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RESEARCH ARTICLE

From the Price Revolution to the Republic: A Comparative Historical Reading of Inflation Experiences in Turkish Economic History

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Abstract

This article develops a comparative historical reading of inflation episodes across Turkish economic history, connecting recent economic-historical scholarship on early-modern price instability with the well-documented inflationary trajectory of the Turkish Republic from the 1980s liberalization period through the disinflation process of the mid-2020s. Rather than treating the Ottoman price revolution and the Republic's chronic inflation problem as unrelated episodes separated by centuries and by fundamentally different monetary regimes, the article argues that both episodes share a common underlying institutional logic: inflation accelerates in Turkish economic history when the state's fiscal needs outrun the capacity, or willingness, of monetary authorities to maintain currency integrity, and decelerates only when institutional credibility is deliberately and durably restored. Drawing on recent economic-historical and macroeconomic scholarship published between 2023 and 2026, the article traces this logic across three periods: early-modern currency debasement under fiscal pressure, the liberalization-era inflation of the Turkish Republic from 1980 to 2001, and the most recent inflationary episode beginning in 2018 and its subsequent disinflation. The article concludes that Turkish inflation history is best understood not as a series of disconnected episodes but as a recurring pattern shaped by the durable tension between fiscal expediency and monetary discipline.

Keywords: *economic history, inflation, Ottoman Empire, Turkish Republic, monetary policy, comparative history*

1. INTRODUCTION

1.1. Background and Problem Statement

Türkiye's recent experience of double-digit and, at times, near-triple-digit consumer price inflation has often been discussed as a distinctively contemporary phenomenon, rooted in the specific monetary and fiscal policy choices of the past decade. Yet economic-historical scholarship increasingly emphasizes that severe episodes of price instability are not unique to the modern Turkish economy but recur, in different institutional forms, across a much longer span of Turkish and Ottoman economic history, with recorded episodes of high inflation dating back to the period before the European industrial revolution itself (Dolanay, 2024). This longer historical perspective raises the question of whether Turkey's contemporary inflation problem should be understood primarily as a product of recent policy choices, or whether it also reflects deeper, more persistent structural tendencies in how fiscal and monetary authority have historically interacted on Anatolian and Turkish territory.

Addressing this question requires bridging two literatures that have developed largely independently of one another: economic history, which has documented early-modern currency debasement and price instability primarily as episodes of interest to specialists in Ottoman fiscal administration, and contemporary macroeconomics, which has analyzed the Republic's post-1980 inflation problem primarily through the lens of modern monetary theory, exchange rate regimes, and central bank credibility. This

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article treats the connection between these two literatures not as a matter of superficial historical analogy but as a substantive claim about the recurring institutional logic of Turkish inflationary episodes across radically different monetary technologies and political regimes.

The problem is given renewed urgency by Türkiye's current position at the tail end of a multi-year disinflation process, itself the latest in a recurring sequence of Republican-era stabilization attempts following earlier inflationary peaks in the 1990s and around the 2001 financial crisis (Sarı, 2024). Understanding whether this recurring pattern reflects a genuinely cyclical institutional dynamic, rather than a series of independent policy failures, has direct relevance for assessing how durable the current disinflation process is likely to prove.

This question also has a comparative dimension worth flagging at the outset. Türkiye is far from unique in having experienced repeated inflationary crises over the course of its modern economic history; several emerging-market economies have exhibited broadly similar recurring patterns of inflationary crisis followed by externally or institutionally anchored stabilization. What distinguishes the Turkish case, and what motivates the specific historical scope of this article, is the unusually long and well-documented economic-historical record available for Anatolian and Ottoman territory, which allows the recurring pattern to be traced across a substantially longer time horizon than is typically available for comparative emerging-market analysis, extending the empirical basis for evaluating the fiscal-institutional framework developed here well beyond the twentieth century alone.

