

# The Politics and Limits of Monetary Policy Under Growing Authoritarianism: The Case of Turkey

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Turkey was the darling of the international financial community until a few years ago. It received praise for its thriving economy and steady progress toward liberal democracy from international financial institutions, investors, and observers. The World Bank's 2014 Turkey Country Snapshot (2014), for instance, argued that Turkey's "rapid economic and social progress" was an "inspiration to reformers," "hold[ing] many useful lessons for policy makers in other emerging markets" (p. 2). Turkey is no more. "Once a beacon of democratic consolidation in a volatile neighborhood" (Kirişci and Sloat, 2019), it is now a worrisome case of democratic backsliding. It suffers from triple-digit inflation, a collapsing currency, rapidly accumulating external debt, and declining living standards for the majority of its population. Dubbed a "mess" (Askew, 2022), it is seen as an economy that is "caught in a spiral of lira crises" (Strohecker, 2022) and "in pressing need of reform and repair" (*The Economist*, 2023b). But what went wrong? How did a seeming success story turn into a disaster?

Most blame President Erdogan's growing authoritarianism and his oft-called "bizarre" or "mad" economic policies (e.g., *The Economist*, 2022). Following a failed coup attempt in July 2016, President Erdogan and the AKP (*Adalet ve Kalkınma Partisi* – Justice and Development Party)

government declared a prolonged state of emergency during which there was a forceful crackdown on the opposition. Thousands of civil society and media organizations, politicians, journalists, and human rights activists were targeted; some were imprisoned (Yilmaz, 2020). A constitutional referendum was held in the following year that ratified Turkey's move from a parliamentary system to a heavily centralized presidential system. The reforms entailed a drastic institutional reconfiguration of the state and gave new powers to the president with few checks and balances (Öniş and Kutlay, 2021). In June 2018, Erdogan was re-elected as the president under the new regime. Freedom House (2018) downgraded Turkey's status from "partly free" to "not free" that same year, pointing to deteriorating political rights and civil liberties.

The presidential system also brought unprecedented changes to macroeconomic management. Based on the president's newly acquired powers, such as the right to issue decrees, propose the national budget, and appoint high-level bureaucrats with little oversight, President Erdogan effectively established "de facto and de jure executive control" over the Turkish central bank, officially known as the Central Bank of the Republic of Turkey (CBRT) (Apaydin and Çoban, 2023, p. 1,060). This was no surprise. Right before the 2018 presidential election, Erdogan had denounced interest rates as "the mother and father of all evil" and assured his supporters that his re-election would mean a "victory in the fight against this curse of interest rates" (Kucukgocmen and Taner, 2018). Days later, he spoke with Bloomberg in London, unequivocally revealing his intentions to intervene in the central bank's decisions. He replied to the question of whether he would play a role in monetary policy as follows: "Yes! This may make some uncomfortable. But we have to do it... Of course, our central bank is independent, but the central bank can't take this independence and set aside the signals given by the president, who's the head of the executive. It will make its evaluations according to this, take its steps according to this" (Ant and Demokan, 2018). The financial community was in "shock and disbelief" (Strohecker, 2018) following Erdogan's message, and the *Financial Times* (2018a) reported that investors "were wondering whether there was any longer an argument for risking their money in his country's currency,

stocks, and government bonds.” It seemed that Erdogan had waged a war against the orthodoxy of central bank independence.

