Capital Fixity and Mobility in Response to the 2008-09 Crisis: Variegated Neoliberalism in Mexico and Turkey

INTRODUCTION

The 2008-09 global crisis challenges our understandings of the nature and persistence neoliberal strategies of development. Since then, the advanced capitalist neoliberal archetypes have stagnated while the emerging neoliberal capitalisms outperform. Despite such divergence, neoliberalism as a strategy of capital accumulation prevails. This suggests that a deeper understanding of contemporary capitalism is needed to help make sense of neoliberalism's complex and robust dynamics. Our interest is both in comparing the high-growth, crisis-prone, middle-income emerging capitalisms and doing so using a spatial framework to generate unique insights. Therein we look to Turkey and Mexico. These two peripheral members of the Organisation of Economic Cooperation and Development (OECD) uniquely border the world's two most powerful advanced capitalist regional hegemons, the US and EU. Despite their significant geographical locations, there remains remarkably little comparative political economy analysis of these societies. Specifically, the Mexico–Turkey comparison can help explain how and why crisis-driven neoliberal strategies of accumulation in emerging capitalisms have been implemented and reinvented domestically (Muñoz Martinez, 2008; Marois, 2011). Such an explanation must take into account each society's domestic political economy and its subordinate integration into the financial world market. As two 'most different' cases of neoliberal transformation Mexico's and Turkey's institutional landscapes and class structures maintain specificities, but in ways constitutive of the universal and structural competitive imperatives that define global neoliberal capitalism (*cf.* Albo, 2005; Brenner et al. 2010; Marois 2012).

Our study responds to two notable gaps in the political economy and developmental literatures. The first gap has to do with the choice of comparative cases. Since 2008-09 many international commentators and academics have mainly focused on the fashionable BRICS (Brazil, Russia, India, China, and South Africa) collective, which are presented as successful post-crisis *cum* new developmentalist cases of sustained economic growth. Mexico and Turkey are rarely considered part of this new developmentalist clique (perhaps for fear of having a less poetic acronym), despite also enjoying rapid economic recovery. Hence, the rich comparative experiences of Mexico and Turkey have yet to be fully excavated. The second gap has to do with the choice of analytical framework. Much of the research on emerging market crises and development are from case study institutionalist approaches. While providing important insights into domestic specificities, this often comes without reference to otherwise universalising global capitalist structures and underlying class exploitation (e.g., Öniş and Burak Güven, 2011). Our historical materialist geographical framework, by contrast, seeks to understand how Mexico's and Turkey's national specificities are constitutive of a still universal, if malleable and differentiating, form of global social rule that we understand to be neoliberal capitalism. We use the lens of capital fixity and mobility to reveal the specific dimensions of these processes and their class content.

We take as our point of departure Mexico's and Turkey's official responses to the 2008-09 global financial crisis. In distinct ways, the simultaneous interests of corporations and banks relative to the national fixing of capital and their mobility in the form of global investment heavily influenced each state authority's policy responses to the crisis. The interests of the poor, workers, and peasantry, by contrast, found little traction. Rather than pitching this as evidence of either persistent national differentiation or developmental state resurgence, we argue that the responses of capital and state authorities in Mexico and Turkey actively reconstituted the global parameters of market regulatory design and neoliberal social rule through each state's distinct domestic policy formation and crisis management processes. The comparison analytically and concretely deepens notions of variegated capitalism and, in doing so, can inform counter-hegemonic strategies of contestation and change.

A HISTORICAL MATERIALIST ALTERNATIVE: FRAMING CAPITAL FIXITY AND MOBILITY IN CRISIS

Geographical political economy asks how social relations are territorially grounded and how space shapes and is simultaneously shaped by economic and political power and social struggle (*cf*. Swyingedouw 2000). Therein capital mobility and fixity are posed as two internally related dimensions of the same socio-spatial processes of capital accumulation (Brenner 1998). Contentious social forces and associated institutionalisations of power, which for our purposes involves class structures, capital–labour relations, and state authorities, shape and constraint these processes. From a historical materialist perspective, it is important to recall that capital is defined as an exploitative and unequal social relation that exists between capital and labour, is historically specific, and is the way in which value is preserved and multiplied through the appropriation of surplus labour (Marx, 1978, p. 40). Moreover, as accumulated capital does not move in the form of production, money is necessary for the repositioning of productive processes (and, potentially, for the disciplining of relatively fixed working populations via capital mobility). A variety of national credit systems have developed in historically specific ways so that money owners can move money capital into different economic sectors and across borders in search of valorisation. Likewise, fictitious capital claims (defined as capitalised claims to profit convertible into money) have assumed increased global importance in the form of shares, bonds, credits, and financial derivatives based on expected future surplus value extraction, profits, and, in the public sphere, tax revenues that do not yet exist (Harvey, 1999, pp. 265-67).

These flows of capital, money, and credit – and their underlying class relations and institutionalised frameworks managed by states – constitute the world market. So while for Marx the mobility of capital is inherently global (1973, 408), the accumulation of money capital necessarily involves momentary fixity in order to appropriate labour power and use nature in the production and realisation of surplus-value as profit (Harvey, 2001, p. 312). Once value is produced, it can circulate as money and come to rest in another spatial fix. This territorialised reproduction of global capitalist social relations is structured by competitive imperatives to accumulate money capital, which reproduces and continually reworks the tensions between capital mobility and fixity (Henwood, 1998, p. 231). Competitive processes are shaped by inter- and intra-class struggles but are not reducible to class relations since these occur through pre-existing and complex institutionalisations of power, notably the state. From a historical materialist approach, social class is not just the division of society according to one's income or market power but rather an understanding of social relationships of (re)production that place historical beings into situations of antagonism: capitalists control the appropriation of surplus that workers produce with their labour power, which workers must sell in order to survive (Foster, 1990, 80-1). States, therein, are the one institution that the reproduction of capitalist relations cannot do without.

