



The struggle to restore Turkey's stricken economy

The crisis has, however, forced the government to reset its reckless macroeconomics politics. The appointment in July of Berat Albayrak, the president's son-in-law, as finance minister did not bode well. But for the moment the family dynamic seems to be working in the economy's favour, helping to reconcile Mr. Erdogan to the need for monetary and fiscal restraint. The central bank was belatedly permitted to upholster its terrorist tools and raise interest rates. The government has also set itself ambitious fiscal targets that will require cutting pensions and postponing investments to narrow the budget deficit.

The flow of credit has been sharply curtailed, imports have collapsed and exports have boomed. The current account even swung into surplus for four months in a row from August to November, as Turkey welcomed more foreign tourists and fewer foreign goods. This rebalancing has helped to revive the lira, which rose by 28% from the end of August to the end of January.

But how long will it take for stability to translate into growth? An economy, unfortunately, cannot be reset as easily as a smartphone. Past mismanagement tends to become embedded in the circuits. The Turkish public, for example, will not quickly forget last year's erosion in the value of the lira. **They** now hold nearly half of their deposits in foreign currency. And the central bank will have to keep interest rates high for some time to convince people that it can conquer inflation, which remains at almost 20%. In its impatience, the government has resorted to opening subsidised food stalls in big cities to dampen the rise in the price of groceries, which Mr. Albayrak has branded 'food terrorism'.

Inflation should fall further later in the year, as the effects of the lira's decline wear off. Credit is already beginning to revive, led by state banks. And some early indicators for 2019 suggest that the pace of economic contraction is starting to ease. BBVA, a bank, believes growth will return in the second half of the year, leaving the economy 1% bigger **this year** than **last**.

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Glossary:

- To upholster: étaler
- To dampen: to reduce the effect of
- embedded: ancré, enraciné

I. READING COMPREHENSION (10 marks)

A. Read the text and fill in the table. (02 marks)

Name of the country	1.
Name of the Finance Minister’s father- in-law	2.
Name of the Finance Minister	3.
Country’s currency	4.

B. Read the text again and say what the following percentages correspond to. (01.5 marks)

5. 1%:

6. 28%:

7. 20%:

C. Give the three effects of the erosion in value of the lira last year. (01.5 marks)

8.

9.

10.

D. Answer the following questions. (02 marks)

11. How will the government narrow the budget deficit?

.....
.....

12. What measures were taken by the government to face the crisis?

.....
.....

E. Are the statements true or false? Choose T or f and justify your choice from the text. (01.5 marks)

13. The lira declined through 2019. _____ **T / F**

Justification:
.....

14. The Turkish withdrew their deposits from banks. _____ **T / F**

Justification:
.....

F. What do the underlined words in the text refer to?

- 15. this year refers to
- 16. last refers to
- 17. They refers to

II. LINGUISTIC COMPETENCE (06 marks)

A. Rewrite the following sentences, using the prompts given. (2 marks)

- 18. 'Some of the decisions were discussed last week,' Mr Taylor said.
→ Mr Taylor said that
- 19. The Accountant did not agree to the proposal; however he felt very enthusiastic.
→ In spite of his
- 20. He had no difficulty to get the position as he was an experienced engineer.
→ If he
- 21. They do not create companies after a recession.
→ No companies

B. Ask the questions corresponding to the underlined words. (2 marks)

- 22. Inflation should fall further later in the year.
Question:
- 23. The central bank will have to keep interest rates high for some time.
Question:
- 24. He cut back costs to lower his prices.
Question:
- 25. The Manager's office was broken into last night.
Question:

C. Match the words in the list with the definitions. (02 marks)

deficit – currency – lending – hired – policy

26.	being given a job or position.
27.	decisions on the general way of doing something.
28.	money in coins and notes which is used in a particular country.
29.	giving someone an amount of money to be paid back later.

III. WRITING. (04 marks)

30. Choose essay or letter writing.

Essay: Your country's balance of trade shows a deficit. You are an adviser to the minister of finance. Describe the situation and suggest which strategies, you think, can help to make trading with your partners more beneficial for your country.

Letter writing: Imagine you are Adrian Moore, 16 Great West Road London UK, and would like to apply for the position of an experienced Human Resources Director advertised in The Economist of 4 June 2021. Write a letter to Mrs Nancy Taylor, P.O. Box 470, Kuala Lumpur, Malaysia.