

## Living conditions of workers and retirees in Türkiye in the context of the rising cost of living

### Abstract

*The cyclical crises of the global capitalist system have begun to occur more frequently. In these times of crisis, while real income is decreasing or disappearing for many individuals and families, the cost of the goods and services necessary for a family to survive – that is, the cost of living – is also increasing. Therefore, in all countries that are integrated into this system, people who live by means of their labour have to struggle harder in order to survive and thrive. The aim of this article is to analyse the situation of employees and retirees in Türkiye in the context of the cost of living with reference to various economic and social indicators. The cost of living is not independent of the welfare practices operated in a country. For this reason, the article also features a short discussion of welfare and concludes by highlighting the policies and action agendas of the trade unions regarding the situation in Turkey, in view of the author's conclusion that the solution lies in the coming together of a conscious and organised society with the political will that prioritises economic policies in favour of the people and workers.*

**Keywords:** cost of living, welfare, workers, retirees, minimum wage, average wage, trade unions

### Introduction

The aim of this article is to discuss the cost of meeting the needs of material life and reproduction of the individual and the family, and securing a healthy and quality standard of living for tomorrow and the future.

While work itself is carried out by the individual for himself/herself, from a certain point in history, he/she also started to meet these needs by using his or her labour on behalf of others: those who are unable to work or who have withdrawn from working life must also have their needs met, and for the same reasons. At this very point, the following questions may come into mind:

- what does it mean to meet the material needs of life, to reproduce the individual and the family, and to ensure a healthy and quality standard of living for tomorrow and the future?
- if we consider these needs within the framework of the concept of the cost of living, what is the cost of this and how does it affect retirees as well as employees?

For this purpose, the article turns firstly to a definition and a discussion on the cost of living via a review of the relevant literature. The living conditions of workers

and retirees in Türkiye will then be evaluated through an examination of the cost of living.

### Factors affecting the cost of living

This section focuses in the first place on the concept of ‘welfare’, which is considered to be of critical importance in debates about living conditions as well as those referring to the cost of living.

#### *Cost of living: definitions and discussion*

The concept of the cost of living has been discussed regularly in the last fifty years. It can be observed that cost of living discussions are based on two pillars: the first is the definition of the cost of the living and thus its content; and the second is the method used to calculate it.

The cost of living, which can be defined as the cost of maintaining a certain standard of living (IPA 2022), can be expressed in short as the decline in real disposable income experienced by individuals and households (Smith and Goodman 2023: 3). This decline refers to the inflation-adjusted decline that occurs after deductions for taxes and benefits (Hourston 2022).

Being able to maintain a certain standard of living means keeping the cost of living constant. In other words, keeping the cost of living constant means maintaining living standards.

The standard of living measures the quality of life or the level of material wellbeing that an individual enjoys. Quality of life includes achieving a standard of living that reflects personal progress, a healthy lifestyle, being able to access information and freedom, meeting basic economic, social and psychological needs such as food, clothing and shelter, and achieving a level of social welfare that is compatible with the conditions of the country (Economic Planning Unit 2012).

The cost of living, on the other hand, is the cost required to maintain the minimum basic standard of living at a given point. According to the Office for National Statistics (ONS) in the United Kingdom, the economic definition of the cost of living is ‘What is the minimum cost in this month’s prices to achieve the actual level of quality obtained in the base period?’ (ONS 2014). According to Boskin (2008), the cost of living is ‘how much more income consumers would need to be as well off as before with a new set of prices’. Meanwhile, Bank Negara Malaysia (2015) defines the cost of living as the amount that households spend on goods and services, including their financial obligations, to maintain a given standard of living.

Expenditures that directly affect the cost of living are food, clothing, housing, energy and transportation costs. Especially in recent years, energy prices have increased due to the impact of wars and conflicts, having a negative impact on household income. The impact of rising energy prices was felt by most households, but it is inevitable that rising bills in this area will have the greatest impact on low-income households since price increases consume a large share of their disposable income (Tatlow and Bartum 2022).

*Method of determining the cost of living*

When prices change, these changes are a reflection of the standard of living. Therefore, maintaining the same cost or standard of living depends on factors that determine the demand function, such as the prices of the goods concerned, the distribution of income, tastes and preferences, the number of buyers and future expectations about the prices of goods and services (Keat and Young 2009).

The cost of living theory can be explained through the utility function subject to the budget constraint. The utility function is the level of utility or standard of living that an individual can attain if he or she consumes a given quantity of a set of goods. The consumer seeks to minimise the cost of achieving a given level of utility, which defines the cost function (Diewert 1983).

