This study strives to analyse the AKP rule in Turkey in order to demonstrate how well it fits to the notion of “neoliberal populism.” Many aspects of the AKP politics and strategies of its leader Erdoğan fit very well to the prevailing definitions of “neoliberal populism” (or shortly, “neopopulism”) in the academic literature. However, this paper specifically looks into the material foundations of neopopulism in Turkey, i.e. some of the benefits of neoliberal policies via economic stabilization and AKP’s social policies. The political and economic conditions prior to the 2002 elections caused AKP to come to power under a majority government in an unexpected way. At first it seems paradoxical that a government like AKP with a neoliberal agenda gets most of its votes from the lower classes who are supposed to lose most with neoliberalism. However, this paper demonstrates that it was mainly the tangible benefits which AKP has provided to the poor sectors of Turkish society that helped AKP remain in power and even increase its popularity among the Turkish populace. Thus, neoliberalism and populism complement and sustain each other in Turkey.
It was generally presumed that neoliberalism is incompatible with populism. In fact, in the 1990s and 2000s populist leaders not only in Latin America (e.g. Salinas, Menem, Fujimori) but also in Asia (e.g. Thaksin) have proven that “neoliberal populism” is possible. Turkey is the most recent and a very curious case where populism and neoliberalism concurred. After its 2001 economic crisis, not only the Turkish economy but also the Turkish politics got profoundly transformed under the Justice and Development Party (AKP) rule.

This study supports the view that populism can flourish in neoliberal economic circumstances and that the case of Turkey via is a foremost example of “neoliberal populism.” AKP came to power in Turkey in 2002, and since then it has remained in power and even increased its popularity despite the increasingly authoritarian attitudes of its leader, Recep Tayyip Erdoğan. For many, not only it is puzzling that AKP could stay in power so long without facing any governmental fatigue, but also it is puzzling that its votes mostly come from the poorer sectors of the society despite its neoliberal economic policies.

This study specifically looks into material benefits AKP has provided to its constituents, i.e. some of the benefits of neoliberal policies via economic stabilization and the social policies. The political and economic conditions prior to 2002 caused AKP to come to power under a majority government in an unexpected way. However, later it was mainly the material benefits which AKP has provided to the poor sectors of Turkish society that helped AKP remain in power and even increase its popularity among the Turkish populace, especially among the poor masses. At first it seems paradoxical that a government with a neoliberal agenda gets most of its votes from the lower classes who are supposed to lose most with neoliberalism. However, as a typical case of neopopulism, the Turkish case demonstrates that neoliberalism and populism can actually complement and sustain each other. Populist tactics have been used successfully in Turkey, as an extension of neoliberal economic policies.

**Populism and Neopopulism**

Populism is a longstanding and widely debated political phenomenon. It is usually seen as a malaise in democracy or at least a destabilizing factor in politics. Populists are
regarded as authoritarian demagogues who do anything to appeal to the emotions of the electorate to gain popular support (Panizza and Miorelli 2009, 39-40). The classical populism era was the 1930s-1970s and Peron in Argentina, Cardenas in Mexico, or Vargas in Brazil are regarded as best examples of the classical populists. This classical era of populism was characterized by economic nationalism, expansion of the state, import-substituting industrialization (ISI), and economic redistribution in favour of the working classes (Conniff 1982). Once the classical populist era was over, the scholarly interest in the topic faded but it re- arose in the 1990s due to the emergence of new types of populism, such as radical right populism in Western Europe, nationalist populism in Eastern Europe, and neoliberalism in Latin America (Filc 2011, 235). This paper is mainly concerned with populism in the Third World countries. Yet, by looking into the Turkish case, it strives to demonstrate that new types of populism do not emerge exclusively in Latin America.

Populism is a largely contested concept and there is no agreement on how to define it. Following Kenneth M. Roberts (1995), we can distinguish at least four different approaches to populism. First, there is the historical/sociological perspective, which emphasizes the “multiclass coalitions” which typically arose during the early stages of ISI, paving the way to populism (Germani 1968; Germani, di Tella, and Ianni 1973). This approach was more useful in understanding classical populism, especially in Latin America. Yet, it became largely discredited as populism re-emerged in the 1990s during the neoliberal era.

Second, there is the economic perspective, which equates populism with fiscal irresponsibility and expansionist or redistributive policies adopted by the state in response to popular pressures (Sachs 1990; Dornbusch and Edwards 1991). This approach also got discredited, because new populists of the 1990s and 2000s implemented fiscal austerity and other kinds of neoliberal economic policies.

Third is the ideological perspective, which is old but still favoured by some scholars. It sees populism as an ideological discourse that expresses a contradiction between "the people" and a "power bloc" (Laclau 1977; Canovan 1981). Ernesto Laclau (1977) simply defines it as the expression of popular themes in opposition to the power bloc. Similarly Francisco Panizza (2005) chooses to define populism as an anti-systemic discourse that divides the society into two: “the people” (plebs or the underdogs) versus its “other”
(usually the elites). Cas Mudde (2004, 543) also describes populism as an “ideology” that regards society to be separated into two antagonistic groups: “the pure people” versus “the corrupt elite.” In his newer studies Laclau (2005) describes populism as a political project rather than a political style and focuses on the process of “popular identity” construction. Jennifer N. Collins (2014) also sees populism mainly as a process of identity construction.

And lastly there is the political perspective, which is a newer approach. The scholars who especially focus on the new types of populism prefer to define populism either as a political style or a political strategy. Under that approach populism is usually described as a top-down kind of political mobilization through personalist leaders that bypass or subordinate institutional forms of political mediation. The best known scholar who favours this approach is Weyland. He defines populism as a political strategy through which a personalistic leader seeks or exercises political power based on a direct, unmediated, uninstitutionalized manner and gets support from a heterogeneous mass of people who are mostly unorganized (Weyland 1999, 381; 2001, 14; 2003, 5) His definition is used by several other contemporary scholars, such as Kenneth M. Roberts (2003, 2006) and Steve Ellner (2005). Alan Knight (1998, 223) also associates populism with a political style involving a publicly stated connection with “the people”, a “them-and-us” mentality, and often a period of crisis and mobilization. Scholars such as Pierre-André Taguieff (1995), Michael Kazin (1998), Carlos de la Torre (2010), Dani Filc (2011), and Moffit and Torney (2014) have also regarded populism as a style, but generally focused on its rhetorical characteristics, especially its tendency to communicate with the masses in a simple and direct manner.

