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COVID-19 and the outlook of the Turkish economy

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Abstract. Measures including travel restrictions, temporary suspension of service sector activities and confinement at home have brought interaction between individuals and countries to almost a halt. Due to the sudden supply and demand shocks on the economy due to the implemented measures, the economic recession process has begun in the countries. The disruptions caused by the epidemic in real and financial markets have plunged countries into a large-scale and unprecedented economic crisis. Countries that were simultaneously dragged into crisis resorted to monetary policy and fiscal policy tools to combat the crisis. Support packages have been announced in Turkey, as in the world, in order to eliminate the negative conditions of the epidemic. When looking at the macroeconomic indicators before and during the epidemic, it is possible to see the damage caused by the epidemic to the country's economies. In this study, the outlook of the country's economy during the crisis and the policies implemented towards the crisis are examined.

Keywords. Covid-19 Pandemic, Its Effect on the Economy, Crisis Policies.

JEL. D80; D21; L14; L15; G11.

1. Introduction

The epidemic caused by the Covid-19 virus, which emerged in Wuhan, China, soon crossed the borders of China and began to spread among countries. The effect of the global order on this rapid spread is quite great. The disease was not recognized by countries and its treatment was unknown. The virus, which threatens public health, disrupts the functioning of many basic areas such as social living standards, educational life and economic life. Social distance and isolation have been tried to be ensured with a number of restrictions and rules aimed at protecting public health by preventing the disease. Within the scope of the measures implemented, businesses in the service sector had to suspend their activities for a while and are one of the sectors most affected by the epidemic. In addition to the service sector, travel and tourism activities were among the other sectors most affected by the process. It is thought that the economic loss that will be experienced with this restriction on people's flexibility of movement between cities or countries will be quite large. It was declared a "pandemic" by the World Health Organization on March 11, 2020, and it was officially accepted that the virus had turned into an epidemic around the world. The measures taken are aimed at interrupting interaction as they are implemented to prevent the transmission and spread of the virus. Individuals' ability to fulfill their employment obligations in social life is also interrupted. That's why the economic balances in the market have been disrupted suddenly and unexpectedly. The fact that there is no known disease and there is great uncertainty about the continuation of the epidemic creates an environment for insecurity. Economic activities slowing down as a result of uncertainty will

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drag countries that are already in crisis in the field of health into an economic crisis. Countries have sought solutions to control the process and minimize possible damage, and have taken many administrative and economic measures against the epidemic and quickly put them into practice.

Countries intervened in the process with their existing resources and supported the economic process, which had almost come to a halt. The epidemic, which occurs suddenly and forces governments to solve this problem, will create a serious burden on the country's economies. It is quite different from the economic crises seen in history in terms of its structure and conditions. For the first time in the history of the crisis, a crisis in which both supply and demand shocks were experienced at the same time was not experienced. The volume of international foreign trade began to decrease due to the measures taken restricting mobility between countries. In Europe, which is Turkey's largest exporter, the export rate has decreased significantly due to the extremely rapid spread of the epidemic. China, which has a major role in the international supply chain, has started to experience disruptions because it is the main center of the disease. Due to the disrupted supply chain, the production of many businesses has temporarily stopped. The sudden decrease in the amount of demand due to both the stoppage of production and the loss of income suffered by individuals as a result of being confined to their homes has made an economic crisis in this area inevitable. Countries have aimed to alleviate the effects of the epidemic by repeatedly announcing economic support packages, provided that they prioritize the sectors economically affected by the restrictions imposed during the epidemic.

All countries, including Türkiye, have entered a recession due to the economic effects of the epidemic. Against the economic effects of the epidemic, the country's central banks tried to take precautions against deteriorations in economic functioning by resorting to monetary policy tools. Monetary policy practices have been the first choice of country central banks due to their rapid effect. Alternative tools to be used after monetary policy tools that are quickly solved in the short term are fiscal policy tools. The first decision taken by the CBRT after the first case in Turkey was announced on March 11, 2020, was to reduce the policy rate. In order to get out of the current recession, the CBRT; It was aimed to revitalize the economy by offering credit opportunities to the markets through monetary expansion.

The aim of this study is to see the impact of the epidemic caused by the covid-19 virus on the health, social and economic situations of the countries. Turkey's outlook during the emerging economic crisis and the policies it implemented against the crisis were discussed.