The cost of living index theory originated with A. A. Konüs in the 1920s (see Konüs 1939) and demonstrated the widespread use of the Laspeyres index to measure the cost of living (Triplett 2001). Accordingly, a true cost of living index is one in which family satisfaction or the standard of living of that family remains constant.

One of the common methods of obtaining a cost of living index is based on the Laspeyres Price Index, which constitutes or determines the upper boundary of the real cost of living, while the Paasche Index, on the other hand, constitutes or determines its lower boundary. Consequently, the real cost of living lies within the boundaries of the Laspeyres and Paasche indices (Primont 2000) – that is,  $L > I > P$ .

In Türkiye, cost of living calculations have been made by independent researchers and institutions since 2022. As of May that year, TÜİK (the Turkish Institute of Statistics) started to announce detailed indices for commodity groups instead of average item prices. Instead of an average price of 409 items in a shopping basket, it started to use 144 item group indices at the COICOP 5-item level (classification of individual consumption according to purpose). Using the 5-item indices, the ‘cost of living index’ (COLI) is calculated by excluding semi-durable and durable goods and some services that are not frequently consumed by households but used in the Consumer Price Index (CPI). Since COLI is calculated using item group indices, it is comparable to CPI and other specific CPI indicators. The following points are taken into account when determining the 5-item group to be included in COI (Yükseler 2022):

- the selected items are highly likely to be consumed by households every month and every year
- the item is a basic necessity
- there is a high probability that the expenditure will be financed by a household’s regular and continuous income rather than past savings or use of credit
- goods and services purchased are not considered as investment expenditures by households.

The cost of living is a major topic of discussion in a wide range of countries. In a survey conducted in Australia in 2022, voters were asked about the most important issues that they cared about. Accordingly, the climate crisis ranked first, while the cost of living came second. What is striking here is that, while only 3 per cent of

voters in 2016 stated that the cost of living was the most significant issue for them, and just 4 per cent in 2019, this had increased to 13 per cent in 2022 (Baker 2022).

The cost of living crisis is a major social and economic issue affecting many Australians. Politicians often talk about this crisis in relation to skyrocketing gasoline, housing and grocery prices. But political action is limited to small financial subsidies that help people cover costs in the short term. Our research analyzes how the cost of living crisis, often portrayed as a problem for individual consumers, is deeply linked to growing income and wealth inequality in Australia. Governments have been reluctant to address this deeper problem. Drawing on Australian-based research, I argue that rising economic inequality is a direct consequence of Australian government policy, which has contributed to the cost of living pressures for many. Successive governments have sought to reduce the taxation and labour costs incurred by capital in Australia. Taxation reforms have favored high earners and capital, while industrial relations reforms have weakened labour power, facilitating labour fragmentation and undermining income growth. As a result, capital captured an increasing proportion of the profits generated in Australia. (O’Keeffe, 2024)

The Covid-19 pandemic has exacerbated inequalities across the UK, including inequalities in income, mental health and education. These inequalities have been deepened by the economic consequences of the cost of living crisis, which disproportionately affects low-income families in the UK (Blundell et al. 2022). In particular, as Richard Partington has noted for *The Guardian*, ‘some of the poorest in Britain are being forced to make tough choices between heating and food’ (Partington 2022). Despite being one of the most advanced economies in the world (Shittu et al. 2022), it was projected that, by 2024, some 30 million people in the UK would not be able to afford a decent standard of living (Elliott 2022).

### *What is included in the cost of living?*

The main argument in the calculation of the cost of living is over the quality of the standard of living. For this purpose, food, clothing, housing, energy and transportation costs, which are the largest expenditure items included in COLI, come to the fore.

There are studies showing that, as the population increases, the cost of living also increases due to rising demand for goods and services (Neels 1979; Roback 1982; Hogan 1984; Blanciforti and Kraner 1997; Haworth and Rasmussen, 1973; Kurre 2000). These studies also find that this relationship is intensified in regions with environmental problems such as air pollution, traffic congestion and land costs, especially in capital cities. For example, as urbanisation rapidly proceeds, the increasing number of vehicles on the roads, rent and the increasing cost of housing are argued to indicate the existence of a rising cost of living. However, there is a significant problem where population growth is increasing at a relatively decreasing rate. Indeed, a small percentage change in population growth can indirectly affect the results. Nakamura et al. (2020) note that the cost of living is an important determinant of city productivity and population size although, in contrast, Nelson (1991) finds that population growth is not significant and has an ambiguous sign.

