

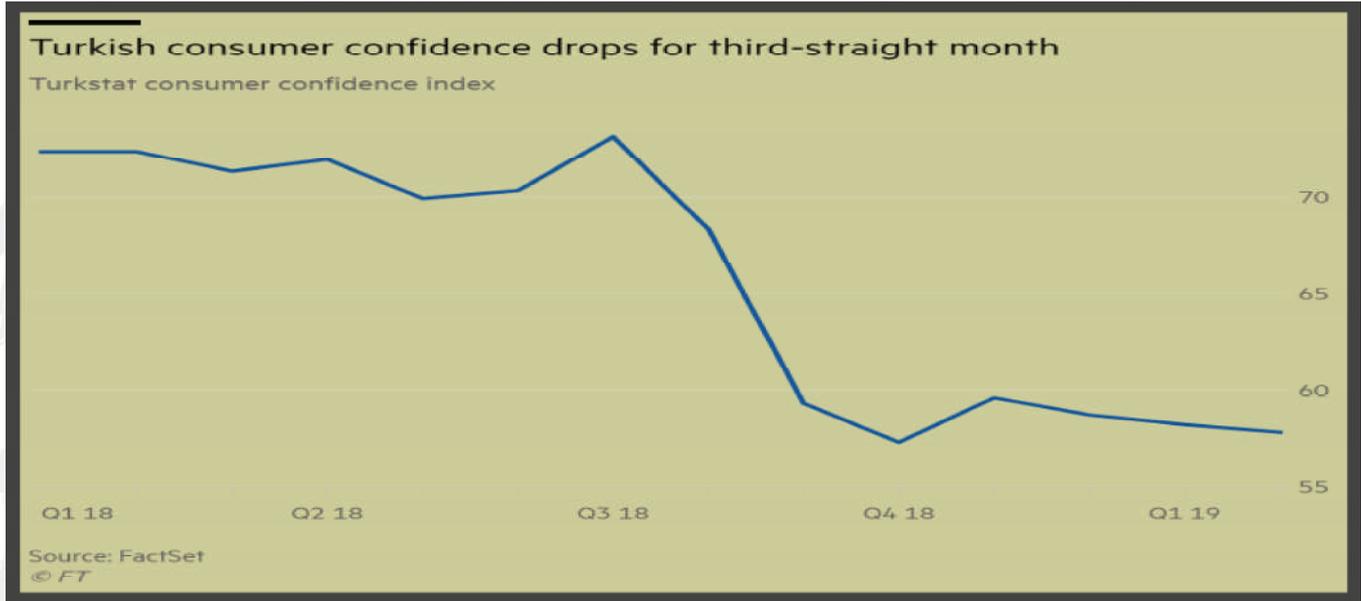


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Easdale Foundation for Labour Research

End of Boom

The Political Economy of Turkey's crisis

by **Dr Cem Oyvay** - University of Greenwich



Turkey has long been enjoying high growth rates with the support of speculative financial flows and a boom in the construction industry. However, the Turkish economy at the same time was step-by-step becoming more fragile during the recent years. The diplomatic crisis between the US and Turkey gave a push to the economic downturn in Turkey that was already coming.

Briefly, three points are crucial for understanding the downturn in Turkey: Turkey has been experiencing chronic current account deficit problem in 2000s; the gross external debt as a share of GDP (%) in Turkey increased from 36.7% in 2011 to 52.9% in the first quarter of 2018; the gross foreign currency reserves of the Central Bank of the Republic of Turkey (CBRT) depleted from \$112.0 billion in December 2013 to \$78,3 billion in July 2018 and to \$70,4 billion in August 2018, while Turkey's foreign currency needs are rising.

As an outcome of the downturn, the non-agricultural unemployment rate in Turkey increased by over 2% and hit 14.1% and inflation rate stands at 20%. Moreover, industrial production declined throughout the August 2018-December 2018 period and the PMI data for Turkey hints that the recession in manufacturing sector continues in the first two months of 2019. The deteriorating economy is also likely to be translated into a substantial loss in AKP's vote share in the incoming local elections in March 31.

ALL WELCOME!

Dr Cem Oyvay, is senior lecturer at the University of Greenwich and co-author with Prof Ozlem Onaran of the article on Turkish economy "Inequality & Boom-Bust Cycles in Turkey-What should progressive alternative policies target?"

Cem received his Phd in Economics from University of Massachusetts - Amherst in 2014 with dissertation titled "Essays on the Evolution of Inequality". His research interests include development economics, macroeconomics, international economics, income distribution and political economy.

SEMINAR SERIES

No 26

Friday, 29 March 2019

6:30pm - 8:30pm

VENUE:

**Meeting Room 3,
Finsbury Park Trust FinSpace
225-229 Seven Sisters Rd,
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