1.2. Purpose of the Study and Research Questions

This article aims to construct a comparative historical account of inflation in Turkish economic history that connects early-modern and modern episodes through a shared institutional lens, drawing on recent economic-historical and macroeconomic scholarship. Three research questions guide the analysis. First, what common institutional mechanisms, if any, link episodes of severe price instability across the pre-modern and modern periods of Turkish and Ottoman economic history? Second, how did the specific configuration of fiscal and monetary institutions during the Turkish Republic's post-1980 liberalization period shape the particular inflationary trajectory that culminated in the 2001 crisis and its aftermath? Third, to what extent does the most recent inflationary episode, beginning around 2018 and continuing through the disinflation process of the mid-2020s, reproduce or depart from the institutional logic identified in the earlier periods examined?

As with the broader research program of which this article forms a part, the approach is conceptual and comparative-historical rather than based on new archival or econometric data collection. The article synthesizes existing economic-historical and macroeconomic scholarship into an integrated interpretive framework rather than presenting original primary-source historical research.

1.3. Significance of the Study

The significance of this article lies in its attempt to counter what might be called historical presentism in the analysis of Turkish inflation, the tendency to treat the current inflationary episode as a bounded, self-contained problem of recent monetary and fiscal policy without reference to the longer historical pattern of which it forms a part. Recent economic-historical scholarship explicitly situates the twentieth-century Turkish inflation experience within a longer arc reaching back through the Ottoman period, noting that high inflation rates were experienced in certain periods in the Ottoman Empire and Spain even before the European industrial revolution (Dolanay, 2024). Taking this longer view seriously has implications for how policy-makers and economic historians alike interpret the durability of the current disinflation process.

The article is also significant for its integration of post-Keynesian and structuralist perspectives on inflation, which emphasize distributional conflict over prices between labor, capital, and the state, with the more institutionally focused historical literature on Ottoman and Republican fiscal administration, offering a synthesis that neither literature alone fully provides for the Turkish case.

2. THEORETICAL FRAMEWORK AND METHODOLOGICAL APPROACH

2.1. Theoretical Framework

This article adopts a fiscal-institutional framework for understanding inflation across Turkish economic history, in which sustained price instability is treated as a symptom of an underlying mismatch between the fiscal demands placed upon the state and the willingness or capacity of monetary authorities to finance those demands without compromising currency integrity. This framework is broadly compatible with the post-Keynesian and profit-push perspectives on inflation that recent Turkish economic scholarship has applied to the contemporary case, in which inflation is treated as a conflict phenomenon arising from the distributional struggle between wages, profits, and state fiscal requirements rather than as a purely monetary phenomenon determined by the money supply alone (Dolanay, 2024).

Applied across a longer historical span, this fiscal-institutional framework suggests that episodes of severe price instability in Turkish and Ottoman economic history, however different in their specific monetary technology, from precious-metal currency debasement in the early-modern period to fiat currency depreciation in the contemporary period, share a common triggering condition: a widening gap between state fiscal obligations and available non-inflationary financing sources, whether met through reducing the precious-metal content of coinage in the earlier period or through monetary expansion and exchange rate depreciation in the modern period.

The framework further predicts that the resolution of inflationary episodes, in both periods, has historically required a deliberate and credible institutional commitment to currency stability, rather than a spontaneous return to price stability once the initiating fiscal pressure eases. This prediction is consistent with the Republic's own stabilization history, in which sustained disinflation has generally followed explicit, internationally anchored policy commitments, such as the International Monetary Fund-supported stabilization program following the 2001 crisis, rather than occurring through unassisted market adjustment alone.

2.2. Review Methodology

This article follows a comparative-historical, integrative review design, drawing on economic-historical scholarship addressing early-modern Ottoman price instability, together with contemporary macroeconomic scholarship addressing the Republic's post-1980 and post-2018 inflationary episodes. Consistent with the broader methodological standard adopted across this research program, only sources published from 2023 onward were retained for substantive citation, meaning that the article's engagement with early-modern Ottoman monetary history is necessarily mediated through recent scholarship that itself addresses and contextualizes that earlier period, rather than through direct citation of the foundational, but earlier-dated, economic-historical literature on Ottoman debasement.

Sources addressing the contemporary period were selected for their direct relevance to the trajectory of Turkish inflation from the 1980 liberalization reforms through the 2026 disinflation process, with particular attention to sources offering explicit historical framing that connects the contemporary episode to earlier phases of Republican and pre-Republican economic history. The resulting synthesis is organized chronologically in Section 3, moving from the early-modern period through the Republic's post-liberalization inflationary history to the most recent disinflation episode.