Apart from population and environmental factors, it is clear that the most important content is expenditure on items for material life. Working in this direction, İstanbul Planlama Ajansı (IPA; İstanbul Planning Agency) conducted a cost of living study for İstanbul. In order to determine the cost of living in the study, data on 321 items under the 10 main headings (food, clothing, housing expenses, cleaning materials, transportation, communications, technological devices, education, services and miscellaneous goods, and health and personal care) in COICOP were collected from 1600 households with consumption, quantity and type data collected in detail. Thus, the average monthly cost of living of the people of İstanbul was determined by taking into account expenditure tendencies and household preferences. In addition, information on the place of expenditure (stores, markets, bazaars, etc.) was also collected to provide a basis for the market research. The expenditures of each household were converted into equivalent individual costs through coefficients created using the OECD's Equivalence Scale. Finally, the cost of living for a family of four (two adults and two children) was calculated based on these equivalent individual costs (IPA 2022).

### Welfare: a concept that divides individuals and society

Welfare is a highly controversial concept that brings with it different characterisations: individual and social welfare, welfare state and welfare policies. This article does not provide an in-depth discussion of welfare; rather, it briefly explains individual and social welfare, which directly affects the cost of living.

In short, welfare is:

... the highest possible access to economic resources, a high level of well-being, including the well-being of citizens, a guaranteed minimum income to avoid living in poverty and, finally, the possibilities for the individual to lead a good life. (Greve 2008: 58)

Individual welfare refers to the macro level and the maximisation of utility through the choices made by the individual. Social or societal welfare refers to the sum of all individual welfare in a society (Robert Walker, as cited in Greve 2008: 53).

The welfare state (Bondarenko 2024) is defined as the concept of government in which the state, or a well-established network of social institutions, plays an important role in protecting and promoting the economic and social wellbeing of citizens. It is based on the principles of equality of opportunity, the fair distribution of wealth and public responsibility for those who do not enjoy the minimum provisions for a decent life.

In simpler terms, wellbeing is the value that an individual places on income or, more generally, on the contribution to wellbeing of goods and/or services that can be purchased with money (Van Praag and Frijerts 1999: 31). Therefore, economic wellbeing is linked to the individual's perceptions and benefits related to the use of income. This makes it difficult to analyse welfare at macro level, as the benefits that individuals derive from their income will vary. For this reason, GDP is considered to

be the best indicator of welfare, in which money is not considered the end goal but a means to achieve welfare. As Bent Greve then points out:

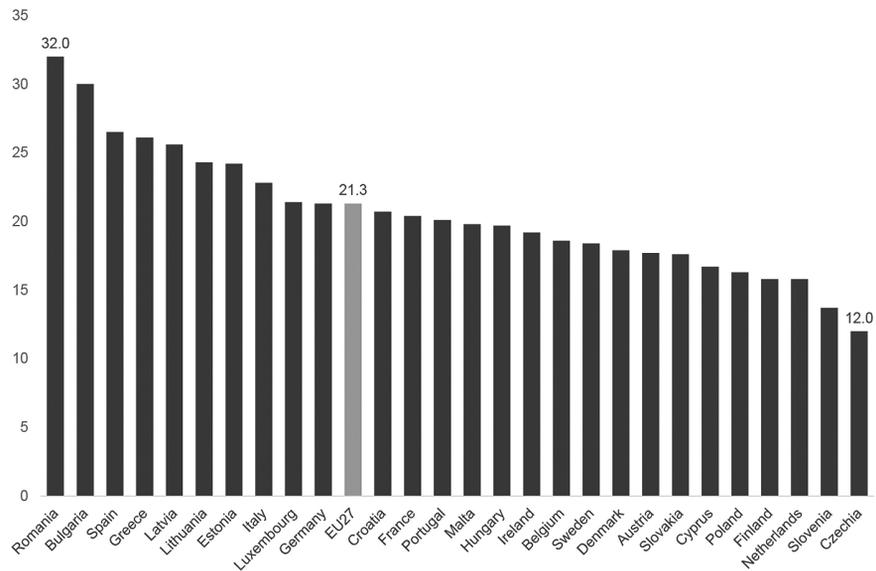
This is then used to argue for a broader interpretation of welfare as including GDP per capita, ratio of shares in total income (90/10), the Gini index of income, the population below the poverty line, the probability of dying before one's 60th birthday, obesity, lack of basic literate skills, the economic security index, the corruption perception index, social trust, and the prison population. (Greve 2008: 53)

Discussions on the concept of welfare as a characterisation of the state began in the 1930s. The welfare state represents a state that provides the content of the concept of welfare to all its citizens without exception. This content is realised in three dimensions (Briggs 2000: 16): first, families are guaranteed a minimum level of income, regardless of the market value of their work or assets; second, there is provision of a certain degree of security by reducing the social risks (such as illness, old age and unemployment) that individuals and families may face; and, third, there is a desire to provide the best standards of generally accepted social services to all individuals, regardless of status or class. The supply of these services and the practicalities of their implementation vary according to the conditions of the countries themselves. For example, in the UK, the responsibility for providing welfare for the whole of society is given directly to the government, whereas in the US the concept of welfare refers only to means-tested benefits (Alan Deacon, as cited in Greve 2008: 56).