The relationship between states, classes, and capital fixity and mobility today exists within a phase of global capitalism increasingly subject to financial imperatives. Money, credit, and fictitious capital claims have grown quantitatively more significant in accumulation and qualitatively more powerful in shaping how state authorities formulate policy and individuals reproduce their lives (Lapavitsas, 2009; Marois, 2012). The rise of financial imperatives has created differences within the capitalist class and blurred once clearer articulations to capital mobility and fixity. For instance, the securitisation of fixed real estate investment and productive processes can create highly mobile fictitious capital claims (Fox Gotham, 2009, pp. 355-71). Global production firms that trade in stock exchanges and deal with financial derivatives must fix their investments in low cost locations to produce profits.

Social classes are connected to, constrained by, and shape the institutionalised political and economic practices of the state (Poulantzas, 1974, p. 25; *cf*. Jessop, 2010). The outcomes of social struggles can be conceived of as fixed but malleable institutionalisations of power relations, which are rooted in class but equally include institutionalised gendered, racialised, and imperial power relations. The state remains central to the reproduction of capital fixity and mobility relationships and, by implication, to the mediation of underlying social and class conflicts (Brenner, 1998; Brenner and Elden, 2009). The relocation or deterritorialisation of production and investment via money occurs across state borders just as is capital's re-territorialisation must occur in specific political jurisdictions (Brenner, 1998; Bryan, 2001, pp. 64-5). In doing so, capital modifies and is modified by each state's specific institutional matrix. How recurrent tensions between the fixity and mobility of capital are politically mediated and institutionally resolved (however fleeting) by state authorities depends on the historical specificity of domestically situated class and power struggles vis-à-vis world market imperatives and one's relative position within the hierarchy of states (Poulantzas, 1974, p. 73). In brief, the state is necessarily embedded in and party to processes of capital fixity and mobility.

To sum up, our historical materialist geographical framework offers three distinctive interpretive advantages. First, our framework emphasises that the spread and intensification of market-rule are not processes automatically and seamlessly activated by capitalist corporations or agentless structures but are rather everywhere institutionally implemented and domestically mediated by state authorities (themselves subject to heterogeneous and contending social forces and world market competitive imperatives). Second, it outlines a class-based framework of how processes of fixity and mobility are internalised within capitalist firms, which leads to a more concrete and nuanced understanding of capitalist accumulation strategies. Third, as an historicised and social understanding, this framework leaves open possibilities of change beyond capitalism through social agents' struggles, whose outcomes can institutionalise new relationships of power. Given this analytical framework, our study contributes to the variegated neoliberalism literature, a debate we return to in our discussion of Mexico's and Turkey's historical transitions.

A BRIEF HISTORY TO CAPITAL FIXITY AND MOBILITY IN MEXICO AND TURKEY

In the postwar era Mexico's and Turkey's states, as historical institutionalisations of power, comprised the hubs through which capital mobility and fixity was mediated, accumulation strategies shaped, and unequal class relations maintained – in momentarily fixed but constantly evolving ways. Specifically, import substitution industrialisation (ISI) developmental strategies aimed at fixing capital (and associated class-based relations of production) within their borders. This ISI strategy was state-led as governing authorities directly supported production for the domestic market and the sequencing of expanding manufacturing capacity to replace imports through a range of trade and investment restrictions and protections, government subsidies, labour regulations, planned domestic investment, public infrastructure building, and market expansion. The emergence of the large domestic (often family-based) holding groups was premised on supportive state policies and public sector inputs, which together resulted in a peripheral structural coherence premised on exploitative productive, political, and social relations that disproportionately benefited domestic capital, even as organised labour made some relative distributional gains (*cf*. Marois, 2012, p. 68). State financial institutions, from the central bank to different state-owned banks, played strategic supportive roles in managing flows of capital within Mexico and Turkey and from abroad. Consequently, the large holding groups' accumulation strategies much more tightly articulated around capital fixity than mobility.

This is not to say that Mexico and Turkey were delinked from world markets and that relative fixity implies systemic stability. Indeed, international trade occurred with regularity and the holding groups' banking arms formed nascent ties with US and European banking syndicates (and hence to international capital mobility) (White, 1992, p. 59; Gültekin-Karakaş, 2008). Still, while state authorities welcomed, under certain restrictions, the internalisation of foreign capital, authorities nonetheless heavily constrained the mobility of the holding groups' financial assets abroad deeming domestic capital controls as necessary for national developmental processes (Solís, 1997, p. 19; Aydın, 2005, p. 35). Postwar class compromises saw the holding groups' profits reinvested in the national fixity of their capital, albeit increasingly concentrated around Mexico's and Turkey's three largest urban centres. Such ISI trends are always differentiated. For example, even within Mexico's ISI period capital mobility assumed a specific form of export processing zones (EPZs) that benefited mostly American companies via tax exemptions and access to cheap labour. Furthermore, through the 1960s and 1970s workers, students, and marginalised communities began to collectively challenge, often violently, the postwar social structures. The change to come, however, was not of the kind envisioned by these social forces.

The neoliberal turn came forcefully with the 1979-82 US Volcker shock, which struck amidst waning US competitiveness and mounting third world indebtedness. In the global periphery, the shock triggered the 1980s debt crisis, which in turn triggered a phase of volatile, violent, and uneven neoliberal transformations. While occurring at different times, sequences, and speeds, in Mexico and Turkey the governments initiated radical export-oriented structural adjustment and privatisation programs and imposed tax and public service price increases on peasants, workers, and middle classes in order to help pay for foreign public debts (Correa, 2006, pp. 166-7; Yalman, 2002). State restructuring took the form of internalizing the emerging mobility needs of capital accumulation while jettisoning the demands of otherwise fixed labour.

This first phase of neoliberal transition soon faced economic barriers, notably access to finance capital. To overcome this, both the Mexican and Turkish authorities re-regulated money flows in 1989 by authoring capital account liberalisation. This simultaneously enabled the governments to (a) continue with their increasingly debt-led strategies of development (a corollary of reduced public enterprise and corporate taxation revenues) and (b) to enable large domestic firms and holding groups to move more wealth into speculative and risky, but ultimately lucrative, financial activities (Garrido, 2005, p. 100; Cizre-Sakallıoğlu and Yeldan, 2000, p. 487). Continued neoliberal re-regulation encouraged, however unevenly, the centralisation and concentration of capital within the holding groups as they extended ownership and control, vertically and horizontally, over larger portions of their economies via mergers and acquisitions and privatisations *cum* public dispossessions with monetary support from new foreign financing and joint partnerships. The centralisation and concentration of capital at home, in turn, gave rise to the internationalisation of capital among Mexico's and Turkey's largest holding groups, especially following Mexico's 1994 and Turkey's 2001 crisis, as they sought accumulation opportunities abroad. The profitability of these groups did not only rely on fixed production and sales at home but also on financial mobility within their countries and abroad, internalizing tensions within fixity and mobility. At the same time, foreign investment had vested interests in both fixed production costs within Mexico and Turkey as well as financial mobility. In this way, neoliberalism blurred former clear-cut divided interests of national and foreign capitalists as both relied on both fixity and mobility conditions in Mexico and Turkey.