3. COMPARATIVE HISTORICAL ANALYSIS

3.1. Early-Modern Fiscal Pressure and Currency Debasement

Recent Turkish economic scholarship, in situating the contemporary inflation problem within a longer historical arc, explicitly notes that high inflation rates were experienced in certain periods in the Ottoman Empire and in Spain prior to the European industrial revolution, indicating that severe price instability in the geography that later became the Turkish Republic is not a phenomenon confined to the modern monetary era (Dolanay, 2024). This observation, though brief within the contemporary literature that makes it, points toward a substantive historical continuity: episodes of state fiscal stress, whether driven by prolonged warfare, administrative expansion, or external economic shocks, have historically translated into measures that eroded the purchasing power of the prevailing currency well before the emergence of modern central banking or fiat money.

The fiscal-institutional logic underlying such early-modern episodes is directly analogous to the logic underlying modern inflationary financing, even though the specific instrument differs. Where a modern state facing a fiscal shortfall might finance that shortfall through central bank money creation or external borrowing, a pre-modern state facing an analogous shortfall could reduce the precious-metal content of its coinage while maintaining its nominal face value, extracting an implicit fiscal resource, commonly termed seigniorage, from the population that continued to accept the debased currency at or near its original nominal value. Both mechanisms represent, in essence, a transfer of purchasing power from currency holders to the fiscal authority, achieved through a reduction in the real value of money rather than through explicit taxation.

What recent scholarship adds to this well-established economic-historical observation is an explicit invitation to read the contemporary Turkish inflation problem as a continuation, under transformed monetary technology, of this same underlying fiscal-institutional dynamic, rather than as a historically disconnected product of contemporary policy choices alone (Dolanay, 2024). This reframing does not deny the specificity of contemporary monetary institutions, but it cautions against treating the persistence of high inflation in Turkish economic history as a coincidental recurrence rather than as a pattern rooted in a durable structural tension between state fiscal needs and currency stability.

3.2. Liberalization, Hot Money, and the Path to the 2001 Crisis

The modern phase of this recurring pattern begins with the Turkish Republic's decisive turn toward economic liberalization in the 1980s, when import-substitution industrialization was abandoned in favor of an export-based growth model, state enterprises were opened to privatization pressure, and capital movements were progressively liberalized, culminating in the full liberalization of capital flows through Decision No. 32 in 1989 (Dolanay, 2024). This liberalization, while intended to integrate the Turkish economy more fully into global markets and to reduce the fiscal burden of state-directed industrial policy, simultaneously exposed the economy to a new and destabilizing financing dynamic, in which economic growth increasingly depended on volatile short-term capital inflows, commonly described as hot money, rather than on more stable direct foreign investment.

This dependence on hot money financing rendered the Turkish economy acutely vulnerable to shifts in international investor sentiment, a vulnerability that materialized decisively in the 1994 economic crisis, understood in retrospect as substantially driven by a sudden reversal of speculative capital inflows (Dolanay, 2024). The policy response to the 1994 crisis, involving state guarantees for bank deposits and sharply elevated interest rates, succeeded in averting immediate financial collapse but did not resolve the underlying structural vulnerability, setting the stage for a decade in which annual inflation rates that had rarely fallen below thirty percent during the 1980s rose further, with wholesale price increases of fifty and sixty percent becoming common during the 1990s.

This accumulated vulnerability culminated in the 2001 financial and economic crisis, widely regarded as the most deeply consequential economic crisis of the Republican era in terms of its combined economic and political effects (Dolanay, 2024). The resolution of the 2001 crisis followed the fiscal-institutional logic identified in Section 2.1: stabilization was achieved not through spontaneous market correction but through an explicit, externally anchored institutional commitment, in the form of a stand-by agreement with the International Monetary Fund and the associated Transition to a Strong Economy program, which imposed disciplined fiscal and monetary rules that had been politically unavailable to Turkish authorities acting without external commitment mechanisms. Retrospective accounts of this episode emphasize that the collapse of the pre-announced crawling-peg exchange rate regime in February 2001, following a sudden political crisis that triggered a rapid loss of investor confidence, illustrates how quickly institutional credibility can unravel once fiscal and political conditions are perceived as inconsistent with the announced monetary framework, a fragility that recurs across the later historical episodes examined in this article (Türkiye Today, 2026).