This study largely uses the political perspective of populism. Not only that political perspective is most helpful for understanding specifically the new forms of populism, but also it deals with the economic foundations of populism. As one of the best known scholars of the political perspective, Roberts (1995: 88) has come up with a very comprehensive definition. According to him populism involves:

- a personalistic and paternalistic type of political leadership;
- a heterogeneous, multiclass political coalition concentrated in lower classes of society;
• a top-down process of political mobilization that either bypasses institutionalized forms of political mediation or subordinates them to more direct linkages between the leader and the masses;
• a vague or eclectic ideology, characterized by a discourse that praises lower classes or is anti-elitist and/or antiestablishment; and
• an economic project that utilizes widespread redistributive or clientelistic methods to create a material base for popular support

All of these five characteristics fit well to describe the Erdoğan/AKP rule in Turkey. Yet, this paper is focused only on the last characteristic, i.e. the redistributive or clientelistic methods, and strives to explain how they form a populist base for the AKP’s political project.

Populism is usually seen as a backlash of the lower classes against liberalism. As mentioned, during the early phases of ISI, it emerged mainly as a working-class phenomenon and involved state directed redistributive policies in favour of these classes. On the other hand, typical neoliberal policies such as liberal trade, financial liberalization, and decreased state social spending generally harm working classes. They generally redistribute income upward, at least in their initial stages. Indeed, more "flexible" labor markets promoted by neoliberalism often harms the working-classes by lowering wages, reducing formal sector employment, and reducing workers' protections (Roberts 1995). Thus, populism and economic liberalism seem to be very much at odds with each other. However, the cases like Menem in Argentina and Fujimori in Peru have demonstrated that populism can adapt itself to the neoliberal era. How is it possible that a government which favours and implements neoliberal polices can get votes from especially the lower classes who obviously seem to lose most with neoliberalism? Previous scholars who studied populism came up with some answers to this question.

Scholars began to call this kind of new kind of populism “neoliberal populism,” or just “neopopulism.” Neopopulism is now commonly understood as the political phenomenon in which a leader attempts to build personalistic ties to the subaltern masses while implementing neoliberal economic policies (Barr 2003, 1161). The cases of the 1990s have shown that neopopulists can take advantage of populist strategies to pursue costly neoliberal policies without facing much opposition while at the same time neoliberalism helps populism to flourish (Kay, 1996: 90-91; Armony 2001, 64). How does that happen?
First of all, populist leaders generally emerge in political circumstances where classical representative institutions, mainly organized labour and political parties but also other autonomous social organizations that mediate between citizens and the state, are weakened. In fact, populist leaders may emerge right after a serious economic hardship, such as an economic crisis, which tends to weaken and delegitimize the existing political system and its institutions. Weyland (2003) argues that deep economic crises and inflation weakened the institutions of democracy in many countries, allowing for the rise of new personalistic paternalist leaders. Then, neopopulism and the neoliberal policies implemented by neopopulists have served to weaken democratic institutions even further and caused deinstitutionalization of political representation. Thus, neoliberalism is both a consequence and a cause of the weakening and fragmentation of the organized popular actors (Roberts 1995).

Second, populists primarily seek mass support of the unorganized people in the informal sector (the urban underclass and the rural poor), while they marginalize the preexisting autonomous political institutions by applying political power in a top-down manner. The unorganized people of the informal sector are usually people who did not benefit much from the previous development processes and are now ready for mobilization in neoliberal era. Therefore, it is not surprising that populist leaders emerge when the pre-existing autonomous institutions that mediate between the state and citizens are weak and when informal sector, which was not part of those pre-existing patterns of authority, is large. It is usually the formal workers and state employees who suffer most from neoliberal policies, not the people in the informal sector.

Third, there may be some material benefits that popular masses receive with the neoliberal economic policies. For instance, successful decrease in inflation definitely has made some neopopulists popular among the lower class people, because it is usually the poor who lose most with inflation. At the same time, there may be special targeted social (anti-poverty) programs that accompany neoliberal policies so that the destructive effects of the neoliberal plans are a bit alleviated and some mass support is generated (Roberts 1995; Weyland, 1998). Thus, decreased central state social spending does not necessarily mean that there are no material tools available to raise political support for populist leaders.
Rise of Neopopulism in Turkey

Populism has been mostly studied as a phenomenon of Latin American countries. Yet, Turkey shows great similarities to Latin American countries, not only in terms of its economic development, but also in terms of its populist politics. Like Latin American countries, Turkey passed through an ISI period from the 1930s until the end of 1970s.\footnote{This was not a continuous period, as Turkey partially shifted away from ISI policies between 1950 and 1960.} Economic liberalization in Turkey started in 1980 and since then Turkey has had a volatile economy. The years of rapid growth were succeeded by the years of crisis and/or recession. The quasi-liberal and clientalistic Turkish economic system had persisted about two decades. Then, the 2001 financial crisis became a turning point for the Turkish economy.

The February 2001 financial crisis proved to be the most severe crisis in Turkey’s economic history since the World War II. The existing government quickly devised a stabilization plan which was supported by the IMF. In order to implement the IMF plan, the government passed many neoliberal laws and regulations on a wide range of issues, including Central Bank independence, banking reform, privatization, and agricultural subsidies, in less than a year (Arpac and Bird 2009). With the IMF structural adjustment program, Turkey was also forced to keep its primary surplus at 6.5 % level. Also, Central Bank began to implement an “inflation targeting” monetary regime. Thus, from the 2001 crisis on, Turkey transformed its economy from being a quasi-liberal one to a fully neoliberal one.

While implementing a painful austerity plan after a devastating economic crisis, conditions became quite conducive to populism. By 2002, the Turkish economy had started to recover. However, this did not prevent the government’s dreadful defeat in the November 2002 elections. Between 1991 and 2002 Turkey was ruled by a series of unstable coalition governments and the confidence in the existing parties and political institutions was lowest. This lack of confidence was demonstrated in the November 2002 elections when all the governing parties were swept from the parliament and AKP, a party which was established just fourteen months before the elections, won an unexpected majority of the seats in the legislature and formed the government.