2. COVID-19 in Turkey

The covid-19 epidemic, which started in China in December 2019, started with the emergence of the first case in our country on March 11, 2020. Turkey, like other countries, has entered a sudden health crisis, having to struggle with the uncertainty about the epidemic that is rapidly spreading all over the world, including Asian and European countries, and its treatment. Administrative measures taken by the government focused on social health were quickly put into effect and the fight against the epidemic began. In this context, the decisions taken in the first stage are as follows;

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- On March 12, 2020, education and training were suspended and the continuity of education was tried to be ensured by switching to the distance education system. It has been decided that sports competitions will be played without spectators.
- Friday prayers were prohibited from being performed in mosques on March 13, 2020.
- On March 14, 2020, crossings from the borders of Azerbaijan and Georgia other than transportation activities were prohibited.
- Entertainment venues temporarily suspended their activities on March 15, 2020.
- On March 17, 2020, the first death due to the covid-19 virus occurred in our country. Flights to the UK, Ireland, Switzerland, Saudi Arabia, Egypt and the United Arab Emirates have been mutually suspended.
- The borders of Bulgaria and Greece were closed on March 19, 2020. Sports competitions have been temporarily suspended completely.
- Artistic and cultural activities were temporarily suspended on March 20, 2020.
- The “Hayat Eve Siğar” campaign was launched on March 21, 2020. Barbershops, hairdressers and beauty salons are temporarily closed. It has been decided that restaurants will continue their activities with takeaway service. A curfew has been imposed on our citizens who are over the age of 65 and have chronic diseases.
- Flexible working hours were introduced for public employees on March 22, 2020. It has been decided to provide service with half of the current capacity for public transportation.
- On March 23, 2020, it was decided to switch to distance education for all educational institutions. There is a restriction on the number of customers entering the markets.
- Economic support packages were announced by the Government on March 25, 2020.
- The We Are Enough campaign was launched on March 30, 2020.
- On April 3, 2020, Turkish Airlines stopped domestic flights. Entrance and exit to 30 metropolitan cities and Zonguldak provinces are prohibited for 15 days.
- On April 4, 2020, a curfew was imposed for those under 20 years of age.
- On April 10, 2020, a curfew was imposed in 30 metropolitan cities and Zonguldak provinces, covering the weekend.
- On April 14, 2020, it was announced by Turkish Airlines that international flights were stopped until May 20, 2020.
- On April 16, 2020, layoffs in the private sector were banned for 3 months.

These measures taken against the virus continued for a long time. Since the disease transmission rate was quite high and a complete treatment could not be found, the process was continued by taking additional measures or relaxing some measures from time to time. These measures taken to protect social health have caused serious damage to financial markets. The closures and quarantines have brought economic functioning to a halt. The state provided income support for a while for those who experienced serious income losses in some sectors. However, it does not seem possible to provide a solution to this negative situation with temporary supports provided without returning to the normal economic and social order.

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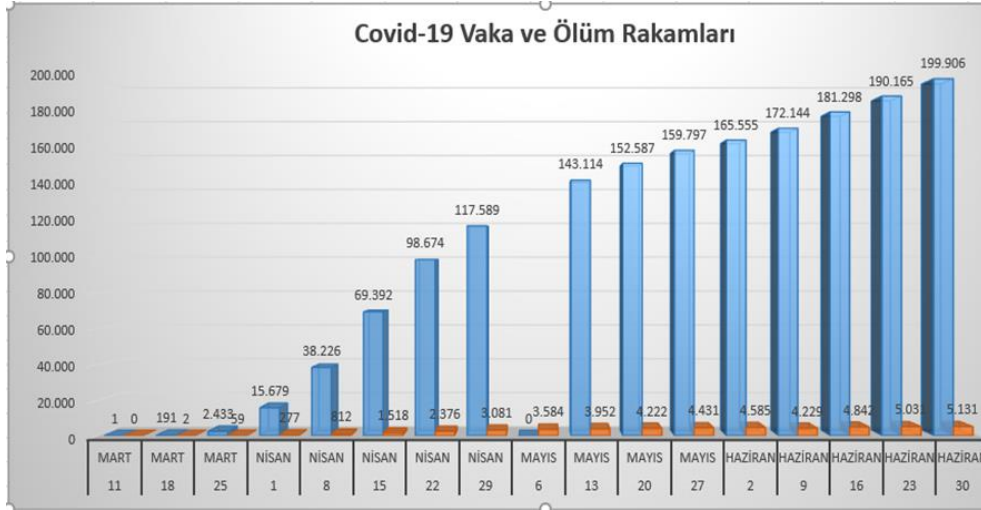


Figure 1. Covid-19 Case and Death Numbers in Turkey (March 2020-June 2020)

Source: Ministry of Health, 2020.