The decade that followed the 2001 stabilization program is instructive precisely because it demonstrates that credible institutional commitment, once established, can durably suppress inflationary pressure even amid continued global economic volatility; annual average Turkish economic growth rates remained largely uninterrupted, apart from the global financial crisis year of 2009, while inflation rates fell substantially from their 1990s peaks (Dolanay, 2024). This period of relative stability lends further support to the fiscal-institutional framework adopted in this article, since the sustained disinflation achieved after 2001 coincided precisely with the period of greatest institutional independence for Turkish monetary policy-making within the modern Republican era.

It is worth noting that the 2001 stabilization program, like the 1994 crisis response that preceded it, was not costless in narrowly economic terms; it required significant fiscal austerity, a substantial contraction in short-term output, and considerable political capital to implement and sustain against domestic opposition. The framework developed in this article treats this cost as an integral, rather than incidental, feature of durable disinflation within the recurring Turkish pattern: because inflationary financing has historically functioned as a mechanism for resolving otherwise unaddressed fiscal and distributional tensions, reversing that financing mechanism has consistently required absorbing the underlying tensions through some other channel, typically fiscal austerity and short-term output contraction, rather than eliminating them costlessly through monetary technique alone.

3.3. The Post-2018 Inflationary Episode and Its Institutional Origins

The relative price stability achieved after 2001 began to erode after 2015, with inflation rates rising again amid a shifting policy environment, before intensifying sharply following the exchange rate shock of 2018 and, more decisively, the exchange rate shock of November 2021, both of which triggered substantial changes in economic policy and were followed by economic crisis dynamics driven by sharply accelerating inflation (Dolanay, 2024). Consistent with the fiscal-institutional framework developed in this article, this renewed inflationary episode coincided with a period in which conventional monetary policy independence was significantly constrained, as unconventional low-interest-rate policy was pursued despite accelerating price pressure, a policy configuration that departed markedly from the institutionally anchored discipline that had characterized the post-2001 stabilization period.

Rigorous macroeconomic analysis of the 2021 policy episode specifically identifies this deliberate departure from conventional monetary policy as the proximate trigger of the ensuing inflationary surge, demonstrating within a standard New Keynesian framework that the sharp policy rate cuts pursued despite accelerating inflation produced precisely the currency depreciation and inflationary feedback loop that orthodox monetary theory predicts, offering what its authors describe as a cautionary tale of the effects of disregarding basic macroeconomic relationships (Gürkaynak et al., 2023). A companion policy-oriented discussion of this same episode draws out its broader lesson for weak-monetary-policy regimes generally, noting that Turkish inflation reached roughly fifteen times the officially announced target under this policy configuration, and explicitly framing the Turkish experience as a cautionary case study relevant well beyond Türkiye for other economies in which central banks face acute political pressure to prioritize growth over price stability (Gürkaynak & McMahon, 2023). This episode is also situated within a broader political-economy account of Turkish policy choices, which interprets the government's willingness to intensify monetary easing toward credit expansion, despite heightened exchange rate instability risk, as reflecting a persistent preference for credit-driven growth over the constraints imposed by the open-economy policy trilemma, a preference that recurs across multiple periods of modern Turkish economic history examined in this article (Orhangazi & Yeldan, 2023).

Structural economic analysis of this period identifies elevated private-sector indebtedness as both a symptom and an amplifying mechanism of the inflationary dynamic, as households and firms increasingly relied on credit to sustain consumption and investment in the face of eroding real incomes, a dynamic that in turn placed further pressure on exchange rate stability and inflation expectations (Mahmood, 2023). This period thus reproduces, in modern form, the core fiscal-institutional dynamic identified in the earlier historical episodes examined in Section 3.1 and 3.2: a widening gap between the financing requirements of continued economic activity and the availability of non-inflationary financing sources, resolved in this instance through currency depreciation and rising domestic price levels rather than through coin debasement or hot-money-financed growth.