The degree of happiness is also seen as a factor to be taken into account in welfare studies. There is a clear link between the degree of happiness and economic wealth measured in terms of GDP per capita. At the same time, poverty and social exclusion directly affect happiness (Greve 2008: 66).

Figure 1 shows the risk rates of poverty and social exclusion in European Union countries (Eurostat 2024).

Figure 1 – People at risk of poverty or social exclusion



Source: Eurostat.

Note: countries ranked on the at risk of poverty or social exclusion rate.

Thus, if happiness is part of our understanding of wellbeing, economic measures cannot stand alone. Instead, we need to combine economic indicators (especially GDP per capita) with measures related to happiness, poverty, etc. (Greve 2008: 68). This means providing not only public welfare but also fiscal and occupational welfare. Fiscal welfare, also defined as tax expenditure, provides favourable tax treatment for certain types of activities or groups of taxpayers (OECD 1984: 7); while occupational welfare is the set of goods and services provided by employers that can be seen as the functional, or near-functional, equivalent of public welfare. These may consist of a group of material goods and services, such as health, education, housing and childcare, which are provided as a condition of employment (Cutler and Weine 2001).

Consequently, the existence and extent of welfare services also indicates the level of the standard of living of the individual and society. We can see this in several European countries, especially in Scandinavian ones.

### Cost of living and living conditions in Türkiye

#### *Inequality in income distribution*

The previous section referred to the risk of poverty and social exclusion among the factors affecting welfare. In Türkiye, this issue is discussed in the literature, while a 2016 study provides us with some helpful baseline data. According to this,

the poverty risk rate among those who were able to work in Turkey was 13.5% in 2016, almost 1.5 times higher than the EU average, while the general at risk of poverty or social exclusion (AROPE) rate was 32.9%, more than 2.5 times the EU average (Adaman et al. 2019).

The most appropriate indicator to be considered in terms of the cost of living is relative poverty. Relative poverty is defined as an individual or household having income or expenditure below a certain threshold compared to the level of the society as a whole. Either expenditure or income level can be chosen as a measure of welfare, depending on the purpose (TUİK 2024a). Income distribution in a country is one of the best indicators of its welfare and hence the cost of living; Table 1 provides an indication of the percentage of households with income at various levels below certain percentages of the median:

Table 1 – Poverty rate by equivalised household disposable income (%), 2014-23

TUİK survey year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Income reference year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
40% of median income	8.7	8.7	8.4	7.4	7.9	8.3	8.9	8.5	7.6	7.0
50% of median income	15.0	14.7	14.3	13.5	13.9	14.4	15.0	14.4	14.4	13.5
60% of median income	21.8	21.9	21.2	20.1	21.2	21.3	21.9	21.3	21.6	21.3
70% of median income	29.4	29.5	28.7	28.1	28.5	28.5	29.0	28.7	29.3	29.0

Source: Türkiye İstatistik Kurumu (TUİK; Turkish Institute of Statistics) (2024a).

Note: 2023 survey year data is corrected.

Table 2 below shows Türkiye's Gini coefficient. The data in the table points to a worsening income distribution in the 2014-23 period. The Gini coefficient, which was 0.391 in 2014, climbed to 0.420 in 2023. The table also shows that the richest 20 per cent earned an income that, in the 2023 survey year, was 7.9 times higher than the poorest 20 per cent (the S80/S20 ratio). In other words, the distribution of income generated in the country has not been fair and that a greater share of resources have been taken by upper income groups.

Table 2 – Income distribution indicators by equivalised household disposable income, 2014-23

<b>TÜİK survey year</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Income reference year</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
S80/S20 ratio	7.4	7.6	7.7	7.5	7.8	7.4	8.0	7.6	7.9	7.9
S90/S10 ratio	12.6	13.3	13.6	13.4	13.7	13.0	14.6	13.7	14.2	13.8
Gini coefficient	0.391	0.397	0.404	0.405	0.408	0.395	0.410	0.401	0.415	0.420
Gini coefficient (excl. social transfers)	0.446	0.454	0.465	0.468	0.473	0.463	0.470	0.482	0.487	0.488
Gini coefficient (incl. pensions and survivor benefits but excl. social transfers)	0.399	0.406	0.412	0.414	0.417	0.405	0.420	0.419	0.423	0.431

Source: TÜİK (2024b). Note: 2023 survey year data is corrected.

