



Hacettepe University Graduate School Of Social Sciences

Faculty of Economics and Administrative Sciences

Department of Economics

**THE EVOLUTION OF THE NEOLIBERAL HEGEMONY IN THE
CASE OF THE EUROPEAN UNION**

Gamze CEYLAN TOPAÇ

Master's Thesis

Ankara, 2019

THE EVOLUTION OF THE NEOLIBERAL HEGEMONY IN THE CASE OF THE
EUROPEAN UNION

Gamze CEYLAN TOPAÇ

Hacettepe University Graduate School Of Social Sciences
Faculty of Economics and Administrative Sciences
Department of Economics

Master's Thesis

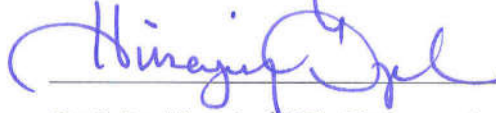
Ankara, 2019

KABUL VE ONAY

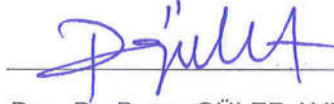
Gamze CEYLAN TOPAÇ tarafından hazırlanan "The Evolution of the Neoliberal Hegemony in the Case of the European Union" başlıklı bu çalışma, 28 Haziran 2019 tarihinde yapılan savunma sınavı sonucunda başarılı bulunarak jürimiz tarafından Yüksek Lisans Tezi olarak kabul edilmiştir.



Prof. Dr. Aziz KONUKMAN (Başkan)



Prof. Dr. Hüseyin ÖZEL (Danışman)



Doç. Dr. Derya GÜLER AYDIN (Üye)

Yukarıdaki imzaların adı geçen öğretim üyelerine ait olduğunu onaylarım.

Prof. Dr. Musa Yaşar SAĞLAM

Enstitü Müdürü

YAYIMLAMA VE FİKRİ MÜLKİYET HAKLARI BEYANI

Enstitü tarafından onaylanan lisansüstü tezimin tamamını veya herhangi bir kısmını, basılı (kağıt) ve elektronik formatta arşivleme ve aşağıda verilen koşullarla kullanıma açma iznini Hacettepe Üniversitesine verdiğimi bildiririm. Bu izinle Üniversiteye verilen kullanım hakları dışındaki tüm fikri mülkiyet haklarım bende kalacak, tezimin tamamının ya da bir bölümünün gelecekteki çalışmalarda (makale, kitap, lisans ve patent vb.) kullanım hakları bana ait olacaktır.

Tezin kendi orijinal çalışmam olduğunu, başkalarının haklarını ihlal etmediğimi ve tezimin tek yetkili sahibi olduğumu beyan ve taahhüt ederim. Tezimde yer alan telif hakkı bulunan ve sahiplerinden yazılı izin alınarak kullanılması zorunlu metinleri yazılı izin alınarak kullandığımı ve istenildiğinde suretlerini Üniversiteye teslim etmeyi taahhüt ederim.

Yükseköğretim Kurulu tarafından yayınlanan “*Lisansüstü Tezlerin Elektronik Ortamda Toplanması, Düzenlenmesi ve Erişime Açılmasına İlişkin Yönerge*” kapsamında tezim aşağıda belirtilen koşullar haricince YÖK Ulusal Tez Merkezi / H.Ü. Kütüphaneleri Açık Erişim Sisteminde erişime açılır.

- o Enstitü / Fakülte yönetim kurulu kararı ile tezimin erişime açılması mezuniyet tarihimden itibaren 2 yıl ertelenmiştir. ⁽¹⁾
- o Enstitü / Fakülte yönetim kurulunun gerekçeli kararı ile tezimin erişime açılması mezuniyet tarihimden itibaren ay ertelenmiştir. ⁽²⁾
- o Tezimle ilgili gizlilik kararı verilmiştir. ⁽³⁾

22.../...07.../2019

Gamze CEYLAN TOPAÇ

¹“*Lisansüstü Tezlerin Elektronik Ortamda Toplanması, Düzenlenmesi ve Erişime Açılmasına İlişkin Yönerge*”

- (1) Madde 6. 1. Lisansüstü teze ilgili patent başvurusu yapılması veya patent alma sürecinin devam etmesi durumunda, tez **danışmanın** önerisi ve **enstitü anabilim dalının** uygun görüşü üzerine **enstitü** veya **fakülte yönetim kurulu** iki yıl süre ile tezin erişime açılmasının ertelenmesine karar verebilir.
- (2) Madde 6. 2. Yeni teknik, materyal ve metotların kullanıldığı, henüz makaleye dönüşmemiş veya patent gibi yöntemlerle korunmamış ve internetten paylaşılması durumunda 3. şahıslara veya kurumlara haksız kazanç imkanı oluşturabilecek bilgi ve bulguları içeren tezler hakkında tez **danışmanın** önerisi ve **enstitü anabilim dalının** uygun görüşü üzerine **enstitü** veya **fakülte yönetim kurulunun** gerekçeli kararı ile altı ayı aşmamak üzere tezin erişime açılması engellenebilir.
- (3) Madde 7. 1. Ulusal çıkarıları veya güvenliği ilgilendiren, emniyet, istihbarat, savunma ve güvenlik, sağlık vb. konulara ilişkin lisansüstü tezlerle ilgili gizlilik kararı, **tezin yapıldığı kurum** tarafından verilir *. Kurum ve kuruluşlarla yapılan işbirliği protokolü çerçevesinde hazırlanan lisansüstü tezlere ilişkin gizlilik kararı ise, **ilgili kurum ve kuruluşun önerisi** ile **enstitü** veya **fakültenin** uygun görüşü üzerine **üniversite yönetim kurulu** tarafından verilir. Gizlilik kararı verilen tezler Yükseköğretim Kuruluna bildirilir. Madde 7.2. Gizlilik kararı verilen tezler gizlilik süresince enstitü veya fakülte tarafından gizlilik kuralları çerçevesinde muhafaza edilir, gizlilik kararının kaldırılması halinde Tez Otomasyon Sistemine yüklenir.

* Tez **danışmanın** önerisi ve **enstitü anabilim dalının** uygun görüşü üzerine **enstitü** veya **fakülte yönetim kurulu** tarafından karar verilir.

ETİK BEYAN

Bu alıřmadaki bütn bilgi ve belgeleri akademik kurallar erevesinde elde ettiđimi, grsel, iřitsel ve yazılı tm bilgi ve sonuları bilimsel ahlak kurallarına uygun olarak sunduđumu, kullandıđım verilerde herhangi bir tahrifat yapmadıđımı, yararlandıđım kaynaklara bilimsel normlara uygun olarak atıfta bulunduđumu, tezimin kaynak gsterilen durumlar dıřında zgn olduđunu, **Prof. Dr. Hseyin ZEL** danıřmanlıđında tarafımdan retildiđini ve Hacettepe niversitesi Sosyal Bilimler Enstits Tez Yazım Ynergesine gre yazıldıđını beyan ederim.



Gamze CEYLAN TOPA

ACKNOWLEDGEMENTS

First of all, I would like to express my deepest thanks to my beloved family, Ahmet CEYLAN, Serpil CEYLAN and Tolga CEYLAN for supporting me in this process as in every period of my life and being my greatest chance in my life. I would like to special thank my thesis supervisor, Prof. Dr. Hüseyin ÖZEL, who has supported me at every stage of my thesis with his valuable knowledge, experience, criticism and suggestions. I would also like to thank to the jury members of my thesis; Prof. Dr. Aziz KONUKMAN and Assoc. Dr. Derya GÜLER AYDIN for valuable proofreading and constructive feedback. Also, I would like to thank Tahir Hami TOPAÇ, my dear husband, for believing in me. It was impossible to complete the thesis without his support and love.

ABSTRACT

CEYLAN TOPAÇ, Gamze. *The Evolution of the Neoliberal Hegemony in the Case of the European Union*, Master's Thesis, Ankara, 2019.

Neoliberalism has become a mainstream economy by spreading to the world with the effect of globalization since 1980s. The neoliberal hegemony has been formed within the European Union through the mechanisms, criteria and restrictions affecting the monetary and fiscal policies of the member states during the integration process since the establishment of the European Union.

The support of the transnational capitalist class is undeniably important in terms of formation of the neoliberal hegemony. However, the global crisis, which emerged in U.S. in 2008 and resulted in debt crisis in Europe, caused the neoliberal hegemony in the European Union to shrink and lose its effect. Within the scope of the fight against the global financial crisis, the insistence of neoliberal policies that did not bring any solutions, the negative impact of the austerity programmes imposed on the countries on the economic issues affecting the welfare level of Europeans, the failure to develop solution-oriented alternative policies and the decision of Britain to leave led the European Union to an existential crisis in the context of neoliberal hegemony crisis. With the decrease in strong belief of social powers supporting the European Union project, the repressive aspect of the hegemony emerged and the neoliberal policies which have become increasingly authoritarian have been implemented in many European countries. In this context, the discourse of racism and xenophobia, which emerged with the rise of far-right parties, contradicted the key values that the European Union has advocated since the establishment of the European Union and fueled the debate about the future of neoliberal hegemony in the European Union.

The main purpose of the study is to contribute to the literature on the concepts of hegemony, neoliberalism and European debt crisis, to understand the formation of neoliberal hegemony in the European Union from a historical perspective, the neoliberal hegemony crisis following the European debt crisis, the evolution of neoliberal hegemony to authoritarian neoliberal hegemony in the post-crisis period and to reveal the possible scenarios for the future of neoliberal hegemony. The study is limited to a European

Union-specific review of the impact of the crisis on neoliberal hegemony based on the global financial crisis. Three possible scenarios for the future of neoliberal hegemony are; the re-establishment of neoliberal hegemony by abandoning the authoritarian neoliberalism, the end of neoliberal hegemony as a result of further authoritarianism and the re-establishment of neoliberal hegemony by creating a fiscal union as well as the monetary union.

Keywords: Hegemony, Neoliberal Hegemony, European Debt Crisis, Authoritarian Neoliberalism.

ÖZET

CEYLAN TOPAÇ, Gamze. *The Evolution of the Neoliberal Hegemony in the Case of the European Union*, Yüksek Lisans Tezi, Ankara, 2019.

Neoliberalizm, 1980'lerden itibaren küreselleşmenin de etkisiyle tüm dünyaya yayılarak ana-akım iktisat haline gelmiştir. Avrupa Birliği'nin kuruluşundan bugüne kadarki bütünleşme sürecinde de gerek oluşturulan mekanizmalar gerekse de üye ülkelerin para ve maliye politikalarına etki eden kriterler ve kısıtlamalar aracılığıyla Avrupa Birliği içerisinde bir neoliberal hegemonya inşa edilmiştir.

Neoliberal hegemonyanın oluşumunda ulusötesi kapitalist sınıfın desteği yadsınamayacak derecede önemli bir paya sahiptir. Ancak 2008 yılında Amerika'da ortaya çıkarak Avrupa'yı borç krizine sürükleyen küresel kriz, Avrupa Birliği içerisindeki neoliberal hegemonyanın giderek daralıp etkisini yitirmesine sebep olmuştur. Krizle mücadele kapsamında çözüm getirmeyen neoliberal politikalarda ısrar edilmesi, ülkelere dayatılan kemer sıkma programlarının Avrupalıların refah düzeyine etki eden iktisadi konulara olan olumsuz etkisi, çözüm odaklı alternatif politikaların geliştirilememesi ve İngiltere'nin ayrılma kararı Avrupa Birliği'ni neoliberal hegemonya krizi bağlamında varoluşsal bir krize sürüklemiştir. Avrupa Birliği projesine destek veren sosyal güçlerin desteğinin azalması ile hegemonyanın baskıcı yönü ortaya çıkmış ve birçok Avrupa ülkesinde giderek otoriterleşen neoliberal politikalar uygulanmıştır. Bu kapsamda aşırı sağ partilerin yükselişi ile birlikte ortaya çıkan ırkçılık, yabancı düşmanlığı gibi söylemler Avrupa Birliği'nin kuruluşundan itibaren savunduğu temel değerler ile çelişmiş ve Avrupa Birliği'ndeki neoliberal hegemonyanın geleceğine ilişkin tartışmaları alevlendirmiştir.

Bu çalışmanın temel amacı hegemonya, neoliberalizm ve Avrupa borç krizi kavramlarına ilişkin yazına katkı sağlamanın yanı sıra, Avrupa Birliği'ndeki neoliberal hegemonyanın oluşumunu, Avrupa borç krizini takiben neoliberal hegemonyanın krizini ve kriz sonrası dönemde neoliberal hegemonyanın otoriter neoliberal hegemonyaya evrimini tarihsel bir perspektiften incelemek ve neoliberal hegemonyanın geleceğine dair muhtemel senaryoları ortaya koymaktır. Çalışma, küresel finansal krizden yola çıkarak krizin neoliberal hegemonya üzerindeki etkisine ilişkin Avrupa Birliği özelinde bir inceleme ile sınırlandırılmıştır. Çalışma ile neoliberal hegemonyanın geleceğine ilişkin olarak ortaya konulan üç muhtemel senaryo; otoriter neoliberalizmden vazgeçilerek neoliberal

hegemonyanın yeniden tesis edilmesi, daha da otoriterleşilmesi sonucunda neoliberal hegemonyanın sona ermesi ve parasal birliğin yanı sıra mali birliğin de sağlanması suretiyle neoliberal hegemonyanın yeniden tesis edilmesi şeklindedir.

Anahtar Sözcükler: Hegemonya, Neoliberal Hegemonya, Avrupa Borç Krizi, Otoriter Neoliberalizm.

TABLE OF CONTENTS

KABUL VE ONAY	iv
YAYIMLAMA VE FİKRİ MÜLKİYET HAKLARI BEYANI	v
ETİK BEYAN	vi
ACKNOWLEDGEMENTS	iv
ABSTRACT	v
ÖZET	vii
TABLE OF CONTENTS	ix
LIST OF ABBREVIATIONS.....	xi
INTRODUCTION	1
CHAPTER I.....	3
THEORETICAL AND CONCEPTUAL FRAMEWORK.....	3
1.1. HEGEMONY.....	3
1.1.1. The Concept of Hegemony	3
1.1.2. The Role of Hegemonic Order	6
1.2. NEOLIBERAL HEGEMONY.....	9
1.2.1. The Concept of Neoliberalism	9
1.2.2. The Historical Development of Neoliberalism within the Scope of Structural Reforms	17
1.2.2.1. The Collapse of the Bretton Woods System.....	17
1.2.2.2. The Washington Consensus	20
1.2.2.3. The Post-Washington Consensus.....	26
1.2.3. Globalization and the Rise of Neoliberal Hegemony	29
CHAPTER II.....	33
THE EVOLUTION OF NEOLIBERAL HEGEMONY IN THE EUROPEAN UNION	33
2.1. THE CONSTITUTION OF NEOLIBERAL HEGEMONY IN THE EUROPEAN UNION.....	33
2.2. THE CRISIS OF THE NEOLIBERAL HEGEMONY IN THE WAKE OF GLOBAL FINANCIAL CRISIS	45
2.2.1. In General.....	45

2.2.2. In the European Union Countries	48
2.3. THE CHANGE IN THE EU NEOLIBERAL ECONOMIC POLICIES IN THE POST-CRISIS PERIOD.....	53
2.4. THE EVOLUTION OF NEOLIBERALISM TO AUTHORITARIAN NEOLIBERALISM.....	57
CHAPTER III.....	59
THE FUTURE OF THE NEOLIBERAL HEGEMONY IN THE EUROPEAN UNION	59
3.1. RE-ESTABLISHMENT OF THE NEOLIBERAL HEGEMONY IN THE EU BY ABANDONING THE AUTHORITARIAN NEOLIBERALISM	59
3.2. THE END OF NEOLIBERAL HEGEMONY AS A RESULT OF FURTHER AUTHORITARIANISM	63
3.3. RE-ESTABLISHMENT OF THE NEOLIBERAL HEGEMONY BY CREATING A FISCAL UNION.....	66
CONCLUSION.....	69
BIBLIOGRAPHY	72
APPENDIX 1. ETHICS COMMISSION FORM.....	79
APPENDIX 2. ORIGINALITY REPORT.....	81

LIST OF ABBREVIATIONS

ECB	European Central Bank
EMS	European Monetary System
EMU	Economic and Monetary Union
ERT	European Round Table
EU	European Union
GDP	Gross Domestic Product
IMF	International Monetary Fund
SAP	Structural Adjustment Programme
SGP	Stability and Growth Pact
UK	United Kingdom
USA	The United States of America

INTRODUCTION

The financial crisis, which emerged in the United States with the collapse of the 158-year-old investment bank Lehman Brothers in 2008, spread to the real sector and turned into a global financial crisis. With the integrated structure of economies and the effect of globalization, the crisis has stayed not only in the America but spread to the world. Indeed, the global financial crisis, which is described as the second biggest crisis after the 1929 Great Depression, has been kept up to date as a hot topic even though it has been over 10 years. The effects of the global financial crisis on the world economies, especially on the European member countries, is still a matter of debate and politicians and European authorities have little attempt to develop alternative policies rather than insisting on neoliberal policies. The emergence of some structural problems and weaknesses of member countries triggered by the crisis in the EU-which is described as an integration success-, the crisis of neoliberal hegemony, the difficulty of providing welfare and stability, the decision of the Britain to leave from EU have fueled the discussions about the future of neoliberal hegemony in the EU. In this context, it is aimed at focusing on three possible scenarios for the future of neoliberal hegemony with this study after presenting theoretical and conceptual framework in Chapter 1 and understanding the historical development and evolution of neoliberal hegemony in Chapter 2.

Chapter 1 consists of two subtitles. The first subtitle presents a brief explanation about the concept of hegemony and the role of hegemonic order. Concerning the first subtitle, the definitions of hegemony defined by the different schools of thought are included. Apart from the definitions, the similarities and differences between hegemony definitions are also revealed as well as the main components of the hegemony. In addition, the existence of hegemonic state and its contributions to the world order are explained through examples from the countries that have ruled the world as a global hegemon. It is emphasized the role of taking the lead to the world through the norms, principles and policies that they adopted. Besides, the role of international institutions in designing of the

hegemony is also emphasized in the first subtitle. In the second subtitle, the concept of neoliberalism, the historical development of neoliberalism and the role of globalization in rising the neoliberal hegemony are included. The concept of neoliberalism, the hallmarks of neoliberal hegemony and the neoliberal policies are defined. Also, the evolution of liberalism to neoliberalism as a revitalisation of economic liberalism are explained as well as the role of structural reforms in shaping the neoliberal vision.

Chapter 2 includes four subtitles and the first subtitle is related to the formation of neoliberal hegemony in the European Union through the integration process from a historical perspective. The role of European Union project and its requirements in adopting neoliberal policies and reforms are also underlined in terms of constituting the neoliberal hegemony. The crisis of neoliberal hegemony in many respects with the European debt crisis is mentioned in the second subtitle. Besides, the triggering factors to the neoliberal hegemony crisis and the policies implemented as responses to the crisis are also explained in this title. The economic policy of the European Union that started to be criticized in the wake of debt crisis and the role of European Central Bank within the scope of fighting against the crisis are discussed in third subtitle while the fourth subtitle includes the evolution of neoliberalism to authoritarian neoliberalism and the effect of austerity programmes.