The subsequent policy shift toward orthodox monetary tightening, beginning in mid-2023 and involving a substantial and sustained increase in policy interest rates coordinated between the Central Bank and the Ministry of Treasury and Finance, marks the latest instance of the institutionally anchored disinflation strategy identified as historically necessary within the framework adopted in this article (Dolanay, 2024). Empirical analysis of the macroeconomic determinants of this inflationary episode further corroborates the centrality of monetary and exchange rate factors, identifying long-run positive relationships between money supply growth, interest rates, and inflation, alongside a negative relationship between industrial production growth and inflation, consistent with an underemployed economy in which monetary expansion translates disproportionately into price increases rather than output growth (Sarı, 2024).

3.4. The 2023–2026 Disinflation Process in Comparative Perspective

Placing the ongoing 2023–2026 disinflation process alongside the post-2001 stabilization episode discussed in Section 3.2 highlights both structural continuities and important differences. Both episodes share the core institutional feature identified throughout this article: disinflation has proceeded through a deliberate, sustained tightening of monetary policy rather than through passive adjustment, with the Central Bank maintaining elevated policy rates over an extended period even as growth moderated, a pattern evident in the trajectory from 2023 through the projected gradual policy rate reduction anticipated as inflation continues to ease toward the twenty percent range by 2027 (OECD, 2026).

A key difference, however, concerns the external anchoring of the current stabilization effort. Where the post-2001 program was explicitly structured around an International Monetary Fund stand-by agreement with associated conditionality, the current disinflation process has proceeded primarily through domestically formulated policy commitments without an equivalent external anchor, a distinction that carries implications for the credibility and durability of the current stabilization effort, since domestically formulated commitments have historically proven more susceptible to premature reversal under political pressure than externally conditioned programs, a risk explicitly noted in recent country-risk assessments of the Turkish economy (Bertelsmann Stiftung, 2026).

The comparative historical reading developed in this article suggests a further implication for how the current disinflation episode should be assessed: durable price stability in Turkish economic history has generally required not merely a temporary policy tightening but a sustained institutional commitment extending well beyond the initial stabilization phase, as briefly illustrated by the roughly decade-long period of comparative price stability that followed the 2001 program. Whether the current disinflation process will be sustained over a comparably extended horizon, rather than giving way to renewed inflationary pressure once near-term political and economic conditions shift, remains, from the standpoint of the historical pattern identified in this article, the central open question for Turkish economic policy in the years following the period covered by this review.

3.4.1. Exchange Rate and Trade Channel Effects

A further mechanism connecting the fiscal-institutional dynamics traced above to household and firm-level outcomes runs through the exchange rate and trade channel. Rigorous empirical analysis of Türkiye's 2021 monetary policy episode, in which policy rates were cut sharply even as inflation accelerated, demonstrates that this policy choice produced exactly the outcome standard open-economy macroeconomic theory would predict: a large, rapid currency depreciation that fed directly into accelerating domestic inflation, with the lira depreciating by roughly 420 percent against the US dollar between 2003 and September 2021, far outpacing the depreciation of comparable emerging-market currencies over the same period (Gürkaynak et al., 2023). This finding is significant because it demonstrates, with methodological rigor rarely available for historical episodes, that the exchange rate-inflation channel identified more impressionistically in earlier historical analysis operates precisely as the fiscal-institutional framework of this article would predict once monetary discipline is deliberately relaxed.

This dual character of exchange rate depreciation, a threat to domestic price stability but a potential support for trade competitiveness, has historically complicated the political economy of Turkish stabilization efforts, since export-oriented sectors have at times had a countervailing interest in resisting the currency appreciation that more decisive disinflation would tend to produce. Detailed analysis of the 2021 unconventional monetary easing episode situates this policy choice within a longer-running political economy dynamic, in which Turkish policy-makers have repeatedly favored credit-driven, exchange-rate-tolerant growth strategies over the binding constraints of the open-economy policy trilemma, intensifying monetary easing toward credit expansion at the risk of currency instability even as global monetary conditions moved in the opposite direction (Orhangazi & Yeldan, 2023).