As can be seen in Table 3, TÜİK data records that the share of the top income quintile in the 2023 survey year on the basis of equivalised household disposable income was 48.7%, recording an increase of 0.7 points on the year before, whilst the share of the bottom quintile was 6.1% with an increase of 0.1 points in comparison with the previous year.

Table 3 – Distribution of annual equivalised household disposable income by ordered quintiles (%), 2014-32

<b>TÜİK survey year</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Income reference year</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Total	100	100	100	100	100	100	100	100	100	100
1st quintile (the bottom)	6.2	6.1	6.2	6.3	6.1	6.2	5.9	6.1	6.0	6.1
2nd quintile	10.9	10.7	10.6	10.7	10.6	10.9	10.6	10.8	10.4	10.2
3rd quintile	15.3	15.2	15.0	14.8	14.8	15.2	14.9	15.1	14.7	14.3
4th quintile	21.7	21.5	21.1	20.9	20.9	21.4	21.1.	21.3	20.9	20.6
5th quintile (the top)	45.9	46.5	47.2	47.4	47.6	46.3	47.5	46.7	48.0	48.7

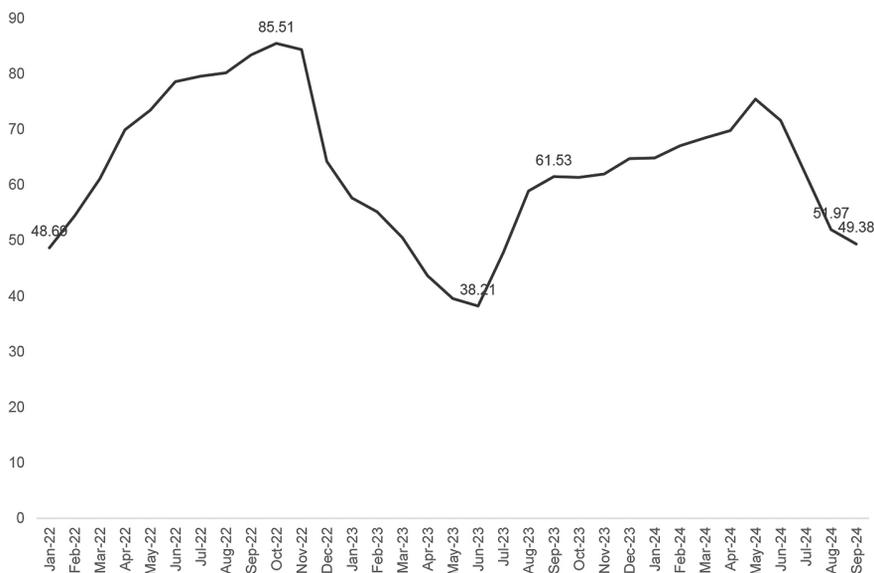
Source: TÜİK (2024b). Note: 2023 survey year data is corrected. Figures may not add up to 100 due to rounding.

## Inflation at the top of Europe, top in the world

Even if inflation rates fall annually due to the base effect, they may well continue to rise on a monthly basis. Therefore, where there are increases in monthly inflation, wages are declining (purchasing power is falling) on the one hand, while the cost of living is increasing on the other.

As can be seen in the graph below, prepared by TÜİK, Türkiye has one of the highest inflation rates in the world. According to the latest official figures, the 12-month inflation rate in Türkiye is 49.38%; while the story of the last three years since the start of 2022 has been one of a rollercoaster ride.

Figure 2 – The course of inflation in Türkiye, 2022-24 (September)



Source: TÜİK (2024c).

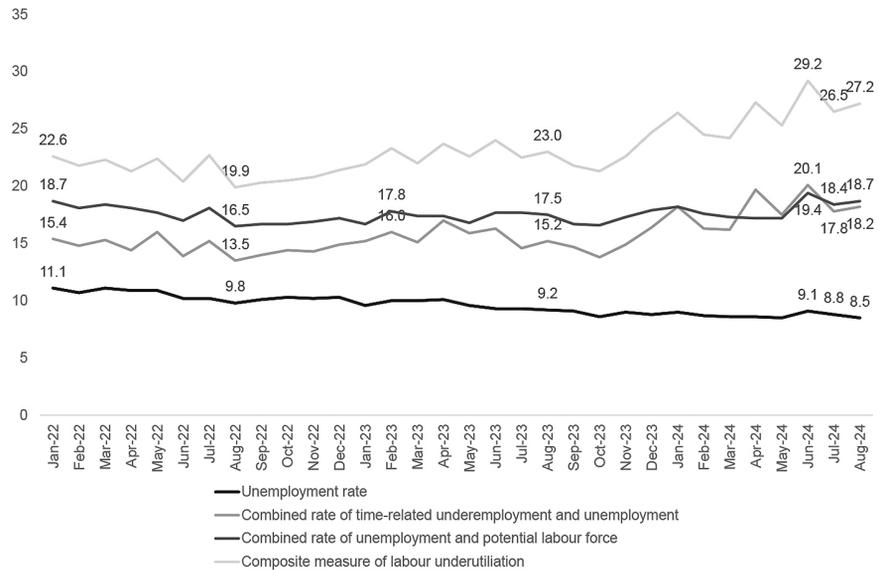
On the other hand, data from independent research companies report figures that are much higher than these. According to the inflation figures published by ENAG,<sup>1</sup> annual inflation in September was 88.63%: a significant difference to the data announced by the official authorities. And, unfortunately, because of this difference, trust in TÜİK within Türkiye has plummeted, because it is also clear from the market that the inflation felt by the public is much higher than the official figures.

