



# A CLOSER LOOK AT THE TURKISH ECONOMIC CRISIS

*By Erim Direskeneli*

The last decade has not been kind to the Turkish economy, with an especially brutal past three years. I distinctly remember my grandfather reading the morning report aloud to us in July of 2018, when an event with massive political and economic implications occurred under an outwardly innocuous facade:

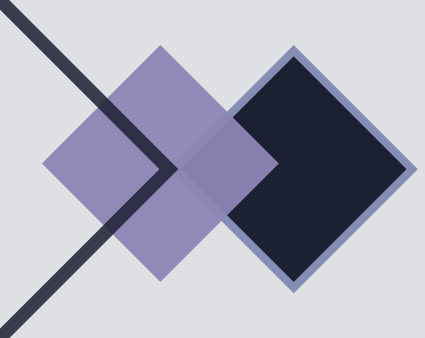
“...in response to Turkey’s continued detainment of an American pastor on espionage charges, President Trump will be increasing tariffs on Turkish imports of steel and aluminum.”

“Cool,” I replied, unaware of the potential consequences. In fact, it was quite the opposite of cool.

Overnight, the dollar-to-lira exchange rate jumped from four to six and a half, as international investors lost faith in Turkey’s economy and allocated their money to safer investments.

For those of us spending American dollars in Turkey, the sudden monetary influx was graciously accepted, but for the country as a whole, the economic effects were disastrous. My grandparents could no longer purchase foreign goods or shop online without paying exorbitant prices, and their plans of visiting America in the future were shattered.

Turkey never recovered from the events of that fateful day—even now, it continues to feel the effects of the 2018 economic crash. The Turkish lira has since stabilized at a weak one-to-eight U.S. exchange rate, and the country reflects this weakness in areas ranging from international trade to civilian life. With a weakened currency, the country faces consumer inflation, increasingly expensive imports, and a rising current account deficit, as well as difficulties in paying back foreign debts to the U.S. and Europe since they operate on more valuable currencies.



I have also witnessed first-hand the effects of Turkey's current economic state on citizens of the country who struggle with rising costs of health-care, electricity, and other government services, as well as reduced access to foreign and imported goods. These hardships have had such a profoundly negative and demoralizing effect on the Turkish populous, so much so that several reported cases have occurred in which couples or families have been found dead in their homes after committing suicide, leaving behind notes detailing the financial hardships they faced in the months preceding.

Beyond being merely a humanitarian or economic issue, Turkey's weak economic state holds large-scale geopolitical implications. In light of increasing pressures from the West, and under the leadership of Islamist, authoritarian leader Recep Tayyip Erdoğan, Turkey has grown increasingly close with Middle Eastern nations in its vicinity and drifted away from the Western image of the secular and stable NATO ally it once was. If trends continue in this direction and Turkey remains unable to receive support from the West, it is likely to seek aid from major Eastern powers and U.S. rivals such as China and Russia, weakening U.S. influence in the area. With rising tensions and instability in the Middle



East and surrounding regions, Turkey's increased reliance on its Islamic and Asian allies will ultimately have only negative consequences for the U.S.

Though the American sanctions were the final straw, there is an underlying, more deep-rooted issue to blame for Turkey's recent tribulations. It will be impossible to make any significant progress in improving the current state of the Turkish economy and U.S.-Turkey relations with Turkey's current leadership. In response to Trump's tariffs and a consequently crippled Turkish economy, President Erdoğan opted to frame the crisis as a foreign plot to weaken the state, rather than strike a simple diplomatic bargain over the American pastor, as requested by the U.S. This bombastic and frictional rhetoric has been a common trend throughout the president's years of leadership, and it does little to ease tensions or resolve issues. The first step to improving the current state of Turkey must come from within, by defeating Erdoğan's Justice and Development Party (AKP) in democratic elections. Luckily, this has already begun in many of Turkey's major cities, as the crisis of 2018 caused a significant decline in Erdoğan's and the AKP's popularity. With secular, reasonable, and knowledgeable leadership, Turkey can begin to rebuild its economic foundations and return to its prosperous past.

