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Beyond the Headlines: Turkey's New Lira

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For decades, hyperinflation has plagued the Turkish Lira, with inflation, at one point, reaching one hundred and forty percent. Most recently in 2001, Turkey's economy was in shambles as a result of having a seventy-percent inflation rate, which the Associated Press partially attributes to "excessive [government] spending." The *Scotsman* called the recent recession in Turkey, the "worst economic crisis in decades" because it resulted in two hundred million losing their jobs. As a result, voters voted out the governing coalition parties, replacing them solely with Recep Tayyip Erdogan's Justice and Development Party. To help Turkey recover from this mess, Prime Minister Erdogan borrowed sixteen billion dollars from the International Monetary Fund, which answered his call with the prerequisite that he use the money to implement a rigorous austerity program that was designed to help the economy recover. With the success of the austerity program implemented by Erdogan's government, Turkey was finally able to curb its runaway inflation, making it possible for the country to introduce a new currency that would make its economy more manageable.

On New Year's Day 2005, this new currency, the New Turkish Lira, was introduced, replacing the former Turkish Lira currency. The New Turkish Lira shed the last six zeros from the old currency, making the country's currency more respectable and easier to manage. The new currency was introduced without any major incident and will co-circulate with the old liras until the end of 2005. During this transition period, prices for all goods and services in Turkey will be posted according to both currencies. At the end of the year, the old liras will be taken out of circulation and possibly, will be recycled into "road paving materials," according to the *New York Times*.

The *New York Times*, *Christian Science Monitor*, *Manchester Guardian*, and the *Scotsman* all covered this story, feeling that it was important enough to send reporters to Turkey. The British Broadcasting Company (BBC) did not mention in an article posted on their website, whether or not they sent a reporter to cover the story. It seems likely, though, that they did not cover the story for themselves and that they received the news through other channels because companies always make it clear when they send a reporter or an anchor to another country since it makes the news piece appear more respectable and legitimate. If they did not send their own staff member to cover the story, they were not alone, however. Microsoft-National Broadcasting Company (MSNBC) and the *New Zealand Herald* also did not have anybody covering the story for them. It may be possible that the *New Zealand Herald* simply did not have the resources to send a reporter to Turkey, but it is likely that MSNBC simply was not interested in sending a reporter to cover this story.

MSNBC is a cable news channel that has covered both domestic and international news around the clock. When NBC, the parent company of MSNBC, feels that an issue is important enough, as they did during the Iraq War in 2003, when they sent embedded reporters onto the frontlines with US troops, they make sure that they get coverage of their own, not somebody else's story. MSNBC must have felt that the issue did not have a big enough impact on America to cover the story for themselves. So, they used a story written by Reuters. At the same time, the *New Zealand Herald* borrowed their story from the Associated Press.

All of the articles, except for the *Christian Science Monitor*, explain that Turkey has had inflation problems for decades. The *Christian Science Monitor* only mentions

that Turkey has had inflation problems since the mid-1990s. This is understandable though, because that is when Turkey's major inflation problems began. All of the articles were sure to mention that there was a tremendous amount of inflation created in the country after an economic crisis in Turkey in 2001, but only the *Manchester Guardian* and the *Scotsman* really went into detail about the effects that the crisis had on employment in the country and about how the governing coalition was voted out by Turkish votes as a result of the crisis. Turkish voters replaced the coalition government with a single party, the Justice and Development Party, headed by Recep Tayyip Erdogan. But, only the *Manchester Guardian* and Reuters explain in detail about Prime Minister Erdogan's agreement with the International Monetary Fund to borrow sixteen billion dollars, in exchange for implementing an austerity program in Turkey that would help the economy recover. BBC mentioned the existence of the austerity program without giving any details, while the two American newspapers, the *Christian Science Monitor* and the *New York Times* did not mention anything about the austerity program. These two papers probably felt that explaining the austerity program to an American audience was not essential for them to understand the introduction of Turkey's new currency.

While the articles differ on how much in the way of details to divulge to its audience, they all explain the essential fact that the recent stabilization of Turkey's economy and the lowering of their inflation rate, as a result of the success of the austerity program (not explained in all articles), made it possible for Turkey to introduce a new currency. The *Scotsman* was the only source to editorialize on the matter, saying that Turkey's new currency will likely be more successful than new currencies that have been

introduced in Russia and Brazil in recent times. The newspaper believes this because Turkey's inflation rate has steadily decreased, unlike in the other countries.

Reuters includes a quote from a columnist in the daily *Hurriyet* newspaper, saying that the new Turkish lira "is not only a currency without six zeroes but also a hope for an end to expensive living and high inflation." Without this high inflation, BBC, the Associated Press, the *Scotsman*, and the *Christian Science Monitor* believe that there will be an increase in foreign investment in the country. They explain that investors were too confused with all the zeroes in the Turkish currency to invest before and they expect that now investment will begin to increase in the country with the new, simplified currency. The Associated Press warns though, that for foreign capital to come into the country and stay in the country, inflation must be kept low and "Turkish governments must avoid the type of excessive spending that was partly responsible for the inflation." Nevertheless, all of the articles believe that the new currency will have a positive effect on Turkey's future. This is the consensus within Turkey and in the international community.

One Turkish individual expressed enthusiasm to the *Christian Science Monitor* over the introduction of the new currency, saying that the international community would now "be able to see the value of the Turkish lira, while the dollar is dropping [in value]." Another Turk, the manager of a fruit and vegetable stand in Istanbul, Turkey, told the *New York Times* that he believes "It will be very good to use money that seems closer to what people use in Europe and [in] America." Similar quotes can be found in all of the articles, as can quotes from Turkey's Prime Minister, who believes that the new currency will make Turkey more respected in the world. Erdogan believes this because they will no longer be the laughingstock of the world for having the largest bill of any country, a

twenty million lira note, worth only fifteen American dollars. Turks will now be able to go to a movie for twenty new liras, instead of twenty million of the old liras.

Reuters, BBC, and the *Christian Science Monitor* all believe that Turkey's new currency will help get them into the European Union, which Turkey desperately wants to become a member of. The *Manchester Guardian* does not discuss Turkey's chances of being accepted into the European Union. They only mention that Turkey will meet with the European Union in October 2005 to discuss the possibility of Turkey joining the organization. This is more, however, than the Associated Press and the *New York Times* had to say about Turkey's possible entry, not even bringing up the European Union in their articles. The *New York Times* seems to have written an article focused exclusively on the introduction of the new currency without any detailed distractions or incites about what impact the new currency will really have on Turkey. The *Christian Science Monitor* held the strongest belief that Turkey would be admitted into the European Union.

Of all the sources, only the Associated Press and the Manchester Guardian bring up the fact that Turkey is largely a Muslim country. At the same time, these sources unfortunately do not make it clear to the reader that Turkey's government is secular. Reuters is the only source to point out this fact. The fact that Turkey has a secular government is one of the reasons that they are being considered for entry into the European Union. Explaining Turkey as a Muslim country, without explaining that there is a separation between religion and government in the country, can also leave the uninformed reader with a negative impression of Turkey, especially after the September 2001 attacks on America that were conducted in the name of Islam.