Chapter 3 includes three subtitles and three possible scenarios about the future of neoliberal hegemony. The first scenario is the re-establishment of neoliberal hegemony by abandoning the authoritarian neoliberalism; the second scenario is the end of the neoliberal hegemony as a result of further authoritarianism and third scenario is the re-establishment of neoliberal hegemony by creating a fiscal union as well as monetary union.

CHAPTER I

THEORETICAL AND CONCEPTUAL FRAMEWORK

1.1. HEGEMONY

1.1.1. The Concept of Hegemony

Hegemony is seen as state centric term refers inegalitarian control of one powerful state over all states by realists while Gramscian vision focuses on cultural content of hegemony unlike state centric understanding. The capitalist class' hegemony, for instance, is seen as justifiable by other social classes in exchange for some privileges such as unemployment insurance fund, social expenditures, union rights etc. Neo-Gramscians argue that globalization, in terms of foreign investment, capital flows, financial sector and trade, facilitates the formation of transnational capitalist class' hegemony and its interests such as abolishment of all barriers and control over capital mobility (Cohn, 2012: 63). According to the Realist approach, the concept of hegemony is based on a one-dimensional sovereignty based on the economic and military capacities of states. On the other hand, Gramsci's concept of hegemony refers to the way in which the ruling class establishes and maintains its governance of all segments of society. Hegemony is closely related to the concept of consent or a particular class, social stratum, or social group providing cultural and intellectual leadership as part of a greater class administration or sovereignty. Therefore, an important aspect of hegemony is the development of an ideology and worldview to ensure that the lower classes accept their position as legitimate (Akçoraoğlu, 2017: 8). Gramsci emphasizes that the hegemony refers that social classes can gain dominance over the society without the need for coercion. Also, he underlines the importance of including all actors as well as state actors and social manner through going one step further by getting more comprehensive perspective rather than just looking through the perspective of the state and economy (Gramsci,

2010). According to Gramscian approach, hegemony includes a social group who take the lead and ensures the consent of other segments of society rather than one-sided enforcing. Also, the hegemony rather than dominance and consent rather than coercion are accepted (Thomas, 2013: 21). From the Gramscian perspective, hegemony is only a part of political action and apply to more inclusive approach. A prime example of that approach is that the tendency of appealing to the consent rather than coercion for predominating. Also, the consent is obtained from legitimate authority, compromising and concessions (Ruckert, 2007: 94). Hegemony is a concept associated with the reproduction of class relations in terms of sovereignty and the governance of society by political power. The class that aspire to govern has to prove that it has the power to govern not only its own class but the entire society. Therefore, the concept of hegemony is not only concerned with interclass superiority, but also with the ability to make politics and govern society (Dural, 2012: 312). The perspective of Gramscian indicates more comprehensive approach related to the definition of hegemony in a broad sense unlike other schools of thought. The Gramscian definition of hegemony is not only based on state or economy oriented but it has also social, cultural and ideological basis. The hegemony was described as a dominance of one social group over others with consent rather than coercion by Gramscians. Apart from Gramscians, Neo-Gramscians underlines the crucial role of globalisation in terms of promoting the hegemony of transnational capitalist class by removing all restrictions and limitations, promoting liberalisation and free capital mobility.

If one social group superior to other social groups in terms of power or dominance, it refers to hegemony. In addition, it is described as interdependence of political, cultural, economic relations among states or social classes. Hegemony refers to dominance and commitment formed by power but it is essential to indicate that social power is only a part of hegemony, it is more than that and maintaining hegemony is also important as well as creating it. Hegemony points out the willingness of people based upon the belief that their interests are ideally represented through policies, rules and norms although it may not occur like that

in practice. Social consent is seen as more influential compared to coercion, pressure or force. The prevalent ideological discourse is reflected in many areas of social life like family, friends, workplace environment, everyday life and so on. To that end, it is argued that there is a connection between ideological discourse and cultural context. The ideological visions develops into cultural activities (Lull, 1995: 33-34). Hegemony is conceived as a hegemonic project relies on the attachment of different manners of social, cultural and economic leadership into the prevailing political project (Thomas, 2013: 27). After a social class become dominant, political action is activated to further reinforce the power and dominance of social class as a hegemony. The consent is considered as the key of predominance and the power formed by cultural hegemony is applied not just physical force but also cultural contexts (Böhm, 2018: 35-36). Creating synergy between political activity and civil society is conceived as indispensable for the hegemony and is incorporated into state (Morton, 2007: 89). The hegemony can be established among social classes as it can be seen among states. The social consent that is rest upon the idea, that many believe that their interests are protected in many respects by politicians, is regarded as part and parcel of the hegemony. Accordingly, the establishment and continuity of hegemony is closely related to the policy discourse which affects cultural structure of the society. When a social class emerges as a hegemon, current policy stance implements policies favoring the hegemon social class. Also, supported policies should be persuasive for the consent of the large segment of the society in terms of protecting their interests. It is considered as only possible way to preserve continuity of the current hegemony among social classes. More specifically, it can be said that there is a strong relationship between the political discourse and the social consent.

Robert Cox, from the Neo-Gramscian vision, emphasizes the historical changes to comprehend the meaning of hegemony. Furthermore, the transition from the order of post-World War I to an order which was formed under the influence of waves of globalization is given as a prime example of this approach (Morton, 2007:123). Also, Cox focuses on non-state centric actors such as ideas,

institutions and their important functions like providing legitimate authority and then establish the hegemony at an international level in the world order system (Böhm, 2018: 38-39). It is possible to see that the hegemony has changed hands between powers when it is considered that the predominant powers in different historical periods. Robert Cox, who is one of the important contributors of the Neo-Gramscian ideology, emphasize the importance of factors such as ideas, principles, institutions which are not related to the state in terms of being a hegemon at subnational level.

1.1.2. The Role of Hegemonic Order

Theories based on hegemony defining the hegemonic order agree that the hegemony is consensual but it is a hierarchical international order at the same time. There is a hegemon at the top of this hierarchy. The hegemon has two important tools namely brute force and persuasion against the other states or classes in the lower ranks of the hierarchy. However, it is expected that the hegemon is more based on the method of persuasion because of the consent nature of the hegemony (Özen, 2006: 5). The existence of hegemonic state is considered as an important actor in terms of ensuring openness of market and macroeconomic stability in the international world by hegemonic stability theorists. Hegemonic state contributes to create international orders such as neoliberal regime and to sustain the order through identifying its policy agenda including norms, principles, reforms, decision making mechanism etc. For example, the United States (U.S.) as a global hegemon had a crucial importance in terms of reconstruction of European countries after World War II by creating open and stable economic system and using coercion when required. In a similar way, British hegemony was the driving force for the trade liberalization in the 19th century and also trade protectionism after 1870s which was resulted from the downfall in British hegemony. As there was no hegemon that would take the lead to the world between two World Wars, protectionism was the mainstream paradigm at that time. On the other hand, some argue that there could be some other elements like economic expansions, crises, fluctuations or increase in

prosperity which may affect the openness and stability of the economy or the tendency to implement protectionist policies. The 2008 global financial crisis could be considered as a recent example for this argument because the crisis has forced many countries to adopt protectionist policies (Cohn, 2012: 65-66). The hegemonic power takes the lead in adopting an ideology, regime, paradigm or policy by other countries, states or social classes. The British hegemony that led the world economy during the 19th century, for instance, was the strong supporter of liberalisation activities and it played a crucial role in implementing many liberal policies across the world. In other words, the Britain advocated to a policy in the world order and influenced other countries. The U.S. hegemony as a global power came after the collapse of the British hegemony has also taken the lead about adopting an open and stable economic regime. However, it may not always be the case. Even if there is no hegemonic power, a system, regime or policy can be adopted depending on the conditions and circumstances.

After the deteriorations in U.S. hegemony, the rise of financial sector was supported under the neoliberal consensus in accordance with the interests of capitalist classes so as to revitalise the hegemonic power of U.S.. The tendency of promoting financial expansion is considered as usual method which is frequently used in a time of crisis of hegemony. To that end, neoliberalism was introduced as a new hegemonic power. The neoliberal comprise is considered as a victory of capitalist classes as they have created a consent for advocating neoliberal policies as well as political power (Phumma, 2014: 11-12). From the point of Neo-Gramscian vision, shifting from Washington Consensus (WC) to Post-Washington Consensus¹ (PWC) led by international institutions, namely International Monetary Fund (IMF) and World Bank, is seen as an effort to reconstruct the ineffective hegemony based on neoliberal policy prescriptions which had widely criticized in many developing countries. International institutions have tried to establish consensus in their hegemony and have received support to impose their neoliberal policies to developing countries by integrating civil

¹ Apart from “Washington Consensus” and “Post-Washington Consensus”, the terms “First Generation Reforms” and “Second Generation Reforms” are also used.

society agents in developing countries into the policy making process (Ruckert, 2007: 93). The financial sector was supported under the cover of new ideology called neoliberalism so as to protect the interests of capitalist class that had the hegemonic power in that period when the U.S. hegemony went through the crisis. Within that period, the capitalist class succeeded in terms of gaining the great majority of society's consents related to the adopting neoliberal policies in order to support the financial sector. The political leaders have made a great contribution to achieving this success. It is clearly indicates that hegemon social class needs support of political power in order to protect their interest and to maintain the continuity of their hegemonic power.

Social relations arised out of production process are conceived as important to grasp a complete and comprehensive understanding of hegemony by Neo-Gramscians. A change in production process leads to reconstruction of social forces and relations at both national level and world order level. After the accumulation crisis in 1970s, the production process has changed in the world with the globalization. The international capitalist class has developed out of changes in production and increasing capital accumulation. Besides, the world order has changed from embedded liberalism to neoliberalism in the wake of change in production process. International institutions, they have also arised out of hegemonic order, played an important role in terms of creating or reproducing the hegemony as well as providing legitimacy through norms, principles etc. (Ruckert, 2007: 95-97). Neo-Gramscians emphasize the effects of changes in production process in terms of forming the society. It is worth noting that the relationship between formation of the capitalist class and the change in the mode of production.

1.2. NEOLIBERAL HEGEMONY

1.2.1. The Concept of Neoliberalism

To define neoliberalism as a term, first begin with the emphasizing of its differences from liberalism would be better. Liberalism arised and developed as a result of the search for new order and new legitimacy bases of the nation states that emerged by the dissolution of the medieval order. Liberalism can be read as the process of putting the individual on the basis of this legitimacy search.

Liberalism is seen as a cause of social devastation because the system based on the commoditization of land and labor and self-regulated market is completely utopia in Polanyi's words. Polanyi argues that the main characteristic of the nineteenth century was free market economy was based on supply and demand with no government interventions as well as the commoditization of labor, land and capital. Polanyi criticized the commoditization of labor and land within the market economy as it led to destructions in society in many different ways. In addition, he indicates that the definitions of labor, land and capital are the imaginary meta as they are not produced for selling like goods and services. However, the labor, land and capital markets are organized with the help of this imagination. The transition from the regulated market to self-regulated market completely changed the structure of the society at the end of the eighteenth century. (Polanyi, 2001: 71-76). Polanyi underlines the destructive effects of liberalism based on free market economy, self-regulated market, minimal state and commoditised land and labor and argue that increasing liberalisation activities caused important changes in the society in many respects. Nevertheless, liberalism managed to become hegemonic power almost until the end of the 20th century. Since the 1970s, liberalism has started to lost its hegemony and it has transformed into neoliberalism in the 1980s.

Theoretical principles of neoliberal project have resulted from the need of revitalisation of liberalism during the period of Post War II and that time has seen as the turning point of giving utterance to neoliberalism as a political project.

Despite differences, three characteristics of liberalism of Adam Smith were taken into consideration by neoliberals. These are the emphasis on economic freedom extending from the free market to individuals, self-regulating market system through an invisible hand and limited government. However, the neoliberalism definition of Hayek does not simply indicate the limited state, but he also underlines that the state is good for the market as long as inducing competition. (Gane, 2015: 136-141) The neoliberalism have their origins in the crisis of liberalism as it was aimed at restoring the soul of liberalism under the cover of neoliberalism. Furthermore, the neoliberals are also shares the common watchwords such as free and self-regulated market and minimal state with the classical liberalism. Apart from the some neoliberals, Hayek emphasize the role of government in supporting the market related to the competition.

The main difference between neoliberalism and liberalism is that the interventionist structure of neoliberalism in comparison to self-generated discourse of liberalism. Besides, neoliberalism is related to a struggle for reforming the state's way of intervention unlike liberalism. The market is considered as an important tool for regulating the issues of state such as the scope, the objective or the access in the neoliberalism of Hayek (Gane, 2015: 137). The society has a great importance in terms of governance in liberalism while society dissolved and individuals are seen as a rational, entrepreneur and responsible for own choices in neoliberal thought. The self government has promoted by spreading competition to all over the communal living with neoliberalism.

Liberalism is defined as a protectionist form of political view focuses on the protection of individual liberty in face of any threat or enforcement while Hayek argues that it is one of the weak points of classical forms of liberalism as it is difficult to create its own agenda and implement its own choices. The protectionist form is enforcedly repsonsive so Hayek introduced a new one, neoliberalism, in order to create new grounds of economic and individual freedom. Hayek introduced neoliberalism against collectivism and emphasized the importance of economic freedom as well as he claims that economic freedom brings with

appropriate circumstances for all other forms of freedoms. However, like Hayek, other classical liberals such as Locke, Smith and de Tocqueville agree on the importance of the limited state, rule of law, refrainment of arbitrary treatment, protection of private property and responsibility related to choices of individuals (Gane, 2015: 134-139). In reality, neoliberalism has significantly diverged from the classical economic liberalism of Adam Smith and other thinkers although it is as seen as similar to Adam Smith's free market ideals in theory (Ferris Eanfar, 2018).

The neoliberalism is defined as a controversial term that implies the 20th century revival of the laissez-faire economic liberalism of the 19th century. Besides, neoliberal policies are consisted of a series of economic liberalization policies such as deregulation, free trade, limitations on government spending, intensifying the role of private sector in the economy and fiscal austerity (McMaken, 2018). Neoliberalism is defined as a revitalisation of economic liberalism based on self-regulating markets with limited state interventions. Classical liberals, who are the leading advocates of neoliberalism at the same time, are considered as economic liberals by supporting laissez-faire economic policies and self-regulating markets whereas modern liberals state that laissez-faire economic policies alone are not sufficient and they tend to accept the state intervention to the economy (Thorsen, 2010: 189-193). According to Dardot and Laval, neoliberalism is the hegemonic rationality of our age and a new mind of the world. In addition, it is defined as a way of modern capitalism and has a function which is used to hide the "capitalism" as a word, but it also has a function to ensure the historical continuity of capitalism (Dardot and Laval, 2012: 9). The neoliberalism can be described as a resurgence of economic liberalism which is advocated by classical liberals. The self regulated market and laissez-faire policy which are one of the hallmarks of the economic liberalism are also included in the neoliberal vision. Indeed, it will not be wrong if the neoliberalism is defined as the continuity of liberalism with a new name called neoliberalism.

Liberalism, laissez-faire capitalism without state intervention, was considered as the main cause of the Great Depression in 1929. To that end, many scholars

were in search of new approaches to struggle with the destructive effects of the depression. Friedrich von Hayek was one of the researcher and introduced a new approach called neoliberalism which was combination of the laissez-faire market and minimal state (Bockman, 2013: 14). World War I, Russian Revolution and socialist tendency were the major developments caused discredit of market liberalism. In the meantime, Ludwig von Mises and his student Hayek were making a tremendous effort to gain its prestige back. Their first attempts failed to make an overwhelming impression and Keynesian theory shaped the world economy from 1930s to 1960s. (Polanyi, 1944: xx). Hayek vigorously supported the idea that the market consistently works if it is allowed to self-operate its functions without any interventions from the outside of the market. Besides, he was opposed to any solutions that was not due to the free functioning of the market. However, Hayek's strict assumptions and advices were not welcomed by policy makers and society because of the Great Depression and its devastating effects (Desai, 2011: 272-273). Hayek cautions people against the threat of totalitarianism arising from any interventions to the free market in his book titled *Road to Serfdom* and he believes that it eventually causes loss of freedoms. The self-regulated market economy was seen as a guarantee of freedom. Apparently, this book did not create a tremendous impression as it lacks of separation in terms of types of state intervention (Desai, 2011: 308-309). However, their ideas and views started to rise and give inspiration to rest of the world after World War II. Moreover, Thatcher and Reagan shaped their policies including deregulation, privatization and liberalization during the period of 1980s-1990s in line with the Hayek's views and today Hayek called as the father of neoliberalism (Polanyi, 1944: xx).

The Keynesian fiscal and monetary policies including state interventions, regulations and restrictions called embedded liberalism were generally adopted by many countries after World War II. Between the period of 1950s and 1960s, many developed capitalist countries recorded high level of growth rates through embedded liberalism. By the end of 1960s, crisis of capital accumulation occurred and Keynesian policies failed to decrease the level of unemployment and inflation

so it was understood that the embedded liberalism did not work anymore. It was needed to have alternative policy and therefore it was believed that the neoliberal project would save the capital from the restrictions which was embedded in (Harvey, 2005: 11-12).

The capitalism went through a crisis as a result of the decrease in profits across the world with increasing competitive power of Japan and West Europe at the end of the 1960s and the oil crises in the 1970s. The neoliberalism has emerged as a response to the crisis in the 1970s and shaped policies at international level as it was unlikely that Keynesian economic policies would response to the crisis of the capitalism. However, the implementation of the neoliberal policies at the level of world economy is only after 1980s led by IMF and the World Bank. These two institutions have played a crucial role in terms of spreading of neoliberal policies around the world. It has aimed at increasing profits by ensuring that all countries implement the same neoliberal policies. Ronald Reagan in the United States of America (USA) and Margaret Thatcher in United Kingdom (UK) were the leading supporters of neoliberal policies from 1980s to 1990s. Even today, neoliberalism is the mainstream ideology determines the rules of world economic order and shapes our world despite the crises it has produced like 2008 global financial crisis and the growing negative criticism in wake of Brexit after Eurozone crisis and the rise of nationalism and right-wing parties in many European states.

After Keynesian demand side economic policies that dominated the economic policy and theory of the period after the World War II was abandoned in the 1970s, the neoliberal hegemony has created as if it is the only alternative (Daldal, 2016: 86). It is accepted that there was a paradigm shift in the 1970s from Keynesianism (emphasize the demand-side macroeconomic policies such as full employment and redistribution of income or wealth) to Neoliberalism, is more linked to monetarist approach underlines less state interventions to the economy (Thorsen, 2010: 196).

The term neoliberalism has a wide range of usage in many different fields such as social sciences, sociology, development studies, anthropology and political

studies as well as politicians and activists often use it to go against the market-oriented policies. The term of neoliberalism first came in to use in social sciences to identify the policies were adopted by many countries between the period of 1970s and 1980s. The policies were consisted of deregulations, privatizations, minimal government and market-based economic activities.(Larner, 2009: 374). Rodrik described the concept of stabilization, privatization and liberalisation as a kind of mantra that appealed to neoliberals and political leaders in developing world (Rodrik, 2006: 973). The fundamental elements of neoliberalism are described as follows; deregulation all markets including labor and financial markets, removal of social stability programmes, highlighting personal responsibility, removal of capital controls, inducing the financialization of almost everything, selling public properties to private persons, promoting foreign investors as well as domestic investors, dismantling labor market protections and more elasticity in labor market, promoting free trade with export led growth strategy instead of import substitution industrialization (Ferris Eanfar, 2018).