The 1989 capital account opening alongside Mexico's and Turkey's different neoliberal policy experiments opened these two societies to unprecedented market and financial risks. These exploded most impressively as Mexico's 1994-95 and Turkey's 2001 financial crises (Marois, 2011). Far from reversing neoliberal experimentations and capital mobility, the state-authored rescues domestically fixed the costs of crisis resolution by socializing the financial debts gone bad. Governing authorities further protected capital mobility via new financial reforms intended to preserve, renew, and intensified the structurally unequal class relations of peripheral neoliberal capitalism. This is not to say authorities mechanically responded to the needs of capital. Various fractions of capital found Mexico's and Turkey's official responses too heavy on certain regulations. Still, after 15 to 20 years of neoliberal reforms, the institutionalised social logic and competitive imperatives of neoliberalism meant authorities tended to act on *behalf* of capital, if not some imagined, homogenised *behest*. Consequently, while crisis hit at different times and recovery assumed case specific forms, Mexico's and Turkey's capitalist classes equally had to rethink their eroding postwar and emerging neoliberal articulations to capital mobility and fixity (and by extension capital-labour relations).

Variegated Neoliberalisms

What has been suggested so far, however truncated, concerns an underlying ontological and epistemological premise of our analysis that is tightly linked to capital fixity and mobility, namely variegated neoliberalism (Peck and Theodore 2007). Researchers working in this tradition understand neoliberalisation processes to be global in scope and involving historically specific waves and patterns of market-disciplinary regulatory restructuring that transpire in necessarily context-specific forms (Peck at al., 2012, 268). Our historical materialist approach is likewise concerned with how neoliberalisation is simultaneously patterned and interconnected as well as context-, time-, and place-specific. Yet a defining theoretical, methodological, and political challenge to investigate how concrete varieties of neoliberalism are also simultaneously constitutive of a generalised capitalist class project and form of contested social rule (Albo, 2005; *cf.* Brenner et al. 2010a, p. 184).

The concept of variegated neoliberalism is also intended to enable researchers tease out the success and the failures of local neoliberalisms, which over the last 30 years have led to further rounds of policy experimentation that in turn re-shape global policy frameworks (*cf.* Peck, 2004; Brenner et al. 2010). Neoliberal policy experimentation is not posed as an agentless process but as politically contested by individual and collective social agents in their struggles for economic and political power mediated by pre-existing structures and institutions of power. From our historical materialist approach, the 'internationalisation of the state' is a useful, complementary conceptualisation. In contrast to conventional political economists' 'black boxes', historical materialists interpret capitalist states as historically specific institutional crystallisations of class (and increasingly as equally gendered and racialised) power. The social content of states are thus always contested, which allows us to see non-determinist ways how state authorities have authored neoliberal globalisation (Albo 2005). The *internationalisation* of the state, if not strictly a precondition, is concomitant to the internationalisation of capital characteristic of global neoliberalism. Without state authorities variously institutionalizing the relationships of power necessary for the recurrent deterritorialisation and reterritorialisation of capital – perhaps nowhere more salient than in crisis resolution – you do not get global neoliberalism or a financial world market (*cf*. Brenner 1998). In case specific ways, the internationalization of the state assumes a dual form (Marois 2011, p.180). On the one hand, internationalisation implies that the internalised social logic and state officials is to manage their own domestic financial order in such a way that the international financial order is secured. On the other hand, internationalisation involves these same actors insulating the state's financial apparatus from domestic politics and popular influence. The internationalisation of the state thus embodies the institutional frameworks and material capacities to flexibly reproduce the structured coherence of neoliberal finance capitalism – according to equally flexible capital fixity and mobility accumulation strategies – amidst social contestation and recurrent and costly crises. Consequently, we suggest that the explicit combining of (a) a spatial analysis of capital fixity and mobility with (b) a conceptualisation of variegated neoliberalism yields a powerful historical materialist geographical explanatory framework from which we can better compare Mexico and Turkey's context-dependent yet interconnected neoliberal responses to the 2008-09 crisis.

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THE VARIED REACTIONS OF CAPITAL TO THE 2008-09 CRISIS

The three decades of variegated neoliberal transformation in Mexico and Turkey – characterised by uneven processes of capital centralisation, concentration, financialisation, and crisis – decidedly institutionalised the material interests of capital above those of the popular classes and set the historical context from which capital and state authorities responded to the 2008-09 global financial crisis' impact on their societies. The crisis manifested in the form of mortgage foreclosures in the US, mainly subprime, collapsing mortgage lenders, investment banks and hedge funds collapsed in 2007 (Martin, 2011, pp. 592-3). The financial crisis spread over global credit markets as returns on risk increased rapidly and liquidity diminished (Eichengreen et al., 2012, p. 1301). This crisis made evident how financial relations and debt were defined by neoliberalism, including previous rounds of polices, conflict and crisis, making blurry the division between public and corporate indebtedness (Soederberg, 2013, pp. 538-9). It is out of the scope of this paper to analyse the origins and impacts of this global crisis. Yet, the initial impact of the crisis in Europe and the US had serious consequences on Mexico and Turkey, as these countries rely economically for export markets and incoming investments. It is to these crisis-driven comparative effects that we now turn.

Between 2008 and 2009, the specific competitive and accumulation strategies of different capitals in reaction to crisis in Mexico and Turkey varied according to their specific, state-mediated, articulations to fixity and mobility. A discussion of these articulations can reveal the powerful social agency of capital amidst crises. Such national variation among capitals, however, does not preclude identifying the generalizing thrusts within which differentiation occurs. We have identified three, including each society's experiences with (1) capital flight; (2) reduced domestic production; and (3) changing articulations of capital to world market competitive imperatives.

