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Intervention Symposium:

"The Sanitization of/via Populism during the COVID-19 Pandemic"

Easy Loans as Paths to "National Financial Immunity": Turkey's Financial Responses to COVID-19

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The crisis unleashed by the COVID-19 outbreak has added an intriguing ambiguity to Turkey's already financialized picture, an ambiguity of where "help" ends and "debt" begins. The Turkish state's first response to the pandemic in March 2020 was a national fundraising campaign. Officially titled "We are enough for each other, my Turkey" this support campaign asked for contributions from "financially competent" citizens as part of the project "Shield for Social Protection" (Duvar English 2020). The institutions, companies and individuals who contributed most were listed on the campaign's official webpage (https://bizbizeyeteriz.gov.tr/). Unsurprisingly, four of the top five donors were state-owned banks. These same banks have also been the basis for another pandemic campaign, the "Shield for Economic Stability" program, where the Turkish state initiated the release of new consumer credit to three million low-income citizens. Similar to the US's limited monetary response to the pandemic, the Turkish state has only provided a "one-off grant" of no more than 1,000 Turkish lira (approximately 135 US dollars, and less than half of the monthly minimum wage) to the poorest citizens, paid with funds raised recently through the national campaign. Almost all other financial responses have depended on simply expanding the credit market through an enthusiastic re-interpretation of private loans as instruments of state help by simultaneously creating new ethical thresholds for financial value.

As unusual remedies packaged with nationalism, the easy loans program is deployed as a populist tool not only to assuage economic anxieties amidst a global pandemic, but also sanitizing moral concerns about finance. This short piece focuses on the Turkish state's attempts to represent its debt-oriented COVID-19 support programs as instruments of "state care". To this end, I also try to re-think some of the "social investments" people make in credit/debt[1] to briefly sketch novel nation-state-oriented imaginations of finance in this time of global crisis. What about utilizing finance and debt as instruments to forge a new financialized imagination of "national solidarity", precisely by re-marking a domestic and intimate territory and carving a new frontier in an imaginary war of independence that attempts to silence all the real battles ongoing during a global pandemic?

Continuously taking part in new power games over the Middle East, the Turkish state under Erdoğan's rule has relied on the long-lived ideals of "national self-subsistence", which significantly escalated amidst a steady economic regression in the 2010s. Finance is one of the main battlegrounds of this imaginary war of independence. The enemies, ones that try to make the nation "dependent", change according to shifts in the global political conjuncture, but the effectiveness of the discourse of independence remains mostly the same. This is how even the COVID-19 pandemic can easily be turned into a battle that serves to prove the (financial and political) "immunity" of Turkey.

Recent political discussions on the help offered by the IMF provide a revealing example, as they show how a national financial front has been carved. While the Turkish state under Erdoğan's rule has been revitalizing the expansionist dreams of the Ottoman Empire, the image of the IMF has been easily fused with the "cruel" European states of the 1880s that had financially "enslaved" the Ottomans when the Empire gradually became unable to pay its foreign debts. Fusing this traumatic episode in the nation's history with the binding effects of "national foreign debt", several state officials, including Erdoğan, have repeatedly made clear that asking for the IMF's help is not an option, given the "interventionist attitude" of the institution that "aims to control Turkey with debt". Particularly striking here was how the IMF could easily be turned into a medium to engender a national financial territory with a populist portrayal of "financial power", and this time finance would be the tool to imagine a negative interpretation of solidarity in relation to global financial flows and the asymmetrical nature of finance capital.

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Only months before the COVID-19 outbreak, it was officially declared that Turkey was committed to increasing the share of "alternative financial structures" (Bianet English 2019), specifically Islamic financial models. Unsurprisingly, this attempt was publicized as a part of the "ongoing financial war" that would free the Turkish state and its citizens from the "exploitative" functioning of the "interest-based" global financial system. Erdoğan has always emphasized how the Turkish state's financial development program differs from the standard trajectories of "imperialist powers" as it is primarily about "stability" and "helping everyone by providing affordable interest rates". Given that the current "unhealthy" global financial structure only cares about "profiting", Turkey's would provide "financing for everyone" (Anadolu Agency News 2019). As the pandemic support programs revealed, this discourse has engendered a new criterion of sovereignty, an indicator of national power: "the ability to provide easy loans to citizens". With a populist bend to the notion of self-sufficiency and a brand-new financialized logic, the question of "national sovereignty" has now become a question of "national financial competence". That is how such interest-bearing, and thus inevitably predatory loans, have come to be imagined as the primary tools to distribute help and care to citizens during the pandemic.

