

Turkish government pledges new attacks on workers

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On May 9, the Executive Board of the International Monetary Fund (IMF) convened and completed the seventh review of its standby arrangement with Turkey, which was given final approval on May 11, 2005. The Letter of Intent for the review dated April 28 reveals that the AKP (Justice and Development Party), which heads the Turkish government, is preparing new attacks on the working class.

The letter notes: “We have designed and plan to adopt soon a comprehensive reform package to reduce labour market rigidities and the financial burden on employment, which contribute to low employment rates and a large informal sector, ultimately reducing growth. The package: (i) reduces non-financial burdens, including the easing of special hiring and licensing requirements for private companies; (ii) expands active labour market programmes; (iii) eases restrictions on temporary employment; and (iv) reduces employers’ social security contributions by 5 percentage points, with additional targeted incentives for youth employment. We have ensured that the cost to this year’s budget is less than 1/4 percent of GDP.”

This paragraph speaks for itself. The new package aims to increase surplus value and profits by allowing capitalists to pay less for hiring, licensing and social security, and by introducing more flexible working—i.e., increasing the level of exploitation of the working class. Of course, the loss of income will be funded by the population at large, in the form of either new taxes or new debts.

The letter mentions the recent fierce attack carried out by the government in the field of public health as a concrete example of its determination: “We are confident that the budget for health spending in 2008 is sufficient and have adopted safeguards to ensure the spending overruns of the last several years are not repeated. Specific measures include the following: (i) we have

adopted tight global caps for state hospitals’ 2008 budgets on a quarterly basis; (ii) we have used the ‘discount’ system to legally settle all 2007 invoices and renewed this authority in March with a view to applying the same system in 2008; and (iii) we will shortly announce differentiated co-payments for outpatient services with payments increasing with the level of service. Co-payments will be between 0 and 2 YTL [New Turkish lira] for primary care, between 5 and 10 YTL for secondary care, and between 8 and 10 YTL for tertiary care services, with a 100 percent discount for secondary and tertiary care with a physician referral.”

At first glance, these amounts may not appear significant. However, Turkey is a country where a 0.20 YTL (US\$0.16) difference in the price of bread leads to crowds lining up in the early morning to make their purchases. These attacks on the health service were a part of a comprehensive “package” aimed against the vast majority of the Turkish population, and included other measures, such as raising the pensionable age and minimising the employers’ contribution to national health insurance.

Almost 1 million people in Turkey live below the hunger level, and 12 million live in poverty. According to a recent survey conducted by the Confederation of Turkish Trade Unions, the hunger threshold for a four-member family is 714 YTL (US\$571). The poverty level, which indicates the minimum spending for a four-member family to cover its basic needs including food, rent, transportation, clothing, education and culture, is 2,328 YTL (US\$1,860). The report notes: “The living conditions of low-income households, consisting of millions of people, have become more difficult. Food indices display an upward trend in recent months.”

The IMF letter also proposes even tougher austerity measures for state-owned economic enterprises (SEE), employment and pricing policies: “To support our fiscal

objectives, we will continue to replace no more than 10 percent of employees leaving SEEs and will maintain excise taxes and SEE prices (including energy prices) in line with programme assumptions, or promptly take corrective measures.”

Later on, the letter adds: “An upfront 16-1/2 percent increase in average end-user tariffs for electricity was implemented on January 1, 2008. Consistent with our commitment to achieve the 2008 primary surplus target for the SEE sector, we have adopted, effective July 1, 2008, an automatic price adjustment mechanism...and thus create a reliable basis for future private investment in the sector.”

In addition to continuous price hikes that will hit the workers and other layers of working people, such an employment policy will certainly bring further deterioration in the quality of public services, which are badly in need of fresh investment.

Interestingly, the letter is completely silent about Turkey’s rapidly increasing unemployment. According to the latest figures issued by the Turkish Statistics Institute (TUIK), the country’s unemployment rate rose to 11.3 percent in the three months through February. This was the sixth consecutive increase as economic growth slows.

At the end of the letter, signatories Mehmet Simsek, minister of state for economic affairs, and Durmus Yilmaz, governor of the Central Bank of Turkey, proudly assert: “As the current standby arrangement comes to an end, we consider that most of the key objectives set at the outset of the programme have been achieved.”

Once again, these key objectives for the IMF and the Turkish government do not refer to unemployment. In 2000, Turkey’s official unemployment rate was 6.5 percent, and this ratio jumped to 10.3 percent immediately after the devastating financial crisis of 2001. In February, the unemployment rate had already exceeded the level of 2001, and with the new economic downturn it will be no surprise if it doubles once again in 2008.



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