Increasing death rates due to an unknown virus and an unknown treatment have created an atmosphere of panic and reduced the trust indices of societies in the market. The falling confidence index not only caused no new investors to come to the country, but also caused existing investors to leave the country. Despite the measures and restrictions implemented, the increase in the contagion effect caused the restrictions to become stricter, turning into a ban. Stricter rules have made the economy even more stagnant and brought the activities of the service sector in particular to a halt. Although government support was provided to the sectors directly affected by the epidemic, the ongoing epidemic has caused serious economic losses. Vaccination studies have started in many countries, and since it is thought that such measures will continue until the vaccination process begins, the prevailing opinion is that the deterioration in economic functioning will deepen and put the countries into an economic crisis. As a result of the necessity for social life and the economic system to continue, normalization measures have been gradually implemented within the framework of certain rules as of May 2020. The normalization decisions taken on May 4, 2020 are as follows;

- On May 4, 2020, the Presidency announced the normalization schedule and the travel ban was lifted in 7 provinces, and it was announced that hairdressers and beauty salons would open as of May 11.
- On May 6, 2020, it was announced by the Ministry of Health that there will be a return to controlled social life.
- On May 8, 2020, a weekend curfew was imposed in 24 provinces.
- On May 10, 2020, it was announced that citizens over the age of 65 could go out for four hours a day.
- It was announced that shopping malls and hairdressers and beauty salons will start operating on May 11, 2020.
- On May 16, 2020, a curfew was declared in 15 provinces for 4 days.
- A 4-day curfew was declared on May 23, 2020, during the Eid holiday.
- On May 29, 2020, mosques were opened for worship within certain rules.
- It was announced that postponed summonses and discharges will begin again on May 31, 2020.

3. Turkish economy during the COVID-19 crisis

Since the measures taken to protect against the Covid-19 epidemic include practices that stop social life, temporarily suspend service sector activities and require individuals to stay at home, the system that operates under normal conditions has been interrupted. There have been serious halts in economic life as people have to protect themselves from the virus by staying at home, preventing them from activities related to their identities as employees, employers, customers or producers. The sudden stopping of demand due to individuals' falling income loss and the sudden stopping of supply due to the interruption of production causes the recession in the economy to deepen further. International commercial transactions have slowed down or been temporarily stopped as part of the measures taken to prevent the spread of the epidemic. China, the country where the epidemic started, also represents 16% of the world economy. In China, which has an important place in the world's intermediate goods production, production has been in trouble because the economic functioning of the epidemic policies has stopped. There have been disruptions in the supply of intermediate goods in China and therefore in the buyer countries, and the global supply chain has been disrupted. While the negative impact of the disrupted supply chain on production leads to a sudden decrease in the amount of supply, it also causes consequences that create unemployment. Production that stops temporarily or permanently causes an increase in unemployment in the market and therefore a loss of income. Since decreasing production will have a slowing effect on economic growth, the recession in economies will also affect the country's foreign trade volume. The rapid spread of the epidemic in Europe has been an important factor in the decrease in Turkey's export figures (Kıratoğlu, 2021).

In addition to the disruptions in the supply chain, which indirectly had a negative impact on the country's unemployment rate, the measures taken to protect public health had negative effects on employment. The uncertainty in the process has significantly increased the unemployment rate in certain sectors. As the atmosphere of panic and insecurity caused by uncertainty spread to all sectors, economic vitality in the markets has come to a halt. In order to help ensure continuity under current conditions, the government has tried to revitalize the economy with the monetary policy and fiscal policy practices implemented and the support packages announced. It has been concluded that company closures may increase due to the continuation of the Covid-19 crisis in the real market. It is thought that with this possibility, the functioning of the financial market will be damaged. This impact of the epidemic on real and financial systems caused many businesses to face difficulties during the epidemic period. Various factors such as interruptions in the production and supply chain, decrease in sales, and cash flow problems have made the sustainability of businesses difficult. Small and medium-sized businesses in particular have been more affected by this situation. The government has announced various financial support packages to alleviate the economic effects of the epidemic. Efforts have been made to provide support by taking measures such as support for businesses and employees, tax deferral and tax deductions, and loan facilities. However, according to some groups, these supports are thought to be insufficient. Because the continuity of the unexpected and sudden epidemic and the negativities it brought was uncertain. Within the framework of the needed support, the Stability and