1 ENAGrup – Enflasyon Araştırma Grubu – is a research group collecting inflation figures and publishing them on social media, with data and methodology available in Turkish and in English. See: <https://enagrup.org/>.

*Unemployment rate too high, contrary to official data*

According to TÜİK data, the official unemployment rate seems to have fallen to 8.5% in August 2024. However, its method of calculation obscures the real unemployment rate, which can nevertheless be seen within its own dataset. Along with the ‘officially unemployed’, it also classifies other unemployed people it does not take into account as the ‘idle labour force’. As can be seen in Figure 3, while the unemployment rate decreased by 0.3 points compared to the previous month, the idle labour force rate – the ratio of the sum of unemployed, time-related underemployment and potential labour force to the sum of labour force and potential labour force; that is, the composite measure of labour underutilisation – increased by about 0.7 points. This also means that many people have given up on working: a clear indication that unemployment is a structural problem in Türkiye.

Figure 3 – Seasonally adjusted supplementary labour force indicators, 2022-24 (August)



Source: TÜİK (2024d).

**Wages falling due both to inflation and rising exchange rates**

The minimum wage for the following year in Türkiye is determined at the end of each year by the 15-member Asgari Ücret Tespit Komisyonu (AÜTK; Minimum Wage Determination Commission). The composition of this Commission is rather undemocratic: it consists of five workers, five employers and five members representing the public sector but, when we consider that the state, i.e. the public sector, is the largest employer in Turkey, we arrive at the fact that there are ten employer and five worker representatives on the Commission. Therefore, it does not seem possible

to determine a minimum wage which is in favour of employees: the wage levels determined from the past to the present are indicative of this. It should be clearly stated that the minimum wage is an entry-level wage. Therefore, it should – or should be expected to – increase over time, depending on quality and seniority. However, under conditions where this increase and these expectations do not materialise, the gross and the net minimum wage becomes an economic and, at the same time, a social problem.

Although the minimum wage in Türkiye has been subject to partial increases in certain periods, other labour wages have not been raised at the same rates, which has led to a convergence of other wages to the minimum wage. The narrowing of the gap between increases to the minimum wage and other wage rises in recent years has brought the minimum wage to the level of the average wage. This reflects a general decline in wages in the country to somewhere between the hunger threshold and the poverty line.

The hunger threshold and the poverty line are announced every month by Türk-İş (Confederation of Turkish Trade Unions) and BİSAM (Birleşik Metal-İş Class Research Centre) (Türk-İş 2024; BİSAM 2024). The net minimum wage determined by the AÜTK for 2024 is 17 002.12 Turkish lira (TL). At the start of the year, according to union data, the monthly food expenditure for a family of four (the hunger threshold) was determined as 14 431 TL and the total amount of income required for all other basic expenditures (the poverty threshold) was determined as 47 009 TL. However, on the basis of the figures for September 2024, the hunger threshold had increased to 19 830 TL and the poverty line to 64 595 TL. These figures demonstrate that the hunger threshold and the poverty line have increased by 37% since the last increase in the minimum wage. Therefore, the minimum wage has fallen to a level where it cannot even cover food alone. In other words, even though the wage has remained constant, the cost of living has increased.

There are several issues not only with the wages of workers but also with the pensions of retirees. On the one hand, pensions are fixed as a result of regulation; on the other, pension increases being index-linked have meant that pensions do not rise in real terms. According to the latest figures, the average pension has fallen below the minimum wage. In other words, there has been a decrease in the real income of pensioners as a result of the increase in the cost of living.

Inflation is the most important problem facing the Turkish economy today. In particular the economic crisis, which started before the pandemic, has grown exponentially under its conditions. Moreover, inconsistencies in the management of the relationship between interest rates and inflation have fuelled inflation. Although the persistence of low interest rates did not reduce inflation, it did reduce the purchasing power of the people, especially wage earners and retirees. This decline in purchasing power increased the cost of living and lowered living standards. Table 4 below demonstrates that, whereas a consumer would pay 17 002.12 TL for a basket of goods and services on 1 January 2024, the cost of this same basket rose during the course of the first nine months of the year as a result of inflation by 6096.86 TL.

