



To the point!

Cross-Asset- and Strategy-Research

The eternal Erdoğan

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Whoever becomes Turkish president: it can't go on like this!

Sunday is the runoff election that will decide who will rule Turkey in the future. Two weeks ago, neither incumbent Recep Tayyip Erdoğan nor his challenger Kemal Kılıçdaroğlu could muster an absolute majority of voters. Contrary to most forecasts, Erdoğan was ahead in the first round. Moreover, his AK Party and its allies were able to defend their majority in parliament. The most important third candidate eliminated in the first round has endorsed the president. It therefore looks more likely that Erdoğan, who has been steering Turkey's fortunes since 2003, will be re-elected.

Once again, political analysts have underestimated Erdoğan's ability to rally large segments of the population behind him by focusing on nationalist and religious values, as well as outright trumped-up accusations against opposition figures. In the major cities, however, Kılıçdaroğlu and his alliance were able to clear the table. Among urban voters Erdoğan's increasingly blatant authoritarian tendencies are meeting with resistance.

The Turkish economy needs new impetus

Whoever emerges victorious from the runoff: In terms of economic policy, things cannot go on as they are. Inflation, while easing from over 80% in the second half of 2022, was still (officially) 44% in April. Turkey's inflation problem is a direct consequence of the erosion of central bank independence and Erdoğan's maverick conviction that cutting interest rates are an appropriate approach of fighting inflation.

At the same time, price pressure is even higher than the inflation rate would have us believe. Since the beginning of the year, the central bank has been burning foreign reserves at the behest of the president in order to support the lira. This is because a weak

Erdoğan enters runoff as favorite

Economic policies are unsustainable

currency would further feed the inflationary fire. In the week before the first round of elections alone, the central bank [lost 11% of its foreign reserves](#). However, this is not sustainable due to the precariously low levels of hard currency in the central bank's accounts. The foreign exchange interventions merely bought Erdoğan a little time. It can not avoid the moment of truth.

Equally, the drastic pre-electoral increases in the minimum wage and pensions are unlikely to revive an economy operating well below potential. Very likely, however, they will further inflate the burgeoning budget deficit. It can't go on like this. Turkey simply lacks the resources to continue on that path. From this point of view, it would be fair if Erdoğan were to inherit his own shambles.

The Voting Behavior of Turks in Germany

For us in Germany, too, the Turkish election provides food for thought. There are 1.5 million Turkish voters living in Germany. Of those, it is hard to argue that they have been manipulated by the overwhelming media control of Erdoğan's machinery. Nevertheless, two-thirds of Turks in Germany gave Erdoğan their vote. Why do citizens living in an open and liberal democracy like Germany disproportionately support an illiberal and intolerant candidate?

A failure to integrate successfully in Germany could partly be responsible for this. For many people of Turkish origin, even those whose parents were already born in Germany, the question of whether they are truly accepted in our country arises again and again. Doubts linger whether they are an integral part of German society. No ifs and buts. Erdoğan provides this group of people with recognition, respect, and a feeling of pride.

The patchy integration success in Germany may thus decide on Sunday who will call the shots in Turkey in the future.

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Turks in Germany stand firmly behind Erdoğan