Neoliberalism is described as a policy model that promote laissez-faire economics consisted of free market, trade and capital liberalization with minimal state as well as an ideology. The neoliberalism is not the same as modern liberalism although they are similar terms as their ideological root is classical liberalism (Smith, 2018). According to Marxist theory, neoliberalism has restored the appropriate conditions for capital accumulation and maintained the power of dominant class and their wealth by promoting the free market without any interventions (Larner, 2009: 375). David Harvey from Marxist thought also argues that neoliberalism is a response in accord with the interests of capitalists as a means of reestablishment the conditions for profitability and dominant class of capitalists (Bockman, 2013: 14). Saad Filho and Johnston claim that neoliberalism is an economic and political ideology ensure that the accumulation of power and wealth in favor of transnational companies and elite groups (Saad Filho and Johnston, 2005). The neoliberalism can only be considered as a great success for upper classes. It ensures the redistribution of income in favor of capitalist class rather than income generation. One of the mechanisms make it

possible is the accumulation by dispossession such as commoditization and privatization of land, financialization, redistribution led by government and commoditization of labor (Harvey, 2005: 159-164). It has been argued that the neoliberalism is a project aimed at establishing the class power as the concentration of wealth and economic power has enormously increased by the implementation of neoliberal policies by the end of 1970s. Thatcher created the entrepreneurs class in United Kingdom during the neoliberalisation process while chief executive officers (CEOs) and capitalists class got support from Reagan in USA during the neoliberalisation process (Harvey, 2005: 31).

It is indicated that neoliberal doctrine is strictly against the state interventions but the neoliberal theory and the neoliberal practice are different. It is usually needed state interventions both before the adoption of neoliberalism and also during the neoliberal period. On the one hand it is argued that state should not intervene in the market process, but on the other hand it is requested the state interventions so as to create a good business environment. (Harvey, 2005: 67-68). Within this context, Harvey defines neoliberalism as a project aimed at supporting the interests of capitalists at the expense of social welfare. At this point, state intervention is required to ensure the protection of interests of the capitalist class through the state interventions such as low level of tax rates, less regulations, privatization and redistribution policies. (Harvey, 2005: 19) Polanyi emphasize that, as Harvey noted, the path to the free market comprised an unlimited increase of a continuous interventionism that was centrally organised and controlled (Polanyi, 2001: 146). The neoliberalism, as a kind of capitalism, is based on the consistently usage of state power under the cover of non-intervention so as to be realised the hegemonic project concerning re-establishing the domination of capital over the all areas of social life (Alfredo and Yalman, 2010: 1).

In theory, neoliberalism promotes private property rights, rule of law principle, free capital mobility, free market and free trade institutions. However, neoliberalisation process has brought about numerous destructions that have not only related to governments or institutional framework but also connected with way of thinking,

social relations, division of labour etc. The neoliberalism means financialization of everything as there has been a power shift from production to finance. (Harvey, 2005: 33). IMF has been one of the vigorous advocates of neoliberalism and three economists at the IMF described the neoliberalism as competition ensured through deregulation and free market and as minimal state ensured through privatization and limits on government to have a fiscal deficit or debt in the budget. (Ostry et al., 2016: 38-39).

The main characteristic of neoliberal thought is based on the assumption that the free market and free trade guarantee the individual freedoms. In fact, this assumption determines the behaviour of the USA against rest of the world. (Harvey, 2005: 7). However, Polanyi emphasizes that neither freedom nor peace could be institutionalized within the market economy as the main purpose of the market economy is to create profit not freedom or peace. According to Polanyi, the neoliberal project can only be sustained by ending up with authoritarianism or even fascism which is not incompatible with personal liberty rights. It is interesting to note that the neoliberalization in authoritarian countries such as China or Singapore and the increase in authoritarianism in neoliberal countries such as USA and United Kingdom have been moving towards to the same point. When neoliberalism results in crisis, the tendency to apply authoritarian solutions increases and nationalism, far right parties, racism gain power and support as an alternative to neoliberalism (Harvey, 2005: 70-86).

It is argued that neoliberalism has been ineffective in terms of the capital accumulation and the growth. Besides, neither USA nor United Kingdom has achieved high growth rates in 1980s despite the fact that the inflation rates have gradually decreased at the expense of high unemployment rates, increase in income inequalities and reduction in social expenditures (Harvey, 2005: 88). In addition, it was admitted neoliberalism has failed to achieve two important policies, one is capital account liberalization while the other one is fiscal consolidation (Ostry et al., 2016: 38-39).

1.2.2. The Historical Development of Neoliberalism within the Scope of Structural Reforms

1.2.2.1. The Collapse of the Bretton Woods System

The gold exchange standard regime was applied during the 19th century with tremendous efforts of England which was the main driving force of the regime. Besides, the economic and financial power of England encouraged other countries to follow policies of England during the period. However, it collapsed with the beginning of the World War I. There was in search of a new international institutional framework and a new international monetary system under the leadership of USA and England in the wake of World War II. To that end, Bretton Woods agreement, which based on exchange rate stability, capital controls, regulated domestic financial markets, diversity in instruments of Central Bank and independent monetary policy, was signed in 1944 at the Bretton Woods village. In addition, it was laid the foundations of World Bank and IMF with Bretton Woods agreement. The dollar was fixed to gold at the parity of 35\$ per ounce and capital controls were allowed with this agreement unlike gold standard system (Cömert, 2016: 117-119). Following the establishment of the new monetary system with the Bretton Woods regime, the institutions were needed to coordinate the new system so the World Bank and IMF were established and two main goals were identified. One was ensuring the monetary stability and the other goal was providing short term credits under certain circumstances to countries faced with the balance of payments deficit problems (Cohn, 2012: 142-143). There were certain rules had to be obeyed by member countries under the regime of Bretton Woods. Changing the exchange rate of currencies by member countries without IMF's permission, for instance, was not possible within the system. If a member country need a dollar or gold, IMF would finance under very strict conditions (Toporowski, 2005: 107).

The American capitalist class and government reached a consensus pointed out the rebuilding of global free trade mechanism. The new American imperialism in 1940s based on encouraging private enterprise, removal of the barriers, tariffs, monopolies and promoting free trade was later called neoliberalism. Bretton Woods resulted from this imperial vision as US Treasury and British Treasury took the lead so as to implement the plans within the Bretton Woods order. Bretton Woods had supposedly deemphasized finance in comparison with production and trade. However, it was more like considered that an effort of USA for formalising the reconstruction of European states after the war rather than deemphasizing finance through Bretton Woods (Panitch and Gindin, 2009: 17-22).

Bretton Woods system started to deteriorate due to several reasons such as growing national financial markets, increasing international capital movements, the emergence of Euro-dollar market etc. In addition, there was an increasing pressure on supply of dollar while USA had to ensure price stability at the same time. It caused a confidence crisis called Triffin dilemma as the possibility of converting the dollar into gold reserves was believed to be very low (Cömert, 2016: 123-124). The unforeseen international mobilities of financial capital, pressure on dollar, the tensions between East and West evolved out of Cold War and increasing burden of military expenditures had negative effects on both international political system and national economies of countries and the collapse of such a system was inevitable. (Özel, 2016: 29). Richard Nixon, USA President, suspended the convertibility of dollar to gold in 1971 and the Bretton Woods system was collapsed following this development (Cömert, 2016: 125). The fixed exchange rate regime was came to an end in 1973 (Toporowski, 2005: 108).

After the collapse of the Bretton Woods system capital controls were removed, domestic financial markets were deregulated and short term interest rates was the only instrument in terms of monetary policy. The main objectives of the central banks has also changed in parallel with the changes in instruments of central banks. The fighting against inflation has become the main objective of

central banks (Cömert, 2016: 126). The banking sector has eroded due to increasing competition in financial sector and profit seeking since 1970s. It has brought about two major changes, one is banking sector's importance in financial sector has declined and the other one is the banking activities has changed. The financial markets have become unregulated because of the liberalisation policies and financial innovations/financial derivative instruments (Özgür and Özel, 2010: 35). The floating exchange rate regime was adopted by many countries as well as USA with the collapse of Bretton Woods regime. However, countries in Europe continued efforts to reduce the volatilities on the currency after Bretton Woods regime and European Monetary System (EMS) in 1979 and Eurozone in 2002 were established. Besides, the USA dollar has kept its reverse currency position even in the after of Bretton Woods system (Cömert, 2016: 125).

The export revenues of oil exporting countries have substantially increased through the increases in oil prices in 1970s and these countries have invested in their money to private banks in Western countries. Thus, these large funds have transferred to developing countries as a credit. It means not only transferring funds to developing countries, but also transferring possible crises and depressions may arise in the future to these countries. The dollar's hegemony as a global reserve currency even after the collapse of Bretton Woods system was the most important factor caused this connection between Bretton Woods based institutions like IMF and World Bank and developing countries (Özgür and Özel, 2010: 39). When US has increased the interest rate, for instance, many developing countries have been in searching of new external credits to cover the increasing interest cost. New liberalisation process has getting started with arising Washington Consensus also called liberalism in this period and the world has become unipolar (Amin, 1997: 33-34).

The IMF has lost its importance during the 1970s due to both the collapse of Bretton Woods system and fixed exchange rate regime. In addition, the existence of Euromarkets at that time has facilitated countries to easily borrow.

However, IMF was popular again with its new mission to restore American banking system as a means of financing the debts of countries including a set of policies called structural adjustment (Toporowski, 2005: 109). One of the driving force for neoliberalisation process in 1970s was oil crisis in 1973. After this oil crisis, the investment banks of USA had fund surplus of OPEC countries and these funds were needed to be distributed all over the world. In this context, USA distributed these capital as credits to developing countries with the help of International Monetary Fund (IMF) and the World Bank. The structural adjustment programmes (SAPs) were consisted of some certain policies such as privatization of public enterprises, deregulation policies, elasticity in the labour market, reduction in social expenditures and these were the important tools so as to spread the neoliberal policies around the world (Harvey, 2005: 26-29). The logic behind the SAPs was enhancing the private sector with additional financial resources as state intervention was not allowed under the structural adjustment policies. It resulted in financial liberalisation which was one of the main characteristics of neoliberal thought. Besides, financial deepening provided by structural adjustment was seen as an important tool not only inducing the domestic savings for private sector but also, supporting domestic savings via foreign savings (Toporowski, 2005: 110). Since 1980s, promoting free market with dismantling the protectionist and developmentalist policies has become the general tendency and many developing countries have signed structural adjustment agreements with the World Bank (Bello, 1994: 17).

1.2.2.2. The Washington Consensus

Concerning the formation of the neoliberal hegemony, there are two important processes; one is the formation with the Washington Consensus and the other one is the formation with the Post-Washington Consensus. The rising neoliberal orthodoxy in the wake of collapse of the Bretton Woods System designed a model consisted of market economy, individualism and minimal state which was only responsible for the certain missions such as ensuring the rule of law, public order and macroeconomic stability as well as the physical

infrastructure. The main purpose of that new neoliberal orthodoxy in relation of Washington Consensus was to minimise the state involvement in the market economy through a set of policy package including privatization, liberalization, removal of controls and decline in public expenditures because the state itself was seen as the main cause of the failures in terms of operation of the economy (Öniş and Şenses, 2005: 263-264). The Washington Consensus was very skeptical about state and its roles in the economy. Therefore, Washington Consensus supported the idea that the state should be minimal and the only task of state was to ensure better environment for the market regarding infrastructure, property rights or public goods like education and health (Krogstad, 2007: 70).

The Washington Consensus as a whole pointed out some policy changes in line with the neoliberal paradigm. The importance of market economy, trade liberalization and macroeconomic discipline were emphasized within these list of policy. The list of ten main policy reforms are summarised as follows (Williamson, 2004: 3-12):

- 1) Excessive budget deficit should be decreased enough to be financed without any other resources like inflation tax.
- 2) Public expenditures should be transferred from unproductive areas to the areas get more high economic returns.
- 3) Tax reform aimed at extending the tax base and cutting marginal tax rates should be designed.
- 4) The financial liberalization based on interest rates which are realized in market.
- 5) The competitive unified exchange rate system should be maintained in terms of achieving rapid growth.
- 6) Tariffs should be used instead of quantitative trade restrictions and the level of tariffs should be gradually reduced.

- 7) It should be ensured a better environment at home country for foreign direct investment and all barriers should be removed.
- 8) Privatization should be actively used especially for government enterprises.
- 9) Regulations and restrictions impeding competition or new entry to the market should be abolished.
- 10) The secure property rights should be ensured by legal system and available for informal sector.

The hegemony of the neoclassical principles based on perfect markets, liberalization of trade, deregulation of capital and financial sector and privatization of state-owned enterprises was represented by the Washington Consensus (Krogstad, 2007: 69-70). The Washington Consensus' prescription was introduced as if it was adaptable to all countries no matter their differences in many aspects. The debt crisis in the 1970s and 1980s increased the dependency level of many developing or less developed countries on external credits and structural adjustment programmes (SAPs) were presented as the only option-TINA² for these debtor countries to access financing which they needed (Lopes, 2012: 2-3). The neoliberal policies intensively implemented by the Thatcher and Reagan in the UK and the USA in the beginning of 1980s and they helped to spread of neoliberal reforms in periphery countries as well as the developed ones (Öniş and Şenses, 2005: 272). Serious questions about the Washington Consensus and its aims raised by many economists as well as radical opponents of the consensus and they blamed IMF, World Bank and developed countries for using the Washington Consensus as a pretext for propagating a new ideology called neoliberalism (Krugman, 2009).

However, with the beginning of the 1990s, the Washington Consensus has started to criticize by many mainstream economists and politicians due to

² The acronym for the "There is no alternative"

serious challenges. One of the challenges was the failure of the Latin American countries after adopting the SAPs whilst the other important challenge was the high economic performance of Asian tigers. It was not because Asian countries achieved good indicators in the economy, but rather because their success was the obvious example of the belief that free market was not the only path to have a good performance and the state was not an obstacle for the economy, in contrast, it was essential (Krogstad, 2007: 76-77). One of the strong evidence towards to growing neoliberal thought was the high economic growth of Newly Industrializing Countries in East Asia. According to neoliberals, being less protectionist and outward-oriented and abiding by the rules of free market were considered as the key elements of the successes of these countries. Such a belief was one of the key supporting factors shaping the Washington Consensus. Yet, it was observed that the effective state involvement was the main driving force for their high economic performance when a deep research was carried out. It did not essentially comply with one the main assumptions of the neoliberal vision that interventionist policies brings damage to the public welfare in the long run. Achieving high growth rates by deviating from neoliberal policies by some countries such as China, Vietnam, India, Malaysia and Chile was another challenging issue to Washington Consensus because these countries implemented policies compatible with neoliberal norms but they also actively used infant industry protectionism, industrial policy, gradually liberalization till the establishing the appropriate environment in the national economy, controls over the capital flows or effective state involvement (Öniş and Şenses, 2005: 265-270).

Rodrik assumes that the list of policies underlined by Washington Consensus did not address the local needs or country specific needs. It was presented as a general recipe including ten commandments that were applicable for all countries rather than offering an alternative set of policy. It was not so hard to guess that it would brings about undesirable consequences for some countries. He emphasized the experimental learning process to decide which

path or policy is the best for a country. In addition, he claims that country should be able to use heterodox policy instruments in order to increase the resilience of the economy in the face of external shocks and frequent crises and to reach the sustainable growth as well as orthodox policies imposed by Washington Consensus (Williamson, 2004:15-16).

The other challenging issue was related to overall growth rates in the world economy which dramatically decreased and the divergence between the developed and the less developed countries broadened during the period of neoliberal era under the Washington Consensus regime (Öniş and Şenses, 2005: 266-267).

Keeping the level of inflation rate low in conjunction with the focus on fiscal austerity was one of the hallmarks of the Washington Consensus whereas this aim was incompatible with two vital macroeconomic goals; one was employment and the other one was growth. These two goals were not included in the Washington Consensus' agenda (Krogstad, 2007: 71).

Another challenge emerged in the neoliberal period was the increasing state failures and corruption. The neoliberal vision, in contrast, was formulated to tackle with the corruption and state failures by eliminating state involvement in the economy. However, the liberalisation process during the neoliberal era has aggravated failures and corruptions in governmental institutions (Öniş and Şenses, 2005: 269).

Another weak spot of the neoliberal policies formulated under Washington Consensus was early financial and capital liberalization without any regulatory mechanisms over the financial systems. Many countries have forced by international Bretton Woods institutions, namely World Bank and the IMF, to liberalise their capital accounts before completing necessary regulations. In conjunction with this tendency, the economies of these countries have become more vulnerable to external shocks and financial economic crises. Whereas, increasing domestic savings and constituting regulatory systems for financial

sectors would more contributed to competitiveness of the countries in the long run rather than simply relying on the neoliberal policy package imposed by international institutions (Öniş and Şenses, 2005: 268). Stiglitz argues that IMF programmes including neoliberal reforms failed because the IMF encouraged countries to implement these programmes regardless of whether the necessary institutional reforms and regulatory framework were established. Regarding privatization policy, for instance, he highlighted the importance of constituting necessary regulatory institutions before putting into practice of privatization policy in order to restrain the possible corruptions and monopoly tendency that may arise in the wake of privatization of state-owned enterprises. (Stiglitz, 2002). In a similar vein, Krogstad understand Washington Consensus as a consensus provides a recognition of the role of the state, the importance of industrial policy, the negative effects of the implementation of the fast deregulation policy without any measures before it as well as based on neoclassical norms and reforms. It was realised that the importance of having necessary and sufficient conditions as a country before implementing these policy reforms (Krogstad, 2007: 67-82).

The Asian crisis was considered as a turning point in revealing the limitations and contradictions of Washington Consensus (Lopes, 2012: 5). Krogstad, as well as Lopes, argues that the Asian financial crisis was important to observe the effects of policies implemented under the regime of Washington Consensus (Krogstad, 2007: 71). Too much state interventions were pointed out as the main cause of the Asian financial crisis and more neoliberalisation was recommended as a solution. Nevertheless, the countries such as Singapore, China and Taiwan that did not liberalize their capital markets were less affected by the crisis compared to countries had the capital market liberalization. In addition, the South Korea achieved more faster improvement by ignoring the policy advices of IMF as well (Harvey, 2005: 97). Furthermore, the Asian crisis was considered an important case in terms of realising the significance of state as well as strong and effective institutions that give more attention to the social and distributonal indicators of economic policies such as unemployment,

inequality and poverty as well as the regulatory mechanisms. (Öniş and Şenses, 2005: 274).

2008 global economic crisis has disastrously affected many countries in many ways such as rising income inequalities, negative effects of uncertainty related to financial sector on the real economy, high unemployment etc. In conjunction with this global crisis, macroeconomic stabilization reforms or recipes formulated by international institutions have become the object of serious criticism from the centre and serious questions were raised about the sincerity of these institutions on neoliberal agenda (Lopes, 2012: 3-5). Unlike Lopes, Broome argues that when the change related to scope of IMF's policy paradigm was investigated, the evidence indicates that it was narrowed during the Great Recession compared to the period of Washington Consensus. IMF has started to promote more narrow-scoped and core policies for countries rather than advocating one-size-fits-all reforms (Broome, 2015: 161-162).