Despite strong signs of recovery, the AKP government signed another stand-by agreement with the IMF in 2004 which assured the investors that further liberalization...
process of the Turkish economy would continue until 2008. The structural reforms that the
government initiated and implemented involved cuts in public services and public spending
and privatization of state owned enterprises. The government was extremely determined
while employing these reforms and closed its eyes to all reactions and opposition (Yeldan
2007). Yet, with the quick recovery from the 2001 crisis, there was not even a strong
political reaction or opposition to the reforms.

**Table-1:** Annual GDP growth rates of Turkey

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>6.8</td>
</tr>
<tr>
<td>2001</td>
<td>-5.7</td>
</tr>
<tr>
<td>2002</td>
<td>6.2</td>
</tr>
<tr>
<td>2003</td>
<td>5.3</td>
</tr>
<tr>
<td>2004</td>
<td>9.4</td>
</tr>
<tr>
<td>2005</td>
<td>8.4</td>
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<td>2006</td>
<td>6.9</td>
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<td>2007</td>
<td>4.7</td>
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<td>2008</td>
<td>0.7</td>
</tr>
<tr>
<td>2009</td>
<td>-4.8</td>
</tr>
<tr>
<td>2010</td>
<td>9.2</td>
</tr>
<tr>
<td>2011</td>
<td>8.8</td>
</tr>
<tr>
<td>2012</td>
<td>2.1</td>
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<td>2013</td>
<td>4.2</td>
</tr>
<tr>
<td>2014</td>
<td>2.9</td>
</tr>
</tbody>
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During 2003-2007, Turkey grew rapidly (see Table 1), causing some economists to
call it a very successful example of neoliberal transformation,² despite the fact that there
was no improvement in unemployment rates which got stuck at around 10%. Because of the
2007-2008 global economic crisis, Turkey had a sharp decline in its economy in 2009.
However, in 2010 Turkey returned to high growth, though growth is slower since 2012.

Many find it paradoxical that AKP committed itself to neoliberal reforms and policies,
although AKP constituents, who are mostly from the lower echelons of the society, were
looking for “social justice” (Öniş and Keyman 2003). Yet, AKP defined itself as a conservative
liberal party and pledged to please the international financial institutions right from the
beginning (Özbudun 2006; Öniş 2012). At the same time AKP proved to be increasingly
popular among the poor masses. According to a survey, the social groups which vote most
for AKP are housewives, followed by farmers, private sector labour, and the unemployed.³
Therefore, as the “neopopulism” literature suggests, it was mainly the unorganized poor
sections of the society who gave support to Erdoğan and AKP.

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² However, one should not forget that that same period was a period of high growth for almost all economies
as 2003-2007 was the global economic boom period.

³ “The Voter Profile and Political Preferences Analysis” that ODAK Araştırma conducted in January 2006 (cited
in Yıldırım 2009 “AKP ve Neoliberal Popülizm”).
It was in advantage of Erdoğan that in early 2000s representative institutions like political parties, labor unions, and autonomous social organizations to mediate between the citizens and the state were weak in Turkey. This paved the way for the direct, personalist mobilization of heterogeneous masses under Erdoğan and AKP. Especially the unstable politics and economy of the 1990s followed by the disastrous 2001 crisis had weakened the capacity of the traditional political parties and other intermediatory organizations to structure the political behavior and address the demands of the popular sectors. In fact, as argued by many scholars, deep crises cause populism as they cause a breakdown between citizens and their representatives (Taggart, 2000; Moffit and Torney 2014, 391). That is why the emergence of populism in Turkey in the early 2000s is not very surprising.

Some other conditions conducive to neopopulism in Turkey were: weakness of the rule of law, the politicized nature of the state, the lack of political accountability, high inequality and unmet social needs, and a cultural tradition which favours charismatic and paternalistic leadership. Therefore, when a leader (Erdoğan) who was particularly skilled in transmitting the populist message of the neoliberal ideology to the masses emerged, neopopulism was kind of inevitable.

The puzzle of AKP populism was studied previously by few scholars, such as Yıldırım (2009), Bozkurt (2013), and Aytaç and Öniş (2014). Aytaç and Öniş (2014) compare Argentina and Turkey cases of populism in a general sense, but similar to this study, Yıldırım (2009) and Bozkurt (2013) exclusively focus on the socio-economic aspects of populism in Turkey. This study will not challenge the arguments raised in those studies, but would be complementary to them. Yıldırım (2009) argues that Turkey is one of the countries where poverty alleviation is connected to neoliberalism through new populist social transfers which serve to strengthen the power of the hegemonic classes. Also, Yilmaz (2013) has written about how neoliberal AKP has successfully absorbed the traditional Islamic solidarity patterns and adapted them to Turkey’s unique conditions in a way that reproduced neoliberal rationality in the Turkish context. Thus, he argues that social assistance policies have been critical in institutionalizing AKP’s neoliberal hegemony.
Material foundations of neopopulism in Turkey

Populists have to materially improve the lives of their followers in order to solidify or maintain the basis of their power. There are at least two ways to provide material benefits to supporters of neopopulism. First one is related to the positive outcomes of some of the neoliberal policies, such as the end of inflation and economic growth. The second one involves direct distribution of material benefits to especially the lower sections of the society for the purpose of gaining or maintaining political support, usually in a paternalistic and clientalistic manner (Barr 2009, 42).

If successful in ending high inflation, some political advantages may result from austerity policies implemented by the neopopulists as a result of the alleviation of suffering caused by high inflation and economic crisis upon the most vulnerable sectors of society. In fact, poorer sections of the society seem to benefit the most from the end of high inflation that painful structural adjustment and austerity plans bring about. If the economy gets stabilized, also more resources can be created for investments and social policies. In some neopopulism cases (e.g. Peru), also yields from privatization were directly used for anti-poverty programs. Thus, the poorer sections of the society, especially the ones in the informal economy, are more likely to support neopopulism. On the contrary, many better-off organized sections of the society, e.g. formal workers and state employees, who are more sceptical towards neopopulism, are affected worst from neoliberal policies (Weyland 1996, 17-18).

