

Medium-Term Program: The war against the Turkish working class is escalating

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The Medium-Term Program (MTP), which outlines the government's economic goals and policies for the next three years (2026-2028), was approved by Turkish President Recep Tayyip Erdoğan and entered into force on September 7.

The MTP, presented by Vice President Cevdet Yılmaz, shows that Turkey's economic strategy will be based on "sustainable growth," reducing inflation, and maintaining fiscal discipline to close the budget deficit. As in the program announced last year, frontal attacks on the social conditions of the working class are being stepped up.

The MTP is consistent with policies implemented since June 2023, when Mehmet Şimşek was appointed to head economic policy. The program, designed to meet the needs of the Turkish bourgeoisie and international capital, means that austerity measures targeting the living and working conditions of the working class—reducing real wages and purchasing power, and increasing taxes—will continue to intensify.

In recent years, the government's main policy for reducing high inflation and closing the budget deficit has been to suppress workers' wages and raise interest rates. This policy, which aimed to curb demand and increase savings, not only failed to significantly reduce inflation but also led to the further impoverishment of the working class, including pensioners, and the further enrichment of the wealthy minority at the top through high interest income. The government's increased interest expenditures were imposed on the working class under the guise of "spreading taxes across the base."

The official inflation rate, which was 38 percent in June 2023, increased to 75 percent in May 2024. In August 2025, the official rate was 33 percent. Despite more than two years of harsh austerity policies, official inflation fell by only 5 percent. This alone debunks the idea that workers' wages and pay rises are the main source of inflation.

In reality, the main source of inflation stems from the exorbitant profits of banks and large companies. This fact was even acknowledged last year by Erhan Çetinkaya,

President of the Turkish Statistical Institute (TurkStat): "Corporate profits are rising faster than inflation. The exorbitant corporate profits in Turkey have an upward effect on inflation, this has been scientifically proven".

The government is transferring public resources to banks and large corporations in the form of tax breaks, incentives and interest payments. It is also spending vast sums on armaments to defend the interests of the same capitalist oligarchs.

The MTP projects inflation to reach 28.5 percent by the end of this year. The inflation target has been set at 16 percent for next year, 9 percent for 2027, and 8 percent for 2028. Like previous ones, these targets are also highly dubious. What is certain, however, is that severe austerity measures are being imposed on the working class, which will intensify the class struggle.

The targeted inflation rate has recently been seen as the main criterion by the government in wage increases for both the minimum wage and public sector workers, public employees, and retirees. As seen in previous programs, the target inflation rate is being raised over time. In the previous Medium-Term Program, the inflation targets were set at 17.5 percent for 2025 and 9.7 percent for 2026.

The program projects that the budget deficit-to-GDP ratio will be 3.5 percent in 2026 and 2.8 percent by the end of the program period (2028). Despite expected increases in interest payments and military spending, reducing this ratio from 4.7 percent in 2024 to 2.8 percent is quite optimistic. This target also points to the scale of the social attacks currently being implemented.

Interest payments constitute one of the most significant items in the government's budget deficit. Interest payments increased by 86 percent in the January-August period of this year, reaching 1.4 trillion Turkish Liras (TL) (US\$34 billion). This amount was 764 billion TL in the same period last year. A total of 2 trillion 152 billion TL (US\$52 billion) in interest payments is expected in 2025. According to the MTP, interest expenditures are expected to reach 2.86 trillion TL in 2026, 3.16 trillion TL in 2027, and 3.47 trillion

TL in 2028.

In addition to interest rates, a record increase in military spending is also planned. Based on 2024 figures, it is estimated that Turkey—whose military spending accounts for 2 percent of GDP (800 billion TL)—will need to allocate an additional 1.5 trillion TL from its budget to increase military spending to 5 percent in line with its NATO commitment. This would mean further cuts in social spending and an increase in taxes, which are mainly collected from working people. The capitalist oligarchy's foreign war policies and reactionary ambitions form an inseparable whole with the war waged against the working class at home.

The MTP plans to impose new social cuts on the working class for this purpose. One of these will be the implementation of the Supplementary Pension System. Marketed as aiming to “increase savings” and provide workers with a second salary when they retire, this system essentially aims to grab severance pay. The system envisages a 3 percent deduction from workers' salaries each month. Funds collected under this system, which requires a minimum of 10 years of service to access accumulated premiums and imposes very strict conditions for withdrawal, will be used to cover government budget deficits and, as with the Unemployment Fund, will be used for benefit of companies.

The MTP targets taxes to account for 85 percent of budget revenues in 2026. This 28.41 percent increase compared to 2025 is well above the 16 percent inflation forecast for 2026. This signals that the government is planning new taxes that will burden workers.

The government has already implemented significant tax increases, most of which are borne by workers. According to data released by the Ministry of Treasury and Finance for the January-August period of 2025, taxes levied on income and earnings increased by 84.3 percent compared to the same period last year—reaching a total collection of 2 trillion 536 billion TL. Of this amount, 1.7 trillion TL was collected from workers' wages. Corporate tax, which is a direct tax levied on companies, amounted to only 843.7 billion TL. In other words, the direct tax collected from workers is twice that collected from companies.

While large companies receive massive incentives, the government plans to impose additional taxes on small businesses. Under the new system, the majority of approximately 816,000 small business owners who currently pay taxes under the simplified method will switch to real taxation system in 2026. This means additional taxes and obligations for small business owners.

The government's attack on workers' social rights and living conditions, in order to transfer public resources to corporations, banks, and militarism in the service of the

ruling class, is an international phenomenon. Against this capitalist attack with the collaboration of union bureaucracies in Turkey and around the world, workers' resistance and social struggles are developing everywhere, seeking an independent path forward.

These struggles confirm the observation made in *the World Socialist Web Site's* 2025 New Year Statement: “The past five years have been dominated by the response of the ruling class to the capitalist crisis. The next five years will be dominated by an explosive eruption of the class struggle, which is already under way.”

In recent weeks alone, mass protests of the Gaza genocide in Britain were accompanied by ongoing struggles against social cuts in France on Thursday. Following Indonesia, mass protests erupted in Nepal, forcing the prime minister to resign.

In Turkey, mass protests which erupted in March following the arrest of Istanbul Metropolitan Mayor and Republican People's Party presidential candidate Ekrem İmamoğlu—and strikes and protests by public sector workers and public employees during the summer months, wildcat strikes in municipalities, and ongoing struggles in many other sectors—are signs of growing determination to fight among workers and youth.

The ruling class, aware of the massive social opposition to austerity, war, and genocide, responds by abolishing democratic rights and establishing authoritarian regimes. The working class and youth must respond to all these attacks with an international counterattack against capitalism. To do this, workers must build their own revolutionary parties and rank and file committees independent of capitalist parties and the union apparatus. This means fighting for the building of the Socialist Equality Party and the International Workers Alliance of Rank and File Committees.



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