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Development package for the Economy, announced by the Government on March 18, 2020, is generally as follows;

- Providing companies and real persons with the opportunity to postpone their loan repayments for 3 months,
- Those who have not paid their installments, interest and principal by March 31, 2020 can postpone their payments for this period,
- Preparation of a basic needs support package by public banks for retirees whose monthly income is below 5,000 TL,
- Implementation of the "Continuation of Business Credit Support" program for companies affected by the epidemic,
- According to the decision taken by BRSA, the delay in loan payments will be flexible and the waiting period will be extended from 90 days to 180 days before the loans are transferred to follow-up accounts,
- Providing stock financing support to exporters in order to maintain capacity utilization rates during the temporary slowdown in exports,
- Within the scope of the Treasury-Supported Credit Guarantee System, the legal resource amount was increased from 25 billion lira to 50 billion lira, allowing businesses that have collateral difficulties in accessing finance to benefit from more than 450 billion TL of loan opportunities within the packages to be opened,
- Adding the possibility of a "force majeure" statement to the registry of companies in default,
- Switching to a remote and flexible working system,
- Launch of short-time working allowance to support employees of workplaces affected by the epidemic,
- Providing 3 months salary support to company employees who interrupt or reduce their activities within the scope of short-time working allowance.

In Turkey, 149,382 workplaces such as cafes, shopping malls, wedding halls, entertainment centers and sports centers temporarily suspended their services between 15 March and 18 March 2020 (Turan *et al.*, 2020). The first support package announced by the government constitutes 2% of the country's national income. The use of this package, which includes a total of 100 billion TL, is subject to certain criteria. It is limited in the way that it can be evaluated in the most effective and efficient way. Additional packages have been announced against the ongoing epidemic, and the cost of these additional packages has reached 240 billion TL. In addition to all these, affected companies were given SSI premium support and VAT payment deferral opportunity. The VAT rate, which was 18% in air transportation, has been reduced to 1%. A resource support of 3 billion TL was provided to municipalities. State-supported receivables insurance coverage was expanded from 25 million TL to 125 million TL. With the epidemic entering our country in March 2020, the limitations and social restrictions imposed on social life and sectoral confidence indices have also changed. While the retail trade sector confidence index was 101.7, it dropped suddenly to 75.2 in April 2020, when the epidemic started and spread rapidly, narrowing the sector and shrinking the business volume by 39.9% (Soylu, 2020). The negative impact on the sectoral basis was reflected in the country's economic system with a contraction of 10.3%. The country's economic outlook has entered a negative slope.

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Table 1. *Effect of the Pandemic on Macroeconomic Indicators*

	Inflation (CPI%)	Unemployment (%)
February 2020	12,37	13,50
March 2020	11,86	13,00
April 2020	10,94	12,80
June 2020	12,62	13,00
September 2020	11,75	12,40
December 2020	14,6	13,00
March 2021	16,19	13,10
April 2021	17,14	12,90
June 2021	17,53	10,40
September 2021	19,25	12,00

Source: (Han, Pehlivan & Konat, 2021).

As a result of the lockdown measures, the general outlook for 2020 is decreasing production and therefore decreasing employment. Declining production figures also had a negative impact on growth. The economic packages implemented to provide support to citizens and businesses have further increased the burden on the country. Since Turkey entered the epidemic process while struggling with the foreign exchange crisis, it entered a period when it was already experiencing a contraction in its macroeconomic balances and was financially fragile. Türkiye was generally carrying out its activities in a rapid economic growth momentum in the first half of the 2010s. However, the economic growth momentum gradually slowed down in 2018 and 2019. Exchange rate fluctuations in 2018 and difficult economic conditions in 2019 negatively affected growth. As the atmosphere of insecurity caused by the panic atmosphere caused by the epidemic caused uncertainty in the economic system, deteriorations in macroeconomic indicators began. The insecurity factor has a significant impact on the negative trend of growth. Due to the loss of confidence index, CDS premiums, which show the investment risk ratio, started to increase. As the risk factor of the epidemic increases, the CDS premium value will also increase and the investment amount of countries will decrease further.

