

Turkish government's Medium Term Program: A frontal attack on the social conditions of the working class

Hakan Özal

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The Medium Term Program (MTP), which sets out the government's economic targets and policies for the next three years, was approved by President Recep Tayyip Erdoğan and entered into force.

While the official annual inflation rate was 52 per cent in August, the program, which focuses on maintaining fiscal discipline to reduce inflation and close the budget deficit, shows that the attacks on the living and working conditions of the working class will continue and deepen. The program accelerates the policy of turning the country into a haven for cheap and precarious labour for national and international companies.

In his presentation of the MTP, Vice President Cevdet Yılmaz stated that Turkey's economic strategies for the next three years are mainly focused on "sustainable growth" and "fiscal discipline". Yılmaz stressed that the target of reducing inflation to single digits is a priority and that ensuring price stability is crucial in this process.

Yılmaz stated that the target is to reduce inflation to 41.5 percent in 2024, 17.5 percent in 2025, 9.7 percent in 2026 and 7 percent in 2027. The upward revision of the rates compared to the previous MTP (2024-2026) is evidence that the government's targets have not been met and that the updated rates should be treated with scepticism.

Following Yılmaz's presentation, Treasury and Finance Minister Mehmet Şimşek said that disinflation and price stability were priorities. Şimşek stated that fiscal and monetary policies will be implemented in a coordinated manner and public expenditure will be brought under control to strengthen fiscal discipline. Şimşek also reiterated that the aim is to reduce inflation to single digits.

The government wants to make the workers pay the price for achieving the objectives of the MTP, which is

essentially the economic program of the bourgeoisie. Workers' wages, whose purchasing power has been gradually reduced in recent years, are cited as the cause of high inflation. "The minimum wage increases to prevent the wage-price spiral will be in line with the disinflation process," the MTP says. There is discussion in ruling circles that the minimum wage increase will be determined according to the target rate of inflation, not actual inflation, and that real wages will be further reduced.

In reality, the main source of inflation is not wage increases but corporate profits. This fact, which is also revealed by the data, was admitted by Erhan Çetinkaya, the head of TURKSTAT, who said the following: "Corporate profits are rising faster than inflation. The exorbitant corporate profits in Turkey have an upward effect on inflation, this has been scientifically proven".

Under the leadership of Şimşek, who took office after the presidential elections in 2023, the government pursued a policy of high interest rates and pressure on wages. In the process, the Central Bank raised its key interest rate from 8.5 percent to 50 percent, while real wages continued to fall.

The official annual inflation rate, which was 38 percent when Şimşek took office, rose to 75 percent in May 2024. The real rate of inflation is much higher than the official rate. According to calculations by the Inflation Research Group (ENAG), the annual real inflation rate has been above 100 percent for a long time.

Real wages have fallen dramatically as the government, public and private sectors set pay rises for workers and pensioners based on official inflation. The government's vehement refusal to raise the minimum wage in July 2024 has accelerated this trend.

In his study titled "The Convergence of Salaries and

Wages to the Minimum Wage in Turkey and Related Income Distribution Problems”, published last August, Prof. Aykut Kibritçio?lu analysed the policy of reducing salaries to the level of the minimum wage (or even below) in Turkey, especially since 2014.

Kibritçio?lu explains the cost to minimum wage workers of not raising the minimum wage in July as follows: “If the CBRT’s inflation forecast for 2024 (the end of the year) of 38% is correct ... then the real loss in the minimum wage for the whole of 2024 will be 22.7%.”

In addition to wage suppression, the MTP will accelerate attacks on working-class conditions and cuts in social spending.

The expansion of flexible and precarious work is an important part of this. The program states that “active labour market policies will be supported by more flexible employment models to provide human capital for the needs of the economy in the short term”.

While the MTP plans to reduce the public contribution to the social security system, it is assumed that the inequitable pension system will continue. The program aims to introduce the supplementary pension system (TES) in the last quarter of 2025. It also plans to abolish severance pay, which is crucial for job security.

The reduction in the social security budget is an indication that demands for improvements in pensions will not be met. The lowest pension is only 12,500 liras, well below the current minimum wage of 17,000 liras (US\$500). According to calculations by the pro-government trade union confederation Türk-??, the minimum monthly food expenditure (hunger line) for a family of four was 19,200 liras in August. The poverty threshold for a family of four is 62,700 liras.

The MTP states that public spending will be cut in order to achieve the targets. However, the cuts in public spending do not target the tendering system, which is a method of transferring wealth from the workers to big business, and the waste of public resources by the bureaucracy. The cuts target social spending in critical sectors such as education and health, which have been massively attacked in recent decades, and the limited rights of public sector workers.

Turkey, a member of the imperialist NATO alliance, which is escalating the war against Russia in Ukraine towards a nuclear conflict and fully supporting Israel’s genocide in Gaza, is increasing its military spending while cutting social spending. While Turkey’s military expenditure has increased by 59 percent in the period 2014-2023, the military expenditure in 2023 has increased

by 37 per cent compared to the previous year and was reported to be 15.8 billion dollars.

The MTP sets a growth target of 3.5 percent for 2024, 4 percent for 2025, 4.5 percent for 2026 and 5 percent for 2027. In parallel with this growth, unemployment is expected to be 9 percent.

Economist Mustafa Sönmez commented in BBC Turkish on the contradiction between growth and unemployment targets and disinflation: “On the one hand they say they are pursuing a disinflation program, but on the other hand their growth targets are very ambitious and high. Disinflation means a shrinking economy, which in turn means shrinking employment and rising unemployment... In this program it is claimed that unemployment will not rise to double digits this year and next year and will remain at 9 per cent. This is not possible.”

The absence of issues such as addressing inequalities in income distribution, reducing the tax burden on workers, protecting workers’ rights and ensuring that workers share in economic growth indicates that the burden will fall heavily on the shoulders of workers. While labour’s share of national income was 40.5 per cent in the first quarter of 2016, it fell to 29.7 per cent in the last quarter of 2023.

The problems such as unemployment, inflation and financial crises, which are caused by the objective contradictions of the capitalist profit system, are experienced not only in Turkey but all over the world. The response of the ruling elites all over the world to these problems is more exploitation, elimination of jobs, reduction of social spending and transfer of resources to militarism and war.

The working class can only respond to this global capitalist offensive by developing its own international strategy: The global economy must be reorganised on the basis of social needs, not private profit and wealth accumulation. This means fighting for an international socialist program aimed at transferring power from finance capital to the working class.



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