

Turkey's new finance minister, Mr Mehmet Simsek Back to economic basics

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Faced with ruinous inflation, Turkey's people should welcome the appointment of Hafize Gaye Erkan as governor of the central bank and Mehmet Simsek as finance minister ("[Braking at the cliff's edge](#)", June 10th).

The appointments signal a return to economic orthodoxy. However, unless Recep Tayyip Erdogan, the country's re-elected president, has undergone a change of heart, it's going to be an uphill struggle.

In 2018 Mr Erdogan appointed his son-in-law, Berat Albayrak, as finance minister in the belief that he could command market forces. Two years later Mr Albayrak resigned for health reasons after splurging \$128bn in foreign-exchange reserves to defend the lira.

Mr Erdogan has dogmatically insisted that interest rates are "the mother and father of all evil" and has fired three central-bank governors for not reducing them. Two years ago the president made clear at a meeting with the Turkish Industry and Business Association that as a Muslim he would continue to lower interest rates in accordance with Islamic teaching.

Now Ms Erkan has cautiously increased the benchmark interest rate from 8.5% to 15%, although the market expected 20%. And the lira has crashed.

The question is who will blink first when Islamic teaching comes into conflict with economic orthodoxy.