When the epidemic started in Turkey, there was an unemployment rate of 13.6%, an employment rate of 43.1%, a labor force participation rate of 49.9% and a youth unemployment rate of 24.4%. While the IMF's growth forecast for Turkey before Covid-19 was 3.0, this forecast was updated to -5.0 after Covid-19. Since the borders closed within the scope of the measure affected international trade, both import and export values began to decrease. While Turkey's export value in April 2019 was 15.3 trillion dollars, it is seen that it decreased to 8.9 trillion dollars in April 2020. Although the decrease in import figures is interpreted positively in terms of foreign trade, the simultaneously decreasing export values cause income losses for countries. It is expected that the tourism sector will be affected by around 30% due to restrictions. According to the data of the Ministry of Culture and Tourism, the number of foreigners entering our country between January and April 2019 was 7,783,967, while in the same period of 2020, this data was 4,262,882. In countries such as Turkey, where the tourism sector has an important place in income items, this decline results in a large loss of income. This reflection will result in increased stagnation in the country's economy.

Minimizing the damage that will occur by taking precautions against existing negative variables is the government's primary goal. Although countries try to alleviate the negative effects of the epidemic by fighting

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against it, the current conditions of each country are not the same. Turkey was able to prepare an action plan before the epidemic spread to our country by taking advantage of the administrative and economic practices of the countries that were exposed to the epidemic before it. There will be differences between the support packages that the governments of developed and developing countries will offer to their citizens. While the epidemic was spreading rapidly, economic disruptions were continuing at the same pace. The Covid-19 epidemic is heading towards a global economic crisis with the combination of many negative factors such as disruptions in the supply chain, contractions in tourism, closed businesses, increasing unemployment and fluctuations in financial markets as a result of the epidemic. The increasing economic burden caused by the epidemic is dragging countries into large budget deficits. Since there is no crisis that can be overcome by using only tax revenues, developing countries have had to use existing resources and additional resources that may be found. The support packages to be implemented will further increase this burden.

4. Policies applied against crisis

Looking at the history of global crises, the structure of the economic crisis arising from the epidemic was different from known crisis formations. The most recent Global Crisis of 2008 has aspects that differ from the economic crisis caused by the Covid-19 virus. While the 2008 Global Financial Crisis was caused by problems in the financial sector, the economic crisis caused by the covid-19 pandemic was caused by a health crisis. The 2008 Global Crisis was caused by factors specific to the financial sector, such as the bursting of the housing market bubble, bad loans, and risky practices in financial institutions. However, the covid-19 pandemic has caused broader economic impacts, such as production and supply chain disruptions, strict travel restrictions and a sharp decline in consumer spending. Due to the epidemic, many countries experienced sudden and deep economic contraction. It was almost impossible not to be exposed to a crisis in an economic environment where both supply and demand shocks were experienced at the same time. In response to the 2008 Global Crisis, central banks and governments generally focused on rescuing financial institutions and providing liquidity. However, in the face of the economic crisis caused by the Covid-19 epidemic, central banks and governments implemented more comprehensive fiscal and monetary policies. Governments have taken many measures such as large-scale incentive packages, providing support to businesses and employees, cash infusion and credit facilities.

In order to alleviate the negative effects of the epidemic on the economy, the CBRT first resorted to monetary policy tools and implemented interest rate cuts. These discounts are aimed at reducing credit costs and encouraging economic activities. It followed an expansionary path in monetary policy in the face of uncertainties and economic fluctuations in the markets. In order to encourage economic recovery by reducing the stagnation in the economy, banks were allowed to maintain the normal functioning of the financial system by providing liquidity with the help of instruments such as repo auctions and liquidity injection. Its basic policy has been to get rid of the crisis process with the least damage by reducing the effects of deteriorating financial stability through economic stability. We can summarize some of the monetary policy

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measures taken by the CBRT to alleviate the negative effects of the epidemic under the following headings;

- Interest rate reduction
- Expansionary monetary policy
- Swap agreements and Foreign Exchange market interventions
- Providing liquidity