1.2.2.3. The Post-Washington Consensus

Washington Consensus and structural adjustment programmes were formed to reduce the role of state and support market liberalization between 1980s and 1990s while the neoliberal reforms within the Post-Washington Consensus aimed at bringing the state back as complementary to the market. The role of the regulatory state and boundaries of state involvement were specified by the Post-Washington Consensus (Carroll, 2012: 351-355). The Post Washington Consensus emphasized the complementary function of state for market rather than substituting it as well as focusing on the liberalization and the market economy. In addition, the importance of the state intervention especially regulating financial system, ensuring equality and reducing poverty was pointed out by the Post-Washington Consensus. It was a general belief that market failures should be eliminated by state intervention to the economy. However, the Post-Washington Consensus firstly emphasized the

strengthening the state as an institution and focused on how to eliminate state failures (Öniş and Şenses, 2005: 275).

The Washington Consensus was identified as a neoliberal manifesto by Stiglitz. He asserts that the new consensus should covers not only economic growth just as indicated in the previous version of the consensus but also more comprehensive objectives. The equity, sustainability, democracy and competition were underlined as the key terms that should be considered in terms of formulating of the new consensus. Stiglitz argues that there was too much attention to the inflation and liberalization process in the Washington Consensus but enhancing regulatory systems for financial sector and stabilizing the real economy should be placed a particular importance in the emerging consensus. Besides, he believes that it would be better to seek possible mechanisms fostering the efficiency of state instead of minimizing the role of state. (Williamson, 2004: 13-14). The Post-Washington Consensus and its principles were more likely similar to Keynesianism when compared to neoclassical thinking. The reason behind this issue was the belief that there were no perfect markets due to market failures or imperfections such as externalities, asymmetric information etc. (Krogstad, 2007: 82).

The implementation of neoliberal reforms and its consequences has differed based on the immature or newly established democratic institutions of countries (Öniş and Şenses, 2005: 267-268). Highlighting the existence of democracy and democratic institutions based on transparency and accountability mechanism were one of the distinctive features of the Post-Washington Consensus compared to early version of neoliberal consensus and creating democratic environment was considered as an important phase before implementing neoliberal reforms. Besides, it would substantially contribute to effective governance without any undesirable consequences like corruptions or state failures during the era of neoliberal restructuring. (Öniş and Şenses, 2005: 276-277).

The interests of creditors were largely represented rather than the interests of country that affected by structural neoliberal reforms in the Post-Washington Consensus as in the first consensus (Krogstad, 2007: 78). On the other hand, it can be said that the attitude of IMF concerning the ways of responses to the crisis has changed compared to policies which IMF imposed during the period of 1980s and 1990s. IMF has more focused society' interests rather than creditors' interests in the wake of 2008 economic crisis in Europe (Lopes, 2012: 7).

The Post-Washington Consensus provided developing countries with more space to determine which path is the best for their countries rather than imposing another blueprint for them so it was considered as a laudable change of attitude favoring the more realistic understanding (Krogstad, 2007: 84). Within the scope of Post-Washington Consensus, the understanding of development as a term was different from Washington Consensus. New indicators and more comprehensive goals were identified as well as growth rate in the new consensus (Krogstad, 2007: 78-79).

According to Öniş and Şenses, the Post-Washington Consensus was better formulated regarding the improvement of the weak points of Washington Consensus but these efforts within the Post-Washington Consensus were not enough to go beyond the limitations of first version of the consensus (Öniş and Şenses, 2005: 265). They argue that the interventions of IMF to the domestic decision making process of countries through neoliberal policy packages has prevented these countries from using problem solving and national self-sufficiency ability. Also, the imposed policies within the scope of neoliberal agenda both in Washington Consensus and Post-Washington Consensus negatively affected the ability of these countries about learning lessons from past experiences (Öniş and Şenses, 2005: 285).

1.2.3. Globalization and the Rise of Neoliberal Hegemony

Globalization is generally identified as broadening the geographical borders and deepening interactions in the world. Therefore, if there is a change in some area of the world, it may affect state or people who live in different parts of the world. Some inventions and advancements in communication, transportation and technology have confronted states with more complicated and internationalised frameworks while it helped to increase connections and interactions among people. Concerning the debate of globalization, some argue that globalization is the result of technological innovations while others try to associate it to some issues like social and political aspects, the function of state, form of production process (Cohn, 2012: 6-7). Globalization is identified as an integration referring that all the countries of the world come together to develop a monotype model of production. Therefore, the production process has been globalized (Griffith, 2006: 12). Globalization is identified as an engagement with world markets as well as increasing engagement of social and economic issues each other. Liberalization of trade and capital refers to the economic aspect of the globalization (Yeldan, 2002: 20).

Realists, liberals, and critical theorists, from different theoretical perspectives, have widely diversified views regarding globalization. Realists claim that globalization is based on the function of the state and does not affect the dominance and control of state within international context whereas liberal thinking refers to technological developments, institutional changes and legal adjustments, operation of the competitive market and international institutions (Cohn, 2012: 79-80). Marxists hold same views as liberals on the belief that globalization results from technological developments (Cohn, 2012: 105). According to liberals, the globalization has an impact which shakes the state authority. Concerning the social expenditures, for instance, it has been reduced as the neoliberal reforms, which are accelerated by the globalization process, have forced states to do it. In addition to affecting the domestic decision making process, globalization has also significant impact on

regulatory function of state. The removal of the controls on international capital flows in global world, which is one of the main assumptions of neoliberal agenda, causes the volatility and fluctuations in exchange rates. Therefore, it affects the state's role with regard to ensuring macroeconomic stability and making necessary regulations in financial and capital sector. On the other hand, orthodox liberals do not agree with this claim as they believe that states feel the pressure of attracting this huge capital flows to their country and try to ensure better conditions and environment as well as self-disciplining. Interventionist liberals agree with the orthodox liberals but they emphasize the establishing regulatory mechanisms by states to overcome the possible fluctuations, negative effects of capital outflows and any external shocks and crisis. The Asian financial crisis, for example, reveals that spreading of problem in one financial market to another market that is located in different part of the world was considered as the main reason for the crisis because of the interdependent financial markets in globalized world. In addition, 2008 global financial crisis has shown that the capital volatility has a destructive effect to what extent even on the developed countries (Cohn, 2012: 385-386).

Despite the difference of theoretical views, the economic globalization has brought about the increase in both volume and frequency of trade, international financial flows and mobility of labor and capital. The first globalization wave in the economy was the period before World War I but it was interrupted by world wars. However, the pace of globalization process has gained acceleration especially after 1970s (Fischer, 2003: 3). Liberalization of financial markets and creation of new financial instruments have reinforced the process. With the wave of globalization in the 1970s, new international order has founded under the cover of neoliberalism and has nearly completed in 1990s. This new system mainly based on uni-polar world under the US hegemony and nonintervention. In addition, it has brought self-regulated market principle back. Imposing of liberalization and deregulation policies by international institutions to developing countries has contributed to spread of this new order and its principles on a global scale (Özgür and Özel, 2013: 912).

Fischer raised some critical questions within the scope of globalization debate (Fischer, 2003: 5):

- Have poverty or inequality been affected by globalization?
- What is the impact of globalization on growth?
- Do international financial and capital system need regulations or restrictions?
- Is the global trade fair enough?

The growth achieved through more equitable and fair approach should be used to reduce poverty and inequalities. It was considered as one of the main challenge of economic globalization (Fischer, 2003: 23).

The dominance and power of state have not been deteriorated by globalization. In contrary to such a belief, the states have forced to implement new policies to meet the global needs and find a solution to the problems of the new interconnected world (Cohn, 2012: 8). Globalization has inevitably caused to closer integration of the countries in the world and this integration has pointed out the more interdependence and greater interdependence has implied more collective action of countries in relation to global problems in the globalized world (Stiglitz, 2006: 266). However, liberals believe that although states have difficulty in dealing with many global cases such as capital movements and financial crisis, this difficulty prompts states to compete with influential powers in global world like international institutions and multinational corporations (Cohn, 2012: 80).

The globalization is considered as a catalyser for spreading neoliberal hegemony and the capitalist economic system across the world and the international banks, multinational corporations and international other organisations are becoming more powerful and active. (Cohn, 2012: 383). Globalization is generally associated with neoliberalism because globalization

significantly contributes to strengthen neoliberal hegemony in many respects. The globalization process has also undermined the ability of state control on plenty of economic activities such as on trade, business operations, capital flows etc. as well as neoliberal policies. The other linkage between globalization and neoliberalism is the removal of regulations as the needs of nation states and global world are not always compatible and it makes difficult for state to regulate national economic activity. Countries have formed their production process with benefiting from the opportunity of labor mobility provided by globalization. They reduce the production costs in virtue of cheap labor from less developed countries. In addition, country with less regulation, taxes, tariffs has preferred to invest for the same reason (Thomas and Yang, 2013: 110). The increase in international capital flows and international trade in 1970s in the wake of the collapse of the Bretton Woods System led to second wave of globalization. The first striking feature of this new global order is prevalence of deregulation both for national and international level. The neoliberal state has smoothly tried to maintain the globalization process based on the cooperation with international institutions related to the operation of unlimited financial capital flows in international level and complementary state to the market by protecting competition, deregulation and privatization etc. (Özel, 2016: 30-31). Developing country can take advantage of globalization in the long run if neoliberal reforms are implemented in line with the political, economic and social contexts of a country. Adaptation of neoliberal reforms to these contexts of each country is considered as important in terms of averting the potential adverse reactions (Griffith, 2006: 7-9). The neoliberal hegemony suggests an open economy which based on limited control of national Central Banks with restricted monetary policy instruments so as not to incur the international capital flows and to make the most of globalization opportunities. Yeldan emphasizes the critical role of nation states concerning counter movement to the globalization process because there is no international state leading international capitalism (Yeldan, 2002: 31-32).

CHAPTER II

THE EVOLUTION OF NEOLIBERAL HEGEMONY IN THE EUROPEAN UNION

2.1. THE CONSTITUTION OF NEOLIBERAL HEGEMONY IN THE EUROPEAN UNION

The neoliberal policies have affected economic and political structure of many European countries since 1970s through privatizations, deviations from welfare state and social inclusion, minimising the government, an increase in unemployment, increasing gap between wages and free market systems for health and education sector. The conservative parties implemented the liberal economic programme including decreases in wages and social expenditures, deregulation of markets and privatization of public enterprises with the great support of the middle classes in many European societies between the period of 1980s and 1990s. The left parties also followed the same economic policies focused on price stability, more flexibility on labour market and decrease in public deficits. The insistence on applying the neoliberal policies is considered as mainly resulted from the efforts of gathering all European countries under a single roof in many respects such as economic, social and political etc. (Milios, 2005: 208-209). The neoliberal policies and reforms have been implementing for many years not only in the US or UK but also in European countries as well. Even if the ruling party changes, the neoliberal vision has continued to be followed in many European countries even though these neoliberal policies brought about economic instabilities and recessions in most cases. It points out a significant indicator related to commitment of European countries to neoliberal vision.

Bohle emphasizes the importance of taking the effects of increasing globalization, substantial changes in the new world order in the wake of Second World War and the process of European integration into consideration

when it is investigated the neoliberal hegemony in Europe (Bohle, 2006: 63). According to Panic, the economic supremacy of US and UK compared to Western Europe made the neoliberal hegemony and neoliberal constitution desirable for European countries. The reason behind their successes was to implement economic liberalism and to promote reforms on labour market which were aimed at flexibility in labour market and increase in global competitive power so as to overcome the challenges of rapid growth of China and India. The oil crises in the 1970s were considered as another important factor for rising of neoliberal hegemony as well as blaming Keynesian approach and the welfare state (Panic, 2007: 146-147). The embedded liberalism with the Fordism and Keynesian approach was prevailing during the period of 1950s and 1970s in developed countries including European countries. The removal of barriers in trade with the General Agreement of Trade and Tariffs (GATT) and establishing Bretton Woods system at the same time encouraged the countries to open their markets to foreign trade. The efforts were aimed at increasing the competitiveness of European countries, especially competing with the US market. The abolishment of barriers and transformation of the national markets into the big integrated market in the face of challenges posed by US market were the driving force for economic integration in line with the neoliberal policy paradigm (Buch-Hansen and Wigger, 2010: 26). The formation of neoliberal hegemony in Europe was realised through changes in type of production, social order and political and ideological discourse. The shift from the Fordist production to knowledge-based production forced the European economies to compete with US which was very advantageous in terms of requirements for knowledge-based production such as capital, technology, multinational companies. At this point, the European integration process was conceived as important in order to increase the global competitive power of Europe and to internationalise the production by means of removal of restrictions and barriers on trade and competition. All these developments have contributed to the constitution of unified European Economic Area at international level (Bohle, 2006: 64). The formation of neoliberal hegemony in Europe has influenced by many different

factors and significant developments. Also, its formation has spread over time since 1970s. One of the triggering factors of formation neoliberal hegemony was the good examples of countries such as UK and US who had good economic indicators by adopting neoliberal ideas and principles. Thatcher and Reagan were the vigorous supporters of neoliberalism and they are well known for marginal neoliberal policies implemented in their own countries. In addition to economic underdevelopment of European countries, the wave of globalisation and the competitive pressure from the rising countries as well as US compelled the European states to search for new constitution and to change the policy paradigm which was followed up to that time. The primary aim was to increase competitive power of European countries in globalized world. In this sense, the European integration process has facilitated the neoliberal restructuring in many respects.

In addition to these developments, the crises were considered as a catalyzer for implementing neoliberal structural reforms and strengthening the neoliberal orthodoxy including ideas, principles and norms formed by the European capitalist class and political elites since the beginning of 1990s (Apeldoorn, 2014: 197). The crisis in 1970s, for instance, was considered as the crisis of embedded liberalism with two important features; Fordist regime and Keynesian welfare states. Besides, the crisis was conceived as an opportunity for revival of neoliberalism as European countries were searching for alternatives so as to overcome the crisis. These attempts resulted in a shift from Fordist accumulation regime to post-Fordism referred to more flexibility and transnationalisation in production process. As a result, neoliberalism have gained hegemonic power and shaped the policies implemented in many countries, including European countries. It caused a power shift in favor of transnational capital. The discourse promoting liberalization, deregulation, free movement of capital that spread from the US became the main discourse of propaganda and campaigns of European politicians (Buch-Hansen and Wigger, 2010: 32-33). The European Union (EU) introduced necessary macroeconomic policies and reforms such as agricultural, industrial,

institutional, welfare related to liberalisation and deregulation for candidate countries before accession following the decision for enlargement (Bohle, 2006: 68-69). The oil crisis in 1970s and its consequences reversed the trend of Keynesian economics followed by many countries as prevailing ideology back then. Also, it led to transition of production, power relations, the role of state as well as promoting more flexibility on labour market and internationalisation not only for the production but also for the capital. Although the crisis and its devastating effects on many countries, its contribution to the neoliberal transformation in Europe is considerably important.

The European integration process paved the way to implement neoliberal ideas and reforms by removal of state traditions in Europe. The Single Market, European competition policy, Economic and Monetary Union (EMU), European employment strategy were considered as main tools contributed to this process (Hermann, 2007: 61-62). The efforts and initiatives within the scope of European Union integration have played a key role concerning neoliberal restructuring in Europe. The waves of liberalisation and deregulation of markets under the influence of Internal Market Programme (1985) resulted in free movement of goods, services, capital and people. The economic neoliberalism has been further reinforced with the EMU and its criteria such as keeping the levels of government debt and budget deficit low, European Central Bank (ECB) and its primary goal is to ensure price stability. Besides, Lisbon Strategy also contributed to the ongoing market building process. Even though it was acknowledged that there was a consensus on embedded neoliberalism, the process of neoliberal restructuring required some concessions related to economic and social policies so as to increase the support of other classes in Europe as well as European capitalist class. In this context, neoliberalism became predominant in Europe with the help of embedded neoliberalism project promoted by the transnational capitalists (Bieler, 2011: 163). Schmidt and Thatcher also emphasize the importance of coercion in terms of implementing neoliberal policies and following the rules by member states (Schmidt and Thatcher, 2014: 345). The initiatives and

efforts were shaped around the idea of European integration process have made substantial contributions in terms of adopting neoliberal reforms with a great support from transnational capitalist class. The liberalisation and deregulation in market and free movement of goods, services, people and capital were main policies promoted by Single Market while some important criteria related to budget deficit and government debt were defined by the EMU. The price stability was emphasized as the main goal of the ECB and it indicates that price stability has precedence over other macroeconomic policies such as unemployment, growth etc.

The European integration and enlargement process were supported by transnational capitalist class focused on the formation of the hegemony of capital (Bohle, 2006: 78). The role of transnational capitalist class in transforming European integration project into the neoliberal project was considered as substantially crucial. The foundations of this class were laid in the early European unification process in the 1950s and continued to be hegemon in the period of economic crisis in the 1970s and 1980s. Thus, it caused a transnationalisation of capital in Europe and European market started to get into the world market which points out the four freedoms of goods, services, capital and people in the wake of crisis in 1970s and increasing global activities. The new political project was considered necessary in order to constitute a single European market which would facilitate to compete better with American and Japanese multinational corporations (Apeldoorn, 2014: 189 190). It is important to be addressed the active role of transnational capitalist class in the process of evolving from European integration to neoliberal hegemony with their contributions to transnationalisation of capital. Besides, neoliberalism was described as a project aimed at establishing the class power as Harvey also noted. Thus, the transnational capitalist class put so much effort into convincing the necessity of new structuring, new neoliberal political project for instance, and into making advantages or opportunities that would be obtained in case of creating new constitution desirable.

The European Monetary System, the Internal Market and Economic and Monetary Union were conceived as key projects contributing the formation of neoliberal hegemony in Europe. The European Monetary System focused on two important issues namely contractionary monetary policy and budget discipline while European Monetary Union promoted global competition and economic stability via integration of EU economies in many respects such as common currency, common monetary policy etc. It was aimed at benefiting from the opportunities of economic integration and internal market (Bohle, 2006: 66-67). It was considered that the Single Market project was an important step leading the European integration process to neoliberal understanding even the idea of Single Market was initially suggested as a solution to the economic crisis. Also, the European Round Table (ERT) Industrialists actively managed to lobby and to put pressure concerning the completion of common market and integration of all European markets. The main objective in the end was to increase in the competitive power of European countries in the global competitive world (Hermann, 2007: 70). The new initiatives were started to established with the idea of European integration. These initiatives played a critical role in neoliberal transformation through the process of European integration. Although all these initiatives served at cross purposes, in essence, two important issues were emphasized. One was to repress the budget deficits while keeping the level of inflation rate low and another crucial issue was pointed out by these initiatives.

Concerning the EU competition policy, which was first emphasized in the Single Market programme in the 1980s, was conceived as an important part of the constitution of neoliberal hegemony in Europe. Then, it underlined within the scope of Lisbon strategy. The competition policy also evolved with the transition from embedded liberalism to neoliberalism and the efforts of transnational capitalists (Buch-Hansen and Wigger, 2010: 21). The competition policy also shaped by the principles of neoliberal hegemony such as free competition, liberalisation, deregulation, flexibilisation and privatisation in order to increase in competitive power and to achieve higher growth.