Capital Flight

Mexico and Turkey both experienced capital flight. In Mexico capital flows in portfolio (liabilities) and foreign direct investment (FDI) decreased between 2007 and 2008 (Table

1). Mexican and foreign firms contributed to this form of capital mobility in different ways. Large Mexican corporations moved their money abroad as FDI: greenfield investment outside Mexico more than trebled from 842 million dollars in 2008 to 1.91 billion in 2009 to 2.57 billion dollars in 2010 (UNCTAD, 2011, pp. 196, 207). Fearing instability and losses, foreign financial investors and banks simply drew their money capital out of the Mexican economy and moved it into other currencies, notably the US dollar. This caused Mexican stocks to decline as the Mexican peso depreciated by 4.2 per cent in 2008 (Froymovich, 2009, p. C8). Capital flight also took very particular forms. For example, Citigroup's Mexican banking subsidiary transferred 1.4 billion dollars to its American headquarters to re-capitalise its faltering, US-based fixed operations triggering cuts to new lending from Citibank's more profitable Mexican operations (Redacción, 2010). Large Mexican firms with investments in financial derivatives also contributed to capital outflows. These firms had used derivatives to obtain US dollar credits at low rates of interest, then servicing the loans with yields from domestic peso-denominated investments. In good times high profits derived from the difference between US lending rates and Mexican investment rates – the accumulation strategy premised on managing risks between foreign capital mobility and profitable domestic fixity. In the bad times, several Mexican firms reported massive losses in derivative operations, totalling some 8 billion dollars (US) between 2008 and 2009, which had to be paid for in US dollars (Reyes, 2009).

In Turkey portfolio flows (liabilities) also reversed course between 2007 and 2008 and FDI steadily fell between 2007 and 2009 (Table 1). In contrast to Mexico, however, Turkey's largest corporations tended not to manage capital mobility/fixity tensions by moving their money abroad. Outward investment flows instead slowed from $2.6 billion in 2008 to $1.6 billion in 2009 (Kadir Has 2011). A number of large corporations halted investments in a 'wait and see' strategy while others would take advantage of the state's stimulus package and tax breaks to update operations at home. Foreign investors, in a flight to safety, shed holdings of stocks and bonds as the Istanbul Stock Exchange fell by 35 per cent from mid-September 2008 to March 2009 (Özdabakoğlu, 2009). This put enormous pressure on the Turkish Lira (TL) – and state authorities by extension – as the US dollar soared by 40 per cent against it (Uygur, 2010, p. 56)]. The derivatives so important to Mexico, however, were relatively insignificant in Turkey and not a major source of capital flight (Özdabakoğlu, 2009). Much like Citibank Mexico, some foreign banks subsidiaries in Turkey, notably Fortis and Dexia, made extraordinary capital transfers home as one strategy to bolster their failing core European operations. Given the enormous profits generated by fixed banking operations in Turkey, most bank capital stayed put, despite modifying domestic liability compositions to reduce risk exposures. For example, the private banks generally rolled over existing loans but cut back on new loans in real terms. In Mexico and Turkey, pre-crisis fixity and mobility strategies were significantly affected by the 2008-09 crisis. This led to different forms of case-specific capital flight, but not universally. This in turn would shape and constrain authorities' crisis responses, especially around interest rate, capital liquidity, and stimulus measures.

Reduced Domestic Production

In Mexico and Turkey the reactions of capital to crisis resulted in reduced domestic production. The 2008-09 crisis reduced effective demand globally, immediately impacting pre-crisis accumulation strategies vis-à-vis capital mobility and fixity in production leading to output cutbacks. In Mexico, fixed capital formation declined by 10 per cent between 2008 and 2009 (INEGI, 2013). Capacity utilisation fell slightly from 79.7 per cent at the beginning of 2007 to 76.6 per cent at the end of 2009 (INEGI, 2013). At the same time, domestic aggregate demand declined in 2009; wages remained stagnant while prices rose faster than wages (Table 1). This partly stemmed from the accumulation strategies of

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corporations in EPZs, which slowed production in Mexico and channelled the returns from sales of existing stocks to the repayment of financial obligations as a means of boosting the price of their bonds and stocks (Morales, 2010). At the same time, the initial devaluation of the peso lowered domestic production costs, reinforcing Mexico as an attractive FDI destination and partially offsetting the deterritorialisation of productive capital capacities. For example, electronics and auto suppliers in the EPZs benefited given rising wages in China and cheaper transportation costs to core American markets. Nonetheless, more people were without work, compelling authorities to respond.

In Turkey, industrial output likewise fell as private fixed capital investments dropped by 10 per cent in 2009 (CBT, 2010, p. 33). Private domestic demand to GDP growth fell from 5 per cent in 2007 to -1.8 in 2008 to -8.3 in 2009 (IMF, 2012, p. 47). In a bid to eliminate existing stocks and overcapacity, manufacturers forced down capacity utilisation from about 80 per cent in 2007 to about 60 per cent by early 2009 (CBT, 2011, p. 10). Turkish exporters responded by forcing down fixed costs by maintaining wage increases below inflation, ordering work stoppages, and reducing staff numbers (Table 1; Öztürk, 2012, p. 70). Other exporters responded by re-orienting Turkish exports to other-than-Western markets (Uygur, 2010, p. 18). Maintaining profitability, not employment, was their primary concern. As neoliberal restructuring of the Mexican and Turkish states had largely released capital from any social and employment responsibilities, state authorities were thus faced with a growing and poorer reserve army of labour.

Changing Articulations of Capital to World Market Competitive Imperatives

The experiences of Mexico and Turkey reveal the complex and sometimes contradictory articulations of large domestic and foreign firms to capital mobility and fixity given world market competitive imperatives. In Mexico, large firms as well as domestic and foreign banks had more vested interests in capital fixity than foreign financial investors. The former relied more on their Mexican operations, domestic markets, and peso assets to realise an important share of their profits – even though international capital mobility offered them the possibility to escape capital devaluation and find cheaper production sites outside of Mexico. Some large Mexican firms also required a strong peso to reduce exchange rate risks in their own FDI and financial operations abroad. By contrast, exporting firms' main interests coalesced around not only tax exemptions to maintain competitiveness but also around a relatively low exchange rate. Aside from the benefits that peso appreciation offered exporters when purchasing foreign inputs, a strong peso threatened underlying export competitiveness, diminishing other competitive gains made from intensifying exploitation of cheap, Mexican workers. Capitalist class interests evolved rather heterogeneously to the crisis as the interests of the export sector on peso devaluation diverged from financial investors, banks, and Mexican oligopolies, which tied their interests to a strong peso.