Social assistance to the poor under neopopulism sounds like an oxymoron, but it is not really very contradictory. Populist leaders use social assistance to strengthen their mass following and neoliberals promote targeted assistance in order to make harsh austerity and structural adjustment policies politically sustainable (Weyland 1996, 17-21). Neoliberal experts in general advocate these antipoverty measures as low-cost means to buy political support for neoliberal reforms (Weyland 1996, 20; Weyland 1999, 392; Barr 2003, 1162). In fact, international financial institutions, like World Bank, has asked many governments to adopt anti-poverty measures in order to cushion the social impact and enhance the political sustainability of neoliberal policies without endangering fiscal discipline (Nelson 1992, 234-5). Therefore, populist strategies have been crucial in ensuring the necessary popular support for painful neoliberal reforms. Programa Nacional de Solidaridad (PRONASOL) of
Mexico and Fujimori’s *Fondo Nacional de Compensación y Desarrollo* (FONCODES) are examples of such assistance programs. Such programs also conveniently weaken the opposition to neoliberal policies and create public consent.

Targeted social programs are quite convenient tools of neopopulism, because they can be easily manipulated by the populist leaders looking for micro-level exchanges of material benefits for political support. As Roberts (1995, 91) states, “besides their lower cost, targeted programs have the advantage of being direct and highly visible, allowing government leaders to claim political credit for material gains.” By allowing populist leaders to personally initiate social projects or deliver targeted assistance, selective social programs are very well-suited to the personalistic style of populism. Selective assistance may also create stronger clientelist bonds and paternalism compared to universal social policy, because it prompts an exchange of political support.

**Turkish economic stabilization in the 2000s under neoliberalism**

As mentioned above, before 2002 the Turkish economy was characterized by high inflation and instability. During the AKP rule, as economic stability was restored, the economic predictability that people needed for planning their daily lives was guaranteed. The public fear for the return of inflation and crisis was manipulated successfully by Erdoğan to claim that AKP’s neo-liberal policies were the only possible alternative for Turkey. Also, the absence of a real political alternative to the neo-liberal projects, and the weakness of opposition in that respect, contributed to the wide acceptance of neoliberal policies in Turkey.

In Latin America, populist presidents turned adversity to advantage by using neoliberal reforms to attack their enemies and strengthen their personal leadership (Weyland 1996; 1999). That was also the case in Turkey, but with a slight difference: It was not the AKP government which had initiated the neoliberal reforms. Erdoğan and his government were luckier, because the painful period of the structural adjustment was already carried out during the previous government. The previous government was so much discredited due to the 2001 crisis and the following austerity policies that they were totally

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removed from the parliament during the 2002 elections. When AKP came to power, the painful period of neoliberalism had ended and the recovery period was on. Therefore, AKP didn’t have to pay any political price for the short-term negative effects of the structural adjustment, but it claimed credit for all its positive effects.

Erdoğan and the AKP government saw the neoliberal program initiated by the previous government as a ready-made recipe. In fact, AKP even lacked an experienced economic team among its cadres when it took the government, so they didn’t have any serious economic program of their own (Patton 2006). Since the short-term negative effects of the existing stabilization program were over and the economy had started to grow nicely, AKP just continued with the same program until 2004 and then renewed it with another IMF agreement. At the same time, the memory of the inflationary years and the 2001 crisis seemed to overshadow the costs of AKP’s neoliberal policies.

Nonetheless, acting with the inconsistency and opportunism typical of populist leaders, Erdoğan did not fully commit himself to neoliberalism. He resented the constraints that real economic liberalism would impose on him, so he sought instead to boost his own political autonomy and power. He had to maintain mass support, the base of his rule, and also please his business clients. Therefore, he deviated from neoliberal principles at his political convenience, for example by failing to bring the Public Procurement Law to the EU standards (Patton 2006). Also, he would enact some fiscally irresponsible spending increases, especially before the elections; initiate some giant costly infrastructure projects (the so-called “crazy projects”); and promote a construction spree, which primarily benefited his business clients in the construction sector.

The neoliberal measures to combat Turkey's deep economic crisis yielded some benefits for the poorer sectors, to which Erdoğan and AKP appeal, and also for the richer sectors, especially the ones who have links with the government. However, they imposed high costs on especially the organized opponents of neoliberalism. The social effects will be discussed in the next section. Here, only some of the economic benefits, especially the construction sector led growth and high consumption, will be analyzed.
The construction-led development

The AKP period is unique in terms of the economic and political use of construction sector in Turkish history. The construction sector has provided benefits to various groups among Turkish population and become a key element of AKP’s neoliberal populist system. Erdoğan’s deep interest in huge construction projects and housing comes from the times when he served as the mayor of Istanbul (1994-1998). Big construction projects are instrumental for giving the image of effective, hardworking government, so they are essential for populists. Also, because of its key role in the national economy, investments in construction sector help growth and employment in national economy. All these may help the government become politically popular. Yet, what is especially important for AKP has been specifically the developments in the housing sector. Indeed, although the Turkish state acted more like a regulator in housing until 2000, its role completely changed with the AKP government and the state became a direct provider and facilitator in the sector. With the AKP government, central state started to intervene directly into housing and land markets through the new powers it gave to the Mass Housing and Investment Administration (or shortly TOKİ in Turkish). It has to be noted that, the AKP government uses the construction sector not only to fuel economic growth, but also to raise funds for its social policy.

From 2003 to 2008 AKP government amended various laws concerning renewal and rehabilitation projects and started an “urban regeneration” lunge, and also made changes to the local government structures. Between 2003 and 2008, there were in total 14 legal arrangements that increased TOKİ’s power, fields of activity, and resources. In 2003, the AKP government decided that TOKİ would be directly administered by the Prime Ministry and all immovable assets (64.5 million square meters of public land) and duties of the former Land Office were transferred to TOKİ. The government also established the Urban Regeneration Department within TOKİ to facilitate easy implementation of the urban regeneration projects. In 2003-2008 it built 295,000 housing units in Turkey (Özdemir 2011). Therefore, we can conclude that through these new arrangements, the central government got directly involved in housing provision in the cities at the expense of local authorities. TOKİ is now all-powerful, i.e. its projects cannot be challenged by any authority. It is exempt from municipal charges, building inspections, and project fees. It is also free of any financial auditing. It also acquired the rights and authorities that financial institutions have through the new
mortgage law. These extraordinary transfers of power to TOKİ meant that it would confiscate any land it wants, it can buy it under the conditions it desires and without any regard for economic principles, and it can give it to any contractor company it wishes (Gülhan 2011).