Table 4 – Cost increase in the basket of goods due to inflation increase (31 December 2023-30 September 2024)

	<b>Consumption basket cost</b>	<b>Rate of increase in inflation (December – September)</b>
1 January 2024	17 002.12 TL	
1 October 2024	23 098.98 TL	35.86%
Difference	6096.86	

The most important political obstacle to wage increases is the argument that wages cause inflation. Deutsche Bank (DB) prepared a report following a series of interviews with sectoral employer representatives, bankers, economists and academics (*Gazete Memur* 2024) in which it states that it expects a 25-30 per cent increase in the minimum wage in 2025. The DB team highlighted the inflationary effect of an increase of more than 30 per cent. What is striking about the tone of the document is that, in the event of an increase of this order, the profit rates of companies will decrease. It is not therefore the increase in workers' income that is prioritised, but the decrease in the firm's rate of profits. The inflationary impact of the dramatic increase in the profit rates of capital is not mentioned.

#### *Minimum wage eroding day-by-day*

As already mentioned, the minimum wage is being eroded by ever-increasing inflation and the exchange rate. Table 5 below shows the number of working hours per week and the gross minimum wage earned by a worker in a selection of countries for the first quarter of 2024. In Türkiye, the minimum wage in January was approximately 612 euros. In October 2024, the gross minimum wage stood at around 526 euros and the net minimum wage at around 447 euros. It thus seems to have lost about 90 euros in value when measured against the exchange rate alone.

Table 5 – Weekly working hours and minimum wages – 2024 Q1

<b>Country</b>	<b>Weekly working hours</b>	<b>Gross minimum wage (euros)</b>
Luxembourg	37.9	2570.93
Ireland	35.8	2146.30
Netherlands	31.6	2070.12
Germany	34.9	2054.00
Belgium	36.4	1994.18
France	37.2	1766.92
Spain	37.6	1323.00
Slovenia	39.4	1253.90

Country	Weekly working hours	Gross minimum wage (euros)
United States	35.0	1137.25
Cyprus	39.9	1000.00
Poland	40.2	977.53
Portugal	39.8	956.67
Malta	39.0	925.34
Lithuania	39.1	924.00
Greece	40.9	910.00
Croatia	39.8	840.00
Estonia	37.7	820.00
Czechia	39.6	764.44
Slovakia	39.6	750.00
Latvia	38.9	700.00
Hungary	39.6	696.97
Romania	40.1	663.24
Türkiye	45.0	612.58
Serbia	42.7	543.64
Montenegro	N/A	532.54
Bulgaria	40.1	477.04
Albania	40.0	385.06

Source: Own compilation from ILOSTAT (2024).

## Living conditions of workers and retirees in Türkiye in the context of the cost of living

This section turns to the living conditions of workers and retirees in Türkiye in the light of the information provided in the previous sections. The ability of employees to work in a decent job and live a decent life is directly proportional to the income they earn and the needs they can meet with that level of income. And it is imperative to ensure a ‘decent’ standard not only during active employment but also in retirement. The economic policies implemented in Türkiye have eliminated the difference in salary that comes with retiring from a skilled or an unskilled job – a problem that is also voiced by representatives of professions with high employment status, such as engineers and architects (TMMOB 2024). Keeping income constant in an economy with accelerating inflation is difficult given the rising cost of living, and it leads to a decrease in the quality of life because of the inverse relationship

between a high quality standard of living and the cost of living; as one increases, the other decreases. This is in contrast to an environment in which relative wage income is kept constant, i.e. where inflation and the cost of living maintain the same proportions.

The basic economic indicators account for the living conditions of workers and retirees, and, from the indicators presented in the previous section, it is evident that the state of the economy is leading to a sharp and continuous rise in the cost of living for workers and pensioners alike. Such an increase in costs negatively affects the living conditions of people, especially those who live on, or off, the wage income received during working life.

As already mentioned, the rising cost of many individual items, especially significant but basic expenditures such as on food, clothing, housing, transportation and energy is drastically affecting the cost of living. One survey of employees found that the cost of transportation had increased by 50% compared to 2023 (*Cumhuriyet* 2024).

Retirees are undoubtedly severely affected as they have lower levels of income to start with. The retirement age and the welfare of pensioners is a most important aspect of social rights and it is the duty of a caring state to provide citizens with a pension that guarantees a decent living to a decent age. The problems that arise in old age need to be addressed with a social and public approach. At the same time, retirement is also an aspect of the issue of wealth distribution (Çelik 2024).

