



Why Turkey's Erdogan Is Worried

May 22, 2019 **Ilan I. Berman** *Al-Hurra Digital*

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Since 2002, the Justice & Development Party (*Adalet ve Kalkınma Partisi*, or AKP) has decisively dominated national politics in Turkey. Over the past decade-and-a-half, under the direction of its leader, Recep Tayyip Erdogan, the AKP has succeeded in consolidating sweeping control over the country's core institutions through a series of domestic machinations and deft political maneuvers. In the process, Erdogan himself has emerged as the undisputed head of an increasingly authoritarian, vertically integrated regime.

All of that, however, could soon change – or so Turkish officials now fear.

In local elections in late March, the AKP unexpectedly lost the mayorship of all three of the country's largest cities – Istanbul, Ankara and Izmir – to the opposition Republican People's Party (CHP). The results represented nothing short of a political earthquake; the AKP had controlled local politics in those cities without interruption since its assumption of national power. As such, the election results amounted to a resounding "vote of no confidence" in the AKP and its leader.

Erdogan and his followers responded in predictable fashion. The AKP initially claimed it would contest the electoral results in all three jurisdictions. Over time, however, it modulated this stance and conceded defeat in Izmir and the national capital, Ankara. Istanbul, however, is another matter entirely, and Erdogan pressed forcefully for the outcome of the election there – where former Prime Minister Binali Yildirim was the AKP's chosen candidate – to be invalidated.

His reasons for doing so are clear. The city serves as Turkey's portal to Europe, as well as a key engine for commerce and tourism. It is also a metropolis whose population (both formal and undocumented) accounts for roughly a fifth of Turkey's 80 million-person total. All that makes Istanbul simply too large a political prize for the AKP to quietly abandon.

The resulting pressure campaign has proven effective. Earlier this month, the country's High Election Council bent to Erdogan's will and ordered a rerun of the polls, despite having previously certified the initial outcome. The new contest, now set for late June, is widely expected to result in a restoration of AKP dominance over Istanbul, and a political shot in the arm for Erdogan himself.

But even such a victory will do little to fix the more fundamental problem now facing Erdogan and the AKP: a profoundly ailing economy.

Turkey today holds more than \$440 billion in external debt from lenders like the International Monetary Fund – more than double the country's annual average between 1989 and 2018. This dependency compounded last year's currency crisis, which saw the Turkish *lira* plummet in value amid high inflation and rising borrowing costs, leading to a protracted economic downturn.

And still more turbulence is on the horizon. Roughly half of Turkey's outstanding loans are denominated in U.S. dollars, and have become pricier as the Turkish *lira* has declined in value. Additionally, more than \$100 billion of this debt is scheduled to come due this year – creating a major obligation that the Turkish government is hard pressed to fulfill without foreign assistance.

Here, Ankara's choices are limited. Turkey's government is savvy enough to fear the potential side effects of accepting Chinese money, and officials there view the growing dependency on Beijing now visible throughout Central Asia as a cautionary tale for their country. Yet Turkey's increasingly strained relations with Europe and the United States make new loans from those places less likely than in previous years. Gulf money remains an option, and Turkey's government has drawn noticeably closer to Qatar in recent months as a result. Overall, however, the options available to the AKP are hardly promising.

Compounding the problem is the sorry state of Turkey's federal budget. According to informed estimates, the Turkish government currently has enough national reserves for just two to three more months of normal government functioning. The country's typically busy summer tourist season may inject some much-needed revenue into government coffers. However, by the end of the year, Turkey watchers believe that the country will find itself on the cusp of a serious budgetary crisis – one that could rock the foundations of Erdogan's hold on power. Indeed, if true economic crisis hits, Turkey's strongman could find himself rapidly shouldered out of office by the country's oligarchs and entrenched corporate elites.

Only time will tell whether he will. Over the years, Turkey's wily head-of-state has proven himself to be a true political survivor. But mounting signs suggest that Turkish politics are suddenly in play in a way they have not been in nearly two decades.

Judging from Erdogan's increasingly heavy-handed political maneuvers, he appears to have come to the same conclusion.