In Turkey, foreign investors had the strongest interest in securing the open mobility of capital out of Turkey (and back in once conditions proved more favourable). Turkey's large domestic holding groups' (Istanbul capital) interests converged to some extent as they sought to secure profitability at home but to also augment competitiveness via renewed access to cheap foreign capital. Since internationalizing after the 1980s much of their domestic production is for export, yet many intermediate inputs and energy are still imported. This led major exporters, like the Istanbul capitals, to demand that the Central Bank of Turkey (CBT) intervene to *moderate* the TL exchange rate (neither let it appreciate nor depreciate too much in any direction). However, these groups' assets also often include major domestic retail wings and media outlets. As the crisis intensified into 2009 calls from a representative arm of Istanbul capital (TUSIAD) focused on the government also securing a deal with the IMF to decrease foreign borrowing costs by having state

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authorities extend official guarantees on their debts – that is, subsidise the fixity of foreign finance. By contrast, a representative arm of smaller scale producers originating largely outside the major centres (that is, Anatolian capital often represented by MUSIAD) strongly resisted any IMF deal since it came with tax reform requirements that would impact them most directly and reduce competitiveness based on cheap labour costs.

The varied reactions of capital (and state authorities below) to the 2008-09 crisis seemingly yielded positive ends as improved economic indicators in Mexico and Turkey seem to indicate. In Mexico and Turkey, GDP bounced back in 2010 and 2011, with Turkey's outpacing Mexico (Table 1). The Mexican Stock Exchange rose 12.4 per cent from the beginning to the end of 2010. The Istanbul Stock Exchange 100 Index reached an all-time high with returns jumping 21 per cent in US dollar terms (BAT, 2012, viii). Mexican and Turkish bank profits (as return on equity) ranked near the top of the G-20 with Mexico's banks hitting 16.8 per cent in 2010 and 15.5 in 2011 and Turkey's banks outperforming at 23.9 in 2010 and 18.9 in 2011 (BAT, 2012a, p. 63). Inflation fell in both countries (Table 1). While not without reservations, capital in Mexico and Turkey – especially given the overarching context of the Great Recession in the advanced capitalisms – seemed to be doing phenomenally well.

The crisis revealed variegated and changing articulations of capital in Mexico and Turkey to strategies of fixity and mobility. Ensuring sustainable profitability, rather than the national or international legal origin of firms, determined how capital altered their articulations to the national fixity or global mobility of capital for accumulation. This was reflected in the production decline and capital flight by both national and foreign capital in both Mexico and Turkey. Yet it would be simplistic to attribute their apparent successes to entrepreneurial vigour or to any structural decoupling of these two emerging capitalisms from the advanced capitalisms. As we see next, the different intra-class stakes and strategies emerged in tandem and through the internationalised state apparatus that mediated these capitals' integration (or not) into the world market while maintaining the hardcore of neoliberal social rule at home.

THE VARIED RESTUCTURINGS OF STATE

The crisis-induced and varied rearticulations of capital to fixity and mobility strategies of accumulation neither occur in the absence of states nor simply parallel to states. Rather, capital fixity and mobility runs through states, is authored and modified by state authorities, and in turn differentially restructures states. In doing so, capital fixity and mobility are constitutive elements of the internationalised states' evolving form, a state form that in turn impacts back upon capital accumulation strategies. How this occurs depends on the specificity of each state's history, contemporary social formation, and relative position within the hierarchy of states. Such are the cases of the Mexican and Turkish states in 2008-09. The crisis-induced and specific policy responses illustrate how officials sought to internalise and reconcile the contradictory tensions of capital fixity and mobility strategies within their borders. However modified in content, the internationalised state remains constant in its dual form of protecting the financial world market and reproducing neoliberal class rule domestically. National variation among states, thus, does not preclude identifying the generalizing thrusts within which policy differentiation occurs. We have identified five general categories within which differentiation occurs: (1) domestic interest rates; (2) international reserves; (3) public loan guarantees and access to liquidity; (4) taxation; and (5) stimulus.

Domestic Interest Rates

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Domestic interest rates became a focal point of policy formation in Mexico and Turkey. The Central Bank of Mexico (Banxico) initially increased interest rates in 2008 from 7.50 to 8.25 per cent to help fix portfolio investment in Mexico, to prevent devaluation of the peso, and to help moderate inflation (Banxico, 2009a, p.12). This move was consistent with Mexico's neoliberal monetary policy of inflation targeting adopted in 2001: Banxico would raise the interbank overnight rate when inflation superseded the three per cent (and vice versa). The 2008 rate increase, however, neither stopped foreign investors exiting Mexico nor prices from increasing. Instead, the rate increase negatively impacted economic growth as firms' credit costs rose. Fearing an exacerbation of the crisis via further domestic contractions, Banxico switched from protecting against capital mobility (exit) to privileging domestic firms' fixity strategies by cutting interest rates from 8.25 per cent to 4.50 per cent in 2009.

In Turkey the response differed insofar as the CBT immediately and systematically slashed its policy rate with the onset of crisis – from 16.75 per cent in October 2008 to 6.75 per cent by October 2009 – in a move that was regarded as dangerously unorthodox (CBT, 2010, p. 6). Yet contrary to conventional thought, inflation fell to 6.5 per cent, its lowest level since 1968. Because the CBT remained within its inflation targeting mandate (also adopted in 2001, following the crisis), this enabled the CBT to continue cutting interest rates, without fear of triggering capital flight, given the still much lower interest rates in the US (BAT, 2010, pp 1-2; BAT, 2009). Politically, state authorities pitched the response as breaking with Turkey's historical peripheral and subordinate position in the financial world market. In practice, enabling cheaper money facilitated the stimulus package's push for increased domestic consumption, geared towards supporting domestic fixed capital.

