

İSMAIL ERTÜRK

*Nothing Byzantine about
the Istanbul Stock Exchange*

I first told my stories

of the two Istanbul taxi drivers at an unexpected reunion with old high school friends. The stories suited the occasion. Istanbul Stock Exchange linked the stories to our coincidental meeting. The stories really started in London at a conference organised by the Turkish Foreign Economic Relations Council for fund managers in the City. A conference speaker, Roland Wojewodzkzi, a senior executive at the Swiss Bank Corporation, explained in a meticulous way why his bank had invested in the Istanbul Stock Exchange. As his bank's Greek representative in Istanbul was tapping on the computer keyboard for the slides showing graphics to appear on the big screen, Wojewodzkzi was telling his audience with great authority that a careless look at Turkish statistics would miss the underlying strength of the country's economy.

"Turkey has a very low per capita income according to official statistics. A mere \$3,000," he said. "Quite a large number of international investors, using this statistic, do not consider Turkey worthy of investment." He was right. A fund manager from a very large insurance company, who sat next to me at lunch, was leaving next day for a fact-finding visit to Bucharest, Istanbul and Cairo. He planned to spend only five hours in Istanbul. Wojewodzkzi continued with his strong French accent: "But, if you adjust the official figure to include Turkey's unregistered (black) economy in the calculation, use the correct purchasing power of Turkish lira, and isolate Istanbul from the rest of the country, you get a small-sized European nation with an eight million population, where the income per capita is

US\$15,000. "Wojewodzkzi was explaining the Turkish economy to the international investors better than any Turkish banker I had heard. He also said that he was aware of the very bad income distribution in Turkey. "But," he continued, "US\$15,000 per capita is still there."

The taxi driver who took me from Atatürk Airport in Istanbul to my hotel in Maslak, where the new financial centre was located, had a story that proved Wojewodzkzi's point on the size of the unregistered economy in Istanbul. Another taxi driver, who, the following day, took me to the training centre of a Turkish bank, which was located just outside Istanbul and where I gave a talk on finance to a group of bankers, also told me things that supported Wojewodzkzi's reasons for investing in the Istanbul Stock Exchange. This whole incident of ordinary locals supporting an international financier's analysis of the economy called to mind a recent article by Slavoj Žižek in *New Left Review*. In "Multiculturalism, or, the cultural Logic of Multinational Capitalism," Žižek said "...each universal ideological notion is always hegemonised by some particular content which colours its very universality and accounts for its efficiency." To me, the international financier Wojewodzkzi was "hegemonising" Žižek's notions in his article, and the two taxi drivers from Istanbul, in turn, were "hegemonising" Wojewodzkzi's notions of global finance.

I felt as if we were all beads on a thread: international fund managers, taxi drivers, the Istanbul Stock Exchange, multinational capitalism, my friends and I. Istanbul was holding us all together. It was the Istanbul Stock Exchange that brought my five high school friends and I together again. Fifteen years is a long time to wait for a reunion. Apart from Reşat, who was our volunteer athletics coach, we were all classmates at high school. From the balcony of Bülent's house where we were having drinks, one could see the buildings of our high school overlooking the Bosphorus. Very occasionally, two or three of us who happened to be in Istanbul met up. But, it was the first time since we graduated that the six of us were in Istanbul at the same time. Only Bülent was living and still lives in Istanbul. The rest of us live abroad. Bülent and I saw each other often. I was working then as now at the London branch of an American bank as a stock market analyst.

For the last three years I had been given the responsibility for investment analysis at the Istanbul Stock Exchange. I traveled to Istanbul almost once month. Nowadays, it is less frequent. Bülent was at the time working for a Turkish bank as a fund manager responsible for relations with overseas investors. He since changed his job and now is working for a big media company.

Bülent and I had more in common than the rest of our friends. Not only because we were in the same profession, but also because we started working after university about the same time in Istanbul in the banking sector. This was in mid 1980s, when the Turkish financial system was going through a liberalisation process initiated by the World Bank. We were on the phone to each other quite a lot as foreign exchange traders of the banks where we worked.

Reşat likes to call Bülent, the “muhtar” of Istanbul. Bülent knows who’s in town, and everybody in town always calls Bülent first. Reşat settled in Paris after a period of indecision between there and Istanbul. Bülent was looking after Reşat’s complicated financial affairs in Istanbul. We all still love Reşat for what he represented to us when we were growing up. It was not only athletics that we learned from him. He fired our teenage imaginations about the bigger issues in life, especially politics. He was, at the time of our historic meeting, in Istanbul to evaluate his Beyoğlu. Beyoğlu was becoming the entertainment centre of Istanbul and Reşat’s property was increasing in value. He needed to reach agreement with his tenants, who ran a Turkish coffee-house and a seedy night club in the building. Now, Beyoğlu was a trendy location of cafés and live music for young people.

