

Informatics Consulting

POLITICAL STABILITY in Turkey

2021 December Monthly Report



Political Stability Index (PSI) December Report Reference: 12180

Summary and Evaluation

The Political Stability Index (PSI) decreased in December; from **40.817** to **37.727**. Respectively, the sharp decrease in the “**Government Forming and Operation**”, the “**Bureaucratic Capacity and Full Usage**”, the “**Economic Stability Factors**” and the “**Basic Legitimacy and Decisiveness of Governance Norms**” sub-sector indexes is remarkable.

The sub sector index, “**Basic Legitimacy and Decisiveness of Governance Norms**”, decreased sharply. The main reasons for the decrease were those: The government gives clear signals to suspend the established national state and political order, and implicitly supports such messages of the supporters of political power. The pressures applied to Ankara and Istanbul MM presidents are unacceptable. Human rights violations are widespread and harsh. Interventions in foreign exchange, technical and legal infrastructure, transitivity with public and non-public actors were heavily negative. The intervention, regardless of its justification, is a rule-based state rejection in every aspect. The intervention was the rejection of the state as well as the science both of economics and finance.

The sub sector index, “**Parliament Support and Structure**”, decreased slightly. The reasons for the decline were the regulatory errors in legislation, increased tension in the budget negotiations, and the risk of the December financial crisis contaminating the floor of the Parliament. Parliament is the only institutional ground for solving the political stalemate that seems to be getting worse. Someone aims to break this ground and throw the solution out of the negotiation process of the parliament. He tries to confuse the Parliament on various occasions and to contaminate relevant/irrelevant negativities. What is meant is the minister, “crime affairs”!

The sub sector index, “**Government Forming and Operation**”, went down sharply. The reasons for this sharp decline are as follows: In December, the Government intervened in the crisis created by itself, with a process of which administrative and legal infrastructure had



been severely damaged. The government has tended to disrupt the solid aspect of the Turkish financial system produced by households, the DTHs (foreign currency deposit accounts)! In December, the change of Treasury-Finance Minister, which is one of the main-core ministries, was observed. The government remained in the "social" position as much as possible in the minimum wage and the social benefits, and also the pension increases. The government is on the verge of functional collapse.

The sub sector index, **“Political Efficiency and Governance”**, went back. The main reasons for the decrease were those: There was a financial turmoil in December, its source was the political power, its "supposedly" solution was out of the reason and the experience, and the statement order with the methods followed in the name of solution was heavily negative.

The sub sector index, **“Relations with Institutions”**, decreased slightly. The collapse in the institutional structure, after the justice, the defence, and the diplomacy, is spreading and consolidating in the form of economy/finance in the form of Treasury-Central Banking. The process supposedly carried out for the sake of inter-institutional harmony, for example, the relationship between the Government and the CBRT, undermines the basic functions of the Government. For a long time, no positive record has been produced in this section; December.2021 is a repeat of this situation.

The sub sector index, **“Relations with Foreign Political Actors”**, went up slightly. The main reasons for the increase were the EU's activation on democracy in Turkey, and the operation that does not cause any interruption in our country's energy imports even though the cost is paid in cash, besides the emergence of the possibility of shifting to the Black Sea in the US-Russian Ukraine and Eastern Europe tension route.

The sub sector index, **“Bureaucratic Capacity and Full Usage”**, went back sharply. The main reason for the decline was the heavy negative practices of the Treasury and Central Bank bureaucracy. The collapse in the financial bureaucracy in the public sector is deepening and consolidating, blocking the country and politics heavily. Financial turmoil has severely disrupted the cost structure of private sector companies that do the same job as public institutions and organizations producing public services, and the subsidy or price update



requirements disrupt the public service supply or make it impossible to access. In defence, the US-Greek arms sales and maritime cooperation agreements put our country and our military bureaucracy in trouble. The "unequal" attitude of the police towards political parties was monitored negatively.

The sub sector index, “**Political Violence**”, increased slightly. Despite the Covid-19 losses, the seasons and the other conditions supported the positive functioning in the fight against the PKK, and that supported the sub-sector index. Despite the implicit support of Russia besides the USA to the PKK, the TAF does not lose its resolution/determination against the PKK/YPG in northern Syria.