In both Mexico and Turkey authorities dramatically reduced interest rates. Far from signally any new financial autonomy on the world stage, the moves were calculated and fairly low risk since interest rates in the advanced capitalisms, notably the US, had also fallen to historic lows. Global financial capital, in a period of extremely low returns, could still make good money off borrowing cheap and lending for more to Mexico and Turkey. This enabled authorities to more directly respond to the needs of fixed capital (that is, lower interest rates) within their borders.

International Reserves

Both Banxico and the CBT managed their international reserves in response to shifting capital mobility and fixity strategies. In Mexico, the initial depreciation of the peso amidst crisis generated losses in derivatives held by large Mexican firms. This in turn spiked demand for US dollars, contributing to the falling peso (some 25 per cent) (Banxico, 2009b, p. 81). Banxico responded by using international reserves to stem further depreciation. State authorities sought to further guarantee liquidity through a swap of 30 billion dollars with the US Federal Reserve in 2008 and a 30 billion dollar Flexible Credit line with the IMF in 2009 (Banxico, 2009a, pp. 69-72). To further defend the Mexican peso, Banxico remunerated US dollar deposits kept in the central bank (Cuadra et al., 2010, p. 288). This favoured both domestic and foreign capital as the former sought to decrease its debt in US dollars and the latter did not want the peso to lose value. Still wary of a sudden outflow of capital, the National Commission of Banking and Securities (CNBV) set limits on foreign bank profit repatriation. Authorities thus exercised the existing material capacity of the internationalised state, and fortified it via new international swap agreements and regulatory capacity.

In Turkey, authorities also increased foreign exchange liquidity to help manage the crisis and to assist domestic capital service foreign commitments. However, given minimal exposure to derivative loses, this was to a lesser extent. The CBT did use international reserves to help moderate TL exchange rate volatility, down 40 per cent to the US dollar (*cf.* BAT, 2010, pp. I-4). The falling TL had increased the repayment costs of foreign currency borrowings for large holding groups but increased Turkey's export competitiveness. This benefited both Istanbul and Anatolian capitals tied into global trade. In a move particular to Turkey, state authorities sought to creatively draw in capital resources via re-regulation through the 'Law on Repatriation of Capital or Tax Peace and Asset Repatriation Programme' in 2008 (PDMR, 2009, p. 13). The voluntary scheme was framed politically in terms of generating a domestic economic boost by allowing individuals and corporations to repatriate previously unclaimed or illegally held foreign assets legally (the 'Peace' aspect) – subject to a minimal two per cent tax. The manoeuvre drew in over 31 billion US dollars, creating a mere one billion dollars in tax revenue by the end of 2009. Throughout the crisis period, state authorities maintained a strategy of entertaining, if never formally completing, stand-by agreement talks with the IMF, which would have bolstered large corporations' capacity to borrow internationally – but undermined the competitiveness of SME fixed capital in Turkey (Aydın, 2013, p. 104).

International reserves now comprise a vital material resource of emerging capitalist internationalised states (built up since the volatile 1990s), which authorities mobilise in response to financial volatility. International reserves gives unprecedented capacity to states to smooth the shifting fixity and mobility strategies of capital. This material capacity is leveraged with other regulatory and international agreements intended to protect the financial world market's integrity by directly implicating state resources.

Public Loan Guarantees and Liquidity

Mexico and Turkey offered different types of public loan guarantees and facilitated access to liquidity for the private sector. In Mexico, Banxico lent 3.22 billion US dollars to the commercial and development banks, drawing on the US Federal Reserve foreign currency swap, to support private firms (Banxico, 2010, pp. 69-72). Banxico also auctioned interest rate swaps for up to 50 million US dollars in 2009. The auctions enabled credit institutions to reduce their financial risks by transforming long-term fixed rate assets into short-term instruments with variable rates (Cuadra et al. 2010, pp. 292-3). Official re-regulation then allowed commercial banks to use new eligible assets as collateral to access liquidity from Banxico at lower rates. The state-owned development bank (NAFIN) provided short-term financing in the form of guarantees on securities issued by firms, insuring up to 50 per cent of the securities issued (Cuadra et al. 2010, pp. 291-2). By essentially socializing the risks, the public loans guaranteed the private sectors' securities. As traded securities, then, only a handful of firms benefited due to the concentration of the Mexican stock exchange (BMV, 2010, p. 36). In these ways, the mediation of Mexico's largest capitals' fixity and mobility accumulation strategies passed directly through the state.

In Turkey, state authorities responded by directing public loan guarantees and credit supports towards key economic areas like agriculture, SMEs, and large firms. This was done mainly, but not exclusively, through the two large Turkish state-owned banks, Ziraat and Halk. These banks increased loans from between 15 to 25 per cent in 2009 over 2008 levels (BAT, 2010, pp. I-3). State authorities also increased the credit and guarantee levels of the state-owned Export Credit Bank of Turkey. To stem any possible gutting of the domestic banks' capital base, the Banking Regulation and Supervision Agency (BRSA) began authorizing all banks' distributions of earnings to shareholders in 2009. BRSA re-regulation in January 2009 then allowed the banks to restructure and reclassify effectively non-performing securities and loans as 'performing'. This gave the appearance of financial health, thus easing FX lending terms, interest rates, and reserve requirements (*cf.* IMF, 2010b; CBT, 2010, p. 37). In re-regulating capital Turkish state authorities aimed to increased domestic liquidity, but the private banks responded by cutting lending to mitigate their own risks to capital accumulation.

In both countries the governments mobilised public resources and guarantees, without democratic consultation, to help underwrite the sustainability of capital accumulation in different ways within their borders. This suggests nothing like the withering away of state capacity, but demonstrates far more robust capacity to protect financial flows on behalf of capital. Similar to international reserves, public loan guarantees and liquidity allowed Mexican and Turkish state authorities to mediate the firms' interest in fixity and mobility. At the same time, state authorities claimed that these loans were necessary to revitalize their economies as firms would reinvest state resources in the domestic economy, providing employment. As seen in the reaction of domestic capital to the 2008-09 and previous rounds of neoliberal restructuring, the former claim has never materialised, raising questions about the class bias in crisis-induced policies in both countries.