We always associated Reşat with Truffaut’s *L’homme qui aime les femmes*. Bülent told me that Reşat had gone to Moscow last year with Ferit. More in search of Russian women after communism than an interest in Ferit’s business. Reşat and Ferit’s relationship soured after that trip to Moscow. Ferit basically took Reşat with him to Moscow for a big international business deal, where Reşat’s fluent French would be very useful. In the process of US dollars being exchanged for privatised Russian steel via Paris, an argument on small change flared up between Reşat and Ferit during Reşat’s sleepless adventures in Moscow discos. They must have made it up. Otherwise they would not be here in each

other's company, as well as ours.

Kemal looked restless that night. He must have been thinking about the result of the architectural competition to rebuild the Istanbul Stock Exchange in Istinye, the new financial centre. He had always looked restless, though. I remembered the sprint relay race in the Istanbul high schools' championship back in 1976. He was the first runner and I was the second in our relay team. When I saw him running without the baton, I wasn't surprised. It was something that one expected of him. We were disqualified because he forgot the baton. His explanation had something to do with him getting annoyed with the race officials.

Kemal and I had shared the same flat in New York when we were both students at New York University. It was pure coincidence that we went to the same university after high school. After finishing university Kemal settled in New York, working for a major American firm of architects. When, in 1989, he was seconded for a year to their London office to work on the Canary Wharf project, we met several times. Like me, he was following the hot money from New York to London and then to Istanbul. He was designing the buildings where Bülent and I were making deals. Until very recently Kemal had always considered Turkey small beer for the multinational firm he worked for. Kemal was like Wojewodzkzi's investors who could not see further than the official statistic of US\$3,000 per capita in Turkey. But he began to notice the increasing number of skyscrapers and big shopping malls each time he came for his one week holiday to Istanbul. An Istanbul of US\$15,000 per capita gradually dawned on him; he started coming to Istanbul for business, not just for holidays.

Haluk, who is in advertising and lives in Los Angeles, was in Istanbul exploring the idea of making a film like *Wall Street* there. He had done a publicity video for the Istanbul Stock Exchange aimed at foreign investors which I saw with excitement at the conference in London. He asked for financial support from the famous Turkish businessman in New York, Mr Gecengun, who advised him to talk to some leading Turkish industrialists, explaining how Turkish capitalists were investing in the arts. One industrialist suggested Haluk make a film about his career. But Haluk was not being successful in raising the money for his film.

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Ferit, too, had an idea for a film. Why didn't Haluk make a film about the Mafia in ex-Soviet countries rivalling Coppola's *The Godfather*?

Ferit had started his business in Laleli, the tourist centre of Istanbul, selling blue jeans to visiting Polish and Yugoslavian tourists before the fall of communism in Eastern Europe. After its fall he had expanded his business into the ex-Soviet countries, investing in cheap property and doing all sorts of trading. He now lived in Istanbul, Warsaw and Byelorussia. He was in Istanbul to try to reclaim some of the money he lost when the stockbroker he had invested his money with failed in the previous year's financial crash at the Istanbul Stock Exchange.

Reşat said that he was happy to see us all still running, but this time without a baton, on the tracks of the Istanbul Stock Exchange. When I was back, after our get-together, in my 20th floor hotel room in Maslak, watching the lights of Istanbul, it crossed my mind that my friends might have seen a satirical side in my stories about the taxi drivers in Istanbul and the executive from the Swiss Bank Corporation. Could my stories be interpreted as having the moral that the two taxi drivers and us, after all, travel to prove Roland Wojewodzkzi's points. We and the taxi drivers were all in the same boat, under the spell of the Istanbul Stock Exchange. We all had thought in our high school and university years that we could influence things in life rather than be influenced by them. None of us dreamed about the Istanbul Stock Exchange at high school. It was from Istanbul that we all departed to the four corners of the world. But, none of us then thought that we would be so closely attached to Istanbul, especially to its stock exchange, years later.

