.2                 | 21.9          | 6.7         | 14.6          | 6.2                   |
| 1997  | 43.8                 | 20.2          | 6.1         | 17.4          | 6.5                   |
| 1998  | 46.6                 | 19.2          | 6.3         | 21.1          | 8.0                   |
| 1999  | 55.8                 | 23.0          | 5.9         | 26.8          | 9.9                   |
| 2000  | 59.3                 | 24.3          | 7.0         | 27.9          | 11.0                  |
| 2001  | 78.0                 | 31.6          | 16.7        | 29.6          | 16.9                  |
| 2002  | 71.9                 | 35.2          | 12.2        | 24.6          | 15.9                  |
| 2003  | 60.6                 | 29.1          | 10.2        | 21.3          | 11.6                  |
| 2004  | 54.2                 | 24.7          | 7.1         | 22.4          | 10.2                  |
| 2005  | 47.4                 | 18.9          | 4.3         | 24.3          | 10.1                  |

Table 2.1 explains, a percentage of GNP as an foreign debt indicators in the vicinity of 1996 and 2005. Add up to outside obligation achieved highest degrees amid and after the emergency and just leveled off around 2005, following four years of expanded obligation overhauling and generally higher GNP development. Although this expansion is entirely open to external debt, most of the external borrowing obligation is largely the result of the nationalization of private borrowing through bank debt.
3. Analysis

3.1. The Banking System:

The new liberal financial approach place impact in January 1980 went for incorporation with world economy by setting up a free market a free market economy. As an impression of this economy, the 1980s were observer to constant legitimate, basic and institutional changes and improvements in Turkish managing an account part. The arrangement of changes was embraced to advance budgetary market improvement. The fundamental point of these changes was to build the productivity of the financial system by encouraging rivalry among banks (Ertugrul & Selcuk, 2001). The Turkish money related system depends on a general managing a universal banking system, which lawfully empowers business banks to work in every financial market. The main things that business banks are not permitted participating in exchanging products for a business reason and renting. Most business banks have possession linkages with non-money related companies. Holding organizations had control in the administration of a few banks and additionally those of modern enterprises. Banks don't have any successful rivalry with financial organizations. A large portion of protection and renting organizations are partnered with banks (Munir, 1999).

Turkish banks have started creating systems to supplant unbefitting administrations and exercises, an increment in benefit and focused quality through better control of working expenses. In the 1990s, the Turkish Banking System encountered a few bank disappointments. In 1994, three little banks were shut and sent into liquidation. Eurocredit bank, Isci Kredi bank and Marmara Bank were gone bankruptcy. Bag Bank, Denizcilik Bank, Ege Bank- 1994, Hisar Bank and Istanbul Bank merged with other banks. From 1997 to early 1999, Es bank, Inter Bank, Sumer Bank, Turk Bank, Yasar Bank and Yurt Bank were transferred to the Saving Deposit Insurance Fund, thus fully protecting depositors and creditors. An expansive number of extra banks additionally confronted money related challenges in view of macroeconomic unpredictability, surprising outer conditions, and administrative and supervisory resistance.

Table 2: Turkish Banking crisis and its results after 1980s

| Name          | Nationalization | Merger | Bankruptcy | Liquidation | SDIF |
|---------------|-----------------|--------|-------------|-------------|------|
| Anadolu Bank  | x               |        |             |             |      |
| Bağ Bank      |                 | x      |             |             |      |
| Bank Express-1994 |           |        | X           |             |      |
| Bank Express-1998 |              |        |             | X           |      |
| Denizcilik Bank |             | x      |             |             |      |
| Düş Bank       |                 |        | X           |             |      |
| Ege Bank-1994 |                 |        |             |             |      |
| Ege Bank-1999 |                 |        |             |             |      |
| Es Bank        |                 |        |             |             | X    |
| Eurocredit Bank |               |        |             |             |      |
| Hisar Bank     |                 | x      |             |             |      |
| İnter Bank     |                 |        |             |             | X    |
| İstanbul Bank  |                 | x      |             |             |      |
| İşçi kredi Bank |               |        |             |             | X    |
| Marmara Bank   |                 |        |             |             |      |
| Sümher Bank    |                 |        |             |             | X    |
| Türk Bank      |                 |        |             |             | X    |
| Yaşar Bank     |                 |        |             |             | X    |
| Yurt Bank      |                 |        |             |             | X    |

Source: TCMB Publications, [2000]