Hermann argued that there was a strong relationship between the Single Market project and European competition policy. The establishing of Single Market increased the competitiveness of European producers against monopolistic and oligopolistic firms. As a result, it positively affected intra-European competition as a whole. Indeed, the competition policy was a part and parcel of the Single Market project as the main motto of the Market was to ensure “level playing field” for all including preventing all distortions and restrictions to competition (Hermann, 2007: 73-74). The competition policy was in accordance with the efforts in terms of increasing competitiveness of European countries was shaped through Single Market and Lisbon strategy. Besides, the neoliberal orthodoxy also envisaged the free competition market in addition to liberalisation and deregulation policies. Thus, the Single market can be considered as a milestone in terms of its contributions to the competition policy.

According to Milios, the Maastricht Treaty (1992), Stability and Growth Pact (1996-97) and European Constitution (2003-2004) are considered as the three main agreements among European countries in order to legitimize neoliberalism. The convergence criteria for European states were defined through Maastricht Treaty. (Milios, 2005: 209). These criteria are as follows: (https://ec.europa.eu/info/business-economy-euro/euro-area/enlargement-euro-area/convergence-criteria-joining_en)

- The inflation rate no more than 1.5% above the rate of the three best performing member states.
- The general government deficit no more than 3% of gross domestic product (GDP).
- The government debt no more than 60% of GDP.
- The interest rates no more than 2% above the rate of the three best performing member states.

- No devaluations of exchange rates at least two years after participation.

The newly established institutions in Europe such as independent central banks, independent credit rating agencies, standard setting institutions which are out of national state control have fostered neoliberal ideas and principles since 1980s. The Maastricht criteria and Stability and Growth Pact (SGP) were considered as an important step for the institutionalisation process of neoliberal ideas in Europe (Schmidt and Thatcher, 2014: 345). While the Internal Market was formulated to protect European industry from the global competitive pressures, globalization of European capital resulted in a shift to neoliberalism as it ensures that there is no barriers to trade and investment in competitive world. In the 1990s, The Europe has started to take neoliberal structure, for instance, the Economic and Monetary Union which was the part of the Maastricht Treaty was considered important regarding the completion of Internal Market preventing deviations from the currency as well as integration of European financial market. (Apeldoorn, 2014: 192). The capital was globalized with the efforts of transnational capitalist class in the process of gathering all European markets into one integrated market. The attempts and efforts of other organizations and institutions within the Europe in terms of creating institutional framework in line with the aim of the neoliberal restructuring in Europe also contributed to the process. Especially, the role of Maastricht Treaty and Stability and Growth Pact in shaping the neoliberal policies and reforms by defining criteria and rules for European states should be underlined.

The SGP was conceived as a significant tool for adopting neoliberal policies by underlying the importance of budget cutting, minimal state in the economy and fiscal reconstruction compatible with the interests of capitalists and elites. The dominant social and political powers in European states have achieved to legitimise neoliberal policies as a tool for European integration and economic convergence. Actually, neoliberal social and economic principles have been introduced as convergence criteria and common European policies that should to be meet for the countries in Europe (Milios, 2005: 210-213). The Economic

and Monetary Union was created in the wake of completion of the Single Market. The SGP introduced convergence criteria refers to criteria are should be meet by the member states in order to participate in the economic and monetary union. The Economic and Monetary Union was considered as a key sign of increasing competition between US and EU. It was also underlined the importance of ECB and its main responsibility was to ensure price stability (Hermann, 2007: 76-77). Furthermore, the European Constitution intended to complete the institutional framework of the Union so as to promote the social, political and economic deepening of the Union. The main purpose, in essence, was to make neoliberalism irrevocable in the European Union. The two essential factors of neoliberal course were underlined in the European Constitution. The first one was deregulated single market while the second one was related to the priority of state security compared to social rights. Actually, the main aim was to provide price stability (Milios, 2005: 211-212). The convergence criteria and policies were identified by newly established European initiatives and institutions such as Stability and Growth Pact or Economic and Monetary Union was actually related to the principles and policies of neoliberal discourse. For instance, the criteria of restriction on government debt to not to exceed 60% of GDP match up with the neoliberal discourse of minimal state. Overall, it points out the close relationship between the neoliberal ideology and EU integration process.

Panic, in his research, underlines the role of Maastricht Treaty and Stability and Growth Pact for the bad economic performance especially for the indicators of growth and unemployment in France, Germany and Netherlands in 2000s. The Maastricht Treaty provided monetary union including common currency and monetary policy as well as one Central Bank whose main goal is to ensure the monetary stability in Europe. However, there was no political union so European countries were free to implement fiscal and social policies under defined criteria such as the general government deficit no more than 3% of GDP. Indeed, Treaty and Pact used European Monetary Union as a tool for restructuring of neoliberal orthodoxy (Panic, 2007: 160-161). On one hand the

implementation of monetary policy in European countries, one of the two main economic policies, is under the responsibility of ECB, but on the other hand the European states have been given the initiative in terms of the implementation of fiscal policy. In addition, the fiscal policy should be in accordance with defined criteria and rules for member states within the Union. To put it in a nutshell, European integration refers to the monetary union without fiscal union.

Apeldoorn pointed out the role of ERT in terms of common strategy formulation through the mobility of European corporate capital. Furthermore, ERT had a great contribution to the shaping EU's policies such as completion of Internal Market under the cover of European integration (Apeldoorn, 2014: 191). Concerning the social relations, the transnational capitalist class has emerged to protect the interests of transnational capital in the wake of internationalisation efforts. The ERT of Industrialists had a key role to manipulate the social relations and shaping the social classes. Trade unions, for instance, were willing to contribute neoliberal restructuring through wage cuts, transition from Keynesian welfare states to competitive market-oriented states and flexibility on labour markets (Bohle, 2006: 64-65).

The Lisbon reforms were compatible with the neoliberal discourse which focused on the flexibility of labour market, austerity transformation in welfare state etc. supported by the capitalist class of ERT in the 1990s. The Lisbon strategy paved the way for rapid financialisation of European capital and consequently European capitalist class during the 2000s. ERT is aimed at protection of the interests of European transnational capitalist class (Apeldoorn, 2014: 193). As the financialisation and liberalisation of market and commodification of production factors continued, the neoliberal hegemonic project was promoted through Lisbon strategy became the object of serious criticism from the centre. The conflicts between European working class and ruling class were emerged and the elite ruling class was reluctant about the concessions to working class. Furthermore, many European countries were faced with recessions and the unemployment rates increased. In the end, the

working class was disappointed concerning the neoliberal governance and its promises promoted through Lisbon strategy in 2000s. It would not be wrong to say that there was a general displeasure about the integration process as a neoliberal hegemonic project which intended to protect the interests of European transnational capitalist class. A prime example of this tendency was that the European Constitution rejected by a vote of majority in France and Netherlands at the same period. In a similar way, in the wake of Lisbon strategy, the Europe 2020 strategy was introduced in 2010 with the same motto “labour market flexibility, transformation of social protection, improvements in institutional framework” in order to come out of the economic crisis had started in 2007 as well as to continue neoliberal restructuring in Europe (Apeldoorn, 2014: 194-195). As the policies and reforms were shaped in favor of European transnational capitalist class within the scope of European integration, working class was dissatisfied with this situation. The reforms promoted by Lisbon strategy and Europe 2020 strategy also envisaged the flexibility on labour market and cuts in welfare state which were in reference to the protection of ruling class-transnational capitalist class.

However, many European states implementing these neoliberal policies recommended by European Commission failed to escape from the deflationary cycle faced by many capitalist economies in the world in the early 2000s (Milios, 2005: 210). The Economic and Monetary Union was conceived as an important part of the neoliberal mainstream by promoting the monetary tightening and budgetary discipline in order to ensure two main goals; price stability and fiscal discipline. In addition, a contract called Fiscal Compact, which includes serious sanctions, has been prepared by European authorities and signed by many member states who were failed to comply with Maastricht criteria that was developed to ensure fiscal discipline. With the Fiscal Compact, the member states first submit their national budgets to the European Commission and the Council of Europe for their approval and then to their national assemblies. It would not be wrong to claim that member states transfer their powers of the purse to the supranational organisations. The aim

of ensuring fiscal discipline through Fiscal Compact serves the purpose of institutionalising of fiscal discipline within the European Union rather than a response to the crisis. It also indicates that the fundamentalist understanding of fiscal discipline has been extended with the Fiscal Compact (Konukman, 2013: 2-3). The budgetary cuts resulted from the convergence criteria forced the member states to implement more comprehensive policies and reforms related to social and working rights. As long as the price stability and fiscal discipline are considered as a way of achieving high level of growth rate, Europe would possibly deal with some macroeconomic instabilities such as unemployment and low level of economic growth. The reason behind this idea can be explained by the possibility of achieving higher growth with higher budget deficits and low level of interest rates unlike policy following by the EU (Hermann, 2007: 78).

The neoliberal hegemony formulated within the monetary union without fiscal authority is considered as unsustainable because national countries fails to adopt common fiscal policy in order to ensure stability in the economy and to cope with the inequalities in society. Therefore, Panic claims that Europe need changes in the framework of monetary union and its main policies. Also, Panic claimed that the growth and employment rates deteriorates if a country implements neoliberal macroeconomic package. Therefore, Keynesian approach is required for strengthening the economic performance of European countries (Panic, 2007: 161). It can be said that the neoliberal policies imposed by European authorities creates some fluctuations and the deflationary effect in the economy. The policy stance focused on contradictory monetary policy and budget discipline also produce similar effect. To that end, it is aimed at achieving higher growth rates but the economic regime of the Union based on contradictory monetary policy and budget discipline not only fails to achieve higher growth rates but also leads to the macroeconomic imbalances such as deflation or unemployment in the economy.

The insistence on following restrictive neoliberal policies has continued even though it was seen that these policies caused deflationary effects on the

economy and exacerbated the stagnation. Also, neoliberal policies have had negative effects on decreasing unemployment and creating growth (Milios, 2005: 211). The neoliberal thinking have been resilient more than thirty years in Europe despite the many financial and economic crises and its devastating effects on society (Schmidt and Thatcher, 2014: 340). The suggested solutions to overcome the crises indicate that politicians have insisted on following the neoliberal ideology even if they do not work in terms of resolving the crises. Therefore, the collapse of neoliberal hegemony is less likely as the neoliberal ideas and principles have deepen, institutionalised and supported by a wide range of powerful forces (Buch-Hansen and Wigger, 2010: 39-40). Although the neoliberal hegemony in the Union has sometimes lost its predominance through crises or negative impacts both on the economy and society, the neoliberal policies have persistently continued to be implemented. It apparently shows that the constitution of neoliberal hegemony is based on very strong foundations and power relations in the European Union and therefore it is unlikely to abandon the neoliberal ideology and its principles even if it fails to deal with the crises and its devastating effects.

2.2. THE CRISIS OF THE NEOLIBERAL HEGEMONY IN THE WAKE OF GLOBAL FINANCIAL CRISIS

2.2.1. In General

The global financial crisis firstly emerged in the U.S. as a subprime mortgage crisis in housing market and spread to many countries across the world. The housing prices in the U.S. strikingly increased in the 1990s and becoming a homeowner was seen as a profitable investment due to the increasing prices. In addition to high prices, the interest rates were low and there was capital inflow because of the huge trade deficit in the U.S. and it also prompted people to buy a house and made financing easy through subprime mortgage. In the end, there was a housing oversupply, the prices started to sharply decrease in late 2006 and many homeowners had difficulty in repayment. The U.S.

subprime crisis turned into global financial crisis as many investors from other countries invested in U.S. subprime market. Besides, this crisis is considered as a good example of financial contagion. (Cohn, 2012: 367-369). The crisis first arised in U.S. and was spread to the other countries in the world. The global financial crisis did not result from the decrease in profits as in the crisis of 1970s.³ It resulted from the tendency of getting more power and income by eliminating all the barriers in the economy. In addition to crisis in housing market, the increase in liberalisation and financialisation activities was also one of the triggering factors to the crisis. (Tinel, 2011: 117).

The crisis has become global even though the crisis first appeared in the U.S. housing market. One of the main reason behind this financial contagion is growing integration of financial markets and interactions of U.S. and European markets by means of globalization. Rising prices, low interest rates, subprime mortgage facility and increasing demand created a housing bubble in the U.S. and the prices started to sharply decrease. The crisis emerged in terms of redemption of debts by homeowners with subprime mortgages turned into a global financial crisis.

The global financial crisis underlined the role of managerial classes. The Great Depression and global financial crisis did not result from the decline in profit rates as in the crisis of 1970s. These two crisis were interpreted as a crisis of financial hegemony of capitalist classes and financial authorities. In the global financial crisis it was focused on increasing the wealth of capitalist classes by protecting hegemonic power of these classes, removing all barriers and promoting deregulation and financialisation activities. It was considered that the managerial classes were largely responsible for this situation (Tinel, 2011: 122). It was realised that there were some issues to be regulated within the neoliberal order such as international financial structure, banking and financial activities, the connection between trade and financial industry in conjunction

³ The roots of the crisis in the U.S. are based on the process of transition from Fordism to Post-Fordism and the crisis of capital accumulation in the 1970s. For detailed information see also Özel, H. (2009). *Piyasa Ütopyası*. Ankara: BilgeSu Yayıncılık.

with 2008 global financial crisis. More than that, the sincerity of IMF and World Bank on advices or policies suggested to countries was called into question with this crisis. All these debates brought with the need of interventionist liberalism discussions (Cohn, 2012: 370-371). Both the crisis and the future of the neoliberal hegemony have started to be discussed widely across the world in the wake of 2008 financial crisis. It has been also discussed whether neoliberalism reached its limits or not. (Comaroff, 2011: 141).

The global financial crisis can be interpreted as a crisis of neoliberalism as financialisation, deregulation with removing all barriers and liberalisation have promoted in line with the neoliberal hegemony. The main objective is to protect the interests and the hegemonic power of the capitalist classes. The governments and power elites have played a critical role in terms of implementing neoliberal norms, principles and policies in accordance with this objective. The spread of the mortgage crisis in the U.S. to the global world by showing a domino effect caused the neoliberal hegemony has become the object of serious criticism across the world.

It is worth noting that subprime crisis was not the only reason of the crisis in Europe. Many countries in Europe had already similar problems as U.S. The member countries of single currency, for example, spent more than they could afford with the confidence of Eurozone. In addition, the low level of interest rates induced investors to spend more and to take on debt from banks. The wage level started to go up in the wake of increase in domestic demand. In the end, the productivity and external competitive capacity of these countries were negatively affected and what was worse that these countries from Eurozone could not use the devaluation option in order to improve the competitive power. The first country to need to be rescued was the Greece in the Eurozone and it rapidly spread to some other countries in Europe (Cohn, 2012: 369).

It should be noted that it would be unrealistic claim if the mortgage crisis in U.S. as the only reason for the crisis in Europe. The political, economic and

social structure of member states in Europe are shaped by criteria, rules and institutions in accordance with the European integration project. In addition to providing member states with many advantages such as single market and single currency, the integration and its responsibilities render the role of member states ineffective in terms of implementing national policies or it results in unintended consequences. The crisis in Eurozone and long recession period in the wake of solutionlessness is one of the prime example of that.

2.2.2. In the European Union Countries

The global financial crisis has turned into the worst recession since the crisis of 1930s. The crisis first began in the U.S. mortgage sector and spread like wildfire to the Europe. When the crisis arised in the U.S. housing market, Europe were also affected as European Banks strongly integrated with the U.S. market with lending and speculation activities. Also, the economic structure of Europe which was formed by Stability and Growth Pact is vulnerable to external crisis as the limited fiscal policy and ineffective role of national central banks in implementing monetary policy are one of the hallmarks of the neoliberal economic regime of Europe. The European neoliberalism paved the way for arising housing bubbles in some European countries such as Ireland, Portugal, Spain with the financial deregulation policies. (Stockhammer, 2014: 1). Coakley, in his research, argued that Ireland, Portugal and Greece were willing to become a member of European Union in order to break the vicious cycle of being a less developed country by integrating in the global system and benefiting from the opportunities of the membership of the Union. The commitments of European Union such as democracy or prosperity were the other factors that made the membership of the Union desirable. However, they faced with devastating effects in the wake of the global financial crisis and they were labelled once again as less developed country or peripheral country in the Union. The neoliberal reforms and policies forced by European Union have negatively affected two main

issues in these less developed countries; growth and support for the neoliberal European integration project (Coakley, 2016: 177-183). The European integration has paved the way for expanding access to the credit for countries and Eurozone countries have the same interest rates in accordance with the single market for Europe. It resulted in huge capital inflows from core states such as Germany, France to peripheral European countries such as Ireland and Spain and in the end it created a property bubble in these countries (Stockhammer, 2014: 8). The membership of the single currency enabled the Irish private banks to increase their lending capacity and it resulted in an economic bubble. Besides, the development of the derivative financial instruments also contributed to easily lend. After 2008 global financial crisis, Ireland government was forced by European Central Bank to accept the bailout package which was compromised an austerity programme and repayment of all debt. If Ireland did not accept the bailout, the European Central Bank would suspend the emergency fund to the Irish banks. The involvement in the single currency has affected the role and functions of national central banks. Greece, for example, the Central Bank of Greece failed to repay the debts as the Central Bank was prevented to buy government bonds in accordance with the single currency policy when the crisis hit in 2008 in the wake of collapse of Lehman's Brothers. (Coakley, 2016: 185-186).

It is not a surprise that the spread of the mortgage crisis from U.S. to Europe as American financial markets and European markets are closely integrated in liberal and globalized world. Furthermore, the European integration project with all phases such as single market, single currency, European Central Bank as well as the neoliberal transformation in all member states of the Union are also considered as a soft spot of the Union in the face of external crises. The neoliberal transformation and the crisis in European countries are actually two faces of the same coin. The member states provided the neoliberal transformation which is part and parcel of the European integration project but has brought with it some factors that have triggered the crisis. The low interest rates in the Union within the scope of single market policy encouraged

investors in core states to invest in peripheral countries in Europe and it resulted in huge capital flows to peripheral countries. The credit viability and lending facilities have increased in banking sector and deregulated financial markets in Europe. Thus, housing bubbles have occurred in many countries in Europe as in the U.S. and many debtors had difficulty in terms of loan repayment. Concerning the implementation of fiscal and monetary policy, two important economic policy instruments, the ineffectiveness of member states regarding development of national policies in time of crisis is one of the important factors that deepen the crisis and its effects on society.

The European social and political model could not be established in all member states in the same way. On the contrary, each member states, especially main European states, created its own models at national level. The attempts of peripheral countries to close the gap compared to developed countries in the Union resulted in the increase in their dependency on external sources which was one of the reasons of global financial crisis. (Coakley, 2016: 183). The European Central Bank and the IMF not only failed to forecast the financial bubble but also supported the increasing neoliberal policies and lending activities in European countries. In Ireland, the public expenditures were consistently reduced and many public enterprises were privatised in line with the neoliberal order (Kirby, 2010). Spain and Portugal, same as Ireland, followed the same neoliberal path in 1990s including the liberalisation, deregulation and privatisation policies. These policies made a great contribution to the fulfilment of the criteria regarding the membership of the single currency. However, these neoliberal policies increased the dependency of these countries on external capital as well as it had a negative effect on productive capacity of these economies in the global competitive world (Lopez&Rodriguez, 2011).