Our conversations that night didn't take us back to our high school days. Neither at the restaurant that we went to, the Dar-uz Ziyafe, located inside the compound of the historic Süleymaniye Mosque, nor at Bülent's house, where we went after dinner for drinks. In a city whose history and past have become an obsession for most people, we were only talking about the now and the future. Bülent was enthusiastically explaining to us how Istanbul's financial futures market would operate and how it would be a sign of the stock exchange's maturity among other emerging stock markets. Haluk's imagination, on the other hand,

was inspired by historic buildings used as stores and business premises in the area between Süleymaniye and the Golden Horn. Already accepting the defeat in his "Wall Street in Istanbul" project, he now fancied making a science fiction film, like *Blade Runner* set in Istanbul.

It was a night full of ideas for films to be made. I jokingly suggested that he should instead make a film based on one of my stories about the taxi drivers. It would be called "Repo man in Istanbul" after Alex Cox's cult film *Repo man*, and could address the issues that Haluk originally thought about. Alex Cox's film is about a Los Angeles guy who repossesses cars whose owners fail to pay back their hire purchase loans. Haluk's film could be about the taxi driver in Istanbul who sells his taxi to invest the money in a bank repurchase agreement. Alex Cox's repo man was swapping unpaid loans for cars; the Istanbul repo man would exchange his taxi for a high-risk income. One of the characters in Alex Cox's film suggests "The more you drive the more stupid you become." One of the share flotations in the Istanbul Stock Exchange, which made it popular to the international fund managers, was a car manufacturing company. There is a very high growth rate in the number of car owners in Turkey, reflected by all-day traffic jams in Istanbul. International fund managers, however, like such statistics. I wondered if the late Aziz Nesin, the Turkish writer who made himself very unpopular by saying that 70 per cent of the Turkish population was stupid, ever watched Alex Cox's film.

The idea of "Repo Man in Istanbul" appealed to me a lot. I could use this in my presentations to break the monotony of financial statistics. The whole night had been very stimulating, both visually and with ideas. Ferit's knowledge of the movements of goods and trade in and out of Istanbul was very useful, too. I remembered him briefing us happily at the dinner about the present trading webs. "All cheap supplies of household goods to poor parts of Anatolia originate here from the shops in Süleymaniye," he said. "In Laleli, I represented Istanbul's trade links with Anatolia." He then went on to tell us which particular product was produced in which part of Istanbul, and how the distribution system worked.

Kemal was not impressed by this aspect of Istanbul. "Forget

Laleli and Süleymaniye,” he intervened, “look at the emerging global financial centre in Levent and Maslak. That’s the future.” Back in high school years Ferit would have responded to this by a long talk about the nature of financial capitalism, peppered with quotes from Lenin and Mao. He once joked, though, when he was with Bülent and I a couple of years ago. “When I finally reached China,” he said, “there was nothing to do but trade. So, I decided to become a businessman in the lands that I have always dreamed about.” But, that night he was busy trying to convince Haluk to make a film about the Mafia of Eastern Europe. The film would take place in Warsaw, Kiev, and Istanbul. He even suggested that the last scene could be shot at the Istanbul Stock Exchange. If Kemal’s design for the new stock exchange did not win it could be used as a studio set for the film, it would not be wasted. And the taxi driver on whom I based my “repo man” story could be asked to play Istanbul Stock Exchange’s president. There was a third taxi driver whom I had not met yet at that time. Ferit might have preferred him for this role.

I met the taxi driver model for my “repo man” on my way to the bank’s training centre. He was the talkative kind. He asked me what business I was in. “Banking?” he guessed. Since I have never felt comfortable calling myself a banker, I told him that I was a university lecturer teaching economics. He said he thought I looked too young to be a lecturer, but asked my opinion about the coalition government’s promise for a balanced budget. Turkey, at the time, had a coalition government between the Islamic party Refah and the conservative party Doğru Yol. The leader of Refah, Necmettin Erbakan, was the prime minister, and the woman leader of Doğru Yol, a professor of economics, Tansu Ciller, was his deputy. When I was trying to find out what kind of terminology to use to communicate with him on this subject, which was very technical for me, he added that “at least these guys have the fear of Allah in them. Unlike other politicians, they would not make promises that they cannot keep.”

I explained how the fear of Allah had little to do with the way the Turkish economy worked. It must have been the imminent feeling of financial crisis in Turkey that drew people like him into hope rather than rational reasoning. All the same I was scared by this average voter’s naivety. However, I soon discovered his sharp

sense of economics and finance when he started to talk about investing in bonds and stock. My "repo man" was born. But, first, I told him about the taxi driver I had met in Cape Town.