Although the regime shift has been significant in Turkey’s authoritarian turn, scholars and observers point to a gradual process of democratic backsliding in Turkey at least since 2011, describing the two-decade rule by AKP as “authoritarian neoliberalism” (Adaman and Akbulut, 2021; Akça, 2014; Akçay, 2021; Tansel, 2018), “anti-democratic populism” (Rogenhofer and Panievsky, 2020), or “competitive authoritarianism” (Çalışkan, 2018; Castaldo, 2018; Esen and Gümüşcu, 2016; Özbudun, 2015). During his tenure as Prime Minister and President between 2003 and 2018, Erdogan’s relationship with the central bank and the financial community had already been far from harmonious. Erdogan’s contentious pronouncements intensified especially after 2013, and occasionally other AKP members joined him. As an outspoken critic of the central bank, Erdogan would frequently express a preference for low interest rates, citing Islamic teachings which supposedly ban collecting interest. He was also a champion of his self-proclaimed “theory” that high inflation was the result of high interest rates – a view often ridiculed by academic economists (e.g., *The Economist*, 2022). During the 2013 Gezi protests, Erdogan accused domestic and foreign financial institutions of stirring political unrest and benefiting from the resultant high interest rates, calling them the “interest rate lobby” (Saglam, 2013). He later labeled anyone who criticized his economic views as the interest rate lobby and denounced their activities as “treason against the nation” (Reuters, 2015). In May 2014, Erdogan once again expressed his contempt for the central bank for pursuing tighter-than-desired monetary policy. “I told them several times,” he said, “This is outrageous. Don’t mess with people with a half-point cut” (Haberturk, 2014). In February 2015, he targeted central bank governor Bascı, saying, “The central bank’s interest rate policy is unsuited to the realities of the Turkish economy... You are conducting a struggle for independence against us, but are you dependent on some other places [people]?” (Coskun, 2015). The public scolding fueled widespread rumors that Bascı and Deputy Prime Minister Babacan – a longtime friend and supporter of Bascı – would resign. The news rattled investors. A few days later, Erdogan further asked the two men to “shape up” as they were supposedly on a “wrongful path” (NTV, 2015).

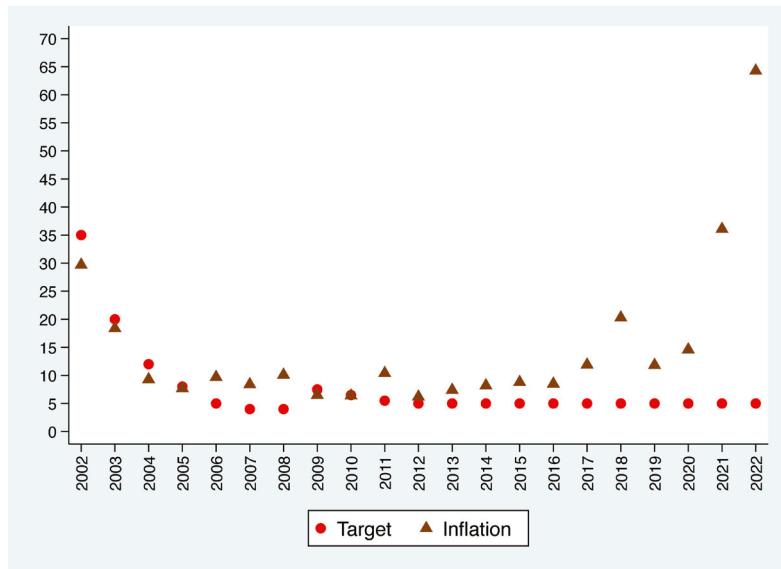
Governor Bascı (2011–2016) and his successor Cetinkaya (2016–2019) strove hard to thwart the political pressure to deliver rock-bottom interest rates. During my research, I found that they did this by manipulating the central bank's unconventional monetary policy framework known as the “asymmetric interest rate corridor”. This framework was initially designed to ward off hot money inflows during 2011 but was later revised to enhance the flexibility of monetary policy. In an effort to balance the competing pressures on the central bank, policymakers used the framework to deliver what was colloquially known as “stealth interest rate hikes.”<sup>1</sup> Central bankers would keep the official policy rate low while effectively funding financial institutions at a higher interest rate. This imperfect strategy continued until May 2018 when a rapid depreciation of the Turkish lira fueled fears of a currency crisis. “After weeks of resisting action to arrest the sliding currency,” the *Financial Times* (2018b) reported, Erdogan was “forced to submit to the power of the markets and allow the central bank to lift interest rates.” The unconventional framework was also abandoned. Although markets “had won” this time (Ant, 2018), central bank governor Cetinkaya was sacked in July 2019 for “not listening.” This is how Erdogan boasted about this decision a few months later: “Because we have changed the system, we also got the authority to remove the central bank [governor] from office... We removed the previous governor because he wasn't listening... We told him repeatedly in economy meetings that he should cut rates. We told him that the rate cut would help inflation fall. He didn't do what was necessary” (Sozcu, 2019). As a self-declared “enemy of interest rates” (Tol, 2021), Erdogan changed the central bank governor three more times between 2019 and 2022.