Although the European Union represents all member states as a whole, there are differences in many respects among the countries in the Union. Some economically powerful countries are called main or core states while less developed countries such as Greece, Italy and Portugal are called as

peripheral states in the Union. These differences have forced the peripheral countries to close the gap between core states. It means adopting more neoliberalism in accordance with the requirements of the membership of the single market. To that end, many peripheral countries have implemented the neoliberal policy package including liberalisation, financialisation, deregulation and privatisation policies. However, most of these peripheral countries have become dependent on outside financial resources. The growing lending activities have also contributed to the increase in external dependency of peripheral states.

The global financial crisis have seen as a crisis of neoliberalism. It is worth noting that neoliberal practice is still dominant although neoliberal ideology has started to lose its hegemonic position after 2008 global financial crisis. A prime example of that approach was that the policy suggestions to the crisis in Europe which was closely related to the neoliberal vision (Aalbers, 2013: 1053-1055). More neoliberalism has implemented as a response to the crisis both in U.S. and Europe. The bail-out programmes including more flexibility on labour market, privatization of public enterprises and austerity measures were aimed at supporting financial sector, that was blamed for the crisis, at the expense of the society especially for the low and middle income group. Political leaders not only have made little attempt to resist the spread of neoliberal practices, but also have further supported to adopt more neoliberal policies. (Oosterlynck and Gonzalez, 2013). Peck et al. argue that the neoliberalism gain speed in conjunction with the effects of global financial crisis even though the neoliberal policies were seen as one of the reasons of the crisis. They raised the serious question whether neoliberalism is still predominant ideology or it has already reached its limits or not (Peck et al., 2013).

When considered that the 2008 global financial crisis is a crisis of neoliberalism at the same time, it was expected that the policy recommendations would not be in line with the neoliberal path. Nevertheless, it is clear that proposed solutions and recommendations to the crisis are

closely related to the neoliberal paradigm which has paved the way for the crisis in Europe. Besides, the bail-out programmes or recovery plans have compromised of more neoliberal policies and principles. The main objective with these bail-out programmes was to rescue the banking and financial sector with imposing substantial economic and social burden on society with the austerity measures. Although the crisis is perceived as a crisis of neoliberal hegemony of the Union, increasing implementing of neoliberal policies and practices after the crisis can be considered as a paradox regarding 2008 global financial crisis.

There is need to change about the framework of European monetary system so as to effectively respond to the crises and to eliminate the effects of crises on national economies and societies. Even though the financial liberalisation policies in line with the neoliberal order were considered as one of the main reasons of the crisis, the role of the financial liberalisation and European monetary integration was neglected by great majority of authorities. Instead, overmuch public debt and spending were blamed as the causes of the crisis. (Coakley, 2016: 185). On one hand, many European states made great efforts to save the banks with huge sums within the scope of European Economic Recovery Plan, on the other hand austerity measures caused a decrease in welfare of employees or low income households (Kannankulam, 10).

The core EU states and EU authorities were willing to make banking crisis look like a sovereign debt crisis by underlying the excessive public spending of peripheral countries as a reason of Euro crisis in accordance with the neoliberal order. It paved the way for the pretext in order to force European peripheral countries to accept the austerity package programme (Coakley, 2016: 188). It was aimed to impose more flexibility on labour market and decrease in wages as well as restraining the social expenditures within the austerity programme. However, many economists such as Paul Krugman, Joseph Stiglitz and Martin Wolf criticized this solution on the account of the fact that lower wages cause a decrease in domestic demand and exacerbate the economy. Indeed, the austerity programme did not work as it was expected

and it was only the beginning of long economic recession for peripheral countries in Europe. (Coakley, 2016: 189). The economic policy regime in Europe, which is based on restrained fiscal policy and centralised monetary policy at EU level, as well as the policy responses to the crisis have widely criticised by Keynesian thought. According to Keynesian theory, decrease in wages in the condition of crisis will result in decrease in demand and it creates an deflationary effect in the economy (Stockhammer, 2014: 5).

It was not predicted that the increasing financialisation and liberalisation activities in Europe would lead to a debt crisis and therefore no measures were taken before the crisis. Actually, the excessive financialisation and liberalisation were not seen as one of the main reasons of the outbreak of the crisis although it was realised that the crisis is a crisis of banking sector even when the crisis hit in 2008. In conjunction with this general tendency, the bail-out programmes were designed to rescue the financial sector with providing money with the banks. More than that, the main reason of the crisis was shown as excessive public spending and the fiscal imbalances in peripheral countries. The main aim behind the emphasis on excessive public spending was not to shake the confidence and support on the neoliberal hegemony which is predominant ideology in the European Union. More to the point, imposing the austerity programmes which is including a significant decrease in public expenditures and wages in peripheral countries are also considered as one of the intentions behind the emphasis on excessive public spending rather than emphasis on excessive financialisation.

2.3. THE CHANGE IN THE EU NEOLIBERAL ECONOMIC POLICIES IN THE POST-CRISIS PERIOD

The global financial crisis spread around the world and affected many countries through the globalization and the integrated markets. As the 2008 financial crisis were considered as different from the classical banking crises, it caused an increase in the level of uncertainty and panic in the markets. Many

countries not only developing countries but also developed countries have developed and implemented some economic policies in order to prevent further deepening of the crisis (Duramaz and Dilber, 2015: 31-33). Although the crisis first began in the U.S., the countries that were most affected by the crisis were the Eurozone countries due to its complex economic structure. The European Central Bank has taken a number of measures to overcome the debt crisis faced by many European countries. Concerning the monetary policy, the expansionary policy was implemented and the interest rates were reduced so as to provide liquidity to the market with low costs. Ensuring the fiscal discipline have become the main objective of the fiscal policy in the Union after the crisis but the lack of authority for the fiscal policy has made co-decision procedure and development of policy difficult. While the primary objective of the Central Banks of the EU was to achieve price stability before the global financial crisis, ensuring the financial stability has become as important as the price stability after the crisis. In conjunction with this shift in terms of primary objective, the non-traditional monetary policies such as quantitative easing, credit easing, exchange rate commitment, interest rate corridor and liquidity management have implemented as well as traditional ones. The interest rates were equal or close to zero in this period and it was one of the reasons that forced countries to implement countercyclical economic policies.

Concerning the complex economic structure of the Union, the European Union do not have an integration regarding fiscal policy as in the monetary union. Instead, it is introduced criteria and restrictions related to the public borrowing and budget deficit through Maastricht Criteria and Stability and Growth Pact. However, the debt crisis which was emerged in Greece, Portugal, Spain, Italy and Ireland brought to light problems and vulnerabilities of the Eurozone. According to Çekin, the manipulation of some countries on statistical data related to their financial sector and inadequate implementation of the penal sanctions in case of infringement of criteria are the weak points of the Maastricht Criteria and Stability and Growth Pact (Çekin, 2017: 9-12). Regarding another factor related to the economic structure of the EU, Erdem

and İlgün emphasize that the use of Euro as a single currency have affected the course of debt crisis by increasing financial risks. Besides, some policy options which are used in time of crisis such as the devaluation of national currency are no longer to be in use for European countries (Erdem and İlgün, 2013: 298). The loss of monetary policy independence at national level is one of the other characteristics of the economic structure of it. The European Central Bank is the one and only actor who is responsible for developing monetary policy for all member countries in the Union and the national Central Banks are ineffective even in the face of crisis. Recently, serious doubts have arisen about the sustainability of the EU with the United Kingdom's decision to leave the EU and the rise of anti-EU parties in countries such as Italy, France and Germany.

The fiscal policies have lost its importance as a macroeconomic policy tool in accordance with the neoliberal principles have implemented since the late 1970s. However, global financial crisis, in contrast to the neoliberal vision aimed at reducing the role of the state in the economy, has made intensive and comprehensive intervention of the state essential. Some argue that the main reason of the crisis is the excessive growth of public expenditures and public sector deficit even though the increase in public debt was resulted from the transformation from the private sector debt to the public sector debt through the rescue of failing financial institutions (Göker, 2014: 104). Erdem and İlgün, in their research, reveal that the effect of interest rate on the economy is statistically insignificant while it is significant before the crisis. Also, it points out that the financial stability is more important than price stability. In this context, it indicates that fiscal policies, both expansionary and contractionary, are more effective in global financial crisis in EU (Erdem and İlgün, 2013: 302). In such cases, where interest rates are very low, the fiscal policies should be actively used in order to affect macroeconomic variables in the economy. However, the use of fiscal policies in order to enliven the economy was not possible for many European countries due to the financial assistance provided by Troika which is consisting of European Commission,

IMF and European Central Bank. The main aim of the financial support was to ensure fiscal discipline through neoliberal policies focused on minimising the public sector, comprehensive privatization policies and so on. Therefore, many European countries were forced to implement austerity programmes.

Even though the fiscal stimulus packages consisting of tax reductions and spending increases were implemented in the first years of the crisis in many European countries, the economic austerity policy packages started to be implemented due to rising public debt. The austerity policy packages are mainly composed of tax increases and spending cuts and aimed at reducing the ratio of public debt to GDP. However, these austerity policies can also cause to a decrease in demand, tax revenues and GDP as Keynes noted. According to the Keynesian theory, the austerity policies should be implemented in the period of economic expansion not in the period of economic recession. Also, the contradictory policies which is implemented in the period of economic recession can cause a financial trap through creating vicious circle via spending and taxes. Contrary to expectations, the ratio of public debt to GDP may increase and lead to a further deepening of recession in the Eurozone. It is worth noting that European authorities have insisted on implementing the neoliberal policies under the cover of austerity packages even though these policies are considered as ineffective in terms of overcoming the crisis and its devastating effects. The use of contradictory fiscal policies and austerity policies is conceived as a sign of giving priority to the fiscal consolidation even though there is a high level of unemployment and low level of growth. To that end, it was worked on some policies such as cuts in social spending, layoffs, wage cuts, an increase in consumption taxes, new regulations on pension and health systems and policies aimed at increasing the labour market flexibility.

The austerity programmes, which have been implemented in many countries since 2010, have been faced heavy criticism around the world. The main reason behind this criticism is that pretending as if the problem is related to the public sector and making reforms and taking measures for the public sector

even though the financial sector has the main responsibility of the crisis. The second criticized issue is that these austerity programmes paved the way for cuts in social security spendings and health spendings. (Göker, 2014: 109). The burden of the crisis has been reflected to the taxpayers in society by converting private debt into public debt. More than that, the austerity programmes also have affected workers on society.

2.4. THE EVOLUTION OF NEOLIBERALISM TO AUTHORITARIAN NEOLIBERALISM

The neoliberal policies which have been implemented since late 1970s have gone through the changes especially after the global financial crisis. It would not be wrong to argue that neoliberalism have turned into authoritarian neoliberalism in conjunction with the debt crisis in European Union and long recession in the wake of subprime mortgage crisis. It resulted in neoliberal hegemony crisis in EU as the neoliberal policy responses to the crisis that implemented by European authorities have failed in terms of bringing a solution. The neoliberal austerity policies and recession have rapidly reduced the active consent of the social forces that support the EU project and the scope of the hegemony has considerably narrowed. A prime example of that tendency is that the Greek general election of 2015 has resulted in success of far-left party Syriza. It can be interpreted as a sign of social backlash against the neoliberal policies. More than that, the rise of far-right parties in many European countries can be considered as another sign of the neoliberal hegemony crisis in EU. While the main goal of the EU's establishment is to remove borders and to ensure free movement of goods, services, capital and persons, the nationalist discourse and the protectionist policies are the topical issues on the politicians' agenda today. Therefore, more radical neoliberal policies have been applied to reestablish the hegemony. In other words, the repressive aspect of the hegemony has been increased when the opposition to the EU project has increased. According to Paul Krugman, the main objective of imposing the financial austerity programmes to the European

countries is not to overcome the crisis, but to institutionalise of radical neoliberalism at the European Union level through the crisis (Krugman, 2012).

The alternative policies and reforms have not been developed although it has been seen that the neoliberal policies that have implemented as a response to the crisis have caused further deepening of the crisis and its effects. The austerity policies, which have been implemented within the scope of authoritarian neoliberal ideology, not only have failed to stimulate the economy but also have both caused a decrease in national income and deterioration in income distribution. The burden of the crisis have transferred from capitalists to workers or from core countries to peripheral countries. It is aimed to reduce public expenditures and public deficit with the austerity programmes and it means that cuts in wages and social expenditures even though the crisis is resulted from the financial sector.

CHAPTER III

THE FUTURE OF THE NEOLIBERAL HEGEMONY IN THE EUROPEAN UNION

3.1. RE-ESTABLISHMENT OF THE NEOLIBERAL HEGEMONY IN THE EU BY ABANDONING THE AUTHORITARIAN NEOLIBERALISM

The consent of social powers about European integration project has reduced due to the long recession process and the neoliberal austerity programmes in the wake of Euro debt crisis and it resulted in hegemony crisis in the EU. As the hegemony has lost its influence, more neoliberal authoritarian policies has been applied in the member states in the EU. More to the point, the increase in public debt with the transformation of private sector debt into public sector debt has limited public expenditures and support even though the fact that high public debt is not the cause of the crisis but it is the result. It has been interfered with economic issues affecting the welfare of individuals such as employment, tax policy, social services and so on even though the crisis originated from the financial sector. One possible scenario for the future of neoliberal hegemony in the EU is abandoning the authoritarian neoliberal policies and making real reforms and regulations which will provides solution to the crisis in order to reestablish the neoliberal hegemony in the EU. Indeed, the Euro crisis is considered as a structural crisis in addition to the cyclical factors causing the crisis. To that end, it is better to focus on root causes of the crisis so as to suggest alternative solution-oriented policies rather than insist on neoliberal policies that do not only provide a solution but also deepen the crisis.

Kazgan emphasize the power of the financial sector to create liquidity through financial derivatives and financial innovations that are out of control and audit in accordance with the neoliberal vision and point out it as one of the important factors caused to crisis (Kazgan, 2012: 2). The speculative use of derivative

financial instruments, the lack of inspection, deregulation in financial sector, the lack of transparency, the excessive expansion and profit growth in financial sector in contrast with the real sector, the increase in moral hazard and the lack of information for borrowers about the expectations regarding interest rates led to the formation of an economic structure that paved the way for the crisis. Besides, the neoliberal policies that have been implemented since 1970s such as deregulation, privatisation, financial liberalisation, minimising the role of the state in the economy also contributed to trigger the crisis and its effects.

The regulations and reforms for the financial sector are primarily needed as the crisis has arisen from the financial sector. The speculative role of investment banks and hedge funds in the outbreak of the crisis is considered as one of the important risk-increasing factors of the banks. As hedge funds are not officially controlled by audit institutions and not subject to the capital adequacy ratio, hedge funds have become risky (Akgüç, 2009: 7). Another two important factors that triggered the crisis are excessive expansion of balance sheets of investment banks without taking measures against possible losses and their investment in risky housing and consumer credits (Orhan et al., 2009: 46). The measures such as increasing deposit guarantee, recapitalization of banks, financial expropriation and toxic assets purchases were taken as a response of crisis. Nevertheless, these measures were one of the short-term solutions and therefore they failed to improve the market conditions by rebuilding the confidence in financial markets (Erdönmez, 2009: 89). The financial crisis of 2008 is considered as a primary example of bursting of a credit balloon that emerged when market participants are free and behave rationally to maximize their own interests. Therefore, the supervision in the financial sector has a great importance in terms of preventing the occurrence and spread of such crisis. (Kazgan, 2012: 11). Apart from all other causes to the crisis, Odabaş and Bahtiyar emphasize the fact that the high level of integration of member states' financial and real sector and the use of monetary

policy through one authority namely ECB have increased the level and speed of the interaction among the states (Odabaş and Bahtiyar, 2011: 104).

The ability of countries such as Greece, Portugal, Italy to borrow easily through low interest rates after becoming a member of Eurozone is considered as the breakaway point of fiscal discipline and the main cause of the debt crisis in the EU. In other words, these countries have used borrowing as a means of generating income (Eğilmez, 2012). The imbalances in terms of economic performance between the core countries and the peripheral countries that have permanent budget deficit and current account deficit are considered as one of the structural soft spots of the EU causing the crisis. When the peripheral countries first enter the Eurozone, low interest rates have had positive contribution to the growth of these countries. The low interest rates increase the demand for consumer goods and real estate through credits and the growth is accelerated and real wages are increased. Following this, the imports are increased while the exports are decreased and thus the economies of these countries start to have deficit in current account. As they are the members of the Eurozone, they do not have devaluation policy option to increase their exports. Therefore, the external debt of these national economies that lose their competitiveness due to the current account deficit continuously increases. Also, other member countries that have current account surplus provide credits to these countries when there are capital outflows from these countries and these countries start to have difficulty in repayment and have liquidity problems (Şanlıoğlu, 2016: 104-105). The main factor that constitutes structural imbalances between member countries is the differences in labor productivity in countries. The countries with low labor productivity have a current account deficit while the countries with high labor productivity have a current account surplus. The countries with current account deficit meet this deficit by borrowing from countries with current account surpluses. At this point, the austerity programmes are imposed by EU authorities on the pretext of resolving these structural imbalances (Akçay, 2018).

In the first stage, both the American Central Bank and the European Central Bank reduced the interest rates in line with the neoliberal monetary policy as a response to the crisis. It was aimed at providing liquidity for the financial institutions that have difficulty in repayment, strengthening the financial position of the banking sector, increasing the consumption and investment expenditures by expanding the credit facilities and exit the recession. However, the policy of interest rate cuts in the period of recession may result in liquidity trap according to Keynesian theory. Instead of monetary policy, the expansionary fiscal policy could have been more effective in terms of stimulating the economy by increasing the demand in the period of recession. The bail-out packages for member states that had difficulty in repayment were prepared immediately after when it was realised that interest rate cuts did not work as it was intended. The main aim of these packages was to provide credits on easy terms and to lower the cost of borrowing of member states that faced with financial problems. Therefore, these bail-out packages did not resolve the structural problems and the soft spots of the economic governance of the EU.

The problems arising from the financial sector due to the lack of inspection may result in an increase in the supervisory role of the state as well as the regulatory role. In addition, new regulations regarding the risk management policies of the banks should be made and risks regarding liquidity management should be revised in order to strengthen the financial sector. More than that, setting certain standards and criteria for the financial sector in the EU and auditing them are crucial for member countries to act in cooperation but in this case the structural differences between countries will be ignored. Besides, bringing back the controls and regulations on the financial institutions, which were liberalised and deregulated with the wave of neoliberalism in the 1980s, have vital importance in terms of preventing excessive borrowing and mismanagement practices. Also, the regulation of credit rating agencies is needed due to negative effects of unrealistic assessment of these agencies on the economies during the global financial

crisis. When the measures taken by European authorities and politicians against the crisis are considered, it can be said that the short-term solutions have been generally preferred. However, long-term solutions rather than short-term ones make a significant contribution in terms of preventing the emergence of new global crisis.