In November 2000 and February 2001 emergencies, the circumstance came about because of the worries made up by the Turkish economy and it was conceivable to facilitate the emergencies with outside budgetary reinforcement. However, in 2008, the emergency started in the USA and extended the world. Along these lines, this time, it isn't probably going to obtain remote go down immediately, basically since the emergency took off in different nations, economies, and money related markets. Moreover, it won't be conceivable to keep the negative impacts of the emergency with universal exchange usage, since it won't be anything but difficult to make request abroad. Subsequently, this paper endeavours to clarify the November 2000 – February 2001 and 2008 emergencies and look at them relying upon clearing national and universal productions (Alper, Berumet, Hakan; Malatyali, 2001).
The turmoil in November is trailed by a political emergency in mid-2001. On February 21, the head administrator and president have a debate about battling defilement in the banking sector (Özatay & Sak, 2002). Once more, confide in the supportability of the security program vanishes and a cash emergency happens, as both remote and local financial specialists start a theoretical assault against the Turkish lira (BRSA, 2010). The Istanbul Stock Exchange falls by 14% and interbank rates take off, climbing from half to 8,000%. In the meantime, outside trade saves again decay quickly (see Figure 3.1). On February 22th, the administration enables the lira to drift openly. Accordingly, the Turkish lira loses around 33% of its incentive against the dollar.

3.2. Re-establishment of the Financial Sector:
In December 2000, soon after the anxiety in late November, after gatherings between the Turkish specialists and major remote banks, outside business banks focused on keeping up introduction to Turkish banks and organizations, as interbank and exchange related credit lines in presence at the time. The dedication was proposed to supplement the quieting impact of the IMF help and to keep the outside financing base for Turkish banks stable. In any case, the dedication finished in February 2001, when anxiety on the money related markets ejected once more.

The revisions in-laws are pointed basically to synchronize them with the European enactment, embracing alterations to the state spending plan as to the changed nation's adjust of installments, forcing new duty rates, stringent confinement of government spending, encouraging money related control and compelling usage of spending plan and additional spending stores, heightening the system for indebtedness declaration and liquidation of 13 banks that are under the control of the State Depository Fund. (IMF 1999a, 1999b).

In parallel to it, draft laws were familiar with the Turkish government – a draft law on the privatization of Turk telecom and a draft law on redresses to the Law on banks and sparing cash. 99 percent denationalization of Turk telecom is envisioned. The state will keep one percent, which has been requested by the Law as "splendid offer/stake". The State will be the odd man in taking decisions regarding national security and correspondence satellites abuse (IMF 1999a, 1999b).

Instantly after the emergency, broad change and approach activities were taken. On May 4, 2001, Turkey spared in IMF a Letter of Intent, joined by a Letter of Political Guarantees, set apart by the social affair pioneers of the speaking to a coalition. By this undertaking, political pioneers endeavor obligation and affirmation the execution of the new budgetary program and with everything taken into account terms reaffirm in that foreseen macroeconomic pointers for GNP advancement, extension rate, and current spending deficiency. The Banking Regulation and Supervision Agency started an extensive rebuilding program for the banking system. The program had four principle columns:

- A re-establishment of the state banks
- An efficient resolution of the SDIF banks

Figure 2: Reserves and the Exchange Rate

![Chart showing reserves and the exchange rate](source: EconWin)
A reinforcing of the private banks
A establishment of the regulatory and supervisory system.

In the meantime, resource quality recouped steadily. Money related intermediation work which has basic significance in getting a manageable macroeconomic development execution has kept on being incorporated viably. Despite the fact that the accomplished stable development condition brought along a quick credit development, over the top hazard taking of banks was forestalled attributable to the lawful controls and proportions of non-performing advances were somewhat low even in the time of the emergency.

The effect of the liquidity press, which surfaced in the worldwide money markets because of decay in hazard observations and loss of certainty, has remained constrained on nearby money related markets likewise inferable from the measures taken by the Central Bank of the Republic of Turkey.

Banks were fairly moderate in loaning because of expanded dangers and the logjam in credit request and additionally the rising interest for reserves from the Government. Moreover, there has been an expansion in the offer of government securities in the aggregate resources. In the period when the worldwide improvements started to influence the saving money system, the cash danger of banks stayed exceptionally constrained.

Resulting to the way that keeping money division developed slower in 2009 because of the advancements in residential and abroad, upgrade in the quantity of branch and staff considered as immediate access waterways were constrained when contrasted with the most recent years. In the meantime, the worldwide emergency was viable in the financing costs of the credits the banks licensed. Especially, credit loan fees expanded in this way intrigue edge increased. (BRSA, 2009b:21,27).