Generally speaking, Erdogan's monetary policy approach can be summarized as an uncompromising commitment to low interest rates – regardless of its costs. This was most clearly revealed during 2021 when nearly all central banks tightened monetary policy to fight soaring inflation. In fact, among a large sample of countries listed by the IMF, the Turkish central bank was the only central bank that eased monetary policy (Adrian and Natalucci, 2022). This had severe consequences. The real interest rates became negative; the lira depreciated by 44% in 2021 and by 30% in 2022.

1 This information was gathered in interviews by the author.

against the US dollar, making Turkey the “worst performing emerging economy” (Reuters, 2023; *Financial Times*, 2022; Toksabay and Gumrukcu, 2021). Especially noteworthy is the fact that Putin congratulated the Russian central bank in December 2021 for preventing a “Turkish-style crisis,” saying, “I know that the real sector is unhappy with the increase in rates, but without it, we could have a situation similar to that in Turkey...I do not interfere in the work of the central bank” (Arkhipov and Andrianova, 2021). The lira’s depreciation contributed to already high inflation. According to highly contested official figures, the inflation rate reached 86% in October 2022 – the highest in 25 years. As shown in Figure 1, after 2018 there emerged a growing and dramatic divergence between the central bank’s inflation target and the annual inflation rate.

**Figure 1: Inflation Target and Annual Inflation Rate (2002–2022)**



Source: Data from the Central Bank of the Republic of Turkey (CBRT, 2022b)

Admittedly, it has become increasingly common in recent years for populist and authoritarian leaders to criticize their central banks or to attempt to influence monetary policy decisions. Examples abound. For instance, Trump demanded that the Federal Reserve slash interest rates

down to zero, calling central bankers “boneheads” and “pathetic,” and claimed that he had “the right to fire” the chair of the Federal Reserve. The UK’s shortest-serving prime minister Truss wanted to revisit the price stability mandate of the Bank of England. Orbán undermined the Hungarian central bank’s independence and appointed his self-claimed “right hand” as the bank’s governor in 2013 to pursue financial nationalist policies. In India, Modi’s appointee Das was pressured to cut rates prior to the 2019 elections and to transfer a record sum from the Reserve Bank to the government. In South Africa, a democratic nation with strong political and economic institutions, the ANC government has proposed expanding the central bank’s mandate to include an explicit focus on employment and economic growth.

These examples might suggest that Erdogan is not alone. Yet, the Turkish case continues to remain a puzzle in some respects. Unlike the US, Turkey does not govern a reserve currency, and the country occupies a subordinate position in the global financial system. Additionally, unlike some other countries in the Global South (like India), Turkey has long been fully integrated into the global financial system and is heavily dependent on foreign capital inflows. A high degree of dependence on external financing is expected to discipline governments, pushing them to pursue economic policies that promote investor confidence (Block, 1977; Mahon, 1996; Mosley, 2003; Winters, 1996). In the case of central banking, this means the central bank should follow monetary orthodoxy and focus on price stability in line with the financial sector’s preferences (Goodman, 1991; Maxfield, 1997; Posen, 1995). South Africa is a case in point. Not only did the recent government proposal face significant pushback from the central bank and the treasury due to South Africa’s foreign financing needs, but it was also effectively “vetoed” by domestic and international financial investors. A local business newspaper aptly described the structural power exercised by the financial community in defeating the proposal: “Each time [changes to the central bank’s mandate] is raised, markets react negatively, forcing [the] National Treasury and, more often than not, the presidency to come out and do damage control” (BusinessTech, 2023). Another example is Hungary. Favorable global liquidity conditions in the post-crisis period and highly “tolerant”

international investors allowed Orban to pursue financial nationalist policies (Johnson and Barnes, 2015). Once the global financial conditions changed, financial nationalism became less viable and there emerged a “rift” between Orban and the Hungarian central bank over high inflation (Szakacs and Than, 2023).

In light of these cases, what explains Turkey’s unraveling commitment to low interest rates? And how long can it be sustained? Mainstream accounts point to Erdogan’s religious beliefs and his long-held ideological convictions underlying his incessant defense of low interest rates. Notwithstanding the role played by these factors, I argue that low interest rates were critical to Erdogan’s political success by supporting his macroeconomic populism within Turkey’s financialized economy.