To put it in a nutshell, one possible scenario in terms of reestablishing the neoliberal hegemony in the EU is to focus on real reasons and solutions of the crisis rather than implementing authoritarian neoliberal policies that negatively affect the support of social classes regarding neoliberal hegemony through EU intergration process. In addition, solution-oriented reforms and regulations are needed to make and the alternative sound and consistent policies should be developed. It is one possible way to reestablish the neoliberal hegemony and to create economic stability again in the EU by receiving social classes' support.

3.2. THE END OF NEOLIBERAL HEGEMONY AS A RESULT OF FURTHER AUTHORITARIANISM

For the first time, Britain's decision to leave the EU has sparked a debate about the future of the EU. Until Brexit, the EU project was an integration success but EU has currently faced with the existential crisis with Brexit. At this stage, the primary goal of the EU is not to ensure the enlargement with new members but is to ensure the continuation of the EU's existence and to prevent its disintegration. The second possible scenario for the future of neoliberal hegemony in the EU is continuing even more authoritarian policies rather than abandoning authoritarian neoliberalism so as to reestablish the neoliberal hegemony in the EU. However, this scenario may result in the end of the neoliberal hegemony as a result of disintegration of the EU.

The integration of the EU consisting of consalidation and enlargement with new members has been believed to be an irreversible process and this process is known as the Brejnev doctrine of Europe. According to Brejnev

doctrine, the collapse of socialism is never allowed in a country where socialism is once established. However, the integration success of the EU has come under increasingly fierce criticism in the wake of the Britain's decision to leave from the EU. With the deepening governance crisis as a result of the global financial crisis and the neoliberal hegemony crisis, the EU can no longer ensure prosperity and stability (Tutar, 2019). The authoritarian implementation of the austerity programmes that do not provide any solution has led to the rise of far-right parties against the center-right parties which has adopted neoliberal norms and principles. In this context, Akçay argue that the political turmoil and uncertainties will continue as long as the authoritarian neoliberal structure of the EU has not changed (Akçay, 2018).

The European Union has had difficulty in overcoming the current chronic and structural problems, making regulations and reforms and developing alternative policies apart from the neoliberal policies to solve the financial crisis of 2008. More than that, the key values of the EU such as freedom, equality, respect for human rights have been eroded with the rise of authoritarianism in the policies that have been implemented as a response to the crisis.

The policies implemented as a response to the crisis have focused on further contraction of the public sector. Due to the decreases in public expenditures, becoming difficult accessibility of social security, pension and health services, freezing of wages, the decline in living standards of great majority of society, restrictions on social rights of employees have implemented in many European countries. More than that, the voters realised that they do not have right to speak regarding the economic policies which affect their prosperity. It is inconsistent with the EU which is defined as the project of democracy, freedoms and social rights (Karan, 2018).

It is possible to be created a vicious cycle in case of continuing the authoritarian policies. In the vicious cycle, as in the case of Greece, the same process is experienced by many other countries, the burden is shared by other

member countries, the implementation of austerity programmes, the preparation of bail-out packages and limitations on social expenditures and so on. It is likely that there will be separations from the EU in conjunction with the gradually weakening of the strong belief to the EU integration project as a result of instability and social unrest created by the vicious cycle. Another factor that may cause this change of attitude favoring separations from the EU is that the possibility of that Britain will continue as a strong country without having any problems after leaving the EU. If it happens, it may strengthen the supporters of separation in other member countries. It means that the integration evolves into a disintegration process. In addition, it reinforces the possibility that racism, nationalism, anti-immigration and xenophobia may rise in conjunction with the far-right parties become dominant in many EU countries. It indicates the erosion of the key values advocated by the EU since its establishment. When all these possibilities are considered as a whole, the possibility of the disintegration of the EU rather than integration which is a *sine qua non* of the EU project and the end of neoliberal hegemony comes to the forefront.

The separation of the countries in debt crisis from the EU may make positive contributions to the competitive power of these countries through the use of devaluation policy. However, European authorities think that leaving the EU will negatively affect the European Monetary System. Although this possibility creates cyclical fluctuations within the EU in the short term, it can be considered as the solution of the crisis in the medium term (Taştan, 2013).

It would not be wrong to claim that it may result in the end of the neoliberal hegemony in the wake of disintegration of the EU in the long run if EU politicians and authorities insist on authoritarian neoliberal policies so as to reestablish the neoliberal hegemony again. The main triggering factor that would affect this result is the decreasing support of the social classes and the weakening of the strong belief to the EU integration project. In addition, if European Union becomes more authoritarian in future, almost all of the fundamental values of EU may disappear and the EU may lose its legitimacy

by deviating from the founding purpose. Moreover, this process may bring along the rise of far-right parties in many European countries and its radical policies which is incompatible with the basic tenets and principles of the EU.

3.3. RE-ESTABLISHMENT OF THE NEOLIBERAL HEGEMONY BY CREATING A FISCAL UNION

Another possibility for the future of the neoliberal hegemony is the resurgence of neoliberal hegemony in the EU by designing a European Fiscal Union in addition to the monetary policy. The global financial crisis showed that the common currency area requires an integration in fiscal policies as well as monetary policies.

Actually, this scenario is already implemented through fiscal compact policy. With the austerity programmes, which were designed as a response to the global financial crisis started in 2008, imposed by Troika consisting of European Union, European Central Bank and International Monetary Fund has been intervened in the powers of the purse of the member states. With these austerity programmes, which include neoliberal impositions such as fiscal discipline, fiscal rules and primary surplus, social expenditures were reduced, salaries were cut, and taxes were increased. In addition, the European authorities were also displeased with the failure of member states to comply with the Maastricht criteria which was designed for ensuring the fiscal discipline. Therefore, it is aimed at strengthening the fiscal discipline and institutionalising it as a whole within the European Union with the Fiscal Compact. The member states that have signed the Fiscal Compact submit their national budgets first to a supranational institution consisting of the European Commission and the Council of Europe and then to their national assemblies. In this context, it can be said that the Fiscal Compact point out a fiscal union that determines the fiscal policies of member states and sanctions in the case of non-fulfilment of requirements (Konukman, 2013: 2-3).

Some argue that the current neoliberal EU crisis can be overcome by increasing the integration through the United States of Europe which incorporates both the monetary union and the fiscal union. In such a case, transfers from countries with current account surpluses to countries with current account deficits will become possible. However, this option is difficult to make actual because the full integration will require the complete ineffectiveness of the member states whose elbow rooms are already restricted (Akçay, 2018). It is argued that most of the objectives of the European Monetary System have not been achieved. The most important reason for this is the failure to develop a fiscal policy compatible with the monetary policy. While the monetary policy of the EU is determined by the European Central Bank, there is no supra-member institution that can manage the fiscal policy. Thus, it has increased the flexibility of the member countries in fiscal policies and has expanded the scope of action (Taştan, 2013). Berger et al. argue that the formation of common fiscal policy has a great importance in terms of fiscal risk sharing and preserving the stability and integration. As Economic and Monetary Union do not have a political union, the member states generally have to decide on their own. In such a case, the countries, which have high public debt and little elbow room to respond by using fiscal policies, frequently face with the economic crisis or financial shocks. It is unfortunately possible to be faced with the existential crisis in the EU without the fiscal union (Berger et al., 2018).

It is aimed at eliminating the economic and financial problems among the member countries and to strengthen the integration by helping them to adopt common policies with the convergence criteria. Also, preventing the arbitrary treatment of governments about issues regarding public finance is expected with the help of criteria and limitations. However, these criteria and limitations have not been taken into account by governments of member countries and these countries failed to implement a common budget policy. It is conceived as one of the important factors that deepened the crisis. Although there are common fiscal criteria set out in the Maastricht Treaty regarding public finance,

two different group of countries in terms of economic performance have been formed within the EU due to the different fiscal policies implemented at national level. Although it is indicated in the Maastricht Treaty that it is not possible to borrow above the limits set through convergence criteria, high public debt have become an indispensable fact of the European area.

On the other hand, the soft spots of the Maastricht Treaty are criticized in the wake of the global financial crisis. The lack of a common economic management approach, the lack of common debt management due to the condition of no-bail-out and the determination of a common and single interest rate despite the economic differences between countries are considered as the weaknesses of the Treaty (Şanlıoğlu, 2016). In case of failure to comply with these criteria, the insufficient legal sanctions is another critical point. In addition, in spite of the current sanction system, the non-implementation of sanctions in case of violation of these criteria paves the way for the arbitrary practises.

As a matter of fact, many economists criticized the formation of a common currency area while the member states have still policy independence regarding fiscal policy and the political union has not yet established.

CONCLUSION

The objective of this study is to reveal the evolution of the neoliberal hegemony in the European Union within the scope of global financial crisis and to discuss the possible scenarios related to the future of the neoliberal hegemony in the European Union. In this context, the constitution of the neoliberal hegemony in the European Union and the crisis of the neoliberal hegemony is analysed after introducing the theoretical and conceptual framework on the hegemony and the neoliberal hegemony and three possible scenarios regarding the future of neoliberal hegemony are emphasized.

In the first chapter of the study, the terms of the hegemony and the neoliberal hegemony are explained separately under the titles of the concept, the role and the historical development in the light of a detailed literature study.

In the second chapter of the study where is researched the evolution of the neoliberal hegemony in the European Union, firstly, how neoliberal hegemony is constituted in the European Union is presented. The evolution of the neoliberal hegemony is explained only within the scope of European Union. Also, the crisis of the neoliberal hegemony is revealed in the context of European debt crisis which is occurred in the wake of the global financial crisis and its effects on the hegemony. In addition, the change in the European neoliberal economic policies in the post-crisis period and the evolution of the neoliberalism to authoritarian neoliberalism are also evaluated in order to find out the change in the neoliberal hegemony in the European Union.

In the third chapter of the study, three possible scenarios for the future of the neoliberal hegemony in the European Union; the re-establishment of neoliberal hegemony by abandoning the authoritarian neoliberalism, the end of neoliberal hegemony as a result of further authoritarianism and the re-establishment of neoliberal hegemony by creating a fiscal union as well as the monetary union are revealed and each scenario is discussed in terms of their advantages and disadvantages.

When the theoretical and conceptual framework is researched, it is stated that obtaining hegemony based on consent rather than coercion is important for ensuring the continuity of the hegemony. It has been concluded that the political discourse and activities play a critical role in shaping the social consent and thus it is not possible to exclude the state. Moreover, the neoliberal hegemony also needs the state intervention in order to protect the interests of the social class- the international capitalist class- of which it is supported. Considering the origin of neoliberalism, it is clear that neoliberalism emerged as a result of the need for revitalization of the eroded liberal view and it is not differ much. In the context of the historical development of neoliberalism within the scope of structural reforms, oil crises, Structural Adjustment Programmes and structural reforms such as the Bretton Woods, the Washington Consensus and the Post-Washington Consensus are important developments contributing to the rise of neoliberal hegemony and the implementation and the spread of neoliberal policies around the world. Through the Structural Adjustment Programmes, which include neoliberal policies, it is concluded that although credit allocation to developing countries is apparently a capital transfer, it is actually a transfer of neoliberal policies rather than capital transfer and it is aimed to adopt neoliberal hegemony worldwide. At this point, the IMF and the World Bank undertake an important mission and has a greater role.

Considering the structural reforms, it is obvious that through the policies it proposes, it is aimed to introduce neoliberalism as a hegemonic power to the world and to support the interests of the neoliberal hegemony and thus the international capitalist class. In addition, it is underlined that globalization and its developments coincide with neoliberalism and that globalization is an important driving force for the rise of neoliberal hegemony.

When the scenarios discussed about the future of neoliberal hegemony in the EU are evaluated in terms of their advantages and disadvantages, the second scenario which is resulted in the end of neoliberal hegemony as a result of further authoritarianism has several disadvantages such as creating a vicious circle within the Union, highlighting the possibility of questioning the existence of the

EU and strengthening the prospects for member states to leave the EU, In a similar way, the third scenario which is resulted in the re-establishment of the neoliberal hegemony by creating a Fiscal Union as well as the monetary union is a difficult possibility for the member states who already have a limited area of action in monetary policy management as this scenario suggest taking the fiscal policy management of member states and transfer them to a supranational authorities. Therefore it can be said that the first scenario, which is related to the real causes of the crisis by abandoning authoritarian neoliberalism, and introducing the re-establishment of neoliberal hegemony with the implementation of regulations and reforms that will provide solutions to prevent possible crises and problems in the long term, can be said to be more suggestive.

BIBLIOGRAPHY

- Aalbers, M. B. (2013). Debate on Neoliberalism in and after the Neoliberal Crisis. *International Journal of Urban and Regional Research*, 37(3), 1053-1057.
- Akçay, Ü. (2018). Avrupa'da Krizin Nedenleri ve Gidişatı. Access: 8 June 2019, <https://www.gazeteduvar.com.tr/yazarlar/2018/11/15/avrupada-krizin-nedenleri-ve-gidisati/>.
- Akçoraoğlu, A. (2017). Avrupa Birliğinde Neoliberal Hegemonya, Otoriter Neoliberalizm ve Neo-Gramsciyen Uluslararası Politik İktisat Teorisi. *Alternatif Politika*, 9(1), 1-34.
- Akgüç, Ö. (2009). Kriz Nedeni ve Çıkış Yolları. *Muhasebe ve Finansman Öğretim Üyeleri Bilim ve Araştırma Derneği Muhasebe ve Finansman Dergisi*, 42, 6-11.
- Amin, S. (1997). *Capitalism in the Age of Globalization*. New York: Zed Books.
- Arrighi, G. (1994). *The Long Twentieth Century: Money, Power, and the Origins of Our Times*. London: Verso.
- Arrighi, G. (2007). *Adam Smith in Beijing: Lineages of the Twenty-First Century*. London: Verso.
- Bello, W. (1994). Global Economic Counterrevolution: How Northern Economic Warfare Devastates the South. Danaher, Kevin (Ed.), *50 Years is Enough*, South End Press, Boston 14-19.
- Berger, H., Dell'Araccia, G. and Obstfeld, M. (2018). The Euro Area Needs a Fiscal Union. Access: 9 June 2019, <https://blogs.imf.org/2018/02/21/the-euro-area-needs-a-fiscal-union/>
- Bieler, A. (2011). Labour, New Social Movements and the Resistance to Neoliberal Restructuring in Europe. *New Political Economy*, 16(2), 163-183.
- Bockman, J. (2013). Neoliberalism. *Contexts*, 12(3), 14–15.
- Bohle, D. (2006). Neoliberal Hegemony, Transnational Capital and the Terms of the EU's Eastward Expansion. *Capital & Class*, 30(1), 57-86.
- Böhm, F. (2018). *Hegemony Revisited: A Conceptual Analysis of the Gramscian Concept of Hegemony in International Relations Theory*. Master's Thesis, Lund University, Sweden.

- Broome, A. (2015). Back to Basics: The Great Recession and the Narrowing of IMF Policy Advice. *Governance: An International Journal of Policy, Administration and Institutions*, 28(2), 147-165.
- Buch-Hansen, H. and Wigger, A. (2010). Revisiting 50 Years of Market-Making: The Neoliberal Transformation of European Competition Policy. *Review of International Political Economy*, 17(1), 20-44.
- Carroll, T. (2012). Introduction: Neo-liberal Development Policy in Asia Beyond the Post-Washington Consensus. *Journal of Contemporary Asia*, 42(3), 350-358.
- Classical Liberalism vs. Neoliberalism. Access: 27 December 2018, https://eanfar.org/classical-liberalism-vs-neoliberalism/#_ftn1
- Coakley, M. (2016). Ireland, Europe and the Global Crisis. *Journal of World-Systems Research*, 22(1), 177-201.
- Cohn, T. H. (2012). *Global Political Economy*. Boston: Pearson Longman.
- Comaroff, J. (2011). The End of Neoliberalism? What is Left of the Left?. *The Annals of the American Academy of Political and Social Science*, 637, 141-147.
- Cömert, H. (2016). From Trilemma to Dilemma: Monetary Policy During and After the Bretton Woods System. *Hacettepe University Journal of Economics and Administrative Sciences*, 34(1), 115-136.
- Çekin, S. E. (2017). Değişim Sürecindeki AB Ekonomisi-Avro Krizi ve Artan Almanya Etkisi. *Siyaset, Ekonomi ve Toplum Araştırmaları Vakfı*, 220, 1-24.
- Daldal, Ş. (2016). Neoliberalism, Financialization and Labour Markets. *Journal of Emerging Economies and Policy*, 1, 85-104.
- Dardot, P. and Laval, C. (2013). *The New Way of the World: on Neoliberal Society*. London, Brooklyn, NY: Verso,
- Desai, M. (2011). *Marx'ın İntikamı*. (G. Özgür, trans.). Ankara: Efil Press. (2004).
- Dural, B. (2012). Antonio Gramsci ve Hegemonya. *Elektronik Sosyal Bilimler Dergisi*, 11(39), 309-321.
- Duramaz, S. and Dilber, İ. (2015). Küresel Kriz Sürecinde Para Politikasında Yeni Bir Araç Olarak Faiz Koridoruna Genel Bir Bakış. *Maliye Araştırmaları Dergisi*, 1(1), 29-38.
- Eğilmez, M. (2012). Euro Krizinin Nedeni. Access: 9 June 2019, <http://www.mahfiegilmez.com/2012/06/euro-krizinin-nedeni.html>.