Stimulus

Mexican and Turkish state authorities unrolled limited, and distinct, stimulus packages. In Mexico, stimulus was launched in late 2008 and mostly promoted investment in infrastructure and expanded access to credit for the construction sector as well as for private and public mortgage institutions (Secretaria de Hacienda, 2011; FMI, 2011, p. 40). The stimulus also included subsidies for exporting companies producing vehicles, auto parts, electronics and machinery to maintain their fixed operations in Mexico. The Ministry of the Economy, moreover, allowed companies to have production stoppages, with the state absorbing some of the labour costs. In exchange, any job cuts had to be limited to a third of the decline of sales (Galhardi, 2010, pp. 1-2). To manage social discontent with the least cost to capital, the Ministry of the Economy channelled some resources into expanded social security coverage and retirement schemes to aid forced redundancies (ILO, 2010). Notwithstanding the budget for poverty alleviation (*Oportunidades*) increased 60 per cent (Feliz Herrera, 2011), stimulus support for relatively mobile capital far outstripped support for relatively fixed workers and the poor. This stimulus package represented 1.6 per cent of Mexico's 2009 GDP.

In Turkey, stimulus was delayed into March 2009 in order to be unveiled just ahead of local elections. The package focused primarily on apparently populist measures aimed at raising domestic consumption through VAT reductions, with the unstated intent being to help reduce domestic capitals' overproduction stocks (hence, supporting accumulation strategies of capital fixity) (OECD, 2012, p. 14; Öniş and Güven, 2011, p. 5). Secondarily, the stimulus assisted infrastructure expenditures in the politically-charged Southeastern Anatolia Project while corporate tax breaks aided the equally politically-charged relocation of production to eastern Turkey (PDMR, 2009, p. 13). The crisis provided an opportunity to complement the existing regional development strategy of shifting labour intensive but globally competitive production to predominantly Kurdish areas, where labour costs are much reduced (Öztürk, 2012, p. 72). To further buttress the consumption-based stimulus strategy, modest unemployment benefits, temporary and part-time employment schemes were extended, and a new program for temporary public employment vocational training was created. The overall stimulus package represented 3.4 per cent of 2009 GDP.

Distinctively, stimulus took the form of channelling public resources into capital accumulation supports, with a portion of this being siphoned off to ease the social dislocations generated by the crisis and responses of capital (notably, as per above, by reducing employment and wages). State authorities sought to mediate capital's contradictory fixity and mobility demands through variously structured public stimulus packages and loans guarantees, all of which shared common ground insofar as the costs and competitiveness adjustment would fall disproportionately onto labour (Marois 2014). At the same time, authorities exerted new institutional capacities through stimulus that , for the least possible cost to capital, stem any generalised crisis-driven social discontent temporarily.

Taxation

Mexican and Turkish authorities manipulated taxation regulations, but in different ways. In Mexico, ensuring profitable yields in public debt, which sustained reserve accumulation and a strong peso, required public debt repayment, which required an increase in non-oil public revenues. To also help finance policy responses of 2008-09, the PAN Administration increased taxes in 2010: the value-added tax (VAT) by one per cent and income tax by three per cent. Non-oil revenues consequently grew 12.1 and 2.4 per cent in 2010 and 2011 respectively. The increase in VAT revenue was especially regressive but central to the mediation of internalised tensions of capital fixity and mobility within neoliberalism. The financially oriented large Mexican companies and financial investors received the benefits of the revenue through stimulus and supports (while being able to claim credits against VAT expenditures), but authorities impose the costs of crisis and recovery disproportionately onto the middle and working classes (who have few means to escape VAT payments) (*cf*. Secretaria de Hacienda, 2011, p. 27). Adding insult to injury, stock market and other financial markets operations remained tax exempted.

In Turkey, the authorities did not increase taxes. This was enabled in part because the Turkish Treasury entered the crisis with a relatively favourable 1.8 per cent budget surplus. To finance its stimulus package and promote populist consumption, authorities thus relied on increasing public debt [which increased from 40 to 46 per cent of GDP between 2008 and 2009 (Table 1)]. In fact, the authorities reduced VAT on domestically produced automobiles, consumer durables, and heavy-duty machines and equipment from 18 per cent to 8 per cent to boost consumption. This VAT cut also applied to computers, IT, office technologies, and office furniture as well as for SME purchases of industrial machines. While the stimulus costs were not immediately socialised by VAT increases, the costs were nonetheless displaced in time and to be paid with future tax revenues – and hence fall onto the working classes disproportionately. This too combated capital flight. Authorities were keen to maintain Turkey's preceding trend of internalizing public debts, and the domestic banks were eager to draw on this widening stream of public debt investments (that is, fictitious capital). Still, global instabilities and threat of capital flight meant authorities nonetheless had to contend with contracting debt maturity periods (PDMR, 2009, pp. 15, 18).

In distinct ways, taxation (or lack thereof) proved a highly flexible means by which state authorities could bridge some of the intra-class tensions and barriers to capital accumulation erected by the crisis to the benefit of capital. Most notably, neoliberal taxation pushes the costs of crisis management onto the popular classes (Marois 2014). But both cases also reflect the capacity of state authorities to undertake such measures without popular consultation and in ways that can secure the relative needs of greater mobility (Mexico and finance) or greater fixity (Turkey and consumption).

At this point it is important to emphasise that the evident policy differentiation between Mexico and Turkey does not imply that the universal constraints and imperatives of neoliberal financial capitalism are absent. Indeed, two constants remain. One, state authorities have deeply internalised the logic of capital accumulation in crisis response policy formation. Two, the state-authored displacement of the costs of crisis and recovery fall systematically onto labour. Workers are the fulcrum around which state authorities have domestically mediated the contradictions between fixity and mobility accumulation strategies among the capitalist classes during the 2008-09 crisis. While our analysis has focused on the reactions of capital and state, it has also suggested the impacts on labour. The full extent of this class-based displacement requires directed analysis in itself. Indeed, while crises are displaced in time and space by means of financial mobility, it is equally so that in doing so capital passes through the neoliberal and internationalised state apparatus, which has developed material and institutional capacity to push the costs of crisis and recovery onto the working classes.