Following a severe financial crisis in 2001, Turkey implemented a series of neoliberal reforms under a comprehensive IMF-directed program. These reforms included the institutionalization of an independent central bank, banking sector regulation, the privatization of state banks and enterprises, and fiscal discipline, among others. When the first AKP government came to power in 2002, it had relatively narrow room to maneuver. Operating under tight budgetary constraints imposed by the IMF, it could not resort to excessive fiscal spending or push the central bank to monetize its debt. In this context, financialization became a crucial mechanism (Aklin and Kern, 2021) by which the AKP would maintain popular support. Financialization boosted economic growth and, along with financial inclusion, helped contain the adverse effects of neoliberal policies on lower- and middle-income groups. Accompanying financial inclusion, the AKP provided *selective* social protections that generated income gains for the urban poor and working class but did not forego fiscal discipline (Güven, 2016). During the first two terms of the AKP government, Turkey witnessed high and sustained economic growth rates with single-digit inflation alongside a dramatic reduction in government deficits. Thus, the government could have its cake and eat it too.

This strategy was helped by favorable external financial conditions that began around 2002 and continued until 2013 with a brief interruption with the collapse of Lehman Brothers (Akyuz, 2017). Throughout the 2000s, low interest rates in major economies, expanding global liquidity,

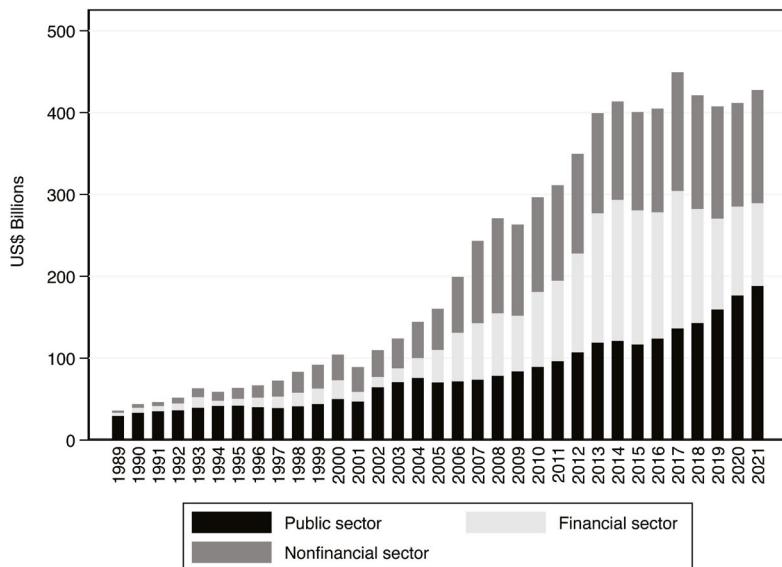
and good economic prospects for emerging economies fueled capital inflows, generating rapid economic growth and currency appreciation in these economies (Akyuz, 2014). As Akyuz (2017, p. 85) describes, “a virtuous circle emerged whereby rapid growth attracted more capital into [emerging and developing economies] and this in turn added to growth by stimulating private spending in investment in property and consumption, thereby attracting even more capital.” These dynamics became more pronounced after 2009. Due to “zero-bound” interest rates and quantitative easing in the Global North (Akyuz, 2017), there were ample low-cost foreign funding opportunities. Domestic interest rates could be kept relatively low and access to credit was fairly affordable and widespread among households and domestic firms in several economies.

Scholars describe the post-2001 Turkish economy as a “debt-led growth regime,” “capital-inflows-dependent, finance-led growth model,” “dependent financialization,” or a “speculation-led economic growth model” (Akçay and Güngen, 2019; Bahçe et al., 2017; Orhangazi and Ozgur, 2015; Orhangazi and Yeldan, 2021). One characteristic of this growth regime has been external debt accumulation. Starting in the early 2000s, increased foreign capital inflows led to a significant appreciation of the Turkish lira. Coupled with relatively high domestic interest rates, both banks and non-financial corporations found it advantageous to borrow from abroad, mostly in foreign currency (FX). Consequently, external debt reached around 50% of GDP in 2014 (Orhangazi and Ozgur, 2015, p. 7). As shown in Figure 2, the share of government debt in external debt declined until the late 2010s, while that of financial and non-financial sectors dramatically increased. The external debt of non-financial corporations climbed from around \$28 billion in 2004 to \$86 billion in 2014, while that of financial institutions went from \$20 billion to \$127 billion (Çalışkan and Karimova, 2017, p. 1622). Furthermore, borrowing became more short-term. The share of short-term external debt reached 40% of the total external debt stock of financial and non-financial sectors in 2014 (*ibid.*).