4. Conclusions And Recommendations:
While there has been much composed of the Turkish money related emergency of 2000-01, this writing has been for the most part focused on the basic determinants of the emergency. Here it moves the level-headed discussion to concentrate on the results of the emergency as opposed to its foundations. By doing so, it contends that capital makes a profit at the beginning of the emergency while work is hindered. It is found out that worldwide capitals profited through the emergency with expanding its aggregate resources in the economy and in addition the pay streams it gets from it, while huge household money related business people additionally expanded their benefits following the emergency. Second, modern capital profited by means of a diminishment of genuine salary and a decrease in the quality of the work development. Third, the auxiliary movements forced on the economy in the emergency outcome, with a specific end goal to 'cure' the circumstance, facilitated the interests of capital when all is said in done by advancing expanded privatization and changes out in the open funds, including most quite an expansion in backward tax assessment. Besides, arrangements related to neoliberalism, for example, national bank autonomy, work adaptability, the progression of horticulture, et cetera, have been broadened and extended in the economy.

Our discoveries give observational help to the conflict that money related emergencies could be strong of the present industrialist arrange, quite the universal monetary system and extensive budgetary business people. It regard this to be imperative seeing that it recommends that monetary emergencies not just trick the financial improvement of the nations they plague, however they could likewise both inclination that advancement for capital and deny the legislature of these nations of some of their independence. Obviously, expansive inductions can't be excluded from the examination of only a solitary country and other fiscal shocks should be bankrupt down other money-related emergencies ought to be dissected before any broad conclusion is come to (Dufour & Orhangazi, 2007).

In any case, our investigation raises a fascinating issue. In an emergency hypothesis developed by the Marx, the industrialist system is inalienably temperamental and inclined to the emergency. In spite of the fact that there are different clarifications with respect to the purposes for these emergencies, the Marxian approach as a general rule watches a shocks as establishing the accompanying improvement by reducing salaries and financing costs, corrupting capital and setting up the ground for legitimate and institutional change. Subsequently, emergencies consequently assume the part of "the silly rationalize of the financial system" (Harvey 1999: 305). Emergency of money erupted in Turkey between 2000-2001, despite the fact that
different areas of the capital and the industrialist system all in all appear to have profited from the emergency, this was not a programmed procedure essentially.

Rather, this result was the after effect of a mix of unoriginal monetary powers, for example, the way that suitable for Turkish companies were accessible at a deal after the emergency, and direct moves made by different gatherings, outstandingly essential private and open loan bosses with some use over policymakers. It trust that the two worked pair, seeing that they strengthened each other: While there is some automatism in the working of a significant number of the monetary powers, they usually still need some measure of direct action with respect to policymakers... activities that would be pointless without those powers at work. Revolving to the accessibility of modest Turkish firms, for instance, worldwide capital might have the capacity to secure responsibility for firms if capital streams stay free of any impediment. Something that would enthusiasm to check whether the example of emergencies is extended is the degree to which each of those two segments – monetary powers and policymaking – fortify or restrict each other amid scenes of universal budgetary emergencies.

Before the emergency, the Turkish economy confronted genuine macroeconomic lopsided characteristics and a delicate managing an account segment. Worries over the powerless saving money part and moderate changes, together with a decrease in capital inflows, set off the managing an account emergency, trailed by a cash emergency. Loan fees soar, a few banks must be saved and the IMF assisted Turkey with almost USD 30bn through and through. Following three months of turmoil, transformation scale controls were surrendered. A productive commitment swap in June 2001 kept a sovereign default. Halfway because of sweeping basic changes the economy immediately recuperated. Bank direction and supervision were firmly made strides. The changes added to steady keeping money area soundness amid late emergency years. A short time later, the economy vivaciously recouped from the crisis. (Abadie, A., Gardeazabal, J. 2003).

I wish to complete my comment by saying that the IMF expected a key part in the recovery of the Turkish economy by collaborating with and supporting the change attempts of dynamic governments, the Treasury, the Central Bank, and distinctive foundations. This joint effort and support came not just from groups accountable for the adjustment program yet additionally from uncommon groups that worked with the experts in various regions, for example, actualizing the expansion focusing on the arrangement of the Central Bank and the money change.

5. References

[1] Abadie, A & Gardeazabal, J. (2003). The Economic Costs of Conflict: A Case Study of the Basque Country. American Economic Review, vol. 93, no. 1, pp. 112–132.
[2] Akyüz, Y & Boratav, K. (2003). The Making of the Turkish Financial Crisis. World Development, Vol. 31, No. 9, pp. 1549-1566.
[3] Alper, E, Berumet, H & Malatyali, K. (2001). “The Effect of the Disinflation Program on the Structure of the Turkish Banking Sector”, Russian and East European Finance and Trade, Vol. 7, N0. 6, pp. 81 – 95.
[4] Bahmani, Oskoe, M & Karacal, M. (2006). “The demand for money in Turkey and currency substitution”, Applied Economics Letters, Vol.13, pp. 635 – 642.
[5] Bhagwati, J. (1998). The Capital Myth; The Difference Between Trade in Widgets and Dollars, Foreign Affairs, 77(3), pp. 7-12.
[6] Boratav, K & Yeldan, E. (2002). “Turkey, 1980-2000: Financial Liberalization, Macroeconomic (In) Stability, And Patterns of Distribution” CEPA and The New School for Social Research, mimeo. http://www.bilkent.edu.tr/~yeldane
[7] BRSA. (2009b). Financial Markets Reports, No: 14, Ankara: BRSA Documentation Center.
[8] BRSA. (2010). From Crisis to Financial Stability (Turkey Experience, Working Paper.
[9] Crotty, J & Lee, K. (2001). Korea’s Neoliberal Restructuring: Miracle or Disaster, Political Economy Research Institute Working Paper 44.
[10] Diwan, I. (2000). Labor Shares and Globalization, mimeo, prepared for the OECD Conference on Globalization and Inequality, Paris.
[11] Dufour, M & Orhangazi, O. (2007). The 2000-2001 Financial Crisis in Turkey: A Crisis for Whom? *MPRA Munich Personal RePEc Archive*, p. 7837.