This exchange rate and trade channel dynamic adds a further layer to the fiscal-institutional framework developed in this article, suggesting that the political costs of sustained monetary discipline discussed in Section 4 are not evenly distributed across the Turkish economy, but instead fall more heavily on import-dependent and domestically oriented sectors than on export-oriented sectors that may benefit, at least in the short run, from a weaker currency. This uneven distribution of costs plausibly contributes to the recurring erosion of institutional commitment identified across the historical episodes examined in this article, since it generates a persistent domestic political constituency with an interest in resisting the full currency appreciation that durable disinflation would otherwise imply.

3.4.2. Central Bank Independence and the Political Economy of Monetary Discipline

The fiscal-institutional framework developed in this article predicts that the durability of any disinflation episode depends heavily on the degree to which monetary authority is insulated from short-term political pressure, and the recent Turkish record offers unusually direct evidence on this point. Between 2019 and 2023, leadership of the Central Bank of the Republic of Türkiye changed hands four times, with successive governors dismissed after resisting political pressure to cut interest rates despite accelerating inflation, a pattern of institutional turnover that political-economy scholarship identifies as emblematic of monetary policy-making under conditions of growing executive authoritarianism, in which formal central bank independence persists on paper while substantive policy autonomy is systematically eroded (Zayim, 2024).

This pattern is consistent with the broader comparative literature on political monetary cycles, which documents that central banks facing sustained political pressure, whether through leadership turnover, public criticism, or informal signaling from political executives, tend to exhibit systematically different policy behavior around electoral periods than would be predicted by economic conditions alone, with the Turkish case cited as a particularly pronounced example of this dynamic given the scale and frequency of central bank leadership changes over a relatively short period (Oriola, 2023).

Direct empirical confirmation of the institutional channel proposed in this article comes from research quantifying the relationship between institutional quality and inflation outcomes in the Turkish case, which finds that measurable deterioration in institutional quality indicators corresponds closely with the acceleration of inflation over the same period, providing econometric support for the qualitative, historically oriented account developed in this article that institutional credibility, rather than monetary technique in isolation, is the decisive variable separating successful from unsuccessful Turkish stabilization episodes (Cicen, 2024). The subsequent, partial restoration of institutional credibility after the June 2023 leadership change, formally assessed through international surveillance mechanisms as a genuine, if still incomplete, shift toward a more conventional and rules-based monetary policy framework, further corroborates the centrality of institutional credibility to the disinflation process examined in Section 3.4 (International Monetary Fund, 2024).

3.4.3. Household Welfare and the Distributional Costs of the Recent Episode

The fiscal-institutional dynamics traced throughout this article are not merely abstract macroeconomic phenomena but translate directly into household-level welfare outcomes, a connection made explicit in recent research examining the socio-economic determinants and distributional patterns of Turkish household consumption expenditure during the recent high-inflation period, which finds that lower-income and larger households bore a disproportionate share of the welfare cost associated with the 2018–2023 inflationary episode, given the concentration of their spending in inelastic, rapidly inflating expenditure categories such as food and housing (Yüksel & Başar, 2025).

This distributional pattern is corroborated by microsimulation research explicitly modeling the cost-of-living crisis across Türkiye and the broader South Caucasus region, which similarly finds that the welfare consequences of the recent inflationary episode have fallen unevenly across the income distribution, with limited scope for lower-income households to adjust consumption behavior without directly compromising basic welfare (Can et al., 2025). Read alongside the institutional analysis in Section 3.4.2, this evidence suggests that the political costs of sustained monetary discipline discussed throughout this article are ultimately borne, in significant part, by the same lower-income households who are least equipped to absorb the welfare costs of the inflationary episodes that monetary discipline is intended to resolve, a distributional tension that plausibly reinforces the political pressures against durable institutional commitment identified in Section 3.4.2.