“Moreover, in order to get finance for social housing projects for lower-income groups, TOKİ has been inviting bids from construction companies, with the winning company paying for the right to build apartments for middle- and upper-income groups on public land, while TOKİ retains the balance of profits in this ‘revenue-sharing’ model” (Özdemir 2011, 1106). Especially where the land rents are high, TOKİ makes huge profits through this model by selling housing to high and middle income people. In a way, this is privatization, i.e. privatization of public land. In that way, TOKİ began to control immense sources of rent and profit, which later even became subject to the so-called 17th of December process, where some of the government members’ corruption scandals leaked to the social media during December 2013 - March 2014.

The reason why AKP government chose to give the central government an extensive role in housing sector is that it has been trying to increase political support from lower and middle-income groups by providing affordable housing on public land. The government’s target was to produce 500,000 housing units as part of its housing policy and this has been a key element of Erdoğan’s populist agenda (Özdemir 2011). Some scholars claim that these new developments did not necessarily serve to the interests of the low income people as they pushed them to new TOKİ settlements outside the cities and poor people had difficulty in paying for the completed housing units (Öncü 1988, Çavuşoğlu 2011, Özdemir 2011, Penpecioğlu 2011). However, construction amnesties and sale of old forest lands allowed large sections of the masses benefit from urban rents. Amnesties especially benefited the low income people, and thus, led to increased mass support for AKP. At the same time, production of housing and supply of credit through TOKİ led to increased public support for AKP as well (Balaban 2011, Özdemir 2011).

Consequently, AKP government benefited from growth in the construction sector in various ways. During AKP period almost all public land became commercialized. Today it looks like the Turkish economy is sustained through the construction sector. We can even call it a “construction dependent development.” Construction sector satisfies internal
economic demands, it functions free from international rules and regulations, and it can even be exported. Politically AKP’s housing policy created a certain mass support and base for the party. It also partially compensated for the declining real incomes (Balaban 2011). At the same time, big construction projects of AKP gave the image that the government was working hard to resolve the country’s problems (Gülhan 2011).

AKP also used construction and real estate investments to create extra financial resources. Indeed, one problem with the construction sector is that, compared to the industrial sector, it is much more open to crony capitalism (Gülhan 2011). Public bids, such as construction of highways, dams, public buildings, infrastructure, and mass housing investments are vital for companies to rise in the sector, and in order to maximize profit, it is necessary for companies to have links with key politicians who would make favourable arrangements for them. All governments in Turkey have had their own contractor cronies, but definitely AKP became the most extreme case. According to official statistics $583 billion has been spent on construction during 2002-2013. The crony capitalism of AKP paved the way for enormous degree of corruption and bribery through the construction sector. According to Mustafa Sonmez (Businessweek, 9 January 2014, par. 10), a writer and economist, “in these megaprojects, there [is] an opportunity for corruption in areas such as building permits. And of course, if you are a friend of Erdoğan or a relative, there are some advantages.” Yet, it is important to note that, all this corruption money and bribery did not only end up in personal pockets of politicians and of their relatives, but also were collected under the name of “donation” contributing to the pro-poor social assistance programs and other social projects, sustaining AKP’s popularity.

The consumption boom

Thanks to the tight fiscal and monetary policies, inflation in Turkey dropped and the Turkish economy entered into a boom period from 2002 until 2009. This resulted in better credit terms, i.e. decline in interest rates and extension of credit maturities, which made it easier to borrow money on the part of consumers. Since the current account deficit was also increasing with economic growth while there was no improvement in unemployment, this was called a “consumption fuelled growth” (Bağımsız Sosyal Bilimciler 2008). This growth in consumption was fuelled by the credit boom, especially consumer credits and credit purchases. Despite the high unemployment and economic strains on people due to
neoliberal policies, consumption increased in Turkey as a result of decreased inflation, increased stability, and the resulting rise in the availability of credit in the financial markets.

The volume of consumer loans and credit card debt increased from 1.8% of GDP in 2002 to 18.7% in 2012 and household debt reached to about 50% of disposable personal income in 2012 from 7.5% in 2003. The share of interests payment in disposable household income also increased, from 2.1% in 2003 to 4.9% in 2012 (Ergüneş 2009, Karaçimen 2014: 163-4). The number of credit cards in use was 20 million in 2003, but this number increased to about 78 million by 2011. The volume of credit card transactions increased from 36 billion Turkish liras in 2003 to 215 billion in 2010. Also, spending through credit card as a share of total spending per person increased from 8% in 2003 to 20% in 2010. This can be referred as a real credit card boom (Bahçe 2012).

This phenomenon of rising consumer credit was probably most notable in the housing market. Thanks to the new mortgage law in 2006 and government fuelled a construction spree through TOKİ, people started to take long-term credit for housing. This rapid increase in housing credit was unprecedented in Turkey. The share of real estate loans in total volume of consumer loans increased from 4.1% in 2001 to 31.1% in 2007 (Ergüneş 2009). The poorest could not participate in this development, because they still didn’t have enough income to take credit, but middle-income people benefited from it. Banks also financed many housing projects.

All this process also contributed to the AKP’s popularity because of at least two reasons. First of all, falling inflation rates and the resultant ease of finding bank loans was credited to the AKP government, although inflation and public debt were decreased thanks to the IMF program of the previous government. These positive developments in the markets were directly attributed to the AKP government. Second, through consumer debt many people got involved with the financial system and began to have a stake in financial stability. Erdoğan and also international institutions were quite successful in associating financial stability with AKP government. Thus, people were made to believe that financial chaos would return if AKP is removed from the government. Also, increased consumption levels increased life standards of many people. As Özkan (2014: 18) states,

... millions of families now possess things they could only dream about before, such as houses and cars; on the other hand, due to their huge debts to the banks, they
have become guarantors for the perpetuation of the current political and financial system. Under the AKP government, a new kind of citizenry has been created, one which has increased its levels of consumption while becoming dependent on bank loans; in return, it unquestioningly accepts the life and working conditions imposed by the current system.

**Social policy under AKP**

As Turkey is a country of deep inequalities and widespread economic insecurity, Erdoğan and his AKP had to establish a material foundation to raise lower-class political support. As mentioned, antipoverty measures, which benefit mostly the poorest sectors of the society, are attractive to populist leaders. They are also cheaper way to appease losers of neoliberal policies. While this kind of social assistance is limited and doesn’t deal with the structural causes of poverty, they are politically essential for demonstrating the government’s concern for the poor and by giving the impoverished hope of further improvement (Weyland 1996, 21).