While the Turkish state has continued to fight its war of independence via financial tools, the number of individual debtors in Turkey continues to rise at the same rate as the release of new easy loan structures touted as remedies to the pandemic. Only in the second week of April, the consumer credit market, the most rapidly growing market in Turkey, expanded by six billion Turkish lira. From March to September 2020, the number of debtors raised by 35%, and reached more than 34 million individuals (Independent Turkish News 2021). Turkey's Banking Regulation and Supervision Agency (hereafter BRSA) has been the main vehicle to expand the credit economy and "keep the interest levels low" during the last few years, as a way of exercising ideological control over financial markets. The new consumer loans provided as a response to the pandemic were, similarly, produced in collaboration with the BRSA. Although these highly demanded "support credits", which are also known as "basic needs support loans" (Anadolu Agency News 2020), have been promoted as aiming to meet urgent familial needs, there were never any form of control mechanisms in place to check how they were spent. Instead, these loans have been deposited directly to the individual accounts, as any ordinary consumer credit. In the meantime, BRSA authorities have repeatedly emphasized the urgency of releasing that credit – presenting it as the primary instrument of help during such an emergency – and continued to advise banks to take this recommendation seriously as "a matter of national solidarity".

Controversial to the populist state campaign that enthusiastically promoted these loans as if they were similar to a temporary national basic income program, this particular Covid-19 loan program has remained mostly limited to state banks and, unsurprisingly, failed to reach "everyone in need".[2] Apparently, in the end, "the shield" is not big enough to protect everyone, even though it has been forged with the help of a constantly growing domestic financial market. Only two months after the first release of the "Shield for Economic Stability" program, BRSA published an aggressive declaration that warned private banks "to use their funds in the most efficient way" (Bloomberg HT News 2020). Following this, the BRSA also established a "complaint line" in June 2020 to find out which banks did not follow these instructions. If you successfully proved your eligibility to take a loan but a specific bank still rejected the application, you could immediately make an official complaint. In other words, the refusal to provide easy loans to individuals in need was considered almost a crime against the public and was accompanied by state-level shaming that highlighted private banks' "thirst for profit" and their failure to support the nation during a period of emergency. Members of the public shared their frustration via national newspapers, social media, and YouTube channels, complaining that some banks refused to give them the credits they "deserved" and also swapping strategies of how to submit successful applications. Newspapers were full of stories of how "the banks screwed down the loan tap", and government spokespeople repeatedly underscored how citizens complained about the banks' "irresponsible decisions in this time of emergency". Throughout 2020, eight private banks were fined more than 330 million Turkish lira[3] following "complaints by individual and commercial customers" (Daily Sabah 2020).

This ambiguity between "debt" and "help" also adumbrates the peculiarities of a populist neoliberal governance model: the state takes command of the interest rates and the flexibility of credit schemes to protect its citizens from "predatory" outsiders, whether they be European states, the IMF, or private banks, simultaneously carving a space of manoeuvre for itself by temporarily differentiating its position from "the vampire-like" financial market. In this sense, the Turkish state appears as a supervisor that decides the level of financial value extraction by drawing its legal and ethical thresholds. The moral images attached to finance paint a confusing picture of today's capitalism, in which such interest- and affect-bearing financial instruments have started to be considered as the new vehicles for distributing help at the national level, by simultaneously trying to boost a peculiar form of militarist nationalism under the guise of "national financial solidarity".

Endnotes

[1] Anthropology has long tried to refrain from (purely) negative interpretations of debt, and instead focused on how debt can actually become an object to weave future hope, empowerment, and even solidarity (see Elyachar 2002; Han 2012; Schuster 2015). I will utilize this relational approach to debt to understand the novel power analytics utilized by nation-states as a response to the expansion of finance capital and financialization processes.

[2] See Jesook Song's discussion on "UBI populism" in this collection and how such pandemic-oriented economic responses often limit the question of economic justice with the framework of "redistribution" and further disguise ongoing ills of capitalism. What makes the Turkish case a striking example here is that even this populist appeal to the question of redistribution has been imagined through the credit markets and come to be realized by their mediation to provide easy interest-bearing loans to ones in need.

[3] For a more comprehensive overview of such ongoing legal interventions of BRSA, also see: https://www.marketscreener.com/quote/stock/AKBANK-T-A-S-6492714/news/Akbank-T-nbsp-Turkish-private-lender-Akbank-hit-with-TRY156mn-fine-for-violating-lsquo-COVID-19-30943680/#:~:text=Turkish%20banking%20watchdog%20BDDK%20has,in%20a%20stock%20exchange%20filing

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