

Turkish finance minister resigns amid a deepening crisis

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Recent economic developments in Turkey underscore that President Recep Tayyip Erdo?an's Justice and Development Party (AKP) government and the Turkish economy are drifting towards a deepening crisis amid the COVID-19 pandemic.

Sunday evening, Turkey's Treasury and Finance Minister and son-in-law to Erdo?an, Berat Albayrak, resigned citing alleged "health issues." In unprecedented fashion, he announced his resignation suddenly and on social media. This surprise move followed Erdo?an's ouster of the head of the Turkish central bank, Murat Uysal, without any explanation, on Saturday. Former Treasury and Finance Minister, Naci A?bal was brought in to replace him.

This came after a collapse of the Turkish lira, the world's worst-performing currency in 2020. The Turkish lira has lost nearly 45 percent of its value against the US dollar this year. Before the removal of Turkey's top economic officials, the lira fell to a record low of 8.58 against the US dollar on Friday, with annual inflation running at 11.89 percent.

Erdo?an's main economic goal supposedly was to keep interest rates low, which he claimed was the cause of inflation. He aimed to thus spur lending and economic growth. Turkey's central bank burned through an estimated US\$120 billion in foreign currency reserves to prop the Turkish lira up since the beginning of 2019.

Nonetheless, inflation remains in the double digits, the official unemployment rate is above 13 percent, the economy is in recession and the Turkish lira has collapsed.

President Erdo?an officially accepted Albayrak's resignation only on Monday evening, and former Deputy Prime Minister Lütfi Elvan was appointed finance minister on Tuesday.

On the first day of the week, financial markets welcomed the news amid debates on whether Erdo?an would accept the finance minister's resignation. On Monday, the Turkish lira rose more than 5 percent against the US dollar, while the stock market rose more than 3 percent.

Addressing the AKP parliamentary group meeting on Wednesday to reassure international and domestic investors, Erdo?an said new steps will be taken soon to improve the investment climate. After he announced that "We will provide all kinds of convenience and support to domestic and international investors who trust in the Turkish economy and Turkish lira," the lira also rose more than 4 percent that day.

In his speech, Erdo?an pledged that Turkey would continue to be a platform for financial profiteering and cheap labour. "We are determined to make our country a low-risk, reliable and profitable attraction centre. We will strengthen macroeconomic stability. We want to make the business and investment environment more attractive," he said, adding: "Economic management will be in close contact with international investors. We will personally explain to these investors by holding a series of meetings. Structural reforms will continue."

In the media, there are various speculations regarding the reasons for the resignation. Some hypothesized that many AKP deputies would move to two newly-formed AKP split-offs, the Future Party of former AKP Prime Minister Ahmet Davuto?lu and the Democracy and Progress Party (DEVA) of former AKP Economy Minister Ali Babacan, if Albayrak did not resign. This could cost the government its majority in parliament.

Others said that Albayrak and new central bank chair A?bal were on a collision course, or cited factional conflicts between Albayrak and Interior Minister Süleyman Soylu over the future party administration.

In any case, this political turmoil flows not from this or that political figure in the government but from a deepening crisis of the global capitalist system accelerated by the pandemic. Amid an unprecedented international socioeconomic disaster, it is clear that the AKP government is in a deepening crisis and the Turkish economy is on the verge of collapse.

Turkey's economy, and especially the lira, have worsened since 2016 amid growing tensions with its American and European imperialist allies. US-Turkish relations have been in free-fall since Washington made Syrian Kurdish forces its principal proxy army in its regime-change war in Syria. Washington backed an unsuccessful military coup against Erdo?an in July 2016.

In recent years, Trump administration and Pentagon officials have been making ever more explicit threats against Turkey, a NATO member since 1952, about its plans to purchase Russian S-400 air defence missiles. While US sanctions against Turkey have remained on the agenda, in 2018 Trump imposed economic sanctions on Turkey, leading to a collapse of the lira.

The US dollar, which was around TL3 at the beginning of 2016, increased steadily after the July 2016 coup and rose to nearly TL8.50 when Democrat Joe Biden won the 2020 US elections. Biden, who was vice president during the 2016 coup attempt, recently declared his support for Turkey's Republican People's Party (CHP)-led bourgeois opposition. Though Erdo?an congratulated Biden on Tuesday, future US-Turkey relations are highly uncertain, if Biden takes office in January.

This process goes hand-in-hand with the impoverishment of the working class. Inflation is well above official figures, and real unemployment is around 30 percent. While the minimum wage in Turkey was nearly US\$385 in January 2020, it has decreased to near US\$270 (now it is US\$295), generally below the minimum wage in China. Moreover, almost half of Turkish workers are paid the minimum wage.

Imposing a "herd immunity" policy in the interests of the ruling class, the Erdo?an government has repeatedly declared that Turkey would gain ground against its economic rivals after the pandemic—promising to transform Turkey into a paradise for investors and accelerated attacks against the working class.

As around the world, with billions being pumped into

the coffers of the ruling class with low-interest loans and stimulus packages, this debt has to be paid by the working class with increased exploitation and deep attacks on its social rights.

The Erdo?an government has extended the forced "unpaid leave" process until July 2021 for hundreds of thousands or millions of workers. They have been forced to take unpaid leave, receiving only TL1,170 (about US\$150) per month from the state unemployment fund.

Moreover, the government recently proposed a law to expand flexible and temporary work, especially among workers aged under 25 and over 50, effectively eliminating their right to severance pay and pensions. However, it had to withdraw these articles of the bill for fear of mounting anger within the working class amid the pandemic.



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