

**Debt and Financialisation in Emerging Capitalist Economics:
The Case of Brazil and Turkey**

**Annina Kaltenbrunner, Leeds University Business School,
Elif Karacimen, Rize University**

Abstract

This paper looks at the changes in debt dynamics in two emerging capitalist economies: Brazil and Turkey. It shows how the main issuers of debt have shifted from the public sector in the 1990s to the private sector in the 2000s. It argues that this shift is linked to a transformation in the regime of capital accumulation more akin to a financialised corporate capitalism. Whereas the state was a crucial actor in supporting financialisation in emerging capitalist economies through the issue of public debt, in many of these countries the private sector has now become an important autonomous player. The process though has not been equally distributed across the economy with certain sectors, such as construction and energy, showing to be a particularly dynamics force. These sectors, however, can be considered non-productive with important implications for the structure and nature of capital accumulation. Moreover, the paper shows that the form private debt has taken has differed fundamentally in Brazil and Turkey reflecting on the crucial role of domestic institutional, historical and political economy factors in shaping financialisation process. For example, whereas in Turkey debt is still dominated by bank lending and takes place largely onshore, Brazil has seen a strong internationalisation of its large companies which have raised funding on international financial markets. Both issues have been denominated in foreign currency, pointing to substantial financial risks and external vulnerabilities in the two countries.