Tightening ties with NATO, Ankara deepens social attacks at home

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In the run-up to the NATO summit in Vilnius, Turkish President Recep Tayyip Erdo?an's government approved Sweden's membership in the alliance and declared its support for Ukraine's accession to NATO. At the same time, it continued to intensify its social attacks on the working class at home.

Last Friday, the government announced significant increases in consumption taxes and fees. They mainly target the working majority of the population through indirect taxes, while barely impacting the wealthy and the corporations.

The post-election economic policies of Erdo?an's Justice and Development Party (AKP) government show that the program demanded by finance capital is being implemented rapidly.

After the presidential elections in May, Erdo?an formed an economic management team composed of figures favored by the international financial elite. Mehmet ?im?ek, a former AKP minister, was appointed minister of treasury and finance, while Erkan, a senior finance executive from the United States, was appointed head of the Central Bank.

The first major action of the economic administration was an increase in the Central Bank's policy rate from 8.5 percent to 15 percent and the devaluation of the Turkish lira (TL) by around 30 percent. As the WSWS has explained, these decisions by the Central Bank were a harbinger of an intensifying attack on workers' social conditions.

The turn to fiscal tightening is aimed at suppressing workers' wage demands in the face of the rising cost of living. The increase in taxes, the second important move, is directed at financing the budget deficit and transferring wealth from the working people to the rich.

The additional taxes imposed by the government to pay for budget increases total 1 trillion and 150.5 billion TL (nearly $44 billion). Of this, 733 billion TL is to be collected from indirect consumption taxes such as VAT and special consumption taxes on numerous products, i.e., from the general population. However, the fact that businesses can submit their expenditures as expenses on their balance sheets and raise the prices of goods and services to compensate for tax increases means that most of the indirect taxes will be collected from workers.

Direct taxes, which include income, corporate and property taxes, are expected to increase by an additional 402.9 billion TL. The largest share of direct taxes will be levied on the working population. Some 189.1 billion TL of additional income tax will be deducted from the wages of public- and private-sector workers, while corporate taxes on capital gains will only be increased by 166.3 billion TL in the supplementary budget.

As a result, the burden of the budget deficit is being placed on the backs of workers through indirect and direct taxes, increasing the inequality of income distribution. In 2022, when the banking sector made huge profits, increasing its total net profit by 366 percent, labor's share of the national income decreased to 23.7 percent, down from 32 percent in 2016.

In a tweet, Minister ?im?ek declared, "Our program has three main components: Restoring fiscal discipline… reducing the budget deficit to a level in line with the Maastricht criteria, gradual monetary tightening to bring inflation down to single digits in the medium term, and an incomes policy in line with the inflation target. Then come structural reforms to make macro-financial stability and all other gains permanent."

The meaning of this statement in plain language is that the brutal austerity policies of finance capital will be implemented immediately. The *Financial Times*, the mouthpiece of the European financial aristocracy, has bluntly explained how this program will play out, writing, “The interventions ?im?ek will need to undertake are expected to be painful in the short run.”

This is the economic program that was not only embraced by the government, but also advocated by the bourgeois opposition led by Kemal K?l?çdaro?lu before the elections.

The working class has already suffered a severe decline in living standards. As the annual inflation officially rose last year to around 80 percent, real inflation was over 150 percent. As of June, it is officially 38 percent, but an independent calculation put it as 109 percent.

Fears that these unbearable living conditions could lead to a social explosion forced the government to raise the minimum wage by 34 percent as of July. Civil servant salaries were also increased by 8,000 TL in addition to the 17.7 percent rate. These increases were far below the real inflation workers face.

The government and the corporations rely on the trade unions to contain and suppress the growing social anger among workers. The pro-opposition D?SK confederation plays a particularly filthy role in this.

Its Çukurova region representatives have praised their participation last month in a “workshop” titled “Welfare and distribution. How can we increase welfare and ensure fair distribution?” The workshop was part of a series of events organized by TÜS?AD, the main business confederation in Turkey.

The union bureaucracies openly collude with the top business leaders against the workers. In a statement after the event, they said, “In addition to discussions on welfare, distribution, income and wealth inequality, poverty, deprivation, market failures, sustainable development and the role of the state & NGOs in these issues, useful and applicable policy recommendations were presented.”

In Turkey, as in the rest of the world, the intensification of social attacks by the government will increasingly drive workers into struggle. To prevent the unions from sabotaging these struggles, workers must build their own independent rank-and-file committees and unite across workplaces, sectors and countries. The International Workers Alliance of Rank-and-File Committees provides the organizing tool needed by the developing movement of the working class all over the world.