Social policies in Turkey went through a major transformation during the AKP period. Despite the fact that this transformation expanded social aid to the poorest sections of the society, in general it reduced social policy to “charity.” As opposed to the rights-based welfare state social policies, this new model of social assistance provided AKP significant tools of populism and vast opportunities to extend Erdoğan’s patrimony. Instead of securing workers' social rights, public resources were used to feed targeted assistance programs that looked as if they were a personal gift from Erdoğan or AKP. The AKP’s social policies did, however, offer compensation to those who suffered most from the economic crisis of the 1990s. The new social assistance programs gave long-neglected sectors of the population, especially the unorganized urban and rural poor, significant access to material benefits. However, the expansion of social assistance has entailed an extraordinary concentration of power and resources in the hands of Prime Ministry, i.e. Erdoğan, and a further weakening of intermediary social and political institutions, because they created personal loyalty to Erdoğan and his party AKP.

There have been at least two very important changes in the Turkish social policy during the AKP period. First, there have been changes in the social security system which entailed fewer benefits for the members but expanded benefits to the formerly excluded
citizens. Second, there has been an explosion in social assistance programs, especially by the local governments and the state’s General Directorate of Social Assistance and Solidarity (SYDGM). These two developments are linked to each other; as the central state decreased its social responsibilities, the other institutions took over. Also, both of these changes made AKP increasingly popular, especially among the lower strata of the society.

Social Security Reform

The Turkish welfare regime, which was never a sufficient one, especially compared to its European counterparts, was mainly established in the post-World War II period. It included free education (included primary, secondary and tertiary education) and a combined social security system of public health and pensions. The social security system was a fragmented one, because there were three different schemes with three different institutions depending on your type of employment. In the previous system, if you were not formally employed, you basically did not have any social security. Considering that the informal employment is about 50% of total employment in Turkey and that there is significant unemployment, it meant that at least half of the population was not covered by any social security system (Buğra and Keyder 2006). These inequalities among different schemes and exclusion of the informal sectors should be emphasized in order to understand the social and political implications of the changes that the AKP government brought in the social security system.

Even in the 1990s it had become obvious that the existing social security system was not sustainable because of the deficits it created, so some changes were already introduced in 1999. Yet, after the 2001 crisis, especially through the pressure of the IMF and World Bank, the government started to transform the whole social security system. The new Law on Social Security and General Health Insurance introduced in 2006 increased the eligibility requirements and premiums for entitlements and opened the way for privatization of the social services (Eder 2010). Therefore, it decreased the benefits of the people who were part of the old social security system, so it was opposed by the unions and professional associations. It also unified three different social insurance institutions under one

5 There were Pension Chest (Emekli Sandığı) for civil servants, Bağkur for the self-employed, and Social Insurance Institution (SSK) for the employees in private enterprises. The benefits of these three institutions varied greatly with Emekli Sandığı with the best benefits and SSK the worst.

6 Both the minimum retirement age and the minimum period of contribution to the pension system were increased in 1999.
institution, the Social Security Institution (SGK). The government claimed to have introduced a “universal” scheme, as the new system supposedly covered everyone. Yet, now everybody has to make contributions at the rate of 12.5% of his/her income to the social security system. Only premiums of the people whose income is less than one third of the minimum wage are covered by the state. This was a quite popular move, because it benefited the poor masses (Coşar and Yeğenoğlu 2009). AKP’s main contribution was integrating all sections of the population, not only the formally employed but also the informally employed and unemployed, to the social security system. Although this may not be considered as a universalist system, because almost everybody has to pay premiums, it was the first time in Turkish history that the people in the informal economy and the unemployed, who are generally the most destitute and most socially excluded, are somehow included to the national social security system. Even only this can explain AKP’s wide popularity among the poor unorganized sections of the society. As a result, resistance of the organized groups (i.e. labour unions) to these changes could not be effective.

Especially in health area these new changes became quite popular, because they gave all citizens the right to apply to all public and private hospitals for treatment.7 In the pre-1992 system, if you were not part of one of the social security institutions, you did not have any health insurance. It basically meant that half of the population was not covered by any health insurance. In order to provide health coverage to the poor, the “Greencard” system was introduced in 1992.8 AKP made modifications to the Greencard system in 2004 by expanding its coverage and benefits. Then, it replaced the Greencard scheme with the new scheme of general health insurance in 2012.

It has to be emphasized that, while AKP was modifying the social security system in a way that was more beneficial for the poor, at the same time it was reducing the rights of the formal employees. In fact, especially the changes in the labour law proved to be detrimental for the formal workers. With the new Labour Law no. 4857 enacted in 2003, various flexible and insecure forms of employment became legalized. The AKP government also modified the Labour Security Law no. 4773 enacted by the previous government by decreasing its coverage and enforcement. Consequently, the AKP period became the period in which

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7 As a result of these changes the health expenditures skyrocketed in Turkey in the last years. See Eder (2010).
8 Under the “Greencard” system, if you could prove that your income was less than one third of the minimum wage, you had free access to public hospitals.
worker rights eroded fastest in Turkey. Unionization rate decreased from 10% in 2000 to 5.7% in 2010. This is not only the lowest rate of unionization among OECD countries but also the lowest rate for Turkey since the 1950s (Çelik 2010). Also, extensive privatization during the AKP period has caused many workers to be laid off or lose benefits. Yet, as a typical populist party, AKP has been appealing more to the unorganized sections of the society and used the changes in the social security system to extend its popularity among them.

Targeted social assistance

Another development during the AKP era is the increasing role of the municipalities and vakıfs in social policy. AKP has organic ties with these actors and, as AKP encouraged them to be more involved in social policy, they increasingly assumed the role of providing social assistance in the form of “charity.” What is also significant about these kinds of social aid is that their sources are sometimes questionable and they are the fundamental source of new forms of clientalism and corruption in Turkey. This new model of social assistance did not solve the social problems of Turkey, such as inequality, poverty, and unemployment, but it gave tremendous opportunities for AKP to increase its political popularity.