- Erdem, E. and İlgün M. F. (2013). Küresel Kriz Sonrası Finansal Piyasalara Yönelik Politikaların Yönetiminde Maliye ve Para Politikalarının Uyumu. *Küresel Kriz ve Maliye Politikaları Sempozyumu*, 287-309.
- Erdönmez, P. A. (2009). Küresel Kriz ve Ülkeler Tarafından Alınan Önlemler Kronolojisi. *Bankacılar Dergisi*, 68, 85-101.
- European Commission. Access: 20 March 2019, https://ec.europa.eu/info/business-economy-euro/euro-area/enlargement-euro-area/convergence-criteria-joining_en
- Fischer, S. (2003). Globalization and Its Challenges. *American Economic Review*, 93(2), 1-30.
- Gane, N. (2015). Trajectories of Liberalism and Neoliberalism. *Theory, Culture & Society*, 32(1), 133-144.
- Göker, Z. (2014). Küresel Kriz Sonrası Maliye Politikalarında Değişim ve Mali Tuzak Riski. *Çalışma ve Toplum*, 1, 103- 116.
- Gramsci, A. (2010). *Selections from the Prison Notebooks*. (Q. Hoare and N. S. Geoffrey, trans.). New York: International Publishers.
- Griffith, B. G. (2006). *The Paradox of Neoliberalism: A Critique of the Washington Consensus in the Age of Globalization*. Hispanic Studies Honors Papers. <https://digitalcommons.conncoll.edu/hisphp/1/>
- Harvey, D. (2005). *A Brief History of Neoliberalism*. Oxford: Oxford University Press.
- Hermann, C. (2007). Neoliberalism in the European Union. *Studies in Political Economy*, 79(1), 61-90.
- Karan, C. (2018). İtalya'nın Yaşadığı Kriz Neoliberal Avrupa Modelinin Krizi. Access: 9 June 2019, https://tr.sputniknews.com/ceyda_karan_ksen/201805281033630981-italya-ekonomik-kriz-neo-liberalizm-avrupa-model/.
- Kazgan, G. (2012). 2008 Küresel Krizi: Nedenleri, Etik İlkeleri ve İktisat Eğitimi. *Working Papers*, 98, Türkiye Ekonomi Kurumu.
- Kirby, P. (2010). Lessons From the Irish Collapse: Taking an International Political Economy Approach. *Irish Studies in International Affairs*, 21, 43-55.
- Konukman, A. (2013). Bütçe Hakkı Çağrısı. *Kamu Emekçileri Sendikaları Konfederasyonu (KESK-AR)*.
- Access: 17 July 2019, <http://www.kesk.org.tr/2013/02/27/aziz-konukman-butce-hakki-cagrisi/#>

- Krogstad, E. (2007). The Post-Washington Consensus: Brand New Agenda or Old Wine in a New Bottle?. *Challenge*, 50(2), 67-85.
- Krugman, P. (2009). *How Did Economists Get it So Wrong?*. Access: 15 February 2019, The New York Times: <https://www.nytimes.com/2009/09/06/magazine/06Economic-t.html>.
- Krugman, P. (2012). *The Austerity Agenda*. Access: 1 June 2019, The New York Times: <https://www.nytimes.com/2012/06/01/opinion/krugman-the-austerity-agenda.html>.
- Larner, W. (2009), Neoliberalism. R. Kitchin and N. Thrift (Eds.). *International Encyclopedia of Human Geography* (p. 374-378). Oxford: Elsevier.
- Lopes, C. (2012). Economic Growth and Inequality: The New Post-Washington Consensus. *RCCS Annual Review*, (4), 1-17.
- Lopez, I. and Rodriguez, E. (2011). The Spanish Model. *New Left Review*, 69, 5-28.
- Lull, J. (1995). *Media, Communication, Culture: A Global Approach*. New York: Columbia University Press.
- Milios, J. (2005). European Integration as a Vehicle of Neoliberal Hegemony. A. Saad-Filho and D. Johnston (Eds.). *Neoliberalism: A Critical Reader* (p. 208-214). London: Pluto Press.
- Morton, A. D. (2007). *Unravelling Gramsci: Hegemony and Passive Revolution in the Global Political Economy*. London: Pluto Press.
- Odabaş, H. and Bahtiyar, E. (2011). Euro Bölgesi ve Mali İstikrarsızlık: Yeni Avrupa İstikrar Mekanizması Başarılı Olacak Mı?. *Ekonomi Bilimleri Dergisi*, 3(2), 101-110.
- Oosterlynck, S. and Gonzalez, S. (2013). "Don't Waste a Crisis": Opening Up the City Yet Again for Neoliberal Experimentation. *International Journal of Urban and Regional Research*, 37(3), 1075-1082.
- Orhan, O. Z., Dinçer, H. and Çelik İ. E. (2009). Küresel Ekonomik Krizin Nedenleri, Türkiye Ekonomisine Etkileri ve Çözüm Yolları. *Beykent Üniversitesi Sosyal Bilimler Dergisi*, 3(2), 22-66.
- Ostry, D. J., Loungani P. and Furceri, D. (2016). Neoliberalism: Oversold?. *Finance and Development*, 53(2), 38-41.
- Öniş, Z. and Şenses, F. (2005). Rethinking the Emerging Post-Washington Consensus. *Development and Change*, 36(2), 263-290.





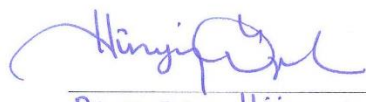
- Özel, H. (2016). Embedding Society in the Market and Transformation of Social Science. B. Gürbüz, H. Özel and M. Sarfati (Eds.). *Rethinking Liberalism*. (p.17-48). Ankara: Efil Press.
- Özen, Ç. (2006). Neogramsçıyan Hegemonya Yaklaşımı Çerçevesinde Güç ve Global Finans: Pax Britannica'daki Büyük Dönüşüm. *Uluslararası İlişkiler*, 2(8), 3-31.
- Özgür, G. and Özel H. (2010). Globalization, Financial Expansion and Crisis. *Journal of Public Administration*, 43(1), 33-56.
- Özgür, G. and Özel H. (2013). Double Movement, Globalization and the Crisis. *American Journal of Economics and Sociology*, 72(4), 892-916.
- Panic, M. (2007). Does Europe Need Neoliberal Reforms?. *Cambridge Journal of Economics*, 31(1), 145-169.
- Panitch L. and Gindin S. (2009). Finance and American Empire. L. Panitch and M. Konings (Eds.). *American Empire and the Political Economy of Global Finance*. International Political Economy Series. London: Palgrave Macmillan.
- Peck, J., Theodore, N. and Brenner, N. (2013). Neoliberal Urbanism Redux?. *International Journal of Urban and Regional Research*, 37(3), 1091-1099.
- Phumma, N. (2014). Neoliberalism and the Global Imbalances: The Neo-Gramscian Approach. *Working Paper Series, Department of Economics, University of Utah*, (04), 1-34.
- Polanyi, K. [1944] (2001). *The Great Transformation: The Political and Economic Origins of Our Time*. Boston, MA: Beacon Press.
- Rodrik, D. (2006). Goodbye Washington Consensus, Hello Washington Confusion? A Review of the "World Bank's Economic Growth in the 1990s: Learning From a Decade of Reform". *Journal of Economic Literature*, 44(2), 973-987.
- Rückert, A. (2007). Producing Neoliberal Hegemony? A Neo-Gramscian Analysis of the Poverty Reduction Strategy Paper (PRSP) in Nicaragua. *Studies in Political Economy*, 79(1), 91-118.
- Saad-Filho, A. and Yalman, G. L. (2010). Introduction. S. Alfredo and G. L. Yalman (Eds.). *Economic Transitions to Neoliberalism in Middle-Income Countries: Policy Dilemmas, Economic Crisis, Forms of Resistance* (p.1-7). London: Routledge.
- Schmidt, V. A. and Thatcher M. (2014). Why are Neoliberal Ideas so Resilient in Europe's Political Economy?. *Critical Policy Studies*, 8(3), 340-347.

- Smith, N. (2018). Neoliberalism. *Encyclopaedia Britannica*. Access: 6 January 2018, <https://www.britannica.com/topic/neoliberalism>.
- Stiglitz, J. E. (2002). *Globalization and its Discontents*. New York: W. W. Norton
- Stiglitz, J. E. (2006). *Making Globalization Work*. New York: W.W. Norton& Company.
- Stockhammer, E. (2014). The Euro Crisis and Contradictions of Neoliberalism in Europe. *Post Keynesian Economics Study Group Working Paper*, 1401, 1-18.
- Şanlıoğlu, Ö. (2016). Avrupa Birliği'nin Yapısal Bir Krizi Olarak Euro Krizinin Nedenleri ve Etkileri Üzerine Bir Değerlendirme. *Pamukkale Üniversitesi Sosyal Bilimler Enstitüsü Dergisi*, 6(2), 99-115.
- Taştan, V. (2013). Euro Krizi: Krizin Temelleri ve Çözüm Yolları. Access: 9 June 2019, <http://politikaakademisi.org/2013/06/20/euro-krizi-krizin-temelleri-ve-cozum-yollari/>.
- Thorsen, D. (2010). The Neoliberal Challenge-What is Neoliberalism. *Contemporary Readings in Law and Social Justice*, 2(2), 188-214.
- Thomas, M. K. and Yang, W. (2013). Neoliberalism, Globalization and Creative Educational Destruction in Taiwan. *Educational Technology Research and Development*, 61(1), 107-129.
- Thomas, P. D. (2013). Hegemony, Passive Revolution and the Modern Prince. *Thesis Eleven*, 117(1), 20-39.
- Tinel, B. (2011). The Crisis of Neoliberalism. *World Review of Political Economy*, 2(1), 117-133.
- Toporowski, J. (2005). 'A Haven of Familiar Monetary Practice': The Neoliberal Dream in International Money and Finance. A. Saad-Filho and D. Johnston (Eds.). *Neoliberalism: A Critical Reader* (p. 106-112). London: Pluto Press.
- Tutar, B. (2019). AB'nin Çöküşü Kanlı mı Olacak Yoksa Kansız mı Olacak?. Access: 9 June 2019, <https://www.sabah.com.tr/yazarlar/bercan-tutar/2019/01/17/abnin-cokusu-kanli-mi-yoksa-kansiz-mi-olacak>.
- Van Apeldoorn, B. (2014). The European Capitalist Class and the Crisis of its Hegemonic Project. L. Panitch, G. Albo and V. Chibber (Eds.). *The Socialist Register 2014* (p. 189-206). London: Merlin Press.
- Yeldan, E. (2002). Neoliberal Küreselleşme İdeolojisinin Kalkınma Söylemi Üzerine Değerlendirmeler. *Praksis*, 7, 19-34.

What's the Difference Between Liberalism and "Neoliberalism"? (2016). Access: 27 December 2018, <https://mises.org/wire/whats-difference-between-liberalism-and-neoliberalism>.

Williamson, J. (2004). The Washington Consensus as Policy Prescription for Development. Institute for International Economics.

APPENDIX 1. ETHICS COMMISSION FORM

 <p>HACETTEPE UNIVERSITY GRADUATE SCHOOL OF SOCIAL SCIENCES ETHICS COMMISSION FORM FOR THESIS</p>												
<p>HACETTEPE UNIVERSITY GRADUATE SCHOOL OF SOCIAL SCIENCES TO THE DEPARTMENT OF ECONOMICS</p> <p style="text-align: right;">Date: 23/07/2019</p> <p>Thesis Title: The Evolution of the Neoliberal Hegemony in the Case of the European Union</p> <p>My thesis work related to the title above:</p> <ol style="list-style-type: none"> 1. Does not perform experimentation on animals or people. 2. Does not necessitate the use of biological material (blood, urine, biological fluids and samples, etc.). 3. Does not involve any interference of the body's integrity. 4. Is not based on observational and descriptive research (survey, interview, measures/scales, data scanning, system-model development). <p>I declare, I have carefully read Hacettepe University's Ethics Regulations and the Commission's Guidelines, and in order to proceed with my thesis according to these regulations I do not have to get permission from the Ethics Board/Commission for anything; in any infringement of the regulations I accept all legal responsibility and I declare that all the information I have provided is true.</p> <p>I respectfully submit this for approval.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 70%;"></td> <td style="text-align: right;">Date and Signature</td> </tr> <tr> <td>Name Surname: Gamze CEYLAN TOPAÇ</td> <td style="text-align: right;">23/07/2019</td> </tr> <tr> <td>Student No: N13229345</td> <td style="text-align: right;"></td> </tr> <tr> <td>Department: Economics</td> <td></td> </tr> <tr> <td>Program: Economics (English)</td> <td></td> </tr> <tr> <td>Status: <input checked="" type="checkbox"/> MA <input type="checkbox"/> Ph.D. <input type="checkbox"/> Combined MA/ Ph.D.</td> <td></td> </tr> </table>		Date and Signature	Name Surname: Gamze CEYLAN TOPAÇ	23/07/2019	Student No: N13229345		Department: Economics		Program: Economics (English)		Status: <input checked="" type="checkbox"/> MA <input type="checkbox"/> Ph.D. <input type="checkbox"/> Combined MA/ Ph.D.	
	Date and Signature											
Name Surname: Gamze CEYLAN TOPAÇ	23/07/2019											
Student No: N13229345												
Department: Economics												
Program: Economics (English)												
Status: <input checked="" type="checkbox"/> MA <input type="checkbox"/> Ph.D. <input type="checkbox"/> Combined MA/ Ph.D.												
<p><u>ADVISER COMMENTS AND APPROVAL</u></p> <p style="text-align: center;">  PROF. DR. HÜSEYİN ÖZAL (Title, Name Surname, Signature) </p>												



HACETTEPE ÜNİVERSİTESİ
SOSYAL BİLİMLER ENSTİTÜSÜ
TEZ ÇALIŞMASI ETİK KOMİSYON MUAFİYETİ FORMU

HACETTEPE ÜNİVERSİTESİ
SOSYAL BİLİMLER ENSTİTÜSÜ
İKTİSAT ANABİLİM DALI BAŞKANLIĞI'NA

Tarih: 23/07/2019

Tez Başlığı: The Evolution of the Neoliberal Hegemony in the Case of the European Union

Yukarıda başlığı gösterilen tez çalışmam:

1. İnsan ve hayvan üzerinde deney niteliği taşımamaktadır,
2. Biyolojik materyal (kan, idrar vb. biyolojik sıvılar ve numuneler) kullanılmasını gerektirmemektedir.
3. Beden bütünlüğüne müdahale içermemektedir.
4. Gözlemsel ve betimsel araştırma (anket, mülakat, ölçek/skala çalışmaları, dosya taramaları, veri kaynakları taraması, sistem-model geliştirme çalışmaları) niteliğinde değildir.

Hacettepe Üniversitesi Etik Kurullar ve Komisyonlarının Yönergelerini inceledim ve bunlara göre tez çalışmamın yürütülebilmesi için herhangi bir Etik Kurul/Komisyon'dan izin alınmasına gerek olmadığını; aksi durumda doğabilecek her türlü hukuki sorumluluğu kabul ettiğimi ve yukarıda vermiş olduğum bilgilerin doğru olduğunu beyan ederim.

Gereğini saygılarımla arz ederim.

Tarih ve İmza

Adı Soyadı: Gamze CEYLAN TOPAÇ

Öğrenci No: N13229345

Anabilim Dalı: İktisat

Programı: İngilizce İktisat (Tezli)

Statüsü: Yüksek Lisans Doktora Bütünleşik Doktora

23/07/2019

Gamze

DANIŞMAN GÖRÜŞÜ VE ONAYI

Hüseyin Özer

(Unvan, Ad Soyad, İmza)

PROF. DR. HÜSEYİN ÖZER


Detaylı Bilgi: <http://www.sosyalbilimler.hacettepe.edu.tr>

Telefon: 0-312-2976860

Faks: 0-3122992147

E-posta: sosyalbilimler@hacettepe.edu.tr

APPENDIX 2. ORIGINALITY REPORT

 <p>HACETTEPE UNIVERSITY GRADUATE SCHOOL OF SOCIAL SCIENCES MASTER'S THESIS ORIGINALITY REPORT</p>		
<p>HACETTEPE UNIVERSITY GRADUATE SCHOOL OF SOCIAL SCIENCES TO THE DEPARTMENT OF ECONOMICS</p>		
<p>Date: 23/07/2019</p>		
<p>Thesis Title : The Evolution of the Neoliberal Hegemony in the Case of the European Union</p>		
<p>According to the originality report obtained by myself/my thesis advisor by using the Turnitin plagiarism detection software and by applying the filtering options checked below on <u>23./07./2019</u> for the total of <u>92</u>..... pages including the a) Title Page, b) Introduction, c) Main Chapters, and d) Conclusion sections of my thesis entitled as above, the similarity index of my thesis is <u>.3</u>..... %.</p>		
<p>Filtering options applied:</p> <ol style="list-style-type: none"> 1. <input checked="" type="checkbox"/> Approval and Declaration sections excluded 2. <input checked="" type="checkbox"/> Bibliography/Works Cited excluded 3. <input checked="" type="checkbox"/> Quotes excluded 4. <input type="checkbox"/> Quotes included 5. <input type="checkbox"/> Match size up to 5 words excluded 		
<p>I declare that I have carefully read Hacettepe University Graduate School of Social Sciences Guidelines for Obtaining and Using Thesis Originality Reports; that according to the maximum similarity index values specified in the Guidelines, my thesis does not include any form of plagiarism; that in any future detection of possible infringement of the regulations I accept all legal responsibility; and that all the information I have provided is correct to the best of my knowledge.</p>		
<p>I respectfully submit this for approval.</p>		
<table style="width: 100%; border: none;"> <tr> <td style="width: 70%; vertical-align: top;"> <p>Name Surname: Gamze CEYLAN TOPAÇ</p> <p>Student No: N13229345</p> <p>Department: Economics</p> <p>Program: Economics (English) Master Programme</p> </td> <td style="width: 30%; vertical-align: top; text-align: right;"> <p>Date and Signature</p> <p><u>23/07/2019</u></p> <p><i>[Signature]</i></p> </td> </tr> </table>	<p>Name Surname: Gamze CEYLAN TOPAÇ</p> <p>Student No: N13229345</p> <p>Department: Economics</p> <p>Program: Economics (English) Master Programme</p>	<p>Date and Signature</p> <p><u>23/07/2019</u></p> <p><i>[Signature]</i></p>
<p>Name Surname: Gamze CEYLAN TOPAÇ</p> <p>Student No: N13229345</p> <p>Department: Economics</p> <p>Program: Economics (English) Master Programme</p>	<p>Date and Signature</p> <p><u>23/07/2019</u></p> <p><i>[Signature]</i></p>	
<p><u>ADVISOR APPROVAL</u></p>		
<p>APPROVED.</p> <p><i>[Signature]</i></p> <p>Prof. Dr. Hüseyin ÖZEL</p>		



HACETTEPE ÜNİVERSİTESİ
SOSYAL BİLİMLER ENSTİTÜSÜ
YÜKSEK LİSANS TEZ ÇALIŞMASI ORJİNALLİK RAPORU

HACETTEPE ÜNİVERSİTESİ
SOSYAL BİLİMLER ENSTİTÜSÜ
İKTİSAT ANABİLİM DALI BAŞKANLIĞI'NA

Tarih: 23/07/2019

Tez Başlığı : The Evolution of the Neoliberal Hegemony in the Case of the European Union

Yukarıda başlığı gösterilen tez çalışmamın a) Kapak sayfası, b) Giriş, c) Ana bölümler ve d) Sonuç kısımlarından oluşan toplam 22 sayfalık kısmına ilişkin, 23/07/2019 tarihinde şahsen tez danışmanım tarafından Turnitin adlı intihal tespit programından aşağıda işaretlenmiş filtrelemeler uygulanarak alınmış olan orijinallik raporuna göre, tezin benzerlik oranı % 3'tür.

Uygulanan filtrelemeler:

- 1- Kabul/Onay ve Bildirim sayfaları hariç
- 2- Kaynakça hariç
- 3- Alıntılar hariç
- 4- Alıntılar dâhil
- 5- 5 kelimedenden daha az örtüşme içeren metin kısımları hariç

Hacettepe Üniversitesi Sosyal Bilimler Enstitüsü Tez Çalışması Orijinallik Raporu Alınması ve Kullanılması Uygulama Esasları'nı inceledim ve bu Uygulama Esasları'nda belirtilen azami benzerlik oranlarına göre tez çalışmamın herhangi bir intihal içermediğini; aksinin tespit edileceği muhtemel durumda doğabilecek her türlü hukuki sorumluluğu kabul ettiğimi ve yukarıda vermiş olduğum bilgilerin doğru olduğunu beyan ederim.

Gereğini saygılarımla arz ederim.

Tarih ve İmza

Adı Soyadı: Gamze CEYLAN TOPAÇ

Öğrenci No: N13229345

Anabilim Dalı: İktisat

Programı: İktisat (İngilizce) Yüksek Lisans Programı

23/07/2019

gamze

DANIŞMAN ONAYI

UYGUNDUR.

Hüseyin Özel
Prof. Dr. Hüseyin ÖZEL