The black taxi driver in Cape Town was explaining to me the changes in South Africa since the end of apartheid, while driving carefully in one of those strong winds which regularly invade Cape Town. "Now," he said, "Malays in South Africa are getting worried about the power of black South Africans, and forming their own party". Since my arrival in South Africa three days ago, I had discovered the multiplying shades of black in the political and social consciousness, so the taxi driver's information did not surprise me. "We black Africans have a very different culture from that of Malays", he continued. "They are too religious, very strict." I asked him what he made of the recent newspaper reports in Britain of the attacks by the Muslim South Africans on drug dealers in Cape Town. "It has nothing to do with religion," he replied. "It is all about control over the drug trafficking in Cape Town. Muslim Indians used to control the drug trafficking here. But, after apartheid ended, the Brazilians moved in and took control. That's what they are fighting for."

My story of the taxi driver in Cape Town amused the taxi driver in Istanbul. "Money is the religion, brother" he concluded. He was a very typical Turkish 1990s person. No firm belief in any principle other than in the rules of making quick money. He had something to ask me, though. Would I give him free consultancy on managing his money? I was not surprised by the request. He was not the first taxi driver in Istanbul I had met fascinated by the Istanbul Stock Exchange and its 30 odd per cent per annum return on a US dollar basis. Wojewodzkzi was proven right again. The Istanbul Stock Exchange was laying golden eggs at both ends of the income scale. "I know a bank manager" he said, "who recommends that I sell my taxi and invest the cash in 'repo'." He had shown a great numerical awareness when he gave me the exact details of the amounts and return involved. He asked me if I could verify the calculation. Instead, I explained to him the present value of money concept and how he would basically exchange the certainty of income from taxi fares with the uncertainty of ("Allah fearing" or not) politicians' promises.

I seemed to convince him that there was no free ride, in the

long run, for financial investments. But I could still see in his face how tempting he found the bank manager's proposal. The flow of money appeared to have invaded all aspects of life in Istanbul. Istanbul as a huge travelling, moving stock exchange captured my imagination. As I looked through the taxi windows at both sides of the Trans-European Motorway I saw rows and rows of shanty towns. Istanbul was liquidating its land. How would it be possible not to be drowned in this high tide of liquidity? Wojewodzkzi, of course, didn't need to worry. He was in charge of the hot money. He could come in and go out as many times and as often as he wished.

When I returned to Istanbul after university in New York, back in the mid-1980s, there was euphoria in the Turkish financial community. Encouraged by prime minister Korkut Özal's reforms, the financial community in Istanbul was aiming to make Istanbul the financial centre of the Middle East to replace war-torn Beirut. The bank I then worked for organised a conference in cooperation with the newly-launched Istanbul Stock Exchange to introduce the Istanbul Stock Exchange to the international finance community. The then governor of the Turkish Central Bank voiced his concerns at the conference about introducing too fast both money and capital markets in Turkey.

A decade later, even the taxi drivers of Istanbul understood how money and capital markets worked. Unfortunately, though, there was almost no concern about their sustainability. A taxi driver in Istanbul would specialise in share and bond prices, not in ferrying his passengers around a maze like Istanbul. Roland Wojewodzkzi was right. Returns in the Istanbul Stock Exchange were beyond imagination, to the extent that the taxi drivers in Istanbul consider liquidating their taxis for investment in stocks and bonds. Nowhere else in the world have I come across taxi drivers so at home with stocks and bonds. The taxi drivers in Singapore complain about the level of taxes that they have to pay, but do not seem to know anything about investment in the emerging stock markets of tiger economies. One taxi driver who gave me a ride in Singapore had to moonlight to make ends meet. His second job was to export computer disks that he had manufactured in neighbouring Malaysia to the United States. Even in London, the financial centre of Europe, taxi drivers in the

City do not seem to have invested in the paper that flies around them.

Wojewodzkzi's point about high returns in the Istanbul Stock Exchange was confirmed; his observations on the size of the unregistered economy in Turkey were in turn confirmed by the other taxi driver, the one who took me to my hotel from the airport on my arrival to Istanbul.