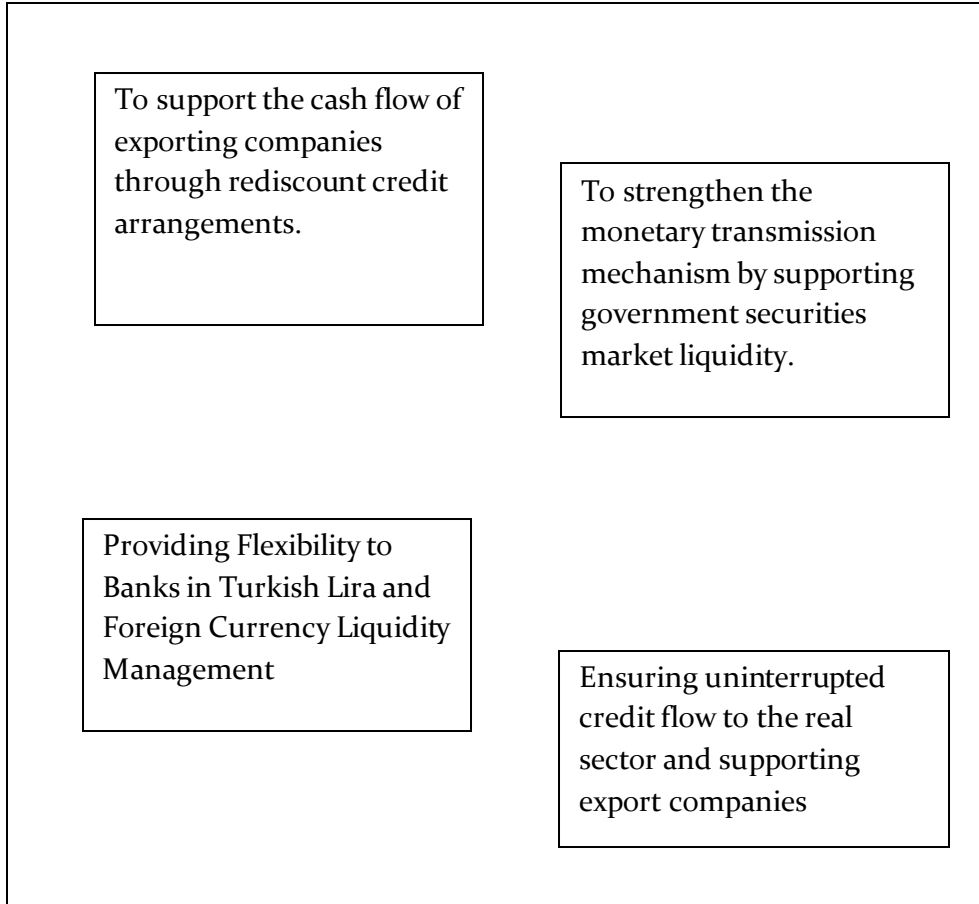


Figure 2. Measures taken by the Central Bank against the epidemic
Source: (CBRT, 2020).

Like every country where the epidemic has spread, Turkey aimed to alleviate the economic impact of the epidemic through the measures it took. With the measures taken, a number of expansionary policies have been implemented in order to increase the income of people who have lost income or to improve the cash flow of companies whose cash inflow has deteriorated. The measures taken within the framework of these policies are as follows;

- It has been announced that in case of additional need for 1-week repo auctions, liquidity support will be provided through repo auctions with a maturity of up to 91 days.
- Asset Backed Securities and Mortgage Backed Securities are included in the collateral pool.
- Open market transaction limit has been increased.
- Liquidity support was provided to banks within the scope of available opportunities in overnight and intraday maturity.
- With the quantity auction application, Turkish lira swap auctions against foreign currency were held with 1 year and 6 months maturities, and

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relevant banks were offered Turkish lira liquidity in exchange for US dollars, Euros or gold at an interest rate of 100 basis points and 150 basis points below the one-week repo auction interest rate, respectively. .

- Foreign currency required reserve ratios of banks that meet real credit growth conditions were reduced by 500 basis points.
- Banks were provided with targeted additional liquidity and it was announced that this limit would be increased.
- The liquidity of the Turkish lira will be increased through repo auctions with a maturity of up to 91 days and quantity auctions at an interest rate 150 basis points below the one-week repo auction interest rate.
- For rediscount loans with open loan commitments, an additional 12-month commitment closing opportunity has been given for rediscount loans to be used from 18 March 2020 to 30 June 2020.
- The rediscount loan repayments due between March 18, 2020 and June 20, 2020 have been given an extension of up to 90 days.
- It has been announced that the maximum maturities of existing rediscount loans will be increased from 120 days to 240 days for short-term uses and to 720 days for longer-term ones, effective as of March 20, 2020.
- It was announced that rediscount credits will be granted for export and foreign exchange earning services in Turkish lira for exporting companies and the total limit will be 60 billion Turkish lira.
- It has been stated that open market direct purchase transactions can be made in a front-loaded manner and, if necessary, limits can be adjusted according to market conditions. As of April 17, 2020, the ratio of the nominal size of the Open Market Operations portfolio, which was determined as a maximum of 5% of the CBRT analytical balance sheet total assets for 2020 in the 2020 Monetary and Exchange Rate Policy text, to the CBRT analytical balance sheet total assets has been regulated as a maximum of 10%.
- It has been announced that the limits regarding the ability of Primary Dealer banks to temporarily sell the GDDS purchased from the Unemployment Insurance Fund to the CBRT will be independent of the repo transaction limits, and to define a GDDS sale limit for Primary Dealer banks equal to the repo transaction limits. These purchases will be made within the 10% limit.
- It has been announced that the GDDS and purchase amounts purchased through quantity auction will be determined by the CBRT.