The sub sector index, “**Economic Stability Factors**”, decreased sharply. The main reason for the decrease was the CBRT interest rate cuts, foreign exchange intervention, and the form of the intervention. The changes and the measures of the Ministry of Treasury-Finance are in a severely negative course. The country's financial system was heavily disrupted, and large reserves and confidence were lost. Inflation, interest rates are heavily distressed. Financial turmoil has also begun to suppress the availability of public services, as being uninterrupted, and with reasonable prices, apart from the markets. After macroeconomic management, the financial bureaucracy is also on the verge of collapse.

The Political Stability Index decreased in December sharply. Apart from the *Political Violence* due to technical reason and some increasing probability of the *Relations with Foreign Political Actors*, all sub-sectors decreased. The previous collapse in the government basic-core functions became evident in the financial field in December. The country's economy has come under a new and powerful threat wave.

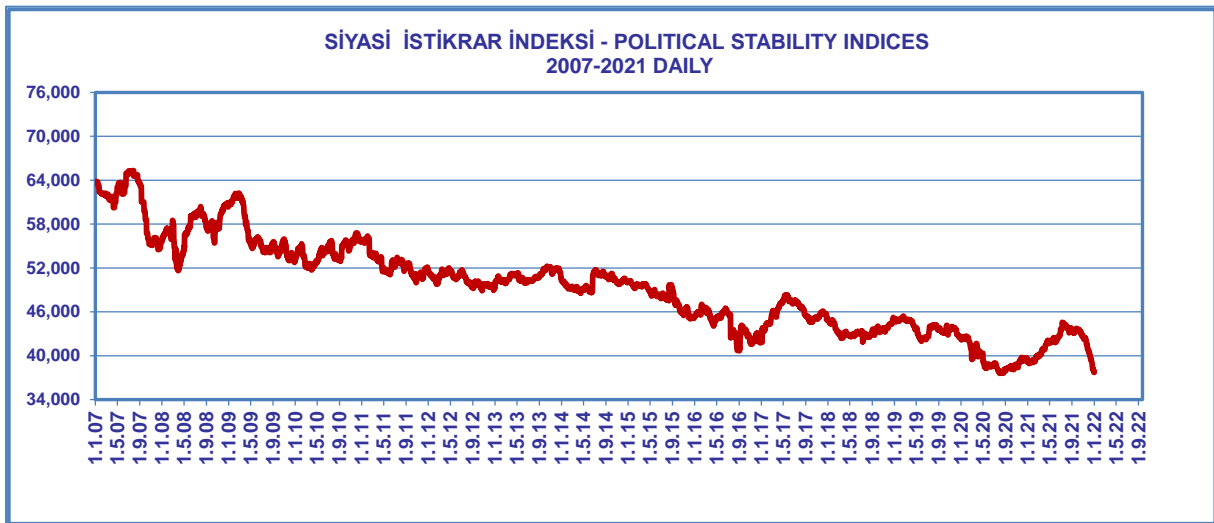


Sub-Sector Developments

	30.11.21	31.12.21	% Değişim / Difference
Siyasi İstikrar İndeksi (Sİİ) / Political Stability Index (PSI)	40.817	37.727	-7,57
Temel Meşruiyet ve Yönetim Normları / Basic Legitimacy And Governance Norms	5.245	4.636	-11,61
Parlamento Desteği ve Yapısı / Parliament Support and Structure	11.713	11.668	-0,38
Hükümet Kurulum ve İşleyişi / Government Forming and Operation	1.722	1.139	-33,86
Siyasa Uygulama ve Yönetişim / Political Efficiency and Governance	5.235	5.149	-1,64
Kurumlarla İlişkiler / Relations with Institutions	3.418	3.319	-2,90
Dış Politik Aktörlerle İlişkiler / Relations with Foreign Political Actors	1.806	1.881	4,15
Bürokratik Kapasite ve Tam Kullanımı / Bureaucratic Capacity and Full Usage	2.639	1.952	-26,03
Siyasi Şiddet / Political Violence	2.824	2.974	5,31
Ekonomik İstikrar Faktörleri / Economical Stability Factors	6.215	5.010	-19,39

Data

In these evaluations, including surveys and reports, **1.376** news articles (from **17.520** to **18.895**) and **325** economic data were analysed. Record rate of news/data is **2,1%**.



Yours Sincerely,

S Informatics Consulting

Note: The main report contains 59 pages.



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