3.5. Comparative International Context

Placing the Turkish pattern in comparative international perspective further clarifies which elements of the sequence traced above are distinctively Turkish and which reflect a more general pattern of emerging-market inflationary and disinflationary dynamics. Comparative assessment of the current disinflation episode notes that Turkish inflation, while declining substantially from its 2022 peak, remains markedly elevated relative to both advanced-economy benchmarks and many peer emerging markets, with the pace of further disinflation subject to ongoing risks from energy price volatility and external financial conditions (BBVA Research, 2026). This positioning within, rather than as an outlier from, the broader emerging-market disinflation experience of the mid-2020s suggests that the fiscal-institutional dynamic identified in this article, while illustrated with particular clarity by the Turkish case, is unlikely to be entirely unique to Turkish economic history.

At the same time, the duration and recurrence of severe inflationary episodes across Turkish economic history, from the early-modern period discussed in Section 3.1 through three distinct Republican-era inflationary peaks in the 1990s, around 2001, and after 2018, does appear distinctive relative to many comparator economies that have experienced isolated rather than recurring severe inflationary episodes. This recurrence is, within the framework adopted in this article, attributed less to any inherent structural weakness unique to the Turkish economy than to a persistent pattern of institutional commitment to monetary discipline being established, sustained for a period, and subsequently eroded, rather than being permanently embedded within Turkish fiscal and monetary governance.

4. DISCUSSION

The comparative historical analysis developed above supports a central claim of this article: that Turkish inflation history, from early-modern currency debasement through the Republic's post-1980 liberalization-era inflation to the most recent 2018–2023 episode, exhibits a recurring institutional logic in which severe price instability emerges when state fiscal requirements outrun the availability of non-inflationary financing, and subsides only when a credible, durable institutional commitment to currency stability is established. This pattern is evident across radically different monetary technologies, from precious-metal debasement to fiat currency depreciation, suggesting that the underlying dynamic is more fundamentally fiscal-institutional than technologically contingent.

This reading carries an important implication for how the current, still incomplete, disinflation process should be interpreted. Rather than treating institutionally anchored monetary tightening as a temporary corrective measure to be relaxed once headline inflation statistics improve, the historical pattern identified in this article suggests that durable price stability in the Turkish case has consistently required sustained institutional commitment extending well beyond the initial stabilization phase, as the post-2001 experience illustrates. Premature relaxation of monetary discipline, before the underlying fiscal-institutional conditions that generated the inflationary episode have been durably addressed, appears historically associated with renewed inflationary pressure rather than a lasting return to price stability.

A further implication concerns the value of post-Keynesian and structuralist perspectives on inflation, which emphasize distributional conflict among labor, capital, and the state, for understanding why purely monetary explanations of Turkish inflation have historically proven incomplete. The profit-push and post-Keynesian framing applied to the contemporary episode (Dolanay, 2024) resonates with the fiscal-institutional framework developed in this article, since both perspectives locate the origin of inflationary pressure in unresolved distributional and fiscal tensions rather than in monetary policy considered in isolation from the broader political economy within which it operates. This resonance is reinforced by rigorous macroeconomic evidence confirming that the 2021 policy episode's inflationary consequences followed directly and predictably from the deliberate relaxation of monetary discipline (Gürkaynak et al., 2023), together with political-economy analysis showing that this relaxation reflected a recurring structural preference within Turkish policy-making for credit-driven growth over trilemma-constrained monetary orthodoxy (Orhangazi & Yeldan, 2023), a preference this article's fiscal-institutional framework helps situate within a much longer historical pattern.

Finally, the comparative reading developed here cautions against a narrowly presentist interpretation of Turkish economic history, in which each inflationary episode is analyzed primarily in terms of the specific policy errors of its immediate historical moment. While the specific policy choices examined in Section 3, from 1980s capital account liberalization to the unconventional monetary policy pursued after 2018, undoubtedly shaped the particular severity and timing of the resulting inflationary episodes, the recurrence of broadly similar fiscal-institutional dynamics across centuries suggests that Turkish economic history is characterized by a persistent structural tendency toward inflationary financing under fiscal stress, a tendency that recurs across distinct political regimes and monetary technologies rather than reflecting the idiosyncratic failures of any single historical period.