Since the central bank will of course take the first step against the crisis, the measures taken in the first stage will be updated according to the course of the epidemic and the needs of the markets in the future. The CBRT has taken the most effective and efficient measures for the economy as Turkey was exposed to the epidemic process while struggling against the exchange rate during a period of structurally broken financial system functioning. Due to the impact of the foreign exchange crisis that started in August 2018, the interest rate was reduced in July 2019, from 24% to 19.75%. By March 2020, the policy interest rate was trading at 10.75%. In order to reduce credit costs, the CBRT preferred to reduce interest rates and reduced the policy rate by 100 basis points to 9.75% on March 17, 2020 (CBRT, 2020). Foreign currency required reserve ratios were reduced by 500 basis points for banks that created real loan

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growth conditions (Sülkü *et al*, 2021). With these reductions, policy interest rates were reduced and interbank interest rates were affected. It carried out reserve transactions in order to meet liquidity needs and ensure stability in the markets. In this context, repo auctions were organized for banks and liquidity was provided as a result. It also provided liquidity to the markets by buying or selling foreign currency and tried to prevent excessive fluctuations in exchange rates. The foreign exchange reserve of the CBRT, which buys and sells with the aim of preserving the value of TL, was 77.12 billion dollars in December 2019, while it was 50.07 billion dollars in April 2020, when the first economic effects of the epidemic began to be seen. The CBRT's foreign exchange reserves, which are struggling against the ongoing epidemic process, dropped to 36.03 billion dollars by September 2020 (Sülkü *et al*, 2021). The CBRT made swap agreements with other central banks in order to increase foreign exchange liquidity. While swap auctions against US dollars, which are carried out with the classical method with maturity of 1, 3 and 6 months, are still continuing, it has also been possible to organize auctions against gold and euro. It has offered targeted additional liquidity options to banks that will guarantee the continuation of credit flow in the real sector. With these agreements, it aimed to balance fluctuations in exchange rates by increasing foreign exchange reserves. As mentioned before, these are just some of the monetary policy tools that the CBRT uses to combat the COVID-19 pandemic and its economic effects.

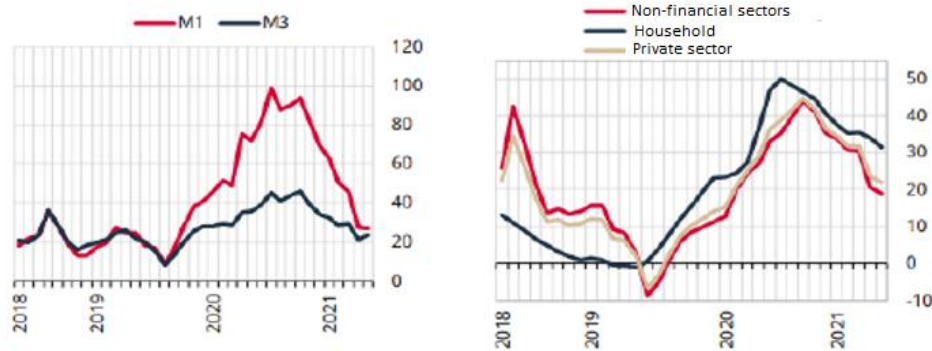


Figure 3. *Monetary Aggregates and Loans Given*
Source: (Kuzucu, 2022).