A second pillar of the post-2001 growth regime has been domestic credit expansion. Capital inflows led to the appreciation of the lira and a decline in interest rates. While this has enhanced firms’ and households’ borrowing capacities, domestic banks took advantage of low-cost external financing

opportunities and emerged as the financier of domestic credit growth. Total bank credit to non-financial corporations and households increased dramatically, as seen in Figure 3. Within household debt, credit card, housing, and personal loans accelerated, and the ratio of total consumer credit to GDP increased from 1.8% in 2002 to 18.7% in 2012 (Karacimen, 2014, p. 163).

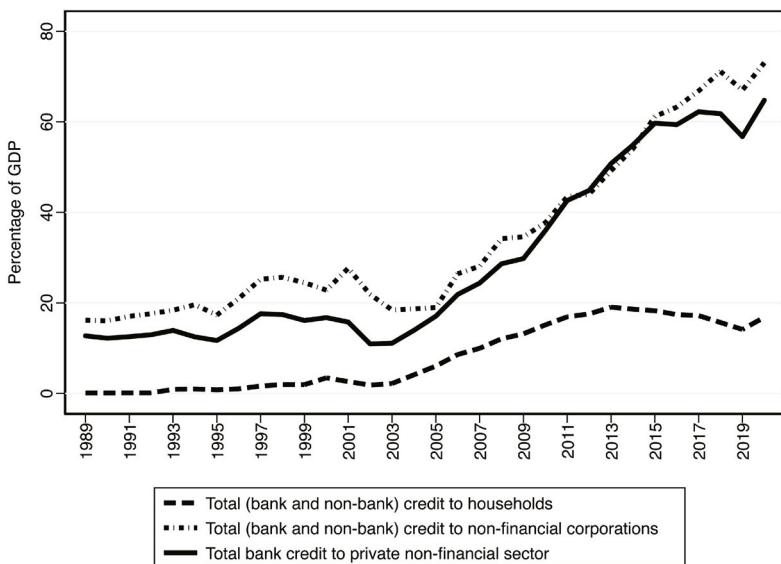
**Figure 2: Cumulative External Debt (USD billions)**



Source: Zayim (2022, p. 552)

This accompanied a construction boom, which was at the center of economic growth. After 2008, Turkey became one of the fastest-growing real estate markets in the world. “Construction-centered growth” was a deliberate accumulation strategy employed by the AKP (Orhangazi and Yeldan, 2021). Successive AKP governments effectively acted as a “developer and financier” in housing markets and engaged in a process of financialization whereby public urban land was commodified, mortgage markets were expanded, and low-income and poor households were integrated into the financial system through subsidized debt (Yeşilbağ, 2020). Through these processes, the construction sector served to cultivate loyalty

and garner political support from urban lower- and middle-income groups. Additionally, the AKP governments used various construction projects to build a loyal business class through public procurement, construction permits, cheap credit, and tax reliefs (Esen and Gümüşcu, 2018; Gürakar, 2016; Ocaklı, 2018). In particular, five pro-government construction companies – dubbed “the gang of five” by the main opposition leader – handsomely benefited from Turkey’s new “land-based accumulation” (Yeşilbağ, 2022).



**Figure 3: Domestic Credit Growth (1989–2020)<sup>2</sup>**

Source: Zayim (2022, p. 553)

Although construction companies were at the forefront of pro-Erdogan domestic capital, the AKP’s crony and clientelistic ties extended beyond the construction sector. The AKP promoted small and medium-sized enterprises and select big businesses on the rise with cheap credit and tax reliefs. In particular, state banks were used as a vehicle to distribute credit on very favorable terms (Apaydin and Çoban, 2023). In return for favorable

2 This covers the private non-financial sector, which includes households, non-financial corporations, and non-profit institutions serving households.

business contracts and deals, business groups supported the AKP governments with “their investments in pro-government media, in-kind donations to the party as well as to pro-AKP charities, and campaign contributions” (Esen and Gumuscu, 2018, p. 361). The AKP then distributed these donations to certain disadvantaged groups and used the selectively distributed social welfare goods, jobs, and charitable goods in exchange for political support (Buğra, 2020; Eder, 2010). Thus, a network of relationships “rid-dled with redistribution, favoritism, clientelism, and corruption” was built (Esen and Gumuscu, 2020, p. 1,080), extending to businesspeople (Buğra and Savaşkan, 2014; Esen and Gumuscu, 2018; Gürakar, 2016; Özcan and Gündüz, 2015) and the urban poor (Ark-Yıldırım, 2017; Yıldırım, 2020).

