

COVID-19 socio-economic responses in Turkey

ESPN Flash Report 2020/25

FIKRET ADAMAN AND BURÇAY ERUS – EUROPEAN SOCIAL POLICY NETWORK

APRIL 2020



Description

The economic strain created by COVID-19 puts further pressure on an already fragile economy with high unemployment rates. In addition to assisting businesses in trouble, the government has been taking measures to support the poor and address the unemployment consequences of closing businesses. The informal sector is sizable in Turkey, and the additional social assistance payments made to certain households do not necessarily reach informal employees.

The economic strain created by COVID-19 puts further pressure on an already fragile economy with high unemployment rates. To deal with the social and economic costs of the lockdown measures in response to the pandemic, the government has been taking actions that include financial support for businesses hit by the lockdown, as well as unemployment subsistence schemes and large-scale postponement of debts and taxes.

Turkey has had a “short-time working allowance” to address economic problems since 2003. The law that made this possible compensates employees of firms who are forced to reduce their work force by at least one-third when faced with an economic, regional or sectoral crisis. If approved by the Turkish Employment Agency (İŞKUR), and for a period not to exceed three months, workers are entitled to an amount equivalent to 60% of their gross pay, up to a limit of 1.5 times the gross minimum wage. To qualify, social security premiums should have been paid for the last 60 days, and for 450 days over the last three years. Due to the pandemic, the government enabled applications to be processed quickly, based solely on employer declarations and without official inspections, which can normally take up to two months. The Ministry of Treasury and Finance announced that applications have been made for 2 million employees, of which 700,000 have so far been approved.

In addition, a new law is being legislated, according to which laying off employees will be banned for three

months retrospectively starting 15 March 2020 (with a possible extension for another three months). Firms will be allowed to give employees unpaid leave during this time and the government will compensate the workers (about 1,200 TL [around €165] per month). These payments will be counted as part of the unemployment insurance benefit and will be taken into account in future benefits. Finally, 2 million beneficiaries of regular social assistance programmes received a payment of 1,000 TL (around €135). Another 2.3 million households eligible for irregular assistance will receive payments soon. There are plans for a third wave of assistance, but the potential beneficiaries have not yet been determined. The assistance paid to widowed women was also increased.



Outlook and commentary

Turkey had high unemployment rates prior to the crisis. In 2019, the unemployment rate increased sharply to 13.7% from 11% a year earlier. Furthermore, during the same time period the labour force participation rate decreased slightly, from 53.2% to 52.9%, and the informality rate increased by 1.1 percentage points to 34.5%. In December 2019, people who had been unemployed for over a year constituted 26.1% of all unemployed, compared to 20.5% in December 2018.

Also facing a growing fiscal budget deficit for the last year, the government has limited resources to address

LEGAL NOTICE

This document has been prepared for the European Commission. However, it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

increasing unemployment due to the COVID-19 crisis. Although there is a sizable unemployment insurance fund, it is largely invested in government bonds; thus, the Central Bank has had to print money to provide liquidity to the government. As a result, assistance provided to those who have lost their jobs has been rather limited and late.

Municipalities have also been providing in-kind and cash assistance to households in need. Yet their work has been hampered by a government decision to ban them from collecting donations

from people to finance assistance expenses.

As noted, the informal sector is sizable in Turkey and policies do not cover this sector. Additional social assistance payments made to certain households are very low and do not necessarily reach informal employees. Another group that may experience difficulty in accessing assistance are the around 4 million Syrians under temporary protection status in Turkey. There are no specific policies geared to them that we are aware of during this crisis.

Further reading

Paul Keaveny, "Turkey tries to keep wheels of economy turning despite worsening coronavirus crisis", *The Conversation*, 2 April 2020.

Turkstat, Labour Force Statistics, December 2019. Ankara.

<http://www.turkstat.gov.tr/PreHaberBultenleri.do?id=33783>

Turkstat, Labour Force Statistics, 2019. Ankara.

<http://www.turkstat.gov.tr/PreHaberBultenleri.do?id=33784>

Author

[Fikret Adaman](#) and [Burçay Erus](#) (Boğaziçi University)

The Flash Reports are produced by the European Social Policy Network (ESPN) established in 2014 to provide the European Commission with independent information, analysis and expertise on social policies in 35 European countries. The topics covered are identified by ESPN experts in the light of significant developments in their countries, or in some cases suggested by the Commission or the Flash Reports' editorial team (Eric Marlier and Slavina Spasova). The ESPN is managed by LISER (Luxembourg Institute of Socio-Economic Research), APPLICA and the OSE (European Social Observatory). More information on the ESPN: <http://ec.europa.eu/social/main.jsp?catId=1135&langId=en>.

Quoting this report: Adaman, Fikret and Burçay Erus (2020). *COVID-19 socio-economic responses in Turkey*, ESPN Flash Report 2020/25, European Social Policy Network (ESPN), Brussels: European Commission.