IMF and Turkish government agree to new attacks on workers

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On March 9, the International Monetary Fund issued an edict to the Turkish authorities signalling a new wave of far-reaching attacks on Turkish workers in both the public and private sectors.

Entitled "Turkey—2007 Article IV Consultation, Concluding Statement of the IMF Mission," the letter clearly calls for undermining mandatory severance pay to terminated workers and the introduction of more flexible terms of employment. This demand is made despite the fact that the Party of Justice and Development (AKP) government passed a new flexible labour act in 2003 in line with the preparation for Turkey's integration into the European Union (EU).

For decades, the mandatory severance payments programme in Turkey has been the primary protection for unemployed workers. A new unemployment insurance scheme, put into effect as of June 2000, provides very limited coverage for jobless workers and is no substitute for the existing mandatory severance payments programme. The new system will impose severe hardships on workers and serve as a generous gift to big business.

The lead-up to the latest changes to the mandatory severance payments was the 2003 labour act, which was enacted with the clear approval of the trade union bureaucracy, who therefore share responsibility for the onslaught being made on workers living standards.

The IMF mission visited Turkey March 1-15 as part of regular consultations by the organisation with countries that have borrowed from the IMF. Turkey has been subject to a continuous series of IMF-backed austerity programmes since December 1999.

According to the IMF document, the mission managed to reach a consensus on policies with the Turkish authorities to "raise potential growth and increase resiliency to external shocks." This required "continued fiscal and monetary discipline to secure low inflation and lessen vulnerability, especially from the still high level of public debt," as well as "supply-side structural reforms to bolster productivity and increase employment and investment."

The remainder of the letter explains the details of the policies called for by the IMF aimed at stripping away the last remnants of past gains by working people.

The letter clearly states, "The primary surplus target of 6.5 percent of GNP should be retained through 2008. Thereafter, there could be room for lowering the primary surplus target, provided the debt objective is within reach. However, a new anchor for fiscal policy will be needed."

This means that the IMF and the Justice and Development Party (AKP) government have agreed to focus on managing debts. Since the beginning of 2000, Turkey's fiscal policy has been reduced to a pliant tool tailored for debt management. This policy sucks out the lion's share of national resources in the name of managing debts and leaves health, education and other social services extremely under-resourced.

The letter also emphasises the need to implement additional measures on top of social security reform: "At the same time, consideration should be given to additional administrative measures to improve social security revenues and make health spending more cost effective."

The IMF letter highlights "specific measures to reduce [so-called] labour market rigidities." These draconian measures include "rationalising mandatory severance pay" and "allowing more flexible terms of employment."

The IMF letter praises Turkey for its impressive growth since 2001, but advises the government to press ahead with liberalisation of finance markets together with its programme of intensified privatisation of state assets. Noting that there has been a huge increase in foreign direct investment in Turkish banking, telecommunications and real estate, the IMF calls for more of the same in order to further “lower barriers” to foreign investment.

In particular, the IMF insists that its recommended programme of “structural reform” be continued and intensified. According to the letter, “A central element of the reform agenda should be resurrecting social security reform,” which includes privatisation of health services.

Wary of the social implications of such a measure, the Turkish Constitutional Court recently annulled the IMF-sponsored recommendations for social security and health provision. With contempt for democratic and constitutional norms, the IMF is now insisting that the Turkish government defy its own judiciary and revive and implement the IMF “reforms.”

The IMF letter makes clear that this will be the first task of the newly formed government after the November 2007 national elections—whether this government is led by a right-wing or nominally “left-wing” bourgeois party. Having given a priori approval to the 2003 labour law, it would be very mistaken to expect any form of effective resistance to such measures from the Turkish trade union bureaucracy.