Turkey: poverty increases with economic expansion

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11 June 2005

Despite the expanding Turkish economy, the figures recently released by the State Institute of Statistics (DIE) point to growing poverty in the country. According to DIE figures, in 2003 the number of individuals living in poverty exceeded 20 million. This represents close to a third of the population (29 percent) and an increase of 5 percent—close to a million people—in the number of poor from the previous year.

If taken by household, the poverty rate reached 23 percent, with an increase of 4.3 percent in the number of poor households. During this same period, the economy has grown by 5.9 percent, while the population increased by about a million people.

In the 1990s, Turkey was characterized by many sharp and short cycles of growth and crisis—two years of rapid growth followed by a deep recession. As a result, in the late 1990s successive governments sought salvation in a series of IMF-directed economic rescue programs, through which the major levers of the country's economy are practically run by the institution.

The increase in poverty was all the more significant because it surpasses the 2002 figures, when the effects of the biggest economic crisis in the nation's history, in 2001, were still being felt.

The criteria used for determining the poverty line is 186 million TL for a single individual and 417 million TL for a family of four. With Purchasing Power Parity (PPP) used by the DIE for that period, this represents US$254 and US$569 respectively.

Another survey in May 2005 by the largest union in the country, Turk-Is, sets the poverty line at 1,603 million TL ($US1,172) for a family of four. Although this figure is much more realistic, it does not take into account the gross disparities between different regions in the country. Not only has income distribution seriously deteriorated over the last 25 years, regional income disparities have also taken on catastrophic dimensions. There is a huge gap between the income levels of the west-coastal and east-inland regions. Not surprisingly, neither survey is interested in this aspect of the problem, which has close connections to the Kurdish question.

Even using DIE's limited criteria, the poverty levels in this country hoping to enter the European Union are rising at a striking pace.

Although rural and urban regions shared the number of poor people almost evenly, the rural regions are affected more than the urban ones due to their lower share of the total population. The increase in poverty in rural areas was 6.8 percent.

People working in the agriculture sector, whose population has declined in big numbers in the same period, experienced 39.9 percent poverty despite a 15 percent drop in the number of poor people in this category. Still, the rate of poverty in this group registered an increase of 3.5 percent. This indicates that the better-off people in this sector are moving into other areas of the economy, leaving behind the poorer sections that are less mobile.

Since the mid-1990s, the liberalization in agricultural policy—based on dismantling any support system and step-by-step destruction of the cooperatives—has dominated. IMF programs played a critical role in promoting these policies, which are in the interests of international agribusiness corporations. Privatization of the main state enterprises such as TEKEL, sugar factories, etc., was another indispensable component of the neo-liberal agenda.

Since 1999, with three successive IMF stand-by loan agreements, these policies have intensified. As a result, a huge rural-urban migration is taking place. The findings of the DIE survey indicate that this will continue.

Among people working in the manufacturing sector, 21.3 percent experienced poverty—up 0.4 percent—despite a 5 percent drop in their numbers. In the service sector, 16.8 percent experienced poverty, a drop from 25.8 percent. This fall, however, failed to offset the increase in overall poverty in the country.

The most vulnerable in the country were the hardest hit. The number of poor children under 15 has increased by 8.3 percent, and 37 percent of all children now live in poverty. Children make up 28 percent of the population.

Poverty amongst the unemployed population increased 47 percent while the number of unemployed increased by 54 percent. The official unemployment rate stood at 10.5 percent in 2003; it currently stands at 11.6 percent.

The adult population not active in the economy saw their numbers in poverty increased by 9.5 percent while their population increased by 6.2 percent. This group was the largest, at 36.7 percent of the total population, even surpassing the total employed population.

These figures came in the wake of optimistic statements by Prime Minister Recep Tayyip Erdogan and by IMF Managing Director Rodrigo de Rato. Recently, during the 19th stand-by loan agreement with the IMF they took the opportunity to hail the strength of the Turkish economy, based solely on the growth rate. According to the prime minister: "The Turkish economy is no longer vulnerable. The periods of crisis are over." The latest survey shatters any such myth that all will be fine as long as the current policies continue. The main question persists: who benefits?

Apart from the falsehoods that underline the optimism (See "Turkey: IMF plan demands new attacks on working people"), current policies are clearly putting pressure towards more polarisation on wealth distribution.

The reactions to the poverty figures were scant. The Turk-Is trade union did not react at all, let alone challenge the myth created so carefully by the media about the strength of the economy. The only notable reaction came from a more liberal section of the media. Based on the same figures published by the DIE, on May 27, Ugur Civelek, in his column in the daily newspaper *Radikal*, warned against the growing contradictions in the Turkish economy.

He bluntly asks: "When will the unemployment and poverty start to decline?" His first reaction was predictable: "As long as the reduction in the competitive skills of our country and the tendencies towards negative savings continue, we have no chance of breaking the vicious circle."

But he then poses further questions to reveal that he is not convinced with his own conclusion: "Why can't the EU and Japan break the stagflation they fell into after the year 1990? Why in the US are both the budget and the current account deficits continuing to expand? If there were a solution within the market economy, would they [EU, Japan, US] allow these problems to get bigger and embark themselves in uncertain global adventures?"

He then points to an age-old problem: "However difficult it may be to accept, the reality is obvious: if today's tendencies continue, the income distribution will get worse, the demand will shrink and together with the poverty, the instability will increase."

Civelek stops short of drawing the obvious political conclusions, despite going so far as saying "an alternative [to market mechanism] shall be found." After indicating that even the most powerful nation-states are powerless to tackle this problem, his outlook does not permit him to advocate a socialist solution. However, the fact that this dilemma finds its way into a major liberal newspaper's column is a sure sign that poverty is not only causing a state institution to raise its antennas, but is also causing sentiments of this nature to bubble up in unexpected places.