Role of the Municipalities

The role of municipalities in helping the poor started to increase in the 1990s, but later exploded during the AKP government. Especially with the 2005 changes in the Law of Local Administration, local governments assumed greater role in social assistance. Their assistance is usually in the form of soup houses and in-kind assistance of food, coal and clothing, which is neither reliable nor permanent (Buğra and Keyder 2006; Eder 2010). The main problem is that social aid provided by the local governments creates a settlement between the AKP municipalities and the constituents, and thus, builds a client-patron relationship. They are also instrumental in legitimizing the activities and/or policies of the AKP in the eyes of the recipients (Çelik 2010).

When it comes to funding of social assistance by municipalities, one might be surprised to find out that actually little money is spent from municipal budgets for them. As stated by Buğra and Keyder (2006), the authorities mostly rely on donations from private people and no official information exists on the amount of these funds. Usually municipal

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9 For instance, by 2008 about 400,000 households were assisted by the Ankara municipality, which is controlled by the AKP (cited in Köse and Bahçe (2009)).
authorities carry out legally suspicious negotiations with the donors who contribute to the charity funds. Therefore, we can say that charity is intertwined with bribery, or at least carried out in conformity with the AKP’s political interests in such a way as to maximize its chances of re-election. Some other scholars have also indicated that there have been some semi-official negotiations between the municipalities and individuals and/or entities seeking urban rents and urban policies were arranged in a way that would raise capital for the pro-AKP businessmen (ÖZDEMİR and YÜCESAN-ÖZDEMİR 2008). All these claims got substantiated during the 17th of December 2013 scandal when it became public that massive amount of corruption and bribery were involved in closely knit links between municipalities, politicians, and businessmen, especially regarding the construction sector.

**State’s Social Aid Foundation: SYDGM**

Another interesting aspect of AKP government’s new social policy model is that the state itself has started to act like an NGO in the social area (METİN 2011). The institution which was at the centre of this process was the General Directorate of Social Assistance and Solidarity (SYDGM). SYDGM acquired extraordinary importance during the AKP period and became probably the most important actor in social assistance, contributing to AKP’s populism and political hegemony.

Until the AKP government it was mainly the “General Directorate of Social Services and Child Protection” and “Fund for Encouragement of Social Cooperation and Solidarity” (SYDTF) which provided assistance to the elderly, disabled, and poor. SYDTF was mainly financed by off-budget funding from 2.8% of the income taxes, 50% of traffic fines, 15% of the TV and radio commercials, and voluntary donations. After the 1999 earthquake and the 2001 crisis, the role of the SYDTF significantly increased as it assumed the responsibility to distribute funds sent by the World Bank (Buğra and Candaş 2011). Yet, the most important change was during the AKP rule when in 2004 it was transformed into the General

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10 Most common way for the AKP municipalities to raise charity funds was to favor pro-AKP businessmen in the public bids and in privatization of publicly owned companies in exchange for donations to their charity funds.

11 As stated in a New York Times article, “The corruption inquiry has targeted the ministers’ sons, a major construction tycoon with links to Mr. Erdoğan and municipal workers, and it centers in part on allegations that officials received bribes in exchange for ignoring zoning rules and approving contentious development projects.” (Tim Arango, “Corruption scandal is edging near the Turkish Premier,” New York Times, 25 December 2013, par.8.)

12 In 2001-2006 World Bank implemented its “Social Risk Mitigation Project” in Turkey which extended $500 million of aid in the form of conditional cash transfers through SYDTF in order to decrease the effect of the 2001 crisis and the austerity program on poor families.
Directorate of Social Assistance and Solidarity (Sosyal Yardımlaşma ve Dayanışma Genel Müdürlüğü, SYDGM), a quite autonomous agency with access to extra-budget funds and accountable only to the Office of Prime Ministry. It was set as an umbrella organization responsible for social assistance on behalf of the state and it was modelled on vakıf institutions based on old Islamic traditions which emphasize the role of the individuals to care for the poor.\(^{13}\) Besides its Directorate General, currently it funds and supervises about 1000 local Social Aid and Solidarity Foundations (Sosyal Yardımlaşma ve Dayanışma Vakıfları, SYDVs). These foundations are called vakıfs and the majority of them are religiously and conservatively oriented civil organizations (Köse and Bahçe 2009). To put it another way, SYDGM is a state built network of civil foundations (vakıfs) organized at the local level.

According to Metin (2011), although SYDGM is formally a state institution, it acts like an NGO engaged with charity. It was established long before AKP came to power, but it extended its autonomy, sources and reach during the AKP era. AKP and Erdoğan began to use SYDGM effectively in assistance activities, including cash transfers for emergency relief, employment creation, all kinds of in-kind assistance, and also for conditional cash transfers to the poor families for children’s school attendance and health checks, which have been distributed through its local organs, vakıfs. Until 2002 only about 10% the funds collected in SYDTF was distributed to the poor. Today SYDGM funds are fully used for social assistance (Kapusuz 2014). In 2014, SYDGM provided 4.35 billion Turkish liras of social aid to over three million households.\(^{14}\) This is compared to 400 million provided in 2004 and 1.25 billion in 2008 (Eder 2010). In 2014 2.2 million people received coal aid, 2.4 million people received education aid, and 1.3 million elderly and disabled people received cash aid.\(^{15}\) According to SDYGM, it is estimated that 23 million people (6.7 million households) have received social aid at least once during 2003-2013 (Kapusuz 2014). These activities of SYDGM promoted AKP’s popularity, especially in the relatively poorer East and Southeast Anatolia regions (Buğra and Candaş 2011).\(^{16}\)

\(^{13}\) Later in 2011, SYDGM was placed under the Ministry of Family.

\(^{14}\) T.C. Aile ve Sosyal Politikalar Bakanlığı, 2014 Faaliyet Raporu, 74.

\(^{15}\) Ibid.

\(^{16}\) Considering that most of this assistance was handed to the women in the households (70%, according to the Turkish Ministry of Family), one can easily understand why AKP is quite popular among housewives.
AKP also initiated a project to create a database of poor people in Turkey (Integrated Social Assistance Services Information System, **SOYBIS**), which became functional by 2011. This database allows an easier application and evaluation process for social assistance activities and at the same time puts a significant mass of poor people under record. By 2012 over 6 million households and over 23 million people were recorded under SOYBIS, which is about 30% of the total population. AKP has used this database in order to build a social network to reach and contact poor people, and to distribute door to door social assistance. This face to face contact with AKP has made many people believe that the continuity of the assistance they receive depends on continuity of AKP in government (Çağlar 2014). Actually, AKP’s local party organizations are directly involved in the assistance provided by the SYDGM. Board of trustees of **vakıfs** include not only some local bureaucrats (who are appointed by the AKP), but also mayors (mostly from AKP), religious leaders, and representatives from civil society organizations and philanthropic individuals who are usually close to the party both politically and ideologically.