The favorable external financial conditions that underlay this clientelistic system came to a halt in 2013. When the US Federal Reserve announced its intention to roll back its quantitative easing program, in what became known as the tapering talk, the news altered investors’ perceptions and led to a sharp decline in capital inflows to emerging economies (Rai and Suchanek, 2014). Although investors subsequently returned to these economies (to different degrees), capital inflows continued to decline during the Fed’s tapering of bond purchases in 2014, and net inflows turned negative in the weeks before the Fed raised its policy rate in December 2015 (Akyuz, 2017). Capital outflows depressed stock and bond markets and put pressure on local currencies to depreciate. In particular, countries with sustained current account deficits were badly hit, such as Brazil, South Africa, and Turkey (*ibid*). There was a clear expectation within the financial community that central banks in these contexts would need to increase their policy rates. Inaction would tarnish central bank credibility, accelerating capital flight and currency depreciation and even triggering a crisis (Zayım, 2020).

The changing global liquidity conditions created a dilemma for the AKP and its leader Erdogan (Akçay, 2021; Altınörs and Akçay, 2022; Apaydin and Çoban, 2023). On the one hand, a tighter monetary policy was perceived as necessary by financial investors and constrained policymakers’ choices. On the other hand, low interest rates helped sustain the AKP’s clientelistic relationships and were therefore key to Erdogan’s political survival. Monetary tightening would increase the cost of credit and limit

its availability to households and domestic firms. This would be especially problematic for small and medium-sized enterprises with little access to international borrowing and for construction companies that thrive on cheap loans and high domestic demand. A slowdown in the economy would furthermore result in greater unemployment, disproportionately hurting low-income groups and the urban poor. Recent scholarship points to these contradictions to explain Erdogan's growing authoritarianism (Akçay, 2021; Altınörs and Akçay, 2022; Apaydin and Çoban, 2023). From this perspective, Erdogan's increasingly contentious relationship with the central bank since 2013 and his eventual takeover of monetary policy after 2018 could be read as a desperate effort to sustain this financialized growth regime and the clientelistic relationships it feeds in a changing global financial context.

How long can this effort be sustained given its disastrous consequences? Despite the rhetoric, the post-2018 period was highly contentious and marked by trial-and-error learning. Not only were there multiple governor appointments to the central bank, but the focus of monetary policy also oscillated between maintaining low interest rates and gaining investor confidence. After the sacking of central bank governor Cetinkaya in July 2019, the newly appointed governor Uysal rapidly lowered the policy rate from 24% to 8.25% in accordance with President Erdogan's demands. This was the highest cumulative rate cut in the world in 2019 (Bloomberg HT, 2020). To combat the depreciation pressures on the lira, Uysal and Albayrak – Erdogan's son-in-law and then Minister of Treasury and Finance – covertly sold an estimated \$128 billion from the central bank reserves. This scandal would later cause a public uproar and become a key part of the political campaign against Erdogan in the 2023 elections. As Bloomberg (Ghosh, 2021) reported, "Turks and foreign investors alike want[ed] to know where \$128 billion went." Despite tightening monetary policy and increasing the policy rate in September 2020, Uysal could not curb the lira's collapse. Due to his purported policy failures, Uysal was removed from office in November 2020 (*Financial Times*, 2020). Albayrak resigned one day later.

