

# Trump and Erdogan's Wars of Words: Impact on the Turkish Economy

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*The current escalating tension between Turkey and the US has reached to crucible where from it can go worst. The war of words begun with the status of American evangelical pastor [Andrew Brunson](#), who was arrested over links to Fethullah Gulen, alleged by President Erdogan to be the mastermind behind 2016-coup attempt. President Trump is [reportedly](#) "frustrated" over Turkey for not releasing the US pastor and has threatened Erdogan to impose additional sanctions. On the other side, Erdogan vowed not to bow before the threat of US sanctions. In fact, he retaliated against the US for imposing sanctions on steel and aluminium by [boycotting](#) American electronic goods. With both sides refusing to abate, mending strained relation between the two NATO allies is going to be a lot more complicated and difficult.*



Most of the analysts were of the view that Erdogan and Trump would align well, given their belief in populism and nationalism. Both of them not only enjoy power which they seek to enhance but also see themselves surrounded by conspiracy theories. Few even predicted that Trump's relationship with Erdogan would be better than his former President Barack Obama. However, the case of Brunson is unique and important for Trump.

With the mid-term election approaching in November there is a growing consensus that the Republicans might lose the house and possibly the Senate due to Trump's growing unpopularity. His inappropriate behaviour on regular basis, benefitting personally from the presidency, attempting to impasse a legitimate inquiry into Russian involvement in the 2016 election campaign, and constantly demonstrating nearly zero understanding about important issues in American politics is alarming the nation. While the Republicans are attempting to defend him, the voters are lashing out and calling for Trump's impeachment process. Under this circumstances, the evangelical base which is the biggest and most powerful religious voting bloc in the US does not allow him to go soft on Erdogan.

However, the worsening Turkish economy had forced Erdogan to adopt a pragmatic approach by [sending a delegation](#) under Deputy Foreign Minister Sedat Onal to the White House for the purpose of discussing the ongoing detention of Brunson. While the Turkish media stated that both the sides have reached some preliminary agreement, other media have [reported](#) that the talks went nowhere. Though the details of the discussion were not disclosed, it is fair to assume that the Turks would have involved the extradition of Fethullah Gulen and Mehmet Hakan Atilla, Turkish banker who was [convicted](#) this year in a US court over the allegations that he helped Iran evade sanctions. This surely would not have helped the Turks to brighten the tenor of the discussion. In a [dispute](#) that began during the Obama administration, the US has maintained that Ankara has failed to provide sufficient evidence against Gulen for a judge to extradite him.

On one hand, the Turks are still hoping that the US Treasury will go easy on Ankara's Halkbank, which is under investigation for role in a scheme to evade US sanctions on Iran. On the other hand, the US is acting in complete contradiction. They have [blacklisted](#) Turkish Justice Minister Abdulhamit Gul and the interior Minister Suleyman Soylu. They are also planning to review Ankara's duty-free access to their markets which could affect [\\$1.7 billion](#) of Turkish exports amid the currency woes. The Turkish [lira](#) hits a new low by the record of 6.5% against the US dollar on August 10. Erdogan's son-in-law who is also the Finance Minister and apparent successor reported that his office will begin implementing policies to counter lira's slide. One component of this plan might have begun to take shape when Erdogan spoke about "[dumping](#)" the dollar as intermediary currency in Turkey's commercial relations with China, Russia and Ukraine. Turkey would instead conduct its trade in national currencies. This is a punitive measure directed at the US more than a way to salvage the lira. These measures also reflect Erdogan's belief that the lira is sliding due to US engineering and not because of economic factors.

Here, the problem is that Turkey alone cannot have economic muscles to force the world to move away from the dollar. One must understand that in the post-World War era, the US became the main economic power, far eclipsing the UK, Germany, France, Belgium, Japan etc, which had been heavily bombed and blockaded. The combination of failing economy, increasing debts, wartime expenses, and public demands for healthcare, nationalizations of industries and care for veterans all weighed down these nations at once. The US, taking advantage of the situation had lend-lease aid to these countries and considerably benefitted, especially since dollar became the main global reserve currency. In other words, if two countries want to do business with each other anywhere in the world, they must convert their money into dollar then proceed. As a result, the US became a hegemony that has decisive influence over the functions of the international monetary system.

Even today, almost all the countries are doing business by converting their currencies into the dollar. The only problem is that America has become a deranged and crumbling nation that cannot be trusted to understand elementary logic or hold its word with a modicum of decency of honour. Due to which most of the countries "[no longer](#)" consider the US as a superpower or economic hegemon.

Moreover, US's major adversaries like China, Russia, and Iran have already begun signing their business deal with other countries in their national currencies. Now that Turkey has also joined this "anti-dollar" league, the probability to upend its economy further is inevitable. Turkish bulk of international commerce and trade with Europe runs through the dollar. And it is unclear how Erdogan's idea of trading through national currencies can work

as a stable mechanism for Europe.

For Erdogan, the need of the hour is to take European countries onboard and convince them to stop converting their currency into dollar when it comes to Turkey-EU business. For the consistently smooth transaction, a common trading currency is essential, it just does not have to be a dollar. Only then, Turkey will succeed in its initiative of trading via national currencies. If necessary, international community like Russia-China who also played a major role during post-JCPOA can help Erdogan to bring Turkey-EU in reaching a common understanding.

While it is still difficult to predict the outcome of Ankara's economy, the Brunson spat seems to have resonated with some positive effect on Turkish domestic politics. Erdogan has become one of the most transparent foreign policy actors who holds a regular press conference and maintains an official website that publishes statements on current political affairs and the Turkish government perspectives. Officially, its main responsibility includes global and regional security. He is viewed as a leader who fights with foreign "enemies" who are allegedly attempting to weaken Turkey through nefarious ways and means. This has increased the number of Erdogan's supporters even among the opposition.

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