It is not possible for retirees to live a dignified life on their monthly income alone. They cannot cope with the rising cost of living without public support. Although neoliberalism's intervention in the public sphere has not yet eliminated public health provision, the inadequacy of the service provided is, in every sense, directing retirees to private hospitals, as is the case with every other segment of society. It is striking that the health minister of the Turkish political elite, which in no way denies that it favours capital, owned a private hospital during the pandemic.

The level of happiness in Türkiye, an issue raised in the conceptual framework section regarding welfare, can provide a sense of the difficulties being experienced within the country. According to the 2024 Happiness Report (Wellbeing Research Centre 2024), Türkiye ranks 98th among 143 countries. Therefore, the happiness level of the working and non-working population in Türkiye is low. As mentioned above, there is a linear relationship between happiness and GDP. Türkiye ranks 90th in the 2024 per capita national income ranking, with \$12 764.71 (IMF 2024). That the two country's position in both sets of data are reasonably close to each other seems to confirm the existence of this relationship.

### Trade union cost of living strategies

Defending and promoting the rights of workers and non-workers is undoubtedly among the duties of trade unions. The increase in the cost of living in times of economic crisis also mobilises trade unions because collective labour agreements signed during inflationary periods also succumb to inflation. For this reason, wage revaluations have to be made as a result of demands from members. This often pits unions against employers.

Trade unions keep track of inflation and increases in the prices of goods and services. In this way, on the one hand, draft wage calculations can inform the collective labour agreements to be made; and, on the other, provisions to safeguard occupational welfare may be introduced, as mentioned in the literature section.

Trade unions are working to ensure the position of the cost of living is at the top of the public policy agenda. Türk-İş, BİSAM and Büro Emekçileri Sendikası Araştırma Merkezi (BES-AR; the Research Centre of the Office Workers Union) calculate the cost of living based on the total amount of food expenditure and other essential monthly expenditures on clothing, housing (rent, electricity, water, fuel), transportation, education, health and similar needs (BES-AR 2024). It should be noted that all three trade union organisations find similar figures. Of course, there is no need for all unions to conduct similar surveys of this kind; reliable studies that are already in the public domain are sufficient. What is important is how unions can stop the rising cost of living and secure a decent wage and wage-adjacent rights and benefits.

Rising inflation and declining real incomes in Turkey led the three major labour confederations – Türk-İş, Hak-İş and DİSK – to come together for the first time in years and sign a joint statement in which they announced to the government and the public their ten priority claims under the heading ‘We demand a life worthy of human dignity’. The initiative was inspired by the workers facing in common the rising cost of living that brought the confederations together. Of the ten items listed by the confederations, taxes (fiscal welfare) ranked first, inflation and eroding wages second, third was the minimum wage issue and raising the minimum pension to the level of the minimum wage was fifth. As is evident, it was items that directly affect the cost of living and living conditions that featured on the list.

However, no action has been taken by the government on these items. Therefore, the unions decided to take action. However, the government choosing also to tighten its finances – in other words, to announce austerity measures – is a sign that the demands of the united labour front will not be met. From now on, this process will be determined by the resolve of the unions, alongside their capacity to mobilise their members and other segments of the population.

## Conclusion

The cost of living in Türkiye is increasing day by day. In power for 22 years, the conservative right-wing party Adalet ve Kalkınma Partisi (AK Party; Justice and Development) has been conducting economic policies which benefit capital, not workers and the rest of the people. In recent years, insecurity in law and a fragile democracy has prevented foreign investors from entering Türkiye.

Inflation on the one hand and rising real unemployment on the other are aggravating the living conditions of the people under the impact of rising living costs. It seems that wages leaving workers in conditions of working poverty, alongside pensions which are on the hunger line for retirees, will remain the reality of Türkiye in further years. The principle of the social state, which is supposed to eliminate income inequality, is functioning in the opposite direction with new forms of taxation being imposed on those who live off their daily labour.

Price increases in essential items such as food, clothing, housing, energy and transportation not only increase the cost of living but also prevent people from allocating resources to the social and cultural areas which are necessary to life as a social being. The commodification of basic services such as education and health due to privatisation – that they must be bought and are sold for money – imposes access to quality education and health as separate cost items. In particular, directing the children of poor families to Mesleki Eğitim Merkezleri (MESEM; vocational training centres) is a step towards transferring and reproducing inequality in society to future generations. The children of poor families are being offered the opportunity to become, at best, intermediate staff in all sectors of industry, services, etc.

The solution lies in the coming together of a conscious and organised society with the political will that prioritises economic policies in favour of the people and workers.

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