Agbal, a former finance minister, succeeded Uysal. In as little as two months, Agbal hiked the policy rate from 10.25% to 17% and communicated his strong intentions to fight inflation. In an interview with Reuters in

February 2021, for instance, he said: “It is obvious that a strong monetary tightening must be implemented in order... to restore the disinflation process as soon as possible, and that this will continue for a long time” (Coskun and Devranoglu, 2021). His actions during his four-month-long tenure were perceived by financial investors as a gradual move toward monetary policy orthodoxy and rebuilding the central bank’s credibility. The financial community praised Agbal’s focus on price stability and viewed his appointment as a signal that “Erdogan was ready to cede a degree of autonomy to the bank” (*Financial Times*, 2021a). In March 2021, Agbal further hiked the policy rate from 17% to 19%, exceeding the “market expectations”. However, Agbal was fired without an explanation two days later. The *Financial Times* (2021b) reported that the decision “shocked” investors, fueling “a feeling of exasperation”. A massive capital flight ensued and the lira collapsed by 14% against the US dollar following the announcement (*Financial Times*, 2021c). Subsequently, Kavcioglu took office, known for sharing Erdogan’s unconventional views about interest rates and inflation. Kavcioglu’s arrival at the bank “was met with a sharp market sell-off” (Reuters, 2021). While monetary policy during his nearly two-year term reflected Erdogan’s commitment to low interest rates, foreign and (where possible) domestic investors left, the lira depreciated further, and inflation rose.

Erdogan and his team of macroeconomic policymakers were cognizant of the ways in which capital mobility constrained their room to maneuver. Faced with capital flight several times since 2018, they had been forced to hike interest rates and resort to orthodox monetary policy. They learned from this experience. Instead of responding to capital flight, they sought to prevent it in the first place. Starting in 2018, the AKP government gradually introduced what one interviewee described as “backdoor capital controls”.<sup>3</sup> First, several amendments were made to the decree protecting the value of the Turkish currency, placing restrictions on foreign currency transactions by domestic residents and export firms. Then, more specific measures targeting domestic banks and corporations were taken, such as making it more difficult to bet against the lira, limiting the availability of

3 This information was gathered in an interview by the author.

bank loans to companies holding significant foreign-denominated assets, pushing domestic banks to buy government bonds, despite much lower yields, if their ratio of local currency-denominated assets to total assets was less than 50%, and requiring companies to sell their FX assets to access cheap lira-denominated bank loans (BDDK, 2022; CBRT, 2022a). These regulations aimed to contain the depreciation of the lira and to stabilize the exchange rate, but, more importantly, by weakening the veto power of domestic investors, they made the pursuit of low interest rates possible. In addition to capital regulations, policymakers secured external finance from sources outside of the Western-led international financial institutions. The central bank concluded currency swap agreements with China, Qatar, South Korea, and the United Arab Emirates, amounting to \$27 billion in early 2022 (Sonmez, 2022). Russia wired billions to Turkey to finance the construction of a nuclear plant as a subsidiary of Rosatom (Kozok, 2022). Prior to the 2023 elections, Russia's energy company Gazprom also allowed Turkey to delay payments for its natural gas imports (Devranoglu and Coskun, 2023). Lastly, Turkey has received some capital inflows that are "unaccounted" for: in the first eight months of 2022, the "errors and omissions" in the balance of payments hit a surplus of \$28 billion (Pitel and Samson, 2022). The source of these inflows is of much debate.

This brings forth an interesting paradox. Championed under the banner of "South-South cooperation", external financial support from the Global South has often been argued for to help developing countries escape IMF conditionality and pursue heterodox, developmental policies. However, these alternative sources of funding could also help prolong the rule of authoritarian leaders such as Erdogan. They expand these leaders' room to maneuver by easing funding constraints while skirting the IMF's well-known involvement in inspecting/Preparing government budgets (which necessarily increases government accountability and transparency). Although the IMF conditionalities are infamous for imposing austerity, stripping developing countries of their autonomy, and tilting the income distribution in favor of high-income groups, bilateral financial agreements like swaps are unlikely to come as a free lunch. Moreover, the conditionalities attached to them remain opaque, thus deepening the democracy deficit. While this paints a bleak picture, Turkey's recent elections in

May 2023 tentatively suggest the limits of relying on bilateral agreements. Following another re-election victory, Erdogan appointed a new central bank governor and finance minister in June 2023, both of whom are known to support monetary orthodoxy. At her first monetary policy committee meeting, Erkan, the new Turkish central bank governor, raised the policy rate from 8.5% to 15% as the first step toward monetary tightening (CBRT, 2023). Many interpreted this shift as a U-turn given Turkey's ever-growing external financing needs and as an effort on the part of Erdogan to attract Western financial investors (*The Economist*, 2023a). While it is too soon to draw conclusions, it is possible that Turkey's dependence on foreign capital might eventually discipline Erdogan or perhaps even win him over.

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