

Erdogan charges US “stab in the back” as Turkey crisis deepens

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The value of the Turkish lira fell by another 10 percent on Monday as markets in Asia, Europe and the US declined on fears that contagion from Turkey’s crisis would spread to other emerging market economies as well as to European banks holding billions of dollars’ worth of Turkish debt.

The lira tumbled to record lows of 7.24 to the dollar and 8.12 against the euro, recovering slightly after the Turkish Central Bank announced measures aimed at calming the markets, only to fall back again by the end of the day to roughly 7 to the dollar.

The currency has lost 45 percent of its value over the course of this year, driving up the cost of imports and feeding an inflation rate that has topped 15 percent, steadily eroding the living standards of the Turkish working class.

Market fears of contagion have turned into a self-fulfilling prophecy around the globe, with India’s rupee hitting a record low, and South African, Mexican, Brazilian and other emerging market currencies falling sharply. Argentina’s government announced late Monday that it was raising its base interest rate to a staggering 45 percent, as the peso also declined to a record low, with fears of greater market pressures lying ahead.

Last Friday, US President Donald Trump announced the imposition of punishing new increases in tariffs on Turkish steel and aluminum, doubling them to 50 and 20 percent respectively. The measures, promoted as part of the Trump administration’s “America First” trade war policy, represented a severe blow to Ankara as it struggled with its currency crisis.

The US is Turkey’s largest market for the export of steel, accounting for 1.5 million tons in 2017. The drastic rise in tariffs represents a significant economic blow and threatens the jobs of thousands of Turkish workers.

International analysts described the Trump administration’s action as unprecedented, pointing out

that historically the US has sought to ameliorate rather than exacerbate such crises.

“It is rather unique with an emerging market which not only faces a domestic macroeconomic crisis but also an external political conflict with the main shareholder of the [International Monetary Fund],” commented Torsten Slok, chief international economist for Deutsche Bank.

The *Wall Street Journal* noted: “Washington has generally tried to calm global markets in such moments, especially when investors are gripped by fear of contagion. Trump instead squeezed Ankara further.”

Turkish President Recep Tayyip Erdogan lashed out at Washington on Monday. “You act on one side as a strategic partner but on the other you fire bullets into the foot of your strategic partner,” he said. “We are together in NATO and then you seek to stab your strategic partner in the back. Can such a thing be accepted?”

In an op-ed published by the *New York Times* Monday, Erdogan also denounced “unilateral actions against Turkey by the United States, our ally of decades,” while warning that Washington must “give up the misguided notion that our relationship can be asymmetrical and come to terms with the fact that Turkey has alternatives.” If the US failed to change course, he continued, Turkey would “start looking for new friends and allies.”

Erdogan made the warning as Russian Foreign Minister Sergei Lavrov was set to arrive in Ankara for talks with the Turkish government. Russia and Turkey have reportedly discussed plans to begin carrying trade in their own currency rather than using the US dollar.

China has indicated that it would provide aid to Ankara in terms of yuan-denominated bonds as well as new investments.

Ankara, meanwhile, has signaled that it will defy US sanctions on Iranian oil and gas set to go into effect in November.

The confrontation between Washington and Ankara has

largely been attributed by the US corporate media to the failure of the Turkish government to release the US evangelical Christian preacher Andrew Brunson, whom Ankara has accused of involvement in the abortive 2016 military coup against Erdogan. Brunson's case has become a key concern of the Trump administration's Christian right base.

Far more fundamental than the fate of one pastor from North Carolina, however, are the geostrategic tensions that underlay the 2016 coup, which was launched with support from both the US—then governed by the Obama administration—and Germany. These stemmed from Ankara's rapprochement with both Moscow and Tehran, and Turkey's increasing clashes with the US over Syria, where the Pentagon adopted the Syrian Kurdish YPG militia as its principal proxy ground force, even as the Turkish military has been waging a protracted and bloody counterinsurgency campaign against the PKK, the Kurdish separatist movement in Turkey itself.

On Monday, President Trump signed into law the \$716 billion National Defense Authorization Act (NDAA) for fiscal year 2019, which includes language calling for "An assessment of the potential purchase by the Government of the Republic of Turkey of the S-400 air and missile defense system from the Russian Federation and the potential effects of such purchase on the United States-Turkey bilateral relationship, including an assessment of impacts on other United States weapon systems and platforms operated jointly with the Republic of Turkey."

The purchase of the Russian air defense system has been cited as reason for Washington excluding Ankara from the F-35 fighter plane program as well as restricting intelligence sharing with its ostensible NATO ally.

Washington has increasingly seen the policies of the Erdogan government as cutting across its drive to assert US hegemony over the Eurasian landmass, and to militarily confront Iran, which it views as a principal obstacle to its domination over the Middle East. To pursue these ends, as its response to Turkey makes clear, US imperialism is prepared to plunge the world capitalist economy into deep crisis.

In addition to his nationalist posturing as an opponent of US imperialism, Erdogan, who was reelected in June, arrogating to himself extraordinary executive powers, issued ominous threats to internal enemies.

"There are economic terrorists on social media," he told an audience of Turkish ambassadors gathered in Ankara's presidential palace on Monday. "They are a genuine network of treason."

Turkish financial regulators have threatened to take legal action against anyone spreading "erroneous and fabricated news and statements." The authorities have claimed to have identified some 350 social media accounts that are guilty of undermining the lira with "fake news" that contradicts the government's claims about the strength of the Turkish economy.

"An investigation has been launched according to Turkish Penal Law, Banking Law, Capital Markets Board regulations and related laws into people who displayed actions that threaten economic security through manipulative stories on media and operational social media accounts as part of the economic attacks that target the Republic of Turkey, its social peace, unity and economic security by the powers behind the [2016] coup attempt," the prosecutor's office said in a statement issued Monday, according to the state-run Anadolu Agency.

Such threats will quickly translate into repression against the Turkish working class, which will face the brunt of the economic crisis and the measures that the Erdogan government will take to confront it. The international financial markets are demanding that the Turkish central bank raise interest rates—a step that Erdogan has resisted—and that sweeping austerity measures be imposed.

Turkey's finance minister—who is also Erdogan's son-in-law—Berat Albayrak said on Monday that Ankara would introduce an economic plan to confront the lira crisis that includes strict budget discipline.



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