Although the SYDGM assistance has had some positive results, it is discretionary, comes from extra-budgetary funds, lacks transparency, and thus, increases the potential for patronage politics and clientalism. The distribution of assistance easily gets politicized and leads to increased political power of the government, since community affiliation and political loyalty are expected in return for access (Eder 2010). Also, it is no secret that SYDGM increases the assistance it distributes significantly before the elections. Consequently, the increased role of SYDGM helps AKP to adjust its political strategies by targeting certain sections of the population and widen its reach (Eder 2010).

Also, this kind of social policy serves to legitimize government policies in the eyes of the poor sections of the society, and thus, inhibits any effective political opposition to AKP. According to Albayrak and Yilmaz (2013), the rate of households which received in kind assistance increased from 3.95% in 2003 to 9.08% in 2010. This increase has definitely had a positive effect on the life conditions of the poor, and thus, naturally averted a possible resistance of the poor to AKP’s neoliberal economic agenda. Therefore, it is possible to claim

17 The best known example is when washing machines and dishwashers were distributed in Tunceli just before the local elections in 2009. Yet, it is also widely observed that coal and food assistance increases especially before the elections. Also, the number of Green card holders peaked to 14,541,791 just before elections in 2007, but then about 5 million cards were cancelled short after the elections.
that AKP’s social policy is probably the most important tool of “neoliberal populism” in Turkey.

Conclusion

AKP and its leader Erdoğan can be considered as an outmost example of “neoliberal populism.” According to many, populism with an increasingly authoritarian tone emerged unexpectedly in Turkey following a series of sweeping and wide-ranging neoliberal reforms. However, the seemingly paradoxical situation that AKP and Erdoğan presents is not unique, except that it is supported by an Islamic ideology. Actually, Erdoğan is especially comparable to his old counterparts in Latin America, such as Menem and Fujimori, in terms of winning over a large segment of the popular classes, and thus, gaining legitimacy for his government and the neoliberal policies for many years. Similar to them, he made direct appeals to Turkey’s poor masses, particularly the unorganised sectors; he made heavy use of an “anti-establishment” discourse; he manipulated the institutions of government to concentrate power in his office, thereby facilitating use of resources for personal political gain; he obscured the boundaries between democracy and authoritarianism; and he transformed the structure of the economy, implementing a neoliberal model of development and appealing to international financial interests. His populist tactics proved highly successful as he and AKP have remained in power for more than ten years now.

This paper looked only into the material foundations of neopopulism in Turkey by focusing on some of the positive effects of the neoliberal policies and the new social policy under Erdoğan and AKP. As listed above, Erdoğan and AKP used many populist tactics to widen and maintain their reach among the Turkish populace. However, it was probably their economic and social policies which contributed most to their popularity.

Firstly, the neoliberal policies that AKP implemented benefited the low income people by decreasing inflation and also by providing a relatively stable economy. As mentioned, these neoliberal reforms were actually initiated by the previous government, which was terribly punished by the electorate in the 2002 elections due to the short-term negative effects of these policies. AKP came to power just when these policies were bearing some fruits. Under stabilized economic conditions and cheap international credit availability, AKP especially relied on the construction sector to stimulate growth. Economic
stability also fuelled consumption in general. Now most people associate economic stability with AKP and fear that economic chaos would return if AKP is not in government.

At the same time, AKP installed a new kind of social policy and helped the most destitute sectors of the population. The social policy of AKP included the new Social Security Law which expanded social protection to informally employed and unemployed citizens, although it was to the detriment of organized sections of the society. The new tools (conditional cash transfers and other types on in-kind and cash aid in the form of Islamic charity) and rising actors (local governments and vakıfs/SYDGM) in social assistance also characterized this new approach to social policy. What is important is that a significant portion of social aid has been distributed through AKP’s party patronage (Çelik 2010). Although populist politics and patron-client relations have been the central characteristic of the Turkish politics since transition to democracy in 1950, it is during the AKP period that they are taken to the most extreme. AKP and Erdoğan are at the centre of this new social assistance system and the system is arranged in a way that politically benefits them. In fact, this practice of “neoliberal charity” has caused Turkish social policy to become a direct tool of AKP’s political activity (Özdemir and Yücesan-Özdemir 2008; Eder 2010). That allows them to grow popular among the poor masses despite their neoliberal economic policies that actually hurt them in the long term. This strategy also appeases any opposition to AKP’s governance.

The material benefits that Erdoğan and AKP provided were actually short-term compensation for those most affected by the neoliberal transition, but accompanying them was the promise of future economic gains. While they did extend new benefits to poor groups, especially in rural areas and the urban informal sector, other elements of the neoliberal development model, such as its incapacity to create employment, has started to disappoint the popular masses. In fact, as the memories of high inflationary years and the 2001 crisis fade away and the economic resources that are used for social assistance dry up due to slow growth, the political future of Erdoğan and AKP doesn’t look very promising. Added to these are the increased work accidents, especially the Soma mine disaster which killed more than 300 mine workers on May 13, 2014 thanks to the decreased workplace security and weakened labour unions because of the new labour policies introduced by AKP. Thus, it is not surprising that AKP’s votes decreased in the 2015 general elections and AKP failed to form a majority government for the first time since 2002.
For those who favour the neoliberal reforms, the Turkish case is just another reminder that structural adjustment may come with unexpected political consequences. The correlation between neoliberalism and deinstitutionalization, populism, and autocratic rule was also seen in Latin America and Asia in the 1990s and 2000s. We should not forget that representative democracy in the West developed through the efforts of subaltern groups to organize collectively to exert political control over market insecurities. Since organized interests are weakened in Turkey both through neoliberalization and neopopulism, the prospects of democracy look grim. Therefore, it’s not surprising that Turkey is struggling under the whims of an increasingly autocratic and erratic ruler today. What's more, as long as there remain inequality and high levels of poverty, populist discourse is always likely to have a certain appeal. Therefore, even if Erdoğan and AKP fall from power, there is no guarantee that another populist will not rise to power in Turkey.

References