The recurrence documented across Section 3 also raises a question that lies at the boundary between economic history and political economy: why has institutional commitment to monetary discipline proven difficult to sustain durably in the Turkish case, even after periods, such as the decade following

2001, in which such commitment was demonstrably effective in delivering price stability? The fiscal-institutional framework adopted in this article suggests a partial answer, namely that the political costs of sustained monetary discipline, in terms of constrained short-term growth and employment, create a persistent incentive for future policy-makers to relax that discipline once the immediate memory of the preceding inflationary crisis has faded, reproducing the conditions for a subsequent inflationary episode. This dynamic is consistent with, though not identical to, the political business cycle literature in macroeconomics, and its applicability to the Turkish case across multiple historical periods merits further dedicated investigation.

This recurring erosion of institutional commitment also helps explain why the current 2023–2026 disinflation process has attracted particular scrutiny regarding its durability, since the historical pattern identified in this article implies that the critical test of the current stabilization effort lies not in the initial tightening phase itself but in whether the underlying institutional commitment is maintained once near-term political and economic pressures to relax that commitment inevitably re-emerge, as they have at multiple points across the preceding decades of Republican economic history.

5. CONCLUSION AND RECOMMENDATIONS

5.1. Conclusions

This article has argued that Turkish inflation history, spanning early-modern currency debasement, the Republic's post-1980 liberalization-era inflation culminating in the 2001 crisis, and the most recent 2018–2026 inflationary episode and disinflation process, is best understood through a shared fiscal-institutional framework rather than as a sequence of disconnected historical episodes. Across each period examined, severe price instability has emerged from a widening gap between state fiscal requirements and available non-inflationary financing, and has subsided only following a deliberate, credible, and sustained institutional commitment to monetary discipline.

This comparative historical reading suggests that the durability of Türkiye's current disinflation process should be assessed not solely against short-term headline inflation trajectories but against the extent to which the underlying fiscal-institutional commitments that have historically distinguished successful from unsuccessful Turkish stabilization episodes are being durably established in the present period.

5.2. Limitations

As a comparative-historical and integrative review, this article synthesizes existing economic-historical and macroeconomic scholarship rather than presenting new archival research on Ottoman monetary administration or new econometric analysis of contemporary Turkish inflation dynamics. Its engagement with the early-modern period, in particular, is necessarily mediated through recent scholarship that references, rather than directly reconstructs, the underlying primary-source historical record, consistent with the source-recency requirements adopted across this research program. Readers seeking a more granular reconstruction of specific early-modern debasement episodes are encouraged to consult the specialized economic-historical literature referenced within the contemporary sources cited here.

5.3. Recommendations

For economic historians, this article recommends further comparative work explicitly connecting early-modern Ottoman fiscal and monetary administration with the institutional analysis of modern Turkish central banking, an integration that remains underdeveloped despite the clear conceptual continuities identified in this review.

For macroeconomic policy-makers, the comparative historical pattern identified in this article suggests that durable disinflation is more likely to be achieved and sustained where policy commitments are institutionally insulated from short-term political pressure, whether through external anchoring mechanisms comparable to the post-2001 International Monetary Fund program or through equivalently credible domestic institutional safeguards, than where stabilization rests primarily on discretionary, politically contingent policy commitments.

For future researchers examining the trajectory of the current disinflation process beyond the period covered by this review, this article recommends explicit attention to whether the institutional commitments underpinning the 2023–2026 tightening cycle are extended and deepened over a multi-year horizon comparable to the post-2001 stabilization period, since the historical pattern identified here suggests that this extended institutional commitment, rather than the initial tightening episode alone, is the more reliable predictor of durable Turkish price stability.

Finally, this article recommends that future comparative-historical work extend the framework developed here beyond the Turkish case to other economies with similarly long-documented histories of recurring fiscal-institutional inflationary crisis, in order to test whether the political-economy mechanism proposed in Section 4 to explain the erosion of monetary discipline over time, the tendency for the political costs of sustained discipline to outweigh its increasingly distant benefits once the memory of the preceding crisis fades, operates as a genuinely general feature of fiscal-institutional inflationary cycles or whether it is more specifically conditioned by features of Turkish political economy not fully captured within the scope of the present review.

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