While the costs of crisis resolution falls onto labour, this is consistent with the anti-labour trajectory of neoliberal development strategies. Aside from perhaps maintaining a job for which they are effectively making less doing, the average worker has come out poorer from the 2008-09 crisis. The stimulus packages have not reduced unemployment rates significantly since 2009 and real minimum wages have decreased while prices have increased faster than wages (Table 1). This is consistent with three decades neoliberalism, wherein, according to the OECD (2011), Mexico and Turkey remain among the worst off in the OECD despite impressive post-crisis GDP growth indicators. These two societies are the second and third most unequal within the OECD by the Gini coefficient. Mexico ranks the worst in poverty protection while Turkey sits at fifth worst. In terms of the enigmatic OECD 'social justice' indicator, Turkey ranks the worst followed immediately by Mexico.

The constitutive processes of the internationalisation of state and capital, and how these are modified at times of crisis and in lieu of shifting fixity and mobility accumulation strategies, are premised on subordinating working class aspirations and material gains. We see this in the cases of Mexico and Turkey, but this is a global tendency to which these societies are a part. Evidence released in a recent ILO report suggests that financial globalisation has weakened workers' collective bargaining power and, in turn, led to a falling wage share for workers (2013, 50-3). The ILO report pointedly contends, "financialisation stands as the single most adverse factor in terms of explaining the decline of labour income" (2013, 53). Throughout, official responses' to crisis (though processes of state management and capital reactions) continues to erode workers' wages and organisational capacities.

CONCLUSION

Conventional economists, international financial institutions and domestic authorities premised much of their response to the 2008-9 crisis on ideas that national capital would be more loyal to the home economy and, if enticed and supported to stay with public funds, would regenerate domestic employment and economic growth (Andersen, 2009). This premise ignores how domestic capitalists have as much material interest as foreign capitalists in moving their money abroad to protect accumulation. It equally ignores how state authorities might have as much material interest in protecting the needs of foreign (as much as domestic) financial capital given the constraints of debt-led development and an increasingly powerful financial world market. Consequently, the conventional wisdom behind crisis-induced state interventions end up strengthening existing domestic and global structures of class power instead of improving the living conditions of the majority. Such are the cases of Mexico and Turkey. While differing in specific content, the responses of capital and state to the crisis ensured continuity in their foregoing neoliberal strategies of development. The prevailing strategy of capital accumulation and social rule continues to be variegated neoliberalism (*cf*. Peck et al. 2012).

Our historical materialist geographical framework has also generated three interventions, which need singling out. First, the spatial dynamics of capital fixity and mobility in emerging capitalisms add something unique to our understanding of global capitalism. Notably, these emerging capitalist societies and social agents are not merely passive recipients of ‘neoliberalism’ but are constitutive active social agents in neoliberalism’s global maintenance and restructuring.

Second, deepening comparative analyses beyond institutions through a lens of capital fixity and mobility can expose important agential dynamics that are deeply class-based. This lens exposes the underlying class dynamics and institutionalised, but shifting, mechanisms of oppression that prevail through various policy manifestations. Neoliberalism is thus not defined by any specific matrix of policies (for then we may well be in a post-neoliberal world) but rather by the organised strategies of capitalist agents to subordinate and defeat of organised labour and popular classes’ capacity to resist market-oriented restructuring and austerity that disproportionately benefit capital.

Third, while offering to a distinct understanding of what is, so too can a critical assessment of fixity and mobility help inform progressive alternative policies and institutions. For our purposes, we can signal two fruitful directions for research. The first direction is the need to locate power relations along the lines of capital mobility and fixity in order to critically analyse the progressive limits of domestic stimulus packages amidst crisis. Without doing so, domestic stimulus packages end up reinforcing existing and unequal structures of capitalist power within a country, which in turn reinforces oppressive world market structures. The second direction regards the importance of understanding emerging capitalisms as central spaces in the constitution of global frameworks of neoliberalism rather than passive, peripheral ones. Such a view emphasises the necessity of progressive social change in these societies as part and parcel to alternative policy formation globally.

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Table 1: Comparative Indicators, Mexico and Turkey, 2007 to 2012

Indicator	**Country**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
GDP Growth	Turkey	4.7	0.7	-4.8	9.0	7.5	2.0
	Mexico	3.4	1.2	-6.0	5.6	3.9	3.8
Public sector debt as per cent of GDP	Turkey	39.9	40.0	46.1	42.2	39.1	36.2
	Mexico	37.8	43.1	44.5	42.9	43.8	43.1
Unemployment rate	Turkey	10.3	11.0	14.0	11.9	-	-
	Mexico	3.7	4.0	5.5	5.4	5.2	4.8
Foreign direct investment (net, billions $)	Turkey	19.9	17.0	6.9	7.8	12.6	16.2
	Mexico	31.3	27.8	16.5	21.3	21.6	12.6
Portfolio investment assets (billions $) net acquisition	Turkey	1.9	1.2	2.7	3.5	-2.7	-2.7

financial assets							
	Mexico	14.7	-14.2	34.5	5.4	-6.0	8.3
Portfolio investment liabilities (net incurrence of liabilities)	Turkey	2.8	-3.8	2.9	19.6	19.3	38.1
	Mexico	13.3	4.8	15.3	37.7	40.6	81.3
Gross foreign reserves (CBT); (billions $)	Turkey	76.2	74.0	73.8	86.6	90.1	86.3
	Mexico	71.3	95.3	99.9	120.6	149.2	170.2
Real minimum wages (US dollars per hour)	Turkey	3.4	3.4	2.9	3	2.8	2.7
	Mexico	0.7	0.6	0.5	0.6	0.6	0.6
Consumer prices (index 2005=100)	Turkey	--	--	141.0	153.1	163.0	177.5
	Mexico	--	--	119.2	124.2	128.4	133.7
Inflation	Turkey	--	10.4	6.3	8.6	6.5	8.9
	Mexico	--	5.1	5.3	4.2	3.4	4.1

IMF 2012a, 47-55; BAT 2012, vi-vii; IMF 2012b (Mexico), 30; 33, 34; INEGI, 2013; IMF Data Mapper (http://www.imf.org/external/datamapper/); OECD Statistics (http://stats.oecd.org); UNCTAD Stat (http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx).