Welfare state back on Turkey’s agenda

Tuesday 28 December 2010, by Nurdan Bozkurt

Reorienting Turkey’s main opposition party toward an emphasis on the welfare state, Kemal Kılıçdaroğlu, leader of the Republican People’s Party, promises universal healthcare, family insurance and an end to unemployment. However, economists urge ‘Gandhi Kemal’ to clarify how he will find the resources, saying he risks losing credibility

Addressing party members over the weekend, Kemal Kılıçdaroğlu, leader of Turkey’s main opposition party, signals a return to ’welfare state’ policies. DAILY NEWS photo, Selahattin SÖNMEZ

In a sign of how the winds have changed in the aftermath of the global recession, Kemal Kılıçdaroğlu, Turkey’s main opposition leader, announced a return to “welfare state” policies in a future Republican People’s Party, or CHP, government. However, some are voicing doubts over the implementation of his proposed policies, including cutting indirect taxes and bridging income inequality.

Speaking on Saturday at his party’s extraordinary convention in Ankara, Kılıçdaroğlu, dubbed “Gandhi Kemal,” emphasized the welfare state guaranteed by the Constitution, while promising to put an end to unemployment, to implement universal healthcare and to distribute cash to the poor through a “family insurance” scheme.

Speaking to party members, Kılıçdaroğlu said: “They ask me where I will find the resource. [The government] is finding resources for those who engage in corruption. It finds resources for those who conspire to rig [public] bids and to its partisans. We can find the resources, because we are the party of the people. My name is Kemal, and I can find it.”

On its website, the CHP emphasizes a policy that relies on employment instead of “hot money,” also promising “insurance to all and an end to joblessness.” To this end, the party plans to draft a “national employment strategy.”

Official unemployment in Turkey stands at 11.3 percent as of September. However, many economists say the real rate is above 17 percent, as the official figure does not include hundreds of thousands of people who have simply given up the search for a job.

Thorny issue of resources

Kılıçdaroğlu’ policies “sound nice,” but they are hard to implement, according to economist Ertuğ Yaşar. “Ideologically, it is only natural that he wishes to put the welfare state into practice,” Yaşar told the Hürriyet Daily News & Economic Review on Monday. “But the resource for that can only be through taxation. In Turkey’s conditions, indirect taxes cannot be raised, as this will result in injustice. You can’t raise income or corporate taxes either, as taxpayers are not even paying at these rates.”

Implementing such policies would “make Turkey a country similar to Ireland and Greece,” which are going through severe debt crises, according to Yaşar.

As of November, Turkey’s budget deficit was at 2 percent of gross domestic product, or GDP, representing a bright performance compared to eurozone economies.

Yaşar said Kılıçdaroğlu’s “My name is Kemal, and I can find it,” statement cannot be taken seriously.

Economist Mustafa Sönmez was, however, more warm toward the CHP’s promises. “It seems that the party will implement a policy that gives voice to the demands of the working people,” Sönmez told the

Daily News. “It is a natural effort to revive the welfare state that has been under pressure from neo-liberal policies for so long.” The current model of growing through foreign resources is hurting the economy immensely, while failing to create jobs, according to Sönmez.

However, Sönmez also noted the problem of resources. “Will the CHP’s model rely on foreign resources again?” he asked. “Or will it rely on taxation? The CHP should clarify this.”

If Kılıçdaroğlu aims to ease the tax burden on lower classes, increasing the taxation for upper classes, he should “say this clearly, or he won’t have credibility,” Sönmez said.

The economist said even European Union countries are not abiding by the Maastricht Criteria, which say national debt should not exceed 60 percent of GDP. The ratio was 45.5 percent in Turkey last year, and the government says it may fall to as low as 40 percent this year. Last year, the ratio was 115.1 percent for Greece, 115.8 percent for Italy and 77.6 percent for France.

“The EU cannot criticize Turkey for its budget, if the rates continue this way,” Sönmez said.

Sources

Source : Monday, December 20, 2010
Hürriyet Daily News