This taxi driver was among the thousands of Bulgarian ethnic Turks who sought refuge in Turkey in the late 1980s just before the communist regime in Bulgaria collapsed. He arrived in Turkey with his wife and two young daughters, the younger one only a year old. They were given accommodation in a single-bedroomed flat in a refugee shelter just outside Istanbul. One day a man turned up to choose workers to stick labels on the socks manufactured in his factory. This production activity sounded very much like Ferit's description of Istanbul's trade with Anatolia. Socks went to the far corners of Anatolia. As a Dutch businessman I had met once on the plane to Istanbul pointed out, Turkey was a big market with her nearly 70 million population. The taxi driver's family – except the baby daughter – worked day and night sticking labels to socks. As he was telling me his story he looked very tired, because he was still working very long hours. It was not very reassuring to hear all this as our journey was taking place after midnight. His next job was to drive a cargo van between Topkapı, the huge bus station and transportation hub of Istanbul, and the airport. His wife and elder daughter continued sticking labels onto socks. In five years they had saved enough to own a two-bedroom flat in one of the illegally expanding suburbs of Istanbul. In another three years he was hoping to buy a licence to run his own taxi. He drove the cargo van as a day job and worked as a taxi driver in the evenings. "I hope, after eight years in Istanbul, to travel to the south to have a holiday in Antalya," he said, finishing his story.

This reminded me again of Slavoj Žižek's article in *New Left Review*, where he was commenting on Emir Kusturica's controversial film *Underground*. I also remembered Perry Anderson's criticism of Gellner's theorisation of nationalism. Even these high priests of theoretical work had to resort to metaphor when dealing with nationalism, or "the spell of

nationalism” as they call it. How else could one explain this Bulgarian ethnic Turk’s swapping his cushioned life in Bulgaria with mind-boggling uncertainty in Turkey just because he wanted to be called a Turkish name not Bulgarian?

This was the second taxi driver’s story that I had told my friends that evening, about the size of the unregistered economy in Istanbul. When the evening was drawing to a close, I wondered if there was a conspiracy theory behind this unique event of all the six of us coming together in Istanbul after 15 years, courtesy of Istanbul Stock Exchange. The film I had in mind at this stage was Jacques Rivette’s *Paris nous appartient*. I went to see it with Haluk in New York at an art cinema house at Saint Mark Place, when he once came to visit me in New York from Los Angeles, where he was then a student at UCLA. No, we did not have anything in common with the characters in that film, who were desperately in need of a political and intellectual conspiracy to keep them going in 1960s Paris. There was nothing cerebral in our worries. All we were interested in was the space and movement of things monetary in the Istanbul of 1990s. None of us was claustrophobically attached to Istanbul. We were almost in eternal movement in this period of globalisation. However, the feeling of conspiracy haunting Istanbul was getting stronger by the day after a popular journalist was shot at his leg as a warning by the Mafia in Istanbul – and an ex-general manager of a state bank escaped assassination, again by the Mafia. The family of the ex-president of Turkey, Korkut Özal, was claimed to have been involved in this one.

The corruption element was not anything extraordinary. But the rawness of the story’s unfolding and the characters’ naturalness in owning up to the most despicable roles in front of rating-hungry private television stations were. The plots were thickening at all corner. Bülent told me once that the famous Istanbul Stock Exchange, with about \$25 billion capitalisation, was controlled by about 20 guys who made their fortunes in the unregistered economy. A friend of mine, who surveyed the London fund managers, discovered that the highest risk in investing Istanbul was considered to be not the country risk, but the share custody risk with stockbrokers at the Istanbul Stock Exchange.

On my way back to the airport to catch my plane back to

London I was rocked by the uneven rhythm of the taxi as it moved from one lane to another observing the traffic rules valid only in Istanbul. This rhythm was very similar to the one that I always experience during my stays in Istanbul, making me feel dizzy with a fear of imminent catastrophe. The day before, one of the leading industrialists of the country had been assassinated in his skyscraper office in the new financial district of Istanbul. No terrorist group had yet claimed responsibility. But a young girl who worked as a tea-girl to the industrialist was allegedly involved.

This third taxi driver, who was taking me to the airport, had a very professional approach to the assassination. He told me, "If I were the industrialist, I would have employed someone with a PhD in tea serving, not a poor girl like her. The industrial policy of not employing well-qualified people, and going for a cheap solution is the real cause of this assassination." I could not agree more with such an analysis. Probably, this taxi driver, who looked young and well-educated, was a university graduate with no real job prospects. A conspiracy, a well developed plot was too sophisticated for this city. This ancient city, once the capital of Byzantine affairs, was going through its capitalist development without Byzantine conspiracies. The haste of this city in getting nowhere fast was leading it to naked violence, needing no plots or conspiracies as clothing.

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