[12] Duménil, G & Lévy, D. (2003). Neoliberal Dynamics - Imperial Dynamics, Paper prepared for the Conference on Global regulation, held at the University of Sussex, Brighton, UK, May 29-31, 2003.

[13] Duménil, G & Lévy, D. (2006). Imperialism in the Neoliberal Era: Argentina’s Reprieve and Crisis, *Review of Radical Political Economics*, 38(3), pp. 388-96.

[14] EC. (2009). Growth and economic crises in Turkey: leaving behind a turbulent past? *Economic Papers* 386.

[15] Eichengreen, B. (2001). *Financial Crises and What to Do about Them* (Oxford: Oxford University Press).

[16] Günday, N & Tektas, A. (2006). “Efficiency Analysis of the Turkish Banking Sector in Precrisis and Crisis Period: A DEA Approach”, *Contemporary Economic Policy*, Vol. 24, No. 3, pp. 418 – 431.

[17] Güncavdi, Ö & Küküçıcı, S. (2005). “Financial Reforms and the Decomposition of Economic Growth: An Investigation of the Changing Role of Financial Sector in Turkey”, *Review of Middle East Economics and Finance*, Vol.3, No:1, pp. 63 – 86.

[18] Harvey, D. (1999). The Limits to Capital (London and New York: Verso).

[19] Harvey, D. (2003). The New Imperialism (Oxford: Oxford University Press).

[20] Hristov, S. (2001). *The Crisis In Turkey*, s.l.: Institute for Regional and International Studies.

[21] IHS. (2000), Bank Privatization Finally Agreed

[22] IMF. (1998). Turkey - Memorandum of Economic Policies, Washington, DC: International Monetary Fund, 26 June.

[23] IMF. (1999a). Turkey Letter of Intent, Washington, DC: International Monetary Fund, 29 September.

[24] IMF. (1999b). Turkey Letter of Intent, Washington, DC: International Monetary Fund, 09 December.

[25] IMF. (2000a). Turkey Letter of Intent, Washington, DC: International Monetary Fund, 10 March.

[26] IMF. (2000b). Turkey Letter of Intent, Washington, DC: International Monetary Fund, 22 June.

[27] IMF. (2000c). Turkey Letter of Intent, Washington, DC: International Monetary Fund, 18 December.

[28] Jayadev, A. (2005). Capital Account Liberalization, Growth and the Labor Share of Income, in Gerald A. Epstein (ed.), Capital Flight and Capital Controls in Developing Countries (Northampton, MA: Edward Elgar), pp. 15-57.

[29] Munir, M. (1999). Turkey’s banks and its economy, *Journal of Economics*, 38, 1999, pp: 260-268.

[30] Özatay, F & Sak, G. (2002). *Banking Sector Fragility and Turkey’s 2000-01 Financial Crisis*, Brookings Trade Forum 2002: Currency Crises, Washington D.C.

[31] Sengonul, A & Thorbecke, W. (2005). “The effect of monetary policy on bank lending in Turkey”; *Applied Financial Economics*, Vol. 15, pp. 931 – 934.

[32] Stiglitz, J. (2002). Globalization and its Discontents (New York: W. W. Norton).

[33] Wade, R & Veneroso, F. (1998). The Asian Crisis: The High Debt Model vs. the Wall Street-Treasury-IMF complex, *New Left Review*, March April, pp. 3-23.

[34] Wade, R. (1998). The Asian Debt-and-development Crisis of 1997-?: Causes and Consequences, *World Development* 26 (8), pp. 1535-53.

[35] Yörük, N, Erdem, C, Erdem & Meziyet S. (2006). “Testing for linear and nonlinear Granger Causality in the stock price – volume relation: Turkish banking firms’ evidence”, *Applied Financial Economics Letters*, Vol.2, pp. 165 – 171.