Türkiye has turned to the alternative of credit expansion instead of direct financial support against the economic crisis caused by the epidemic. Accordingly, as of March 2020, the broadest definition of money supply, M₃, increased from 28% annually to 35% in April. While M₁, which is the narrow definition of money supply, was 48% annually in March 2020, there was an annual increase of 75% in April (Kuzucu, 2022). Bank loans have also increased, and even the risk of non-repayment, which is the risk of credit expansion, has gradually increased. However, since the economy needed revival, loan usage remained quite high, especially in July 2020, as a result of the practice of reducing loan interest rates in order to enable the activities of market actors. It was stated that while Turkey closed 2019 with a 0.7% growth rate with the fiscal policies and expansionary credit opportunities offered by the government, it achieved a good growth rate despite the epidemic conditions by achieving 1.9% growth in 2020. However, the conditions of the ongoing epidemic disrupted the positive atmosphere on growth and

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contracted the country by 10.3% in the second quarter of 2020. By 2021, the growth rate within the framework of increasing normalization conditions; It was calculated as 11.3% (Gölçek, 2023). We can say that economic growth was negatively affected for a short time during the epidemic period.

Due to the concept of globalization, the economic structures of countries are indirectly linked to each other, so a simultaneous approach to the crisis is very important. Common global goals within the framework of macroeconomic goals increase the chance of success. Activities against the epidemic in developed countries such as the USA, Germany, Japan and Australia were financially supported. Fiscal policies have been implemented so that workers and companies can continue to benefit from income supports until the economic recovery is fully realized. However, not every country has these opportunities; the same amount of financial support cannot be provided in developing countries due to movement restrictions such as existing public debt and external debt stock (Mckibbin & Vines, 2020). Türkiye's fiscal policy step is expansionary policy implementation. By choosing direct cash support for low-income citizens, it plans to solve the liquidity problem of businesses with disrupted cash flows and keep production and employment rates at the same level with these practices (Danacı, 2022).

Like many countries, the scope of measures taken in Turkey has been quite wide. In Turkey, unlike other countries, a donation of 41,155,031,395 TL was collected with the "We Are Enough for Ourselves, My Turkey" campaign. This collected donation was distributed to those in need through the "Social Chroma Shield Program". The increasing financial burden of the state has decreased somewhat and an important step has been taken to ensure social unity during the crisis. With the ongoing pandemic causing an ongoing economic crisis, the use of expansionary monetary policy and fiscal policy continues. However, as central banks supported the government in the field of fiscal policy in order to overcome the crisis, they were increasingly moving away from the price stability target. As a result of the lack of price stability, the economic conditions of low-income citizens will become even more difficult. Because it will subsequently trigger high inflation that will prevent sustainable growth for developing country economies (World Development Report, 2020). For the next steps, it is important to determine the damage caused or will be caused by the fight against the crisis and the economic decisions taken afterwards. Once the epidemic and its effects are over, the consequences of the economic decisions taken will need to be resolved. Only in this way will economies return to normal functioning and be free from the crisis and its effects.

5. Conclusions

Despite the level of development that countries have reached, the whole world is helpless against a virus that emerged during this period; It is a serious issue that needs to be considered. The Covid-19 pandemic has caused profound effects on the economy around the world. The deteriorating macroeconomic structure of the country has damaged basic indicators such as sustainable growth, foreign trade balance, price stability and employment. The economic crisis that progresses with the ongoing epidemic makes economic instability even deeper. Support packages announced to minimize the damage on the economy may vary depending on the conditions of the countries. Not every country can fight the epidemic and the subsequent

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economic crisis on equal terms. The situation of the economic crisis will from now on depend on international economic conditions and the policy measures taken. However, the flexibility and adaptability of government and business will be one of the important factors that will determine the speed and strength of the economic recovery.

Economic packages prepared and announced by Turkey quickly after the first case seen in the country; It has been very effective and efficient in the short term for those who were harmed by the epidemic in the first stage. However, long-term alternatives are needed for supply and demand amounts that have almost come to a halt due to the increasing size of the epidemic and the ongoing economic recession. Due to its faster response, all countries in the epidemic process preferred interest rate reduction as a first step among monetary policy tools. Intervention steps that started with monetary policy tools continued with fiscal policy implementations. The fact that companies and individuals were most affected by the economy disrupted by the epidemic was the biggest factor in turning to fiscal policy. With the success of vaccination studies and treatment methods developed against the disease, efforts to slowly return to normalization included the expectation that economic stagnation would give way to economic revival. The strategies to combat the epidemic implemented by countries according to their current conditions have become a global goal. The effects of such an effective and deepened crisis will not disappear in the short term, but it is hoped that the traces of this process will be erased in the long term with the measures taken and policies implemented.

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